AGORA SA

AGORA GROUP

Report for

4Q 2013

March 3, 2014

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AGORA GROUP

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FOURTH QUARTER OF 2013

REVENUE PLN 1,073.9 MILLION
NET PROFIT PLN 1.2 MILLION
OPERATING EBITDA PLN 104.9 MILLION
OPERATING CASH FLOW PLN 109.5 MILLION

Unless indicated otherwise, all data presented herein represent the period of January - December 2013, while comparisons refer to the same period of 2012. All data sources are presented in part IV of this MD&A.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP [1]

- In 2013, revenues of the Agora Group ("Group") decreased by 5.7% yoy to PLN 1 073.9 million.The main reasons are lower by 14.5% yoy advertising revenues at PLN 544.3 million and copy sales revenues at PLN 134.0 million (down by 12.2% yoy). Due to the drop in admissions, the Group's revenue from ticket sales decreased by 3.7% yoy to PLN 129.1 million. In the fourth quarter of 2013 the ticket sales revenue slightly grew yoy. In 2013, growing by 23.6% yoy to PLN 266.5 million revenues from other sales positively influenced the level of the Group's revenues. The growth of other sales results mainly from higher by 25.5% yoy sales of printing services to external clients and revenues generated from film distribution and co-production in the amount of PLN 12.7 million.
- In 2013, total net operating cost of the Group decreased by 7.4% yoy and reached PLN 1 066.5 million. This is a positive result of restructuring measures implemented in 2012, including group lay-offs in Agora S.A. („the Company", „Agora"). The Company would like to underline that in 2012 the operating cost of the Group was burdened with the cost of group lay-offs in the amount of PLN 9.5 million. Additionally, in the fourth quarter of 2012, the Group suffered asset impairment losses in the amount of PLN 17.6 million. It influences the comparability of selected entries in the Group's profit and loss account. Cost savings result mainly from lower staff cost (down by 7.1% yoy). The marketing and promotion expenditure was lower by 19.5% yoy – the largest cuts were observed in the Newspapers and Magazines segments. A 4.5% yoy drop in external services contributed positively to the decrease of the Group's operating cost and resulted mainly from lower yoy production cost in the Magazine segment and lower maintenance cost of outdoor panels in AMS due to matching of panel portfolio to market needs and lower maintenance expenditures.
- In 2013, operating EBITDA of the Group increased by 26.1% yoy to PLN 104.9 million. EBIT grew to PLN 7.4 million. Net profit amounted to PLN 1.2 million and the net profit attributable to the equity holders of the parent amounted to PLN 0.5 million. In the fourth quarter of 2013, the Group significantly improved its operating results yoy. The operating result of the Group (EBIT) amounted to PLN 15.3 million. The Group's net profit, in the fourth quarter of 2013, amounted to PLN 12.2 million and net profit attributable to the equity holders of the parent amounted to PLN 10.4 million. The Group draws attention to the fact that the yoy comparability of data was disturbed by one-off costs in 2012 (the asset impairment losses and group lay-offs).
- At the end of December 2013, the Group's cash and short-term monetary assets amounted to PLN 171.4 million, out of which PLN 99.6 million in cash and cash equivalents and PLN 71.8 million in short-term securities.

Additionally, PLN 40.0 million provided by the subsidiary AMS S.A. is treated as a cash collateral securing the bank guarantee issued in relation to the concession contract for construction of bus shelters in Warsaw.

- At the end of December 2013, the Group's debt amounted to PLN 145.9 million (including: external debt of Helios group consisting of bank credits and finance lease liabilities in the amount of PLN 102.7 million).

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

1. EXTERNAL FACTORS

1.1 Advertising market [3]

According to the Agora's estimates, based on public data sources, in the fourth quarter of 2013, total advertising spending in Poland amounted to ca PLN 2.1 billion and decreased by almost 2.0% yoy.

This is was the lowest drop dynamics in advertising expenditure in Poland in the last two years.

Tab. 1

	4Q 2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
% change yoy in ad market value	(5.0%)	(2.5%)	(5.5%)	(6.5%)	(5.0%)	(8.0%)	(7.0%)	(3.5%)	(2.0%)

In the fourth quarter of 2013, advertisers limited their expenditure in outdoor, cinema and press. Similarly to previous quarters the edvertising expenditure grew in internet. At the same time advertisers spent more in radio for the first time since the fourth quarter of 2012 and in television for the first time since the third quarter of 2011. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
(2.0%)	0.5%	8.0%	(12.5%)	6.0%	(12.0%)	(25.0%)	(15.0%)

The share of particular media segment in total advertising expenditure, in the fourth quarter of 2013, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
100.0%	51.5%	19.5%	9.0%	8.0%	6.0%	4.5%	1.5%

As a result, in 2013, the value of total advertising expenditure in Poland decreased by 5.0% yoy and amounted to ca PLN 7.2 billion. At that time, advertisers limited their expenditure in all media except for Internet. The largest drops were visible in dailies and outdoor advertising.

The data relating to the changes in the value of advertising expenditure in particular media segments in 2013 are presented in the table below:

Tab. 4

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
(5.0%)	(3.5%)	7.5%	(13.5%)	(2.0%)	(14.0%)	(29.5%)	(11.5%)

The share of particular media segment in total advertising expenditure, in 2013, is presented in the table below:

Tab. 5

Advertising spendings, in total	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
100.0%	49.5%	21.0%	9.0%	7.5%	6.5%	5.0%	1.5%

1.2 Copy sales of dailies [4]

In the fourth quarter of 2013, the total paid circulation of dailies decreased by 10.0% yoy and in 2013, it decreased by 10.7% yoy. The largest decrease, similarly as in the fourth quarter of 2013, was observed in national general interest dailies.

1.3. Cinema admissions [10]

In the fourth quarter of 2013, the number of tickets sold in the Polish cinemas decreased by 4.9% yoy. In 2013, the cinema admissions droppped by 5.6% yoy and the number of tickets sold amounted to over 36.3 million tickets.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

in million PLN	**4Q 2013**	**% share**	**4Q 2012**	**% share**	***% change yoy***
Total sales (1)	**300.3**	***100.0%***	**309.6**	***100.0%***	***(3.0%)***
Advertising revenue	150.2	*50.0%*	169.2	*54.7%*	*(11.2%)*
Copy sales	33.1	*11.0%*	37.0	*12.0%*	*(10.5%)*
Ticket sales	39.1	*13.0%*	38.3	*12.4%*	*2.1%*
Other	77.9	*26.0%*	65.1	*20.9%*	*19.7%*

in million PLN	**1-4Q 2013**	**% share**	**1-4Q 2012**	**% share**	***% change yoy***
Total sales (1)	**1,073.9**	***100.0%***	**1138.6**	***100.0%***	***(5.7%)***
Advertising revenue	544.3	*50.7%*	636.3	*55.9%*	*(14.5%)*
Copy sales	134.0	*12.5%*	152.7	*13.4%*	*(12.2%)*
Ticket sales	129.1	*12.0%*	134.0	*11.8%*	*(3.7%)*
Other	266.5	*24.8%*	215.6	*18.9%*	*23.6%*

(1) particular sales positions include sales of Special Projects (with book collections), described in details in point IV.A in this report.

In the fourth quarter of 2013, the Group revenues were impacted by the decrease of advertising expenditure in Poland and the ongoing trend of copy sales decline. The Cinema and Radio segments grew their revenues. Additionally, the level of the Group's revenues was positively affected by the growing revenues from the sales of printing services for external clients and higher yoy revenues recorded by the online bookstore *Publio.pl* in the Newspapers segment. As a result, total revenues of the Group amounted to PLN 300.3 million (down by only 3.0% yoy).

As a result of the decrease of advertising expenditure in Poland in the fourth quarter of 2013, the Group's advertising sales decreased by 11.2% yoy and amounted to PLN 150.2 million. This drop results mainly from lower, by PLN 10.7 million yoy advertising revenues in *Gazeta Wyborcza*. Lower advertising revenues were also observed in Outdoor, Magazines and Internet segments. In the discussed period of time, the segments that noted a growth in advertising revenue included Radio and Cinema. Radio grew advertising revenues by PLN 1.3 million and Cinema segment by PLN 1.2 million.

In the fourth quarter of 2013, the Group's total revenues from the copy sales amounted to PLN 33.1 million and went down by 10.5% yoy. The main reason for this decrease is lower revenues from the copy sales of the Magazine and Newspapers segments. The Magazines' segment's revenues from copy sales decreased by PLN 1.5 million yoy to PLN 4.4 million as a result of lower number of copies sold and the sale of *Poradnik Domowy* in the beginning of 2013. The revenues from copy sales of *Gazeta Wyborcza* amounted to PLN 24.7 million and decreased only by PLN 1.3 million yoy despite lower yoy number of newspaper copies sold (down by 13.8% yoy) and lower sales of more expensive editions (so-called dual pricing offer). Lower dynamics of the decrease in revenues from copy sales, in comparison to other reporting periods, results from the cover price increase of *Gazeta Wyborcza* introduced twice in 2013.

In the fourth quarter of 2013, the revenues from tickets sold in the cinemas composing the Helios network increased by 2.1% yoy to PLN 39.1 million due to the yoy growth of average ticket price. In the discussed period of time,

people bought 2.2 million cinema tickets in the Helios network, i.e. 5.7% yoy less. At the same time, the total estimated number of cinema tickets sold in Poland decreased by 4.9% yoy *[2].*

Other revenues amounted to PLN 77.9 million and increased by 19.7% yoy. The main contributor were higher sales of printing services for external clients, revenues from cinema distribution and higher yoy concession sales.

In 2013, the Group's revenues amounted to PLN 1 073.9 million and decreased by 5.7% yoy. The Group recorded a yoy decrease of sales revenues in majority of its business segments. The growth of revenues was observed in the Cinema segment, mainly due to the growth of cinema network in 2012 and initiation of the film distribution business by Next Film Sp. z.o.o., a subsidiary company of Helios S.A.

In 2013 as a result of significant decrease of advertising expenditure in Poland the Group's advertising sales decreased by 14.5% yoy and amounted to PLN 544.3 million. This largest drop of advertising revenues took place in the Newspapers segment. The growth of advertising revenues was observed only in Cinema segment.

In 2013, the Group's total revenues from the copy sales amounted to PLN 134.0 million and went down by 12.2% yoy. The main reason for this decrease are lower revenues from the copy sales of the Magazine segment, resulting from the changes in the portfolio of titles published by the segment and lower yoy number of copies sold. Additionally, lower number of copies sold of *Gazeta Wyborcza* negatively influenced the level of copy sales. Lower dynamics of the decrease in revenues from copy sales of *Gazeta Wyborcza,* in comparison with other reporting periods, results from the cover price increase of *Gazeta Wyborcza* introduced twice in 2013.

In 2013, the revenues from tickets sold in the cinemas composing the Helios network decreased by 3.7% yoy to PLN 129.1 million. In the discussed period of time, people bought over 7.5 million cinema tickets in the Helios network, i.e. 2.8% less yoy. At the same time, the total estimated number of cinema tickets sold in Poland decreased by 5.6% yoy *[2].*

Other revenues amounted to PLN 266.5 million and increased by 23.6% yoy. The main contributor were higher sales of printing services for external clients and PLN 11.0 million of film distribution revenues.

2.2. Operating cost

Tab. 7

in million PLN	**4Q 2013**	**% share**	**4Q 2012**	**% share**	***% change yoy***
Operating cost net, including:	**(285.0)**	**100.0%**	**(312.7)**	***100.0%***	***(8.9%)***
External services	(95.0)	33.3%	(96.6)	*30.9%*	*(1.7%)*
Staff cost (1)	(75.8)	26.6%	(76.0)	*24.3%*	*(0.3%)*
Raw materials, energy and consumables	(66.8)	23.4%	(64.8)	*20.7%*	*3.1%*
D&A	(23.7)	8.3%	(24.0)	*7.7%*	*(1.3%)*
Promotion and marketing	(20.0)	7.0%	(21.4)	*6.8%*	*(6.5%)*
Cost of group lay-offs	-	-	(0.3)	*0.1%*	-

in million PLN	**1-4Q 2013**	**% share**	**1-4Q 2012**	**% share**	***% change yoy***
Operating cost net, including:	**(1,066.5)**	**100.0%**	**(1,151.7)**	***100.0%***	***(7.4%)***
External services	(340.8)	32.0%	(356.7)	*31.0%*	*(4.5%)*
Staff cost (1)	(288.1)	27.0%	(310.2)	*26.9%*	*(7.1%)*
Raw materials, energy and consumables	(240.1)	22.5%	(244.3)	*21.2%*	*(1.7%)*
D&A	(96.1)	9.0%	(93.8)	*8.1%*	*2.5%*
Promotion and marketing	(65.4)	6.1%	(81.2)	*7.1%*	*(19.5%)*
Cost of group lay-offs	-	-	(9.5)	*0.8%*	-

(1) excluding non-cash cost of share-based payments and cost of group lay-offs.

Total net operating cost of the Group, in the fourth quarter of 2013, decreased by 8.9% yoy to PLN 285.0 million, mainly as a result of restructuring measures implemented in the Group in 2012. It should be remembered that in the fourth quarter of 2012 the total net operating cost of the Group was burdened with the asset impairment losses of PLN 17.6 million and group lay-off cost in Agora Poligrafia Sp.z o.o. of PLN 0.3 million.

The decrease in the **cost of external services** in the fourth quarter of 2013 results, inter alia, from lower system maintenance cost in the Outdoor segment as a result of changes in the portfolio of panels and consistent decrease of panel maintenance cost. The second factor contributing to the decrease of external cost is lower cost of film copy purchase in the Cinema segment due to lower number of tickets sold in the discussed period of time.

The Group's **staff cost** decreased slightly in the fourth quarter of 2013. It is a combined result of restructuring measures executed in 2012, including group lay-offs and development projects initiated in the Group`s operating segments. The growth of staff cost in the Newspapers segment is related to the introduction of metered paywall in *Gazeta Wyborcza*. The growth in Outdoor segment results from better yoy execution of sales targets. The decrease of staff cost was observed in the Magazines, Radio and Internet segments. Despite the growth of Helios cinema network, the yoy growth in the segment's staff cost was insignificant.

The Group's **headcount,** at the end of December 2013, was 3,088 employees and was higher by 3 FTEs than at the end of December 2012. The growth in headcount results from initiation of development projects in the second half of 2013 in Newspapers and Internet segments. The average headcount in 2013 amounted to 3,038 FTEs and was lower by 304 FTEs in comparison with average headcount in 2012.

Total **non – cash expense** relating to share - based payments (described in note 5A to the condensed interim consolidated financial statements of the Group) charged to the Group's profit and loss account in 2013 amounted to PLN 1.4 million. In the fourth quarter of 2013, the Group did not bear any cost related to share-based payments.

The Group offers its employees other incentive plans (for example: cash motivation plans, incentive plans in sales departments etc.), which cost is charged to the Group's staff cost. Since the third quarter of 2013, the Group's operating result is burdened quarterly by the accrued cost of Three-Year-Long Incentive Plan for the Management Board members for the period of 2013 - 2015 (described in note 5B to the condensed interim consolidated financial statements of the Group). In the fourth quarter of 2013 this cost amounted to PLN 0.3 million. In 2013 it amounted to PLN 0.6 million.

The increase in the **cost of raw materials, energy and consumables** in the fourth quarter of 2013 is mainly a result of higher yoy volume of printing services for external clients and is compensated with higher revenues from this field of operation. In 2013, the cost of raw materials, energy and consumables decreased yoy mainly as a result of lower unit cost of paper.

Promotion and marketing expense decreased yoy, both in the fourth quarter and in 2013, mainly due to the savings in this cost position observed in Newspapers, Magazines and Internet segments.

3. PROSPECTS

3.1. Revenue

3.1.1. Advertising market[3]

The situation of the advertising market in Poland is dependent on the condition of Polish economy. The value of the Polish advertising market may stop declining when the condition of Polish economy improves. The first symptoms of improvement in Polish economy were already visible in the fourth quarter of 2013. The forecast regarding the growth of Polish GDP range from 2.5% to 3.0% growth rate.

Taking into account positive signals from Polish economy, the Company estimates the growth by 0-2% yoy of advertising expenditure in Poland. The largest beneficiary of the expected growth in advertising expenditure will be TV. The Company is of the opinion that the value of TV advertising shall grow by ca 1-4% yoy. The second medium to benefit most from the uplift in the advertising market shall be internet. The Company estimates that online advertising may grow by ca 5-8%. The value of radio advertising may grow by ca 0-3% yoy and cinema advertising by ca 2-5% yoy. The value of outdoor advertising may range from possible drop of 1% yoy to growth of 2% yoy. According to the Company's estimates, advertisers shall further limit their budgets dedicated to press. The value of advertising expenditure in dailies will decrease by ca 20-24% and by ca 9-13% yoy.

3.1.2 Copy sales

In 2014, negative trends relating to copy sales of dailies and magazines shall continue. The Company believes that the copy price increase of *Gazeta Wyborcza,* introduced in the beginning of 2014 partially offset the decline in revenue from copy sales of the daily. Simultaneously, the Company develops the sales of its digital content. In the beginning of 2014 it implemented metered paywall and digital subscription offer. In the long term perspective these actions should result in the growth of digital subscription sales.

3.1.3 Ticket sales

The most important factor influencing the level of admissions in Poland is film repertoire in a given year. Having analysed available data the Company is of the opinion that the number of cinema tickets sold in Poland in 2014 should grow yoy.

3.2. Operating cost

In 2014, the Group plans to introduce development projects in selected business segments which may influence the level of the Group's operating cost. The segments with largest projects include Press and Internet segments.

3.2.1 Cost of external services

The cost of external services shall be dependent on the cost of film copies for the cinema business related directly to ticket sales revenues, EUR/PLN exchange rate and cost of brokerage services. Additionally, this cost position may increase due to the openings of two new cinemas in the first half of 2014 and execution of other development projects.

3.2.2 Staff cost

In 2014, the Group plans execution of development projects which may influence the level of staff cost. The projects that will influence this cost position the most will be run in Newspapes and Internet segments. They are mainly related to the digital transformation of the business model of the Group's press operations, including implementation of metered paywall and development of digital subscription offer. In Internet segment the growth of staff cost is related to the strengthening of the sales force team.

3.2.3 Promotion and marketing cost

Both in fourth quarter and in the whole 2013, the promotion and marketing cost were lower yoy. However, it should be remembered that the level of promotion and marketing expense depends on the dynamics of particular media segment performance, as well as the number of development projects (including openings of new cinemas) and the market activities and projects of the Group's competitors. Due to these facts the Group's promotion and marketing expense in 2014 may grow yoy.

3.2.4 Cost of raw materials and energy

In 2013, the cost of raw materials and energy decreased by 1.6% yoy. The Company's activities in the field of printing services for external clients have the largest impact on this cost position. The level of this cost position, in 2014, will be dependent mainly on the price of newsprint, the volume of production and EUR/PLN exchange rate. Therefore, this cost position may grow yoy in 2014.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the fourth quarter of 2013 include: Agora S.A., Agora Poligrafia Sp. z o.o., AMS S.A. group ("AMS group"), Agora TC Sp. z o.o., Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o., Sport4People Sp. z o.o., Sir Local Sp. z o.o. (from December 1, 2013), 5 subsidiaries of the radio business, Helios S.A. and Next Film Sp. z o.o. operating in the cinema business and the Ukrainian company LLC Agora Ukraine (till December 10, 2013). Additionally, the Group held shares in a jointly controlled entity Business Ad Network Sp. z o.o. (till December 14, 2012) as well as in associated companies A2 Multimedia (till January 31, 2012), GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o. (from December 1, 2012) and Instytut Badan Outdooru IBO Sp. z o.o. (from June 1, 2013).

A detailed list of companies of the Agora Group is presented in the note 12 and selected financial data together with translation into EURO are presented in notes 20 and 21 to the financial statements in this report.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 8

in PLN million	**4Q 2013**	**4Q 2012**	*% change yoy*	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Total sales (1)	**300.3**	**309.6**	***(3.0%)***	**1,073.9**	**1,138.6**	***(5.7%)***
Advertising revenue	150.2	169.2	*(11.2%)*	544.3	636.3	*(14.5%)*
Copy sales	33.1	37.0	*(10.5%)*	134.0	152.7	*(12.2%)*
Ticket sales	39.1	38.3	*2.1%*	129.1	134.0	*(3.7%)*
Other	77.9	65.1	*19.7%*	266.5	215.6	*23.6%*
Operating cost net (2), including:	**(285.0)**	**(312.7)**	***(8.9%)***	**(1,066.5)**	**(1,151.7)**	***(7.4%)***
Raw materials, energy and consumables	(66.8)	(64.8)	*3.1%*	(240.1)	(244.3)	*(1.7%)*
D&A	(23.7)	(24.0)	*(1.3%)*	(96.1)	(93.8)	*2.5%*
External services	(95.0)	(96.6)	*(1.7%)*	(340.8)	(356.7)	*(4.5%)*
Staff cost (3)	(75.8)	(76.0)	*(0.3%)*	(288.1)	(310.2)	*(7.1%)*
Non-cash expense relating to share-based payments	-	(0.7)	-	(1.4)	(2.5)	*(44.0%)*
Promotion and marketing	(20.0)	(21.4)	*(6.5%)*	(65.4)	(81.2)	*(19.5%)*
Cost of group lay-offs	-	(0.3)	-	-	(9.5)	-
Operating result - EBIT	**15.3**	**(3.1)**	**-**	**7.4**	**(13.1)**	**-**
Finance cost, net, incl.:	**0.1**	**2.0**	***(95.0%)***	**(2.3)**	**3.3**	**-**
Revenue from short-term investment	2.7	4.3	*(37.2%)*	8.2	14.0	*(41.4%)*
Interest on bank loans, borrowings, finance lease and similar items	(2.2)	(3.6)	*(38.9%)*	(10.0)	(13.4)	*(25.4%)*
Share of results of equity accounted investees	**0.1**	**(0.1)**	**-**	**(0.2)**	**(0.3)**	***33.3%***
Profit/(loss) before income tax	**15.5**	**(1.2)**	**-**	**4.9**	**(10.1)**	**-**
Income tax	(3.3)	1.8	-	(3.7)	2.0	-
Net profit/(loss) for the period	**12.2**	**0.6**	***1,933.3%***	**1.2**	**(8.1)**	**-**

in PLN million	**4Q 2013**	**4Q 2012**	*% change yoy*	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Attributable to:						
Equity holders of the parent	10.4	(0.1)	-	0.5	(9.0)	-
Non - controlling interest	1.8	0.7	*157.1%*	0.7	0.9	*(22.2%)*
EBIT margin (EBIT/Sales)	5.1%	(1.0%)	*6.1pp*	0.7%	(1.2%)	*1.9pp*
EBITDA	**39.0**	**20.9**	***86.6%***	**103.5**	**80.7**	***28.3%***
EBITDA margin (EBITDA/Sales)	13.0%	6.8%	*6.2pp*	9.6%	7.1%	*2.5pp*
Operating EBITDA (4)	**39.0**	**21.6**	***80.6%***	**104.9**	**83.2**	***26.1%***
Operating EBITDA margin (Operating EBITDA/Sales)	13.0%	7.0%	*6.0pp*	9.8%	7.3%	*2.5pp*

(1) particular sales positions, apart from ticket sales, include sales of Special Projects (with book collections), described in details in point IV.A in this report;

(2) in 2012 the operating cost of the Group was burdened with the one-off cost comprising the impairment loss on selected press titles in the Magazine segment, the impairment loss on ceased press title Autobit and part of the goodwill recognized on Sport4People Sp. z o.o. as well as the impairment of assets in Special Projects division. In total, the impairment costs amounted to PLN 17.6 million;

(3) excluding non-cash cost of share-based payments and cost of group lay-offs;

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

2.1. Financial results presented according to major segments of the Agora Group for 2013 [1]

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 segments of the Agora Group").

Tab. 9

in PLN million	News-papers	Cinema	Outdoor	Internet	Radio	Magazines	Matching positions (3)	Total (consoli-dated) 1-4Q 2013
Total sales (4)	**492.8**	**219.7**	**153.5**	**111.4**	**83.1**	**44.1**	**(30.7)**	**1,073.9**
% share	45.9%	20.5%	14.3%	10.4%	7.7%	4.1%	(2.9%)	100.0%
Operating cost net (4)	**(441.5)**	**(213.0)**	**(149.7)**	**(94.2)**	**(78.3)**	**(41.5)**	**(48.3)**	**(1,066.5)**
EBIT	**51.3**	**6.7**	**3.8**	**17.2**	**4.8**	**2.6**	**(79.0)**	**7.4**
Finance cost, net								(2.3)
Share of results of equity accounted investees								(0.2)
Income tax								(3.7)
Net profit								**1.2**
Attributable to:								
Equity holders of the parent								0.5
Non-controlling interest								0.7
EBITDA	**78.3**	**31.5**	**20.7**	**21.8**	**7.2**	**2.7**	**(58.7)**	**103.5**
Operating EBITDA (1)	78.9	31.5	20.8	21.9	7.3	2.8	(58.3)	104.9
CAPEX (2)	(8.1)	(22.5)	(12.7)	(5.6)	(7.3)	(3.2)	(11.7)	(71.1)

(1) excluding non-cash cost of share-based payments;

(2) based on invoices booked in the period; in the Cinema segment includes also PLN 8.7 million of non-current assets in lease;

(3) matching positions show data not included in particular segments, inter alia: other revenues and costs of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board of Agora S.A., Agora TC Sp. z o.o., intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group;

(4) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments.

2.2. Finance cost, net

Net financial activities of the Group, in 2013, were influenced mainly by interest from bank deposits, bank commissions, as well as interest on the bank loans and lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 10

in PLN million	31-12-2013	30-09-2013	*% change to 30-09-2013*	31-12-2012	*% change to 31-12-2012*
Non-current assets	**1,204.0**	**1,173.0**	**2.6%**	**1,209.3**	**(0.44%)**
share in balance sheet total	*73.3%*	*71.7%*	*1.6pp*	*71.0%*	*2.3 pp*
Current assets	**438.9**	**462.2**	**(5.0%)**	**493.5**	**(11.1%)**
share in balance sheet total	*26.7%*	*28.3%*	*(1.6pp)*	*29.0%*	*(2.3 pp)*
TOTAL ASSETS	**1,642.9**	**1,635.2**	**0.5%**	**1,702.8**	**(3.5%)**
Equity holders of the parent	**1,189.6**	**1,179.8**	**0.8%**	**1,188.4**	**0.1%**
share in balance sheet total	*72.4%*	*72.1%*	*0.3pp*	*69.8%*	*2.6 pp*
Non-controlling interest	**18.0**	**15.9**	**13.2%**	**17.7**	**1.7%**
share in balance sheet total	*1.1%*	*1.0%*	*0.1pp*	*1.0%*	*0.1pp*
Non-current liabilities and provisions	**154.9**	**150.8**	**2.7%**	**171.2**	**(9.5%)**
share in balance sheet total	*9.4%*	*9.2%*	*0.2pp*	*10.1%*	*(0.7 pp)*
Current liabilities and provisions	**280.4**	**288.7**	**(2.9%)**	**325.5**	**(13.9%)**
share in balance sheet total	*17.1%*	*17.7%*	*(0.6pp)*	*19.1%*	*(2.0 pp)*
TOTAL LIABILITIES AND EQUITY	**1,642.9**	**1,635.2**	**0.5%**	**1,702.8**	**(3.5%)**

3.1. Non-current assets

The increase in non-current assets versus 30 September 2013 results mainly from the increase in long-term receivables as a result of the cash deposit in the amount of PLN 40.0 million provided by the subsidiary AMS S.A. as a cash collateral securing the bank guarantee issued in relation to the Concession Contract (described in part V point 1 of this MD&A).

The decrease in non-current assets versus 31 December 2012 stems mainly from depreciation and amortisation on property, plant and equipment and intangibles, which was to some extent compensated by the increase in long-term receivables resulting from the cash deposit described above. Moreover, in the first quarter of 2013, the Company sold the rights to publish the monthly *Poradnik Domowy* (for PLN 11.5 million) and purchased the rights to publish the monthly *Dom&Wnetrze* (for PLN 3.0 million).

3.2. Current assets

The decrease in current assets, versus 30 September 2013, results mainly from the decrease in short-term securities, which was to some extent compensated by the increase in accounts receivable and cash and cash equivalents. The decrease in short-term securities, in the fourth quarter of 2013, is related, inter alia, to the cash deposit provided by the subsidiary AMS S.A as described in point 3.1. The change, versus 31 December 2012, results mainly from the decrease in accounts receivable and cash and cash equivalents, which was to some extent compensated by the increase in short-term securities.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions, versus 30 September 2013, stems mainly from the increase in long-term liabilities related to acquisition of the broadcasting license by the company Inforadio Sp. z o.o. and the recognition of the put liability for non-controlling shareholders of the company Sir Local Sp. z o.o.

The decrease in non-current liabilities and provisions, versus 31 December 2012, stems mainly from the decrease in bank and other borrowings, including finance lease liabilities.

3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 30 September 2013, stems mainly from the decrease of short-term borrowings, which was to some extent compensated by the increase in accounts payable. The decrease in current liabilities and provisions, versus 31 December 2012, stems mainly from the decrease of short-term borrowings and provisions.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 11

in PLN million	**4Q 2013**	**4Q 2012**	*% change yoy*	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Net cash from operating activities	37.9	32.6	*16.3%*	109.5	92.0	*19.0%*
Net cash from investment activities	0.5	72.5	*(99.3%)*	(120.9)	85.4	-
Net cash from financing activities	(26.7)	(10.8)	*147.2%*	(79.9)	(112.0)	*(28.7%)*
Total movement of cash and cash equivalents	**11.7**	**94.3**	***(87.6%)***	**(91.3)**	**65.4**	**-**
Cash and cash equivalents at the end of period	**99.6**	**190.9**	***(47.8%)***	**99.6**	**190.9**	***(47.8%)***

As at 31 December 2013, the Agora Group had PLN 171.4 million in cash and in short-term monetary assets, out of which PLN 99.6 million was in cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 71.8 million in short-term securities. Additionally, PLN 40.0 million provided by the subsidiary AMS S.A. is treated as a cash collateral (presented within long-term receivables) securing the bank guarantee issued in relation to the concession contract for construction of bus shelters in Warsaw.

In 2013, Agora S.A. had not been engaged in any currency option instruments or other derivatives (used for hedging or speculative purposes).

On May 28, 2013, the Company executed annex to the loan agreement with the Bank Pekao S.A. On the basis of this annex, the Company has the credit line in the amount of up to PLN 100.0 million, which may be used by May 31, 2014. In 2013, the Company repaid four installments of the credit line used in previous years.

As at the date of this quarterly report, considering the cash position and available credit facility, the Agora Group does not anticipate any liquidity problems with regards to its further investment plans (including capital investments).

4.1. Operating activities

The increase in net inflow from operating activities, in the fourth quarter of 2013 and in the whole 2013, stems mainly from the improvement of the operating result and changes in accounts payable.

4.2. Investment activities

Net inflow from investing activities, in the fourth quarter of 2013, results mainly from the disposal of short-term securities, which was to some extent compensated by outflows related to cash deposit provided to the bank by the company AMS S.A. Net outflow from investing activities, in the whole 2013, results mainly from the purchases of short-term securities as well as spendings on property, plant and equipment and intangibles.

4.3. Financing activities

In the fourth quarter of 2013 and in the whole 2013, the net cash flows from financing activities included mainly repayments and drawings of bank loans by Helios S.A., financial lease payments and repayments of the credit line by Agora S.A.

5. SELECTED FINANCIAL RATIOS [5]

Tab.12

	4Q 2013	4Q 2012	*% change yoy*	1-4Q 2013	1-4Q 2012	*% change yoy*
Profitability ratios						
Net profit margin	3.5%	(0.05%)	*3.5pp*	0.04%	(0.8%)	*0.8pp*
Gross profit margin	32.2%	33.6%	*(1.4pp)*	29.9%	30.4%	*(0.5pp)*
Return on equity	3.5%	(0.05%)	*3.6pp*	0.04%	(0.7%)	*0.8pp*
Efficiency ratios						
Inventory turnover	11 days	10 days	*10.0%*	12 days	12 days	-
Debtors days	58 days	58 days	-	68 days	66 days	*3.0%*
Creditors days	35 days	34 days	*2.9%*	38 days	42 days	*(9.5%)*
Liquidity ratio						
Current ratio	1.6	1.5	*6.7%*	1.6	1.5	*6.7%*
Financing ratios						
Gearing ratio (1)	-	-	-	-	-	-
Interest cover	8.1	(1.0)	-	0.8	(1.1)	-
Free cash flow interest cover	9.6	(0.01)	-	4.5	(1.5)	-

(1) as at 31 December 2013 and 31 December 2012 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 segments of the Agora Group").*

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. NEWSPAPERS [1]

The *Newspapers* segment includes the pro-forma consolidated financials of *Gazeta Wyborcza*, *Metro,* Special Projects, Agora's Printing Department and Agora Poligrafia Sp. z o.o.

Tab. 13

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales	**133.7**	**139.0**	***(3.8%)***	**492.8**	**527.7**	***(6.6%)***
Copy sales (1)	26.4	27.6	*(4.3%)*	106.4	111.7	*(4.7%)*
incl. Gazeta Wyborcza	*24.7*	*26.0*	*(5.0%)*	*100.6*	*106.8*	*(5.8%)*
Advertising revenue (1), (2)	49.1	60.9	*(19.4%)*	180.8	244.7	*(26.1%)*
incl. Gazeta Wyborcza (3)	*38.7*	*49.4*	*(21.7%)*	*144.2*	*202.9*	*(28.9%)*
incl. Metro (4)	*6.5*	*7.2*	*(9.7%)*	*22.1*	*27.3*	*(19.0%)*
Special Projects (including book collections)	10.6	10.1	*5.0%*	36.5	32.0	*14.1%*
Other revenue	47.6	40.4	*17.8%*	169.1	139.3	*21.4%*
Total operating cost, including	**(124.1)**	**(122.5)**	***1.3%***	**(441.5)**	**(465.4)**	***(5.1%)***
Raw materials, energy, consumables and printing services	(57.7)	(52.7)	*9.5%*	(201.6)	(199.8)	*0.9%*
Staff cost (5)	(31.6)	(30.8)	*2.6%*	(117.6)	(128.9)	*(8.8%)*
Non-cash expense relating to share-based payments	-	(0.3)	-	(0.6)	(1.1)	*(45.5%)*
D&A	(6.5)	(7.2)	*(9.7%)*	(27.0)	(28.1)	*(3.9%)*
Promotion and marketing (2) (6)	(11.9)	(13.8)	*(13.8%)*	(37.1)	(46.4)	*(20.0%)*
Cost of group lay-offs (7)	-	(0.3)	-	-	(6.3)	-
EBIT	**9.6**	**16.5**	**(41.8%)**	**51.3**	**62.3**	**(17.7%)**
EBIT margin	*7.2%*	*11.9%*	*(4.7pp)*	*10.4%*	*11.8%*	*(1.4pp)*
EBITDA	**16.1**	**23.7**	**(32.1%)**	**78.3**	**90.4**	**(13.4%)**
EBITDA margin	*12.0%*	*17.1%*	*(5.1pp)*	*15.9%*	*17.1%*	*(1.2pp)*
Operating EBITDA (8)	**16.1**	**24.0**	**(32.9%)**	**78.9**	**91.5**	**(13.8%)**
Operating EBITDA margin	*12.0%*	*17.3%*	*(5.3pp)*	*16.0%*	*17.3%*	*(1.3pp)*

(1) excluding revenues from Special Projects;

(2) the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;

(3) the amounts refer to only a portion of total revenues from dual media offers (published both in Gazeta Wyborcza, as well as on GazetaPraca.pl, GazetaDom.pl, Domiporta.pl, Komunikaty.pl verticals and Nekrologi.Wyborcza.pl website), which is allocated to the print edition of Gazeta;

(4) the amounts refer to total revenues of the Free Press Department, including revenues from Metro's display advertising, classifieds and inserts as well as from mTarget services and Metro's special activities;

(5) excluding non-cash cost of share-based payments and cost of group lay-offs;

(6) the amounts include inter alia the start-up cost of new book collections (i.e. initial promotional cost in the media) and the production and promotional cost of gadgets offered with Gazeta;

(7) the amount disclosed in the fourth quarter of 2012 relates to group lay-offs in Agora Poligrafia Sp. z o.o.;

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

The Company would like to stress, that cost of group lay-offs and one-offs in *Newspapers* segment affects the yoy comparability of data, both, in the fourth quarter and in 2013. The one-off cost in the fourth quarter of 2012 included the impairment loss on the assets in the Special Projects division and it amounted to PLN 2.2 million.

In the fourth of 2013, as a result of a decrease in sales and increase in the operating cost yoy, the operating EBITDA of the segment decreased yoy to PLN 16.1 million and operating EBITDA margin reached 12.0% *[1]*.

In 2013, the operating EBITDA of the segment amounted to PLN 78.9 million and the operating EBITDA margin reached 16.0% *[1]*. It is mainly the result of 6.6% yoy drop in the *Newspapers* segment sales.

1. *GAZETA WYBORCZA*

1.1. Revenue

1.1.1. Copy sales and readership [4]

In the fourth quarter of 2013, the weekly readership of *Gazeta Wyborcza* stood at 9.7% (2.9 million readers; CCS, weekly readership index), which placed it as the second daily among nationwide dailies. *Gazeta Wyborcza* maintained its leading position among the quality newspapers. *Gazeta Wyborcza* sold 215 thousand copies on average (down by 13.8% yoy). In the discussed period, *Gazeta*'s revenues from copy sales decreased only by 5.0% yoy, which was possible mainly due to the increase in the basic price of daily issues of *Gazeta Wyborcza* twice in 2013. The first price increase, by PLN 0.3, took place in January 2013. The second one was introduced in July 2013 raising the basic price of daily issue to PLN 2.50 on Mondays, Tuesdays, Wednesdays and to PLN 2.90 on Thursdays, Fridays and Saturdays.

Additionaly, growing by 10.2% yoy sales of Gazeta Wyborcza magazines (m.in. Wysokie Obcasy Extra, Książki. Magazyn do czytania) positively affected the level of the Group's revenues.

In 2013, Gazeta *Wyborcza* maintained its leading position among the quality newspapers. *Gazeta Wyborcza* sold 220 thousand copies on average (down by 14.1% yoy). In the discussed period of time, *Gazeta*'s revenues from copy sales decreased only by 5.8% yoy, which was possible due to two increases in basic price of daily issues of *Gazeta Wyborcza.* In the discussed period of time, the weekly readership of *Gazeta Wyborcza* stood at 10.6% (3.2 million readers; CCS, weekly readership index), which placed it as the second daily among nationwide dailies.

Additionaly, growing by 9.2% yoy sales of Gazeta Wyborcza magazines (m.in. Wysokie Obcasy Extra, Książki. Magazyn do czytania) positively affected the level of the Group's revenues.

1.1.2. Advertising sales [3]

In the fourth quarter of 2013, *Gazeta's* net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 38.7 million (down by 21.7% yoy).

The above figures include a portion of revenues from dual-media advertising offers (published both in print as well as on *GazetaPraca.pl, Komunikaty.pl* verticals and *Nekrologi.Wyborcza.pl* website), which is allocated to the print edition of *Gazeta Wyborcza.*

In the fourth quarter of 2013, the ad spend in dailies in Poland decreased by almost 25.0% yoy. In the discussed period of time, *Gazeta*'s revenues from display advertising decreased by over 25.5% yoy, and its estimated share in display ad spend in dailies decreased by about 0.5pp yoy to 35.0%.

In the fourth quarter of 2013, *Gazeta*'s share in the national newspapers ad spend amounted to almost 41.5% (up by over 1.5pp yoy). During this period of time, *Gazeta*'s share in Warsaw ad spend in newspapers decreased by 3.5pp yoy while the joint share of *Gazeta* and *Metro* increased by 0.5pp yoy. At the same time, *Gazeta's* share in local dailies (excluding Warsaw) decreased by ca 1.5pp yoy.

In the fourth quarter of 2013, the share of ad pages in *Gazeta's* total pagecount amounted to ca 29.9% (down by ca 1.8pp yoy), while the average number of paid-for ad pages published daily in all local and national editions amounted to ca 112 and decreased by ca 16% yoy.

In 2013, *Gazeta's* net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 144.2 million (down by 28.9% yoy).

The above figures include a portion of revenues from dual-media advertising offers (published both in print as well as on *GazetaPraca.pl, Komunikaty.pl* verticals and *Nekrologi.Wyborcza.pl* website), which is allocated to the print edition of *Gazeta Wyborcza.*

In 2013, the ad spend in dailies in Poland decreased by almost 29.5% yoy. In the discussed period of time, *Gazeta*'s revenues from display advertising decreased by almost 31% yoy, and its estimated share in display ad spend in dailies stood at almost 36.0% (down by ca 1.0pp yoy).

In 2013, *Gazeta*'s share in the national newspapers ad spend amounted to over 42% (up by almost 1.0pp yoy). During this period of time, *Gazeta*'s share in Warsaw ad spend in newspapers decreased by 2.5pp yoy while the joint share of *Gazeta* and *Metro* was up by ca 0.5pp yoy. At the same time, *Gazeta's* share in local dailies (excluding Warsaw) decreased by over 1.0pp yoy. One should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market. Once the Company has more reliable market data, it may correct the ad spending estimations in the consecutive reporting periods.

In 2013, the share of ad pages in Gazeta's total pagecount amounted to ca 29.9% (down by ca 1.5pp yoy), while the average number of paid-for ad pages published daily in all local and national editions reached ca 108 (down by ca 20% yoy).

1.1.3. Other revenues

Segment consistently uses its spare production capacity to grow revenues from the sales of printing services to external clients. In the fourth quarter of 2013, those revenues rose by 21.1% yoy. This growth results mainly from the higher revenues from the printing services in heatset technology.

In 2013 revenues from the sales of printing services rose by 25.5% yoy, mainly from the higher revenues from the printing services in heatset technology.

1.2. Cost

In the fourth quarter of 2013, operating cost of the segment increased by 1.3% yoy to PLN 124.1 million. In the fourth quarter of 2012, operating cost of the segment was additionally burdened with the costs of group lay-offs in Agora Poligrafia Sp. z o.o. and the one-off cost.

The increase in operating cost of the segment in fourth quarter of 2013 is mainly the result of higher by 9.5% yoy raw materials, energy, consumables and printing services cost. It is related with the higher volume of production for external clients.

Higher by 2.6% yoy staff cost contributed to the increase of the operating cost of the segment. The growth in this cost position results from the implementation of new system of acces to *Gazeta Wyborcza's* digital content.

In the fourth quarter of 2013, the newsprint cost of *Gazeta Wyborcza and its supplements* amounted to PLN 9.9 million and decreased by 19.5% yoy.

In 2013, the operating cost of the segment decreased by 5.1% yoy to PLN 441.5 million.

One should bear in mind that operating cost of the segment in 2012 was affected by additional cost associated with the group lay-offs and the impairment loss on the assets in fourth quarter of 2012. Total additional cost, which affected the operating result of the segment in 2012, due to these events, amounted to PLN 8.5 million.

In 2013 the reduction in the segment's operating cost was achieved by the decrease in the staff cost by 8.8% yoy as a result of lower employment. Lower promotion and marketing cost (down by 20.0% yoy), due to the reduced scope of *Gazeta Wyborcza's* promotional activities, contributed positively to the drop in the operating cost.

The newsprint cost of *Gazeta Wyborcza* and its supplements in 2013 amounted to PLN 38.6 million and decreased by 28.0% yoy.

2. FREE PRESS [3], [4]

In the fourth quarter of 2013, *Metro's* total ad revenues decreased by 9.7% yoy, mainly due to lower revenue from display advertising (down by ca 16.5% yoy). In this period, the total display ad spend in all daily newspapers decreased by almost 25.0% yoy. As a result *Metro* increased its share in advertising spending in all dailies by over 0.5pp to 5.5%. In the discussed period of time, *Metro's* share in advertising spending in national dailies increased by 0.5pp and remained flat yoy in local dailies. *Metro* increased its share in Warsaw dailies by 4.0pp yoy to over 25.5%

In the fourth quarter of 2013, the Free Press division recorded profit on the operating EBITDA level of PLN 1.0 million *[1]*.

In 2013, *Metro's* total ad revenues decreased by 19.0% yoy, mainly due to lower revenues from display advertising (down by 26.0% yoy). In this periodof time, the total display ad spend in all daily newspapers decreased by almost 29.5% yoy. As a result *Metro* strengthened its share in advertising spending in all dailies by over 5.0%. In the discussed period of time, *Metro's* share in advertising spending in national dailies increased by 0.5pp and remained flat yoy in local dailies. *Metro* increased its share in Warsaw dailies by amost 3.0pp yoy to over 22.5%

In 2013, the Free Press division recorded a lower yoy profit on the operating EBITDA level which amounted to PLN 1.1 million *[1]*.

3. SPECIAL PROJECTS

In the fourth quarter of 2013, Agora published 23 books.

In the discussed period of time, Special Projects division sold 0.2 million books and books with CDs and DVDs. The best sellers included: *Nie mowcie mi jak mam zyc* by Wladyslaw Kozakiewicz and Michał Pol, *Kret w Watykanie* by Agnieszka Kublik and Wojciech Czuchnowski, and *Leksykon buntownikow* by Max Cegielski. In the fourth quarter of 2013 Special Projects recorded a positive operating result (EBIT) of PLN 1.3 million higher by PLN 3.4 million yoy *[1].*

In 2013 Agora continued 1 collection *Mistrzowie slowa 2* and released 54 one-off publishings. During this period of time, Special Projects division sold 0.6 million books and books with DVDs and CDs.

On February 1, 2013, *Drogowka* - the film by Wojciech Smarzowski, co-produced by Agora, entered Polish cinemas and on June 7, 2013, the film had its DVD premiere. In 2013, the film had been viewed by over 1 million people, and revenues from the whole project had a direct positive impact on Agora Group's operating result. On October 18, 2013, another Agora's co-production entered Polish cinemas – *Ambassada* directed by Juliusz Machulski. In 2013, the film had been viewed by nearly 0.2 million people.

Revenues generated by *Publio.pl*, an online bookstore started in May 2012, had a positive impact on the total level of Special Projects' revenues.

In 2013, Special Projects division recorded a positive operating result (EBIT) of PLN 1.7 million higher by PLN 5.6 million yoy *[1].*

4. NEW INITIATIVES

Since October 2013, *Gazeta Wyborcza* has launched new Thursday addition *Pieniadze Ekstra.* The addition is dedicated to readers' problems with, inter alia, financial institutions, contracts and special offers in shops. It also highlights issues that refer to retirement, describes curiosities associated with money and provides ideas for savings.

Metro Custom Publishing has prepared special winter edition of sports magazine for one of largest shopping chains in Poland. Application of new technologies allowed the use of interactive materials. *Viuu* application allows viewers to access specially prepared videos on their tablet or smartphone divice after scanning designated images.

In November 2013, the decision to combine sales forces of the Company's press brands had been made. As a result, since January 1 2014, one commercial team has sold advertising offer of all Agora's press titles. It includess *Gazeta Wyborcza*, several magazines and the daily *Metro*, their digital versions and website *MetroMSN.pl.*

In December 2013, *Gazeta Wyborcza* introduced to the online bookstore *Publio.pl* a full release of the daily on every reader in ePUB and Mobi format and in the web browser in PDF format. It includes national pages, any local edition and weeklies offered along with *Gazeta Wyborcza*. This is the most complete version of the daily for e- readers.

In December 2013, *Gazeta Wyborcza* prepared the first interactive reportage for its readers. The journalist text was enriched with photos and videos, which are an integral part of it.

IV.B. CINEMA

The Cinema segment includes the pro-forma consolidated data of Helios S.A. and Next Film Sp. z o.o. (since September 14, 2012), which form the Helios group.

Tab. 14

in PLN million	4Q 2013	4Q 2012	*% change yoy*	1-4Q 2013	1-4Q 2012	*% change yoy*
Total sales, including :	**66.9**	**62.0**	***7.9%***	**219.7**	**205.1**	***7.1%***
Tickets sales	39.1	38.3	*2.1%*	129.1	134.0	*(3.7%)*
Concession sales	13.1	11.6	*12.9%*	42.2	40.3	*4.7%*
Advertising revenues (2)	8.5	7.3	*16.4%*	25.2	20.2	*24.8%*
Other sales	6.2	4.8	*29.2%*	23.2	10.6	*118.9%*
Total cost, including:	**(55.9)**	**(57.1)**	***(2.1%)***	**(213.0)**	**(199.0)**	***7.0%***
External services	(32.6)	(31.8)	*2.5%*	(118.0)	(110.8)	*6.5%*
Raw materials, energy and consumables	(6.8)	(7.4)	*(8.1%)*	(25.0)	(25.4)	*(1.6%)*
Staff cost	(7.1)	(7.0)	*1.4%*	(26.8)	(26.1)	*2.7%*
D&A	(6.4)	(5.3)	*20.8%*	(24.8)	(19.7)	*25.9%*
Promotion and marketing (2)	(5.7)	(4.1)	*39.0%*	(16.6)	(10.2)	*62.7%*
EBIT	**11.0**	**4.9**	**124.5%**	**6.7**	**6.1**	**9.8%**
EBIT margin	*16.4%*	*7.9%*	*8.5pp*	*3.0%*	*3.0%*	-
EBITDA	**17.4**	**10.2**	***70.6%***	**31.5**	**25.8**	***22.1%***
EBITDA margin	*26.0%*	*16.5%*	*9.5pp*	*14.3%*	*12.6%*	*1.7pp*
Operating EBITDA (1)	**17.4**	**10.2**	***70.6%***	**31.5**	**25.8**	***22.1%***
Operating EBITDA margin (1)	*26.0%*	*16.5%*	*9.5pp*	*14.3%*	*12.6%*	*1.7pp*

(1) As far as the Helios group is concerned EBITDA and operating EBITDA ratios are equal as in the period referred to in the table there was not any non-cash cost of share-based payments incurred;

(2) the amounts do not include 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 a promotion was executed without prior reservation.

In the fourth quarter of 2013, thanks to the growing revenues (up by 7.9% yoy) operating EBITDA of the segment increased significantly yoy and mounted to PLN 17.4 million. In 2013 operating EBITDA of Helios group increased by 22.1% yoy and reached 31.5 million.

1. REVENUE [3]

In the fourth quarter of 2013, total sales of the Helios group increased by 7.9% yoy to PLN 66.9 million. In the same period of time the number of visitors in Helios network reached 2.2 million people and was lower by 5.7% yoy. The admission revenue grew slightly thanks to higher ticket price. The ticket price was influenced by high popularity of 3D versions of the most popular film productions (*Kraina Lodu, Hobbit: Pustkowie Smauga*). The concession sales grew by 12.9% yoy. Advertising revenue grew by 16.4% yoy. The growth in other sales results from the distribution activities of Next Flim.

In 2013, total revenues grew by 7.1% yoy and reached PLN 219.7 million. Number of visitors reached 7.5 million and was lower by 2.8% yoy. As a result tickets sales decreased by 3.7% yoy. The concession sales increased by PLN 1.9 million yoy and advertising revenues by PLN 5.0 million.

The yoy growth of other sales results mainly from cinema distribution operations –of Next Film. Other sales include also, subletting of one of the Helios` cinemas in Wroclaw to *Association Nowe Horyzonty* (since September 2012), revenues from *VPF (Virtual Print Fee)* and revenues from 3D-glasses fee.

2. COST

In the fourth quarter of 2013, the operating cost of Helios group reached PLN 55.9 million (down by 2.1% yoy). Lower yoy cost of film copy purchase, due to lower admissions, contributed to the drop of the operating cost. The growth of the rental fees and D&A is a result of Helios network expansion in 2012 and in 2013. A positive influence on the Helios group results had a net results of one-offs and (including writing off of a reserve created in the past for intellectual property rights) which improved the operating result of the segment by PLN 3.9 million in the fourth quarter of 2013.

In 2013, the operating cost of Helios group increased by 7.0% yoy. This growth results from higher rental fees and depreciation related to the network expansion in 2012 and in 2013. The cost generated by the subsidiary company Next Film grew yoy which is compensated with revenues from film distribution.

3. NEW INITIATIVES

In the fourth quarter of 2013, Helios cinema network opened new cinemas in Gdynia and Nowy Sacz and closed a cinema in Katowice (9 screens) due to the end of the rental contract.

Helios enriched its repertoir offer with , a new cycle of special showings entitled *Kino pelne dzieci*.

In December 2013, Next Film, the subsidiary company of Helios group received a *Platinum Ticket*- an award granted to film producers and distributors whose movies attracted the largest audience to the cinemas.Next Film was awarded for film *Drogowka,* which gathered in Polish cinemas more than 1 million people and is the only Polish film production with such a result in 2013.

IV.C. OUTDOOR (AMS GROUP)

The Outdoor segment consists of the pro-forma consolidated data of companies constituting the AMS group (AMS S.A., Adpol Sp. z o.o.).

Tab. 15

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales, including:	**43.4**	**46.7**	***(7.1%)***	**153.5**	**162.1**	***(5.3%)***
Advertising revenue (1)	41.0	44.1	*(7.0%)*	148.7	157.1	*(5.3%)*
Total operating cost, including:	**(38.4)**	**(42.3)**	***(9.2%)***	**(149.7)**	**(157.9)**	***(5.2%)***
Execution of campaigns	(6.0)	(7.0)	*(14.3%)*	(23.1)	(25.7)	*(10.1%)*
Maintenance cost	(17.5)	(19.3)	*(9.3%)*	(70.4)	(75.1)	*(6.3%)*
Staff cost (2)	(5.0)	(4.9)	*2.0%*	(19.8)	(19.4)	*2.1%*
Non-cash expense relating to share-based payments	-	(0.1)	-	(0.1)	(0.2)	*(50.0%)*
Promotion and marketing	(1.6)	(1.6)	-	(6.1)	(5.8)	*5.2%*
D&A	(4.2)	(4.4)	*(4.5%)*	(16.9)	(18.1)	*(6.6%)*
EBIT	**5.0**	**4.4**	***13.6%***	**3.8**	**4.2**	***(9.5%)***
EBIT margin	*11.5%*	*9.4%*	*2.1pp*	*2.5%*	*2.6%*	*(0.1pp)*
EBITDA (4)	**9.2**	**8.8**	***4.5%***	**20.7**	**22.2**	***(6.8%)***
EBITDA margin	*21.2%*	*18.8%*	*2.4pp*	*13.5%*	*13.7%*	*(0.2pp)*
Operating EBITDA (2), (4)	**9.2**	**8.9**	***3.4%***	**20.8**	**22.4**	***(7.1%)***
Operating EBITDA margin	*21.2%*	*19.1%*	*2.1pp*	*13.6%*	*13.8%*	*(0.2pp)*
Number of advertising spaces (3)	23,489	24,315	*(3.4%)*	23,489	24,315	*(3.4%)*

(1) the amounts do not include revenues, direct and variable cost 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 AMS group installed on petrol stations, small panels on bus shelters and in the Warsaw subway, as well as advertising panels on buses and trams;

(4) the amounts include a reclassification adjustment of D&A, resulting from financing sources of fixed assets owned by AMS group.

In the fourth quarter of 2013, due to the reduction of the segment's operating cost, the operating EBITDA increased by 3.4% yoy and amounted to PLN 9.2 million. The operating EBITDA margin reached 21.2%. In 2013, due to the slowdown in the outdoor advertising expenditure, the segment's revenue decreased by 5.3% yoy, which translated into lower operating EBITDA and operating EBITDA margin at the level of 13.6%.

1. REVENUE [8]

In the fourth quarter of 2013, the value of outdoor advertising expenditure, according to IGRZ estimates, decreased by over 12.0% yoy. In 2013, the outdoor advertising expenditure decreased by almost 14.0% yoy.

AMS group, both, in the fourth quarter and in 2013, noted better than market performance. Its advertising revenue decreased by 7.0% yoy and 5.3% yoy, respectively. As a result, the share of AMS group in outdoor ad spending in the fourth quarter of 2013 increased by over 1.1 pp to almost 33.0%. In 2013, the estimated share of AMS group in outdoor ad spend increased by over 2.8pp to over 32.5% {8}.

Lower than the market decline in segment revenue was achieved mainly due to the growing demand for citylight panels.

2. COST

In the fourth quarter of 2013, the AMS group reduced its operating cost by 9.2% yoy to PLN 38.4 million. In 2013, the operating cost was lower by 5.2% yoy and amounted to PLN 149.7 million. Reduction of the operating cost was possible due to lower yoy maintenance cost and lower campaign execution cost.

In the fourth quarter of 2013, the cost of the campaign execution decreased by 14.3% yoy and in 2013 by 10.1% yoy. It is the result of a smaller number of printing services and lower cost of posting and distribution of posters.

Reduction in the maintenance cost by 9.3% yoy in the fourth quarter and by 6.3% yoy in 2013 is a result of optimization measures. AMS adjusted its portfolio of advertising panels to market requirements, and consistently lowered unit maintenance cost per panel. In addition, a significant reduction in rental cost for advertising panels in metro cars, as a result of the execution new contract in May 2013 contributed to the cost reduction.

Lower D&A cost, both, in the fourth quarter and in 2013, is a result of full amortization of selected panels and the process of optimization of network of advertising panels.

The operating result of the segment was affected by the positive result on other operating cost, asa result of the closing several administrative disputes on placing ad panels on the waysides without a proper permission.

AMS group recorded an increase in staff cost, both in the fourth quarter and in 2013, as a result of increased variable component of remuneration due to higher yoy execution of sales targets.

Slight increase in promotion and marketing cost, mainly results from larger scope of social campaigns and joint non-profit/commercial campaigns. The non-profit element of these campaigns is settled in barter and charged to promotion and marketing cost.

3. NEW INITIATIVES

In 2013, the AMS for the fourth time in a row was awarded by advertising agencies and media houses in the prestigious annual ranking agencies advertising industry magazine *Media & Marketing Poland*, which granted the sales department of the company the first position among outdoor advertising companies.

In November 2013, AMS introduced a new panel city buses campaigns - *Busback.* Now, thanks to AMS Metrics for the first time on the market, it is possible to count the reach of the campaign on buses. In addition, this solution allows to define the media indicators for campaigns combining stationary panels with panels on buses.

On December 18, 2013, a consortium of AMS SA - Ströer Poland Sp. z o.o. signed a concession contract with the City of Warsaw for the construction and operation of bus shelters in Warsaw. Parties of the consortium decided that AMS shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The subject of the concession contract is construction of 1,580 bus shelters in Warsaw. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelters' construction, according to the capital city of Warsaw, amounts to ca PLN 80 million. The duration of the contract is nearly 9 years.

IV.D. INTERNET [1] [6]

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, LLC Agora Ukraine (until December 10, 2013), Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o. and Sport4People Sp. z o.o. and Sir Local Sp. z o.o. (from December 1, 2013).

Tab. 16

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales , including	**30.0**	**31.3**	***(4.2%)***	**111.4**	**114.0**	***(2.3%)***
Display ad sales (1)	24.4	25.5	*(4.3%)*	89.0	89.8	*(0.9%)*
Ad sales in verticals (2)	3.9	4.1	*(4.9%)*	16.2	17.7	*(8.5%)*
Total operating cost, including	**(23.2)**	**(28.2)**	***(17.7%)***	**(94.2)**	**(106.6)**	***(11.6%)***
IT and network maintenance	(0.9)	(1.1)	*(18.2%)*	(3.2)	(3.4)	*(5.9%)*
Staff cost (3)	(10.7)	(10.8)	*(0.9%)*	(42.0)	(47.7)	*(11.9%)*
Non-cash expense relating to share-based payments	-	(0.1)	-	(0.1)	(0.2)	*(50.0%)*
D&A	(1.1)	(1.3)	*(15.4%)*	(4.6)	(5.5)	*(16.4%)*
Promotion and marketing (1)	(3.6)	(5.2)	*(30.8%)*	(12.6)	(15.5)	*(18.7%)*
Cost of group lay-offs	-	-	-	-	(1.2)	-
EBIT	**6.8**	**3.1**	***119.4%***	**17.2**	**7.4**	***132.4%***
EBIT margin	*22.7%*	*9.9%*	*12.8pp*	*15.4%*	*6.5%*	*8.9pp*
EBITDA	**7.9**	**4.4**	***79.5%***	**21.8**	**12.9**	***69.0%***
EBITDA margin	*26.3%*	*14.1%*	*12.2pp*	*19.6%*	*11.3%*	*8.3pp*
Operating EBITDA (4)	**7.9**	**4.5**	***75.6%***	**21.9**	**13.1**	***67.2%***
Operating EBITDA margin	*26.3%*	*14.4%*	*11.9pp*	*19.7%*	*11.5%*	*8.2pp*

(1) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as inter-company sales between Agora's Internet Department, LLC Agora Ukraine, Trader.com (Polska) Sp. z o.o. and AdTaily Sp. z o.o., and Sport4People Sp. z o.o. and Sir Local Sp. z o.o.;

(2) including, among others, allocated revenues from the dual media offer (i.e. published both in Gazeta Wyborcza, as well as on GazetaPraca.pl, GazetaDom.pl, Domiporta.pl, Komunikaty.pl verticals and Nekrologi.Wyborcza.pl website);

(3) excluding non-cash cost of share-based payments and cost related to group lay-offs;

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

Due to the cost saving measures implemented in 2012 Internet segment significantly improved its operating result in, both, the fourth quarter and throughout 2013.In the fourth quarter of 2013, the operating EBITDA of the segment amounted to PLN 7.9 million and was significantly higher yoy. The segment's operating EBITDA margin increased by 11.9pp yoy and reached 26.3%.

In 2013, operating EBITDA of the Internet segment increased by 67.2% yoy and amounted to PLN 21.9 million. Throughout 2013, the operating EBITDA margin reached 19.7% and this is the best result achieved in the history of the segment.

It should be remembered that in the third quarter of 2012, the segment's operating results were burdened with the cost of group lay-offs in Agora S.A. therefore, some of the entries in the segment's profit and loss account are not fully comparable.

1. REVENUE

In the fourth quarter of 2013, the total sales of the Internet segment amounted to PLN 30.0 million (down by 4.2% yoy). The decrease in the segment's revenue results mainly from the lower display ad sales in *Gazeta.pl* portal and in *Trader.com (Polska) Sp. z o.o*. In the fourth quarter of 2013, the display advertising sales decreased by 4.3% yoy to PLN 24.4 million, while at the same time, the total market expenditure for Internet display advertising in Poland decreased by ca 3.0% yoy.

In 2013, the total sales of the Internet segment amounted to PLN 111.4 million and decreased by 2.3% yoy. In 2013, the display advertising sales decreased by 0.9% yoy to PLN 89.0 million, while at the same time, the total market expenditure for Internet display advertising in Poland decreased by almost 3.5% yoy.

Ad sales in verticals were lower, both, in the fourth quarter and throughout 2013, mainly as a result of lower ad sales in verticals dedicated to real estate as well as lower allocation from the dual media offer in print edition of *Gazeta Wyborcza* and Internet.

The suspension of Trader's press titles and Agora's shopping website *HappyDay.pl,* in the fourth quarter of 2012, had a negative influence on the level of revenues in Internet segment both in the fourth quarter and in the whole 2013.

2. COST

In the fourth quarter of 2013, the operating cost of the Internet segment decreased by 17.7% yoy to PLN 23.2 million, primarily due to the reduction in promotion and marketing services cost, lower asset impairment costs and lower level of provisions in other operating activities. In the fourth quarter of 2013, the promotion and marketing cost decreased by 30.8% yoy and amounted to PLN 3.6 million as a result of lower spending on promotion of *Gazeta.pl*. In addition, at the same period of time, the segment decreased the cost of marketing services in recruitment and real estate websites and also lower yoy bad debt provisions. In 2012, the Internet segment's costs were burdened by one-off cost of fixed assets impairment.

In 2013, the operating cost of the Internet segment decreased by 11.6% yoy to PLN 94.2 million, primarily due to the staff cost and marketing and promotion cost reduction. In 2012, the segment's operating cost was additionally burdened with the provision of PLN 1.2 million for the group lay-offs, which affects the comparability of data.

In 2013, the staff cost (excluding non-cash cost of share-based payments) went down by 11.9% yoy, inter alia as a result of the reduction in number of FTEs and lower cost of contracts of mandate in Agora's Internet department and also the reduction in number of FTEs in press part of Trader.com (Polska) Sp. z o.o.

In 2013, the promotion and marketing cost was reduced by 18.7% yoy to PLN 12.6 million, mainly due to the reduction of promotion and marketing expense of *Gazeta.pl* portal and *Sport.pl*.

The D&A cost in 2013 was lower yoy i.a. as a result of reduced capital expenditure for IT infrastructure in Agora's Internet department.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In December 2013, the reach of *Gazeta.pl* group websites among Polish Internet users (connecting from non-mobile devices) stood at 58.5%, which made *Gazeta.pl* group the third player among Internet portals, after *Onet.pl – RASP* and *Wirtualna Polska* groups. The number of users reached 12.4 million and the total number of non-mobile page views done by Polish users reached 639.0 million with an average viewing time of 1 hour and 26 minutes per user *[6]*.

In December 2013, the number of page views generated by mobile devices on the websites of *Gazeta.pl* group reached 115.2 million (up by 22.6% yoy), which made *Gazeta.pl* group the fourth player according to Megapanel PBI/Gemius data. The share of mobile page views on the websites of *Gazeta.pl* group stood at 15.3% and was the highest among Polish horizontal portals *[6]*.

The websites of *Gazeta.pl group* are ranked among top thematic market players. According to Megapanel PBI/Gemius data for December 2013, *Gazeta.pl group* is ranked first in the *Forums & Discussion groups* category, *Interior furnishing and garden* category (i.a. *CzteryKaty.pl*) and *Cuisine* category (i.a. *Ugotuj.to*). The *Gazeta.pl* group is ranked second in the *Children, Family* category (inter alia *eDziecko.pl*), the *Health and Medicine* category (i.a. *Zdrowie.Gazeta.pl), Life Style* category *and also in the Blogs* category (i.a. *Blox.pl*). The third positions are held in categories: *Sports* category (i.a. *Sport.pl*), *Information, commentary – general* category, *Local and regional information* category and *Recruitment* category (i.a. *GazetaPraca.pl*).

4. NEW INITIATIVES

At the end of November 2013, Agora has launched a new local services website - *Sir Local*. It offers the users fast access to proven professionals involved in the repair of equipment and facilities. The geolocation feature allows *Sir Local* automatically direct the user to a skilled person in the area.

In the fourth quarter of 2013, the websites *Gazeta.pl LIVE* and VOD service *Kinoplex.pl* launched applications for users of all smartphones based on Windows Phone operating system.

IV.E. RADIO

The *Radio* segment includes the pro-forma consolidated financials of Agora's Radio Department, all local radio stations and a super-regional radio *TOK FM*, being parts of the Agora Group. This includes: 20 *Golden Hits* (*Zlote Przeboje)* local radio stations, 7 local radio stations (*Radio Roxy FM)*, one CHR format (Contemporary Hit Radio) local station and a super-regional news radio *TOK FM* broadcasting in 16 metropolitan areas (since October 2012, *TOK FM* radio station started broadcasting in 7 new locations: Radom, Kielce, Elblag, Torun, Lublin, Gorzow Wielkopolski and Plock).

Tab. 17

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales, including :	**26.1**	**24.6**	***6.1%***	**83.1**	**88.1**	***(5.7%)***
Advertising revenue (1) (3)	25.2	23.9	*5.4%*	80.9	85.8	*(5.7%)*
Total operating cost, including: (3)	**(21.8)**	**(21.5)**	***1.4%***	**(78.3)**	**(85.3)**	***(8.2%)***
Staff cost (2)	(6.7)	(6.9)	*(2.9%)*	(25.9)	(26.3)	*(1.5%)*
Non-cash expense relating to share-based payments	-	-	-	(0.1)	(0.1)	-
Licenses, rental and telecommunication costs	(2.5)	(2.3)	*8.7%*	(8.8)	(8.5)	*3.5%*
D&A	(0.6)	(0.7)	*(14.3%)*	(2.4)	(2.7)	*(11.1%)*
Promotion and marketing (3)	(3.8)	(2.9)	*31.0%*	(11.6)	(12.9)	*(10.1%)*
EBIT	**4.3**	**3.1**	***38.7%***	**4.8**	**2.8**	***71.4%***
EBIT margin	*16.5%*	*12.6%*	*3.9pp*	*5.8%*	*3.2%*	*2.6pp*
EBITDA	**4.9**	**3.8**	***28.9%***	**7.2**	**5.5**	***30.9%***
EBITDA margin	*18.8%*	*15.4%*	*3.4pp*	*8.7%*	*6.2%*	*2.5pp*
Operating EBITDA (2)	**4.9**	**3.8**	***28.9%***	**7.3**	**5.6**	***30.4%***
Operating EBITDA margin	*18.8%*	*15.4%*	*3.4pp*	*8.8%*	*6.4%*	*2.4pp*

(1) advertising revenues include revenues from brokerage services of proprietary and third-party air time;

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

(3) the amounts do not include 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 a promotion was executed without prior reservation.

In the fourth quarter of 2013, the operationg EBITDA of Agora's Radio segment improved significantly yoy mainly due to the higher revenues (up by 6.1% yoy).

In 2013, Agora's Radio segment achieved a positive operating EBITDA of PLN 7.3 million, which was better by 1.7 yoy mainly as a consequence of promotion and marketing cost reduction.

1. REVENUE [3]

In the fourth quarter of 2013 the total sales of the Radio segment increased to PLN 26.1 million (up by 6.1% yoy). This growth results from higher air time sales in the radio stations owned by the Agora Group. In the fourth quarter of 2013 the radio advertising expenditure in Poland grew by over 6% yoy.

In 2013, the sales revenue of the Radio segment amounted to PLN 83.1 million (down by 5.7% yoy). This drop resulted mainly from the lower yoy revenues from the sales of brokerage services and barter transactions. In the discussed period of time, the total radio advertising expenditure in Poland decreased by over 2% yoy.

2. COST

In the fourth quarter of 2013, the operating cost of the Radio segment increased by 1.4% yoy to PLN 21.8 million mainly as a result of higher promotion and marketing cost including, inter alia, the launch of the Christmas *Golden Hits* campaign.

In 2013, the operating cost of the Radio segment decreased by 8.2% yoy and amounted to PLN 78.3 million. The main reason for the decrease include: lower cost of air time purchase in the third party radio stations as well as lower promotion and marketing cost, mainly for *Roxy FM* brand.

3. AUDIENCE SHARES [9]

Tab. 18

% share in listening	4Q 2013	change in pp yoy	I-IVQ 2013	change in pp yoy
Group's music radio stations (*Roxy FM* and *Golden Hits*)	3.9%	(0.5pp)	3.9%	0.0pp
News talk radio station *TOK FM*	1.2%	0.1pp	1.1%	(0.1pp)

Since October 2012, the new model of demographic data weighting has been introduced to *Radio Track* audience survey enabling to level the structure of the sample to the structure of the population in terms of respondents' education. As a result of this change comparability of the survey results may be limited.

4. NEW INITIATIVES

In October 2013, the collaboration with one of the mobile phone operators started. As part of this co-operation application of *Tuba.FM* for Android platform is distributed to the operator's clients through its new mobile shop.

At the end of 2013, the segment made the decision to change the music format of *Radio Roxy* for rock. On January 31, 2014 the radio station changed also its name for *Rock Radio*.

IV.F. THE MAGAZINES [1]

The Magazines segment presents the financials of Agora's Magazines.

Tab. 19

in PLN million	4Q 2013	4Q 2012	*% change yoy*	1-4Q 2013	1-4Q 2012	*% change yoy*
Total sales, including	**10.3**	**14.9**	***(30.9%)***	**44.1**	**65.0**	***(32.2%)***
Copy sales	4.4	5.9	*(25.4%)*	19.0	26.7	*(28.8%)*
Advertising revenue (1)	5.9	9.0	*(34.4%)*	25.0	38.0	*(34.2%)*
Total operating cost (2), including	**(11.5)**	**(25.3)**	***(54.5%)***	**(41.5)**	**(72.7)**	***(42.9%)***
Raw materials, energy, consumables and printing services	(3.9)	(5.1)	*(23.5%)*	(15.6)	(25.0)	*(37.6%)*
Staff cost (3)	(3.4)	(3.9)	*(12.8%)*	(14.5)	(17.4)	*(16.7%)*
Non-cash expense relating to share-based payments	-	-	-	(0.1)	(0.1)	-
D&A	-	-	-	(0.1)	(0.1)	-
Promotion and marketing (1)	(3.5)	(2.3)	*52.2%*	(7.9)	(12.2)	*(35.2%)*
Cost of lay-offs	-	-	-	-	(0.5)	-
EBIT	**(1.2)**	**(10.4)**	***88.5%***	**2.6**	**(7.7)**	**-**
EBIT margin	*(11.7%)*	*(69.8%)*	*58.1pp*	*5.9%*	*(11.8%)*	*17.7pp*
EBITDA	**(1.2)**	**(10.4)**	***88.5%***	**2.7**	**(7.6)**	**-**
EBITDA margin	*(11.7%)*	*(69.8%)*	*58.1pp*	*6.1%*	*(11.7%)*	*17.8pp*
Operating EBITDA (4)	**(1.2)**	**(10.4)**	***88.5%***	**2.8**	**(7.5)**	**-**
Operating EBITDA margin	*(11.7%)*	*(69.8%)*	*58.1pp*	*6.3%*	*(11.5%)*	*17.8pp*

(1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;

(2) in the fourth quarter of 2012, segment's operating cost was burdened with the cost of impairment loss on several press titles, which amounted PLN 12.4 million. Therefore the comparability of data is limited;

(3) excluding non-cash cost of share-based payments and cost related to group lay-offs;

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

From the second quarter of 2013, the Magazines segment's results are not fully comparable yoy because of the changes in the segment's portfolio of titles. In February 2013, the Company sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* and acquired the right to publish the monthly *Dom & Wnetrze*.

It should be noticed that, in the fourth quarter of 2012, the segment's operating cost was burdened with the cost of impairment loss on several press titles which amounted to PLN 12.4 million and the cost of group lay-offs at PLN 0.5 million, in the whole 2012, therefore not all entries in the segment's profit and loss account are comparable yoy.

In the fourth quarter of 2013, due to the significant yoy decrease in the revenue, the Magazines segment recorded an operating loss on the EBIT and operating EBITDA level of PLN 1.2 million. In 2013, operating EBITDA of the segment was positive and amounted to PLN 2.8 million.

1. REVENUE

In the fourth quarter of 2013, revenue of the Magazines segment decreased by 30.9% yoy, mainly as a result of lower copy sales (down by 25.4% yoy) and lower advertising sales (down by 34.4% yoy). It should be noticed, that

the disposal of the right to publish *Poradnik Domowy* had a significant impact on the segment's advertising and copy sales revenue.

The decrease in the segment's copy sales revenue is mainly a result of the decline in an average number of copies sold of comparable yoy selection of monthlies (down by 15.7% yoy). Advertising sales were down mainly as a result of reduced advertising expenditure in *clothing and accessories* and *interior decoration* categories.
In 2013, ad sales were down by 34.2% yoy, while copy sales decreased by 28.8% yoy. As a result, in 2013, total revenues of the Magazines business dropped by 32.2% yoy.

1.1. Copy sales

Tab. 20

in thousand of copies	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Average copy sales of Agora monthlies	393.2	810.4	*(51.5%)*	542.3	874.9	*(38.0%)*

In the fourth quarter of 2013, the average number of copies sold by Agora's monthlies was down by 51.5% yoy. If one takes into account comparable data (without *Poradnik Domowy* and *Dom &Wnetrze)* the decline would amount to 15.7% yoy.
In 2013, the average number of copies sold by Agora's monthlies was down by 38.0% yoy. If one takes into account comparable data (without *Poradnik Domowy* and *Dom &Wnetrze)* the decline would amount to 20.3% yoy.

1.2. Advertising sales

Due to the changes in the segment's portfolio of titles advertising sales revenues, in the fourth quarter of 2013, are not fully comparable yoy.

In the fourth quarter of 2013, the advertising sales of the Magazines segment decreased by 34.4% yoy. At the same time, advertisers limited their expenditure in the magazines by 12.0% yoy. Agora had over 3% share in the total national magazines ad spend and over 6.5% share in monthlies (based on rate card data*) [7].*

In 2013, the advertising sales of the Magazines segment decreased by 34.2% yoy. At the same time, advertisers limited their expenditure in the magazines by almost 13.5% yoy. Agora had ca 3.5% share in the total national magazines ad spend and ca 7.5% share in monthlies (based on rate card data*) [7].*

2. COST

In the fourth quarter of 2013, the operating cost of segment decreased by 54.5% yoy to PLN 11.5 million. It should be noticed that, in the fourth quarter of 2012, segment's operating cost was burdened with one-off cost, which amounted to PLN 12.4 million, also the disposal of the right to publish *Poradnik Domowy* had a significant impact on the segment's operating cost. The cost of materials, energy, consumables and printing services was reduced by 23.5% yoy, mainly as a result of lower production volume. The promotion and marketing cost of segment was higher by 52.2% yoy due to the increase in the number of promotional campaigns and higher colume of more expensive editions. The intensification of promotional activities is related to the release of new versions of the most important segment's magazines. The staff cost decreased by 12.8% yoy as a result of the lower headcount yoy.

In 2013, the operating cost of segment decreased by 42.9% yoy to PLN 41.5 million. The comparability of the data yoy is influenced by the one-off cost and group lay-offs, which burdened the results of 2012 with PLN 12.9 million. Similarly as in the fourth quarter, the disposal of the right to publish *Poradnik Domowy* had a significant impact on the segment's operating cost. The gratest savings yoy were recorded in the cost of materials, energy, consumables and printing services, mainly as a result of lower production volume of existing titles in the Group's portfolio. The promotion and marketing cost of segment was significantly reduced yoy due to the decrease in the number of promotional campaigns mainly in TV.

3. NEW INITIATIVES

In the fourth quarter of 2013, in line with the readers' expectations, new versions of: *Cztery Katy, Avanti, Logo* and *Dom & Wnetrze* were introduced. The purpose of those changes is to increase the copy sales and ad revenues of the titles.

In November 2013, Agora launched a new *Dom & Wnetrze* application for the users of tablets with *iOS* and *Android* operating systems. It allows to download the digital edition of the magazine, enriched with exclusive audiovisual content.

In November 2013, the sales forces of press brands of the Company were merged. As a result , the advertising offer of all press brands of the Group is prepared by one team commencing since January 2014. The offer includes *Gazeta Wyborcza,* Agora's magazines, the daily *Metro,* their digital editions and *MetroMSN.pl* portal.

In December 2013, Agora released the first edition of *Continents* - a digital travel quarterly in English, available only for the tablets users, with selected content from the printed quarterly *Kontynenty.*

NOTES

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

EBIT, EBITDA, operating EBITDA of Newspapers, Internet and Magazines are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company`s supporting divisions), which are included in reconciling positions.

[2] the data on ticket sales in the cinemas comprising Helios network come from the accounting data of Helios reported in accordance with full calendar periods.

[3] The data refer to advertising expenditures in six media (print, radio, TV, outdoor, Internet, cinema). In this MD&A Agora has corrected the TV market figures for the fourth quarter of 2012 and Internet advertising market figures for the fourth quarter of 2012 and in the first, second and third quarter of 2013.

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 as well as 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 include only display advertising, excluding classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Kantar Media monitoring (previously Expert Monitor), Agora S.A. monitoring.

Presented TV, Internet and cinema figures are based on Starlink media house estimates; TV estimates include regular ad broadcast and sponsoring, exclude teleshopping, product placement and other advertising forms.

Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising since the first quarter of 2012.

Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnetrznej estimates [8].

The Company would like to stress that one should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market and lack of reliable data on the average market discount rates. Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.

[4] The data on the number of copies sold (total paid circulation) 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.

The data on dailies readership are based on PBC General, research carried out by MillwardBrown on a random, nationwide sample of Poles over 15 years of age. The CCS index was used (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week or preceding research. Size of the sample: nationwide PBC General for January-December 2013: N = 42,109 October - December 2013 N =10,527; Warsaw (Masovian district and cities of over 500 thousand inhabitants): January-December 2013: N = 1,752, October - December 2013: N = 440.

[5] Definition of ratios:

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

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

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

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

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

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

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

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

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] Real users, page views and spent time on the basis of Megapanel PBI/Gemius, cover Internet users age 7 years and above, connecting to Internet from the territory of Poland and include only Internet domains registered on Agora S.A. in Gemius S.A. Registry of Service Providers. Real users data of the Gazeta.pl group services are audited by Gemius SA.

From April 2013 new rules apply combining sites in a group of publishers. According to the new rules Gazeta.pl Group covers only websites assigned to Agora SA by the Gemius S.A. in the Registry of Service Providers and thus the results are not comparable with previous periods. From April 2013 changed the method for calculating the rate of users (real users) - the cookies from the mobile devices have been deducted from the basis of estimation. New User Index (real users) correspond to new page views indicators and new spent time indicators (from non-mobile devices), not found in the study prior to April 2013.

[7] Average paid circulation of monthlies is based on the Agora's own data. Rate card data on magazines obtained from Kantar Media monitoring (previously Expert Monitor); commercial brand advertising and promotional texts, excluding specialized monthlies; accounted for 116 monthlies and 76 other periodicals; together 192 titles for the period of January-December 2013.

[8] Source: report on sales of outdoor companies prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) which include: AMS S.A., Business Consulting, CAM Media, Cityboard Media, Clear Channel Poland, Defi Poland, Gigaboard Polska, JETline, Liftboards, Mini Media, Ströer Out of home and Warexpo. The report is prepared on the basis of the financials provided by member companies of IGRZ. The reports for the outdoor market (defined by IGRZ as 'the out-of-home market'), include immovable, mobile and digital outdoor advertising.

[9] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from October to December (sample for 2012: 21,048; sample for 2013: 21,069.); from January to December (sample for 2012: 84,219; sample for 2013: 84,194).

[10] The data on cinema ticket sales are estimates of Helios group prepared on the basis of data received from Boxoffice.pl (based on reports submitted by distributors of film copies). Cinema ticket sales are reported for periods, which do not cover a calendar month, quarter or year. The number of tickets sold in the given period is calculated from the first Friday of a given month, quarter or year until the first Thursday of the next reporting month, quarter or year.

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

In the current report published on December 18, 2013 the Company informed that on December 18, 2013 consortium AMS S.A. (AMS) - Ströer Polska Sp. z o.o. (Ströer) concluded a concession contract, with the capital city of Warsaw, represented by Public Transport Authority of Warsaw, for construction and utilization of bus shelters in Warsaw (Concession Contract).

The parties of the consortium AMS - Ströer decided that AMS, a subsidiary company of Agora S.A., shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters.

The subject of the Concession Contract is construction of 1,580 bus shelters in Warsaw. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelter construction, according to the capital city of Warsaw, amounts to PLN 80 million.

According to the Concession Contract, not less than:

- 180 bus shelters shall be constructed in 2014,
- 720 bus shelters shall be constructed in 2015,
- 680 bus shelters shall be constructed in 2016.

The investment shall be financed from AMS' financial resources.

Changes in subsidiaries

On December 9, 2013, the Company disposed 100% rights to the company LLC Agora Ukraine with its registered seat in Kiev. On December 10, 2013 the registered Court in Kiev registered the statutes change of LLC Agora Ukraine. As a result of the transaction Agora S.A. has no rights to LLC Agora Ukraine.

On December 14, 2013, the District Court for the capital city of Warsaw, XIII KRS Commercial Division registered the increase of the share capital of the company Sir Local sp. z o.o. by 1,840 new shares with nominal value of PLN 50 per share (in total PLN 92 thousand). Agora S.A. covered 1,360 new shares with PLN 1,400 thousand contribution. After the share capital increase it amounts to PLN 97 thousand and is divided into 1,940 shares with nominal value of PLN 50 per share. After the share capital increase, Agora S.A. owns 1,360 shares which translates into 70.1% of the company's share capital and 70.1% of votes at shareholders' meeting.

On December 23, 2013, the meeting of shareholders of Agora-Poligrafia sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 500 per share (in total PLN 500 thousand). Agora S.A. covered 1,000 new shares with PLN 3,500 thousand contribution. After the share capital increase it amounts to PLN 1 500 thousand and is divided into 3,000 shares with nominal value of PLN 500 per share. After the share capital increase, Agora S.A. owns 3,000 shares which translates into 100% of the company's share capital and 100% of votes at shareholders' meeting.

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE FOURTH QUARTER OF 2013 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 21

a. shares	as of 31 December 2013	*decrease*	*increase*	as of 30 September 2013
Wanda Rapaczynski	924,616	-	-	924,616
Bartosz Hojka	0	-	-	0
Tomasz Jagiello	0	-	-	0
Grzegorz Kossakowski	44,451	-	-	44,451
Robert Musial	1,233	-	-	1,233

b. shares	as of 3 March 2014	*decrease*	*increase*	as of 31 December 2013
Wanda Rapaczynski	924,616	-	-	924,616
Bartosz Hojka	0	-	-	0
Tomasz Jagiello	0	-	-	0
Grzegorz Kossakowski	44,451	-	-	44,451
Robert Musial	1,233	-	-	1,233

In the described periods, the members of the Management Board did not have any other rights to shares (e.g. options).

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

3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE FOURTH QUARTER OF 2013 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 22

a. shares	as of 31 December 2013	*decrease*	*increase*	as of 30 September 2013
Slawomir S. Sikora	0	-	-	0
Tomasz Sielicki	33	-	-	33
Andrzej Szlezak	0	-	-	0
Dariusz Formela	0	-	-	0
Helena Luczywo	558,998	-	-	558,998
b. shares	as of 3 March 2014	*decrease*	*increase*	as of 31 December 2013
Slawomir S. Sikora	0	-	-	0
Tomasz Sielicki	33	-	-	33
Andrzej Szlezak	0	-	-	0
Dariusz Formela	0	-	-	0
Helena Luczywo	558,998	-	-	558,998

In the described periods, the members of the Supervisory Board did not have any other rights to shares (e.g. options).

4. SHAREHOLDERS ENTITLED TO EXERCISE OVER 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING OF AGORA S.A., EITHER DIRECTLY OR THROUGH AFFILIATES AS OF THE DATE OF PUBLICATION OF THE QUARTERLY REPORT

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 the Company.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, as of the day of publication of previous quarterly report (i.e. November 14, 2013), the shareholding structure has not changed significantly until the day of publication of this quarterly report.

According to the above-mentioned, as of the day of publication of this quarterly report the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

Tab. 23

	No. of shares	*% of share capital*	no. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance with the last notification obtained on January 4, 2013)*	5,401,852	*10.60*	22,528,252	*33.10*
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	*14.91*	7,594,611	11.16
incl. Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 13, 2013)*	6,808,508	*13.37*	6,808,508	*10.003*

5. OTHER INFORMATION

The Management Board's statement of the possible realization of forecasts

The Management Board did not publish any forecasts of financial results and because of that this report does not present any Management Board's statement of the possible forecast execution.

Changes in contingences

Any changes in contingencies since the date of closing of the last financial year were described in note 8 to the condensed interim consolidated financial statements presented in this report.

Related party transactions

Transactions with related parties with the Group are described in note 11 to the condensed interim consolidated financial statements presented in this report. All transactions carried out between related parties are of routine nature.

Conclusion of the loan agreement with Stopklatka S.A.

On December 19, 2013 the Company and Stopklatka S.A. with its registered seat in Warsaw concluded the loan agreement on market terms ('the Agreement"). Pursuant to the Agreement the Company granted Stopklatka S.A. a loan in the amount of PLN 2,500,000.00. The intereset rate of the loan is fixed at WIBOR 3M rate increased by 1.5% per annum. The parties of the contract agreed that repayment of the loan with the interest shall be made by the way of a single repayment, no later than on July 31, 2014. The borrower may pay all or part of the loan before the deadline indicated in the Agreement. On December 19, 2013 the Company and Kino Polska TV S.A. concluded the guarantee agreeement which constitutes the legal security of the repayment of the loan. Under above agreement Kino Polska TV S.A. guaranteed that - in case of default by Stopklatka S.A. in repayment of all or part of the loan amount within the period stipulated in the Agreement – it will pay the outstanding amount of the loan with interest due. The guarantee amounts to PLN 2,600,000.00.

AGORA GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2013 and for 3 and 12 month period ended thereon

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Assets			
Non-current assets:			
Intangible assets	417,216	410,210	422,061
Property, plant and equipment	724,636	738,949	765,665
Investments	163	223	150
Investments in equity accounted investees	11,835	11,798	11,718
Receivables and prepayments	44,926	5,111	5,481
Deferred tax assets	5,211	6,714	4,208
	1,203,987	**1,173,005**	**1,209,283**
Current assets:			
Inventories	25,846	23,543	22,488
Accounts receivable and prepayments	233,940	222,082	242,813
Income tax receivable	3,874	3,205	4,544
Short-term securities and other financial assets	75,656	125,502	32,774
Cash and cash equivalents	99,554	87,910	190,917
	438,870	**462,242**	**493,536**
Total assets	**1,642,857**	**1,635,247**	**1,702,819**

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013 (CONTINUED)

	Note	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Equity and liabilities				
Equity attributable to equity holders of the parent:				
Share capital		50,937	50,937	50,937
Share premium		147,192	147,192	147,192
Translation reserve		-	(166)	(161)
Retained earnings and other reserves		991,445	981,890	990,403
		1,189,574	**1,179,853**	**1,188,371**
Non-controlling interest		**18,021**	**15,926**	**17,679**
Total equity		**1,207,595**	**1,195,779**	**1,206,050**
Non-current liabilities:				
Deferred tax liabilities		41,634	41,161	40,964
Long-term borrowings	3	78,004	77,877	99,377
Other financial liabilities		27,592	26,609	26,609
Retirement severance provision		2,289	2,253	2,099
Provisions		88	120	-
Deferred revenues and accruals		5,340	2,767	2,142
		154,947	**150,787**	**171,191**
Current liabilities:				
Retirement severance provision		162	154	135
Accounts payable		146,679	128,046	146,858
Income tax liabilities		491	627	495
Short-term borrowings	3	67,859	92,464	103,005
Other financial liabilities		-	11	73
Provisions		3,584	5,287	10,219
Deferred revenues and accruals		61,540	62,092	64,793
		280,315	**288,681**	**325,578**
Total equity and liabilities		**1,642,857**	**1,635,247**	**1,702,819**

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

CONSOLIDATED INCOME STATEMENT FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Note	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Sales	4	300,288	1,073,935	309,545	1,138,588
Cost of sales		(203,679)	(752,494)	(205,409)	(792,745)
Gross profit		**96,609**	**321,441**	**104,136**	**345,843**
Selling expenses		(54,089)	(199,639)	(56,008)	(221,794)
Administrative expenses		(31,657)	(114,408)	(31,126)	(115,432)
Other operating income		13,156	24,657	8,562	23,231
Other operating expenses		(8,718)	(24,670)	(28,664)	(44,933)
Operating profit/(loss)	4	**15,301**	**7,381**	**(3,100)**	**(13,085)**
Finance income		2,866	8,910	5,703	17,212
Finance costs		(2,749)	(11,196)	(3,725)	(13,940)
Share of results of equity accounted investees		37	(223)	(100)	(332)
Profit/(loss) before income taxes		**15,455**	**4,872**	**(1,222)**	**(10,145)**
Income tax		(3,236)	(3,693)	1,787	2,040
Net profit/(loss) for the period		**12,219**	**1,179**	**565**	**(8,105)**
Attributable to:					
Equity holders of the parent		10,392	460	(143)	(9,035)
Non-controlling interest		1,827	719	708	930
		12,219	**1,179**	**565**	**(8,105)**
Basic/diluted earnings per share (in PLN)		0.20	0.01	(0.003)	(0.18)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Net profit/(loss) for the period	**12,219**	**1,179**	**565**	**(8,105)**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans	185	185	-	-
Income tax effect	(35)	(35)	-	-
	150	150	-	-
Items that will be reclassified to profit or loss				
Exchange differences on translating foreign operations	(42)	(47)	126	(47)
Reclassification to profit and loss on disposal of subsidiary	208	208	-	-
	166	161	126	(47)
Other comprehensive income for the period	**316**	**311**	**126**	**(47)**
Total comprehensive income for the period	**12,535**	**1,490**	**691**	**(8,152)**
Attributable to:				
Shareholders of the parent	10,704	767	(17)	(9,082)
Non-controlling interests	1,831	723	708	930
	12,535	**1,490**	**691**	**(8,152)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Attributable to equity holders of the parent						
	Share capital	Share premium	Foreign currency translation reserve	Retained earnings and other reserves	Total	**Non-controlling interest**	**Total equity**
Three months ended 31 December 2013							
As at 30 September 2013 unaudited	**50,937**	**147,192**	**(166)**	**981,890**	**1,179,853**	**15,926**	**1,195,779**
Total comprehensive income for the period							
Net profit for the period	-	-	-	10,392	10,392	1,827	12,219
Other comprehensive income	-	-	166	146	312	4	316
Total comprehensive income for the period	**-**	**-**	**166**	**10,538**	**10,704**	**1,831**	**12,535**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in ownership interests in subsidiaries							
Recognition of put option granted to non-controlling interests (note 13)	-	-	-	(983)	(983)	-	(983)
Additional contribution of non-controlling shareholders	-	-	-	-	-	264	264
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(983)**	**(983)**	**264**	**(719)**
Total transactions with owners	**-**	**-**	**-**	**(983)**	**(983)**	**264**	**(719)**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**-**	**991,445**	**1,189,574**	**18,021**	**1,207,595**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

	Attributable to equity holders of the parent						
	Share capital	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2013							
As at 31 December 2012 audited	**50,937**	**147,192**	**(161)**	**990,403**	**1,188,371**	**17,679**	**1,206,050**
Total comprehensive income for the period							
Net profit for the period	-	-	-	460	460	719	1,179
Other comprehensive income	-	-	161	146	307	4	311
Total comprehensive income for the period	**-**	**-**	**161**	**606**	**767**	**723**	**1,490**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	1,397	1,397	-	1,397
Dividends of subsidiaries	-	-	-	-	-	(666)	(666)
Other	-	-	-	(2)	(2)	-	(2)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**1,395**	**1,395**	**(666)**	**729**
Changes in ownership interests in subsidiaries							
Recognition of put option granted to non-controlling interests (note 13)	-	-	-	(983)	(983)	-	(983)
Additional contribution of non-controlling shareholders	-	-	-	24	24	285	309
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(959)**	**(959)**	**285**	**(674)**
Total transactions with owners	**-**	**-**	**-**	**436**	**436**	**(381)**	**55**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**-**	**991,445**	**1,189,574**	**18,021**	**1,207,595**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

	Attributable to equity holders of the parent						
	Share capital	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2012							
As at 31 December 2011 audited	**50,937**	**147,192**	**(114)**	**1,048,049**	**1,246,064**	**17,253**	**1,263,317**
Total comprehensive income for the period							
Net profit/(loss) for the period	-	-	-	(9,035)	(9,035)	930	(8,105)
Other comprehensive income	-	-	(47)	-	(47)	-	(47)
Total comprehensive income for the period	**-**	**-**	**(47)**	**(9,035)**	**(9,082)**	**930**	**(8,152)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	2,460	2,460	-	2,460
Dividends declared	-	-	-	(50,937)	(50,937)	-	(50,937)
Dividends of subsidiaries	-	-	-	-	-	(504)	(504)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**(48,477)**	**(48,477)**	**(504)**	**(48,981)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(73)	(73)	-	(73)
Adjustment from consolidation of a subsidiary previously not consolidated	-	-	-	(61)	(61)	-	(61)
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(134)**	**(134)**	**-**	**(134)**
Total transactions with owners	**-**	**-**	**-**	**(48,611)**	**(48,611)**	**(504)**	**(49,115)**
As at 31 December 2012 audited	**50,937**	**147,192**	**(161)**	**990,403**	**1,188,371**	**17,679**	**1,206,050**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Note	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Cash flows from operating activities					
Profit/(loss) before income taxes		**15,455**	**4,872**	**(1,222)**	**(10,145)**
Adjustments for:					
Share of results of equity accounted investees		(37)	223	100	332
Depreciation of property, plant and equipment		20,647	82,263	19,837	78,726
Amortization of intangible assets		3,008	13,825	4,112	15,064
Foreign exchange (gain) /loss		(97)	98	(35)	(505)
Interest, net		1,785	8,996	3,100	12,326
(Profit) / loss on investing activities		370	(178)	17,190	11,703
(Decrease) / increase in provisions		(1,691)	(6,330)	(4,968)	3,558
(Increase) / decrease in inventories		(2,304)	(3,359)	(520)	6,721
(Increase) / decrease in receivables and prepayments		(11,745)	9,049	(10,698)	2,011
(Decrease) / increase in payables		15,752	8,581	4,527	(29,022)
(Decrease) / increase in deferred revenues and accruals		(1,946)	(3,671)	2,603	5,891
Other adjustments (1)		914	2,438	264	1,924
Cash generated from operations		**40,111**	**116,807**	**34,290**	**98,584**
Income taxes paid		(2,200)	(7,339)	(1,670)	(6,578)
Net cash from operating activities		**37,911**	**109,468**	**32,620**	**92,006**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment and intangibles		8,342	27,261	12,967	21,417
Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities		2	2	412	650
Interest received		895	1,032	2,894	5,772
Disposal of short-term securities		54,862	103,950	89,125	275,109
Other inflows		-	-	-	68
Purchase of property plant and equipment and intangibles		(19,812)	(68,788)	(32,643)	(110,142)

	Note	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Acquisition of subsidiaries (net of cash acquired), associates and jointly controlled entities		-	(340)	(200)	(400)
Acquisition of short-term securities		-	(140,100)	-	(107,029)
Loans granted		(3,799)	(3,899)	-	-
Other outflows	8	(40,000)	(40,000)	-	-
Net cash used in investing activities		**490**	**(120,882)**	**72,555**	**85,445**
Cash flows from financing activities					
Proceeds from borrowings		2,779	16,502	11,886	32,007
Other		8	8	-	-
Acquisition of non-controlling interest		-	-	-	(73)
Dividends paid to equity holders of the parent		-	-	-	(50,937)
Dividends paid to non-controlling shareholders		-	(666)	-	(504)
Repayment of borrowings		(23,537)	(70,378)	(15,238)	(64,615)
Payment of finance lease liabilities		(4,087)	(15,838)	(3,333)	(13,928)
Interest paid		(1,783)	(9,042)	(3,736)	(13,047)
Other		(137)	(535)	(465)	(942)
Net cash used in financing activities		**(26,757)**	**(79,949)**	**(10,886)**	**(112,039)**
Net increase / (decrease) in cash and cash equivalents		**11,644**	**(91,363)**	**94,289**	**65,412**
Cash and cash equivalents					
At start of period		87,910	190,917	96,628	125,505
At end of period		99,554	99,554	190,917	190,917

(1) "other adjustments" include mainly non-cash share-based payment costs and commissions on bank loans.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 AND FOR 3 AND 12 MONTHS PERIOD ENDED THEREON

1. GENERAL INFORMATION

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally produces, sells and promotes daily newspapers (including *Gazeta Wyborcza*) and carries out the Internet activity. The Company is active in cinema segment through its subsidiaries Helios S.A. and Next Film Sp. z o.o. ("Helios group") and in the outdoor segment through an acquired subsidiary, AMS S.A. ("AMS"). Addtionally, the Company controls 5 radio broadcasting companies and is active as a publisher in magazine and periodical segment.

As at 31 December 2013 the Agora Group ("the Group") comprised: the parent company Agora S.A., and 15 subsidiaries. Additionally, the Group holds shares in three associates (GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o and Instytut Badan Outdooru IBO Sp. z o.o.). The Group carries out activity in all major cities of Poland and till December 10, 2013 in Ukraine – through LLC Agora Ukraine. Financial statements were prepared as at and for three and twelve months ended 31 December 2013, with comparative figures presented as at 30 September 2013, 31 December 2012, and as at and for three and twelve months ended 31 December 2012.

The financial statements were authorized for issue by the Management Board of Agora S.A. on March 3, 2014.

2. STATEMENT OF COMPLIANCE

The Consolidated Balance Sheet as of 31 December 2013, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for three and twelve months ended 31 December 2013 have not been audited. The Consolidated Financial Statements as at and for twelve months ended 31 December 2012 have been audited by an independent auditor who issued an unqualified opinion.

The Condensed Interim Financial Statements have been prepared under International Accounting Standard 34 "Interim Financial Reporting", according to art. 55 point 5 and art. 45 point 1a-1c of Accounting Act (Official Journal from 2013, item 330 with subsequent amendments), regulations issued based on that Act and the Decree of Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with subsequent amendments).

In the preparation of these condensed interim consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at December 31, 2012, except for the changes described below. The condensed interim consolidated financial statements as for December 31, 2013 should be read together with the audited consolidated financial statements as at December 31, 2012.

For the Group's financial statements for the year started with January 1, 2013 the following amendments to existing standards, which were endorsed by the European Union, are effective:

1) Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income;*
2) IAS 19 (2011) *Employee Benefits;*
3) Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities;*
4) Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First – time Adopters;*
5) IFRS 13 *Fair Value Measurement Entities;*
6) Amendments to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets;*
7) IFRIC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine;*
8) Amendments to IFRS 1 *First-time adopters - Government Loans;*
9) *Improvements to IFRS (2009-2011).*

The application of the amendments to IAS 1 resulted in presenting the foreign currency translation reserve in the consolidated statement of comprehensive income as an item that may be reclassified to profit or loss in the future.

The application of the amendments to IAS 19 results in recognizing the actuarial gains and losses related to the revaluation of the retirement severance provision in the consolidated statement of comprehensive income. Due to an immaterial impact of this change on comparative information, the Group did not restate the comparative amounts.

As a result of IFRS 13, the Group made additional disclosures related to fair value in its condensed interim financial statements as required by IAS 34, which was changed in this respect, when the IFRS 13 became effective. Apart from that, according to the Group the standard has no material impact on the consolidated financial statements since the methods and assumptions currently used to measure the fair value of assets are consistent with the standard.

According to the Group assessment, the amendments to other standards have no material impact on the consolidated financial statements.

3. LONG-TERM AND SHORT-TERM BORROWINGS

As at 31 December 2013, the Company had up a long-term loan facility on the basis of the credit line agreement dated 5 April 2002 available from Bank Pekao S.A. (with subsequent annexes). In accordance with the annex signed May 28, 2013, the amount of loan facility has changed and is equal to PLN 247,817 thousand. On October 5, 2010 the Company drew a PLN 104,900 thousand to refinance the acquisition of Helios S.A. As at December 31, 2013, the loan liability amounted to PLN 43,195 thousand, including PLN 8,652thousand presented in the non-current part. The Company is able to use the open credit line up to PLN 100,000 thousand till May 31, 2014.

As at 31 December 2013, external debt of the Helios group (Helios S.A. and from September 14, 2012 Next Film Sp. z o.o.) including bank loans and finance lease liabilities amounted to PLN 102,668 thousand. This amount consisted of:

- PLN 47,149 thousand of bank loans (including PLN 30,768 thousand presented in non-current);
- PLN 55,519 thousand of finance lease liabilities (including PLN 38,584 thousand presented in non-current part) - connected mainly with finance leasing of the cinema equipment and cars.

Due to the breach of some of the financial covenants defined in loan agreements, Helios S.A. presented part of its long-term debt as current liabilities. Until the date of publication of these condensed interim consolidated financial statements the bank loans of Helios S.A. has not been put on demand.

4. SALES AND SEGMENT INFORMATION

In these condensed interim consolidated financial statements, in accordance with IFRS 8 *Operating segments,* information on operating segments are presented on the basis of components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision maker in the process of decision making regarding allocation of resources and assessing the performance of the Group.

For management purposes, the Group is organized into business units based on their products and services, and has six reportable operating segments as follows:

1) the *Newspapers* segment includes the Group's following activities: Special Projects (including book collections) and publishing of *Gazeta Wyborcza* as well as *Metro (*including operating activities of the Agora's Printing Department and Agora Poligrafia Sp. z o.o., which print also these two newspapers),

2) the *Cinema* segment includes the Group's activities within the cinema management of Helios S.A. and film distribution activities of Next Film Sp. z o.o. comprising multiplexes as well as traditional cinemas.,

3) the *Outdoor* segment includes the activities within the AMS Group, which provides advertising services on different forms of outdoor advertising panels,

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services, the Agora's Internet department, Trader.com (Polska) Sp. z o.o., LLC Agora Ukraine (till December 10, 2013), AdTaily Sp. z o.o. and Sport4People Sp. z o.o. and Sir Local Sp. z o.o. (from December 1, 2013),

5) the *Radio* segment includes the Group's activities within local radio stations, super-regional *TOK FM* radio and Agora's Radio Department,

6) the *Magazines* segment comprises the Group's activities on publishing the magazines within Agora's Magazine Department,

Accounting policies for operating segments are the same as followed by the Agora Group, besides some issues described below.

Data within each reportable segment are consolidated pro-forma. The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Operating results of reportable segments do not include:

a) revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments,

b) amortisation recognised on consolidation (described below).

Group financing (including finance costs and finance revenue) and income tax are managed on a Group level and are not allocated to operating segments.

Transfer prices between operating segments are set on the market basis in the manner similar to transactions with third parties.

Reconciling positions show data not included in particular segments, inter alia: other revenues and costs of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board, Agora TC Sp. z o.o., intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

Operating depreciation and amortisation includes amortisation of intangible assets and fixed assets of each segment.

Amortisation recognised on consolidation can be defined as consolidation adjustments, inter alia: the amortisation of intangible assets and adjustments to property, plant and equipment recognised directly on consolidation.

Impairment losses and reversals of impairment losses show impairment losses and their reversals presented in other operating expenses and income.

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for three and twelve months ended 31 December 2013 and 31 December 2012 relate to A2 Multimedia Sp. z o.o. (till January 31, 2012), Business Ad Network Sp. z o.o. (till December 14, 2012), GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o (from December 1, 2012) and Instytut Badan Outdooru Sp. z o.o. (from June 1, 2013 r.).

Capital expenditure consists of additions based on the invoices booked in the reported period (purchases of intangible and fixed assets).

The Agora Group does not present geographical reporting segments, because the business activities carried out in the Ukraine till December 10, 2013 did not have material impact on the financial statements of the Group as a whole.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2013							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	130,863	63,145	41,765	28,622	24,325	10,277	1,291	300,288
Intersegment revenues (2)	2,827	3,760	1,625	1,351	1,732	20	(11,315)	-
Total revenues	**133,690**	**66,905**	**43,390**	**29,973**	**26,057**	**10,297**	**(10,024)**	**300,288**
Total operating cost (1), (2), (3)	**(124,066)**	**(55,857)**	**(38,348)**	**(23,173)**	**(21,784)**	**(11,461)**	**(10,298)**	**(284,987)**
Operating profit / (loss) (1)	**9,624**	**11,048**	**5,042**	**6,800**	**4,273**	**(1,164)**	**(20,322)**	**15,301**
Net finance income and cost							117	117
Share of results of equity accounted investees	(21)	-	(26)	84	-	-	-	37
Income tax expense							(3,236)	(3,236)
Net profit								**12,219**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 22,721 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2013							
	Newspapers	**Cinema (3)**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(6,604)	(6,366)	(4,141)	(1,109)	(605)	(42)	(4,450)	(23,317)
Amortisation recognised on consolidation (1)	-	(135)	-	(267)	-	-	64	(338)
Impairment losses	(2,177)	(2,849)	(1,172)	(660)	(342)	(83)	(92)	(7,375)
Reversals of impairment losses	1,403	13	305	891	312	115	2	3,041
Equity-settled share-based payments	-	-	-	-	-	-	-	-
Capital expenditure (2)	5,697	(436)	4,772	1,769	4,462	25	4,167	20,456

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period, in case of Cinema segment the capital expenditure were decreased by the value of the expenditure, which, in the fourth quarter of 2013, were sold to the owners of the facilities, in which the Helios cinemas are located;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 320 thousand.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2013							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	479,746	209,417	150,360	106,998	78,354	44,047	5,013	1,073,935
Intersegment revenues (2)	13,039	10,311	3,146	4,404	4,739	49	(35,688)	-
Total revenues	**492,785**	**219,728**	**153,506**	**111,402**	**83,093**	**44,096**	**(30,675)**	**1,073,935**
Total operating cost (1), (2), (3)	**(441,441)**	**(213,019)**	**(149,709)**	**(94,165)**	**(78,310)**	**(41,465)**	**(48,445)**	**(1,066,554)**
Operating profit / (loss) (1)	**51,344**	**6,709**	**3,797**	**17,237**	**4,783**	**2,631**	**(79,120)**	**7,381**
Net finance income and cost							(2,286)	(2,286)
Share of results of equity accounted investees	(28)	-	(26)	(169)	-	-	-	(223)
Income tax							(3,693)	(3,693)
Net profit								**1,179**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 88,393 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2013							
	Newspapers	Cinema (3)	Outdoor	Internet	Radio	Magazines	Reconciling positions	Total
Operating depreciation and amortisation	(27,044)	(24,811)	(16,885)	(4,602)	(2,389)	(161)	(18,142)	(94,034)
Amortisation recognised on consolidation (1)	-	(539)	-	(1,769)	-	-	254	(2,054)
Impairment losses	(8,006)	(2,901)	(3,395)	(2,039)	(1,250)	(647)	(199)	(18,437)
Reversals of impairment losses	5,051	41	1,263	1,497	791	420	5	9,068
Equity-settled share-based payments	(606)	-	(119)	(135)	(93)	(55)	(389)	(1,397)
Capital expenditure (2)	8,070	22,484	12,658	5,587	7,282	3,156	11,858	71,095

	As at 31 December 2013							
	Newspapers	Cinema	Outdoor	Internet	Radio	Magazines	Reconciling positions (4)	Total
Property, plant and equipment and intangible assets	273,922	286,103	243,070	53,891	71,561	41,220	172,085	1,141,852
Investments in associates and joint ventures accounted for by the equity method	469	-	214	11,152	-	-	-	11,835

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period, in case of Cinema segment the capital expenditure were decreased by the value of the expenditure, which, in the fourth quarter of 2013, were sold to the owners of the facilities, in which the Helios cinemas are located;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 8,690 thousand;
(4) *reconciling positions* include mainly Company's headquarter (PLN 124,368 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2012							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	137,121	58,964	44,423	30,217	23,171	14,444	1,205	309,545
Intersegment revenues (2)	1,879	3,011	2,248	1,111	1,456	397	(10,102)	-
Total revenues	**139,000**	**61,975**	**46,671**	**31,328**	**24,627**	**14,841**	**(8,897)**	**309,545**
Total operating cost (1), (2), (3)	**(122,506)**	**(57,094)**	**(42,258)**	**(28,223)**	**(21,612)**	**(25,282)**	**(15,670)**	**(312,645)**
Operating profit (loss) (1)	**16,494**	**4,881**	**4,413**	**3,105**	**3,015**	**(10,441)**	**(24,567)**	**(3,100)**
Net finance income and cost							1,978	1,978
Share of results of equity accounted investees	(3)	-	-	(97)	-	-	-	(100)
Income tax expense							1,787	1,787
Net profit								**565**

(1) segments do not include amortisation recognised on consolidation, which is presented in matching positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 23,798 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2012							
	Newspapers	**Cinema (4)**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(7,152)	(5,310)	(4,410)	(1,356)	(765)	(41)	(4,225)	(23,259)
Amortisation recognised on consolidation (1)	-	(135)	-	(618)	-	-	63	(690)
Impairment losses (2)	(6,216)	(188)	(1,200)	(5,127)	(727)	(12,799)	(245)	(26,502)
Reversals of impairment losses	3,031	7	824	446	308	151	6	4,773
Equity-settled share-based payments	(303)	-	(59)	(67)	(46)	(28)	(196)	(699)
Capital expenditure (3)	4,324	26,341	3,418	1,200	1,144	(3)	17,942	54,366

(1) is not presented in operating result of the Group's segments;
(2) including in the Internet segment impairment loss on press title Autobit and a part of goodwill recognized on Sport4People Sp. z o.o.;
(3) based on invoices booked in the period;
(4) capital expenditure include lease property, plant and equipment in the amount of PLN 16,236 thousand.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2012							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	519,660	196,748	158,505	110,319	83,611	64,394	5,351	1,138,588
Intersegment revenues (2)	8,084	8,290	3,552	3,690	4,487	556	(28,659)	-
Total revenues	**527,744**	**205,038**	**162,057**	**114,009**	**88,098**	**64,950**	**(23,308)**	**1,138,588**
Total operating cost (1), (2), (3)	**(465,397)**	**(198,964)**	**(157,881)**	**(106,637)**	**(85,339)**	**(72,667)**	**(64,788)**	**(1,151,673)**
Operating profit/(loss) (1)	**62,347**	**6,074**	**4,176**	**7,372**	**2,759**	**(7,717)**	**(88,096)**	**(13,085)**
Net finance income and cost							3,272	3,272
Share of results of equity accounted investees	(3)	-	-	(329)				(332)
Income tax							2,040	2,040
Net loss								**(8,105)**

(1) segments do not include amortisation recognised on consolidation, which is presented in matching positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 92,882 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2012							
	Newspapers	Cinema (4)	Outdoor	Internet	Radio	Magazines	Reconciling positions	Total
Operating depreciation and amortisation	(28,090)	(19,702)	(18,073)	(5,530)	(2,734)	(145)	(16,487)	(90,761)
Amortisation recognised on consolidation (1)	-	(539)	-	(2,744)	-	-	254	(3,029)
Impairment losses (2)	(11,751)	(213)	(4,298)	(6,567)	(1,728)	(13,164)	(563)	(38,284)
Reversals of impairment losses	7,389	54	2,741	1,417	1,073	409	82	13,165
Equity-settled share-based payments	(1,080)	-	(196)	(197)	(148)	(94)	(745)	(2,460)
Capital expenditure (3)	18,380	66,692	10,750	6,179	4,381	243	21,242	127,867

	As at 31 December 2012							
	Newspapers	Cinema (4)	Outdoor	Internet	Radio	Magazines	Reconciling positions (5)	Total
Property, plant and equipment and intangible assets	280,512	274,446	252,897	67,565	66,701	49,868	195,737	1,187,726
Investments in associates and joint ventures accounted for by the equity method	397	-	-	11,321	-	-	-	11,718

(1) is not presented in operating result of the Group's segments;
(2) including in the Internet segment impairment loss on press title Autobit and a part of goodwill recognized on Sport4People Sp. z o.o.;
(3) based on invoices booked in the period;
(4) capital expenditure include lease property, plant and equipment in the amount of PLN 28,167 thousand;
(5) *reconciling positions* include mainly Company's headquarter (PLN 130,303 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

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

A. Incentive Plan based on equity-settled share-based payments,

B. Incentive Plans based on realization of operating result goal and share price increase.

A. Incentive plan based on equity-settled share-based payments (carried out from 2005)

Eligible employees participated in an incentive plan based on investment certificates in a closed end mutual fund designated to service the plan and managed by Towarzystwo Funduszy Inwestycyjnych Skarbiec SA.

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

Detailed information on Incentive Plans for 2012 and 2011 were presented in the consolidated financial statements for the year 2012 and 2011 respectively.

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

	Three months ended 31 December 2013	Twelve months ended 31 December 2013	Three months ended 31 December 2012	Twelve months ended 31 December 2012
Income statement – staff cost	-	1,397	699	2,460
Other reserves	-	1,397	699	2,460

The impact on the financial statements of the Group described above, results in 2013 from the recognition of the plan carried out in 2012; in 2012 – from the recognition of the plans carried out in 2011. In the first half of 2013, the Group ended the realization of incentive plans based on investment certificates.

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 S.A.):

	Three months ended 31 December 2013	Twelve months ended 31 December 2013	Three months ended 31 December 2012	Twelve months ended 31 December 2012
At the beginning of the period	-	290,568	-	333,101
Granted	-	-	290,568	290,568
Forfeited	-	(1,760)	-	(2,884)
Vested	-	(288,808)	-	(330,217)
At the end of the period	**-**	**-**	**290,568**	**290,568**

Investment certificates acquired by the Management Board of Agora S.A. (number of certificates):

	As at 31 December 2013	Vested in 2013	Forfeited in 2013	Granted in 2013	As at 31 December 2012
Incentive plan 2012 (O series)					
Piotr Niemczycki (1)	n/a	(5,454)	-	-	5,454
Zbigniew Bak (2)	n/a	(6,246)	-	-	6,246
Marek Jackiewicz (2)	n/a	(1,101)	-	-	1,101
Stanislaw Turnau (2)	n/a	(1,197)	-	-	1,197
Grzegorz Kossakowski	-	(4,685)	-	-	4,685
Wanda Rapaczynski (3)	-	-	-	-	n/a
Robert Musial (4)	-	-	-	-	n/a
Bartosz Hojka (4)	-	-	-	-	n/a
Tomasz Jagiello (4)	-	-	-	-	n/a
	-	**(18,683)**	**-**	**-**	**18,683**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;

(2) Zbigniew Bak, Marek Jackiewicz and Stanislaw Turnau were Members of the Management Board till June 28, 2013;

(3) Wanda Rapaczynski is a President of the Management Board from June 28, 2013;

(4) Robert Musial, Bartosz Hojka and Tomasz Jagiello are Members of the Management Board from June 28, 2013.

Vesting date and vesting period for purchased certificates:

Certificates	Vesting date	Vesting period	Time interval	No. of certificates
M	25 June 2012	9 months	October 2011 – June 2012	38,935
O	25 June 2013	9 months	October 2012 – June 2013	18,683

In the fourth quarter of 2013 there was no non-cash expense of the investment certificates acquired by the Management Board, recognised according to IFRS 2. Accumulatively, the non-cash expense amounted to PLN 90 thousand (in 2012: PLN 255 thousand).

B. Incentive plans based on realization of operating result goal and share price increase

In the period of 2010-2012, the eligible employees of the Company (the Management Board and top managers) participated in incentive program ("3-Year-Long Incentive Plan" for the period of 2010-2012) based on two components: the stage of realisation of the target based on the operating EBITDA of the Group ("the EBITDA target") and the percent of Company's share price increase ("the Target of Share Price Increase"), which are described in consolidated financial statements as at December 31, 2012.

The fair value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target. The fair value of the provision for the cost of potencial reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (*Cox, Ross, Rubinstein model*).

In accordance with its assumptions, 3-Year-Long Incentive Plan for the period of 2010-2012 was settled in cash in the second quarter of 2013. The realization of the plan resulted in the payment of PLN 3,048 thousand.

Starting from the third quarter 2013, eligible employees of the Company (Management Board members) participate in a new incentive program based on two components ("3-Year-Long Incentive Plan" for the period of 2013-2015) described below:

(i) the stage of realisation of the target based on the operating EBITDA of the Agora Group ("the EBITDA target"). The target is based on the accumulated operating EBITDA (excluding some adjustements, for example related to business combinations) to be reached in the years 2013-2015. The amount of potencial reward depends on the stage of the EBITDA target fulfillment and will be determined on the basis of the audited consolidated financial statements of the Agora Group for the period of 2013-2015. If the stage of achieving the target will be up to 70%, the EBITDA target is not satisfied and the reward will not be granted in this component of the 3-Year-Long Incentive Plan,

(ii) the percent of Company's share price increase ("the Target of Share Price Increase"). The amount of potential reward in this component of the 3-Year-Long Incentive Plan will depend on the average of the quoted closing Company's share prices in the period of January 1, 2016 till March 31, 2016 ("the Reference Share Price") adjusted by: (i) the accumulated dividend per one share, to which the shareholders will be eligible in the period of April 1, 2013 till March 31, 2016 and (ii) the adjustments resulting from the share-buy back program in the period of April 1, 2013 till March 31, 2016 ("the Share Price for Reward Calculation"). If the Share Price for Reward Calculation will be lower than PLN 9.9, the Target of Share Price Increase is not satisfied and the reward will not be granted in this component of the 3-Year-Long Incentive Plan.

The reward for 3-Year-Long Incentive Plan depends also on the fulfillment of other conditions, which are non-market conditions (for example: continuation of the employment within the Agora Group, holding the post of Management Board member).

The rules, goals, adjustments and conditions for 3-Year-Long Incentive Plan fulfillment for the Management Board members are described in the Supervisory Board resolution.

The fair value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target and is charged to the Income Statement over the whole period of the Incentive Plan, in proportion of the actual accumulated EBITDA operating level of the Group (excluding any adjustments) reached from January 1, 2013 till the balance sheet of the current financial statements in the estimated value of the operating EBITDA target.

The fair value of the provision for the cost of potencial reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date.
The value is charged to the Income Statement in proportion to the full period of the 3-Year-Long Incentive Plan, that is from December 1, 2013 (the grant date) till June 30, 2016 (the vesting date). The basic parameters of the Binomial Option Price Model used for calculation of the fair value of the potential reward from the realization of the Target of Share Price Increase and the cost to the Income statement of the Agora Group for the period, are described below:

the share price of Agora S.A. as at the present balance sheet date	PLN	9.79
volatility of the share price of Agora S.A. during the last 12 months	%	37.97
the Basic Share Price	PLN	9.00
Risk-free rate	%	2.16-3.01 (at the maturity date)

To estimate the fair values above, the probability ratio of the fullfilment by eligible employees of the non-market conditions mentioned above is equal to 75.0%.

Total impact of the new 3-Year-Long Incentive Plan on the current financial statements of the Agora Group:

	Three months ended 31 December 2013	Twelve months ended 31 December 2013
Income statement – staff cost	372	695
Income statement - deferred income tax	(71)	(132)
Liabilities: accruals - as at the end of the period	695	695
Deferred tax asset - as at the end of the period	132	132

The cost of the new 3-year-long Incentive Program concerning the Management Board of Agora S.A.:

	Three months ended 31 December 2013	Twelve months ended 31 December 2013
Bartosz Hojka	90	166
Tomasz Jagiello	90	166
Grzegorz Kossakowski	102	197
Robert Musial	90	166
Wanda Rapaczynski	-	-
Total	372	695

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2013 to December 31, 2013 the following changes in impairment losses were accounted (in brackets the amounts for the fourth quarter of 2013):

- impairment loss for receivables: increase by PLN 219 thousand (decrease by PLN 723 thousand),
- impairment loss for financial assets: increase by PLN 63 thousand (increase by PLN 63 thousand),
- impairment loss for inventory: increase by PLN 654 thousand (decrease by PLN 632 thousand),
- impairment loss for tangible assets and intangible assets: increase by PLN 1,717 thousand (increase by PLN 2,200 thousand).

Additionally in the period from January 1, 2013 to December 31, 2013 the following provisions were changed (in brackets the amounts for the fourth quarter of 2013):

- provision for penalties, interests and similar: decrease by PLN 1,070 thousand (decrease by PLN 1,204 thousand),
- provision for legal claims and similar: decrease by PLN 675 thousand (decrease by PLN 316 thousand),
- provision for the remuneration and severances for the former Management Board Members: increase in the amount of PLN 532 thousand (used in the amount of PLN 198 thousand),
- retirement severance provision: increase by PLN 217 thousand (increase by PLN 44 thousand),
- provision for group lay-offs: used in the amount of PLN 5,335 thousand (used in the amount of PLN 16 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. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 31 December 2013, the Group had contingencies, guarantees and other collaterals 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
			As at 31 December 2013	As at 31 December 2012	
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	30 Jun 2014 - 30 Apr 2016	343	517	-
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Urzad Miejski Wroclawia	AMS S.A.	31 May 2016	34	-	-
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	-
BRE Bank S.A.	AMS S.A.	16 Dec 2015	5,000	5,000	-
Zarzad Drog Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	-	-

The total amount of the contingencies, guarantees and other collaterals is smaller than 10% of the Group's equity.

Additionally, Helios S.A. issued blank promissory notes as collaterals for bank loan agreements and finance lease agreements and guarantees on rent agreements.

Moreover, AMS S.A. provided to the bank a cash deposit in the amount of PLN 40,000 thousand as a cash collateral securing the bank guarantee issued for the benefit of Ströer Polska Sp. z o.o. in relation to the concession contract (described in note 15). As at 31 December 2013, the deposit receivable is presented in the balance sheet within the non-current receivables.

Information on contingent liabilities related to legal disputes is described in note 9.

9. COURT CASES

As at December 31, 2013, the Group has not entered into litigation for claims or liabilities that in total exceed 10% of the Group's equity.

Additionally, the companies of the Group are a party of legal disputes in the amount of PLN 3,903 thousand as at December 31, 2013, in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

10. SEASONALITY

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

Cinema revenues are subject to seasonality – revenues earned in the second and third quarters are usually lower than in the first and fourth quarters.

11. RELATED-PARTY TRANSACTIONS

(a) Management Board and Supervisory Board remuneration

The remuneration of Management Board members of Agora S.A. amounted to PLN 4,388 thousand (twelve months ended December 31, 2012: PLN 3,049 thousand), including the one-off payments resulting from realization of 3-Year-Long Incentive Plan described in note 5.

The remuneration of Supervisory Board members of Agora S.A. amounted to PLN 397 thousand (twelve months ended December 31, 2012: PLN 396 thousand).

Management Board members and Supervisory Board members did not acquire Agora shares in the period of three and twelve months ended 31 December 2013 and 31 December 2012, respectively.

(b) Other related parties (not consolidated)

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

	Three months ended 31 December 2013	Twelve months ended 31 December 2013	Three months ended 31 December 2012	Twelve months ended 31 December 2012
Related companies				
Sales	808	939	663	2,938
Purchases of goods and services	(29)	(269)	(275)	(908)
Interest on loans payable	8	8	-	-
Other operating income	97	342	-	-

	As at 31 December 2013	As at 30 September 2013	As at 31 December 2012
Related companies			
Short-term receivables	1,034	81	79
Short-term liabilities	83	114	144
Loans granted	1,271	-	-

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

12. DESCRIPTION OF THE GROUP

The list of companies from the Group:

		% of shares held (effectively)	
	Subsidiaries consolidated	31 December 2013	30 September 2013
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	AMS S.A., Warsaw	100.0%	100.0%
3	IM 40 Sp. z o.o., Warsaw (1)	72.0%	72.0%
4	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
5	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%
6	Inforadio Sp. z o.o., Warsaw (1)	66.1%	66.1%
7	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
8	Radiowe Doradztwo Reklamowe Sp. z o.o. (RDR), Warsaw (1)	100.0%	100.0%
9	LLC Agora Ukraine, Kiev, Ukraine (4)	-	100.0%
10	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	100.0%
11	AdTaily Sp. z o.o., Cracow	76.7%	76.7%
12	Helios S.A., Lodz	82.8%	82.8%
13	Sport4People Sp. z o.o., Cracow	51.7%	51.7%
14	Next Film Sp. z o.o., Lodz (3)	82.8%	82.8%
15	Projekt Inwestycyjny Sp. z o.o., Warsaw (1)	70.0%	70.0%
16	Sir Local Sp. z o.o., Warsaw (5)	70.1%	-
	Associates accounted for the equity method		
17	GoldenLine Sp. z o.o., Warsaw	36.0%	36.0%
18	Online Technologies HR Sp. z o.o., Szczecin	33.3%	33.3%
19	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2)	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
20	Polskie Badania Internetu Sp. z o.o., Warsaw	15.8%	15.8%
21	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 S.A.;
(3) indirectly through Helios S.A.
(4) company sold on December 10, 2013;
(5) shares assumed on November 29, 2013.

13. BUSINESS COMBINATIONS

On December 9, 2013, the Company disposed 100% rights to the company LLC Agora Ukraine with its registered seat in Kiev. On December 10, 2013 the registered Court in Kiev registered the statutes change of LLC Agora Ukraine. As a result of the transaction Agora S.A. has no rights to LLC Agora Ukraine.

On November 29, 2013, the meeting of shareholders of the company Sir Local Sp. z o.o. ("Sir Local") adopted the resolution to increase the share capital by 1,840 new shares with nominal value of PLN 50 per share (in total PLN 92 thousand). Agora S.A. covered 1,360 new shares with PLN 1,400 thousand contribution. After the share capital increase it amounts to PLN 97 thousand and is divided into 1,940 shares with nominal value of PLN 50 per share. After the share capital increase, Agora S.A. owns 1,360 shares which translates into 70.1% of the company's share capital and 70.1% of votes at shareholders' meeting. The District Court for the capital city of Warsaw, XIII KRS Commercial Division registered the increase of the share capital of Sir Local on December 14, 2013. In the Agora Group, the company Sir Local will operate within the Internet segment. Before the share capital increase, the company did not carry out any operating activities.

Agora has also signed with the non-controlling shareholders of Sir Local sp. z o.o. an investment agreement, granting, inter alia, the conditional option rights for their remaining shares ("put options" as a liability to acquire these shares from them). Non-controlling shareholders holding put options have retained their rights to the economic benefits associated with the underlying shares. Put options granted to the non-controlling shareholders meet the definition of a financial liability and were recognised in the consolidated financial statements of Agora Group in the value of their estimated discounted redemption amount (PLN 983 thousand). At initial recognition the value of the put decreased other reserves (line item in the consolidated balance sheet of the Agora Group: Retained earnings and other reserves). Subsequent changes in the value of the liability will be recognised through the income statement.

On December 23, 2013, the meeting of shareholders of Agora-Poligrafia sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 500 per share (in total PLN 500 thousand). Agora S.A. covered 1,000 new shares with PLN 3,500 thousand contribution. After the share capital increase it amounts to PLN 1 500 thousand and is divided into 3,000 shares with nominal value of PLN 500 per share. After the share capital increase, Agora S.A. owns 3,000 shares which translates into 100% of the company's share capital and 100% of votes at shareholders' meeting.

14. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A. AND THE TRANSLATION METHOD OF FINANCIAL DATA

The functional and presentation currency for Agora S.A. and other companies as well as for the presented consolidated financial statements is Polish zloty. Till December 10, 2013 there was one foreign subsidiary within the Agora Group – LLC Agora Ukraine, for which functional currency was hryvnia (UAH). Its financial statements for the purpose of consolidation were translated into 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 for four quarters of 2013 (four quarters of 2012) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2013 EURO 1 = PLN 4.2110 (EURO 1 = PLN 4.1736).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 31 December 2013 – EURO 1 = PLN 4.1472; as at 31 December 2012 – EURO 1 = PLN 4.0882.

15. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2013 to December 31, 2013, the Group purchased property, plant and equipment in the amount of PLN 65,973 thousand (in the period of January 1, 2012 to December 31, 2012: PLN 142,330 thousand).

As at December 31, 2013, the commitments for the purchase of property, plant and equipment amounted to PLN 5,016 thousand.

Additionally, on December 18, 2013 the subsidiary AMS S.A. in consortium with Ströer Polska Sp. z o.o. concluded a concession contract, with the capital city of Warsaw, for construction and utilization of 1,580 bus shelters in Warsaw. The parties of the consortium AMS - Ströer decided that AMS S.A. shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelter construction amounts to PLN 80 million.

16. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Group applies the following hierarchy for disclosing information about fair value of financial instruments – by valuation technique:
Level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities;

Level 2: valuation techniques in which inputs that are significant to fair value measurement are observable, directly or indirectly, market data;
Level 3: valuation techniques in which inputs that are significant to fair value measurement are not based on observable market data.

The table below shows financial instruments measured at fair value at the balance sheet date:

	As at 31 December 2013	Level 1	Level 2	Level 3
Certificates in investment funds	71,839	-	71,839	-
Financial assets measured at fair value	**71,839**	**-**	**71,839**	**-**
Liability related to valuation of SWAP contracts	-	-	-	-
Put option liability	27,592	-	-	27,592
Financial liabilities measured at fair value	**27,592**	**-**	**-**	**27,592**

	As at 31 December 2012	Level 1	Level 2	Level 3
Certificates in investment funds	32,774	-	32,774	-
Financial assets measured at fair value	**32,774**	**-**	**32,774**	**-**
Liability related to valuation of SWAP contracts	73	-	73	-
Put option liability	26,609	-	-	26,609
Financial liabilities measured at fair value	**26,682**	**-**	**73**	**26,609**

The table below shows a reconciliation from the beginning balance to the ending balance for financial instruments in Level 3 of the fair value hierarchy:

	As at 31 December 2013	As at 31 December 2012
Opening balance	**26,609**	**27,534**
Additions (note 13)	983	-
Changes resulting from revaluation recognised in profit or loss	-	(925)
Closing balance	**27,592**	**26,609**

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include: estimated level of the EBITDA result during the period specified in put option conditions and discount rate.

17. GROUP LAY - OFFS IN AGORA S.A.

The Management Board of Agora S.A. ("the Company"), in relation to a regulatory filing no. 26/2012 dated August 13, 2012, on September 6, 2012 informed about:

(i) concluding on September 6, 2012 a trilateral agreement ("Agreement") with trade unions operating at Agora S.A. (which fulfills the provisions of article 3 Section 1 of the Act of 13 March 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with works council in the Company (which constitutes an agreement in accordance with the Act of 7 April 2006 on informing and consulting employees),

(ii) adopting by the Management Board of the Company, on September 6, 2012, the resolution to execute group layoffs in accordance with the provisions of the Agreement.

On September 7, 2012 the Company, in accordance with law requirements, submitted an appropriate set of information, together with the signed Agreement, to a relevant Labor Office.

The group lay-offs, which were to affect up to 250 employees, i.e. 10% of all Company's employees, were finalized in 2013.

18. SELLING THE TRADEMARK *PORADNIK DOMOWY*

As a result of an agreement executed on February 25, 2013 Agora S.A. sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* for net PLN 11,500 thousand. On the same day, Agora S.A., on the basis of the executed agreement, acquired from Edipresse Polska S.A. the right to publish monthly *Dom& Wnetrze* for net PLN 3,000 thousand (in connection with the sales transaction the pledge on trademarks relating to *Poradnik Domowy* was eliminated).

19. POST BALANCE-SHEET EVENTS

On January 24, 2014, the subsidiary company AMS S.A. (”Ordering Party”) executed a contract with mBank S.A. (“Bank”) granting guarantee to the Capital City of Warsaw (“Beneficiary”) to secure any possible claims the Beneficiary may have from the Ordering Party in case the Ordering Party does not fulfill its obligations at all or fulfills obligations that come from the contract for construction and exploitation of bus shelters inappropriately. The contract was signed on December 18, 2013 between the City of Warsaw and consortium AMS – Stroer. AMS secured the gurantee with a bank deposit in the amount of PLN 7,000 thousand.

On February 7, 2014 Agora S.A. and CD PROJEKT S.A. (“CD PROJEKT”) executed a licence agreement relating to a computer game “The Witcher 3: Wilde Hunt” (“the Game”). On the basis of the agreement CD PROJEKT grants Agora the licence to use Polish language version of the Game in the scope necessary to provide the Game’s distribution in Poland. The parties to the agreement defined also basic conditions and rules for the distribution, inter alia transferring rights to the Game distribution to the company CDP.PL Sp. z o.o., as well as obligations relating to the Game’s marketing campaign. Agora paid net PLN 7,000 thousand as a remuneration advance for granting the licence.

20. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	in PLN thousand		in EUR thousand	
	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited
Sales	1,073,935	1,138,588	255,031	272,807
Operating profit/(loss)	7,381	(13,085)	1,753	(3,135)
Profit/(loss) before income taxes	4,872	(10,145)	1,157	(2,431)
Net profit/(loss) for the period attributable to equity holders of the parent	460	(9,035)	109	(2,165)
Net cash from operating activities	109,468	92,006	25,996	22,045
Net cash used in investing activities	(120,882)	85,445	(28,706)	20,473
Net cash used in financing activities	(79,949)	(112,039)	(18,986)	(26,845)
Net increase / (decrease) in cash and cash equivalents	(91,363)	65,412	(21,696)	15,673
Total assets	1,642,857	1,702,819	396,136	416,520
Non-current liabilities	154,947	171,191	37,362	41,874
Current liabilities	280,315	325,578	67,591	79,638
Equity attributable to equity holders of the parent	1,189,574	1,188,371	286,838	290,683
Share capital	50,937	50,937	12,282	12,460
Weighted average number of shares	50,937,386	50,937,386	50,937,386	50,937,386
Basic/diluted earnings per share (in PLN / in EURO)	0.01	(0.18)	0.002	(0.04)
Book value per share (in PLN / in EURO)	23.35	23.33	5.63	5.71

21. CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A.

Unconsolidated balance sheet as at 31 December 2013

	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Assets			
Non-current assets:			
Intangible assets	78,712	76,803	88,027
Property, plant and equipment	328,551	332,322	348,452
Investments	534,832	534,522	512,194
Receivables and prepayments	19,635	21,816	30,555
	961,730	**965,463**	**979,228**
Current assets:			
Inventories	15,942	15,053	14,780
Accounts receivable and prepayments	170,376	169,518	172,652
Income tax receivable	3,043	2,234	2,238
Short-term securities and other financial assets	57,864	84,543	36,071
Cash and cash equivalents	46,231	33,790	101,107
	293,456	**305,138**	**326,848**
Total assets	**1,255,186**	**1,270,601**	**1,306,076**

Unconsolidated balance sheet as at 31 December 2013 (continued)

	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Equity and liabilities			
Equity:			
Share capital	50,937	50,937	50,937
Share premium	147,192	147,192	147,192
Other reserves	116,287	116,151	114,987
Retained earnings	747,660	761,173	749,517
	1,062,076	**1,075,453**	**1,062,633**
Non-current liabilities:			
Deferred tax liabilities	27,730	28,497	27,249
Long-term borrowings	8,652	17,304	43,159
Retirement severance provision	1,778	1,794	1,676
Provisions	-	120	-
Deferred revenues and accruals	724	335	9
Other	88	94	60
	38,972	**48,144**	**72,153**
Current liabilities:			
Retirement severance provision	115	114	105
Accounts payable	84,135	78,725	90,237
Short-term borrowings	34,543	34,504	34,577
Provisions	1,424	1,647	6,395
Deferred revenues and accruals	33,921	32,014	39,976
	154,138	**147,004**	**171,290**
Total equity and liabilities	**1,255,186**	**1,270,601**	**1,306,076**

Unconsolidated income statement for three and twelve months ended 31 December 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Sales	166,577	619,691	179,080	684,043
Cost of sales	(104,096)	(377,021)	(103,186)	(416,897)
Gross profit	**62,481**	**242,670**	**75,894**	**267,146**
Selling expenses	(52,574)	(184,778)	(55,535)	(211,959)
Administrative expenses	(19,509)	(74,652)	(19,941)	(75,520)
Other operating income	3,104	9,672	5,132	12,348
Other operating expenses	(3,315)	(13,756)	(21,971)	(30,749)
Operating loss	**(9,813)**	**(20,844)**	**(16,421)**	**(38,734)**
Finance income (1)	(3,284)	24,254	(9,381)	21,612
Finance costs	(2,021)	(5,632)	(3,412)	(12,517)
Loss before income taxes	**(15,118)**	**(2,222)**	**(29,214)**	**(29,639)**
Income tax	1,606	365	3,304	6,298
Net loss for the period	**(13,512)**	**(1,857)**	**(25,910)**	**(23,341)**
Basic/diluted earnings per share (in PLN)	(0.27)	(0.04)	(0.51)	(0.46)

(1*) a negative finance income in the fourth qaurter of 2013 and 2012 is the effect of changing the decision concerning the profit distribution of subsidiaries of Agora S.A.*

On June 3, 2013 the meeting of shareholders of the company Agora Poligrafia Sp. z o.o. adopted a resolution to distribute the whole profit for the year 2012 in a form of dividend to its only shareholder - Agora S.A. On December 23, 2013 the meeting of shareholders of Agora Poligrafia Sp. z o.o. decided to change the resolution no. 6 from June 3, 2013 and to allocate a part of the amount to the company`s reserve capital.

On June 21, 2012 the general meeting of shareholders of the company AMS S.A. adopted a resolution to distribute the whole profit for the year 2011 in a form of dividend to its only shareholder - Agora S.A. On November 23, 2012 the General Meeting of Shareholders of AMS S.A., in accordance with the recommendation of the Supervisiory Board of AMS S.A., decided to change the resolution no. 5 from June 21, 2012 and to allocate the whole amount to the company`s reserve capital.

Unconsolidated statement of comprehensive income for three and twelve months ended 31 December 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Net loss for the period	**(13,512)**	**(1,857)**	**(25,910)**	**(23,341)**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans	167	167	-	-
Income tax effect	(31)	(31)	-	-
	136	136		-
Items that will be reclassified to profit or loss				
Other comprehensive income for the period	**136**	**136**	**-**	**-**
Total comprehensive income for the period	**(13,376)**	**(1,721)**	**(25,910)**	**(23,341)**

Unconsolidated statement of changes in equity for for three and twelve months ended 31 December 2013

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 31 December 2013					
As at 30 September 2013 unaudited	**50,937**	**147,192**	**116,151**	**761,173**	**1,075,453**
Total comprehensive income for the period					
Net loss	-	-	-	(13,512)	(13,512)
Other comprehensive income	-	-	136	-	136
Total comprehensive income for the period	**-**	**-**	**136**	**(13,512)**	**(13,376)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Other	-	-	-	(1)	(1)
Total transactions with owners	**-**	**-**	**-**	**(1)**	**(1)**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**116,287**	**747,660**	**1,062,076**

Unconsolidated statement of changes in equity for three and twelve months ended 31 December 2013 (continued)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Twelve months ended 31 December 2013					
As at 31 December 2012 audited	**50,937**	**147,192**	**114,987**	**749,517**	**1,062,633**
Total comprehensive income for the period					
Net loss	-	-	-	(1,857)	(1,857)
Other comprehensive income	-	-	136	-	136
Total comprehensive income for the period	**-**	**-**	**136**	**(1,857)**	**(1,721)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Equity-settled share-based payments	-	-	1,164	-	1,164
Total transactions with owners	**-**	**-**	**1,164**	**-**	**1,164**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**116,287**	**747,660**	**1,062,076**

Unconsolidated statement of changes in equity for three and twelve months ended 31 December 2013 (continued)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Twelve months ended 31 December 2012					
As at 31 December 2011 audited	**50,937**	**147,192**	**112,904**	**823,796**	**1,134,829**
Total comprehensive income for the period					
Net loss	-	-	-	(23,341)	(23,341)
Total comprehensive income for the period	**-**	**-**	**-**	**(23,341)**	**(23,341)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Equity-settled share-based payments	-	-	2,083	-	2,083
Dividends declared	-	-	-	(50,937)	(50,937)
Other	-	-	-	(1)	(1)
Total transactions with owners	**-**	**-**	**2,083**	**(50,938)**	**(48,855)**
As at 31 December 2012 audited	**50,937**	**147,192**	**114,987**	**749,517**	**1,062,633**

Unconsolidated cash flow statement for three and twelve months ended 31 December 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Cash flows from operating activities				
Loss before income taxes	(15,118)	(2,222)	(29,214)	(29,639)
Adjustments for:				
Depreciation of property, plant and equipment	8,290	33,102	8,246	32,751
Amortization of intangible assets	2,010	9,298	2,616	9,307
Foreign exchange (gain) /loss	1,148	587	1,231	5,344
Interest, net	(5)	610	615	2,377
(Profit) / loss on investing activities	(1,649)	(15,213)	8,320	2,952
Dividend income	5,769	(3,262)	19,569	(1,723)
(Decrease) / increase in provisions	(359)	(4,859)	(5,007)	4,105
(Increase) / decrease in inventories	(890)	(1,163)	(575)	2,293
(Increase) / decrease in receivables and prepayments	(7,879)	2,663	(4,326)	12,306
(Decrease) / increase in payables	3,237	(1,751)	(203)	(21,628)
(Decrease) / increase in deferred revenues and accruals	2,295	(5,033)	7,781	3,817
Other adjustments (1)	855	2,828	655	2,381
Cash generated from operations	**(2,296)**	**15,585**	**9,708**	**24,643**
Income taxes paid	-	(2,217)	-	(4,085)
Net cash from operating activities	**(2,296)**	**13,368**	**9,708**	**20,558**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	9	11,695	7	49
Disposal of subsidiaries, associates and jointly controlled entities	2	2	412	650
Dividends received	-	3,262	-	1,723
Repayment of loans granted	-	11,593	1,532	51,532
Interest received	3,978	8,111	7,327	19,121
Disposal of short-term securities	32,028	81,116	84,867	219,588
Repayment of finance lease receivables	3,851	11,639	2,760	11,197
Purchase of property plant and equipment, and intangibles	(8,318)	(29,630)	(9,244)	(52,744)
Acquisition of subsidiaries, associates and jointly controlled entities	(4,908)	(19,968)	(405)	(825)
Acquisition of short-term securities	-	(95,100)	-	(104,029)

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Loans granted	(2,500)	(12,500)	-	(163)
Net cash used in investing activities	**24,142**	**(29,780)**	**87,256**	**146,099**
Cash flows from financing activities				
Dividends paid	-	-	-	(50,937)
Repayment of borrowings	(8,742)	(34,967)	(8,741)	(47,683)
Interest paid	(435)	(2,549)	(1,636)	(6,141)
Other	(228)	(948)	(212)	(707)
Net cash used in financing activities	**(9,405)**	**(38,464)**	**(10,589)**	**(105,468)**
Net increase / (decrease) in cash and cash equivalents	**12,441**	**(54,876)**	**86,375**	**61,189**
Cash and cash equivalents				
At start of period	33,790	101,107	14,732	39,918
At end of period	46,231	46,231	101,107	101,107

(1) "other adjustments" include mainly non-cash share-based payment costs and commissions on bank loans.

Additional information to unconsolidated financial statements of Agora S.A.

In the period from January 1, 2013 to December 31, 2013 the following impairment losses and provisions were changed in the unconsolidated financial statements of Agora S.A. (in brackets the amounts for the fourth quarter of 2013):

- impairment loss for receivables: increase by PLN 155 thousand (decrease by PLN 1,128 thousand),
- impairment loss for financial assets: decrease by PLN 27,939 thousand (decrease by PLN 15,652 thousand),
- impairment loss for inventory: increase by PLN 882 thousand (decrease by PLN 383 thousand),
- impairment loss for tangible assets and intangible assets: increase by PLN 400 thousand (increase by PLN 400 thousand),
- provision for legal claims: decrease by PLN 397 thousand (decrease by PLN 129 thousand),
- provision for the remuneration and severances for the former Management Board Members: increase by PLN 532 thousand (used in the amount of PLN 198 thousand),
- retirement severance provision: increase by PLN 112 thousand (decrease by PLN 15 thousand),
- provision for group lay-offs: used in the amount of PLN 5,107 thousand (used in the amount of PLN 16 thousand).

In the period from January 1, 2013 to December 31, 2013, the Company purchased property, plant and equipment in the amount of PLN 20,256 thousand (in the period of January 1, 2012 to December 31, 2012: PLN 42,626 thousand).

As at December 31, 2013, there was no the commitments for the purchase of property, plant and equipment.

Selected unconsolidated financial data together with translation into EURO

	in PLN thousand		in EUR thousand	
	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited
Sales	619,691	684,043	147,160	163,898
Operating loss	(20,844)	(38,734)	(4,950)	(9,281)
Loss before income taxes	(2,222)	(29,639)	(528)	(7,102)
Net loss for the period	(1,857)	(23,341)	(441)	(5,593)
Net cash from operating activities	13,368	20,558	3,175	4,926
Net cash used in investing activities	(29,780)	146,099	(7,072)	35,006
Net cash used in financing activities	(38,464)	(105,468)	(9,134)	(25,270)
Net increase / (decrease) in cash and cash equivalents	(54,876)	61,189	(13,032)	14,661
Total assets	1,255,186	1,306,076	302,659	319,475
Non-current liabilities	38,972	72,153	9,397	17,649
Current liabilities	154,138	171,290	37,167	41,899
Equity	1,062,076	1,062,633	256,095	259,927
Share capital	50,937	50,937	12,282	12,460
Weighted average number of shares	50,937,386	50,937,386	50,937,386	50,937,386
Basic/diluted earnings per share (in PLN / in EURO)	(0.04)	(0.46)	(0.01)	(0.11)
Book value per share (in PLN / in EURO)	20.85	20.86	5.03	5.10

Warsaw, March 3, 2014

Wanda Rapaczynski - President of the Management Board	*Signed on the Polish original*
Bartosz Hojka - Member of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*
Grzegorz Kossakowski - Member of the Management Board	*Signed on the Polish original*
Robert Musial - Member of the Management Board	*Signed on the Polish original*

AGORA SA

AGORA GROUP

Report for

4Q 2013

March 3, 2014

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AGORA GROUP

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FOURTH QUARTER OF 2013

REVENUE PLN 1,073.9 MILLION
NET PROFIT PLN 1.2 MILLION
OPERATING EBITDA PLN 104.9 MILLION
OPERATING CASH FLOW PLN 109.5 MILLION

Unless indicated otherwise, all data presented herein represent the period of January - December 2013, while comparisons refer to the same period of 2012. All data sources are presented in part IV of this MD&A.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP [1]

- In 2013, revenues of the Agora Group ("Group") decreased by 5.7% yoy to PLN 1 073.9 million.The main reasons are lower by 14.5% yoy advertising revenues at PLN 544.3 million and copy sales revenues at PLN 134.0 million (down by 12.2% yoy). Due to the drop in admissions, the Group's revenue from ticket sales decreased by 3.7% yoy to PLN 129.1 million. In the fourth quarter of 2013 the ticket sales revenue slightly grew yoy. In 2013, growing by 23.6% yoy to PLN 266.5 million revenues from other sales positively influenced the level of the Group's revenues. The growth of other sales results mainly from higher by 25.5% yoy sales of printing services to external clients and revenues generated from film distribution and co-production in the amount of PLN 12.7 million.
- In 2013, total net operating cost of the Group decreased by 7.4% yoy and reached PLN 1 066.5 million. This is a positive result of restructuring measures implemented in 2012, including group lay-offs in Agora S.A. („the Company", „Agora"). The Company would like to underline that in 2012 the operating cost of the Group was burdened with the cost of group lay-offs in the amount of PLN 9.5 million. Additionally, in the fourth quarter of 2012, the Group suffered asset impairment losses in the amount of PLN 17.6 million. It influences the comparability of selected entries in the Group's profit and loss account. Cost savings result mainly from lower staff cost (down by 7.1% yoy). The marketing and promotion expenditure was lower by 19.5% yoy – the largest cuts were observed in the Newspapers and Magazines segments. A 4.5% yoy drop in external services contributed positively to the decrease of the Group's operating cost and resulted mainly from lower yoy production cost in the Magazine segment and lower maintenance cost of outdoor panels in AMS due to matching of panel portfolio to market needs and lower maintenance expenditures.
- In 2013, operating EBITDA of the Group increased by 26.1% yoy to PLN 104.9 million. EBIT grew to PLN 7.4 million. Net profit amounted to PLN 1.2 million and the net profit attributable to the equity holders of the parent amounted to PLN 0.5 million. In the fourth quarter of 2013, the Group significantly improved its operating results yoy. The operating result of the Group (EBIT) amounted to PLN 15.3 million. The Group's net profit, in the fourth quarter of 2013, amounted to PLN 12.2 million and net profit attributable to the equity holders of the parent amounted to PLN 10.4 million. The Group draws attention to the fact that the yoy comparability of data was disturbed by one-off costs in 2012 (the asset impairment losses and group lay-offs).
- At the end of December 2013, the Group's cash and short-term monetary assets amounted to PLN 171.4 million, out of which PLN 99.6 million in cash and cash equivalents and PLN 71.8 million in short-term securities.

Additionally, PLN 40.0 million provided by the subsidiary AMS S.A. is treated as a cash collateral securing the bank guarantee issued in relation to the concession contract for construction of bus shelters in Warsaw.

- At the end of December 2013, the Group's debt amounted to PLN 145.9 million (including: external debt of Helios group consisting of bank credits and finance lease liabilities in the amount of PLN 102.7 million).

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

1. EXTERNAL FACTORS

1.1 Advertising market [3]

According to the Agora's estimates, based on public data sources, in the fourth quarter of 2013, total advertising spending in Poland amounted to ca PLN 2.1 billion and decreased by almost 2.0% yoy.

This is was the lowest drop dynamics in advertising expenditure in Poland in the last two years.

Tab. 1

	4Q 2011	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
% change yoy in ad market value	(5.0%)	(2.5%)	(5.5%)	(6.5%)	(5.0%)	(8.0%)	(7.0%)	(3.5%)	(2.0%)

In the fourth quarter of 2013, advertisers limited their expenditure in outdoor, cinema and press. Similarly to previous quarters the edvertising expenditure grew in internet. At the same time advertisers spent more in radio for the first time since the fourth quarter of 2012 and in television for the first time since the third quarter of 2011. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
(2.0%)	0.5%	8.0%	(12.5%)	6.0%	(12.0%)	(25.0%)	(15.0%)

The share of particular media segment in total advertising expenditure, in the fourth quarter of 2013, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
100.0%	51.5%	19.5%	9.0%	8.0%	6.0%	4.5%	1.5%

As a result, in 2013, the value of total advertising expenditure in Poland decreased by 5.0% yoy and amounted to ca PLN 7.2 billion. At that time, advertisers limited their expenditure in all media except for Internet. The largest drops were visible in dailies and outdoor advertising.

The data relating to the changes in the value of advertising expenditure in particular media segments in 2013 are presented in the table below:

Tab. 4

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
(5.0%)	(3.5%)	7.5%	(13.5%)	(2.0%)	(14.0%)	(29.5%)	(11.5%)

The share of particular media segment in total advertising expenditure, in 2013, is presented in the table below:

Tab. 5

Advertising spendings, in total	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
100.0%	49.5%	21.0%	9.0%	7.5%	6.5%	5.0%	1.5%

1.2 Copy sales of dailies [4]

In the fourth quarter of 2013, the total paid circulation of dailies decreased by 10.0% yoy and in 2013, it decreased by 10.7% yoy. The largest decrease, similarly as in the fourth quarter of 2013, was observed in national general interest dailies.

1.3. Cinema admissions [10]

In the fourth quarter of 2013, the number of tickets sold in the Polish cinemas decreased by 4.9% yoy. In 2013, the cinema admissions droppped by 5.6% yoy and the number of tickets sold amounted to over 36.3 million tickets.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

in million PLN	**4Q 2013**	**% share**	**4Q 2012**	**% share**	***% change yoy***
Total sales (1)	**300.3**	***100.0%***	**309.6**	***100.0%***	***(3.0%)***
Advertising revenue	150.2	*50.0%*	169.2	*54.7%*	*(11.2%)*
Copy sales	33.1	*11.0%*	37.0	*12.0%*	*(10.5%)*
Ticket sales	39.1	*13.0%*	38.3	*12.4%*	*2.1%*
Other	77.9	*26.0%*	65.1	*20.9%*	*19.7%*

in million PLN	**1-4Q 2013**	**% share**	**1-4Q 2012**	**% share**	***% change yoy***
Total sales (1)	**1,073.9**	***100.0%***	**1138.6**	***100.0%***	***(5.7%)***
Advertising revenue	544.3	*50.7%*	636.3	*55.9%*	*(14.5%)*
Copy sales	134.0	*12.5%*	152.7	*13.4%*	*(12.2%)*
Ticket sales	129.1	*12.0%*	134.0	*11.8%*	*(3.7%)*
Other	266.5	*24.8%*	215.6	*18.9%*	*23.6%*

(1) particular sales positions include sales of Special Projects (with book collections), described in details in point IV.A in this report.

In the fourth quarter of 2013, the Group revenues were impacted by the decrease of advertising expenditure in Poland and the ongoing trend of copy sales decline. The Cinema and Radio segments grew their revenues. Additionally, the level of the Group's revenues was positively affected by the growing revenues from the sales of printing services for external clients and higher yoy revenues recorded by the online bookstore *Publio.pl* in the Newspapers segment. As a result, total revenues of the Group amounted to PLN 300.3 million (down by only 3.0% yoy).

As a result of the decrease of advertising expenditure in Poland in the fourth quarter of 2013, the Group's advertising sales decreased by 11.2% yoy and amounted to PLN 150.2 million. This drop results mainly from lower, by PLN 10.7 million yoy advertising revenues in *Gazeta Wyborcza*. Lower advertising revenues were also observed in Outdoor, Magazines and Internet segments. In the discussed period of time, the segments that noted a growth in advertising revenue included Radio and Cinema. Radio grew advertising revenues by PLN 1.3 million and Cinema segment by PLN 1.2 million.

In the fourth quarter of 2013, the Group's total revenues from the copy sales amounted to PLN 33.1 million and went down by 10.5% yoy. The main reason for this decrease is lower revenues from the copy sales of the Magazine and Newspapers segments. The Magazines' segment's revenues from copy sales decreased by PLN 1.5 million yoy to PLN 4.4 million as a result of lower number of copies sold and the sale of *Poradnik Domowy* in the beginning of 2013. The revenues from copy sales of *Gazeta Wyborcza* amounted to PLN 24.7 million and decreased only by PLN 1.3 million yoy despite lower yoy number of newspaper copies sold (down by 13.8% yoy) and lower sales of more expensive editions (so-called dual pricing offer). Lower dynamics of the decrease in revenues from copy sales, in comparison to other reporting periods, results from the cover price increase of *Gazeta Wyborcza* introduced twice in 2013.

In the fourth quarter of 2013, the revenues from tickets sold in the cinemas composing the Helios network increased by 2.1% yoy to PLN 39.1 million due to the yoy growth of average ticket price. In the discussed period of time,

people bought 2.2 million cinema tickets in the Helios network, i.e. 5.7% yoy less. At the same time, the total estimated number of cinema tickets sold in Poland decreased by 4.9% yoy *[2].*

Other revenues amounted to PLN 77.9 million and increased by 19.7% yoy. The main contributor were higher sales of printing services for external clients, revenues from cinema distribution and higher yoy concession sales.

In 2013, the Group's revenues amounted to PLN 1 073.9 million and decreased by 5.7% yoy. The Group recorded a yoy decrease of sales revenues in majority of its business segments. The growth of revenues was observed in the Cinema segment, mainly due to the growth of cinema network in 2012 and initiation of the film distribution business by Next Film Sp. z.o.o., a subsidiary company of Helios S.A.

In 2013 as a result of significant decrease of advertising expenditure in Poland the Group's advertising sales decreased by 14.5% yoy and amounted to PLN 544.3 million. This largest drop of advertising revenues took place in the Newspapers segment. The growth of advertising revenues was observed only in Cinema segment.

In 2013, the Group's total revenues from the copy sales amounted to PLN 134.0 million and went down by 12.2% yoy. The main reason for this decrease are lower revenues from the copy sales of the Magazine segment, resulting from the changes in the portfolio of titles published by the segment and lower yoy number of copies sold. Additionally, lower number of copies sold of *Gazeta Wyborcza* negatively influenced the level of copy sales. Lower dynamics of the decrease in revenues from copy sales of *Gazeta Wyborcza,* in comparison with other reporting periods, results from the cover price increase of *Gazeta Wyborcza* introduced twice in 2013.

In 2013, the revenues from tickets sold in the cinemas composing the Helios network decreased by 3.7% yoy to PLN 129.1 million. In the discussed period of time, people bought over 7.5 million cinema tickets in the Helios network, i.e. 2.8% less yoy. At the same time, the total estimated number of cinema tickets sold in Poland decreased by 5.6% yoy *[2].*

Other revenues amounted to PLN 266.5 million and increased by 23.6% yoy. The main contributor were higher sales of printing services for external clients and PLN 11.0 million of film distribution revenues.

2.2. Operating cost

Tab. 7

in million PLN	**4Q 2013**	**% share**	**4Q 2012**	**% share**	***% change yoy***
Operating cost net, including:	**(285.0)**	**100.0%**	**(312.7)**	***100.0%***	***(8.9%)***
External services	(95.0)	33.3%	(96.6)	*30.9%*	*(1.7%)*
Staff cost (1)	(75.8)	26.6%	(76.0)	*24.3%*	*(0.3%)*
Raw materials, energy and consumables	(66.8)	23.4%	(64.8)	*20.7%*	*3.1%*
D&A	(23.7)	8.3%	(24.0)	*7.7%*	*(1.3%)*
Promotion and marketing	(20.0)	7.0%	(21.4)	*6.8%*	*(6.5%)*
Cost of group lay-offs	-	-	(0.3)	*0.1%*	-

in million PLN	**1-4Q 2013**	**% share**	**1-4Q 2012**	**% share**	***% change yoy***
Operating cost net, including:	**(1,066.5)**	**100.0%**	**(1,151.7)**	***100.0%***	***(7.4%)***
External services	(340.8)	32.0%	(356.7)	*31.0%*	*(4.5%)*
Staff cost (1)	(288.1)	27.0%	(310.2)	*26.9%*	*(7.1%)*
Raw materials, energy and consumables	(240.1)	22.5%	(244.3)	*21.2%*	*(1.7%)*
D&A	(96.1)	9.0%	(93.8)	*8.1%*	*2.5%*
Promotion and marketing	(65.4)	6.1%	(81.2)	*7.1%*	*(19.5%)*
Cost of group lay-offs	-	-	(9.5)	*0.8%*	-

(1) excluding non-cash cost of share-based payments and cost of group lay-offs.

Total net operating cost of the Group, in the fourth quarter of 2013, decreased by 8.9% yoy to PLN 285.0 million, mainly as a result of restructuring measures implemented in the Group in 2012. It should be remembered that in the fourth quarter of 2012 the total net operating cost of the Group was burdened with the asset impairment losses of PLN 17.6 million and group lay-off cost in Agora Poligrafia Sp.z o.o. of PLN 0.3 million.

The decrease in the **cost of external services** in the fourth quarter of 2013 results, inter alia, from lower system maintenance cost in the Outdoor segment as a result of changes in the portfolio of panels and consistent decrease of panel maintenance cost. The second factor contributing to the decrease of external cost is lower cost of film copy purchase in the Cinema segment due to lower number of tickets sold in the discussed period of time.

The Group's **staff cost** decreased slightly in the fourth quarter of 2013. It is a combined result of restructuring measures executed in 2012, including group lay-offs and development projects initiated in the Group`s operating segments. The growth of staff cost in the Newspapers segment is related to the introduction of metered paywall in *Gazeta Wyborcza*. The growth in Outdoor segment results from better yoy execution of sales targets. The decrease of staff cost was observed in the Magazines, Radio and Internet segments. Despite the growth of Helios cinema network, the yoy growth in the segment's staff cost was insignificant.

The Group's **headcount,** at the end of December 2013, was 3,088 employees and was higher by 3 FTEs than at the end of December 2012. The growth in headcount results from initiation of development projects in the second half of 2013 in Newspapers and Internet segments. The average headcount in 2013 amounted to 3,038 FTEs and was lower by 304 FTEs in comparison with average headcount in 2012.

Total **non – cash expense** relating to share - based payments (described in note 5A to the condensed interim consolidated financial statements of the Group) charged to the Group's profit and loss account in 2013 amounted to PLN 1.4 million. In the fourth quarter of 2013, the Group did not bear any cost related to share-based payments.

The Group offers its employees other incentive plans (for example: cash motivation plans, incentive plans in sales departments etc.), which cost is charged to the Group's staff cost. Since the third quarter of 2013, the Group's operating result is burdened quarterly by the accrued cost of Three-Year-Long Incentive Plan for the Management Board members for the period of 2013 - 2015 (described in note 5B to the condensed interim consolidated financial statements of the Group). In the fourth quarter of 2013 this cost amounted to PLN 0.3 million. In 2013 it amounted to PLN 0.6 million.

The increase in the **cost of raw materials, energy and consumables** in the fourth quarter of 2013 is mainly a result of higher yoy volume of printing services for external clients and is compensated with higher revenues from this field of operation. In 2013, the cost of raw materials, energy and consumables decreased yoy mainly as a result of lower unit cost of paper.

Promotion and marketing expense decreased yoy, both in the fourth quarter and in 2013, mainly due to the savings in this cost position observed in Newspapers, Magazines and Internet segments.

3. PROSPECTS

3.1. Revenue

3.1.1. Advertising market[3]

The situation of the advertising market in Poland is dependent on the condition of Polish economy. The value of the Polish advertising market may stop declining when the condition of Polish economy improves. The first symptoms of improvement in Polish economy were already visible in the fourth quarter of 2013. The forecast regarding the growth of Polish GDP range from 2.5% to 3.0% growth rate.

Taking into account positive signals from Polish economy, the Company estimates the growth by 0-2% yoy of advertising expenditure in Poland. The largest beneficiary of the expected growth in advertising expenditure will be TV. The Company is of the opinion that the value of TV advertising shall grow by ca 1-4% yoy. The second medium to benefit most from the uplift in the advertising market shall be internet. The Company estimates that online advertising may grow by ca 5-8%. The value of radio advertising may grow by ca 0-3% yoy and cinema advertising by ca 2-5% yoy. The value of outdoor advertising may range from possible drop of 1% yoy to growth of 2% yoy. According to the Company's estimates, advertisers shall further limit their budgets dedicated to press. The value of advertising expenditure in dailies will decrease by ca 20-24% and by ca 9-13% yoy.

3.1.2 Copy sales

In 2014, negative trends relating to copy sales of dailies and magazines shall continue. The Company believes that the copy price increase of *Gazeta Wyborcza,* introduced in the beginning of 2014 partially offset the decline in revenue from copy sales of the daily. Simultaneously, the Company develops the sales of its digital content. In the beginning of 2014 it implemented metered paywall and digital subscription offer. In the long term perspective these actions should result in the growth of digital subscription sales.

3.1.3 Ticket sales

The most important factor influencing the level of admissions in Poland is film repertoire in a given year. Having analysed available data the Company is of the opinion that the number of cinema tickets sold in Poland in 2014 should grow yoy.

3.2. Operating cost

In 2014, the Group plans to introduce development projects in selected business segments which may influence the level of the Group's operating cost. The segments with largest projects include Press and Internet segments.

3.2.1 Cost of external services

The cost of external services shall be dependent on the cost of film copies for the cinema business related directly to ticket sales revenues, EUR/PLN exchange rate and cost of brokerage services. Additionally, this cost position may increase due to the openings of two new cinemas in the first half of 2014 and execution of other development projects.

3.2.2 Staff cost

In 2014, the Group plans execution of development projects which may influence the level of staff cost. The projects that will influence this cost position the most will be run in Newspapes and Internet segments. They are mainly related to the digital transformation of the business model of the Group's press operations, including implementation of metered paywall and development of digital subscription offer. In Internet segment the growth of staff cost is related to the strengthening of the sales force team.

3.2.3 Promotion and marketing cost

Both in fourth quarter and in the whole 2013, the promotion and marketing cost were lower yoy. However, it should be remembered that the level of promotion and marketing expense depends on the dynamics of particular media segment performance, as well as the number of development projects (including openings of new cinemas) and the market activities and projects of the Group's competitors. Due to these facts the Group's promotion and marketing expense in 2014 may grow yoy.

3.2.4 Cost of raw materials and energy

In 2013, the cost of raw materials and energy decreased by 1.6% yoy. The Company's activities in the field of printing services for external clients have the largest impact on this cost position. The level of this cost position, in 2014, will be dependent mainly on the price of newsprint, the volume of production and EUR/PLN exchange rate. Therefore, this cost position may grow yoy in 2014.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the fourth quarter of 2013 include: Agora S.A., Agora Poligrafia Sp. z o.o., AMS S.A. group ("AMS group"), Agora TC Sp. z o.o., Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o., Sport4People Sp. z o.o., Sir Local Sp. z o.o. (from December 1, 2013), 5 subsidiaries of the radio business, Helios S.A. and Next Film Sp. z o.o. operating in the cinema business and the Ukrainian company LLC Agora Ukraine (till December 10, 2013). Additionally, the Group held shares in a jointly controlled entity Business Ad Network Sp. z o.o. (till December 14, 2012) as well as in associated companies A2 Multimedia (till January 31, 2012), GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o. (from December 1, 2012) and Instytut Badan Outdooru IBO Sp. z o.o. (from June 1, 2013).

A detailed list of companies of the Agora Group is presented in the note 12 and selected financial data together with translation into EURO are presented in notes 20 and 21 to the financial statements in this report.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 8

in PLN million	**4Q 2013**	**4Q 2012**	*% change yoy*	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Total sales (1)	**300.3**	**309.6**	***(3.0%)***	**1,073.9**	**1,138.6**	***(5.7%)***
Advertising revenue	150.2	169.2	*(11.2%)*	544.3	636.3	*(14.5%)*
Copy sales	33.1	37.0	*(10.5%)*	134.0	152.7	*(12.2%)*
Ticket sales	39.1	38.3	*2.1%*	129.1	134.0	*(3.7%)*
Other	77.9	65.1	*19.7%*	266.5	215.6	*23.6%*
Operating cost net (2), including:	**(285.0)**	**(312.7)**	***(8.9%)***	**(1,066.5)**	**(1,151.7)**	***(7.4%)***
Raw materials, energy and consumables	(66.8)	(64.8)	*3.1%*	(240.1)	(244.3)	*(1.7%)*
D&A	(23.7)	(24.0)	*(1.3%)*	(96.1)	(93.8)	*2.5%*
External services	(95.0)	(96.6)	*(1.7%)*	(340.8)	(356.7)	*(4.5%)*
Staff cost (3)	(75.8)	(76.0)	*(0.3%)*	(288.1)	(310.2)	*(7.1%)*
Non-cash expense relating to share-based payments	-	(0.7)	-	(1.4)	(2.5)	*(44.0%)*
Promotion and marketing	(20.0)	(21.4)	*(6.5%)*	(65.4)	(81.2)	*(19.5%)*
Cost of group lay-offs	-	(0.3)	-	-	(9.5)	-
Operating result - EBIT	**15.3**	**(3.1)**	**-**	**7.4**	**(13.1)**	**-**
Finance cost, net, incl.:	**0.1**	**2.0**	***(95.0%)***	**(2.3)**	**3.3**	**-**
Revenue from short-term investment	2.7	4.3	*(37.2%)*	8.2	14.0	*(41.4%)*
Interest on bank loans, borrowings, finance lease and similar items	(2.2)	(3.6)	*(38.9%)*	(10.0)	(13.4)	*(25.4%)*
Share of results of equity accounted investees	**0.1**	**(0.1)**	**-**	**(0.2)**	**(0.3)**	***33.3%***
Profit/(loss) before income tax	**15.5**	**(1.2)**	**-**	**4.9**	**(10.1)**	**-**
Income tax	(3.3)	1.8	-	(3.7)	2.0	-
Net profit/(loss) for the period	**12.2**	**0.6**	***1,933.3%***	**1.2**	**(8.1)**	**-**

in PLN million	**4Q 2013**	**4Q 2012**	*% change yoy*	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Attributable to:						
Equity holders of the parent	10.4	(0.1)	-	0.5	(9.0)	-
Non - controlling interest	1.8	0.7	*157.1%*	0.7	0.9	*(22.2%)*
EBIT margin (EBIT/Sales)	5.1%	(1.0%)	*6.1pp*	0.7%	(1.2%)	*1.9pp*
EBITDA	**39.0**	**20.9**	***86.6%***	**103.5**	**80.7**	***28.3%***
EBITDA margin (EBITDA/Sales)	13.0%	6.8%	*6.2pp*	9.6%	7.1%	*2.5pp*
Operating EBITDA (4)	**39.0**	**21.6**	***80.6%***	**104.9**	**83.2**	***26.1%***
Operating EBITDA margin (Operating EBITDA/Sales)	13.0%	7.0%	*6.0pp*	9.8%	7.3%	*2.5pp*

(1) particular sales positions, apart from ticket sales, include sales of Special Projects (with book collections), described in details in point IV.A in this report;

(2) in 2012 the operating cost of the Group was burdened with the one-off cost comprising the impairment loss on selected press titles in the Magazine segment, the impairment loss on ceased press title Autobit and part of the goodwill recognized on Sport4People Sp. z o.o. as well as the impairment of assets in Special Projects division. In total, the impairment costs amounted to PLN 17.6 million;

(3) excluding non-cash cost of share-based payments and cost of group lay-offs;

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

2.1. Financial results presented according to major segments of the Agora Group for 2013 [1]

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 segments of the Agora Group").

Tab. 9

in PLN million	News-papers	Cinema	Outdoor	Internet	Radio	Magazines	Matching positions (3)	Total (consoli-dated) 1-4Q 2013
Total sales (4)	**492.8**	**219.7**	**153.5**	**111.4**	**83.1**	**44.1**	**(30.7)**	**1,073.9**
% share	45.9%	20.5%	14.3%	10.4%	7.7%	4.1%	(2.9%)	100.0%
Operating cost net (4)	**(441.5)**	**(213.0)**	**(149.7)**	**(94.2)**	**(78.3)**	**(41.5)**	**(48.3)**	**(1,066.5)**
EBIT	**51.3**	**6.7**	**3.8**	**17.2**	**4.8**	**2.6**	**(79.0)**	**7.4**
Finance cost, net								(2.3)
Share of results of equity accounted investees								(0.2)
Income tax								(3.7)
Net profit								**1.2**
Attributable to:								
Equity holders of the parent								0.5
Non-controlling interest								0.7
EBITDA	**78.3**	**31.5**	**20.7**	**21.8**	**7.2**	**2.7**	**(58.7)**	**103.5**
Operating EBITDA (1)	78.9	31.5	20.8	21.9	7.3	2.8	(58.3)	104.9
CAPEX (2)	(8.1)	(22.5)	(12.7)	(5.6)	(7.3)	(3.2)	(11.7)	(71.1)

(1) excluding non-cash cost of share-based payments;

(2) based on invoices booked in the period; in the Cinema segment includes also PLN 8.7 million of non-current assets in lease;

(3) matching positions show data not included in particular segments, inter alia: other revenues and costs of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board of Agora S.A., Agora TC Sp. z o.o., intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group;

(4) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments.

2.2. Finance cost, net

Net financial activities of the Group, in 2013, were influenced mainly by interest from bank deposits, bank commissions, as well as interest on the bank loans and lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 10

in PLN million	31-12-2013	30-09-2013	*% change to 30-09-2013*	31-12-2012	*% change to 31-12-2012*
Non-current assets	**1,204.0**	**1,173.0**	**2.6%**	**1,209.3**	**(0.44%)**
share in balance sheet total	*73.3%*	*71.7%*	*1.6pp*	*71.0%*	*2.3 pp*
Current assets	**438.9**	**462.2**	**(5.0%)**	**493.5**	**(11.1%)**
share in balance sheet total	*26.7%*	*28.3%*	*(1.6pp)*	*29.0%*	*(2.3 pp)*
TOTAL ASSETS	**1,642.9**	**1,635.2**	**0.5%**	**1,702.8**	**(3.5%)**
Equity holders of the parent	**1,189.6**	**1,179.8**	**0.8%**	**1,188.4**	**0.1%**
share in balance sheet total	*72.4%*	*72.1%*	*0.3pp*	*69.8%*	*2.6 pp*
Non-controlling interest	**18.0**	**15.9**	**13.2%**	**17.7**	**1.7%**
share in balance sheet total	*1.1%*	*1.0%*	*0.1pp*	*1.0%*	*0.1pp*
Non-current liabilities and provisions	**154.9**	**150.8**	**2.7%**	**171.2**	**(9.5%)**
share in balance sheet total	*9.4%*	*9.2%*	*0.2pp*	*10.1%*	*(0.7 pp)*
Current liabilities and provisions	**280.4**	**288.7**	**(2.9%)**	**325.5**	**(13.9%)**
share in balance sheet total	*17.1%*	*17.7%*	*(0.6pp)*	*19.1%*	*(2.0 pp)*
TOTAL LIABILITIES AND EQUITY	**1,642.9**	**1,635.2**	**0.5%**	**1,702.8**	**(3.5%)**

3.1. Non-current assets

The increase in non-current assets versus 30 September 2013 results mainly from the increase in long-term receivables as a result of the cash deposit in the amount of PLN 40.0 million provided by the subsidiary AMS S.A. as a cash collateral securing the bank guarantee issued in relation to the Concession Contract (described in part V point 1 of this MD&A).

The decrease in non-current assets versus 31 December 2012 stems mainly from depreciation and amortisation on property, plant and equipment and intangibles, which was to some extent compensated by the increase in long-term receivables resulting from the cash deposit described above. Moreover, in the first quarter of 2013, the Company sold the rights to publish the monthly *Poradnik Domowy* (for PLN 11.5 million) and purchased the rights to publish the monthly *Dom&Wnetrze* (for PLN 3.0 million).

3.2. Current assets

The decrease in current assets, versus 30 September 2013, results mainly from the decrease in short-term securities, which was to some extent compensated by the increase in accounts receivable and cash and cash equivalents. The decrease in short-term securities, in the fourth quarter of 2013, is related, inter alia, to the cash deposit provided by the subsidiary AMS S.A as described in point 3.1. The change, versus 31 December 2012, results mainly from the decrease in accounts receivable and cash and cash equivalents, which was to some extent compensated by the increase in short-term securities.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions, versus 30 September 2013, stems mainly from the increase in long-term liabilities related to acquisition of the broadcasting license by the company Inforadio Sp. z o.o. and the recognition of the put liability for non-controlling shareholders of the company Sir Local Sp. z o.o.

The decrease in non-current liabilities and provisions, versus 31 December 2012, stems mainly from the decrease in bank and other borrowings, including finance lease liabilities.

3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 30 September 2013, stems mainly from the decrease of short-term borrowings, which was to some extent compensated by the increase in accounts payable. The decrease in current liabilities and provisions, versus 31 December 2012, stems mainly from the decrease of short-term borrowings and provisions.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 11

in PLN million	**4Q 2013**	**4Q 2012**	*% change yoy*	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Net cash from operating activities	37.9	32.6	*16.3%*	109.5	92.0	*19.0%*
Net cash from investment activities	0.5	72.5	*(99.3%)*	(120.9)	85.4	-
Net cash from financing activities	(26.7)	(10.8)	*147.2%*	(79.9)	(112.0)	*(28.7%)*
Total movement of cash and cash equivalents	**11.7**	**94.3**	***(87.6%)***	**(91.3)**	**65.4**	**-**
Cash and cash equivalents at the end of period	**99.6**	**190.9**	***(47.8%)***	**99.6**	**190.9**	***(47.8%)***

As at 31 December 2013, the Agora Group had PLN 171.4 million in cash and in short-term monetary assets, out of which PLN 99.6 million was in cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 71.8 million in short-term securities. Additionally, PLN 40.0 million provided by the subsidiary AMS S.A. is treated as a cash collateral (presented within long-term receivables) securing the bank guarantee issued in relation to the concession contract for construction of bus shelters in Warsaw.

In 2013, Agora S.A. had not been engaged in any currency option instruments or other derivatives (used for hedging or speculative purposes).

On May 28, 2013, the Company executed annex to the loan agreement with the Bank Pekao S.A. On the basis of this annex, the Company has the credit line in the amount of up to PLN 100.0 million, which may be used by May 31, 2014. In 2013, the Company repaid four installments of the credit line used in previous years.

As at the date of this quarterly report, considering the cash position and available credit facility, the Agora Group does not anticipate any liquidity problems with regards to its further investment plans (including capital investments).

4.1. Operating activities

The increase in net inflow from operating activities, in the fourth quarter of 2013 and in the whole 2013, stems mainly from the improvement of the operating result and changes in accounts payable.

4.2. Investment activities

Net inflow from investing activities, in the fourth quarter of 2013, results mainly from the disposal of short-term securities, which was to some extent compensated by outflows related to cash deposit provided to the bank by the company AMS S.A. Net outflow from investing activities, in the whole 2013, results mainly from the purchases of short-term securities as well as spendings on property, plant and equipment and intangibles.

4.3. Financing activities

In the fourth quarter of 2013 and in the whole 2013, the net cash flows from financing activities included mainly repayments and drawings of bank loans by Helios S.A., financial lease payments and repayments of the credit line by Agora S.A.

5. SELECTED FINANCIAL RATIOS [5]

Tab.12

	4Q 2013	4Q 2012	*% change yoy*	1-4Q 2013	1-4Q 2012	*% change yoy*
Profitability ratios						
Net profit margin	3.5%	(0.05%)	*3.5pp*	0.04%	(0.8%)	*0.8pp*
Gross profit margin	32.2%	33.6%	*(1.4pp)*	29.9%	30.4%	*(0.5pp)*
Return on equity	3.5%	(0.05%)	*3.6pp*	0.04%	(0.7%)	*0.8pp*
Efficiency ratios						
Inventory turnover	11 days	10 days	*10.0%*	12 days	12 days	-
Debtors days	58 days	58 days	-	68 days	66 days	*3.0%*
Creditors days	35 days	34 days	*2.9%*	38 days	42 days	*(9.5%)*
Liquidity ratio						
Current ratio	1.6	1.5	*6.7%*	1.6	1.5	*6.7%*
Financing ratios						
Gearing ratio (1)	-	-	-	-	-	-
Interest cover	8.1	(1.0)	-	0.8	(1.1)	-
Free cash flow interest cover	9.6	(0.01)	-	4.5	(1.5)	-

(1) as at 31 December 2013 and 31 December 2012 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 segments of the Agora Group").*

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. NEWSPAPERS [1]

The *Newspapers* segment includes the pro-forma consolidated financials of *Gazeta Wyborcza*, *Metro,* Special Projects, Agora's Printing Department and Agora Poligrafia Sp. z o.o.

Tab. 13

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales	**133.7**	**139.0**	***(3.8%)***	**492.8**	**527.7**	***(6.6%)***
Copy sales (1)	26.4	27.6	*(4.3%)*	106.4	111.7	*(4.7%)*
incl. Gazeta Wyborcza	*24.7*	*26.0*	*(5.0%)*	*100.6*	*106.8*	*(5.8%)*
Advertising revenue (1), (2)	49.1	60.9	*(19.4%)*	180.8	244.7	*(26.1%)*
incl. Gazeta Wyborcza (3)	*38.7*	*49.4*	*(21.7%)*	*144.2*	*202.9*	*(28.9%)*
incl. Metro (4)	*6.5*	*7.2*	*(9.7%)*	*22.1*	*27.3*	*(19.0%)*
Special Projects (including book collections)	10.6	10.1	*5.0%*	36.5	32.0	*14.1%*
Other revenue	47.6	40.4	*17.8%*	169.1	139.3	*21.4%*
Total operating cost, including	**(124.1)**	**(122.5)**	***1.3%***	**(441.5)**	**(465.4)**	***(5.1%)***
Raw materials, energy, consumables and printing services	(57.7)	(52.7)	*9.5%*	(201.6)	(199.8)	*0.9%*
Staff cost (5)	(31.6)	(30.8)	*2.6%*	(117.6)	(128.9)	*(8.8%)*
Non-cash expense relating to share-based payments	-	(0.3)	-	(0.6)	(1.1)	*(45.5%)*
D&A	(6.5)	(7.2)	*(9.7%)*	(27.0)	(28.1)	*(3.9%)*
Promotion and marketing (2) (6)	(11.9)	(13.8)	*(13.8%)*	(37.1)	(46.4)	*(20.0%)*
Cost of group lay-offs (7)	-	(0.3)	-	-	(6.3)	-
EBIT	**9.6**	**16.5**	**(41.8%)**	**51.3**	**62.3**	**(17.7%)**
EBIT margin	*7.2%*	*11.9%*	*(4.7pp)*	*10.4%*	*11.8%*	*(1.4pp)*
EBITDA	**16.1**	**23.7**	**(32.1%)**	**78.3**	**90.4**	**(13.4%)**
EBITDA margin	*12.0%*	*17.1%*	*(5.1pp)*	*15.9%*	*17.1%*	*(1.2pp)*
Operating EBITDA (8)	**16.1**	**24.0**	**(32.9%)**	**78.9**	**91.5**	**(13.8%)**
Operating EBITDA margin	*12.0%*	*17.3%*	*(5.3pp)*	*16.0%*	*17.3%*	*(1.3pp)*

(1) excluding revenues from Special Projects;

(2) the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;

(3) the amounts refer to only a portion of total revenues from dual media offers (published both in Gazeta Wyborcza, as well as on GazetaPraca.pl, GazetaDom.pl, Domiporta.pl, Komunikaty.pl verticals and Nekrologi.Wyborcza.pl website), which is allocated to the print edition of Gazeta;

(4) the amounts refer to total revenues of the Free Press Department, including revenues from Metro's display advertising, classifieds and inserts as well as from mTarget services and Metro's special activities;

(5) excluding non-cash cost of share-based payments and cost of group lay-offs;

(6) the amounts include inter alia the start-up cost of new book collections (i.e. initial promotional cost in the media) and the production and promotional cost of gadgets offered with Gazeta;

(7) the amount disclosed in the fourth quarter of 2012 relates to group lay-offs in Agora Poligrafia Sp. z o.o.;

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

The Company would like to stress, that cost of group lay-offs and one-offs in *Newspapers* segment affects the yoy comparability of data, both, in the fourth quarter and in 2013. The one-off cost in the fourth quarter of 2012 included the impairment loss on the assets in the Special Projects division and it amounted to PLN 2.2 million.

In the fourth of 2013, as a result of a decrease in sales and increase in the operating cost yoy, the operating EBITDA of the segment decreased yoy to PLN 16.1 million and operating EBITDA margin reached 12.0% *[1]*.

In 2013, the operating EBITDA of the segment amounted to PLN 78.9 million and the operating EBITDA margin reached 16.0% *[1]*. It is mainly the result of 6.6% yoy drop in the *Newspapers* segment sales.

1. *GAZETA WYBORCZA*

1.1. Revenue

1.1.1. Copy sales and readership [4]

In the fourth quarter of 2013, the weekly readership of *Gazeta Wyborcza* stood at 9.7% (2.9 million readers; CCS, weekly readership index), which placed it as the second daily among nationwide dailies. *Gazeta Wyborcza* maintained its leading position among the quality newspapers. *Gazeta Wyborcza* sold 215 thousand copies on average (down by 13.8% yoy). In the discussed period, *Gazeta*'s revenues from copy sales decreased only by 5.0% yoy, which was possible mainly due to the increase in the basic price of daily issues of *Gazeta Wyborcza* twice in 2013. The first price increase, by PLN 0.3, took place in January 2013. The second one was introduced in July 2013 raising the basic price of daily issue to PLN 2.50 on Mondays, Tuesdays, Wednesdays and to PLN 2.90 on Thursdays, Fridays and Saturdays.

Additionaly, growing by 10.2% yoy sales of Gazeta Wyborcza magazines (m.in. Wysokie Obcasy Extra, Książki. Magazyn do czytania) positively affected the level of the Group's revenues.

In 2013, Gazeta *Wyborcza* maintained its leading position among the quality newspapers. *Gazeta Wyborcza* sold 220 thousand copies on average (down by 14.1% yoy). In the discussed period of time, *Gazeta*'s revenues from copy sales decreased only by 5.8% yoy, which was possible due to two increases in basic price of daily issues of *Gazeta Wyborcza.* In the discussed period of time, the weekly readership of *Gazeta Wyborcza* stood at 10.6% (3.2 million readers; CCS, weekly readership index), which placed it as the second daily among nationwide dailies.

Additionaly, growing by 9.2% yoy sales of Gazeta Wyborcza magazines (m.in. Wysokie Obcasy Extra, Książki. Magazyn do czytania) positively affected the level of the Group's revenues.

1.1.2. Advertising sales [3]

In the fourth quarter of 2013, *Gazeta's* net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 38.7 million (down by 21.7% yoy).

The above figures include a portion of revenues from dual-media advertising offers (published both in print as well as on *GazetaPraca.pl, Komunikaty.pl* verticals and *Nekrologi.Wyborcza.pl* website), which is allocated to the print edition of *Gazeta Wyborcza.*

In the fourth quarter of 2013, the ad spend in dailies in Poland decreased by almost 25.0% yoy. In the discussed period of time, *Gazeta*'s revenues from display advertising decreased by over 25.5% yoy, and its estimated share in display ad spend in dailies decreased by about 0.5pp yoy to 35.0%.

In the fourth quarter of 2013, *Gazeta*'s share in the national newspapers ad spend amounted to almost 41.5% (up by over 1.5pp yoy). During this period of time, *Gazeta*'s share in Warsaw ad spend in newspapers decreased by 3.5pp yoy while the joint share of *Gazeta* and *Metro* increased by 0.5pp yoy. At the same time, *Gazeta's* share in local dailies (excluding Warsaw) decreased by ca 1.5pp yoy.

In the fourth quarter of 2013, the share of ad pages in *Gazeta's* total pagecount amounted to ca 29.9% (down by ca 1.8pp yoy), while the average number of paid-for ad pages published daily in all local and national editions amounted to ca 112 and decreased by ca 16% yoy.

In 2013, *Gazeta's* net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 144.2 million (down by 28.9% yoy).

The above figures include a portion of revenues from dual-media advertising offers (published both in print as well as on *GazetaPraca.pl, Komunikaty.pl* verticals and *Nekrologi.Wyborcza.pl* website), which is allocated to the print edition of *Gazeta Wyborcza.*

In 2013, the ad spend in dailies in Poland decreased by almost 29.5% yoy. In the discussed period of time, *Gazeta*'s revenues from display advertising decreased by almost 31% yoy, and its estimated share in display ad spend in dailies stood at almost 36.0% (down by ca 1.0pp yoy).

In 2013, *Gazeta*'s share in the national newspapers ad spend amounted to over 42% (up by almost 1.0pp yoy). During this period of time, *Gazeta*'s share in Warsaw ad spend in newspapers decreased by 2.5pp yoy while the joint share of *Gazeta* and *Metro* was up by ca 0.5pp yoy. At the same time, *Gazeta's* share in local dailies (excluding Warsaw) decreased by over 1.0pp yoy. One should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market. Once the Company has more reliable market data, it may correct the ad spending estimations in the consecutive reporting periods.

In 2013, the share of ad pages in Gazeta's total pagecount amounted to ca 29.9% (down by ca 1.5pp yoy), while the average number of paid-for ad pages published daily in all local and national editions reached ca 108 (down by ca 20% yoy).

1.1.3. Other revenues

Segment consistently uses its spare production capacity to grow revenues from the sales of printing services to external clients. In the fourth quarter of 2013, those revenues rose by 21.1% yoy. This growth results mainly from the higher revenues from the printing services in heatset technology.

In 2013 revenues from the sales of printing services rose by 25.5% yoy, mainly from the higher revenues from the printing services in heatset technology.

1.2. Cost

In the fourth quarter of 2013, operating cost of the segment increased by 1.3% yoy to PLN 124.1 million. In the fourth quarter of 2012, operating cost of the segment was additionally burdened with the costs of group lay-offs in Agora Poligrafia Sp. z o.o. and the one-off cost.

The increase in operating cost of the segment in fourth quarter of 2013 is mainly the result of higher by 9.5% yoy raw materials, energy, consumables and printing services cost. It is related with the higher volume of production for external clients.

Higher by 2.6% yoy staff cost contributed to the increase of the operating cost of the segment. The growth in this cost position results from the implementation of new system of acces to *Gazeta Wyborcza's* digital content.

In the fourth quarter of 2013, the newsprint cost of *Gazeta Wyborcza and its supplements* amounted to PLN 9.9 million and decreased by 19.5% yoy.

In 2013, the operating cost of the segment decreased by 5.1% yoy to PLN 441.5 million.

One should bear in mind that operating cost of the segment in 2012 was affected by additional cost associated with the group lay-offs and the impairment loss on the assets in fourth quarter of 2012. Total additional cost, which affected the operating result of the segment in 2012, due to these events, amounted to PLN 8.5 million.

In 2013 the reduction in the segment's operating cost was achieved by the decrease in the staff cost by 8.8% yoy as a result of lower employment. Lower promotion and marketing cost (down by 20.0% yoy), due to the reduced scope of *Gazeta Wyborcza's* promotional activities, contributed positively to the drop in the operating cost.

The newsprint cost of *Gazeta Wyborcza* and its supplements in 2013 amounted to PLN 38.6 million and decreased by 28.0% yoy.

2. FREE PRESS [3], [4]

In the fourth quarter of 2013, *Metro's* total ad revenues decreased by 9.7% yoy, mainly due to lower revenue from display advertising (down by ca 16.5% yoy). In this period, the total display ad spend in all daily newspapers decreased by almost 25.0% yoy. As a result *Metro* increased its share in advertising spending in all dailies by over 0.5pp to 5.5%. In the discussed period of time, *Metro's* share in advertising spending in national dailies increased by 0.5pp and remained flat yoy in local dailies. *Metro* increased its share in Warsaw dailies by 4.0pp yoy to over 25.5%

In the fourth quarter of 2013, the Free Press division recorded profit on the operating EBITDA level of PLN 1.0 million *[1]*.

In 2013, *Metro's* total ad revenues decreased by 19.0% yoy, mainly due to lower revenues from display advertising (down by 26.0% yoy). In this periodof time, the total display ad spend in all daily newspapers decreased by almost 29.5% yoy. As a result *Metro* strengthened its share in advertising spending in all dailies by over 5.0%. In the discussed period of time, *Metro's* share in advertising spending in national dailies increased by 0.5pp and remained flat yoy in local dailies. *Metro* increased its share in Warsaw dailies by amost 3.0pp yoy to over 22.5%

In 2013, the Free Press division recorded a lower yoy profit on the operating EBITDA level which amounted to PLN 1.1 million *[1]*.

3. SPECIAL PROJECTS

In the fourth quarter of 2013, Agora published 23 books.

In the discussed period of time, Special Projects division sold 0.2 million books and books with CDs and DVDs. The best sellers included: *Nie mowcie mi jak mam zyc* by Wladyslaw Kozakiewicz and Michał Pol, *Kret w Watykanie* by Agnieszka Kublik and Wojciech Czuchnowski, and *Leksykon buntownikow* by Max Cegielski. In the fourth quarter of 2013 Special Projects recorded a positive operating result (EBIT) of PLN 1.3 million higher by PLN 3.4 million yoy *[1].*

In 2013 Agora continued 1 collection *Mistrzowie slowa 2* and released 54 one-off publishings. During this period of time, Special Projects division sold 0.6 million books and books with DVDs and CDs.

On February 1, 2013, *Drogowka* - the film by Wojciech Smarzowski, co-produced by Agora, entered Polish cinemas and on June 7, 2013, the film had its DVD premiere. In 2013, the film had been viewed by over 1 million people, and revenues from the whole project had a direct positive impact on Agora Group's operating result. On October 18, 2013, another Agora's co-production entered Polish cinemas – *Ambassada* directed by Juliusz Machulski. In 2013, the film had been viewed by nearly 0.2 million people.

Revenues generated by *Publio.pl*, an online bookstore started in May 2012, had a positive impact on the total level of Special Projects' revenues.

In 2013, Special Projects division recorded a positive operating result (EBIT) of PLN 1.7 million higher by PLN 5.6 million yoy *[1].*

4. NEW INITIATIVES

Since October 2013, *Gazeta Wyborcza* has launched new Thursday addition *Pieniadze Ekstra.* The addition is dedicated to readers' problems with, inter alia, financial institutions, contracts and special offers in shops. It also highlights issues that refer to retirement, describes curiosities associated with money and provides ideas for savings.

Metro Custom Publishing has prepared special winter edition of sports magazine for one of largest shopping chains in Poland. Application of new technologies allowed the use of interactive materials. *Viuu* application allows viewers to access specially prepared videos on their tablet or smartphone divice after scanning designated images.

In November 2013, the decision to combine sales forces of the Company's press brands had been made. As a result, since January 1 2014, one commercial team has sold advertising offer of all Agora's press titles. It includess *Gazeta Wyborcza*, several magazines and the daily *Metro*, their digital versions and website *MetroMSN.pl.*

In December 2013, *Gazeta Wyborcza* introduced to the online bookstore *Publio.pl* a full release of the daily on every reader in ePUB and Mobi format and in the web browser in PDF format. It includes national pages, any local edition and weeklies offered along with *Gazeta Wyborcza*. This is the most complete version of the daily for e- readers.

In December 2013, *Gazeta Wyborcza* prepared the first interactive reportage for its readers. The journalist text was enriched with photos and videos, which are an integral part of it.

IV.B. CINEMA

The Cinema segment includes the pro-forma consolidated data of Helios S.A. and Next Film Sp. z o.o. (since September 14, 2012), which form the Helios group.

Tab. 14

in PLN million	4Q 2013	4Q 2012	*% change yoy*	1-4Q 2013	1-4Q 2012	*% change yoy*
Total sales, including :	**66.9**	**62.0**	***7.9%***	**219.7**	**205.1**	***7.1%***
Tickets sales	39.1	38.3	*2.1%*	129.1	134.0	*(3.7%)*
Concession sales	13.1	11.6	*12.9%*	42.2	40.3	*4.7%*
Advertising revenues (2)	8.5	7.3	*16.4%*	25.2	20.2	*24.8%*
Other sales	6.2	4.8	*29.2%*	23.2	10.6	*118.9%*
Total cost, including:	**(55.9)**	**(57.1)**	***(2.1%)***	**(213.0)**	**(199.0)**	***7.0%***
External services	(32.6)	(31.8)	*2.5%*	(118.0)	(110.8)	*6.5%*
Raw materials, energy and consumables	(6.8)	(7.4)	*(8.1%)*	(25.0)	(25.4)	*(1.6%)*
Staff cost	(7.1)	(7.0)	*1.4%*	(26.8)	(26.1)	*2.7%*
D&A	(6.4)	(5.3)	*20.8%*	(24.8)	(19.7)	*25.9%*
Promotion and marketing (2)	(5.7)	(4.1)	*39.0%*	(16.6)	(10.2)	*62.7%*
EBIT	**11.0**	**4.9**	**124.5%**	**6.7**	**6.1**	**9.8%**
EBIT margin	*16.4%*	*7.9%*	*8.5pp*	*3.0%*	*3.0%*	-
EBITDA	**17.4**	**10.2**	***70.6%***	**31.5**	**25.8**	***22.1%***
EBITDA margin	*26.0%*	*16.5%*	*9.5pp*	*14.3%*	*12.6%*	*1.7pp*
Operating EBITDA (1)	**17.4**	**10.2**	***70.6%***	**31.5**	**25.8**	***22.1%***
Operating EBITDA margin (1)	*26.0%*	*16.5%*	*9.5pp*	*14.3%*	*12.6%*	*1.7pp*

(1) As far as the Helios group is concerned EBITDA and operating EBITDA ratios are equal as in the period referred to in the table there was not any non-cash cost of share-based payments incurred;

(2) the amounts do not include 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 a promotion was executed without prior reservation.

In the fourth quarter of 2013, thanks to the growing revenues (up by 7.9% yoy) operating EBITDA of the segment increased significantly yoy and mounted to PLN 17.4 million. In 2013 operating EBITDA of Helios group increased by 22.1% yoy and reached 31.5 million.

1. REVENUE [3]

In the fourth quarter of 2013, total sales of the Helios group increased by 7.9% yoy to PLN 66.9 million. In the same period of time the number of visitors in Helios network reached 2.2 million people and was lower by 5.7% yoy. The admission revenue grew slightly thanks to higher ticket price. The ticket price was influenced by high popularity of 3D versions of the most popular film productions (*Kraina Lodu, Hobbit: Pustkowie Smauga*). The concession sales grew by 12.9% yoy. Advertising revenue grew by 16.4% yoy. The growth in other sales results from the distribution activities of Next Flim.

In 2013, total revenues grew by 7.1% yoy and reached PLN 219.7 million. Number of visitors reached 7.5 million and was lower by 2.8% yoy. As a result tickets sales decreased by 3.7% yoy. The concession sales increased by PLN 1.9 million yoy and advertising revenues by PLN 5.0 million.

The yoy growth of other sales results mainly from cinema distribution operations –of Next Film. Other sales include also, subletting of one of the Helios` cinemas in Wroclaw to *Association Nowe Horyzonty* (since September 2012), revenues from *VPF (Virtual Print Fee)* and revenues from 3D-glasses fee.

2. COST

In the fourth quarter of 2013, the operating cost of Helios group reached PLN 55.9 million (down by 2.1% yoy). Lower yoy cost of film copy purchase, due to lower admissions, contributed to the drop of the operating cost. The growth of the rental fees and D&A is a result of Helios network expansion in 2012 and in 2013. A positive influence on the Helios group results had a net results of one-offs and (including writing off of a reserve created in the past for intellectual property rights) which improved the operating result of the segment by PLN 3.9 million in the fourth quarter of 2013.

In 2013, the operating cost of Helios group increased by 7.0% yoy. This growth results from higher rental fees and depreciation related to the network expansion in 2012 and in 2013. The cost generated by the subsidiary company Next Film grew yoy which is compensated with revenues from film distribution.

3. NEW INITIATIVES

In the fourth quarter of 2013, Helios cinema network opened new cinemas in Gdynia and Nowy Sacz and closed a cinema in Katowice (9 screens) due to the end of the rental contract.

Helios enriched its repertoir offer with , a new cycle of special showings entitled *Kino pelne dzieci*.

In December 2013, Next Film, the subsidiary company of Helios group received a *Platinum Ticket*- an award granted to film producers and distributors whose movies attracted the largest audience to the cinemas.Next Film was awarded for film *Drogowka,* which gathered in Polish cinemas more than 1 million people and is the only Polish film production with such a result in 2013.

IV.C. OUTDOOR (AMS GROUP)

The Outdoor segment consists of the pro-forma consolidated data of companies constituting the AMS group (AMS S.A., Adpol Sp. z o.o.).

Tab. 15

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales, including:	**43.4**	**46.7**	***(7.1%)***	**153.5**	**162.1**	***(5.3%)***
Advertising revenue (1)	41.0	44.1	*(7.0%)*	148.7	157.1	*(5.3%)*
Total operating cost, including:	**(38.4)**	**(42.3)**	***(9.2%)***	**(149.7)**	**(157.9)**	***(5.2%)***
Execution of campaigns	(6.0)	(7.0)	*(14.3%)*	(23.1)	(25.7)	*(10.1%)*
Maintenance cost	(17.5)	(19.3)	*(9.3%)*	(70.4)	(75.1)	*(6.3%)*
Staff cost (2)	(5.0)	(4.9)	*2.0%*	(19.8)	(19.4)	*2.1%*
Non-cash expense relating to share-based payments	-	(0.1)	-	(0.1)	(0.2)	*(50.0%)*
Promotion and marketing	(1.6)	(1.6)	-	(6.1)	(5.8)	*5.2%*
D&A	(4.2)	(4.4)	*(4.5%)*	(16.9)	(18.1)	*(6.6%)*
EBIT	**5.0**	**4.4**	***13.6%***	**3.8**	**4.2**	***(9.5%)***
EBIT margin	*11.5%*	*9.4%*	*2.1pp*	*2.5%*	*2.6%*	*(0.1pp)*
EBITDA (4)	**9.2**	**8.8**	***4.5%***	**20.7**	**22.2**	***(6.8%)***
EBITDA margin	*21.2%*	*18.8%*	*2.4pp*	*13.5%*	*13.7%*	*(0.2pp)*
Operating EBITDA (2), (4)	**9.2**	**8.9**	***3.4%***	**20.8**	**22.4**	***(7.1%)***
Operating EBITDA margin	*21.2%*	*19.1%*	*2.1pp*	*13.6%*	*13.8%*	*(0.2pp)*
Number of advertising spaces (3)	23,489	24,315	*(3.4%)*	23,489	24,315	*(3.4%)*

(1) the amounts do not include revenues, direct and variable cost 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 AMS group installed on petrol stations, small panels on bus shelters and in the Warsaw subway, as well as advertising panels on buses and trams;

(4) the amounts include a reclassification adjustment of D&A, resulting from financing sources of fixed assets owned by AMS group.

In the fourth quarter of 2013, due to the reduction of the segment's operating cost, the operating EBITDA increased by 3.4% yoy and amounted to PLN 9.2 million. The operating EBITDA margin reached 21.2%. In 2013, due to the slowdown in the outdoor advertising expenditure, the segment's revenue decreased by 5.3% yoy, which translated into lower operating EBITDA and operating EBITDA margin at the level of 13.6%.

1. REVENUE [8]

In the fourth quarter of 2013, the value of outdoor advertising expenditure, according to IGRZ estimates, decreased by over 12.0% yoy. In 2013, the outdoor advertising expenditure decreased by almost 14.0% yoy.

AMS group, both, in the fourth quarter and in 2013, noted better than market performance. Its advertising revenue decreased by 7.0% yoy and 5.3% yoy, respectively. As a result, the share of AMS group in outdoor ad spending in the fourth quarter of 2013 increased by over 1.1 pp to almost 33.0%. In 2013, the estimated share of AMS group in outdoor ad spend increased by over 2.8pp to over 32.5% {8}.

Lower than the market decline in segment revenue was achieved mainly due to the growing demand for citylight panels.

2. COST

In the fourth quarter of 2013, the AMS group reduced its operating cost by 9.2% yoy to PLN 38.4 million. In 2013, the operating cost was lower by 5.2% yoy and amounted to PLN 149.7 million. Reduction of the operating cost was possible due to lower yoy maintenance cost and lower campaign execution cost.

In the fourth quarter of 2013, the cost of the campaign execution decreased by 14.3% yoy and in 2013 by 10.1% yoy. It is the result of a smaller number of printing services and lower cost of posting and distribution of posters.

Reduction in the maintenance cost by 9.3% yoy in the fourth quarter and by 6.3% yoy in 2013 is a result of optimization measures. AMS adjusted its portfolio of advertising panels to market requirements, and consistently lowered unit maintenance cost per panel. In addition, a significant reduction in rental cost for advertising panels in metro cars, as a result of the execution new contract in May 2013 contributed to the cost reduction.

Lower D&A cost, both, in the fourth quarter and in 2013, is a result of full amortization of selected panels and the process of optimization of network of advertising panels.

The operating result of the segment was affected by the positive result on other operating cost, asa result of the closing several administrative disputes on placing ad panels on the waysides without a proper permission.

AMS group recorded an increase in staff cost, both in the fourth quarter and in 2013, as a result of increased variable component of remuneration due to higher yoy execution of sales targets.

Slight increase in promotion and marketing cost, mainly results from larger scope of social campaigns and joint non-profit/commercial campaigns. The non-profit element of these campaigns is settled in barter and charged to promotion and marketing cost.

3. NEW INITIATIVES

In 2013, the AMS for the fourth time in a row was awarded by advertising agencies and media houses in the prestigious annual ranking agencies advertising industry magazine *Media & Marketing Poland*, which granted the sales department of the company the first position among outdoor advertising companies.

In November 2013, AMS introduced a new panel city buses campaigns - *Busback.* Now, thanks to AMS Metrics for the first time on the market, it is possible to count the reach of the campaign on buses. In addition, this solution allows to define the media indicators for campaigns combining stationary panels with panels on buses.

On December 18, 2013, a consortium of AMS SA - Ströer Poland Sp. z o.o. signed a concession contract with the City of Warsaw for the construction and operation of bus shelters in Warsaw. Parties of the consortium decided that AMS shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The subject of the concession contract is construction of 1,580 bus shelters in Warsaw. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelters' construction, according to the capital city of Warsaw, amounts to ca PLN 80 million. The duration of the contract is nearly 9 years.

IV.D. INTERNET [1] [6]

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, LLC Agora Ukraine (until December 10, 2013), Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o. and Sport4People Sp. z o.o. and Sir Local Sp. z o.o. (from December 1, 2013).

Tab. 16

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales , including	**30.0**	**31.3**	***(4.2%)***	**111.4**	**114.0**	***(2.3%)***
Display ad sales (1)	24.4	25.5	*(4.3%)*	89.0	89.8	*(0.9%)*
Ad sales in verticals (2)	3.9	4.1	*(4.9%)*	16.2	17.7	*(8.5%)*
Total operating cost, including	**(23.2)**	**(28.2)**	***(17.7%)***	**(94.2)**	**(106.6)**	***(11.6%)***
IT and network maintenance	(0.9)	(1.1)	*(18.2%)*	(3.2)	(3.4)	*(5.9%)*
Staff cost (3)	(10.7)	(10.8)	*(0.9%)*	(42.0)	(47.7)	*(11.9%)*
Non-cash expense relating to share-based payments	-	(0.1)	-	(0.1)	(0.2)	*(50.0%)*
D&A	(1.1)	(1.3)	*(15.4%)*	(4.6)	(5.5)	*(16.4%)*
Promotion and marketing (1)	(3.6)	(5.2)	*(30.8%)*	(12.6)	(15.5)	*(18.7%)*
Cost of group lay-offs	-	-	-	-	(1.2)	-
EBIT	**6.8**	**3.1**	***119.4%***	**17.2**	**7.4**	***132.4%***
EBIT margin	*22.7%*	*9.9%*	*12.8pp*	*15.4%*	*6.5%*	*8.9pp*
EBITDA	**7.9**	**4.4**	***79.5%***	**21.8**	**12.9**	***69.0%***
EBITDA margin	*26.3%*	*14.1%*	*12.2pp*	*19.6%*	*11.3%*	*8.3pp*
Operating EBITDA (4)	**7.9**	**4.5**	***75.6%***	**21.9**	**13.1**	***67.2%***
Operating EBITDA margin	*26.3%*	*14.4%*	*11.9pp*	*19.7%*	*11.5%*	*8.2pp*

(1) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as inter-company sales between Agora's Internet Department, LLC Agora Ukraine, Trader.com (Polska) Sp. z o.o. and AdTaily Sp. z o.o., and Sport4People Sp. z o.o. and Sir Local Sp. z o.o.;

(2) including, among others, allocated revenues from the dual media offer (i.e. published both in Gazeta Wyborcza, as well as on GazetaPraca.pl, GazetaDom.pl, Domiporta.pl, Komunikaty.pl verticals and Nekrologi.Wyborcza.pl website);

(3) excluding non-cash cost of share-based payments and cost related to group lay-offs;

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

Due to the cost saving measures implemented in 2012 Internet segment significantly improved its operating result in, both, the fourth quarter and throughout 2013.In the fourth quarter of 2013, the operating EBITDA of the segment amounted to PLN 7.9 million and was significantly higher yoy. The segment's operating EBITDA margin increased by 11.9pp yoy and reached 26.3%.

In 2013, operating EBITDA of the Internet segment increased by 67.2% yoy and amounted to PLN 21.9 million. Throughout 2013, the operating EBITDA margin reached 19.7% and this is the best result achieved in the history of the segment.

It should be remembered that in the third quarter of 2012, the segment's operating results were burdened with the cost of group lay-offs in Agora S.A. therefore, some of the entries in the segment's profit and loss account are not fully comparable.

1. REVENUE

In the fourth quarter of 2013, the total sales of the Internet segment amounted to PLN 30.0 million (down by 4.2% yoy). The decrease in the segment's revenue results mainly from the lower display ad sales in *Gazeta.pl* portal and in *Trader.com (Polska) Sp. z o.o*. In the fourth quarter of 2013, the display advertising sales decreased by 4.3% yoy to PLN 24.4 million, while at the same time, the total market expenditure for Internet display advertising in Poland decreased by ca 3.0% yoy.

In 2013, the total sales of the Internet segment amounted to PLN 111.4 million and decreased by 2.3% yoy. In 2013, the display advertising sales decreased by 0.9% yoy to PLN 89.0 million, while at the same time, the total market expenditure for Internet display advertising in Poland decreased by almost 3.5% yoy.

Ad sales in verticals were lower, both, in the fourth quarter and throughout 2013, mainly as a result of lower ad sales in verticals dedicated to real estate as well as lower allocation from the dual media offer in print edition of *Gazeta Wyborcza* and Internet.

The suspension of Trader's press titles and Agora's shopping website *HappyDay.pl,* in the fourth quarter of 2012, had a negative influence on the level of revenues in Internet segment both in the fourth quarter and in the whole 2013.

2. COST

In the fourth quarter of 2013, the operating cost of the Internet segment decreased by 17.7% yoy to PLN 23.2 million, primarily due to the reduction in promotion and marketing services cost, lower asset impairment costs and lower level of provisions in other operating activities. In the fourth quarter of 2013, the promotion and marketing cost decreased by 30.8% yoy and amounted to PLN 3.6 million as a result of lower spending on promotion of *Gazeta.pl*. In addition, at the same period of time, the segment decreased the cost of marketing services in recruitment and real estate websites and also lower yoy bad debt provisions. In 2012, the Internet segment's costs were burdened by one-off cost of fixed assets impairment.

In 2013, the operating cost of the Internet segment decreased by 11.6% yoy to PLN 94.2 million, primarily due to the staff cost and marketing and promotion cost reduction. In 2012, the segment's operating cost was additionally burdened with the provision of PLN 1.2 million for the group lay-offs, which affects the comparability of data.

In 2013, the staff cost (excluding non-cash cost of share-based payments) went down by 11.9% yoy, inter alia as a result of the reduction in number of FTEs and lower cost of contracts of mandate in Agora's Internet department and also the reduction in number of FTEs in press part of Trader.com (Polska) Sp. z o.o.

In 2013, the promotion and marketing cost was reduced by 18.7% yoy to PLN 12.6 million, mainly due to the reduction of promotion and marketing expense of *Gazeta.pl* portal and *Sport.pl*.

The D&A cost in 2013 was lower yoy i.a. as a result of reduced capital expenditure for IT infrastructure in Agora's Internet department.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In December 2013, the reach of *Gazeta.pl* group websites among Polish Internet users (connecting from non-mobile devices) stood at 58.5%, which made *Gazeta.pl* group the third player among Internet portals, after *Onet.pl – RASP* and *Wirtualna Polska* groups. The number of users reached 12.4 million and the total number of non-mobile page views done by Polish users reached 639.0 million with an average viewing time of 1 hour and 26 minutes per user *[6]*.

In December 2013, the number of page views generated by mobile devices on the websites of *Gazeta.pl* group reached 115.2 million (up by 22.6% yoy), which made *Gazeta.pl* group the fourth player according to Megapanel PBI/Gemius data. The share of mobile page views on the websites of *Gazeta.pl* group stood at 15.3% and was the highest among Polish horizontal portals *[6]*.

The websites of *Gazeta.pl group* are ranked among top thematic market players. According to Megapanel PBI/Gemius data for December 2013, *Gazeta.pl group* is ranked first in the *Forums & Discussion groups* category, *Interior furnishing and garden* category (i.a. *CzteryKaty.pl*) and *Cuisine* category (i.a. *Ugotuj.to*). The *Gazeta.pl* group is ranked second in the *Children, Family* category (inter alia *eDziecko.pl*), the *Health and Medicine* category (i.a. *Zdrowie.Gazeta.pl), Life Style* category *and also in the Blogs* category (i.a. *Blox.pl*). The third positions are held in categories: *Sports* category (i.a. *Sport.pl*), *Information, commentary – general* category, *Local and regional information* category and *Recruitment* category (i.a. *GazetaPraca.pl*).

4. NEW INITIATIVES

At the end of November 2013, Agora has launched a new local services website - *Sir Local*. It offers the users fast access to proven professionals involved in the repair of equipment and facilities. The geolocation feature allows *Sir Local* automatically direct the user to a skilled person in the area.

In the fourth quarter of 2013, the websites *Gazeta.pl LIVE* and VOD service *Kinoplex.pl* launched applications for users of all smartphones based on Windows Phone operating system.

IV.E. RADIO

The *Radio* segment includes the pro-forma consolidated financials of Agora's Radio Department, all local radio stations and a super-regional radio *TOK FM*, being parts of the Agora Group. This includes: 20 *Golden Hits* (*Zlote Przeboje)* local radio stations, 7 local radio stations (*Radio Roxy FM)*, one CHR format (Contemporary Hit Radio) local station and a super-regional news radio *TOK FM* broadcasting in 16 metropolitan areas (since October 2012, *TOK FM* radio station started broadcasting in 7 new locations: Radom, Kielce, Elblag, Torun, Lublin, Gorzow Wielkopolski and Plock).

Tab. 17

in PLN million	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	***% change yoy***
Total sales, including :	**26.1**	**24.6**	***6.1%***	**83.1**	**88.1**	***(5.7%)***
Advertising revenue (1) (3)	25.2	23.9	*5.4%*	80.9	85.8	*(5.7%)*
Total operating cost, including: (3)	**(21.8)**	**(21.5)**	***1.4%***	**(78.3)**	**(85.3)**	***(8.2%)***
Staff cost (2)	(6.7)	(6.9)	*(2.9%)*	(25.9)	(26.3)	*(1.5%)*
Non-cash expense relating to share-based payments	-	-	-	(0.1)	(0.1)	-
Licenses, rental and telecommunication costs	(2.5)	(2.3)	*8.7%*	(8.8)	(8.5)	*3.5%*
D&A	(0.6)	(0.7)	*(14.3%)*	(2.4)	(2.7)	*(11.1%)*
Promotion and marketing (3)	(3.8)	(2.9)	*31.0%*	(11.6)	(12.9)	*(10.1%)*
EBIT	**4.3**	**3.1**	***38.7%***	**4.8**	**2.8**	***71.4%***
EBIT margin	*16.5%*	*12.6%*	*3.9pp*	*5.8%*	*3.2%*	*2.6pp*
EBITDA	**4.9**	**3.8**	***28.9%***	**7.2**	**5.5**	***30.9%***
EBITDA margin	*18.8%*	*15.4%*	*3.4pp*	*8.7%*	*6.2%*	*2.5pp*
Operating EBITDA (2)	**4.9**	**3.8**	***28.9%***	**7.3**	**5.6**	***30.4%***
Operating EBITDA margin	*18.8%*	*15.4%*	*3.4pp*	*8.8%*	*6.4%*	*2.4pp*

(1) advertising revenues include revenues from brokerage services of proprietary and third-party air time;

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

(3) the amounts do not include 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 a promotion was executed without prior reservation.

In the fourth quarter of 2013, the operationg EBITDA of Agora's Radio segment improved significantly yoy mainly due to the higher revenues (up by 6.1% yoy).

In 2013, Agora's Radio segment achieved a positive operating EBITDA of PLN 7.3 million, which was better by 1.7 yoy mainly as a consequence of promotion and marketing cost reduction.

1. REVENUE [3]

In the fourth quarter of 2013 the total sales of the Radio segment increased to PLN 26.1 million (up by 6.1% yoy). This growth results from higher air time sales in the radio stations owned by the Agora Group. In the fourth quarter of 2013 the radio advertising expenditure in Poland grew by over 6% yoy.

In 2013, the sales revenue of the Radio segment amounted to PLN 83.1 million (down by 5.7% yoy). This drop resulted mainly from the lower yoy revenues from the sales of brokerage services and barter transactions. In the discussed period of time, the total radio advertising expenditure in Poland decreased by over 2% yoy.

2. COST

In the fourth quarter of 2013, the operating cost of the Radio segment increased by 1.4% yoy to PLN 21.8 million mainly as a result of higher promotion and marketing cost including, inter alia, the launch of the Christmas *Golden Hits* campaign.

In 2013, the operating cost of the Radio segment decreased by 8.2% yoy and amounted to PLN 78.3 million. The main reason for the decrease include: lower cost of air time purchase in the third party radio stations as well as lower promotion and marketing cost, mainly for *Roxy FM* brand.

3. AUDIENCE SHARES [9]

Tab. 18

% share in listening	4Q 2013	change in pp yoy	I-IVQ 2013	change in pp yoy
Group's music radio stations (*Roxy FM* and *Golden Hits*)	3.9%	(0.5pp)	3.9%	0.0pp
News talk radio station *TOK FM*	1.2%	0.1pp	1.1%	(0.1pp)

Since October 2012, the new model of demographic data weighting has been introduced to *Radio Track* audience survey enabling to level the structure of the sample to the structure of the population in terms of respondents' education. As a result of this change comparability of the survey results may be limited.

4. NEW INITIATIVES

In October 2013, the collaboration with one of the mobile phone operators started. As part of this co-operation application of *Tuba.FM* for Android platform is distributed to the operator's clients through its new mobile shop.

At the end of 2013, the segment made the decision to change the music format of *Radio Roxy* for rock. On January 31, 2014 the radio station changed also its name for *Rock Radio*.

IV.F. THE MAGAZINES [1]

The Magazines segment presents the financials of Agora's Magazines.

Tab. 19

in PLN million	4Q 2013	4Q 2012	*% change yoy*	1-4Q 2013	1-4Q 2012	*% change yoy*
Total sales, including	**10.3**	**14.9**	***(30.9%)***	**44.1**	**65.0**	***(32.2%)***
Copy sales	4.4	5.9	*(25.4%)*	19.0	26.7	*(28.8%)*
Advertising revenue (1)	5.9	9.0	*(34.4%)*	25.0	38.0	*(34.2%)*
Total operating cost (2), including	**(11.5)**	**(25.3)**	***(54.5%)***	**(41.5)**	**(72.7)**	***(42.9%)***
Raw materials, energy, consumables and printing services	(3.9)	(5.1)	*(23.5%)*	(15.6)	(25.0)	*(37.6%)*
Staff cost (3)	(3.4)	(3.9)	*(12.8%)*	(14.5)	(17.4)	*(16.7%)*
Non-cash expense relating to share-based payments	-	-	-	(0.1)	(0.1)	-
D&A	-	-	-	(0.1)	(0.1)	-
Promotion and marketing (1)	(3.5)	(2.3)	*52.2%*	(7.9)	(12.2)	*(35.2%)*
Cost of lay-offs	-	-	-	-	(0.5)	-
EBIT	**(1.2)**	**(10.4)**	***88.5%***	**2.6**	**(7.7)**	**-**
EBIT margin	*(11.7%)*	*(69.8%)*	*58.1pp*	*5.9%*	*(11.8%)*	*17.7pp*
EBITDA	**(1.2)**	**(10.4)**	***88.5%***	**2.7**	**(7.6)**	**-**
EBITDA margin	*(11.7%)*	*(69.8%)*	*58.1pp*	*6.1%*	*(11.7%)*	*17.8pp*
Operating EBITDA (4)	**(1.2)**	**(10.4)**	***88.5%***	**2.8**	**(7.5)**	**-**
Operating EBITDA margin	*(11.7%)*	*(69.8%)*	*58.1pp*	*6.3%*	*(11.5%)*	*17.8pp*

(1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;

(2) in the fourth quarter of 2012, segment's operating cost was burdened with the cost of impairment loss on several press titles, which amounted PLN 12.4 million. Therefore the comparability of data is limited;

(3) excluding non-cash cost of share-based payments and cost related to group lay-offs;

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

From the second quarter of 2013, the Magazines segment's results are not fully comparable yoy because of the changes in the segment's portfolio of titles. In February 2013, the Company sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* and acquired the right to publish the monthly *Dom & Wnetrze*.

It should be noticed that, in the fourth quarter of 2012, the segment's operating cost was burdened with the cost of impairment loss on several press titles which amounted to PLN 12.4 million and the cost of group lay-offs at PLN 0.5 million, in the whole 2012, therefore not all entries in the segment's profit and loss account are comparable yoy.

In the fourth quarter of 2013, due to the significant yoy decrease in the revenue, the Magazines segment recorded an operating loss on the EBIT and operating EBITDA level of PLN 1.2 million. In 2013, operating EBITDA of the segment was positive and amounted to PLN 2.8 million.

1. REVENUE

In the fourth quarter of 2013, revenue of the Magazines segment decreased by 30.9% yoy, mainly as a result of lower copy sales (down by 25.4% yoy) and lower advertising sales (down by 34.4% yoy). It should be noticed, that

the disposal of the right to publish *Poradnik Domowy* had a significant impact on the segment's advertising and copy sales revenue.

The decrease in the segment's copy sales revenue is mainly a result of the decline in an average number of copies sold of comparable yoy selection of monthlies (down by 15.7% yoy). Advertising sales were down mainly as a result of reduced advertising expenditure in *clothing and accessories* and *interior decoration* categories.
In 2013, ad sales were down by 34.2% yoy, while copy sales decreased by 28.8% yoy. As a result, in 2013, total revenues of the Magazines business dropped by 32.2% yoy.

1.1. Copy sales

Tab. 20

in thousand of copies	**4Q 2013**	**4Q 2012**	***% change yoy***	**1-4Q 2013**	**1-4Q 2012**	*% change yoy*
Average copy sales of Agora monthlies	393.2	810.4	*(51.5%)*	542.3	874.9	*(38.0%)*

In the fourth quarter of 2013, the average number of copies sold by Agora's monthlies was down by 51.5% yoy. If one takes into account comparable data (without *Poradnik Domowy* and *Dom &Wnetrze)* the decline would amount to 15.7% yoy.
In 2013, the average number of copies sold by Agora's monthlies was down by 38.0% yoy. If one takes into account comparable data (without *Poradnik Domowy* and *Dom &Wnetrze)* the decline would amount to 20.3% yoy.

1.2. Advertising sales

Due to the changes in the segment's portfolio of titles advertising sales revenues, in the fourth quarter of 2013, are not fully comparable yoy.

In the fourth quarter of 2013, the advertising sales of the Magazines segment decreased by 34.4% yoy. At the same time, advertisers limited their expenditure in the magazines by 12.0% yoy. Agora had over 3% share in the total national magazines ad spend and over 6.5% share in monthlies (based on rate card data*) [7].*

In 2013, the advertising sales of the Magazines segment decreased by 34.2% yoy. At the same time, advertisers limited their expenditure in the magazines by almost 13.5% yoy. Agora had ca 3.5% share in the total national magazines ad spend and ca 7.5% share in monthlies (based on rate card data*) [7].*

2. COST

In the fourth quarter of 2013, the operating cost of segment decreased by 54.5% yoy to PLN 11.5 million. It should be noticed that, in the fourth quarter of 2012, segment's operating cost was burdened with one-off cost, which amounted to PLN 12.4 million, also the disposal of the right to publish *Poradnik Domowy* had a significant impact on the segment's operating cost. The cost of materials, energy, consumables and printing services was reduced by 23.5% yoy, mainly as a result of lower production volume. The promotion and marketing cost of segment was higher by 52.2% yoy due to the increase in the number of promotional campaigns and higher colume of more expensive editions. The intensification of promotional activities is related to the release of new versions of the most important segment's magazines. The staff cost decreased by 12.8% yoy as a result of the lower headcount yoy.

In 2013, the operating cost of segment decreased by 42.9% yoy to PLN 41.5 million. The comparability of the data yoy is influenced by the one-off cost and group lay-offs, which burdened the results of 2012 with PLN 12.9 million. Similarly as in the fourth quarter, the disposal of the right to publish *Poradnik Domowy* had a significant impact on the segment's operating cost. The gratest savings yoy were recorded in the cost of materials, energy, consumables and printing services, mainly as a result of lower production volume of existing titles in the Group's portfolio. The promotion and marketing cost of segment was significantly reduced yoy due to the decrease in the number of promotional campaigns mainly in TV.

3. NEW INITIATIVES

In the fourth quarter of 2013, in line with the readers' expectations, new versions of: *Cztery Katy, Avanti, Logo* and *Dom & Wnetrze* were introduced. The purpose of those changes is to increase the copy sales and ad revenues of the titles.

In November 2013, Agora launched a new *Dom & Wnetrze* application for the users of tablets with *iOS* and *Android* operating systems. It allows to download the digital edition of the magazine, enriched with exclusive audiovisual content.

In November 2013, the sales forces of press brands of the Company were merged. As a result , the advertising offer of all press brands of the Group is prepared by one team commencing since January 2014. The offer includes *Gazeta Wyborcza,* Agora's magazines, the daily *Metro,* their digital editions and *MetroMSN.pl* portal.

In December 2013, Agora released the first edition of *Continents* - a digital travel quarterly in English, available only for the tablets users, with selected content from the printed quarterly *Kontynenty.*

NOTES

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

EBIT, EBITDA, operating EBITDA of Newspapers, Internet and Magazines are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company`s supporting divisions), which are included in reconciling positions.

[2] the data on ticket sales in the cinemas comprising Helios network come from the accounting data of Helios reported in accordance with full calendar periods.

[3] The data refer to advertising expenditures in six media (print, radio, TV, outdoor, Internet, cinema). In this MD&A Agora has corrected the TV market figures for the fourth quarter of 2012 and Internet advertising market figures for the fourth quarter of 2012 and in the first, second and third quarter of 2013.

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 as well as 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 include only display advertising, excluding classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Kantar Media monitoring (previously Expert Monitor), Agora S.A. monitoring.

Presented TV, Internet and cinema figures are based on Starlink media house estimates; TV estimates include regular ad broadcast and sponsoring, exclude teleshopping, product placement and other advertising forms.

Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising since the first quarter of 2012.

Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnetrznej estimates [8].

The Company would like to stress that one should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market and lack of reliable data on the average market discount rates. Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.

[4] The data on the number of copies sold (total paid circulation) 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.

The data on dailies readership are based on PBC General, research carried out by MillwardBrown on a random, nationwide sample of Poles over 15 years of age. The CCS index was used (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week or preceding research. Size of the sample: nationwide PBC General for January-December 2013: N = 42,109 October - December 2013 N =10,527; Warsaw (Masovian district and cities of over 500 thousand inhabitants): January-December 2013: N = 1,752, October - December 2013: N = 440.

[5] Definition of ratios:

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

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

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

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

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

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

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

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

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] Real users, page views and spent time on the basis of Megapanel PBI/Gemius, cover Internet users age 7 years and above, connecting to Internet from the territory of Poland and include only Internet domains registered on Agora S.A. in Gemius S.A. Registry of Service Providers. Real users data of the Gazeta.pl group services are audited by Gemius SA.

From April 2013 new rules apply combining sites in a group of publishers. According to the new rules Gazeta.pl Group covers only websites assigned to Agora SA by the Gemius S.A. in the Registry of Service Providers and thus the results are not comparable with previous periods. From April 2013 changed the method for calculating the rate of users (real users) - the cookies from the mobile devices have been deducted from the basis of estimation. New User Index (real users) correspond to new page views indicators and new spent time indicators (from non-mobile devices), not found in the study prior to April 2013.

[7] Average paid circulation of monthlies is based on the Agora's own data. Rate card data on magazines obtained from Kantar Media monitoring (previously Expert Monitor); commercial brand advertising and promotional texts, excluding specialized monthlies; accounted for 116 monthlies and 76 other periodicals; together 192 titles for the period of January-December 2013.

[8] Source: report on sales of outdoor companies prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) which include: AMS S.A., Business Consulting, CAM Media, Cityboard Media, Clear Channel Poland, Defi Poland, Gigaboard Polska, JETline, Liftboards, Mini Media, Ströer Out of home and Warexpo. The report is prepared on the basis of the financials provided by member companies of IGRZ. The reports for the outdoor market (defined by IGRZ as 'the out-of-home market'), include immovable, mobile and digital outdoor advertising.

[9] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from October to December (sample for 2012: 21,048; sample for 2013: 21,069.); from January to December (sample for 2012: 84,219; sample for 2013: 84,194).

[10] The data on cinema ticket sales are estimates of Helios group prepared on the basis of data received from Boxoffice.pl (based on reports submitted by distributors of film copies). Cinema ticket sales are reported for periods, which do not cover a calendar month, quarter or year. The number of tickets sold in the given period is calculated from the first Friday of a given month, quarter or year until the first Thursday of the next reporting month, quarter or year.

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

In the current report published on December 18, 2013 the Company informed that on December 18, 2013 consortium AMS S.A. (AMS) - Ströer Polska Sp. z o.o. (Ströer) concluded a concession contract, with the capital city of Warsaw, represented by Public Transport Authority of Warsaw, for construction and utilization of bus shelters in Warsaw (Concession Contract).

The parties of the consortium AMS - Ströer decided that AMS, a subsidiary company of Agora S.A., shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters.

The subject of the Concession Contract is construction of 1,580 bus shelters in Warsaw. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelter construction, according to the capital city of Warsaw, amounts to PLN 80 million.

According to the Concession Contract, not less than:

- 180 bus shelters shall be constructed in 2014,
- 720 bus shelters shall be constructed in 2015,
- 680 bus shelters shall be constructed in 2016.

The investment shall be financed from AMS' financial resources.

Changes in subsidiaries

On December 9, 2013, the Company disposed 100% rights to the company LLC Agora Ukraine with its registered seat in Kiev. On December 10, 2013 the registered Court in Kiev registered the statutes change of LLC Agora Ukraine. As a result of the transaction Agora S.A. has no rights to LLC Agora Ukraine.

On December 14, 2013, the District Court for the capital city of Warsaw, XIII KRS Commercial Division registered the increase of the share capital of the company Sir Local sp. z o.o. by 1,840 new shares with nominal value of PLN 50 per share (in total PLN 92 thousand). Agora S.A. covered 1,360 new shares with PLN 1,400 thousand contribution. After the share capital increase it amounts to PLN 97 thousand and is divided into 1,940 shares with nominal value of PLN 50 per share. After the share capital increase, Agora S.A. owns 1,360 shares which translates into 70.1% of the company's share capital and 70.1% of votes at shareholders' meeting.

On December 23, 2013, the meeting of shareholders of Agora-Poligrafia sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 500 per share (in total PLN 500 thousand). Agora S.A. covered 1,000 new shares with PLN 3,500 thousand contribution. After the share capital increase it amounts to PLN 1 500 thousand and is divided into 3,000 shares with nominal value of PLN 500 per share. After the share capital increase, Agora S.A. owns 3,000 shares which translates into 100% of the company's share capital and 100% of votes at shareholders' meeting.

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE FOURTH QUARTER OF 2013 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 21

a. shares	as of 31 December 2013	*decrease*	*increase*	as of 30 September 2013
Wanda Rapaczynski	924,616	-	-	924,616
Bartosz Hojka	0	-	-	0
Tomasz Jagiello	0	-	-	0
Grzegorz Kossakowski	44,451	-	-	44,451
Robert Musial	1,233	-	-	1,233

b. shares	as of 3 March 2014	*decrease*	*increase*	as of 31 December 2013
Wanda Rapaczynski	924,616	-	-	924,616
Bartosz Hojka	0	-	-	0
Tomasz Jagiello	0	-	-	0
Grzegorz Kossakowski	44,451	-	-	44,451
Robert Musial	1,233	-	-	1,233

In the described periods, the members of the Management Board did not have any other rights to shares (e.g. options).

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

3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE FOURTH QUARTER OF 2013 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 22

a. shares	as of 31 December 2013	*decrease*	*increase*	as of 30 September 2013
Slawomir S. Sikora	0	-	-	0
Tomasz Sielicki	33	-	-	33
Andrzej Szlezak	0	-	-	0
Dariusz Formela	0	-	-	0
Helena Luczywo	558,998	-	-	558,998
b. shares	as of 3 March 2014	*decrease*	*increase*	as of 31 December 2013
Slawomir S. Sikora	0	-	-	0
Tomasz Sielicki	33	-	-	33
Andrzej Szlezak	0	-	-	0
Dariusz Formela	0	-	-	0
Helena Luczywo	558,998	-	-	558,998

In the described periods, the members of the Supervisory Board did not have any other rights to shares (e.g. options).

4. SHAREHOLDERS ENTITLED TO EXERCISE OVER 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING OF AGORA S.A., EITHER DIRECTLY OR THROUGH AFFILIATES AS OF THE DATE OF PUBLICATION OF THE QUARTERLY REPORT

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 the Company.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, as of the day of publication of previous quarterly report (i.e. November 14, 2013), the shareholding structure has not changed significantly until the day of publication of this quarterly report.

According to the above-mentioned, as of the day of publication of this quarterly report the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

Tab. 23

	No. of shares	*% of share capital*	no. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance with the last notification obtained on January 4, 2013)*	5,401,852	*10.60*	22,528,252	*33.10*
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	*14.91*	7,594,611	11.16
incl. Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 13, 2013)*	6,808,508	*13.37*	6,808,508	*10.003*

5. OTHER INFORMATION

The Management Board's statement of the possible realization of forecasts

The Management Board did not publish any forecasts of financial results and because of that this report does not present any Management Board's statement of the possible forecast execution.

Changes in contingences

Any changes in contingencies since the date of closing of the last financial year were described in note 8 to the condensed interim consolidated financial statements presented in this report.

Related party transactions

Transactions with related parties with the Group are described in note 11 to the condensed interim consolidated financial statements presented in this report. All transactions carried out between related parties are of routine nature.

Conclusion of the loan agreement with Stopklatka S.A.

On December 19, 2013 the Company and Stopklatka S.A. with its registered seat in Warsaw concluded the loan agreement on market terms ('the Agreement"). Pursuant to the Agreement the Company granted Stopklatka S.A. a loan in the amount of PLN 2,500,000.00. The intereset rate of the loan is fixed at WIBOR 3M rate increased by 1.5% per annum. The parties of the contract agreed that repayment of the loan with the interest shall be made by the way of a single repayment, no later than on July 31, 2014. The borrower may pay all or part of the loan before the deadline indicated in the Agreement. On December 19, 2013 the Company and Kino Polska TV S.A. concluded the guarantee agreeement which constitutes the legal security of the repayment of the loan. Under above agreement Kino Polska TV S.A. guaranteed that - in case of default by Stopklatka S.A. in repayment of all or part of the loan amount within the period stipulated in the Agreement – it will pay the outstanding amount of the loan with interest due. The guarantee amounts to PLN 2,600,000.00.

AGORA GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2013 and for 3 and 12 month period ended thereon

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Assets			
Non-current assets:			
Intangible assets	417,216	410,210	422,061
Property, plant and equipment	724,636	738,949	765,665
Investments	163	223	150
Investments in equity accounted investees	11,835	11,798	11,718
Receivables and prepayments	44,926	5,111	5,481
Deferred tax assets	5,211	6,714	4,208
	1,203,987	**1,173,005**	**1,209,283**
Current assets:			
Inventories	25,846	23,543	22,488
Accounts receivable and prepayments	233,940	222,082	242,813
Income tax receivable	3,874	3,205	4,544
Short-term securities and other financial assets	75,656	125,502	32,774
Cash and cash equivalents	99,554	87,910	190,917
	438,870	**462,242**	**493,536**
Total assets	**1,642,857**	**1,635,247**	**1,702,819**

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013 (CONTINUED)

	Note	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Equity and liabilities				
Equity attributable to equity holders of the parent:				
Share capital		50,937	50,937	50,937
Share premium		147,192	147,192	147,192
Translation reserve		-	(166)	(161)
Retained earnings and other reserves		991,445	981,890	990,403
		1,189,574	**1,179,853**	**1,188,371**
Non-controlling interest		**18,021**	**15,926**	**17,679**
Total equity		**1,207,595**	**1,195,779**	**1,206,050**
Non-current liabilities:				
Deferred tax liabilities		41,634	41,161	40,964
Long-term borrowings	3	78,004	77,877	99,377
Other financial liabilities		27,592	26,609	26,609
Retirement severance provision		2,289	2,253	2,099
Provisions		88	120	-
Deferred revenues and accruals		5,340	2,767	2,142
		154,947	**150,787**	**171,191**
Current liabilities:				
Retirement severance provision		162	154	135
Accounts payable		146,679	128,046	146,858
Income tax liabilities		491	627	495
Short-term borrowings	3	67,859	92,464	103,005
Other financial liabilities		-	11	73
Provisions		3,584	5,287	10,219
Deferred revenues and accruals		61,540	62,092	64,793
		280,315	**288,681**	**325,578**
Total equity and liabilities		**1,642,857**	**1,635,247**	**1,702,819**

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

CONSOLIDATED INCOME STATEMENT FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Note	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Sales	4	300,288	1,073,935	309,545	1,138,588
Cost of sales		(203,679)	(752,494)	(205,409)	(792,745)
Gross profit		**96,609**	**321,441**	**104,136**	**345,843**
Selling expenses		(54,089)	(199,639)	(56,008)	(221,794)
Administrative expenses		(31,657)	(114,408)	(31,126)	(115,432)
Other operating income		13,156	24,657	8,562	23,231
Other operating expenses		(8,718)	(24,670)	(28,664)	(44,933)
Operating profit/(loss)	4	**15,301**	**7,381**	**(3,100)**	**(13,085)**
Finance income		2,866	8,910	5,703	17,212
Finance costs		(2,749)	(11,196)	(3,725)	(13,940)
Share of results of equity accounted investees		37	(223)	(100)	(332)
Profit/(loss) before income taxes		**15,455**	**4,872**	**(1,222)**	**(10,145)**
Income tax		(3,236)	(3,693)	1,787	2,040
Net profit/(loss) for the period		**12,219**	**1,179**	**565**	**(8,105)**
Attributable to:					
Equity holders of the parent		10,392	460	(143)	(9,035)
Non-controlling interest		1,827	719	708	930
		12,219	**1,179**	**565**	**(8,105)**
Basic/diluted earnings per share (in PLN)		0.20	0.01	(0.003)	(0.18)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Net profit/(loss) for the period	**12,219**	**1,179**	**565**	**(8,105)**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans	185	185	-	-
Income tax effect	(35)	(35)	-	-
	150	150	-	-
Items that will be reclassified to profit or loss				
Exchange differences on translating foreign operations	(42)	(47)	126	(47)
Reclassification to profit and loss on disposal of subsidiary	208	208	-	-
	166	161	126	(47)
Other comprehensive income for the period	**316**	**311**	**126**	**(47)**
Total comprehensive income for the period	**12,535**	**1,490**	**691**	**(8,152)**
Attributable to:				
Shareholders of the parent	10,704	767	(17)	(9,082)
Non-controlling interests	1,831	723	708	930
	12,535	**1,490**	**691**	**(8,152)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Attributable to equity holders of the parent						
	Share capital	Share premium	Foreign currency translation reserve	Retained earnings and other reserves	Total	**Non-controlling interest**	**Total equity**
Three months ended 31 December 2013							
As at 30 September 2013 unaudited	**50,937**	**147,192**	**(166)**	**981,890**	**1,179,853**	**15,926**	**1,195,779**
Total comprehensive income for the period							
Net profit for the period	-	-	-	10,392	10,392	1,827	12,219
Other comprehensive income	-	-	166	146	312	4	316
Total comprehensive income for the period	**-**	**-**	**166**	**10,538**	**10,704**	**1,831**	**12,535**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in ownership interests in subsidiaries							
Recognition of put option granted to non-controlling interests (note 13)	-	-	-	(983)	(983)	-	(983)
Additional contribution of non-controlling shareholders	-	-	-	-	-	264	264
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(983)**	**(983)**	**264**	**(719)**
Total transactions with owners	**-**	**-**	**-**	**(983)**	**(983)**	**264**	**(719)**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**-**	**991,445**	**1,189,574**	**18,021**	**1,207,595**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

	Attributable to equity holders of the parent						
	Share capital	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2013							
As at 31 December 2012 audited	**50,937**	**147,192**	**(161)**	**990,403**	**1,188,371**	**17,679**	**1,206,050**
Total comprehensive income for the period							
Net profit for the period	-	-	-	460	460	719	1,179
Other comprehensive income	-	-	161	146	307	4	311
Total comprehensive income for the period	**-**	**-**	**161**	**606**	**767**	**723**	**1,490**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	1,397	1,397	-	1,397
Dividends of subsidiaries	-	-	-	-	-	(666)	(666)
Other	-	-	-	(2)	(2)	-	(2)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**1,395**	**1,395**	**(666)**	**729**
Changes in ownership interests in subsidiaries							
Recognition of put option granted to non-controlling interests (note 13)	-	-	-	(983)	(983)	-	(983)
Additional contribution of non-controlling shareholders	-	-	-	24	24	285	309
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(959)**	**(959)**	**285**	**(674)**
Total transactions with owners	**-**	**-**	**-**	**436**	**436**	**(381)**	**55**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**-**	**991,445**	**1,189,574**	**18,021**	**1,207,595**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013 (CONTINUED)

	Attributable to equity holders of the parent						
	Share capital	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2012							
As at 31 December 2011 audited	**50,937**	**147,192**	**(114)**	**1,048,049**	**1,246,064**	**17,253**	**1,263,317**
Total comprehensive income for the period							
Net profit/(loss) for the period	-	-	-	(9,035)	(9,035)	930	(8,105)
Other comprehensive income	-	-	(47)	-	(47)	-	(47)
Total comprehensive income for the period	**-**	**-**	**(47)**	**(9,035)**	**(9,082)**	**930**	**(8,152)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	2,460	2,460	-	2,460
Dividends declared	-	-	-	(50,937)	(50,937)	-	(50,937)
Dividends of subsidiaries	-	-	-	-	-	(504)	(504)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**(48,477)**	**(48,477)**	**(504)**	**(48,981)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(73)	(73)	-	(73)
Adjustment from consolidation of a subsidiary previously not consolidated	-	-	-	(61)	(61)	-	(61)
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(134)**	**(134)**	**-**	**(134)**
Total transactions with owners	**-**	**-**	**-**	**(48,611)**	**(48,611)**	**(504)**	**(49,115)**
As at 31 December 2012 audited	**50,937**	**147,192**	**(161)**	**990,403**	**1,188,371**	**17,679**	**1,206,050**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2013

	Note	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Cash flows from operating activities					
Profit/(loss) before income taxes		**15,455**	**4,872**	**(1,222)**	**(10,145)**
Adjustments for:					
Share of results of equity accounted investees		(37)	223	100	332
Depreciation of property, plant and equipment		20,647	82,263	19,837	78,726
Amortization of intangible assets		3,008	13,825	4,112	15,064
Foreign exchange (gain) /loss		(97)	98	(35)	(505)
Interest, net		1,785	8,996	3,100	12,326
(Profit) / loss on investing activities		370	(178)	17,190	11,703
(Decrease) / increase in provisions		(1,691)	(6,330)	(4,968)	3,558
(Increase) / decrease in inventories		(2,304)	(3,359)	(520)	6,721
(Increase) / decrease in receivables and prepayments		(11,745)	9,049	(10,698)	2,011
(Decrease) / increase in payables		15,752	8,581	4,527	(29,022)
(Decrease) / increase in deferred revenues and accruals		(1,946)	(3,671)	2,603	5,891
Other adjustments (1)		914	2,438	264	1,924
Cash generated from operations		**40,111**	**116,807**	**34,290**	**98,584**
Income taxes paid		(2,200)	(7,339)	(1,670)	(6,578)
Net cash from operating activities		**37,911**	**109,468**	**32,620**	**92,006**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment and intangibles		8,342	27,261	12,967	21,417
Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities		2	2	412	650
Interest received		895	1,032	2,894	5,772
Disposal of short-term securities		54,862	103,950	89,125	275,109
Other inflows		-	-	-	68
Purchase of property plant and equipment and intangibles		(19,812)	(68,788)	(32,643)	(110,142)

	Note	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Acquisition of subsidiaries (net of cash acquired), associates and jointly controlled entities		-	(340)	(200)	(400)
Acquisition of short-term securities		-	(140,100)	-	(107,029)
Loans granted		(3,799)	(3,899)	-	-
Other outflows	8	(40,000)	(40,000)	-	-
Net cash used in investing activities		**490**	**(120,882)**	**72,555**	**85,445**
Cash flows from financing activities					
Proceeds from borrowings		2,779	16,502	11,886	32,007
Other		8	8	-	-
Acquisition of non-controlling interest		-	-	-	(73)
Dividends paid to equity holders of the parent		-	-	-	(50,937)
Dividends paid to non-controlling shareholders		-	(666)	-	(504)
Repayment of borrowings		(23,537)	(70,378)	(15,238)	(64,615)
Payment of finance lease liabilities		(4,087)	(15,838)	(3,333)	(13,928)
Interest paid		(1,783)	(9,042)	(3,736)	(13,047)
Other		(137)	(535)	(465)	(942)
Net cash used in financing activities		**(26,757)**	**(79,949)**	**(10,886)**	**(112,039)**
Net increase / (decrease) in cash and cash equivalents		**11,644**	**(91,363)**	**94,289**	**65,412**
Cash and cash equivalents					
At start of period		87,910	190,917	96,628	125,505
At end of period		99,554	99,554	190,917	190,917

(1) "other adjustments" include mainly non-cash share-based payment costs and commissions on bank loans.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 AND FOR 3 AND 12 MONTHS PERIOD ENDED THEREON

1. GENERAL INFORMATION

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally produces, sells and promotes daily newspapers (including *Gazeta Wyborcza*) and carries out the Internet activity. The Company is active in cinema segment through its subsidiaries Helios S.A. and Next Film Sp. z o.o. ("Helios group") and in the outdoor segment through an acquired subsidiary, AMS S.A. ("AMS"). Addtionally, the Company controls 5 radio broadcasting companies and is active as a publisher in magazine and periodical segment.

As at 31 December 2013 the Agora Group ("the Group") comprised: the parent company Agora S.A., and 15 subsidiaries. Additionally, the Group holds shares in three associates (GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o and Instytut Badan Outdooru IBO Sp. z o.o.). The Group carries out activity in all major cities of Poland and till December 10, 2013 in Ukraine – through LLC Agora Ukraine. Financial statements were prepared as at and for three and twelve months ended 31 December 2013, with comparative figures presented as at 30 September 2013, 31 December 2012, and as at and for three and twelve months ended 31 December 2012.

The financial statements were authorized for issue by the Management Board of Agora S.A. on March 3, 2014.

2. STATEMENT OF COMPLIANCE

The Consolidated Balance Sheet as of 31 December 2013, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for three and twelve months ended 31 December 2013 have not been audited. The Consolidated Financial Statements as at and for twelve months ended 31 December 2012 have been audited by an independent auditor who issued an unqualified opinion.

The Condensed Interim Financial Statements have been prepared under International Accounting Standard 34 "Interim Financial Reporting", according to art. 55 point 5 and art. 45 point 1a-1c of Accounting Act (Official Journal from 2013, item 330 with subsequent amendments), regulations issued based on that Act and the Decree of Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with subsequent amendments).

In the preparation of these condensed interim consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at December 31, 2012, except for the changes described below. The condensed interim consolidated financial statements as for December 31, 2013 should be read together with the audited consolidated financial statements as at December 31, 2012.

For the Group's financial statements for the year started with January 1, 2013 the following amendments to existing standards, which were endorsed by the European Union, are effective:

1) Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income;*
2) IAS 19 (2011) *Employee Benefits;*
3) Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities;*
4) Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First – time Adopters;*
5) IFRS 13 *Fair Value Measurement Entities;*
6) Amendments to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets;*
7) IFRIC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine;*
8) Amendments to IFRS 1 *First-time adopters - Government Loans;*
9) *Improvements to IFRS (2009-2011).*

The application of the amendments to IAS 1 resulted in presenting the foreign currency translation reserve in the consolidated statement of comprehensive income as an item that may be reclassified to profit or loss in the future.

The application of the amendments to IAS 19 results in recognizing the actuarial gains and losses related to the revaluation of the retirement severance provision in the consolidated statement of comprehensive income. Due to an immaterial impact of this change on comparative information, the Group did not restate the comparative amounts.

As a result of IFRS 13, the Group made additional disclosures related to fair value in its condensed interim financial statements as required by IAS 34, which was changed in this respect, when the IFRS 13 became effective. Apart from that, according to the Group the standard has no material impact on the consolidated financial statements since the methods and assumptions currently used to measure the fair value of assets are consistent with the standard.

According to the Group assessment, the amendments to other standards have no material impact on the consolidated financial statements.

3. LONG-TERM AND SHORT-TERM BORROWINGS

As at 31 December 2013, the Company had up a long-term loan facility on the basis of the credit line agreement dated 5 April 2002 available from Bank Pekao S.A. (with subsequent annexes). In accordance with the annex signed May 28, 2013, the amount of loan facility has changed and is equal to PLN 247,817 thousand. On October 5, 2010 the Company drew a PLN 104,900 thousand to refinance the acquisition of Helios S.A. As at December 31, 2013, the loan liability amounted to PLN 43,195 thousand, including PLN 8,652thousand presented in the non-current part. The Company is able to use the open credit line up to PLN 100,000 thousand till May 31, 2014.

As at 31 December 2013, external debt of the Helios group (Helios S.A. and from September 14, 2012 Next Film Sp. z o.o.) including bank loans and finance lease liabilities amounted to PLN 102,668 thousand. This amount consisted of:

- PLN 47,149 thousand of bank loans (including PLN 30,768 thousand presented in non-current);
- PLN 55,519 thousand of finance lease liabilities (including PLN 38,584 thousand presented in non-current part) - connected mainly with finance leasing of the cinema equipment and cars.

Due to the breach of some of the financial covenants defined in loan agreements, Helios S.A. presented part of its long-term debt as current liabilities. Until the date of publication of these condensed interim consolidated financial statements the bank loans of Helios S.A. has not been put on demand.

4. SALES AND SEGMENT INFORMATION

In these condensed interim consolidated financial statements, in accordance with IFRS 8 *Operating segments,* information on operating segments are presented on the basis of components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity, about which separate financial information is available, that is evaluated regularly by the chief operating decision maker in the process of decision making regarding allocation of resources and assessing the performance of the Group.

For management purposes, the Group is organized into business units based on their products and services, and has six reportable operating segments as follows:

1) the *Newspapers* segment includes the Group's following activities: Special Projects (including book collections) and publishing of *Gazeta Wyborcza* as well as *Metro (*including operating activities of the Agora's Printing Department and Agora Poligrafia Sp. z o.o., which print also these two newspapers),

2) the *Cinema* segment includes the Group's activities within the cinema management of Helios S.A. and film distribution activities of Next Film Sp. z o.o. comprising multiplexes as well as traditional cinemas.,

3) the *Outdoor* segment includes the activities within the AMS Group, which provides advertising services on different forms of outdoor advertising panels,

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services, the Agora's Internet department, Trader.com (Polska) Sp. z o.o., LLC Agora Ukraine (till December 10, 2013), AdTaily Sp. z o.o. and Sport4People Sp. z o.o. and Sir Local Sp. z o.o. (from December 1, 2013),

5) the *Radio* segment includes the Group's activities within local radio stations, super-regional *TOK FM* radio and Agora's Radio Department,

6) the *Magazines* segment comprises the Group's activities on publishing the magazines within Agora's Magazine Department,

Accounting policies for operating segments are the same as followed by the Agora Group, besides some issues described below.

Data within each reportable segment are consolidated pro-forma. The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Operating results of reportable segments do not include:

a) revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments,

b) amortisation recognised on consolidation (described below).

Group financing (including finance costs and finance revenue) and income tax are managed on a Group level and are not allocated to operating segments.

Transfer prices between operating segments are set on the market basis in the manner similar to transactions with third parties.

Reconciling positions show data not included in particular segments, inter alia: other revenues and costs of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board, Agora TC Sp. z o.o., intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

Operating depreciation and amortisation includes amortisation of intangible assets and fixed assets of each segment.

Amortisation recognised on consolidation can be defined as consolidation adjustments, inter alia: the amortisation of intangible assets and adjustments to property, plant and equipment recognised directly on consolidation.

Impairment losses and reversals of impairment losses show impairment losses and their reversals presented in other operating expenses and income.

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for three and twelve months ended 31 December 2013 and 31 December 2012 relate to A2 Multimedia Sp. z o.o. (till January 31, 2012), Business Ad Network Sp. z o.o. (till December 14, 2012), GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o (from December 1, 2012) and Instytut Badan Outdooru Sp. z o.o. (from June 1, 2013 r.).

Capital expenditure consists of additions based on the invoices booked in the reported period (purchases of intangible and fixed assets).

The Agora Group does not present geographical reporting segments, because the business activities carried out in the Ukraine till December 10, 2013 did not have material impact on the financial statements of the Group as a whole.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2013							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	130,863	63,145	41,765	28,622	24,325	10,277	1,291	300,288
Intersegment revenues (2)	2,827	3,760	1,625	1,351	1,732	20	(11,315)	-
Total revenues	**133,690**	**66,905**	**43,390**	**29,973**	**26,057**	**10,297**	**(10,024)**	**300,288**
Total operating cost (1), (2), (3)	**(124,066)**	**(55,857)**	**(38,348)**	**(23,173)**	**(21,784)**	**(11,461)**	**(10,298)**	**(284,987)**
Operating profit / (loss) (1)	**9,624**	**11,048**	**5,042**	**6,800**	**4,273**	**(1,164)**	**(20,322)**	**15,301**
Net finance income and cost							117	117
Share of results of equity accounted investees	(21)	-	(26)	84	-	-	-	37
Income tax expense							(3,236)	(3,236)
Net profit								**12,219**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 22,721 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2013							
	Newspapers	**Cinema (3)**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(6,604)	(6,366)	(4,141)	(1,109)	(605)	(42)	(4,450)	(23,317)
Amortisation recognised on consolidation (1)	-	(135)	-	(267)	-	-	64	(338)
Impairment losses	(2,177)	(2,849)	(1,172)	(660)	(342)	(83)	(92)	(7,375)
Reversals of impairment losses	1,403	13	305	891	312	115	2	3,041
Equity-settled share-based payments	-	-	-	-	-	-	-	-
Capital expenditure (2)	5,697	(436)	4,772	1,769	4,462	25	4,167	20,456

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period, in case of Cinema segment the capital expenditure were decreased by the value of the expenditure, which, in the fourth quarter of 2013, were sold to the owners of the facilities, in which the Helios cinemas are located;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 320 thousand.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2013							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	479,746	209,417	150,360	106,998	78,354	44,047	5,013	1,073,935
Intersegment revenues (2)	13,039	10,311	3,146	4,404	4,739	49	(35,688)	-
Total revenues	**492,785**	**219,728**	**153,506**	**111,402**	**83,093**	**44,096**	**(30,675)**	**1,073,935**
Total operating cost (1), (2), (3)	**(441,441)**	**(213,019)**	**(149,709)**	**(94,165)**	**(78,310)**	**(41,465)**	**(48,445)**	**(1,066,554)**
Operating profit / (loss) (1)	**51,344**	**6,709**	**3,797**	**17,237**	**4,783**	**2,631**	**(79,120)**	**7,381**
Net finance income and cost							(2,286)	(2,286)
Share of results of equity accounted investees	(28)	-	(26)	(169)	-	-	-	(223)
Income tax							(3,693)	(3,693)
Net profit								**1,179**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 88,393 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2013							
	Newspapers	Cinema (3)	Outdoor	Internet	Radio	Magazines	Reconciling positions	Total
Operating depreciation and amortisation	(27,044)	(24,811)	(16,885)	(4,602)	(2,389)	(161)	(18,142)	(94,034)
Amortisation recognised on consolidation (1)	-	(539)	-	(1,769)	-	-	254	(2,054)
Impairment losses	(8,006)	(2,901)	(3,395)	(2,039)	(1,250)	(647)	(199)	(18,437)
Reversals of impairment losses	5,051	41	1,263	1,497	791	420	5	9,068
Equity-settled share-based payments	(606)	-	(119)	(135)	(93)	(55)	(389)	(1,397)
Capital expenditure (2)	8,070	22,484	12,658	5,587	7,282	3,156	11,858	71,095

	As at 31 December 2013							
	Newspapers	Cinema	Outdoor	Internet	Radio	Magazines	Reconciling positions (4)	Total
Property, plant and equipment and intangible assets	273,922	286,103	243,070	53,891	71,561	41,220	172,085	1,141,852
Investments in associates and joint ventures accounted for by the equity method	469	-	214	11,152	-	-	-	11,835

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period, in case of Cinema segment the capital expenditure were decreased by the value of the expenditure, which, in the fourth quarter of 2013, were sold to the owners of the facilities, in which the Helios cinemas are located;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 8,690 thousand;
(4) *reconciling positions* include mainly Company's headquarter (PLN 124,368 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2012							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	137,121	58,964	44,423	30,217	23,171	14,444	1,205	309,545
Intersegment revenues (2)	1,879	3,011	2,248	1,111	1,456	397	(10,102)	-
Total revenues	**139,000**	**61,975**	**46,671**	**31,328**	**24,627**	**14,841**	**(8,897)**	**309,545**
Total operating cost (1), (2), (3)	**(122,506)**	**(57,094)**	**(42,258)**	**(28,223)**	**(21,612)**	**(25,282)**	**(15,670)**	**(312,645)**
Operating profit (loss) (1)	**16,494**	**4,881**	**4,413**	**3,105**	**3,015**	**(10,441)**	**(24,567)**	**(3,100)**
Net finance income and cost							1,978	1,978
Share of results of equity accounted investees	(3)	-	-	(97)	-	-	-	(100)
Income tax expense							1,787	1,787
Net profit								**565**

(1) segments do not include amortisation recognised on consolidation, which is presented in matching positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 23,798 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 December 2012							
	Newspapers	**Cinema (4)**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(7,152)	(5,310)	(4,410)	(1,356)	(765)	(41)	(4,225)	(23,259)
Amortisation recognised on consolidation (1)	-	(135)	-	(618)	-	-	63	(690)
Impairment losses (2)	(6,216)	(188)	(1,200)	(5,127)	(727)	(12,799)	(245)	(26,502)
Reversals of impairment losses	3,031	7	824	446	308	151	6	4,773
Equity-settled share-based payments	(303)	-	(59)	(67)	(46)	(28)	(196)	(699)
Capital expenditure (3)	4,324	26,341	3,418	1,200	1,144	(3)	17,942	54,366

(1) is not presented in operating result of the Group's segments;
(2) including in the Internet segment impairment loss on press title Autobit and a part of goodwill recognized on Sport4People Sp. z o.o.;
(3) based on invoices booked in the period;
(4) capital expenditure include lease property, plant and equipment in the amount of PLN 16,236 thousand.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2012							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	519,660	196,748	158,505	110,319	83,611	64,394	5,351	1,138,588
Intersegment revenues (2)	8,084	8,290	3,552	3,690	4,487	556	(28,659)	-
Total revenues	**527,744**	**205,038**	**162,057**	**114,009**	**88,098**	**64,950**	**(23,308)**	**1,138,588**
Total operating cost (1), (2), (3)	**(465,397)**	**(198,964)**	**(157,881)**	**(106,637)**	**(85,339)**	**(72,667)**	**(64,788)**	**(1,151,673)**
Operating profit/(loss) (1)	**62,347**	**6,074**	**4,176**	**7,372**	**2,759**	**(7,717)**	**(88,096)**	**(13,085)**
Net finance income and cost							3,272	3,272
Share of results of equity accounted investees	(3)	-	-	(329)				(332)
Income tax							2,040	2,040
Net loss								**(8,105)**

(1) segments do not include amortisation recognised on consolidation, which is presented in matching positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 92,882 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Twelve months ended 31 December 2012							
	Newspapers	Cinema (4)	Outdoor	Internet	Radio	Magazines	Reconciling positions	Total
Operating depreciation and amortisation	(28,090)	(19,702)	(18,073)	(5,530)	(2,734)	(145)	(16,487)	(90,761)
Amortisation recognised on consolidation (1)	-	(539)	-	(2,744)	-	-	254	(3,029)
Impairment losses (2)	(11,751)	(213)	(4,298)	(6,567)	(1,728)	(13,164)	(563)	(38,284)
Reversals of impairment losses	7,389	54	2,741	1,417	1,073	409	82	13,165
Equity-settled share-based payments	(1,080)	-	(196)	(197)	(148)	(94)	(745)	(2,460)
Capital expenditure (3)	18,380	66,692	10,750	6,179	4,381	243	21,242	127,867

	As at 31 December 2012							
	Newspapers	Cinema (4)	Outdoor	Internet	Radio	Magazines	Reconciling positions (5)	Total
Property, plant and equipment and intangible assets	280,512	274,446	252,897	67,565	66,701	49,868	195,737	1,187,726
Investments in associates and joint ventures accounted for by the equity method	397	-	-	11,321	-	-	-	11,718

(1) is not presented in operating result of the Group's segments;
(2) including in the Internet segment impairment loss on press title Autobit and a part of goodwill recognized on Sport4People Sp. z o.o.;
(3) based on invoices booked in the period;
(4) capital expenditure include lease property, plant and equipment in the amount of PLN 28,167 thousand;
(5) *reconciling positions* include mainly Company's headquarter (PLN 130,303 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

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

A. Incentive Plan based on equity-settled share-based payments,

B. Incentive Plans based on realization of operating result goal and share price increase.

A. Incentive plan based on equity-settled share-based payments (carried out from 2005)

Eligible employees participated in an incentive plan based on investment certificates in a closed end mutual fund designated to service the plan and managed by Towarzystwo Funduszy Inwestycyjnych Skarbiec SA.

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

Detailed information on Incentive Plans for 2012 and 2011 were presented in the consolidated financial statements for the year 2012 and 2011 respectively.

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

	Three months ended 31 December 2013	Twelve months ended 31 December 2013	Three months ended 31 December 2012	Twelve months ended 31 December 2012
Income statement – staff cost	-	1,397	699	2,460
Other reserves	-	1,397	699	2,460

The impact on the financial statements of the Group described above, results in 2013 from the recognition of the plan carried out in 2012; in 2012 – from the recognition of the plans carried out in 2011. In the first half of 2013, the Group ended the realization of incentive plans based on investment certificates.

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 S.A.):

	Three months ended 31 December 2013	Twelve months ended 31 December 2013	Three months ended 31 December 2012	Twelve months ended 31 December 2012
At the beginning of the period	-	290,568	-	333,101
Granted	-	-	290,568	290,568
Forfeited	-	(1,760)	-	(2,884)
Vested	-	(288,808)	-	(330,217)
At the end of the period	**-**	**-**	**290,568**	**290,568**

Investment certificates acquired by the Management Board of Agora S.A. (number of certificates):

	As at 31 December 2013	Vested in 2013	Forfeited in 2013	Granted in 2013	As at 31 December 2012
Incentive plan 2012 (O series)					
Piotr Niemczycki (1)	n/a	(5,454)	-	-	5,454
Zbigniew Bak (2)	n/a	(6,246)	-	-	6,246
Marek Jackiewicz (2)	n/a	(1,101)	-	-	1,101
Stanislaw Turnau (2)	n/a	(1,197)	-	-	1,197
Grzegorz Kossakowski	-	(4,685)	-	-	4,685
Wanda Rapaczynski (3)	-	-	-	-	n/a
Robert Musial (4)	-	-	-	-	n/a
Bartosz Hojka (4)	-	-	-	-	n/a
Tomasz Jagiello (4)	-	-	-	-	n/a
	-	**(18,683)**	**-**	**-**	**18,683**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;

(2) Zbigniew Bak, Marek Jackiewicz and Stanislaw Turnau were Members of the Management Board till June 28, 2013;

(3) Wanda Rapaczynski is a President of the Management Board from June 28, 2013;

(4) Robert Musial, Bartosz Hojka and Tomasz Jagiello are Members of the Management Board from June 28, 2013.

Vesting date and vesting period for purchased certificates:

Certificates	Vesting date	Vesting period	Time interval	No. of certificates
M	25 June 2012	9 months	October 2011 – June 2012	38,935
O	25 June 2013	9 months	October 2012 – June 2013	18,683

In the fourth quarter of 2013 there was no non-cash expense of the investment certificates acquired by the Management Board, recognised according to IFRS 2. Accumulatively, the non-cash expense amounted to PLN 90 thousand (in 2012: PLN 255 thousand).

B. Incentive plans based on realization of operating result goal and share price increase

In the period of 2010-2012, the eligible employees of the Company (the Management Board and top managers) participated in incentive program ("3-Year-Long Incentive Plan" for the period of 2010-2012) based on two components: the stage of realisation of the target based on the operating EBITDA of the Group ("the EBITDA target") and the percent of Company's share price increase ("the Target of Share Price Increase"), which are described in consolidated financial statements as at December 31, 2012.

The fair value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target. The fair value of the provision for the cost of potencial reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (*Cox, Ross, Rubinstein model*).

In accordance with its assumptions, 3-Year-Long Incentive Plan for the period of 2010-2012 was settled in cash in the second quarter of 2013. The realization of the plan resulted in the payment of PLN 3,048 thousand.

Starting from the third quarter 2013, eligible employees of the Company (Management Board members) participate in a new incentive program based on two components ("3-Year-Long Incentive Plan" for the period of 2013-2015) described below:

(i) the stage of realisation of the target based on the operating EBITDA of the Agora Group ("the EBITDA target"). The target is based on the accumulated operating EBITDA (excluding some adjustements, for example related to business combinations) to be reached in the years 2013-2015. The amount of potencial reward depends on the stage of the EBITDA target fulfillment and will be determined on the basis of the audited consolidated financial statements of the Agora Group for the period of 2013-2015. If the stage of achieving the target will be up to 70%, the EBITDA target is not satisfied and the reward will not be granted in this component of the 3-Year-Long Incentive Plan,

(ii) the percent of Company's share price increase ("the Target of Share Price Increase"). The amount of potential reward in this component of the 3-Year-Long Incentive Plan will depend on the average of the quoted closing Company's share prices in the period of January 1, 2016 till March 31, 2016 ("the Reference Share Price") adjusted by: (i) the accumulated dividend per one share, to which the shareholders will be eligible in the period of April 1, 2013 till March 31, 2016 and (ii) the adjustments resulting from the share-buy back program in the period of April 1, 2013 till March 31, 2016 ("the Share Price for Reward Calculation"). If the Share Price for Reward Calculation will be lower than PLN 9.9, the Target of Share Price Increase is not satisfied and the reward will not be granted in this component of the 3-Year-Long Incentive Plan.

The reward for 3-Year-Long Incentive Plan depends also on the fulfillment of other conditions, which are non-market conditions (for example: continuation of the employment within the Agora Group, holding the post of Management Board member).

The rules, goals, adjustments and conditions for 3-Year-Long Incentive Plan fulfillment for the Management Board members are described in the Supervisory Board resolution.

The fair value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target and is charged to the Income Statement over the whole period of the Incentive Plan, in proportion of the actual accumulated EBITDA operating level of the Group (excluding any adjustments) reached from January 1, 2013 till the balance sheet of the current financial statements in the estimated value of the operating EBITDA target.

The fair value of the provision for the cost of potencial reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date.
The value is charged to the Income Statement in proportion to the full period of the 3-Year-Long Incentive Plan, that is from December 1, 2013 (the grant date) till June 30, 2016 (the vesting date). The basic parameters of the Binomial Option Price Model used for calculation of the fair value of the potential reward from the realization of the Target of Share Price Increase and the cost to the Income statement of the Agora Group for the period, are described below:

the share price of Agora S.A. as at the present balance sheet date	PLN	9.79
volatility of the share price of Agora S.A. during the last 12 months	%	37.97
the Basic Share Price	PLN	9.00
Risk-free rate	%	2.16-3.01 (at the maturity date)

To estimate the fair values above, the probability ratio of the fullfilment by eligible employees of the non-market conditions mentioned above is equal to 75.0%.

Total impact of the new 3-Year-Long Incentive Plan on the current financial statements of the Agora Group:

	Three months ended 31 December 2013	Twelve months ended 31 December 2013
Income statement – staff cost	372	695
Income statement - deferred income tax	(71)	(132)
Liabilities: accruals - as at the end of the period	695	695
Deferred tax asset - as at the end of the period	132	132

The cost of the new 3-year-long Incentive Program concerning the Management Board of Agora S.A.:

	Three months ended 31 December 2013	Twelve months ended 31 December 2013
Bartosz Hojka	90	166
Tomasz Jagiello	90	166
Grzegorz Kossakowski	102	197
Robert Musial	90	166
Wanda Rapaczynski	-	-
Total	372	695

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2013 to December 31, 2013 the following changes in impairment losses were accounted (in brackets the amounts for the fourth quarter of 2013):

- impairment loss for receivables: increase by PLN 219 thousand (decrease by PLN 723 thousand),
- impairment loss for financial assets: increase by PLN 63 thousand (increase by PLN 63 thousand),
- impairment loss for inventory: increase by PLN 654 thousand (decrease by PLN 632 thousand),
- impairment loss for tangible assets and intangible assets: increase by PLN 1,717 thousand (increase by PLN 2,200 thousand).

Additionally in the period from January 1, 2013 to December 31, 2013 the following provisions were changed (in brackets the amounts for the fourth quarter of 2013):

- provision for penalties, interests and similar: decrease by PLN 1,070 thousand (decrease by PLN 1,204 thousand),
- provision for legal claims and similar: decrease by PLN 675 thousand (decrease by PLN 316 thousand),
- provision for the remuneration and severances for the former Management Board Members: increase in the amount of PLN 532 thousand (used in the amount of PLN 198 thousand),
- retirement severance provision: increase by PLN 217 thousand (increase by PLN 44 thousand),
- provision for group lay-offs: used in the amount of PLN 5,335 thousand (used in the amount of PLN 16 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. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 31 December 2013, the Group had contingencies, guarantees and other collaterals 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
			As at 31 December 2013	As at 31 December 2012	
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	30 Jun 2014 - 30 Apr 2016	343	517	-
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Urzad Miejski Wroclawia	AMS S.A.	31 May 2016	34	-	-
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	-
BRE Bank S.A.	AMS S.A.	16 Dec 2015	5,000	5,000	-
Zarzad Drog Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	-	-

The total amount of the contingencies, guarantees and other collaterals is smaller than 10% of the Group's equity.

Additionally, Helios S.A. issued blank promissory notes as collaterals for bank loan agreements and finance lease agreements and guarantees on rent agreements.

Moreover, AMS S.A. provided to the bank a cash deposit in the amount of PLN 40,000 thousand as a cash collateral securing the bank guarantee issued for the benefit of Ströer Polska Sp. z o.o. in relation to the concession contract (described in note 15). As at 31 December 2013, the deposit receivable is presented in the balance sheet within the non-current receivables.

Information on contingent liabilities related to legal disputes is described in note 9.

9. COURT CASES

As at December 31, 2013, the Group has not entered into litigation for claims or liabilities that in total exceed 10% of the Group's equity.

Additionally, the companies of the Group are a party of legal disputes in the amount of PLN 3,903 thousand as at December 31, 2013, in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

10. SEASONALITY

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

Cinema revenues are subject to seasonality – revenues earned in the second and third quarters are usually lower than in the first and fourth quarters.

11. RELATED-PARTY TRANSACTIONS

(a) Management Board and Supervisory Board remuneration

The remuneration of Management Board members of Agora S.A. amounted to PLN 4,388 thousand (twelve months ended December 31, 2012: PLN 3,049 thousand), including the one-off payments resulting from realization of 3-Year-Long Incentive Plan described in note 5.

The remuneration of Supervisory Board members of Agora S.A. amounted to PLN 397 thousand (twelve months ended December 31, 2012: PLN 396 thousand).

Management Board members and Supervisory Board members did not acquire Agora shares in the period of three and twelve months ended 31 December 2013 and 31 December 2012, respectively.

(b) Other related parties (not consolidated)

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

	Three months ended 31 December 2013	Twelve months ended 31 December 2013	Three months ended 31 December 2012	Twelve months ended 31 December 2012
Related companies				
Sales	808	939	663	2,938
Purchases of goods and services	(29)	(269)	(275)	(908)
Interest on loans payable	8	8	-	-
Other operating income	97	342	-	-

	As at 31 December 2013	As at 30 September 2013	As at 31 December 2012
Related companies			
Short-term receivables	1,034	81	79
Short-term liabilities	83	114	144
Loans granted	1,271	-	-

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

12. DESCRIPTION OF THE GROUP

The list of companies from the Group:

		% of shares held (effectively)	
	Subsidiaries consolidated	31 December 2013	30 September 2013
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	AMS S.A., Warsaw	100.0%	100.0%
3	IM 40 Sp. z o.o., Warsaw (1)	72.0%	72.0%
4	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
5	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%
6	Inforadio Sp. z o.o., Warsaw (1)	66.1%	66.1%
7	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
8	Radiowe Doradztwo Reklamowe Sp. z o.o. (RDR), Warsaw (1)	100.0%	100.0%
9	LLC Agora Ukraine, Kiev, Ukraine (4)	-	100.0%
10	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	100.0%
11	AdTaily Sp. z o.o., Cracow	76.7%	76.7%
12	Helios S.A., Lodz	82.8%	82.8%
13	Sport4People Sp. z o.o., Cracow	51.7%	51.7%
14	Next Film Sp. z o.o., Lodz (3)	82.8%	82.8%
15	Projekt Inwestycyjny Sp. z o.o., Warsaw (1)	70.0%	70.0%
16	Sir Local Sp. z o.o., Warsaw (5)	70.1%	-
	Associates accounted for the equity method		
17	GoldenLine Sp. z o.o., Warsaw	36.0%	36.0%
18	Online Technologies HR Sp. z o.o., Szczecin	33.3%	33.3%
19	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2)	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
20	Polskie Badania Internetu Sp. z o.o., Warsaw	15.8%	15.8%
21	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 S.A.;
(3) indirectly through Helios S.A.
(4) company sold on December 10, 2013;
(5) shares assumed on November 29, 2013.

13. BUSINESS COMBINATIONS

On December 9, 2013, the Company disposed 100% rights to the company LLC Agora Ukraine with its registered seat in Kiev. On December 10, 2013 the registered Court in Kiev registered the statutes change of LLC Agora Ukraine. As a result of the transaction Agora S.A. has no rights to LLC Agora Ukraine.

On November 29, 2013, the meeting of shareholders of the company Sir Local Sp. z o.o. ("Sir Local") adopted the resolution to increase the share capital by 1,840 new shares with nominal value of PLN 50 per share (in total PLN 92 thousand). Agora S.A. covered 1,360 new shares with PLN 1,400 thousand contribution. After the share capital increase it amounts to PLN 97 thousand and is divided into 1,940 shares with nominal value of PLN 50 per share. After the share capital increase, Agora S.A. owns 1,360 shares which translates into 70.1% of the company's share capital and 70.1% of votes at shareholders' meeting. The District Court for the capital city of Warsaw, XIII KRS Commercial Division registered the increase of the share capital of Sir Local on December 14, 2013. In the Agora Group, the company Sir Local will operate within the Internet segment. Before the share capital increase, the company did not carry out any operating activities.

Agora has also signed with the non-controlling shareholders of Sir Local sp. z o.o. an investment agreement, granting, inter alia, the conditional option rights for their remaining shares ("put options" as a liability to acquire these shares from them). Non-controlling shareholders holding put options have retained their rights to the economic benefits associated with the underlying shares. Put options granted to the non-controlling shareholders meet the definition of a financial liability and were recognised in the consolidated financial statements of Agora Group in the value of their estimated discounted redemption amount (PLN 983 thousand). At initial recognition the value of the put decreased other reserves (line item in the consolidated balance sheet of the Agora Group: Retained earnings and other reserves). Subsequent changes in the value of the liability will be recognised through the income statement.

On December 23, 2013, the meeting of shareholders of Agora-Poligrafia sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 500 per share (in total PLN 500 thousand). Agora S.A. covered 1,000 new shares with PLN 3,500 thousand contribution. After the share capital increase it amounts to PLN 1 500 thousand and is divided into 3,000 shares with nominal value of PLN 500 per share. After the share capital increase, Agora S.A. owns 3,000 shares which translates into 100% of the company's share capital and 100% of votes at shareholders' meeting.

14. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A. AND THE TRANSLATION METHOD OF FINANCIAL DATA

The functional and presentation currency for Agora S.A. and other companies as well as for the presented consolidated financial statements is Polish zloty. Till December 10, 2013 there was one foreign subsidiary within the Agora Group – LLC Agora Ukraine, for which functional currency was hryvnia (UAH). Its financial statements for the purpose of consolidation were translated into 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 for four quarters of 2013 (four quarters of 2012) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2013 EURO 1 = PLN 4.2110 (EURO 1 = PLN 4.1736).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 31 December 2013 – EURO 1 = PLN 4.1472; as at 31 December 2012 – EURO 1 = PLN 4.0882.

15. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2013 to December 31, 2013, the Group purchased property, plant and equipment in the amount of PLN 65,973 thousand (in the period of January 1, 2012 to December 31, 2012: PLN 142,330 thousand).

As at December 31, 2013, the commitments for the purchase of property, plant and equipment amounted to PLN 5,016 thousand.

Additionally, on December 18, 2013 the subsidiary AMS S.A. in consortium with Ströer Polska Sp. z o.o. concluded a concession contract, with the capital city of Warsaw, for construction and utilization of 1,580 bus shelters in Warsaw. The parties of the consortium AMS - Ströer decided that AMS S.A. shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelter construction amounts to PLN 80 million.

16. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Group applies the following hierarchy for disclosing information about fair value of financial instruments – by valuation technique:
Level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities;

Level 2: valuation techniques in which inputs that are significant to fair value measurement are observable, directly or indirectly, market data;
Level 3: valuation techniques in which inputs that are significant to fair value measurement are not based on observable market data.

The table below shows financial instruments measured at fair value at the balance sheet date:

	As at 31 December 2013	Level 1	Level 2	Level 3
Certificates in investment funds	71,839	-	71,839	-
Financial assets measured at fair value	**71,839**	**-**	**71,839**	**-**
Liability related to valuation of SWAP contracts	-	-	-	-
Put option liability	27,592	-	-	27,592
Financial liabilities measured at fair value	**27,592**	**-**	**-**	**27,592**

	As at 31 December 2012	Level 1	Level 2	Level 3
Certificates in investment funds	32,774	-	32,774	-
Financial assets measured at fair value	**32,774**	**-**	**32,774**	**-**
Liability related to valuation of SWAP contracts	73	-	73	-
Put option liability	26,609	-	-	26,609
Financial liabilities measured at fair value	**26,682**	**-**	**73**	**26,609**

The table below shows a reconciliation from the beginning balance to the ending balance for financial instruments in Level 3 of the fair value hierarchy:

	As at 31 December 2013	As at 31 December 2012
Opening balance	**26,609**	**27,534**
Additions (note 13)	983	-
Changes resulting from revaluation recognised in profit or loss	-	(925)
Closing balance	**27,592**	**26,609**

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include: estimated level of the EBITDA result during the period specified in put option conditions and discount rate.

17. GROUP LAY - OFFS IN AGORA S.A.

The Management Board of Agora S.A. ("the Company"), in relation to a regulatory filing no. 26/2012 dated August 13, 2012, on September 6, 2012 informed about:

(i) concluding on September 6, 2012 a trilateral agreement ("Agreement") with trade unions operating at Agora S.A. (which fulfills the provisions of article 3 Section 1 of the Act of 13 March 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with works council in the Company (which constitutes an agreement in accordance with the Act of 7 April 2006 on informing and consulting employees),

(ii) adopting by the Management Board of the Company, on September 6, 2012, the resolution to execute group layoffs in accordance with the provisions of the Agreement.

On September 7, 2012 the Company, in accordance with law requirements, submitted an appropriate set of information, together with the signed Agreement, to a relevant Labor Office.

The group lay-offs, which were to affect up to 250 employees, i.e. 10% of all Company's employees, were finalized in 2013.

18. SELLING THE TRADEMARK *PORADNIK DOMOWY*

As a result of an agreement executed on February 25, 2013 Agora S.A. sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* for net PLN 11,500 thousand. On the same day, Agora S.A., on the basis of the executed agreement, acquired from Edipresse Polska S.A. the right to publish monthly *Dom& Wnetrze* for net PLN 3,000 thousand (in connection with the sales transaction the pledge on trademarks relating to *Poradnik Domowy* was eliminated).

19. POST BALANCE-SHEET EVENTS

On January 24, 2014, the subsidiary company AMS S.A. (”Ordering Party”) executed a contract with mBank S.A. (“Bank”) granting guarantee to the Capital City of Warsaw (“Beneficiary”) to secure any possible claims the Beneficiary may have from the Ordering Party in case the Ordering Party does not fulfill its obligations at all or fulfills obligations that come from the contract for construction and exploitation of bus shelters inappropriately. The contract was signed on December 18, 2013 between the City of Warsaw and consortium AMS – Stroer. AMS secured the gurantee with a bank deposit in the amount of PLN 7,000 thousand.

On February 7, 2014 Agora S.A. and CD PROJEKT S.A. (“CD PROJEKT”) executed a licence agreement relating to a computer game “The Witcher 3: Wilde Hunt” (“the Game”). On the basis of the agreement CD PROJEKT grants Agora the licence to use Polish language version of the Game in the scope necessary to provide the Game’s distribution in Poland. The parties to the agreement defined also basic conditions and rules for the distribution, inter alia transferring rights to the Game distribution to the company CDP.PL Sp. z o.o., as well as obligations relating to the Game’s marketing campaign. Agora paid net PLN 7,000 thousand as a remuneration advance for granting the licence.

20. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	in PLN thousand		in EUR thousand	
	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited
Sales	1,073,935	1,138,588	255,031	272,807
Operating profit/(loss)	7,381	(13,085)	1,753	(3,135)
Profit/(loss) before income taxes	4,872	(10,145)	1,157	(2,431)
Net profit/(loss) for the period attributable to equity holders of the parent	460	(9,035)	109	(2,165)
Net cash from operating activities	109,468	92,006	25,996	22,045
Net cash used in investing activities	(120,882)	85,445	(28,706)	20,473
Net cash used in financing activities	(79,949)	(112,039)	(18,986)	(26,845)
Net increase / (decrease) in cash and cash equivalents	(91,363)	65,412	(21,696)	15,673
Total assets	1,642,857	1,702,819	396,136	416,520
Non-current liabilities	154,947	171,191	37,362	41,874
Current liabilities	280,315	325,578	67,591	79,638
Equity attributable to equity holders of the parent	1,189,574	1,188,371	286,838	290,683
Share capital	50,937	50,937	12,282	12,460
Weighted average number of shares	50,937,386	50,937,386	50,937,386	50,937,386
Basic/diluted earnings per share (in PLN / in EURO)	0.01	(0.18)	0.002	(0.04)
Book value per share (in PLN / in EURO)	23.35	23.33	5.63	5.71

21. CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A.

Unconsolidated balance sheet as at 31 December 2013

	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Assets			
Non-current assets:			
Intangible assets	78,712	76,803	88,027
Property, plant and equipment	328,551	332,322	348,452
Investments	534,832	534,522	512,194
Receivables and prepayments	19,635	21,816	30,555
	961,730	**965,463**	**979,228**
Current assets:			
Inventories	15,942	15,053	14,780
Accounts receivable and prepayments	170,376	169,518	172,652
Income tax receivable	3,043	2,234	2,238
Short-term securities and other financial assets	57,864	84,543	36,071
Cash and cash equivalents	46,231	33,790	101,107
	293,456	**305,138**	**326,848**
Total assets	**1,255,186**	**1,270,601**	**1,306,076**

Unconsolidated balance sheet as at 31 December 2013 (continued)

	As at 31 December 2013 unaudited	As at 30 September 2013 unaudited	As at 31 December 2012 audited
Equity and liabilities			
Equity:			
Share capital	50,937	50,937	50,937
Share premium	147,192	147,192	147,192
Other reserves	116,287	116,151	114,987
Retained earnings	747,660	761,173	749,517
	1,062,076	**1,075,453**	**1,062,633**
Non-current liabilities:			
Deferred tax liabilities	27,730	28,497	27,249
Long-term borrowings	8,652	17,304	43,159
Retirement severance provision	1,778	1,794	1,676
Provisions	-	120	-
Deferred revenues and accruals	724	335	9
Other	88	94	60
	38,972	**48,144**	**72,153**
Current liabilities:			
Retirement severance provision	115	114	105
Accounts payable	84,135	78,725	90,237
Short-term borrowings	34,543	34,504	34,577
Provisions	1,424	1,647	6,395
Deferred revenues and accruals	33,921	32,014	39,976
	154,138	**147,004**	**171,290**
Total equity and liabilities	**1,255,186**	**1,270,601**	**1,306,076**

Unconsolidated income statement for three and twelve months ended 31 December 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Sales	166,577	619,691	179,080	684,043
Cost of sales	(104,096)	(377,021)	(103,186)	(416,897)
Gross profit	**62,481**	**242,670**	**75,894**	**267,146**
Selling expenses	(52,574)	(184,778)	(55,535)	(211,959)
Administrative expenses	(19,509)	(74,652)	(19,941)	(75,520)
Other operating income	3,104	9,672	5,132	12,348
Other operating expenses	(3,315)	(13,756)	(21,971)	(30,749)
Operating loss	**(9,813)**	**(20,844)**	**(16,421)**	**(38,734)**
Finance income (1)	(3,284)	24,254	(9,381)	21,612
Finance costs	(2,021)	(5,632)	(3,412)	(12,517)
Loss before income taxes	**(15,118)**	**(2,222)**	**(29,214)**	**(29,639)**
Income tax	1,606	365	3,304	6,298
Net loss for the period	**(13,512)**	**(1,857)**	**(25,910)**	**(23,341)**
Basic/diluted earnings per share (in PLN)	(0.27)	(0.04)	(0.51)	(0.46)

(1*) a negative finance income in the fourth qaurter of 2013 and 2012 is the effect of changing the decision concerning the profit distribution of subsidiaries of Agora S.A.*

On June 3, 2013 the meeting of shareholders of the company Agora Poligrafia Sp. z o.o. adopted a resolution to distribute the whole profit for the year 2012 in a form of dividend to its only shareholder - Agora S.A. On December 23, 2013 the meeting of shareholders of Agora Poligrafia Sp. z o.o. decided to change the resolution no. 6 from June 3, 2013 and to allocate a part of the amount to the company`s reserve capital.

On June 21, 2012 the general meeting of shareholders of the company AMS S.A. adopted a resolution to distribute the whole profit for the year 2011 in a form of dividend to its only shareholder - Agora S.A. On November 23, 2012 the General Meeting of Shareholders of AMS S.A., in accordance with the recommendation of the Supervisiory Board of AMS S.A., decided to change the resolution no. 5 from June 21, 2012 and to allocate the whole amount to the company`s reserve capital.

Unconsolidated statement of comprehensive income for three and twelve months ended 31 December 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Net loss for the period	**(13,512)**	**(1,857)**	**(25,910)**	**(23,341)**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans	167	167	-	-
Income tax effect	(31)	(31)	-	-
	136	136		-
Items that will be reclassified to profit or loss				
Other comprehensive income for the period	**136**	**136**	**-**	**-**
Total comprehensive income for the period	**(13,376)**	**(1,721)**	**(25,910)**	**(23,341)**

Unconsolidated statement of changes in equity for for three and twelve months ended 31 December 2013

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 31 December 2013					
As at 30 September 2013 unaudited	**50,937**	**147,192**	**116,151**	**761,173**	**1,075,453**
Total comprehensive income for the period					
Net loss	-	-	-	(13,512)	(13,512)
Other comprehensive income	-	-	136	-	136
Total comprehensive income for the period	**-**	**-**	**136**	**(13,512)**	**(13,376)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Other	-	-	-	(1)	(1)
Total transactions with owners	**-**	**-**	**-**	**(1)**	**(1)**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**116,287**	**747,660**	**1,062,076**

Unconsolidated statement of changes in equity for three and twelve months ended 31 December 2013 (continued)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Twelve months ended 31 December 2013					
As at 31 December 2012 audited	**50,937**	**147,192**	**114,987**	**749,517**	**1,062,633**
Total comprehensive income for the period					
Net loss	-	-	-	(1,857)	(1,857)
Other comprehensive income	-	-	136	-	136
Total comprehensive income for the period	**-**	**-**	**136**	**(1,857)**	**(1,721)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Equity-settled share-based payments	-	-	1,164	-	1,164
Total transactions with owners	**-**	**-**	**1,164**	**-**	**1,164**
As at 31 December 2013 unaudited	**50,937**	**147,192**	**116,287**	**747,660**	**1,062,076**

Unconsolidated statement of changes in equity for three and twelve months ended 31 December 2013 (continued)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Twelve months ended 31 December 2012					
As at 31 December 2011 audited	**50,937**	**147,192**	**112,904**	**823,796**	**1,134,829**
Total comprehensive income for the period					
Net loss	-	-	-	(23,341)	(23,341)
Total comprehensive income for the period	**-**	**-**	**-**	**(23,341)**	**(23,341)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Equity-settled share-based payments	-	-	2,083	-	2,083
Dividends declared	-	-	-	(50,937)	(50,937)
Other	-	-	-	(1)	(1)
Total transactions with owners	**-**	**-**	**2,083**	**(50,938)**	**(48,855)**
As at 31 December 2012 audited	**50,937**	**147,192**	**114,987**	**749,517**	**1,062,633**

Unconsolidated cash flow statement for three and twelve months ended 31 December 2013

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Cash flows from operating activities				
Loss before income taxes	(15,118)	(2,222)	(29,214)	(29,639)
Adjustments for:				
Depreciation of property, plant and equipment	8,290	33,102	8,246	32,751
Amortization of intangible assets	2,010	9,298	2,616	9,307
Foreign exchange (gain) /loss	1,148	587	1,231	5,344
Interest, net	(5)	610	615	2,377
(Profit) / loss on investing activities	(1,649)	(15,213)	8,320	2,952
Dividend income	5,769	(3,262)	19,569	(1,723)
(Decrease) / increase in provisions	(359)	(4,859)	(5,007)	4,105
(Increase) / decrease in inventories	(890)	(1,163)	(575)	2,293
(Increase) / decrease in receivables and prepayments	(7,879)	2,663	(4,326)	12,306
(Decrease) / increase in payables	3,237	(1,751)	(203)	(21,628)
(Decrease) / increase in deferred revenues and accruals	2,295	(5,033)	7,781	3,817
Other adjustments (1)	855	2,828	655	2,381
Cash generated from operations	**(2,296)**	**15,585**	**9,708**	**24,643**
Income taxes paid	-	(2,217)	-	(4,085)
Net cash from operating activities	**(2,296)**	**13,368**	**9,708**	**20,558**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	9	11,695	7	49
Disposal of subsidiaries, associates and jointly controlled entities	2	2	412	650
Dividends received	-	3,262	-	1,723
Repayment of loans granted	-	11,593	1,532	51,532
Interest received	3,978	8,111	7,327	19,121
Disposal of short-term securities	32,028	81,116	84,867	219,588
Repayment of finance lease receivables	3,851	11,639	2,760	11,197
Purchase of property plant and equipment, and intangibles	(8,318)	(29,630)	(9,244)	(52,744)
Acquisition of subsidiaries, associates and jointly controlled entities	(4,908)	(19,968)	(405)	(825)
Acquisition of short-term securities	-	(95,100)	-	(104,029)

	Three months ended As at 31 December 2013 unaudited	Twelve months ended As at 31 December 2013 unaudited	Three months ended As at 31 December 2012 unaudited	Twelve months ended As at 31 December 2012 audited
Loans granted	(2,500)	(12,500)	-	(163)
Net cash used in investing activities	**24,142**	**(29,780)**	**87,256**	**146,099**
Cash flows from financing activities				
Dividends paid	-	-	-	(50,937)
Repayment of borrowings	(8,742)	(34,967)	(8,741)	(47,683)
Interest paid	(435)	(2,549)	(1,636)	(6,141)
Other	(228)	(948)	(212)	(707)
Net cash used in financing activities	**(9,405)**	**(38,464)**	**(10,589)**	**(105,468)**
Net increase / (decrease) in cash and cash equivalents	**12,441**	**(54,876)**	**86,375**	**61,189**
Cash and cash equivalents				
At start of period	33,790	101,107	14,732	39,918
At end of period	46,231	46,231	101,107	101,107

(1) "other adjustments" include mainly non-cash share-based payment costs and commissions on bank loans.

Additional information to unconsolidated financial statements of Agora S.A.

In the period from January 1, 2013 to December 31, 2013 the following impairment losses and provisions were changed in the unconsolidated financial statements of Agora S.A. (in brackets the amounts for the fourth quarter of 2013):

- impairment loss for receivables: increase by PLN 155 thousand (decrease by PLN 1,128 thousand),
- impairment loss for financial assets: decrease by PLN 27,939 thousand (decrease by PLN 15,652 thousand),
- impairment loss for inventory: increase by PLN 882 thousand (decrease by PLN 383 thousand),
- impairment loss for tangible assets and intangible assets: increase by PLN 400 thousand (increase by PLN 400 thousand),
- provision for legal claims: decrease by PLN 397 thousand (decrease by PLN 129 thousand),
- provision for the remuneration and severances for the former Management Board Members: increase by PLN 532 thousand (used in the amount of PLN 198 thousand),
- retirement severance provision: increase by PLN 112 thousand (decrease by PLN 15 thousand),
- provision for group lay-offs: used in the amount of PLN 5,107 thousand (used in the amount of PLN 16 thousand).

In the period from January 1, 2013 to December 31, 2013, the Company purchased property, plant and equipment in the amount of PLN 20,256 thousand (in the period of January 1, 2012 to December 31, 2012: PLN 42,626 thousand).

As at December 31, 2013, there was no the commitments for the purchase of property, plant and equipment.

Selected unconsolidated financial data together with translation into EURO

	in PLN thousand		in EUR thousand	
	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited	Twelve months ended 31 December 2013 unaudited	Twelve months ended 31 December 2012 audited
Sales	619,691	684,043	147,160	163,898
Operating loss	(20,844)	(38,734)	(4,950)	(9,281)
Loss before income taxes	(2,222)	(29,639)	(528)	(7,102)
Net loss for the period	(1,857)	(23,341)	(441)	(5,593)
Net cash from operating activities	13,368	20,558	3,175	4,926
Net cash used in investing activities	(29,780)	146,099	(7,072)	35,006
Net cash used in financing activities	(38,464)	(105,468)	(9,134)	(25,270)
Net increase / (decrease) in cash and cash equivalents	(54,876)	61,189	(13,032)	14,661
Total assets	1,255,186	1,306,076	302,659	319,475
Non-current liabilities	38,972	72,153	9,397	17,649
Current liabilities	154,138	171,290	37,167	41,899
Equity	1,062,076	1,062,633	256,095	259,927
Share capital	50,937	50,937	12,282	12,460
Weighted average number of shares	50,937,386	50,937,386	50,937,386	50,937,386
Basic/diluted earnings per share (in PLN / in EURO)	(0.04)	(0.46)	(0.01)	(0.11)
Book value per share (in PLN / in EURO)	20.85	20.86	5.03	5.10

Warsaw, March 3, 2014

Wanda Rapaczynski - President of the Management Board	*Signed on the Polish original*
Bartosz Hojka - Member of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*
Grzegorz Kossakowski - Member of the Management Board	*Signed on the Polish original*
Robert Musial - Member of the Management Board	*Signed on the Polish original*