

***AGORA GROUP
REPORT FOR THE FOURTH QUARTER OF 2006
PRESENTED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS***

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REVENUE PLN 1,134 MILLION, NET PROFIT PLN 33 MILLION, OPERATING EBITDA PLN 151 MILLION, OPERATING CASHFLOW PLN 147 MILLION, FREE CASH FLOW PLN 105 MILLION

Unless indicated otherwise, all data presented herein represent the period of January-December 2006, while comparisons refer to the same period of 2005. All data sources are presented in part IV of this MD&A.

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

- In 2006 revenues of the Group amounted to PLN 1.13 billion (down 5.7% yoy). Advertising sales reached PLN 755 million, revenues from copy sales PLN 171 million and book sales PLN 123 million.
- In 2006 advertising spending for all media grew by 10%. TV was the driver of growth and increased its revenues by 12%. Ad spend for dailies was 3% higher than last year.
- *Gazeta's* advertising sales were PLN 473 million and its share in total newspaper advertising spending stood at 41%.
- In 2006 *Gazeta* sold on average 434 thousand copies and recorded 19.8% readership reach. In the fourth quarter of 2006 *Gazeta's* average number of copies sold was 450 thousand, 7% over the previous year.
- AMS grew revenues by 5% to PLN 151 million in 2006.
- Revenues of *Gazeta.pl* were up 24% in 2006 and the portal reached positive EBITDA. Executing its Internet strategy, in 2006 Agora enriched its online offer by a number of new services (including two vortals and a news service *GazetaWyborcza.pl*), as well as revamped key existing others.
- Operating EBITDA of the Group was PLN 151 million and EBITDA margin stood at 13%. In 2006 the Group posted PLN 33 million net profit.

The President Wanda Rapaczynski comments:

"Gazeta emerged victorious from the trial by fire and is stronger than ever. I think, we demonstrated how much we care about our flagship business. Now the company turns its attention to expanding scale and improving results".

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

1. EXTERNAL FACTORS

1.1. Advertising market

According to Agora's estimates based on public data sources, in the fourth quarter of 2006 advertisers spent PLN 1.8 billion (10% more than last year). As was the case in the previous quarter, TV was the greatest beneficiary and grew its revenues by 12% yoy (PLN 0.9 billion).

Yet again, ad spend for print in the fourth quarter of 2006 was affected by competitive pricing of TV. During the period, spending for print was ca 4% higher than last year (magazines grew by 4% and dailies a little less than 4%).

In the fourth quarter of 2006 spending for outdoor recorded a 14% growth rate. Radio stations grew revenues by 6% and Internet increased by as much as 70%.

In total, in 2006 advertising spending in Poland in all media reached PLN 6 billion and grew by PLN 0.5 billion yoy (10%). TV was most popular with advertisers. In 2006 almost 46% of all advertising budgets went to TV which grew its share in total ad spend by nearly 1pp. During the period, advertisers spent only PLN 25 million more on newspapers (3%), PLN 57 million more on outdoor (12%) and PLN 46 million more on radio (10%). Internet (60%) recorded the fastest growth rate and increased its share in total ad market to 3.5%.

1.2. Copy sales and readership of newspapers

The effects of Agora's competitive strategy adopted after the launch of *Dziennik* in April 2006, were reflected in *Gazeta's* strong readership and copy sales results.

In May-December 2006 (since the first full month of *Dziennik's* operations) *Gazeta's* average paid circulation stood at 436 thousand copies, while *Dziennik* sold 215 thousand copies. This gap broadened in the fourth quarter of 2006. During the period, *Gazeta's* copies sold reached 450 thousand (30 thousand more than last year) and was 90 thousand higher than combined sales of *Dziennik* (204 thousand) and *Rzeczpospolita* (157 thousand). In the fourth quarter of 2006 *Fakt* sold 505 thousand copies (5.9% fewer than last year). *Rzeczpospolita* continued to decline. In the fourth quarter of 2006, the paper's paid circulation was lower by 24 thousand copies over last year. Average paid circulation of *Super Express* was 202 thousand copies.

In January 2007, free newspaper market underwent major changes. A free-of-charge daily *Metropol* shut down its operations in Poland. Currently, Agora's *Metro* is the sole national free newspaper distributed every day (Monday to Friday) and the largest free publication in Poland (in the fourth quarter of 2006 *Metro's* average circulation was 522 thousand copies).

In the fourth quarter of 2006 *Gazeta's* weekly readership reach stood at 19.2% (5.8 million readers) and that of *Metro* was 8.5%. Over the same period, *Dziennik* reached nearly two and a half times fewer readers (i.e. 2.4 million or 8%). The tabloid *Fakt* had 18.3% reach, *Rzeczpospolita* 5.2% and *Super Express* 8.3% audience.

2. INTERNAL FACTORS

2.1. Revenues from *Gazeta Wyborcza's* paid circulation

Gazeta's pricing strategy adopted in response to Springer's competitive approach (reduction of *Gazeta's* cover price) had a material impact on the newspaper's revenues from copies sold. In 2006 *Gazeta's* revenues from paid circulation were down PLN 66 million over last year.

2.2. Book collections

In 2006 book collections added PLN 123 million in revenues and earned 5 million in operating profit. Last year 18 collections (12 series and 6 one-off projects) sold 8.4 million books and books with CDs and DVDs.

2.3. Marketing and promotion cost

In 2006 total marketing and promotion cost of the Group reached PLN 184 million and constituted around 16% of the Group's sales. Marketing and promotion expense of the newspaper segment (including promotion cost of *Gazeta*, *Metro*, Internet and *Nowy Dzień*) amounted to PLN 160 million (PLN 23 million more than last year) of which PLN 47 million went for book collections (PLN 7 million more than last year). This amount included CD and DVD production cost in the amount of PLN 22 million (since September 2005, production cost of CDs and DVDs sold in collections are treated as promotional expense). Start-up promotional cost of *Nowy Dzień* amounted to PLN 8 million.

2.4. Staff cost and headcount

The staff cost in the fourth quarter of 2006 remained flat as compared to the same period in 2005. In whole 2006 the Group's staff cost (less non-cash incentive compensation) was PLN 254 million and grew by PLN 18 million. This growth is attributable to consolidation of more radio stations, *Nowy Dzień* operations in the first quarter of 2006, as well as salary increases in some areas enforced by competitive situation.

The Group's headcount at the end of the fourth quarter of 2006 was 3,488 employees and declined by 59 FTEs as compared to the third quarter of 2006. Part of this decline is due to the execution of group lay-offs related to *Nowy Dzień*, as well as staff reduction measures announced in September 2006.

Non-cash cost related to incentive plans booked in the Group's 2006 profit and loss account was PLN 35 million (nearly PLN 28 million more than in 2005).

3. PROSPECTS

3.1. Advertising market

According to Agora's estimates total ad spend in 2007 will grow by ca 10%. The Company assumes that Internet will show the most rapid rate of growth (around 40%) and will increase its share in total ad spend to ca 5%.

The Company expects that the trends and structure of the advertising market will remain unchanged in 2007. As was the case last year, TV will be the greatest beneficiary of the economic growth and healthy performance of the advertising market. According to Agora's estimates spending on TV will grow by PLN 0.3 billion (11% more than in 2006). This rapid rate of growth reflects in part the changes in sales strategies and real rates increases by TV broadcasters.

Tough competition from TV affected dailies growth in 2006. The Company believes this trend to continue in 2007. In the current year, the dailies are expected to post 3% growth rate.

In 2007 outdoor and radio advertising budgets will be ca 10% higher than last year.

3.2. Increasing operating efficiency of the Group

In 2006 Agora was implementing the restructuring program to cut the Company's cost by PLN 35 million. The actions undertaken in 2006 entailed the reduction of headcount. The group lay-offs program in Agora SA will affect up to 250 persons in the period 20 September 2006 to 31 March 2007.

In the third quarter of 2006, the Company booked PLN 5.1 million of restructuring provisions (including PLN 3.4 million cost of severances in Agora SA). As of 31 December 2006, PLN 1.9 million of severance cost was incurred.

3.3. Newsprint cost

In 2007 the Company expects higher newsprint and paper prices. Yet, estimated cost of production materials will be 2% lower than last year. This is by and large due to cost-saving programs and closure of *Nowy Dzień*. It should be noted that these estimates may change based on *Gazeta's* future page counts and circulation levels and the monetary market situation.

3.4. Growth and investments

Restructuring measures notwithstanding, in 2007 the Company will continue activities aimed at growing its current businesses and expanding the scale of operations. Executing on this strategy assumes further investments in *Gazeta Wyborcza*, free newspapers, as well as dynamic growth of the outdoor panel network.

In 2006 the Company significantly accelerated its growth in the Internet area. Agora's primary objective is to expand the scale and reach of its Internet business. Executing on its Internet strategy, last year the Company launched two thematic portals: *GazetaPraca.pl* and *GazetaDom.pl*, which are now among the top players of this type services in the Polish Internet. At the end of 2006, the Company re-launched *GazetaWyborcza.pl* service with e-edition of *Gazeta Wyborcza* and revamped its *Gazeta.pl* portal.

Along with protection of revenues from key advertising categories and leveraging key assets for the Internet, the Company is working on building new Internet-based businesses. The Company's growth in the Internet area may be executed through both organic projects and acquisitions. In 2007 the Company will continue accelerated development of its Internet business which will result in significant increase of both cost and revenue base of this business.

Executing Agora's strategic objective to grow its outdoor operations, the Company intends to invest tens of millions of zloty in the next 2-3 years on network expansion.

In addition to developing its existing operations, the Company also intends to seek economically justified investments to enrich and broaden its portfolio of assets.

3.5. Competition in the newspaper market

Readership and circulation figures for several months after Springer's market entry give a perspective on the current state of composition in the newspaper market.

Gazeta is the most-widely read newspaper title in Poland and its rich readership and advertising content have had continuous appeal to readers and advertisers in the last 17 years. The readership figures of *Dziennik* are less than half of those of *Gazeta*.

Readership and circulation data are the most important factors based on which advertisers allocate their budgets; they also determine the newspaper's long-term position in the ad market. The Company expects that the results of 2006 will be among the key parameters considered by advertisers in their budget allocation in 2007.

There are signs of more changes in the newspaper market in 2007. If they occur, they may impact the Group's 2007 financials. *Polskapresse* announced a launch of a new national title. It is difficult to judge whether the launch will be successful; all hangs on the formula of the newspaper and its reader appeal. Currently, *Polskapresse* is present only in 6 out of 16 local markets in Poland and does not operate a Warsaw newspaper. *Passauer Neue Presse's* (the owner of *Polskapresse*) experience in such projects is based solely on its Czech project where scores of local newspapers were grouped together under one title, *Denik (Dziennik)*.

Agora is monitoring the competitive situation in the newspaper market very closely and will flexibly adjust its market strategy to meet new challenges. The Company will continue to strengthen *Gazeta's* competitive position in the daily newspaper market. One of the most effective components of this strategy is the continuation of comprehensive and innovative marketing approach with increased financial efficiency (e.g. new two-price collections generating additional revenues).

Agora would also like to draw attention to the growing strength of *Metro's* readership position. Currently, *Metro* is the third most read newspaper in Poland (daily average) and – after the withdrawal of *Metropol* – the only national free newspaper distributed every day (Monday through Friday). The Company believes that the broad readership reach of *Metro* will translate into continued growth of its advertising revenue in 2007 and will allow the newspaper to break-even in 2008.

Growing readership of *Metro* combined with solid readership and advertising position of *Gazeta* form a very effective competitive offer in the national and local newspaper markets. Agora will effectively use this potential, as well as leveraging synergies with *Gazeta.pl* portal, its thematic portals and local online services and the largest newspaper online news service *GazetaWyborcza.pl*.

3.6. Share-based compensation

Estimated total cost related to incentive plans to be booked in the Group's 2007 profit and loss account will be ca PLN 28 million. It should be noted, however, that this amount includes estimated cost of execution of incentive plan in 2007. The Company does not in fact know the number of certificates to be purchased by employees pursuant to the future plan, nor the stock price of Agora's shares at that accounting period. Hence, for purposes of providing an estimate, the Company assumed that these values will be equivalent to those on which the fourth quarter 2006 calculations were based. The cost of incentive plans are reflected in the Group's P&L according to the accounting rules referred to in note 5 to the financial statements. Pursuant to these rules, share-based compensation cost will be booked unevenly throughout the year; the lowest amount will be reflected in the third quarter results (PLN 0.8 million), while the amounts of both first and second quarters of 2007 will be about PLN 10 million.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the fourth quarter of 2006 include Agora SA, Agora Poligrafia Sp. z o.o., Art Marketing Syndicate SA Group (AMS Group), Agora TC Sp. z o.o. and 13 subsidiary and associated companies of the radio business. Detailed list of companies of the Agora Group is presented in the note to the financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 1

in PLN million	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Sales	299.4	329.2	(9.1%)	1,133.7	1,202.1	(5.7%)
Advertising	210.6	196.1	7.4%	754.5	711.6	6.0%
Copy sales	41.3	61.3	(32.6%)	178.7	238.7	(25.1%)
Other	47.5	71.8	(33.8%)	200.5	251.8	(20.4%)
Operating cost net, incl.:	(278.7)	(316.9)	(12.1%)	(1,094.1)	(1,051.3)	4.1%
Raw materials, energy and consumables	(60.6)	(78.7)	(23.0%)	(244.9)	(284.9)	(14.0%)
D&A	(20.1)	(25.4)	(20.9%)	(77.0)	(96.4)	(20.1%)
Staff cost (1)	(62.5)	(62.8)	(0.5%)	(253.8)	(236.3)	7.4%
Non-cash expense relating to share- based payments	(10.0)	(7.1)	40.8%	(34.8)	(7.1)	390.1%
Promotion and marketing	(42.5)	(62.2)	(31.7%)	(184.4)	(158.2)	16.6%
Restructuring (2)	-	-	-	(5.1)	-	-
Operating profit - EBIT	20.7	12.3	68.3%	39.6	150.8	(73.7%)
Finance cost, net, incl.:	1.3	(1.9)	-	6.6	3.1	112.9%
Revenue from short-term investment	2.8	4.0	(30.0%)	13.3	15.6	(14.7%)
Interest on loans and similar costs	(1.7)	(1.8)	(5.6%)	(6.7)	(9.0)	(25.6%)
Allowance for losses on investment, net	-	(3.4)	-	-	(4.3)	-
Share of results of associates	0.1	0.3	(66.7%)	0.1	0.2	(50.0%)
Profit before income tax	22.1	10.7	106.5%	46.3	154.1	(70.0%)
Income tax expense	(6.7)	(2.2)	204.5%	(14.3)	(28.5)	(49.8%)
Net profit for the period	15.4	8.5	81.2%	32.0	125.6	(74.5%)
Attributable to:						
Equity holders of the parent	15.3	8.6	77.9%	32.6	126.7	(74.3%)
Minority interest	0.1	(0.1)	-	(0.6)	(1.1)	(45.5%)
	15.4	8.5	81.2%	32.0	125.6	(74.5%)
EBIT margin (EBIT/Sales)	6.9%	3.7%	3.2pp	3.5%	12.5%	(9.0pp)
EBITDA	40.8	37.4	9.1%	116.0	245.8	(52.8%)
EBITDA margin (EBITDA/Sales)	13.6%	11.4%	2.2pp	10.2%	20.4%	(10.2pp)
Operating EBITDA (1)	49.6	44.5	11.5%	151.2	252.9	(40.2%)
Operating EBITDA margin (Operating EBITDA/Sales)	16.6%	13.5%	3.1pp	13.3%	21.0%	(7.7pp)
EBIT excluding <i>Nowy Dzień</i> and cost of share-based payments	29.4	46.7	(37.0%)	93.9	185.2	(49.3%)

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

(2) including non-cash expense related to share-based payments in the amount of PLN 0.4 million.

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

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

2.1. Financial results presented according to major lines of business of the Agora Group for the year 2006

Tab. 2

in PLN million	Newspapers and Internet (1)	Magazines	Outdoor	Radio	Company’s headquarters, New Business Development division	Elimina- tions	Total (consoli- dated) I-IV 2006
Total sales	841.1	95.0	151.0	67.6	-	(21.0)	1,133.7
% Share	74.2%	8.4%	13.3%	6.0%	-	(1.9%)	100.0%
Total operating cost	(814.2)	(84.8)	(131.0)	(74.8)	(9.7)	20.4	(1,094.1)
EBIT	26.9	10.2	20.0	(7.2)	(9.7)	(0.6)	39.6
Finance cost, net							6.6
Share of results of associates							0.1
Income tax expense							(14.3)
Net profit							32.0
Attributable to:							
Equity holders of the parent							32.6
Minority interest							(0.6)
EBITDA	80.5	10.5	30.7	(4.3)	(1.3)	(0.1)	116.0
Operating EBITDA (2)	109.8	11.6	32.7	(1.9)	(0.8)	(0.2)	151.2
CAPEX	(13.9)	(0.6)	(26.6)	(1.1)	-	-	(42.2)

(1) the majority of overhead cost is included in “Newspapers and Internet” line of business.

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

2.2. Finance cost, net

Lower revenue from short-term investments reflects lower interest rates. Decrease of interest of bank credits and loans results from lower interest rates.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 3

in PLN million	31/12/2006	30/09/2006	% change to 30/09/2006	31/12/2005
Non-current assets	975.3	984.2	(0.9%)	1,001.2
share in balance sheet total	63.6%	65.5%	(1.9pp)	66.6%
Current assets	557.4	518.0	7.6%	502.8
share in balance sheet total	36.4%	34.5%	1.9pp	33.4%
TOTAL ASSETS	1,532.7	1,502.2	2.0%	1,504.0
Equity attributable to equity holders of the parent	1,165.2	1,139.9	2.2%	1,125.4
share in balance sheet total	76.0%	75.9%	0.1pp	74.8%
Minority interest	(0.5)	(0.5)	-	(0.2)
share in balance sheet total	-	-	-	-
Non-current liabilities and provisions	170.4	178.7	(4.6%)	200.3
share in balance sheet total	11.1%	11.9%	(0.8pp)	13.3%
Current liabilities and provisions	197.6	184.1	7.3%	178.5
share in balance sheet total	12.9%	12.2%	0.7pp	11.9%
TOTAL EQUITY AND LIABILITIES	1,532.7	1,502.2	2.0%	1,504.0

Following the changes described in note 2 of the financial statements, the comparative figures were restated.

3.1. Non-current assets

Lower balance of non-current assets versus 30 September 2006 stems from the decline of deferred tax asset and the depreciation of tangible fixed assets and amortization of intangible fixed assets.

3.2. Current assets

The increase of current assets versus 30 September 2006 was due to the increase of the cash balance (increase of bank deposits).

3.3. Non-current liabilities and provisions

The decrease of non-current liabilities versus 30 September 2006 results mainly from the reclassification of bank loan in the amount of PLN 8.7 million as at 30 September 2006 from non-current to current part.

3.4. Current liabilities and provisions

The increase of current liabilities and provisions versus 30 September 2006 results mainly from the increase in trade creditors, as well as the re-classification described above.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 4

in PLN million	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Net cash from operating activities	47.0	27.1	73.4%	147.1	230.4	(36.2%)
Net cash from investment activities	31.0	(24.3)	-	33.8	(111.1)	-
Net cash from financing activities	(3.3)	(65.1)	(94.9%)	(35.8)	(157.0)	(77.2%)
Total movement of cash and cash equivalents	74.7	(62.3)	-	145.1	(37.7)	-
Cash and cash equivalents at the end of period	334.7	189.7	76.4%	334.7	189.7	76.4%

As at 31 December 2006, the Agora Group had PLN 335.7 million in cash and in short-term monetary assets, of which PLN 334.7 million was in cash and cash equivalents and PLN 1.0 million in short-term safe and liquid monetary assets.

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

4.1. Operating activities

Net cash from operating activities increased in the fourth quarter of 2006 yoy due to lower tax paid and lower expenses than in the fourth quarter of 2005 (in the fourth quarter of 2005 Agora Group incurred start-up cost of *Nowy Dzień*).

4.2. Investment activities

Net inflow from investing activities in the fourth quarter of 2006 results from sales of short-term securities, in which the company invested its free cash.

4.3. Financing activities

In the fourth quarter of 2006 net cash from financing activities mainly included repayment of borrowings by a subsidiary BOR Sp. z o.o. and interest paid.

5. SELECTED FINANCIAL RATIOS [5]

Tab. 5

	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Profitability ratios						
Net profit margin	5.1%	2.6%	2.5pp	2.9%	10.5%	(7.6pp)
Gross profit margin	42.8%	39.0%	3.8pp	41.0%	43.7%	(2.7pp)
Return on equity	5.3%	3.0%	2.3pp	2.8%	11.2%	(8.4pp)
Efficiency ratios						
Inventory turnover	9 days	8 days	12.5%	10 days	10 days	-
Debtors days	59 days	54 days	9.3%	65 days	58 days	12.1%
Creditors days	32 days	35 days	(8.6%)	45 days	39 days	15.4%
Liquidity ratio						
Current ratio	2.8	2.8	-	2.8	2.8	-
Financing ratios						
Gearing ratio (1)	-	-	-	-	-	-
Interest cover	12.8	6.9	85.5%	6.1	18.2	(66.5%)
Free cash flow interest cover	23.0	6.6	248.5%	16.2	22.5	(28.0%)

(1) as at 31 December 2006 and 31 December 2005 the Group had net cash position.

Definitions of financial ratios [5] are presented at the end of part IV of this MD&A ("Operating review – major lines of business of the Agora Group").

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

IV.A. NEWSPAPERS AND INTERNET

Tab. 6

in PLN million	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Total sales (1)	211.7	260.0	(18.6%)	841.1	939.8	(10.5%)
Copy sales	28.2	49.5	(43.0%)	127.9	194.1	(34.1%)
incl. <i>Gazeta Wyborcza</i>	28.0	44.4	(36.9%)	122.5	188.9	(35.2%)
Advertising revenue (1)	136.2	136.5	(0.2%)	508.7	492.3	3.3%
incl. <i>Gazeta Wyborcza</i> (1)	125.1	125.4	(0.2%)	472.6	465.4	1.5%
Book collections	25.8	53.6	(51.9%)	122.9	180.8	(32.0%)
Other revenue	21.5	20.4	5.4%	81.6	72.6	12.4%
Total operating cost, including	(197.6)	(238.8)	(17.3%)	(814.2)	(777.6)	4.7%
Raw materials, energy, consumables and printing services	(69.3)	(84.3)	(17.8%)	(280.7)	(298.9)	(6.1%)
Staff cost (2)	(46.6)	(48.1)	(3.1%)	(190.0)	(177.8)	6.9%
Non-cash expense relating to share-based payments	(8.1)	(5.9)	37.3%	(28.9)	(5.9)	389.8%
D&A	(13.8)	(17.2)	(19.8%)	(53.6)	(64.9)	(17.4%)
Promotion and marketing (1) (3)	(34.3)	(57.9)	(40.8%)	(159.6)	(136.7)	16.8%
Restructuring (4)	-	-	-	(4.7)	-	-
EBIT	14.1	21.2	(33.5%)	26.9	162.2	(83.4%)
EBIT margin	6.7%	8.2%	(1.5pp)	3.2%	17.3%	(14.1pp)
EBITDA	27.9	38.4	(27.3%)	80.5	227.1	(64.6%)
EBITDA margin	13.2%	14.8%	(1.6pp)	9.6%	24.2%	(14.6pp)
Operating EBITDA (2)	34.8	44.3	(21.3%)	109.8	233.0	(52.9%)
Operating EBITDA margin	16.5%	17.0%	(0.5pp)	13.1%	24.8%	(11.7pp)

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

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

(3) the figures include start-up cost of new collections (the free-of-charge volume and initial high promotion cost in media).

(4) including non-cash expense related to share-based payments in the amount of PLN 0.4 million.

(5) the majority of overhead cost and *Nowy Dzień* results are included in "Newspapers and Internet" line of business.

1. GAZETA WYBORCZA

1.1. Revenue

1.1.1. Copy sales

In the fourth quarter of 2006, average paid circulation of *Gazeta Wyborcza* rose by over 7% yoy to 450 thousand copies.

In the fourth quarter of 2006 *Gazeta Wyborcza* maintained its indisputable leadership position among opinion-making newspapers and strengthened its role of a daily which addresses well the needs of its readers. During the period, *Gazeta* offered special educational supplements and tests for students and run *Przejrzyste Wybory - Transparent Elections*, *Rodzic po Ludzku - Humane Birth* social campaigns. Editorial series, such as *Rozwód po polsku (Polish Divorce)* – the articles about the condition of the Polish institution of marriage and *Odnajdźmy się - Find each other* (a joint campaign of *Gazeta* and other Agora's media to help readers find their close relatives or friends) proved successful and were quoted by other media.

Successful refurbishment of *Gazeta Telewizyjna (TV Guide)* formula earned dynamic growth of *Gazeta's* Friday paid circulation (up over 77 thousand copies yoy). Monday and Saturday editions of *Gazeta* sold well due to *Praca* and *Wysokie Obcasy* supplements with better newsprint and in a handier layout.

In the fourth quarter of 2006 *Gazeta* offered two issues with hit movies on DVDs available at PLN 4.99. Readers are also offered the newspaper without the movie for a standard price of PLN 1.50. As the sales results of those projects are promising, the Company will continue to launch similar offers in 2007.

In the fourth quarter of 2006 *Gazeta* posted very good readership results. During the period, the newspaper had 5.8 million readers (19.2% weekly reach) of whom 43% were university graduates, 47% lived in cities over 100 thousand inhabitants and 61% were under 45 years of age.

Particularly pleasing are readership results of *Gazeta's* magazine supplements printed on coated paper. In the fourth quarter of 2006, *Gazeta Telewizyjna* had 3.1 million readers (10.1% weekly readership) and *Wysokie Obcasy* reached 2.8 million readers (9.3% weekly readership).

1.1.2. Advertising sales

In the fourth quarter of 2006, *Gazeta's* net advertising revenue (including display advertising, classifieds and inserts) remained flat yoy.

During the same period, *Gazeta's* share in display advertising in national, Warsaw and local dailies (including paid and free newspapers) stood at about 39% and was down only 2pp as compared to last year, new competitor notwithstanding.

In the fourth quarter of 2006 *Gazeta's* share in national display advertising was about 42% and went down by nearly 5pp. This decline did not deepen over the last two quarters, new competition notwithstanding.

The decrease remained stable and comparable with the results for the last two quarters, the changes in the competitive position notwithstanding.

In the fourth quarter of 2006 *Gazeta Wyborcza's* share in Warsaw display advertising market (excluding classifieds, inserts and obituaries) increased by 1pp yoy. Combined Warsaw share of *Gazeta* and *Metro* stood at 65%. *Gazeta Wyborcza's* share in local display advertising market (outside Warsaw) remained unchanged.

In the fourth quarter of 2006, share of ad pages in the total pagecount of *Gazeta* amounted to ca 48%, while average number of ad pages published daily in all local and national editions amounted to ca 295.

1.1.3. Book collections

Tab. 7

	I Q 2005	II Q 2005	III Q 2005	IV Q 2005	I Q 2006	II Q 2006	III Q 2006	IV Q 2006
Revenue from book collections	63.0	49.0	15.2	53.6	51.7	28.1	17.3	25.8

In the fourth quarter of 2006 the Company run five collections and four one-off publications. One collection was completed, two projects continued and two new projects commenced.

At the beginning of October 2006, Agora completed sale of 25-volume music collection *Stars, idols, hits* (the series were recommended jointly by *Gazeta Wyborcza* and *Golden Oldies* radio station). In addition, readers who collected coupons received a book and a CD, *Wiecznie Zielone (Ever Green)* with the world greatest music hits performed by Polish pop stars (*Budka Suflera*, *Krzysztof Krawczyk*, *Ania Dabrowska*).

In the fourth quarter of 2006, Agora continued two publishing projects which began in September: the 25-volume collection *School Literature* and the 18-volume collection *Great Encyclopedic Atlas of the World*. Both series are very popular with readers. In November the 21-volume *Shakespeare* series started. Each volume contains a book with a drama translated by Maciej Slomczynski and a DVD with BBC film adaptation of the work. The collection is available every Friday at PLN 24.90 each plus the price of *Gazeta Wyborcza*.

In December 2006, Agora and *Roxy FM* offered two publications from the series: *Najmniejszy Koncert Swiata (The Smallest Concert in the World)*. Each volume contains a book with a short history of the band and a DVD with a unique concert. *Myslovitz* and *T. Love* concerts were the first to hit the news stands and are available at PLN 37 each plus the price of *Gazeta Wyborcza*.

In the fourth quarter of 2006 Agora also run one-off publishing projects. In November, together with PWN, the Company launched *Encyclopedia of the World and Poland 2007*. In December two albums: *Bog sie rodzi (The God was born)* and *Moja Ziemia Swieta (My Holy Land)* by Jaroslaw Kret hit the news stands. In the mid December Agora issued an exclusive publication with *Kabaret Starszych Panow* songs performed by jazz trio.

1.1.4. Other revenues

In the fourth quarter of 2006 the Group recorded an 11.6% growth in sales of printing services (more purchase orders from external clients).

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

Tab. 8

Cost of production of <i>Gazeta Wyborcza</i> in PLN million	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Fixed cost	13.7	14.6	(6.2%)	56.0	61.7	(9.2%)
incl. D&A	6.8	8.2	(17.1%)	27.9	35.9	(22.3%)
Variable cost	37.9	32.0	18.4%	147.9	125.9	17.5%
incl. newsprint	30.1	25.5	18.0%	118.3	102.8	15.1%
TOTAL fixed and variable cost	51.6	46.6	10.7%	203.9	187.6	8.7%

The decrease of fixed cost of production of *Gazeta Wyborcza* in the fourth quarter of 2006 results mainly from the review of depreciation rates.

1.2.1. Newsprint and printing services

The increase of newsprint cost and cost of printing services in the fourth quarter of 2006 was mainly affected by change in the quality of newsprint of *Gazeta Telewizyjna (TV Guide)* and the shift of its production to external printing plants.

2. FREE PRESS

In the fourth quarter of 2006 free newspaper *Metro* continued to grow dynamically. In October the daily received a new layout and broadened its news section. Following the changes, *Metro's* daily readership reached 4.8% (the fourth quarter of 2006 data) and was significantly higher than last year. This made *Metro* third most read newspaper in Poland, ahead of *Super Express*, *Dziennik* and *Rzeczpospolita*.

In the fourth quarter of 2006 free newspapers sold 4% more advertising than last year (*Metro* and *Metropol*), while *Metro* increased ad sales by 20%. During the same period, *Metro's* share in the national and local newspaper display advertising market reached 2%.

In December *Metro* started a new weekly supplement, *Metro City* which is the weekend entertainment guide in large cities.

In the beginning of 2007, the publisher of free newspaper *Metropol* withdrew the title from the Polish market. *Metro* became the only national free sheet issued from Monday to Friday.

3. NOWY DZIEN

In 2006 *Nowy Dzień* depressed the results of the Newspapers and Internet line of business by PLN 19.1 million.

4. INTERNET [6]

In November 2006 *Gazeta.pl* reached 38% or 5 million Polish Internet users (up 41% yoy). During the same month, the number of page views from the territory of Poland amounted to 402 million (over 40% more than last year). *Gazeta.pl* was the only portal to increase reach in November 2006.

In the period of October-December of 2006, the Internet business reported positive EBITDA. Advertising revenues grew solidly (almost 27% increase over last year, excluding classifieds). In the fourth quarter of 2006 Agora continued expanding its Internet business. In December the Company enriched its real estate vortal, *Dom*

(*GazetaDom.pl*). Currently, the service is a one of the largest online advertising offers on primary and secondary real estate market, as well as the richest content provider for real estate news, house building and interior design advice. The vortal's partners are Agora's housing and interior design magazines: *Ladny Dom*, *Cztery Katy* and *Ogrody* and *Gazeta's* Wednesday's real-estate supplement – *Gazeta Dom*. In November *GazetaDom.pl* had 0.6 million users.

Also Agora's recruitment service grew dynamically. In November 2006 the vortal had 1.1 million users which makes it one of the two largest recruitment services in the Polish Internet. In November, the vortal organized its first online job fairs. In December the service earned golden statuette award for *Professional services* at the Webstar Festival.

In December 2006 *Gazeta.pl* portal underwent changes as well. The service received new corporate identity, new layout and front page composition.

At present, the changes are supported with intensive image campaigns of *Gazeta.pl* and *Gazeta.Praca.pl*.

In December 2006 Agora signed a cooperation agreement between *Gazeta.pl* and Nullsoft – a part of AOL LLC. The contract provides Agora exclusive rights to sell advertising in Winamp media player on the territory of Poland.

IV.B. THE MAGAZINES [7]

In the fourth quarter of 2006, the top titles of Agora sold more copies than last year. The highest growth rates were recorded by *Avanti* (10%), *Cztery Katy* (26%), *Ladny Dom* (19%), *Ogrody* (31%) and *Poradnik Domowy* (2%). Copy sales results of *Logo* are promising as well. In March 2006, the magazine changed into a monthly. In the fourth quarter of 2006 its paid circulation exceeded 67 thousand copies.

In December Agora published a special edition of *Logo*, *iPod 2007* featuring information on accessories, software and descriptions of existing iPod models. This was the first publication of that type in the Polish market.

Tab. 9

in PLN million	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Total sales, including (1)	24.6	21.7	13.4%	95.0	89.9	5.7%
Copy sales	11.2	10.0	12.0%	43.4	42.4	2.4%
Advertising revenue	13.3	11.5	15.7%	51.2	47.2	8.5%
Total operating cost, including (1)	(20.3)	(21.6)	(6.0%)	(84.8)	(84.8)	-
Raw materials, energy, consumables and printing services	(7.9)	(7.9)	-	(31.7)	(31.7)	-
Staff cost (2)	(4.5)	(4.6)	(2.2%)	(19.1)	(18.2)	4.9%
Non-cash expense relating to share- based payments	(0.3)	(0.2)	50.0%	(1.1)	(0.2)	450.0%
D&A	(0.1)	(0.1)	-	(0.3)	(0.3)	-
Promotion and marketing (1)	(5.6)	(6.3)	(11.1%)	(25.7)	(26.9)	(4.5%)
Restructuring	-	-	-	(0.4)	-	-
EBIT	4.3	0.1	4,200.0%	10.2	5.1	100.0%
EBIT margin	17.5%	0.5%	17.0pp	10.7%	5.7%	5.0pp
EBITDA	4.4	0.2	2,100.0%	10.5	5.4	94.4%
EBITDA margin	17.9%	0.9%	17.0pp	11.1%	6.0%	5.1pp
Operating EBITDA (2)	4.7	0.4	1,067.3%	11.6	5.6	107.1%
Operating EBITDA margin	19.0%	1.8%	17.2pp	12.2%	6.2%	6.0pp

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

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

1. REVENUE

1.1. Copy sales

Tab. 10

	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Average copy sales - monthlies (in thousand of copies)	1,127.4	1,036.9	8.7%	1,077.4	986.2	9.2%

The increase of revenue from copy sales in the fourth quarter of 2006 reflects higher paid circulation results of the titles.

1.2. Advertising sales

Ad sales increase reflects ad market growth, better competitive position of Agora's, as well as changes of publishing schedule of *Logo*. In the fourth quarter of 2006, magazines reached 6.1% share in the magazine advertising market (up ca 1.0 pp).

2. COST

In the fourth quarter of 2006 decrease in operating cost results mainly from lower marketing and promotion costs.

IV.C. OUTDOOR (AMS GROUP)

Tab. 11

in PLN million	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Total sales, including: (1)	44.4	40.9	8.6%	151.0	143.3	5.4%
Advertising revenue	43.9	40.8	7.6%	149.8	143.1	4.7%
Total operating cost, including: (1)	(40.5)	(41.2)	(1.7%)	(131.0)	(133.2)	(1.7%)
Execution of campaigns	(9.1)	(7.4)	23.0%	(29.0)	(24.5)	18.4%
Maintenance cost	(17.2)	(16.6)	3.6%	(59.3)	(58.5)	1.4%
Staff cost (2)	(4.2)	(4.4)	(4.5%)	(16.6)	(16.6)	-
Non-cash expense relating to share-based payments	(0.8)	(0.4)	100.0%	(2.0)	(0.4)	400.0%
Promotion and marketing (1)	(1.6)	(2.5)	(36.0%)	(6.9)	(5.3)	30.2%
D&A	(3.2)	(4.7)	(31.9%)	(11.4)	(17.9)	(36.3%)
Other operating revenue /(cost) net	(1.0)	(2.1)	(52.4%)	2.5	1.1	127.3%
EBIT	3.9	(0.3)	-	20.0	10.1	98.0%
EBIT margin	8.8%	(0.7%)	9.5pp	13.2%	7.0%	6.2pp
EBITDA	6.9	4.1	68.3%	30.7	26.6	15.4%
EBITDA margin	15.5%	10.0%	5.5pp	20.3%	18.6%	1.7pp
Operating EBITDA (2)	7.7	4.5	71.1%	32.7	27.0	21.1%
Operating EBITDA margin	17.3%	11.0%	6.3pp	21.7%	18.8%	2.9pp
Number of advertising faces (3)	24,095	23,930	0.7%	24,095	23,930	0.7%

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

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

(3) excluding advertising panels of Akcent Media Sp. z o.o. installed on petrol stations, small panels at bus shelters and advertising surface on buses and trams.

1. REVENUE

In the fourth quarter of 2006 AMS recorded a higher revenue growth rate than in the first three quarters. This was due to ad spending for local political campaigns and outdoor advertising growth. The highest growth rates were recorded by premium backlight panels, citylight street furniture panels and transit advertising.

In the fourth quarter of 2006, estimated share of AMS in the outdoor advertising market (excluding transit advertising and advertising described in the footnote no 1 beneath the above table) stood at 27.7% (0.6pp down yoy). In total 2006, the company's share was 26.6% (1.8% down yoy) [8].

2. COST

The increase of cost of execution of campaigns in the fourth quarter of 2006 is a consequence of increased number of transit advertising and large-format campaigns.

The increase of maintenance cost in the fourth quarter of 2006 stems from changes in panel portfolio structure, including a set-up of new system of cityscroll panels (9 square meters). In 2006 AMS focused on the extension of its network Premium and Superpremium panel segment, the maintenance unit cost of which is higher than that of the standard ones.

Lower promotion and marketing cost in the fourth quarter of 2006 stems from the decrease in the number of social and marketing campaigns.

D&A decline in the fourth quarter of 2006 derives from the review of useful lives of fixed assets and changes in amortization rates for large format panels.

3. IMPORTANT EVENTS

In the fourth quarter of 2006 AMS finished the first stage of the investment project to build a new system of exclusive, cityscroll panels (9 square meters). These stylish panels are of city furniture nature and fit perfectly the urban ambience. In November AMS carried out the first advertising campaigns on first cityscrolls installed in October. Till the end of December 2006, 145 display cityscrolls with three shifting images were installed (435 exposure faces). Cityscroll investments are part of AMS's strategy to change the portfolio structure into Premium and Superpremium offers.

IV.D. RADIO

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

1. LOCAL RADIO STATIONS

In the fourth quarter of 2006 local radio stations again improved financial results and reported positive EBITDA of PLN 1.8 million. EBITDA (excluding non-cash expense related to share-based payments) grew by PLN 5.2 million yoy to PLN 2.5 million. The results of the fourth quarter 2005 included a one-off impairment loss for goodwill of PLN 2 million.

In the fourth quarter of 2006 *Roxy FM group*, which began operations in October and November 2005, delivered 5.1% audience reach in its target group [9]. In the same period cash ad sales of *Roxy FM group* grew by 51.6% yoy (in 2006 up 20.9% yoy).

Pursuant to the long-term operating efficiency improvement program, in the fourth quarter of 2006, Agora's twelve radio companies were merged within Grupa Radiowa Agory Sp. z o.o. As at 31 December 2006 the radio segment consisted of 12 radio companies with 26 local broadcasting licenses, and Inforadio Sp. z o.o. – a broadcaster of *TOK FM*. Capital consolidation of radio companies within GRA will be continued in 2007.

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

Tab. 12

in PLN million	IV Q 2006	IV Q 2005	% change yoy	I-IV Q 2006	I-IV Q 2005	% change yoy
Total sales, including (3)	20.1	17.8	12.9%	65.4	57.0	14.7%
Advertising revenue (1)	19.8	17.0	16.5%	62.8	54.6	15.0%
Total operating cost, including: (3)	(18.9)	(21.7)	(12.9%)	(70.1)	(65.5)	7.0%
Staff cost (2)	(6.6)	(6.3)	4.8%	(26.1)	(25.5)	2.4%
Non-cash expense relating to share-based payments	(0.7)	(0.5)	40.0%	(2.4)	(0.5)	380.0%
Licenses, rental and telecommunication costs	(2.0)	(2.4)	(16.7%)	(7.7)	(8.3)	(7.2%)
D&A	(0.6)	(0.7)	(14.3%)	(2.6)	(2.8)	(7.1%)
Promotion and marketing (3)	(3.3)	(7.4)	(55.4%)	(15.6)	(17.4)	(10.3%)
EBIT	1.2	(3.9)	-	(4.7)	(8.5)	44.7%
EBIT margin	6.0%	(21.9%)	27.9pp	(7.2%)	(14.9%)	7.7pp
EBITDA	1.8	(3.2)	-	(2.1)	(5.7)	63.2%
EBITDA margin	9.0%	(18.0%)	27.0pp	(3.2%)	(10.0%)	6.8pp
Operating EBITDA (2)	2.5	(2.7)	-	0.3	(5.2)	-
Operating EBITDA margin	12.4%	(15.2%)	27.6pp	0.5%	(9.1%)	9.6pp

(1) barter sales from Agora SA constituted 6.9% of advertising revenue in the period of January-December 2006 (9.6% in 2005).

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

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

In the period of January-December of 2006 total radio market grew by 9.5%, with local radios leading the growth (9.5%). National stations increased ad sales by 8.5%.

Market share of Agora's local radio stations group in 2006

Tab. 13

Cumulative:	Share in the radio advertising	Share in the local radio advertising	Audience share [9] (1)
2006	10.7%	30.9%	9.6%
2005	10.8%	31.3%	10.6%

(1) in 2006 new stations in Białystok and Walbrzych were excluded.

2. SUPERREGIONAL RADIO TOK FM

In the period of January-December 2006 *TOK FM* achieved 4.2% share in the Warsaw audience market in its target group as compared to 2.6% in 2005. In all cities of *TOK FM* operations, its audience share amounts to 2.8% (2.0% in the same period of 2005).

In 2006, revenue of the station increased by 69% yoy and the operating loss was reduced yoy.

NOTES

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

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

[3] The estimates refer to advertising expenditures in five media (print, radio, TV, outdoor, Internet). In this MD&A Agora has corrected the advertising figures for 2005 and the previous years. Unless explicitly stated otherwise, print and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure and advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of print the data do not include classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Expert Monitor monitoring, Agora SA monitoring. Presented TV and Internet figures for 2006 and the previous years are based on Starlink media house estimates and do not include sponsorships and teleshopping ads. Internet estimates do not include, among others, classified advertisements (such as: recruitment or real estate services). Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnętrznej estimates.

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

Data on dailies readership are based on PBC General, research carried out by MillwardBrown SMG/KRC on a random, nationwide sample of Poles over 15 years of age. The following indices were used: weekly readership index - percentage of respondents reading at least one edition of the title within 7 days of the week and average issue readership index. Size of the sample: nationwide PBC General for January – December 2006 n = 44,929, October-December 2006 n = 11,525.

[5] Definition of ratios:

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

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

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

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

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

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

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

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

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

*Free cash flow
interest cover=*

*Free cash flow
Interest charge*

[6] *Portal reach, real users and page views on the basis of MegaPanel PBI/Gemius for November 2006 (last available) and cover Internet users age 7 years and above, connecting to Internets from the territory of Poland. Real users data of Agora's Internet services are audited by Gemius SA.*

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

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

[9] *Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarters of an hour of listening) for ROXY FM: in the cities of broadcasting of Roxy and in the age group of 20-35, from October to December (sample for 2006: 1,696); for local radiostations: in cities of broadcasting and in the age group of 15+, from January to December (sample for 2005: 42,539, sample for 2006: 42,488); for TOK FM: in Warsaw and in the age group of 15+, from January to December (sample for 2005: 6,009; sample for 2006: 5,999); for TOK FM: in cities of broadcasting and in the age group of 15+, from January to December (sample for 2005: 31,231, sample for 2006: 31,256).*

V. ADDITIONAL INFORMATION

1. Important events

- In the current report published on 2 November 2006, the Company informed about the registration of the decrease of the Agora's share capital on 26 October 2006 (the District Court for the capital city of Warsaw, XIII KRS Commercial Division). The Company's share capital was decreased from PLN 56,757,525 to PLN 54,977,535 by PLN 1,779,990. The decrease of the share capital results from the redemption of 1,779,990 of the Company's shares with nominal value of PLN 1 per share, entitling to 1,779,990 votes at the General Meeting of Shareholders, purchased by the Company during the share buy - back program ("the Program") executed from 18 August 2005 till 30 November 2005. The redemption of shares is effective as of the decrease of the Company's share capital. The repurchase and redemption of the Company's shares were approved by the Company's shareholders. Total expenditure on the execution of the Program including the shares repurchase costs and other planned costs related to the Program amounted to PLN 120 million. Starting from 26 October 2006 the Company's share capital amounts to PLN 54,977,535.
- In the current report published on 7 November 2006, the Company informed about the merger of twelve radio companies exercising the licenses for broadcasting radio programs with Grupa Radiowa Agory Sp. z o.o., a subsidiary of Agora SA.
- In the current report published on 21 December 2006, the Company informed about the prolongation of the planned group lay - offs till 31 March 2007. Group – lay offs are part of the Company's plan aimed at optimization of the current business model of the Agora Group announced by the Company on 19 September 2006.
- In the current report published on 21 December 2006, the Company informed about the disposal of 1,149,394 shares of Agora SA held by Agora - Holding Sp. z o.o. for the execution of incentive programs. As a result of the above mentioned transaction Agora – Holding Sp. z o.o. holds 9,071,994 shares of Agora SA (constituting 16.5% of Agora's share capital) entitling Agora – Holding Sp. z o.o. to 26,198,394 votes (36.3% of total number of votes at an annual general meeting of shareholders). Agora - Holding Sp. z o.o. disposed of 1,149,394 shares for the benefit of Partycypacyjny Fundusz Inwestycyjny Zamkniety (Participatory Closed Mutual Fund) managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych SA. The Fund was created for the execution of incentive programs for the employees of Agora SA and its subsidiaries.

2. Changes in ownership of shares and rights to shares by Management Board members in the fourth quarter of 2006 and until the date of publication of the report

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

Tab. 14

a. shares	as at 31/12/2006	decrease	increase	as at 30/09/2006
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki	1,548,372	0	0	1,548,372
Zbigniew Bak	130,850	0	0	130,850
Jaroslaw Szalinski	9,218	0	0	9,218

b. rights to shares	as at 31/12/2006	decrease	increase	as at 30/09/2006
Wanda Rapaczynski	0	0	0	0
Piotr Niemczycki	0	0	0	0
Zbigniew Bak	0	0	0	0
Jaroslaw Szalinski	0	0	0	0

c. shares	as at 20/02/2007	decrease	increase	as at 31/12/2006
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki	1,548,372	0	0	1,548,372
Zbigniew Bak	130,850	0	0	130,850
Jaroslaw Szalinski	9,218	0	0	9,218

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

3. Changes in ownership of shares or other rights to shares (options) by Supervisory Board members in the fourth quarter of 2006

Tab. 15

	as at 31/12/2006	decrease	increase	as at 30/09/2006
Tomasz Sielicki	33	0	0	33
Sanford Schwartz	0	0	0	0
Slawomir Sikora	0	0	0	0
Bruce Rabb	0	0	0	0
Andrzej Szlezak	0	0	0	0

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

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

To the best of the Company's knowledge as of the day of publication of the report for the fourth quarter of 2006, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

Tab. 16

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o.	9,071,994	16.5%	26,198,394	36.3%
Julius Baer Investment Management LLC	3,941,331	7.2%	3,794,001	5.3%

AGORA GROUP
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 31 December 2006 and for 3 and 12 month period ended thereon
prepared under
INTERNATIONAL FINANCIAL REPORTING STANDARDS

Agora Group
Consolidated balance sheet as at 31 December 2006
(all amounts in PLN thousands unless otherwise indicated)

	As at 31 December 2006	As at 30 September 2006	As at 31 December 2005*
Assets			
Non-current assets:			
Intangible assets	284,165	282,735	273,404
Property, plant and equipment	644,637	651,553	680,144
Investments	7,470	7,532	8,630
Investments in associates	1,235	1,143	3,404
Receivables and prepayments	7,067	6,201	7,052
Deferred tax assets	30,677	35,046	28,552
	<u>975,251</u>	<u>984,210</u>	<u>1,001,186</u>
Current assets:			
Inventories	18,588	17,057	18,830
Accounts receivable and prepayments	195,380	193,635	209,192
Income tax receivable	7,373	5,281	9,598
Short-term securities and other financial assets	1,340	42,088	75,497
Cash and cash equivalents	334,705	259,960	189,656
	<u>557,386</u>	<u>518,021</u>	<u>502,773</u>
Total assets	<u><u>1,532,637</u></u>	<u><u>1,502,231</u></u>	<u><u>1,503,959</u></u>

* including changes described in note 2

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

Agora Group
Consolidated balance sheet as at 31 December 2006
(all amounts in PLN thousands unless otherwise indicated)

	Note	As at 31 December 2006	As at 30 September 2006	As at 31 December 2005*
Equity and liabilities				
Equity attributable to equity holders of the parent:				
Share capital		54,978	56,758	56,758
Treasury shares (negative figure)		-	(119,977)	(119,952)
Share premium		290,506	353,646	353,646
Retained earnings and other reserves		819,685	849,518	834,938
		<u>1,165,169</u>	<u>1,139,945</u>	<u>1,125,390</u>
Minority interest		<u>(503)</u>	<u>(540)</u>	<u>(207)</u>
Total equity		<u>1,164,666</u>	<u>1,139,405</u>	<u>1,125,183</u>
Non-current liabilities:				
Deferred tax liabilities		62,813	62,248	56,749
Interest bearing loans and borrowings	3	105,063	113,780	140,642
Retirement severance provision		1,193	1,209	1,083
Deferred revenues and accruals		1,276	1,458	1,849
		<u>170,345</u>	<u>178,695</u>	<u>200,323</u>
Current liabilities:				
Retirement severance provision		143	159	145
Accounts payable		107,023	99,350	131,345
Income tax liabilities		55	1,775	58
Short-term borrowings	3	35,660	28,708	1
Provisions		4,855	8,870	4,405
Deferred revenues and accruals		49,890	45,269	42,499
		<u>197,626</u>	<u>184,131</u>	<u>178,453</u>
Total equity and liabilities		<u>1,532,637</u>	<u>1,502,231</u>	<u>1,503,959</u>
Weighted average number of shares (1)		<u>54,977,535</u>	<u>54,977,535</u>	<u>56,324,104</u>

(1) number of shares has changed following the share buy-back programme carried out in 2005.

* including changes described in note 2

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

Agora Group**Consolidated income statement for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Note	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Sales	4	299,382	1,133,680	329,259	1,202,138
Cost of sales		<u>(171,207)</u>	<u>(668,517)</u>	<u>(201,011)</u>	<u>(677,372)</u>
Gross profit		128,175	465,163	128,248	524,766
Selling expenses		(72,626)	(298,542)	(76,692)	(250,325)
Administrative expenses		(32,731)	(120,154)	(35,850)	(120,062)
Other operating income		4,369	19,228	7,450	24,236
Other operating expenses		<u>(6,443)</u>	<u>(26,055)</u>	<u>(10,852)</u>	<u>(27,809)</u>
Operating profit	4	20,744	39,640	12,304	150,806
Finance income		3,165	14,306	2,864	17,904
Finance costs		(1,853)	(7,742)	(4,851)	(14,838)
Share of results of associates		<u>91</u>	<u>59</u>	<u>380</u>	<u>238</u>
Profit before income taxes		22,147	46,263	10,697	154,110
Income tax expense		<u>(6,711)</u>	<u>(14,261)</u>	<u>(2,276)</u>	<u>(28,497)</u>
Net profit for the period		<u>15,436</u>	<u>32,002</u>	<u>8,421</u>	<u>125,613</u>
Attributable to:					
Equity holders of the parent		15,268	32,623	8,554	126,713
Minority interests		<u>168</u>	<u>(621)</u>	<u>(133)</u>	<u>(1,100)</u>
		<u>15,436</u>	<u>32,002</u>	<u>8,421</u>	<u>125,613</u>
Earnings per share (in PLN)		<u>0.27</u>	<u>0.59</u>	<u>0.15</u>	<u>2.25</u>

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

Agora SA

Consolidated statement of changes in equity for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
	Share capital	Treasury shares (negative figure)	Share premium	Retained earnings	Other			
Three months ended 31 December 2006								
As at 30 September 2006	<u>56,758</u>	<u>(119,977)</u>	<u>353,646</u>	<u>849,518</u>	<u>-</u>	<u>1,139,945</u>	<u>(540)</u>	<u>1,139,405</u>
Additional contribution of minority shareholder	-	-	-	-	-	-	(131)	(131)
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	(18)	-	(18)	-	(18)
Total income and expense for the period recognized directly in equity	-	-	-	(18)	-	(18)	(131)	(149)
Net profit / (loss) for the period	-	-	-	15,268	-	15,268	168	15,436
Share-based payments	-	-	-	9,983	-	9,983	-	9,983
Share buy-back for their redemption (1)	-	(9)	-	-	-	(9)	-	(9)
Redemption of own shares	(1,780)	119,986	(63,140)	(55,066)	-	-	-	-
As at 31 December 2006	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>819,685</u>	<u>-</u>	<u>1,165,169</u>	<u>(503)</u>	<u>1,164,666</u>

(1) in 2006 the share buy-back programme was not carried out. The change in the value of treasury shares represents direct costs related to execution of this programme in 2005.

Agora SA

Consolidated statement of changes in equity for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
	Share capital	Treasury shares (negative figure)	Share premium	Retained earnings	Other			
Twelve months ended 31 December 2006								
As at 31 December 2005	<u>56,758</u>	<u>(119,952)</u>	<u>353,646</u>	<u>834,938</u>	<u>-</u>	<u>1,125,390</u>	<u>(207)</u>	<u>1,125,183</u>
Additional contribution of minority shareholder	-	-	-	-	-	-	1,013	1,013
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	(144)	-	(144)	-	(144)
Total income and expense for the period recognized directly in equity	-	-	-	(144)	-	(144)	1,013	869
Net profit / (loss) for the period	-	-	-	32,623	-	32,623	(621)	32,002
Share-based payments	-	-	-	34,823	-	34,823	-	34,823
Share buy-back for their redemption (1)	-	(34)	-	-	-	(34)	-	(34)
Redemption of own shares	(1,780)	119,986	(63,140)	(55,066)	-	-	-	-
Dividends declared	-	-	-	(27,489)	-	(27,489)	-	(27,489)
Dividends of subsidiaries	-	-	-	-	-	-	(688)	(688)
As at 31 December 2006	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>819,685</u>	<u>-</u>	<u>1,165,169</u>	<u>(503)</u>	<u>1,164,666</u>

(1) in 2006 the share buy-back programme was not carried out. The change in the value of treasury shares represents direct costs related to execution of this programme in 2005.

Agora SA

Consolidated statement of changes in equity for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
	Share capital	Treasury shares (negative figure)	Share premium	Retained earnings	Other			
Twelve months ended 31 December 2005								
As at 31 December 2004	<u>56,758</u>	<u>-</u>	<u>353,646</u>	<u>725,449</u>	<u>1,147</u>	<u>1,137,000</u>	<u>1,554</u>	<u>1,138,554</u>
Additional contribution of minority shareholder	-	-	-	-	-	-	8,841	8,841
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	2,887	-	2,887	(8,441)	(5,554)
Total income and expense for the period recognized directly in equity	-	-	-	2,887	-	2,887	400	3,287
Net profit / (loss)	-	-	-	126,713	-	126,713	(1,100)	125,613
Reclassification	-	-	-	1,147	(1,147)	-	-	-
Share-based payments	-	-	-	7,121	-	7,121	-	7,121
Share buy-back for their redemption	-	(119,952)	-	-	-	(119,952)	-	(119,952)
Dividends declared	-	-	-	(28,379)	-	(28,379)	-	(28,379)
Dividends of subsidiaries	-	-	-	-	-	-	(1,061)	(1,061)
As at 31 December 2005	<u>56,758</u>	<u>(119,952)</u>	<u>353,646</u>	<u>834,938</u>	<u>-</u>	<u>1,125,390</u>	<u>(207)</u>	<u>1,125,183</u>

Agora Group**Consolidated cash flow statement for the three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Cash flows from operating activities				
Profit / (loss) before income taxes	22,147	46,263	10,697	154,110
Adjustments for:				
Share of results of associates	(91)	(59)	(380)	(238)
Depreciation of property, plant and equipment	17,858	71,772	21,474	91,865
Amortization of intangible assets and goodwill	2,144	5,177	3,974	4,579
Interest, net	1,616	6,373	1,785	8,268
(Profit) / loss on investing activities	1,126	(7,473)	4,959	3,234
(Decrease) / increase in provisions	(4,047)	501	(616)	1,583
(Increase) / decrease in inventories	(1,531)	242	(913)	(1,275)
(Increase) / decrease in receivables and prepayments	(7,167)	16,900	(33,650)	(58,859)
(Decrease) / increase in payables	5,814	(19,823)	26,030	48,031
(Decrease) / increase in deferred revenues and accruals	4,445	6,334	(2,602)	1,895
Other adjustments	10,154	34,657	7,618	6,578
Cash generated from operations	52,468	160,864	38,376	259,771
Income taxes (paid) / returned	(5,426)	(13,805)	(11,297)	(29,406)
Net cash from operating activities	47,042	147,059	27,079	230,365
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	2,716	3,157	6	235
Disposal of subsidiaries (net of cash disposed) and associates	-	694	-	2,214
Disposal of financial assets	-	2,436	186	1,515
Loan repayment received	40	317	-	-
Interest received	1,346	2,888	187	750
Disposal of short-term securities	39,691	138,129	11,425	68,876
Other	-	-	222	222
Purchase of property plant and equipment, and intangibles	(9,820)	(41,680)	(15,316)	(44,099)
Acquisition of subsidiary (net of cash acquired) and associates	(3,000)	(6,178)	44	218
Acquisition of financial assets	-	-	(188)	(1,447)
Acquisition of short-term securities	-	(65,987)	(20,998)	(139,139)
Loans granted	-	-	120	(432)
Net cash used in investing activities	30,973	33,776	(24,312)	(111,087)

Agora Group**Consolidated cash flow statement for the three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Cash flows from financing activities				
Proceeds from borrowings	-	584	291	1,228
Repurchase of own shares (1)	(5)	(30)	(63,602)	(119,952)
Dividends paid to equity holders of the parent	(12)	(27,489)	(10)	(28,377)
Dividends paid to minority shareholders	-	(688)	-	(1,059)
Repayment of borrowings	(1,966)	(1,967)	-	(2)
Repayment of debt instruments issued	(188)	(188)	-	-
Interest paid	(1,099)	(6,008)	(1,785)	(8,268)
Other	-	-	-	(604)
Net cash used in financing activities	(3,270)	(35,786)	(65,106)	(157,034)
Net increase / (decrease) in cash and cash equivalents	74,745	145,049	(62,339)	(37,756)
Cash and cash equivalents				
At start of period	259,960	189,656	251,995	227,412
At end of period	<u>334,705</u>	<u>334,705</u>	<u>189,656</u>	<u>189,656</u>

(1) in 2006 the share buy-back programme was not carried out. The cash outflow for repurchase of own shares represents direct costs related to execution of this programme in 2005.

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

Agora Group

Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

1. General information

Agora SA with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally produces, sells and promotes daily newspapers (including flagship *Gazeta Wyborcza*), magazines, other periodicals and carries out the Internet activity. The Company also controls or exercises significant influence over 13 radio operating companies and is active in the outdoor segment through an acquired subsidiary, Art Marketing Syndicate SA ("AMS").

As at 31 December 2006 the Group comprised Agora SA and 17 subsidiaries. Additionally Agora SA exercised significant influence over 1 associate company.

The Group operates in all the major cities in Poland.

Financial statements are presented as at and for three and twelve months ended 31 December 2006, with comparative figures presented as at and for three and twelve months ended 31 December 2005.

The financial statements were authorized for issue by the Management Board on 20 February 2007.

2. Statement of compliance

The Consolidated Balance Sheet as of 31 December 2006, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the three and twelve months ended 31 December 2006 have neither been audited nor reviewed. The Consolidated Balance Sheet as of 31 December 2005, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the twelve months ended 31 December 2005 have been audited by independent auditor who issued unqualified opinion.

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

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

Except for the change of presentation of minority interest in Inforadio Sp. z o.o. described below, in the preparation of these condensed consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2005. The Consolidated Financial Statements as at 31 December 2005 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC") published in the form of regulations of the European Union. The 31 December 2006 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2005.

Comparing to the financial statements for 2005 the method of presentation of minority interest relating to Inforadio Sp. z o.o. changed. Due to the existence of obligation of minority shareholder to provide additional investments in Inforadio in proportion to shares held, loans received by Inforadio from its minority shareholder are presented net with share of this shareholder in Inforadio's equity.

	Data presented in the financial statements for the year of 2005	Restatement	Comparative data presented in the report for the fourth quarter of 2006
Minority interest as at 31 December 2005	(18,476)	18,269	(207)
Non-current interest bearing loans and borrowings as at 31 December 2005	158,719	(18,269)	140,642

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

3. Long-term and short-term borrowings

As at 31 December 2006 the Group had a PLN 500 million long-term loan facility available from Bank Pekao SA, on the basis of the loan agreement dated 5 April 2002. The tranches drawn as at 31 December 2006 amounted to PLN 139,480 thousand, including PLN 104,610 thousand presented in the non-current part.

Additionally, Group's subsidiary - Inforadio Sp. z o.o. has loan liability to a minority shareholder in the amount of PLN 19,282 thousand.

4. Sales and segment information

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Sales				
Press and other media	258,811	997,904	295,660	1,074,929
Outdoor	48,829	183,634	49,040	177,623
Consolidation eliminations	(8,258)	(47,858)	(15,441)	(50,414)
Consolidated	299,382	1,133,680	329,259	1,202,138
Operating profit / (loss)				
Press and other media	35,305	22,164	13,700	123,478
Outdoor	7,537	47,458	6,500	38,751
Consolidation eliminations	(22,098)	(29,982)	(7,896)	(11,423)
Consolidated	20,744	39,640	12,304	150,806
(Impairment loss recognized) / reversal of impairment losses				
Press and other media	(3,073)	(5,897)	(1,159)	(2,519)
Outdoor	(861)	(579)	(878)	(805)
Consolidation eliminations	-	-	(768)	(768)
Consolidated	(3,934)	(6,476)	(2,805)	(4,092)
Restructuring				
Press and other media	10	5,096	-	-
Outdoor	-	-	-	-
Consolidation eliminations	-	-	-	-
Consolidated	10	5,096	-	-

5. Share-based payment

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

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

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

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

A. Incentive plan based on investment certificates

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

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

A. Incentive plan based on investment certificates

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

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

The summary of the plan:

	Incentive Plan 2006 (certificates C and D)	Incentive Plan 2005 (certificates A and B)
Grant date - date of the resolution of shareholders of Agora Holding Sp. z o.o. on grant of shares	21 December 2006	20 December 2005
Month in which certificates are purchased by eligible employees	September 2006	October 2005
Total number of certificates purchased by employees of the Group	836,586	865,168
Vesting date and vesting period	Certificates C 25 June 2007, 9 months (October 2006 – June 2007) for 419,638 certificates Certificates D 25 June 2008, 21 months (October 2006 – June 2008) for 416,948 certificates 1.5 Agora's share falls on each certificate C and 0.5 Agora's share falls on each certificate D.	Certificates A 25 June 2006, 8 months (November 2005 – June 2006) for 359,932 certificates Certificates B 25 June 2007, 20 months (November 2005 – June 2007) for 505,236 certificates
Vesting conditions	described in incentive plan regulations, specifically the employment in Group companies as at the vesting date	
Purchase price of each certificate	PLN 1	PLN 1
Type of the plan	equity settled	equity settled
During the vesting period Agora Holding Sp. z o.o. has a irrevocable, unconditional right to buy back certificates for purchase price		

The fair value of certificates is determined by applying valuation model, which takes into consideration such variables as: market value of Agora's shares, specific characteristics and running costs of the fund as well as the kind of shares and rights associated with the certificates. Consequently, the discount factor was established at the level of 23.6% (detailed description of the valuation model is disclosed below).

The fair value of certificates is established as at the grant date and posted to the income statement from the month following the month in which certificates are purchased by eligible employees. The costs are recognized over the vesting period.

Historical ratio of forfeited certificates (FR ratio, described below) adjusts the number of certificates granted included in the calculation of incentive plan cost (due to non-compliance with conditions attached to the scheme - obligation to work in the Group, in particular).

The fair value of investment certificates and the total cost of the Group as at the grant date was determined using the following formula:

$$FMV = (B-S@grant\ date) \times (1-CD),$$

$$Cost = FMV \times IC \times (1-FR)$$

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Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

where:

1. FMV - fair market value of certificate as at the grant date,
2. B-S@grant date - the value of certificates as at the grant date, calculated using Black - Scholes model (B-S), with following assumptions:
 - a. the value of certificates as at the grant date was determined as weighted average of 6 month and 18 month European call option for Agora's shares as at that date for certificates vesting on 25 June 2006 and 25 June 2007 (certificates A and C) and on 25 June 2007 and 25 June 2008 (certificates B and D) respectively,
 - b. parameters of B-S model:

		Incentive Plan 2006 (certificates C and D)	Incentive Plan 2005 (certificates A and B)
Market value of base instrument (Agora' share)	PLN	36.2	69.5
Volatility of 6 month option	%	30%	17%
Volatility of 18 month option	%	51%	29%
Exercise price of the option	PLN	1.0	1.0
Risk-free rate	%	4.3%	4.4%
6 month option value	PLN	35.2	68.5
18 month option value	PLN	35.3	68.6

3. CD - discount for closed mutual fund, representing:
 - a. valuation of closed funds assets,
 - b. rights of owners of PCMF certificates,
 - c. PCMF's running costs.
4. IC - total number of certificates in PCMF purchased by employees,
5. FR - factor which adjusts the number of certificates by the historic percentage of forfeited shares by employees which did not fulfill vesting conditions in past schemes,
6. The valuation calculation:

		Incentive Plan 2006 (certificates C and D)	Incentive Plan 2005 (certificates A and B)
B-S@grant date	PLN	35.2	68.5
CD	%	23.6%	23.6%
Market value of certificates as at grant date	PLN	26.9	52.4
FR	%	2.7%	3.0%
IC	in number of certificates	836,586	865,168
Total cost	PLN thousand	21,901	43,975

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

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Income statement – staff cost	9,983	34,823	7,121	7,121
Equity	9,983	34,823	7,121	7,121

The impact on the financial statements of the Group described above, result exclusively from recognition of costs in 2006 of the plans carried out in 2005 and new incentive plans of 2006 (in 2005 of the plans carried out in 2005)

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

only).

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

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
At the beginning of the period	498,563	865,168	-	-
Granted	836,586	836,586	865,168	865,168
Forfeited	(3,092)	(15,379)	-	-
Vested	-	(354,318)	-	-
At the end of the period	<u>1,332,057</u>	<u>1,332,057</u>	<u>865,168</u>	<u>865,168</u>

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

	As at 31 December 2006	Sold in 2006	Acquired in 2006	As at 31 December 2005
Incentive plan 2005				
Wanda Rapaczynski	145,321	-	-	145,321
Piotr Niemczycki	16,286	-	-	16,286
Zbigniew Bak	11,896	(11,896)	-	23,792
Jaroslaw Szalinski	7,462	(7,463)	-	14,925
	<u>180,965</u>	<u>(19,359)</u>	<u>-</u>	<u>200,324</u>
Incentive plan 2006				
Wanda Rapaczynski	22,311	-	22,311	-
Piotr Niemczycki	16,286	-	16,286	-
Zbigniew Bak	11,896	-	11,896	-
Jaroslaw Szalinski	15,838	-	15,838	-
	<u>66,331</u>	<u>-</u>	<u>66,331</u>	<u>-</u>

Vesting date and vesting period for purchased certificates:

Certificates	Vesting date	Vesting period	Time interval	Number of certificates
A	25 June 2006	8 months	November 2005 – June 2006	27,502
B	25 June 2007	20 months	November 2005 – June 2007	172,822
C	25 June 2007	9 months	October 2006 – June 2007	33,166
D	25 June 2008	21 months	October 2006 – June 2008	33,165

In 2006 non-cash expense of the investment certificates acquired by Management Board in the fourth quarter of 2006 and 2005 recognized according to IFRS 2 amounted to PLN 6,816 thousand (in 2005: PLN 1,228 thousand).

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

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

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

The number of shares granted depended on eligible managers meeting performance criteria (non-market criteria).

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Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

Movements in the shares outstanding are as follows (including shares granted to Management Board members):

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
At the beginning of the period	3,280,013	5,164,378	5,164,378	8,019,343
Granted	-	-	-	-
Forfeited	-	(13,974)	-	(62,570)
Vested	-	(1,870,391)	-	(2,792,395)
At the end of the period	<u>3,280,013</u>	<u>3,280,013</u>	<u>5,164,378</u>	<u>5,164,378</u>

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

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

All shares have full dividend and voting rights.

The movements in shares purchased by Management Board of Agora are shown in point V.2 of the Management Discussion and Analysis.

6. Provisions and impairment losses

In the period from 1 January 2006 to 31 December 2006 the following impairment losses were changed (in brackets figures for the fourth quarter of 2006):

- impairment loss for receivables: decrease by PLN 6,004 thousand (decrease by PLN 2,782 thousand),
- impairment loss for financial assets: decrease by PLN 6,445 thousand (increase by PLN 47 thousand) – mainly due to the sale of shares of Radio Mazowsze Sp. z o.o.,
- impairment loss for additional contribution to capital: decrease by PLN 20 thousand (no change),
- impairment loss for inventory: increase by PLN 3,971 thousand (decrease by PLN 181 thousand),
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 1,849 thousand (decrease by PLN 23 thousand).

Additionally in the period from 1 January 2006 to 31 December 2006 the following provisions were changed:

- provision for certain and probable losses: decrease by 2,719 thousand (decrease by PLN 73 thousand),
- provision for restructuring: increase by PLN 3,168 thousand (decrease by PLN 3,942 thousand),
- retirement severance provision: increase by PLN 108 thousand (decrease by PLN 32 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.

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

8. Capital and investment commitments

Contractual capital and investment commitments (mainly relating to fixed assets) existing at the balance sheet date amounted to PLN 3,323 thousand (30 September 2006: PLN 2,979 thousand, 31 December 2005: PLN 6,818 thousand).

9. Contingencies

As of 31 December 2006 the Group had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below.

Benefiting party	Debtor	Valid till	Amount	Provisions booked
<u>Guarantees provided by Agora SA</u>				
Pekao SA	Agora's employees	31.03.2008 – 30.10.2010	740	-
<u>Guarantees provided by AMS SA</u>				
VOX Chemia Sp. z o.o.	AMS SA	31.12.2012	1,467	-
PKiN Sp. z o.o.	AMS SA	Not specified	200	-
Wroclaw Community	AMS SA	31.05.2007, 31.03.2009	699	-
Others	AMS SA	31.12.2007	90	-
			3,196	-

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

10. Court cases

As for 31 December 2006 the Group has not entered into litigation or has been litigated for claims or liabilities that in total exceed 10% of the Group's equity.

11. Seasonality

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

12. Restructuring

On 19 September 2006 the Management Board of Agora SA approved the plan to optimize the current business model of the Agora Group. According to the Company's estimates, total cost of restructuring will reach about PLN 5.1 million (including PLN 3.4 million cost of severances in Agora SA). The Company set all necessary restructuring provisions for the mentioned costs in the Group's profit and loss account in the third quarter of 2006. As at 31 December 2006 the paid severances amounted to PLN 1.9 million.

On 20 December 2006 the Company notified the Labor Office about the prolongation of the planned group lay - offs till 31 March 2007. The remaining terms of the Company's group lay-offs program remain unchanged.

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

13. Related-party transactions**(a) Management Board's remuneration**

Remuneration of Management Board members of Agora SA paid pursuant to employment and management contracts amounted to PLN 2,405 thousand (twelve months ended 31 December 2005: PLN 2,465 thousand).

Management Board members did not acquire shares in the twelve months ended 31 December 2006.

Management Board members acquired 66,331 investment certificates as part of incentive plans carried out in 2006, which is in detail described in note 5 point A.

In the fourth quarter 2006, non-cash expense of investment certificates acquired by Management Board of Agora in the fourth quarter of 2005 and in the fourth quarter of 2006 recognized according to IFRS 2 amounted to PLN 1,815 thousand (in 2006: PLN 6,816 thousand).

(b) Other entities

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

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Associates and non-consolidated subsidiaries				
Sales	7,735	10,623	1,318	5,371
Purchases of goods and services	(933)	(5,812)	(2,734)	(10,268)
Impairment losses on loans granted	-	-	(3,429)	(4,294)
	<u>As at 31 December 2006</u>	<u>As at 30 September 2006</u>	<u>As at 31 December 2005</u>	<u>As at 31 December 2005</u>
Associates and non-consolidated subsidiaries				
Receivables	144	524	1,439	1,439
Payables	440	172	1,746	1,746
Loans granted and debt securities	1,333	1,372	4,419	4,419

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

14. Selected consolidated financial data together with translation into EURO

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

- income statement and cash flow statement figures using arithmetic average of exchange rates published by NBP and ruling on the last day of each month during each quarter. For the year 2006 EURO 1 = 3.8976; for the year 2005 EURO 1 = 4.0274.
- balance sheet figures using the average exchange rates published by NBP and ruling on the last day of the fourth quarter of 2006. Exchange rate as at 31 December 2006 – EURO 1 = 3.8312; as at 31 December 2005 – EURO 1 = 3.8598.

	PLN thousand		EURO thousand	
	Twelve months ended 31 December 2006	Twelve months ended 31 December 2005	Twelve months ended 31 December 2006	Twelve months ended 31 December 2005
Sales	1,133,680	1,202,138	290,866	298,490
Operating profit	39,640	150,806	10,170	37,445
Profit before income taxes	46,263	154,110	11,870	38,265
Net profit for the period attributable to equity holders of the parent	32,623	126,713	8,370	31,463
Net cash from operating activities	147,059	230,365	37,731	57,199
Net cash used in investing activities	33,776	(111,087)	8,666	(27,583)
Net cash used in financing activities	(35,786)	(157,034)	(9,182)	(38,991)
Net increase / (decrease) in cash and cash equivalents	145,049	(37,756)	37,215	(9,375)
Total assets	1,532,637	1,503,959	400,041	389,647
Non-current liabilities	170,345	200,323	44,463	51,900
Current liabilities	197,626	178,453	51,583	46,234
Equity attributable to equity holders of the parent	1,165,169	1,125,390	304,126	291,567
Share capital	54,978	56,758	14,350	14,705
Weighted average number of shares	54,977,535	56,324,104	54,977,535	56,324,104
Earnings per share (in PLN / in EURO)	0.59	2.25	0.15	0.56
Book value per share (in PLN / in EURO)	21.19	19.98	5.53	5.18

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

15. Description of the Group

The list of companies from the Group:

% of shares held (effectively)

	31 December 2006	30 September 2006	
Subsidiaries consolidated			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Art Marketing Syndicate SA (AMS), Poznan	100.0%	100.0%
3	Radio Trefl Sp. z o.o., Sopot (2)	99.9%	99.9%
4	IM 40 Sp. z o.o., Warsaw	72.0%	72.0%
5	Grupa Radiowa Agory Sp. z o.o., Warszawa	100.0%	100.0%
6	Barys Sp. z o.o., Tychy (2)	89.8%	89.8%
7	Agencja Reklamowa Jowisz Sp. z o.o., Jelenia Gora (2)	100.0%	100.0%
8	Adpol Sp. z o.o., Warsaw (3)	100.0%	100.0%
9	Akcent Media Sp. z o.o., Poznan (3)	100.0%	100.0%
10	Multimedia Plus Sp. z o.o., Srem	100.0%	100.0%
11	Lokalne Radio w Opolu Sp. z o.o., Opole	100.0%	100.0%
12	Inforadio Sp. z o.o., Warszawa	66.1%	66.1%
13	Regionalne Przedsiębiorstwo Związkowe Sp. z o.o., Tychy	100.0%	100.0%
14	Tres Sp. z o.o., Sieradz	100.0%	100.0%
15	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
16	BOR Sp. z o.o., Poznan	100.0%	100.0%
17	Jan Babczyszyn Radio Jazz FM Sp. z o.o., Poznan	100.0%	100.0%
18	KKK FM S.A., Wrocław (1)	-	100.0%
19	Elita Sp. z o.o., Bydgoszcz (1)	-	100.0%
20	O'le Sp. z o.o., Opole (1)	-	100.0%
21	Karolina Sp. z o.o., Tychy (1)	-	100.0%
22	CITY Radio Sp. z o.o., Czestochowa (1)	-	100.0%
23	Radio Na Fali Sp. z o.o., Szczecin (1)	-	100.0%
24	ROM Sp. z o.o., Warsaw (1)	-	100.0%
25	Radio Pomoże Sp. z o.o., Bydgoszcz (1)	-	100.0%
26	Twoje Radio Sp. z o.o., Walbrzych (1)	-	100.0%
27	Wibor Sp. z o.o., Nowy Sacz (1)	-	100.0%
28	Radio Wanda Sp. z o.o., Cracow (1)	-	100.0%
29	Radio Klakson Sp. z o.o., Wrocław (1)	-	100.0%
Associate companies valued using the equity method			
30	Bis Media Sp. z o.o., Lublin	49.0%	49.0%
Companies excluded from consolidation and equity accounting			
31	Polskie Badania Internetu Sp. z o.o., Warsaw	20.0%	20.0%
32	Radio Wawel Sp. z o.o., Cracow	-	50.0%
33	Projekt Inwestycyjny Sp. z o.o., Warsaw	100.0%	100.0%
34	Polskie Badania Outdooru Sp. z o.o., Warsaw (3)	41.0%	41.0%
35	Media System Sp. z o.o., Warsaw (3)	100.0%	100.0%

(1) companies merged with GRA Sp z o.o. on 31 October 2006

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

(3) indirectly through AMS SA.

Agora Group

Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

16. Business combinations

- Due to purchase of shares in the third quarter of 2006, BOR Sp. z o.o., Jan Babczyszyn Radio Jazz FM became consolidated subsidiaries. Assuming the consolidation of BOR and Jazz from 1 January 2006 the Group's revenue for the year of 2006 would be PLN 1,134,785 thousand and the net profit PLN 32,870 thousand.
- On 31 October 2006 the District Court for the capital city of Warsaw, XIII KRS Commercial Division, registered the merger of twelve radio companies exercising the licenses for broadcasting radio programs with Grupa Radiowa Agory Sp. z o.o. (GRA), a subsidiary of Agora SA.
The companies that were merged with GRA include:

- City Radio Sp. z o.o. with its seat in Czestochowa,
- Elita Sp. z o.o. with its seat in Bydgoszcz,
- Karolina Sp. zo.o. with its seat in Tychy,
- KKK FM S.A. with its seat in Wrocław,
- Radio Klakson Sp. z o.o.with its seat in Wroclaw,
- Radio na Fali Sp. z o.o.with its seat in Szczecin,
- O'le Sp. z o.o.with its seat in Opole,
- Radio Pomoże Sp. z o.o.with its seat in Bydgoszcz,
- Radio Wanda Sp. z o.o.with its seat in Cracow,
- ROM Sp. z o.o.with its seat in Warsaw,
- Twoje Radio Sp. z o.o.with its seat in Walbrzych,
- WIBOR Sp. z o.o. with its seat in Nowy Sacz.

The merger was executed pursuant to Art. 492 § 1 item 1 and Art. 516 § 1, § 5, § 6 (merger by acquisition) of the Commercial Companies Code, this is by transferring all the assets of the twelve companies being acquired to GRA - the acquiring company. Before the merger GRA held 100% of share capital in each of the above 12 companies being acquired therefore pursuant to Art. 515 of the Commercial Companies Code the merger was effected without the increase of the share capital of GRA. Agora SA is the only shareholder of the acquiring company - GRA.

17. Condensed unconsolidated financial statements of Agora SA**Unconsolidated balance sheet as at 31 December 2006**

	As at 31 December 2006	As at 30 September 2006	As at 31 December 2005
Assets			
Non-current assets:			
Intangible assets	84,088	82,350	83,093
Property, plant and equipment	447,703	456,894	486,717
Investments	309,090	311,765	295,534
Receivables and prepayments	79,546	87,111	95,979
Deferred tax assets	14,429	18,202	13,488
	<u>934,856</u>	<u>956,322</u>	<u>974,811</u>
Current assets:			
Inventories	14,313	12,632	15,056
Accounts receivable and prepayments	163,103	167,731	183,424
Income tax receivable	5,281	5,281	8,764
Short-term securities and other financial assets	1,045	42,570	73,481
Cash and cash equivalents	290,806	230,909	178,517
	<u>474,548</u>	<u>459,123</u>	<u>459,242</u>
Total assets	<u>1,409,404</u>	<u>1,415,445</u>	<u>1,434,053</u>

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

	As at 31 December 2006	As at 30 September 2006	As at 31 December 2005
Equity and liabilities			
Equity:			
Share capital	54,978	56,758	56,758
Treasury shares (negative figure)	-	(119,977)	(119,952)
Share premium	290,506	353,646	353,646
Other reserves	36,357	28,091	6,336
Retained earnings	701,901	765,129	794,291
	<u>1,083,742</u>	<u>1,083,647</u>	<u>1,091,079</u>
Non-current liabilities:			
Deferred tax liabilities	64,954	65,474	60,514
Interest bearing loans and borrowings	104,610	113,327	139,480
Retirement severance provision	1,077	1,099	995
Deferred revenues and accruals	-	2	4
Other	71	77	35
	<u>170,712</u>	<u>179,979</u>	<u>201,028</u>
Current liabilities:			
Retirement severance provision	140	156	143
Accounts payable	83,928	85,282	112,430
Short-term borrowings	35,415	26,152	-
Provisions	3,725	7,688	3,089
Deferred revenues and accruals	31,742	32,541	26,284
	<u>154,950</u>	<u>151,819</u>	<u>141,946</u>
Total equity and liabilities	<u>1,409,404</u>	<u>1,415,445</u>	<u>1,434,053</u>
Weighted average number of shares (1)	<u>54,977,535</u>	<u>54,977,535</u>	<u>56,324,104</u>

(1) number of shares has changed following the share buy-back programme carried out in 2005.

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

Unconsolidated income statement for three and twelve months ended 31 December 2006

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Sales	237,122	936,134	283,057	1,035,256
Cost of sales	<u>(132,084)</u>	<u>(537,416)</u>	<u>(149,922)</u>	<u>(538,288)</u>
Gross profit	105,038	398,718	133,135	496,968
Selling expenses	(68,446)	(304,603)	(94,775)	(280,952)
Administrative expenses	(29,699)	(105,662)	(31,603)	(101,886)
Other operating income	3,811	12,989	6,537	16,500
Other operating expenses	<u>(4,225)</u>	<u>(21,485)</u>	<u>(6,171)</u>	<u>(19,599)</u>
Operating profit / (loss)	6,479	(20,043)	7,123	111,031
Finance income	4,371	39,863	2,779	70,571
Finance costs	<u>(15,894)</u>	<u>(26,561)</u>	<u>(11,477)</u>	<u>(21,997)</u>
Profit / (loss) before income taxes	(5,044)	(6,741)	(1,575)	159,605
Income tax expense	<u>(3,253)</u>	<u>(3,240)</u>	<u>(1,365)</u>	<u>(24,652)</u>
Net profit / (loss) for the period	<u>(8,297)</u>	<u>(9,981)</u>	<u>(2,940)</u>	<u>134,953</u>
Earnings per share (in PLN)	<u>(0.15)</u>	<u>(0.18)</u>	<u>(0.05)</u>	<u>2.40</u>

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

Unconsolidated statement of changes in equity for three and twelve months ended 31 December 2006

	Share capital	Treasury shares (negative figure)	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 31 December 2006						
As at 30 September 2006	56,758	(119,977)	353,646	28,091	765,129	1,083,647
Net profit / (loss)	-	-	-	-	(8,297)	(8,297)
Share-based payments	-	-	-	8,400	-	8,400
Share buy-back for their redemption (1)	-	(9)	-	-	-	(9)
Redemption of own shares	(1,780)	119,986	(63,140)	-	(55,066)	-
Other	-	-	-	(134)	135	1
As at 31 December 2006	54,978	-	290,506	36,357	701,901	1,083,742
Twelve months ended 31 December 2006						
As at 31 December 2005	56,758	(119,952)	353,646	6,336	794,291	1,091,079
Net profit / (loss)	-	-	-	-	(9,981)	(9,981)
Share-based payments	-	-	-	30,166	-	30,166
Share buy-back for their redemption (1)	-	(34)	-	-	-	(34)
Redemption of own shares	(1,780)	119,986	(63,140)	-	(55,066)	-
Dividends declared	-	-	-	-	(27,488)	(27,488)
Other	-	-	-	(145)	145	-
As at 31 December 2006	54,978	-	290,506	36,357	701,901	1,083,742

(1) in 2006 the share buy-back programme was not carried out. The change in the value of treasury shares represents direct costs related to execution of this programme in 2005.

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Share capital	Treasury shares (negative figure)	Share premium	Other reserves	Retained earnings	Total equity
Twelve months ended 31 December 2005						
As at 31 December 2004	<u>56,758</u>	<u>-</u>	<u>353,646</u>	<u>180</u>	<u>687,683</u>	<u>1,098,267</u>
Net profit / (loss)	-	-	-	-	134,953	134,953
Share-based payments	-	-	-	6,190	-	6,190
Share buy-back for their redemption	-	(119,952)	-	-	-	(119,952)
Dividends declared	-	-	-	-	(28,379)	(28,379)
Other	-	-	-	(34)	34	-
As at 31 December 2005	<u>56,758</u>	<u>(119,952)</u>	<u>353,646</u>	<u>6,336</u>	<u>794,291</u>	<u>1,091,079</u>

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

Unconsolidated cash flow statement for the three and twelve months ended 31 December 2006

	Three months ended 31 December 2006	Twelve months ended 31 December 2006	Three months ended 31 December 2005	Twelve months ended 31 December 2005
Cash flows from operating activities				
Profit / (loss) before income taxes	(5,044)	(6,741)	(1,575)	159,605
Adjustments for:				
Depreciation of property, plant and equipment	11,453	46,544	12,738	57,222
Amortization of intangible assets and goodwill	1,660	3,814	3,334	3,566
Foreign exchange (gain) / loss	(281)	-	(5)	(327)
Interest, net	380	1,005	(540)	(1,082)
(Profit) / loss on investing activities	7,605	6,977	12,655	12,116
Dividend income	-	(23,769)	-	(37,726)
(Decrease) / increase in provisions	(4,002)	715	(402)	2,315
(Increase) / decrease in inventories	(1,681)	743	(53)	(549)
(Increase) / decrease in receivables and prepayments	10,454	43,225	(36,704)	(62,062)
(Decrease) / increase in payables	(1,686)	(21,953)	21,784	41,647
(Decrease) / increase in deferred revenues and accruals	(800)	5,454	(4,121)	706
Other adjustments	8,436	30,271	5,370	5,118
Cash generated from operations	26,494	86,285	12,481	180,549
Income taxes (paid) / returned	-	(2,046)	(6,025)	(21,332)
Net cash from operating activities	26,494	84,239	6,456	159,217
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	716	1,028	1	229
Disposal of subsidiaries and associates	-	3,496	5	2,203
Disposal of financial assets	890	4,048	186	909
Dividends received	-	10,769	4,999	37,725
Repayment of loans granted	220	941	10,144	30,860
Interest received	2,599	8,197	2,463	9,878
Disposal of short-term securities	39,691	137,490	10,089	60,000
Repayment of finance lease receivables	1,634	6,648	1,700	6,489

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 December <u>2006</u>	Twelve months ended 31 December <u>2006</u>	Three months ended 31 December <u>2005</u>	Twelve months ended 31 December <u>2005</u>
Purchase of property plant and equipment, and intangibles	(3,383)	(14,411)	(7,739)	(23,689)
Acquisition of subsidiaries and associates and other investments in subsidiaries and associates	(3,000)	(5,974)	(752)	(1,511)
Acquisition of short-term financial assets	-	(65,987)	(20,000)	(130,000)
Loans granted	(4,840)	(24,574)	(681)	(9,783)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68)</u>
Net cash used in investing activities	<u>34,527</u>	<u>61,671</u>	<u>415</u>	<u>(16,758)</u>
Cash flows from financing activities				
Repurchase of own shares (1)	(5)	(30)	(63,602)	(119,952)
Dividends paid out	(12)	(27,489)	(10)	(28,377)
Interest paid	(1,073)	(5,963)	(1,784)	(8,266)
Other	<u>(34)</u>	<u>(139)</u>	<u>(34)</u>	<u>(742)</u>
Net cash used in financing activities	<u>(1,124)</u>	<u>(33,621)</u>	<u>(65,430)</u>	<u>(157,337)</u>
Net increase / (decrease) in cash and cash equivalents	<u>59,897</u>	<u>112,289</u>	<u>(58,559)</u>	<u>(14,878)</u>
Cash and cash equivalents				
At start of period	230,909	178,517	237,076	193,395
At end of period	<u>290,806</u>	<u>290,806</u>	<u>178,517</u>	<u>178,517</u>

(1) in 2006 the share buy-back programme was not carried out. The cash outflow for repurchase of own shares represents direct costs related to execution of this programme in 2005.

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

Following the changes described in the financial statements for 2005, the financial data as at and for twelve months ended 31 December 2005 has been restated. These changes related to the change of classification of printing presses lease agreements.

The summary of changes is presented in the table below:

	Data presented in the report for the fourth quarter of 2005	Restatement	Comparative data presented in the report for the fourth quarter of 2006
Net cash from operating activities for twelve months ended 31 December 2005	171,285	(12,068)	159,217
Net cash used in investing activities for twelve months ended 31 December 2005	(28,826)	12,068	(16,758)

Additional information to unconsolidated financial statements of Agora SA

In the period from 1 January 2006 to 31 December 2006 the following impairment losses and provisions were changed (in brackets figures for the fourth quarter of 2006):

- impairment loss for receivables: decrease by PLN 4,400 thousand (decrease by PLN 1,751 thousand),
- impairment loss for financial assets: increase by PLN 3,887 thousand (increase by PLN 8,424 thousand, including impairment charge of PLN 7,239 thousand – due to impairment testing of shares of subsidiaries),
- impairment loss for inventory: increase by PLN 3,952 thousand (decrease by PLN 388 thousand),
- provision for restructuring: increase by PLN 3,238 thousand (decrease by PLN 3,930 thousand),
- provision for certain and probable losses: decrease by PLN 2,602 thousand (decrease by PLN 33 thousand),
- retirement severance provision: increase by PLN 79 thousand (decrease by PLN 39 thousand).

Agora Group**Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006**

(all amounts in PLN thousands unless otherwise indicated)

Selected unconsolidated financial data together with translation into EURO

	PLN thousand		EURO thousand	
	Twelve months ended 31 December 2006	Twelve months ended 31 December 2005	Twelve months ended 31 December 2006	Twelve months ended 31 December 2005
Sales	936,134	1,035,256	240,182	257,053
Operating profit / (loss)	(20,043)	111,031	(5,142)	27,569
Profit / (loss) before income taxes	(6,741)	159,605	(1,730)	39,630
Net profit (loss)	(9,981)	134,953	(2,561)	33,509
Net cash from operating activities	84,239	159,217	21,613	39,533
Net cash used in investing activities	61,671	(16,758)	15,823	(4,161)
Net cash used in financing activities	(33,621)	(157,337)	(8,626)	(39,067)
Net increase / (decrease) in cash and cash equivalents	112,289	(14,878)	28,810	(3,694)
Total assets	1,409,404	1,434,053	367,875	371,536
Non-current liabilities	170,712	201,028	44,558	52,082
Current liabilities	154,950	141,946	40,444	36,775
Equity	1,083,742	1,091,079	282,873	282,678
Share capital	54,978	56,758	14,350	14,705
Weighted average number of shares	54,977,535	56,324,104	54,977,535	56,324,104
Earnings per share (in PLN / in EURO)	(0.18)	2.40	(0.05)	0.59
Book value per share (in PLN / in EURO)	19.71	19.37	5.15	5.02

Agora Group

Notes to the condensed consolidated financial statements for three and twelve months ended 31 December 2006

(all amounts in PLN thousands unless otherwise indicated)

Warsaw, 20 February 2007

Wanda Rapaczynski – President of the Management Board

Piotr Niemczycki – Deputy President of the Management Board

Zbigniew Bak – Deputy President of the Management Board

Jaroslaw Szalinski – Member of the Management Board