

***AGORA GROUP
REPORT FOR
THE SECOND QUARTER OF 2007***

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***AGORA GROUP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
OF THE COMPANY'S RESULTS FOR THE SECOND QUARTER OF 2007***

AGORA GROUP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
OF THE COMPANY'S RESULTS FOR THE SECOND QUARTER OF 2007

REVENUE PLN 636 MILLION, NET PROFIT PLN 47 MILLION, OPERATING EBITDA PLN 117 MILLION, OPERATING CASHFLOW PLN 81 MILLION, FREE CASH FLOW PLN 60 MILLION

Unless indicated otherwise, all data presented herein represent the period of January-June 2007, while comparisons refer to the same period of 2006. All data sources are presented in part IV of this MD&A.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP
(the figures below refer to the second quarter of 2007)

- Revenues of the Group amounted to PLN 333 million (up 13% yoy). Advertising sales generated PLN 230 million (up 11.5%), revenues from copy sales PLN 50 million (up 30%) and book sales PLN 34 million (up nearly 20%).
- According to Agora's estimates, in the second quarter of 2007, advertising spending for all media grew by 9%. Television increased revenues by 13%, while dailies grew by 2% over last year.
- *Gazeta's* advertising sales reached PLN 133 million. The newspaper's share in total daily advertising spending remained at 41%. In total, *Gazeta's* circulation and advertising sales amounted to PLN 171 million.
- In the second quarter of 2007 *Gazeta's* readership reach was 20.6% (6.2 million readers) and its average daily copy sales stood at 442 thousand.
- In the second quarter of 2007 *Gazeta's* revenues from copies sold increased by PLN 10 million. This was due to introduction of a new sales strategy based on differentiating the newspaper's cover price once a DVD or any other attractive supplement is attached.
- AMS grew revenues by nearly 11% to PLN 50 million and delivered almost PLN 15 million operating EBITDA.
- Magazines reached PLN 29 million in sales (up 13%) and PLN 7.6 million in operating EBITDA.
- Radio stations grew revenues by 6% to PLN 18 million and delivered positive operating EBITDA of PLN 1.7 million.
- In the second quarter of 2007 *Gazeta.pl* grew advertising revenues by 68% to PLN 6 million. The Company continued to expand reach of its Internet operations developing existing services, as well as launching new online offers (e.g. official announcements vortal, business and economy service or job service for financial professionals). To enrich its audiovisual and mobile operations, the Company signed a preliminary agreement with the TV production company, ATM, to undertake research and production of innovative video formats in the Internet and entered into a cooperation with the mobile telecom operator, *Orange* to provide content on its mobile platforms.
- In the second quarter of 2007 total operating expense of the Group amounted to PLN 293 million. Staff cost (less non-cash incentive compensation) stood at PLN 65 million and declined by nearly 5%.
- Operating EBITDA of the Group stood at nearly PLN 70 million, while its operating EBITDA margin reached 21%.

Zbigniew Bak, Deputy President of the Management Board said:

“We just completed a very good quarter; total revenues and advertising sales recorded double-digit growth rates. At the same time, we watched our cost base carefully and this translated into substantial improvement of the Group’s earnings. We are particularly pleased with excellent readership rates of *Gazeta* and *Metro*, outstanding financial and market performance of our magazine portfolio, double-digit growth of AMS’s revenues, major profitability improvement of our radio stations and the development of our online offer. Significant profitability improvement in our core segments will allow for further growth in electronic media. We will be actively perusing all opportunities to accomplish this goal, through organic growth, strategic alliances and M&A.”

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 second quarter of 2007 advertisers spent ca PLN 1.9 billion (9% more than last year). As expected by the Company, TV was the greatest beneficiary of higher spending (ca PLN 0.9 billion) and grew by almost 13% yoy. As was the case in the previous quarter, the acceleration of ad spend in television was supported by rate increases and growth of advertising volume.

Advertising spending in print came in line with the Company’s expectations. In the second quarter of 2007 advertisers spent only 1% more on magazines and 2% more on dailies. As was the case in the first quarter of 2007, this result stems from a weak performance of national dailies (a decline of 4%) which most heavily compete with TV stations for national advertising budgets. Springer’s tabloid *Fakt* led a decline and lost almost a fourth of its advertising revenues.

During the second quarter of 2007, advertising spending in radio stations remained flat over the last year. Both local and regional stations were more popular with advertisers and grew by almost 10%. National radio operators decreased advertising sales by over 6%.

In the second quarter online advertising grew the fastest (by 30%). During the same period spending for outdoor was over 13% higher than last year.

In total, in the first half of 2007 advertising spending in Poland in all media reached PLN 3.3 billion and grew by PLN 280 million yoy (9%). According to Agora’s estimates, during the period, almost 48% of all advertising budgets went to TV. Newspapers grew revenues by PLN 10 million, outdoor by PLN 26 million and radio by PLN 5 million. Internet ad spend was PLN 40 million higher than last year.

1.2. Newspaper competition

In the first half of 2007, *Gazeta Wyborcza* sold 458 thousand copies (up 6%), 92 thousand copies more than the combined paid circulation of Springer’s *Dziennik* and the quality *Rzeczpospolita*. The distance broadened by 32 thousand as compared to the second half of 2006.

In the first half of 2007 *Dziennik* sold 205 thousand copies. The newspaper’s paid circulation in May suffered a decline by almost a fourth and went down below 200 thousand copies, to reach its worst result in June of 183 thousand copies (fewer than *Super Express*, 195 thousand).

In the first half of 2007 other national dailies were declining circulation. *Rzeczpospolita* sold 9.5% fewer copies (161 thousand), *Fakt* lost 2.2% of its paid circulation (516 thousand), and *Super Express* 4.4% (197 thousand).

A declining circulation trend also affected local dailies. During the period, total paid circulation of local newspapers decreased by 60 thousand, of which *Polskapresse* lost 24 thousand copies and *Mecom* (former *Orkla*) 25 thousand.

In the period of January-June of 2007 *Gazeta* reached 20.3% readers (above 6.1 million; CCS, weekly readership index). During the same period, *Fakt*’s readership was 19.4%, and that of *Super Express* reached 9.1%. *Metro* recorded excellent readership rates of 8.6% or 2.6 million people. Readership rates of other national dailies, including *Dziennik* and *Rzeczpospolita* reached 8.1% and 5.5%, respectively. In the second quarter of 2007 *Metro*’s audience reach stood at 9.2%, significantly ahead of *Dziennik* (7.9%).

In the first half of 2007 *Gazeta's* share in total newspaper ad spend stood at almost 42% and remained flat yoy. During the same period, *Dziennik* commanded over 5% share, while *Fakt* suffered a 2pp decline to almost 6%. Agora's free newspaper *Metro* recorded a dynamic growth of revenues (above 50%) and increased its market share to nearly 3%. In total, in the first half of 2007, a combined share of *Gazeta* and *Metro* in the overall newspaper ad spend was almost 45%, while *Fakt* and *Dziennik* commanded jointly about 11%.

2. INTERNAL FACTORS

2.1. Revenues from copy sales

Despite lower than in the first quarter of 2006 copy price of *Gazeta* (by 34%) and introduction of kiosk subscription offer at the lower price in March 2006, the newspaper's circulation revenues went up by over 13% in the first half of 2007 comparing to the first half of 2006. The increase is attributed to the dynamic growth of *Gazeta's* copy sales in the first quarter of 2007 and the introduction of effective price and marketing strategy based on differentiating *Gazeta's* cover price once a DVD or any other attractive supplement is attached.

2.2. Revenues from book collections

In the first half of 2007 book collections added nearly PLN 81 million in revenues and delivered PLN 12 million operating profit. In the said period, nine series and eleven one-off projects sold nearly five million books and books with CDs and DVDs.

2.3. Operating cost

2.3.1. Marketing and promotion cost

In the first half of 2007 total marketing and promotion cost of the Group reached PLN 102 million and constituted 16% of the Group's sales. Marketing and promotion expense of *the Newspaper and Internet segment* amounted to PLN 88 million, PLN 7 million less than last year. This decline is by and large ascribed to the closure of *Nowy Dzien*, the marketing cost of which amounted to PLN 9.6 million in the first half of 2006, as well as PLN 14 million lower cost of running book collections.

In the first half of 2007, the Company recorded a growth of promotion and marketing expense of *Gazeta* and the internet operations. This was due to executing advertising campaigns of the online services, as well as to selling DVDs or other attractive supplements attached to the newspaper at a higher cover price. Operating expense of those activities are offset by an increase in revenues from *Gazeta's* paid circulation.

2.3.2. Cost of materials and energy

In the first half of 2007 cost of materials and energy of the Group reached PLN 137 million and grew by PLN 3.5 million over the last year. The growth is attributed mainly to the second quarter of 2007 and reflects the execution of larger collections which were primarily based on book sales. The series ran in the second quarter of 2006 were smaller and composed of books with DVDs/CDs booked as a promotional expense.

2.3.3. Staff cost and headcount

In the first half of 2007, staff cost of the Group (less non-cash incentive compensation) stood at PLN 127 million and declined by PLN 5.4 million. In the second quarter of 2007, staff cost reached PLN 65 million and was down by over PLN 3 million. This decline reflects the restructuring measures implemented by the Company at the end of last year.

The increase in staff cost stems from the growth of the Company's internet and free press operations.

The Group's headcount at the end of the second quarter of 2007 was 3,399 employees and declined by 205 FTEs as compared to the second quarter of 2006.

3. PROSPECTS

3.1. Advertising market

Based on its estimates on the performance of the advertising market in the first half of 2007, the Company maintains its previous assumptions on 2007 ad spend growth at 10%.

3.2. Operating cost

A decline of operating expense in the first two quarters of 2007 reflects, among others, the cost curtailment program implemented at the end of 2006. Please note, however, that irrespective of improving its financial efficiency, the Company continues to work on further investments in its organic growth, which include, inter alia, *Gazeta Wyborcza*, *Metro*, internet or outdoor advertising. These investments will be reflected in the Company's 2007 cost base.

3.2.1. Newsprint cost

Due to increased circulation and advertising volumes of *Gazeta*, the Company assumes that the cost of production materials will remain flat yoy and will be higher than presented previously. It should be noted that these estimates may change based on *Gazeta's* future page counts and circulation levels, as well as the monetary market situation.

3.3. Growth and investments

As announced earlier, Agora continues to implement growth strategies of its current asset portfolio and is carrying out activities directed at scale expansion through new on- and offline operations. Executing on this program assumes additional investments.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the second quarter of 2007 include Agora SA, Agora Poligrafia Sp. z o.o., Art Marketing Syndicate SA Group (AMS Group), Agora TC Sp. z o.o., Agora Ukraine Ltd. and 13 subsidiary 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	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Sales	333.2	294.0	13.3%	635.9	589.1	7.9%
Advertising	229.7	206.0	11.5%	413.5	372.0	11.2%
Copy sales	56.2	40.4	39.1%	112.0	99.8	12.2%
Other	47.3	47.6	(0.6%)	110.4	117.3	(5.9%)
Operating cost net, incl.:	(293.0)	(284.2)	3.1%	(576.9)	(576.0)	0.2%
Raw materials, energy and consumables	(64.1)	(61.7)	3.9%	(136.9)	(133.4)	2.6%
D&A	(19.6)	(19.0)	3.2%	(38.5)	(38.1)	1.0%
Staff cost (1)	(64.9)	(68.1)	(4.7%)	(127.1)	(132.5)	(4.1%)
Non-cash expense relating to share-based payments	(9.9)	(10.4)	(4.8%)	(19.8)	(21.1)	(6.2%)
Promotion and marketing	(52.0)	(52.3)	(0.6%)	(102.2)	(103.8)	(1.5%)
Operating profit - EBIT	40.2	9.8	310.2%	59.0	13.1	350.4%
Finance cost, net, incl.:	2.3	0.8	187.5%	4.4	2.0	120.0%
Revenue from short-term investment	3.6	2.8	28.6%	7.1	5.3	34.0%
Interest on loans and similar costs	(1.7)	(1.7)	-	(3.3)	(3.4)	(2.9%)
Share of results of associates	-	-	-	-	0.1	-
Profit before income tax	42.5	10.6	300.9%	63.4	15.2	317.1%
Income tax expense	(9.4)	(1.9)	394.7%	(16.2)	(6.0)	170.0%
Net profit for the period	33.1	8.7	280.5%	47.2	9.2	413.0%
Attributable to:						
Equity holders of the parent	32.8	8.8	272.7%	47.1	9.6	390.6%
Minority interest	0.3	(0.1)	-	0.1	(0.4)	-
	33.1	8.7	280.5%	47.2	9.2	413.0%
EBIT margin (EBIT/Sales)	12.1%	3.3%	8.8pp	9.3%	2.2%	7.1pp
EBITDA	59.6	28.7	107.7%	97.2	50.9	91.0%
EBITDA margin (EBITDA/Sales)	17.9%	9.8%	8.1pp	15.3%	8.6%	6.7pp
Operating EBITDA (1)	69.5	39.1	77.7%	117.0	72.0	62.5%
Operating EBITDA margin (Operating EBITDA/Sales)	20.9%	13.3%	7.6pp	18.4%	12.2%	6.2pp

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

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

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

2.1. Financial results presented according to major lines of business of the Agora Group for the first half of 2007

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-II quarter 2007
Total sales	471.3	52.7	84.4	34.3	-	(6.8)	635.9
% Share	74.1%	8.3%	13.3%	5.4%	-	(1.1%)	100.0%
Total operating cost	(428.7)	(42.2)	(72.7)	(35.6)	(4.2)	6.5	(576.9)
EBIT	42.6	10.5	11.7	(1.3)	(4.2)	(0.3)	59.0
Finance cost, net							4.4
Share of results of associates							-
Income tax expense							(16.2)
Net profit							47.2
Attributable to:							
Equity holders of the parent							47.1
Minority interest							0.1
EBITDA	68.8	10.7	18.2	(0.1)	(0.5)	0.1	97.2
Operating EBITDA (2)	85.1	11.3	19.7	1.2	(0.4)	0.1	117.0
CAPEX	(5.4)	(0.2)	(17.9)	(1.6)	0.0	-	(25.1)

(1) including the Management Board costs and other overheads

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

2.2. Finance cost, net

Higher revenue from short-term investments in the first half of 2007 results from yoy increase in cash and monetary assets.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 3

in PLN million	30/06/2007	31/03/2007	% change to 31/03/2007	31/12/2006	30/06/2006
Non-current assets	961.0	965.0	(0.4%)	975.3	983.2
share in balance sheet total	59.9%	61.3%	(1.4pp)	63.6%	64.6%
Current assets	642.1	609.5	5.3%	557.4	539.3
share in balance sheet total	40.1%	38.7%	1.4pp	36.4%	35.4%
TOTAL ASSETS	1,603.1	1,574.5	1.8%	1,532.7	1,522.5
Equity attributable to equity holders of the parent	1,149.8	1,189.3	(3.3%)	1,165.2	1,128.6
share in balance sheet total	71.6%	75.5%	(3.9pp)	76.0%	74.2%
Minority interest	(0.7)	(0.1)	(600.0%)	(0.5)	(0.4)
share in balance sheet total	-	-	-	-	-
Non-current liabilities and provisions	188.6	196.5	(4.0%)	170.4	186.1
share in balance sheet total	11.8%	12.5%	(0.7pp)	11.1%	12.1%
Current liabilities and provisions	265.4	188.8	40.6%	197.6	208.2
share in balance sheet total	16.6%	12.0%	4.6pp	12.9%	13.7%
TOTAL EQUITY AND LIABILITIES	1,603.1	1,574.5	1.8%	1,532.7	1,522.5

3.1. Non-current assets

Lower balance of non-current assets versus 31 March 2007 stems mainly from depreciation of tangible fixed assets and amortization of intangible fixed assets and realization of deferred tax asset.

3.2. Current assets

The increase of current assets versus 31 March 2007 results mainly from the increase of short-term receivables and prepayments as well as cash and cash equivalents.

3.3. Non-current liabilities and provisions

The decrease of non-current liabilities versus 31 March 2007 is a result of PLN 8.7 million of Agora's bank loan re-classification from non-current to current liabilities.

3.4. Current liabilities and provisions

Increase of current liabilities and provisions over 31 March 2007 results mainly from dividend liability recognized following the resolution of the General Meeting of Shareholders and the re-classification described above.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 4

in PLN million	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Net cash from operating activities	31.5	33.6	(6.3%)	81.3	71.8	13.2%
Net cash from investment activities	(8.4)	10.1	-	(120.2)	(39.4)	205.1%
Net cash from financing activities	(2.5)	(2.0)	25.0%	(4.6)	(3.4)	35.3%
Total movement of cash and cash equivalents	20.6	41.7	(50.6%)	(43.5)	29.0	-
Cash and cash equivalents at the end of period	291.2	218.7	33.2%	291.2	218.7	33.2%

As at 30 June 2007, the Agora Group had PLN 393.4 million in cash and in short-term monetary assets, of which PLN 291.2 million was in cash and cash equivalents (cash, bank accounts, liquid, short-term financial assets) and PLN 102.2 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

In the second quarter of 2007, the cash inflow from operating activities was slightly lower yoy. The net profit before taxation increased by almost PLN 32 million, but was reduced by paid-off liabilities and increased receivables.

4.2. Investment activities

In the second quarter of 2007, net outflow from investing activities results from spending on property plant and equipment and intangibles.

4.3. Financing activities

In the second quarter of 2007 net cash outflow from financing activities included mainly interest paid and a dividend paid to minority shareholders of IM40 Sp. z o.o.

5. SELECTED FINANCIAL RATIOS [5]

Tab. 5

	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Profitability ratios						
Net profit margin	9.9%	3.0%	6.9pp	7.4%	1.6%	5.8pp
Gross profit margin	44.3%	40.1%	4.2pp	42.3%	41.1%	1.2pp
Return on equity	11.2%	3.1%	8.1pp	8.1%	1.7%	6.4pp
Efficiency ratios						
Inventory turnover	7 days	9 days	(22.2%)	8 days	9 days	(11.1%)
Debtors days	60 days	62 days	(3.2%)	60 days	63 days	(4.8%)
Creditors days	33 days	35 days	(5.7%)	33 days	43 days	(23.3%)
Liquidity ratio						
Current ratio	2.4	2.6	(7.7%)	2.4	2.6	(7.7%)
Financing ratios						
Gearing ratio (1)	-	-	-	-	-	-
Interest cover	24.2	6.1	296.7%	18.2	4.0	355.0%
Free cash flow interest cover	13.6	15.6	(12.8%)	18.7	16.7	12.0%

(1) as at 30 June 2007 and 30 June 2006 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	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Total sales (1)	238.6	213.2	11.9%	471.3	452.6	4.1%
Copy sales	38.0	28.0	35.7%	78.0	74.0	5.4%
incl. <i>Gazeta Wyborcza</i>	38.0	27.9	36.2%	78.0	68.8	13.4%
Advertising revenue (1)	147.3	136.1	8.2%	272.9	257.6	5.9%
incl. <i>Gazeta Wyborcza</i> (1)(2)	133.1	128.0	4.0%	248.1	241.0	2.9%
Book collections	33.6	28.1	19.6%	80.8	79.8	1.3%
Other revenue	19.7	21.0	(6.2%)	39.6	41.2	(3.9%)
Total operating cost, including	(214.4)	(212.4)	0.9%	(428.7)	(443.4)	(3.3%)
Raw materials, energy, consumables and printing services	(74.7)	(72.9)	2.5%	(157.6)	(152.2)	3.5%
Staff cost (3)	(48.4)	(51.4)	(5.8%)	(95.2)	(100.2)	(5.0%)
Non-cash expense relating to share- based payments	(8.2)	(8.7)	(5.7%)	(16.3)	(17.7)	(7.9%)
D&A	(13.3)	(13.2)	0.8%	(26.2)	(27.0)	(3.0%)
Promotion and marketing (1) (4)	(45.1)	(48.5)	(7.0%)	(87.8)	(94.8)	(7.4%)
EBIT	24.2	0.8	2,925.0%	42.6	9.2	363.0%
EBIT margin	10.1%	0.4%	9.7pp	9.0%	2.0%	7.0pp
EBITDA	37.5	14.0	167.9%	68.8	36.2	90.1%
EBITDA margin	15.7%	6.6%	9.1pp	14.6%	8.0%	6.6pp
Operating EBITDA (3)	45.7	22.7	101.3%	85.1	53.9	57.9%
Operating EBITDA margin	19.2%	10.6%	8.6pp	18.1%	11.9%	6.2pp

- (1) the amounts do not include the revenue and the total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation.
- (2) the amounts refer to total revenues from the dual media offers, i.e. published both in *Gazeta Wyborcza*, as well as on the websites *GazetaPraca.pl*, *GazetaDom.pl* and *Komunikaty.pl*.
- (3) excluding non-cash cost of share-based payments.
- (4) the amounts include start-up cost of new collections (the free-of-charge volume and initial promotion cost in media) and production and promotion cost of DVDs sold together with *Gazeta* for higher cover price.
- (5) the Management Board costs, the majority of other overheads and *Nowy Dzień* results are included in "Newspapers and Internet" line of business; in the first half of 2006 *Nowy Dzień*'s total revenue reached PLN 7.4 million and its total operating cost amounted to PLN 27.7 million.

1. GAZETA WYBORCZA

1.1. Revenue

1.1.1. Copy sales

In the second quarter of 2007 *Gazeta Wyborcza* maintained its unquestionable leadership position among the opinion-making newspapers. During the period, average paid circulation of *Gazeta* reached 442 thousand copies (down 1.5%) and its revenues from copy sales increased by over 36%. This was due to a market success of a new, appealing to readers sales offer, based on attaching DVDs to the newspaper.

In the second quarter of 2007 *Gazeta* completed sales of a DVD movie collection *With the great history in the background* and a TV series *Magda M.* and introduced a new DVD series, such as a TV detective production *Kryminalni* and a movie collection *See It Together*. The daily was also enriched with the road maps of Europe, educational CDs with sample tests for primary and secondary school students, music CDs and a number of other one-off projects.

All publications were available with *Gazeta* at a higher price (from PLN 2.49 to PLN 5.99), while a stand-alone newspaper cost PLN 1.50. The model of *Gazeta*'s cover price differentiation assumes that the excess marketing and promotion cost (including production and promotion cost of DVDs) is offset by additional revenues from copy sales.

In the second quarter of 2007 *Gazeta* posted very good readership results. During the period, the newspaper had nearly 6.2 million readers (20.6%, CCS, weekly readership index) of whom 44% were university graduates, 46% lived in cities over 100 thousand inhabitants and 61% were under 45 years of age.

1.1.2. Advertising sales

In the second quarter of 2007, *Gazeta*'s net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 133.1 million (up 4% yoy). These figures include revenues from a dual-media offer, i.e. ads published in print and online (*GazetaPraca.pl*, *GazetaDom.pl* vortals and a new offer launched in June 2007, *Komunikaty.pl*).

In the second quarter of 2007 *Gazeta*'s share in the national display advertising was about 43% and went down by only 1pp yoy.

In the second quarter of 2007 *Gazeta Wyborcza*'s share in the Warsaw advertising (display advertising excluding classifieds, inserts and obituaries) increased by 1pp yoy. Combined Warsaw share of *Gazeta* and *Metro* stood at 72%. *Gazeta Wyborcza*'s share in the local display advertising (outside Warsaw) remained flat yoy. Overall, *Gazeta*'s share in display advertising in the national, Warsaw and local dailies stood at 41%.

In the second quarter of 2007, share of ad pages in the total pagecount of *Gazeta* amounted to ca 41%, while average number of ad pages published daily in all local and national editions amounted to ca 274.

1.1.3. Book collections

Tab. 7

	I Q 2006	II Q 2006	III Q 2006	IV Q 2006	I Q 2007	II Q 2007
Revenue from book collections	51.7	28.1	17.3	25.8	47.2	33.6

In the second quarter of 2007 the Company run six collections and seven one-off publications. Two collections were completed, two continued and two new projects commenced.

During the period, *The Library of Gazeta Wyborcza* offered *The Dictionary Collection*, the Shakespeare series, *Masters of the Word* series of audiobooks and a second edition of the bestselling collection of travel guides. The Company launched three one-off projects, i.e. *Warsaw Walking Guide*, a book prepared by the local edition of *Gazeta Wyborcza* based on the supplements attached to the newspaper; a children's book, *Zoo*, with Jaroslaw Mikolajewski's poems and Elzbieta Wasiuczynska's drawings and a *SudologIQ* book, a novelty publication which combines a popular SUDOKU game with knowledge quizzes from various disciplines.

In the second quarter of 2007, Agora continued to offer the collections which present Polish music stars and music creators. In May Agora published a premiere edition of the book with a music CD *Malenczuk & Waglewski – Koledzy*. The publication became a bestseller and required a reprint in June. Agora commemorated the tenth anniversary of Agnieszka Osiecka's passing and a celebrated the unveiling ceremony of the memorial bench of the poet in Saska Kępa (a Warsaw district where she lived) with a book and a CD of her greatest lyrics.

In the second quarter of 2007 the Company launched two collections under the brands of Agora's magazines: *Friends (Avanti)* and *Disney's stories for children (Child)*.

In June, in cooperation with Polsat TV, Agora launched a premiere single of Agnieszka Włodarczyk, a winner of a TV show *Jak oni śpiewają (How they sing)*.

The Company commemorated the anniversary of the passing of Pope John Paul II co-distributing the publication *Santo Subito*, the book *Swiadectwo (Una vita con Karol)* by Cardinal Stanislaw Dziwisz, with the attached audio version performed by the actors, Piotr Adamczyk and Krzysztof Kolberger.

1.1.4. Other revenues

In the second quarter of 2007, a volume of purchase orders from external clients was down by 11.5% and resulted in a 4.2% decrease in sales of printing services.

1.2 Cost of production of *Gazeta Wyborcza*

Tab. 8

Cost of production of <i>Gazeta Wyborcza</i> in PLN million	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Fixed cost	13.9	14.4	(3.5%)	27.1	28.1	(3.6%)
incl. D&A	6.5	7.0	(7.1%)	13.1	13.8	(5.1%)
Variable cost	39.7	41.6	(4.6%)	77.7	73.2	6.1%
incl. newsprint	32.2	33.0	(2.4%)	63.2	58.8	7.5%
TOTAL fixed and variable cost	53.6	56.0	(4.3%)	104.8	101.3	3.5%

The decrease of fixed cost of production of *Gazeta Wyborcza* in the second quarter of 2007 results mainly from lower D&A.

1.2.1. Newsprint and printing services

In the second quarter of 2007 newsprint cost reflects increased efficiency of production technology and changes of the structure of the products.

Despite 8.7% increase in printed volume, as well as printing technology change of both *TV Guide* and *High Heels*, total printing cost in external printing plants decreased by 5.1%.

1.3. Operating costs of 'Newspaper and Internet' line of business

The rise in raw materials, energy, consumables and printing services in the second quarter of 2007 reflect shifts between different cost lines in the book business which ran more projects with CDs and DVDs in the previous year booked as promotion and marketing cost.

2. FREE PRESS

In April the Chamber of Press Publishers announced the winners of the contest for the Press Cover of the Year GrantFront 2006. Three covers of a daily *Metro* received distinctions and became three out of six best front covers in the category *national dailies*.

In the second quarter of 2007 *Metro* continued to grow dynamically. To attract readers and advertisers, *Metro* launched *Metro studenckie*, the edition distributed occasionally in the university areas in Poland. The daily was enriched with additional supplements on finance, travel or education. The daily also ran two promotional lotteries for readers, one of which was connected with *Metro's* patronage over a movie premiere *Shrek the Third* (in cooperation with the United International Pictures). Since July 2007, *Metro* started a cooperation with the internet communicator *Gadu Gadu*. The readers got special GG IDs to contact a newspaper.

In the second quarter of 2007 *Metro's* average daily readership reached 5.2% (CPW index). This result made *Metro* third most read newspaper in Poland, ahead of *Super Express* (3.4%), *Dziennik* (3.1%) and *Rzeczpospolita* (2.7%). In May and June 2007 the newspaper recorded the highest readership indices in its history, i.e. 5.4% reach in May and 5.5% reach in June (over 1.6 million readers, CPW index).

In the second quarter of 2007 *Metro* increased display ad sales by 56% yoy and its share in the national and local newspaper display advertising spending stood at almost 3%.

3. INTERNET [6]

In May 2007 *Gazeta.pl* reached 39% or increased to 5.5 million Polish internet users (up 15% yoy). During the same month, the number of page views from the territory of Poland amounted to 397 million (about 13% more than last year).

In the second quarter 2007 advertising revenues grew solidly (68% increase over last year, excluding vortal ad sales).

In the reported quarter Agora continued its strategy to expand *Gazeta.pl* portal. The Company created a joint multimedia newsroom which is to integrate online projects and Agora's radio stations. The main objective of the project is to create the fastest and the best quality of radio and internet news services.

Agora's online services have been undergoing consistent revamping. *Wiadomosci.Gazeta.pl* and *eDziecko.pl* underwent major reconstruction. In July the Company re-launched a renewed *Turystyka.Gazeta.pl* vortal. The Company is currently working on the local and business offers which are key services for the portal. The first to come out in its new form was *Gospodarka.Gazeta.pl* business service.

Besides relaunching the existing services, the Company continues to start new online offers, including *Jobspot.pl*, the first recruitment service for the financial professionals and a new vortal for entrepreneurs with a rich database of bids and offers, *Komunikaty.pl*. The Company has also been developing entertainment offer through a pop culture service *Popcorner.pl* or a shopping portal *Groszki.pl*.

In the second quarter of 2007, *GazetaPraca.pl* and *GazetaDom.pl* vortals continued to strengthen their market position. According to Megapanel PBI/Gemius survey, in May 2007 *GazetaDom.pl* remained first among real-estate services and *GazetaPraca.pl* was the second largest recruitment service in terms of real users. The service *GazetaWyborcza.pl* is number one newspaper service in Poland (real users, page views and time).

During the period, Agora signed the agreement with a mobile telephony network *Orange* to provide *Gazeta.pl* content to the mobile platform of the operator (*wap.orange.pl*).

At the end of June, Agora signed a preliminary agreement to set up the company together with ATM Grupa SA. Setting up the Company is the effect of a three-month cooperation between the parties in the field of research and production of innovative video formats designed to meet the needs of the internet users.

IV.B. THE MAGAZINES [7]

In the second quarter of 2007 Agora's magazines reiterated their solid financial position. The magazine business grew its EBITDA level by PLN 4.4 million yoy. *Avanti* and *Dziecko* recorded excellent copy sales results (190 thousand, No. 05/2007 and 128 thousand, No. 06/2007 respectively).

Tab. 9

in PLN million	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Total sales, including (1)	29.2	25.8	13.2%	52.7	47.1	11.9%
Copy sales	12.0	10.5	14.3%	23.0	21.5	7.0%
Advertising revenue (1)	17.2	15.2	13.2%	29.5	25.5	15.7%
Total operating cost, including (1)	(22.0)	(22.9)	(3.9%)	(42.2)	(44.3)	(4.7%)
Raw materials, energy, consumables and printing services	(9.1)	(8.9)	2.2%	(16.5)	(16.3)	1.2%
Staff cost (2)	(5.1)	(5.2)	(1.9%)	(9.5)	(9.9)	(4.0%)
Non-cash expense relating to share-based payments	(0.3)	(0.4)	(25.0%)	(0.6)	(0.7)	(14.3%)
D&A	(0.1)	-	-	(0.2)	(0.1)	100.0%
Promotion and marketing (1)	(6.0)	(6.7)	(10.4%)	(12.6)	(14.0)	(10.0%)
EBIT	7.2	2.9	148.3%	10.5	2.8	275.0%
EBIT margin	24.7%	11.2%	13.5pp	19.9%	5.9%	14.0pp
EBITDA	7.3	2.9	151.7%	10.7	2.9	269.0%
EBITDA margin	25.0%	11.2%	13.8pp	20.3%	6.2%	14.1pp
Operating EBITDA (2)	7.6	3.3	130.3%	11.3	3.6	213.9%
Operating EBITDA margin	26.0%	12.8%	13.2pp	21.4%	7.6%	13.8pp

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

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

1. REVENUE

1.1. Copy sales

Tab. 10

	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Average copy sales (in thousand of copies)	1,106.0	1,099.2	(0.6%)	1,078.9	1,076.5	0.2%

The increase of average copy sales in the second quarter of 2007 reflects more copies sold of *Avanti* (increase by 15%) and *Cztery Katy* (increase by 26%).

1.2. Advertising sales

An increase in ad sales reflects ad market growth, better competitive position of Agora's magazines and stronger performance of monthlies than weeklies. In the second quarter of 2007, the magazines reached 7.5% share in the magazine advertising market (up ca 1.0 pp).

2. COST

In the second quarter of 2007 decrease in operating cost results mainly from lower marketing and promotion cost.

IV.C. OUTDOOR (AMS GROUP)

Tab. 11

in PLN million	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Total sales, including: (1)	49.9	45.1	10.6%	84.4	72.8	15.9%
Advertising revenue	49.2	44.9	9.6%	82.9	72.6	14.2%
Total operating cost, including (1):	(39.5)	(34.6)	14.2%	(72.7)	(59.8)	21.6%
Execution of campaigns	(9.9)	(8.9)	11.2%	(16.7)	(14.1)	18.4%
Maintenance cost	(15.0)	(14.4)	4.2%	(30.0)	(27.6)	8.7%
Staff cost (2)	(4.9)	(4.2)	16.7%	(9.1)	(8.4)	8.3%
Non-cash expense relating to share-based payments	(0.7)	(0.5)	40.0%	(1.5)	(1.0)	50.0%
Promotion and marketing	(1.7)	(2.0)	(15.0%)	(3.3)	(3.4)	(2.9%)
D&A	(3.6)	(2.9)	24.1%	(6.8)	(5.3)	28.3%
Other operating revenue /(cost) net	(1.0)	-	-	(0.9)	1.4	-
EBIT	10.4	10.5	(1.0%)	11.7	13.0	(10.0%)
EBIT margin	20.8%	23.3%	(2.5pp)	13.9%	17.9%	(4.0pp)
EBITDA	13.8	13.3	3.8%	18.2	18.0	1.1%
EBITDA margin	27.7%	29.5%	(1.8pp)	21.6%	24.7%	(3.1pp)
Operating EBITDA (2)	14.5	13.8	5.1%	19.7	19.0	3.7%
Operating EBITDA margin	29.1%	30.6%	(1.5pp)	23.3%	26.1%	(2.8pp)
Number of advertising faces (3)	24,629	24,414	0.9%	24,629	24,414	0.9%

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

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

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

1. REVENUE

Despite high base last year, outdoor advertising spending posted dynamic growth rates in the second quarter of 2007. The growth of AMS revenue is a consequence of the market trend. However, the sales were also boosted by the promotion of multiformat campaigns and changes in AMS's panel portfolio (more Premium and Superpremium panels).

In the second quarter of 2007, 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 25.7% (in the first half of 2007: 26.8%) [8].

2. COST

The increase of cost of execution of campaigns in the second quarter of 2007 is a consequence of increased number of advertising campaigns.

The increase of staff cost in the second quarter of 2007 is connected with higher trade commissions (higher sales). Basic salaries remained flat yoy.

D&A increase in the second quarter of 2007 stems from investments made last year and a one-off impairment loss on other non-current assets.

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 also includes two local stations which play in AC format (Adult Contemporary).

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

1. LOCAL RADIO STATIONS

In the second quarter of 2007 local radio stations reported a positive operating EBITDA at PLN 1.7 million, PLN 1.5 million higher than last year. This was due to cash sales growth and operating cost decline.

In the reported period as well as in the first quarter of 2007 - the radio group recorded lower promotion and marketing cost (no further start-up cost of *Roxy FM* incurred) and a decline in staff cost (operating changes).

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

Tab. 12

in PLN million	II Q 2007	II Q 2006	% change yoy	I-II Q 2007	I-II Q 2006	% change yoy
Total sales, including:	18.3	17.2	6.4%	33.2	31.4	5.7%
Advertising revenue (1) (3)	17.9	16.4	9.1%	32.4	29.9	8.4%
Total operating cost, including: (3)	(17.9)	(18.3)	(2.2%)	(34.1)	(36.2)	(5.8%)
Staff cost (2)	(5.6)	(6.9)	(18.8%)	(11.5)	(13.3)	(13.5%)
Non-cash expense relating to share-based payments	(0.7)	(0.7)	-	(1.3)	(1.4)	(7.1%)
Licenses, rental and telecommunication costs	(1.9)	(2.1)	(9.5%)	(3.7)	(3.9)	(5.1%)
D&A	(0.6)	(0.6)	-	(1.1)	(1.4)	(21.4%)
Promotion and marketing (3)	(3.1)	(4.6)	(32.6%)	(5.8)	(9.5)	(38.9%)
EBIT	0.4	(1.1)	-	(0.9)	(4.8)	81.3%
EBIT margin	2.2%	(6.4%)	8.6pp	(2.7%)	(15.3%)	12.6pp
EBITDA	1.0	(0.5)	-	0.2	(3.4)	-
EBITDA margin	5.5%	(2.9%)	8.4pp	0.6%	(10.8%)	11.4pp
Operating EBITDA (2)	1.7	0.2	750.0%	1.5	(2.0)	-
Operating EBITDA margin	9.3%	1.2%	8.1pp	4.5%	(6.4%)	10.9pp

(1) barter sales from Agora SA constituted 0.6% of advertising revenue in the period of January-June 2007 (12.8% in the same period of 2006).

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

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

Audience share of Agora's local radio stations group in the first half of 2007 and 2006

Tab. 13

Cumulative:	Audience share [9](1)
2007	8.5%
2006	9.8%

(1) excluding Kiss FM and Rock Radio Mazowsze.

2. SUPERREGIONAL RADIO TOK FM

Radio *TOK FM* continued its impressive growth of audience and revenues.

In the period of January-June 2007, *TOK FM* achieved 5.5% share in the Warsaw audience market (in its target group) as compared to 3.5% in the same period of 2006. In all cities of *TOK FM* operations, its audience share amounted to 3.4% (2.6% in the same period of 2006).

In the first half of 2007 revenues of the station increased by 39.4% yoy and its operating loss was reduced.

NOTES

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

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

[3] *The estimates refer to advertising expenditures in five media (print, radio, TV, outdoor, internet). In this MD&A Agora has corrected the advertising figures for 2007 and the previous years. Unless explicitly stated otherwise, print and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure and advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of print the data do not include classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Expert Monitor monitoring, Agora SA monitoring. Presented TV and internet figures for 2007 and the previous years are based on Starlink media house estimates and do not include sponsorships and teleshopping ads. According to Starlink estimates, including TV stations monitored from 2007 the advertising market grew by over 16%. The figures presented in this MD&A refer to data of TV stations monitored during both years 2006 and 2007.*

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

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

Data on dailies readership are based on PBC General, research carried out by MillwardBrown SMG/KRC on a random, nationwide sample of Poles over 15 years of age. The following indices were used: CCS index (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week and CPW index (average issue readership index). Size of the sample: nationwide PBC General for April – June 2007: n = 11,508, January- June 2007: n = 23,576, May 2007: n = 3,889, June 2007: n = 3,689.

[5] *Definition of ratios:*

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

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

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

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

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

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

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

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

<i>Interest cover=</i>	<hr/> <i>Operating profit / (loss)</i> <hr/> <i>Interest charge</i>
<i>Free cash flow interest cover=</i>	<hr/> <i>Free cash flow</i> <hr/> <i>Interest charge</i>

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

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

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

[9] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarters of an hour of listening) for local radiostations: in cities of broadcasting and in the age group of 15+, from January to June (sample for 2006: 22,800, sample for 2007: 22,867); for TOK FM: in Warsaw and in the age group of 15+, from January to June (sample for 2006: 3,000; sample for 2007: 3,017); for TOK FM: in cities of broadcasting and in the age group of 15+, from January to June (sample for 2006: 15,645, sample for 2007: 15,685).

V. ADDITIONAL INFORMATION

1. Significant contracts

- In the current report published on 28 June 2007, the Company informed about execution of a pledge agreement to establish a financial and registered pledge on 60% of Art Marketing Syndicate S.A. (AMS) shares with Bank Polska Kasa Opieki S.A. as collateral of loan agreement executed between Agora SA and Bank Pekao S.A. dated 5 April 2002. The agreement between the Company and Bank Pekao S.A. is a long term credit agreement to PLN 500 million about which Agora informed in the current report no. 9/2002.

2. Important events

- In the current report published on 21 May 2007 Agora informed that the company Agora Ukraine Ltd., with its seat in Kiev was registered by the relevant state district administration. The company's scope of activities in Ukraine entails, inter alia, publishing and internet activities. The share capital of the Company amounts to USD 9 thousand (PLN 25 thousand). Agora owns 100% of the company's share capital.
- In the current report published on 23 May 2007 the Company informed about convening of the Annual General Meeting of Shareholders on 29 June 2007.
- In the current report published on 29 June 2007 the Company published resolutions adopted by Annual General Meeting of Shareholders.
- In the current report published on 29 June 2007 the Company informed about appointment of Mr. Sanford Schwartz to Agora's Supervisory Board.
- In the current report published on 29 June 2007 the Company informed about shareholders entitled to over 5% of votes during the Annual General Meeting held on 29 June 2007.

3. Continuation of capital restructuring in the Agora Radio Group

- In the current report published on 31 May 2007 the Company informed about acquiring shares in the company BIS Media Sp. z o.o. with its seat in Lublin, the broadcaster of the radio program *Złote Przeboje Puls 95,6 FM*. Before the transaction Agora held 49% of the share capital of BIS Media. As the result of the transaction between Agora and MULTICO - PRESS Sp. z o.o. with its seat in Warsaw, a shareholder of BIS Media, Agora acquired shares constituting a 51% stake of the share capital of BIS Media. The transaction shall be settled by mutual offsetting of financial obligations between Agora and the Vendor.
- In the current report published on 22 June 2007 the Company informed about disposal to Grupa Radiowa Agory Sp. z o.o. of:
 - 6,000 shares constituting 100% of the share capital of the company Jan Babczyszyn Radio Jazz FM Sp. z o.o. with its seat in Warsaw; the sell price of the shares totaled PLN 3,450 thousand;
 - 100 shares constituting 100% of the share capital of the company Lokalne Radio w Opolu Sp. z o.o. with its seat in Opole; the sell price of the shares totaled PLN 1 thousand;
 - 2,242 shares constituting 100% of the share capital of the company Multimedia Plus Sp. z o.o. with its seat in Warsaw; the sell price of the shares totaled PLN 1 thousand;
 - 100 shares constituting 100% of the share capital of the company Regionalne Przedsiębiorstwo Zwiaskowe Sp. z o.o. with its seat in Warsaw; the sell price of the shares totaled PLN 1 thousand;
 - 202 shares constituting 100% of the share capital of the company Tres Sp. z o.o. with its seat in Warsaw; the sell price of the shares totaled PLN 7,362 thousand;
 - 1,743 shares constituting 100% of the share capital of BIS Media Sp. z o.o. with its seat in Lublin; the sell price of the shares totaled PLN 706 thousand;

4. Changes in ownership of shares and rights to shares by Management Board members in the second quarter of 2007 and until the date of publication of the report

Tab. 14

a. shares	as of 30 June 2007	decrease	increase	as of 31 March 2007
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki	1,548,373	0	0	1,548,373
Zbigniew Bak	130,850	0	0	130,850
Jaroslaw Szalinski	9,218	0	0	9,218

b. rights to shares	as of 30 June 2007	decrease	increase	as of 31 March 2007
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 of 9 August 2007	decrease	increase	as of 30 June 2007
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki	1,548,373	0	0	1,548,373
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.

5. Changes in ownership of shares or other rights to shares (options) by Supervisory Board members in the second quarter of 2007

Tab. 15

shares	as of 30 June 2007	decrease	increase	as of 31 March 2007
Slawomir S. Sikora	0	0	0	0
Tomasz Sielicki	33	0	0	33
Andrzej Szlezak	0	0	0	0
Richard Bruce Rabb	0	0	0	0
Sanford Schwartz	0	0	0	0

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

6. 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 second quarter of 2007, 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.	9,081,899	16.52%	26,208,299	36.35%
Companies from Julius Baer Group (1):	-	-	-	6.43%
Julius Baer Investment Management LLC (2)	3,941,331	7.2%	3,794,001	5.3%
Julius Baer International Equity Fund (1)	3,858,789	7.02%	3,858,789	5.35%

(1) as of 14 March 2007

(2) as of 29 June 2006

AGORA GROUP

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 30 June 2007 and for 3 and 6 month period ended thereon**

Agora Group
Consolidated balance sheet as at 30 June 2007
(all amounts in PLN thousands unless otherwise indicated)

	As at 30 June 2007	As at 31 March 2007	As at 31 December 2006	As at 30 June 2006
Assets				
Non-current assets:				
Intangible assets	288,879	283,489	284,165	277,109
Property, plant and equipment	631,833	634,554	644,637	658,499
Investments	3,237	7,431	7,470	7,597
Investments in associates	-	1,234	1,235	1,560
Receivables and prepayments	7,300	6,928	7,067	6,250
Deferred tax assets	29,712	31,410	30,677	32,149
	<u>960,961</u>	<u>965,046</u>	<u>975,251</u>	<u>983,164</u>
Current assets:				
Inventories	14,985	14,784	18,588	16,432
Accounts receivable and prepayments	231,876	218,618	195,380	202,270
Income tax receivable	832	3,914	7,373	4,988
Short-term securities and other financial assets	103,167	101,508	1,340	96,956
Cash and cash equivalents	291,221	270,585	334,705	218,695
	<u>642,081</u>	<u>609,409</u>	<u>557,386</u>	<u>539,341</u>
Total assets	<u>1,603,042</u>	<u>1,574,455</u>	<u>1,532,637</u>	<u>1,522,505</u>

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

Agora Group
Consolidated balance sheet as at 30 June 2007
(all amounts in PLN thousands unless otherwise indicated)

	Note	As at 30 June 2007	As at 31 March 2007	As at 31 December 2006	As at 30 June 2006
Equity and liabilities					
Equity attributable to equity holders of the parent:					
Share capital		54,978	54,978	54,978	56,758
Treasury shares		-	-	-	(119,971)
Share premium		290,506	290,506	290,506	353,646
Retained earnings and other reserves		<u>804,286</u>	<u>843,835</u>	<u>819,685</u>	<u>838,165</u>
		1,149,770	1,189,319	1,165,169	1,128,598
Minority interest		<u>(748)</u>	<u>(142)</u>	<u>(503)</u>	<u>(393)</u>
Total equity		<u>1,149,022</u>	<u>1,189,177</u>	<u>1,164,666</u>	<u>1,128,205</u>
Non-current liabilities:					
Deferred tax liabilities		64,389	63,636	62,813	60,460
Interest bearing loans and borrowings	3	121,835	130,538	105,063	122,812
Retirement severance provision		1,265	1,187	1,193	1,203
Deferred revenues and accruals		<u>1,126</u>	<u>1,115</u>	<u>1,276</u>	<u>1,644</u>
		<u>188,615</u>	<u>196,476</u>	<u>170,345</u>	<u>186,119</u>
Current liabilities:					
Retirement severance provision		94	143	143	159
Accounts payable		192,259	116,002	107,023	138,041
Income tax liabilities		1,274	948	55	1,300
Short-term borrowings	3	17,375	8,654	35,660	17,710
Provisions		3,080	2,509	4,855	6,808
Deferred revenues and accruals		<u>51,323</u>	<u>60,546</u>	<u>49,890</u>	<u>44,163</u>
		<u>265,405</u>	<u>188,802</u>	<u>197,626</u>	<u>208,181</u>
Total equity and liabilities		<u>1,603,042</u>	<u>1,574,455</u>	<u>1,532,637</u>	<u>1,522,505</u>
Weighted average number of shares		<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>

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

Agora Group**Consolidated income statement for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Note	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Sales	4	333,135	635,862	293,976	589,120
Cost of sales		<u>(185,458)</u>	<u>(366,929)</u>	<u>(176,039)</u>	<u>(346,842)</u>
Gross profit		147,677	268,933	117,937	242,278
Selling expenses		(78,071)	(152,201)	(81,732)	(160,927)
Administrative expenses		(26,798)	(56,433)	(32,103)	(65,733)
Other operating income		3,258	9,677	9,690	9,937
Other operating expenses		<u>(5,885)</u>	<u>(10,997)</u>	<u>(3,972)</u>	<u>(12,457)</u>
Operating profit	4	40,181	58,979	9,820	13,098
Finance income		4,134	8,088	1,949	5,883
Finance costs		(1,818)	(3,683)	(1,230)	(3,880)
Share of results of associates		<u>7</u>	<u>6</u>	<u>11</u>	<u>77</u>
Profit before income taxes		42,504	63,390	10,550	15,178
Income tax expense		<u>(9,356)</u>	<u>(16,143)</u>	<u>(1,875)</u>	<u>(5,995)</u>
Net profit for the period		<u>33,148</u>	<u>47,247</u>	<u>8,675</u>	<u>9,183</u>
Attributable to:					
Equity holders of the parent		32,847	47,119	8,798	9,633
Minority interests		<u>301</u>	<u>128</u>	<u>(123)</u>	<u>(450)</u>
		<u>33,148</u>	<u>47,247</u>	<u>8,675</u>	<u>9,183</u>
Earnings per share (in PLN)		<u>0.60</u>	<u>0.86</u>	<u>0.16</u>	<u>0.18</u>

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

Agora SA

Consolidated statement of changes in equity for three and six months ended 30 June 2007

(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	Share premium	Retained earnings			
Three months ended 30 June 2007							
As at 31 March 2007	54,978	-	290,506	843,835	1,189,319	(142)	1,189,177
Net profit for the period	-	-	-	32,847	32,847	301	33,148
Total recognized income for the period	-	-	-	32,847	32,847	301	33,148
Additional contribution of minority shareholder	-	-	-	-	-	159	159
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	160	160	-	160
Share-based payments	-	-	-	9,910	9,910	-	9,910
Dividends declared	-	-	-	(82,466)	(82,466)	-	(82,466)
Dividends of subsidiaries	-	-	-	-	-	(1,066)	(1,066)
As at 30 June 2007	54,978	-	290,506	804,286	1,149,770	(748)	1,149,022

Agora SA

Consolidated statement of changes in equity for three and six months ended 30 June 2007

(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	Share premium	Retained earnings			
Six months ended 30 June 2007							
As at 31 December 2006	54,978	-	290,506	819,685	1,165,169	(503)	1,164,666
Net profit for the period	-	-	-	47,119	47,119	128	47,247
Total recognized income for the period	-	-	-	47,119	47,119	128	47,247
Additional contribution of minority shareholder	-	-	-	-	-	693	693
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	160	160	-	160
Share-based payments	-	-	-	19,788	19,788	-	19,788
Dividends declared	-	-	-	(82,466)	(82,466)	-	(82,466)
Dividends of subsidiaries	-	-	-	-	-	(1,066)	(1,066)
As at 30 June 2007	54,978	-	290,506	804,286	1,149,770	(748)	1,149,022

Agora SA

Consolidated statement of changes in equity for three and six months ended 30 June 2007

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent					Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Retained earnings	Total		
Year ended 31 December 2006							
As at 31 December 2005	56,758	(119,952)	353,646	834,938	1,125,390	(207)	1,125,183
Net profit / (loss) for the period	-	-	-	32,623	32,623	(621)	32,002
Total recognized income and expense for the period	-	-	-	32,623	32,623	(621)	32,002
Additional contribution of minority shareholder	-	-	-	-	-	1,013	1,013
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	(144)	(144)	-	(144)
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	54,978	-	290,506	819,685	1,165,169	(503)	1,164,666

(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 six months ended 30 June 2007

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent					Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Retained earnings	Total		
Six months ended 30 June 2006							
As at 31 December 2005	56,758	(119,952)	353,646	834,938	1,125,390	(207)	1,125,183
Net profit / (loss) for the period	-	-	-	9,633	9,633	(450)	9,183
Total recognized income and expense for the period	-	-	-	9,633	9,633	(450)	9,183
Additional contribution of minority shareholder	-	-	-	-	-	952	952
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	(39)	(39)	-	(39)
Share-based payments	-	-	-	21,122	21,122	-	21,122
Share buy-back for their redemption (1)	-	(19)	-	-	(19)	-	(19)
Dividends declared	-	-	-	(27,489)	(27,489)	-	(27,489)
Dividends of subsidiaries	-	-	-	-	-	(688)	(688)
As at 30 June 2006	56,758	(119,971)	353,646	838,165	1,128,598	(393)	1,128,205

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

Agora Group**Consolidated cash flow statement for the three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Cash flows from operating activities				
Profit before income taxes	42,504	63,390	10,550	15,178
Adjustments for:				
Share of results of associates	(7)	(6)	(11)	(77)
Depreciation of property, plant and equipment	17,771	35,099	17,823	36,304
Amortization of intangible assets	1,829	3,427	1,234	1,820
Interest, net	1,672	3,236	1,541	3,095
(Profit) / loss on investing activities	(1,533)	(1,327)	314	(370)
(Decrease) / increase in provisions	600	(1,752)	(6,846)	2,518
(Increase) / decrease in inventories	(201)	3,603	823	2,398
(Increase) / decrease in receivables and prepayments	(13,299)	(36,376)	5,195	8,814
(Decrease) / increase in payables	(11,439)	1,201	6,365	(12,553)
(Decrease) / increase in deferred revenues and accruals	(9,408)	1,088	(7,862)	1,423
Other adjustments	9,485	18,779	9,592	19,120
Cash generated from operations	37,974	90,362	38,718	77,670
Income taxes (paid) / returned	(6,438)	(9,076)	(5,112)	(5,857)
Net cash from operating activities	31,536	81,286	33,606	71,813
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	611	633	173	227
Disposal of subsidiaries (net of cash disposed) and associates	-	-	-	630
Disposal of financial assets	-	-	1,317	1,317
Loan repayment received	-	-	139	214
Interest received	-	-	4	217
Disposal of short-term securities	-	-	35,000	45,571
Purchase of property plant and equipment, and intangibles	(9,050)	(20,887)	(8,758)	(17,113)
Acquisition of subsidiary (net of cash acquired) and associates	49	103	(550)	(3,169)
Acquisition of financial assets	-	-	(1,278)	(1,278)
Acquisition of short-term securities	-	(100,000)	(15,987)	(65,987)
Net cash used in investing activities	(8,390)	(120,151)	10,060	(39,371)

Agora Group**Consolidated cash flow statement for the three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Cash flows from financing activities				
Proceeds from borrowings	214	528	297	584
Repurchase of own shares (1)	-	-	(19)	(19)
Dividends paid to minority shareholders	(1,066)	(1,066)	(688)	(688)
Repayment of borrowings	-	-	-	(1)
Interest paid	(1,658)	(3,781)	(1,599)	(3,279)
Other	-	(300)	-	-
Net cash used in financing activities	(2,510)	(4,619)	(2,009)	(3,403)
Net increase / (decrease) in cash and cash equivalents	20,636	(43,484)	41,657	29,039
Cash and cash equivalents				
At start of period	270,585	334,705	177,038	189,656
At end of period	<u>291,221</u>	<u>291,221</u>	<u>218,695</u>	<u>218,695</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.

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 13 radio operating companies and is active in the outdoor segment through an acquired subsidiary, Art Marketing Syndicate SA ("AMS").

As at 30 June 2007 the Group comprised Agora SA and 19 subsidiaries. The group carries out activity in all major cities of Poland. In the first half of 2007 the company Agora Ukraine Ltd. was set up. As at the balance sheet date the company did not perform any business activity.

Financial statements are presented as at and for three and six months ended 30 June 2007, with comparative figures presented as at and for three and six months ended 30 June 2006.

The financial statements were authorized for issue by the Management Board on 9 August 2007.

2. Statement of compliance

The Consolidated Balance Sheet as of 30 June 2007, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the three and six months ended 30 June 2007 have not been audited. 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 twelve months ended 31 December 2006 have been audited by independent auditor who issued unqualified opinion.

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

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

In the preparation of these condensed consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2006. The Consolidated Financial Statements as at 31 December 2006 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 30 June 2007 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2006.

3. Long-term and short-term borrowings

As at 30 June 2007 the Group had a PLN 500 million long-term loan facilities available from Bank Pekao SA, on the basis of the loan agreement dated 5 April 2002. The loan liability as at 30 June 2007 amounted to PLN 139,210 thousand, including PLN 121,835 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 19,975 thousand.

4. Sales and segment information

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Sales				
Press and other media	285,286	555,205	254,366	524,796
Outdoor	56,099	97,907	54,750	94,369
Consolidation eliminations	(8,250)	(17,250)	(15,140)	(30,045)
Consolidated	<u>333,135</u>	<u>635,862</u>	<u>293,976</u>	<u>589,120</u>
Operating profit / (loss)				
Press and other media	27,182	39,394	(5,136)	(11,983)
Outdoor	15,526	23,075	18,575	30,889
Consolidation eliminations	(2,527)	(3,490)	(3,619)	(5,808)
Consolidated	<u>40,181</u>	<u>58,979</u>	<u>9,820</u>	<u>13,098</u>
(Impairment loss recognized) / reversal of impairment losses				
Press and other media	(520)	(915)	(1,158)	(1,436)
Outdoor	(1,048)	(977)	(280)	452
Consolidation eliminations	-	-	-	-
Consolidated	<u>(1,568)</u>	<u>(1,892)</u>	<u>(1,438)</u>	<u>(984)</u>

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 six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

A. Incentive plan based on investment certificates

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

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Income statement –				
staff cost	9,910	19,788	10,361	21,122
Equity	<u>9,910</u>	<u>19,788</u>	<u>10,361</u>	<u>21,122</u>

The impact on the financial statements of the Group described above, result exclusively from recognition of costs in the first half of 2007 of the plans carried out in 2005 and new incentive plans of 2006 (in the first two quarters of 2006 of the plans carried out in 2005 only). Details about the plan are described in the financial statements for the year 2006.

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 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
At the beginning of the period	1,322,739	1,332,057	862,612	865,168
Granted	-	-	-	-
Forfeited	(5,978)	(15,296)	(8,671)	(11,227)
Vested	<u>(909,578)</u>	<u>(909,578)</u>	<u>(354,318)</u>	<u>(354,318)</u>
At the end of the period	<u>407,183</u>	<u>407,183</u>	<u>499,623</u>	<u>499,623</u>

In the first half of 2007 employees of the Group did not acquire investment certificates.

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

	As at 30 June 2007	Vested in the first half of 2007	Forfeited in the first half of 2007	As at 31 December 2006
Incentive plan 2005 (A and B series)				
Wanda Rapaczynski	-	(145,321)	-	145,321
Piotr Niemczycki	-	(8,143)	-	8,143
Zbigniew Bak	-	(11,896)	-	11,896
Jaroslaw Szalinski	-	(7,462)	-	7,462
	<u>-</u>	<u>(172,822)</u>	<u>-</u>	<u>172,822</u>
Incentive plan 2006 (C and D series)				
Wanda Rapaczynski	11,155	(11,156)	-	22,311
Piotr Niemczycki	8,143	(8,143)	-	16,286
Zbigniew Bak	5,948	(5,948)	-	11,896
Jaroslaw Szalinski	7,919	(7,919)	-	15,838
	<u>33,165</u>	<u>(33,166)</u>	<u>-</u>	<u>66,331</u>

In the second quarter of 2007 non-cash expense of the investment certificates acquired by Management Board recognized according to IFRS 2 amounted to PLN 1,815 thousand (in the second quarter of 2006: PLN 1,842 thousand). Accumulated expense for the first half of 2007 amounted to PLN 3,630 thousand (for the first half of 2006: PLN 3,684 thousand).

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Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007

(all amounts in PLN thousands unless otherwise indicated)

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

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

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

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

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

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
At the beginning of the period	3,280,013	3,280,013	5,154,289	5,164,378
Granted	-	-	-	-
Forfeited	(1,449)	(1,449)	(792)	(10,881)
Vested	(1,496,893)	(1,496,893)	(1,870,391)	(1,870,391)
At the end of the period	<u>1,781,671</u>	<u>1,781,671</u>	<u>3,283,106</u>	<u>3,283,106</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.4 of the Management Discussion and Analysis.

6. Provisions and impairment losses

In the period from 1 January 2007 to 30 June 2007 the following impairment losses were changed (in brackets figures for the second quarter of 2007):

- impairment loss for receivables: decrease by PLN 2,039 thousand (decrease by PLN 3,584 thousand),
- impairment loss for financial assets: decrease by PLN 2,856 thousand (decrease by PLN 2,905 thousand) relates to impairment loss on interest and results from acquisition of shares in BIS Media Sp. z o.o. and full consolidation of that company,
- impairment loss for inventory: increase by PLN 3,338 thousand (increase by PLN 791 thousand),
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 279 thousand (decrease by PLN 113 thousand).

Additionally in the period from 1 January 2007 to 30 June 2007 the following provisions were changed:

- provision for certain and probable losses increase by 1,468 thousand (increase by PLN 972 thousand),
- provision for restructuring: decrease by PLN 3,243 thousand (decrease by PLN 402 thousand),
- retirement severance provision: increase by PLN 23 thousand (increase by PLN 29 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.

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Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007

(all amounts in PLN thousands unless otherwise indicated)

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

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

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

8. Capital and investment commitments

Contractual capital and investment commitments (mainly relating to fixed assets) existing at the balance sheet date amounted to PLN 3,194 thousand (31 March 2007: PLN 3,061 thousand, 31 December 2006: PLN 3,037 thousand, 30 June 2006: PLN 4,659 thousand).

9. Contingencies

As of 30 June 2007 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 Mar 2008 – 30 Oct 2010	740	-
<u>Guarantees provided by AMS SA</u>				
Wroclaw Community	AMS SA	31 Aug 2007, 31 Mar 2009, 31 Dec 2009	751	-
Miejskie Zakłady Autobusowe Sp. z o.o.	AMS SA	30 Nov 2008	115	-
Others	AMS SA	31 Dec 2007	84	-
			1,690	-

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

Panels situated near the side of a road

Many AMS's advertising panels are located on the wayside. Placing an advertising panel near the side of a public road is legally allowable when one has a positive administrative decision of road managers for a fixed term – from few to a dozen or so months. Road managers render these decisions on the basis of the Public Roads Act and the Code of Administrative Procedure. Administrative decision is also needed each time to extend the time for using the side of a road for AMS's purposes. So far, AMS has been installing its panels assuming that only significant changes in the road infrastructure could be the reason for not receiving permission for using the wayside. AMS has based its assumptions on the confidence principle as for local authorities and many years' common practice.

Before expiration of each decision AMS has applied for extending the usage time. AMS usually has received positive decision – often with delay – when the previous permission had already been expired. Panels have been dismantled because of existing road reconstructions very rarely.

During last months, especially in Warsaw, AMS did not receive positive decisions as for prolongation of the wayside use or received permission refusals. As at 6 August 2007:

- (i) the proceedings were opened against AMS to impose sanctions for occupying the wayside without proper permission with 18 advertising panels; four of them are situated near the side of the road and belong to the company,
- (ii) the proceedings were opened against AMS for occupying the waysides without proper permission with its 21 advertising panels: 4 proceedings were closed in favor of the company; the fact-finding procedure was initiated for 15 of them,
- (iii) besides the cases described in point (i), AMS received negative decisions as for using the wayside for its 66 advertising panels and its subsidiary Media System Sp. z o. o. for 18 panels (AMS appealed against decisions to the Municipal Court of Appeal or to the Regional Administrative Court).
- (iv) besides the cases described in point (ii), AMS is awaiting delayed decisions as for prolongation of occupying the wayside with its 40 advertising panels and its subsidiary Media System Sp. z o.o. – for 18 advertising panels.

When AMS receives negative decision, it appeals in accordance with legal regulations. AMS has implemented relevant procedures as for appealing in such cases.

So far, the appealed decisions concerning administrative penalties have been reconsidered in favor of AMS. The Management Board of AMS judges that also in the future in most of the cases, the final effects will be similar to those from the past. Therefore, the Management Board of AMS decided to set up provisions for all fees connected with advertising panels for which AMS awaited positive decisions and for all administrative penalties for occupying the waysides without proper permission when the probability of paying them was high. As at 30 June 2007, the provided provisions totaled PLN 2,241 thousand.

Due to increasing business risk, the company have started in Warsaw to move its Backlight (18, 32 square metres) and Cityscroll (9 square metres) panels and mount them in new localizations outside the waysides. These activities in the long term should underpin the sale potential of Premium and Superpremium segment. From the beginning of the year to 31 July 2007, 68 new outdoor exposure sites were attached to the company's sale offer in Warsaw.

Despite the fact that the appealed decisions were reconsidered in favor of AMS in the past, the risk still exists that AMS will not receive permission for occupying the waysides. Putting advertising panels without proper permission there may impose sanctions on AMS in accordance with the Public Roads Act. Therefore, AMS may be forced to dismount these panels which may depress the AMS's financial result in future. The Management Board of AMS manages the risk by appealing against decisions in compliance with the effective law and building its panel network on lands which are not qualified as the waysides. The Management Board of AMS will monitor the legal situation concerning the use of waysides and adjust its accounting policy as for providing provisions and recognition of impairment losses connected with its assets.

10. Court cases

As for 30 June 2007 the Group has not entered into litigation or has been litigated for claims or liabilities that in total exceed 10% of the Group's equity.

11. Seasonality

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

12. Related-party transactions

(a) Management Board's remuneration

Remuneration of Management Board members of Agora SA paid pursuant to employment and management contracts amounted to PLN 1,375 thousand (six months ended 30 June 2006: PLN 1,372 thousand).

Management Board members did not acquire shares or certificates in the period of six months ended 30 June 2007.

Agora Group**Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

(b) Other entities

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

	Three months ended 30 June 2007	Six months ended 30 June 2006	Three months ended 30 June 2006	Six months ended 30 June 2006
--	--	--	--	--

Associates and non-consolidated subsidiaries

Sales	214	504	1,365	2,333
Purchases of goods and services	(664)	(1,489)	(953)	(3,722)

	As at 30 June 2007	As at 31 March 2007	As at 31 December 2006	As at 30 June 2006
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Associates and non-consolidated subsidiaries

Receivables	444	121	139	1,132
Payables	-	173	467	8,564
Loans granted and debt securities	-	1,293	1,333	3,000

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

13. 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 the first and the second quarter. For first half of 2007 EURO 1 = 3.8517; for first half of 2006 EURO 1 = 3.8940.
- balance sheet figures using the average exchange rates published by NBP and ruling on the last day of the first half of 2006. Exchange rate as at 30 June 2007 – EURO 1 = 3.7770; as at 30 June 2006 – EURO 1 = 4.0434.

Agora Group**Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

	PLN thousand		EURO thousand	
	Six months ended 30 June 2007	Six months ended 30 June 2006	Six months ended 30 June 2007	Six months ended 30 June 2006
Sales	635,862	589,120	165,086	151,289
Operating profit	58,979	13,098	15,312	3,364
Profit before income taxes	63,390	15,178	16,458	3,898
Net profit for the period attributable to equity holders of the parent	47,119	9,633	12,233	2,474
Net cash from operating activities	81,286	71,813	21,104	18,442
Net cash used in investing activities	(120,151)	(39,371)	(31,194)	(10,111)
Net cash used in financing activities	(4,619)	(3,403)	(1,199)	(874)
Net increase / (decrease) in cash and cash equivalents	(43,484)	29,039	(11,290)	7,457
Total assets	1,603,042	1,522,505	424,422	376,541
Non-current liabilities	188,615	186,119	49,938	46,030
Current liabilities	265,405	208,181	70,269	51,487
Equity attributable to equity holders of the parent	1,149,770	1,128,598	304,414	279,121
Share capital	54,978	56,758	14,556	14,037
Weighted average number of shares	54,977,535	54,977,535	54,977,535	54,977,535
Earnings per share (in PLN / in EURO)	0.86	0.18	0.22	0.04
Book value per share (in PLN / in EURO)	20.91	20.53	5.54	5.08

Agora Group

Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007

(all amounts in PLN thousands unless otherwise indicated)

14. Description of the Group

The list of companies from the Group:

		% of shares held (effectively)	
		30 June 2007	31 March 2007
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 (1)	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 (1)	89.8%	89.8%
7	Agencja Reklamowa Jowisz Sp. z o.o., Jelenia Gora (1)	100.0%	100.0%
8	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%
9	Akcent Media Sp. z o.o., Poznan (2)	100.0%	100.0%
10	Multimedia Plus Sp. z o.o., Srem (1)	100.0%	100.0%
11	Lokalne Radio w Opolu Sp. z o.o., Opole (1)	100.0%	100.0%
12	Inforadio Sp. z o.o., Warszawa	66.1%	66.1%
13	Regionalne Przedsiębiorstwo Zwiaskowe Sp. z o.o., Tychy (1)	100.0%	100.0%
14	Tres Sp. z o.o., Sieradz (1)	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 (1)	100.0%	100.0%
18	Bis Media Sp. z o.o., Lublin (1)	100.0%	49.0%
19	Agora Ukraine Ltd., Kiev	100.0%	-
Companies excluded from consolidation and equity accounting			
20	Polskie Badania Internetu Sp. z o.o., Warsaw	20.0%	20.0%
21	Projekt Inwestycyjny Sp. z o.o., Warsaw	100.0%	100.0%
22	Polskie Badania Outdooru Sp. z o.o., Warsaw (2)	41.0%	41.0%
23	Media System Sp. z o.o., Warsaw (2)	100.0%	100.0%

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

(2) indirectly through AMS SA

15. Business combinations

- On 30 May 2007 the Company signed an agreement on acquiring shares in the company BIS Media Sp. z o.o. with its seat in Lublin ("BIS Media"), the broadcaster of the radio program *Zlote Przeboje Puls 95.6 FM*. Before the transaction Agora held 49.0% of the share capital of BIS Media. As the result of the transaction between Agora and MULTICO - PRESS Sp. z o.o. with its seat in Warsaw ("Vendor"), a shareholder of BIS Media, Agora acquired shares constituting a 51.0% stake of the share capital of BIS Media.

Additional information:

- The transaction shall be settled by mutual offsetting of financial obligations between Agora and the Vendor. The acquisition of shares took place on 30 May 2007 on the basis of a share disposal agreement between Agora and MULTICO - PRESS Sp. z o.o. with its seat in Warsaw, a shareholder of BIS Media, as a consequence of investment agreement (preliminary shares disposal agreement) dated 8 May 2001.
- On the basis of the above agreement Agora acquired 889 shares in the share capital of BIS Media with a nominal value of PLN 574 per share at the total price of PLN 5,993 thousand. As a result of the transaction Agora owns 1,743 shares constituting 100% of share capital of BIS Media, entitling Agora to exercise 100% of voting rights at the Annual General Meeting of Shareholders.
- The book value of the acquired shares in the issuer's books is PLN 6,053 thousand.
- The Vendor sold all its shares in BIS Media Sp. z o.o. Both, the Vendor and Agora were the shareholders of BIS Media Sp. z o.o., before the transaction Agora held 854 of shares constituting 49.0% of the share capital of BIS Media Sp. z o.o.

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(all amounts in PLN thousands unless otherwise indicated)

The assets and liabilities of BIS Media Sp. z o.o. at the date of acquisition are as follows:

	Carrying amounts	Recognized values
	_____	_____
Intangible assets	41	611
Property, plant and equipment	17	17
Operating working capital, except cash and cash equivalents	(33)	(33)
Cash and cash equivalents	163	163
Interest-bearing loans and borrowings	(1,277)	(1,277)
	(1,089)	(519)
Net identifiable assets and liabilities (51.0%)		(265)
Goodwill on acquisition (1)		3,385
Total consideration		3,120

Purchase consideration (net amount)		3,120
Cash and cash equivalents in subsidiaries acquired		(163)
Cash outflow on acquisition		2,957

- (1) Goodwill includes items which cannot be individually separated and reliably measured from the acquiree, due to their nature.

Assuming the results of BIS Media Sp. z o.o. were fully consolidated from 1 January 2007, the Group's revenue for the first half of 2007 would be PLN 635,862 thousand and the net profit attributable to the equity holders of the parent: PLN 47,131 thousand.

- On 21 May 2007 Agora SA informed that on 15 May 2007 the company under the business name Agora Ukraine Ltd., with its seat in Kiev was registered by the relevant state district administration. The company's scope of activities in Ukraine entails, inter alia, publishing and internet activities. The share capital of Agora Ukraine amounts to USD 9 thousand (PLN 25 thousand). Agora owns 100% of the company's share capital. The establishment of the company results from Agora's growth strategy which, inter alia, assumes searching for new business areas for Agora. The objective of the company's establishment in Ukraine is to examine investment opportunities in this region.
- On 22 June 2007 the Company informed about the disposal of 100% of the share capital each of six companies on the basis of share disposal agreements entered into on 21 June 2007 by Agora and the purchaser of shares - Grupa Radiowa Agory Sp. z o.o. The details of transactions presents the table below:

Company's name	Number of shares	Book value of sold shares	Book value of sold shares	Total nominal value	including: impairment loss on sold shares
	_____	_____	_____	_____	_____
Jan Babczyszyn Radio Jazz FM Sp. z o.o.	6,000	3,450	600	1,565	0
Lokalne Radio w Opolu Sp. z o.o.	100	1	50	667	0
Multimedia Plus Sp. z o.o.	2,242	1	1,121	2,020	0
Regionalne Przedsiębiorstwo Związkowe Sp. z o.o.	100	1	50	2,829	0
Tres Sp. z o.o.	202	7,362	101	4,242	0
Bis Media Sp. z o.o.	1,743	706	1,000	3,790	5,232

16. Events after the balance sheet date

- In the current report dated 6 July 2007, the Company informed about admitting the shares of Agora SA for trading on the main market of the Warsaw Stock Exchange. The shares were purchased by employees pursuant to stock participation programs.
- In current report dated 18 July 2007, the Company informed that it convened an Extraordinary Meeting of Shareholders of Agora (EGM) for 30 August 2007. The agenda of the Meeting includes election of Marek Sowa, a candidate nominated by Agora-Holding Sp. z o.o., to the Company's Management Board. Upon appointment of Marek Sowa to the Management Board, the Management Board will elect him its President. Wanda Rapaczynski, the current President, will tender her resignation from this position.

17. Condensed unconsolidated financial statements of Agora SA

Unconsolidated balance sheet as at 30 June 2007

	As at 30 June 2007	As at 31 March 2007	As at 31 December 2006	As at 30 June 2006
Assets				
Non-current assets:				
Intangible assets	83,572	83,660	84,088	82,242
Property, plant and equipment	429,505	438,735	447,703	466,551
Investments	293,286	308,516	309,090	309,006
Receivables and prepayments	73,307	77,640	79,546	89,932
Deferred tax assets	15,238	16,314	14,429	16,045
	<u>894,908</u>	<u>924,865</u>	<u>934,856</u>	<u>963,776</u>
Current assets:				
Inventories	11,102	10,776	14,313	11,824
Accounts receivable and prepayments	227,503	174,017	163,103	176,647
Income tax receivable	595	1,928	5,281	4,417
Short-term securities and other financial assets	102,336	100,572	1,045	95,852
Cash and cash equivalents	251,660	234,928	290,806	191,967
	<u>593,196</u>	<u>522,221</u>	<u>474,548</u>	<u>480,707</u>
Total assets	<u>1,488,104</u>	<u>1,447,086</u>	<u>1,409,404</u>	<u>1,444,483</u>

Agora Group**Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

	As at 30 June 2007	As at 31 March 2007	As at 31 December 2006	As at 30 June 2006
Equity and liabilities				
Equity:				
Share capital	54,978	54,978	54,978	56,758
Treasury shares	-	-	-	(119,971)
Share premium	290,506	290,506	290,506	353,646
Other reserves	53,170	44,742	36,357	24,842
Retained earnings	679,872	709,099	701,901	767,320
	<u>1,078,526</u>	<u>1,099,325</u>	<u>1,083,742</u>	<u>1,082,595</u>
Non-current liabilities:				
Deferred tax liabilities	65,800	65,698	64,954	64,139
Interest bearing loans and borrowings	121,835	130,537	104,610	122,045
Retirement severance provision	1,139	1,077	1,077	1,099
Deferred revenues and accruals	5	-	-	1
Other	237	71	71	67
	<u>189,016</u>	<u>197,383</u>	<u>170,712</u>	<u>187,351</u>
Current liabilities:				
Retirement severance provision	92	140	140	156
Accounts payable	164,839	96,451	83,928	114,148
Short-term borrowings	17,375	8,057	35,415	17,435
Provisions	1,518	1,285	3,725	5,761
Deferred revenues and accruals	36,738	44,445	31,742	37,037
	<u>220,562</u>	<u>150,378</u>	<u>154,950</u>	<u>174,537</u>
Total equity and liabilities	<u>1,488,104</u>	<u>1,447,086</u>	<u>1,409,404</u>	<u>1,444,483</u>
Weighted average number of shares	<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>

Agora Group**Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

Unconsolidated income statement for three and six months ended 30 June 2007

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Sales	266,599	520,639	238,667	498,825
Cost of sales	<u>(140,854)</u>	<u>(286,515)</u>	<u>(142,542)</u>	<u>(286,424)</u>
Gross profit	125,745	234,124	96,125	212,401
Selling expenses	(81,633)	(157,085)	(85,810)	(171,652)
Administrative expenses	(22,284)	(47,226)	(27,938)	(56,510)
Other operating income	2,068	7,730	8,886	6,764
Other operating expenses	<u>(3,777)</u>	<u>(8,111)</u>	<u>(3,044)</u>	<u>(11,307)</u>
Operating profit / (loss)	20,119	29,432	(11,781)	(20,304)
Finance income	45,891	49,527	27,176	31,459
Finance costs	<u>(8,265)</u>	<u>(10,298)</u>	<u>(7,040)</u>	<u>(9,543)</u>
Profit before income taxes	57,745	68,661	8,355	1,612
Income tax expense	<u>(4,506)</u>	<u>(8,224)</u>	<u>641</u>	<u>(1,102)</u>
Net profit for the period	<u>53,239</u>	<u>60,437</u>	<u>8,996</u>	<u>510</u>
Earnings per share (in PLN)	<u>0.97</u>	<u>1.10</u>	<u>0.16</u>	<u>0.01</u>

Agora Group**Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

Unconsolidated statement of changes in equity for three and six months ended 30 June 2007

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 30 June 2007						
As at 31 March 2007	54,978	-	290,506	44,742	709,099	1,099,325
Net profit	-	-	-	-	53,239	53,239
Share-based payments	-	-	-	8,428	-	8,428
Dividends declared	-	-	-	-	(82,466)	(82,466)
As at 30 June 2007	54,978	-	290,506	53,170	679,872	1,078,526
Six months ended 30 June 2007						
As at 31 December 2006	54,978	-	290,506	36,357	701,901	1,083,742
Net profit	-	-	-	-	60,437	60,437
Share-based payments	-	-	-	16,813	-	16,813
Dividends declared	-	-	-	-	(82,466)	(82,466)
As at 30 June 2007	54,978	-	290,506	53,170	679,872	1,078,526

Agora Group**Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
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 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
Six months ended 30 June 2006						
As at 31 December 2005	56,758	(119,952)	353,646	6,336	794,291	1,091,079
Net profit	-	-	-	-	510	510
Share-based payments	-	-	-	18,513	-	18,513
Share buy-back for their redemption (1)	-	(19)	-	-	-	(19)
Dividends declared	-	-	-	-	(27,488)	(27,488)
Other	-	-	-	(7)	7	-
As at 30 June 2006	56,758	(119,971)	353,646	24,842	767,320	1,082,595

(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.

Unconsolidated cash flow statement for the three and six months ended 30 June 2007

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Cash flows from operating activities				
Profit before income taxes	57,745	68,661	8,355	1,612
Adjustments for:				
Depreciation of property, plant and equipment	10,861	21,745	11,635	23,683
Amortization of intangible assets	1,259	2,403	802	1,572
Foreign exchange (gain) / loss	2,835	2,963	2,093	2,479
Interest, net	562	899	227	339
(Profit) / loss on investing activities	2,657	3,977	3,541	3,640
Dividend income	(41,543)	(41,543)	(23,769)	(23,769)
(Decrease) / increase in provisions	248	(2,193)	(6,861)	2,789
(Increase) / decrease in inventories	(325)	3,212	1,716	3,232
(Increase) / decrease in receivables and prepayments	(3,228)	(26,931)	18,747	23,362
(Decrease) / increase in payables	(11,445)	3,428	(1,555)	(16,571)
(Decrease) / increase in deferred revenues and accruals	(7,703)	5,001	(3,386)	10,749
Other adjustments	8,695	16,495	8,290	17,041
Cash generated from operations	20,618	58,117	19,835	50,158
Income taxes (paid) / returned	(4,936)	(6,736)	(1,476)	(1,476)
Net cash from operating activities	15,682	51,381	18,359	48,682
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	21	21	170	209
Disposal of subsidiaries and associates	-	-	1,425	3,432
Disposal of financial assets	-	-	722	722
Dividends received	2,643	15,643	7,769	7,769
Repayment of loans granted	102	252	220	477
Interest received	1,097	2,338	1,304	2,938
Disposal of short-term securities	-	-	35,000	44,932
Repayment of finance lease receivables	1,587	3,234	1,677	3,338

Agora Group**Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 30 June 2007	Six months ended 30 June 2007	Three months ended 30 June 2006	Six months ended 30 June 2006
Purchase of property plant and equipment, and intangibles	(2,451)	(7,132)	(1,919)	(7,676)
Acquisition of subsidiaries and associates and other investments in subsidiaries and associates	(86)	(86)	(701)	(2,943)
Acquisition of short-term securities	-	(100,000)	(15,987)	(65,987)
Loans granted	(170)	(646)	(10,178)	(19,078)
Net cash used in investing activities	2,743	(86,376)	19,502	(31,867)
Cash flows from financing activities				
Repurchase of own shares (1)	-	-	(19)	(19)
Interest paid	(1,658)	(3,781)	(1,598)	(3,276)
Other	(35)	(370)	(35)	(70)
Net cash used in financing activities	(1,693)	(4,151)	(1,652)	(3,365)
Net increase / (decrease) in cash and cash equivalents	16,732	(39,146)	36,209	13,450
Cash and cash equivalents				
At start of period	234,928	290,806	155,758	178,517
At end of period	251,660	251,660	191,967	191,967

(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.

Additional information to unconsolidated financial statements of Agora SA

In the period from 1 January 2007 to 30 June 2007 the following impairment losses and provisions were changed (in brackets figures for the second quarter of 2007):

- impairment loss for receivables: decrease by PLN 1,639 thousand (decrease by PLN 3,688 thousand),
- impairment loss for financial assets: decrease by PLN 1,612 thousand (decrease by PLN 4,522 thousand, including decrease by PLN 1,819 thousand impairment losses on interest on loans, reversed impairment loss on paid-in capital for Regionalne Przedsiębiorstwo Związkowe Sp. z o.o. in the amount of PLN 404 thousand and impairment loss on shares of BIS Media Sp. z o.o. in the amount of PLN 2,299 thousand – both companies sold to GRA Sp. z o.o.),
- impairment loss for inventory: increase by PLN 3,445 thousand (increase by PLN 893 thousand),
- provision for restructuring: decrease by PLN 3,230 thousand (decrease by PLN 402 thousand),
- provision for certain and probable losses: increase by PLN 1,023 thousand (increase by PLN 635 thousand),
- retirement severance provision: increase by PLN 14 thousand (increase by PLN 14 thousand).

Selected unconsolidated financial data together with translation into EURO

	PLN thousand		EURO thousand	
	Six months ended 30 June 2007	Six months ended 30 June 2006	Six months ended 30 June 2007	Six months ended 30 June 2006
Sales	520,639	498,825	135,171	128,101
Operating profit / (loss)	29,432	(20,304)	7,641	(5,214)
Profit before income taxes	68,661	1,612	17,826	414
Net profit	60,437	510	15,691	131
Net cash from operating activities	51,381	48,682	13,340	12,502
Net cash used in investing activities	(86,376)	(31,867)	(22,425)	(8,184)
Net cash used in financing activities	(4,151)	(3,365)	(1,078)	(864)
Net increase / (decrease) in cash and cash equivalents	(39,146)	13,450	(10,163)	3,454
Total assets	1,488,104	1,444,483	393,991	357,245
Non-current liabilities	189,016	187,351	50,044	46,335
Current liabilities	220,562	174,537	58,396	43,166
Equity	1,078,526	1,082,595	285,551	267,744
Share capital	54,978	56,758	14,556	14,037
Weighted average number of shares	54,977,535	54,977,535	54,977,535	54,977,535
Earnings per share (in PLN / in EURO)	1.10	0.01	0.29	0.00
Book value per share (in PLN / in EURO)	19.62	19.69	5.19	4.87

Agora Group

Notes to the condensed consolidated financial statements for three and six months ended 30 June 2007

(all amounts in PLN thousands unless otherwise indicated)

Warsaw, 9 August 2007

Wanda Rapaczynski – President of the Management Board

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Piotr Niemczycki – Deputy President of the Management Board

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Zbigniew Bak – Deputy President of the Management Board

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Jaroslaw Szalinski – Member of the Management Board

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* For justified reasons Wanda Rapaczynski could not sign the report. Wanda Rapaczynski has been outside Poland since 21 July 2007 to the date of the report.