



Agora S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2007**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 11 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2007

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Shareholders' Meeting of Agora S.A.

We have audited the accompanying unconsolidated financial statements of Agora S.A. seated in Warsaw, ul. Czerska 8/10 ("the Company"), which comprise the balance sheet as at 31 December 2007, with total assets and total liabilities and equity of PLN 1,464,633 thousand, the profit and loss account for the year then ended with a net profit of PLN 78,500 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 23,692 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 17,333 thousand, and notes to the unconsolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the accompanying unconsolidated financial statements of Agora S.A. have been prepared and present fairly in all material respects the financial position of the Company as at 31 December 2007 and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's Statute that apply to the Company's unconsolidated financial statements and have been prepared from accounting records, that in all material respects have been properly maintained.

Other Matters

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

Signed on the Polish original

.....
Certified Auditor No. 90046/7419
Marcin Domagała

Signed on the Polish original

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

Warsaw, 7 April 2008



Agora S.A.

Report supplementing
the auditor's opinion
on the unconsolidated
financial statements
Financial Year ended
31 December 2007

The report supplementing the auditor's opinion
contains 11 pages
Report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2007

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1 General

1.1 General information about the Company

1.1.1 Company name

Agora S.A.

1.1.2 Registered office

ul. Czerska 8/10
00-732 Warsaw

1.1.3 Registration in the National Court Register

Registration court: District Court for the Capital City Warsaw in Warsaw,
XIII Commercial Department of the National Court Register
Date: 7 November 2001
Registration number: KRS 0000059944

1.1.4 Tax Office and Provincial Statistical Office registration

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

1.2 Auditor information

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

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

1.3 Legal status

1.3.1 Share capital

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

The share capital of the Company amounted to PLN 54,977,535.00 as at 31 December 2007 divided into 54,977,535 ordinary shares with a nominal value of PLN 1.00 each.

As at 31 December 2007, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal value of shares PLN '000	Percentage of share capital (%)
Agora - Holding Sp. z o.o.	8 021 148	34,9%	8 021,1	14,6%
Julius Baer Investment Management LLC	3 941 331	5,3%	3 941,3	7,2%
Julius Baer International Equity Fund	3 858 789	5,4%	3 858,8	7,0%
BZ WBK AIB Asset Management S.A.	8 674 141	12,0%	8 674,1	15,8%
BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.	3 776 353	5,2%	3 776,4	6,9%
Others	26 705 773	37,2%	26 705,8	48,5%
	54 977 535	100,0%	54 977,5	100,0%

1.3.2 Related parties

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

1.3.3 Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2007, the Management Board of the Company was comprised of the following members:

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

On 30 August 2007, based on the resolution of the Extraordinary General Meeting of Shareholders, Marek Sowa was appointed to the position of the Member of the Management Board, and followed to position of the President of the Management Board. Thereby, the resignation from this post by Wanda Rapaczynski dated 20 August 2007 came into force.

1.3.4 Scope of activities

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

- publishing of newspapers, books, periodical publications and other publishing activities,
- printing newspapers,
- other polygraph activity, not classified elsewhere,

- assembly of texts and manufacturing of printing boards,
- other services relating to polygraph activities,
- advertising activities,
- radio and television activity,
- issuing sound records,
- manufacturing of movies and video records.

1.4 Prior period financial statements

The unconsolidated financial statements for the period ended 31 December 2006 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The unconsolidated financial statements were approved at the General Shareholders' Meeting on 29 June 2007 where it was resolved to cover the loss for the prior financial year of PLN 9,981,085.69 from a reserve capital.

The closing balances as at 31 December 2006 have been properly recorded as the opening balances of the audited year.

The unconsolidated financial statements were submitted to the Registry Court on 16 July 2007 and were published in Monitor Polski B No. 246 on 22 February 2008.

1.5 Audit scope and responsibilities

This report was prepared for the General Shareholders' Meeting of Agora S.A. seated in Warsaw, ul. Czerska 8/10 and relates to the unconsolidated financial statements comprising: the balance sheet as at 31 December 2007 with total assets and total liabilities and equity of PLN 1,464,633 thousand, the profit and loss account for the year then ended with a net profit of PLN 78,500 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 23,692 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 17,333 thousand and notes to the unconsolidated financial statements.

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

The unconsolidated financial statements have been audited in accordance with the contract dated 18 July 2007, concluded on the basis of the resolution of the Supervisory Board dated 31 August 2005 on the appointment of the auditor.

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

We audited the unconsolidated financial statements in the Company's head office during the period from 3 March 2008 to 4 April 2008.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the unconsolidated financial statements in accordance with



International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

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

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

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

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

2 Financial analysis of the Company

2.1 Summary of the unconsolidated financial statements

2.1.1 Balance sheet

ASSETS	31.12.2007 PLN '000	% of total	31.12.2006 PLN '000	% of total
Non-current assets				
Intangible assets	84 392	5,8	84 088	6,0
Property, plant and equipment	412 714	28,2	447 703	31,8
Long-term financial assets	305 372	20,8	309 090	21,9
Long-term receivables and prepayments	61 617	4,2	79 546	5,6
Deferred tax assets	20 529	1,4	14 429	1,0
Total non-current assets	884 624	60,4	934 856	66,3
Current assets				
Inventories	13 020	0,9	14 313	1,0
Short-term receivables and prepayments	192 887	13,2	163 103	11,6
Income tax receivable	2 107	0,1	5 281	0,4
Short-term financial assets	63 856	4,4	1 045	0,1
Cash and cash equivalents	308 139	21,0	290 806	20,6
Total current assets	580 009	39,6	474 548	33,7
TOTAL ASSETS	1 464 633	100,0	1 409 404	100,0
EQUITY AND LIABILITIES				
	31.12.2007 PLN '000	% of total	31.12.2006 PLN '000	% of total
Equity				
Share capital	54 978	3,7	54 978	3,9
Share premium	290 506	19,8	290 506	20,6
Other reserve capital	64 015	4,4	36 357	2,6
Retained earnings	697 935	47,7	701 901	49,8
Total equity	1 107 434	75,6	1 083 742	76,9
Liabilities				
Deffered tax liabilities	62 763	4,3	64 954	4,6
Long-term loans and credits	104 430	7,1	104 610	7,4
Provisions for retirement benefits	1 168	0,1	1 077	0,1
Long-term accruals	4	0,0	-	0,0
Other long-term liabilities	186	0,0	71	0,0
Total non-current liabilities	168 551	11,5	170 712	12,1
Provisions for retirement benefits	97	0,0	140	0,0
Trade and other payables	112 780	7,7	83 928	6,0
Short-term loans and credits	34 810	2,4	35 415	2,5
Provisions liabilities	1 308	0,1	3 725	0,3
Short-term accruals	39 653	2,7	31 742	2,3
Total current liabilities	188 648	12,9	154 950	11,0
Total liabilities	357 199	24,4	325 662	23,1
TOTAL EQUITY AND LIABILITIES	1 464 633	100,0	1 409 404	100,0

2.1.2 Profit and loss account

	1.01.2007 - 31.12.2007	% of total sales	1.01.2006 - 31.12.2006	% of total sales
	PLN '000		PLN '000	
Revenue	1 034 568,0	100,0	936 134,0	100,0
Cost of sales	(556 827,0)	53,8	(537 416,0)	57,4
Gross profit on sales	477 741,0	46,2	398 718,0	42,6
Distribution expenses	(326 408,0)	31,6	(304 603,0)	32,5
Administrative expenses	(91 786,0)	8,9	(105 662,0)	11,3
Other operating income	12 759,0	1,2	12 989,0	1,4
Other operating expenses	(13 815,0)	1,3	(21 485,0)	2,3
Operating profit/(loss) before financing costs	58 491,0	5,7	(20 043,0)	2,1
Finance income	59 857,0	5,8	39 863,0	4,3
Finance expenses	(24 026,0)	2,3	(26 561,0)	2,8
Net finance profits	35 831,0	3,5	13 302,0	1,5
Profit/(loss) before tax	94 322,0	9,1	(6 741,0)	0,7
Income tax expense	(15 822,0)	1,5	(3 240,0)	0,4
Profit/(loss) for the period	78 500,0	7,6	(9 981,0)	1,1
Profit/(loss) for the period				
Basic earnings per share (PLN)	1,43		(0,18)	
Diluted earnings per share (PLN)	1,43		(0,18)	

2.2 Selected financial ratios

	2007	2006	2005
1. Return on sales			
<u>profit for the period x 100%</u> revenue	7,6%	negative value	13,0%
2. Return on equity			
<u>profit for the period x 100%</u> equity - profit for the period	7,6%	negative value	14,1%
3. Debtors' days			
<u>average trade receivables (gross) x 365 days</u> revenue	57 days	63 days	56 days
4. Debt ratio			
<u>liabilities x 100%</u> equity and liabilities	24,4%	23,1%	23,9%
5. Current ratio			
<u>current assets</u> current liabilities	3,1	3,1	3,2

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

2.3 Interpretation of selected financial ratios

Return on sales and return on equity

Return on sale and return on equity increased significantly as compared to prior period, when they were negative as a result of a net loss incurred in prior year. In a current period, the Company showed an increase of revenues from publishing and advertising revenues. The increase of publishing revenues resulted mainly from a new strategy of differentiating the newspaper's cover price depending on the attached supplement. The increase of advertising revenues resulted mainly from an increase of clients' advertising spending in 2007 and also from the elections that took place at the end of 2007. The increase in ratios resulted also from higher financial revenues due to dividends received from subsidiaries.

Debtors' days

Debtors' days improved slightly as compared to prior year.

Debt ratio

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

Current ratio

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

3 Detailed report

3.1 Proper operation of the accounting system

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

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

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

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

3.2 Asset verification

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act. The following categories of assets were included in the verification:

- cash,
- inventories,
- accounts receivable.

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

3.3 Notes to the unconsolidated financial statements

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

3.4 Report on the Company's activities

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

3.5 Information on the opinion of the independent auditor

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2007, we have issued an unqualified opinion.

Signed on the Polish original

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Certified Auditor No. 90046/7419
Marcin Domagała

Signed on the Polish original

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

Warsaw, 7 April 2008