

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

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***AGORA GROUP  
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REVENUE PLN 295 MILLION, NET PROFIT PLN 0.8 MILLION, OPERATING EBITDA PLN 33 MILLION,  
OPERATING CASHFLOW PLN 38 MILLION, FREE CASH FLOW 30 MILLION

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

*Unless explicitly stated otherwise, 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. The estimates refer to advertising expenditures in four media (TV, print, radio and outdoor), which in case of print do not include classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: AGB Polska monitoring, CR Media monitoring, EXPERT MONITOR monitoring, Agora SA monitoring, Izba Gospodarcza Reklamy Zewnętrznej monitoring.*

*In this MD&A Agora has corrected the advertising figures for 2005 and the previous years. The data referred to herein are based on the corrected estimates of the Company.*

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

- Revenues of the Group amounted to PLN 295 million and grew 1.5% yoy. Advertising sales rose by over 7%, while *Gazeta's* advertising sales were up by over 10%. Book sales were PLN 52 million and declined by 18% due to the high base last year.
- According to Agora's estimates, advertising spending in the first quarter of 2006 grew by 8.5%. Spending for TV was slightly lower than expected (up 9%). Press recorded revenue growth of 6%.
- After weaker January sales, average number of *Gazeta's* copies sold grew in the successive months. In February *Gazeta* sold 415 thousand copies (a decline of 1.9%) and in March the newspaper's paid circulation reached 450 thousand copies (up 1% yoy).
- In the first quarter of 2006, *Gazeta's* share in total newspaper advertising spending increased by 0.5 pp to 43%.
- Operating results of the first quarter of 2006 were depressed by PLN 21.5 million operating loss of *Nowy Dzień* and PLN 10.7 million of non-cash cost of stock incentive compensation, as well as traditional seasonality of the advertising market.
- Following the announcement of the cover price of the new Axel Springer's product, in April 2006 Agora made a strategic decision to lower *Gazeta's* cover price to PLN 1.5 countrywide. The Company made the decision to enable readers to make their choices based exclusively on quality, rather than on economic factors. The reduction of *Gazeta's* cover price may have a material impact on the level of revenues from the newspaper's copy sales.

### **Wanda Rapaczynski, President of the Management Board said:**

“The first quarter performance was affected by *Nowy Dzień* and by non-cash expense of incentive plans. *Gazeta* increased its share in the daily newspaper advertising market and after a temporary dip, returned to the path of circulation growth”.

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

### 1. EXTERNAL FACTORS

#### 1.1. Advertising market

According to Agora's estimates, in the first quarter of 2006 advertising spending grew by 8.5% to PLN 1.2 billion. During the period the fastest growing categories were: financial services (particularly mortgages), retail, real-estate and jobs. Automotive ads recorded healthier performance rates.

Despite rate increases, TV saw slower-than-expected advertising spending (about 9%), which was determined by a significant slowdown of revenue growth in March. Lower audience ratings in the largest TV stations (public TV and Polsat) during the period resulted in smaller number of GRPs sold. This, combined with high rate of prime time capacity utilization, impeded revenue growth.

Newspaper advertising grew by 8%. The drivers were local dailies (up 10%) and Warsaw newspapers (up 13%). This was due to a surge in employment, retail, real-estate and financial advertising. National dailies grew 6%. The most active in national newspapers were advertisers of financial services, employment, travel and retail. Importantly, the very low level of spending on car advertising has improved.

In the first quarter of 2006, spending for outdoor grew by almost 12%. This was due to intensive advertising campaigns of newspapers, as well as growth of ad spending for retail and telecom.

In the first quarter of 2006, radio grew advertising revenues by almost 16%. The drivers of the growth were national radio stations (up 16%). Local stations saw a growth rate of about 12%.

#### 1.2. Copy sales and readership of newspapers

According to the Circulation Audit Office (ZKDP), the total number of copies of all newspapers sold in the first quarter of 2006 decreased 1.1% (excluding *Nowy Dzień*). During the period, *Gazeta Wyborcza* sold on average 417 thousand copies, whereas tabloid *Fakt* sold 546 thousand copies. Average paid circulation of *Nowy Dzień* in the period of January-February was 154 thousand copies. Other national dailies, including *Super Express* and *Rzeczpospolita*, saw a decline in paid circulation (down 1.5% and 1.2%, respectively). Local dailies recorded the drop in circulation of 3.3%.

After lower copy sales of in the fourth quarter of 2005 and in January 2006, *Gazeta's* momentary decline in paid circulation was halted. In February 2006 *Gazeta* sold 8% more than in January, while in March its paid circulation amounted to 450 thousand copies.

In January and February 2006 average weekly readership of *Gazeta* was 18.4% (20.1% last year), readership of *Fakt* reached 21.7% (24.2% last year) and that of *Super Express* 10.3% (11.0% last year). Free daily *Metro* was read by 7.5% readers (up 3.6pp yoy). In the first quarter of 2006 *Metro* was the second – after *Gazeta* – most frequently read newspaper in cities over 500 thousand inhabitants and its average daily circulation reached 526 thousand copies.

The increasingly competitive newspaper market is undergoing dynamic changes which are accompanied by intensive promotional and marketing activities. In the first quarter of 2006 Agora decided to cease publication of *Nowy Dzień*. In April 2006 Axel Springer launched its new product – a national daily newspaper. Following Springer's announcement of the PLN 1.5 cover price of the daily, *Gazeta* reduced its cover price to the same level. Some regional publishers followed suit.

### 2. INTERNAL FACTORS

#### 2.1. *Nowy Dzień*

*Nowy Dzień* ceased publication on 23 February 2006. Despite editorial changes and new promotional activities, the declining trend of paid circulation deepened in January and February of 2006. As a result, the Management Board concluded that the reversal of the negative trend and reaching the target copy sales levels is not possible and hence further expenditures for continued publication of the daily are not in the interest of the Company and its shareholders.

Operating cost of *Nowy Dzień* and cost of its closure (including PLN 9.6 million provision for expenses to be incurred in future accounting periods) was fully reflected in the Group's results for the first quarter of 2006. Total operating loss of *Nowy Dzień* booked in the first quarter of 2006 was PLN 21.5 million. In the forthcoming quarters the Group's operating results will not be affected by the cost of *Nowy Dzień* as all the expenses were provided for in the first quarter of 2006.

## **2.2. Marketing and promotion cost**

In the first quarter of 2006 total marketing and promotion cost of the Group reached PLN 51.5 million and constituted 17% of the Group's sales. Marketing and promotion expense of the newspaper segment amounted to PLN 46 million and grew by PLN 22 million yoy. As previously communicated, this growth rate reflects intensive marketing activities for *Gazeta Wyborcza* carried out in the context of increased competition in the newspaper market, including image campaign and promotion of the newspaper in the points of sales, as well as marketing expense of book collections and *Nowy Dzień* (PLN 8 million).

Executing on its promotional strategy and enhancement of the quality of *Gazeta*, Agora introduced a number of changes to the newspaper, i.e. a modification of its layout, a new *Sports* supplement, enhanced *TV Guide* and *Employment* section accompanied by an on-line service. In addition, *Gazeta* offers a number of collectible supplements for the readers.

In February 2006, *Gazeta* started a subscription promotion for kiosk subscribers. Currently, kiosk subscribers can buy *Gazeta* at a promotional price of PLN 1 per issue. The project appealed to the readers.

All the above measures resulted in better copy sales results of *Gazeta* in February and March.

## **2.3. Staff cost and headcount**

Staff cost grew by over PLN 20 million in the first quarter of 2006. This growth is attributable to non-cash cost of execution of incentive programs booked in the amount of PLN 10.7 million, operations of *Nowy Dzień* in the first weeks of the year and was a result of full method of consolidation of more radio companies.

The Group's headcount at the end of the first quarter of 2006 was 3,682 employees and grew by 345 FTEs as compared to last year. This growth results from increased employment in the newspaper segment due to a launch of *Nowy Dzień* and was a result of full method consolidation of more radio companies.

## **2.4. Book collections**

In the first quarter of 2006 total revenue from sales of book collections was PLN 52 million and was 18% lower than last year (in the first quarter of 2005 Agora run the largest and the most profitable *Encyclopedia* series). Operating profit of the business was PLN 12 million and operating margin reached 23%. In the first quarter of 2006 Agora sold six collections (five series and one one-off project). During the period the collections sold 3.7 million books (including books with DVDs/CDs).

Please note that the schedule of implementation of book projects deepens seasonality of the Group's quarterly results. The level of revenues posted may vary on quarterly basis as it depends on the number of collections run in the given reporting period and their appeal to the market. Each new project includes a significant start-up cost of the first free volume which depresses the results of the given quarter and is included in promotion and marketing. The potential profit of the project is likely to be booked in the subsequent reporting periods.

## **3. PROSPECTS**

### **3.1. Advertising market**

Agora maintains its total ad market growth estimate in 2006 at 10%. Despite lower growth pace of TV advertising in the first quarter of 2006, the Company has not altered its previous growth estimates for the segment (13%) due to announced rate increases, upcoming World Cup in June and the low base in the second quarter of last year.

The Company also maintains its growth estimates for newspapers (7%). This assumption may change as the growth of ad spend for dailies depends also on the rate strategies adopted by publishers in the new competitive environment.

According to Agora's estimates, spending for outdoor will grow by around 9% in 2006.

Estimated growth of spending for radio is about 10%.

The Company is conducting ongoing monitoring of the advertising market and may amend these estimates in the following quarterly reports.

### **3.2. Competitive environment – the newspaper market**

The new Axel Springer's product entered the market on 18 April 2006. The newspaper sells for PLN 1.5 every day. Springer announced that this year's promotion budget for the new daily will reach PLN 100 million (gross).

Following the announcement of the cover price of the new Axel Springer's product, Agora made an immediate decision to lower *Gazeta's* cover price across the country. Reduction of *Gazeta's* cover price was a strategic

decision aimed at protecting the newspaper's future position. In consequence of Springer's introduction of the supermarket pricing strategy of "the cheapest in the category", Agora wants readers to make their choices based exclusively on quality, rather than economic factors. Agora believes that in the long-run the quality of journalism and strong brand are key for the readers. The Company will continue to leverage those strengths to compete in the market. The Company's decision to reduce *Gazeta's* cover price may have a material impact on the level of revenues from the newspaper's copy sales.

Polish quality newspaper market is mature. *Gazeta* has been the leader of this market for 17 years. *Gazeta* is not only a national quality daily but well-entrenched local paper with a broad offer of thematic supplements. It is hard to predict today whether Axel Springer's format will find its legs among the existing players and what kind of readers it will attract. This will determine its future performance. It is also hard to predict the short-term impact of the Springer's pricing strategy on the copy sales of *Gazeta* and other titles. The long-term impact of *Gazeta's* strategic decision to lower the copy price and the result of its market strategy should be evaluated in several months time.

The Company would like to underscore that the data on copy sales of newspapers presented for short periods of time cannot determine any future trends. The Company is not changing its policy regarding the disclosure of *Gazeta's* paid circulation results and will be providing those numbers according to the reporting schedule of the National Circulation Audit Office (ZKDP). Any other data published before ZKDP disclosure should solely be considered estimates and might not be precise. Likewise, in the new competitive situation, i.e. the entry of a new title, copy sales numbers of the daily newspapers should be analyzed in longer, at least several-month, time intervals, particularly given the intensive promotional activities of the publishers. However, in order to meet market expectations as a result of Springer's market entry, the Company informs hereby that the average copy sales of *Gazeta* in April 2006 was 475 thousand copies, and in the period from 18 April to 30 April reached 500 thousand copies. Agora underscores that these figures are based on the Company's estimates and refer to a short period of time. In the following reporting periods, the Company will be publishing *Gazeta's* circulation data according to ZKDP reporting schedule.

### **3.3. Newsprint cost**

The Group assumes 5-6% growth of cost of production materials in 2006. The change in assumptions disclosed in the report for the fourth quarter of 2005 is due to the closure of *Nowy Dzień* and strengthening of PLN against EURO.

It should be noted, however, that these estimates may change based on *Gazeta's* future page counts and circulation levels in the context of the competitive environment. These assumptions also depend on exchange rates.

### **3.4. Staff cost**

In 2006 the Group expects some increase in staff cost. This is due to several factors: growing scale of the Group's operations (expansion of *Metro*), cost of severances connected with the closure of *Nowy Dzień*, non-cash charge of share-based payments pursuant to incentive programs, as mandated by IFRS 2, full method consolidation of more radio companies, as well as salary increases enforced by the market situation.

Pursuant to the execution of the Group's incentive program for 2005, in October 2005 eligible employees purchased investment certificates in closed mutual fund. According to the IFRS 2 standard, fair value of the granted certificates will be recognized as staff cost, with a corresponding increase in equity over the vesting period. The valuation model takes into account, among others: rights of certificates discounted for specific features of the securities and cost of running closed mutual fund (for details on accounting rules, please see Note 5 to the financial statements).

Estimated total cost related to incentive plans to be booked in the Group's 2006 profit and loss account will be ca PLN 40 million. It should be noted, however, that this amount includes estimated cost of execution of incentive plan in 2006. The Company does not in fact know the number of certificates to be purchased by employees pursuant to the future plan, nor the stock price of Agora's shares at that reporting period. Hence, for purposes of providing an estimate, the Company assumed that these values will be equivalent to those on which the fourth quarter 2005 calculations were based.

### **3.5. Depreciation and amortization**

According to accounting rules, the Group reviewed the depreciation rates of fixed assets. As a result of extending the economic useful lives of fixed assets, mainly printing facilities and outdoor panels, the Group plans lower depreciation rates in 2006. In consequence, D&A cost in 2006 will be PLN 14 million lower than in 2005.

### **3.6. Profit distribution**

According to the Company's dividend policy announced on 14 February 2005, the Management Board's recommendation on profit distribution will be disclosed 21 days before the Annual Meeting of Shareholders to be held in last week of June.

### III. FINANCIAL RESULTS

#### 1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first quarter of 2006 include Agora SA, Agora Poligrafia Sp. z o.o., the Art Marketing Syndicate SA Group (AMS Group), Agora TC and 26 subsidiary and associated companies of the radio business. Detailed list of companies of the Agora Group is presented in the note to the financial statements in this report.

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

*Tab. 1*

in PLN million	I Q 2006	I Q 2005	% change yoy
Sales	295.1	290.6	1.5%
Advertising	166.0	154.7	7.3%
Copy sales	59.4	55.7	6.6%
Other	69.7	80.2	(13.1%)
Operating cost net, incl.:	(291.8)	(238.6)	22.3%
Raw materials, energy and consumables	(71.7)	(76.9)	(6.8%)
D&A	(19.1)	(23.9)	(20.1%)
Staff cost	(64.4)	(54.8)	17.5%
Non-cash expense relating to share-based payments	(10.7)	-	-
Promotion and marketing	(51.5)	(29.9)	72.2%
Operating profit - EBIT	3.3	52.0	(93.7%)
Finance cost, net, incl.:	1.2	1.1	9.1%
Revenue from short-term investment	2.5	3.7	(32.4%)
Interest on loans and similar costs	(1.7)	(3.1)	(45.2%)
Allowance for losses on investment, net	-	(0.9)	-
Share of results of associates	0.1	(0.1)	-
Profit / (loss) before income tax	4.6	53.0	(91.3%)
Income tax expense (1)	(4.1)	(9.6)	(57.3%)
Net profit / (loss) for the period	0.5	43.4	(98.8%)
<b>Attributable to:</b>			
Equity holders of the parent	0.8	43.3	(98.2%)
Minority interest	(0.3)	0.1	-
	0.5	43.4	(98.8%)
EBIT margin (EBIT/Sales)	1.1%	17.9%	(16.8pp)
EBITDA	22.2	75.6	(70.6%)
EBITDA margin (EITDA/Sales)	7.5%	26.0%	(18.5pp)
Operating EBITDA	32.9	75.6	(56.5%)
Operating EBITDA margin (Operating EITDA/Sales)	11.1%	26.0%	(14.9pp)
EBIT excluding <i>Nowy Dzień</i> and cost of share-based payments	35.5	52.0	(31.7%)

*Due to changes described in note 2 of the financial statements, the comparative figures were restated.*

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”).

The impact of the operating results of particular businesses on the Group's financials is presented in the table under point 2.1. below.

**2.1. Results presented according to major lines of business of the Agora Group for the first quarter of 2006**

*Tab. 2*

in PLN million	Newspapers and Internet (1)	Magazines	Outdoor	Radio	Company's headquarters, New Business Development division	Elimina- tions	Total (consoli- dated) I Q 2006
Total sales	239.4	21.3	27.7	14.5	-	(7.8)	295.1
% Share	81.1%	7.2%	9.4%	4.9%	-	(2.6%)	100.0%
Total operating cost	(231.0)	(21.4)	(25.2)	(18.9)	(2.5)	7.2	(291.8)
EBIT	8.4	(0.1)	2.5	(4.4)	(2.5)	(0.6)	3.3
Finance cost, net							1.2
Share of results of associates							0.1
Income tax expense							(4.1)
Net profit							0.5
Attributable to:							
Equity holders of the parent							0.8
Minority interest							(0.3)
EBITDA	22.2	-	4.7	(3.5)	(0.4)	(1.4)	22.2
Operating EBITDA	31.2	0.3	5.2	(2.8)	(0.3)	(1.3)	32.9
CAPEX	(2.3)	(0.1)	(2.1)	(0.2)	-	-	(4.7)

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

**2.2. Finance cost, net**

Lower revenue from short-term investment results from decrease of market interest rates.

Decrease of interest on loans results from lower interest rates. Additionally, in the first quarter of 2005 the Group incurred cost connected with the extension of the credit period.

### 3. BALANCE SHEET OF THE AGORA GROUP

**Tab. 3**

in PLN million	31/03/2006	31/12/2005	% change to 31/12/2005	31/03/2005	% change to 31/03/2005
Non-current assets	989.4	1,001.2	(1.2%)	1,030.3	(4.0%)
share in balance sheet total	65.5%	66.6%	(1.1pp)	67.7%	(2.2pp)
Current assets	521.4	502.8	3.7%	490.8	6.2%
share in balance sheet total	34.5%	33.4%	1.1pp	32.3%	2.2pp
<b>TOTAL ASSETS</b>	<b>1,510.8</b>	<b>1,504.0</b>	<b>0.5%</b>	<b>1,521.1</b>	<b>(0.7%)</b>
Equity attributable to equity holders of the parent	1,137.1	1,125.4	1.0%	1,180.3	(3.7%)
share in balance sheet total	75.3%	74.8%	0.5pp	77.6%	(2.3pp)
Minority interest	-	(0.2)	(100.0%)	1.6	-
share in balance sheet total	-	-	-	0.1%	(0.1pp)
Non-current liabilities and provisions	192.7	200.3	(3.8%)	193.9	(0.6%)
share in balance sheet total	12.7%	13.3%	(0.6pp)	12.7%	-
Current liabilities and provisions	181.0	178.5	1.4%	145.3	24.6%
share in balance sheet total	12.0%	11.9%	0.1pp	9.6%	2.4pp
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,510.8</b>	<b>1,504.0</b>	<b>0.5%</b>	<b>1,521.1</b>	<b>(0.7%)</b>

*Due to the changes described in note 2 of the financial statements, the comparative figures were restated.*

#### 3.1. Non-current assets

Lower value of non-current assets versus 31 December 2005 results mainly from the depreciation of tangible fixed assets and amortization of intangible fixed assets.

#### 3.2. Current assets

The change in balance of current assets versus 31 December 2005 was due to the increase of cash and short-term securities.

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

The decrease of non-current liabilities versus 31 December 2005 is caused mainly by the reclassification of bank loan in the amount of PLN 8.7 million as at 31 March 2006 from non-current to current part.

#### 3.4. Current liabilities and provisions

Current liabilities and provisions slightly increased versus 31 December 2005. There was an increase in provisions for liabilities resulting from a provision recognized for *Nowy Dzień* (PLN 9.6 million). Short-term borrowings increased following the re-classification described above. At the same time trade liabilities decreased.

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

*Tab. 4*

in PLN million	I Q 2006	I Q 2005	% change yoy
Net cash from operating activities	38.2	59.6	(35.9%)
Net cash from investment activities	(49.4)	(10.1)	389.1%
Net cash from financing activities	(1.4)	(3.0)	(53.3%)
Total movement of cash and cash equivalents	(12.6)	46.5	-
Cash and cash equivalents at the end of period	177.0	273.8	(35.4%)

*Due to changes described in note 2 of the financial statements, the comparative figures were restated.*

As at 31 March 2006, the Agora Group had PLN 290.4 million in cash and in short-term monetary assets, of which PLN 177.0 million was in cash and cash equivalents and PLN 113.4 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 regard to its further investment plans.

##### 4.1. Operating activities

Net cash from operating activities declined in the first quarter of 2006 as compared to last year. The main factors behind it were: the cost of *Nowy Dzień* and higher cost of marketing and promotion.

##### 4.2. Investment activities

Increase of net outflow from investing activities in the first quarter of 2006 was caused mainly by higher spending on non-current assets and higher spending on short-term securities (investment of free cash).

##### 4.3. Financing activities

In the first quarter of 2006 net cash from financing activities mainly included interest on loans.

**5. SELECTED FINANCIAL RATIOS [4]**

**Tab. 5**

	I Q 2006	I Q 2005	% change yoy
<b>Profitability ratios</b>			
Net profit margin	0.3%	14.9%	(14.6pp)
Gross profit margin	42.1%	44.4%	(2.3pp)
Return on equity	0.3%	14.9%	(14.6pp)
<b>Efficiency ratios</b>			
Inventory turnover	10 days	10 days	-
Debtors days	64 days	58 days	10.3%
Creditors days	43 days	33 days	30.3%
<b>Liquidity ratio</b>			
Current ratio	2.9	3.4	(14.7%)
<b>Financing ratios</b>			
Gearing ratio (1)	-	-	-
Interest cover	2.0	21.4	(90.7%)
Free cash flow interest cover	17.8	22.0	(19.1%)

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

Definitions of financial ratios [4] are presented at the end of part IV of this MD&A ("*Operating review – major lines of business of the Agora Group*").

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

### IV.A. NEWSPAPERS AND INTERNET

**Tab. 6**

in PLN million	I Q 2006	I Q 2005	% change yoy
Total sales	239.4	231.7	3.3%
Copy sales	46.0	45.7	0.7%
incl. <i>Gazeta Wyborcza</i>	40.9	45.6	(10.3%)
Advertising revenue	121.5	104.3	16.5%
incl. <i>Gazeta Wyborcza</i>	113.0	102.5	10.2%
Book collections	51.7	63.0	(17.9%)
Other revenue	20.2	18.7	8.0%
Total operating cost, including	(231.0)	(179.2)	28.9%
Raw materials, energy, consumables and printing services	(79.3)	(78.9)	0.5%
Staff cost (1)	(48.8)	(41.8)	16.7%
D&A	(13.8)	(16.1)	(14.3%)
Promotion and marketing (2) (3)	(46.3)	(24.8)	86.7%
EBIT	8.4	52.5	(84.0%)
EBIT margin	3.5%	22.7%	(19.1pp)
EBITDA	22.2	68.6	(67.6%)
EBITDA margin	9.3%	29.6%	(20.3pp)
Operating EBITDA	31.2	68.6	(54.5%)
Operating EBITDA margin	13.0%	29.6%	(16.6pp)
EBIT of <i>Nowy Dzień</i>	(21.5)	-	-

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

(2) the amounts do not include 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 on space which was not sold to external clients

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

### 1. GAZETA WYBORCZA

#### 1.1. Revenue

##### 1.1.1. Copy sales

In the first quarter of 2006, average copy sales of *Gazeta Wyborcza* decreased by 4.6% to 417 thousand. During this period, the Group undertook several actions to reverse the negative circulation trend. The effects of these actions are reflected in circulation figures for February. In March 2006 average copy sales of *Gazeta* amounted to 450 thousand, 1% more than last year.

On 14 February 2006 *Gazeta Wyborcza* started a new promotional form of subscription for kiosk subscribers. Pursuant to this new subscription offer, *Gazeta's* readers who subscribed for all March editions of the newspaper were guaranteed to receive it at a copy price of PLN 1.40 in Warsaw and PLN 1 nationwide. After the reduction of *Gazeta's* cover price to PLN 1.50, the copy price for kiosk subscribers was unified across Poland to PLN 1.

In the first quarter of 2006, *Gazeta's* team worked intensively on the enhancement of the newspaper's graphic design. On 7 March 2006 *Gazeta Wyborcza* received a modified layout with easier navigation, clear and transparent arrangement of content and unified manner of photograph presentation.

In the first quarter of 2006 *Gazeta's* editorial office made a number of enhancements to the newspaper's supplements. The new formula of Friday *Gazeta Telewizyjna* (TV Guide), which is currently printed on coated paper

in better layout was one of the major changes. Other supplements benefited as well: *Sports section* increased page count and enlarged editorial content, *Duzy Format* (Large Format) received a new and better cover.

### 1.1.2. Advertising sales

In the first quarter of 2006, *Gazeta's* advertising revenue (including display advertising, classifieds and inserts) grew by 10.2%

In the first quarter of 2006, *Gazeta's* share in display advertising in national, Warsaw and local dailies (including paid and free newspapers) stood at about 43% and was up 0.5pp as compared to last year.

*Gazeta's* share in national display advertising was 46% and remained flat as compared to last year. Free-of-charge newspapers (including Agora's *Metro*) are becoming more popular with advertisers. Combined share of *Gazeta Wyborcza* and *Metro* in the national display advertising improved by 1.5pp.

In the first quarter of 2006 *Gazeta Wyborcza's* share in Warsaw display advertising market (excluding classifieds, inserts and obituaries) decreased by ca 3pp yoy. Agora's share in this market was 70% in the first quarter of 2005. In the first quarter of 2006 *Gazeta Wyborcza* increased its share by ca 2pp in local display advertising market (outside Warsaw).

To meet the needs of Agora's clients, *Gazeta* introduced innovative advertising products – such as “wings” of carbon paper printed in Agora's printing plants. This product was used for the first time in dailies. New internet recruitment portal – *praca.gazeta.pl* – is a unique combination of recruitment advertisements. Now advertisements are simultaneously available in the Employment supplement of *Gazeta Wyborcza* and through the recruitment portal. This combination allows for broader targeting.

In the first quarter of 2006, Agora continued implementing changes in the sale of *Gazeta's* ads. This complex project involved the analyses of all important sales areas and the needs of advertisers which resulted in introducing more flexible advertising offer, improving the quality of customer service and simplification of procedures. The project, called “Full Ahead” is designed to constantly improve the quality of client service and hence strengthening *Gazeta's* position in the advertising market.

Share of ad pages in the total pagecount of *Gazeta* amounted to ca 45%, while the average number of ad pages published daily in all local and national editions amounted to ca 281 (up by over 7%).

### 1.1.3. Book collections

Tab. 7

	I Q 2005	II Q 2005	III Q 2005	IV Q 2005	I Q 2006
Revenues from book collections	63.0	49.0	15.2	53.6	51,7

In the first quarter of 2006, the company run 6 book collections. Four projects were the continuation from last year: travel books, fairy tales, books with classical music and *anthology of Budka Suflera 1974-2005*, the Polish famous rock band.

In February 2006, the Company started a new collection of 30 booklets and DVDs with American and European motion pictures. The collection is available at PLN 27 plus the price of *Gazeta Wyborcza*.

At the end of March, to commemorate the anniversary of Pope John Paul II passing away, Agora decided to publish the book *We have been with him*, including an emotive collection of *Gazeta Wyborcza's* readers memoirs on their last meeting with John Paul II. The book included a DVD with a movie *Follow me - the Testament of John Paul II*. The testament was read by a renowned Polish actor, Krzysztof Kolberger.

The sales results of the series were very healthy in the first quarter of 2006. Please note, that revenues were lower than in the first quarter of 2005 as at that time the company run a very successful *Encyclopedia* series.

### 1.1.4. Other revenues

In the first quarter of 2006 the Group recorded a 27.7% growth in sale of printing services. This was caused by increased sales levels to new and existing clients.

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

**Tab. 8**

Cost of production of <i>Gazeta Wyborcza</i> in PLN million	I Q 2006	I Q 2005	% change yoy
Fixed cost	13.7	15.9	(13.9%)
incl. D&A	6.8	9.4	(27.4%)
Variable cost	31.6	29.4	7.5%
incl. newsprint	25.8	24.1	7.0%
<b>TOTAL fixed and variable cost</b>	<b>45.3</b>	<b>45.3</b>	-

The decrease of fixed cost of *Gazeta Wyborcza*'s production in the first quarter of 2006 results mainly from growing share of other Agora's and non-Agora's titles in the total production cost. Additionally, depreciation decreased following verification of depreciation rates.

### 1.2.1. Newsprint and printing services

The change of newsprint cost and cost of printing services in the first quarter of 2006 was mainly affected by lower average EUR/PLN exchange rate and change in production volume and structure of printed supplements. In the first quarter of 2006, average EUR/PLN exchange rate was 4.8% lower than last year. Printing volume of *Gazeta Wyborcza* was 5.7% higher than in the first quarter of 2005 at 77% increase of printing volume in external printing plants.

## 2. FREE PRESS

After a series of reach extensions and growth of circulation in 2005, in the first quarter of 2006 Metro strengthened its readership position and is now the largest free daily distributed every day in Poland (from Monday to Friday). Since April 2005 readership of *Metro* increased by 2.4 pp (from 5.2% in April 2005 to 7.6% in February 2006). In January and February *Metro* had about 2.3 million readers, which is almost twice more than last year. This makes it fourth most frequently read newspaper in Poland. Readership of *Metropol* was 1.4 million and that of *Rzeczpospolita* - 1.6 million readers. In the cities over 500 thousand inhabitants (important advertising and readership markets) *Metro* was second – after *Gazeta* - national daily in terms of weekly reach and exceeded *Fakt* by ca 10pp.

In the first quarter of 2006, *Metro* generated revenue of PLN 4.0 million which was PLN 2.2 million more than in the first quarter of 2005. In the first quarter of 2006, the newspaper's share in the national display advertising was ca 1.8%.

In March 2006 in Media Trendy contest *Metro* was awarded the title of the "Daily of the Year".

## 3. NOWY DZIEN

Due to lower-than-expected copy sales results of *Nowy Dzień*, the Management Board of Agora decided to cease the publication of the daily. The last issue of *Nowy Dzień* appeared on 23 February 2006. In the first quarter of 2006, the operating loss of the project which affected the Group's results was PLN 21.5 million, including PLN 9.6 million of provision for the expense to be incurred in future accounting periods.

The Group conducted the analysis to better understand the reasons of discrepancy between assumed and actual level of copy sales of *Nowy Dzień*. This analysis may not provide a full explanation of the fiasco reasons but is a basis for empiric conclusion that the results of the research carried out before the debut of *Nowy Dzień* overstated the probability of purchase of the new daily by three target groups: (i) readers of tabloid newspapers (unwillingness to admit to be the reader of tabloids), (ii) readers of local newspapers (local information is more important purchase motive than declared by respondents), (iii) people that had not read paid dailies so far (extended reach of free press).

## 4. INTERNET [5]

In the first quarter of 2006 *Gazeta.pl* reported positive EBITDA result. As compared to the previous year, the sale of content almost doubled and advertising revenues increased 14.4%.

In February 2006 the portal's reach among Polish internet users was 38.0%. The average number of unique users of *Gazeta.pl* increased by 54.8% to 4.4 million compared to last year. In February 2006 the number of page views amounted to 338.4 million, which is 42.8% more than last year.

*Gazeta.pl*'s thematic services were very popular with users. In February 2006 *Wiadomosci (News)* service was the third most popular in the Polish internet in the category *News, opinions and media*. Internet communities in *Gazeta.pl* (mainly *blogs* and *fora*) were ranked third in their category. *Home and Housing* service was the second in *Construction and real estate* category, while *Job service* were ranked second among recruitment services.

## IV.B. THE MAGAZINES

In March 2006 in Media Trendy contest, a monthly *Avanti* won the title “the magazine of the year” and a quarterly *Logo* was named “the debut of the year”. *Dziecko* and *Poradnik Domowy* received distinctions for the social campaigns: “*Having a Baby in Poland*” and “*Mom-friendly Company*”.

In March 2006 *Logo* magazine changed from a quarterly into a monthly. *Logo* is first lifestyle and shopping monthly for men in Poland. It continues to sell for PLN 5.90.

**Tab. 9**

in PLN million	I Q 2006	I Q 2005	% change yoy
Total sales, including	21.3	20.6	3.4%
Copy sales	11.0	10.1	8.9%
Advertising revenue	10.3	10.5	(1.9%)
Total operating cost, including	(21.4)	(19.9)	7.5%
Raw materials, energy, consumables and printing services	(7.4)	(7.0)	5.7%
Staff cost (1)	(4.7)	(4.4)	6.8%
D&A	(0.1)	(0.1)	-
Promotion and marketing (2)	(7.3)	(6.6)	10.6%
EBIT	(0.1)	0.7	-
EBIT margin	(0.5%)	3.4%	(3.9pp)
EBITDA	-	0.8	-
EBITDA margin	-	3.9%	(3.9pp)
Operating EBITDA	0.3	0.8	(62.5%)
Operating EBITDA margin	1.4%	3.9%	(2.5pp)

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

(2) the amounts do not include 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 on space which was not sold to external clients

## 1. REVENUE

### 1.1. Copy sales

**Tab. 10**

	I Q 2006	I Q 2005	% change yoy
Average copy sales (in thousand of copies)	1,052.8	952.2	10.6%

The increase of copy sales is due to implemented market strategy: reduction of the cover price of the issues without gadgets of *Poradnik Domowy* and *Dziecko* and positive reception of readers to the changes in *Cztery Katy* and *Ladny Dom*, as well as more intensive promotional activities.

### 1.2. Advertising sales

Agora’s magazines recorded a slight revenue decrease in the first quarter of 2006 as compared to the same period of the previous year.

## 2. COST

Increase in operating cost results mainly from the conversion of *Logo* from a quarterly to a monthly (higher production, staff and promotion cost).

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

Estimated share of AMS in the outdoor advertising market in the first quarter of 2006 stood at 24.7% (down 6.0pp), excluding advertising described in the footnote no 1, beneath the below table [6].

**Tab. 11**

in PLN million	I Q 2006	I Q 2005	% change yoy
Total sales, including: (1)	27.7	30.4	(8.9%)
Advertising revenue	27.7	30.3	(8.6%)
Total operating cost, including:	(25.2)	(28.3)	(11.0%)
Execution of campaigns	(5.2)	(4.5)	15.6%
Maintenance cost	(13.2)	(13.2)	-
Staff cost (2)	(4.2)	(4.3)	(2.3%)
Promotion and marketing	(1.4)	(0.8)	75.0%
D&A	(2.4)	(4.4)	(45.5%)
Other operating revenues / (costs) net	2.0	1.7	17.6%
EBIT	2.5	2.1	19.0%
EBIT margin	9.0%	6.9%	2.1pp
EBITDA	4.7	6.2	(24.2%)
EBITDA margin	17.0%	20.4%	(3.4pp)
Operating EBITDA	5.2	6.2	(16.1%)
Operating EBITDA margin	18.8%	20.4%	(1.6pp)
Number of advertising faces (3)	24,154	23,608	2.3%

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

(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**

AMS offers the widest reach of the outdoor panels. The package panel offerings ensuring broad reach which are used in large campaigns supporting sales, constitute relatively substantial share of total AMS offer. As a result, the AMS's share in the outdoor advertising market depends on the number of national reach campaigns run on these panels. The majority of clients plan such campaigns in the second and the fourth quarter of the year.

In the first quarter of 2005 (since February) product campaigns supporting sale of food and other FMCG products during Easter, run on AMS's panels offering broad reach. This was reflected in the company's high revenue level (up 44.1% yoy comparing to the first quarter of 2004). Hence, the AMS's share in the outdoor advertising market for the first quarter of 2005 amounted to 30.7%, while for the whole 2005 – 28.4%. As 2006 Easter started later than last year, holiday sale campaigns started only in March, therefore AMS's February revenues were much lower than last year.

#### **2. COST**

The increase of cost of execution of campaigns in the first quarter of 2006 is a consequence of the introduction of bus advertising, as well as growing number of print services offered to the clients.

Growth of promotion and marketing cost stems from the growing number of social-marketing campaigns than in the same period of the previous year.

Decrease of depreciation and amortization cost in the first quarter of 2006 is a consequence of change of amortization rates for large format panels.

### **3. IMPORTANT EVENTS**

During 2006 Media Trendy ceremony on 16 March 2006, the most creative mediaplans and non-standard advertising ideas were awarded. AMS was awarded in the “Social marketing” category for “AMS for integration” campaign and a distinction in “Change of products / novelties” category for the project of new the advertising offer – wall-mounted frontlight panels of 50 and 100 square meters.

## IV.D. RADIO

Agora's radio group consists of 18 *Golden Oldies (Złote Przeboje)* radio stations, 6 rock radio stations (*Radio Roxy FM*) and a superregional news radio *TOK FM* broadcasting in 9 cities. In Grupa Radiowa Agory there are several local radio stations broadcasting in other formats.

### 1. LOCAL RADIO STATIONS

In May 2005 Agora's radio group underwent organizational changes - the Agora's Radio Division was transferred to Grupa Radiowa Agory Sp. z o.o. These changes aimed at consolidating radio operations in one entity and concentration of radio activities on development of two formats: *Złote Przeboje (Golden Oldies)* and new *Roxy FM*.

In the first quarter of 2006 Radio Lokalne Zielona Gora Sp. z o.o. was sold because it did not match the product strategy of the Group.

*Złote Przeboje* started the year 2006 by extension of its reach to Białystok and Walbrzych. The cost of launch of the radio stations in these two cities, as well as expenditures connected with the introduction on a new format – *Roxy FM* depressed operating results of the segment in the first quarter of 2006.

After four months of broadcasting, *Roxy FM* increased its share in audience market to 2.8% in its target group [7].

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

	I Q 2006	I Q 2005	<i>Tab. 12</i> % change yoy
in PLN million			
Total sales, including:	14.2	12.6	12.7%
Advertising revenue (1)	13.5	12.1	11.6%
Total operating cost, including:	(17.9)	(12.8)	39.8%
Staff cost (2)	(6.4)	(5.6)	14.3%
Licenses, rental and telecommunication costs	(1.8)	(2.0)	(10.0%)
D&A	(0.8)	(0.8)	-
Promotion and marketing (3)	(4.9)	(2.7)	81.5%
EBIT	(3.7)	(0.2)	(1,750.0%)
EBIT margin	(26.1%)	(1.6%)	(24.5pp)
EBITDA	(2.9)	0.6	-
EBITDA margin	(20.4%)	4.8%	(25.2pp)
Operating EBITDA	(2.2)	0.6	-
Operating EBITDA margin	(15.5%)	4.8%	(20.3pp)

(1) barter sales from Agora SA constituted 14.0% of advertising revenue in the first quarter of 2006 (10.4% in the first quarter of 2005).

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

(3) the amounts do not include 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 on space which was not sold to external clients

(4) due to transfer of Radio Division to Grupa Radiowa Agory financial data for previous year was restated.

**Market share of Agora's local radio stations group in the first quarter of 2006**

**Tab. 13**

Cumulative:	Share in the radio advertising	Share in the local radio advertising	Audience share [7] (1)
2006	10.0%	30.1%	10.5%
2005	11.9%	34.6%	10.9%

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

In the first quarters of 2006 total radio market grew by 16%, with national radios leading the growth (16%). Local stations increased ad sales by 12%.

**2. SUPERREGIONAL RADIO TOK FM**

In the first quarter of 2006 *TOK FM* achieved 3.6% share in the Warsaw audience market as compared to 3.1% in 2005. In all cities where *TOK FM* broadcasts the audience share amounts to 2.7% (1.7% in the same period of the previous year).

Dynamic growth of audience translated into increase of sales which grew by 35.9% and reached PLN 0.8 million. In the first quarter of 2006 EBITDA was a negative of PLN 0.6 million and the net loss amounted to PLN 1.4 million.

## 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 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 SMG/KRC A Millward Brown Company on a random, nationwide sample of Poles over 15 years of age. Weekly readership index was used - percentage of respondents reading at least one edition of the title within 7 days of the. Size of the samples: nationwide PBC General for January - February 2005 n = 6,023; January - February 2006 n = 6,512, in the cities over 500 th. inhabitants in the period January - February 2006 n = 785.

[4] Definition of ratios:

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

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

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

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

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

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

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

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

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

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

[5] Portal reach, real users and page views on the basis of MegaPanel PBI/Gemius for February 2006 and cover internet users age 7 years and above, connecting to internets from the territory of Poland.

[6] Source: report on sales of outdoor companies prepared by Izba Gospodarcza Reklamy Zewnętrznej (IGRZ) which include: AMS SA., Cityboard Media, Clear Channel Poland, Stroeer Out of Home Media, News Outdoor

*Poland, Gigaboard Polska, Mini Media/Publiprox, Business Consulting and a new member – CAM Media. The report is prepared on the basis of financial data provided by member companies of IGRZ.*

*[7] Audience market data referred herein are based on Radio Track surveys, carried out by SMG/KRC A Millward Brown Company (all places, all days and all quarters of an hour of listening) for local radio stations: in the cities of Agora's radio stations broadcasting and in the age group of 15+, from January to March (sample for 2005 = 5,763 and for 2006 = 5,727); for TOK FM: in Warsaw from January to March and in the age group of 15+ (sample for 2005 = 1,065 and for 2006 = 1,061); for TOK FM: from January to March and in cities of broadcasting and in the age group of 15+ (sample for 2005 = 4,880 and 2006 = 4,850); for Roxy FM: in cities of broadcasting and in the age group of 20-35 from January to March 2006 (sample for 2006= 1,222).*

## V. ADDITIONAL INFORMATION

### 1. Important events

- In the current reports published on 21 February 2006, the Company informed about the decision to cease publication of the daily *Nowy Dzień*. The last issue of the daily appeared on 23 February 2006. *Nowy Dzień* started publication on 14 November 2005. In accordance with the business assumptions, the daily needed to achieve average copy sales of 250,000 for the project to be profitable. In 2005 copy sales of *Nowy Dzień* were below 200,000 and showed a declining trend. In 2006, despite editorial changes and new promotional activities copy sales declined further. In connection with the above, the Management Board concluded that the reversal of the negative trend and reaching the target copy sales levels is not possible and hence further expenditures connected with the continued publication of the daily are not in the interest of the Company and its shareholders.
- In the current reports published on 12 April 2006, the Company informed about the decision to lower *Gazeta Wyborcza*'s cover price to PLN 1.5 nationally following the announcement of the cover price of the new Axel Springer product. This decision will enable readers to make their choices based exclusively on quality, rather than on economic factors. The Company's decision may have a material impact on the level of revenues from *Gazeta Wyborcza* copy sales.

### 2. Capital restructuring in the Agora Radio Group

- In the current reports published on 17 January 2006, in connection with the current report no. 90/2005 dated 3 November 2005 the Company informed that the conditions precedent to the conditional sale agreement of shares in Radio Lokalne Zielona Gora have been met. On 16 January 2006, Radio Lokalne Zielona Gora received the information that the Chairperson of the National Broadcasting Council (KRRiTV) granted the consent to Radio Lokalne Zielona Gora to dispose all its shares to Region Sp. z o.o. and to change the licence for broadcasting of radio program via the change of the broadcast program name from *Radio Blue 101,7 FM* for *RMF MAXXX*, and also via the change of the program formula for the one agreed by the parties.
- In the current reports published on 27 January 2006, in relation to the current report no. 107/2005 dated 2 December 2005, the Company informed that it has been notified that on 20 January 2006 the Warsaw District Court registered the increase of the share capital of Grupa Radiowa Agory Sp. z o.o. (GRA), the subsidiary company of Agora SA. The increase of capital by PLN 5,378,000 was conducted by constituting new 10,756 shares at the nominal value of PLN 500 each by means of in-kind contribution in 10 radio companies (for details see current report no. 107/2005 dated 2 December 2005). After the registration, share capital of GRA amounts to PLN 10,404,000 and is divided into 20,808 shares with nominal value of PLN 500 each, giving right to 20,808 votes at the General Meeting of Shareholders.
- In the current reports published on 8 February 2006, the Company informed of acquiring shares in Tres Sp. z o.o., with its seat in Sieradz (hereinafter referred to as "Tres"), the broadcaster of the radio program *Złote Przeboje 101,3 FM*. Before the transaction Agora held 48.51% of the share capital of Tres. As the result of the transaction between Agora and three individuals- shareholders of Tres, Agora acquired shares constituting a 51.49% stake of the share capital of Tres. As the result Agora owns 202 shares constituting 100% of the share capital of Tres, entitling Agora to exercise 100% of voting rights at the Annual General Meeting of Shareholders.
- In the current report published on 26 April 2006 the Company informed of:
  - disposal by Agora of 3,702 shares constituting 51.0% of the share capital of Elita Sp. z o.o. with its seat in Bydgoszcz ("Elita"). After the transaction Grupa Radiowa Agory holds 100% of the share capital of Elita.
  - disposal by Agora of 51 shares constituting 51.0% of the share capital of Klakson Sp. z o.o. with its seat in Wrocław ("Klakson"). After the transaction Grupa Radiowa Agory holds 100% of the share capital of Klakson.
  - disposal by Agora of 174 shares constituting 51.2% of the share capital of Twoje Radio Sp. z o.o. with its seat in Wałbrzych ("Twoje Radio"). After the transaction Grupa Radiowa Agory holds 100% of the share capital of Twoje Radio.
  - disposal by Agora of 1 702 shares constituting 50.0% of the share capital City Radio Sp. z o.o. with its seat in Czestochowa ("City Radio"). After the transaction Grupa Radiowa Agory holds 100% of the share capital of City Radio.

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

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

**Tab. 14**

a. shares	as of 31 March 2006	decrease	increase	as of 31 December 2005
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki	1,548,372	0	0	1,548,372
Zbigniew Bak	130,850	0	0	130,850
Jaroslawn Szalinski	9,218	0	0	9,218

b. rights to shares	as of 31 March 2006	decrease	increase	as of 31 December 2005
Wanda Rapaczynski	0	0	0	0
Piotr Niemczycki	0	0	0	0
Zbigniew Bak	0	0	0	0
Jaroslawn Szalinski	0	0	0	0

a. shares	as of 11 May 2006	decrease	increase	as of 31 March 2006
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki	1,548,372	0	0	1,548,372
Zbigniew Bak	130,850	0	0	130,850
Jaroslawn 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.

### 4. Changes in ownership of shares by Supervisory Board members in the first quarter of 2006

**Tab. 15**

	as of 31 March 2006	decrease	increase	as of 31 December 2005
Anna Fornalczyk	0	0	0	0
Tomasz Sielicki	33	0	0	33
Stanislaw Soltysinski(1)	-	-	-	-
Louis Zachary	0	0	0	0
Sanford Schwartz	0	0	0	0
Slawomir Sikora (2)	0	0	0	0

(1) Stanislaw Soltysinski invests in a „blind trust” fund

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

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

**Tab. 16**

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o.	10,193,284	18%	27,319,684	37.0%

**AGORA GROUP**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**as at 31 March 2006 and for 3 month period ended thereon**  
**prepared under**  
**INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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

	As at 31 March 2006	As at 31 December 2005	As at 31 March 2005
<b>Assets</b>			
<b>Non-current assets:</b>			
Intangible assets	277,505	273,404	253,246
Property, plant and equipment	666,026	680,144	722,689
Investments	7,637	8,630	20,204
Investments in associates	1,549	3,404	5,086
Receivables and prepayments	6,411	7,052	6,282
Deferred tax assets	30,288	28,552	22,759
	<u>989,416</u>	<u>1,001,186</u>	<u>1,030,266</u>
<b>Current assets:</b>			
Inventories	17,255	18,830	17,837
Accounts receivable and prepayments	207,266	209,192	188,662
Income tax receivable	4,552	9,598	83
Short-term securities and other financial assets	115,292	75,497	10,478
Cash and cash equivalents	177,038	189,656	273,819
	<u>521,403</u>	<u>502,773</u>	<u>490,879</u>
<b>Total assets</b>	<u>1,510,819</u>	<u>1,503,959</u>	<u>1,521,145</u>

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

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

	Note	As at 31 March 2006	As at 31 December 2005	As at 31 March 2005
<b>Equity and liabilities</b>				
<b>Equity attributable to equity holders of the parent:</b>				
Share capital		56,758	56,758	56,758
Treasury shares (negative figure)		(119,962)	(119,952)	-
Share premium		353,646	353,646	353,646
Retained earnings and other reserves		846,627	834,938	769,846
		<u>1,137,069</u>	<u>1,125,390</u>	<u>1,180,250</u>
Minority interest		(22)	(207)	1,729
		<u>1,137,047</u>	<u>1,125,183</u>	<u>1,181,979</u>
<b>Total equity</b>				
<b>Non-current liabilities:</b>				
Deferred tax liabilities		58,357	56,749	50,302
Interest bearing loans and borrowings	3	131,527	140,642	139,594
Retirement severance provision		1,083	1,083	1,439
Deferred revenues and accruals		1,712	1,849	2,527
		<u>192,679</u>	<u>200,323</u>	<u>193,862</u>
<b>Current liabilities:</b>				
Retirement severance provision		145	145	19
Accounts payable		105,480	131,345	100,138
Income tax liabilities		717	58	790
Short-term borrowings	3	9,038	1	-
Provisions		13,788	4,405	1,884
Deferred revenues and accruals		51,925	42,499	42,473
		<u>181,093</u>	<u>178,453</u>	<u>145,304</u>
		<u>1,510,819</u>	<u>1,503,959</u>	<u>1,521,145</u>
		<u>1,510,819</u>	<u>1,503,959</u>	<u>1,521,145</u>
Weighted average number of shares (1)		<u>54,977,535</u>	<u>56,324,104</u>	<u>56,757,525</u>
(1) number of shares has changed following the share buy-back programme carried out in 2005.				

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

**Agora Group**  
**Consolidated income statement for three months ended 31 March 2006**  
(all amounts in PLN thousands unless otherwise indicated)

	Note	Three months ended 31 March 2006	Three months ended 31 March 2005
Sales	4	295,144	290,558
Cost of sales		<u>(170,803)</u>	<u>(161,548)</u>
<b>Gross profit</b>		124,341	129,010
Selling expenses		(79,195)	(52,753)
Administrative expenses		(33,630)	(26,896)
Other operating income		4,987	6,098
Other operating expenses		<u>(13,225)</u>	<u>(3,482)</u>
<b>Operating profit</b>	4	3,278	51,977
Finance income		3,934	5,767
Finance costs		(2,650)	(4,617)
Share of results of associates		<u>66</u>	<u>(94)</u>
<b>Profit before income taxes</b>		4,628	53,033
Income tax expense		<u>(4,120)</u>	<u>(9,608)</u>
<b>Net profit for the period</b>		<u>508</u>	<u>43,425</u>
<b>Attributable to:</b>			
Equity holders of the parent		836	43,250
Minority interests		<u>(328)</u>	<u>175</u>
		<u>508</u>	<u>43,425</u>
Earnings per share (in PLN)		<u>0.02</u>	<u>0.76</u>

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

**Agora Group**

**Consolidated statement of changes in equity for three months ended 31 March 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
	Share capital	Treasury shares (negative figure)	Share premium	Retained earnings	Other			
<b>Three months ended 31 March 2006</b>								
<b>As at 31 December 2005</b>	<u>56,758</u>	<u>(119,952)</u>	<u>353,646</u>	<u>834,938</u>	<u>-</u>	<u>1,125,390</u>	<u>(207)</u>	<u>1,125,183</u>
Additional contribution of minority shareholder	-	-	-	-	-	-	513	513
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	92	-	92	-	92
Total income and expense for the period recognized directly in equity	-	-	-	92	-	92	513	605
Net profit / (loss)	-	-	-	836	-	836	(328)	508
Share-based payments	-	-	-	10,761	-	10,761	-	10,761
Share buy-back for their redemption (1)	-	(10)	-	-	-	(10)	-	(10)
<b>As at 31 March 2006</b>	<u>56,758</u>	<u>(119,962)</u>	<u>353,646</u>	<u>846,627</u>	<u>-</u>	<u>1,137,069</u>	<u>(22)</u>	<u>1,137,047</u>

(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.

**Agora Group**
**Consolidated statement of changes in equity for three months ended 31 March 2006**

(all amounts in PLN thousands unless otherwise indicated)

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

**Agora Group****Consolidated statement of changes in equity for three months ended 31 March 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent					Total	Minority interest	Total equity
	Share capital	Treasury shares (negative figure)	Share premium	Retained earnings	Other			
<b>Three months ended 31 March 2005</b>								
<b>As at 31 December 2004</b>	<u>56,758</u>	<u>-</u>	<u>353,646</u>	<u>725,449</u>	<u>1,147</u>	<u>1,137,000</u>	<u>1,554</u>	<u>1,138,554</u>
Net profit / (loss)	-	-	-	43,250	-	43,250	175	43,425
<b>As at 31 March 2005</b>	<u>56,758</u>	<u>-</u>	<u>353,646</u>	<u>768,699</u>	<u>1,147</u>	<u>1,180,250</u>	<u>1,729</u>	<u>1,181,979</u>

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

**Agora Group****Consolidated cash flow statement for the three months ended 31 March 2006**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 March 2006	Three months ended 31 March 2005
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,628	53,033
Adjustments for:		
Share of results of associates	(66)	94
Depreciation of property, plant and equipment	18,481	23,701
Amortization of intangible assets and goodwill	586	190
Foreign exchange (gain) / loss	-	(195)
Interest, net	1,554	2,428
(Profit) / loss on investing activities	(684)	(573)
(Decrease) / increase in provisions	9,364	(701)
(Increase) / decrease in inventories	1,575	(282)
(Increase) / decrease in receivables and prepayments	3,619	(39,566)
(Decrease) / increase in payables	(18,918)	18,259
(Decrease) / increase in deferred revenues and accruals	9,285	2,963
Other adjustments	9,528	536
Cash generated from operations	38,952	59,887
Income taxes (paid) / returned	(745)	(311)
<b>Net cash from operating activities</b>	<b>38,207</b>	<b>59,576</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment, and intangibles	54	79
Disposal of subsidiaries (net of cash disposed) and associates	630	2,213
Repayment of loans granted	75	-
Interest received	213	-
Disposal of short-term securities	10,571	-
Purchase of property plant and equipment, and intangibles	(8,355)	(6,287)
Acquisition of subsidiary (net of cash acquired) and associates	(2,619)	(3)
Acquisition of short-term securities	(50,000)	(5,000)
Loans granted	-	(1,140)
<b>Net cash used in investing activities</b>	<b>(49,431)</b>	<b>(10,138)</b>

**Agora Group**  
**Consolidated cash flow statement for the three months ended 31 March 2006**  
(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 March 2006	Three months ended 31 March 2005
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	287	-
Repayment of borrowings	(1)	(2)
Interest paid	(1,680)	(2,428)
Other	-	(601)
<b>Net cash used in financing activities</b>	(1,394)	(3,031)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(12,618)</b>	<b>46,407</b>
Cash and cash equivalents		
At start of period	189,656	227,412
At end of period	177,038	273,819
including restricted cash	133	131

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

**1. General information**

Agora SA with its registered seat in Poland, 00-732 Warsaw, Czerska 8/10 street (“the Company”, “parent company”) principally produces, sells and promotes daily newspapers (including flagship *Gazeta Wyborcza*), magazines and other periodicals in Poland and controls or exercises significant influence over 26 radio operating companies. Additionally the Company is active in the outdoor segment through an acquired subsidiary, Art Marketing Syndicate SA (“AMS”).

The Group comprises Agora SA and 28 subsidiaries. Additionally Agora SA exercises significant influence over 4 associate companies.

The Group operates in all the major cities in Poland.

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

The financial statements were authorized for issue by the Management Board on 11 May 2006.

**2. Statement of compliance**

The Consolidated Balance Sheet as of 31 March 2006, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the three months ended 31 March 2006 have not been audited. The Consolidated Balance Sheet as of 31 December 2005, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the twelve months ended 31 December 2005 have been audited by independent auditor who issued unqualified opinion.

The Condensed Consolidated Financial Statements have been prepared under International Accounting Standard 34 “Interim Financial Reporting”, according to art. 45 point 1a-1c of Accounting Act (Official Journal from 2002, No 76, item 694 with amendments), regulations issued based on that Act and the Minister of Finance Decree of 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744).

As of 1 January 2005 the amendments to the Accounting Act (art. 45 points 1a-1c of Accounting Act) required the consolidated financial statements to be prepared according to IFRS adopted by the European Union. As at the day of publication of these interim consolidated financial statements, taking into account the adaptation process of IFRS by the European Union, there are no differences between IFRS and IFRS adopted by the European Union with respect to the financial reporting of the Group.

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

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

(all amounts in PLN thousands unless otherwise indicated)

Following the changes described in the financial statements for 2005, the financial data as at and for three months ended 31 March 2005 has been restated. These changes related to:

- change of presentation of liquid financial assets,
- change of method of accounting for tax exemption in Special Economic Zone,
- recalculation of lease rentals.

The summary of changes is presented in the table below:

	Data presented in the report for the first quarter of 2005	Restatement	Comparative data presented in the report for the first quarter of 2006
Net cash from operating activities for three months ended 31 March 2005	57,339	2,237	59,576
Net cash used in investing activities for three months ended 31 March 2005	(1,209)	(8,929)	(10,138)
Net increase (decrease) in cash and cash equivalents for three months ended 31 March 2005	53,099	(6,692)	46,407
Short-term securities and other financial assets as at 31 March 2005	143,301	(132,823)	10,478
Cash and cash equivalents as at 31 March 2005	140,996	132,823	273,819
Deferred tax assets as at 31 March 2005	12,009	10,750	22,759
Equity attributable to equity holders of the parent as at 31 March 2005	1,167,690	12,560	1,180,250
Accounts payable as at 31 March 2005	101,948	(1,810)	100,138
Income tax expense for three months ended 31 March 2005	(9,858)	250	(9,608)
Net profit attributable to equity holders of the parent for three months ended 31 March 2005	43,000	250	43,250
EPS for three months ended 31 March 2005 (PLN)	0.76	-	0.76

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

	Data presented in the financial statements for 2005	Restatement	Comparative data presented in the report for the first quarter of 2006
Minority interest as at 31 December 2005	(18,476)	18,269	(207)
Interest-bearing loans and borrowings as at 31 December 2005	158,911	(18,269)	140,642

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

(all amounts in PLN thousands unless otherwise indicated)

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

As at 31 March 2006 the Group had a PLN 500 million long-term loan facility available from Bank Pekao SA, on the basis of the loan agreement dated 5 April 2002. The tranches drawn as at 31 March 2006 amounted to PLN 139,480 thousand, including PLN 130,762 thousand presented in the current part.

Additionally, Group's subsidiary - Inforadio Sp. z o.o. has loan liability to a minority shareholder in the amount of PLN 18,782 thousand.

**4. Sales and segment information**

	Three months ended 31 March 2006	Three months ended 31 March 2005
<b>Sales</b>		
Press and other media	270,430	262,285
Outdoor	39,619	39,776
Consolidation eliminations	(14,905)	(11,503)
Consolidated	295,144	290,558
<b>Operating profit / (loss)</b>		
Press and other media	(6,848)	43,365
Outdoor	12,314	9,809
Consolidation eliminations	(2,188)	(1,197)
Consolidated	3,278	51,977
<b>(Impairment loss recognized) / reversal of impairment losses</b>		
Press and other media	(278)	425
Outdoor	732	574
Consolidation eliminations	-	(67)
Consolidated	454	932

**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 MSSF 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.

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

(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 31 March 2006	Twelve months ended 31 December 2005
Income statement – staff costs	10,761	7,121
Equity	10,761	7,121

The impact on the financial statements of the Group described above, result exclusively from recognition of costs in the first quarter of 2006 of the plans carried out in 2005. Details about the plan are described in the financial statements for 2005.

The table below shows the number of certificates purchased by the employees of the Group in incentive scheme in the fourth quarter of 2005 (in thousands of certificates, including certificates purchased by the Management Board of Agora SA):

	Three months ended 31 March 2006	Twelve months ended 31 December 2005
At the beginning of the period	865.2	-
Granted	-	865.2
Forfeited	(2,5)	-
Vested	-	-
At the end of the period	862.7	865.2

In the first quarter of 2006 employees of the Group did not acquire investment certificates.

Investment certificates acquired by Management Board of Agora SA in the fourth quarter of 2005 (number of certificates):

	As at 31 March 2006	Acquired in the first quarter of 2006	As at 31 December 2005	Acquired in 2005
Wanda Rapaczynski	145,321	-	145,321	145,321
Piotr Niemczycki	16,286	-	16,286	16,286
Zbigniew Bak	23,792	-	23,792	23,792
Jarosław Szalinski	14,925	-	14,925	14,925
	200,324	-	200,324	200,324

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 (including obligation to work for Group company during the vesting period).

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 31 March 2006	Twelve months ended 31 December 2005
At the beginning of the period	5,164,378	8,019,343
Granted	-	-
Forfeited	(10,089)	(62,570)
Vested	-	(2,792,395)
At the end of the period	5,154,289	5,164,378

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

## **Agora Group**

### **Notes to the condensed consolidated financial statements for three months ended 31 March 2006**

(all amounts in PLN thousands unless otherwise indicated)

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(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 recognised 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 2006 to 31 March 2006 the following impairment losses were changed :

- impairment loss for receivables: decrease by PLN 2,687 thousand,
- impairment loss for financial assets: increase by PLN 177 thousand (impairment loss for interest).
- impairment loss for inventory: increase by PLN 2,908 thousand ,
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 227 thousand .

Additionally in the period from 1 January 2006 and 31 March 2006 the following provisions were changed:

- provision for cost related to closure of *Nowy Dzień* was recognized in the amount of PLN 9,650 thousand,
- provision for restructuring: decrease by PLN 84 thousand.

#### **7. Equity**

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

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

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

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

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

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

#### **8. Capital and investment commitments**

Contractual capital and investment commitments (mainly relating to fixed assets) existing at the balance sheet date amounted to PLN 8,005 thousand (31 December 2005: PLN 6,818 thousand, 31 March 2005: PLN 7,301 thousand).

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

(all amounts in PLN thousands unless otherwise indicated)

**9. Contingencies**

As of 31 March 2006 the Group had contingent liabilities in respect of bank and other 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
Guarantees provided by Agora SA				
Bank BPH SA	BOR Sp. z o.o.	31.05.2006	1,450	-
Pekao SA	Agora's employees	31.03.2008 / 31.05.2008 / 30.09.2009	675	-
Guarantees provided by AMS SA				
VOX Chemia Sp. z o.o.	AMS SA	31.12.2012	1,467	-
PKiN Sp. z o.o.	AMS SA	Not specified	200	-
Plus Discount	AMS SA	15.05.2006	915	-
Others	AMS SA	29.12.2006	90	-
			4,797	-

**10. Court cases**

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

**11. Seasonality**

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

**12. Related-party transactions****(a) Management Board's remuneration and other benefits**

Remuneration of Management Board members of Agora SA paid pursuant to employment and management contracts amounted to PLN 517 thousand (three months ended 31 March 2005: PLN 517 thousand).

Management Board members did not acquire Agora's shares and investment certificates as part of incentive plans in the three months ended 31 March 2006.

**Agora Group****Notes to the condensed consolidated financial statements for three months ended 31 March 2006**(all amounts in PLN thousands unless otherwise indicated)

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Non-cash expense of investment certificates acquired by Management Board of Agora in the fourth quarter of 2005 recognized according to IFRS 2 amounted to PLN 1.8 million in the first quarter of 2006.

**(b) Other related parties**

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

	Three months ended 31 March 2006	Three months ended 31 March 2005
<b>Associates and non-consolidated subsidiaries</b>		
Sales	968	1,311
Purchases of goods and services	(2,769)	(2,263)
Impairment losses on loans granted	-	(865)

	As at 31 March 2006	As at 31 December 2005	As at 31 March 2005
<b>Associates and non-consolidated subsidiaries</b>			
Receivables	1,384	1,439	1,707
Payables	1,819	1,746	1,629
Loans granted and debt securities	3,222	4,419	12,092

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 quarter. For first quarter of 2006 EURO 1 = 3.8392; for first quarter of 2005 EURO 1 = 4.0320.
- balance sheet figures using the average exchange rates published by NBP and ruling on the last day of the quarter. Exchange rate as at 31 March 2006 – EURO 1 = 3.9335; as at 31 March 2005 – EURO 1 = 4.1193.

	PLN thousand		EURO thousand	
	Three months ended 31 March 2006	Three months ended 31 March 2005	Three months ended 31 March 2006	Three months ended 31 March 2005
Sales	295,144	290,558	76,876	72,063
Operating profit	3,278	51,977	854	12,891
Profit before income taxes	4,628	53,033	1,205	13,153
Net profit for the period attributable to equity holders of the parent	836	43,250	218	10,727
Net cash from operating activities	38,207	59,576	9,952	14,776
Net cash used in investing activities	(49,431)	(10,138)	(12,875)	(2,514)
Net cash used in financing activities	(1,394)	(3,031)	(363)	(752)
Net increase / (decrease) in cash and cash equivalents	(12,618)	46,407	(3,287)	11,510
Total assets	1,510,819	1,521,145	384,090	369,273
Non-current liabilities	192,679	193,862	48,984	47,062
Current liabilities	181,093	145,304	46,039	35,274
Equity attributable to equity holders of the parent	1,137,069	1,180,250	289,073	286,517
Share capital	56,758	56,758	14,429	13,779
Weighted average number of shares	54,977,535	56,757,525	54,977,535	56,757,525
Earnings per share (in PLN / in EURO)	0.02	0.76	0.00	0.19
Book value per share (in PLN / in EURO)	20.68	20.79	5.26	5.05

**14. Description of the Group**

The list of companies from the Group:

		% of shares held (effectively)	
		31 March 2006	31 December 2005
<b>Subsidiaries consolidated</b>			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Art Marketing Syndicate SA (AMS), Poznan	99.8%	99.8%
3	KKK FM S.A., Wroclaw (1)	100.0%	100.0%
4	Elita Sp. z o.o., Bydgoszcz (1)	100.0%	100.0%
5	Radio Trefl Sp. z o.o., Sopot (1)	99.9%	99.9%
6	IM 40 Sp. z o.o., Warsaw	72.0%	72.0%
7	Grupa Radiowa Agory Sp. z o.o., Warsaw	100.0%	100.0%
8	O'le Sp. z o.o., Opole (1)	100.0%	100.0%
9	Karolina Sp. z o.o., Tychy (1)	100.0%	100.0%
10	CITY Radio Sp. z o.o., Czestochowa (1)	100.0%	100.0%
11	Radio Na Fali Sp. z o.o., Szczecin (1)	100.0%	100.0%
12	ROM Sp. z o.o., Warsaw (1)	100.0%	100.0%
13	Barys Sp. z o.o., Tychy (2)	89.8%	89.8%
14	Agencja Reklamowa Jowisz Sp. z o.o., Jelenia Gora (2)	100.0%	100.0%
15	Radio Pomoże Sp. z o.o., Bydgoszcz (1)	100.0%	100.0%
16	Twoje Radio Sp. z o.o., Walbrzych (1)	100.0%	100.0%
17	Wibor Sp. z o.o., Nowy Sacz (1)	100.0%	100.0%
18	Adpol Sp. z o.o., Warsaw (3)	99.8%	99.8%
19	Akcent Media Sp. z o.o., Poznan (3)	99.8%	99.8%
20	Radio Wanda Sp. z o.o., Cracow (1)	100.0%	100.0%
21	Radio Klakson Sp. z o.o., Wroclaw (1)	100.0%	100.0%
22	Multimedia Plus Sp. z o.o., Srem	76.0%	76.0%
23	Lokalne Radio w Opolu Sp. z o.o., Opole	100.0%	100.0%
24	Radio Lokalne Zielona Góra Sp. z o.o., Zielona Gora	-	100.0%
25	Inforadio Sp. z o.o., Warsaw	66.1%	66.1%
26	Regionalne Przedsiębiorstwo Związkowe Sp. z o.o., Tychy	100.0%	100.0%
27	Tres Sp. z o.o., Sieradz	100.0%	48.5%
28	Agora TC Sp. z o.o. (former Jamar Sp. z o.o.), Warsaw	100.0%	100.0%
<b>Associate companies valued using the equity method</b>			
29	Jan Babczyszyn Radio Jazz FM Sp. z o.o., Poznan	50.0%	50.0%
30	BOR Sp. z o.o., Poznan	50.1%	50.1%
31	Radio Mazowsze Sp. z o.o., Lomianki	24.0%	24.0%
32	Bis Media Sp. z o.o., Lublin	49.0%	49.0%
<b>Companies excluded from consolidation and equity accounting</b>			
33	Polskie Badania Internetu Sp. z o.o., Warsaw	20.0%	20.0%
34	Radio Wawel Sp. z o.o., Cracow	50.0%	50.0%
35	Projekt Inwestycyjny Sp. z o.o., Warsaw	100.0%	100.0%
36	Polskie Badania Outdooru Sp. z o.o., Warsaw (3)	40.9%	40.9%
37	Aktis Media Sp. z o.o. in bankructcy, Poznan (3)	89.8%	89.8%
38	Media System Sp. z o.o., Warsaw (3)	99.8%	99.8%

(1) directly and indirectly through Grupa Radiowa Agory Sp. z o.o.

(2) indirectly through Grupa Radiowa Agory Sp. z o.o.

(3) indirectly through AMS SA

**15. Business combinations**

- In the current report published on 8 February 2006, the Company informed about purchase of 51.49% shares of Tres Sp. z o.o. (*Złote Przeboje 101,3 FM*). The purchase price amounted to PLN 2,222 thousand. Agora's share in Tres Sp. z o.o. after the transaction amounts to 100%.

The assets and liabilities arising from the acquisition are as follows:

	Carrying amounts	Recognized values
Intangible assets	99	626
Property, plant and equipment	393	393
Deferred tax assets	92	92
Operating working capital, except cash and cash equivalents	193	193
Cash and cash equivalents	203	203
Interest-bearing loans and borrowings	(1,099)	(1,099)
	(119)	408
Net identifiable assets and liabilities acquired (51.5%)		210
Goodwill on acquisition (1)		2,012
Total consideration		2,222
Purchase consideration settled in cash		2,222
Cash and cash equivalents in subsidiary acquired		(203)
Cash outflow on acquisition		2,019

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

- In the current report published on 17 January 2006, the Company informed about meeting two conditions precedent to the conditional sale agreement of shares in Radio Lokalne Zielona Gora. The detailed information about the agreement was disclosed in the current report published on 3 November 2005. The selling price amounted to PLN 630 thousand.

**16. Events after the balance sheet date**

- On 12 April 2006 Management Board of Agora decided to lower from 14 April *Gazeta Wyborcza*'s cover price to PLN 1.5 nationally following the announcement of the cover price of the new Axel Springer product. This decision will enable readers to make their choices based exclusively on quality, rather than on economic factors. The Company's decision may have a material impact on the level of revenues from *Gazeta Wyborcza* copy sales.
- As part of restructuring of Grupa Radiowa Agory Sp. z o.o. (GRA), the subsidiary of Agora SA, the following transactions took place:
  - On 25 April 2006 Agora disposed shares constituting 51.0% of the share capital of Elita Sp. z o.o. for PLN 937 thousand. After the transaction GRA holds 100% of the share capital of Elita.
  - On 25 April 2006 Agora disposed shares constituting 51.0% of the share capital of Klakson Sp. z o.o. for PLN 478 thousand. After the transaction GRA holds 100% of the share capital of Klakson.
  - On 25 April 2006 Agora disposed shares constituting 51.2% of the share capital of Twoje Radio Sp. z o.o. for PLN 5 thousand. After the transaction GRA holds 100% of the share capital of Twoje Radio.
  - On 25 April 2006 Agora disposed shares constituting 50.0% of the share capital City Radio Sp. z o.o. for PLN 5 thousand. After the transaction GRA holds 100% of the share capital of City Radio.

## 17. Condensed unconsolidated financial statements of Agora SA

## Unconsolidated balance sheet as at 31 March 2006

	As at 31 March 2006	As at 31 December 2005	As at 31 March 2005
<b>Assets</b>			
<b>Non-current assets:</b>			
Intangible assets	82,729	83,093	75,399
Property, plant and equipment	476,144	486,717	520,719
Investments	304,186	295,534	310,111
Receivables and prepayments	93,537	95,979	96,270
Deferred tax assets	16,162	13,488	8,995
	<u>972,758</u>	<u>974,811</u>	<u>1,011,494</u>
<b>Current assets:</b>			
Inventories	13,540	15,056	15,452
Accounts receivable and prepayments	179,397	183,424	166,330
Income tax receivable	3,869	8,764	-
Short-term securities and other financial assets	114,040	73,481	14,095
Cash and cash equivalents	155,758	178,517	244,880
	<u>466,604</u>	<u>459,242</u>	<u>440,757</u>
<b>Total assets</b>	<u>1,439,362</u>	<u>1,434,053</u>	<u>1,452,251</u>

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

(all amounts in PLN thousands unless otherwise indicated)

	As at 31 March 2006	As at 31 December 2005	As at 31 March 2005
<b>Equity and liabilities</b>			
<b>Equity:</b>			
Share capital	56,758	56,758	56,758
Treasury shares (negative figure)	(119,962)	(119,952)	-
Share premium	353,646	353,646	353,646
Other reserves	15,756	6,336	177
Retained earnings	785,805	794,291	727,604
	<u>1,092,003</u>	<u>1,091,079</u>	<u>1,138,185</u>
<b>Non-current liabilities:</b>			
Deferred tax liabilities	62,211	60,514	52,541
Interest bearing loans and borrowings	130,762	139,480	139,480
Retirement severance provision	995	995	1,312
Deferred revenues and accruals	2	4	1
Other	35	35	20
	<u>194,005</u>	<u>201,028</u>	<u>193,354</u>
<b>Current liabilities:</b>			
Retirement severance provision	143	143	20
Accounts payable	91,333	112,430	89,088
Income tax liabilities	-	-	697
Short-term borrowings	8,718	-	-
Provisions	12,739	3,089	44
Deferred revenues and accruals	40,421	26,284	30,863
	<u>153,354</u>	<u>141,946</u>	<u>120,712</u>
<b>Total equity and liabilities</b>	<u>1,439,362</u>	<u>1,434,053</u>	<u>1,452,251</u>
Weighted average number of shares	<u>54,977,535</u>	<u>56,324,104</u>	<u>56,757,525</u>

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

(all amounts in PLN thousands unless otherwise indicated)

**Unconsolidated income statement for three months ended 31 March 2006**

	Three months ended 31 March 2006	Three months ended 31 March 2005
Sales	260,158	256,693
Cost of sales	<u>(143,882)</u>	<u>(135,306)</u>
<b>Gross profit</b>	116,276	121,387
Selling expenses	(85,842)	(60,820)
Administrative expenses	(28,572)	(23,246)
Other operating income	2,618	3,845
Other operating expenses	<u>(13,003)</u>	<u>(2,820)</u>
<b>Operating profit / (loss)</b>	(8,523)	38,346
Finance income	4,283	15,069
Finance costs	<u>(2,503)</u>	<u>(4,195)</u>
<b>Profit / (loss) before income taxes</b>	(6,743)	49,220
Income tax expense	<u>(1,743)</u>	<u>(9,301)</u>
<b>Net profit / (loss) for the period</b>	<u>(8,486)</u>	<u>39,919</u>
Earnings per share (in PLN)	<u>(0.15)</u>	<u>0.70</u>

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

(all amounts in PLN thousands unless otherwise indicated)

**Unconsolidated statement of changes in equity for three months ended 31 March 2006**

	Share capital	Treasury shares (negative figure)	Share premium	Other reserves	Retained earnings	Total equity
<b>Three months ended 31 March 2006</b>						
<b>As at 31 December 2005</b>	<u>56,758</u>	<u>(119,952)</u>	<u>353,646</u>	<u>6,336</u>	<u>794,291</u>	<u>1,091,079</u>
Net loss	-	-	-	-	(8,486)	(8,486)
Share-based payments	-	-	-	9,420	-	9,420
Share buy-back for their redemption (1)	-	(10)	-	-	-	(10)
<b>As at 31 March 2006</b>	<u>56,758</u>	<u>(119,962)</u>	<u>353,646</u>	<u>15,756</u>	<u>785,805</u>	<u>1,092,003</u>

(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.

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

(all amounts in PLN thousands unless otherwise indicated)

	Share capital	Treasury shares (negative figure)	Share premium	Other reserves	Retained earnings	Total equity
<b>Twelve months ended 31 December 2005</b>						
<b>As at 31 December 2004</b>	<u>56,758</u>	<u>-</u>	<u>353,646</u>	<u>180</u>	<u>687,683</u>	<u>1,098,267</u>
Net profit	-	-	-	-	134,953	134,953
Share-based payments	-	-	-	6,190	-	6,190
Share buy-back for their redemption	-	(119,952)	-	-	-	(119,952)
Dividends declared	-	-	-	-	(28,379)	(28,379)
Other	-	-	-	(34)	34	-
<b>As at 31 December 2005</b>	<u>56,758</u>	<u>(119,952)</u>	<u>353,646</u>	<u>6,336</u>	<u>794,291</u>	<u>1,091,079</u>
<b>Three months ended 31 March 2005</b>						
<b>As at 31 December 2004</b>	<u>56,758</u>	<u>-</u>	<u>353,646</u>	<u>180</u>	<u>687,683</u>	<u>1,098,267</u>
Net profit	-	-	-	-	39,919	39,919
Other	-	-	-	(3)	2	(1)
<b>As at 31 March 2005</b>	<u>56,758</u>	<u>-</u>	<u>353,646</u>	<u>177</u>	<u>727,604</u>	<u>1,138,185</u>

**Unconsolidated cash flow statement for the three months ended 31 March 2006**

	Three months ended 31 March 2006	Three months ended 31 March 2005
<b>Cash flows from operating activities</b>		
Profit / (loss) before income taxes	(6,743)	49,220
Adjustments for:		
Depreciation of property, plant and equipment	12,048	14,991
Amortization of intangible assets and goodwill	770	83
Foreign exchange (gain) / loss	29	(195)
Interest, net	112	(1,351)
(Profit) / loss on investing activities	99	(1,468)
(Decrease) / increase in provisions	9,650	(537)
(Increase) / decrease in inventories	1,516	(945)
(Increase) / decrease in receivables and prepayments	4,972	(40,025)
(Decrease) / increase in payables	(15,016)	18,597
(Decrease) / increase in deferred revenues and accruals	14,135	2,701
Other adjustments	8,751	584
Cash generated from operations	30,323	41,655
Income taxes (paid) / returned	-	-
<b>Net cash from operating activities</b>	30,323	41,655
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment, and intangibles	39	79
Disposal of subsidiaries	2,007	2,198
Repayment of loans granted	257	10,291
Interest received	1,634	3,778
Disposal of short-term securities	9,932	-
Repayment of finance lease receivables	1,661	1,496

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

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 March 2006	Three months ended 31 March 2005
Purchase of property plant and equipment, and intangibles	(5,757)	(3,464)
Acquisition of subsidiaries and associates and other investments in subsidiaries and associates	(2,242)	(3)
Acquisition of short-term securities	(50,000)	-
Loans granted	(8,900)	(1,483)
<b>Net cash used in investing activities</b>	<b>(51,369)</b>	<b>12,892</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,678)	(2,427)
Other	(35)	(635)
<b>Net cash used in financing activities</b>	<b>(1,713)</b>	<b>(3,062)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(22,759)</b>	<b>51,485</b>
Cash and cash equivalents		
At start of period	178,517	193,395
At end of period	155,758	244,880

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

(all amounts in PLN thousands unless otherwise indicated)

Following the changes described in the financial statements for 2005, the financial data as at and for three months ended 31 March 2005 has been restated. These changes related to:

- change of presentation of liquid financial assets,
- change of classification of printing presses lease agreements.

The summary of changes is presented in the table below:

	Data presented in the report for the first quarter of 2005	Restatement	Comparative data presented in the report for the first quarter of 2006
Net cash from operating activities for three months ended 31 March 2005	42,282	(627)	41,655
Net cash used in investing activities for three months ended 31 March 2005	21,481	(8,589)	12,892
Net increase (decrease) in cash and cash equivalents for three months ended 31 March 2005	60,701	(9,216)	51,485
Short-term securities and other financial assets as at 31 March 2005	143,738	(129,643)	14,095
Cash and cash equivalents as at 31 March 2005	115,237	129,643	244,880
Property, plant and equipment as at 31 March 2005	605,509	(84,790)	520,719
Non-current receivables and prepayments as at 31 March 2005	5,265	91,005	96,270
Current accounts receivables and prepayment as at 31 March 2005	159,950	6,380	166,330
Equity as at 31 March 2005	1,127,984	10,201	1,138,185
Deferred tax liabilities as at 31 March 2005	50,147	2,394	52,541
Sales for three months ended 31 March 2005	259,533	(2,840)	256,693
Cost of sales for three months ended 31 March 2005	(138,763)	3,457	(135,306)
Finance income for three months ended 31 March 2005	8,704	6,365	15,069
Income tax expense for three months ended 31 March 2005	(7,971)	(1,330)	(9,301)
Net profit for three months ended 31 March 2005	34,267	5,652	39,919
EPS for three months ended 31 March 2005 (PLN)	0.60	0.10	0.70

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

In the period from 1 January 2006 to 31 March 2006 the following impairment losses and provisions were changed:

- impairment loss for receivables: decrease by PLN 2,277 thousand,
- impairment loss for financial assets: increase by PLN 2,804 thousand, including PLN 554 thousand for loans to Inforadio Sp. z o.o., PLN 1,251 thousand for interests on loans granted and PLN 999 thousand for additional paid-in capital,
- impairment loss for inventory: increase by PLN 2,982 thousand,
- provision for cost related to closure of *Nowy Dzień* was recognized in the amount of PLN 9,650 thousand

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

(all amounts in PLN thousands unless otherwise indicated)

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

	PLN thousand		EURO thousand	
	Three months ended 31 March 2006	Three months ended 31 March 2005	Three months ended 31 March 2006	Three months ended 31 March 2005
Sales	260,158	256,693	67,764	63,664
Operating profit / (loss)	(8,523)	38,346	(2,220)	9,510
Profit / (loss) before income taxes	(6,743)	49,220	(1,756)	12,207
Net profit (loss)	(8,486)	39,919	(2,210)	9,901
Net cash from operating activities	30,323	41,655	7,898	10,331
Net cash used in investing activities	(51,369)	12,892	(13,380)	3,197
Net cash used in financing activities	(1,713)	(3,062)	(446)	(759)
Net increase / (decrease) in cash and cash equivalents	(22,759)	51,485	(5,928)	12,769
Total assets	1,439,362	1,452,251	365,924	352,548
Non-current liabilities	194,005	193,354	49,321	46,939
Current liabilities	153,354	120,712	38,987	29,304
Equity	1,092,003	1,138,185	277,616	276,305
Share capital	56,758	56,758	14,429	13,779
Weighted average number of shares	54,977,535	56,757,525	54,977,535	56,757,525
Earnings per share (in PLN / in EURO)	(0.15)	0.70	(0.04)	0.17
Book value per share (in PLN / in EURO)	19.86	20.05	5.05	4.87

Warsaw, 11 May 2006

Wanda Rapaczynski – President of the Management Board .....

Piotr Niemczycki – Deputy President of the Management Board .....

Zbigniew Bak – Deputy President of the Management Board .....

Jarosław Szalinski – Member of the Management Board .....