

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

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

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

REVENUE PLN 303 MILLION, NET PROFIT PLN 14 MILLION, OPERATING EBITDA PLN 48 MILLION, OPERATING CASHFLOW PLN 50 MILLION, FREE CASH FLOW PLN 38 MILLION

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

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

- Revenues of the Group amounted to PLN 303 million (up 3% yoy). Advertising sales reached PLN 184 million (up 11%), revenues from copy sales PLN 51 million (down 11%) and book sales PLN 47 million (down 9%).
- According to Agora's estimates, advertising spending for all media grew by 10%. As expected, TV was the driver of growth and increased revenues by 13%. Ad spend for dailies was 2% higher than last year.
- Revenues from *Gazeta's* copy sales reached PLN 115 million and its share in total newspaper advertising spending stood at 43%. *Gazeta* remained the most widely read newspaper in Poland (CCS, weekly readership index, January-February 2007) and sold 474 thousand copies every day (13.5% more yoy).
- Despite lower cover price yoy (by 34%) and kiosk subscription offer launched in March 2006, *Gazeta's* revenues from copies sold in the first quarter of 2007 were only 0.9 million lower than last year. This was due to dynamic growth of *Gazeta's* paid circulation, as well as introduction of a new sales strategy based on differentiating the newspaper's cover price once a DVD is attached.
- AMS grew revenues by over 24% to PLN 34.5 million and delivered PLN 5.2 million operating EBITDA.
- Magazines reached PLN 23.5 million in sales (up 10%) and PLN 3.7 million in operating EBITDA.
- Radio stations grew revenues by 5% and reduced its operating loss to PLN 1.3 million.
- Advertising revenues from Agora's Internet operations grew by 65% to PLN 4.1 million. In February 2007 *GazetaPraca.pl* and *GazetaDom.pl* thematic portals launched last year, reached top positions among services of this type in the Polish Internet. The Company's news service *GazetaWyborcza.pl* is Poland's largest newspaper online offer.
- In the first quarter of 2007 total operating expense of the Group amounted to PLN 284 million and was down by PLN 8 million. Staff cost (less non-cash incentive compensation) stood at PLN 62.2 million and declined by PLN 2.2 million.

The President Wanda Rapaczynski comments:

“Improved profitability is one of our main objectives for this year. The results of the 1Q clearly represent a step in this direction. Revenue enhancement ideas and cost optimization program delivered results. Revenue was up, costs went down, and market position of our businesses is excellent.”

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

1. EXTERNAL FACTORS

1.1. Advertising market

According to Agora's estimates based on public data sources, in the first quarter of 2007 advertisers spent ca PLN 1.4 billion (10% more than last year). As expected by the Company, TV was the greatest beneficiary of higher spending and grew by more than 13% yoy (ca PLN 0.7 billion). The significant acceleration of TV ad spend was supported by 10-percent rate increases and growth of advertising volume, as well as the launch of a new mobile telecom operator which spent ca 75% (or ca PLN 15 million) of its ad budget on television (rate card data [4]).

In the first quarter of 2007 advertising spending in dailies grew a notch over 2%. Weak performance of newspapers results from over a 10% decline of national dailies in March 2007. During the period, automotive, finance, telecom (shift to TV) and retail chain advertisers were less active in newspapers. In the entire quarter, Springer's tabloid *Fakt* noted the most decelerating revenue trend and lost about a fourth of its ad sales.

In the first quarter of 2007 advertisers spent 5% more on magazines.

During the first three months of 2007, outdoor saw 6% growth. Out-of-home advertising was particularly attractive to retail chains and financial services providers.

Weak performance of national radio stations (revenue decline by ca 2% yoy) affected total growth rate of the radio segment (up only ca 5%). Local radios recorded a healthy 17% revenue increase.

In the first quarter of 2007 Internet was the fastest growing medium and increased advertising revenues by 55%.

1.2. Newspaper competition

After a year since the debut of Springer's national daily, readership and circulation data of newspapers give grounds to make a preliminary assessment of the current make-up of the newspaper market.

In the first quarter of 2007, *Gazeta Wyborcza* was the single title among large national newspapers to increase copies sold. During the period its average paid circulation stood at 474 thousand copies (up 13.5% yoy) and was 100 thousand copies higher than the combined copies sold of Springer's *Dziennik* and the quality *Rzeczpospolita*.

In the first quarter of 2007 *Dziennik* sold 214 thousand copies. The other national dailies were declining circulation. *Rzeczpospolita* sold 10% fewer copies (159 thousand), *Fakt* lost 3% of its paid circulation (529 thousand), and *Super Express* 5% (201 thousand). Local dailies decreased copy sales by 65 thousand, of which *Polskapresse* lost 20 thousand copies and *Mecom* (former *Orkla*) 29 thousand. Overall, in the period of May 2006 – March 2007 (after the entry of Springer's *Dziennik*), total circulation of all newspapers grew merely by 90 thousand copies (excluding *Nowy Dzień*).

In the period of January -February of 2007 *Gazeta* reached 19.8% readers (nearly 6 million; CCS, weekly readership index) and remained the market leader. During the same period, *Fakt's* readership was 19.5%, *Dziennik's* 8.1% (2.4 million readers) and *Rzeczpospolita's* 5.5%.

In the first quarter of 2007 *Gazeta's* share in total newspaper ad spend stood at 43% and was up by about 0.5pp as compared to last year and by over 4pp versus the fourth quarter of 2006. In January-March 2007 *Dziennik's* 4% share remained flat over the fourth quarter of 2006, while that of *Fakt* was down 2pp to 6% as compared to the previous year. During the same period *Polskapresse* lost about 0.5pp share in total newspaper ad spend. Agora's free newspaper *Metro*, on the other hand, recorded a dynamic growth of revenues (over 50%) and increased its market share to 2.5%.

In total, in the first quarter of 2007, a combined share of *Gazeta* and *Metro* in the overall newspaper ad spend was 45.5% and grew by over 4.5pp as compared to the fourth quarter of 2006. According to Agora's estimates the combined share of Springer's *Fakt* and *Dziennik* was about 10% and was down by 1pp than in the fourth quarter of 2006. Rate card advertising revenues (not corrected for discounts) of both titles were PLN 14.5 million higher than the revenues of *Fakt* alone in the first quarter of 2006 [5].

2. INTERNAL FACTORS

2.1. Revenues from copy sales

In the first quarter of 2007 revenues from copy sales of Agora's newspapers declined by PLN 6 million, PLN 5 million of which was attributed to the closure of *Nowy Dzień*. Despite lower than in the first quarter of 2006 copy price of *Gazeta* (by 34%) and introduction of kiosk subscription offer at the lower price as well, revenues from the newspaper's paid circulation was down merely PLN 0.9 million in the first quarter of 2007. Such small decline is attributed to the dynamic growth of *Gazeta's* copy sales and the introduction of effective price and marketing strategy based on differentiating *Gazeta's* cover price once a DVD is attached.

2.2. Revenues from book collections

In the first quarter of 2007 book collections added over PLN 47 million in revenues and which was PLN 21 million higher than in the fourth quarter of 2006. Operating profit of the business reached PLN 7 million. In the said period, seven series and four one-off projects sold three million books and books with CDs and DVDs. The Company has also introduced new sales strategies which allowed for the optimization of the start-up cost of new series.

2.3. Marketing and promotion cost

In the first quarter of 2007 total marketing and promotion cost of the Group reached PLN 50 million and constituted around 17% of the Group's sales. Marketing and promotion expense of the newspaper segment (including promotion cost of *Gazeta*, *Metro*, Internet) amounted to PLN 42.7 million, PLN 3.6 million less than last year. This decline is by and large ascribed to the closure of *Nowy Dzień*, the marketing cost of which amounted to PLN 8 million in the first quarter of 2006, as well as PLN 4.1 million lower cost of running book collections (PLN 8.6 million in the first quarter of 2007).

The increase of *Gazeta's* promotion and marketing expense in the first quarter of 2007 is a result of selling DVDs attached to the newspaper at a higher cover price. Operating expense of those activities are offset by an increase in revenues from *Gazeta's* paid circulation.

2.4. Increasing operating efficiency of the Group

One of the Company's objectives in 2007 is a significant improvement of its profitability. The cost curbing program which ended in March 2007 was one of the major components of this task. The notable benefits of the program will be reflected in the Company's financials in the forthcoming quarters of 2007. Please note, however, that Agora assumes further investments in the Company's organic growth, including *Gazeta Wyborcza*, *Metro*, Internet or outdoor advertising. For that reason, the Group's cost base in 2007 will decrease by the amount lower than targeted by the cost cutting program.

In the first quarter of 2007 total operating expense of the Group amounted to PLN 284 million and was PLN 8 million down over the first quarter of 2006. This was due to several factors: closure of *Nowy Dzień* and cost reductions in a number of areas (e.g. administration or raw materials) on the hand, and the increase of expense due to higher circulation of *Gazeta*, introduction of double-pricing strategy and the development of the Internet business on the other.

The staff cost in the first quarter of 2007 (less non-cash incentive compensation) stood at PLN 62.2 million and declined by PLN 2.2 million. This decrease largely reflects shutting down of *Nowy Dzień* and the first effects of the group lay-offs in Agora SA. The increase in staff cost stems from the growth of the Company's Internet activities.

The Group's headcount at the end of the first quarter of 2007 was 3,403 employees and declined by 85 FTEs as compared to the fourth quarter of 2006 and by 279 FTEs over last year. Due to adopted schedule of the group lay-offs in Agora SA (September 2006 - March 2007), further cost savings on headcount will be reflected in the forthcoming quarters of 2007.

As a result of the completion of the group lay-offs, the Company released the restructuring provision in the amount of PLN 1.8 million.

3. PROSPECTS

3.1. Advertising market

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

3.2. Newsprint cost

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

3.3. Growth and investments

Along with profitability improvement, the Company's main objective is growth of its operations. As announced earlier, Agora continues to implement growth strategies of its current asset portfolio and is carrying out activities directed at scale expansion through new on- and offline operations. Executing on this program assumes additional investments.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first quarter of 2007 include Agora SA, Agora Poligrafia Sp. z o.o., Art Marketing Syndicate SA Group (AMS Group), Agora TC Sp. z o.o. and 13 subsidiary and associated companies of the radio business. Detailed list of companies of the Agora Group is presented in the note to the financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 1

in PLN million	I Q 2007	I Q 2006	% change yoy
Sales	302.7	295.1	2.6%
Advertising	183.8	166.0	10.7%
Copy sales	55.8	59.4	(6.1%)
Other	63.1	69.7	(9.5%)
Operating cost net, incl.:	(283.9)	(291.8)	(2.7%)
Raw materials, energy and consumables	(72.8)	(71.7)	1.5%
D&A	(18.9)	(19.1)	(1.0%)
Staff cost (1)	(62.2)	(64.4)	(3.4%)
Non-cash expense relating to share-based payments	(9.9)	(10.7)	(7.5%)
Promotion and marketing	(50.2)	(51.5)	(2.5%)
Operating profit - EBIT	18.8	3.3	469.7%
Finance cost, net, incl.:	2.1	1.2	75.0%
Revenue from short-term investment	3.5	2.5	40.0%
Interest on loans and similar costs	(1.6)	(1.7)	(5.9%)
Share of results of associates	-	0.1	-
Profit before income tax	20.9	4.6	354.3%
Income tax expense	(6.8)	(4.1)	65.9%
Net profit for the period	14.1	0.5	2,720.0%
Attributable to:			
Equity holders of the parent	14.3	0.8	1,687.5%
Minority interest	(0.2)	(0.3)	(33.3%)
	14.1	0.5	2,720.0%
EBIT margin (EBIT/Sales)	6.2%	1.1%	5.1pp
EBITDA	37.6	22.2	69.4%
EBITDA margin (EBITDA/Sales)	12.4%	7.5%	4.9pp
Operating EBITDA (1)	47.5	32.9	44.4%
Operating EBITDA margin (Operating EBITDA/Sales)	15.7%	11.1%	4.6pp

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

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

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

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

Tab. 2

in PLN million	Newspapers and Internet (1)	Magazines	Outdoor	Radio	Company's headquarters, New Business Development division	Elimina- tions	Total (consoli- dated) I quarter 2007
Total sales	232.7	23.5	34.5	15.5	-	(3.5)	302.7
% Share	76.9%	7.8%	11.4%	5.1%	-	(1.2%)	100.0%
Total operating cost	(214.3)	(20.2)	(33.2)	(17.2)	(2.2)	3.2	(283.9)
EBIT	18.4	3.3	1.3	(1.7)	(2.2)	(0.3)	18.8
Finance cost, net							2.1
Share of results of associates							-
Income tax expense							(6.8)
Net profit							14.1
Attributable to:							
Equity holders of the parent							14.3
Minority interest							(0.2)
EBITDA	31.3	3.4	4.4	(1.1)	(0.2)	(0.2)	37.6
Operating EBITDA (2)	39.4	3.7	5.2	(0.5)	(0.1)	(0.2)	47.5
CAPEX	(2.6)	(0.1)	(5.8)	(0.1)	-	-	(8.6)

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

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

2.2. Finance cost, net

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

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 3

in PLN million	31/03/2007	31/12/2006	% change to 31/12/2006	31/03/2006	% change to 31/03/2006
Non-current assets	965.0	975.3	(1.1%)	989.4	(2.5%)
share in balance sheet total	61.3%	63.6%	(2.3pp)	65.5%	(4.2pp)
Current assets	609.5	557.4	9.3%	521.4	16.9%
share in balance sheet total	38.7%	36.4%	2.3pp	34.5%	4.2pp
TOTAL ASSETS	1,574.5	1,532.7	2.7%	1,510.8	4.2%
Equity attributable to equity holders of the parent	1,189.3	1,165.2	2.1%	1,137.1	4.6%
share in balance sheet total	75.5%	76.0%	(0.5pp)	75.3%	0.2pp
Minority interest	(0.1)	(0.5)	80.0%	-	-
share in balance sheet total	-	-	-	-	-
Non-current liabilities and provisions	196.5	170.4	15.3%	192.7	2.0%
share in balance sheet total	12.5%	11.1%	1.4pp	12.7%	(0.2pp)
Current liabilities and provisions	188.8	197.6	(4.5%)	181.0	4.3%
share in balance sheet total	12.0%	12.9%	(0.9pp)	12.0%	-
TOTAL EQUITY AND LIABILITIES	1,574.5	1,532.7	2.7%	1,510.8	4.2%

3.1. Non-current assets

Lower balance of non-current assets versus 31 December 2006 stems from depreciation of tangible fixed assets and amortization of intangible fixed assets.

3.2. Current assets

The increase of current assets versus 31 December 2006 results mainly from the increase of short-term receivables and prepayments as well as short-term financial assets.

3.3. Non-current liabilities and provisions

The increase of non-current liabilities versus 31 December 2006 is a result of PLN 26.2 million of Agora's bank loan re-classification from current to non-current liabilities. In March 2007 the Company entered into an amendment to the loan agreement to extend the drawing period of the loan by one year and the repayment date to 31 December 2011.

3.4. Current liabilities and provisions

The decrease of current liabilities and provisions versus 31 December 2006 was due to the described above re-classification.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 4

in PLN million	I Q 2007	I Q 2006	% change yoy
Net cash from operating activities	49.8	38.2	30.4%
Net cash from investment activities	(111.8)	(49.4)	126.3%
Net cash from financing activities	(2.1)	(1.4)	50.0%
Total movement of cash and cash equivalents	(64.1)	(12.6)	408.7%
Cash and cash equivalents at the end of period	270.6	177.0	52.9%

As at 31 March 2007, the Agora Group had PLN 371.8 million in cash and in short-term monetary assets, of which PLN 270.6 million was in cash and cash equivalents (cash, bank accounts, liquid, short-term financial assets) and PLN 101.2 million in short-term safe and liquid monetary assets.

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

4.1. Operating activities

The increase of net cash from operating activities in the first quarter of 2007 resulted from the implementation of the restructuring measures and lower operating expenses (in the first quarter of 2006 the Group incurred the start-up cost of *Nowy Dzień*).

4.2. Investment activities

Net inflow from investing activities in the first quarter of 2007 results from sales of short-term securities.

4.3. Financing activities

In the first quarter of 2007 net cash from financing activities included mainly interest paid and a commission for the extended drawing period of the loan.

5. SELECTED FINANCIAL RATIOS [7]

Tab. 5

	I Q 2007	I Q 2006	% change yoy
Profitability ratios			
Net profit margin	4.7%	0.3%	4.4pp
Gross profit margin	40.1%	42.1%	(2.0pp)
Return on equity	4.8%	0.3%	4.5pp
Efficiency ratios			
Inventory turnover	8 days	10 days	(20.0%)
Debtors days	62 days	64 days	(3.1%)
Creditors days	36 days	43 days	(16.3%)
Liquidity ratio			
Current ratio	3.2	2.9	10.3%
Financing ratios			
Gearing ratio (1)	-	-	-
Interest cover	11.9	2.0	495.0%
Free cash flow interest cover	24.0	17.8	34.8%

(1) as at 31 March 2007 and 31 March 2006 the Group had net cash position.

Definitions of financial ratios [7] 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 2007	I Q 2006	% change yoy
Total sales (1)	232.7	239.4	(2.8%)
Copy sales	40.0	46.0	(13.0%)
incl. <i>Gazeta Wyborcza</i>	40.0	40.9	(2.2%)
Advertising revenue (1)	125.6	121.5	3.4%
incl. <i>Gazeta Wyborcza</i> (1)(2)	115.0	113.0	1.8%
Book collections	47.2	51.7	(8.7%)
Other revenue	19.9	20.2	(1.5%)
Total operating cost, including	(214.3)	(231.0)	(7.2%)
Raw materials, energy, consumables and printing services	(82.9)	(79.3)	4.5%
Staff cost (3)	(46.8)	(48.8)	(4.1%)
Non-cash expense relating to share-based payments	(8.1)	(9.0)	(10.0%)
D&A	(12.9)	(13.8)	(6.5%)
Promotion and marketing (1) (4)	(42.7)	(46.3)	(7.8%)
EBIT	18.4	8.4	119.0%
EBIT margin	7.9%	3.5%	4.4pp
EBITDA	31.3	22.2	41.0%
EBITDA margin	13.5%	9.3%	4.2pp
Operating EBITDA (3)	39.4	31.2	26.3%
Operating EBITDA margin	16.9%	13.0%	3.9pp

- (1) *the amounts do not include the revenue and the total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation.*
- (2) *the amounts refer to total revenues from the dual media offers, i.e. published both in *Gazeta Wyborcza*, as well as on the websites *GazetaPraca.pl* and *GazetaDom.pl*.*
- (3) *excluding non-cash cost of share-based payments.*
- (4) *the amounts include start-up cost of new collections (the free-of-charge volume and initial promotion cost in media) and production and promotion cost of DVDs sold together with *Gazeta* for higher cover price*
- (5) *the majority of overhead cost and *Nowy Dzień* results are included in "Newspapers and Internet" line of business; in the first quarter of 2006 *Nowy Dzień*'s total revenue reached PLN 7.4 million and its total operating cost amounted to PLN 28.9 million.*

1. GAZETA WYBORCZA

1.1. Revenue

1.1.1. Copy sales

In the first quarter of 2007 *Gazeta Wyborcza* maintained its unquestionable leadership position among the opinion-making newspapers and strengthened its role of a daily which addresses well the needs of its readers. During the period, *Gazeta* offered special educational and culinary supplements, it run social campaigns and carried on the dialogue with its readers through *inter alia*, a local campaign *Przystanek Miasto (City Station)* – a discussion about the future of 21 largest Polish cities.

In the first quarter of 2007, average paid circulation of *Gazeta Wyborcza* rose by 13.5% yoy to 474 thousand copies. Despite introducing kiosk subscription offer in March 2006 and a strategic decision to lower *Gazeta*'s cover price by 34%, the newspaper's copy sales went down by merely 2.2% yoy. This small decline stems not only from higher

paid circulation almost each day of the week but from introducing new and appealing to readers sales offer – *Gazeta* with DVDs sold at a higher retail price.

In the first quarter of 2007 *Gazeta* offered a thirteen-volume movie collection of DVDs *With the great history in the background*, a movie *Dark Horse (Voksne mennesker)* and a TV series *Magda M.* The movies were available with *Gazeta* at PLN 4.99 while a stand-alone newspaper was priced at PLN 1.50. The model of *Gazeta*'s cover price differentiation assumes that the excess marketing and promotion cost (including production and promotion cost of DVDs) is offset by additional revenues from copy sales. Based on their promising results so far, the Company will be offering similar projects going forward.

Also in the first quarter of 2007 a number of *Gazeta*'s supplements underwent editorial changes. Improvements in the production process of *Wysokie Obcasy* and *Gazeta Telewizyjna* brought about better quality and more efficient cost structure. Since 15 March 2007 *Gazeta* has a new Thursday supplement *Pieniadze (Money)* which provides guidance on how to save and invest money.

In the period of January-February of 2007 *Gazeta* posted very good readership results. During the period, the newspaper had nearly 6 million readers (19.8%, CCS, weekly readership index) of whom 42% were university graduates, 48% lived in cities over 100 thousand inhabitants and 61% were under 45 years of age.

Particularly pleasing are readership results of *Gazeta*'s magazine supplements printed on coated paper. In the period of January-February of 2007, *Gazeta Telewizyjna* had 3.0 million readers (10.1%, CCS, weekly readership index), while *Wysokie Obcasy* reached 2.7 million readers (9.0% CCS, weekly readership index).

1.1.2. Advertising sales

In the first quarter of 2007, *Gazeta*'s net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 115.0 million (up nearly 2% yoy). These figures include revenues from dual-media offer, i.e. ads published in print and online (*GazetaPraca.pl* and *GazetaDom.pl* vortals).

In the first quarter of 2007 *Gazeta*'s share in the national display advertising was about 45% and went down by only 1pp yoy, new national competitor notwithstanding.

In the first quarter of 2007 *Gazeta Wyborcza*'s share in the Warsaw display advertising market (display advertising excluding classifieds, inserts and obituaries) increased by 3pp yoy. Combined Warsaw share of *Gazeta* and *Metro* stood at almost 75%. *Gazeta Wyborcza*'s share in the local display advertising market (outside Warsaw) rose by 1pp yoy. Overall *Gazeta*'s share in display advertising in the national, Warsaw and local dailies stood at about 43% and was up nearly 0.5pp yoy.

In the first quarter of 2007, share of ad pages in the total pagecount of *Gazeta* amounted to ca 39%, while average number of ad pages published daily in all local and national editions amounted to ca 237.

Gazeta's flexible and innovative advertising offer which continues to grow share in the newspaper's ad revenues and appeals to advertisers was awarded by International Newspaper Marketing Association (INMA) during the prestigious competition of *Newspaper Marketing Awards 2007*. On 26 April 2007 *Gazeta* was granted the first award in the category of *printed materials advertising* for non-standard advertising materials (inter alia memosticks and wings). As a result, *Gazeta* joined the elite of international newspapers such as *New York Times* or the British *Independent* which were also commended during the competition. Novelty advertising approach of *Gazeta* was also awarded during this year's Media Trendy gala. The jury of the competition praised *Gazeta*'s social campaigns, kiosk subscription offer and the campaign *Station Europe*.

1.1.3. Book collections

Tab. 7

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

In the first quarter of 2007 the Company run seven collections and four one-off publications. Two collections were completed, one project continued and four new projects commenced.

In January Agora completed sale of 18-volume collection *Great Encyclopedic Atlas of the World* and in February – the 25-volume collection *School Literature*. In the first quarter of 2007, Agora continued the 21-volume *Shakespeare* series.

In February, the Company launched a collection *Masters of the Word*, which consisted of 21 books about the remarkable Polish actors. The collection was enriched by audio books in mp3 format with great Polish and world literature compositions read by those actors. Also in February Agora run the 12-volume *Dictionary Collection* prepared by PWN (Science Publishing House).

At the beginning of March, Agora published *Niezbednik kazdego ucznia (Essentials for each student)* – a set of five books with students tests. The books were based on the National Exam Committee and the Ministry of Education recommendations. In the mid March Agora launched a second edition of bestselling collection of travel books. Currently, a 25-volume series is available at the retail price of PLN 25 plus the price of *Gazeta Wyborcza*.

In January Agora cooperated in the distribution of the premiere Polish edition of *Swiadectwo (Una vita con Karol)*, a book by His Eminence Cardinal Stanislaw Dziwisz. The book which contains touching memories of a friend and a personal secretary of John Paul II, became the bestseller (over a million copies was printed).

At the beginning of March, to celebrate the birthday anniversary of the priest Jozef Tischner, Agora issued a special CD with *Voo Voo* and *Trebnie Tutki* music. Also in March, the Company launched the supplement to *Gazeta's Encyclopedia*. This 21st volume of *Encyclopedia* contains the most important Polish and worldwide events of 2005 and 2006. During the same month Agora together with Green Gallery launched a book with African fairy tales for children. *Twenty Six Fairy Tales from Africa* is a unique album illustrated by Ryszard Kapuscinski. The promotion of the book was supported by Kapuscinski's pictures exposition organised by the Royal Castle in Warsaw and *Gazeta Wyborcza*.

1.1.4. Other revenues

In the first quarter of 2007 the Group recorded a 1.8% decrease in sales of printing services (less purchase orders from external clients).

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

Tab. 8

Cost of production of <i>Gazeta Wyborcza</i> in PLN million	I Q 2007	I Q 2006	% change yoy
Fixed cost	13.2	13.7	(3.7%)
incl. D&A	6.6	6.8	(3.8%)
Variable cost	38.0	31.6	20.2%
incl. newsprint	31.0	25.8	20.0%
TOTAL fixed and variable cost	51.2	45.3	13.0%

The decrease of fixed cost of production of *Gazeta Wyborcza* in the first quarter of 2007 results mainly from the review of depreciation rates and derives from restructuring operations taken in 2006.

1.2.1. Newsprint and printing services

The change of newsprint cost and cost of printing services in the first quarter of 2007 was mainly affected by change in the quality of newsprint of *Gazeta Telewizyjna (TV Guide)* and the shift of its production to external printing plants at the beginning of March 2006.

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

The rise in raw materials, energy, consumables and printing services in the first quarter of 2007 stems from the shift of *Gazeta Telewizyjna's* production to external plant and changing the cost allocation line for book collections (more projects with CDs and DVDs in the previous year, which were booked as promotion and marketing cost).

2. FREE PRESS

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

In the first quarter of 2007 free newspaper *Metro* continued to grow dynamically. To attract readers and advertisers *Metro* launched new projects: a plebiscite *Odjazd Miesiaca*, occasional and cyclical supplements which enriched advertising offer: *Zdrowie i Uroda (Health and Beauty)*, *Metro Finanse (Metro Finance)*, *Turystyka (Tourism)*, *Stoleczne Nieruchomosci (Warsaw Real Estate)* and editorial series: consumer and legal advice, debates on Polish current issues titled *Rozmowy w Metrze (Chats in Metro)*.

In the first two months of 2007 *Metro*'s average daily readership reached 4.5% (CPW index) and was significantly higher than last year. With this result, *Metro* was ahead of *Dziennik* (3.1%) and *Rzeczpospolita* (2.6%).

In the first quarter of 2007 *Metro* increased ad sales by over 50% and its share in the national and local newspaper display advertising market reached 2.5%.

In March 2007 the newspaper started a promotional campaign titled *Budzimy miasto (We are waking up the city)*.

3. INTERNET /8/

In February 2007 *Gazeta.pl* reached 39% or over 5 million Polish Internet users (up 19% yoy). During the same month, the number of page views from the territory of Poland amounted to 406 million (about 20% more than last year).

From January to March 2007 advertising revenues grew solidly (65% increase over last year, excluding the Internet ads in vortals).

In the first quarter of 2007 Agora continued expanding its portal *Gazeta.pl*. The new home page focuses on multimedia and communities and new advertising forms. The gemiusAdHoc surveys carried out before and after the promotional campaign showed that the aided brand awareness of *Gazeta.pl* grew by 15pp in September 2006 - March 2007.

Agora also launched a new weather service under a brand name *Pogoda.Gazeta.pl* and spinned off a sport service changing its name to *Sport.pl*. The Company launched an entertainment offer *Plotek.pl*.

In the first quarter of 2007 *GazetaPraca.pl* and *GazetaDom.pl* vortals grew dynamically. According to Megapanel PBI/Gemius survey, in February 2007 *GazetaDom.pl* was first among real-estate services and *GazetaPraca.pl* became a leader in the category (real users, page views and time). The service *GazetaWyborcza.pl* is number one newspaper service in Poland (real users, page views and time).

The development of the services was supported with intensive image campaigns. In the first quarter of 2007 the Company run a campaign for *Gazeta.pl* and *Gazeta.Praca.pl*.

IV.B. THE MAGAZINES [9]

In the first quarter of 2007 Agora's magazines reiterated their solid financial position. Although the first quarter of the year is usually weaker for copy sales and advertising revenue, the magazine business grew its EBITDA level by PLN 3.4 million in the first quarter of 2007.

Tab. 9

in PLN million	I Q 2007	I Q 2006	% change yoy
Total sales, including (1)	23.5	21.3	10.3%
Copy sales	11.0	11.0	-
Advertising revenue (1)	12.3	10.3	19.4%
Total operating cost, including (1)	(20.2)	(21.4)	(5.6%)
Raw materials, energy, consumables and printing services	(7.4)	(7.4)	-
Staff cost (2)	(4.4)	(4.7)	(6.4%)
Non-cash expense relating to share-based payments	(0.3)	(0.3)	-
D&A	(0.1)	(0.1)	-
Promotion and marketing (1)	(6.6)	(7.3)	(9.6%)
EBIT	3.3	(0.1)	-
EBIT margin	14.0%	(0.5%)	14.5pp
EBITDA	3.4	-	-
EBITDA margin	14.5%	-	14.5pp
Operating EBITDA (2)	3.7	0.3	1,133.3%
Operating EBITDA margin	15.7%	1.4%	14.3pp

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

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

1. REVENUE

1.1. Copy sales

Tab. 10

	I Q 2007	I Q 2006	% change yoy
Average copy sales - monthlies (in thousand of copies)	1,047.6	1,053.8	(0.6%)

The decrease of average copy sales reflects the closure *Magazyn Wysokie Obroty* in May 2006. In the first quarter of 2007, despite the slight decline in copies sold, revenues from paid circulation remained flat yoy.

1.2. Advertising sales

An increase in ad sales reflects ad market growth and better competitive position of Agora's magazines. In the first quarter of 2007, the magazines reached 5.3% share in the magazine advertising market (up ca 0.7 pp).

2. COST

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

IV.C. OUTDOOR (AMS GROUP)

Tab. 11

in PLN million	I Q 2007	I Q 2006	% change yoy
Total sales, including: (1)	34.5	27.7	24.5%
Advertising revenue	33.7	27.7	21.7%
Total operating cost, including: (1)	(33.2)	(25.2)	31.7%
Execution of campaigns	(6.8)	(5.2)	30.8%
Maintenance cost	(15.0)	(13.2)	13.6%
Staff cost (2)	(4.2)	(4.2)	-
Non-cash expense relating to share-based payments	(0.8)	(0.5)	60.0%
Promotion and marketing (1)	(1.6)	(1.4)	14.3%
D&A	(3.2)	(2.4)	33.3%
Other operating revenue /(cost) net	0.1	1.4	(92.9%)
EBIT	1.3	2.5	(48.0%)
EBIT margin	3.8%	9.0%	(5.2pp)
EBITDA	4.4	4.7	(6.4%)
EBITDA margin	12.8%	17.0%	(4.2pp)
Operating EBITDA (2)	5.2	5.2	-
Operating EBITDA margin	15.1%	18.8%	(3.7pp)
Number of advertising faces (3)	25,840	24,154	7.0%

- (1) the amounts do not include the revenue, direct and variable costs of cross-promotion of Agora's other media on AMS panels if such promotion was executed without prior reservation.
- (2) excluding non-cash cost of share-based payments.
- (3) excluding advertising panels of Akcent Media Sp. z o.o. installed on petrol stations, small panels at bus shelters and advertising surface on buses and trams.

1. REVENUE

The company's winter offer and its panel portfolio attracted more clients and translated into revenue growth. The sales were also boosted by the promotion of multiformat campaigns and changes in AMS's panel portfolio (more Premium and Superpremium panels).

In the first quarter of 2007, estimated share of AMS in the outdoor advertising market (excluding transit advertising and advertising described in the footnote no. 1 beneath the above table) stood at 28.7% (2.1pp up yoy) [10].

2. COST

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

The increase of maintenance cost in the first quarter of 2007 stems from changes in the company's panel portfolio to a larger number of Premium and Superpremium panels, the maintenance unit cost of which is higher than that of a standard panel.

3. IMPORTANT EVENTS

In the first quarter of 2007 AMS launched a new version of panel monitoring system on Cityscroll panels (9 square meters). The new system records the quality of work of every fluorescent lamp of the panel and enables energy utilization reading. Every error in poster lighting is signaled to the service patrol. The implemented change of the panel monitoring system supported by GPRS is of a unique character in Europe.

IV.D. RADIO

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

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

1. LOCAL RADIO STATIONS

During the first quarter of 2007 the radio group significantly improved its financial results. This was due to revenue growth and operating cost decline.

Cash ad sales grew by 27.4% yoy (excluding revenues and cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation). During the same period, the share of barter revenues decreased from 24% to 10% yoy due to lower number of barter transactions from Agora's media.

In the first quarter of 2007 *Roxy FM* revenues grew by 51% yoy.

In the first quarter of 2007 total radio market increased by about 5% yoy. Local radios grew by 17%, while national stations decreased ad sales by almost 2%.

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

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

Tab. 12

in PLN million	I Q 2007	I Q 2006	% change yoy
Total sales, including (3)	14.9	14.2	4.9%
Advertising revenue (1)	14.5	13.5	7.4%
Total operating cost, including: (3)	(16.2)	(17.9)	(9.5%)
Staff cost (2)	(5.9)	(6.4)	(7.8%)
Non-cash expense relating to share-based payments	(0.6)	(0.7)	(14.3%)
Licenses, rental and telecommunication costs	(1.8)	(1.8)	-
D&A	(0.5)	(0.8)	(37.5%)
Promotion and marketing (3)	(2.7)	(4.9)	(44.9%)
EBIT	(1.3)	(3.7)	64.9%
EBIT margin	(8.7%)	(26.1%)	17.4pp
EBITDA	(0.8)	(2.9)	72.4%
EBITDA margin	(5.4%)	(20.4%)	15.0pp
Operating EBITDA (2)	(0.2)	(2.2)	90.9%
Operating EBITDA margin	(1.3%)	(15.5%)	14.2pp

(1) barter sales from Agora SA constituted 0.5% of advertising revenue in the period of January-March 2007 (14.0% in the same period of 2006).

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

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

Market share of Agora's local radio stations group in the first quarter of 2007

Tab. 13

Cumulative:	Share in the radio advertising	Share in the local radio advertising	Audience share [11](1)
2007	10.2%	27.3%	8.0%
2006	10.0%	30.1%	10.0%

(1) excluding *Kiss FM* and *Rock Radio Mazowsze*.

2. SUPERREGIONAL RADIO *TOK FM*

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

In the period of January-March 2007, *TOK FM* achieved 6.1% share in the Warsaw audience market (in its target group) as compared to 3.6% in the same period of 2006. In all cities of *TOK FM* operations, its audience share amounted to 3.5% (2.7% in the same period of 2006). At the same time revenues of the station increased by 42.4% and its operating loss was reduced.

NOTES

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

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

[3] *The estimates refer to advertising expenditures in five media (print, radio, TV, outdoor, Internet). In this MD&A Agora has corrected the advertising figures for 2006 and the previous years. Unless explicitly stated otherwise, print and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure and advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of print the data do not include classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Expert Monitor monitoring, Agora SA monitoring. Presented TV and Internet figures for 2006 and the previous years are based on Starlink media house estimates and do not include sponsorships and teleshopping ads. According to Starlink estimates, including TV stations monitored from 2007 the advertising market grew by almost 17%. The figures presented in this MD&A refer to data of TV stations monitored during both years 2006 and 2007.*

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

[4] *The estimates are based on rate card data obtained from the following sources: Expert Monitor monitoring (TV, radio, press) and Media Watch monitoring (outdoor).*

[5] *The estimates are based on Agora's rate card data (press).*

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

Data on dailies readership are based on PBC General, research carried out by MillwardBrown SMG/KRC on a random, nationwide sample of Poles over 15 years of age. The following indices were used: CCS index (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week and CPW index (average issue readership index). Size of the sample: nationwide PBC General for January – February 2007: n = 8,100.

[7] *Definition of ratios:*

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

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

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

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

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

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

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

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

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

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

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

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

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

[11] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarters of an hour of listening) for local radiostations: in cities of broadcasting and in the age group of 15+, from January to March (sample for 2006: 11,378, sample for 2007: 11,430); for TOK FM: in Warsaw and in the age group of 15+, from January to March (sample for 2006: 1,499; sample for 2007: 1,501); for TOK FM: in cities of broadcasting and in the age group of 15+, from January to March (sample for 2006: 7,816, sample for 2007: 7,840).

V. ADDITIONAL INFORMATION

1. Important events

- In the current reports published on 30 March 2007, the Company informed about the execution of annex no. 5 to the long - term loan agreement up to PLN 500 million entered into on 5 April 2002 with Bank Polska Kasa Opieki S.A. with its seat in Warsaw. Agora informed about the loan agreement in the current report no 9/2002. The annex entered into on 30 March 2007 extended the drawing period of the loan by one year, i.e. up to 31 March 2008. Due to the above mentioned extension the repayment date has changed to 31 December 2011.

2. Changes in ownership of shares and rights to shares by Management Board members in the first quarter of 2007 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 2007	decrease	increase	as of 31 December 2006
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki (1)	1,548,373	0	0	1,548,373
Zbigniew Bak	130,850	0	0	130,850
Jaroslaw Szalinski	9,218	0	0	9,218

b. rights to shares	as of 31 March 2007	decrease	increase	as of 31 December 2006
Wanda Rapaczynski	0	0	0	0
Piotr Niemczycki	0	0	0	0
Zbigniew Bak	0	0	0	0
Jaroslaw Szalinski	0	0	0	0

c. shares	as of 15 May 2007	decrease	increase	as of 31 March 2007
Wanda Rapaczynski	1,301,857	0	0	1,301,857
Piotr Niemczycki (1)	1,548,373	0	0	1,548,373
Zbigniew Bak	130,850	0	0	130,850
Jaroslaw Szalinski	9,218	0	0	9,218

(1) The number of shares owned by Piotr Niemczycki presented in the previous reports for the last two quarters of 2005, four quarters of 2006 and the accounting years of 2005 and 2006 was corrected by one share. The previous number of shares equal to 1,548,372 was improper due to the false information received from the brokerage house. The Company has been informed as soon as Piotr Niemczycki gained legal certainty of the proper number of shares in his possession and now presents the correct quantity.

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

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

Tab. 15

	as of 31 March 2007	decrease	increase	as of 31 December 2006
Slawomir S. Sikora	0	0	0	0
Tomasz Sielicki	33	0	0	33
Andrzej Szlezak	0	0	0	0
Bruce Rabb	0	0	0	0
Sanford Schwartz	0	0	0	0

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

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

To the best of the Company's knowledge as of the day of publication of the report for the first quarter of 2007, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

Tab. 16

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o.	9,071,994	16.5%	26,198,394	36.3%
Podmioty Grupy Julius Baer (1):	-	-	-	6.43%
Julius Baer Investment Management LLC (2)	3,941,331	7.2%	3,794,001	5.3%
Julius Baer International Equity Fund (1)	3,858,789	7.02%	3,858,789	5.35%

(1) as of 14 March 2007

(2) as of 29 June 2006

AGORA GROUP
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
as at 31 March 2007 and for 3 month period ended thereon

Agora Group
Consolidated balance sheet as at 31 March 2007
(all amounts in PLN thousands unless otherwise indicated)

	As at 31 March 2007	As at 31 December 2006	As at 31 March 2006
Assets			
Non-current assets:			
Intangible assets	283,489	284,165	277,505
Property, plant and equipment	634,554	644,637	666,026
Investments	7,431	7,470	7,637
Investments in associates	1,234	1,235	1,549
Receivables and prepayments	6,928	7,067	6,411
Deferred tax assets	31,410	30,677	30,288
	<u>965,046</u>	<u>975,251</u>	<u>989,416</u>
Current assets:			
Inventories	14,784	18,588	17,255
Accounts receivable and prepayments	218,618	195,380	207,266
Income tax receivable	3,914	7,373	4,552
Short-term securities and other financial assets	101,508	1,340	115,292
Cash and cash equivalents	270,585	334,705	177,038
	<u>609,409</u>	<u>557,386</u>	<u>521,403</u>
Total assets	<u>1,574,455</u>	<u>1,532,637</u>	<u>1,510,819</u>

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

Agora Group
Consolidated balance sheet as at 31 March 2007
(all amounts in PLN thousands unless otherwise indicated)

	Note	As at 31 March 2007	As at 31 December 2006	As at 31 March 2006
Equity and liabilities				
Equity attributable to equity holders of the parent:				
Share capital		54,978	54,978	56,758
Treasury shares		-	-	(119,962)
Share premium		290,506	290,506	353,646
Retained earnings		<u>843,835</u>	<u>819,685</u>	<u>846,627</u>
		1,189,319	1,165,169	1,137,069
Minority interest		<u>(142)</u>	<u>(503)</u>	<u>(22)</u>
Total equity		<u>1,189,177</u>	<u>1,164,666</u>	<u>1,137,047</u>
Non-current liabilities:				
Deferred tax liabilities		63,636	62,813	58,357
Interest bearing loans and borrowings	3	130,538	105,063	131,527
Retirement severance provision		1,187	1,193	1,083
Deferred revenues and accruals		<u>1,115</u>	<u>1,276</u>	<u>1,712</u>
		<u>196,476</u>	<u>170,345</u>	<u>192,679</u>
Current liabilities:				
Retirement severance provision		143	143	145
Accounts payable		116,002	107,023	105,480
Income tax liabilities		948	55	717
Short-term borrowings	3	8,654	35,660	9,038
Provisions		2,509	4,855	13,788
Deferred revenues and accruals		<u>60,546</u>	<u>49,890</u>	<u>51,925</u>
		<u>188,802</u>	<u>197,626</u>	<u>181,093</u>
Total equity and liabilities		<u>1,574,455</u>	<u>1,532,637</u>	<u>1,510,819</u>
Weighted average number of shares		<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>

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

Agora Group
Consolidated income statement for three months ended 31 March 2007
(all amounts in PLN thousands unless otherwise indicated)

	Note	Three months ended 31 March 2007	Three months ended 31 March 2006
Sales	4	302,727	295,144
Cost of sales		<u>(181,471)</u>	<u>(170,803)</u>
Gross profit		121,256	124,341
Selling expenses		(74,130)	(79,195)
Administrative expenses		(29,635)	(33,630)
Other operating income		6,419	4,987
Other operating expenses		<u>(5,112)</u>	<u>(13,225)</u>
Operating profit	4	18,798	3,278
Finance income		3,954	3,934
Finance costs		(1,865)	(2,650)
Share of results of associates		<u>(1)</u>	<u>66</u>
Profit before income taxes		20,886	4,628
Income tax expense		<u>(6,787)</u>	<u>(4,120)</u>
Net profit for the period		<u>14,099</u>	<u>508</u>
Attributable to:			
Equity holders of the parent		14,272	836
Minority interests		<u>(173)</u>	<u>(328)</u>
		<u>14,099</u>	<u>508</u>
Earnings per share (in PLN)		<u>0.26</u>	<u>0.02</u>

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

Agora SA

Consolidated statement of changes in equity for three months ended 31 March 2007

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent				Total	Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Retained earnings			
Three months ended 31 March 2007							
As at 31 December 2006	54,978	-	290,506	819,685	1,165,169	(503)	1,164,666
Net profit / (loss) for the period	-	-	-	14,272	14,272	(173)	14,099
Total recognized income and expense for the period	-	-	-	14,272	14,272	(173)	14,099
Additional contribution of minority shareholder	-	-	-	-	-	534	534
Share-based payments	-	-	-	9,878	9,878	-	9,878
As at 31 March 2007	54,978	-	290,506	843,835	1,189,319	(142)	1,189,177

Agora SA

Consolidated statement of changes in equity for three months ended 31 March 2007

(all amounts in PLN thousands unless otherwise indicated)

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

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

Agora SA

Consolidated statement of changes in equity for three months ended 31 March 2007

(all amounts in PLN thousands unless otherwise indicated)

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

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

Agora Group**Consolidated cash flow statement for the three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 March 2007	Three months ended 31 March 2006
Cash flows from operating activities		
Profit before income taxes	20,886	4,628
Adjustments for:		
Share of results of associates	1	(66)
Depreciation of property, plant and equipment	17,328	18,481
Amortization of intangible assets	1,598	586
Interest, net	1,564	1,554
(Profit) / loss on investing activities	206	(684)
(Decrease) / increase in provisions	(2,352)	9,364
(Increase) / decrease in inventories	3,804	1,575
(Increase) / decrease in receivables and prepayments	(23,077)	3,619
(Decrease) / increase in payables	12,640	(18,918)
(Decrease) / increase in deferred revenues and accruals	10,496	9,285
Other adjustments	9,294	9,528
Cash generated from operations	52,388	38,952
Income taxes (paid) / returned	(2,638)	(745)
Net cash from operating activities	49,750	38,207
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	22	54
Disposal of subsidiaries (net of cash disposed) and associates	-	630
Loan repayment received	39	75
Interest received	15	213
Disposal of short-term securities	-	10,571
Purchase of property plant and equipment, and intangibles	(11,837)	(8,355)
Acquisition of subsidiary (net of cash acquired) and associates	-	(2,619)
Acquisition of short-term securities	(100,000)	(50,000)
Net cash used in investing activities	(111,761)	(49,431)

Agora Group**Consolidated cash flow statement for the three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 March 2007	Three months ended 31 March 2006
Cash flows from financing activities		
Proceeds from borrowings	314	287
Repayment of borrowings	-	(1)
Interest paid	(2,123)	(1,680)
Other	(300)	-
Net cash used in financing activities	(2,109)	(1,394)
Net increase / (decrease) in cash and cash equivalents	(64,120)	(12,618)
Cash and cash equivalents		
At start of period	334,705	189,656
At end of period	270,585	177,038

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

1. General information

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

As at 31 March 2007 the Group comprised Agora SA and 17 subsidiaries. Additionally Agora SA exercised significant influence over 1 associate company.

The Group operates in all the major cities in Poland.

Financial statements are presented as at and for three months ended 31 March 2007, with comparative figures presented as at and for three months ended 31 March 2006.

The financial statements were authorized for issue by the Management Board on 15 May 2007.

2. Statement of compliance

The Consolidated Balance Sheet as of 31 March 2007, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the three months ended 31 March 2007 have neither been audited nor reviewed. The Consolidated Balance Sheet as of 31 December 2006, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the twelve months ended 31 December 2006 have been audited by independent auditor who issued unqualified opinion.

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

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

In the preparation of these condensed consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2006. The Consolidated Financial Statements as at 31 December 2006 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC") published in the form of regulations of the European Union. The 31 March 2007 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2006.

3. Long-term and short-term borrowings

As at 31 March 2007 the Group had a PLN 500 million long-term loan facilities available from Bank Pekao SA, on the basis of the loan agreement dated 5 April 2002. The loan liability as at 31 March 2007 amounted to PLN 138,595 thousand, including PLN 130,537 thousand presented in the non-current part.

Additionally, Group's subsidiary - Inforadio Sp. z o.o. has loan liability to a minority shareholder in the amount of PLN 19,815 thousand.

4. Sales and segment information

	Three months ended 31 March 2007	Three months ended 31 March 2006
Sales		
Press and other media	269,919	270,430
Outdoor	41,808	39,619
Consolidation eliminations	(9,000)	(14,905)
Consolidated	<u>302,727</u>	<u>295,144</u>
Operating profit / (loss)		
Press and other media	12,212	(6,848)
Outdoor	7,549	12,314
Consolidation eliminations	(963)	(2,188)
Consolidated	<u>18,798</u>	<u>3,278</u>
(Impairment loss recognized) / reversal of impairment losses		
Press and other media	(395)	(278)
Outdoor	71	732
Consolidation eliminations	-	-
Consolidated	<u>(324)</u>	<u>454</u>

5. Share-based payment

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

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

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

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

A. Incentive plan based on investment certificates

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

Agora Group

Notes to the condensed consolidated financial statements for three months ended 31 March 2007

(all amounts in PLN thousands unless otherwise indicated)

A. Incentive plan based on investment certificates

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

	Three months ended 31 March 2007	Three months ended 31 March 2006
Income statement – staff cost	9,878	10,761
Equity	9,878	10,761

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

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

	Three months ended 31 March 2007	Twelve months ended 31 December 2006	Three months ended 31 March 2006
At the beginning of the period	1,332,057	865,168	865,168
Granted	-	836,586	-
Forfeited	(9,318)	(15,379)	(2,556)
Vested	-	(354,318)	-
At the end of the period	1,322,739	1,332,057	862,612

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

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

	As at 31 March 2007	Sold in the first quarter of 2007	Acquired in the first quarter of 2007	As at 31 December 2006
Incentive plan 2005 (A and B series)				
Wanda Rapaczynski	145,321	-	-	145,321
Piotr Niemczycki	8,143	(8,143)	-	16,286
Zbigniew Bak	11,896	-	-	11,896
Jaroslaw Szalinski	7,462	-	-	7,462
	172,822	(8,143)	-	180,965
Incentive plan 2006 (C and D series)				
Wanda Rapaczynski	22,311	-	-	22,311
Piotr Niemczycki	16,286	-	-	16,286
Zbigniew Bak	11,896	-	-	11,896
Jaroslaw Szalinski	15,838	-	-	15,838
	66,331	-	-	66,331

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

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

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

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

Agora Group

Notes to the condensed consolidated financial statements for three months ended 31 March 2007

(all amounts in PLN thousands unless otherwise indicated)

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 2007	Twelve months ended 31 December 2006	Three months ended 31 March 2006
At the beginning of the period	3,280,013	5,164,378	5,164,378
Granted	-	-	-
Forfeited	-	(13,974)	(10,089)
Vested	-	(1,870,391)	-
At the end of the period	<u>3,280,013</u>	<u>3,280,013</u>	<u>5,154,289</u>

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

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

All shares have full dividend and voting rights.

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

6. Provisions and impairment losses

In the period from 1 January 2007 to 31 March 2007 the following impairment losses were changed:

- impairment loss for receivables: increase by PLN 1,545 thousand,
- impairment loss for financial assets: increase by PLN 49 thousand,
- impairment loss for inventory: increase by PLN 2,548 thousand,
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 166 thousand.

Additionally in the period from 1 January 2007 to 31 March 2007 the following provisions were changed:

- provision for certain and probable losses: increase by 496 thousand,
- provision for restructuring: decrease by PLN 2,841 thousand,
- retirement severance provision: decrease by PLN 6 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 3,061 thousand (31 December 2006: PLN 3,037 thousand, 31 March 2006: PLN 8,005 thousand).

9. Contingencies

As of 31 March 2007 the Group had contingent liabilities in respect of guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below.

Benefiting party	Debtor	Valid till	Amount	Provisions booked
<u>Guarantees provided by Agora SA</u>				
Pekao SA	Agora's employees	31.03.2008 – 30.10.2010	740	-
<u>Guarantees provided by AMS SA</u>				
VOX Chemia Sp. z o.o.	AMS SA	31.12.2012	1,467	-
PKiN Sp. z o.o.	AMS SA	Not specified	200	-
Wroclaw Community	AMS SA	31.03.2009 / 31.05.2007	700	
Miejskie Zakłady Autobusowe Sp. z o.o.	AMS SA	30.11.2008	115	
Others	AMS SA	31.12.2007	90	-
			<u>3,312</u>	<u>-</u>

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

Panels situated near the side of a road

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

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

During last months, especially in Warsaw, AMS did not receive positive decisions as for prolongation of the wayside use or received permission refusals. As at 10 May 2007:

- (i) the proceedings were opened against AMS to impose sanctions for occupying the wayside without proper permission with 6 advertising panels,
- (ii) the proceedings were opened against AMS for occupying the waysides without proper permission with its 21 advertising panels: 4 proceedings were closed in favor of the company; the fact-finding procedure was initiated for 15 of them and two panels were dismantled.
- (iii) besides the cases described in point (i), AMS received negative decisions as for using the wayside for its 34 advertising panels and its subsidiary Media System Sp. z o. o. for 14 panels (AMS appealed against decisions to the Municipal Court of Appeal).
- (iv) besides the cases described in point (ii), AMS is awaiting delayed decisions as for prolongation of occupying the wayside with its 43 advertising panels and its subsidiary Media System Sp. z o.o. – for 5 advertising panels.

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

Agora Group

Notes to the condensed consolidated financial statements for three months ended 31 March 2007

(all amounts in PLN thousands unless otherwise indicated)

So far, the appealed decisions have been reconsidered in favor of AMS. The Management Board of AMS judges that also in the future in most of the cases, the final effects will be similar to those from the past. Therefore, the Management Board of AMS decided to set up provisions for all fees connected with advertising panels for which AMS awaited positive decisions and for all administrative penalties for occupying the waysides without proper permission when the probability of paying them was high. As at 31 March 2007, the provided provisions totaled PLN 1,375 thousand.

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

10. Court cases

As for 31 March 2007 the Group has not entered into litigation or has been litigated for claims or liabilities that in total exceed 10% of the Group's equity.

11. Seasonality

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

12. Restructuring

On 19 September 2006 the Management Board of Agora SA approved the plan to optimize the current business model of the Agora Group. The Company set all necessary restructuring provisions for the mentioned costs in the Group's profit and loss account in the third quarter of 2006. On 20 December 2006 the Company notified the Labor Office about the prolongation of the planned group lay - offs till 31 March 2007. The remaining terms of the Company's group lay-offs program remain unchanged.

As at 31 March 2007 the unused provision for severances - due to the end of restructuring process - was reversed in the amount of PLN 1.8 million.

13. Related-party transactions

(a) Management Board's remuneration

Remuneration of Management Board members of Agora SA paid pursuant to employment and management contracts amounted to PLN 517 thousand (three months ended 31 March 2006: PLN 517 thousand).

Management Board members did not acquire shares or certificates in the period of three months ended 31 March 2007.

(b) Other entities

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

	Three months ended 31 March 2007	Three months ended 31 March 2006
Associates and non-consolidated subsidiaries		
Sales	290	968
Purchases of goods and services	(825)	(2,769)

Agora Group**Notes to the condensed consolidated financial statements for three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

	As at 31 March 2007	As at 31 December 2006	As at 31 March 2006
Associates and non-consolidated subsidiaries			
Receivables	121	139	1,384
Payables	173	467	1,819
Loans granted and debt securities	1,293	1,333	3,222

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

14. Selected consolidated financial data together with translation into EURO

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

- income statement and cash flow statement figures using arithmetic average of exchange rates published by NBP and ruling on the last day of each month during first quarters. For the first quarter of 2007 EURO 1 = 3.9104; for the first quarter of 2006 EURO 1 = 3.8392.
- balance sheet figures using the average exchange rates published by NBP and ruling on the last day of first quarters. Exchange rate as at 31 March 2007: EURO 1 = 3.8789; as at 31 March 2006: EURO 1 = 3.9335.

	PLN thousand		EURO thousand	
	Three months ended 31 March 2007	Three months ended 31 March 2006	Three months ended 31 March 2007	Three months ended 31 March 2006
Sales	302,727	295,144	77,416	76,876
Operating profit	18,798	3,278	4,807	854
Profit before income taxes	20,886	4,628	5,341	1,205
Net profit for the period attributable to equity holders of the parent	14,272	836	3,650	218
Net cash from operating activities	49,750	38,207	12,722	9,952
Net cash used in investing activities	(111,761)	(49,431)	(28,580)	(12,875)
Net cash used in financing activities	(2,109)	(1,394)	(539)	(363)
Net increase / (decrease) in cash and cash equivalents	(64,120)	(12,618)	(16,397)	(3,287)
Total assets	1,574,455	1,510,819	405,902	384,090
Non-current liabilities	196,476	192,679	50,653	48,984
Current liabilities	188,802	181,093	48,674	46,039
Equity attributable to equity holders of the parent	1,189,319	1,137,069	306,612	289,073
Share capital	54,978	56,758	14,174	14,429
Weighted average number of shares	54,977,535	54,977,535	54,977,535	54,977,535
Earnings per share (in PLN / in EURO)	0.26	0.02	0.07	0.00
Book value per share (in PLN / in EURO)	21.63	20.68	5.58	5.26

Agora Group**Notes to the condensed consolidated financial statements for three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

15. Description of the Group

The list of companies from the Group:

		% of shares held (effectively)	
		31 March 2007	31 December 2006
Subsidiaries consolidated			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Art Marketing Syndicate SA (AMS), Poznan	100.0%	100.0%
3	Radio Trefl Sp. z o.o., Sopot (1)	99.9%	99.9%
4	IM 40 Sp. z o.o., Warsaw	72.0%	72.0%
5	Grupa Radiowa Agory Sp. z o.o., Warszawa	100.0%	100.0%
6	Barys Sp. z o.o., Tychy (1)	89.8%	89.8%
7	Agencja Reklamowa Jowisz Sp. z o.o., Jelenia Gora (1)	100.0%	100.0%
8	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%
9	Akcent Media Sp. z o.o., Poznan (2)	100.0%	100.0%
10	Multimedia Plus Sp. z o.o., Srem	100.0%	100.0%
11	Lokalne Radio w Opolu Sp. z o.o., Opole	100.0%	100.0%
12	Inforadio Sp. z o.o., Warszawa	66.1%	66.1%
13	Regionalne Przedsiębiorstwo Zwiaskowe Sp. z o.o., Tychy	100.0%	100.0%
14	Tres Sp. z o.o., Sieradz	100.0%	100.0%
15	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
16	BOR Sp. z o.o., Poznan	100.0%	100.0%
17	Jan Babczyszyn Radio Jazz FM Sp. z o.o., Poznan	100.0%	100.0%
Associate companies valued using the equity method			
18	Bis Media Sp. z o.o., Lublin	49.0%	49.0%
Companies excluded from consolidation and equity accounting			
19	Polskie Badania Internetu Sp. z o.o., Warsaw	20.0%	20.0%
20	Projekt Inwestycyjny Sp. z o.o., Warsaw	100.0%	100.0%
21	Polskie Badania Outdooru Sp. z o.o., Warsaw (2)	41.0%	41.0%
22	Media System Sp. z o.o., Warsaw (2)	100.0%	100.0%

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

(2) indirectly through AMS SA

16. Condensed unconsolidated financial statements of Agora SA

Unconsolidated balance sheet as at 31 March 2007

	As at 31 March 2007	As at 31 December 2006	As at 31 March 2006
Assets			
Non-current assets:			
Intangible assets	83,660	84,088	82,729
Property, plant and equipment	438,735	447,703	476,144
Investments	308,516	309,090	304,186
Receivables and prepayments	77,640	79,546	93,537
Deferred tax assets	16,314	14,429	16,162
	<u>924,865</u>	<u>934,856</u>	<u>972,758</u>
Current assets:			
Inventories	10,776	14,313	13,540
Accounts receivable and prepayments	174,017	163,103	179,397
Income tax receivable	1,928	5,281	3,869
Short-term securities and other financial assets	100,572	1,045	114,040
Cash and cash equivalents	234,928	290,806	155,758
	<u>522,221</u>	<u>474,548</u>	<u>466,604</u>
Total assets	<u>1,447,086</u>	<u>1,409,404</u>	<u>1,439,362</u>

Agora Group**Notes to the condensed consolidated financial statements for three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

	As at 31 March 2007	As at 31 December 2006	As at 31 March 2006
Equity and liabilities			
Equity:			
Share capital	54,978	54,978	56,758
Treasury shares	-	-	(119,962)
Share premium	290,506	290,506	353,646
Other reserves	44,742	36,357	15,756
Retained earnings	709,099	701,901	785,805
	<u>1,099,325</u>	<u>1,083,742</u>	<u>1,092,003</u>
Non-current liabilities:			
Deferred tax liabilities	65,698	64,954	62,211
Interest bearing loans and borrowings	130,537	104,610	130,762
Retirement severance provision	1,077	1,077	995
Deferred revenues and accruals	-	-	2
Other	71	71	35
	<u>197,383</u>	<u>170,712</u>	<u>194,005</u>
Current liabilities:			
Retirement severance provision	140	140	143
Accounts payable	96,451	83,928	91,333
Short-term borrowings	8,057	35,415	8,718
Provisions	1,285	3,725	12,739
Deferred revenues and accruals	44,445	31,742	40,421
	<u>150,378</u>	<u>154,950</u>	<u>153,354</u>
Total equity and liabilities	<u>1,447,086</u>	<u>1,409,404</u>	<u>1,439,362</u>
Weighted average number of shares	<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>

Agora Group**Notes to the condensed consolidated financial statements for three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

Unconsolidated income statement for three months ended 31 March 2007

	Three months ended 31 March 2007	Three months ended 31 March 2006
Sales	254,040	260,158
Cost of sales	<u>(145,661)</u>	<u>(143,882)</u>
Gross profit	108,379	116,276
Selling expenses	(75,452)	(85,842)
Administrative expenses	(24,942)	(28,572)
Other operating income	5,662	2,618
Other operating expenses	<u>(4,334)</u>	<u>(13,003)</u>
Operating profit / (loss)	9,313	(8,523)
Finance income	3,636	4,283
Finance costs	<u>(2,033)</u>	<u>(2,503)</u>
Profit / (loss) before income taxes	10,916	(6,743)
Income tax expense	<u>(3,718)</u>	<u>(1,743)</u>
Net profit / (loss)	<u>7,198</u>	<u>(8,486)</u>
Earnings per share (in PLN)	<u>0.13</u>	<u>(0.15)</u>

Agora Group**Notes to the condensed consolidated financial statements for three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

Unconsolidated statement of changes in equity for three months ended 31 March 2007

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 31 March 2007						
As at 31 December 2006	54,978	-	290,506	36,357	701,901	1,083,742
Net profit	-	-	-	-	7,198	7,198
Share-based payments	-	-	-	8,385	-	8,385
As at 31 March 2007	54,978	-	290,506	44,742	709,099	1,099,325
Twelve months ended 31 December 2006						
As at 31 December 2005	56,758	(119,952)	353,646	6,336	794,291	1,091,079
Net loss	-	-	-	-	(9,981)	(9,981)
Share-based payments	-	-	-	30,166	-	30,166
Share buy-back for their redemption (1)	-	(34)	-	-	-	(34)
Redemption of own shares	(1,780)	119,986	(63,140)	-	(55,066)	-
Dividends declared	-	-	-	-	(27,488)	(27,488)
Other	-	-	-	(145)	145	-
As at 31 December 2006	54,978	-	290,506	36,357	701,901	1,083,742

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

Agora Group**Notes to the condensed consolidated financial statements for three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

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

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

Unconsolidated cash flow statement for the three months ended 31 March 2007

	Three months ended 31 March 2007	Three months ended 31 March 2006
Cash flows from operating activities		
Profit / (loss) before income taxes	10,916	(6,743)
Adjustments for:		
Depreciation of property, plant and equipment	10,884	12,048
Amortization of intangible assets	1,144	770
Foreign exchange (gain) / loss	128	386
Interest, net	337	112
(Profit) / loss on investing activities	1,320	99
(Decrease) / increase in provisions	(2,441)	9,650
(Increase) / decrease in inventories	3,537	1,516
(Increase) / decrease in receivables and prepayments	(23,703)	4,615
(Decrease) / increase in payables	14,873	(15,016)
(Decrease) / increase in deferred revenues and accruals	12,704	14,135
Other adjustments	7,800	8,751
Cash generated from operations	37,499	30,323
Income taxes (paid) / returned	(1,800)	-
Net cash from operating activities	35,699	30,323
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	-	39
Disposal of subsidiaries and associates	-	2,007
Dividends received	13,000	-
Repayment of loans granted	150	257
Interest received	1,241	1,634
Disposal of short-term securities	-	9,932
Repayment of finance lease receivables	1,647	1,661
Purchase of property plant and equipment, and intangibles	(4,681)	(5,757)
Acquisition of subsidiaries and associates and other investments in subsidiaries and associates	-	(2,242)
Acquisition of short-term securities	(100,000)	(50,000)
Loans granted	(476)	(8,900)
Net cash used in investing activities	(89,119)	(51,369)

Agora Group**Notes to the condensed consolidated financial statements for three months ended 31 March 2007**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 March 2007	Three months ended 31 March 2006
Cash flows from financing activities		
Interest paid	(2,123)	(1,678)
Other	(335)	(35)
Net cash used in financing activities	(2,458)	(1,713)
Net increase / (decrease) in cash and cash equivalents	(55,878)	(22,759)
Cash and cash equivalents		
At start of period	290,806	178,517
At end of period	234,928	155,758

Additional information to unconsolidated financial statements of Agora SA

In the period from 1 January 2007 to 31 March 2007 the following impairment losses and provisions were changed:

- impairment loss for receivables: increase by PLN 2,050 thousand,
- impairment loss for financial assets: increase by PLN 2,910 thousand, including PLN 436 thousand for loans to Inforadio Sp. z o.o., PLN 2,474 thousand for interests on loans granted,
- impairment loss for inventory: increase by PLN 2,552 thousand,
- provision for restructuring: decrease by PLN 2,829 thousand,
- provision for certain and probable losses: increase by PLN 388 thousand.

Selected unconsolidated financial data together with translation into EURO

	PLN thousand		EURO thousand	
	Three months ended 31 March 2007	Three months ended 31 March 2006	Three months ended 31 March 2007	Three months ended 31 March 2006
Sales	254,040	260,158	64,965	67,764
Operating profit / (loss)	9,313	(8,523)	2,382	(2,220)
Profit / (loss) before income taxes	10,916	(6,743)	2,792	(1,756)
Net profit / (loss)	7,198	(8,486)	1,841	(2,210)
Net cash from operating activities	35,699	30,323	9,129	7,898
Net cash used in investing activities	(89,119)	(51,369)	(22,790)	(13,380)
Net cash used in financing activities	(2,458)	(1,713)	(629)	(446)
Net increase / (decrease) in cash and cash equivalents	(55,878)	(22,759)	(14,290)	(5,928)
Total assets	1,447,086	1,439,362	373,066	365,924
Non-current liabilities	197,383	194,005	50,886	49,321
Current liabilities	150,378	153,354	38,768	38,987
Equity	1,099,325	1,092,003	283,412	277,616
Share capital	54,978	56,758	14,174	14,429
Weighted average number of shares	54,977,535	54,977,535	54,977,535	54,977,535
Earnings per share (in PLN / in EURO)	0.13	(0.15)	0.03	(0.04)
Book value per share (in PLN / in EURO)	20.00	19.86	5.16	5.05

Agora Group

Notes to the condensed consolidated financial statements for three months ended 31 March 2007

(all amounts in PLN thousands unless otherwise indicated)

Warsaw, 15 May 2007

Wanda Rapaczynski – President of the Management Board

Piotr Niemczycki – Deputy President of the Management Board

Zbigniew Bak – Deputy President of the Management Board

Jaroslaw Szalinski – Member of the Management Board