AGORA SA

AGORA GROUP

Consolidated financial statements

as at 31 December 2018 and for the year ended thereon

March 7, 2019

CONTENTS

(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018

	Note	31 December 2018	31 December 2017 adjusted *	1 January 2017 adjusted *
Assets				
Non-current assests:				
Intangible assets	3	420,680	437,942	462,781
Property, plant and equipment	4	519,472	513,965	627,510
Long-term financial assets	5	379	83	83
Investments in equity accounted investees	6	11,295	7,847	21,417
Receivables and prepayments	7	14,573	14,937	14,287
Deferred tax assets	15	14,899	16,537	13,374
		981,298	**991,311**	**1,139,452**
Current assets:				
Inventories	8	35,777	34,792	33,829
Accounts receivable and prepayments	9	226,764	253,601	264,302
Income tax receivable		534	200	836
Short-term securities and other financial assets	10	122,450	92,834	80,032
Cash and cash equivalents	11	33,003	19,198	50,197
		418,528	**400,625**	**429,196**
Non-current assets held for sale	4	-	13,747	10,682
		418,528	**414,372**	**439,878**
Total assets		**1,399,826**	**1,405,683**	**1,579,330**

** the adjustments to comparative amounts were described in note 2.*

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

(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018 (CONTINUED)

	Note	31 December 2018	31 December 2017 adjusted *	1 January 2017 adjusted *
Equity and liabilities				
Equity attributable to equity holders of the parent:				
Share capital	12	46,581	47,665	47,665
Treasury shares	12	-	(21,744)	-
Share premium		147,192	147,192	147,192
Retained earnings and other reserves	13	781,237	822,505	902,266
		975,010	**995,618**	**1,097,123**
Non-controlling interest		**21,149**	**19,065**	**20,195**
Total equity		**996,159**	**1,014,683**	**1,117,318**
Non-current liabilities:				
Deferred tax liabilities	15	9,544	12,328	23,768
Long-term borrowings	14	64,586	56,108	71,931
Other financial liabilities	16	33,237	30,605	24,707
Retirement severance provision	17	2,916	2,804	2,745
Provisions	18	1,316	539	696
Accruals and other liabilities	19	2,950	2,627	3,043
Contract liabilities	20	450	1,358	1,499
		114,999	**106,369**	**128,389**
Current liabilities:				
Retirement severance provision	17	241	298	228
Trade and other payables	19	232,914	231,871	250,198
Income tax liabilities		4,298	7,039	14,114
Short-term borrowings	14	33,209	29,169	38,988
Other financial liabilities	16	1,607	-	9,818
Provisions	18	2,453	3,296	7,541
Contract liabilities	20	13,946	12,958	12,736
		288,668	**284,631**	**333,623**
Total equity and liabilities		**1,399,826**	**1,405,683**	**1,579,330**

** the adjustments to comparative amounts were described in note 2.*

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

(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017 adjusted *
Revenue	21	1,141,158	1,165,479
Cost of sales	22	(777,437)	(814,665)
Gross profit		**363,721**	**350,814**
Selling expenses	22	(206,595)	(206,142)
Administrative expenses	22	(141,079)	(131,440)
Other operating income	23	22,515	11,989
Other operating expenses	24	(16,282)	(96,647)
Impairment losses for receivables - net	24	(21,405)	(1,610)
Operating profit/(loss)		**875**	**(73,036)**
Finance income	28	29,709	13,386
Finance cost	29	(8,924)	(10,839)
Share of results of equity accounted investees		(772)	(4,727)
Profit/(loss) before income taxes		**20,888**	**(75,216)**
Income tax expense	30	(11,509)	(4,077)
Net profit/(loss) for the period		**9,379**	**(79,293)**
Attributable to:			
Equity holders of the parent		5,088	(83,541)
Non-controlling interest		4,291	4,248
		9,379	**(79,293)**
Basic/diluted earnings per share (in PLN)	31	**0.11**	**(1.76)**

** the adjustments to comparative amounts were described in note 2.*

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(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
Net profit/(loss) for the period	**9,379**	**(79,293)**
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	239	264
Income tax effect	(45)	(51)
	194	213
Items that will be reclassified to profit or loss	-	-
Other comprehensive income/(loss) for the period	**194**	**213**
Total comprehensive income/(loss) for the period	**9,573**	**(79,080)**
Attributable to:		
Shareholders of the parent	5,281	(83,327)
Non-controlling interests	4,292	4,247
	9,573	**(79,080)**

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(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Equity attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2018							
As at 31 December 2017	**47,665**	**(21,744)**	**147,192**	**822,505**	**995,618**	**19,065**	**1,014,683**
Total comprehensive income for the period							
Net profit for the period	-	-	-	5,088	5,088	4,291	9,379
Other comprehensive income	-	-	-	193	193	1	194
Total comprehensive income for the period	**-**	**-**	**-**	**5,281**	**5,281**	**4,292**	**9,573**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments (note 27)	-	-	-	-	-	1,514	1,514
Dividends declared	-	-	-	(23,290)	(23,290)	-	(23,290)
Dividends of subsidiaries	-	-	-	-	-	(4,244)	(4,244)
Redemption of own shares (note 12)	(1,084)	21,744	-	(20,660)	-	-	-
Other	-	-	-	-	-	(1)	(1)
Total contributions by and distribtutions to owners	**(1,084)**	**21,744**	**-**	**(43,950)**	**(23,290)**	**(2,731)**	**(26,021)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(1,714)	(1,714)	(363)	(2,077)
Additional contribution of non-controlling shareholders	-	-	-	(885)	(885)	886	1
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(2,599)**	**(2,599)**	**523**	**(2,076)**
Total transactions with owners	(1,084)	21,744	-	(46,549)	(25,889)	(2,208)	(28,097)
As at 31 December 2018	**46,581**	**-**	**147,192**	**781,237**	**975,010**	**21,149**	**996,159**

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

(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Equity attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2017							
As at 31 December 2016	**47,665**	**-**	**147,192**	**902,266**	**1,097,123**	**20,195**	**1,117,318**
Total comprehensive income for the period							
Net profit/(loss) for the period	-	-	-	(83,541)	(83,541)	4,248	(79,293)
Other comprehensive income	-	-	-	214	214	(1)	213
Total comprehensive income for the period	**-**	**-**	**-**	**(83,327)**	**(83,327)**	**4,247**	**(79,080)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	-	-	604	604
Dividends of subsidiaries	-	-	-	-	-	(2,534)	(2,534)
Repurchase of own shares	-	(21,744)	-	-	(21,744)	-	(21,744)
Total contributions by and distribtutions to owners	**-**	**(21,744)**	**-**	**-**	**(21,744)**	**(1,930)**	**(23,674)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	3,579	3,579	(3,579)	-
Additional contribution of non-controlling shareholders	-	-	-	(13)	(13)	97	84
Sale of a subsidiary	-	-	-	-	-	35	35
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**3,566**	**3,566**	**(3,447)**	**119**
Total transactions with owners	-	(21,744)	-	3,566	(18,178)	(5,377)	(23,555)
As at 31 December 2017	**47,665**	**(21,744)**	**147,192**	**822,505**	**995,618**	**19,065**	**1,014,683**

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

(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017 adjusted *
Cash flows from operating activities			
Profit/(loss) before income taxes		**20,888**	**(75,216)**
Adjustments for:			
Share of results of equity accounted investees		772	4,727
Depreciation of property, plant and equipment		61,955	80,523
Amortization of intangible assets		25,679	22,484
Interest, net		2,608	3,017
(Profit) / loss on investing activities		(32,029)	74,965
(Increase) / decrease in inventories		(4,109)	(963)
(Increase) / decrease in receivables		7,958	3,248
(Decrease) / increase in payables		1,440	(19,254)
(Decrease) / increase in provisions		(11)	(4,273)
(Decrease) / increase in contract liabilities		80	81
(Profit) / loss on disposal/acquisition of subsidiary		-	129
Remeasurement of put options	34	4,239	5,898
Other adjustments		2,451	1,613
Cash generated from operations		**91,921**	**96,979**
Income taxes paid		(10,791)	(19,717)
Net cash from operating activities		**81,130**	**77,262**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		58,152	24,077
Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities	32	32,111	18,987
Loan repayment received		1,030	1,040
Interest received		255	1,142
Disposal of short-term securities		195,487	124,702
Other inflows (1)		10,800	-
Purchase of property, plant and equipment and intangibles		(83,722)	(70,016)
Acquisition of subsidiary (net of cash acquired), associates and jointly controlled entities	32	(9,601)	-
Acquisition of short-term securities		(224,000)	(141,000)
Loans granted		(331)	(164)
Net cash used in investing activities		**(19,819)**	**(41,232)**

(all amounts in PLN thousands unless otherwise indicated) translation only

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	2018	2017 adjusted *
Cash flows from financing activities			
Proceeds from borrowings		34,673	32,412
Other inflows		1	84
Repurchase of own shares		-	(21,744)
Acquisition of non-controlling interest		(2,077)	(3,185)
Dividends paid to equity holders of the parent		(23,290)	-
Dividends paid to non-controlling shareholders		(4,210)	(2,534)
Repayment of borrowings		(37,323)	(41,723)
Outflows from cash pooling		-	(9,804)
Payment of finance lease liabilities		(11,781)	(16,506)
Interest paid		(2,817)	(3,321)
Other		(682)	(708)
Net cash used in financing activities		**(47,506)**	**(67,029)**
Net increase (decrease) in cash and cash equivalents		**13,805**	**(30,999)**
Cash and cash equivalents			
At start of period		19,198	50,197
At end of period		33,003	19,198

** the adjustments to comparative amounts were described in note 2.*

(1) other inflows relate to the partial refund of cash deposits to company AMS S.A. connected with collateral securing the concession contract for construction and utilization of bus shelters in Warsaw.

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

(all amounts in PLN thousands unless otherwise indicated) translation only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018 AND FOR THE YEAR ENDED THEREON

1. GENERAL INFORMATION

(a) Core business activity

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally conducts publishing activity (including *Gazeta Wyborcza*, magazines, periodicals and books) and carries out internet activity. Additionally, the Agora Group ("the Group") is active in the cinema segment through its subsidiary Helios S.A. and in the outdoor segment through its subsidiary AMS S.A. Moreover, the Group controls 4 radio broadcasting companies and offers printing services for external clients in printing houses belonging to the Company and to its subsidiary Agora Poligrafia Sp. z o.o. The Group also engages in projects related to production and co-production of movies through the company Next Film Sp. z o.o. and in food service activity through the company Foodio Concepts Sp.z o.o. Until 14 June 2018 the Group was also present in TV segment by holding shares in Stopklatka S.A.

As at 31 December 2018 the Agora Group ("the Group") comprised: the parent company Agora S.A. and 18 subsidiaries. Additionally, the Group held shares in 2 jointly controlled entities: Online Technologies HR Sp. z o.o. and Instytut Badan Outdooru IBO Sp. z o.o. and in associates: Hash.fm Sp. z o.o. and ROI Hunter a.s.

The Group carries out activity in all major cities of Poland.

(b) Registered Office

Czerska 8/10 Street
00-732 Warsaw

(c) Registration of the Company in the National Court Register

Seat of the court:	Regional Court in Warszawa, XIII Commercial Department
Registration number:	KRS 0000059944

(d) Tax Office and Provincial Statistical Office registration of the Company

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

(e) Management Board

During the period reported in the consolidated financial statements, the Management Board of Agora S.A. comprised the following members:

Bartosz Hojka	President	for the whole year
Tomasz Jagiello	Member	for the whole year
Agnieszka Sadowska	Member	for the whole year
Anna Krynska-Godlewska	Member	for the whole year
Grzegorz Kania	Member	for the whole year

(f) Supervisory Board

The Supervisory Board of the Company comprised the following members:

Andrzej Szlezak	Chairman	for the whole year
Tomasz Sielicki	Member	for the whole year
Wanda Rapaczynski	Member	for the whole year
Dariusz Formela	Member	for the whole year
Andrzej Dobosz	Member	for the whole year
Maciej Wisniewski	Member	for the whole year

(g) Information about the financial statements

The consolidated financial statements were authorised for issue by the Management Board on 7 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) aplicable to financial reporting, adopted by the European Union.

Information about standards and interpretations, which were published and become effective after the balance sheet date, including those awaiting endorsement by the European Union, is presented in point (ab).

(b) Basis of preparation

The consolidated financial statements are presented in PLN thousands. Polish zloty is functional currency of parent company and its subsidiaries, associates and joint-ventures, except of assosciate ROI Hunter a.s. which functional currency is Czech crown. All amounts (unless otherwise indicated) are recalculated and rounded to nearest thousand. The consolidated financial statements are prepared on the historical cost basis except that financial instruments are stated at their fair value.

The consolidated financial statements of the Group were prepared with the assumption that the Company and its Group would continue their business activities in the foreseeable future. There are no threats that would prevent the Company or the Group from continuing their business operations.

The accounting policies were applied consistently by Group entities.

In the preparation of these consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2017, except for the changes described below.

For the Group's financial statements for the year started with January 1, 2018 the following amendments to existing standards, which were endorsed by the European Union, are effective:

1) IFRS 15 *Revenue from Contracts with Customers;*
2) IFRS 9 *Financial Instruments;*
3) Amendments to IFRS 4 *Insurance contracts;*
4) Amendments to IFRS 2 *Share-based Payments;*
5) Amendments to IAS 40 *Investment Property;*
6) Amendments to IFRS - *Improvements 2014-2016;*
7) IFRIC 22 *Foreign Currency Transactions and Advance Consideration.*

The application of the amendments had no significant impact on the unconsolidated financial statements except for changes in the presentation of selected line items within the balance sheet as a result of the initial application of IFRS 15, change in the presentation of impairment losses in the income statement as a result of the application of IFRS 9 and application of additional disclosures required for year ended financial statements.

Application of IFRS 9

In case of IFRS 9 *Financial Instruments*, the Group concluded that the application of the new standard had no material impact on the methods of measurement of financial instruments. In particular, the Group did not identify any significant changes in classification of financial assets, which would result in a change in their measurement. In respect of credit risk assessment, the Group performed an analysis of its current methodology for calculating impairment losses of receivables, which takes into account an individual loss component and a collective loss component determined on the basis of historical payment statistics, and concludes that the initial application of the standard had no material impact on the value of receivables.

In accordance with the new standard, on initial recognition, the Group classifies financial assets into one of three categories:

- financial assets measured at amortized cost;
- financial assets measured at fair value through profit or loss; or
- financial assets measured at fair value through other comprehensive income.

Additional information about classification of financial assets and applied accounting policy are presented in note 2h) and 2i).

As a result of application of IFRS 9 and the related change in IAS 1 the Company separated new line item in the income statement related to the impairment losses for receivables that were previously presented within other operating income and expenses. The comparative amounts were adjusted accordingly.

Application of IFRS 15 and other presentation adjustments

In case of IFRS 15 *Revenue from Contracts with Customers,* The Group conducted the process of assessing the impact that the application of the main provisions of the new standard may have on the financial statements, in particular in relation to multiple-element arrangements, licence agreements, customer rebates and services provided with the engagement of subcontractors. On the basis of the analysis, the Group concluded that the initial application of the standard had no material impact on the timing, amount and nature of revenue presented in the financial statements.

In accordance with the new standard the Group recognises revenue when (or as) it transfers control of promised goods or services to a customer at the amount of the transaction price to which it expects to be entitled with respect to any variable amounts such as rebates granted and sales with a right of return. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the entity's performance or at a point in time, when control of the goods or services is transferred to the customer.

Additional information about applied accounting policy are presented in note 2t).

As a result of applying IFRS 15, the Group implemented changes in the presentation of selected balance sheet line items and introduced additional disclosures required for year ended financial statements. In case of balance sheet, there was a change in presentation of returns liability, which previously was recognised as a decrese in the line item "*Accounts receivable and prepayments*" and now is recognised in the line item „*Trade and other payables*". The above change increased the balance sheet total.

Additionally, due to the application of the new standard, the Group separated from the previous line item „*Deferred revenues and accruals*" a new line item *"Contract liabilities",* which comprises advance consideration received for goods and services, which were not transferred to customers at the balance sheet date and will be realized in future accounting periods. Simultaneously, the other balances within the line item „*Deferred revenues and accruals*" (including mainly cost accruals) were reclassified to the line item „*Trade and other payables*". The above change impacts only the presentation of line items within liabilities and does not impact the balance sheet total.

The Group applied the standard retrospectively in accordance with paragraph IFRS 15.C3a). The comparative amounts in the consolidated balance sheet and consolidated cash flow statement were adjusted accordingly.

The summary of changes to comparative amounts is presented in the tables below (detailed line items within non-current assets and equity were omitted).

(all amounts in PLN thousands unless otherwise indicated) translation only

Balance sheet as at 31 December 2017

	As at 31 December 2017 (as reported)	Application of IFRS 15	Other adjustments	As at 31 December 2017 (as adjusted)
Non-current assets:	**991,311**	**-**	**-**	**991,311**
Current assets:				
Inventories	34,792	-	-	34,792
Accounts receivable and prepayments	243,806	9,795	-	253,601
Income tax receivable	200	-	-	200
Short-term securities and other financial assets	92,834	-	-	92,834
Cash and cash equivalents	19,198	-	-	19,198
	390,830	**9,795**	**-**	**400,625**
Non-current assets held for sale	13,747	-	-	13,747
	404,577	**9,795**	**-**	**414,372**
Total assets	**1,395,888**	**9,795**	**-**	**1,405,683**

	As at 31 December 2017 (as reported)	Application of IFRS 15	Other adjustments	As at 31 December 2017 (as adjusted)
Total equity	**1,014,683**	**-**	**-**	**1,014,683**
Non-current liabilities:				
Deferred tax liabilities	12,328	-	-	12,328
Long-term borrowings	56,108	-	-	56,108
Other financial liabilities	30,605	-	-	30,605
Retirement severance provision	2,804	-	-	2,804
Provisions	539	-	-	539
Accruals and other liabilities	3,985	(1,358)	-	2,627
Contract liabilities	-	1,358	-	1,358
	106,369	**-**	**-**	**106,369**
Current liabilities:				
Retirement severance provision	298	-	-	298
Trade and other payables	140,381	9,795	81,695	231,871
Income tax liabilities	7,039	-	-	7,039
Short-term borrowings	29,169	-	-	29,169
Provisions	3,296	-	-	3,296
Deferred revenues and accruals	94,653	(12,958)	(81,695)	-
Contract liabilities	-	12,958	-	12,958
	274,836	**9,795**	**-**	**284,631**
				-
Total equity and liabilities	**1,395,888**	**9,795**	**-**	**1,405,683**

(all amounts in PLN thousands unless otherwise indicated) translation only

Balance sheet as at 1 January 2017

	As at 1 January 2017 (as reported)	Application of IFRS 15	Other adjustments	As at 1 January 2017 (as adjusted)
Assets				
Non-current assets:	**1,139,452**	**-**	**-**	**1,139,452**
Current assets:				
Inventories	33,829	-	-	33,829
Accounts receivable and prepayments	254,354	9,948	-	264,302
Income tax receivable	836	-	-	836
Short-term securities and other financial assets	80,032	-	-	80,032
Cash and cash equivalents	50,197	-	-	50,197
	419,248	**9,948**	**-**	**429,196**
Non-current assets held for sale	10,682	-	-	10,682
	429,930	**9,948**	**-**	**439,878**
Total assets	**1,569,382**	**9,948**	**-**	**1,579,330**

	As at 1 January 2017 (as reported)	Application of IFRS 15	Other adjustments	As at 1 January 2017 (as adjusted)
Total equity	**1,117,318**	**-**	**-**	**1,117,318**
Non-current liabilities:				
Deferred tax liabilities	23,768	-	-	23,768
Long-term borrowings	71,931	-	-	71,931
Other financial liabilities	24,707	-	-	24,707
Retirement severance provision	2,745	-	-	2,745
Provisions	696	-	-	696
Accruals and other liabilities	4,542	(1,499)	-	3,043
Contract liabilities	-	1,499	-	1,499
	128,389	**-**	**-**	**128,389**
Current liabilities:				
Retirement severance provision	228	-	-	228
Trade and other payables	160,881	9,948	79,369	250,198
Income tax liabilities	14,114	-	-	14,114
Short-term borrowings	38,988	-	-	38,988
Other financial liabilities	9,818	-	-	9,818
Provisions	7,541	-	-	7,541
Deferred revenues and accruals	92,105	(12,736)	(79,369)	-
Contract liabilities	-	12,736	-	12,736
	323,675	**9,948**	**-**	**333,623**
				-
Total equity and liabilities	**1,569,382**	**9,948**	**-**	**1,579,330**

(all amounts in PLN thousands unless otherwise indicated) translation only

Cash flow statement – operating activities

	Twelve months ended 31 December 2017 (as reported)	Application of IFRS15	Other adjustments	Twelve months ended 31 December 2017 (as adjusted)
Cash flows from operating activities				
Loss before income taxes	**(75,216)**	**-**	**-**	**(75,216)**
Adjustments for:				
Share of results of equity accounted investees	4,727	-	-	4,727
Depreciation of property, plant and equipment	80,523	-	-	80,523
Amortization of intangible assets	22,484	-	-	22,484
Interest, net	3,017	-	-	3,017
(Profit) / loss on investing activities	74,965	-	-	74,965
(Increase) / decrease in inventories	(963)	-	-	(963)
(Increase) / decrease in receivables	3,095	153	-	3,248
(Decrease) / increase in payables	(21,450)	(153)	2,349	(19,254)
(Decrease) / increase in provisions	(4,273)	-	-	(4,273)
(Decrease) / increase in deferred revenues and accruals	2,430	(81)	(2,349)	-
(Decrease) / increase in contract liabilities	-	81	-	81
(Profit) / loss on disposal/acquisition of subsidiary	129	-	-	129
Remeasurement of put options	5,898	-	-	5,898
Other adjustments	1,613	-	-	1,613
Cash generated from operations	**96,979**	**-**	**-**	**96,979**
Income taxes (paid)/received	(19,717)	-	-	(19,717)
Net cash from operating activities	**77,262**	**-**	**-**	**77,262**

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities, which are controlled by the Group. Control exists when the Group due to its involvement in an investee is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over the investee. The Group has power over an investee when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns.

The acquitision method of accounting is applied to account for the acquisition of subsidiaries by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control commences until the date that control ceases to exist. Contingent consideration is initially recognised at the acquisition date fair value. Subsequent changes in the value of the contingent payment liability is recognised through the income statement. Changes in a parent`s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Joint ventures and associates

An associate is that entity in which the Group has significant influence, but not control. Joint venture is an entity which is jointly controlled by the Group and other shareholders on the basis of a statute, company's act or other agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures from the date that significant influence or joint control commences until the date that significant influence or joint control ceases to exist. The investments in associates and joint ventures are accounted for using the equity method. An interest in a joint venture or associate is initially recorded at cost and adjusted thereafter for the post-acquistion change in the Group's share of net assets of the joint venture or associate. When the Group's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or joint venture.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains or losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity against the investment in the associate and the joint venture.

(iv) Put options granted to non-controlling interests

When an agreement signed by the Group with non-controlling shareholders grants a conditional put option for the shares, which they possess and the put option granted meets the definition of a financial liability under *IAS 32 Financial Instruments: Presentation* and at the same time, the non-controlling shareholders holding put options have retained their rights to the economic benefits associated with the underlying shares, the Group recognises the financial liability in the consolidated balance sheet (line item: other financial liabilities) equal to the estimated, discounted redemption amount of the put option and decreases other reserves (line item in the consolidated balance sheet : Retained earnings and other reserves). Subsequent changes in the value of the liability are recognised through the income statement.

(d) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost or cost incurred for their manufacture, development or modernization, less accumulated depreciation and impairment losses, if any (see accounting policy from point u).

The cost of property, plant and equipment comprises costs incurred in their purchase or development and modernisation and includes capitalised borrowing costs.

Depreciation is calculated on the straight line basis over the estimated useful life of each asset. Estimated useful life of property, plant and equipment, by significant class of asset, is usually as follows:

Perpetual leasehold of land	86 - 97 years
Buildings	2 - 40 years
Plant and machinery	2 - 20 years
Motor vehicles	3 - 8 years
Other equipment	2 - 20 years

Land is not depreciated.

Repairs and renewals are charged to the income statement when the expenditure is incurred; in other cases are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(e) Intangible assets

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less impairment losses, if any (see accounting policy u). Goodwill is tested annually for impairment or more often if there are indications of impairment.

In respect of associates and joint-ventures accounted for the equity method, the carrying amount of goodwill is included in the carrying amount of the investment in the associate and the joint-venture.

Other intangible assets, except for the acquired magazine titles, that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any (see accounting policy u).
Other intangibles are depreciated using the straight line method over the estimated useful life of each asset, except for some special projects related to distribution and co-operation rights for movies and computer games, in case of which the consumption of economic benefits may significantly differ from the straight line approach and the pattern of consumption of economic benefits in particular periods can be reliably determined based on generated revenue and it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated.

Estimated useful lives of intangible assets (apart from acquired magazine titles) are usually between 2 and 20 years.

Acquired magazine titles have indefinite useful lives and are not amortised. Their market position and lack of legal and market barriers for their publishing determined such qualification. Instead they are tested annually for impairment or more often if there are indications of impairment (see accounting policy u).

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Internally generated intangible assets comprise expenditure related to developing computer software and internet applications, including costs of employee benefits, which can be directly allocated to the development phase of an internal project. During the development phase and after its completion the internally generated intangible assets are assessed whether there are indications of impairment according to the accounting policy described in point u.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and demand deposits.

(g) Derivative financial instruments

Derivative financial instruments are recognized initially and subsequently measured at fair value. The Group does not apply hedge accounting and any gain or loss relating to the change in the fair value of the derivative financial instrument is recognized in the income statement.

Upon signing an agreement that includes derivative financial instruments embedded, the Group assesses whether the economic characteristics of the embedded derivative instrument are closely related to the economic characteristics of the financial instrument ("host contract") and whether the agreement that embodies both the embedded derivative instrument and the host contract is currently measured at fair value with changes in fair value reported in earnings, and whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. Derivatives embedded in foreign currency non-financial instrument contracts are not separated from the host contracts if these contracts are in currencies which are commonly used in the economic environment in which transactions take place. If the embedded derivative instrument is determined not to be closely related to the host contract and the embedded derivative instrument would qualify as a derivative instrument, the embedded derivative instrument is separated from the host contract and valued at fair value with changes recorded in the income statement.

(h) Financial assets measured at amortized cost

A financial asset is classified to those measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group`s category financial assets measured at amortized cost includes cash and cash equivalents, loans granted, trade receivables and other receivables.

The Group recognises a loss allowance for expected credit losses on financial assets that are classified to financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income. If the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for expected credit losses for that financial instrument at an amount equal to the lifetime expected credit losses. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for expected credit losses for that financial instrument at an amount equal to 12-month expected credit losses. Trade receivables of the Group do not contain a significant financing component and the loss allowance for them is measured at an amount equal to lifetime expected credit losses.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group estimates the expected credit losses related to trade receivables by applying an individual loss assessment and a collective loss assessment determined on the basis of historical payment statistics. The Group regularly reviews its methodology and assumptions used for estimating expected credit losses to reduce any differences between estimates and actual credit loss experience.

Changes in impairment losses are recognized in the profit and loss respectively in other operating expenses or financial costs, depending on the type of receivables to which the impairment loss relates. The Group creates loss allowance for doubtful interest in the same period in which the interest is accrued.

Interest income is recognised in the period to which it relates using the effective interest rate method.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that the Group principally holds for the purpose of short-term profit taking. Subsequent to initial recognition (at which date available-for-sale financial assets are stated at cost), all available-for-sale financial assets are measured at fair value. Financial gains or losses on financial assets are recognised in net profit or loss for the period (finance income or cost).

The Group`s category financial assets measured at fair value through profit or loss includes short- term investments in securities, including certificates in investment funds.

(j) Derecognition of financial instruments

Financial assets are derecognised, when the contractual rights to the cash flows from the financial asset have expired or the Group has transferred the contractual rights to the cash flows to a third party and simultaneously transferred substantially all the risks and rewards of ownership of the asset.

The financial liabilities are removed from the balance sheet, when the obligation specified in the contract is discharged, cancelled or has expired.

(k) Foreign currency

Presentation currency for consolidated financial statements is Polish zloty. Functional currency for Agora S.A., its subsidiaries and associates is Polish zloty Polish zloty, except of assosciate ROI Hunter a.s. which functional currency is Czech crown.

Foreign currency transactions are translated at the foreign exchange rates prevailing at the date of the transactions using:

- the purchase or selling rate of the bank whose services are used by the Group entity – in case of foreign currency sales or purchase transactions, as well as of the debt or liability payment transactions,
- the average rate specified for a given currency by the National Bank of Poland as on the preceding date before that date – in case of other transactions.

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised as financial income or expense in the consolidated income statement. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to PLN at the foreign exchange rate set by the National Bank of Poland ruling for that date.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less VAT, discounts and the costs of completion and selling expenses. Inventories comprise goods for resale, materials, finished goods and work in progress, including production cost of own movies.

Cost is determined by specific identification of their individual costs for paints and paper and by the first-in, first-out (FIFO) method for other materials, goods for resale and finished goods.

(m) Equity

(i) Share capital

The share capital of the parent company is also the share capital of the Group and is presented at the nominal value of registered stock, in accordance with the parent company's statute and commercial registration.

(ii) Treasury shares purchased for their redemption

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

(iii) Share premium

The share premium is a capital reserve arising on the Group's initial public offering ("IPO") during 1999 and is presented net of the IPO costs, decreased by the tax shield on the costs.

(iv) Retained earnings and other reserves

Retained earnings represent accumulated net profits / losses, including reserve capital accumulated from prior years profits. Other reserves include also the equivalent of costs of share-based payments recognised in accordance with IFRS 2 in relation to the share incentive plans based on Agora S.A.'s shares, which ended in the first half of 2013, the initial recognition of put options granted to the non-controlling shareholders and actuarial gains and losses on defined benefit plans recognised in accordance with the policy described in point (p).

(n) Income taxes and deferred income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax expense is calculated according to tax regulations, including mutual settlements of benefits between companies included in the Tax Capital Group described in note 15.

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and for tax losses carried forward, except for:

(i) the initial recognition of assets or liabilities that in a transaction which is not a business combination and at the time of the transaction affect neither accounting nor taxable profit and

(ii) differences relating to investments in subsidiaries and associates to the extent the parent is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The principal temporary differences arise on depreciation of property, plant and equipment and various transactions not considered to be taxable or tax-deductible until settlement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. At each balance sheet date deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group set off for the presentation proposes deferred income tax assets against deferred income tax liabilities at the companies' level.

(o) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(p) Retirement severance provision

The Group makes contributions to the Government's retirement benefit scheme. The state plan is funded on a pay-as-you-go basis, i.e. the Group is obliged to pay the contributions as they fall due and if the Group ceases to employ members of the state plan, it will have no obligation to pay any additional benefits. The state plan is defined contribution plan. The expense for the contributions is charged to the income statement in the period to which they relate.

Employees of the Group are entitled to retirement severance payment which is paid out on the non-recurrent basis at the moment of retiring. The amount of payment is defined in the labour law. The Group does not exclude assets that might serve in the future as a source of settling liabilities resulting from retirement payments. The Group creates provision for future liabilities in order to allocate costs to the periods they relate to. The Group's obligation in respect of retirement severance provision is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The amount of the liability is calculated by actuary and is based on forecasted individual's entitlements method. Changes in the value of the liability are recognized in profit or loss, except for actuarial gains and losses, which are recognized in other comprehensive income.

(q) Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

(r) Grants related to property, plant and equipment or intangible assets

Grants received for the financing of acquisition or construction of property, plant and equipment or intangible assets are recognised, when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching thereto. The grants are initially recognised at fair value as deferred income and credited to the income statement as other operating income on a systematic basis over the useful life of the respective assets.

(s) Trade and other payables

Trade and other payables are stated at amortised cost.

(t) Revenue recognition

The Group recognises revenue when (or as) it transfers control of promised goods or services to a customer at the amount of the transaction price to which it expects to be entitled with respect to any variable amounts such as rebates granted and sales with a right of return. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the entity's performance or at a point in time, when control of the goods or services is transferred to the customer.

Revenue is disaggregated into the following main categories based on the nature of transferred goods and services:

- Advertising revenue - revenue is recognised in the period in which the service is provided to the customer i.e. during the advertising campaign period. The level of fulfillment of the obligation to provide the service is measured in proportion to the duration of the service provided.
- Sales of cinema tickets - revenue is recognised in the period in which the film screening service is provided, in case of tickets pre-sale and cinema vouchers revenue is recognised when the ticket is used by the customer or when the right to use the ticket expires.
- Copy sales - in case of paper editions revenue is recognised when the good is transferred to the customer and in case of paid access to digital subscription during the period of the content avaible.
- Bar sales in cinemas – revenue is recognised when the good is transferred to the customer.
- Printing services - revenue is recognised in the period in which the service is provided to the customer.
- Film distribution and production sales - revenue is recognised during the period of film distribution, in case of the sale of film licences revenue is recongnised when the customer aquires the right to use the licences.

Revenue from advertising services, film distribution and from selling a digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution and access to digital subscription represent services performed throughout the specified time agreed in contracts with customers. Revenue from other goods and services of the Group usually represent revenue recognised at a point in time, when control of the goods or services is transferred to the customer, which is at the moment, when the service is completed or goods are delivered to a customer.

Advance consideration received for goods and services, which were not transferred to customers at the balance sheet date and will be realized in future accounting periods are presented in the balance sheet in the line item "*Contract liabilities*".

Sale with a right of return

In the area of press sales (Gazeta Wyborcza and magazines) and copy sales, the Group sells its goods with the right to return goods during the period agreed with the customers. The Group recognises the refaund liability (returns liability) in the amount of consideration which, in line with expectations, will be refundable by adjusting the amount of revenue recognised. The returns liability is estimated using the expected value method based on past experience and on-going monitoring of sales of individual press and book titles. Due to the nature of goods which can be returned and taking into account the decrease in their value, the Group does not recognise a returns asset.

Customer rebates

In accordance with its trade policy, the Group provides its clients with commercial rebates, including annual rebates dependent on turnover, which can be determined by amount or as a percentage of turnover. The Group estimates the value of the refund liability (rebates liability) based on the terms of signed agreements and the forecasted turnover of individual clients. The final value of customer rebates is known after the end of a financial year and may differ from the estimates recognised during the year.

(u) Impairment losses

The carrying amount of the Group's assets, other than inventories (see accounting policy i), and deferred tax assets (see accounting policy n) for which other procedures should be applied, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated (the higher of net selling price and value in use). The value in use is assumed to be a present value of discounted future economic benefits which will be generated by the assets.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

At each balance sheet date the Group reviews recognised impairment losses whether there is any indication showing that some of the recognised impairment losses should be reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal on an impairment loss is recognised in the income statement.

An impairment loss for goodwill is not reversed.

(v) Operating lease payments

Leases which do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(w) Finance lease

Leases which transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Assets acquired under finance lease agreements are initially recognised at the fair value or, if lower, the present value of the minimum lease payments. The initial value is then depreciated and diminished by any impairment charges. If there is no reasonable certainty that the lessee will obtain the ownership by the end of the lease term, the leased asset is fully depreciated over its useful life, but no longer than the lease term. In other cases the depreciation policy is consistent with that for depreciable assets as described in point (d).

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is calculated using constant internal rate of return and is recognised as an expense during the lease period.

(x) Borrowing costs

Interest and other costs of borrowing are recorded in the income statement using effective interest rate in the period to which they relate, unless directly related to investments in qualifying assets, which require a substnatial period of time to get ready for its intended use or sale, in which case they are capitalised.

(y) Share-based payments

Within the Agora Group there are incentive plans carried out, which are accounted for in accordance with IFRS 2 *Share-based payments.* In the Incentive Plan for Management Board members of the Company described in note 27 one of the components (based on share price appreciation) is accounted for as a cash-settled share-based payment. In this plan, members of the Management Board of the Company are entitled to a reward based on the realization of the Target of Share Price Rise. The value of the provision for the cost of the reward concerning the realization of the Target of Share Price Rise, is estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. The value is charged to the staff costs in Income Statement in proportion to the full period of the Plan with a corresponding figure recognised within accruals. The changes in the value of this accrual are included in staff costs.

Moreover, the eligible employees of a subsidiary Yieldbird Sp. z o.o. and Foodio Concepts Sp. z o.o. participate in an equity-settled incentive programs. On the basis of the plan, the eligible employees are entitled to receive shares in the company. The fair value of shares was determined at the grant date and is recognised in staff costs over the vesting period with a corresponding increase in Group equity allocated to non-controlling interests.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the resolution of the Company's shareholders.

(aa) Related parties

For the purposes of these consolidated financial statements, related parties comprise significant shareholders, subsidiaries, associates, joint ventures and members of the Management and Supervisory Boards of the parent and group entities and their immediate family, and entities under their control.

(ab) New accounting standards and interpretations of International Financial Reporting Interpretations Committee (IFRIC)

The Group did not early applied new standards and interpretations, which were published and endorsed by the European Union or which will be endorsed in the nearest future and which become effective after the balance sheet date.

Standards and interpretations endorsed by the European Union:

1) IFRS 16 *Leasing* (effective for annual periods beginning on or after January 1, 2019 or later)

IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Bringing operating leases in balance sheet will result in recognising a new asset – the right to use the underlying asset – and a new liability – the obligation to make lease payments. The right-of-use asset will be depreciated and the liability accrues interest. Lessor accounting shall remain largely unchanged and the distinction between operating and finance leases will be retained.

The Group is in the process of assessing the impact that the application of the new standard may have on the consolidated financial statements. On the basis of the current analysis, the Group assesses that a part of the operating lease contracts (including in particular the lease of office space and the rights of perpetual usufruct of land, locations for advertising panels in the Outdoor segment, locations for Radio stations in the Radio segment and the locations for Helios cinemas in the Film and Book segment) will be classified as lease contracts under IFRS 16. As a result, the initial application of the standard starting on 1 January 2019, will result in increasing assets and liabilities in the balance sheet and increasing costs of depreciation and interest expense in the income statement while decreasing the rent costs. However, it should be noted that the current operating lease costs are recognised on a straight line basis according to IAS 17, while the implementation of IFRS 16 will result in assets costs being recognised on a straight line basis through depreciation charges and interest costs being recognised by using the effective interest method, which will cause higher total contract costs at the beginning of the contract and diminishing charges over the contract period.

On the basis of the current analysis the Group assesses that on the date of initial application of the standard (i.e. as at 1 January 2019) will recognise additional right-of-use assets and corresponding lease liabilities in the amount of approx. PLN 450-470 million (including approx. amount of PLN 400 million which relates to Helios S.A.). The Group plans to apply the extemptions for short term leases and leases of low value assets. For the adoption of the IFRS 16 the Group will use retrospective approach with the cumulative effect of its adopting recognised on the date of initial application, without adjustments to comparative amounts.

In 2019 the analysis of the impact of IFRS 16 will be continued and the Group's final estimates may change.

2) IFRIC 23 *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after January 1, 2019 or later)

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. If it is probable that the tax authorities will accept the uncertain tax treatment, then the tax amounts recorded in the financial statements are consistent with the tax return with no uncertainty reflected in measuring current and deferred taxes. Otherwise, the taxable income (or tax loss), tax bases and unused tax losses shall be determined in a way that better predicts the resolution of the uncertainty, using either the single most likely amount or expected value method (sum of probability weighted amounts). When assessing the probability of acceptance, an entity shall assume the tax authority will examine the position and will have full knowledge of all the relevant information.

The Group does not expect, that the amendments will have impact on the consolidated financial statements.

3) Amendments to IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1, 2019 or later)

The amendments allow companies to measure prepayable financial assets, with contractual terms that result in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding with so-called negative compensation, at amortized cost or at fair value through other comprehensive income, instead of at fair value through profit or loss, if they meet other relevant requirements of IFRS 9.

The Group does not expect, that the amendments will have impact on the consolidated financial statements.

4) Amendments to IAS 28 *Investments in Associates and Joint Ventures* (effective for annual periods beginning on or after January 1, 2019 or later)

The amendments clarify that companies account for investments in associates or joint ventures, for which equity method is not applied, in accordance with provisions of IFRS 9 *Financial Instruments*.

The Group does not expect, that the amendments will have impact on the consolidated financial statements.

Standards and interpretations awaiting on endorsement by the European Union:

1) IFRS 17 *Insurance Contracts* (effective for annual periods beginning on or after January 1, 2021 or later)

IFRS 17, which supersedes the interim standard, IFRS 4 Insurance Contracts, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

The amendments will have no impact on the consolidated financial statements.

2) Amendments to IFRS - *Improvements 2015-2017* (effective for annual periods beginning on or after January 1, 2019 or later)

Annual changes to IFRS that contain amendments to 4 standards (IFRS 3, IFRS 11, IAS 12 and IAS 23).

The Group does not expect, that the amendments will have impact on the consolidated financial statements.

3) Amendments to IAS 19 *Employee Benefits* (effective for annual periods beginning on or after January 1, 2019 or later)

The amendments require that an entity uses current and updated assumptions when a change to a plan, its amendment, curtailment or settlement, takes place to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

The Group does not expect, that the amendments will have impact on the consolidated financial statements.

4) Amendments to IFRS 3 *Business Combinations* (Effective for annual periods beginning on or after 1 January 2020)

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

The Group does not expect, that the amendments will have impact on the consolidated financial statements.

5) Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Effective for annual periods beginning on or after 1 January 2020)

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The Group does not expect, that the amendments will have impact on the consolidated financial statements.

6) Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after January 1, 2016 or later, however, the European Commission decided to defer the endorsement indefinitely)

The amendments remove the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture concerning the recognition of profit or loss on the loss of control of subsidiary and require a full gain or loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 *Business Combinations.*

The amendments will have no impact on the consolidated financial statements.

(all amounts in PLN thousands unless otherwise indicated) translation only

3. INTANGIBLE ASSETS

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2018	**55,380**	**382,582**	**248,549**	**46,452**	**8,451**	**741,414**
Additions	-	-	10,190	2,284	9,611	22,085
Acquisitions	-	-	5,501	2,235	-	7,736
Transfer from assets under construction	-	-	4,392	49	-	4,441
Internal development	-	-	-	-	7,293	7,293
Reclassifications	-	-	297	-	2,318	2,615
Disposals	(9,665)	-	(72)	(2,740)	(236)	(12,713)
Sale	(9,665)	-	-	-	-	(9,665)
Liquidation	-	-	(72)	(291)	(236)	(599)
Reclassifications	-	-	-	(2,449)	-	(2,449)
Cost as at 31 December 2018	**45,715**	**382,582**	**258,667**	**45,996**	**17,826**	**750,786**
Amortisation and impairment losses as at 1 January 2018	**43,016**	**86,748**	**144,475**	**26,604**	**2,629**	**303,472**
Amortisation charge for the period	-	-	19,914	3,426	2,339	25,679
Impairment losses (note 40)	2,182	717	-	6,927	-	9,826
Sale	(8,758)	-	-	-	-	(8,758)
Liquidation	-	-	(72)	(41)	-	(113)
Reclassifications	-	-	294	(1,908)	1,614	-
Amortisation and impairment losses as at 31 December 2018	**36,440**	**87,465**	**164,611**	**35,008**	**6,582**	**330,106**
Carrying amounts						
As at 1 January 2018	12,364	295,834	104,074	19,848	5,822	437,942
As at 31 December 2018	9,275	295,117	94,056	10,988	11,244	420,680

(all amounts in PLN thousands unless otherwise indicated) translation only

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2017	**58,380**	**382,582**	**228,826**	**40,009**	**5,733**	**715,530**
Additions	-	-	23,588	6,698	2,718	33,004
Acquisitions	-	-	20,047	5,570	-	25,617
Transfer from assets under construction	-	-	3,607	1,077	-	4,684
Internal development	-	-	-	-	2,718	2,718
Reclassifications	-	-	(66)	51	-	(15)
Disposals	(3,000)	-	(3,865)	(255)	-	(7,120)
Sale	(3,000)	-	-	-	-	(3,000)
Liquidation	-	-	(3,865)	-	-	(3,865)
Sale of subsidiary	-	-	-	(255)	-	(255)
Cost as at 31 December 2017	**55,380**	**382,582**	**248,549**	**46,452**	**8,451**	**741,414**

(all amounts in PLN thousands unless otherwise indicated) translation only

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Amortisation and impairment losses as at 1 January 2017	**35,022**	**63,265**	**129,677**	**23,892**	**893**	**252,749**
Amortisation charge for the period	-	-	18,463	2,651	1,370	22,484
Impairment losses	10,994	23,483	103	73	366	35,019
Sale	(3,000)	-	-	-	-	(3,000)
Liquidation	-	-	(3,599)	-	-	(3,599)
Reclassifications	-	-	(169)	154	-	(15)
Sale of subsidiary	-	-	-	(166)	-	(166)
Amortisation and impairment losses as at 31 December 2017	**43,016**	**86,748**	**144,475**	**26,604**	**2,629**	**303,472**
Carrying amounts						
As at 1 January 2017	23,358	319,317	99,149	16,117	4,840	462,781
As at 31 December 2017	12,364	295,834	104,074	19,848	5,822	437,942

Amortisation of intangibles is recognised in “cost of sales”, “selling expenses” and “administrative expenses”. Impairment losses are recognised in “other operating expenses” in the income statement. Reversals of impairment losses are recognised in “other operating income” in the income statement.

Contractual commitments connected to intangible assets are disclosed in note 35.

(all amounts in PLN thousands unless otherwise indicated) translation only

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2018	**25,480**	**13,442**	**538,031**	**866,350**	**8,201**	**211,907**	**38,346**	**1,701,757**
Additions	-	-	16,303	35,608	414	10,545	90,541	153,411
Acquisitions	-	-	980	8,464	393	377	89,215	99,429
Transfer from assets under construction	-	-	14,873	24,009	21	10,167	300	49,370
Reclassifications	-	-	448	11	-	-	-	459
Other	-	-	2	3,124	-	1	1,026	4,153
Disposals	-	-	(3,820)	(25,861)	(805)	(5,986)	(83,728)	(120,200)
Sale	-	-	(1,903)	(3,808)	(805)	(2,018)	(27,988)	(36,522)
Liquidation	-	-	(1,898)	(22,053)	-	(3,528)	(770)	(28,249)
Reclassifications	-	-	(19)	-	-	(440)	(166)	(625)
Transfer from assets under construction	-	-	-	-	-	-	(53,811)	(53,811)
Other	-	-	-	-	-	-	(993)	(993)
Cost as at 31 December 2018	**25,480**	**13,442**	**550,514**	**876,097**	**7,810**	**216,466**	**45,159**	**1,734,968**

(all amounts in PLN thousands unless otherwise indicated) translation only

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 1 January 2018	**-**	**7,670**	**250,969**	**756,072**	**5,751**	**163,090**	**4,239**	**1,187,792**
Depreciation charge for the period	-	79	20,155	29,178	818	11,725	-	61,955
Impairment losses	-	-	-	-	-	144	151	295
Reversal of impairment losses	-	-	-	-	-	-	(202)	(202)
Sale	-	-	(1,896)	(3,795)	(685)	(1,441)	-	(7,817)
Liquidation	-	-	(1,655)	(22,027)	-	(2,772)	(73)	(26,527)
Reclassifications	-	-	306	16	-	(322)	-	-
Depreciation and impairment losses as at 31 December 2018	**-**	**7,749**	**267,879**	**759,444**	**5,884**	**170,424**	**4,115**	**1,215,496**
Carrying amounts								
As at 1 January 2018	25,480	5,772	287,061	110,278	2,450	48,817	34,107	513,965
As at 31 December 2018	25,480	5,693	282,634	116,653	1,926	46,042	41,044	519,472

(all amounts in PLN thousands unless otherwise indicated) translation only

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2017	**25,480**	**13,602**	**539,404**	**864,836**	**8,077**	**211,044**	**39,826**	**1,702,269**
Additions	-	-	6,953	15,212	1,557	5,291	57,381	86,394
Acquisitions	-	-	237	7,984	1,394	557	56,150	66,322
Transfer from assets under construction	-	-	6,710	7,228	163	4,710	-	18,811
Other	-	-	6	-	-	24	1,231	1,261
Disposals	-	(160)	(8,326)	(13,698)	(1,433)	(4,428)	(58,861)	(86,907)
Sale	-	-	(1,281)	(10,976)	(1,352)	(2,017)	(34,567)	(50,193)
Liquidation	-	-	(1,236)	(2,657)	(81)	(2,411)	(289)	(6,674)
Sold with the sale of a subsidiary	-	-	-	(5)	-	-	-	(5)
Transfer from assets under construction	-	-	-	-	-	-	(23,495)	(23,495)
Reclassification to non-current assets held for sale	-	(160)	(5,809)	(60)	-	-	-	(6,030)
Other	-	-	-	-	-	-	(510)	(510)
Cost as at 31 December 2017	**25,480**	**13,442**	**538,031**	**866,350**	**8,201**	**211,907**	**38,346**	**1,701,757**

(all amounts in PLN thousands unless otherwise indicated) translation only

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 1 January 2017	**-**	**7,632**	**231,040**	**674,767**	**5,371**	**152,717**	**3,232**	**1,074,759**
Depreciation charge for the period	-	79	20,638	46,079	880	12,847	-	80,523
Impairment losses	-	-	4,620	46,986	676	688	1,017	53,987
Reversal of impairment losses	-	-	(44)	-	-	(66)	(4)	(114)
Sale	-	-	(1,263)	(9,059)	(1,166)	(1,899)	-	(13,387)
Liquidation	-	-	(1,148)	(2,646)	(10)	(1,197)	(6)	(5,007)
Sold with the sale of a subsidiary	-	-	-	(5)	-	-	-	(5)
Reclassification to non-current assets held for sale	-	(41)	(2,874)	(50)	-	-	-	(2,965)
Depreciation and impairment losses as at 31 December 2017	**-**	**7,670**	**250,969**	**756,072**	**5,751**	**163,090**	**4,239**	**1,187,792**
Carrying amounts								
As at 1 January 2017	25,480	5,970	308,364	190,069	2,706	58,327	36,594	627,510
As at 31 December 2017	25,480	5,772	287,061	110,278	2,450	48,817	34,107	513,965

Depreciation of property, plant and equipment is recognised in "cost of sales", "selling expenses" and "administrative expenses". Impairment losses are recognised in "other operating expenses" in the income statement. Reversals of impairment losses are recognised in "other operating income" in the income statement.

(all amounts in PLN thousands unless otherwise indicated) translation only

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

a) Collateral for assets

The following property, plant and equipment are pledged as security for loan facility and finance lease agreements concerning Agora S.A. as well as bank loans and finance lease agreements concerning Helios S.A. (described in note 14):

No.	Assets	Net book value at 31 December 2018
1	Perpetual usufruct	4,221
2	Land	10,496
3	Buildings	129,023
4	Plant, machinery and equipment	49,922
5	Vehicles	249
6	Other fixed assets	9,944
		203,855

b) Plant and equipment used on the basis of finance lease agreements.

The carrying values of property, plant and equipment used on the basis of finance lease agreements are shown in the table below:

	31 December 2018	31 December 2017
Plant, machinery and equipment	44,103	31,993
Vehicles	249	408
Other	9,724	8,344
Property, plant and equipment used on the basis of finance lease agreements	**54,076**	**40,745**
Property, plant and equipment purchased under finance lease agreements during the year	26,978	122

The information on the conditions and terms of finance lease agreements are shown in note 14 to the consolidated financial statements.

c) Property, plant and equipment held for sale as at the balance sheet date

As at 31 December 2018 there was no non-current assets held for sale. As at 31 December 2017, non-current assets with the carrying amount of PLN 13,747 thousand were presented as held for sale and comprised perpetual usufruct rights to a plot of land located at the Czerniakowska Street in Warsaw and properties located in Gdansk at the Tkacka 7/8 and Welniarska 19/20 streets. The assets above were sold in the first quarter of 2018.

On February 26, 2018, since the condition for sales of the right of perpetual usufruct was fulfilled, the Company signed an agreement transferring the right of perpetual usufruct of undeveloped property with the total area of 6,270 square meters in 85/87 Czerniakowska Street in Warsaw. The total amount of the transaction was net PLN 19.0 million and it positively impacted the operating result of the Company amounted to PLN 8.3 million.

On February 27, 2018, the Company signed an agreement for sale of the properties located in Gdansk at the Tkacka 7/8 and Welniarska 19/20 streets. The decision to sell the properties stems from the fact that the Company did not utilize effectively the entire property for its operations. The Company believes that the optimal solution shall be to lease office space adapted to the current scale of operations of the Company in Gdansk. The total sale price of the Property amounted to PLN 8.65 million net and its positive impact on the operating result of the Company amounted to PLN 5.6 million.

(all amounts in PLN thousands unless otherwise indicated) translation only

d) Contractual investment commitments

Contractual investment commitments are disclosed in note 35.

5. LONG-TERM FINANCIAL ASSETS

Long-term financial assets include shares and loans granted to the unconsolidated companies.

	2018	2017
Balance as at beginning of the period	**83**	**83**
Shares	83	83
Loans granted	-	-
Additions	**296**	**-**
Loans granted	296	-
- grant of loans	296	-
Disposals	**-**	**-**
Balance as at end of the period	**379**	**83**
Shares	83	83
Loans granted	296	-

The value of shares relates to held shares constituting 16.7% of the share capital of an unquoted company Polskie Badania Internetu Sp. z o.o., which deals with the research of internet market for participants of this market. In the Group's opinion, the value of shares included in the purchase price does not significantly differ from its fair value.

The loans granted relate to a loan granted by the Group company to her permanent business partner. In the Group's opinion as at 31 December 2018, the loan amount is not significant and is not subject to significant credit risk. Therefore, the Group assessed that the measurement of the loss allowance for expected credit losses for that financial instrument does not have a material impact on the financial statements.

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures accounted for using the equity method.

	2018	2017
Investments in associates	10,288	939
Investments in joint ventures	1,007	6,908
Total investments in equity accounted investees	**11,295**	**7,847**
Balance as at beginning of the period	**7,847**	**21,417**
Additions	9,601	-
Acquisitions shares in a company (note 32)	9,601	-
Disposals	(6,153)	(13,570)
Share in net losses	(772)	(4,727)
Sale of shares (note 32)	(5,381)	(8,843)
Balance as at end of the period	**11,295**	**7,847**

(all amounts in PLN thousands unless otherwise indicated) translation only

Summarised financial information about associates and joint-ventures is presented in note 38.

7. RECEIVABLES AND PREPAYMENTS

	31 December 2018	31 December 2017
Prepayments	2,285	2,871
Other	12,288	12,066
Total accounts receivable and prepayments	**14,573**	**14,937**

As at 31 December 2018 AMS S.A. provided to the bank cash deposits as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 31 December 2018 the deposit receivable amounts to PLN 10.8 million and is presented within long-term receivables.

8. INVENTORIES

	31 December 2018	31 December 2017
Raw materials and consumables	27,284	23,132
Work in progress	3,241	7,822
Finished goods	2,538	1,245
Goods for resale	2,714	2,593
	35,777	**34,792**
Impairment losses recognised	10,052	8,958
Total inventories, gross	**45,829**	**43,750**

Finished goods and work in progres comprises mainly costs related to the production of own movies and publications.

The cost of inventories recognised as an expense amounted to PLN 114,298 thousand (2017: PLN 139,850 thousand) and is presented in "cost of sales" in the income statement.

Impairment losses and reversals of impairment losses are recognised in "cost of sales" in the income statement (in 2018 impairment losses in the net amount of PLN 1,529 thousand, in 2017 impairment losses in the net amount of PLN 1,810 thousand).

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2018	31 December 2017 adjusted*	1 January 2017 adjusted*
Trade receivables	177,777	191,818	194,708
Taxes, social security and similar	14,331	9,382	10,821
Prepayments	8,589	7,684	9,083
Other	26,067	44,717	49,690
	226,764	**253,601**	**264,302**
Impairment losses recognised (1)	33,381	14,766	16,711
Total accounts receivable and prepayments, gross	**260,145**	**268,367**	**281,013**

** the adjustments to comparative amounts were described in note 2.*

(all amounts in PLN thousands unless otherwise indicated) translation only

(1) In 2018 the amount includes an impairment allowance for receivables from Ruch S.A., which are burdened with a probability of being uncollectible in the amount of PLN 20,292 thousand and fully covered under the accelerated arrangement procedure.

Other receivables include mainly loans granted to employees from the Group's social fund of PLN 13,946 thousand (31 December 2017: PLN 15,307 thousand). Loans are granted for periods up to 10 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate no greater than 2%. In 2017 other receivables also include the current part of the cash deposit provided by subsidiary AMS S.A. (described in note 7).

Accounts receivable include receivables from related parties – details are presented in note 39.

Trade receivables are non-interest bearing and payment terms vary usually from 7 to 40 days.

Impairment losses are recognised in "other operating expenses" in the income statement. Reversals of impairment losses are recognised in "other operating income" in the income statement.

Analysis of credit risk exposure on the basis of ageing of trade receivables

	31 December 2018		
	Gross value	Impairment losses	Net value
Current receivables	116,559	262	116,297
Overdue receivables within 1 month	38,658	136	38,522
Overdue receivables between 1 and 3 months	20,117	2,034	18,083
Overdue receivables between 3 and 6 months	11,045	7,753	3,292
Overdue receivables between 6 months and 1 year	13,965	12,808	1,157
Overdue receivables more than 1 year	10,814	10,388	426
	211,158	**33,381**	**177,777**

Changes in impairment losses on accounts receivable

	2018	2017
Balance as at beginning of the period	**14,766**	**16,711**
Additions	23,248	3,955
Reversals	(1,843)	(2,345)
Used impairment losses	(2,790)	(3,555)
Balance as at end of the period	**33,381**	**14,766**

10. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2018	31 December 2017
Certificates in investment funds	122,407	91,783
Loans granted	43	1,051
	122,450	**92,834**

(all amounts in PLN thousands unless otherwise indicated) translation only

11. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash at bank and in hand	19,345	18,596
Short-term bank deposits	8,323	272
Cash in transit	4,267	305
Other	1,068	25
	33,003	**19,198**

Included in cash and cash equivalents is cash in the amount of PLN 6,126 thousand representing cash held on behalf of the Group's social fund (31 December 2017: PLN 7,778 thousand).

12. SHARE CAPITAL

Registered share capital as at 31 December, 2018

Series	Type of shares	Type of preference	Amount of shares	Par value	Origin of capital
A	preference	voting	4,281,600	4,282	conversion
BiD	ordinary	none	42,299,231	42,299	conversion, share issue
			46,580,831	**46,581**	

The nominal value of each share amounts to PLN 1.

Each Registered A share carries five votes at general meetings.

All issued shares are fully paid.

Share Buyback Program in Agora S.A.

On June 21, 2017, the General Meeting of Shareholders adopted the resolutions concerning the authorisation of the Management Board of the Company to acquire Company's own shares for the purposes of their subsequent redemption and general terms of this process as well as the formation of a special-purpose reserve capital allocated for the acquisition of own shares for their redemption in the amount of PLN 23,833 thousand.

The offers to sell shares were accepted from the Company's shareholders from 2 October 2017 till 6 October 2017. All the transactions were settled on 10 October 2017. The Company had bought 1,084,595 of its own shares in total, thereby completing the Share Buyback Program. All the purchased shares were bearer shares listed on the Warsaw Stock Exchange, with a par value of PLN 1.0 each, and (as at 10 October 2017) corresponded to 2.28 percent of the Company's share capital and 1,084,595 votes at the General Meeting of the Company in total, i.e. 1.67 percent of the total votes at the General Meeting of the Company (the "Purchased Shares"). The purchase price was PLN 20.0 per Purchased Share and PLN 21,692 thousand for all the Purchased Shares. The total purchase price (including transaction costs) amounted to PLN 21,744 thousand.

The Purchased Shares were acquired off the regulated market, via Millenium Dom Maklerski S.A., in settlement of the offer to buy shares of Agora S.A. announced by the Company on 26 September 2017. The number of bearer shares offered by shareholders for sale under the Offer totalled 29,131,971. Shareholders did not offer any registered shares for sale. Since the total number of bearer shares offered by shareholders for sale under the Share Buyback Program exceeded the total number of shares which the Company had intended to buy under the Offer (i.e. 1,084,595 shares), the number of shares purchased from individual shareholders was calculated in accordance with the share offer reduction rules detailed in point 10 of the Offer. The average reduction rate applied to the pool of the bearer shares was 96.3 percent.

(all amounts in PLN thousands unless otherwise indicated) translation only

Redemption of the Company's own shares

On June 20, 2018, the Ordinary General Meeting of Shareholders it adopted of resolutions of on the redemption of the Company's own shares repurchased under the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of the Company dated June 21, 2017 and reduce the Company's share capital by the amount of PLN 1,084 thousand. The redemption of shares was take place upon the reduction of the Company's share capital. On August 23, 2018 the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, registered the amendments to the Statute of the Company related to a decrease in the Company's share capital.

13. RETAINED EARNINGS AND OTHER RESERVES

Dividends

Retained earnings may be distributed subject to regulations, stipulated in the commercial companies' code and according to dividend policy announced by the Company.

Frame dividend policy announced by the Company on 14 February of 2005 provides for return of excess cash to shareholders, depending on the Company's perspectives and market conditions, through annual dividend and through share repurchases for the purpose of their redemption.

In accordance with the resolution adopted by the General Meeting of Shareholders on June 20, 2018, the net loss of Agora S.A. for the financial year 2017 in the amount of PLN 68,122 thousand was covered from the reserve capital of the Company.

Besides, in accordance with the resolution No.7 on June 20, 2018, the General Meeting hereby decided to earmark PLN 23,290 thousand from the Company's supplementary capital for paying a dividend to the Company's shareholders. The dividend amount per share of the Company was PLN 0.50. The shareholders which were vested with the Company's shares on July 13, 2018 were eligible to receive a dividend. The dividend payment date was August 2, 2018.

14. LONG-TERM AND SHORT-TERM BORROWINGS

	31 December 2018	31 December 2017
Long term bank loans	30,623	35,304
Finance lease liabilities	33,963	20,804
Total long term borrowings	**64,586**	**56,108**
Short term bank loans	21,725	19,723
Finance lease liabilities	11,484	9,446
Total short term borrowings	**33,209**	**29,169**

Bank loans

Debt repayment schedule:

	31 December 2018	31 December 2017
More than 1 and less than 3 years	25,206	33,927
Between 3 and 5 years	5,417	1,377
Total	**30,623**	**35,304**

On May 18, 2018, Agora S.A. signed Annex No. 1 to the Credit Line Agreement ("Agreement") concluded with DNB Bank Polska S.A. on May 25, 2017, according to which the Company has a credit limit of PLN 110,000 thousand, which may be used until May 23, 2019 on the same terms as set out in the Agreement. According to the Agreement, the Company has an open credit limit in the current account up to PLN 75,000 thousand ("Overdraft 1") that may be used to e.g. finance or refinance acquisitions, investment expenditure and the working capital and after the contractual period, it is automatically converted into a non-renewable loan repayable in quarterly instalments and credit facility in the current account of up to PLN 35,000 thousand ("Overdraft 2") that can be used during the contractual period to finance the working capital and other corporate purposes of the Company including cash pooling facility.

(all amounts in PLN thousands unless otherwise indicated) translation only

On February 20, 2019 r. Agora S.A. used the avaiable credit limit from Overdraft 1 in connection with the aquisition of shares in Eurozet Sp. z o.o. (additional information about the transaction is presented in note 42 relating to events after the balance sheet date).

As at 31 December 2018, the Company has an outstanding debt related to the non-renewable loan of PLN 20,861 thousand and debt within its current account facility in the amount of PLN 780 thousand.

As at 31 December 2018, external debt of the Helios S.A. including bank loans and finance lease liabilities amounted to PLN 73,228 thousand. This amount consisted of:

- bank loans in the amount of PLN 28,622 thousand (including PLN 18,162 thousand presented in non-current part);
- finance lease liabilities in the amount of PLN 44,606 thousand (including PLN 33,296 thousand presented in non-current part) - connected mainly with finance leasing of the cinema equipment and cars.

Finance lease liabilities

	31 December 2018	31 December 2017
Future minimum lease payments	49,905	32,734
Future finance charges	(4,458)	(2,484)
Present value of finance lease liabilities, total	**45,447**	**30,250**

Present value of finance lease liabilities by payment period

	31 December 2018	31 December 2017
Within 1 year	11,484	9,446
Between 1 and 5 years	30,284	20,800
More than 5 years	3,679	4
Present value of finance lease liabilities, total	**45,447**	**30,250**

Future minimum lease payments by payment period

	31 December 2018	31 December 2017
Within 1 year	13,115	10,528
Between 1 and 5 years	33,030	22,202
More than 5 years	3,760	4
Future minimum lease payments, total	**49,905**	**32,734**

Additional information connected to loan and leasing agreement are included in the table below:

(all amounts in PLN thousands unless otherwise indicated) translation only

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2018	31 December 2017	31 December 2018		31 December 2017					
			Long term	Short term	Long term	Short term				
Credits										
DNB Bank Polska S. A.	135,000	135,000	12,462	9,179	20,780	8,693	WIBOR 1M or 3M + bank margin	the non-renewable credit - quarterly 12 instalments from July 1, 2018 to April 1, 2021; credit facility in the current account - may be used by May 23, 2019.	mortgages on propertis in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, pledges on Company's bank accounts, guaratee provided by Agora Finanse Sp. z o.o.	credit line granted to Agora S.A. (divided into parts: non-renewable credit and ready to use credit facility in the current account)
Santander Bank Polska S.A. (previously Bank Zachodni WBK S.A.)	22,720	26,220	4,557	4,234	4,693	3,850	1M WIBOR + bank margin	monthly installments until June 24, 2024	mortgage on property in Białystok, Radom, Sosnowiec and Opole, registered pledge on cinema equipment, pledge on insurance policy, blank promissory note, patronage declaration from Agora S.A., subordinated loan from Agora S.A.	investment credit granted to Helios S.A.

(all amounts in PLN thousands unless otherwise indicated) translation only

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2018	31 December 2017	31 December 2018		31 December 2017					
			Long term	Short term	Long term	Short term				
Raiffeisen Bank Polska S.A.	69,200	64,200	13,501	6,124	9,625	4,303	1M WIBOR + bank margin	monthly installments until October 29, 2021	registered pledge on cinema equipment, pledge on insurance policy, Bank`s right to settle liabilites arising from loan agreement against current account, blank promissory note with promissory note declaration, pledge on current account and other bank accounts managed by the Bank, mortgage on property in Opole, Bialystok, Sosnowiec and Radom, pledge on insurance policy, plegde on receivables from a contract on the basis of the agreement between the Bank and the Borrower	investment credit granted to Helios S.A.
Raiffeisen Bank Polska S.A.	1,500	1,500	103	103	207	103	1M WIBOR + bank margin	monthly installments until December 31, 2020	mortgage on property in Opole, registered pledge on cinema equipment, pledge on insurance policy, Bank`s right to settle liabilites arising from loan agreement against current account, blank promissory note with promissory note declaration	revolving credit granted to Helios S.A.
mBank SA	8,000	8,000	-	2,085	-	2,775	WIBOR ON+ bank margin	credit facility in the current account until November 26, 2019	a statement on voluntary submission to enforcement	credit facility in the current account AMS S.A.

(all amounts in PLN thousands unless otherwise indicated) translation only

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2018	31 December 2017	31 December 2018		31 December 2017					
			Long term	Short term	Long term	Short term				
Finance lease liabilities										
RCI Leasing Polska Sp. z o.o.	232	232	93	47	140	43	lessors margin	repayment in installments till 2022	blank promissory note, subject of leasing (cars)	lease agreement signed by Agora S.A.
Santander Leasing S.A. (previosuly BZ WBK LEASING S.A.)	62,529	40,178	28,293	9,693	17,083	6,295	1M WIBOR + lessor`s margin	Final repayment in installments till 2025	blank promissory note, leased equipment (projectors 3D, cinema and bar equipment)	lease agreement signed by Helios S.A.
mLeasing Sp. z o.o.	3,114	-	2,568	477	-	-	1M WIBOR + lessor`s margin	Final repayment in installments till 2024	blank promissory note, leased equipment (cars and cinema equipment)	lease agreement signed by Helios S.A.
SG Equipment Leasing Polska Sp. z o.o.	452	452	-	82	89	78	1M WIBOR + lessor`s margin	Final repayment in installments till 2020	blank promissory note, leased equipment (cinema equipment in Legnica), gurantee deposit equal to 10% of financing amount	lease agreement signed by Helios S.A.
ING Lease Sp. z o.o.	260	11,184	36	57	93	1,722	1M WIBOR + lessor`s margin	Final repayment in installments till 2021	blank promissory note, leased equipment (projectors, cinema equipment)	lease agreement signed by Helios S.A.
Europejski Fundusz Leasingowy S.A.	-	1,887	-	-	-	346	1M WIBOR + lessor`s margin	Final repayment in installments till 2018	blank promissory note, leased equipment (cinema and bar equipment)	lease agreement signed by Helios S.A.
PKO Leasing S.A.	6,343	6,343	2,400	1,001	3,399	961	1M WIBOR + lessor`s margin	Final repayment in installments till 2022	blank promissory note, leased equipment (projectors, cinema equipment)	lease agreement signed by Helios S.A.
Santander Leasing S.A. (previously BZ WBK LEASING S.A.)	790	-	573	128	-	-	1M WIBOR + lessor`s margin	Final repayment in installments till 2023	blank promissory note, leased equipment (catering equipment, restaurant equipment)	lease agreement signed by Foodio Concepts Sp. z o.o.

(all amounts in PLN thousands unless otherwise indicated) translation only

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% and 15% (2017: 19% and 15%). The tax rate of 15% (for a small CIT taxpayer) applies to subsidiaries IM 40 Sp. z o.o., Optimizers Sp. z o.o. and Plan A Sp. z o.o. (In 2017 IM 40 Sp. z o.o. and Optimizers Sp. z o.o.)

Deferred tax assets

	As at 1 January 2018	Recognised in the income statement	Recognised in other comprehensive income	As at 31 December 2018
Accruals	**16,204**	1,014	-	**17,218**
Financial assets and liabilities	**15**	(15)	-	**-**
F/X differences	**25**	(24)	-	**1**
Interests liabilities	**88**	27	-	**115**
Deferred revenues	**9,745**	(704)	-	**9,041**
Provisions	**913**	154	(45)	**1,022**
Accelerated depreciation and amortisation	**5,245**	(3,509)	-	**1,736**
Impairment losses for inventories	**1,863**	182	-	**2,045**
Impairment losses for accounts receivable	**821**	(197)	-	**624**
Tax losses	**175**	724	-	**899**
Finance leases	**-**	1	-	**1**
	35,094	**(2,347)**	**(45)**	**32,702**

Deferred tax liabilities

	As at 1 January 2018	Recognised in the income statement	Recognised in other comprehensive income	As at 31 December 2018
Accelerated depreciation and amortisation	**28,074**	(2,900)	-	**25,174**
Financial assets and liabilities	**268**	(202)	-	**66**
F/x differences	**-**	2	-	**2**
Interest receivables	**28**	28	-	**56**
Finance leases	**2,254**	(613)	-	**1,641**
Other	**261**	147	-	**408**
	30,885	**(3,538)**	**-**	**27,347**

(all amounts in PLN thousands unless otherwise indicated) translation only

Deferred tax asset

	As at 1 January 2017	Recognised in the income statement	Recognised in other comprehensive income	Related to disposal of a subsidiary	As at 31 December 2017
Accruals	**15,665**	539	-	-	**16,204**
Financial assets and liabilities	**45**	(30)	-	-	**15**
F/X differences	**-**	25	-	-	**25**
Interests liabilities	**66**	22	-	-	**88**
Deferred revenues	**11,253**	(1,508)	-	-	**9,745**
Provisions	**1,832**	(868)	(51)	-	**913**
Accelerated depreciation and amortisation	**1,853**	3,439	-	(47)	**5,245**
Impairment losses for inventories	**1,739**	124	-	-	**1,863**
Impairment losses for accounts receivable	**897**	(76)	-	-	**821**
Tax losses	**348**	(173)	-	-	**175**
Other	**2**	(2)	-	-	**-**
	33,700	**1,492**	**(51)**	**(47)**	**35,094**

Deferred tax liabilities

Accelerated depreciation and amortisation	**39,166**	(11,092)	-	-	**28,074**
Financial assets and liabilities	**1,409**	(1,141)	-	-	**268**
F/x differences	**11**	(11)	-	-	**-**
Interests liabilities	**91**	(63)	-	-	**28**
Finance leases	**3,139**	(885)	-	-	**2,254**
Other	**278**	(17)	-	-	**261**
	44,094	**(13,209)**	**-**	**-**	**30,885**

(all amounts in PLN thousands unless otherwise indicated) translation only

Deferred tax assets and liabilities	Before offsetting	Offsetting	31 December 2018 Carrying amount
Assets	32,702	(17,803)	14,899
Liabilities	27,347	(17,803)	9,544

Deferred tax assets and liabilities	Before offsetting	Offsetting	31 December 2017 Carrying amount
Assets	35,094	(18,557)	16,537
Liabilities	30,885	(18,557)	12,328

Unrecognised tax assets

Due to uncertainty about the availability of future tax profits within the next five years the Group did not recognise certain deferred tax assets concerning some unused tax losses.

The amounts of deductible temporary differences and unused tax losses available together with expiry dates for which a deferred tax asset has not been recognised are shown in the table below:

	31 December 2018	31 December 2017	Expiry date
Unused tax losses	131,654	119,449	up to 2025*
Other deductible temporary differences	18,804	-	unlimited

** taking into account the 3-year period of the existence of the Tax Capital Group ("TCG"), during which the utilisation of the tax losses arising before the establishment of the TCG is suspended.*

Tax Capital Group

On December 21, 2017, the Management Board of Agora S.A. adopted a resolution expressing the intention to establish a Tax Capital Group ("TCG") which shall include Agora and the its subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Domiporta Sp. z o.o., Helios S.A., AMS S.A., Yieldbird Sp. z o.o., and Plan A Sp. z o.o.

On February 15, 2018 , the Management Board of Agora S.A. received a decision issued by the Head of the Second Mazovian Tax Office in Warsaw on the registration of the contract on the establishment of Agora Tax Capital Group.

Agora Tax Capital Group will be established on March 1st, 2018, and each subsequent tax year will overlap with the calendar year. The agreement shall be in force till December 31st, 2020.

In the agreement on the establishment of the Tax Capital Group, Agora was designated as the company representing the TCG with respect to the obligations arising from the Corporate Income Tax Act and from the provisions of the Tax Ordinance.

(all amounts in PLN thousands unless otherwise indicated) translation only

16. OTHER FINANCIAL LIABILITIES

	2018	2017
Long term		
Put option liabilities	33,237	30,605
	33,237	**30,605**
Short term		
Put option liability	1,607	-
	1,607	**-**

Put option liabilities concern the estimated redemption amount of the put options granted to non-controlling shareholders.

As at December 31, 2018, its value amounted to:
- for non-controlling shareholders of Helios S.A. PLN 33,237 thousand (31 December 2017: PLN 29,020 thousand),
- for non-controlling shareholder of Goldenline Sp. z o.o PLN 1,607 thousand (31 December 2017: PLN 1,585 thousand).

17. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to retirement severances payments. The amount provided as at 31 December 2018 amounted to PLN 3,157 thousand (31 December 2017: PLN 3,102 thousand), including longterm retirement severance provision of PLN 2,916 thousand (31 December 2017: PLN 2,804 thousand).

(all amounts in PLN thousands unless otherwise indicated) translation only

18. PROVISIONS

	Provision for restructuring	Provision for penalties, interests and similar	Provision for onerous contracts	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	Other	**Total**
As at 1 January 2018	**17**	**2,079**	**695**	**476**	**142**	**426**	**3,835**
Additions	3,618	349	-	-	167	-	4,134
Set up of provisions	3,618	349	-	-	167	-	4,134
Disposals	(2,169)	(909)	(232)	(402)	(172)	(316)	(4,200)
Provisions used during the period	(2,059)	-	-	(402)	(29)	(78)	(2,568)
Unused provisions reversed	(110)	(909)	(232)	-	(143)	(238)	(1,632)
As at 31 December 2018	**1,466**	**1,519**	**463**	**74**	**137**	**110**	**3,769**
Long term	**1,084**	**-**	**232**	**-**	**-**	**-**	**1,316**
Short term	**382**	**1,519**	**231**	**74**	**137**	**110**	**2,453**

(all amounts in PLN thousands unless otherwise indicated) translation only

(i) Provision for restructuring

In 2018 in connection with the announcement of lay-offs in Print segment and restructuring in Magazine's Department, the Company established a provision for costs related to this process in the amount of PLN 3,618 thousand. As at 31 December 2018, the total provision outstanding for usage amounted PLN 1,466 thousand.

On February 7, 2018 The Management Board of Agora S.A informed about:

(i) concluding on February 7th, 2018 a trilateral agreement ("Agreement") with trade unions operating at the Company (which fulfills the provisions of article 3, Section 1 of the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with work council in the Company (which constitutes an agreement in accordance with the Act of April 7th, 2006 on informing and consulting employees),

(ii) adopting by the Management Board of the Company on February 7th, 2018 resolution to execute collective redundancies in the Print segment of the Agora Group, in accordance with the provisions of the Agreement.

The collective redundancies were executed from February 15th, 2018 until March 16th, 2018, and affected 47 employees of the Print segment of the Agora Group, i.e. ca 15% of all employees of the segment.

In accordance with the agreement, the laid-off employees were provided by the Company with a wider range of supportive measures than required by law. The redundancy payment estimated according to law regulations was increased by indemnity in the amount equal to one additional monthly salary. The laid-off employees shall be supported by additional protective measures provided by the Company, inter alia, help in searching for new job or reskilling. Employees who will remain employed in the Print segment will have their basic remuneration increased, inter alia, due to the changed scope of duties. The Company, in accordance with requirements of law, submitted an appropriate set of information, together with the signed Agreement, to a relevant Labor Office.

(ii) Provision for penalties, interests and similar

Provision for penalties, interests and similar includes mainly penalties for putting advertising panels on the waysides by the companies of the AMS group.

(iii) Provision for onerous contracts

Provision for onerous contracts was recognised by the subsidiary Helios S.A. based on the analysis of the settlement of a long-term operating lease contract concerning one of the cinema locations within the Helios network.

(iv) Provision for legal claims

The Group is a defendant in court cases. As at 31 December 2018 the Group evaluated the risk of loss and payment of indemnities in those cases. The amount of indemnities was determined based on consultation with Group's lawyers taking into account the present status of those cases and information available. Additionally, the companies of the Group are a party of legal disputes in the amount of PLN 2,033 thousand (as at December 31, 2017: PLN 2,410 thousand), in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

19. TRADE AND OTHER PAYABLES

Non-current	31 December 2018	As at 31 December 2017 adjusted*	As at 1 January 2017 adjusted *
- related to purchase of non-current assets	1,051	1,351	1,624
- other	1,899	1,276	1,419
Accruals and other liabilities	**2,950**	**2,627**	**3,043**

(all amounts in PLN thousands unless otherwise indicated) translation only

Current	31 December 2018	As at 31 December 2017 adjusted*	As at 1 January 2017 adjusted *
Trade payables	46,270	45,310	45,782
Other taxes and social security	18,445	15,902	26,249
Current accruals, including:	81,332	78,193	74,157
- employee benefits (remuneration, vacation pay, bonuses)	*27,672*	*30,206*	*30,234*
- accrual for costs	*53,660*	*47,987*	*43,923*
Rebates liability	39,528	39,845	47,829
Returns liability	6,815	9,795	9,948
Other	20,152	19,355	19,409
Social Fund	20,372	23,471	26,824
Trade and other payables	**232,914**	**231,871**	**250,198**

** the adjustments to comparative amounts were described in note 2.*

Trade payables are non-interest bearing and are normally settled usually within 14 - 60 days.

Taxes and social security payables are non-interest bearing and are usually settled monthly.

Accounts payable include payables to related parties – details are presented in note 39.

20. CONTRACT LIABILITIES

The following table presents contract liabilities as at the balance sheet date:

	31 December 2018	As at 31 December 2017 adjusted*	As at 1 January 2017 adjusted *
Non-current			
Prepayments for advertising services	414	820	1,231
Prepayments for film's licences	36	523	265
Other contract liabilities	-	15	3
Non-current contract liabilities	**450**	**1,358**	**1,499**
Current			
Prepayments for advertising services	4,316	4,587	4,603
Prepayments for subscriptions	3,283	3,090	2,933
Prepayments for film's licences	579	26	102
Sale of coupons to cinemas	5,469	5,209	4,997
Other contract liabilities	299	46	101
Current contract liabilities	**13,946**	**12,958**	**12,736**

** the adjustments to comparative amounts were described in note 2.*

(all amounts in PLN thousands unless otherwise indicated) translation only

The following table presents changes in the contract liabilities during the financial year:

	Non-current	Current	Total
As at 1 January 2018	**1,358**	**12,958**	**14,316**
Increase from prepayments received	-	13,408	13,408
Decrease from recognised revenue	(370)	(12,958)	(13,328)
Reclassification	(538)	538	-
As at 31 December 2018	**450**	**13,946**	**14,396**

	Non-current	Current	Total
As at 1 January 2017	**1,499**	**12,736**	**14,235**
Increase from prepayments received	302	12,515	12,817
Decrease from recognised revenue	-	(12,736)	(12,736)
Reclassification	(443)	443	-
As at 31 December 2017	**1,358**	**12,958**	**14,316**

21. REVENUE AND OPERATING SEGMENT INFORMATION

(a) Operating segment information

In accordance with IFRS 8 *Operating segments,* in these consolidated financial statements information on operating segments are presented on the basis of components of the Group that management monitors in making decisions about operating matters. Operating segments are components of the Group, about which separate financial information is available, that is evaluated regularly by the chief operating decision maker in the process of decision making regarding allocation of resources and assessing the performance of the Group.

For management purposes, the Group is organized into business units based on their products and services.

The Group activities are divided into six reportable operating segments as follows:

1) the *Movies and Books* segment includes the Group's activities within the cinema management of Helios S.A., film distribution and production activities of Next Film Sp. z o.o. and Next Script Sp. z o.o., the activities of Foodio Concepts Sp. z o.o. as well as the activities of Agora`s Publishing House,

2) the *Press* segment includes the Group's activities related to publishing of the daily *Gazeta Wyborcza* (including digital subscriptions), special editions of *Gazeta Wyborcza* magazines as well as publishing of the magazines within Agora's Magazine Department,

3) the *Outdoor* segment includes the activities within the AMS Group, which provides advertising services on different forms of outdoor advertising panels,

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services within the Agora's Internet department, including internet activities transferred from the Magazines division as well as the activities of companies: Domiporta Sp. z o.o. (previous Trader.com (Polska) Sp. z o.o.), Yieldbird Sp. z o.o., Sir Local Sp. z o.o. (until 31 March 2017), GoldenLine Sp. z o.o. and Optimizers Sp. z o.o.;

5) the *Radio* segment includes the Group's activities within local radio stations, super-regional *TOK FM* radio and Agora's Radio Department,

6) the *Print* segment includes the Group's activities related to printing services within the Agora's Printing Department and Agora Poligrafia Sp. z o.o.

Accounting policies for operating segments are the same as followed by the Agora Group, besides some issues described below.

Data within each reportable segment are consolidated pro-forma. The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Press segment operating costs associated with the production of *Gazeta Wyborcza* are settled on the basis of the allocation of costs from the Print segment. The production costs are settled by allocation of printing services according to a card rate set on the market basis. Since the first quarter of 2018, the Group allocates costs related to office space in the Company`s headquarters to particular operating segments. Moreover, since the first quarter of 2018, the revenue and costs related to magazines' websites in the Magazines division were transferred from the Press segment to the Internet segment. The presentation of data for the comparative periods was adjusted accordingly. Segment performance is evaluated based on operating profit or loss.

Operating results of reportable segments do not include:
a) revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments,
b) amortisation recognised on consolidation (described below).

Group financing (including finance costs and finance revenue) and income tax are managed on a Group level and are not allocated to operating segments. Transfer prices between operating segments are set on the market basis in the manner similar to transactions with third parties.

Reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.), the Management Board, Agora TC Sp. z o.o., Agora Finanse Sp. z o.o., intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions included the investment in Stopklatka S.A. (until 31 May 2018) and in Green Content Sp. z o.o. (until 31 August 2017).

Operating depreciation and amortisation includes amortisation of intangible assets and fixed assets of each segment. Amortisation recognised on consolidation can be defined as consolidation adjustments, inter alia: the amortisation of intangible assets and adjustments to property, plant and equipment recognised directly on consolidation.

Impairment losses and reversals of impairment losses show impairment losses and their reversals presented in other operating expenses and income.

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for twelve months ended 31 December 2018 and 31 December 2017 relate to Online Technologies HR Sp. z o.o, Instytut Badan Outdooru Sp. z o.o., Stopklatka S.A. (until 31 May 2018), Hash.fm Sp. z o.o., Green Content Sp. z o.o. (until 31 August 2017) and ROI Hunter a.s. (from 30 September 2018).

Capital expenditure consists of additions based on the invoices booked in the reported period connected to purchases of intangible and fixed assets. In case of Movies and Books segment capital expenditure do not include outlays related to the cinema fit-out works to the extent in which those outlays are reimbursed by the owners of the premises, in which those cinemas are located.

The Agora Group does not present geographical reporting segments, because its business activities are carried out mainly in Poland.

(all amounts in PLN thousands unless otherwise indicated) translation only

(a) Operating segment information, continued

	Twelve months ended 31 December 2018							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Revenues from external customers	403,007	205,109	170,353	174,387	112,244	70,330	5,728	1,141,158
Intersegment revenues (2)	16,093	8,987	1,502	3,423	3,752	1,122	(34,879)	-
Total revenues	**419,100**	**214,096**	**171,855**	**177,810**	**115,996**	**71,452**	**(29,151)**	**1,141,158**
Total operating cost (1), (2), (3)	**(385,750)**	**(238,555)**	**(144,903)**	**(162,213)**	**(98,763)**	**(80,478)**	**(29,621)**	**(1,140,283)**
Operating profit / (loss) (1)	**33,350**	**(24,459)**	**26,952**	**15,597**	**17,233**	**(9,026)**	**(58,772)**	**875**
Net finance income and cost							20,785	20,785
Share of results of equity accounted investees (3)	-	-	(61)	(144)	-	-	(567)	(772)
Income tax							(11,509)	(11,509)
Net profit								**9,379**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments since the first quarter of 2018), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 70,289 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

(all amounts in PLN thousands unless otherwise indicated) translation only

(a) Operating segment information, continued

	Twelve months ended 31 December 2018							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(30,272)	(1,347)	(19,714)	(5,261)	(4,053)	(8,472)	(15,516)	(84,635)
Amortisation recognised on consolidation (1)	(517)	-	-	(2,736)	-	-	254	(2,999)
Impairment losses	(506)	(23,478)	(1,630)	(8,180)	(293)	(255)	(354)	(34,696)
including non-current assets (5)	-	*(2,285)*	*(295)*	*(7,541)*	-	-	-	*(10,121)*
Reversals of impairment losses	176	720	601	348	101	138	6	2,090
including non-current assets	-	-	*247*	-	-	-	-	*247*
Equity-settled share-based payments	(305)	-	-	(1,209)	-	-	-	(1,514)
Cost of restructuring (2)	-	(2,200)	-	-	-	(1,418)	-	(3,618)
Capital expenditure (3)	54,498	1,914	9,242	8,374	2,385	499	8,209	85,121

	As at 31 December 2018							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	286,745	55,326	261,828	35,575	84,854	79,523	136,301	940,152
Investments in associates and joint ventures accounted for by the equity method	-	-	-	11,295	-	-	-	11,295

(1) is not presented in operating result of the Group's segments;
(2) cost related to group lay-offs executed in Print segment in the first quarter of 2018 and costs relating to restructuring in Magazine's Department in second quarter of 2018;
(3) based on invoices booked in the period, Movies and books data include also lease property, plant and equipment in the amount of PLN 26,978 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 99,044 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations;
(5) the amounts include impairment losses on current assets and non-current assets mainly GoldenLine domain and the press title „Ladny Dom".

(all amounts in PLN thousands unless otherwise indicated) translation only

(a) Operating segment information, continued

	Twelve months ended 31 December 2017							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Revenues from external customers	398,453	222,195	161,470	166,662	110,034	100,117	6,548	1,165,479
Intersegment revenues (2)	17,776	9,256	1,572	5,393	3,957	1,592	(39,546)	-
Total revenues	**416,229**	**231,451**	**163,042**	**172,055**	**113,991**	**101,709**	**(32,998)**	**1,165,479**
Total operating cost (1), (2), (3),(4)	**(386,699)**	**(237,926)**	**(134,785)**	**(175,587)**	**(97,336)**	**(165,064)**	**(41,118)**	**(1,238,515)**
Operating profit/(loss) (1)	**29,530**	**(6,475)**	**28,257**	**(3,532)**	**16,655**	**(63,355)**	**(74,116)**	**(73,036)**
Net finance income and cost							2,547	2,547
Share of results of equity accounted investees (3)	-	-	-	56			(4,783)	(4,727)
Income tax							(4,077)	(4,077)
Net loss								**(79,293)**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;

(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;

(3) reconciling positions show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments since the first quarter of 2018), and the Management Board and Agora TC Sp. z o.o. (PLN 93,122 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A. and Green Content Sp. z o.o. (until 31 August 2017);

(4) the amounts include impairment losses described in table below.

(all amounts in PLN thousands unless otherwise indicated) translation only

(a) Operating segment information, (continued)

	Twelve months ended 31 December 2017							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Operating depreciation and amortisation	(34,679)	(1,758)	(17,783)	(4,625)	(3,406)	(20,735)	(17,022)	(100,008)
Amortisation recognised on consolidation (1)	(517)	-	-	(2,736)	-	-	254	(2,999)
Impairment losses	(520)	(14,399)	(2,896)	(22,517)	(487)	(51,756)	(1,100)	(93,675)
including non-current assets (4)	*(20)*	*(13,193)*	*(1,694)*	*(21,754)*	-	*(51,580)*	*(765)*	*(89,006)*
Reversals of impairment losses	372	450	380	787	193	273	4	2,459
including non-current assets	-	-	*114*	-	-	-	-	*114*
Equity-settled share-based payments	-	-	-	(604)	-	-	-	(604)
Capital expenditure (2)	16,386	622	19,380	4,159	8,173	1,452	6,874	57,046

	As at 31 December 2017							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions (3)	Total
Property, plant and equipment and intangible assets	263,899	58,114	273,421	42,506	86,553	84,287	156,874	965,654
Investments in associates and joint ventures accounted for by the equity method	-	-	-	1,898	-	-	5,949	7,847

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period;
(3) reconciling positions include mainly Company's headquarter (PLN 103,957 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A., reconciling positions include also non-current assets, which as at 31 December 2017 were presented in the balance sheet as non-current assets held for sale according to the description provided in note 4c;
(4) the amounts include impairment losses on non-current assets, which in 2017 concern mainly the press title „Cztery Katy" in Press segment, goodwill of Domiporta Sp. z o.o. (previously Trader.com. (Polska) Sp. z o.o). in Internet segment and non-current assets in Print segment.

(all amounts in PLN thousands unless otherwise indicated) translation only

(a) Operating segment information, (continued)

Disaggregation of revenue into main categories based on the nature of transferred goods and services.

	Twelve months ended 31 December 2018							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Advertising revenue	31,868	101,650	170,224	167,036	110,078	-	(26,342)	554,514
Ticket sales	236,630	-	-	-	571	-	(772)	236,429
Copy sales	28,477	106,830	-	-	-	-	(4,197)	131,110
Concession sales in cinemas	90,403	-	-	-	-	-	(241)	90,162
Printing services	-	18	-	-	-	63,726	(14)	63,730
Film distribution and production sales	10,580	-	-	-	-	-	(130)	10,450
Other	21,142	5,598	1,631	10,774	5,347	7,726	2,545	54,763
Total sales by category	**419,100**	**214,096**	**171,855**	**177,810**	**115,996**	**71,452**	**(29,151)**	**1,141,158**

	Twelve months ended 31 December 2017							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Advertising revenue	37,047	114,547	160,794	158,654	109,395	-	(30,330)	550,107
Ticket sales	222,427	-	-	-	475	-	(688)	222,214
Copy sales	26,165	112,268	-	2	-	-	(4,174)	134,261
Concession sales in cinemas	83,141	-	-	-	-	-	(35)	83,106
Printing services	-	22	-	-	-	93,998	-	94,020
Film distribution and production sales	26,272	-	-	-	-	-	(476)	25,796
Other	21,177	4,614	2,248	13,399	4,121	7,711	2,705	55,975
Total sales by category	**416,229**	**231,451**	**163,042**	**172,055**	**113,991**	**101,709**	**(32,998)**	**1,165,479**

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Revenue includes barter sales of PLN 39,304 thousand (2017: PLN 38,392 thousand).

Revenue from advertising services, film distribution and from selling a digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution and access to digital subscription represent services performed throughout the specified time agreed in contracts with customers. Revenue from other goods and services of the Company usually represent revenue recognised at a point in time, when control of the goods or services is transferred to the customer, which is at the moment, when the service is completed or goods are delivered to a customer.

22. EXPENSES BY NATURE

	2018	2017
Depreciation of property, plant and equipment (note 4)	61,955	80,523
Amortisation of intangibles (note 3)	25,679	22,484
Raw materials, energy and consumables	153,407	170,816
Advertising and promotion costs	67,463	74,693
Property operating lease rentals	66,236	63,496
Outdoor location lease rentals	41,989	41,213
Taxes and similar charges	10,536	7,872
Other external services rendered	365,863	363,461
Staff costs (note 25)	332,293	327,648
Total expenses by nature	**1,125,421**	**1,152,206**
Change in the balance of products	(131)	239
Cost of production for in-house use	(179)	(198)
Total operating expenses	**1,125,111**	**1,152,247**
Selling expenses	(206,595)	(206,142)
Administrative expenses	(141,079)	(131,440)
Cost of sales	**777,437**	**814,665**

23. OTHER OPERATING INCOME

	2018	2017
Gain on disposal of non-financial non-current assets (1)	14,418	2,225
Grants received	2,781	5,056
Reversal of impairment losses for non-financial non-current assets	247	114
Reversal of provisions	1,522	356
Donations received	-	319
Liabilities written off	661	577
Other	2,886	3,342
	22,515	**11,989**

(1) In 2018 includes mainly gain on sale perpetual usufruct of undeveloped property in Warsaw and property in Gdansk (note 4c).

24. OTHER OPERATING EXPENSE

	2018	2017
Impairment losses recognised for non-financial non-current assets (note 3, 4)	10,121	89,006
Donations	737	761
Provisions recognised	516	2,510
Liquidation of fixed assets including dismantling panels	2,048	1,002

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Other	2,860	3,368
	16,282	**96,647**
Impairment losses recognised for receivables - net		
Impairment losses recognised for receivables (note 9)	23,248	3,955
Reversal of impairment losses for receivables	(1,843)	(2,345)
	21,405	**1,610**

25. STAFF COSTS

	2018	2017
Wages and salaries	281,325	277,057
Social security costs	50,968	50,591
	332,293	**327,648**
Average number of employees	**2,783**	**2,882**

The headcount figure include employees of Agora S.A. and of the companies consolidated using the full consolidation method (see note 38).

26. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

The remuneration of the Management Board members is based on three elements – fixed remuneration (base salary), variable component (motivation plans and discretionary bonuses) and non-wage benefits, whose scope is determined by the Supervisory Board.

Remuneration paid to Management Board members for the period of holding the post of a Management Board member is presented in the table below:

	2018	base salary	variable component	other benefits
Management Board				
Bartosz Hojka	1,708	804	900	4
Tomasz Jagiello	790	240	550	-
Agnieszka Sadowska	1,045	491	550	4
Grzegorz Kania	685	600	81	4
Anna Krynska - Godlewska	681	600	81	-
Grzegorz Kossakowski (1)	374	-	374	-
Robert Musial (2)	89	-	89	-
	5,372	**2,735**	**2,625**	**12**

	2017	base salary	variable component	other benefits
Management Board				
Bartosz Hojka	1,643	804	836	3
Tomasz Jagiello	745	240	505	-
Agnieszka Sadowska	560	283	272	5
Grzegorz Kania	90	90	-	-
Anna Krynska - Godlewska	90	90	-	-
Grzegorz Kossakowski	908	400	505	3
Robert Musial	606	100	505	1
	4,642	**2,007**	**2,623**	**12**

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(1) Grzegorz Kossakowski held the position of Management Board Member until September 5, 2017, variable remuneration paid in 2018 relates to the Incentive Plan for the period of holding the post of a Management Board member in 2017.

(2) Robert Musial performed the function of a Member of the Management Board until February 28, 2017, variable remuneration paid in 2018 relates to the Incentive Plan for the period of holding the post of a Management Board member in 2017.

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 357 thousand (in 2017: in the amount of PLN 356 thousand) and Agnieszka Sadowska received remuneration as the Member of the Management Board of Stopklatka S.A. in the amount of PLN 175 thousand (in 2017 in the amount of PLN 253 thousand). The other members of Agora's Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint-ventures and associates.

The impact on staff costs of the incentive plan for the Management Board of Agora S.A. based on financial instruments is described in note 27.

The information related to liabilities to formerly Management Board members is described in note 18.

Remuneration paid to Supervisiory Board members comprised fixed salary and is presented in the table below:

Supervisory Board	2018	2017
Andrzej Szlezak	108	108
Wanda Rapaczynski	72	72
Tomasz Sielicki	72	72
Dariusz Formela	72	72
Anna Krynska - Godlewska (1)	-	62
Andrzej Dobosz	72	72
Wisniewski Maciej (2)	72	10
	468	**468**

(1) Anna Krynska – Godlewska was a Member of Supervisory Board till November 8, 2017;
(2) Maciej Wisniewski is a Member of Supervisory Board from November 9, 2017.

27. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

a) Incentive Plan for the Management Board members

Starting from the second quarter 2018, Management Board members of the Company participate in an incentive program ("Incentive Plan"), within which one of the components (related to the Company`s share price increase) is accounted for as a cash-settled share-based payment. According to the Incentive Plan Management Board members are eligible to receive an Annual Bonus based on two components described below:

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfillment, which is specified as the EBITDA level of the Agora Group to be reached in the given financial year determined by the Supervisory Board. The fulfillment of the EBITDA target will be determined on the basis of the audited consolidated financial statements of the Agora Group for the given financial year;

(ii) the percent of Company's share price increase ("the Target of Share Price Increase"). The amount of a potential bonus in this component of the Incentive Plan will depend on the percent of Company's share price increase in the future. The share price increase will be calculated as a difference between the average of the quoted closing Company's share prices in the first quarter of the financial year commencing after the financial year for which the bonus is calculated ("the Average Share Price in IQ of Next Year") and the average of the quoted closing Company's share prices in the first quarter of the financial year for which the bonus is calculated ("the Average Share Price in IQ of Bonus Year"). If the Average Share Price in IQ of Next Year will be lower than the Average

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Share Price in IQ of Bonus Year, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted, however, the Supervisory Board retains a right to the final verification of the Target of Share Price Increase by reference to the dynamics of changes in stock exchange indexes on capital markets.

The bonus from the Incentive Plan depends also on the fulfillment of a non-market condition, which is the continuation of holding the post of the Management Board member within the period, for which the bonus is calculated.

The rules, goals, adjustments and conditions for the Incentive Plan fulfillment for the Management Board members are specified in the Supervisory Board resolution.

As at 31 December 2018, the value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target for 2018 and was charged to the Income Statement.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 December 2018, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet.

The basic parameters of the Binomial Option Price Model used for calculation of the fair value of the potential reward from the realization of the Target of Share Price Increase are described below:

the share price of Agora S.A. as at the current balance sheet date	PLN	10.00
volatility of the share price of Agora S.A. during the last twelve months	%	36.61
the Average Share Price IVQ	PLN	14.17
risk-free rate	%	1.30-1.59 (at the maturity dates)

Total impact of the Incentive Plan on the consolidated financial statements of the Agora Group is presented below:

	2018	2017
Income statement –increase staff cost*	1,871	3,052
Income statement - deferred income tax	(355)	(580)
Liabilities - accruals - as at the end of the period	1,167	2,013
Deferred tax asset - as at the end of the period	222	382

* *the total cost of the plan in the reporting period includes costs of the plan for year 2018 and partial cost of the share price component of the plan for year 2017, which was settled in May 2018.*

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The cost of the Incentive Plan concerning the Management Board of Agora S.A.:

	2018	2017
Bartosz Hojka	578	1,103
Tomasz Jagiello	355	631
Agnieszka Sadowska	355	423
Anna Krynska - Godlewska	230	62
Grzegorz Kania	230	62
Grzegorz Kossakowski (1)	99	495
Robert Musial (2)	24	276
	1,871	**3,052**

(1) Grzegorz Kossakowski held the position of Management Board Member until 5 September 2017., the impact of the plan in 2018 concerns the share price component of the Incentive Plan for the period of holding the post of a Management Board member in 2017

(2) Robert Musial performed the function of a Member of the Management Board until February 28, 2017., the impact of the plan in 2018 concerns the share price component of the Incentive Plan for the period of holding the post of a Management Board member in 2017

b) Equity - settled incentive plan based on shares of a subsidiary

Starting from the third quarter 2017, the eligible employees of a subsidiary Yieldbird Sp. z o.o. participate in an equity-settled incentive program. On the basis of the plan, the eligible employees are entitled to receive shares in the company. The grant of shares is dependent on the fulfillment of a non-market condition, which is the continuation of employment within the agreed vesting period.

The rules, goals and conditions of the incentive plan were approved by the Agora S.A. Management Board resolution on 12 July 2017.

The fair value of the shares granted is recognised in staff costs over the vesting period with a corresponding increase in equity.

The fair value of shares was determined at the grant date by applying a valuation model based on discounted cash flows of the company and by using a discount rate at the level of 9.8%. The model assumes that the eligible employees are entitled to receive dividends during the vesting period.

Additional information concerning the incentive plan are presented in the table below:

	Incentive plan based on shares of a subsidiary
Total number of shares granted	75
Fair value of one share measured at the grant date	PLN 44.63 thousand
Vesting period	
Tranche 1 (25 shares)	July 2017 – June 2019
Tranche 2 (25 shares)	July 2017 – June 2020
Tranche 3 (25 shares)	July 2017 – June 2021

Moreover, starting from the second quarter 2018, the eligible employees of a subsidiary Foodio Concepts Sp. z o.o. participate in an equity-settled incentive program. On the basis of the plan, the management board members of the

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Company are entitled to receive shares in the company. The grant of shares is dependent on the fulfillment of a non-market condition, which is the achievement of specified levels of revenue and operating result of the company in the future reporting periods. The company estimated the length of the expected vesting period on the basis of the long-term forecasts of financial results of the company. The fair value of the shares determined at the grant date is recognised in staff costs over the vesting period with a corresponding increase in equity.

The impact of the incentive plan on the consolidated financial statements of the Agora Group is presented in the table below:

	2018	2017
Income statement – staff costs	1,514	604
Equity - non-controlling interest	1,514	604

28. FINANCE INCOME

	2018	2017
Interests on loans and similar items	24	165
Other interest and income from short-term financial assets	2,753	2,790
Gain on sale of financial assets (1)	26,700	10,158
Reversal of impairment losses for financial assets	152	249
F/x gains	51	-
Other	29	24
	29,709	**13,386**

1) In 2018 gain on sale of financial assets relates mainly to disposal of shares in Stopklatka S.A. (note 32).
In 2017 gain on sale of financial assets relates mainly to disposal of shares in Green Content sp. z o.o.

29. FINANCE COST

	2018	2017
Interest on loans payable, lease liabilities and similar items	3,567	4,150
Other interest	1,114	372
Valuation of put options	4,239	5,898
F/x losses	-	418
Other	4	1
	8,924	**10,839**

30. INCOME TAXES

Income tax recognised in the consolidated income statement

	2018	2017
Current tax expense		
Current year	(13,340)	(19,100)
Adjustments for prior periods	640	322
	(12,700)	**(18,778)**

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Deferred tax expense		
Origination and reversal of temporary differences	467	14,873
Utilization of tax loss	(50)	(162)
Origination of tax loss	774	-
The adjustment of deferred tax related to tax losses	-	(10)
	1,191	**14,701**
Total tax expense recognised in the income statement	**(11,509)**	**(4,077)**

Income tax expense recognised in other comprehensive income

	2018	2017
Actuarial gains/(losses) on defined benefit plans	(45)	(51)
Total tax expense recognised in other comprehensive income	**(45)**	**(51)**

Current tax receivables and liabilities are expected to be recovered or settled within one year.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate ruling in the particular year 19% as follows:

	2018	2017
Profit/loss before tax	**20,888**	**(75,216)**
Tax calculated at a rate of 19% (2017: 19%)	**(3,969)**	**14,291**
Tax effect of:		
Share of results of equity accounted investees	(147)	(898)
Other non-taxable revenues	449	777
Other non-deductible expenses	(4,896)	(4,587)
Impairment loss recognised for goodwill	(117)	(4,044)
Temporary differences for which deferred tax was not recognised	(3,573)	-
Utilisation of tax losses for which deferred tax was not recognised	1,903	13
Tax losses for which deferred tax was not recognised	(2,374)	(10,929)
Adjustment of deferred tax at disposal of joint venture	990	1,268
Other	225	32
Tax calculated at an effective rate	**(11,509)**	**(4,077)**

31. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:
as numerators – net profits attributable to equity holders of the Company for the respective years,
as denominators - the average number of shares in the current year which is 46,580,831 for 2018 (2017: 47,421,764).

Weighted average number of shares

	2018	2017
At the beginning of the period	**47,421,764**	**47,665,426**
Effect of own shares buy-back	(840,933)	(243,662)
At the end of the period	**46,580,831**	**47,421,764**

There are no dilutive factors.

32. BUSINESS COMBINATIONS

On January 25, 2018, the Extraordinary General Meeting of Shareholders of Optimizers Sp. z o.o. ("Optimizers") adopted a resolution on discontinuing Optimizers' operating activities to date, including, in particular, refraining from undertaking any new business activities as part of Optimizers' operating activities to date. The above resolution does not constitute a resolution on dissolving Optimizers referred to in Article 270, section 2) of the Commercial Companies Code. Moreover, on May 8, 2018, the Extraordinary General Meeting of Shareholders of Optimizers adopted a resolution on increasing Optimizers' share capital from PLN 100 thousand to PLN 500 thousand by creating 8,000 new shares to be taken up by Agora S.A. On July 2, 2018, the District Court for the Capital City of Warsaw in Warsaw registered the above change. At present, Agora S.A. holds 10,000 shares in Optimizers, representing 100% of the company's share capital and carrying 10,000 voting rights representing 100% of votes at the General Meeting of Shareholders.

On February 28, 2018, Agora S.A., as the sole shareholder, established Agora Finanse Sp. z o.o., with its registered office in Warsaw, and took up 100 shares in the company's share capital, with a nominal value of PLN 50 each, in return for a cash contribution of PLN 5,000. The shares held by Agora S.A. give it a 100% interest in the share capital and 100% of votes at the General Meeting of Shareholders.

On March 6, 2018, Helios S.A., a subsidiary of Agora, signed an investment agreement with two individual investors, Piotr Grajewski and Piotr Komor. The purpose of the agreement was to form the company Foodio Concepts sp. z o.o. with its registered office in Lodz and regulate the cooperation between the parties under the investment agreement. The purpose of the company is to develop the concept of, create, run and develop (mainly by building its own brands) a chain of several dozen eating places located in Poland, in shopping centres or in street locations. On 29 March 2018, the District Court for Lodz-Srodmiescie in Lodz, the 20th Business Department of the National Court Register, entered the said company in the register of entrepreneurs of the National Court Register. In exchange for a cash contribution of PLN 5,000 thousand, Helios S.A. acquired 90 shares in the company at PLN 50 par value each, representing 90% of the shares in the company (and 90% of the total number of votes at the Shareholders' Meeting). The individual investors acquired in total 10% of the shares in the company (5% each). Under the agreement, the combined share of the Individual Investors can be increased to 30%, provided that the company meets the specified financial targets. The agreement also stipulates that additional financing may be provided by Helios S.A. through a cash contribution in the amount of PLN 5,000 thousand.

On 29 March 2018, the Extraordinary Shareholders' Meeting of Agora - Poligrafia Sp. z o.o. with its registered office in Tychy ("Agora - Poligrafia") passed a resolution on increasing the company's share capital from PLN 1.5 million to PLN 2 million by issuing 1,000 new shares with PLN 500 par value each and a total par value of PLN 500 thousand. In accordance with the resolution, the shares will be acquired by the sole shareholder, i.e. the Company, in exchange for a cash contribution in the amount of PLN 10 million. On July 10, 2018, the District Court Katowice - Wschod in Katowice, the 8th Business Department of the National Court Register registered the above change. At present, Agora S.A. holds 4,000 shares in Agora - Poligrafia, representing 100% of its share capital and carrying 4,000 (100%) votes at the Shareholders' Meeting.

On May 28, 2018, the Extraordinary General Meeting of Shareholders of Next Script Sp. z o.o. ("Next Script") adopted a resolution on increasing Next Script's share capital from PLN 320 thousand to PLN 470 thousand by creating 3,000 new shares to be taken up by Next Script Sp. z o.o. On July 31, 2018, the above change has been registered with the District Court for the Capital City of Warsaw in Warsaw. Next Film sp. z o.o. now holds 7,800 shares in Next Script, representing 82.98% of the company's share capital and carrying 7,800 voting rights representing 82.98% of votes at the General Meeting of Shareholders.

On June 29, 2018, the Extraordinary General Meeting of Shareholders of Plan A Sp. z o.o. ("Plan A") adopted a resolution on increasing Plan A's share capital from PLN 5 thousand to PLN 10 thousand by creating 100 new shares to be taken up by Agora S.A. in return for a cash contribution of PLN 50 thousand. On August 10, 2018 the District Court for the Capital City of Warsaw in Warsaw registered the above change. Agora S.A. now holds 200 shares in Plan A, representing 100% of the company's share capital and carrying 200 voting rights representing 100% of votes at the General Meeting of Shareholders.

On September 7, 2018, AMS S.A., with its registered office in Warsaw, concluded a Share Sale Agreement with Clear Channel Poland sp. z o.o., whose subject was the purchase of 100 shares in the share capital of Instytut Badan Outdooru IBO sp. z o.o., with its registered office in Warsaw ("IBO"), with a total nominal value of PLN 120 thousand, for PLN 60 thousand.
At present, AMS S.A., with its registered office in Warsaw, holds 500 shares in IBO, representing 50% of the company's share capital and carrying 500 votes representing 50% of the votes at the Shareholders' Meeting of IBO.

On December 4, 2018, Agora S.A. concluded three agreements on the sale of shares, concerning the purchase of shares in Yieldbird Sp. z o.o. with its registered office in Warsaw, with three shareholders of that company. The agreements covered the purchase by Agora S.A., from the three shareholders of Yieldbird Sp. z o.o., of a total of 37 shares in Yieldbird sp. z o.o. with its registered office in Warsaw for a total price of PLN 2,052 thousand. As a result of the above transaction, Agora S.A. currently holds 775 shares in the company's share capital, which gives it 81.49% of the shares in the share capital and 81.49% of the votes at the general meeting of shareholders.

Acquisition of shares in ROI Hunter a.s.

On September 25, 2018, Agora S.A. concluded: (i) with natural persons and two funds and with ROI Hunter a.s company, with its registered office in Brno, the Czech Republic ("ROI Hunter"), an investment agreement regarding, subscription for 323,102 shares in the raised share capital of ROI Hunter ("Agreement 1"), (ii) a sale agreement for 32,310 shares in ROI Hunter with a natural person ("Agreement 2"). The total amount of the capital investment of Agora S.A. amounted to EUR 2.2 million (PLN 9,541 thousand).

The investment to acquire the ROI Hunter shares will take place in two tranches and will cover a total of 710,823 shares of ROI Hunter representing ca. 24% of shares in the share capital of ROI Hunter and entitling to ca. 24% of votes at the General Meeting of ROI Hunter. The total amount of the capital investment of Agora S.A. in ROI Hunter will amount to EUR 4.4 million.

Currently, as a result of the acquisition of ROI Hunter shares under the first tranche, Agora S.A. holds 355,412 shares of ROI Hunter, representing 13.4% of the share capital of this company and entitling to 355,412 votes representing 13.4% of votes at the General Meeting of ROI Hunter.

The second tranche will cover a total of 355,411 shares in ROI Hunter: (i) Agora S.A. will take up 323,101 shares in the raised share capital of ROI Hunter under Agreement No. 1, (ii) and Agora S.A. will acquire 32,310 shares of ROI Hunter on the basis of a share sale agreement with a natural person.

The second tranche of shares should be taken after the financial statements for 2018 published by ROI Hunter, confirming the implementation of the financial ratios agreed between the parties to the agreement, and after its adoption by the general meeting of ROI Hunter.

Agreement No. 1 also regulates Agora SA's investment principles in ROI Hunter and contains a number of mechanisms securing the interests of the Company.

ROI Hunter is an associate of Agora S.A. as defined in accounting regulations, due to Agora SA's special rights in terms of impact on strategic decisions of ROI Hunter and corporate governance, including the board of directors of ROI Hunter *(the company's management body)*.

Sale of shares in the joint venture Stopklatka S.A.

On June 14, 2018, Agora concluded, with Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK, acting at the request and on the account of Kino Polska TV S.A., an agreement on the sale of all of the shares held by Agora in Stopklatka S.A., with its registered office in Warsaw. As a result of the Transaction, Agora sold all of the shares it held in Stopklatka (i.e. 4,596,203 ordinary shares representing 41.14% of the share capital of Stopklatka). The price per share was PLN 7.0, and the value of the transaction amounted to PLN 32,173 thousand.

In consequence of the Transaction, the investment agreement concerning Stopklatka, concluded by and between Agora and Kino Polska, about which Agora informed in current report 06/2013 of February 22, 2013, expired.

Conducting the Transaction means that Agora has divested from Stopklatka and has discontinued operating in the area of digital terrestrial television.

Sale transaction of shares Stopklatka S.A. in the second quarter of 2018 had a positive effect on the results of the Group. The impact of the above transaction on financial income and net result of the Group was respectively PLN 26,700 thousand and PLN 22,617 thousand.

Call for the repurchase of shares in a subsidiary

On 29 March 2016, a minority shareholder ("the Minority Shareholder") of Helios S.A. holding 320,400 shares in that company, which represent 2.77% of the share capital ("the Shares"), addressed to Helios S.A. a call under Art. 418 (1) of the Code of Commercial Companies (hereinafter: "CCC") for convening the General Shareholders' Meeting and putting the issue of passing a resolution on mandatory sell-out of the Shares ("the Call") on its agenda.

As a result of: (i) the Call, (ii) the subsequent calls made under Article 418(1) of the CCC by the Minority Shareholder and other minority shareholders of Helios S.A. who acquired a part of the Shares from the Minority Shareholder, and (iii) the resolutions passed by the General Shareholders' Meeting of Helios S.A. on 10 May 2016 and 13 June 2016, two sell-out procedures (under Art. 418(1) of the CCC) and one squeeze-out procedure (under Art. 418 of the CCC) are currently pending at Helios S.A., aimed at the purchase of the Shares held by the Minority Shareholder and other minority shareholders by two shareholders of Helios S.A. (including Agora S.A.).

i. Sell-out

As part of the sell-out, until 30 June 2016 Agora S.A. transferred to Helios S.A. the amount of PLN 2,938 thousand as payment of the sell-out price calculated in accordance with Art. 418(1) § 6 of the CCC. In its balance sheet as at 31 December 2016, the Agora Group recognized a liability in respect of the purchase of the Shares from the minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This amount comprised PLN 2,938 thousand transferred by Agora S.A. to Helios S.A. (with a corresponding increase in the Group equity in line Retained earnings and other reserves) and the total amount transferred by the other shareholder of Helios S.A. as part of the execution of the sell-out procedures.

As part of the sell-out procedure, the amount of PLN 3,171 thousand was transferred by Helios S.A. to the Minority Shareholder on 2 June 2017 for the purchase of 318,930 shares. Moreover, on 2 June 2017, a total of PLN 14 thousand was transferred to the other minority shareholders for the purchase of 1,460 shares. As a result of these transactions, the Group met the commitment to purchase shares, which was recognized in the Group's balance sheet. As a result of the procedures described above, Agora S.A. increased its block of shares in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Agora S.A. currently holds 91.44% of the shares of Helios S.A.

The shareholders whose shares are being purchased under the sell-out procedure did not accept the price calculated in accordance with Art. 418(1) § 6 of the CCC and, based on Art. 418(1) § 7 of the CCC, applied to the registration court to appoint a registered auditor who would determine the price for the shares on behalf of the Court. The final valuation of the Shares that are subject to the sell-out procedures will be determined by the registration court having jurisdiction over the registered office of Helios S.A. based on the opinion of an expert appointed by the registration court having jurisdiction over the registered office of Helios S.A. A change in such valuation, if any, will result in an adjustment to the price of the shares purchased.

As at the date of the publication of this consolidated financial statements, the District Court for Lodz-Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert for the purpose of the valuation of the shares to be purchased from the Minority Shareholder (318,930 shares) and from other minority shareholders (1,460 shares in total). The minority shareholders referred to in the previous sentence appealed against the decision on appointing an expert. Until now, the appeal has not been considered.

ii. Squeeze-out

The squeeze-out procedure, which entered into force on 14 July 2016, is pending with respect to 10 shares. The holder of these shares did not respond to the Company's call published in accordance with the requirements in *Monitor Sądowy i Gospodarczy*, which requested the minority shareholders holding the above-mentioned shares of the Company to submit the share certificate to the Company within two weeks of the publication of the call under the sanction of cancelling the shares after this deadline. Consequently, on 7 April 2017 the Management Board of Helios S.A. passed a resolution on the cancellation of the above-mentioned shares and published it in *Monitor Sądowy i Gospodarczy* of 8 May 2017. The share valuation procedure by the registered auditor appointed by the Court is currently under way. The sell-out and squeeze-out procedures have not been completed as at the date of the consolidated financial statements hereof. As at the date of the consolidated financial statements hereof, the District Court for Łódź - Śródmieście in Łódź, the 20th Department of the National Court Register, appointed an expert to perform a valuation of the shares.

33. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk,
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Policy of Risk Management functions within the Group that determines the rules and the framework of risk management process as well as establishes the responsibilities of its participants.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Company Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, granted loans and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's credit risk is limited due to a great number and diversification of customers. The biggest customers (in respect of the turnover) are press distributors and advertisers (companies unrelated to the Group). The value of transactions with none of distributors of the Group has exceeded 10% of the total revenue of the Group.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective expected loss component established based on historical data of payment statistics for group of similar financial assets and future expectations.

Based on historic and expected default rates, the Group do not create impairment allowances for receivables from related companies or for barter receivables.

The analysis of credit risk exposure on the basis of ageing of trade receivables as at balance sheet date and changes in impairment losses for receivables are presented in note 9.

Investments

The Group limits its exposure to credit risk by diversification of its investments in investment funds, which invest in different classes of debt instruments. The Group does not acquire securities directly, but only through investment funds. At the same time, the Company invest only in liquid securities.
In 2018 was established Agora Finanse Sp. z o.o. (a 100% subsidiary of Agora S.A.), which aims to perform liquidity management in the Group, including the effective investment of its free cash in the cash pooling system.

Collaterals

The maximum exposure to credit risk corresponds to the carrying amount of financial instruments.

The information related to collaterals held is described in note 34.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. In addition, as at December 31, 2018, the Group maintains a credit facility in DNB Bank Polska S. A. described in note 14.

In addition, the Company has implemented a liquidity management system, which functions within the Group ("the Cash Pooling Agreement"). The agreement was signed on May 25, 2017 between DNB Bank Polska S.A. on the one side and Agora S.A. and selected subsidiaries companies from the group from the other side. The Cash Pooling Agreement aims to optimize cash liquidity and the most efficient management of cash for entities participating in the cash pooling system. Agora S.A. acts as a cash pool leader within the system. In accordance with this agreement, the Company may use the funds collected by other participants of the cash pooling system up to PLN 80,000 thousand. Intra-group balances and transactions related to cash pooling agreemet are eliminated in the consolidated financial statements.

Payment deadlines concerning trade payables are described in note 19 and bank loans in note 14. Future estimated cash flows related to financial liabilities are described in note 34.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return rate.

Foreign currency risk

Foreign exchange risk is related to sales of printing services, advertising services, copy sales to foreign customers, purchases of newsprint which is contracted in EURO, fixed asset purchases and rent of premises, which are also partly contracted in foreign currencies, mainly EURO and USD.

Cash nad cash equivalents denominated in foreign currency amounted to PLN 2,301 thousand as at balance sheet date (31 December 2017: PLN 2,199 thousand), mainly in EURO and USD.

Accounts receivable in foreign currency amounted to PLN 7,132 thousand as at balance sheet date (31 December 2017: PLN 7,087 thousand), principally in EURO and USD.

Accounts payable requiring settlement in foreign currency amounted to PLN 2,804 thousand as at balance sheet date (31 December 2017: PLN 1,991 thousand), payable principally in EURO and USD.

The Group does not hedge against exchange rate risk by entering into long-term hedging contracts. However, the Group may still enter into short term forward currency contracts with maturity up to 6 months.

In 2018, Agora S.A. was not engaged in any currency option instruments or other derivatives (used for hedging or speculative ones).

Interest rate risk

The Group invests in short-term deposits and short-term securities with variable interest rates. All the deposits and securities mature within one year.

Additionally, the Group has interest bearing bank loans and finance lease aggrements with interest at a floating rate based on WIBOR 1M or 3M.

Sensitivity analysis

a) Interest rate risk

The Group has many financial instruments (including bank deposits, credits and loans). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2018, assuming a +/- 1pp change in interest rates, the impact of changes in fair value of financial instruments is estimated at the level of net loss/profit of PLN 522 thousand (as at December 31, 2017: PLN 527 thousand).

b) Foreign currency risk

The Group has many financial instruments (including bank deposit, receivables, payables). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2018, assuming the appreciation/depreciation of Polish zloty by 10%, the fair value of financial instruments that will fluctuate, is estimated to impact the net profit/loss in the amount of PLN 536 thousand (as at December 31, 2017: PLN 591 thousand).

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Further growth of the Group is the Management Board's overarching priority and the Group plans to use its capital in order to achieve that objective, building its long term value through acquisitions and greenfield projects. The Management Board monitors the ratio levels: ROCE and the paid dividend per share. Each decision concerning dividend payments or share repurchases is made after conducting proper analyses of the Company's financial position, investment capacity at the time, the balance sheet structure and the Company's share price quoted on the stock exchange and is approved by the General Meeting of Shareholders.

In the reported period there were no changes in the capital management policy.

The Management Board focuses on keeping the balance between possibility to reach higher rate on return ratio (if the debt level is higher) and advantages and security reached at the stable capital level.

Neither the Company nor its subsidiaries are obligated to obey externally defined capital rules.

(all amounts in PLN thousands unless otherwise indicated) translation only

34. FINANCIAL INSTRUMENTS

1) General information

	Short-term financial assets	Bank deposits	Loans granted	Bank loans received
a) Classification	Certificates in investment funds – financial asset at fair value through profit or loss	Financial assets measured at amortized cost	Financial assets measured at amortized cost	Financial liability
b) Nature of the instrument	Short-term low risk investments	Short-term low risk investments	long- and short-term loans	Bank loans
c) Carrying value of the instrument	2018: PLN 122,407 thousand 2017: PLN 91,783 thousand	2018: PLN 8,323 thousand 2017: PLN 272 thousand	2018: PLN 339 thousand 2017: PLN 1,051 thousand	2018: PLN 52,348 thousand 2017: PLN 55,027 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a	n/a
e) Purpose of the instrument	Investing of cash surpluses	Investing of cash surpluses	Financing of related companies and entities co-operating with the Group	Bank loan – investment needs Bank overdraft – operating needs
f) Amount on which future payments are based	Total value of investments	Total value of deposits	Face value	Face value
g) Amount and timing of future cash receipts or payments	Interest depending on maturity	Interest depending on maturity	Interest depending on maturity	Bank loans - Interests paid monthly
h) Date of repricing, maturity, expiry or execution	Liquid	Liquid – overnight or within 3 months	According to agreements	Payment terms for all loans are described in note 14
i) Early settlement option	Any time	Any time	Possible	Possible
j) Execution price or range of prices	Market value	Face value plus interests	Face value plus interests	Face value plus interests
k) Option to convert or exchange instrument to other asset or liability	None	None	None	None
l) Stated rate or amount of interest, dividend or other periodic return and the timing of payments	According to valuation of certificates, based on currency market instruments Timing of payments– at maturity, on the basis of the Group's decision	WIBID minus margin Timing of payments – at maturity	WIBOR + margin Timing of payments– instalments or at maturity date	Bank loans – WIBOR + bank margin Timing of payments - monthly
m) Collateral held or pledged	None	None	None	Collaterals are described in note 14

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	Short-term financial assets	Bank deposits	Loans granted	Bank loans received
n) Other conditions	None	None	None	Financial ratios; Debt Service Coverage Ratio and Net Debt Ratio. Breaking each of them causes a breach of the Loan Agreement
o) Type of risk associated with the instrument	Interest rate, credit risk of financial institution	Interest rate, credit risk of financial institution	Interest rate, credit risk of subsidiaries and associates	Interest rate
p) Fair value of the instrument	Equal to carrying value	Close to carrying value	Close to carrying value	Close to carrying value
q) Method of fair value determination	Market quotations	Discounted cash flow	Discounted cash flow	Discounted cash flow

Interest rate risk

r) Description of the risk	Due to floating rate	Due to floating rate	Due to floating rate	Due to floating rate
s) Contractual repricing or maturity date	See point h)	See point h)	See point h)	See point h)
t) Effective interest rate	Close to nominal	Close to nominal	Close to nominal	Close to nominal

Credit risk

	Short-term financial assets	Bank deposits		Loans received
u) Description of the risk	Depending on the creditworthiness of the financial institution	Depending on the creditworthiness of the bank	Depending on the creditworthiness of the borrowers	None
w) Maximum credit risk exposure	Amount deposited	Amount deposited less amount from BFG	Amount deposited	n/a

The information about trade receivables is included in note 9 and about trade payables in note 19.

2) Detailed information on financial instruments

	2018	2017
Interest income on financial assets		
Bank deposits	383	207
Short-term financial assets (investment certificates)	2,112	2,258
Loans granted	24	165
Other	230	308
Interest and commissions expense on financial liabilities		
Bank loans	(2,235)	(2,552)
Finance lease liabilities	(1,332)	(1,598)
Cash pooling	-	(29)
Other	(119)	(118)

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3) Fair value hierarchy for financial instruments

The Group applies the following hierarchy for disclosing information about fair value of financial instruments – by valuation technique:

- level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities;
- level 2: valuation techniques in which inputs that are significant to fair value measurement are observable, directly or indirectly, market data;
- level 3: valuation techniques in which inputs that are significant to fair value measurement are not based on observable market data.

The table below shows financial instruments measured at fair value at the balance sheet date:

	31 December 2018	Level 1	Level 2	Level 3
Certificates in investment funds	122,407	-	122,407	-
Financial assets measured at fair value	**122,407**	**-**	**122,407**	**-**
Put option liabilities	34,844	-	-	34,844
Financial liabilities measured at fair value	**34,844**	**-**	**-**	**34,844**

	31 December 2017	Level 1	Level 2	Level 3
Certificates in investment funds	91,783	-	91,783	-
Financial assets measured at fair value	**91,783**	**-**	**91,783**	**-**
Put option liabilities	30,605	-	-	30,605
Financial liabilities measured at fair value	**30,605**	**-**	**-**	**30,605**

The table below shows a reconciliation from the beginning balance to the ending balance for financial instruments in Level 3 of the fair value hierarchy:

	31 December 2018	31 December 2017
Opening balance	**30,605**	**24,707**
Remeasurement recognised in profit or loss , incl.:	4,239	5,898
- finance cost	(4,239)	(5,898)
Closing balance	**34,844**	**30,605**

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include: estimated level of the operating result EBIT during the period specified in put option conditions and discount rate.

In case of the put option granted to the non-controlling shareholders of Helios S.A., an increase of the estimated EBIT level over the period specified in put option conditions by 10%, would cause an increase of put option liability by ca PLN 3,820 thousand, while an increase of the discount rate by 1pp, would cause a decrease of the liability by ca PLN 1,660 thousand.

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4) Cash flows related to financial liabilities

The future estimated undiscounted cash flows related to financial liabilites based on contractual maturities at the balance sheet date are presented below:

	31 December 2018					
	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	54,906	12,950	9,859	17,529	14,568	-
Finance lease liabilities	49,905	7,430	5,685	10,820	22,210	3,760
Trade payables	46,270	46,270	-	-	-	-
Put option liabilities	49,226	-	1,760	-	-	47,466*
Liabilities related to purchase of non-current assets	18,007	16,606	188	390	823	-
Total	**218,314**	**83,256**	**17,492**	**28,739**	**37,601**	**51,226**

** liquidity period according to the estimated optimal ecomic period of put option realisation by non-controlling shareholders of Helios S.A. based on long-term financial forecasts included in the valuation of the put option. According to option agreements, there is also a possibility of settling options in former liquidity periods.*

	31 December 2017					
	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	57,893	12,141	8,794	16,931	20,027	-
Finance lease liabilities	32,734	5,804	4,724	8,221	13,981	4
Trade payables	85,155	85,155	-	-	-	-
Put option liabilities	44,036	-	-	1,760	-	42,276
Liabilities related to purchase of non-current assets	15,691	13,743	361	375	1,212	-
Total	**235,509**	**116,843**	**13,879**	**27,287**	**35,220**	**42,280**

5) Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities (including changes arising from cash flows and non-cash changes) are presented in table below:

		Cash flows		Non-cash changes		
	As at 31 December 2017	Capital	Interests and commissions	Purchased property, plant and equipment under finance lease	Interests and commissions accrued	As at 31 December 2018
Bank loans	55,027	(2,650)	(2,167)	-	2,138	52,348
Finance lease liabilities	30,250	(11,781)	(1,332)	26,978	1,332	45,447

35. CONTRACTUAL INVESTMENT COMMITMENTS

Contractual investment commitments related to fixed assets existing at the balance sheet date amounted to PLN 23,715 thousand (31 December 2017: PLN 29,538 thousand) and to intangible assets amounted to PLN 140 thousand (31 December 2017: 1,280 PLN thousand).

The commitments for the purchase of property, plant and equipment include inter alia future liabilities resulting from the signed agreements related to the realization of the concession contract for the construction and utilization of bus shelters in Cracow and building new cinemas.

36. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As of 31 December 2018, the Company had contingencies, guarantees and other collaterals 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	Value As at 31 December 2018	Value As at 31 December 2017	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	29 Sep 2019 - 16 Jun 2021	126	233	loans for the purchase of photographic equipment
Guarantees provided by Agora Finanse Sp. z o.o.					
DNB Bank Polska S.A.	Agora S.A.	1 Apr 2024	202,500	-	Agora SA's liabilities from credit agreement
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	2 Mar 2020 - 24 Apr 2020	16,200	32,400	bank guarantees related to the contract for the construction of bus shelters in Warsaw

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Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	rent agreements on advertising panels
Zarzad Drog Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	200	contract for construction and exploitation of MSI panels

Additionally, Helios S.A. issued blank promissory notes as collaterals for bank loan agreements and finance lease agreements and guarantees on rent agreements.

Moreover, AMS S.A. provided to the bank cash deposits as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 31 December 2018 the deposit receivable amounts to PLN 10.8 million and is presented within long-term receivables.

Information on contingent liabilities related to legal disputes is described in note 18.

Advertising panels dismantling costs

Majority of lease agreements for rent of space for advertising panels includes an obligation to remove panels and restore the space to its previous condition. Agreements are usually concluded for finite or idefinite period with a specified period of notice, shorter than the useful life of the panels. Despite provisions of the agreements, the necessity to uninstall the panel will depend on future decisions taken at the end of the lease period. In case that the lease agreements will be extend for the next period, AMS S.A. will not bear the costs of uninstall the panels in this period. In relation to the period of the contracts the costs of uninstalling panels are not for AMS S.A. significant.
Taking into account these uncertainties, AMS S.A. decided to recognize expenditures on restoration when incurred or when the decision to restructure the panels is taken (including restoration). The restoration costs amounted to PLN 521 thousand in 2018 and PLN 393 thousand in 2017.

37. COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases (including the lease of outdoor locations for advertising panels, Helios cinemas, buildings and other) are summarised as follows:

	31 December 2018	31 December 2017
Within one year	77,623	70,540
Between one and five years	216,854	180,050
More than five years	218,045	166,658
Total	**512,522**	**417,248**

The amounts disclosed above don't include VAT.

The value of net minimum lease payments denominated in EURO amounted to EUR 103,019 thousand (2017: EUR 83,793 thousand).

Annual payments of the Group related to the perpetual usefruct of land amount to PLN 1,024 thousand (2017: PLN 1,320 thousand).

The amount of minimum lease payments is shown in note 22.

(all amounts in PLN thousands unless otherwise indicated) translation only

38. GROUP COMPANIES

Basic information about the companies composing the Agora Group as at 31 December 2018 are presented in the tables below:

		31 December 2018							
		% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
Companies consolidated (1)			Non-current	Current	Non-current	Current			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	31,416	8,717	62	13,393	28,182	(7,312)	20
2	AMS S.A., Warsaw	100.0%	187,749	105,840	1,627	96,335	173,741	27,581	(58)
3	IM 40 Sp. z o.o., Warsaw (2)	72.0%	421	3,128	-	350	3,806	1,621	-
4	Grupa Radiowa Agory Sp. z o.o. (GRA) Sp. z o.o., Warsaw	100.0%	59,603	16,108	147	6,371	51,936	12,737	2
5	Adpol Sp. z o.o., Warsaw (3)	100.0%	6,157	50,872	53	3,234	12,743	1,058	(17)
6	Inforadio Sp. z o.o., Warsaw (2)	66.1%	2,642	6,404	1,084	1,716	13,926	1,703	1
7	Agora TC Sp. z o.o., Warsaw	100.0%	214	3,354	28	1,916	5,867	873	-
8	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	2,715	27,665	101	22,427	108,706	3,914	6
9	Domiporta Sp. z o.o., Warsaw (6)	100.0%	1,180	2,641	55	992	9,655	348	7
10	Helios S.A., Lodz	91.4%	252,858	46,266	56,442	88,736	367,915	32,345	6
11	Next Film Sp. z o.o., Warsaw (4)	91.4%	3,639	7,005	28	2,251	14,490	(3,823)	(2)
12	Yieldbird Sp. z o.o., Warsaw (7)	81.5%	4,352	16,830	4	11,437	93,310	5,731	1
13	Next Script Sp. z o.o., Warsaw (5)	75.9%	-	432	-	2	-	(12)	-
14	Optimizers Sp. z o.o., Warsaw	100.0%	5	170	-	123	173	(308)	-
15	Goldenline Sp. z o.o., Warsaw	92.7%	3,461	3,429	16	4,298	14,251	(700)	8
16	Plan A Sp. z o.o., Warsaw	100.0%	-	43	-	-	-	(12)	-
17	Agora Finanse Sp. z o.o., Warsaw (8)	100.0%	56	122,430	-	122,677	-	(196)	-
18	Foodio Concepts Sp. z o.o., Lodz (4), (9)	82.3%	2,838	2,620	573	1,168	295	(1,589)	-

(1) the presented data are before elimination of intergroup transactions;
(2) indirectly through GRA Sp. z o.o;
(3) indirectly through AMS S.A.;
(4) indirectly through Helios S.A,
(5) indirectly through Next Film Sp. z o.o., on May 28, 2018 the share capital was increased and new shares were taken up by the majority shareholder;
(6) on October 30, 2018 the National Court Register registered the change of the company`s business name from Trader.com (Polska) Sp. z o.o. to Domiporta Sp. z o.o.;

(all amounts in PLN thousands unless otherwise indicated) translation only

(7) acquisition of shares from non-controlling shareholders on December 4, 2018;
(8) company set up on February 28, 2018;
(9) company set up on March 6, 2018.

		31 December 2017							
			Assets		Liabilities				
	Companies consolidated (1)	% of shares held (effectively)	Non-current	Current	Non-current	Current	Revenue	Net result	Other comprehensive income
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	38,086	10,133	77	24,173	42,956	(16,433)	(3)
2	AMS S.A., Warsaw	100.0%	197,672	103,721	7,926	85,052	165,582	25,309	29
3	IM 40 Sp. z o.o., Warsaw (2)	72.0%	503	2,760	-	262	3,722	1,424	-
4	Grupa Radiowa Agory Sp. z o.o. (GRA) Sp. z o.o., Warsaw	100.0%	60,555	15,788	118	9,742	48,088	8,310	(6)
5	Adpol Sp. z o.o., Warsaw (3)	100.0%	12,997	45,273	28	2,541	20,840	1,184	4
6	Inforadio Sp. z o.o., Warsaw (2)	66.1%	3,125	7,189	1,380	1,341	14,647	3,049	(3)
7	Agora TC Sp. z o.o., Warsaw	100.0%	204	1,640	26	675	6,985	394	(2)
8	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	3,293	28,403	96	27,668	107,961	3,880	(3)
9	Domiporta Sp. z o.o., Warsaw	100.0%	952	2,490	122	899	10,470	864	(1)
10	Helios S.A., Lodz	91.4%	226,824	32,354	40,422	75,288	352,989	19,832	(14)
11	Next Film Sp. z o.o., Warsaw (4)	91.4%	2,651	13,513	5	3,968	31,584	1,745	-
12	Yieldbird Sp. z o.o., Warsaw	77.6%	2,519	14,032	4	9,707	68,773	4,041	-
13	Next Script , Warsaw (5)	68.6%	-	292	-	-	-	(15)	-
14	Optimizers Sp. z o.o., Warsaw	100.0%	42	515	7	590	2,503	(361)	-
15	Goldenline Sp. z o.o., Warsaw	92.7%	3,359	5,506	296	4,833	18,625	531	-
16	Plan A Sp. z o.o., Warsaw (6)	100.0%	-	5	-	-	-	-	-

(1) the presented data are before elimination of intergroup transactions;
(2) indirectly through GRA Sp. z o.o;
(3) indirectly through AMS S.A.;
(4) indirectly through Helios S.A., on 22 February 2018, the company changed its seat from Lodz to Warsaw;
(5) indirectly through Next Film Sp. z o.o.;
(6) company set up on 14 December 2017.

(all amounts in PLN thousands unless otherwise indicated) translation only

38. GROUP COMPANIES, CONTINUED

		31 December 2018							
			Assets		Liabilities				
Joint ventures and associates accounted for using the equity method (1)		% of shares held (effectively)	Non-current	Current	Non-current	Current	Revenue	Net result	Other comprehensive income
1	Online Technologies HR Sp. z o.o., Szczecin (3)	46.2%	1,017	653	-	777	5,547	104	-
2	Instytut Badan Outdooru IBO Sp. z o.o., Warszawa (2), (4)	50.0%	34	48	-	-	-	(253)	-
3	Hash.fm Sp. z o.o., Warszawa	49.5%	66	2,520	-	2,085	7,336	(224)	-
4	ROI Hunter a.s., Brno (5)	13.4%	900	16,366	306	12,935	4,467	(715)	-
5	Stopklatka S.A., Warszawa (6)	0.0%	-	-	-	-	11,139	(1,379)	-

(1) the presented data are after consolidation adjustmets;
(2) indirectly through AMS S.A.;
(3) Online Technologies HR Sp. z o.o. is classified as joint venture, due to the fact that, on the basis of the investment agreement and company agreement, decisions about the relevant activities require the unanimous consent of the both main investors sharing control;
(4) acquisition of additional shares on September 7, 2018; in 2018 the Group did not recognise a part of share of loss in the company (in the amount of PLN 92 thousand), because the Group had no obligation to cover this loss;
(5) acquisition of shares on September 25, 2018;
(6) disposal of shares in the company on June 14, 2018, the presented income statement data include period from 1 January till 31 May 2018.

(all amounts in PLN thousands unless otherwise indicated) translation only

		31 December 2017							
			Assets		Liabilities				
Joint ventures and associates accounted for using the equity method (1)		% of shares held (effectively)	Non-current	Current	Non-current	Current	Revenue	Net result	Other comprehensive income
1	Online Technologies HR Sp. z o.o., Szczecin	46.2%	972	419	-	602	2,782	102	-
2	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2), (7)	40,0%	130	2,847	-	2,641	10,470	1,214	-
3	Stopklatka S.A., Warsaw	41.1%	16,943	5,711	6,408	8,293	28,096	(992)	-
4	Hash.fm Sp. z o.o., Warsaw	49.5%	38	1,741	-	1,084	3,853	18	-
5	Green Content Sp. z o.o., Warsaw (8)	0.0%	-	-	-	-	3,886	(8,569)	-

(7) in 2017 the Group did not recognise its share of profit in the company, as a result of accounting for the unrecognised losses from prior periods and eliminating the investor's share in the upstream sales of assets from the associate to its significant investor;

(8) on September 1, 2017, shares in the company were sold, the presented income statement data include period from 1 January 2017 till 31 August 2017;

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38. GROUP COMPANIES, CONTINUED

Information concerning the non-controlling interests in subsidiaries is presented in the table below:

	31 December 2018				
Company	% of shares held by non-controlling interests as at 31 December 2018	Accumulated amount of non-controlling interests as at 31 December 2018	Net profit/(loss) allocated to non-controlling interests in 2018	Other comprehensive income allocated to non-controlling interests in 2018	Dividends paid to non-controlling shareholders in 2018
IM 40 Sp. z o.o.	28.0%	895	453	-	398
Inforadio Sp. z o.o.	33.9%	2,120	577	-	1,034
Helios S.A.	8.6%	13,530	2,733	-	1,873
Next Film Sp. z o.o.	8.6%	(55)	(327)	-	-
Yieldbird Sp. z o.o.	18.5%	2,577	1,284	-	905
Next Script Sp. z o.o.	24.1%	102	(4)	-	-
Goldenline Sp. z o.o.	7.3%	1,065	(150)	1	34
Foodio Concepts Sp. z o.o.	17.7%	915	(275)	-	-
Total		**21,149**	**4,291**	**1**	**4,244**

	31 December 2017				
Company	% of shares held by non-controlling interests as at 31 December 2017	Accumulated amount of non-controlling interests as at 31 December 2017	Net profit/(loss) allocated to non-controlling interests in 2017	Other comprehensive income allocated to non-controlling interests in 2017	Dividends paid to non-controlling shareholders in 2017
IM 40 Sp. z o.o.	28.0%	840	398	-	362
Inforadio Sp. z o.o.	33.9%	2,576	1,034	(1)	99
Helios S.A.	8.6%	12,669	1,960	-	1,405
Next Film Sp. z o.o.	8.6%	273	194	-	-
Yieldbird Sp. z o.o.	15.7%	1,368	732	-	668
Next Script Sp. z o.o.	31.4%	90	(2)	-	-
Sir Local Sp. z o.o.	0.0%	0	(8)	-	-
Goldenline Sp. z o.o.	7.3%	1,249	(60)	-	-
Total		**19,065**	**4,248**	**(1)**	**2,534**

(all amounts in PLN thousands unless otherwise indicated) translation only

The effect of transactions with non-controlling interests on the equity attributable to owners of the parent are presented in the table below:

	31 December 2018	31 December 2017
The change in the equity attributable to owners of the parent resulting from:		
- acquistion of additional shares from non-controlling shareholders (1)	(1,699)	3,579
- increase of share capital in a subsidiary	(15)	-
- subscription for shares by non-controlling shareholders	(885)	(13)
Net impact on the equity attributable to owners of the parent	**(2,599)**	**3,566**

(1) the change in 2018 relates to the effect of accounting for the acquisition of shares from non-controlling shareholders of Yieldbird Sp. z o.o. (the change in 2017 relates to the acquisition of shares from non-controlling shareholders of Helios S.A. in the sell-out procedure).

39. RELATED-PARTY TRANSACTIONS

Table below presents total investments and the balances with related parties:

	31 December 2018	31 December 2017
Joint ventures		
Shares	1,007	6,908
Current loans granted	-	1,022
Trade receivables	6	149
Trade liabilities	8	104
Other liabilities	2	125
Associates		
Shares	10,288	939
Current loans granted	-	30
Trade receivables	128	31
Trade liabilities	19	-
Other liabilities	-	961
Major shareholder		
Trade receivables	1	-
Other liabilities	10	-
Management Board of the Company		
Receivables	4	3
Put option liabilities (1)	27,991	24,440
Management Boards of group companies		
Receivables	24	12
Put option liabilities (1)	3,769	3,290
Other liabilities	2	7

(1) concerns put options linked to shares in Helios S.A.

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Table below presents total transactions with related parties during the year:

	2018	2017
Joint ventures		
Sales	287	1,976
Purchases	(108)	(807)
Other operating expenses	-	(1)
Interests on loans granted	16	43
Finance cost	-	(29)
Associates		
Sales	97	38
Purchases	(80)	(158)
Interests on loans granted	-	122
Major shareholder		
Sales	23	53
Other operating revenues	30	300
Management Board of the Company		
Sales	5	2
Finance costs - remeasurment of put options (1)	(3,551)	(5,000)
Management Boards of group companies		
Sales	4	2
Other operating revenues	1	-
Finance costs - remeasurment of put options (1)	(477)	(592)

(1) concerns put options linked to shares in Helios S.A.

Following types of transactions mainly occur within the Agora Group:

- advertising and printing services,
- rent of machinery, office and other fixed assets,
- sale of rights and granting licenses to works,
- production and service of advertising panels,
- providing various services: legal, financial, administration, trade, sharing market research results, data transmission, outsourcing,
- grant and repayment of loans and interest revenues and costs,
- dividend distribution,
- cash pooling settlements,
- settlements within the Tax Capital Group.

Transactions within the Agora Group are carried out on arm's length basis and are within the normal business activities of companies.

40. ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions are continually evaluated and based on historical experience and best knowledge of the Group as at the date of the estimation. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities concern impairment tests for goodwill, intangibles with indefinite useful life (magazine titles), intangibles related to activity of GoldenLine Sp. z o.o. in 2018 as a result of the decrease in revenues and non-current assets related to activities in Print segment as a result of the ongoing decrease in revenues from sales of printing services in the coldset technology in which Agora Group's printing plants specialize. In order to determine their recoverable amounts the value in use for the relevant cash generating units was determined on the basis of long-term cash flow projections.

The Group points out that the value of revenue included in the cash flow projections depends on the general economic situation in Poland and in Europe. They grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. Changes in factors such as GDP dynamics, unemployment rate, amounts of remuneration or level of consumption may influence the purchasing power of the Group`s customers and consumers of its services and goods. Polish economy is sensitive to the country political situation and a looping risk of abrupt legislative changes, whose full impact on the conditions of running business activity in Poland is hard to foresee. Moreover, advertising revenues depend also on the readership figures and shares in radio and television audience. Media market changes dynamically – some sectors can take advantage of the current changes while other can lose its position on the market. There is no certainty that the Group's position in the particular media sectors will remain unchanged. The estimated recoverable amount of the assets is also affected by the discount rate and the applied growth rate after the period of detailed forecast in the so-called residual period.

The Group identified two key assumptions, which have the most significant impact on the estimated recoverable amount of the assets:

1) estimated rate of real free cash flow to firm after the period of detailed forecast in the residual period and

2) pre-tax discount rate.

Basic information about the method applied is summarized below:

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	Goodwill related to activities in Domiporta Sp. z o.o. - Internet	**Goodwill and rights related to activities in particular magazine titles**	**Goodwill related to radio activities**	**Goodwill related to activities in outdoor segment**	**Goodwill related to activities in cinema market**	**Goodwill allocated to activities in press segment**	**Non-current assets related to activities in GoldenLine Sp. z o.o.-Internet**	**Non-current assets related to activities in Print segment**
Carrying amount as at 31 December 2018	PLN 2,461 thousand	PLN 10,257 thousand	PLN 63,667 thousand	PLN 140,944 thousand	PLN 39,096 thousand	PLN 43,375 thousand	PLN 9,720 thousand	PLN 79,523 thousand
Assumptions	Financial forecasts and projections of the market for next years based on the best knowledge of the market, available market data and expierence.							
Detailed forecast period	5 years	5 years	5 years	5 years	5 years	5 years	5 years	9 years
	Estimated rate of free cash flow to firm in the period of detailed forecast (pre-tax)							
Years:								
2019	(33%)	(9%)	(16%)	(3%)	617%	(59%)	(880%)	(632%)
2020	161%	(3%)	(37%)	(36%)	20%	575%	88%	370%
2021	(46%)	(3%)	24%	12%	4%	(37%)	(83%)	(73%)
2022	4%	14%	(5%)	15%	7%	3%	101%	(106%)
2023	13%	(6%)	7%	29%	34%	8%	14,614%	108%
	Discount rate for the years (pre-tax)							
2019-2023	8.8%	7.3%	6.1%	7.1%	7.4%	7.7%	7.3%	5.3%
	The long-term growth rate after the period covered by the forecast							
	0.5%	0.0%	0.5%	0.5%	0.5%	(2.1%)	0.5%	*

** in case of financial projection related to printing activities a 9-year detailed forecast period was assumed and residual value of assets at the end of the forecast period was estimated.*

In 2018, according to the impairment tests carried out, the impairment losses on shares relating to the GoldenLine domain in the amount of PLN 6,927 thousand and in relation to goodwill assigned to activity of Futbolowo.pl in the amount of PLN 614 thousand. Disadvantageous change of key assumptions would result in further impairment losses in the value of assets of GoldenLine. Sp. z o.o.

In 2017 according to the impairment tests carried out, the impairment losses were recognised in relation to goodwill of Domiporta Sp. z o.o. (previously Trader.com (Polska) Sp. z o.o.) in the amount of PLN 21,285 thousand, in relation to press title "Cztery Katy" in the amount of PLN 13,192 thousand (including the amounf of PLN 2,198 thousand related to goodwill of purchased magazines titles) and in relation to the non-current assets assigned to Print segment in the amount of PLN 51,580 thousand (the amount including: PLN 51,529 thousand related to property, plant and equipment and the remaining amount of PLN 51 thousand related to intangible assets).

In 2018, the Company recognised the impairment losses in relation to press title "Ladny Dom" in the amount of PLN 2,285 thousand (including the amounf of PLN 103 thousand related to goodwill of purchased magazines titles) as a result of the decision about sale based on the sale price possible to obtain.

To key estimates and assumptions, that may cause a significant adjustment to the amounts recognised in financial statements of the Group, belongs also the recognition of deferred tax assets on unused tax losses. Information on those estimates and judgments was described in note 15.

41. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand		EURO thousand	
	2018	2017*	2018	2017*
Revenue	1,141,158	1,165,479	267,444	274,573
Operating profit/(loss)	875	(73,036)	205	(17,206)
Profit/(loss) before income taxes	20,888	(75,216)	4,895	(17,720)
Net profit/(loss) for the period attributable to equity holders of the parent	5,088	(83,541)	1,192	(19,681)
Net cash from operating activities	81,130	77,262	19,014	18,202
Net cash used in investing activities	(19,819)	(41,232)	(4,645)	(9,714)
Net cash used in financing activities	(47,506)	(67,029)	(11,134)	(15,791)
Net increase / (decrease) in cash and cash equivalents	13,805	(30,999)	3,235	(7,303)
Total assets	1,399,826	1,405,683	325,541	337,022
Non-current liabilities	114,999	106,369	26,744	25,503
Current liabilities	288,668	284,631	67,132	68,242
Equity attributable to equity holders of the parent	975,010	995,618	226,747	238,706
Share capital	46,581	47,665	10,833	11,428
Weighted average number of shares	46,580,831	47,421,764	46,580,831	47,421,764
Earnings per share (in PLN / in EURO)	0.11	(1.76)	0.03	(0.42)
Book value per share (in PLN / in EURO)	20.93	20.99	4.87	5.03

** the adjustments to comparative amounts were described in note 2.*

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

- income statement and cash flow statement figures for 2018 (for 2017) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2018 EURO 1 = PLN 4.2669 (EURO 1 = 4.2447 PLN).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 31 December 2018 – EURO 1 = 4.3000 PLN; as at 31 December 2017 – EURO 1 = 4.1709 PLN .

42. EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of shares in Eurozet Sp. z o.o.

On February 20, 2019 the Company closed negotiations on: (i) the acquisition of shares in Eurozet Sp. z o.o. with its registered office in Warsaw (**'**Eurozet') and (ii) the establishment of detailed rules for investment in Eurozet by SFS Ventures s.r.o. with its registered office in Prague (the Czech Republic) ('SFS Ventures') as a majority shareholder and the Company as a minority shareholder and the cooperation of both entities as shareholders of Eurozet.

As a result of the negotiations, on February 20, 2019, the following were concluded:

1. a preliminary agreement on the sale of shares in the share capital of Eurozet ('Preliminary Agreement') between Czech Radio Centers., with its registered office in Prague (the Czech Republic), as a seller ('Seller'), Czech Media Invest a.s., with its registered office in Prague (the Czech Republic), as a guarantor of the Seller's obligations and:
   - SFS VenturesSFS Ventures, as a buyer of 60% of the shares of Eurozet, and
   - the Company, as a buyer of 40% of the shares of Eurozet,
2. a final agreement for the sale of the above-mentioned shares of Eurozet, by and between the Company, SFS Ventures and the Seller ('Final Agreement'), concluded as part of performance of the Preliminary Agreement, and
3. a shareholders' agreement between the Company and SFS Ventures regulating the detailed rules for investment in Eurozet by SFS Ventures, as a majority shareholder, and the Company as a minority shareholder and the cooperation of both entities as shareholders of Eurozet ('Shareholders' Agreement').

Under the Final Agreement, the Company acquired 400 shares in the share capital of Eurozet with a nominal value of PLN 50 each, representing 40% of the share capital of Eurozet and entitling the holder to exercise 40% of the total number of votes at the shareholders' meeting of Eurozet in exchange for the initial consideration of PLN 130,755 thousand. The Preliminary Agreement provides for adjustment mechanisms concerning the initial consideration based on the Eurozet capital group's („Group") 2018 audited results and the final value of certain economic and financial parameters of the Group, as set forth in the Preliminary Agreement.

The detailed terms and conditions of the Preliminary Agreement and the Final Agreement (concerning in particular representations and warranties made by the Seller, the principles of liability and the terms and conditions for asserting potential claims by the parties) do not deviate from the market solutions used in agreements concluded for similar transactions.

In accordance with the provisions of the Shareholders' Agreement, with a view to protecting Agora's investment in Eurozet and protecting the position of Agora as a minority shareholder of Eurozet, Agora is granted typical rights of a minority shareholder, including the right to appoint and dismiss one member of the supervisory board of Eurozet and the right to influence decisions on selected key issues concerning, in particular, the capital structure, amendment of the company deed, changes in the share capital or liquidation of the company. Those entitlements will be due to Agora as long as Agora and its related entities have at least 34% plus one shares / votes in the share capital of Eurozet / at the Eurozet shareholders' meeting. However, Agora, as a minority shareholder, will not influence, inter alia, the operational activities of Eurozet or the programme strategy of the radio station.

The Shareholders' Agreement also contains the following provisions governing the rules of the shareholders' cooperation, should they exit their investment in Eurozet:

1. the right to demand the second shareholder to join in the sale with respect to all its shares ('Drag along right'), together with the principles for securing effective sale of the shares in relation to which the Drag along right has been exercised,
2. a shareholder's right to join in the sale of all shares held by the shareholder in the case of the sale of shares by the second shareholder ('Tag along right') and

3. Agora's power to acquire all the remaining shares of Eurozet belonging to SFS Ventures ('Callable Shares') ('Call Option'), together with the principles for securing effective acquisition of the shares in case of exercise of the Call Option.

Agora is entitled (but not obliged) to exercise the Call Option during the period commencing after the lapse of 12 months and ending after the lapse of 36 months from the date of conclusion of the Final Agreement ('Call Option Period') or until June 20th, 2022 in case Agora submits to SFS Ventures a declaration of will to exercise the Call Option. In specific cases described in the Shareholders' Agreement concerning substantial reduction in the scope of the Group's core activities, the Call Option Period may be shortened. Should Agora exercise the Call Option, the purchase price of the Callable Shares for Agora will be determined on the basis of the formula set out in the Shareholders' Agreement, which takes into account SFS Ventures's achievement of certain financial indicates. In accordance with the Shareholders' Agreement, Agora will be able to exercise the Call Option, and thereby take control over Eurozet, after obtaining the legally required antitrust permission.

The Shareholders' Agreement provides for Agora's and SFS Ventures's obligation of lock up on shares of Eurozet in such a way that:

1. SFS Ventures is obliged not to dispose of any shares of Eurozet held by it without the written consent of Agora in the period from the conclusion of the Final Agreement until the end of the Call Option Period (or until June 20, 2022, if Agora submits to SFS Ventures a declaration of will to exercise the Call Option);

2. Agora is obliged not to dispose of any shares of Eurozet held by it without the written consent of SFS Ventures in the periods of: (i) 12 months from the date of conclusion of the Final Agreement and (ii) 18 months from the end of the Call Option Period (or from June 20, 2022, if Agora submits to SFS Ventures a declaration of will to exercise the Call Option).

Furthermore, the Shareholders' Agreement provides for a mechanism whereby, in the event of sale of all shares of Eurozet by SFS Ventures in any shareholders' exercise of, respectively, the Drag along right or the Tag along right at a price lower than the purchase price of the shares under the Final Agreement, SFS Ventures will have the right to obtain compensation for the shares sold (up to an amount not exceeding 20% of the price of SFS Ventures's purchase of shares of Eurozet from the Seller under the Final Agreement).

In order to secure the above-described rights of Agora and SFS Ventures, the Shareholders' Agreement provides for, in particular:

1. the obligation for SFS Ventures to pay Agora a contractual penalty in the amount of PLN 2 million for a modification or revocation of the power of attorney to enter into a Callable Share disposal agreement on behalf of SFS Ventures on the terms set forth in the Shareholders' Agreement); and
2. the obligation for one shareholder to pay the other shareholder a contractual penalty in the amount of PLN 2 million for a modification or revocation of the power of attorney to conclude on behalf of the second shareholder an agreement for the sale of shares in Eurozet to a third party in the exercise of the Drag along right on the terms and conditions set forth in the Shareholders' Agreement).

The Shareholders' Agreement does not provide for the possibility of imposing contractual penalties on Agora other than those specified in clause 2 above.

The Shareholders' Agreement has been concluded for a period of 10 years from the date of its conclusion; it will expire earlier in particular in the event of either shareholder's transfer of all shares held by it in Eurozet to a third party (other than an affiliate of a given shareholder).

The Preliminary Agreement, the Final Agreement and the Shareholders' Agreement are governed by Polish law.

The company Eurozet Sp. z o.o. is an associate of Agora S.A. based on the accounting regulations.

The transaction is in line with the long-term strategy of the Agora Group, in particular with the plan to strengthen the position of the Agora capital group in selected fields of its existing business. The transaction may affect the Agora's capital group investment plans in non-media businesses.

The acquisition of 40% of shares in Eurozet was financed partially from Agora's own resources and in the amount of PLN 75.0 million from the overdraft in the current account which will be converted into loan by DNB Bank Polska on the basis of Credit Line Agreement executed on May 27th, 2017 amended by Annex no. 1 executed on May 18, 2018.

On March 6, 2019, the Company received a letter from the President of the Office of Competition and Consumer Protection requesting the Company to present information and documents as part of the explanatory proceedings to pre-determine the obligation to notify the intention of concentration with the participation of the Company, SFS Ventures s.r.o. and Eurozet Sp. z o. o. The proceedings are explanatory in its character and are not conducted against the Company.

Cooperation with Food for Nation

On February 28, 2019 Helios S.A., a subsidiary of Agora ("Helios"), commenced negotiations with some of the partners ("Partners") of the company Food for Nation, Sp. z o.o. sp. k. ("FFN"), which is the owner of a restaurant chain under the brand Pasibus, on the joint growth of the Pasibus brand.

In connection with the above, on February 28, 2019, Helios and Partners signed a letter of intent ("Term Sheet") on the basic terms of the cooperation under consideration within the SPV, which is a subsidiary of Helios S.A. (Step Inside Sp. z o. o. with its registered seat in Lodz ("Step Inside")). Establishing the cooperation is dependent upon agreement on detailed principles of cooperation and obtaining the consent of the President of the Office of Competition and Consumer Protection ("the President of UOKiK").

At the same time, on February 28, 2019, Step Inside and FFN signed a cooperation agreement, based on which Step Inside is entitled to i.a. operate up to 10 eateries under the Pasibus brand. For this purpose, Helios funded Step Inside company with PLN 10 million. With the approval of the President of UOKiK and concluded investment agreement the Partners will acquire shares in Step Inside company, which will open total of 40 premises under the Pasibus brand. Simultaneously, the Company informs that the Term Sheet does not constitute binding obligations of the parties. Agora will inform about the next steps related to the course of the process in separate filings.

The value of investments in Step Inside is not significant from the perspective of the Agora Group. The investment in the joint development of the Pasibus brand will result the extension by Helios, a subsidiary of Agora, of the activity in the gastronomy segment.

Consultation procedure on employment reduction in the Print segment of Agora Group

On March 5th, 2019, the Management Board of Agora S.A. in accordance with the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees, adopted a resolution to initiate the consultation on group layoffs with the trade unions operating in the Company. Additionally, in accordance with the Act of April 7th, 2006 on informing and consulting employees, Agora S.A. and Agora Poligrafia Sp.z o.o. works councils shall also be consulted on the group layoff process.

Agora's decision to undertake optimization measures, including group layoffs, is related to the ongoing decrease of revenues from sales of print services in the coldset technology in which Agora Group's printing plants specialize. This trend mainly results from the drop in circulation of printed press, whose publishers are the largest group of clients of the Company's coldset printing plants. Services commissioned by clients from other market segments, including those executed in the heatset technology, present a significantly smaller share in the Group's income from printing activity; due to infrastructural constraints, they never were, nor are able to compensate the decrease of revenues from coldset printing services.

Considering the prospects for coldset printing services and progressive digitization of media, it is not possible to stop the downward trend in the coldset printing business of Agora Group in its current form. Therefore, the Management Board of the Company decided that it is necessary to take decisive optimization measures aimed at concentrating Agora's printing business in Warsaw printing plant and gradual phasing out of operational activity of printing plants in Pila and Tychy till June 30th, 2019. The plant located in Warsaw offers the largest range of printing services both in coldest and heatset technology, thereby it most fully meets the needs of Agora and its customers. The decrease in the scale of Agora Group printing business entails significant reduction of employment in the Print segment.

The intention of the Management Board of Agora S.A. is to lay off up to 153 employees mainly of the Print segment of Agora Group (which is 57% of employees of this segment, including 90% of employees in Tychy print plant - Agora Poligrafia Sp. z o.o. and 90% of employees in Pila print plant - Agora S.A., as at March 1st, 2019). The process will last up to 30 days after the agreement with the trade unions and works councils is made.
The Company shall go through these changes in a thought out manner and with care for its employees, offering the dismissed employees a range of protective and supportive initiatives.

On March 5th, 2019 the Management Board of the Company requested the trade unions operating at the Company and the works councils operating in Agora S.A. and in Agora Poligrafia Sp. z o.o. to join in the consultation on collective redundancy process and shall provide the relevant Labor Office with information on the intention to execute group layoffs in the Company and in Agora Poligrafia Sp. z o.o.

The Company shall publish a regulatory filing on collective redundancies after the required by law process of consultation with trade unions and works councils operating at both companies is finalized. This regulatory filing shall also include information on the estimated amount of provision related to the restructuring of employment in Agora S.A. and in Agora Poligrafia Sp. z o. o. which will be fully charged to the result of the Company and of Agora Group in the 1st quarter of 2019.

The final data regarding the amount of the provision and the effect of employment restructuring on the financial results of the Company and of Agora Group shall be published in the financial statements of the Company and of Agora Group for the 1st quarter of 2019 .

Other

On February 28, 2019, Agora S.A. signed a loan agreement as a lender with the associated company Hash.fm sp. o.o. with its registered office in Warsaw, as a Borrower. Under this agreement, Agora S.A. granted a cash loan in the amount of PLN 800 thousand, which will be repaid in quarterly installments by the Borrower until December 31, 2022. The interest rate on the loan corresponds to market conditions. The loan was secured, among others by establishing a pledge on a part of shares owned by the shareholder of the company Hash.fm sp z o.o.

On February 28, 2019, Agora S.A. ("Company") received a tax control protocol related to the accuracy of VAT settlements for the period of September to December 2017. The Tax Office is questioning the way that the Company applies certain VAT regulations for selected goods and services. The Management Board does not agree with the arguments presented in the protocol and intends to submit various objections and explanations to the document. The protocol itself does not have a binding character and can not be assumed as a base for execution of any potential amount due. Therefore, in the Company's opinion, at the current stage of this case there is no basis to recognise a provision. Potential tax arrears (the main amount) for the period of September to December 2017, which can be determined by the Tax Office as a result of the control amounts to ca. PLN 0.5 million.

Warsaw, March 7, 2019

Bartosz Hojka - President of the Management Board ....

Tomasz Jagiello - Member of the Management Board ....

Agnieszka Sadowska - Member of the Management Board ....

Anna Krynska-Godlewska - Member of the Management Board ....

Grzegorz Kania - Member of the Management Board ....

Signature of the person responsible for keeping the accounting records

Ewa Kuzio – Chief Accountant ....

Signatures submitted electronically.