KPMG

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

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Agora S.A.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is Agora S.A. with its registered office in Warsaw, ul. Czerska 8/10 ("the Group"), which comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements.

Management's and Supervisory Board's Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group's activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of Agora S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

As required under the Accounting Act, we report that the accompanying report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No. 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

....
Zbigniew Libera
Key Certified Auditor
Registration No. 90047
Limited Liability Partner with power of attorney

4 April 2014

Dear Shareholders,

2013 was a year of further cost optimization measures and simultaneous work on new projects leading to the growth of revenues and profitability improvement. We undertook these actions to face feeble growth of Polish economy which resulted in the decrease of expenditure for advertising and entertainment. It was especially visible in the businesses which are the core of the Agora Group business operations. Additionally, it accelerated the structural changes in media market and migration of users from traditional to digital media.

The actions undertaken in 2013 brought improvement of operating result and new development directions for the coming years which aim at growth of revenues and profitability improvement.

In the beginning of 2014 we announced how we are going to achieve these objectives.

First, we have to execute effectively digital transformation of its print media operations. Taking example from the world publishers who implemented successfully metered paywall. We would like to attract ca 40 thousand of paying digital subscribers with its offer till the end of 2014.

Second, we want to build a significant position in TV market. On March 15, 2014 Stopklatka TV - a TV channel created together with Kino Polska TV S.A. - started broadcasting. After almost 25 years of business operations Agora entered TV market. For us it is on the one hand a chance to complete Group's portfolio of media and on the other chance to reach for advertising revenue from the largest segment of advertising market. We will look for possibilities to grow further our presence in TV market.

Third, we plan to develop our businesses not related to the press. The priority for our online operations is an intensive growth in mobile and video as well as further diversification of revenue streams. We plan to invest in content and mobile applications which help Agora outperform the market in display advertising. We want to be more active in search for new revenue sources by means of organic growth and acquisition of start-ups.

The aspiration of the Agora Group is to create the most common cinema network, increase the scale of cinema movie distribution and releasing the first film production as the lead producer in 2015. In the outdoor business Agora wants to strengthen its position in the premium panel segment. Construction of 1 580 bus shelters in Warsaw will be an important step in execution of this strategy. The Company plans participation in similar projects in other Polish cities. The main objective of our radio business is to improve profitability. Its organic growth is dependent on the number of available licences. The Group's objective is to successfully acquire the largest possible number of them in order to grow technical reach of current radio stations, optimization of music formats and building the model of distribution of audio content online

Fourth, in the coming years, apart from the profitable growth of its key segments, we plan a set of optimization initiatives related to the Group's cost of shared functions and infrastructure.

In our opinion execution of the set tasks in the coming years will facilitate successful transformation of the Group's operations, leading to growth of efficiency and the business scale. This in turn should result in the growth of value for shareholders.

Simultaneously, delivering our mission, we would like to become the first and natural choice for its users and business partners, to whom our businesses deliver credible information and quality entertainment, as well as innovative solution for business partners to reach their clients.

We would like to thank all shareholders, clients and employees for support and trust in Agora and our readers and listeners for interest and feedback.

The Management Board of Agora S.A.

AGORA SA

AGORA GROUP

Consolidated financial statements

as at 31 December 2013 and for the year ended thereon

April 4, 2014

CONTENTS

Consolidated balance sheet	3
Consolidated income statement	5
Consolidated statement of comprehensive income	6
Consolidated statement of changes in shareholders' equity	7
Consolidated cash flow statement	9
Notes to the consolidated financial statements	11

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	31 December 2013	31 December 2012
Assets			
Non-current assests:			
Intangible assets	3	417,216	422,061
Property, plant and equipment	4	724,636	765,665
Long-term financial assets	5	163	150
Investments in equity accounted investees	6	11,835	11,718
Receivables and prepayments	7	44,926	5,481
Deferred tax assets	15	5,211	4,208
		1,203,987	**1,209,283**
Current assets:			
Inventories	8	25,846	22,488
Accounts receivable and prepayments	9	233,940	242,813
Income tax receivable		3,874	4,544
Short-term securities and other financial assets	10	75,656	32,774
Cash and cash equivalents	11	99,554	190,917
		438,870	**493,536**
Total assets		**1,642,857**	**1,702,819**

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 2013 (CONTINUED)

	Note	31 December 2013	31 December 2012
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	12	50,937	50,937
Share premium		147,192	147,192
Translation reserve		-	(161)
Retained earnings and other reserves	13	991,445	990,403
		1,189,574	**1,188,371**
Non-controlling interest		**18,021**	**17,679**
Total equity		**1,207,595**	**1,206,050**
Non-current liabilities:			
Deferred tax liabilities	15	41,634	40,964
Long-term borrowings	14	78,004	99,377
Other financial liabilities	16	27,592	26,609
Retirement severance provision	17	2,289	2,099
Provisions	18	88	-
Deferred revenues and accruals	19	5,340	2,142
		154,947	**171,191**
Current liabilities:			
Retirement severance provision	17	162	135
Short-term liabilities	20	146,679	146,858
Income tax liabilities		491	495
Short-term borrowings	14	67,859	103,005
Other financial liabilities	16	-	73
Provisions	18	3,584	10,219
Deferred revenues and accruals	19	61,540	64,793
		280,315	**325,578**
Total equity and liabilities		**1,642,857**	**1,702,819**

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 2013

	Note	2013	2012
Sales	21	1,073,935	1,138,588
Cost of sales	22	(752,494)	(792,745)
Gross profit		**321,441**	**345,843**
Selling expenses	22	(199,639)	(221,794)
Administrative expenses	22	(114,408)	(115,432)
Other operating income	23	24,657	23,231
Other operating expenses	24	(24,670)	(44,933)
Operating profit/(loss)		**7,381**	**(13,085)**
Finance income	28	8,910	17,212
Finance cost	29	(11,196)	(13,940)
Share of results of equity accounted investees		(223)	(332)
Profit/(loss) before income taxes		**4,872**	**(10,145)**
Income tax expense	30	(3,693)	2,040
Net profit/(loss) for the period		**1,179**	**(8,105)**
Attributable to:			
Equity holders of the parent		460	(9,035)
Non-controlling interest		719	930
		1,179	(8,105)
Basic/diluted earnings per share (in PLN)	33	**0.01**	**(0.18)**

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
Net profit/(loss) for the period	**1,179**	**(8,105)**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	185	-
Income tax effect	(35)	-
	150	-
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	(47)	(47)
Reclassification to profit and loss on disposal of subsidiary	208	-
	161	(47)
Other comprehensive income for the period	**311**	**(47)**
Total comprehensive income for the period	**1,490**	**(8,152)**
Attributable to:		
Shareholders of the parent	767	(9,082)
Non-controlling interests	723	930
	1,490	**(8,152)**

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 2013

	Equity attributable to equity holders of the parent						
	Share capital	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2013							
As at 31 December 2012	**50,937**	**147,192**	**(161)**	**990,403**	**1,188,371**	**17,679**	**1,206,050**
Total comprehensive income for the period							
Net profit for the period	-	-	-	460	460	719	1,179
Other comprehensive income	-	-	161	146	307	4	311
Total comprehensive income for the period	**-**	**-**	**161**	**606**	**767**	**723**	**1,490**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	1,397	1,397	-	1,397
Dividends of subsidiaries	-	-	-	-	-	(666)	(666)
Other	-	-	-	(2)	(2)	-	(2)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**1,395**	**1,395**	**(666)**	**729**
Changes in ownership interests in subsidiaries that do not result in a loss of control							
Recognition of put option granted to non-controlling interests (note 33)	-	-	-	(983)	(983)	-	(983)
Additional contribution of non-controlling shareholder	-	-	-	24	24	285	309
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(959)**	**(959)**	**285**	**(674)**
Total transactions with owners	-	-	-	436	436	(381)	55
As at 31 December 2013	**50,937**	**147,192**	**-**	**991,445**	**1,189,574**	**18,021**	**1,207,595**

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 TWELVE MONTHS ENDED 31 DECEMBER 2013 CONTINUED

	Attributable to equity holders of the parent						
	Share capital	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2012							
As at 31 December 2011	**50,937**	**147,192**	**(114)**	**1,048,049**	**1,246,064**	**17,253**	**1,263,317**
Total comprehensive income for the period							
Net profit/(loss) for the period	-	-	-	(9,035)	(9,035)	930	(8,105)
Other comprehensive income	-	-	(47)	-	(47)	-	(47)
Total comprehensive income for the period	**-**	**-**	**(47)**	**(9,035)**	**(9,082)**	**930**	**(8,152)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	2,460	2,460	-	2,460
Dividends declared	-	-	-	(50,937)	(50,937)	-	(50,937)
Dividends of subsidiaries	-	-	-	-	-	(504)	(504)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**(48,477)**	**(48,477)**	**(504)**	**(48,981)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(73)	(73)	-	(73)
Adjustment from consolidation of a subsidiary previously not consolidated	-	-	-	(61)	(61)	-	(61)
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(134)**	**(134)**	**-**	**(134)**
Total transactions with owners	-	-	-	(48,611)	(48,611)	(504)	(49,115)
As at 31 December 2012	**50,937**	**147,192**	**(161)**	**990,403**	**1,188,371**	**17,679**	**1,206,050**

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 2013

	Note	2013	2012
Cash flows from operating activities			
Profit/(loss) before income taxes		**4,872**	**(10,145)**
Adjustments for:			
Share of results of equity accounted investees		223	332
Depreciation of property, plant and equipment		82,263	78,726
Amortisation of intangible assets		13,825	15,064
Foreign exchange loss		98	(505)
Interest, net		8,996	12,326
(Profit) /loss on investing activities		(178)	11,703
Change in provisions		(6,330)	3,558
Change in inventories		(3,359)	6,721
Change in receivables and prepayments		9,049	2,011
Change in payables		8,581	(29,022)
Change in deferred revenues and accruals		(3,671)	5,891
Other adjustments (1)		2,438	1,924
Cash generated from operations		**116,807**	**98,584**
Income taxes paid		(7,339)	(6,578)
Net cash from operating activities		**109,468**	**92,006**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		27,261	21,417
Disposal of subsidiary (net of cash disposed), associates and joint ventures		2	650
Interest received		1,032	5,772
Disposal of short-term securities		103,950	275,109
Other inflows		-	68
Purchase of property plant and equipment and intangibles		(68,788)	(110,142)
Acquisition of subsidiary (net of cash acquired) associates and jointly controlled entities	34	(340)	(400)
Acquisition of short-term securities		(140,100)	(107,029)
Loans granted		(3,899)	-
Other outflows	7	(40,000)	-
Net cash used in investing activities		**(120,882)**	**85,445**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

	Note	2013	2012
Cash flows from financing activities			
Proceeds from borrowings		16,502	32,007
Other inflows		8	-
Repurchase of own shares		-	(73)
Dividends paid to equity holders of the parent		-	(50,937)
Dividends paid to minority shareholders		(666)	(504)
Repayment of borrowings		(70,378)	(64,615)
Payment of finance lease liabilities		(15,838)	(13,928)
Interest paid		(9,042)	(13,047)
Other		(535)	(942)
Net cash used in financing activities		**(79,949)**	**(112,039)**
Net increase (decrease) in cash and cash equivalents		**(91,363)**	**65,412**
Cash and cash equivalents			
At start of period		190,917	125,505
At end of period		99,554	190,917

(1) "other adjustments" include inter alia share-based payment costs.

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 2013 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 produces, sells and promotes daily newspapers (including *Gazeta Wyborcza*) and carries out the Internet activity. The Company is active in cinema segment through its subsidiaries Helios S.A. and Next Film Sp. z o.o. ("Helios group") and in the outdoor segment through an acquired subsidiary, AMS S.A. ("AMS"). Addtionally, the Company controls 5 radio broadcasting companies and is active as a publisher in magazine and periodical segment.

As at 31 December 2013 the Agora Group ("the Group") comprised: the parent company Agora S.A., and 15 subsidiaries. Additionally, the Group holds shares in three associates; GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o and Instytut Badan Outdooru IBO Sp. z o.o.

The Group carries out activity in all major cities of Poland and till December 10, 2013 in Ukraine – through LLC Agora Ukraine.

(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:

Wanda Rapaczynski	President	from June 28, 2013 till March 12,2014
Piotr Niemczycki	President	till February 11, 2013
Zbigniew Bak	Deputy President	till June 28,2013
Grzegorz Kossakowski	Member	for the whole year
Marek Jackiewicz	Member	till June 28, 2013
Stanislaw Turnau	Member	till June 28, 2013
Bartosz Hojka	Member	from June 28, 2013
Tomasz Jagiello	Member	from June 28, 2013
Robert Musial	Member	from June 28, 2013

(f) Supervisory Board

The Supervisory Board of the Company comprised the following members:

Andrzej Szlezak	Chairman	for the whole year
Slawomir S. Sikora	Member	for the whole year
Tomasz Sielicki	Member	for the whole year
Marcin Hejka	Member	till June 28, 2013
Wanda Rapaczynski	Member	till June 28, 2013
Helena Luczywo	Member	from June 28, 2013
Dariusz Formela	Member	from June 28, 2013

(g) Information about the financial statements

The consolidated financial statements were authorised for issue by the Management Board on 4 April 2014.

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 (ae).

(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 (excluding LLC Agora Ukraine, which functional currency was hryvna - UAH). All amounts (unless otherwise indicated) are recalculated and rounded to nearest thousand. The 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 subsidiaries would continue their business activities in the foreseeable future. There are no threats that would prevent the companies 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 2012, except for the changes connected with IFRSs described below.

For the Group's financial statements for the year started with January 1, 2013, new standards, amendments and interpretations to existing standards, which were endorsed by the European Union, are effecitve:

1) Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income;*
2) IAS 19 (2011) *Employee Benefits;*
3) Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities;*
4) Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First – time Adopters;*
5) IFRS 13 *Fair Value Measurement Entities;*
6) Amendments to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets;*
7) IFRIC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine;*
8) Amendments to IFRS 1 *First-time adopters - Government Loans;*
9) *Improvements to IFRS (2009-2011).*

The application of the amendments to IAS 1 resulted in presenting the foreign currency translation reserve in the consolidated statement of comprehensive income as an item that may be reclassified to profit or loss in the future.

The application of the amendments to IAS 19 results in recognizing the actuarial gains and losses related to the revaluation of the retirement severance provision in the consolidated statement of comprehensive income. Due to an immaterial impact of this change on comparative information, the Group did not restate the comparative amounts.

According to the Group IFRS 13 has no material impact on the consolidated financial statements since the methods and assumptions currently used to measure the fair value of assets are consistent with the standard.

According to the Group assessment, the amendments to other standards have no material impact on the consolidated financial statements.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by Agora S.A. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The purchase method of accounting is used 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 that control commences until the date that control ceases. Changes in a parent`s ownership interest in a subsidiary that do not result in a loss of control are accounter for as equity transactions.

(ii)Associates

An associate is that entity in which the Group has significant influence, but not control. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. The investments in associates are accounted using the equity method. When the Group's share of losses exceeds the carrying amount of the associate, 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.

(iii) Joint-ventures

Joint-venture is an entity which is joinlty controlled by the dominant party or major investees and other shareholders or cooperators on the basis of the statute, company's act or the agreement signed for the period longer than one year. The investments in joint ventures are accounted using the equity method. An interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post-acquistion change in the venturer's share of net assets of the jointly controlled entity. The profit or loss of the venturer includes the venturer's share of the profit or loss of the jointly controlled entity.

(iv)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. Unrealised gains or losses arising from transactions with associates are eliminated against the investment in the associate and the joint-venture.

(v) 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 w).

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 - 93 years
Buildings	10 - 40 years

Plant and machinery	2 - 20 years
Motor vehicles	5 - 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 w). 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 w).
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.

Estimated useful lives of intangible assets (apart from acquired magazine titles) are usually between 2 and 15 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 w).

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.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits.

(g) Derivative financial instruments

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.

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.

(h) Loans

Loans originated by the Group are financial assets created by the Group providing money, goods, or services to a debtor, other than those created with the intent to be sold in the short-term. Loans originated by the Group comprise loans provided to associate entities, other non-consolidated entities and loans originating on the buy-sell back treasury bonds transactions. Originated loans are carried at amortized cost, less impairment losses recognised. At the end of each reporting period, the Group assesses, whether there is objective evidence of impairment of financial assets. An impairment loss is calculated as the difference between the asset`s carrying amount and the present value of the estimated future cash flows discounted with the effective interest rate. Changes in impairment losses are recognized in profit or loss. Accrued interest is included in net profit or loss for the period in which it arises.

(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.

(j) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. 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. Unrealised gains or losses of available-for-sale financial assets are recognised in equity. For interest-bearing financial assets interest is calculated using the effective interest method and is recognised in the income statement.

(k) 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.

(l) Foreign currency

Functional and presentation currency for Agora S.A., its subsidiaries and associates is Polish zloty (excluding LLC Agora Ukraine – which functional currency is hryvnia). 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.

(m) Receivables

Trade and other receivables are stated at amortised cost less impairment losses. The Group recognises impairment losses for receivables in dispute and doubtful debts. The losses are charged to other operating or financial costs depending on the nature of the amount that was provided for.

(n) 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.

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.

(o) 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 and the recognition of the put option given to the non-controlling shareholders.

(p) 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, in which case it is recognised in equity.

Current tax expense is calculated according to tax regulations.

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.

(q) 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.

(r) 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.

(s) 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.

(t) Grants from the disabled fund

The Group's subsidiary (AMS S.A,) receives grants from the state to fund acquisition of fixed assets, which are recognised in the balance sheet initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching thereto (related to employment of disabled persons). The grants are recognised in the income statement as other operating revenues on a systematic basis over the useful life of the respective assets.

(u) Trade and other payables

Trade and other payables are stated at amortised cost.

(v) Revenue recognition

Sales revenue comprises revenue earned (net of value added tax (VAT), returns, discounts and allowances) from the provision of services or goods to third parties.

(i) Sale of goods

Revenues are recognised when the conditions of sale have been met, no significant uncertainties remain regarding the acceptance of the goods (significant risk and rewards of ownership have been transferred to the buyer) and the amount can be measured reliably.

(ii) Sale of services

Revenue from sales of advertising services is recognized as services are provided.

(iii) Interest income

Revenue is recognised as the interest accrues (using the effective interest method).

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(w) Impairment losses

The carrying amount of the Group's assets, other than inventories (see accounting policy n), and deferred tax assets (see accounting policy p) 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.

(x) 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.

(y) 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.

(z)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.

(aa) Share-based payments

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

Eligible employees are entitled to purchase investment certificates in closed end mutual fund. The fair value of certificates is determined by applying valuation model, which takes into consideration such variables as: market value of Agora's shares, specific characteristics and running costs of the fund as well as the kind of shares and rights associated with the certificates. The fair value of certificates is included in staff cost with corresponding increase in equity. The fair value of certificates is established as at the grant date and posted to the income statement from the month following the month in which certificates are purchased. The costs are recognized over the vesting period.

Within the Agora Group there are also 3-Year-Long Incentive Plans carried out, described in note 27B. One of the components of the plans is accounted for in accordance with IFRS2. These are cash-settled plans with rules based on - inter alia - share price quotations and appreciation. In these plans, eligible employees of the Agora Group (including the Management Board) are entitled to a reward based on the realization of the Target of Share Price Rise. 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 Agora S.A. during the last 12 months preceding the balance sheet date. The value is charged to the staff costs in the Income Statement in proportion to the full period of the 3-Year-Long Incentive Plan and accounted into the accruals. The changes in the value are presented in salaries and renumeration.

(ab)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.

(ac) Related parties

For the purposes of these financial statements, related parties comprise significant shareholders, subsidiaries, associated undertakings, joint-ventures and members of the Management and Supervisory Boards of the Group entities and their immediate family, and entities under their control.

(ad) Accounting for tax exemption in Special Economic Zone (SEZ)

The Group's subsidiary (Agora Poligrafia Sp. z o.o.) operates in a Special Economic Zone. Income from activities in SEZ is exempt from taxation up to the amount defined by SEZ regulations. The tax exemption is recognised in the Group's income statement in the period to which it relates. Future tax benefits relating to tax exemption are treated as an investment relief and recognised, by analogy, based on the provisions of IAS 12, as deferred tax assets (as described in point p).

(ae) 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) Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2014 or later)

The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group does not expect the amendments to have material impact on the consolidated financial statements.

2) IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2014 or later)

IFRS 10 provides a new single model to be applied in the control analysis for all investees, including entities that currently are Special Purpose Entities (SPEs) in the scope of SIC-12. Under the new single control model, an investor controls an investee when (1) it is exposed or has rights to variable returns from its involvements with the investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between power and returns.

The new standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

The Group does not expect the new standard to have material impact on the consolidated financial statements, since the assessment of control over its current investees under the new standard is not expected to change previous conclusions regarding the Group's control over its investees.

3) IFRS 11 *Joint Arrangements* (effective for annual periods beginning on or after January 1, 2014 or later)

IFRS 11 *Joint Arrangements* replaces IAS 31 *Interest in Joint Ventures*. Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:

-a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement;
- a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

Under IFRS 11, jointly controlled entities treated as joint ventures, must be accounted for using the equity method. Proportionate consolidation is no longer possible.

The Group does not expect the new standard to have material material impact on the consolidated financial statements, since the assessment of the joint arrangements under the new standard is not expected to result in a change in the accounting treatment of existing joint arrangements.

4) IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after January 1, 2014 or later)

IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The Group analyzes the impact of the new standard on the level of disclosures in the consolidated financial statements.

5) IAS 27 (2011) *Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2014 or later)

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011).

The Group does not expect the amendmetns to have material impact on the consolidated financial statements.

6) IAS 28 (2011) *Investments in Associates and Joint Venutres* (effective for annual periods beginning on or after January 1, 2014 or later)

There are limited amendments made to IAS 28 clarifying that IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* should be applied to an investment in ssociates and joint ventures if they meet the criteria to be classified as held for sale. Besides, previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

The Group does not expect the amended standard to have material impact on the consolidated financial statements.

7) Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance* (effective for annual periods beginning on or after January 1, 2014 or later)

The amendments clarify the requirments for the initial application of these standards.

The Group does not expect the amendmetns to have material impact on the consolidated financial statements.

8) Amendments to IFRS 10, IFRS 12 and IAS 27: *Investment Entities* (effective for annual periods beginning on or after January 1, 2014 or later)

The Amendments provide an exception to the consolidation requirements in IFRS 10 and require qualifying investment entities to measure their investments in controlled entities – as well as investments in associates and joint ventures – at fair value through profit or loss, rather than consolidating them.

The Group does not expect the amendments to have any impact on the consolidated financial statements, since the Group does not qualify as an investment entity.

9) Amendments to IAS 39 *Financial Instruments: Recognition and Measurement:* Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after January 1, 2014 or later)

The amendments will not have any impact on the consolidated financial statements, since the Group does not apply hedge accounting.

10) Amendments to IAS 36 *Impairment of Assets*: Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 1, 2014 or later).

The amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognised or reversed during the period.

The amendments also require the additional disclosures when an impairment for individual assets (including goodwill) or cash-generated units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal.

The Group does not expect the amendments to have a material impact on the consolidated financial statements.

Standards and interpretations awaiting on endorsement by the European Union:

1) IFRS 9 *Financial Instruments (2009),* Amendments to IFRS 9 *Financial Instruments (2010)* and Amendments to IFRS 7 *Financial Instruments: Disclosures* (effective for annual periods beginning on or after January 1, 2015 or later)

The new standard replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement,* about classification and measurement of financial assets and financial liabilities. One of significant changes relates to the changes in classification categories of financial assets. On initial recognition, financial assets will be classified into one of two categories:

- financial assets measured at amortized cost; or

- financial assets measured at fair value.

The standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities.

The amended IFRS 7 requires to disclose more details about the effect of the initial application of IFRS 9, when an entity does not restate comparative information in accordance with the amended requirements of IFRS 9.

The Group analyzes the impact of the new standard and its amendments on the consolidated financial statements.

2) IFRIC Interpretation 21 *Levies* (effective for annual periods beginning on or after January 1, 2014 or later)

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognising a liability to pay a levy imposed by government.

The Group does not expect the amendments to have a material impact on the consolidated financial statements.

3) Amendments to IAS 19 *Employee Benefits* entitled *Defined Benefit Plans: Employee Contributions (*effective for annual periods beginning on or after June 1, 2014 or later)

The amendments apply to contributions from employees or third parties to defined benefit plans.

The amendments will have no impact on the consolidated financial statements, since the existing defined benefit plan has no contributions from employees.

4) Improvements to IFRS 2010-2012 and 2011-2013 (effective for annual periods beginning on or after June 1, 2014 or later)

The *Improvements to IFRSs 2010-2012* contain 8 amendments to 7 standards and the *Improvements to IFRS 2011-2013* contain 4 amendments to different standards, with consequential amendments to other standards and interpretations.

The Group analyzes the impact of the new standard and its amendments on the consolidated financial statements

5) IFRS 14 *Regulatory Deferral Accounts* (effective for annual periods beginning on or after June 1, 2016 or later)

The interim Standard that permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements.

The standard will have no impact on the consolidated financial statements, because the Group has no regulatory accounts.

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

3. INTANGIBLE ASSETS

	Magazine titles	Goodwill	Licences and patents	Other	Total
Cost as at 1 January 2013	**86 525**	**374 369**	**136 832**	**20 857**	**618 583**
Additions	3 000	-	15 834	2 133	20 967
Acquisitions	3 000	-	10 730	346	14 076
Transfer from assets under construction	-	-	5 098	1 787	6 885
Reclassifications	-	-	6	-	6
Disposals	(31 145)	-	(4 181)	-	(35 326)
Sale	(31 145)	-	-	-	(31 145)
Liquidation	-	-	(4 030)	-	(4 030)
Sale of subsidiary (note 33)	-	-	(147)	-	(147)
Other	-	-	(4)	-	(4)
Cost as at 31 December 2013	**58 380**	**374 369**	**148 485**	**22 990**	**604 224**
Amortisation and impairment losses as at 1 January 2013	**39 478**	**63 265**	**76 249**	**17 530**	**196 522**
Amortisation charge for the period	-	-	11 281	2 544	13 825
Impairment losses (note 40)	-	-	-	400	400
Sale	(19 583)	-	-	-	(19 583)
Liquidation	-	-	(4 030)	-	(4 030)
Reclassifications	-	-	2	-	2
Sale of subsidiary (note 33)	-	-	(127)	-	(127)
Other	-	-	(1)	-	(1)
Amortisation and impairment losses as at 31 December 2013	**19 895**	**63 265**	**83 374**	**20 474**	**187 008**
Carrying amounts					
As at 1 January 2013	47 047	311 104	60 583	3 327	422 061
As at 31 December 2013	38 485	311 104	65 111	2 516	417 216

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

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Total
Cost as at 1 January 2012	**86,525**	**374,369**	**106,469**	**18,961**	**586,324**
Additions	-	-	34,036	1,947	35,983
Acquisitions	-	-	5,237	1,604	6,841
Transfer from assets under construction	-	-	28,748	343	29,091
Other	-	-	51	-	51
Disposals	-	-	(3,673)	(51)	(3,724)
Sale	-	-	(33)	-	(33)
Liquidation	-	-	(3,623)	-	(3,623)
Other	-	-	(17)	(51)	(68)
Cost as at 31 December 2012	**86,525**	**374,369**	**136,832**	**20,857**	**618,583**
Amortisation and impairment losses as at 1 January 2012	**27,068**	**62,784**	**66,474**	**10,762**	**167,088**
Amortisation charge for the period	-	-	10,600	4,464	15,064
Impairment losses	12,410	481	2,828	2,303	18,022
Reversal of impairment losses	-	-	(33)	-	(33)
Sale	-	-	(24)	-	(24)
Liquidation	-	-	(3,583)	-	(3,583)
Other	-	-	(13)	1	(12)
Amortisation and impairment losses as at 31 December 2012	**39,478**	**63,265**	**76,249**	**17,530**	**196,522**
Carrying amounts					
As at 1 January 2012	59,457	311,585	39,995	8,199	419,236
As at 31 December 2012	47,047	311,104	60,583	3,327	422,061

3. INTANGIBLE ASSETS – CONT.

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.

The rights to some magazine titles purchased in the book amount of PLN 35,442 thousand (2012: PLN 47,004 thousand) are pledged as security for loan facility of Agora S.A., which is fully described in note 14. Other intangibles in book value in the amount of PLN 238 thousand (2012: PLN 256 thousand) are pledged as security for bank loans of Helios S.A.

As a result of an agreement executed on February 25, 2013 Agora S.A. sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* for net PLN 11,500 thousand. On the same day, Agora S.A., on the basis of the executed agreement, acquired from Edipresse Polska S.A. the right to publish monthly *Dom& Wnetrze* for net PLN 3,000 thousand (in connection with the sales transaction the pledge on trademarks relating to *Poradnik Domowy* was eliminated).

(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 2013	**17,314**	**33,083**	**518,302**	**817,078**	**8,244**	**208,412**	**26,217**	**1,628,650**
Additions	-	2,580	7,705	26,988	341	8,696	55,310	101,620
Acquisitions	-	-	1,086	11,779	306	614	52,192	65,977
Transfer from assets under construction	-	2,580	6,573	15,209	35	8,076	-	32,473
Other	-	-	46	-	-	6	3,118	3,170
Disposals	(462)	-	(4,536)	(13,983)	(725)	(10,782)	(51,541)	(82,029)
Sale	(462)	-	(1,412)	(3,549)	(579)	(789)	(10,183)	(16,974)
Liquidation	-	-	(3,124)	(10,203)	(99)	(9,987)	(1,164)	(24,577)
Sold with the sale of a subsidiary (note 33)	-	-	-	(225)	(47)	-	-	(272)
Reclassifications	-	-	-	-	-	(6)	-	(6)
Transfer from assets under construction	-	-	-	-	-	-	(39,358)	(39,358)
Other	-	-	-	(6)	-	-	(836)	(842)
Cost as at 31 December 2013	**16,852**	**35,663**	**521,471**	**830,083**	**7,860**	**206,326**	**29,986**	**1,648,241**

(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 2013	**-**	**10,465**	**178,646**	**556,337**	**5,830**	**110,172**	**1,535**	**862,985**
Depreciation charge for the period	-	309	21,024	41,573	735	18,622	-	82,263
Impairment losses	-	-	1,266	49	-	45	470	1,830
Reversal of impairment losses	-	-	-	(2)	-	-	(508)	(510)
Sale	-	-	(277)	(1,673)	(567)	(578)	-	(3,095)
Liquidation	-	-	(2,633)	(10,107)	(99)	(6,751)	-	(19,590)
Sold with the sale of a subsidiary (note 33)	-	-	-	(225)	(47)	-	-	(272)
Reclassifications	-	-	-	-	-	(2)	-	(2)
Other	-	-	-	(4)	-	-	-	(4)
Depreciation and impairment losses as at 31 December 2013	**-**	**10,774**	**198,026**	**585,948**	**5,852**	**121,508**	**1,497**	**923,605**
Carrying amounts								
As at 1 January 2013	17,314	22,618	339,656	260,741	2,414	98,240	24,682	765,665
As at 31 December 2013	16,852	24,889	323,445	244,135	2,008	84,818	28,489	724,636

(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 2012	**17,314**	**33,083**	**500,692**	**789,437**	**8,618**	**199,498**	**51,539**	**1,600,181**
Additions	-	-	30,887	66,861	918	19,975	95,740	214,381
Acquisitions	-	-	927	42,368	777	11,220	87,038	142,330
Transfer from assets under construction	-	-	29,954	22,794	-	8,696	-	61,444
Other	-	-	6	1,699	141	59	8,702	10,607
Disposals	-	-	(13,277)	(39,220)	(1,292)	(11,061)	(121,062)	(185,912)
Sale	-	-	(4)	(3,319)	(1,105)	(2,147)	(20,440)	(27,015)
Liquidation	-	-	(13,273)	(32,376)	(42)	(8,869)	(599)	(55,159)
Transfer from assets under construction	-	-	-	-	-	-	(90,542)	(90,542)
Other	-	-	-	(3,525)	(145)	(45)	(9,481)	(13,196)
Cost as at 31 December 2012	**17,314**	**33,083**	**518,302**	**817,078**	**8,244**	**208,412**	**26,217**	**1,628,650**

(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 2012	**-**	**10,175**	**170,894**	**551,203**	**6,091**	**100,012**	**1,649**	**840,024**
Depreciation charge for the period	-	290	20,141	39,670	750	17,875	-	78,726
Impairment losses	-	-	183	78	-	61	167	489
Reversal of impairment losses	-	-	-	(33)	-	-	(286)	(319)
Sale	-	-	-	(3,214)	(970)	(1,608)	-	(5,792)
Liquidation	-	-	(12,570)	(31,293)	(37)	(6,185)	-	(50,085)
Other	-	-	(2)	(74)	(4)	17	5	(58)
Depreciation and impairment losses as at 31 December 2012	**-**	**10,465**	**178,646**	**556,337**	**5,830**	**110,172**	**1,535**	**862,985**
Carrying amounts								
As at 1 January 2012	17,314	22,908	329,798	238,234	2,527	99,486	49,890	760,157
As at 31 December 2012	17,314	22,618	339,656	260,741	2,414	98,240	24,682	765,665

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.

The balance sheet value as at December 31, 2013 of property, plant and equipment used on the basis of finance lease agreements amounted to PLN 104,600 thousand (2012: PLN 110,042 thousand). The information on the conditions and terms of finance lease agreements are shown in note 14 to the consolidated financial statements.

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

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

No.	Assets	Net book value at 31 December 2013
1	Perpetual usufruct	23,492
2	Land	10,596
3	Buildings	247,538
4	Plant, machinery and equipment	132,984
5	Vehicles	519
6	Other fixed assets	21,477
	Total	436,606

Contractual capital and investment commitments are disclosed in note 36.

5. INVESTMENTS

Investments include primarily shares and loans granted of the unconsolidated companies.

	2013	2012
Balance as at beginning of the period	**150**	**251**
Shares	150	251
Additions	**136**	**147**
Shares	-	147
- reclassifications	-	147
Loans granted	136	-
- grant of loans	136	-
Disposals	**(123)**	**(248)**
Shares	(67)	(248)
- sale of shares	-	(147)
- impairment loss	(63)	-
- other	(4)	(101)
Loans granted	(56)	-
- reclassifications	(56)	-
Balance as at end of the period	**163**	**150**
Shares	83	150
Loans granted	80	-

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

6. INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES

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

	2013	2012
Balance as at beginning of the period	**11,718**	**11,881**
Additions	340	400
Acquisitions of joint-ventures accounted for the equity method	-	200
Share capital increase	340	200
Disposals	(223)	(563)
Share in net losses	(223)	(332)
Sale of shares	-	(231)
Balance as at end of the period	**11,835**	**11,718**

Summarised financial information about associates and joint-ventures is presented in note 39.

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2013	31 December 2012
Prepayments and accrued income	3,454	4,085
Other	41,472	1,396
Total accounts receivable and prepayments, gross	**44,926**	**5,481**

In December 2013 AMS S.A. provided to the bank a cash deposit in the amount of PLN 40,000 thousand as a cash collateral securing the bank guarantee issued for the benefit of Ströer Polska Sp. z o.o. in relation to the concession contract for construction and utilization bus shelters in Warsaw (described in note 36). As at 31 December 2013, the deposit receivable is presented in the balance sheet within the non-current receivables.

8. INVENTORIES

	31 December 2013	31 December 2012
Raw materials and consumables	23,544	21,005
Work in progress	-	19
Finished goods	348	-
Goods for resale	1,954	1,464
	25,846	**22,488**
Impairment losses recognised	9,127	8,474
Total inventories, gross	**34,973**	**30,962**

The cost of inventories recognised as an expense amounted to PLN 189,353 thousand (2012: PLN 192,938 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 the net amount of PLN 1,440 thousand (2012: PLN minus 708 thousand).

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

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2013	31 December 2012
Trade receivables (net of impairment losses)	182,390	185,921
Taxes, social security and similar	9,363	9,597
Prepayments and accrued income	8,312	8,542
Other	33,875	38,753
	233,940	**242,813**
Impairment losses recognised	21,646	21,427
Total accounts receivable and prepayments, gross	**255,586**	**264,240**

Other receivables include mainly loans granted to employees from the Group's social fund of PLN 24,576 thousand (31 December 2012: PLN 25,510 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%.

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 30 days. Tax and social security receivables are non-interest bearing.

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.

Ageing of trade receivables - gross

	31 December 2013	31 December 2012
Current receivables	113,323	104,290
Overdue receivables within 1 month	41,739	56,505
Overdue receivables between 1 and 3 months	14,994	17,783
Overdue receivables between 3 and 6 months	11,208	6,005
Overdue receivables between 6 months and 1 year	5,548	5,196
Overdue receivables more than 1 year	17,151	17,360
	203,963	**207,139**

Impairment losses on accounts receivable

	2013	2012
Balance as at beginning of the period	**21,427**	**21,780**
Additions	14,717	18,327
Reversals	(8,975)	(13,018)
Used impairment losses	(5,523)	(5,662)
Balance as at end of the period	**21,646**	**21,427**

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

10. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2013	31 December 2012
Certificates in investment funds	71,839	32,774
Loans granted	3,817	-
	75,656	**32,774**

On November 5, 2013 the Instytut Badań Outdooru IBO Sp. z o.o. with its registered seat in Warsaw concluded the loan agreement with AMS S.A. with its registered seat in Warsaw ('the Agreement"). Pursuant to the Agreement the AMS S.A. granted Instytut Badań Outdooru IBO Sp. z o.o. a short-term loan in the amount of PLN 1,263 thousand. The intereset rate of the loan is fixed at WIBOR 3M rate increased by 1.5% per annum. The loan is secured by a blank promissory note.

On December 19, 2013 the Aora S.A. and Stopklatka S.A. with its registered seat in Warsaw concluded the loan agreement ('the Agreement"). Pursuant to the Agreement the Agora S.A. granted Stopklatka S.A. a loan in the amount of PLN 2,500 thousand. The intereset rate of the loan is fixed at WIBOR 3M rate increased by 1.5% per annum. The parties of the contract agreed that repayment of the loan with the interest shall be made by the way of a single repayment, no later than on July 31, 2014. The borrower may pay all or part of the loan before the deadline indicated in the Agreement. On December 19, 2013 the Company and Kino Polska TV S.A. concluded the guarantee agreeement which constitutes the legal security of the repayment of the loan. Under above agreement Kino Polska TV S.A. guaranteed that - in case of default by Stopklatka S.A. in repayment of all or part of the loan amount within the period stipulated in the Agreement – it will pay the outstanding amount of the loan with interest due. The guarantee amounts to PLN 2,600 thousand.

11. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash at bank and in hand	47,956	69,579
Short-term bank deposits	50,751	116,766
Other	847	4,572
	99,554	**190,917**

Included in cash and cash equivalents is cash in the amount of PLN 8,600 thousand representing cash held on behalf of the Group's social fund (31 December 2012: PLN 6,661 thousand).

12. SHARE CAPITAL

Registered share capital as at 31 December, 2013

Series	Type of shares	Type of preference	Amount of shares	Par value	Origin of capital
A	preference	voting	4,281,600	4,282	conversion
B & D	ordinary	none	46,655,786	46,655	conversion
			50,937,386	**50,937**	

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.

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

The restatement of equity due to hyperinflation

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

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

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

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

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

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

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 through annual dividend and – if the situation warrants – share repurchases (with cancellation) in connection with the Company's perspectives and market conditions.

For the financial year of 2012, Agora S.A. made a net loss of PLN 23,341 thousand, which was distributed in accordance with the resolution taken by the General Meeting of Shareholders (on June 28, 2013) from the reserve capital.

14. INTEREST BEARING LOANS AND BORROWINGS AND SHORT-TERM BORROWINGS

	31 December 2013	31 December 2012
Long term bank loans	39,420	55,057
Finance lease liabilities	38,584	44,320
Total long term borrowings	**78,004**	**99,377**
Short term bank loans	50,924	88,766
Finance lease liabilities	16,935	14,239
Total short term borrowings	**67,859**	**103,005**

Loans and bank loans

Debt repayment schedule:

	31 December 2013	31 December 2012
More than 1 and less than 3 years	25,273	52,057
Between 3 and 5 years	8,962	3,000
More than 5 years	5,185	-
Total	**39,420**	**55,057**

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

Finance lease liabilities

	31 December 2013	31 December 2012
Future minimum lease payments	62,939	64,279
Future finance charges	(7,420)	(5,720)
Present value of finance lease liabilities, total	**55,519**	**58,559**

Present value of finance lease liabilities by payment period

	31 December 2013	31 December 2012
Within 1 year	16,935	14,239
Between 1 and 5 years	38,284	42,943
More than 5 years	300	1,377
Present value of finance lease liabilities, total	**55,519**	**58,559**

Future minimum lease payments by payment period

	31 December 2013	31 December 2012
Within 1 year	20,244	16,741
Between 1 and 5 years	42,384	46,093
More than 5 years	311	1,445
Future minimum lease payments, total	**62,939**	**64,279**

(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 2013	31 December 2012				
Long term credits and loans							
Bank Pekao S.A. (1)	247,817	8,652	43,159	WIBOR 1 M or 3 M + bank margin	credit line A: (repaid in total); credit line B: quarterly 12 installments from June 30, 2012 to March 31, 2015; credit line C - ready to use: quarterly 13 instalments from March 31, 2015 to March 31, 2018.	guarantee of Agora Poligrafia Sp. z o.o., mortgages, pledges on fixed assets and insurance policies, pledges on Company's bank accounts, pledges on trademarks or future trademarks relating to Agora's magazines	credit line granted to Agora S.A. (divided into parts: A and B and a credit line ready to use - part C)
Bank Zachodni WBK S.A.	25,907	6,768	11,898	1M WIBOR + bank margin	monthly installments until December 31, 2017	mortgage on property in Radom, Sosnowiec, Opole, Białystok, registered pledge on cinema equipment, pledge on insurance policy, blank promissory note	investment credit granted to Helios S.A.
Raiffeisen Bank Polska S.A.	56,000	23,379	-	1M WIBOR + bank margin	monthly installments until December 31, 2020	registered pledge on cinema equipment, pledge on insurance policy, blank promissory note, pledge on current account and other bank accounts managed by the Bank, blank promissory note,mortgage on property in Opole, Białystok, Sosnowiec, Radom, pledge on insurance policy, pledge 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	621	-	1M WIBOR + bank margin	monthly installments until December 31, 2020	mortgage on property in Opole, pledge on cinema equipment, pledge on insurance policy, pledge on current account, blank promissory note with promissory note declaration	revolving credit granted to Helios S.A.
Long term finance lease liabilities							
BZ WBK LEASING S.A.	24,006	3,602	7,270	1M WIBOR + lessor`s margin	Final repayment in installments till 2017	blank promissory note, leased equipment (3D projectors, cinema and bar equipment)	lease agreement signed by 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 2013	31 December 2012				
BRE leasing Sp. z o.o.	6,386	1,295	2,422	1M WIBOR + lessor`s margin	Final repayment in installments till 2017	blank promissory note, leased equipment (cars and cinema equipment)	lease agreement signed by Helios S.A.
Europejski Fundusz Leasingowy S.A.	36,851	16,081	20,963	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.
SG Equipment Leasing Polska Sp. z o.o.	3,586	-	667	1M WIBOR + lessor`s margin	Final repayment in installments till 2014	blank promissory note, leased equipment (cinema equipment in Legnica), gurantee deposit equal to 10% of financing amount	lease agreement signed by Helios S.A.
XDC ALPHA S.A.	10,283	4,542	5,430	1M WIBOR + lessor`s margin	Final repayment in installments till 2019	leased equipment - 3D projectors	lease agreement signed by Helios S.A.
Kredyt Lease	12,316	5,520	7,493	1M WIBOR + lessor`s margin	Final repayment in installments till 2017	blank promissory note, leased equipment (projectors, cinema equipment, cars)	lease agreement signed by Helios S.A. and Next Film Sp. z o.o.
Santander Consumer Multirent	114	51	75	1M WIBOR + lessor`s margin	Final repayment in installments till 2016	blank promissory note, cars	lease agreement signed by Helios S.A.
ING Lease Sp. z o.o.	10,711	7,493	-	1M WIBOR + lessor`s margin	Final repayment in installments till 2018	blank promissory note, leased equipment (projectors, cinema equipment)	lease agreement signed by Helios S.A.
Short term credits and loans							
Bank Pekao S.A. (1)	247,817	34,543	34,577	WIBOR 1 M or 3 M + bank margin	credit line A: (repaid in total); credit line B: quarterly 12 installments from June 30, 2012 to March 31, 2015; credit line C - ready to use: quarterly 13 instalments from March 31, 2015 to March 31, 2018.	guarantee of Agora Poligrafia Sp. z o.o., mortgages, pledges on fixed assets and insurance policies, pledges on Company's bank accounts, pledges on trademarks or future trademarks relating to Agora's magazines	credit line granted to Agora S.A. (divided into parts: A and B and a credit line ready to use - part C)

(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 2013	31 December 2012				
Bank Zachodni WBK S.A.	46,447	5,129	8,799	1M WIBOR + bank margin	monthly installments until December 31, 2017	mortgage on property in Radom, Sosnowiec, Opole and Białystok, registered pledge on cinema equipment, pledge on insurance policy, blank promissory note	investment credit granted to Helios S.A.
Bank Zachodni WBK S.A.	6,400	-	4,463	1M WIBOR + bank margin	one-off repayment on November 23, 2014	blank promissory note, pledge on insurance policy, registered pledge on cinema equipment, mortgage on property in Radom, Sosnowiec, Opole and Białystok.	bank overdraft granted to Helios S.A.
Raiffeisen Bank Polska S.A.	56,000	5,705	33,857	1M WIBOR + bank margin	monthly installments until December 31, 2020	registered pledge on cinema equipment, pledge on insurance policy, blank promissory note, pledge on current account and other bank accounts managed by the Bank, blank promissory note,mortgage on property in Opole, Białystok, Sosnowiec, Radom, pledge on insurance policy, pledge 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	103	828	1M WIBOR + bank margin	monthly installments until December 31, 2020	mortgage on property in Opole, pledge on cinema equipment, pledge on insurance policy, pledge on current account, blank promissory note with promissory note declaration	revolving credit granted to Helios S.A.
Bank Zachodni WBK S.A.	3,600	3,622	3,049	1M WIBOR + bank margin	repayment on November 23, 2014	blank promissory note, pledge on insurance policy, registered pledge on cinema equipment, mortgage on property in Radom, Sosnowiec, Opole and Białystok.	credit line for short-term bank loans
Raiffeisen Bank Polska S.A.	9,500	-	3,193	1M WIBOR + bank margin	repayment on July 25, 2014	pledge on current account and other bank accounts managed by the Bank, mortgage on property in Opole, Bialystok, Sosnowiec i Radom, pledge on insurance policy, plegde on receivales from a contract on the basis of the agreement between the Bank and the Borrower	bank overdraft granted to Helios S.A.
Alior Bank S.A. (2)	1,952	1,822	-	3 M WIBOR + bank margin	monthly instalments till June 30, 2017	pledge on current account and other bank accounts managed by the Bank, mortgage on property in Radom	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 2013	31 December 2012				
Short term finance lease liabilities							
BZ WBK LEASING S.A.	32,009	3,558	3,319	1M WIBOR + lessor`s margin	Final repayment in installment till 2017	blank promissory note, leased equipment (3D projectors, cinema and bar equipment)	lease agreement signed by Helios S.A.
BRE leasing Sp. z o.o.	6,838	1,128	1,068	1M WIBOR + lessor`s margin	Final repayment in installlments till 2017	blank promissory note, leased equipment (cars and cinema equipment)	lease agreement signed by Helios S.A.
Europejski Fundusz Leasingowy S.A.	36,192	6,560	6,046	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.
SG Equipment Leasing Polska Sp. z o.o.	3,586	663	772	1M WIBOR + lessor`s margin	Final repayment in installments till 2014	blank promissory note, leased equipment (cinema equipment in Legnica), gurantee deposit equal to 10% of financing amount	lease agreement signed by Helios S.A.
XDC ALPHA S.A.	11,333	1,197	1,114	1M WIBOR + lessor`s margin	Final repayment in installments till 2019	leased equipment - 3D projectors	lease agreement signed by Helios S.A.
Kredyt Lease	12,115	2,057	1,898	1M WIBOR + lessor`s margin	Final repayment in installments till 2017	blank promissory note, leased equipment (projectors, cinema equipment, cars)	lease agreement signed by Helios S.A. and Next Film Sp. z o.o.
Santander Consumer Multirent	114	25	22	1M WIBOR + lessor`s margin	Final repayment in installments till 2016	blank promissory note, cars	lease agreement signed by Helios S.A.
ING Lease Sp. z o.o.	10,711	1,747	-	1M WIBOR + lessor`s margin	Final repayment in installments till 2018	blank promissory note, leased equipment (projectors, cinema equipment)	lease agreement signed by Helios S.A.

(1) according to the Annex dated May 28, 2013 the Company can use also credit line C – that is the amount up to PLN 100 000 thousand till May 31, 2014; till the date of publication of this financial statements the credit line C was not used by the Company.

(2) as at December 31, 2013, a one of subsidiaries has not fullfiled some of the financial covenants; as a result the Group presented the whole amount of debt defined in the above credit bank agreement as short-term borrowings. Until the date of publication of these consolidated financial statements the loans resulting from this credit agreement.

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

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% (2012: 19%).

Deferred tax assets

	2013	2012
Balance as at beginning of the period	**30,906**	**34,338**
Accruals	13,853	11,576
Financial assets and liabilities	13	29
F/X differences	2	79
Interests liabilities	819	2,203
Deferred revenues	9,902	13,000
Provisions	399	-
Accelerated depreciation and amortisation	4	-
Impairment losses for financial assets	-	352
Impairment losses for inventories	1,610	4,125
Impairment losses for accounts receivable	1,421	1,451
Tax losses	1,047	329
Finance leases	969	969
Other	867	225
Recognised in the income statement due to origination and reversal of temporary differences and tax loss	**(3,346)**	**(3,432)**
Accruals	(1,551)	2,277
Financial assets and liabilities	(13)	(16)
F/X differences	17	(77)
Interests liabilities	(560)	(1,384)
Deferred revenues	(953)	(3,098)
Provisions	279	399
Accelerated depreciation and amortisation	130	4
Impairment losses for financial assets	-	(352)
Impairment losses for inventories	124	(2,515)
Impairment losses for accounts receivable	(36)	(30)
Tax losses	(139)	718
Finance leases	(1)	-
Other	(643)	642
Recognised in comprehensive income	**(35)**	**-**
Provisions	(35)	-
Balance as at end of the period	**27,525**	**30,906**
Accruals	12,302	13,853
Financial assets and liabilities	-	13
F/X differences	19	2
Interests liabilities	259	819

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

	2013	2012
Deferred revenues	8,949	9,902
Provisions	643	399
Accelerated depreciation and amortisation	134	4
Impairment losses for inventories	1,734	1,610
Impairment losses for accounts receivable	1,385	1,421
Tax losses	908	1,047
Finance leases	968	969
Other	224	867

Deferred tax liabilities

	2013	2012
Balance as at beginning of the period	**67,662**	**75,768**
Accelerated depreciation and amortisation	63,109	68,377
Financial assets and liabilities	461	1,553
F/x differences	21	8
Interest receivables	733	2,049
Finance leases	3,080	3,381
Other	258	400
Recognised in the income statement due to origination and reversal of temporary differences	**(3,714)**	**(8,106)**
Accelerated depreciation and amortisation	(3,540)	(5,268)
Financial assets and liabilities	142	(1,092)
F/x differences	(21)	13
Interest receivables	(730)	(1,316)
Finance leases	478	(301)
Other	(43)	(142)
Balance as at end of the period	**63,948**	**67,662**
Accelerated depreciation and amortisation	59,569	63,109
Financial assets and liabilities	603	461
F/x differences	-	21
Interest receivables	3	733
Finance leases	3,558	3,080
Other	215	258

Deferred tax assets and liabilities	Before offsetting	Offsetting	31 December 2013 Carrying amount
Assets	27,525	(22,314)	5,211
Liabilities	63,948	(22,314)	41,634

Deferred tax assets and liabilities	Before offsetting	Offsetting	31 December 2012 Carrying amount
Assets	30,906	(26,698)	4,208
Liabilities	67,662	(26,698)	40,964

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

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 tax credits and tax losses.

The amounts of unused tax credits 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 2013	31 December 2012	Expiry date
Unused tax losses	20,380	4,548	up to 2018
Unused tax credits	3,970	-	up to 2015

16. OTHER FINANCIAL LIABILITIES

	2013	2012
Long term		
Put option liability	27,592	26,609
	27,592	**26,609**
Short term		
Liability related to valuation of SWAP contracts	-	73
	-	**73**

Put option liability concerns the estimated redemption amount of the put option granted to non-controlling shareholders of Helios S.A., of Sport4People Sp. z o.o. and Sir Local Sp. z o.o.

The estimated redemption amount of the put options classified as a financial liability is recognised in the consolidated balance sheet of the Agora Group and at initial recognition decreased the line item in the consolidated balance sheet of the Agora Group: Retained earnings and other reserves.

As at December 31, 2013, its value is estimated to:

- PLN 26,409 thousand for non-controlling shareholders of Helios S.A. (31 December 2012: PLN 26,409 thousand),
- PLN 200 thousand for non-controlling shareholders of Sport4People Sp. z o.o. (31 December 2012: PLN 200 thousand),
- PLN 983 thousand for non-controlling shareholders of Sir Local Sp. z o.o.

A liability related to valuation of SWAP contracts is connected with the revaluation to a fair value of interest rate SWAP contracts signed by a one of subsidiaries and is accounted for in accordance with the bank valuation as at December 31, 2012. In 2013 the SWAP contracts were settled.

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 2013 amounted to PLN 2,451 thousand (31 December 2012: PLN 2,234 thousand).

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

18. PROVISIONS

	2013	2012
Balance as at beginning of the period	**10,219**	**6,786**
Provision for restructuring	5,349	-
Provision for restructuring of advertising panels	-	29
Provision for penalties, interests and similar	2,835	3,598
Provision for the cost of compensation and severances for the former Management Board Members	149	521
Provision for legal claims	1,125	1,840
Other	761	798
Additional provisions	**2,771**	**9,988**
Provision for restructuring	-	9,512
Provision for penalties, interests and similar	320	-
Provision for the cost of compensation and severances for the former Management Board Members	1,502	-
Provision for legal claims	677	308
Other	272	168
Provisions used during the period	**(6,959)**	**(5,239)**
Provision for restructuring	(5,334)	(4,163)
Provision for penalties, interests and similar	(268)	(665)
Provision for the cost of compensation and severances for the former Management Board Members	(970)	(372)
Provision for legal claims	(256)	-
Other	(131)	(39)
Unused provisions reversed	**(2,359)**	**(1,316)**
Provision for restructuring of advertising panels	-	(29)
Provision for penalties, interests and similar	(1,122)	(98)
Provision for legal claims	(778)	(1,023)
Other	(459)	(166)
Balance as at end of the period	**3,672**	**10,219**
Provision for restructuring	15	5,349
Provision for penalties, interests and similar	1,765	2,835
Provision for the cost of compensation and severances for the former Management Board Members	681	149
Provision for legal claims	768	1,125
Other	443	761
	-	
Non-current part	**88**	**-**
Other	88	-
Current part	**3,584**	**10,219**
Provision for restructuring	15	5,349
Provision for penalties, interests and similar	1,765	2,835
Provision for the cost of compensation and severances for the former Management Board Members	681	149
Provision for legal claims	768	1,125
Other	355	761

(i) Provision for restructuring

The Management Board of Agora S.A. ("the Company") with its registered seat in Warsaw, in relation to a regulatory filing no. 26/2012 dated August 13, 2012, on September 6, 2012 informed about:

(i) concluding on September 6, 2012 a trilateral agreement ("Agreement") with trade unions operating at Agora S.A. (which fulfills the provisions of article 3 Section 1 of the Act of 13 March 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with works council in the Company (which constitutes an agreement in accordance with the Act of 7 April 2006 on informing and consulting employees),
(ii) adopting by the Management Board of the Company, on September 6, 2012, the resolution to execute group lay-offs in accordance with the provisions of the Agreement.

On September 7, 2012 the Company, in accordance with law requirements, submitted an appropriate set of information, together with the signed Agreement, to a relevant Labor Office.

The group lay-offs were to affect up to 250 employees of the Company, i.e. ca 10% of all employees of the Company. The process was closed in 2013.

As a result, in 2012 , the amount of provision set up for cost of group lay-offs equalled to PLN 9,192 thousand.

Additionally, in the fourth quarter of 2012, in connection with announcing the group lay-offs in Agora Poligrafia Sp. z o.o., the proper provision for lay-off cost was set up in the amount of PLN 320 thousand.

As at December 31, 2013, the provision outstanding for usage in the Group reached PLN 15 thousand.

(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 the cost of compensation and severances for the former Management Board Members

In December 2013, the Group set up a provision for costs of compensation and severances for a former Management Board Members: Piotra Niemczyckiego, Zbigniewa Bąka, Stanisława Turnaua oraz Marka Jackiewicza.

(iv) Provision for legal claims

The Group is a defendant in court cases. As at 31 December 2013 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 3,903 thousand (as at December 31, 2012: PLN 2,387 thousand), in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

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

19. NON-CURRENT AND CURRENT DEFERRED REVENUES AND ACCRUALS

	31 December 2013	31 December 2012
Non-current		
Accruals	**695**	**-**
- accrual for 3-Year-Long Incentive Plan (note 27)	695	-
Deferred revenues	**1,076**	**948**
- grants for financing property, plant and equipment	151	-
- other	925	948
Other non-current liabilities	**3,569**	**1,194**
- related to purchase of non-current assets	2,309	-
- other	1,260	1,194
	5,340	**2,142**
Current		
Accruals	**56,314**	**60,587**
- holiday leave pay provision	10,280	9,704
- employee incentive plan	3,499	8,871
- payroll accrual	6,133	4,665
- accrual for ZAIKS costs	7,023	10,113
- accrual for costs	29,379	27,234
Deferred revenues	**5,226**	**4,206**
- grants for financing property, plant and equipment	83	85
- prepayments for advertising services and subscribtion	2,299	2,852
- court costs to be recovered	607	705
- other	2,237	564
	61,540	**64,793**

20. ACCOUNTS PAYABLE

	31 December 2013	31 December 2012
Trade payables	83,791	75,768
Other taxes and social security	20,476	24,864
Other	8,433	13,576
Special Fund	33,979	32,650
	146,679	**146,858**

Trade payables are non-interest bearing and are normally settled usually within 14 - 21 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.

21. SALES AND OPERATING SEGMENT INFORMATION

(a) Operating segment information

In these consolidated financial statements, in accordance with IFRS 8 *Operating segments,* 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 an entity, 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, and has six reportable operating segments as follows:

1) the *Newspapers* segment includes the Group's following activities: Special Projects (including book collections) and publishing of *Gazeta Wyborcza* as well as *Metro (*including operating activities of the Agora's Printing Department and Agora Poligrafia Sp. z o.o., which print also these two newspapers),

2) the *Cinema* segment includes the Group's activities within the cinema management of Helios S.A. and film distribution activities of Next Film Sp. z o.o. comprising multiplexes as well as traditional cinemas.,

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, the Agora's Internet department, Trader.com (Polska) Sp. z o.o., LLC Agora Ukraine (till December 10, 2013), AdTaily Sp. z o.o. and Sport4People Sp. z o.o. and Sir Local Sp. z o.o. (from December 1, 2013),

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 *Magazines* segment comprises the Group's activities on publishing the magazines within Agora's Magazine Department,

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. 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: other revenues and costs of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board, Agora TC 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.

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 three and twelve months ended 31 December 2013 and 31 December 2012 relate to A2 Multimedia Sp. z o.o. (till January 31, 2012), Business Ad Network Sp. z o.o. (till December 14, 2012), GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o (from December 1, 2012) and Instytut Badan Outdooru Sp. z o.o. (from June 1, 2013 r.).

Capital expenditure consists of additions based on the invoices booked in the reported period (purchases of intangible and fixed assets).

The Agora Group does not present geographical reporting segments, because the business activities carried out in the Ukraine till December 10, 2013 did not have material impact on the financial statements of the Group as a whole.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2013							
	Newspapers	Cinema	Outdoor	Internet	Radio	Magazines	Reconciling positions	Total
Revenues from external customers	479,746	209,417	150,360	106,998	78,354	44,047	5,013	1,073,935
Intersegment revenues (2)	13,039	10,311	3,146	4,404	4,739	49	(35,688)	-
Total revenues	**492,785**	**219,728**	**153,506**	**111,402**	**83,093**	**44,096**	**(30,675)**	**1,073,935**
Total operating cost (1), (2), (3)	**(441,441)**	**(213,019)**	**(149,709)**	**(94,165)**	**(78,310)**	**(41,465)**	**(48,445)**	**(1,066,554)**
Operating profit / (loss) (1)	**51,344**	**6,709**	**3,797**	**17,237**	**4,783**	**2,631**	**(79,120)**	**7,381**
Net finance income and cost							(2,286)	(2,286)
Share of results of equity accounted investees	(28)	-	(26)	(169)	-	-	-	(223)
Income tax							(3,693)	(3,693)
Net profit								**1,179**

(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 and the Management Board and Agora TC Sp. z o.o. (PLN *88,393* thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2013							
	Newspapers	**Cinema (3)**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(27,044)	(24,811)	(16,885)	(4,602)	(2,389)	(161)	(18,142)	(94,034)
Amortisation recognised on consolidation (1)	-	(539)	-	(1,769)	-	-	254	(2,054)
Impairment losses	(8,006)	(2,901)	(3,395)	(2,039)	(1,250)	(647)	(199)	(18,437)
Reversals of impairment losses	5,051	41	1,263	1,497	791	420	5	9,068
Equity-settled share-based payments	(606)	-	(119)	(135)	(93)	(55)	(389)	(1,397)
Capital expenditure (2)	8,070	22,484	12,658	5,587	7,282	3,156	11,858	71,095

	As at 31 December 2013							
	Newspapers	**Cinema**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	273,922	286,103	243,070	53,891	71,561	41,220	172,085	1,141,852
Investments in associates and joint ventures accounted for by the equity method	469	-	214	11,152	-	-	-	11,835

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period, in case of Cinema segment the capital expenditure were decreased by the value of the expenditure, which, in the fourth quarter of 2013, were sold to the owners of the facilities, in which the Helios cinemas are located;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN *8,690* thousand;
(4) *reconciling positions* include mainly Company's headquarter (PLN *124,368* 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.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2012							
	Newspapers	Cinema	Outdoor	Internet	Radio	Magazines	Reconciling positions	Total
Revenues from external customers	519,660	196,748	158,505	110,319	83,611	64,394	5,351	1,138,588
Intersegment revenues (2)	8,084	8,290	3,552	3,690	4,487	556	(28,659)	-
Total revenues	**527,744**	**205,038**	**162,057**	**114,009**	**88,098**	**64,950**	**(23,308)**	**1,138,588**
Total operating cost (1), (2), (3)	**(465,397)**	**(198,964)**	**(157,881)**	**(106,637)**	**(85,339)**	**(72,667)**	**(64,788)**	**(1,151,673)**
Operating profit/(loss) (1)	**62,347**	**6,074**	**4,176**	**7,372**	**2,759**	**(7,717)**	**(88,096)**	**(13,085)**
Net finance income and cost							3,272	3,272
Share of results of equity accounted investees	(3)	-	-	(329)				(332)
Income tax							2,040	2,040
Net loss								**(8,105)**

(1) segments do not include amortisation recognised on consolidation, which is presented in matching 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.) and the Management Board and Agora TC Sp. z o.o. (PLN 92,882 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2012							
	Newspapers	**Cinema (4)**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(28,090)	(19,702)	(18,073)	(5,530)	(2,734)	(145)	(16,487)	(90,761)
Amortisation recognised on consolidation (1)	-	(539)	-	(2,744)	-	-	254	(3,029)
Impairment losses (2)	(11,751)	(213)	(4,298)	(6,567)	(1,728)	(13,164)	(563)	(38,284)
Reversals of impairment losses	7,389	54	2,741	1,417	1,073	409	82	13,165
Equity-settled share-based payments	(1,080)	-	(196)	(197)	(148)	(94)	(745)	(2,460)
Capital expenditure (3)	18,380	66,692	10,750	6,179	4,381	243	21,242	127,867

	As at 31 December 2012							
	Newspapers	**Cinema (4)**	**Outdoor**	**Internet**	**Radio**	**Magazines**	**Reconciling positions (5)**	**Total**
Property, plant and equipment and intangible assets	280,512	274,446	252,897	67,565	66,701	49,868	195,737	1,187,726
Investments in associates and joint ventures accounted for by the equity method	397	-	-	11,321	-	-	-	11,718

(1) is not presented in operating result of the Group's segments;
(2) including in the Internet segment impairment loss on press title Autobit and a part of goodwill recognized on Sport4People Sp. z o.o.;
(3) based on invoices booked in the period;
(4) capital expenditure include lease property, plant and equipment in the amount of PLN 28,167 thousand;
(5) *reconciling positions* include mainly Company's headquarter (PLN 130,303 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.

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

(b) Sales information

	2013	2012
Sales of advertising services	544,344	636,292
Sales of newspapers and magazine	133,961	152,707
Sales of goods for resale	60,021	59,894
Ticket sales	129,095	133,962
Other sales	206,514	155,732
	1,073,935	**1,138,588**

Sales includes barter sales of PLN 33,951 thousand (2012: PLN 35,429 thousand).

22. EXPENSES BY NATURE

	2013	2012
Depreciation of property, plant and equipment (note 4)	82,263	78,726
Amortisation of intangibles (note 3)	13,825	15,064
Raw materials, energy and consumables	241,248	244,853
Advertising and promotion costs	65,442	81,173
Property operating lease rentals	46,168	43,328
Outdoor location lease rentals	58,380	63,722
Taxes and similar charges	7,599	8,119
Other external services rendered	263,186	273,370
Staff costs (note 25)	289,528	322,148
Total expenses by nature	**1,067,639**	**1,130,503**
Change in the balance of products	(348)	-
Cost of production for in-house use	(750)	(532)
Total operating expenses	**1,066,541**	**1,129,971**
Selling expenses	(199,639)	(221,794)
Administrative expenses	(114,408)	(115,432)
Cost of sales	**752,494**	**792,745**

23. OTHER OPERATING INCOME

	2013	2012
Gain on disposal of non-financial non-current assets	269	259
Grants received	3,250	2,915
Reversal of impairment losses for receivables	8,975	13,018
Reversal of provisions	2,359	1,316
Donations received	353	100
Liabilities written off	2,548	1,381
Other	6,903	4,242
	24,657	**23,231**

The reversal of impairment losses for receivables results from repayment of receivables, which were previously classified as doubtful.

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

24. OTHER OPERATING EXPENSES

	2013	2012
Impairment losses recognised for receivables	14,717	18,327
Impairment losses recognised for non-financial non-current assets	2,230	18,031
Donations	818	1,062
Impairment losses recognised for goodwill	-	480
Provisions recognised	2,771	476
Liquidation of fixed assets including dismantling panels	1,146	1,766
Other	2,988	4,791
	24,670	**44,933**

Impairment losses for receivables relate to receivables classified as doubtful.

25. STAFF COSTS

	2013	2012
Wages and salaries	242,454	268,364
Social security costs	45,677	51,324
Equity-settled share-based payments	1,397	2,460
	289,528	**322,148**
Average number of persons employed	**3,038**	**3,342**

The headcount figure include employees of Agora S.A. and of the companies consolidated using the full consolidation method (see note 39).

26. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

Renumeration of Management Board and Supervisiory Board members of Agora S.A.:

	2013	2012
Management Board		
Piotr Niemczycki (1)	762	671
Zbigniew Bak (2)	893	769
Stanislaw Turnau (2)	504	493
Marek Jackiewicz (2)	432	491
Tomasz Jozefacki (3)	-	23
Grzegorz Kossakowski	972	602
Wanda Rapaczynski (4)	275	-
Robert Musial (5)	241	-
Bartosz Hojka (5)	242	-
Tomasz Jagiello (5), (8)	67	-
	4,388	**3,049**
Supervisory Board		
Wanda Rapaczynski (6)	36	72
Andrzej Szlezak	108	108
Tomasz Sielicki	72	72
Slawomir S. Sikora	72	72
Marcin Hejka (6)	36	72
Helena Luczywo (7)	36.3	-
Dariusz Formela (7)	36.3	-
	396.6	**396**

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

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2) Zbigniew Bak,Marek Jackiewicz and Stanislaw Turnau were Members of the Management Board till June 28, 2013;
(3) Tomasz Jozefacki held his post as Management Board member until January 31, 2012;
(4) Wanda Rapaczynski is a President of the Management Board from June 28, 2013 till March 12, 2014;
(5) Robert Musial, Bartosz Hojka and Tomasz Jagiello are Members of the Management Board from June 28, 2013.
(6) Marcin Hejka and Wanda Rapaczynski are Members of Supervisory Board until June 28, 2013;
(7) Helena Luczywo and Dariusz Formela are Members of Supervisory Board from June 28, 2013;
(8) Tomasz Jagiello as a President of the Management Board of Helios S.A.received remuneration amounted to PLN 348 thousand.

The remuneration of Management Board members mentioned above includes the one-off payments resulting from realization of the 3-Year-Long Incentive Plan for years 2010-2012 (described in note 27).

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 348 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.

27. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

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

A. Incentive Plan based on equity-settled share-based payments,

B. Incentive Plans based on realization of operating result goal and share price increase (from 2010).

A. Incentive plan based on equity-settled share-based payments (carried out from 2005)

Eligible employees participate in an incentive plan based on investment certificates in a closed end mutual fund designated to service the plan and managed by Towarzystwo Funduszy Inwestycyjnych Skarbiec S.A.

The number of certificates granted depends on meeting performance criteria, not on market conditions.

In the first half of 2013, the Company ended the realization of incentive plans based on investment certificates (launched in 2012).

In 2013 a new Incentive Plan based on equity-settled share-based payment**s** (investment certificates) has not been launched.

The summary of Incentive Plan 2012:

	Incentive Plan 2012 (certificates O)
Grant date:	19 December 2012
Month in which certificates are purchased by eligible employees	September 2012
Total number of certificates purchased by employees of the Group	290,568
Vesting date and vesting period	25 June 2013, 9 months (October 2012 – June 2013) 1.0 Agora's share falls on each certificate O
Vesting conditions	described in incentive plan regulations, specifically the employment in Group companies as at the vesting date
Purchase price of each certificate	PLN 1
Type of the plan	equity settled
During the vesting period Agora Holding Sp. z o.o. has an irrevocable, unconditional right to buy back certificates for the purchase price.	

The fair value of certificates was determined by applying valuation model, which took into consideration such variables as: market value of Agora's shares, which were disposed on behalf of the investment fund, specific characteristics and running costs of the fund type of transferred shares and rights and limitations associated with the certificates. Consequently, the discount factor was established at the level of 23.6% (detailed description of the valuation model is disclosed below).

The fair value of certificates was established as at the grant date and posted to the income statement from the month following the month in which certificates were purchased by the eligible employees.

Historical ratio of forfeited certificates (FR ratio, described below) adjusted the number of certificates granted included in the calculation of incentive plan cost (due to non-compliance with conditions attached to the scheme - obligation to work in the Group, in particular).

The fair value of investment certificates and the total cost of the Group as at the grant date were determined using the following formula:

FMV = (B-S@grant date) x (1-CD),
Cost = FMV x IC x (1-FR)
where:

1. FMV - fair market value of certificate as at the grant date,
2. B-S@grant date - the value of certificates as at the grant date, calculated using Black - Scholes model (B-S), with following assumptions:
    a. the value of certificates as at the grant date was determined as 6 month European call option for Agora's shares as at that date,
    b. parameters of B-S model:

		Incentive Plan 2012 (certificates O)
Market value of base instrument (Agora' share)	PLN	10,7
Volatility of 6 month option	%	28,4
Exercise price of the option	PLN	1,0
Risk-free rate	%	4,6
6 month option value	PLN	9,7

3. CD - discount for closed mutual fund, representing:
    a. valuation of closed funds assets,
    b. rights of owners of PCMF certificates,
    c. PCMF's running costs.
4. IC - total number of certificates in PCMF purchased by the employees,
5. FR - factor which adjusts the number of certificates by the historic percentage of forfeited shares by the employees which did not fulfill vesting conditions in past schemes,
6. The valuation calculation:

		Incentive Plan 2012 (certificates O)
B-S@grant date	PLN	9,7
CD	%	23,6
Market value of certificates as at grant date	PLN	7,4
FR	%	2,7
IC	in number of certificates	290,568
Total cost	PLN thousand	2,096

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

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

	2013	2012
Income statement – staff cost	1,397	2,460
Retired earnings and other reserves	1,397	2,460

The impact on the financial statements of the Group described above, results in 2013 from the recognition of the plan carried out in 2012; in 2012 – from the recognition of the plans carried out in 2011. In the first half of 2013, the Group ended the realization of incentive plans based on investment certificates.

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

	2013	2012
At the beginning of the period	290,568	333,101
Granted	-	290,568
Forfeited	(1,760)	(2,884)
Vested	(288,808)	(330,217)
At the end of the period	**-**	290,568

Investment certificates acquired by the Management Board of Agora S.A. (number of certificates):

	As at 31 December 2013	Vested in 2013	Forfeited in 2013	Granted in 2013	As at 31 December 2012
Incentive plan 2012(O series)					
Piotr Niemczycki (1)	n/a	(5,454)	-	-	5,454
Zbigniew Bak (2)	n/a	(6,246)	-	-	6,246
Marek Jackiewicz (3)	n/a	(1,101)	-	-	1,101
Stanisław Turnau (3)	n/a	(1,197)	-	-	1,197
Grzegorz Kossakowski	-	(4,685)	-	-	4,685
Wanda Rapaczynski (4)	-	-	-	-	n/a
Robert Musial (5)	-	-	-	-	n/a
Bartosz Hojka (5)	-	-	-	-	n/a
Tomasz Jagiello 5)	-	-	-	-	n/a
	-	**(18,683)**	**-**	**-**	**18,683**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2) Zbigniew Bak was a Deputy President of the Management Board till June 28, 2013;
(3) Marek Jackiewicz and Stanislaw Turnau were Members of the Management Board till June 28, 2013;
(4) Wanda Rapaczynski is a President of the Management Board from June 28, 2013 till March 12,2014;
(5) Robert Musial, Bartosz Hojka and Tomasz Jagiello are Members of the Management Board from June 28, 2013.

Vesting date and vesting period for purchased certificates:

Certificates	Vesting date	Vesting period	Time interval	No. of certificates
M	25 June 2012	9 months	October 2011 – June 2012	38,935
0	25 June 2013	9 months	October 2012 – June 2013	18,683

In 2013, non-cash expense of the investment certificates acquired by the Management Board, recognised according to IFRS 2, amounted to PLN 90 thousand (in 2012: PLN 255 thousand).

B – Incentive plans based on realization on operating result goal and share price increase

In the period of 2010-2012, the eligible employees of the Company (the Management Board and top managers) participated in incentive program ("3-Year-Long Incentive Plan" for the period of 2010-2012) based on two components: the stage of realisation of the target based on the operating EBITDA of the Group ("the EBITDA target") and the percent of Company's share price increase ("the Target of Share Price Increase"), which are described in consolidated financial statements as at December 31, 2012.

The fair 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. The fair value of the provision for the cost of potencial 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*).

In accordance with its assumptions, 3-Year-Long Incentive Plan for the period of 2010-2012 was settled in cash in the second quarter of 2013. The realization of the plan resulted in the payment of PLN 3,048 thousand.

Starting from the third quarter 2013, eligible employees of the Company (Management Board members) participate in a new incentive program based on two components ("3-Year-Long Incentive Plan" for the period of 2013-2015) described below:

(i) the stage of realisation of the target based on the operating EBITDA of the Agora Group ("the EBITDA target"). The target is based on the accumulated operating EBITDA (excluding some adjustements, for example related to business combinations) to be reached in the years 2013-2015. The amount of potencial reward depends on the stage of the EBITDA target fulfillment and will be determined on the basis of the audited consolidated financial statements of the Agora Group for the period of 2013-2015. If the stage of achieving the target will be up to 70%, the EBITDA target is not satisfied and the reward will not be granted in this component of the 3-Year-Long Incentive Plan,

(ii) the percent of Company's share price increase ("the Target of Share Price Increase"). The amount of potential reward in this component of the 3-Year-Long Incentive Plan will depend on the average of the quoted closing Company's share prices in the period of January 1, 2016 till March 31, 2016 ("the Reference Share Price") adjusted by: (i) the accumulated dividend per one share, to which the shareholders will be eligible in the period of April 1, 2013 till March 31, 2016 and (ii) the adjustments resulting from the share-buy back program in the period of April 1, 2013 till March 31, 2016 ("the Share Price for Reward Calculation"). If the Share Price for Reward Calculation will be lower than PLN 9.9, the Target of Share Price Increase is not satisfied and the reward will not be granted in this component of the 3-Year-Long Incentive Plan.

The reward for 3-Year-Long Incentive Plan depends also on the fulfillment of other conditions, which are non-market conditions (for example: continuation of the employment within the Agora Group, holding the post of Management Board member).

The rules, goals, adjustments and conditions for 3-Year-Long Incentive Plan fulfillment for the Management Board members are described in the Supervisory Board resolution.

The fair 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 and is charged to the Income Statement over the whole period of the Incentive Plan, in proportion of the actual accumulated EBITDA operating level of the Group (excluding any adjustments) reached from January 1, 2013 till the balance sheet of the current financial statements in the estimated value of the operating EBITDA target.

The fair value of the provision for the cost of potencial 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.
The value is charged to the Income Statement in proportion to the full period of the 3-Year-Long Incentive Plan, that is from December 1, 2013 (the grant date) till June 30, 2016 (the vesting date). 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

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

Share Price Increase and the cost to the Income statement of the Agora Group for the period, are described below:

the share price of Agora S.A. as at the present balance sheet date	PLN	9.79
volatility of the share price of Agora S.A. during the last 12 months	%	37.97
the Basic Share Price	PLN	9.00
Risk-free rate	%	2.16-3.01 (at the maturity date)

To estimate the fair values above, the probability ratio of the fullfilment by eligible employees of the non-market conditions mentioned above is equal to 75.0%.

Total impact of the 3-Year-Long Incentive Plan on the current financial statements of the Agora Group:

	2013
Income statement – staff cost	695
Income statement - deferred income tax	(132)
Accruals - as at the end of the period	695
Deferred tax asset - as at the end of the period	132

The cost of 3-year-long Incentive Program concerning the Management Board of Agora S.A.:

	2013
Grzegorz Kossakowski	197
Bartosz Hojka	166
Tomasz Jagiełło	166
Robert Musiał	166
Wanda Rapaczynski	-
Total	**695**

28. FINANCE INCOME

	2013	2012
Interests on loans and similar items	13	-
Other interest and income from short-term financial assets	8,320	14,046
Gain on sale of financial assets	-	218
Impairment losses for financial assets	495	553
Valuation of SWAP contracts	73	83
F/x gains	-	698
Valuation of put option	-	925
Other	9	689
	8,910	**17,212**

29. FINANCE COST

	2013	2012
Interest on loans payable, lease liabilities and similar items	10,004	13,390
Other interest	286	324
Loss on sale of financial assets	349	-
Impairment losses recognised for financial assets	63	-
F/x losses	337	-
Other	157	226
	11,196	**13,940**

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

30. INCOME TAXES

Income tax recognised in the consolidated income statement

	2013	2012
Current tax expense		
Current year	(4,901)	(2,482)
Adjustments for prior periods	840	(152)
	(4,061)	**(2,634)**
Deferred tax expense		
Origination and reversal of temporary differences	506	4,087
Utilization of tax loss	(537)	(248)
Origination of tax loss	108	45
The amount of benefit from a previously unrecognised tax loss and tax credit	291	790
	368	4,674
Total tax expense recognised in the income statement	**(3,693)**	**2,040**

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

Income tax expense recognised in other comprehensive income

	2013	**2012**
Actuarial gains/(losses) on defined benefit plans	(35)	-
Total tax expense recognised in other comprehensive income	**(35)**	**-**

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:

	2013	2012
Profit/(loss) before tax	**4,872**	**(10,145)**
Tax calculated at a rate of 19% (2012 : 19%)	**(926)**	**1,928**
Tax effect of:		
Interests in results of associates and joint ventures	(42)	(63)
Other non-taxable revenues	590	701
Share-based payments costs	(265)	(467)
Other non-deductible expenses	(2,246)	(1,629)
Temporary differences on which deferred tax was not recognised	2,210	52
Utilisation of tax losses on which deferred tax was not recognised	-	127
Tax losses on which deferred tax was not recognised	(3,133)	-
Recognition of deferred tax on tax losses from previous periods	291	790
Recognition of deferred tax on temporary differences from previous period	28	-
Other	(200)	601
Tax calculated at an effective rate of 75.8% (2012: 20.1%)	**(3,693)**	**2,040**

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

31. TAX EXEMPTION IN SPECIAL ECONOMIC ZONE

The Group's subsidiary (Agora Poligrafia Sp. z o.o.) operates in a Special Economic Zone. Agora Poligrafia Sp. z o.o. was granted the right to tax exemption up to a maximum amount of 75% of capital expenditures incurred since the date of permit for activity in the Special Economic Zone to 31 December 2006 (at 31 December 2006 qualifying capital expenditures amounted to PLN 71,130 thousand). The printing activities conducted in the Special Economic Zone are subject to the tax exemption. As at 31 December 2013 the cumulative taxes not paid amounted to PLN 32,117 thousand (31 December 2012: PLN 31,839 thousand).

32. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:

a) as numerators – net profits attributable to equity holders of the parent for the respective years,

b) as denominators - the average number of shares issued for the current year which is 50,937,386 (2012: 50,937,386).

Weighted average number of ordinary shares:

	2013	2012
Issued ordinary shares at the beginning of the period	50,937,386	50,937,386
Weighted average number of ordinary shares at the end of the period	**50,937,386**	**50,937,386**

There are no dilutive factors.

33. BUSINESS COMBINATIONS

On February 8, 2013 the District Court of the Capital City Warsaw, XIII Commercial Division of the National Court Register (KRS) registered the increase of the share capital of Projekt Inwestycyjny Sp. z o.o. by 100 new shares with nominal value of PLN 500 per share (in total PLN 50 thousand). Grupa Radiowa Agory Sp. z o.o. ("GRA") covered new shares with PLN 50 thousand contribution. After the share capital increase it amounts to PLN 150 thousand and is divided into 300 shares with nominal value of PLN 500 per share. After the share capital increase, GRA still owns 100% of the company's share capital and 100% of votes at shareholders' meeting.

On March 11, 2013 the Court in Ukraine registered the increase of the share capital of LLC Agora Ukraine by the amount of UAH 37,242 thousand which was covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounted to UAH 38,257 thousand. As a result of the above transaction Agora S.A. still has 100% of the share capital and has right to 100% votes at shareholders' meeting.

On February 22, 2013, the Management Board of the Company informed that Kino Polska TV S.A. ("KPTV") and Agora decided to jointly apply for a free-to-air digital terrestrial film channel licence ("Licence") and finance together the development of this channel provided the licence is granted.

For this purpose, on February 22, 2013 Agora and KPTV, a majority shareholder of the company Stopklatka S.A. ("Stopklatka"), executed an investment agreement ("Investment Agreement"). Stopklatka has submitted an application for the Licence to the National Broadcasting Council on February 25, 2013.

The Investment Agreement covers conditional purchase of Stopklatka's shares by Agora and co-operation rules between Agora and KPTV, including nomination of Stopklatka's governing bodies and unanimous voting on significant matters during Stopklatka's general meeting of shareholders.

According to the Investment Agreement Agora shall purchase from KPTV such a number of shares (offered by KPTV) that (i) the numbers of shares held by Agora and KPTV are equal,

(ii) Agora's share in the share capital of Stopklatka will equal at least 41%, provided that Stopklatkashall acquire the Licence till December 31, 2014 and other conditions typical for such agreements are fulfilled.

The parties to the Investment Agreement decided to finance Stopklatka jointly and proportionally by capital increases for the total amount not lower than PLN 20 million, provided Stopklatka is granted the Licence.

At the date of signing the Investment Agreement there were no affiliations between Agora S.A., the Management Board or Supervisory Board of Agora S.A. and KPTV, Stopklatka and the Management Board of the KPTV and Stopklatka.

On May 15, 2013, AMS S.A. concluded an articles of association of the company under business name: "Instytut Badań Outdooru IBO Sp. z o.o." ("the IBO"). AMS S.A. covered 400 shares with nominal value of PLN 600 per share (in total PLN 240 thousand) with PLN 240 thousand contribution. Share capital of the IBO amounts to PLN 600 thousand and its divided into 1000 shares with nominal value of PLN 600 per share. AMS S.A. owns 400 shares which translates into 40% of the company's share capital and 40% of votes at shareholders' meeting. On August 29, 2013, the District Court M.St. Warsaw, XIII KRS Commercial Division registered the company.

On June 4, 2013 Grupa Radiowa Agory Sp. z o.o. sold its 90 shares in Projekt Inwestycyjny Sp. z o.o.. As a result of an above transaction at date of publication these financial statements, Grupa Radiowa Agory Sp. z o.o. owns 210 shares in Projekt Inwestycyjny Sp. z o.o. which translates into 70% of the company's share capital and 70% of votes at shareholders' meeting.

On June 25, 2013, the shareholders of Online Technologies HR Sp. z o.o. resolved to increase the share capital of the company by 4 new shares with nominal value of PLN 80 per share (in total PLN 320). Agora S.A. covered new shares with PLN 100 thousand contribution. After the share capital increase it amounts to PLN 6.7 thousand and is divided into 84 shares with nominal value of PLN 80 per share. After the share capital increase, Agora S.A. owns 28 shares which translates into 33,3% of the company's share capital and 33,3% of votes at shareholders' meeting. On September 19, 2013, the District Court for Szczecin - Centrum in Szczecin, XIII KRS Commercial Division registered the increase the share capital of the company.

On November 29, 2013, the meeting of shareholders of the company Sir Local Sp. z o.o. ("Sir Local") adopted the resolution to increase the share capital by 1,840 new shares with nominal value of PLN 50 per share (in total PLN 92 thousand). Agora S.A. covered 1,360 new shares with PLN 1,400 thousand contribution. After the share capital increase it amounts to PLN 97 thousand and is divided into 1,940 shares with nominal value of PLN 50 per share. After the share capital increase, Agora S.A. owns 1,360 shares which translates into 70.1% of the company's share capital and 70.1% of votes at shareholders' meeting. The District Court for the capital city of Warsaw, XIII KRS Commercial Division registered the increase of the share capital of Sir Local on December 14, 2013. In the Agora Group, the company Sir Local will operate within the Internet segment. Before the share capital increase, the company did not carry out any operating activities. The transaction constituted a reorganization within the Agora Group.

Agora has also signed with the non-controlling shareholders of Sir Local sp. z o.o. an investment agreement, granting, inter alia, the conditional option rights for their remaining shares ("put options" as a liability to acquire these shares from them). Non-controlling shareholders holding put options have retained their rights to the economic benefits associated with the underlying shares. Put options granted to the non-controlling shareholders meet the definition of a financial liability and were recognised in the consolidated financial statements of Agora Group in the value of their estimated discounted redemption amount (PLN 983 thousand). At initial recognition the value of the put decreased other reserves (line item in the consolidated balance sheet of the Agora Group: Retained earnings and other reserves). Subsequent changes in the value of the liability will be recognised through the income statement.

On December 9, 2013, the Company disposed 100% rights to the company LLC Agora Ukraine with its registered seat in Kiev. On December 10, 2013 the registered Court in Kiev registered the statutes change of LLC Agora Ukraine. As a result of the transaction Agora S.A. has no rights to LLC Agora Ukraine.

On December 23, 2013, the meeting of shareholders of Agora-Poligrafia sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 500 per share (in total PLN 500 thousand). Agora S.A. covered 1,000 new shares with PLN 3,500 thousand contribution. After the share capital increase it amounts to PLN 1,500 thousand and is divided into 3,000 shares with nominal value of PLN 500 per share. After the share capital increase, Agora S.A. owns 3,000 shares which translates into 100% of the company's share capital and 100% of votes at shareholders' meeting. The District Court for Katowice, VIII KRS Commercial Division registered the increase of the share capital on March 20, 2014.

34. FINANCIAL RISK MANAGEMENT

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

- credit risk,
- liquidity risk,
- market risk,
- operational 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 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 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 biggest customers (in respect of the turnover) are press distributors (companies unrelated to Agora S.A.). Because the value of transactions with none of distributors of the Group has exceeded 10% of the total revenue of the Group, the concentration of customers does not exist. As a result, the Group's credit risk is limited due to a great number and diversification of customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Based on historic default rates, the Group do not create impairment allowances for receivables from related companies, trade receivables that are past due by up to 90 days or for barter receivables; around 90 % of the balance, which includes the amount owed by the Group's most significant customers relates to customers that have a good payment record.

Investments

The Company limits its exposure to credit risk by investing only in liquid securities.

Guarantees

The information on guarantees and promissory notes are descibed in note 37.

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, 2013, the Group maintains line of credit in Bank Pekao S.A presented in note 14. Payment deadlines concerning trade payables are described in note 20 and for credits and loans in note 14.

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 purchases of newsprint which is contracted in EURO, fixed asset purchases and rent of premises and credits which are also partly contracted in foreign currencies, mainly EURO and USD.

Cash nad cash equivalents denominated in foreign currency amounted to PLN 1,707 thousand as at balance sheet date (31 December 2012: PLN 811 thousand), mainly in EURO and USD.

Accounts receivable in foreign currency amounted to PLN 9,818 thousand as at balance sheet date (31 December 2012: PLN 1,226 thousand), principally in USD and EURO.

Accounts payable requiring settlement in foreign currency amounted to PLN 11,147 thousand as at balance sheet date (31 December 2012: PLN 8,502 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 three months.

Agora S.A. has not been or was in 2013 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.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of possible financial losses and possible damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions,
- requirements for the reconciliation and monitoring of transactions,

- compliance with regulatory and other legal requirements,
- documentation of controls and procedures,
- up-to-date analysis of the causes of operational results and setting remedial actions if a operational loss appeared or the probability of happening significant operational risk,
- training and professional development,
- ethical and business standards,
- risk mitigation, including insurance where this is effective.

Compliance with Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

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.

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 2013, 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 344 thousand (as at December 31, 2012: PLN 93 thousand).

b) Foreign currency risk

The Group has many financial instruments (including bank deposit, receivables, payables and bank 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 2013, assuming the appreciation/depreciation of Polish zloty by 10%, the fair value of financial instruments that will fluctuate, is estimated to have an immaterial effect on profit or loss (as at December 31, 2012: PLN 524 thousand).

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

35. 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	Loans granted	Loans granted	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	2013: PLN 71,839 thousand 2012: PLN 32,774 thousand	2013: PLN 50,751 thousand 2012: PLN 116,766 thousand	2013: PLN 3,897 thousand 2012: n/a	2013: PLN 90,344 thousand 2012: PLN 143,823 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a	2013: EUR 1 384 thousand 2012: EUR 1 601 thousand
e) Purpose of the instrument	Investing of cash surpluses	Investing of cash surpluses	Financing of entities co-operating with the Comapny	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	Collaterals are described in note 10	Collaterals are described in note 14

	Short-term financial assets	Bank deposits	Loans granted	Bank loans received
n) Other conditions	None	None		Credit line is repayable when 'total borrowings/EBITDA' ratio breaks the level stated in the credit agreement or at least two from other financial ratios fall outside set levels
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	Close 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 8 and about trade payables in note 20.

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

2) Detailed information on financial instruments

	2013	2012
Interest income on financial assets		
Bank deposits	4,264	5,872
Short-term financial assets (investment certificates)	3,947	8,108
Loans granted	13	-
Other	109	66
Interest expense on financial liabilities		
Loans	(6,633)	(10,337)
Finance lease liabilities	(3,371)	(3,053)
Other	(286)	(324)

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 2013	Level 1	Level 2	Level 3
Certificates in investment funds	71,839	-	71,839	-
Financial assets measured at fair value	**71,839**	**-**	**71,839**	**-**
Put option liability	27,592	-	-	27,592
Financial liabilities measured at fair value	**27,592**	**-**	**-**	**27,592**

	31 December 2012	Level 1	Level 2	Level 3
Certificates in investment funds	32,774	-	32,774	-
Financial assets measured at fair value	**32,774**	**-**	**32,774**	**-**
Liability related to valuation of SWAP contracts	73	-	73	-
Put option liability	26,609	-	-	26,609
Financial liabilities measured at fair value	**26,682**	**-**	**73**	**26,609**

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

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 2013	31 December 2012
Opening balance	**26,609**	**27,534**
Additions (note 33)	983	-
Changes resulting from revaluation recognised in profit or loss	-	(925)
Closing balance	**27,592**	**26,609**

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include: discount rate and the estimated level of the EBITDA. In case of the put option granted to the non-controlling shareholders of Helios S.A., an increase of the estimated EBITDA level over the period specified in put option conditions by 10%, would cause an increase of put option liability by ca PLN 3,400 thousand, while an increase of the discount rate by 1pp, would cause a decrease of the liability by ca PLN 1,300 thousand.

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 2013

	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	98,375	25,442	24,894	21,074	20,061	6,904
Finance lease liabilities	62,939	10,377	9,867	16,937	25,447	311
Trade payables	83,791	83,791	-	-	-	-
Total	**245,105**	**119,610**	**34,761**	**38,011**	**45,508**	**7,215**

31 December 2012

	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	155,915	28,432	28,278	50,419	37,398	11,388
Finance lease liabilities	64,275	8,883	7,857	16,329	29,761	1,445
Trade payables	75,768	75,768	-	-	-	-
Total	**295,958**	**113,083**	**36,135**	**66,748**	**67,159**	**12,833**

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

36. CAPITAL AND INVESTMENT COMMITMENTS

Contractual capital and investment commitments (mainly fixed and intangible assets) existing at the balance sheet date amounted to PLN 5,932 thousand (31 December 2012: PLN 4,393 thousand).

Additionally, on December 18, 2013 the subsidiary AMS S.A. in consortium with Ströer Polska Sp. z o.o. concluded a concession contract, with the capital city of Warsaw, for construction and utilization of 1,580 bus shelters in Warsaw. The parties of the consortium AMS - Ströer decided that AMS S.A. shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelter construction amounts to PLN 80 million.

Moreover, in the next five years, the subsidiary Helios S.A., plans to open new cinema facilities. The estimated investment outlays related to locations, for which there are agreements signed with developers, may amount to ca PLN 100 million.

As at the balance sheet date, future capital and investment expenditures budgeted by the Group for the following 12 months amounted to PLN 103,460 thousand (31 December 2012: PLN 104,620 thousand).

37. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As of 31 December 2012, 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	As at 31 December 2013	As at 31 December 2012	Provisions booked
		Guarantees provided by Agora S.A.			
Bank Pekao S.A.	Agora's employees	30 Jun 2014 - 30 Apr 2016	343	517	-
		Bills of exchange issued by AMS S.A.			
Urząd Miejski Wrocławia	AMS S.A.	31 May 2016	34	-	-
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	-
BRE Bank S.A.	AMS S.A.	16 Dec 2015	5,000	5,000	-
Zarząd Dróg Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	-	-

The total amount of the contingencies, guarantees and other collaterals is smaller than 10% of the Group's equity.

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 a cash deposit in the amount of PLN 40,000 thousand as a cash collateral securing the bank guarantee issued for the benefit of Ströer Polska Sp. z o.o. in relation to the concession contract. As at 31 December 2013, the deposit receivable is presented in the balance sheet within the non-current receivables.

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 periods, 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. Based on the experience of AMS S.A., the majority of the agreements are prolonged without any expenditures on restoration. Taking into account these uncertainties, AMS SA 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 880 thousand in 2013 and PLN 605 thousand in 2012.

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

38. COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are primarily for the lease of outdoor locations for advertising panels, land and buildings and are summarised as follows:

	31 December 2013	31 December 2012
Within one year	80,142	85,389
Between one and five years	195,914	205,499
More than five years	163,086	181,986
Total	**439,142**	**472,874**

The amounts disclosed above include VAT that the Group will be able to recover.

The majority of lease payments are denominated in PLN.

Annual payments of the Group related to the perpetual usefruct of land amount to PLN 1,534 thousand (2012: PLN 1,510 thousand).

The amount of minimum lease payments recognised (connected with an outdoor operation lease rentals and other rentals) in the income statements is shown in note 22.

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

39. GROUP COMPANIES

Basic information about the Agora S.A. Group as at 31 December 2013:

	Companies consolidated	% of shares held effectively		Assets		Liabilities		Sales		Net result	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	2013	2012	2013	2012
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%	90,513	92,746	36,967	45,621	75,328	77,394	4,906	7,769
2	Art Marketing Syndicate SA (AMS), Warsaw (1)	100.0%	100.0%	238,420	230,864	40,110	40,952	160,463	170,746	8,275	9,219
3	IM 40 Sp. z o.o., Warsaw (1)	72.0%	72.0%	3,580	3,687	516	456	4,763	5,021	1,487	1,654
4	GRA Sp. z o.o., Warsaw	100.0%	100.0%	70,885	68,775	19,742	22,771	39,471	41,578	5,071	5,092
5	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%	4,626	3,853	1,178	899	11,718	10,351	2,061	1,573
6	Inforadio Sp. z o.o., Warsaw (1)	66.1%	66.1%	9,056	6,167	4,011	1,335	9,658	9,373	814	899
7	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%	2,296	2,462	385	454	7,588	7,729	1,164	1,262
8	RDR Sp. z o.o., Warsaw (1)	100.0%	100.0%	23,413	23,594	29,436	29,173	78,101	82,875	(448)	(1,731)
9	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	100.0%	5,509	6,265	5,586	6,392	13,144	20,180	46	1,395
10	AdTaily Sp.z o.o. Kracow	76.7%	76.7%	2,734	1,982	2,261	1,565	5,552	4,256	533	450
11	Helios S.A., Lodz	82.8%	82.8%	242,717	258,306	158,183	174,469	213,597	206,428	670	615
12	Sport4People Sp. z o.o. Krakow	51.7%	51.7%	699	729	66	96	502	715	-	123
13	Next Film Sp. z o.o., Lodz (3)	82.8%	82.8%	1,493	443	451	112	11,975	4	711	(170)
14	Projekt Inwestycyjny Sp. z o.o. , Warsaw (1)	70.0%	100.0%	67	31	6	6	-	-	(15)	(14)
15	Sir Local Sp. z o.o. , Warsaw (4)	70.1%	-	1,719	-	100	-	47	-	(45)	-

(1) indirectly through GRA Sp. z o.o.;
(2) indirectly through AMS S.A.;
(3) indirectly through Helios S.A.;
(4) the company fully consolidated on December 1, 2013, the income statement data presented above for 2013 are for the period of December 2013;

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

Company accounted for using the equity method (3)	% of shares held effectively		Assets		Liabilities		Sales		Net result	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	2013	2012	2013	2012
1 Goldenline Sp. z o.o. Warsaw	36,0%	36.0%	3,705	2,783	2,522	1,498	8,972	10,092	1,391	(507)
2 Online Technologies HR Sp. z o.o., Szczecin (1)	33,3%	30.0%	482	363	143	42	611	84	(81)	(84)
3 Instytut Badania Outdooru IBO Sp. z o.o., Warsaw (2)	40,0%	-	5,034	-	4,500	-	-	-	(66)	-

(1) *the company within the Agora Group from December 1, 2012; the P&L data include only a one mont;*
(2) indirectly, through AMS S.A., the P&L data for the year 2013 include the period from June 1, 2013;
(3) the data of companies before consolidation adjustments.

The remaining companies in which Agora S.A. owns shares (not listed in the tables presented above) are immaterial for the financial statements.

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

40. RELATED-PARTY TRANSACTIONS

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

	31 December 2013	31 December 2012
Associates		
Shares	11,835	11,863
Current loans granted	1,271	-
Trade receivables	1,034	78
Trade liabilities	3	3
Other liabilities	13	75
Major shareholder		
Trade receivables	-	1
Other liabilities	67	66
Management Boards of group companies		
Receivables	263	32
Liabilities	4	-

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

	2013	2012
Jointly controlled entities		
Sales	-	2,706
Purchases	-	(314)
Associates		
Sales	873	168
Purchases	(269)	(594)
Interests on loans granted	8	-
Major shareholder		
Sales	66	64
Other operating revenues	342	-

Following types of transactions are witnessed within the Agora Group:

- advertising and printing services,
- rent of machinery, office and other fixed assets,
- providing various services: legal, financial, administration, trade, sharing market research results, outsorcing,
- grant and repayment of loans and interest revenues and costs,
- dividend distribution.

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

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

41. ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions are continually evaluated and are 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 and intangibles with indefinite useful life (magazine titles). In order to determine their recoverable amounts the cash flow forecasts have been prepared.

There are two key assumptions identified, 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 and

2) pre-tax discount rate.

Basic information about the method applied is summarized below:

	Cash generating unit relating to activities in Trader.com (Polska) - Internet	**A group of cash generating units relating to activities in particular magazine titles**	**Cash generating unit relating to radio activities**	**Cash generating unit relating to activities in outdoor segment**	**A group of cash generating units relating to activities in cinema segment**	**A group of cash generating units relating to activities in Sport4People Sp. z o.o.**
As at 31 December 2013	Goodwill = PLN 23,745 thousand	Assets with indefinite useful life and goodwill = PLN 40,862 thousand	Goodwill = PLN 55,455 thousand	Goodwill = PLN 140,944 thousand	Goodwill = PLN 39,096 thousand	Assets with indefinite useful life and goodwill = PLN 614 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.					
5 years	5 years	5 years	5 years	5 years	5 years	5 years
	Estimated rate of free cash flow to firm in the period of detailed forecast (pre-tax)					
Years:						
2014	(124%)	(24%)	(18%)	(96%)	217%	222%
2015	374%	19%	(82%)	295%	(12%)	(411%)
2016	75%	11%	385%	(25%)	10%	847%
2017	14%	11%	49%	187%	(4%)	8%
2018	33%	13%	20%	40%	(3%)	8%
	Discount rate for the years (pre-tax)					
2014-2018	8.4%	6.8%	7.7%	10.7%	8.1%	9.2%

In relation to cash generating unit relating to activities in Outdoor segment, the change in the two key assumptions (each of them separately and all other assumtions leaving unchanged), could result in the estimated recoverable amount of the CGU being equal to its carrying amount.

	Cash generating unit relating to activities in outdoor segment
Estimated rate of real free cash flow to firm after the period of detailed forecast*	0.5%
- change required for carrying amount to equal recoverable amount	*(0.7pp)*
Estimated pre-tax discount rate *	10.7%
- change required for carrying amount to equal recoverable amount	*0.6pp*

** estimated on the basis of the best knowledge, avaliable market data and past experience.*

In 2012, the impairment losses on several magazine rights were recognized in the amount of PLN 12,410 thousand and impairment loss on goodwill connected with Sport4Peoople Sp. z o.o. in the amount of PLN 480 thousand was recognized. In 2013 there were no impairment losses.

42. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand		EURO thousand	
	2013	2012	2013	2012
Sales	1,073,935	1,138,588	255,031	272,807
Operating profit/(loss)	7,381	(13,085)	1,753	(3,135)
Profit/(loss) before income taxes	4,872	(10,145)	1,157	(2,431)
Net profit/(loss) for the period attributable to equity holders of the parent	460	(9,035)	109	(2,165)
Net cash from operating activities	109,468	92,006	25,996	22,045
Net cash used in investing activities	(120,882)	85,445	(28,706)	20,473
Net cash used in financing activities	(79,949)	(112,039)	(18,986)	(26,845)
Net increase / (decrease) in cash and cash equivalents	(91,363)	65,412	(21,696)	15,673
Total assets	1,642,857	1,702,819	396,136	416,520
Non-current liabilities	154,947	171,191	37,362	41,874
Current liabilities	280,315	325,578	67,591	79,638
Equity attributable to equity holders of the parent	1,189,574	1,188,371	286,838	290,683
Share capital	50,937	50,937	12,282	12,460
Weighted average number of shares	50,937,386	50,937,386	50,937,386	50,937,386
Earnings per share (in PLN / in EURO)	0.01	(0.18)	0.002	(0.04)
Book value per share (in PLN / in EURO)	23.35	23.33	5.63	5.71

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 2013 (for 2012) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2013 EURO 1 = PLN 4.2110 (EURO 1 = PLN 4.1736).
- 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 2013 – EURO 1 = PLN 4.1472; as at 31 December 2012 – EURO 1 = PLN 4.0882.

43. EVENTS AFTER THE BALANCE SHEET DATE

Executed a contract granting guarantee of subsidiary company AMS S.A.

On January 24, 2014, the subsidiary company AMS S.A. (”Ordering Party”) executed a contract with mBank S.A. (“Bank”) granting guarantee to the Capital City of Warsaw (“Beneficiary”) to secure any possible claims the Beneficiary may have from the Ordering Party in case the Ordering Party does not fulfill its obligations at all or fulfills obligations that come from the contract for construction and exploitation of bus shelters inappropriately. The contract was signed on December 18, 2013 between the City of Warsaw and consortium AMS – Stroer. AMS secured the gurantee with a bank deposit in the amount of PLN 7,000 thousand.

Licence agreement with CD PROJEKT S.A.

On February 7, 2014 Agora S.A. and CD PROJEKT S.A. (“CD PROJEKT”) executed a licence agreement relating to a computer game “The Witcher 3: Wilde Hunt” (“the Game”). On the basis of the agreement CD PROJEKT grants Agora the licence to use Polish language version of the Game in the scope necessary to provide the Game’s distribution in Poland. The parties to the agreement defined also basic conditions and rules for the distribution, inter alia transferring rights to the Game distribution to the company CDP.PL Sp. z o.o., as well as obligations relating to the Game’s marketing campaign. Agora paid net PLN 7,000 thousand as a remuneration advance for granting the licence.

The purchase of Stopklatka S.A. shares

On March 12th Agora S.A. accepted an irrevocable binding offer of sales of 933,850 shares of the company Stopklatka S.A. ("the Shares") and executed the Shares sales agreement with the company Kino Polska TV S.A. It was possible due to the fulfillment, on February 21st, 2014, of the conditions set in the investment agreement executed on February 22nd, 2013 between the Company and Kino Polska TV S.A. about which the Company informed in the regulatory filing no. 6/2013. As a result of the Share purchase, on the basis of the agreement described above, 933,850 shares of the company Stopklatka S.A. was deposited on the Company's security account on March 12th, 2014. The Shares constitute 41.04% of the share capital of the company Stopklatka S.A. and give right to 933,850 votes at the general meeting of shareholders of Stopklatka S.A., which equals 41.04% of total number of votes. The Company will be accounted for using the equity method.

Changes in the composition of the Management Board

On March 12, 2014 Ms Wanda Rapaczynski resigned from the participation in the Company's Management Board – effective as of 12 March 2014. Moreover , at the same day the members of the Management Board of Agora S.A. selected Mr. Bartosz Hojka for the President of the Management Board of the Company (according to § 33 point 1 of Company Statute).

Warsaw, April 4, 2014

Bartosz Hojka – President of the Management Board	Signed on the Polish original
Grzegorz Kossakowski – Member of the Management Board	Signed on the Polish original
Robert Musial – Member of the Management Board	Signed on the Polish original
Tomasz Jagiello – Member of the Management Board	Signed on the Polish original

Signature of the person responsible for keeping the accounting records

Ewa Kuzio – Chief Accountant	Signed on the Polish original

KPMG

TRANSLATION

Agora S.A. Group

Supplementary report on the audit of the consolidated financial statements Financial Year ended 31 December 2013

The supplementary report contains 12 pages
The supplementary report on the audit of the consolidated financial statements for the financial year ended 31 December 2013

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

Contents

1.	General	3
1.1	Identification of the Group	3
1.1.1	Name of the Group	3
1.1.2	Registered office of the Parent Company of the Group	3
1.1.3	Registration of the Parent Company in the National Court Register	3
1.1.4.	Management of the Parent Company	3
1.2	Information about companies comprising the Group	4
1.2.1	Companies included in the consolidated financial statements	4
1.2.2	Entities excluded from consolidation	5
1.3	Key Certified Auditor and Audit Firm Information	5
1.3.1	Key Certified Auditor information	5
1.3.2	Audit Firm information	5
1.4	Prior period consolidated financial statements	5
1.5	Audit scope and responsibilities	5
1.6	Information on audits of the financial statements of the consolidated companies	6
1.6.1	Parent Company	6
1.6.2	Other consolidated entities	7
2	Financial analysis of the Group	8
2.1	Summary analysis of the consolidated financial statements	8
2.1.1	Consolidated balance sheet	8
2.1.2.	Consolidated income statement	9
2.2	Selected financial ratios	10
3	Detailed report	11
3.1	Accounting principles	11
3.2	Basis of preparation of the consolidated financial statements	11
3.3	Method of consolidation	11
3.4	Goodwill arising on consolidation	11
3.5	Consolidation of equity and calculation of non-controlling interest	11
3.6	Consolidation eliminations	12
3.7	Notes to the consolidated financial statements	12
3.8	Report of the Management Board of the Parent Company on the Group's activities	12

1. General

1.1 Identification of the Group

1.1.1 Name of the Group

Agora S.A. Group

1.1.2 Registered office of the Parent Company of the Group

ul. Czerska 8/10
00-732 Warsaw

1.1.3 Registration of the Parent Company in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Date:	7 November 2001
Registration number:	KRS 0000059944
Share capital as at the end of reporting period:	PLN 50,937,386.00

1.1.4. Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

As at 31 December 2013, the Management Board of the Parent Company was comprised of the following members:

- Wanda Rapaczynski - President of the Management Board,
- Grzegorz Kossakowski - Member of the Management Board,
- Robert Musiał - Member of the Management Board,
- Bartosz Hojka - Member of the Management Board,
- Tomasz Jagiełło - Member of the Management Board.

On 4 February 2013, Mr. Piotr Niemczycki resigned from the position of President of the Management Board, effective on 11 February 2013.

According to the resolution of Supervisory Board dated 4 February 2013, Ms. Wanda Rapaczynski was delegated to act as Member of the Management Board for the period of 3 months, effective on 12 February 2013.

According to the resolution of Management Board dated 28 June 2013, Ms. Wanda Rapaczynski was appointed the President of the Management Board, effective on the same day.

According to the resolution of Management Board dated 28 June 2013, Mr. Bartosz Hojka, Mr. Tomasz Jagiełło, Mr. Grzegorz Kossakowski and Mr. Robert Musiał were appointed Members of the Management Board, effective on the same day.

On 12 March 2014, Ms. Wanda Rapaczynski resigned from the position of the President of the Management Board, effective on the same day.

According to the resolution of the Management Board dated 12 March 2014, Mr. Bartosz Hojka was appointed President of the Management Board.

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2013, the following companies were consolidated by the Group:

Parent Company:

- Agora S.A.

Subsidiaries consolidated on the full consolidation basis:

- Agora Poligrafia Sp. z o.o.,
- AMS S.A.,
- IM 40 Sp. z o.o.,
- Grupa Radiowa Agory Sp. z o.o.,
- Adpol Sp. z o.o.,
- Inforadio Sp. z o.o.,
- Agora TC Sp. z o.o.,
- Radiowe Doradztwo Reklamowe Sp. z o.o.,
- LLC Agora Ukraine (*),
- Trader.com (Polska) Sp. z o.o.,
- AdTaily Sp. z o.o.,
- Helios S.A.,
- Sport4People Sp. z o.o.,
- Next Film Sp. z o.o.,
- Projekt Inwestycyjny Sp. z o.o.,
- Sir Local Sp. z o.o.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2013, as a result of the Parent Company acquiring a controlling interest:

- Sir Local Sp. z o.o. – subject to consolidation for the period from 1 December 2013 to 31 December 2013.

The following subsidiaries were consolidated until the date control by the Parent ceased:

- (*) LLC Agora Ukraine – subject to consolidation for the period from 1 January 2013 to 10 December 2013.

1.2.2 Entities excluded from consolidation

As at 31 December 2013, there were no subsidiaries of the Group that were not consolidated.

1.3 Key Certified Auditor and Audit Firm Information

1.3.1 Key Certified Auditor information

Name and surname:	Zbigniew Libera
Registration number:	90047

1.3.2 Audit Firm information

Name:	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number:	527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2012 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 28 June 2013.

The consolidated financial statements were submitted to the Registry Court on 17 July 2013.

1.5 Audit scope and responsibilities

This report was prepared for the General of Agora S.A. with its registered office in Warsaw, ul. Czerska 8/10 and relates to the consolidated financial statements comprising: the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements.

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

The consolidated financial statements were audited in accordance with the contract dated 24 May 2011, concluded on the basis of the resolution of the Supervisory Board dated 11 April 2011 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements at the Group entities during the period from 3 March 2014 to 21 March 2014.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the financial statements.

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

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).

1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Company

The unconsolidated financial statements of the Parent Company for the year ended 31 December 2013 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unqualified opinion.

1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
Agora Poligrafia Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
AMS S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
IM 40 Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
Grupa Radiowa Agory Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
Adpol Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
Radiowe Doradztwo Reklamowe Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
Trader.com (Polska) Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
Next Film Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
Helios S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.	31 December 2013	untill the date of this report the statutory audit has not been completed
Projekt Inwestycyjny Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2013	untill the date of this report the statutory audit has not been completed
Agora TC Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2013	untill the date of this report the statutory audit has not been completed
Inforadio Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2013	untill the date of this report the statutory audit has not been completed
AdTaily Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2013	untill the date of this report the statutory audit has not been completed
LLC Agora Ukraine *(consolidated for the period from 1 January 2013 to 10 December 2013)*	not audited	31 December 2013	not applicable
Sport4People Sp. z o.o.	not audited	31 December 2013	not applicable
Sir Local Sp. z o.o.	not audited	31 December 2013	not applicable

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated balance sheet

ASSETS	31.12.2013 PLN '000	% of total	31.12.2012 PLN '000	% of total
Non-current assets				
Intangible assets	417,216	25.4	422,061	24.8
Property, plant and equipment	724,636	44.1	765,665	45.0
Long-term financial assets	163	-	150	-
Equity accounted investments	11,835	0.7	11,718	0.7
Long-term receivables and prepayments	44,926	2.8	5,481	0.3
Deferred tax assets	5,211	0.3	4,208	0.2
Total non-current assets	1,203,987	73.3	1,209,283	71.0
Current assets				
Inventories	25,846	1.6	22,488	1.3
Short-term receivables and prepayments	233,940	14.2	242,813	14.3
Income tax receivable	3,874	0.2	4,544	0.3
Short-term financial assets	75,656	4.6	32,774	1.9
Cash and cash equivalents	99,554	6.1	190,917	11.2
Total current assets	438,870	26.7	493,536	29.0
TOTAL ASSETS	1,642,857	100.0	1,702,819	100.0

EQUITY AND LIABILITIES	31.12.2013 PLN '000	% of total	31.12.2012 PLN '000	% of total
Equity				
Share capital	50,937	3.1	50,937	3.0
Share premium	147,192	9.0	147,192	8.6
Translation reserve	-	-	(161)	-
Retained earnings	991,445	60.3	990,403	58.2
Total equity attributable to equity holders of the parent	1,189,574	72.4	1,188,371	69.8
Non-controlling interest	18,021	1.1	17,679	1.0
Total equity	1,207,595	73.5	1,206,050	70.8
Liabilities				
Deferred tax liabilities	41,634	2.5	40,964	2.4
Long-term credits and loans	78,004	4.8	99,377	5.9
Other financial liabilities	27,592	1.7	26,609	1.6
Provisions for retirement benefits	2,289	0.1	2,099	0.1
Provisions liabilities	88	-	-	-
Long-term accruals	5,340	0.3	2,142	0.1
Total non-current liabilities	154,947	9.4	171,191	10.1
Provisions for reitrement benefits	162	-	135	0.1
Trade and other payables	146,679	8.9	146,858	8.7
Income tax payables	491	-	495	0.1
Short-term credits and loans	67,859	4.2	103,005	6.1
Other financial liabilities	-	-	73	0.1
Provisions liabilities	3,584	0.2	10,219	-
Short-term accruals	61,540	3.8	64,793	3.9
Total current liabilities	280,315	17.1	325,578	19.1
Total liabilities	435,262	26.5	496,769	29.2
TOTAL EQUITY AND LIABILITIES	1,642,857	100.0	1,702,819	100.0

2.1.2. Consolidated income statement

	1.01.2013 - 31.12.2013 PLN '000	% of total sales	1.01.2012 - 31.12.2012 PLN '000	% of total sales
Revenue	1,073,935	100.0	1,138,588	100.0
Cost of sales	(752,494)	70.1	(792,745)	69.6
Gross profit on sales	*321,441*	*29.9*	*345,843*	*30.4*
Distribution expenses	(199,639)	18.6	(221,794)	19.5
General and administrative expenses	(114,408)	10.7	(115,432)	10.1
Other operating income	24,657	3.3	23,231	2.9
Other operating expenses	(24,670)	2.3	(44,933)	3.9
Results from operating activities	*7,381*	*0.7*	*(13,085)*	*1.1*
Finance income	8,910	0.8	17,212	1.5
Finance costs	(11,196)	1.0	(13,940)	1.2
Share of profit/loss of equity accounted investees	(223)	0.0	(332)	0.0
Profit/(loss) before tax	*4,872*	*0.5*	*(10,145)*	*0.9*
Income tax expense	(3,693)	0.3	2,040	0.2
Profit/(loss) for the period	*1,179*	0.1	(8,105)	0.7
Profit/(loss) attributable to:				
Equity holders of the parent	460		(9,035)	
Non-controlling interest	719		930	
Basic/diluted earnings per share (in PLN)	0.01		(0.18)	

2.2 Selected financial ratios

	2013	2012	2011
1. Return on sales			
profit for the period x 100% / revenue	0.1%	negative	3.5%
2. Return on equity			
profit for the period x 100% / equity - profit for the period	0.1%	negative	3.6%
3. Debtors' days			
average trade receivables (gross) x 365 days / revenue	70 days	68 days	62 days
4. Debt ratio			
liabilities x 100% / equity and liabilities	26.5%	29.2%	30.0%
5. Current ratio			
current assets / current liabilities	1.6	1.5	1.9

3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Agora S.A.Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 No. 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note 2(c) of the notes to the consolidated financial statements.

3.4 Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note 2(e) of the notes to the consolidated financial statements.

3.5 Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Agora S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.7 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.8 Report of the Management Board of the Parent Company on the Group's activities

The report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No. 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

....
Zbigniew Libera
Key Certified Auditor
Registration No. 90047
Limited Liability Partner with power of attorney

4 April 2014

AGORA GROUP
Management Discussion and Analysis for **the year 2013** to the consolidated financial statements

April 4, 2014

TABLE OF CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR YEAR OF 2013 OF THE FINACIAL STATEMENTS 5

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP [1]............................. 5

II. EXTERNAL AND INTERNAL FACTORS IMPORTANT FOR THE DEVELOPMENT OF THE GROUP 6
1. EXTERNAL FACTORS 6
1.1 Advertising market [3] 6
1.2 Copy sales of dailies [4] 6
1.3. Cinema admissions [10] 6
2. INTERNAL FACTORS 7
2.1. Revenue 7
2.2. Operating cost 8
3. PROSPECTS 9
3.1. Revenue 9
3.1.1. Advertising market[3] 9
3.1.2 Copy sales 9
3.1.3 Ticket sales 9
3.2. Operating cost 9
3.2.1 Cost of external services 9
3.2.2 Staff cost 9
3.2.3 Promotion and marketing cost 9
3.2.4 Cost of raw materials and energy 10
4. THE GROWTH DIRECTIONS OF THE AGORA GROUP 10

III. FINANCIAL RESULTS 11
1. THE AGORA GROUP 11
2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP 11
2.1. The main products, goods and services of the Agora Group........ 12
2.2. Financial results presented according to major segments of the Agora Group for 2013........ 13
2.3. Sales and markets 14
2.4. Suppliers 14
2.5. Finance cost, net 14
3. BALANCE SHEET OF THE AGORA GROUP 14
3.1. Non-current assets 14
3.2. Current assets 15
3.3. Non-current liabilities and provisions 15
3.4. Current liabilities and provisions 15
4. CASH FLOW STATEMENT OF THE AGORA GROUP 15
4.1. Operating activities 16
4.2. Investment activities 16
4.3. Financing activities 16
5. SELECTED FINANCIAL RATIOS [5] 16

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP 17
IV.A. NEWSPAPERS [1] 17
1. GAZETA WYBORCZA 18
1.1. Revenue 18
1.1.1. Copy sales and readership [4] 18
1.1.2. Advertising sales [3] 18
1.1.3. Other revenues 18
1.2. Cost 18
2. FREE PRESS [3], [4] 19
3. SPECIAL PROJECTS 19
4. NEW INITIATIVES 19

IV.B CINEMA 21
1. Revenue 231
2. Cost 21
3. New Initiatives 22

IV.C. OUTDOOR (AMS GROUP) 23
1. Revenue [8] 23
2. Cost 23
3. New initiatives 24

IV.D. INTERNET [1] [6] 25
1. Revenue 25
2. Cost 26
3. Important information on Internet activities 26
4. New Initiatives 26

IV.E. RADIO 27
1. Revenue [3] 27
2. Cost 27
3. Audience shares [9] 28
4. New Initiatives 28

IV.F. THE MAGAZINES [1] 29
1. Revenue 29
1.1. Copy sales [7] 30
1.2. Advertising sales 30
2. Cost 30
3. New Initiatives 30
NOTES 31

V. ADDITIONAL INFORMATION 34

V.A. INFORMATION CONCERNING SIGNIFICANT CONTRACTS FOR THE ISSUER AND ITS GROUP 34
1. CHANGES IN THE AGREEMENT CONCERNING CREDIT LINE 34

V.B. CHANGES IN CAPITAL AFFILIATIONS OF THE ISSUER WITH OTHER ENTITIES AND CAPITAL INVESTMENTS OF THE ISSUER AND ITS GROUP AND THE SHAREHOLDERS STRUCTURE 34
1. The capital structure of the issuer and subordinated entities 34
2. Changes in capital affiliations and organisation of the capital group 35
3. Participation in business organization, home and foreign 36
4. Major home and foreign capital investments 36
5. Changes in the Shareholders' Structure of the company 36

V.C. OTHER SUPPLEMENTARY INFORMATION 38
1. Transactions with related parties 38
2. Agreements between the Company and Management Board's members on compensation in case of resignation or dismissal 38
3. Remuneration, bonuses and benefits of the issuer's Management Board and Supervisory Board members and Management Board and Supervisory Board members of its subsidiaries 39
4. The shares in Agora S.A. and its related parties owned by members of the management Board 40
4.1. Shares in Agora S.A. 40
4.2. Shares in related company Agora Holding Sp. z o.o. 40
4.3 Shares in related parties 41
5. The shares in Agora S.A. and its related parties owned by members of the Supervisory Board 41
5.1. Shares in Agora S.A. 41
5.2. Shares in related company Agora Holding Sp. z o.o. 41
5.3 Shares in related parties 42
6. Changes in basic management rules in the enterprise by the issuer and its capital group 42
7. Information on credit and loan agreements taken/terminated, guarantees received by Agora S.A. or its subsidiaries. 43

8. Information on loans granted in 2013, guarantees and other off-balance sheet items ... 44
9. The system of control of employee share schemes ... 45
10. Information about the selection and agreements signed with an auditor entitled to audit financial reports ... 45
11. Information about financial instruments ... 45
12. The description of basic hazards and risk ... 45
13. Factors and unusual events which had influence on the results of businness activities for 2013 with the estimation of their influence ... 48
14. Legal Actions concerning liabilities or debts of the Issuer or its subsidiaries, which amount in single or in total to at least 10% of the agora's share capital ... 49
15. Divisions of the COmpany and of its subsidiaries ... 49
16. The Management Board's statement of the realization of forecasts ... 49
17. Issuing of securities ... 49
18. Other Information ... 49

VI. REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2013 ... 53
1. Listing of the corporate governance rules that were not observed by the issuer including the circumstances and reasons for their rejections as well as the remedy for its possible effects and the way the Company is to eliminate risk of not applying the rule or measures and the steps the company is to take in order to reduce risk of not applying the rule in the future. ... 53
2. Description of the General Meeting of Shareholders and its fundamental authorizations as well as the rights of shareholders and their execution. ... 58
3. The composition and rules of functioning of the Company's governing bodies and of the Supervisory Board' s Committees ... 60
3.1. The Management Board ... 60
3.2. The Supervisory Board ... 62
3.3. Committee and Commission acting within the Supervisory Board ... 63
(i) The Audit Committee: ... 63
(ii) The Human Resources and Remuneration Commission: ... 64
4. Description of the basic characteristics of the internal control and risk management systems applied by the Company in terms of preparation of its separate and Consolidated financial statements Shareholders with a substantial holding in the company. ... 65
5. Shareholders with a substantial holding in the company. ... 65
6. The rules governing election and dismissal of Management Board members and their rights, including the right to decide about share buyback or issue program. ... 65
6.1. Election/ nomination ... 65
6.2. Dismissal ... 66
6.3. The rights of the Management Board ... 66
7. Holders of all securities which grant special control rights in relation to the Issuer ... 67
8. Limitations regarding the transfer of ownership rights to the Issuer's securities ... 67
9. Regulations concerning restriction of the voting rights. ... 67
10. Rules of introducing changes into Company's statutes ... 68

VII. DESCRIPTION OF THE BASIC CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS APPLIED BY THE GROUP IN TERMS OF PREPARATION OF ITS SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS ... 68

VIII. MANAGEMENT BOARD'S REPRESENTATIONS ... 70
1. Representation concerning accounting policies ... 70
2. Representation concerning election of the Company's auditor for the annual audit of the consolidated financial statement ... 70

AGORA GROUP MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR YEAR OF 2013 OF THE FINANCIAL STATEMENTS

REVENUE PLN 1,073.9 MILLION
NET PROFIT PLN 1.2 MILLION
OPERATING EBITDA PLN 104.9 MILLION
OPERATING CASH FLOW PLN 109.5 MILLION

Unless indicated otherwise, all data presented herein represent the period of 2013, while comparisons refer to 2012. All data sources are presented in part IV of this MD&A.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP [1]

- In 2013, revenues of the Agora Group ("Group") decreased by 5.7% yoy to PLN 1 073.9 million.The main reasons are lower by 14.5% yoy advertising revenues at PLN 544.3 million and copy sales revenues at PLN 134.0 million (down by 12.2% yoy). Due to the drop in admissions, the Group's revenue from ticket sales decreased by 3.7% yoy to PLN 129.1 million. In 2013, growing by 23.6% yoy to PLN 266.5 million revenues from other sales positively influenced the level of the Group's revenues. The growth of other sales results mainly from higher by 25.5% yoy sales of printing services to external clients and revenues generated from film distribution and co-production in the amount of PLN 12.7 million.
- In 2013, total net operating cost of the Group decreased by 7.4% yoy and reached PLN 1 066.5 million. This is a positive result of restructuring measures implemented in 2012, including group lay-offs in Agora S.A. („the Company", „Agora"). The Company would like to underline that in 2012 the operating cost of the Group was burdened with the cost of group lay-offs in the amount of PLN 9.5 million. Additionally, in the fourth quarter of 2012, the Group suffered asset impairment losses in the amount of PLN 17.6 million. It influences the comparability of selected entries in the Group's profit and loss account. Cost savings result mainly from lower staff cost (down by 7.1% yoy). The marketing and promotion expenditure was lower by 19.5% yoy – the largest cuts were observed in the Newspapers and Magazines segments. A 4.5% yoy drop in external services contributed positively to the decrease of the Group's operating cost and resulted mainly from lower yoy production cost in the Magazine segment and lower maintenance cost of outdoor panels in AMS due to matching of panel portfolio to market needs and lower maintenance expenditures.
- In 2013, operating EBITDA of the Group increased by 26.1% yoy to PLN 104.9 million. EBIT grew to PLN 7.4 million. Net profit amounted to PLN 1.2 million and the net profit attributable to the equity holders of the parent amounted to PLN 0.5 million. The Group draws attention to the fact that the yoy comparability of data was disturbed by one-off costs in 2012 (the asset impairment losses and group lay-offs).
- At the end of December 2013, the Group's cash and short-term monetary assets amounted to PLN 171.4 million, out of which PLN 99.6 million in cash and cash equivalents and PLN 71.8 million in short-term securities. Additionally, PLN 40.0 million provided by the subsidiary AMS S.A. is treated as a cash collateral securing the bank guarantee issued in relation to the concession contract for construction of bus shelters in Warsaw (presented as long – term receivables).
- At the end of December 2013, the Group's debt amounted to PLN 145.9 million (including: external debt of Helios group consisting of bank credits and finance lease liabilities in the amount of PLN 102.7 million).

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

1. EXTERNAL FACTORS

1.1 Advertising market [3]

According to the Agora's estimates, based on public data sources, in 2013, the value of total advertising expenditure in Poland decreased by 5.0% yoy and amounted to ca PLN 7.2 billion. At that time, advertisers limited their expenditure in all media except for Internet. The largest drops were visible in dailies and outdoor advertising.

The data relating to the changes in the value of advertising expenditure in particular media segments in 2013 are presented in the table below:

Tab. 1

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
(5.0%)	(3.5%)	7.5%	(13.5%)	(2.0%)	(14.0%)	(29.5%)	(11.5%)

The share of particular media segment in total advertising expenditure, in 2013, is presented in the table below:

Tab. 2

Advertising spendings, in total	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
100.0%	49.5%	21.0%	9.0%	7.5%	6.5%	5.0%	1.5%

1.2 Copy sales of dailies [4]

In 2013, the total paid circulation of dailies decreased by 10.7% yoy. The largest decrease was observed in national general interest dailies.

1.3. Cinema admissions [10]

In 2013, the cinema admissions droppped by 5.6% yoy and the number of tickets sold amounted to over 36.3 million.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 3

in million PLN	2013	% share	2012	% share	*% change yoy*
Total sales (1)	**1,073.9**	***100.0%***	**1,138.6**	***100.0%***	***(5.7%)***
Advertising revenue	544.3	*50.7%*	636.3	*55.9%*	*(14.5%)*
Copy sales	134.0	*12.5%*	152.7	*13.4%*	*(12.2%)*
Ticket sales	129.1	*12.0%*	134.0	*11.8%*	*(3.7%)*
Other	266.5	*24.8%*	215.6	*18.9%*	*23.6%*

(1) particular sales positions include sales of Special Projects (with book collections), described in details in point IV.A in this report.

In 2013, the Group's revenues amounted to PLN 1,073.9 million and decreased by 5.7% yoy. The Group recorded a yoy decrease of sales revenues in majority of its business segments. The growth of revenues was observed in the Cinema segment, mainly due to the growth of cinema network in 2012 and initiation of the film distribution business by Next Film Sp. z.o.o., a subsidiary company of Helios S.A.

In 2013 as a result of significant decrease of advertising expenditure in Poland the Group's advertising sales decreased by 14.5% yoy and amounted to PLN 544.3 million. This largest drop of advertising revenues took place in the Newspapers segment. The growth of advertising revenues was observed only in Cinema segment.

In 2013, the Group's total revenues from the copy sales amounted to PLN 134.0 million and went down by 12.2% yoy. The main reason for this decrease are lower revenues from the copy sales of the Magazine segment, resulting from the changes in the portfolio of titles published by the segment and lower yoy number of copies sold. Additionally, lower number of copies sold of *Gazeta Wyborcza* negatively influenced the level of copy sales. Lower dynamics of the decrease in revenues from copy sales of *Gazeta Wyborcza,* in comparison with other reporting periods, results from the cover price increase of *Gazeta Wyborcza* introduced twice in 2013.

In 2013, the revenues from tickets sold in the cinemas composing the Helios network decreased by 3.7% yoy to PLN 129.1 million. In the discussed period of time, people bought over 7.5 million cinema tickets in the Helios network, i.e. 2.8% less yoy. At the same time, the total estimated number of cinema tickets sold in Poland decreased by 5.6% yoy *[2].*

Other revenues amounted to PLN 266.5 million and increased by 23.6% yoy. The main contributor were higher sales of printing services for external clients and PLN 11.0 million of film distribution revenues.

2.2. Operating cost

Tab. 4

in million PLN	**2013**	**% share**	**2012**	**% share**	***% change yoy***
Operating cost net, including:	**(1,066.5)**	**100.0%**	**(1,151.7)**	***100.0%***	***(7.4%)***
External services	(340.8)	32.0%	(356.7)	*31.0%*	*(4.5%)*
Staff cost (1)	(288.1)	27.0%	(310.2)	*26.9%*	*(7.1%)*
Raw materials, energy and consumables	(240.1)	22.5%	(244.3)	*21.2%*	*(1.7%)*
D&A	(96.1)	9.0%	(93.8)	*8.1%*	*2.5%*
Promotion and marketing	(65.4)	6.1%	(81.2)	*7.1%*	*(19.5%)*
Cost of group lay-offs	-	-	(9.5)	*0.8%*	-

(1) excluding non-cash cost of share-based payments and cost of group lay-offs.

Total net operating cost of the Group, in 2013, decreased by 7.4% yoy to PLN 1,066.5 million, mainly as a result of restructuring measures implemented in the Group in 2012. It should be remembered that in 2012 the total net operating cost of the Group was burdened with the asset impairment losses of PLN 17.6 million and group lay-off cost in Agora S.A. Agora Poligrafia Sp.z o.o. of PLN 9.5 million.

The decrease in the **cost of external services** in 2013 results, inter alia, from lower system maintenance cost in the Outdoor segment as a result of changes in the portfolio of panels and consistent decrease of panel maintenance cost. The second factor contributing to the decrease of external cost is lower cost of film copy purchase in the Cinema segment due to lower number of tickets sold in the discussed period of time.

The Group's **staff cost** decreased by 7.1% yoy in 2013. It is a result of restructuring measures executed in 2012, including group lay-offs. The slight growth of staff cost in Outdoor segment results from better yoy execution of sales targets. The decrease of staff cost was observed in the Dailies, Magazines, Radio and Internet segments. Despite the growth of Helios cinema network, the yoy growth in the segment's staff cost was insignificant.

The Group's **headcount,** at the end of December 2013, was 3,088 employees and was higher by 3 FTEs than at the end of December 2012. The growth in headcount results from initiation of development projects in the second half of 2013 in Newspapers and Internet segments. The average headcount in the Agora Group in 2013 amounted to 3,038 FTEs and was lower by 304 FTEs in comparison with average headcount in 2012.

Total **non – cash expense** relating to share - based payments (described in note 27A to the consolidated financial statements of the Group) charged to the Group's profit and loss account in 2013 amounted to PLN 1.4 million.

The Group offers its employees other incentive plans (for example: cash motivation plans, incentive plans in sales departments etc.), which cost is charged to the Group's staff cost. Since the third quarter of 2013, the Group's operating result is burdened quarterly by the accrued cost of Three-Year-Long Incentive Plan for the Management Board members for the period of 2013 - 2015 (described in note 27B to the consolidated financial statements of the Group). In 2013 this cost amounted to PLN 0.6 million.

The drop in the **cost of raw materials, energy and consumables** in 2013 as a result of lower unit cost of paper.

Promotion and marketing expense decreased in 2013 by 19.5% yoy, mainly due to the savings in this cost position observed in Newspapers, Magazines and Internet segments.

3. PROSPECTS

3.1. Revenue

3.1.1. Advertising market[3]

The situation of the advertising market in Poland is dependent on the condition of Polish economy. The value of the Polish advertising market may stop declining when the condition of Polish economy improves. The first symptoms of improvement in Polish economy were already visible in the fourth quarter of 2013. The forecast regarding the growth of Polish GDP in 2014 range from 2.5% to 3.0% growth rate.

Taking into account positive signals from Polish economy, the Company estimates that in 2014 the growth by 0-2% yoy of advertising expenditure in Poland. The largest beneficiary of the expected growth in advertising expenditure will be TV. The Company is of the opinion that the value of TV advertising shall grow by ca 1-4% yoy. The second medium to benefit most from the uplift in the advertising market shall be internet. The Company estimates that online advertising may grow by ca 5-8%. The value of radio advertising may grow by ca 0-3% yoy and cinema advertising by ca 2-5% yoy. The value of outdoor advertising may range from possible drop of 1% yoy to growth of 2% yoy. According to the Company's estimates, advertisers shall further limit their budgets dedicated to press. The value of advertising expenditure in dailies will decrease by ca 20-24% and in magazines by ca 9-13% yoy.

3.1.2 Copy sales

In 2014, negative trends relating to copy sales of dailies and magazines shall continue. The Company believes that the copy price increase of *Gazeta Wyborcza,* introduced in the beginning of 2014 partially offset the decline in revenue from copy sales of the daily. Simultaneously, the Company develops the sales of its digital content. In the beginning of 2014 it implemented metered paywall and digital subscription offer. In the long term perspective these actions should result in the growth of digital subscription sales.

3.1.3 Ticket sales

The most important factor influencing the level of admissions in Poland is film repertoire in a given year. Having analysed available data the Company is of the opinion that the number of cinema tickets sold in Poland in 2014 should grow yoy.

3.2. Operating cost

In 2014, the Group plans to introduce development projects in selected business segments which may influence the level of the Group's operating cost. The segments with largest projects include Press and Internet segments.

3.2.1 Cost of external services

The cost of external services shall be dependent on the cost of film copies for the cinema business related directly to ticket sales revenues, EUR/PLN exchange rate and cost of brokerage services. Additionally, this cost position may increase due to the openings of two new cinemas in the first half of 2014 and execution of other development projects.

3.2.2 Staff cost

In 2014, the Group plans execution of development projects which may influence the level of staff cost. The projects that will influence this cost position the most will be run in Newspapes and Internet segments. They are mainly related to the digital transformation of the business model of the Group's press operations, including implementation of metered paywall and development of digital subscription offer. In Internet segment the growth of staff cost is related to the strengthening of the sales team.

3.2.3 Promotion and marketing cost

In 2013, the promotion and marketing cost were lower yoy. However, it should be remembered that the level of promotion and marketing expense depends on the dynamics of particular media segment performance, as well as the number of development projects (including openings of new cinemas) and the market activities and projects of the Group's competitors. Due to these facts the Group's promotion and marketing expense in 2014 may grow yoy.

3.2.4 Cost of raw materials and energy

In 2013, the cost of raw materials and energy decreased by 1.6% yoy. The Group's activities in the field of printing services for external clients have the largest impact on this cost position. The level of this cost position, in 2014, will be dependent mainly on the price of newsprint, the volume of production and EUR/PLN exchange rate. Therefore, this cost position may grow yoy in 2014.

4. THE GROWTH DIRECTIONS OF THE AGORA GROUP

The primary objective is the growth in media sector. Agora wants to achieve the objective by the growth of revenues and profitability improvement. The key to success is execution of four main tasks:

1) digital transformation of print media operations,
2) building position in the TV market,
3) profitability improvement of the Group's key business segments,
4) cost optimization of the Group's shared functions and infrastructure.

Due to the implementation of the metered paywall on "Gazeta Wyborcza's" website on February 4th, 2014 the process of digital transformation significantly accelerated. In order to achieve that goal, the Group wants to support development of quality journalism and build necessary technological tools.

On March 15, 2014 the Agora Group entered the TV market launching Stopklatka TV - a TV channel created together with Kino Polska TV S.A. Agora's objective is a quick success of the digital film channel and its aspires to build a significant position in the TV thematic channel market in the long term perspective.

Agora plans to develop its other business segments. The Group aims to grow its cinema network Helios and increase the scale of operations in the field of film distribution and co-production. In the outdoor business Agora wants to strengthen its position in the premium segment. The priority for the Group's online operations is an intensive growth in mobile and video as well as further diversification of revenue streams. The Group's objective in the radio business is to successfully acquire the largest possible number of licences in order to grow technical reach of current radio stations and optimization of music formats.

The Agora Group plans also a set of optimization initiatives related to the Group's cost of shared functions and infrastructure in order to simplify and unify internal processes.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for 2013 include: Agora S.A., Agora Poligrafia Sp. z o.o., AMS S.A. group ("AMS group"), Agora TC Sp. z o.o., Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o., Sport4People Sp. z o.o., Sir Local Sp. z o.o. (from December 1, 2013), 5 subsidiaries of the radio business, Helios S.A. and Next Film Sp. z o.o. operating in the cinema business and the Ukrainian company LLC Agora Ukraine (till December 10, 2013). Additionally, the Group held shares in a jointly controlled entity Business Ad Network Sp. z o.o. (till December 14, 2012) as well as in associated companies A2 Multimedia (till January 31, 2012), GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o. (from December 1, 2012) and Instytut Badan Outdooru IBO Sp. z o.o. (from June 1, 2013).

A detailed list of companies of the Agora Group is presented in the point V.B.1 and selected financial data together with translation into EURO are presented in note 42 to the consolidated financial statements in this report.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 5

in PLN million	**2013**	**2012**	*% change yoy*
Total sales (1)	**1,073.9**	**1,138.6**	***(5.7%)***
Advertising revenue	544.3	636.3	*(14.5%)*
Copy sales	134.0	152.7	*(12.2%)*
Ticket sales	129.1	134.0	*(3.7%)*
Other	266.5	215.6	*23.6%*
Operating cost net (2), including:	**(1,066.5)**	**(1,151.7)**	***(7.4%)***
Raw materials, energy and consumables	(240.1)	(244.3)	*(1.7%)*
D&A	(96.1)	(93.8)	*2.5%*
External services	(340.8)	(356.7)	*(4.5%)*
Staff cost (3)	(288.1)	(310.2)	*(7.1%)*
Non-cash expense relating to share-based payments	(1.4)	(2.5)	*(44.0%)*
Promotion and marketing	(65.4)	(81.2)	*(19.5%)*
Cost of group lay-offs	-	(9.5)	-
Operating result - EBIT	**7.4**	**(13.1)**	**-**
Finance cost, net, incl.:	**(2.3)**	**3.3**	**-**
Revenue from short-term investment	8.2	14.0	*(41.4%)*
Interest on bank loans, borrowings, finance lease and similar items	(10.0)	(13.4)	*(25.4%)*
Share of results of equity accounted investees	**(0.2)**	**(0.3)**	***33.3%***
Profit/(loss) before income tax	**4.9**	**(10.1)**	**-**
Income tax	(3.7)	2.0	-
Net profit/(loss) for the period	**1.2**	**(8.1)**	**-**

in PLN million	**2013**	**2012**	*% change yoy*
Attributable to:			
Equity holders of the parent	0.5	(9.0)	-
Non - controlling interest	0.7	0.9	*(22.2%)*
EBIT margin (EBIT/Sales)	0.7%	(1.2%)	*1.9pp*
EBITDA	**103.5**	**80.7**	***28.3%***
EBITDA margin (EBITDA/Sales)	9.6%	7.1%	*2.5pp*
Operating EBITDA (4)	**104.9**	**83.2**	***26.1%***
Operating EBITDA margin (Operating EBITDA/Sales)	9.8%	7.3%	*2.5pp*

(1) particular sales positions, apart from ticket sales, include sales of Special Projects (with book collections), described in details in point IV.A in this report;

(2) in 2012 the operating cost of the Group was burdened with the one-off cost comprising the impairment loss on selected press titles in the Magazine segment, the impairment loss on ceased press title Autobit and part of the goodwill recognized on Sport4People Sp. z o.o. as well as the impairment of assets in Special Projects division. In total, the impairment costs amounted to PLN 17.6 million;

(3) excluding non-cash cost of share-based payments and cost of group lay-offs;

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

2.1. The main products, goods and services of the Agora Group

Major products, goods and services, as well as their volumes are presented in detail in part IV of this MD&A ("Operating review – major segments of the Agora Group"). The table below presents a percentage share in total revenues of the Agora Group.

Tab. 6

in million PLN	**2013**	**% share**	**2012**	**% share**	***% change yoy***
Total sales (1)	**1,073.9**	***100.0%***	**1,138.6**	***100.0%***	***(5.7%)***
Advertising revenue	544.3	*50.7%*	636.3	*55.9%*	*(14.5%)*
Copy sales	134.0	*12.5%*	152.7	*13.4%*	*(12.2%)*
Ticket sales	129.1	*12.0%*	134.0	*11.8%*	*(3.7%)*
Other	266.5	*24.8%*	215.6	*18.9%*	*23.6%*

(1) particular sales positions include sales of Special Projects (with book collections), described in details in point IV.A in this report.

2.2. Financial results presented according to major segments of the Agora Group for 2013

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

Tab. 7

in PLN million	News-papers	Cinema	Outdoor	Internet	Radio	Magazines	Matching positions (3)	Total (consoli-dated) 2013
Total sales (4)	**492.8**	**219.7**	**153.5**	**111.4**	**83.1**	**44.1**	**(30.7)**	**1,073.9**
% share	45.9%	20.5%	14.3%	10.4%	7.7%	4.1%	(2.9%)	100.0%
Operating cost net (4)	**(441.5)**	**(213.0)**	**(149.7)**	**(94.2)**	**(78.3)**	**(41.5)**	**(48.3)**	**(1,066.5)**
EBIT	**51.3**	**6.7**	**3.8**	**17.2**	**4.8**	**2.6**	**(79.0)**	**7.4**
Finance cost, net								(2.3)
Share of results of equity accounted investees								(0.2)
Income tax								(3.7)
Net profit								**1.2**
Attributable to:								
Equity holders of the parent								0.5
Non-controlling interest								0.7
EBITDA	**78.3**	**31.5**	**20.7**	**21.8**	**7.2**	**2.7**	**(58.7)**	**103.5**
Operating EBITDA (1)	78.9	31.5	20.8	21.9	7.3	2.8	(58.3)	104.9
CAPEX (2)	(8.1)	(22.5)	(12.7)	(5.6)	(7.3)	(3.2)	(11.7)	(71.1)

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

(2) based on invoices booked in the period; in the Cinema segment includes also PLN 8.7 million of non-current assets in lease;

(3) matching positions show data not included in particular segments, inter alia: other revenues and costs of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board of Agora S.A., Agora TC 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;

(4) 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.

2.3. Sales and markets

Over 90% of the total sales of the Group were related to sales in domestic market. Sales to foreign markets are realized mainly through press sales (foreign subscription) and printing services to foreign customers.

The Group does not depend on one particular customer. The biggest customers of the Group (in respect of the turnover) are press distributors (companies unrelated to Agora S.A.). In 2013, the value of transactions with none of the distributors exceeded 10% of the Group's total revenues.

2.4. Suppliers

The Group does not depend on one particular supplier. Newsprint and printing services are important cost items of the Group. Newsprint used for printing dailies is purchased from several suppliers. In 2013, the value of transactions with none of the suppliers exceeded 10% of the Group's total revenues.

2.5. Finance cost, net

Net financial activities of the Group in 2013 were influenced by interest from bank deposits, bank commissions, as well as interest on the bank loans and lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 8

in PLN million	**31-12-2013**	**31-12-2012**	***% change to 31-12-2012***
Non-current assets	**1,204.0**	**1,209.3**	**(0.44%)**
share in balance sheet total	*73.3%*	*71.0%*	*2.3 pp*
Current assets	**438.9**	**493.5**	**(11.1%)**
share in balance sheet total	*26.7%*	*29.0%*	*(2.3 pp)*
TOTAL ASSETS	**1,642.9**	**1,702.8**	**(3.5%)**
Equity holders of the parent	**1,189.6**	**1,188.4**	**0.1%**
share in balance sheet total	*72.4%*	*69.8%*	*2.6 pp*
Non-controlling interest	**18.0**	**17.7**	**1.7%**
share in balance sheet total	*1.1%*	*1.0%*	*0.1pp*
Non-current liabilities and provisions	**154.9**	**171.2**	**(9.5%)**
share in balance sheet total	*9.4%*	*10.1%*	*(0.7 pp)*
Current liabilities and provisions	**280.4**	**325.5**	**(13.9%)**
share in balance sheet total	*17.1%*	*19.1%*	*(2.0 pp)*
TOTAL LIABILITIES AND EQUITY	**1,642.9**	**1,702.8**	**(3.5%)**

3.1. Non-current assets

The decrease in non-current assets versus 31 December 2012 stems mainly from depreciation and amortisation on property, plant and equipment and intangibles, which was to some extent compensated by the increase in long-term receivables as a result of the cash deposit in the amount of PLN 40.0 million provided by the subsidiary AMS S.A. as a cash collateral securing the bank guarantee issued in relation to the Concession Contract (described in part V.C of this MD&A). Moreover, in the first quarter of 2013, the Company sold the rights to publish the monthly *Poradnik Domowy* (for PLN 11.5 million) and purchased the rights to publish the monthly *Dom&Wnetrze* (for PLN 3.0 million).

3.2. Current assets

The decrease in current assets , versus 31 December 2012, results mainly from the decrease in accounts receivable and cash and cash equivalents, which was to some extent compensated by the increase in short-term securities. The decrease in short-term securities is related, inter alia, to the cash deposit provided by the subsidiary AMS S.A as described in point 3.1.

3.3. Non-current liabilities and provisions

The decrease in non-current liabilities and provisions, versus 31 December 2012, stems mainly from the decrease in bank and other borrowings, including finance lease liabilities.

3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2012, stems mainly from the decrease of short-term borrowings and provisions.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 9

in PLN million	**2013**	**2012**	*% change yoy*
Net cash from operating activities	109.5	92.0	*19.0%*
Net cash from investment activities	(120.9)	85.4	-
Net cash from financing activities	(79.9)	(112.0)	*(28.7%)*
Total movement of cash and cash equivalents	**(91.3)**	**65.4**	**-**
Cash and cash equivalents at the end of period	**99.6**	**190.9**	***(47.8%)***

As at 31 December 2013, the Agora Group had PLN 171.4 million in cash and in short-term monetary assets, out of which PLN 99.6 million was in cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 71.8 million in short-term securities. Additionally, PLN 40.0 million provided by the subsidiary AMS S.A. is treated as a cash collateral (presented within long-term receivables) securing the bank guarantee issued in relation to the concession contract for construction of bus shelters in Warsaw.

In 2013, Agora S.A. had not been engaged in any currency option instruments or other derivatives (used for hedging or speculative purposes).

On May 28, 2013, the Company executed annex to the loan agreement with the Bank Pekao S.A. On the basis of this annex, the Company has the credit line in the amount of up to PLN 100.0 million, which may be used by May 31, 2014. In 2013, the Company repaid four instalments of the credit line used in previous years.

Considering the cash position and available credit facility, the Agora Group does not anticipate any liquidity problems with regards to its further investment plans (including capital investments).

4.1. Operating activities

The increase in net inflow from operating activities in 2013, stems mainly from the improvement of the operating result and changes in accounts payable.

4.2. Investment activities

Net outflow from investing activities, in the whole 2013, results mainly from the purchases of short-term securities as well as spendings on property, plant and equipment and intangibles. Moreover, in the fourth quarter of 2013 there were outflows related to cash deposit provided to the bank by the company AMS S.A.

4.3. Financing activities

In 2013 the net cash flows from financing activities included mainly repayments and drawings of bank loans by Helios S.A., financial lease payments and repayments of the credit line by Agora S.A.

5. SELECTED FINANCIAL RATIOS [5]

Tab. 10

	2013	**2012**	*% change yoy*
Profitability ratios			
Net profit margin	0.04%	(0.8%)	*0.8pp*
Gross profit margin	29.9%	30.4%	*(0.5pp)*
Return on equity	0.04%	(0.7%)	*0.8pp*
Efficiency ratios			
Inventory turnover	12 days	12 days	-
Debtors days	68 days	66 days	*3.0%*
Creditors days	38 days	42 days	*(9.5%)*
Liquidity ratio			
Current ratio	1.6	1.5	*6.7%*
Financing ratios			
Gearing ratio (1)	-	-	-
Interest cover	0.8	(1.1)	-
Free cash flow interest cover	4.5	(1.5)	-

(1) as at 31 December 2013 and 31 December 2012 the Group had net cash position.

Definitions of financial ratios *[5]* are presented at the end of part IV of this MD&A *("Operating review – major segments of the Agora Group").*

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. NEWSPAPERS [1]

The *Newspapers* segment includes the pro-forma consolidated financials of *Gazeta Wyborcza*, *Metro,* Special Projects, Agora's Printing Department and Agora Poligrafia Sp. z o.o.

Tab. 11

in PLN million	**2013**	**2012**	***% change yoy***
Total sales	**492.8**	**527.7**	***(6.6%)***
Copy sales (1)	106.4	111.7	*(4.7%)*
incl. Gazeta Wyborcza	*100.6*	*106.8*	*(5.8%)*
Advertising revenue (1), (2)	180.8	244.7	*(26.1%)*
incl. Gazeta Wyborcza (3)	*144.2*	*202.9*	*(28.9%)*
incl. Metro (4)	*22.1*	*27.3*	*(19.0%)*
Special Projects (including book collections)	36.5	32.0	*14.1%*
Other revenue	169.1	139.3	*21.4%*
Total operating cost, including	**(441.5)**	**(465.4)**	***(5.1%)***
Raw materials, energy, consumables and printing services	(201.6)	(199.8)	*0.9%*
Staff cost (5)	(117.6)	(128.9)	*(8.8%)*
Non-cash expense relating to share-based payments	(0.6)	(1.1)	*(45.5%)*
D&A	(27.0)	(28.1)	*(3.9%)*
Promotion and marketing (2) (6)	(37.1)	(46.4)	*(20.0%)*
Cost of group lay-offs	-	(6.3)	-
EBIT	**51.3**	**62.3**	**(17.7%)**
EBIT margin	*10.4%*	*11.8%*	*(1.4pp)*
EBITDA	**78.3**	**90.4**	**(13.4%)**
EBITDA margin	*15.9%*	*17.1%*	*(1.2pp)*
Operating EBITDA (7)	**78.9**	**91.5**	**(13.8%)**
Operating EBITDA margin	*16.0%*	*17.3%*	*(1.3pp)*

(1) excluding revenues from Special Projects;

(2) the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;

(3) the amounts refer to only a portion of total revenues from dual media offers (published both in Gazeta Wyborcza, as well as on GazetaPraca.pl, GazetaDom.pl, Domiporta.pl, Komunikaty.pl verticals and Nekrologi.Wyborcza.pl website), which is allocated to the print edition of Gazeta;

(4) the amounts refer to total revenues of the Free Press Department, including revenues from Metro's display advertising, classifieds and inserts as well as from mTarget services and Metro's special activities;

(5) excluding non-cash cost of share-based payments and cost of group lay-offs;

(6) the amounts include inter alia the start-up cost of new book collections (i.e. initial promotional cost in the media) and the production and promotional cost of gadgets offered with Gazeta;

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

The Company would like to stress, that cost of group lay-offs and one-offs in *Newspapers* segment affects the yoy comparability of data in 2013. The one-off cost in 2012 included the impairment loss on the assets in the Special Projects division and it amounted to PLN 2.2 million.

In 2013, the operating EBITDA of the segment amounted to PLN 78.9 million and the operating EBITDA margin reached 16.0% *[1]*. It is mainly the result of 6.6% yoy drop in the *Newspapers* segment sales.

1. GAZETA WYBORCZA

1.1. Revenue

1.1.1. Copy sales and readership [4]

In 2013, Gazeta *Wyborcza* maintained its leading position among the quality newspapers. *Gazeta Wyborcza* sold 220 thousand copies on average (down by 14.1% yoy). In the discussed period of time, *Gazeta*'s revenues from copy sales decreased only by 5.8% yoy, which was possible due to two increases in basic price of daily issues of *Gazeta Wyborcza.* In the discussed period of time, the weekly readership of *Gazeta Wyborcza* stood at 10.6% (3.2 million readers; CCS, weekly readership index), which placed it as the second daily among nationwide dailies.

Additionaly, growing by 9.2% yoy sales of Gazeta Wyborcza's magazines (m.in. Wysokie Obcasy Extra, Książki. Magazyn do czytania) positively affected the level of the segments's revenues.

1.1.2. Advertising sales [3]

In 2013, *Gazeta's* net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 144.2 million (down by 28.9% yoy).

The above figures include a portion of revenues from dual-media advertising offers (published both in print as well as on *GazetaPraca.pl, Komunikaty.pl* verticals and *Nekrologi.Wyborcza.pl* website), which is allocated to the print edition of *Gazeta Wyborcza.*

In 2013, the ad spend in dailies in Poland decreased by almost 29.5% yoy. In the discussed period of time, *Gazeta*'s revenues from display advertising decreased by almost 31% yoy, and its estimated share in display ad spend in dailies stood at almost 36.0% (down by ca 1.0pp yoy).

In 2013, *Gazeta*'s share in the national newspapers ad spend amounted to over 42% (up by almost 1.0pp yoy). During this period of time, *Gazeta*'s share in Warsaw ad spend in newspapers decreased by 2.5pp yoy while the joint share of *Gazeta* and *Metro* was up by ca 0.5pp yoy. At the same time, *Gazeta's* share in local dailies (excluding Warsaw) decreased by over 1.0pp yoy.

In 2013, the share of ad pages in Gazeta's total pagecount amounted to ca 29.9% (down by ca 1.5pp yoy), while the average number of paid-for ad pages published daily in all local and national editions reached ca 108 (down by ca 20% yoy).

1.1.3. Other revenues

Segment consistently uses its spare production capacity to grow revenues from the sales of printing services to external clients. In 2013 revenues from the sales of printing services rose by 25.5% yoy, mainly due to higher revenues from the printing services in heatset technology.

1.2. Cost

In 2013, the operating cost of the segment decreased by 5.1% yoy to PLN 441.5 million.

One should bear in mind that operating cost of the segment in 2012 was affected by additional cost associated with the group lay-offs and the impairment loss on the assets in fourth quarter of 2012. Total additional cost, which affected the operating result of the segment in 2012, due to these events, amounted to PLN 8.5 million.

In 2013 the reduction in the segment's operating cost was achieved by the decrease in the staff cost by 8.8% yoy as a result of lower employment. Lower promotion and marketing cost (down by 20.0% yoy), due to the reduced scope of *Gazeta Wyborcza's* promotional activities, contributed positively to the drop in the operating cost.

The newsprint cost of *Gazeta Wyborcza* and its supplements in 2013 amounted to PLN 38.6 million and decreased by 28.0% yoy.

2. FREE PRESS [3], [4]

In 2013, *Metro's* total ad revenues decreased by 19.0% yoy, mainly due to lower revenues from display advertising (down by 26.0% yoy). In this periodof time, the total display ad spend in all daily newspapers decreased by almost 29.5% yoy. As a result *Metro* strengthened its share in advertising spending in all dailies by over 5.0%. In the discussed period of time, *Metro's* share in advertising spending in national dailies increased by 0.5pp and remained flat yoy in local dailies. *Metro* increased its share in Warsaw dailies by amost 3.0pp yoy to over 22.5%

In 2013, the Free Press division recorded a lower yoy profit on the operating EBITDA level which amounted to PLN 1.1 million *[1]*.

3. SPECIAL PROJECTS

In 2013 Agora continued 1 collection *Mistrzowie slowa 2* and released 54 one-off publishings. During this period of time, Special Projects division sold 0.6 million books and books with DVDs and CDs.

On February 1, 2013, *Drogowka* - the film by Wojciech Smarzowski, co-produced by Agora, entered Polish cinemas and on June 7, 2013, the film had its DVD premiere. In 2013, the film had been viewed by over 1 million people, and revenues from the whole project had a direct positive impact on Agora Group's operating result. On October 18, 2013, another Agora's co-production entered Polish cinemas – *Ambassada* directed by Juliusz Machulski. In 2013, the film had been viewed by nearly 0.2 million people.

Revenues generated by *Publio.pl*, an online bookstore started in May 2012, had a positive impact on the total level of Special Projects' revenues.

In 2013, Special Projects division recorded a positive operating result (EBIT) of PLN 1.7 million higher by PLN 5.6 million yoy *[1].*

4. NEW INITIATIVES

In 2013, the cover price of *Gazeta Wyborcza* was increased twice – in January and in July.

The paper edition of *Gazeta Wyborcza* was enriched with new supplements. The main edition of *Gazeta Wyborcza* on Mondays was expanded by *Sport.pl Extra* magazine, which includes reportage, essays, extensive coverage of sports events, as well as book and film reviews on the subject. Tuesday supplement - magazine *Palce Lizac* - received an updated layout with new columns containing recipes for healthy and light meals prepared quickly from easily available seasonal ingredients and recipes for dishes on special occasions. The main edition of *Gazeta Wyborcza* on Wednesdays was expanded with new column *Polityka Ekstra* - dedicated to politics. The Thursday reportage supplement to *Gazeta Wyborcza, Duzy Format* received a fresh and dynamic layout. The supplement offers now more content in an enlarged format matching the size of the main edition of the daily. *Gazeta Wyborcza* also launched a new Thursday addition *Pieniadze Ekstra.* The addition is dedicated to readers' problems with, inter alia, financial institutions, contracts and special offers in shops. It also highlights issues that refer to retirement, describes curiosities associated with money and provides ideas for savings.

The Free Press division expanded its offer by free magazine *Metro na szpilkach*. Quarterly, prepared by Metro's editorial team, was distributed in 100 thousand copies in 8 major cities in Poland. *Metro Custom Publishing* prepared special winter edition of sports magazine for one of largest shopping chains in Poland. Application of new technologies allowed the use of interactive materials.

In 2013, *Gazeta Wyborcza's* application for Samsung tablets was made available through Samsung Apps online shop. A quarterly magazine *Ksiazki. Magazyn do czytania* launched its application for *iPhone*. The subscribers of *Piano system* gained access to *Magazyn Miedzynarodowy* with reviews of the international press and Monday magazine *Sport.pl Ekstra.* Since mid-March 2013, the Saturday magazine *Wysokie Obcasy* is also available in version for *iPad.*

In 2013, the magazine *Media&Marketing Polska* published special report *Wydawcy* (*Publishers*), selects the most interesting projects from publishing market. The report distinguished *Wysokie Obcasy* and *Wysokie Obcasy Extra* as the best *iPad* releases of Polish magazines. The tablet issues of th emagaiznes were rewarded for brave attitude in breaking the barriers resulting from the commitment of readers and advertisers to print editions. The segment relaunched *Wyborcza.pl - Gazeta Wyborcza* website.

At the end of 2013, the sales forces of the Company's press brands were combined. As a result, since January 1 2014, one commercial team has been selling advertising offer of all Agora's press titles. It includess *Gazeta Wyborcza*, several magazines and the daily *Metro*, their digital versions and website *MetroMSN.pl.*

Gazeta Wyborcza introduced to the online bookstore *Publio.pl* a full release of the daily on every reader in ePUB and Mobi format and in the web browser in PDF format. This is the most complete version of the daily for e-readers.

IV.B CINEMA

The Cinema segment includes the pro-forma consolidated data of Helios S.A. and Next Film Sp. z o.o. (since September 14, 2012), which form the Helios group.

Tab. 12

in PLN million	2013	2012	*% change yoy*
Total sales, including :	**219.7**	**205.1**	***7.1%***
Tickets sales	129.1	134.0	*(3.7%)*
Concession sales	42.2	40.3	*4.7%*
Advertising revenues (2)	25.2	20.2	*24.8%*
Other sales	23.2	10.6	*118.9%*
Total cost, including:	**(213.0)**	**(199.0)**	***7.0%***
External services	(118.0)	(110.8)	*6.5%*
Raw materials, energy and consumables	(25.0)	(25.4)	*(1.6%)*
Staff cost	(26.8)	(26.1)	*2.7%*
D&A	(24.8)	(19.7)	*25.9%*
Promotion and marketing (2)	(16.6)	(10.2)	*62.7%*
EBIT	**6.7**	**6.1**	**9.8%**
EBIT margin	*3.0%*	*3.0%*	-
EBITDA	**31.5**	**25.8**	***22.1%***
EBITDA margin	*14.3%*	*12.6%*	*1.7pp*
Operating EBITDA (1)	**31.5**	**25.8**	***22.1%***
Operating EBITDA margin (1)	*14.3%*	*12.6%*	*1.7pp*

(1) As far as the Helios group is concerned EBITDA and operating EBITDA ratios are equal as in the period referred to in the table there was not any non-cash cost of share-based payments incurred;

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

In 2013, due to the growing by 7.1% yoy revenues operating EBITDA of the Helios group reached 31.5 million.

1. REVENUE [3]

In 2013, total revenues grew by 7.1% yoy and reached PLN 219.7 million. Number of visitors reached over 7.5 million and decreased by 2.8% yoy. As a result revenues from tickets sales decreased by 3.7% yoy. The concession sales increased by PLN 1.9 million yoy and advertising revenues by PLN 5.0 million.

The yoy growth of other sales results mainly from cinema distribution operations –of Next Film. Other sales include also, subletting of one of the Helios` cinemas in Wroclaw to *Association Nowe Horyzonty* (since September 2012), revenues from *VPF (Virtual Print Fee)* and revenues from 3D-glasses fee.

2. COST

In 2013, the operating cost of the Helios group increased by 7.0% yoy. This growth results from higher rental fees and depreciation related to the network expansion in 2012 and in 2013. The cost generated by the subsidiary company Next Film Sp. z o.o. grew yoy which is compensated with revenues from film distribution sales. The increase of promotion and marketing cost is also connected with Next Film operation.

A positive influence on the Helios group results had a net results of one-offs and (including writing off of an accrual created in the past for intellectual property rights) which improved the operating result of the segment by PLN 3.9 million in 2013.

3. NEW INITIATIVES

In the first half of 2013, Next Film Sp. z o.o., subsidiary of Helios S.A., started its business activity. A movie called *Drogowka,* distributed by Next Film, achieved a great attendance success – attracting to Polish cinemas over 1 million visitors.

In the fourth quarter of 2013, Helios cinema network opened new cinemas in Gdynia and Nowy Sacz and closed a cinema in Katowice (9 screens) due to the end of the rental contract.

Next Film, the subsidiary company of Helios group, received a *Platinum Ticket* - an award granted to film producers and distributors whose movies attracted the largest audience to the cinemas. Next Film was awarded for film *Drogowka,* which gathered in Polish cinemas more than 1 million people and is the only Polish film production with such a result in 2013.

IV.C. OUTDOOR (AMS GROUP)

The Outdoor segment consists of the pro-forma consolidated data of companies constituting the AMS group (AMS S.A., Adpol Sp. z o.o.).

Tab. 13

in PLN million	**2013**	**2012**	***% change yoy***
Total sales, including:	**153.5**	**162.1**	***(5.3%)***
Advertising revenue (1)	148.7	157.1	*(5.3%)*
Total operating cost, including:	**(149.7)**	**(157.9)**	***(5.2%)***
Execution of campaigns	(23.1)	(25.7)	*(10.1%)*
Maintenance cost	(70.4)	(75.1)	*(6.3%)*
Staff cost (2)	(19.8)	(19.4)	*2.1%*
Non-cash expense relating to share-based payments	(0.1)	(0.2)	*(50.0%)*
Promotion and marketing	(6.1)	(5.8)	*5.2%*
D&A	(16.9)	(18.1)	*(6.6%)*
EBIT	**3.8**	**4.2**	***(9.5%)***
EBIT margin	*2.5%*	*2.6%*	*(0.1pp)*
EBITDA (4)	**20.7**	**22.2**	***(6.8%)***
EBITDA margin	*13.5%*	*13.7%*	*(0.2pp)*
Operating EBITDA (2), (4)	**20.8**	**22.4**	***(7.1%)***
Operating EBITDA margin	*13.6%*	*13.8%*	*(0.2pp)*
Number of advertising spaces (3)	23,489	24,315	*(3.4%)*

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

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

(3) excluding advertising panels of AMS group installed on petrol stations, small panels on bus shelters and in the Warsaw subway, as well as advertising panels on buses and trams;

(4) the amounts include a reclassification adjustment of D&A, resulting from financing sources of fixed assets owned by AMS group.

In 2013, due to the slowdown in the outdoor advertising expenditure, the segment's revenue decreased by 5.3% yoy, which translated into lower operating EBITDA and operating EBITDA margin at the level of 13.6%.

1. REVENUE [8]

In 2013, the outdoor advertising expenditure decreased by almost 14.0% yoy. AMS group noted better than market performance and its advertising revenue decreased by 5.3% yoy. As a result, the share of AMS group in outdoor ad increased by over 2.8pp to over 32.5% *[8].*

Lower than the market decline in segment revenue was achieved mainly due to the growing demand for citylight panels.

2. COST

In 2013, the operating cost was lower by 5.2% yoy and amounted to PLN 149.7 million. The reduction of the operating cost was possible due to lower yoy maintenance cost and lower campaign execution cost.

In 2013, the cost of the campaign execution decreased by 10.1% yoy as a result of a smaller number of printing services and lower cost of posting and distribution of posters. The reduction in the maintenance cost by 6.3% yoy is a result of optimization measures. AMS adjusted its portfolio of advertising panels to the market requirements, and consistently lowered unit maintenance cost per panel. In addition, a significant reduction in rental cost for advertising panels in metro cars, as a result of the execution new contract in May 2013, contributed to the cost reduction.

Lower D&A cost is a result of full amortization of selected panels and the process of optimization of network of advertising panels.

The operating result of the segment was affected by the positive result on other operating cost, as a result of the closing of several administrative disputes on placing ad panels on the waysides without a proper permission.

AMS group recorded an increase in staff cost as a result of increased variable component of remuneration due to higher yoy execution of sales targets.

Slight increase in promotion and marketing cost in 2013, mainly results from larger scope of social campaigns and joint non-profit/commercial campaigns. The non-profit element of these campaigns is settled in barter and charged to promotion and marketing cost.

3. NEW INITIATIVES

In 2013, a consortium of AMS SA - Ströer Poland Sp. z o.o. signed a concession contract with the City of Warsaw for the construction and operation of bus shelters in Warsaw. Parties of the consortium decided that AMS shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The subject of the concession contract is construction of 1,580 bus shelters in Warsaw. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelters' construction, amounts to ca PLN 80 million. The duration of the contract is nearly 9 years.

In 2013, the AMS group extended its *CityINFOtv* offer by 187 screens in 89 buses and trolleybuses in Trojmiasto. *CityINFOtv* is an information system updated on-line and advertising service available in city buses and Warsaw metro cars. AMS won the tender procedure for advertising in metro cars. AMS presented the best offer including information channel for passengers - CityINFOtv transmitted on over 960 screens in metro cars and traditional formats (advertising frames and advertising on the metro cars' panes). The contract is in force for three years and applies to the entire fleet of metro cars in Warsaw.

AMS was awarded in M*edia Trendy* 2013 competition in media category in prestigious competition of advertising offices. AMS was ranked first among outdoor companies. AMS was also awarded a third position in the competition entitled *Lodolamacze, in a protected employment category,* for extraordinary social sensitivity and promotion of active participation of disabled people in different life spheres. The idea of the competition is to identify and reward individuals and employers engaging themselves in an outstanding way in solving the problems of disabled persons in different areas of social and professional life. AMS activities in the field of vocational and social rehabilitation of people with disabilities were recognized as a model to follow.

IV.D. INTERNET [1],[6]

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, LLC Agora Ukraine (until December 10, 2013), Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o. and Sport4People Sp. z o.o. and Sir Local Sp. z o.o. (from December 1, 2013).

Tab. 14

in PLN million	**2013**	**2012**	***% change yoy***
Total sales , including	**111.4**	**114.0**	***(2.3%)***
Display ad sales (1)	89.0	89.8	*(0.9%)*
Ad sales in verticals (2)	16.2	17.7	*(8.5%)*
Total operating cost, including	**(94.2)**	**(106.6)**	***(11.6%)***
IT and network maintenance	(3.2)	(3.4)	*(5.9%)*
Staff cost (3)	(42.0)	(47.7)	*(11.9%)*
Non-cash expense relating to share-based payments	(0.1)	(0.2)	*(50.0%)*
D&A	(4.6)	(5.5)	*(16.4%)*
Promotion and marketing (1)	(12.6)	(15.5)	*(18.7%)*
Cost of group lay-offs	-	(1.2)	-
EBIT	**17.2**	**7.4**	***132.4%***
EBIT margin	*15.4%*	*6.5%*	*8.9pp*
EBITDA	**21.8**	**12.9**	***69.0%***
EBITDA margin	*19.6%*	*11.3%*	*8.3pp*
Operating EBITDA (4)	**21.9**	**13.1**	***67.2%***
Operating EBITDA margin	*19.7%*	*11.5%*	*8.2pp*

(1) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as inter-company sales between Agora's Internet Department, LLC Agora Ukraine, Trader.com (Polska) Sp. z o.o. and AdTaily Sp. z o.o., and Sport4People Sp. z o.o. and Sir Local Sp. z o.o.;

(2) including, among others, allocated revenues from the dual media offer (i.e. published both in Gazeta Wyborcza, as well as on GazetaPraca.pl, GazetaDom.pl, Domiporta.pl, Komunikaty.pl verticals and Nekrologi.Wyborcza.pl website);

(3) excluding non-cash cost of share-based payments and cost related to group lay-offs;

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

Due to the cost saving measures implemented in 2012 Internet segment significantly improved its operating result in 2013. In 2013, operating EBITDA of the Internet segment increased by 67.2% yoy and amounted to PLN 21.9 million. Throughout 2013, the operating EBITDA margin reached 19.7% and this is the best result achieved in the history of the segment.

It should be remembered that in the third quarter of 2012, the segment's operating results were burdened with the cost of group lay-offs in Agora S.A. therefore, some of the entries in the segment's profit and loss account are not fully comparable.

1. REVENUE

In 2013, the total sales of the Internet segment amounted to PLN 111.4 million and decreased by 2.3% yoy. In 2013, the display advertising sales decreased by 0.9% yoy to PLN 89.0 million, while at the same time, the total market expenditure for Internet display advertising in Poland decreased by ca 3.5% yoy.

Ad sales in verticals were lower as a result of lower ad sales in verticals dedicated to real estate as well as lower allocation from the dual media offer in print edition of *Gazeta Wyborcza* and Internet.

The suspension of Trader's press titles and Agora's shopping website *HappyDay.pl,* in the fourth quarter of 2012, had a negative influence on the level of revenues in Internet segment in 2013.

2. COST

In 2013, the operating cost of the Internet segment decreased by 11.6% yoy to PLN 94.2 million, primarily due to the staff cost and marketing and promotion cost reduction. In 2012, the segment's operating cost was additionally burdened with the provision of PLN 1.2 million for the group lay-offs, which affects the comparability of data.

The staff cost (excluding non-cash cost of share-based payments) went down by 11.9% yoy, inter alia as a result of the reduction in number of FTEs and lower cost of contracts of mandate in Agora's Internet department and also the reduction in number of FTEs in press part of Trader.com (Polska) Sp. z o.o.

The promotion and marketing cost was reduced by 18.7% yoy to PLN 12.6 million, mainly due to the reduction of promotion and marketing expense of *Gazeta.pl* portal and *Sport.pl*. The lower yoy D&A cost results inter alia from reduced capital expenditure for IT infrastructure in Agora's Internet department.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In December 2013, the reach of *Gazeta.pl* group websites among Polish Internet users (connecting from non-mobile devices) stood at 58.5%, which made *Gazeta.pl* group the third player among Internet portals, after *Onet.pl – RASP* and *Wirtualna Polska* groups. The number of users reached 12.4 million and the total number of non-mobile page views done by Polish users reached 639.0 million with an average viewing time of 1 hour and 26 minutes per user *[6]*.

In December 2013, the number of page views generated by mobile devices on the websites of *Gazeta.pl* group reached 115.2 million (up by 22.6% yoy), which made *Gazeta.pl* group the fourth player according to Megapanel PBI/Gemius data. The share of mobile page views on the websites of *Gazeta.pl* group stood at 15.3% and was the highest among Polish horizontal portals *[6]*.

The websites of *Gazeta.pl group* are ranked among top thematic market players. According to Megapanel PBI/Gemius data for December 2013, *Gazeta.pl group* is ranked first in the *Forums & Discussion groups* category, *Interior furnishing and garden* category (i.a. *CzteryKaty.pl*) and *Cuisine* category (i.a. *Ugotuj.to*). The *Gazeta.pl* group is ranked second in the *Children, Family* category (inter alia *eDziecko.pl*), the *Health and Medicine* category (i.a. *Zdrowie.Gazeta.pl), Life Style* category *and also in the Blogs* category (i.a. *Blox.pl*). The third positions are held in categories: *Sports* category (i.a. *Sport.pl*), *Information, commentary – general* category, *Local and regional information* category and *Recruitment* category (i.a. *GazetaPraca.pl*).

4. NEW INITIATIVES

In 2013, Agora launched a new mobile application for Android devices *Gazeta.pl LIVE*, which allows instant update of the messages delivered by the service *Gazeta.pl*. The websites *Gazeta.pl LIVE* and VOD service *Kinoplex.pl* launched applications for users of all smartphones based on Windows Phone operating system.

Since 2013, the users of *Samsung Smart TV* platform can use the *Sport.pl Video* application, which gives the opportunity to watch articles and webcasts prepared by *Sport.pl* website's journalists. Agora also launched the application *Gazeta.tv* prepared for users of Philips TV sets.

Trader.com (Polska) Sp. z o.o. launched a new version of website – *Domiporta.pl*, which is the first real estates advertising website in Poland designed in *Responsive Web Design* technology. It allows smooth adaptation of the website size to the size of the screen and comfortable use of the site on mobile devices.

In 2013, Agora launched a new local services website - *Sir Local*. It offers the users fast access to proven professionals involved in the repair of equipment and facilities. The geolocation feature allows *Sir Local* automatically direct the user to a skilled person in the area.

Agora's Internet advertising network, Glossy Media, extended its offer with content-marketing services supporting the presence of brands in social media.

IV.E. RADIO

The *Radio* segment includes the pro-forma consolidated financials of Agora's Radio Department, all local radio stations and a super-regional radio *TOK FM*, being parts of the Agora Group. This includes: 20 *Golden Hits* (*Zlote Przeboje)* local radio stations, 7 local radio stations (*Radio Roxy FM)*, one CHR format (Contemporary Hit Radio) local station and a super-regional news radio *TOK FM* broadcasting in 16 metropolitan areas (since October 2012, *TOK FM* radio station started broadcasting in 7 new locations: Radom, Kielce, Elblag, Torun, Lublin, Gorzow Wielkopolski and Plock).

Tab. 15

in PLN million	**2013**	**2012**	***% change yoy***
Total sales, including :	**83.1**	**88.1**	***(5.7%)***
Advertising revenue (1), (3)	80.9	85.8	*(5.7%)*
Total operating cost, including: (3)	**(78.3)**	**(85.3)**	***(8.2%)***
Staff cost (2)	(25.9)	(26.3)	*(1.5%)*
Non-cash expense relating to share-based payments	(0.1)	(0.1)	-
Licenses, rental and telecommunication costs	(8.8)	(8.5)	*3.5%*
D&A	(2.4)	(2.7)	*(11.1%)*
Promotion and marketing (3)	(11.6)	(12.9)	*(10.1%)*
EBIT	**4.8**	**2.8**	***71.4%***
EBIT margin	*5.8%*	*3.2%*	*2.6pp*
EBITDA	**7.2**	**5.5**	***30.9%***
EBITDA margin	*8.7%*	*6.2%*	*2.5pp*
Operating EBITDA (2)	**7.3**	**5.6**	***30.4%***
Operating EBITDA margin	*8.8%*	*6.4%*	*2.4pp*

(1) advertising revenues include revenues from brokerage services of proprietary and third-party air time;

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

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

In 2013, Agora's Radio segment achieved a positive operating EBITDA of PLN 7.3 million, which was higher by PLN 1.7 million yoy mainly as a result of promotion and marketing cost reduction.

1. REVENUE [3]

In 2013, the sales revenue of the Radio segment amounted to PLN 83.1 million (down by 5.7% yoy). This drop resulted mainly from the lower yoy revenues from the sales of brokerage services and barter transactions. In the discussed period of time, the total radio advertising expenditure in Poland decreased by over 2% yoy.

2. COST

In 2013, the operating cost of the Radio segment decreased by 8.2% yoy and amounted to PLN 78.3 million. The main reason for the decrease include: lower cost of air time purchase in the third party radio stations as well as lower promotion and marketing cost, inter alia, for *Roxy FM* brand.

3. AUDIENCE SHARES [9]

Tab. 16

% share in listening	**2013**	**change in pp yoy**
Group's music radio stations (*Roxy FM* and *Golden Hits*)	3.9%	0.0pp
News talk radio station *TOK FM*	1.1%	(0.1pp)

Since October 2012, the new model of demographic data weighting has been introduced to *Radio Track* audience survey enabling to level the structure of the sample to the structure of the population in terms of respondents' education. As a result of this change comparability of the survey results may be limited.

4. NEW INITIATIVES

Since 2013, *TubaFM HD* is available on *Samsung* tablets - it is a free music application on tablets *with 3.0+ Android* system enabling listening to one's favourite kind of music on tablets. The segment launched an application *Tuba.FM* in *Toshiba* and *Philips TV sets* and mobile applications of *Golden Hits (Zlote Przeboje)* and *Radio Roxy FM* radio stations for the mobile users with Android system appliances. The segment launched the first, premium, paid versions of *Tuba.fm* and *Tuba.TV* on the *Samsung Smart TV* platform and *Windows 8.* They allow to activate the additional functions and to replay the music and the video clips without advertising. Additionally, Tuba.TV offers video clips in HD version.

In the second quarter of 2013 *Golden Hits (Zlote Przeboje)* initiated the tour *Golden Hits on holidays* in Warsaw. *Kult* and *Urszula* performed for the audience of 40 thousand people in the capital city of Poland. All events are free of charge.

In 2013, the segment made the decision to change the music format of *Radio Roxy* for rock. On January 31, 2014 the radio station changed also its name for *Rock Radio*.

IV.F. THE MAGAZINES [1]

The Magazines segment presents the financials of Agora's Magazines.

Tab. 17

in PLN million	2013	2012	*% change yoy*
Total sales, including	**44.1**	**65.0**	***(32.2%)***
Copy sales	19.0	26.7	*(28.8%)*
Advertising revenue (1)	25.0	38.0	*(34.2%)*
Total operating cost (2), including	**(41.5)**	**(72.7)**	***(42.9%)***
Raw materials, energy, consumables and printing services	(15.6)	(25.0)	*(37.6%)*
Staff cost (3)	(14.5)	(17.4)	*(16.7%)*
Non-cash expense relating to share-based payments	(0.1)	(0.1)	-
D&A	(0.1)	(0.1)	-
Promotion and marketing (1)	(7.9)	(12.2)	*(35.2%)*
Cost of lay-offs	-	(0.5)	-
EBIT	**2.6**	**(7.7)**	**-**
EBIT margin	*5.9%*	*(11.8%)*	*17.7pp*
EBITDA	**2.7**	**(7.6)**	**-**
EBITDA margin	*6.1%*	*(11.7%)*	*17.8pp*
Operating EBITDA (4)	**2.8**	**(7.5)**	**-**
Operating EBITDA margin	*6.3%*	*(11.5%)*	*17.8pp*

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

(2) in the fourth quarter of 2012, segment's operating cost was burdened with the cost of impairment loss on several press titles, which amounted PLN 12.4 million. Therefore the comparability of data is limited;

(3) excluding non-cash cost of share-based payments and cost related to group lay-offs;

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

From the second quarter of 2013, the Magazines segment's results are not fully comparable yoy because of the changes in the segment's portfolio of titles. In February 2013, the Company sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* and acquired the right to publish the monthly *Dom & Wnetrze*.

It should be noticed that, in the fourth quarter of 2012, the segment's operating cost was burdened with the cost of impairment loss on several press titles which amounted to PLN 12.4 million and the cost of group lay-offs at PLN 0.5 million, in 2012, therefore not all entries in the segment's profit and loss account are comparable yoy.
In 2013, operating EBITDA of the segment was positive and amounted to PLN 2.8 million despite significantly lower revenues.

1. REVENUE

In 2013, ad sales were down by 34.2% yoy, while the copy sales decreased by 28.8% yoy. As a result, in 2013, total revenues of the Magazines business dropped by 32.2% yoy.

It should be remembered that the sales of *Paradnik Domowy* signicantly influenced the level of advertising and copy sales of the segment.

1.1. Copy sales [7]

Tab. 18

in thousand of copies	**2013**	**2012**	*% change yoy*
Average copy sales of Agora monthlies	542.3	874.9	*(38.0%)*

In 2013, the average number of copies sold by Agora's monthlies was down by 38.0% yoy. If one takes into account the comparable data (without *Poradnik Domowy* and *Dom &Wnetrze)* the decline would amount to 20.3% yoy.

1.2. Advertising sales

Due to the changes in the segment's portfolio of titles advertising sales revenues, in 2013, are not fully comparable yoy.

In 2013, the advertising sales of the Magazines segment decreased by 34.2% yoy. At the same time, advertisers limited their expenditure in the magazines by almost 13.5% yoy. Agora had ca 3.5% share in the total national magazines ad spend and ca 7.5% share in monthlies (based on rate card data*) [7].*

2. COST

In 2013, the operating cost of segment decreased by 42.9% yoy to PLN 41.5 million. The comparability of the data yoy is influenced by the one-off cost and group lay-offs in Agora S.A., which burdened the results of 2012 with PLN 12.9 million. The disposal of the right to publish *Poradnik Domowy* had a significant impact on the segment's operating cost. The gratest savings yoy were recorded in the cost of materials, energy, consumables and printing services, mainly as a result of lower production volume of existing titles in the Group's portfolio. The promotion and marketing cost of segment was significantly reduced yoy due to the decrease in the number of promotional campaigns mainly in TV.

3. NEW INITIATIVES

In the first quarter of 2013, Agora S.A. sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* for PLN 11.5 million. At the same time, Agora S.A. acquired from Edipresse Polska S.A. the right to publish monthly *Dom & Wnetrze* for PLN 3.0 million. The transaction's objective was to increases Agora's presence in interior decoration and construction segment and let the Company compete for advertising budgets of the producers of luxurious furniture and articles of interior decoration.

In 2013, Agora launched a new application enabling *SamsungApps* users to download free of charge digital editions of *Dziecko.* The monthly *Dziecko* is also available digitally for *iPad* and *iPhone* users (*AppStore).* Agora also launched a new application enabling *iPad* users to download digital editions of *Avanti.*

In line with the readers' expectations, new versions of: *Cztery Katy, Avanti, Logo* and *Dom & Wnetrze* were introduced. The purpose of those changes is to increase the copy sales and ad revenues of the titles.

In November 2013, the sales forces of press brands of the Company were merged. As a result , the advertising offer of all press brands of the Group is prepared by one team commencing since January 2014. The offer includes *Gazeta Wyborcza,* Agora's magazines, the daily *Metro,* their digital editions and *MetroMSN.pl* portal.

NOTES

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

EBIT, EBITDA, operating EBITDA of Newspapers, Internet and Magazines are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company`s supporting divisions), which are included in reconciling positions.

[2] the data on ticket sales in the cinemas comprising Helios network come from the accounting data of Helios reported in accordance with full calendar periods.

[3] The data refer to advertising expenditures in six media (print, radio, TV, outdoor, Internet, cinema). In this MD&A Agora has corrected the TV market figures for the fourth quarter of 2012 and Internet advertising market figures for the fourth quarter of 2012 and in the first, second and third quarter of 2013.

Unless explicitly stated otherwise, print and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of print, the data include only display advertising, excluding classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Kantar Media monitoring (previously Expert Monitor), Agora S.A. monitoring.

Presented TV, Internet and cinema figures are based on Starlink media house estimates; TV estimates include regular ad broadcast and sponsoring, exclude teleshopping, product placement and other advertising forms.

Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising since the first quarter of 2012.

Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnetrznej estimates [8].

The Company would like to stress that one should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market and lack of reliable data on the average market discount rates. Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.

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

The data on dailies readership are based on PBC General, research carried out by MillwardBrown on a random, nationwide sample of Poles over 15 years of age. The CCS index was used (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week or preceding research. Size of the sample: nationwide PBC General for January-December 2013: N = 42,109; Warsaw (Masovian district and cities of over 500 thousand inhabitants): January-December 2013: N =1,752.

[5] Definition of ratios:

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

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

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

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

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

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

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

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

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

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

** Free cash flow = Net cash from operating activities + Purchase of property plant and equipment and intangibles.*

[6] Real users, page views and spent time on the basis of Megapanel PBI/Gemius, cover Internet users age 7 years and above, connecting to Internet from the territory of Poland and include only Internet domains registered on Agora S.A. in Gemius S.A. Registry of Service Providers. Real users data of the Gazeta.pl group services are audited by Gemius SA.

From April 2013 new rules apply combining sites in a group of publishers. According to the new rules Gazeta.pl Group covers only websites assigned to Agora SA by the Gemius S.A. in the Registry of Service Providers and thus the results are not comparable with previous periods. From April 2013 changed the method for calculating the rate of users (real users) - the cookies from the mobile devices have been deducted from the basis of estimation. New User Index (real users) correspond to new page views indicators and new spent time indicators (from non-mobile devices), not found in the study prior to April 2013.

[7] Average paid circulation of monthlies is based on the Agora's own data. Rate card data on magazines obtained from Kantar Media monitoring (previously Expert Monitor); commercial brand advertising and promotional texts, excluding specialized monthlies; accounted for 116 monthlies and 76 other periodicals; together 192 titles for the period of January-December 2013.

[8] Source: report on sales of selected outdoor companies prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) which include: AMS S.A., Business Consulting, CAM Media, Cityboard Media, Clear Channel Poland, Defi Poland, Gigaboard Polska, JETline, Liftboards, Mini Media, Ströer Out of home and Warexpo. The report is prepared on the basis of the financials provided by member companies of IGRZ. The reports for the outdoor market (defined by IGRZ as 'the out-of-home market'), include immovable, mobile and digital outdoor advertising.

[9] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from January to December (sample for 2012: 84,219; sample for 2013: 84,194).

[10] The data on cinema ticket sales are estimates of Helios group prepared on the basis of data received from Boxoffice.pl (based on reports submitted by distributors of film copies). Cinema ticket sales are reported for periods, which do not cover a calendar month, quarter or year. The number of tickets sold in the given period is calculated from the first Friday of a given month, quarter or year until the first Thursday of the next reporting month, quarter or year.

V. ADDITIONAL INFORMATION

V.A. INFORMATION CONCERNING SIGNIFICANT CONTRACTS FOR THE ISSUER AND ITS GROUP

1. CHANGES IN THE AGREEMENT CONCERNING CREDIT LINE

In the current report published on May 28, 2013 the Company informed that on May 28, 2013 Agora executed annex to the loan agreement with the Bank Pekao S.A. executed on April 5, 2002 (the "Annex "). On the basis of the Annex signed, the Company has the credit line in the amount up to PLN 100 million, which may be used by May 31, 2014.

In the current report published on August 26, 2013 the Company informed that on August 26, 2013 it was provided with the letter from the Bank Pekao S.A. that confirms meeting the conditions necessary for granting the advance available to the Company under the loan agreement with the Bank Pekao S.A.

V.B. CHANGES IN CAPITAL AFFILIATIONS OF THE ISSUER WITH OTHER ENTITIES AND CAPITAL INVESTMENTS OF THE ISSUER AND ITS GROUP AND THE SHAREHOLDERS STRUCTURE

1. THE CAPITAL STRUCTURE OF THE ISSUER AND SUBORDINATED ENTITIES

The list of companies comprising the Group:

Tab. 19

		% of shares held (effectively)	
		As of 31 Dec 2013	As of 31 Dec 2012
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100,0%	100,0%
2	AMS S.A., Warsaw	100,0%	100,0%
3	IM 40 Sp. z o.o., Warsaw (1)	72,0%	72,0%
4	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100,0%	100,0%
5	Adpol Sp. z o.o., Warsaw (2)	100,0%	100,0%
6	Inforadio Sp. z o.o., Warsaw (1)	66,1%	66,1%
7	Agora TC Sp. z o.o., Warsaw	100,0%	100,0%
8	Radiowe Doradztwo Reklamowe Sp. z o.o. (RDR), Warsaw (1)	100,0%	100,0%
9	LLC Agora Ukraine, Kiev, Ukraine (4)	-	100,0%
10	Trader.com (Polska) Sp. z o.o., Warsaw	100,0%	100,0%
11	AdTaily Sp. z o.o., Cracow	76,7%	76,7%
12	Helios S.A. , Lodz	82,8%	82,8%
13	Sport4People Sp. z o.o., Cracow	51,7%	51,7%
14	Next Film Sp. z o.o., Lodz (3)	82,8%	82,8%
15	Projekt Inwestycyjny Sp. z o.o., Warsaw (1),(5)	70,0%	100,0%
16	Sir Local Sp. z o.o., Warsaw (6)	70,1%	-
	Associates accounted for the equity method		
17	GoldenLine Sp. z o.o., Warsaw	36,0%	36,0%
18	Online Technologies HR Sp. z o.o., Szczecin (7)	33,3%	30,0%
19	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2),(8)	40,0%	-
	Companies excluded from consolidation and equity accounting		
20	Polskie Badania Internetu Sp. z o.o., Warsaw	15,8%	15,8%
21	Polskie Badania Outdooru Sp. z o.o., Warsaw (2)	41,0%	41,0%

(1) indirectly through GRA Sp. z o.o.;
(2) indirectly through AMS S.A.;
(3) indirectly through Helios S.A;
(4) company sold on December 10, 2013;
(5) shares sold to non-controlling shareholders on June 4, 2013
(6) shares assumed on November 29, 2013;
(7) share capital increase according to shareholder`s resolution adopted on June 25, 2013;.
(8) shares assumed on May 15, 2013.

2. CHANGES IN CAPITAL AFFILIATIONS AND ORGANISATION OF THE CAPITAL GROUP

On February 8, 2013 the District Court M. St. Warsaw, XIII KRS Commercial Division registered the increase of the share capital of Projekt Inwestycyjny Sp. z o.o. by 100 new shares with nominal value of PLN 500 per share (in total PLN 50 thousand). Grupa Radiowa Agory Sp. z o.o. ("GRA") covered new shares with PLN 50 thousand contribution. After the share capital increase it amounts to PLN 150 thousand and is divided into 300 shares with nominal value of PLN 500 per share. After the share capital increase, GRA still owns 100% of the company's share capital and 100% of votes at shareholders' meeting.

On March 11, 2013 the Court in Ukraine registered the increase of the share capital of LLC Agora Ukraine by the amount of UAH 37,242 thousand which was covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounted to UAH 38,257 thousand. As a result of the above transaction Agora S.A. had 100% of the share capital and had right to 100% votes at shareholders' meeting. The cash from the increase of the share capital will be used by LLC Agora Ukraine to repay loans received from Agora S.A.

On June 4, 2013 Grupa Radiowa Agory Sp. z o.o. sold its 90 shares in Projekt Inwestycyjny Sp. z o.o. As a result of the above transaction Grupa Radiowa Agory Sp. z o.o. owns 210 shares in Projekt Inwestycyjny Sp. z o.o. which translates into 70% of the company's share capital and 70% of votes at shareholders' meeting.

On August 29, 2013, the District Court for the capital city of Warsaw, XIII KRS Commercial Division registered the company under the business name: "Instytut Badań Outdooru IBO Sp. z o.o." ("the IBO"). Share capital of the IBO amounts to PLN 600 thousand and is divided into 1000 shares with nominal value of PLN 600 per share. AMS S.A. owns 400 shares which translates into 40% of the company's share capital and 40% of votes at shareholders' meeting.

On September 19, 2013, the District Court for Szczecin - Centrum in Szczecin, XIII KRS Commercial Division registered the increase of the share capital of the company Online Technologies HR Sp. z o.o. by 4 new shares with nominal value of PLN 80 per share (in total PLN 320). Agora S.A. covered new shares with PLN 100 thousand contribution. After the share capital increase it amounts to PLN 6.7 thousand and is divided into 84 shares with nominal value of PLN 80 per share. After the share capital increase, Agora S.A. owns 28 shares which translates into 33.3% of the company's share capital and 33.3% of votes at shareholders' meeting.

On December 9, 2013, the Company disposed 100% rights to the company LLC Agora Ukraine with its registered seat in Kiev. On December 10, 2013 the registered Court in Kiev registered the statutes change of LLC Agora Ukraine. As a result of the transaction Agora S.A. has no rights to LLC Agora Ukraine.

On December 14, 2013, the District Court for the capital city of Warsaw, XIII KRS Commercial Division registered the increase of the share capital of the company Sir Local sp. z o.o. by 1,840 new shares with nominal value of PLN 50 per share (in total PLN 92 thousand). Agora S.A. covered 1,360 new shares with PLN 1,400 thousand contribution. After the share capital increase it amounts to PLN 97 thousand and is divided into 1,940 shares with nominal value of PLN 50 per share. After the share capital increase, Agora S.A. owns 1,360 shares which translates into 70.1% of the company's share capital and 70.1% of votes at shareholders' meeting.

On December 23, 2013, the meeting of shareholders of Agora-Poligrafia sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 500 per share (in total PLN 500 thousand). Agora S.A. covered 1,000 new shares with PLN 3,500 thousand contribution. After the share capital increase it amounts to PLN 1 500 thousand and is divided into 3,000 shares with nominal value of PLN 500 per share. After the share capital increase, Agora S.A. owns 3,000 shares which translates into 100% of the company's share capital and 100% of votes at shareholders' meeting. The District Court for Katowice, VIII KRS Commercial Division registered the increase of the share capital on March 20, 2014.

3. PARTICIPATION IN BUSINESS ORGANIZATION, HOME AND FOREIGN

The Agora Group wants to actively influence the environment it operates in. Therefore, its related companies are active members and participants of organizations involving business specialists in fields important for Company's activities. Group's representatives participate in the activities, inter alia, of the following major organizations:

- Polish:
    - Confederation of Private Employers „Lewiatan",
    - Polish Association of Stock Exchange Issuers,
    - Press Publishers Chamber,
    - National Circulation Audit Office (ZKDP),
    - Polish Internet Survey,
    - Internet Advertising Bureau Polska,
    - IGRZ – Outdoor Advertising Economic Chamber,
    - ReproPol (Association),
    - Polish Cinemas Association,
    - Polish New Cinemas Association.
- Foreign:
    - WAN – IFRA World Association of Newspapers and News Publishers,
    - INMA – International Newsmedia Marketing Association,
    - EPC – European Publishers Council.

Moreover, the Company is active in social and charitable activities, inter alia, through Agora Foundation.

4. MAJOR HOME AND FOREIGN CAPITAL INVESTMENTS

In 2013 carrying amounts of intangible assets of the Group (magazine titles, licenses and patents, other) decreased by PLN 4.8 million, (cost decreased by PLN 14.3 million, amortisation and impairment losses for the period decreased by PLN 9.5 million). Detailed information on intangible assets is included in note 3 to the consolidated financial statements.

In 2013 carrying amounts of property, plant and equipment of the Group decreased by PLN 41.0 million (cost increased by PLN 19.6 million, amortisation and impairment losses for the period increased by PLN 60.6 million). Detailed information on intangible assets is included in note 4 to the consolidated financial statements.

In 2013 major capital investments (shares, contribution to capital, loans) made outside the capital group (including the companies excluded from consolidation) from Group's own funds did not changed significantly. Detailed information includes note 5 to the consolidated financial statements.

The Group purchased shares in Instytut Badan Outdooru IBO Sp. z o.o. (the company accounted for by means of the equity method in the consolidated financial statements) and assumed shares in the company Sir Local Sp. z o.o. (the company consolidated fully in consolidated financial statements) – more detailed information in point V.B.2 of this MD&A. Additionally, on December 10, 2013 the Group sold all shares in the company LLC Agora Ukraine.

In 2013, the Company invested its free cash outside its capital group mainly in short-term securities and bank deposits. As at the end of 2013, this amount of cash was equal to PLN 171.4 million. As at 31 December 2013, the Group also had a deposit receivable in the amount of PLN 40.0 million related to a cash deposit provided by the subsidiary AMS S.A. securing the bank guarantee issued in relation to the concession contract for construction of bus shelters in Warsaw.

5. CHANGES IN THE SHAREHOLDERS' STRUCTURE OF THE COMPANY

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, as of the day of publication of annual report for 2012 the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

Tab. 20

	no. of shares	*% of share capital*	no. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance with the last notification obtained on January 4, 2013)*	5,401,852	*10.60*	22,528,252	*33.10*
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Złota Jesień oraz Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	14.91	7,594,611	11.16
including: Otwarty Fundusz Emerytalny PZU Złota Jesień *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on January 3, 2013)*	6,507,798	*12.78*	6,507,798	*9.56*

In the current report published on September 13, 2013 the Management Board of Agora S.A. announced that the Company obtained a notification, that as a result of share purchase transactions on September 10, 2013, ING Otwarty Fundusz Emerytalny (hereinafter referred to as the Fund ING) became the owner of the shares entitling the Fund to more than 10% of votes during a General Meeting of Shareholders of Agora S.A. As a result of transactions mentioned above on September 13, 2013 the Fund held 6,808,508 Company's shares constituting 13.37% of the Company's share capital. These shares entitle the Fund to 6,808,508 votes at the General Meeting of Shareholders of Agora S.A. constituting 10.003% of the total number of votes at a General Meeting of Shareholders of Agora S.A.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, as of the day of publication of annual report for 2013 the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

Tab. 21

	no. of shares	*% of share capital*	No. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance with the last notification obtained on January 4, 2013)*	5,401,852	*10.60*	22,528,252	*33.10*
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Złota Jesień oraz Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	14.91	7,594,611	11.16
including: Otwarty Fundusz Emerytalny PZU Złota Jesień *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14

	no. of shares	*% of share capital*	No. of votes	*% of voting rights*
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 13, 2013)*	6,808,508	*13.37*	6,808,508	*10.003*

To the knowledge of Agora's Management Board there are no agreements which could result in future changes in the stakes held by its present shareholders.

V.C. OTHER SUPPLEMENTARY INFORMATION

1. TRANSACTIONS WITH RELATED PARTIES

Following types of transactions are witnessed within the Agora Group:
- advertising and printing services,
- rent of machinery, office and other fixed assets,
- providing various services: legal, financial, administration, trade, sharing market research results, outsourcing,
- grant and repayment of loans and interest revenues and costs connected with them,
- dividend distribution.

All transactions within the Agora Group are carried out on arm's length basis and are within the normal business activities of companies. Detailed information on transactions with related parties is disclosed in note 40 to the consolidated financial statements.

2. AGREEMENTS BETWEEN THE COMPANY AND MANAGEMENT BOARD'S MEMBERS ON COMPENSATION IN CASE OF RESIGNATION OR DISMISSAL

The Management Board members' employment contracts, which are currently in force, state that during the period of 18 months starting from:
(1) the day, when the right of the shareholders holding preferred series A shares to exclusively nominate candidates to the Management Board, is removed from the Company's Statute or
(2) the day on which one entity or group of entities acting in concert exceeds the 50% threshold of the total number of votes at the General Meeting of Shareholders,
should any of these contracts be terminated by the Company, the Management Board member will receive a compensation payment in the total amount consisting of: the sum of a special compensation payment and the amount of remuneration for the notice period (for six months) which in total will be equal to the monthly remuneration of the given Management Board member multiplied by twelve. The redundancy payment mentioned above is not available in case when the employment contract is dissolved as a result of art. 52 § 1 of the Labour Code.

3. REMUNERATION, BONUSES AND BENEFITS OF THE ISSUER'S MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS AND MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF ITS SUBSIDIARIES

The remuneration of the Management Board and the Supervisory Board of Agora S.A. (in PLN thousand):

Tab. 22

	2013	2012
Management Board		
Piotr Niemczycki (1)	762	671
Zbigniew Bak (2)	893	769
Stanislaw Turnau (2)	504	493
Marek Jackiewicz (2)	432	491
Tomasz Jozefacki (3)	-	23
Grzegorz Kossakowski	972	602
Wanda Rapaczynski (4)	275	-
Robert Musial (5)	241	-
Bartosz Hojka (5)	242	-
Tomasz Jagiello (5),(8)	67	-
	4,388	**3,049**
Supervisory Board		
Wanda Rapaczynski (6)	36	72
Andrzej Szlezak	108	108
Marcin Hejka (6)	36	72
Tomasz Sielicki	72	72
Slawomir S. Sikora	72	72
Helena Luczywo (7)	36.3	-
Dariusz Formela (7)	36.3	-
	396.6	**396**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;

(2) Zbigniew Bak, Marek Jackiewicz and Stanislaw Turnau were Members of the Management Board till June 28, 2013.

(3) Tomasz Jozefacki held his post as the Management Board member until January 31, 2012;

(4) Wanda Rapaczynski was a President of the Management Board from June 28, 2013 till March 12, 2014;

(5) Robert Musial, Bartosz Hojka and Tomasz Jagiello are Members of the Management Board from June 28, 2013.

(6) Marcin Hejka and Wanda Rapaczynski were Members of Supervisory Board until June 28, 2013;

(7) Helena Luczywo and Dariusz Formela are Members of Supervisory Board from June 28, 2013.

(8) Tomasz Jagiello received also remuneration as the President of the Managaement Board of Helios S.A. at the amount of PLN 348 thousand.

The remuneration of Management Board members mentioned above includes the one-off payments resulting from realization of the 3-Year-Long Incentive Plan for years 2010-2012 (described in note 27 to the consolidated financial statements).

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 348 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.

Moreover, in 2013 remuneration of Management and Supervisory Board Members in subsidiaries amounted to PLN 4 949 thousand (2012: PLN 4 500 thousand).

The Agora Group executed incentive programs based on financial instruments. Information on shares and certificates granted to the Management Board and Supervisory Board Members is presented in note 27 to the consolidated financial statements.

In 2012 the Management and Supervisory Board Members of subsidiaries (other than Management Board Members of Agora S.A.) received 21,025 O certificates and the total cost of O certificates, which affected Group's consolidated financial result in 2013 was equal to PLN 101 thousand (2012: M and O certificates: PLN 163 thousand).

To the best of the Company's knowledge, the Management and Supervisory Board Members of the companies comprising the Agora Group have not been entitled to remuneration, monetary awards and benefits, other than described above, paid out, due or potentially due.

4. THE SHARES IN AGORA S.A. AND ITS RELATED PARTIES OWNED BY MEMBERS OF THE MANAGEMENT BOARD

Neither the Management Board Members of subsidiaries nor the Management Board of Agora S.A. owned any shares in related companies with the Company or any shares in Agora S.A., except for described below.

4.1. Shares in Agora S.A.

Tab. 23

	as of December 31, 2013	*Nominal value (PLN)*
Bartosz Hojka (1)	0	0
Tomasz Jagiello (1)	0	0
Grzegorz Kossakowski	44,451	44,451
Robert Musial (1)	1,233	1,233
Wanda Rapaczynski (2)	924,616	924,616

(1) Bartosz Hojka, Tomasz Jagiello and Robert Musial are Members of the Management Board from June 28, 2013.
(2) Wanda Rapaczynski was a President of the Management Board from June 28, 2013 till March 12, 2014.

The number of bearer shares of Agora S.A. is known only for these management and supervisory board members in Company's subsidiaries, who are as well the Management Board Members of Agora S.A. This information is presented in table 23.

4.2. Shares in related company Agora Holding Sp. z o.o.

Tab. 24

	as of December 31, 2013 (number of shares)	*Nominal value (PLN)*
Wanda Rapaczynski (1)	1	10,427.84

(1) Wanda Rapaczynski was a President of the Management Board from June 28, 2013 till March 12, 2014.

The stake held by the Management Board member constitutes 16.67% of the share capital and entitles them to exercise 16.67% of voting rights at the General Meeting of Agora-Holding Sp. z o.o.

4.3 Shares in related parties

The number of shares owned by the Management Board Members of Agora's subsidiaries and assiociates as at December 31, 2013 is shown in the table below:

Tab. 25

	As at December 31, 2013 (no. of shares)	*Nominal value (PLN)*	*% of shares=% of votes at General Meeting*
Management Board Members of Helios S.A.			
Tomasz Jagiello	809,000	80,900	7.921%
Katarzyna Borkowska	68,264	6,826	0.668%
Grzegorz Komorowski	44,000	4,400	0.431%
Management Board Members of AdTaily Sp. z o.o.			
Marcin Ekiert	107	5,350	12.74%
Magdalena Wasilewska-Michalska	18	900	2.14%
Management Board Members of Sport4People Sp. z o.o.			
Grzegorz Czechowicz	59	5,900	32.78%
Management Board Members of Online Technologies HR Sp. z o.o.			
Arkadiusz Kuchto	32	2,560	38.1%

5. THE SHARES IN AGORA S.A. AND ITS RELATED PARTIES OWNED BY MEMBERS OF THE SUPERVISORY BOARD

Neither the Supervisory Board Members of subsidiaries with Agora S.A. nor the Supervisory Board of Agora S.A. owned any shares in related companies with the Company or any shares in Agora S.A., except for described in point 5.2. The shares in Agora S.A. are described below.

5.1. Shares in Agora S.A.

Tab. 26

	as of December 31, 2013	*Nominal value (PLN)*
Dariusz Formela (1)	0	0
Helena Luczywo (1)	558,998	558,998
Sławomir S.Sikora	0	0
Tomasz Sielicki	33	33
Andrzej Szlezak	0	0

(1) Helena Luczywo and Dariusz Formela are Members of Supervisory Board from June 28, 2013.

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

5.2. Shares in related company Agora Holding Sp. z o.o.

Tab. 27

	as of December 31, 2013 (number of shares)	*Nominal value (PLN)*
Helena Luczywo (1)	1	10,427.84

(1) Helena Luczywo is a Member of Supervisory Board from June 28, 2013.

The stake held by a member of the Supervisory Board constitutes 16.67% of the share capital and entitles her to exercise 16.67% of voting rights at the General Meeting of Agora Holding Sp. z o.o.

5.3 Shares in related parties

The number of shares owned by the Supervisory Board Members of Agora's subsidiaries and assiociates as at December 31, 2013 is shown in the table below:

Tab. 28

	As at December 31, 2013 (no. of shares)	*Nominal value (PLN)*	*% of shares=% of votes at General Meeting*
Supervisory Board Members of AdTaily Sp. z o.o.			
Jakub Krzych	51	2,550	6.07%
Supervisory Board Members of Online Technologies HR Sp. z o.o.			
Dominik Tzimas	13	2,560	15.48%

6. CHANGES IN BASIC MANAGEMENT RULES IN THE ENTERPRISE OF THE ISSUER AND ITS CAPITAL GROUP

On February 4, 2013, the Management Board of Agora S.A. informed that:

(i) the Supervisory Board of the Company adopted a resolution - pursuant to Article 390 of the Code of Commercial Companies - on delegating its member, Wanda Rapaczynski, to individually perform supervision duties,

(ii) due to the above, the President of the Management Board of the Company, Piotr Niemczycki, resigned from his participation in the Management Board of the Company effective as of 11 February 2013,

(iii) due to the resignation from the participation in the Management Board of the Company submitted by Piotr Niemczycki, the Supervisory Board of the Company adopted a resolution on delegating - pursuant to Article 383 § 1 of the Code of Commercial Companies and effective as of 12 February 2013 - a member of the Supervisory Board of the Company, Wanda Rapaczynski, to perform, for the period of three months as of 12 February 2013, duties of a member of the Management Board of the Company.

On February 14, 2013 the Management Board of Agora S.A. with its registered seat in Warsaw, informed that the Company received a notification from Agora-Holding Sp. z o.o., a shareholder holding 100% of the registered preference series A shares. Agora-Holding Sp. z o.o. intends to nominate at the next annual general meeting of the Company following candidates for board members of the Company: Bartosz Hojka and Robert Musial. According to the notification the nominations that meet the formal requirements set out in § 30. 1 of the Statute of the Company will take place no later than 7 days before the date of the next annual general meeting of the Company.

On March 12, 2014, the Management Board of Agora S.A. with its registered seat in Warsaw, informed that Ms Wanda Rapaczynski resigned from the participation in the Management Board of Agora S.A. with an immediate effect. Moreover, the Company informed that on March 12, 2014 on the basis of § 33 section 1 of the Company's Statute the Management Board Members elected Mr. Bartosz Hojka as the President of the Management Board. Since that day, the Management Board of Agora S.A. is composed from four members.

7. INFORMATION ON CREDIT AND LOAN AGREEMENTS TAKEN/TERMINATED, GUARANTEES RECEIVED BY AGORA S.A. OR ITS SUBSIDIARIES.

In 2013 no credit or loan agreements were terminated for the Company or its subsidiaries and also nor the Company or its subsidiaries terminated any credit or loan agreements.

a) Agora S.A.

As at December 31, 2013, Agora S.A. had a credit line, described below (according to annex dated May 28, 2013):

Tab. 29

Creditor	Amount of the credit line	Currency	Interest rate (%)	Agreement date	Termination (or payment)date
Bank Polska Kasa Opieki S.A.	PLN 247,817 thousand	PLN	WIBOR 1M or 3M + bank margin	5 Apr 02	Bank Loan A: quarterly, 13 instalments from March 31, 2009 till March 31, 2012 – repaid in full; Bank Loan B: quarterly, 12 instalments from June 30, 2012 till March 31, 2015; Available Loan C: quarterly, 13 instalments from March 31, 2015 till March 31, 2018.

Up to December 31, 2013, the Company used PLN 139.5 million of its credit line (Bank Loan A). All 13 quarterly instalments were paid up. Bank Loan B is an open credit line, which was partly used on October 5, 2010 to refinance the share purchase of Helios S.A. (PLN 104.9 million). As at December 31, 2013, 7 out of 12 quarterly instalments were paid up.

According to the annex dated May 28, 2013, the Company can use the Credit C, that is credit line up to PLN 100 million till May 31, 2014. Till the date of signing this MD&A, the credit C was not used by the Company. Agora Poligrafia Sp. z o.o. is a guarantee of this credit (a subsidiary of Agora S.A.).

b) subsidiaries

Helios S.A.

Tab. 30

Creditor	Amount of the bank credit or loan (in PLN thousand)	Currency	Interest rate (%)	Agreement date	Termination (or payment) date
KREDYT BANK S.A.	9,040	PLN	1M WIBOR + bank margin	06.07.2007	30.11.2013
Bank Zachodni WBK S.A.	16,407	PLN	1M WIBOR + bank margin	31.08.2010	31.08.2015
KREDYT BANK S.A.	11,500	PLN	1M WIBOR + bank margin	13.08.2008	30.11.2013
Bank Zachodni WBK S.A.	2,000	PLN	1M WIBOR + bank margin	09.09.2008	31.08.2014
RAIFFEISEN BANK POLSKA S.A.	30,000	PLN	1M WIBOR + bank margin	18.10.2002	31.12.2020
RAIFFEISEN BANK POLSKA S.A.	10,000	PLN	1M WIBOR + bank margin	24.04.2003	31.12.2020
RAIFFEISEN BANK POLSKA S.A.	1,500	PLN	1M WIBOR + bank margin	18.10.2002	31.12.2020
RAIFFEISEN BANK POLSKA S.A.	5,000	PLN	1M WIBOR + bank margin	13.10.2011	20.09.2016
Bank Zachodni WBK S.A.	7,500	PLN	1M WIBOR + bank margin	21.02.2012	31.12.2017
RAIFFEISEN BANK POLSKA S.A.	11,000	PLN	1M WIBOR + bank margin	03.09.2012	30.06.2018
Bank Zachodni WBK S.A.	3,600	PLN	1M WIBOR + bank margin	21.02.2012	23.11.2014
Bank Zachodni WBK S.A.	6,400	PLN	1M WIBOR + bank margin	29.11.2006	23.11.2014
RAIFFEISEN BANK POLSKA S.A.	9,500	PLN	1M WIBOR + bank margin	03.09.2012	25.07.2014
Alior Bank S.A.	1,952	PLN	3M WIBOR + bank margin	23.09.2013	30.06.2017

More detailed information on the subjects above, including amounts outstanding as at 31 December 2013, is presented in note 14 to the consolidated financial statements.

As of December 31, 2013, Agora S.A. was also a beneficiary of a warranty concerning the server room totalling PLN 600 thousand.

8. INFORMATION ON LOANS GRANTED IN 2013, GUARANTEES AND OTHER OFF-BALANCE SHEET ITEMS

Agora S.A. guaranteed PLN 343 thousand to the Bank Polska Kasa Opieki S.A. in connection with its employees' loans on equipment purchased by them. As at balance sheet date, the outstanding amount of bills of exchange issued by AMS S.A. and Adpol Sp. z o.o. amounted to PLN 5 324 thousand. Additionally, Helios S.A. issued bills of exchange as collaterals of bank loans and finance lease and guarantees of rental agreements. Moreover, AMS S.A. provided to the bank a cash deposit in the amount of PLN 40,000 thousand as a cash collateral securing the bank guarantee issued for the benefit of Ströer Polska Sp. z o.o. in relation to the concession contract for the construction of bus shelters in Warsaw (described in note 36 to the consolidated financial statements). As at 31 December 2013, the deposit receivable is presented in the balance sheet within the non-current receivables.

In 2013 Agora S.A. and its subsidiaries granted new long-term and short-term loans described below (according to the agreements, which were in force as at December 31, 2013).

Tab. 31

No.	**Company name**	Amount of loan (in PLN thousand)	Currency	Interest rate (%)	Agreement date	Termination (or payment) date
1	Helios S.A.	10,000	PLN	Wibor 3M+2,0%	26.06.2013	31.12.2018
2	Instytut Badan Outdooru IBO Sp. z o.o.	1,263	PLN	Wibor 3M+1,5%	05.11.2013	30.04.2014
3	Stopklatka Sp. z o.o.	2,500	PLN	Wibor 3M+1,5%	19.12.2013	31.07.2014
4	Other entities cooperating with the Group	136	PLN	Wibor 1M+1,0%	01.07.2013 and 10.10.2013	31.10.2015 and 31.10.2017

Information on loans granted by Agora S.A. to subsidiaries is presented in the table below (together with interest accrued).

Tab. 32

Company	**amounts outstanding (in PLN thousand)**	due to	due to	due after
	As at 31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2015
TOTAL	28,630	6,468	1,899	20,263
Helios S.A.	10,242	-	-	10,242
Grupa Radiowa Agora Sp. z o.o.	13,228	5,258	3,173	4,797
Trader.com (Polska) Sp. z o.o.	4,200	1,000	1,000	2,200
AdTaily Sp. z o.o.	960	210	200	550

9. THE SYSTEM OF CONTROL OF EMPLOYEE SHARE SCHEMES

In 2013 the last edition of motivation plan in which eligible employees of the Company and the Agora Group could purchase investment certificates in Participatory Closed Mutual Fund (PCMF), managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. was executed. The Company informed about its incentive schemes in the current report no 71/2005 dated 16 September 2005.

In accordance with the incentive plan above, Agora Holding Sp. z o.o., the most significant shareholder of Agora S.A., could allocate shares for the purpose of incentive plans in the Agora Group. The Management Board of the Company might recommend to Agora Holding Sp. z o.o. the list of employees and the number of certificates for the purpose of motivation plans. All final decisions regarding the incentive plans in Agora (number of participants, grant of certificates and sale conditions) were made by Agora Holding Sp. z o.o.

10. INFORMATION ABOUT THE SELECTION AND AGREEMENTS SIGNED WITH AN AUDITOR ENTITLED TO AUDIT FINANCIAL REPORTS

On April 11, 2011, the Supervisory Board of Agora S.A. indicated KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa as an auditor entitled to audit financial reports of the Company for years 2011, 2012 and 2013. The agreements related to audit and review of financial statements are signed for the above mentioned periods and relate to audit and review of financial statements for a given financial year.

Information about the agreements and the values from those agreements is disclosed below (net amounts):

Tab. 33

In PLN thousand	Financial year ended 31 December 2013	Financial year ended 31 December 2012
Remuneration for audit (1)	117.8	117.8
Other certifying services, including remuneration for review (1)	72.2	72.2

(1) Remuneration for audit includes the amounts paid and due for professional services related to audit and review of unconsolidated and consolidated financial statements of the Company for a particular year (agreement of May 24, 2011 for 2011, 2012 and 2013).

11. INFORMATION ABOUT FINANCIAL INSTRUMENTS

Information about financial statements in respect of:

- risk: price risk, credit risk, material disruptions to cash flow and risk of liquidity problems, on which the Company is exposed and
- objectives and methods of financial risk management

is disclosed in notes 34 and 35 to the consolidated financial statements.

12. THE DESCRIPTION OF BASIC HAZARDS AND RISK

- **Macroeconomic risk**

Advertising revenues strictly depend 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. According to the Company's estimations in 2013, advertisers spent 5% yoy less on advertising. Advertisers increased their expenditure only in Internet (by 7.5% yoy). Other media suffered further erosion of advertising expenditure: dailies down by almost 29.5% yoy, magazines down by 13.5% yoy and outdoor by almost 14.0% and cinemas down by almost 11.5% yoy. Additionally, ad spends in TV were lower by over 3.5% yoy.

On the basis of the current macroecomic situation as well as on the advertising market, the Company estimates that in 2014 the value of advertising market in Poland will grow by 0-2% yoy. Additionally, it should be noted that the level of advertising revenues is dependent on both the ad volume as well as prices of media purchase which hinders estimations regarding the development of the situation at the particular segments of ad market.

- **Seasonality of advertising spending**

The Group sales revenues are marked by seasonal variation. The Group's advertising revenues in the first and third quarter are usually lower than in the second and fourth quarter of a given financial year.

Cinema revenues are subject to seasonality – revenues earned in the second and third quarters are usually lower than in the first and fourth quarters.

- **Advertising market structure and the position of individual media in readership, TV and radio audience market**

The Group's advertising revenues are generated by the following media: dailies, outdoor advertising, radio stations, magazines, internet and cinemas. As a result of structural changes and media convergence particular media in the Agora Group's portfolio compete both with their business competitors and with television broadcasters - constituting nearly half of the advertising market expenditure (almost 49.5%) in 2013. The next largest segment of advertising market – Internet held almost 21.0% share in total ad spend. Ad expenditure in magazines and dailies constituted over 9.0% and almost 5% share of total ad spend, respectively. Outdoor advertising held, in 2013, over 6.5% of the advertising market share and radio ad spend constituted over 7.5% of total ad expenditure. Cinema advertising in Poland constituted almost 1.5% of all advertising expenditure. Bearing in mind the dynamics of particular and the current Company's estimates of advertising market growth in 2014 there is a risk that the share of particular media in the advertising market will change. This may influence the Group's position and its revenues.

Additionally, as a result of the changes in media described above and consolidation on the advertising market the competition between media grows and it may influence Group's advertising revenues. Moreover, due to those changes and technological progress there is no certainty that the Group will be able to react to them in a proper time and manner, which may negatively influence the Group's position and financial results.

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.

- **Press distribution**

The main channel of press distribution, used by every press publisher in Poland, is networks of kiosks situated in places of intense traffic. Distribution market in Poland is highly concentrated – two main distributors control over 80% of press distribution market. Therefore, significant financial or operational problems of either of them may have a negative impact on copy sales and the results of the Group.

- **Press**

Presently paid press experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. Press titles, published by the Group and its competitors, are not resistant to the changes taking place on the press market. The process of classifieds migration from press to Internet is taking its place. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Group. At the same time, the Group digitalizes its content and on February 4, 2014 the Company introduced system of metered paywall on websites related to *Gazeta Wyborcza*. Nowadays, it is hard to evaluate the impact of new access system on the Group's revenue. The Group also publishes a free daily – *Metro.* We cannot predict how the global changes occurring on the press market will influence the free press position and consequently, the position and the results of the Group.

- **Internet**

Polish Internet advertising market is highly competitive. Number of internet users in Poland is not growing so fast as in the past. Internet business is highly dependent on technology progress and number of Internet users and maintaining a strong position on that market is possible by means of investment in modern and innovative technology. In this segment of advertising market the Group competes with local and international players. There is no guarantee, that on such a competitive market, the Group's position and ad revenues will be unchanged. Additionally, online advertising market is undergoing transformation. Search advertising, dominated in Poland by one player, is becoming more popular among advertisers. The Group's main source of Internet advertising revenue is display advertising. Video and mobile advertising are growing their share. Maintenance of the strong position in rapidly changing market requires investment in advanced technological solutions. Due to that fact there is no guarantee that the Group will be able to compete with national and foreign players with larger financial resources.

- **Outdoor**

Outdoor advertising market in Poland is highly competitive. AMS S.A. competes with Polish companies as well as big international concerns. Outdoor advertising market is of high legal risk due to the possible changes in the rules regarding the use of public space and introduction of new limitations in the centers of large urban areas, as well as rules on fees and tax rates related to this business activity. The factors mentioned above may have an impact on the Group's result.

On Decmeber 18, 2013, a consortium of AMS SA - Ströer Poland Sp. z o.o. signed a concession contract with the City of Warsaw for the construction and operation of bus shelters in Warsaw. Parties of the consortium decided that AMS shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The subject of the concession contract is construction of 1,580 bus shelters in Warsaw. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelters' construction, according to the capital city of Warsaw, amounts to ca PLN 80 million. The duration of the contract is nearly 9 years.

The timely execution of the contract carries risk related to the necessity of acquiring a number of approvals and administration decisions. Additionally, in such a competitive and changing environment the macroeconomic and and market assumptions necessary for the project success may not materialize.

- **Cinema**

Helios group opens new cinemas mainly in shopping centres. Therefore, further development of the cinema network is dependent upon the construction of new shopping galleries in Poland and ability to compete with other cinema operators for new space lease contracts. The pace of polish infrastructure development and the situation on the Polish Real estate market (i.e. cost of space rent) may influence the results of cinema operators.

Additionally, the available repertoire affects results of cinema business. Lack of interesting movies, abilities to promote movies or the quality of movies may negatively affect cinema admissions. Moreover, economic downturn may translate into lower expenditure on entertainment which may result in lower revenues from ticket sales and willingness to buy food and beverages in cinema bars.

Moreover, the cinema operators compete with other technologies of film screening, inter alia, cable networks, Internet, home cinema systems or DVD, which may decrease popularity of cinema going.

- **Risks of running licensed business**

The Group comprises local radio stations broadcasting under the brands *Złote Przeboje* and *Roxy FM* (Rock Radio since January 31, 2014) and superregional radio *TOK FM*. Radio broadcasting in Poland is licensed. The license entries determine the scope and form of business during the time for which the license is granted.

There is a risk that demand, from listeners, for a certain radio format may decrease, while the Group will not be able to adjust to the market requirements due to the obligation to respect program entries stated in the license.

- **Radio stations**

Polish radio ad market is highly competitive. Agora's radio stations compete with other radio broadcasters, with national reach, as well as other media – TV, press, internet and outdoor advertising. To maintain audience share it is important to have a demanded radio format. There is no certainty that the Group's current position in the radio audience market will be unchanged. Competing for ad revenue, radio stations (also belonging to different media concerns), create joint advertising offers. The popularity of these offers may significantly influence the shares of particular radio broadcasters in radio ad market.

Television

Due to the purchase of 41.04% stake in Stopklatka S.A. by Agora on March 12, 2014 r. the Company enetered television market. Our television channel competes with existing television broadcasters and potential new market entrants. Among Stopklatka TV competitors there are larger broadcasters with better brand recognition and resources than us. The increasing success in Poland of DTH, cable and DTT providers will likely result in the increasing fragmentation of Polish TV viewing audiences, which may make it more difficult for us to persuade advertisers to purchase airtime in Stopklatka TV. The results of Stopklatka shall be consolidated on the equity basis.

Movie business

Movie distribution and co-production is of project nature, which may result into volatitility of its results – it may also impact the Group's results. The majority of costs incurred, especially those related to movie co-production, burdens the Group results long before the profits related to that fiels of operations. The impact of this activity on the Group's results depends also on the popularity of given film production.

Impairment tests

Inline with the *International Financial Reporting Standards*, the Group runs impairment tests. In the past and in the current period, some of the tests resulted in impairment loss which was reflected in the income statement (unconsolidated and/or consolidated). There is no certainty that the tests run in the future will give positive effects.

Currency risk

The Group's revenues are expressed in Polish zlotys. Part of the operating cost, connected mainly with cinema activities, the printing services, usługami IT, purchase of production materials, mainly newsprint, and gadgets inserted in magazines, is related to the currency exchange rates. The volatility of currency exchange rates may have influence on the level of Group's operating cost and its financial results.

Interest rate risk

The changes in interest rates may influence the level of the Group's financial cost related to the Group's debt.

Risk of losing key employees

The Group's success is dependent on the involvement and qualifications of its key employees who contributed immensely to Group's development and effective optimization of the Group's operating processes. Due to the market competition for highly qualified specialists there is no guarantee the Group will be able to preserve all valuable employees.

The risk of collective dispute

On December 12, 2011 an Inter-union trade organization *NSZZ Soldarnosc* AGORA S.A i INFORADIO SP. Z O.O. ("OM") was created. The trade unions operate in Agora S.A., Inforadio Sp. z o.o., Agora Poligrafia Sp. z o.o. and AMS S.A. According to the law requirements the managment boards of the companies in which trade unions operate consult or negotiate with them decisions in legally determined cases.
The Group tries to maintain good relations with its employees and solve any problems as they appear, however it can not be excluded that in the future the Group may experience a collective dispute in law determined cases.

13. FACTORS AND UNUSUAL EVENTS WHICH HAD INFLUENCE ON THE RESULTS OF BUSINNESS ACTIVITIES FOR 2013 WITH THE ESTIMATION OF THEIR INFLUENCE

A positive impact on the Agora Group results had initation of film distribution activities and co-production of two movies. Total revenues from the film distribution and co-production generated PLN 12.7 million revenues.

Moreover, further limitation of ad expenditure in 2013 had a negative impact on the Group's results as 50.7% of the Group's total revenues came from advertising. A negative factor influencing the Group's revenues has been also the worldwide trend of declining copy sales which affected *Gazeta Wyborcza* and magazines published by Agora.

14. LEGAL ACTIONS CONCERNING LIABILITIES OR DEBTS OF THE ISSUER OR ITS SUBSIDIARIES, WHICH AMOUNT IN SINGLE OR IN TOTAL TO AT LEAST 10% OF THE AGORA'S SHARE CAPITAL

In 2013, there were no legal actions against Agora S.A. or its subsidiaries related to their liabilities or debts whose total value would amount to at least at 10% of Agora's share capital in a single or in all legal proceedings.

15. DIVISIONS OF THE COMPANY AND OF ITS SUBSIDIARIES

Agora S.A. has 19 divisions and the major headquarters in Warsaw. Other companies from the Group do not have divisions.

16. THE MANAGEMENT BOARD'S STATEMENT OF THE REALIZATION OF FORECASTS

The Management Board did not publish any forecasts of the Company's financial results and because of that this report does not present any Management Board's statement of the realization of them, as well as any differences between actual and forecasted financial results.

17. ISSUING OF SECURITIES

In 2013 the Company did not issue any securities.

18. OTHER INFORMATION

- **Changes in the Management Board**

On February 4, 2013, the Management Board of Agora S.A. informed that:

(i) the Supervisory Board of the Company adopted a resolution - pursuant to Article 390 of the Code of Commercial Companies - on delegating its member, Wanda Rapaczynski, to individually perform supervision duties,

(ii) due to the above, the President of the Management Board of the Company, Piotr Niemczycki, resigned from his participation in the Management Board of the Company effective as of 11 February 2013,

(iii) due to the resignation from the participation in the Management Board of the Company submitted by Piotr Niemczycki, the Supervisory Board of the Company adopted a resolution on delegating - pursuant to Article 383 § 1 of the Code of Commercial Companies and effective as of 12 February 2013 - a member of the Supervisory Board of the Company, Wanda Rapaczynski, to perform, for the period of three months as of 12 February 2013, duties of a member of the Management Board of the Company.

In the current report published on June 28, 2013 the Management Board of Agora S.A., informed that on June, 28, 2013 the Annual General Meeting of the Company appointed Mrs. Wanda Rapaczynski, Mr. Bartosz Hojka, Mr. Tomasz Jagiello, Mr. Grzegorz Kossakowski and Mr. Robert Musial to the Company's Management Board for the common five - year term of office which will expire on the day the General Meeting of Shareholders approves the financial statements for the fiscal year 2017.

In addition, the Management Board informed that pursuant to § 33 point 1 of the Company's Statute the Management Board appointed Mrs. Wanda Rapaczynski to the position of the President of Management Board.

On March 12, 2014, the Management Board of Agora S.A. informed that Mrs. Wanda Rapaczynski resigned from the participation in the Management Board of Agora S.A. with an immediate effect. Moreover, the Company informed that on March 12, 2014 on the basis of § 33 section 1 of the Company's Statute the Management Board Members elected Mr. Bartosz Hojka as the President of the Management Board.

Selection of a certified auditor to audit Company's financial statements for the next fiscal years

In the current report published on April 3, 2014, the Company informed that according to § 19 point 1 letter c of the Company's statute, the Supervisory Board on the basis of resolution adopted on April 3, 2014 chose KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered seat in Warsaw at 51 Chmielna Street entered into registry of certified auditors under the number 3546, as a certified auditor to audit Company's financial statements for fiscal years 2014, 2015 and 2016.

Appointment of the Supervisory Board for the new term of office

In the current report published on June 28, 2013 the Management Board of Agora S.A., informed that on June 28, 2013 the Annual General Meeting of the Company appointed Mrs. Helena Luczywo, Mr. Andrzej Szlezak, Mr. Dariusz Formela, Mr. Tomasz Sielicki and Mr. Slawomir S. Sikora to the Company's Supervisory Board for the common three - year term of office which will expire on the day the General Meeting of Shareholders approves the financial statements for the fiscal year 2015. The Company informed also that the Annual General Meeting of Shareholders appointed Mr. Andrzej Szlezak as the Chairman of the Supervisory Board.

Admitting shares for trading

On March 4, 2013, some shares of Agora S.A. were admitted for trading on the main market of the Warsaw Stock Exchange. 290,568 shares were acquired by Partycypacyjny Fundusz Inwestycyjny Zamkniety, managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. and 18,326 shares were acquired by employees of Agora and other companies from Agora's capital group pursuant to stock participation programs executed by Agora in cooperation with Agora-Holding Sp. z o.o.

Impairment losses in Agora Group

On January 16, 2013 the Management Board of Agora S.A. informed that in accordance with the International Financial Reporting Standards, the Group conducted asset impairment tests. As a result of verification process of the financial projections of the business segments of the Agora Group, the Group recognized an impairment loss whose total effect on the Group's operating result in the fourth quarter of 2012 amounted to ca PLN 18.0 million.

The above impairment loss is of a one - off nature and it will impact the deferred tax. It was related mainly to the magazine titles published by the Group.

Information on investment agreement

On February 22, 2013, the Management Board of Agora S.A. informed that Kino Polska TV S.A. ("KPTV") and Agora decided to jointly apply for a free-to-air digital terrestrial film channel licence ("Licence") and finance together the development of this channel provided the licence is granted.

For this purpose, on February 22, 2013 Agora and KPTV, a majority shareholder of the company Stopklatka S.A. ("Stopklatka"), executed an investment agreement ("Investment Agreement"). Stopklatka has submitted an application for the Licence to the National Broadcasting Council on February 25, 2013.

The Investment Agreement covers conditional purchase of the Stopklatka's shares by Agora and co-operation rules between Agora and KPTV, including nomination of the Stopklatka's governing bodies and unanimous voting on significant matters during the Stopklatka's general meeting of shareholders.

According to the Investment Agreement Agora shall purchase from KPTV such a number of shares (offered by KPTV) that (i) the numbers of shares held by Agora and KPTV are equal,

(ii) Agora's share in the share capital of the Stopklatka will equal at least 41%, provided that the Stopklatka shall acquire the Licence till December 31, 2014 and other conditions typical for such agreements are fulfilled.

The parties to the Investment Agreement decided to finance Stopklatka jointly and proportionally by capital increases for the total amount not lower than PLN 20 million.

At the date of signing the Investment Agreement there were no affiliations between Agora S.A., the Management Board or Supervisory Board of Agora S.A. and KPTV, Stopklatka and the Management Board of the KPTV and Stopklatka.

In the current report published on September 9, 2013 the Company informed that on September 9, 2013 it acquired information that the National Broadcasting Council ("KRRiT") adopted a resolution granting the company Stopklatka S.A. licence for a free-to-air digital terrestrial specialized film channel on multiplex one. Adoption of the resolution by KRRiT is the first element necessary to fulfill conditions of the investment agreement .

- **Conclusion of the loan agreement with Stopklatka S.A.**

On December 19, 2013 the Company and Stopklatka S.A. with its registered seat in Warsaw concluded the loan agreement on market terms (‘the Agreement”). Pursuant to the Agreement the Company granted Stopklatka S.A. a loan in the amount of PLN 2,500,000.00. The intereset rate of the loan is fixed at WIBOR 3M rate increased by 1.5% per annum. The parties of the contract agreed that repayment of the loan with the interest shall be made by the way of a single repayment, no later than on July 31, 2014. The borrower may pay all or part of the loan before the deadline indicated in the Agreement. On December 19, 2013 the Company and Kino Polska TV S.A. concluded the guarantee agreeement which constitutes the legal security of the repayment of the loan. Under above agreement Kino Polska TV S.A. guaranteed that - in case of default by Stopklatka S.A. in repayment of all or part of the loan amount within the period stipulated in the Agreement – it will pay the outstanding amount of the loan with interest due. The guarantee amounts to PLN 2,600,000.00.

- **Purchase shares of Stopklatka S.A.**

On March 12, 2014 Agora accepted an irrevocable binding offer of sales of 933,850 shares of the company Stopklatka S.A. ("the Shares") and executed the Shares sales agreement with the company Kino Polska TV S.A. It was possible due to the fulfillment, on February 21st, 2014, of the conditions set in the investment agreement executed on February 22nd, 2013 between the Company and Kino Polska TV S.A. about which the Company informed in the regulatory filing no. 6/2013. As a result of the Share purchase, on the basis of the agreement described above, 933,850 shares of the company Stopklatka S.A. was deposited on the Company's security account on March 12th, 2014. The Shares constitute 41.04% of the share capital of the company Stopklatka S.A. and give right to 933,850 votes at the general meeting of shareholders of Stopklatka S.A., which equals 41.04% of total number of votes.

- **Signed a concession contract between AMS S.A. and the City of Warsaw**

In the current report published on December 18, 2013 the Company informed that on December 18, 2013 consortium AMS S.A. (AMS) - Ströer Polska Sp. z o.o. (Ströer) concluded a concession contract, with the capital city of Warsaw, represented by Public Transport Authority of Warsaw, for construction and utilization of bus shelters in Warsaw (Concession Contract).

The parties of the consortium AMS - Ströer decided that AMS, a subsidiary company of Agora S.A., shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters.

The subject of the Concession Contract is construction of 1,580 bus shelters in Warsaw. The investment process shall last 3 years and shall commence in 2014. The estimated cost of the bus shelter construction, according to the capital city of Warsaw, amounts to PLN 80 million.

According to the Concession Contract, not less than:

- 180 bus shelters shall be constructed in 2014,
- 720 bus shelters shall be constructed in 2015,
- 680 bus shelters shall be constructed in 2016.

The investment shall be financed from AMS' financial resources.

- **Selling the trademark *Poradnik Domowy***

As a result of an agreement executed on February 25, 2013 Agora S.A. sold to Edipresse Polska S.A. the right to publish the monthly *Poradnik Domowy* for net PLN 11.5 million. On the same day, Agora S.A., on the basis of the executed agreement, acquired from Edipresse Polska S.A. the right to publish monthly *Dom i Wnetrze* for PLN 3 milllion (in connection with the sales transaction the pledge on trademarks relating to *Poradnik Domowy* was eliminated).

VI. REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2013

Agora S.A. complies with the corporate governance rules as described in the attachment to the resolution No. 20/1287/2011 of the Supervisory Board of the Warsaw Stock Exchange dated October 19, 2011 entitled Code of Best Practice for WSE Listed Companies amended by the resolution no. 19/1307/2012 dated November 21, 2012. These rules are disclosed on the web site http://www.corp-gov.gpw.pl/.

1. LISTING OF THE CORPORATE GOVERNANCE RULES THAT WERE NOT OBSERVED BY THE ISSUER INCLUDING THE CIRCUMSTANCES AND REASONS FOR THEIR REJECTIONS AS WELL AS THE REMEDY FOR ITS POSSIBLE EFFECTS AND THE WAY THE COMPANY IS TO ELIMINATE RISK OF NOT APPLYING THE RULE OR MEASURES AND THE STEPS THE COMPANY IS TO TAKE IN ORDER TO REDUCE RISK OF NOT APPLYING THE RULE IN THE FUTURE.

In 2013, the Company complied with all Corporate Governance Rules. The rule regarding providing shareholders with the possibility to participate in the meeting of shareholders by electronic means of communicationas far as providing shareholders with the possibility of real - time bilateral communication enabling them to take the floor during the meeting from a location other than the general meeting of shareholders was fulfilled by means of dedicated email address.

I. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

As far as the recommendation regarding the Company's pursue for a transparent and effective information policy with the use of modern technologies as well as latest communication tools ensuring fast, secure and effective access to information the Company launched a new corporate website in 2012. In the beginning of 2013, the Company also launched mobile website for its investor relations and press office sections. In March 2014, the Company launched its Twitter account.

The Company puts a lot of effort to ensure adequate communication between the Company and the shareholders and participants of the financial markets by means of the direct access to investor relations team and the representatives of the Management Board. The Company offers also a subscription to the newsletter on selected information regarding corporate events or press releases. Moreover, the Company provides additional information on different media segments to people who expressed their willingness to receive such information. Till now, the Company has not received any request to widen the range of possible communication means from the representatives of capital markets.

As far as the recommendation regarding general meeting of shareholders is concerned, the Company puts a lot of effort to make it possible for as many as possible Company's shareholders to participate in the meeting. The Company informs about the changes in the agenda of the meeting including the organizational details concerning the meeting.

All shareholders have the same rights as far as the transactions and contracts executed between the Company and its shareholders or related entities are concerned.

Currently all shares issued by Agora are traded solely on the Warsaw Stock Exchange, therefore all shareholders of the Company acquire their rights at the same time in accordance with Polish law.

As far as recommendation regarding remuneration policy is concerned the rules regarding remuneration of Agora's employees are based on internal regulations. This rule does not apply to the members of the Supervisory Board and Management Board. The remuneration of the Management Board members is set by the by Supervisory Board on the basis of the recommendation prepared by the Human Resources and Remuneration Committee – an advisory body within Supervisory Board. Supervisory Board sets objectives and bonus criteria for individual Management Board members in a given year or for three – year periods.

Eligible employees of the Group participate in the Three – Year – Long Incentive Plans for the members of the Management Board and top managers based on achieving operating EBITDA objective and the degree of the Company's share price increase. The rules, objectives and conditions of settlement the Three – Year – Long

Incentive Plan were set, in case of the members of the Management Board, by the Supervisory Board and in case of top managers by the Management Board by means of adequate resolutions. The detailed description of the actual Three – Year – Long Incentive Plans can be found in a note to the financial statements for 2013.

Additionally, the members of the Management Board and key managers participate also in a motivation plan based on Company's shares. The Company informed about the plan in current report no. 71/2005 dated September 16, 2005. The description of this motivation plan can be found in a note to the financial statements for 2013.

The Company offers its employees other incentive plans (for example: cash motivation plans, incentive plans in sales departments etc.), which cost is charged to the staff cost.

The remuneration and other benefits due to the Management and Supervisory Board members are reported in the Annual Financial Statements.

The remuneration of the Supervisory Board is set by the General Meeting of Shareholders of Agora S.A.

As far as recommendation for balanced proportion of men and women in the governing bodies of the companies is concerned, the Management Board of Agora S.A. wishes to draw attention to the fact that candidates for the Supervisory Board members may be presented only by shareholders holding preferred series A shares and shareholders who documented their entitlement to not less than 5% of the votes at the last Shareholders Meeting before the candidates were nominated and who at the time of making the nomination hold not less than 5% of the share capital of the Company, provided that in order to ensure a proper nomination, it is necessary for the shareholder making such nomination to prove his right to at least 5% of the votes at the Shareholders Meeting where such nomination shall be voted on (§21 sec.1 letter a of the Statutes). According to § 30 of the Statutes of Agora S.A. candidates for the Management Board shall be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board. In the event that the persons authorised to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board elected by the General Shareholders Meeting shall be determined by such Shareholders Meeting, while each shareholder during such Shareholders Meeting shall be able to nominate candidates for such members.

Moreover, the Management Board of Agora S.A. wishes to stress that the main criteria for selection of proper candidates for all managerial positions, remaining in the comptenecies of the Management Board, include knowledge, experience and abilities necessary to perform given function. The Management Board believes that applying these criteria to all employees in the Company and in the Group, ensures efficient operation and overcoming new business challenges.

As far as the recommendation concerning the members of the Supervisory Board is concerned, it should be stressed that Agora's Supervisory Board members represent diversified fields of expertise and long professional experience allowing them to look at the Company and its Capital Group from the broader perspective. The members of the Supervisory Board receive all necessary information regarding the Company's and Group's operations. Moreover, if there is a need to provide any additional information or clarification to the Supervisory Board members the Company does it instantly.

Agora Group has a diversified portfolio of media and each of them as part of its operations undertakes cultural, sports and educational projects. These activities constitute a part of segments' or brands' development within the Agora Group. The most important information regarding these projects can be found on the Company's website. Actions undertaken by Agora's media are of serial or ad hoc nature as an answer to a specific social problem or event. To the actions of cyclical character one can include the action *Rodzić po ludzku* (Humane birth) or *Polska biega* (Poland runs) organized by *Gazeta Wyborcza*. The subsidiary company of Agora S.A., AMS S.A., is active in the field of social and professional rehabilitation of disabled people. In 2013, the company was awarded in the competition entitled *Lodolamacze,* for extraordinary social sensitivity and promotion of active participation of disabled people in different life spheres. In 2013, AMS created Foundation *Akademia Integracji. Praca.Edukacja* which continues mission of the project *AMS dla Integracji*. AMS also runs actions dedicated to environment protection as part of it cyclical activities: *Bramy Kraju* and *Galeria Plakatu.*

As far as the recommendation concerning the due care for the quality of reporting practice by means of communication expressed on the Company's corporate website with regard to untrue information on the Company, the Management Board of Agora S.A. shall make a decision to take their position in each case separately.

Below one can find the way Agora S.A. observed the aforementioned rules of corporate governance.

II. BEST PRACTICE FOR THE MANAGEMENT BOARDS OF LISTED COMPANIES

According to the corporate governance rules of the companies listed on Warsaw Stock Exchange, the Company operates its corporate website in Polish and English. Apart from legally required information Agora's corporate website offers basic corporate documents as its Statutes and by-laws of its governing and supervising bodies. Additionally, the website presents the professional biographies of the members of the Management and Supervisory Board. According to the requirements, the Company publishes on its website financial statements and regulatory filings as well as information on the participation of women and men in Company's governing bodies. Additionally, to facilitate the analyses of the financial information, the Company provides presentations with the quarterly financial reports and audio recordings from the teleconferences during which members of the Management Board discussed the Group's financial results in a given period of time.

According to the requirements, on the website one can also find the part dedicated to general meetings of shareholders, which traditionally take place in the Company's headquarters in Warsaw. On the website, one can find all the documents relating to a general meeting of shareholders, including announcement on convening the general meeting, the candidates to the managing or supervising bodies together with their professional biographies as soon as the Company receives them from the entitled entities. Here, one can also find all organizational information as a break in general meeting of shareholders or changes in the agenda of the meeting.

On June 28, 2013 the General Meeting of Shareholders of Agora S.A. took place in its headquaters in Warsaw and all the documents relating to that Meeting were published on the Company's website. The General Meeting was convened by the Management Board of Agora S.A. Its course took place in accordance with Commercial Companies Code and the By-laws of General Meeting. The Members of the Management Board and Supervisory Board as well as the representatives of the Company's Auditor were present during the General Meeting of Shareholders and were ready to answer all the questions according to their competencies and law.

In case of questions from shareholders and answers to those questions during the general meeting of shareholders they are available for everyone due to the fact that the Company records the meetings of shareholders. Additionally, the Company prepares the list of questions and answers relating to a given meeting of shareholders if they appear before and during meeting of shareholders. The answers are given by the Management Board and Supervisory Board members present during the meeting.

Here, one can also find the documents relating to the dividend, for example the Management Board recommendation on profit distribution, draft resolutions and final resolutions.

The Company publishes on its website reports relating to its compliance with corporate governance rules and information relating to the rule on changing the auditor examining the Group's financial statements. The Company, every year, in its quarterly report published on its website provides information on the cost of motivation plans in the Company (including the one based on the Company's shares).

In the section relating to the Supervisory Board, the Company provides information on one member of the Supervisory Board related to the shareholder entitled to more than 5% of votes during general meeting of shareholders. Here one can find the Supervisory Board reports together with the evaluation of the Company's internal risk control system and risk management system.

III. BEST PRACTICE FOR SUPERVISORY BOARD MEMBERS

The Supervisory Board of Agora S.A. complies with all the requirements of the corporate governance rules.

As part of its duties the Supervisory Board prepares the concise evaluation of the Company together with the evaluation of internal control system and risk management system. This evaluation is published on the corporate website together with all the documents relating to general meeting of shareholders.

Additionally, the Supervisory Board examines and gives its opinion on all issues being the subject of the general meeting of shareholders. The representatives of the Supervisory Board participate in the general meeting in the composition enabling them answering possible questions voiced by shareholders. In 2013, the Supervisory Board was represented by its President Mr. Andrzej Szlezak.

In case of relation between a Supervisory Board member and the shareholder entitled to more than 5% of votes during the general meeting of shareholders this person informs about that fact the Management Board of the Company and other members of the Supervisory Board. Similar situation takes place in case of conflict of interests or possibility that such a conflict of interests may arise.

On February 4, 2013 the Supervisory Board of the Company delegated its member, Wanda Rapaczynski, to individually perform supervision duties. After the resignation of the President of the Management Board of the Company, Piotr Niemczycki, the Supervisory Board of the Company delegeted Wanda Rapaczynski to perform duties of a member of the Management Board of the Company.

Due to the end of the term of office of the Supervisory Board, a new Supervisory Board was elected for the common three-year term of office. According to § 21 section 1 (a) (i) of Agora's Statute, Agora-Holding Sp. z o.o., the shareholder holding 100% of the registered preferred series A shares, submitted candidates to the Supervisory Board of Agora S.A. 2 new people entered Agora's Supervisory Board on June 28, 2013 – Helena Luczywo and Dariusz Formela. Currently the Company's Supervisory Board is composed of:

Dariusz Formela

Since 2012, the president of PKM DUDA responsible for development and implementation of the company's strategy. In the years 2009 - 2012, he was a member of the board of PKM DUDA and CEO of CM Makton. In the years 1998 - 2008, he worked for the ORLEN Capital Group, where he was also a member of the Management Board of PKN ORLEN and Mazeikiu Nafta responsible, inter alia, for the oversight of the companies of the group and the integration of capital assets. He was also responsible for development and implementation of the restructuring plan in the ORLEN Capital Group. Dariusz Formela is a member of the Audit Committee of the company Avia Solutions Group SA and serves as the Chairman of the Nomination and Remuneration Committee acting within the Supervisory Board of Bogdanka SA.

Dariusz Formela is a graduate of the Law and Administration Faculty at the University of Gdansk. He also obtained an MBA diploma from the University of Bradford and Kozminski University.

Dariusz Formela is a member of the Audit Committee in Agora's Supervisory Board.

Helena Luczywo

Helena Luczywo is one of the founders of Gazeta Wyborcza and served as its deputy editor-in-chief since its inception until 2008. She was also the president and then deputy president of the management board of Agora, the publisher of Gazeta, for the first fifteen years of its existence, from 1989 to 2004. In 2001, she led the team that created and made available to users www.gazeta.pl portal, initiating Agora's development in Internet. In 1989, she participated in the round table talks between the communist government and the opposition as a representative of the underground press. Between 1982 and 1989, she managed Tygodnik Mazowsze, the most important publication of the clandestine Solidarity. In 1981 she was the editor the Solidarity press agency AS. In 1977, she co-founded Robotnik (The Worker), a publication instrumental in paving the path for the nascent Solidarity movement. She was acting editor until 1981.

Helena Luczywo was awarded both the Harvard University Niemann Foundation Lyons Award for Conscience and Integrity in Journalism, as well as Radcliffe's Bunting Institute Peace Fellowship and the Knight International Press Fellowship Award.

Helena Luczywo was born in 1946. She received an MA in Political Economy from Warsaw University.

Helena Luczywo is a member of the Human Resources and Nomination Commission in Agora's Supervisory Board.

Tomasz Sielicki

Member of the Supervisory Board of Sygnity SA and Budimex SA. Moreover, he is a member of General Council of the Polish Confederation of Private Employers, Trilateral Commission, Council Foundation, United Way, University Program Board of Leslaw Paga,Capital Market Leaders as well as a board member of the Polish Olympics Committee and Vice President of the European Chess Union.

He worked in the Sygnity SA (formerly ComputerLand SA) since the company's inception in 1991, and from 1992 to 2005, he served as the President of the Management Board, later for two years he served as the President of the Sygnity Group (formerly ComputerLand Group). He is widely considered to be the founder of the company's success. In 2007, the Annual General Meeting of Shareholders of Sygnity SA elected Tomasz Sielicki to the Supervisory Board of the company. Mr. Sielicki is an investor in various industries. Tomasz Sielicki was awarded numerous prizes: INFO-STAR (1995), Leader of Polish Business (BCC-1997), Central Europe's Top 10 Executives (Wall Street Journal-1998), the Global Leader for Tomorrow (Economic Forum Davos-1999), the prize Best Company to the Stock Exchange (Parquet-1997 and 2001), "Stars of Europe" (BusinessWeek-2005), the prize of the Polish Chamber of Information Technology and Telecommunications (2006). Tomasz Sielicki graduated from Warsaw University of Technology (Faculty of Electronics, specialty - science). He is an excellent chess player, and holds the title of national bridge champion.

Tomasz Sielicki is a member of the Audit Committee in Agora’s Supervisory Board.

Slawomir S. Sikora

Slawomir S. Sikora is the President of the Management Board of Bank Handlowy in Warsaw. Since March 2005, he has been Chief Executive Officer and Citigroup Country Officer, responsible for the Citigroup's operations in Poland. In the years 2005 - 2008 he was a member of the Citigroup Management Committee in New York. He is a member of the Association of Polish Banks and Vice President of the Polish Confederation of Private Employers, as well as a member of the Emerging Markets Advisory Council at the International Institute of Finance in Washington.

He graduated from the Central School of Planning and Statistics (currently Warsaw School of Economics). In 1989, he studied at University of Cologne during doctoral programme organized by Konrad Adenauer Stiftung. Sławomir S. Sikora has a unique professional experience in the management of large business organizations which is especially useful in the performance of the Supervisory Board member function.

Slawomir S. Sikora is a member of the Human Resources and Nomination Commission in Agora’s Supervisory Board.

Andrzej Szlezak

Andrzej Szlezak joined SK & S shortly after its founding in 1991, in 1993 he became a partner and in 1996 a senior partner. In SK & S he was engaged in legal services in a number of privatizations and restructuring processes of various sectors of Polish industry and banking. He supervised numerous merger and acquisition projects, participated in greenfield projects, prepared a large number of transaction documents, and was the author of numerous legal opinions from the field of civil and commercial law. He is an arbitrator of the Court of Arbitration at the Polish Chamber of Commerce and Vice-President of the Council of Arbitration and was frequently appointed as an arbitrator in disputes brought before the ICC International Court of Arbitration in Paris. Dr. hab. Andrzej Szlezak is the author of numerous publications, including foreign ones, in the field of civil and commercial law. Mr. Andrzej Szlezak received his master's degrees in Law and English Philology at the at the Adam Mickiewicz University (AMU) in Poznan. In the years 1979-1981 he was a trainee judge at the Regional Court in Poznan. Since 1979, he was a research worker in the Institute of Civil Law AMU, where he received his doctorate and habilitation degree in the field of civil law. In 1994, he was appointed professor of AMU until his departure from the University in 1996. Dr hab. A. Szlezak was a scholarship holder of a number of foreign universities, including the universities of Oxford and Michigan. Currently, dr hab. A. Szlezak is a professor of the University of Social Sciences and Humanities (SWPS) in Warsaw. Mr. Andrzej Szlezak has extensive knowledge of the law, in particular company and commercial law which is extremely useful at the post of the Supervisory Board Member of Agora S.A.

Annual General Meeting of Shareholders appointed Mr. Andrzej Szlezak to the position of the Chairman of the Supervisory Board.

Andrzej Szlezak is a member of the Audit Committee and Human Resources and Nomination Commission in Agora’s Supervisory Board.

As far as independence of the Supervisory Board members and information on committees of the Supervisory Board is concerned, it is discussed in detail in further part of the report.

IV. BEST PRACTICE OF SHAREHOLDERS

Agora S.A., as a public company, allows the representatives of media to participate in its general meeting of shareholders. Also, during the last General Meeting of Shareholders held on June 28, 2013, the representatives of media were invited to participate. In case the Company plans to introduce the changes in the by-laws of general meeting of shareholders it tries to inform about it in advance to make it possible for shareholders to execute their rights.

During the General Meeting of Shareholders held on June 28, 2013 there were no changes introduced in the by-laws of the general meeting. In 2013 the general meeting did not resolve on share issue. The resolution on profit distribution provided for the compliance with the term – of no longer than 15 working days between the date setting the right to dividend and the day of dividend payment. The General Meeting did not resolve on conditional dividend or division of nominal value of the Company's shares.

Since several years, the Company provides real-life broadcast of the general meeting of shareholders in Polish and in English. During the General Meeting of Shareholders held in 2013, the Company provided the shareholders with the possibility of bilateral communication by electronic communication means where shareholders could have taken the floor during the Meeting from a location other than the General by means of the dedicated email address.

2. DESCRIPTION OF THE GENERAL MEETING OF SHAREHOLDERS AND ITS FUNDAMENTAL AUTHORIZATIONS AS WELL AS THE RIGHTS OF SHAREHOLDERS AND THEIR EXECUTION.

The general meeting of shareholders of Agora S.A. acts in compliance with the Commercial Companies Code and the Statutes of Agora S.A. The Statutes of the Company stipulates adoption by the General Meeting of Shareholders regulations defining its functioning (§ 16 of the Statutes). Adopting, amending or rejecting the regulations requires three quarters of votes cast. Such regulations were adopted and can be found at the following URL address: http://www.agora.pl/agora_eng/1,67052,1659254.html. The general meeting of shareholders is convened in compliance with the Commercial Companies Code.

Unless the provisions of the Commercial Companies Code and the Company's Statutes provide otherwise, the resolutions of the general meeting of shareholders are adopted by an absolute majority of votes cast. According to the § 15 of the Statutes, resolutions concerning merger of the Company with another entity, other forms of consolidation and division of the Company that are or will be permitted by law are adopted by the absolute majority of three quarters of votes cast. The same rule applies to settlements concerning the remuneration of the Supervisory Board members, including individual remuneration of those members who were elected to a continuous supervisory. The absolute majority of three quarters of votes cast in the presence of shareholders representing at least 50% of the Company's share capital, is required for resolutions concerning removal of matters from the agenda of the general meeting of shareholders. When the aforementioned motion for removal is submitted by the Management Board of the Company an absolute majority of votes cast shall be required to adopt such a resolution. Purchase and sale of property, perpetuity or share in property shall not require a resolution of the general meeting of shareholders.

In accordance with § 15 item 4 of the Company's Statutes, removal of any matters from the agenda of the general meeting of shareholders on request placed on the basis of Article 400 or 401 of the Commercial Companies Code by a shareholder, representing at least such percentage of the Company's share capital that is indicated in these rules, shall require consent of the shareholder who made such request. Adoption of resolution relating to shareholder's responsibility to the Company, no matter the reason, shall require an absolute majority of three quarters of votes cast in the presence of shareholders representing at least 50% of all Company's shares entitling to adoption of such resolution.

In accordance with § 17 of the Company's Statutes none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting of shareholders. The above mentioned restriction is not effective when establishing obligations of purchasers of substantial stakes, stipulated in the Public Offer of Financial Instruments Act. The aforementioned restriction shall also not apply to:

- shareholders holding the preference A shares;

- the depository bank which, on the basis of the agreement with the Company, issued depository receipts based on the Company shares, when such an entity exercises voting rights attached to shares which constituted the basis for the issue of depository receipts;
- a shareholder who, having no more than 20% of the overall number of votes at the general meeting of shareholders, announced a tender for subscription for the sale or exchange of all the shares of the Company in compliance with the Public Offer of Financial Instruments Act. The restriction does not apply if as a result of the transaction described above, the number of shares owned by him, including the previously held Company's shares, authorizes him to exercise at least 75% of the overall number of votes at the general meeting of shareholders. When calculating a shareholder's share in the aforementioned overall number of votes at the general meeting of shareholders (the 20% share - mentioned in the sentence above) the restriction of the voting rights does not exist.

In accordance with § 17 item 5 of the Company's Statutes, percentage of votes at the General Meeting of Shareholders of foreign entities and entities controlled by them may not exceed 49%. The limit shall not refer to entities with their registered seats or residence in a member state of the European Economic Area.

Each share, whether preference or not, entitles its holders to one vote when passing a resolution regarding the withdrawal of the Company's shares from public trading.

According to § 7 of the Company's Statutes, apart from the registered series A shares, the share capital also comprises ordinary shares series B i D, bearer and registered. The registered shares of preference series A entitle their holders to five votes at the general meeting of shareholders, provided for restrictions described above.

According to § 11 of the Company's Statutes, sale or conversion of preference A shares require written consent of shareholders holding at least 50% of the preference A shares registered in the share register on the date of filing of an appropriate application. Within 14 days from the date of receipt of the request to sell or convert preference A shares, the Management Board is obliged to deliver a copy of that request to each holder of preference A shares, to the address disclosed in the share register.

Candidates to the Supervisory Board can be nominated by shareholders holding preference A shares. The same right is attributed to shareholders with formally documented entitlement to not less than 5% of the votes at the General Meeting of Shareholders preceding the nomination of candidates and who at the time of submitting the nomination hold not less than 5% of the share capital of the Company (§ 21 point 1 letter a of the Statutes). Should a Supervisory Board member's mandate expire due to his or her resignation the other Supervisory Board members may appoint a new member by means of co-optation, who shall perform his/her functions until the general meeting appoints a Supervisory Board member, however not longer than until the end of the term of its predecessor. Dismissal (removal) of the Supervisory Board member, prior to the end of his term of office, may be effected by a resolution of the general meeting of shareholders adopted by a simple majority of votes cast, provided that until the expiry of the preference status of the A series, 80% of votes attached to all preference A shares are cast in favour of such resolution.

Information on further rights and obligations of general meeting of shareholders and shareholders in relation to appointment and dismissal of the Management Board Members are included in consecutive parts of the present report.

Bearer shares cannot be converted into preference shares.

Rights of the Company's shareholders, including minority shareholders are performed in compliance with the provisions of the Commercial Companies Code.

Implementing transparency and effective information policy as well as trying to ensure all shareholders equal access to information on the Company Agora has been providing real-life broadcast of its general meetings of shareholders (in English and Polish) via Internet.

Agora's general meeting of shareholders is always attended by the representatives of the Management Board, Supervisory Board and the Company's statutory auditor.

3. THE COMPOSITION AND RULES OF FUNCTIONING OF THE COMPANY'S GOVERNING BODIES AND OF THE SUPERVISORY BOARD' S COMMITTEES

3.1. The Management Board

The Management Board of the Company acts in compliance with the provisions of the Commercial Companies Code and the Statutes of the Company. According to the Statutes of the Company, the Management Board shall consist of 3 to 6 members. The exact number is determined by shareholders holding the majority of preference A shares and after the expiration of such preference status - by the Supervisory Board (§ 28 of the Company's Statutes).

As of the day of publishing the report, the Company's Management Board is represented by:

- Bartosz Hojka - the President of the Management Board,
- Tomasz Jagiełło - the Member of the Management Board,
- Grzegorz Kossakowski - the Member of the Management Board,
- Robert Musiał - the Member of the Management Board.

On February 4, 2013, the Supervisory Board of the Company adopted a resolution on delegating its member, Wanda Rapaczynski, to individually perform supervision duties, due to the above, the President of the Management Board of the Company, Piotr Niemczycki, resigned from his participation in the Management Board of the Company effective as of 11 February 2013. Due to the resignation from the participation in the Management Board of the Company submitted by Piotr Niemczycki, the Supervisory Board of the Company adopted a resolution on delegating - pursuant to Article 383 § section 1 of the Code of Commercial Companies and effective as of 12 February 2013 - a member of the Supervisory Board of the Company, Wanda Rapaczynski, to perform, for the period of three months as of 12 February 2013, duties of a member of the Management Board of the Company.

On February 14, 2013, the Management Board of Agora S.A. received a notification from Agora-Holding Sp. z o.o., a shareholder holding 100% of the registered preference series A shares, that Agora-Holding Sp. z o.o. intends to nominate at the next annual general meeting of the Company following candidates for management board members of the Company: Bartosz Hojka and Robert Musial. According to the notification the nominations that meet the formal requirements set out in § 30 section 1 of the Statutes of the Company took place 7 days before the date of the annual general meeting of the Company. On June 6, 2013, according to § 30 section 1 of Agora's Statute, the shareholder holding 100% of the registered preferred series A shares, submitted Bartosz Hojka, Tomasz Jagiello, Grzegorz Kossakowski, Robert Musial and Wanda Rapaczynski as candidates for the Management Board of Agora S.A. On June 28, 2013 the annual general meeting of shareholders of Agora S.A. elected the Management Board for a new term of office.

Bartosz Hojka

Agora's Management Board member since June 28, 2013. Since 2005, member of the Board and Managing Director of Agora Radio Group Ltd. ("GRA"), including Złote Przeboje radio, Roxy radio and TOK FM radio, where GRA is the majority shareholder. He restructured Agora's radio operations which resulted in improvement of the segment's profitability. Under his leadership, TOK FM radio has become one of the most quality media in Poland. At that time, GRA acquired nine new licenses and developed, under the brand names Tuba.FM and Tuba.TV, innovative products dedicated to online, mobile devices and Smart TV users. Furthermore, GRA founded the Radiowe Doradztwo Reklamowe - the market leader in radio brokerage services, and has expanded into new areas, such as video production.

He started his work in Agora in 1998 as a programme director in Silesian Karolina radio. Later, as a programme and marketing director of all GRA's stations he was responsible for the launch of the Złote Przeboje brand.

From the very beginning of his professional career he was connected with the electronic media, including working as an editor in Radio Katowice TOP and TVP regional center in Katowice.

Born in 1974, graduate of journalism faculty at the University of Silesia. Since 2010, lecturer at the Department of Radio and Television at the University of Silesia.

Tomasz Jagiello

Agora's Management Board member since June 28, 2013. Tomasz Jagiello is the founder and chairman of the management board of Helios SA, one of the largest cinema operators in Poland. Co-founder of the company's success, from the beginning responsible for its development and strategy. He represented the company during the acquisition of five cinemas from the Kinoplex network in 2007 and during the acquisition of a majority stake in Helios by Agora SA in 2010. He was one of the initiators of establishing the company Next Film Ltd., so that Helios has expanded its activities into film distribution market.

Since October 2011, the Secretary of the Polish Film Institute, formerly longtime board member of the Association of Polish Cinemas.

Born in 1967, graduated from the Faculty of Law at the University of Lodz and the Faculty of Law at the University of Edinburgh.

Grzegorz Kossakowski

Agora's Management Board member since June 28, 2013. Since January 8th 2009, Grzegorz Kossakowski has been the member of the Management Board of Agora S.A. Employed in the Company since November 2000, initially as the transaction manager in the New Business Development Division, then in the years 2009 - 2012 he served as CFO of the Company. Today, he oversees departments: technology and finance and administration.

In the years 1996 - 2000, he worked for a consulting firm Arthur Andersen in the investment advisory department (Corporate Finance) where he led a number of consulting investment projects, including acquiring capital mainly for the companies from TMT sector.

Member of the management board of Press Publishers Chamber. Born in 1972, graduated from the University of Economics ("Summa Cum Laude" diploma) and the Manchester Business School (MBA with honors). Participant of the post-graduate program for executives (Advanced Executive Program) at Northwestern University and the Kellogg School of Management.

Robert Musial

Director of Agora's printing division since 2000, since July 2003 member of the Management Board of Agora Poligrafia Ltd. He oversees the operation of Agora's three printing houses - most modern press printing houses in Poland printing in coldset and heatset technology. He is responsible for the utilization of machinery capacity and the expansion of the Company's printing business into new markets.

He started work in Agora in February 1994. He was responsible for the recruitment and training of employees, the development of the printing base, he participated in the development of technological infrastructure for printing projects in Agora and Agora Poligrafia Ltd. In the years 2005 - 2008, he served as the President of the Polish Chamber of Printing. In May 2005, he was awarded by the President of the Polish Republic - the Bronze Cross of Merit - for his contribution to the development of printing and publishing in Poland as well as for professional and social work achievements.

Born in 1970, graduated from the Warsaw University of Technology - Faculty of Geodesy and Cartography - specialty printing and post-graduate management studies at the School of Economics in Warsaw.

Wanda Rapaczynski

Member of the Supervisory Board of Agora since 2009. Associated with the company almost since its inception. In 1998-2007 served as the CEO of the Management Board. Under her leadership, Agora grew into one of the largest and most well-known media companies in Central and Eastern Europe. After resignation from the function of the Company's CEO she remained associated with Agora, as an advisor to the Supervisory Board until her appointment to the supervisory body.

She represented Agora in the European Publishers Council and the Polish Confederation of Private Employers, where she was a member of the main board and a member of the supervisory board of the Polish Private Media and Advertising Employers Confederation.

In 1984-1992, she was the head of new product development in Citibank NA in New York. Previously, for two years she was the director of a research project at the Faculty of Psychology at Yale University, and from 1977-1979 research worker at Educational Testing Service in Princeton, New Jersey. Her professional career began as a psychology lecturer at universities in New York and Connecticut. She is a member of the supervisory board of Adecco SA since 2008, a Swiss company operating internationally, specialized in recruiting activities.

In addition, she is a member of the Council of the Central European University in Budapest, where she chairs its Audit Committee. She was a member of the International Advisory Council at the Brookings Institution in Washington for many years. Since 2002 she is a member of Polish Group in the Trilateral Commission. She is also a member of the Agora Foundation Council.

Wanda Rapaczynski is the recipient of numerous awards and honors. In the "Financial Times" ranking - the 25 most influential women in business (Europe's Top 25 Women in Business) she was no. 5 in October 2006, no. 7 in 2005, and no. 8 in 2004. She was distinguished twice in the rankings published by "Wall Street Journal Europe" as one of 25 top business women in Europe in March 2002 and a year earlier as one of the 30 most powerful women in Europe. In the ranking of the weekly "Business Week" published in June 2001 was in the top 50 Stars of Europe.

She was born in 1947. In 1977 she received a Ph.D. in Psychology from City University of New York. A graduate of Yale University, School of Organization and Management, where in 1984 she received a Master of Private & Public Management.

On June 28, 2013 according to § 33 section 1 of the Company's statute the Management Board elected Mrs. Wanda Rapaczynski as the President of the Management Board.

On March 12, 2014 Mrs. Wanda Rapaczynski resigned from the participation in Agora's Management Board with an immediate effect. Additionally, on March 12, 2014 according to § 33 section 1 of the Company's statute the Management Board Members elected Mr. Bartosz Hojka for the President of the Management Board.

The Management Board members are elected for five years (§ 29 section 1 of the Company's Statutes). Remuneration and other benefits of the Management Board are set by the Supervisory Board, after consulting them with the President of the Management Board. According to § 27 of the Company's Statutes the Management Board shall manage the Company's affairs and represent the Company in dealings with the third parties. The responsibilities of the Management Board include all matters related to conducting the Company's affairs, provided they were not reserved for the competence of other governing bodies. The resolutions of the Management Board are adopted by a simple majority of votes cast (§ 34 of the Company's Statutes). Each member of the Management Board shall be authorized to make binding statements with respect to Company's proprietary rights and obligations and to sign on behalf of the Company. The Management Board determined its rules of conduct in its special regulations.

According to § 35 of the Company's Statutes, the Members of the Management Board shall be bound by a non-competition clause. In particular they cannot engage in any competitive business or be a participant, a shareholder or member of governing bodies of such business. The above restriction does not pertain to the participation in supervisory and managing bodies of competing entities in which the Company, directly or indirectly, holds any shares. The restriction also does not apply to the acquisition by members of the Management Board of no more than 1% of the shares in competing public companies.

3.2. The Supervisory Board

The Supervisory Board acts in compliance with the provisions of the Commercial Companies Code and the Statutes of the Company. In accordance with §18 of the Company's Statutes, the Supervisory Board shall be composed of five members. The Chairman of the Supervisory board is chosen by the General Meeting of Shareholders. Members of the Supervisory Board may elect from among themselves a deputy of the chairman or persons performing other functions (§18 section 2 of the Company's Statutes).

As of the day of publication of this report, the Company's Supervisory Board consists of:

- Andrzej Szlezak - the Chairman,
- Dariusz Formela - the Member of the Supervisory Board,
- Helena Luczywo - the Member of the Supervisory Board,

- Tomasz Sielicki - the Member of the Supervisory Board,
- Slawomir S. Sikora - the Member of the Supervisory Board.

The members of the Supervisory Board are elected for the common three - year - term of office. Due to that, the term of office of the current Supervisory Board member shall expire on the day the general meeting of shareholders resolves on the adoption of the financial statements for 2015.

According to §20 section 4 of the Company's Statutes at least three members of the Supervisory Board are independent members. Currently, the majority of the Supervisory Board members are independent. The Supervisory Board is responsible for setting, in agreement with the President of the Management Board, remuneration for the Management Board members, selection of the auditor and approving of the conditions concerning significant transactions with the affiliates (§ 19 of the Statutes). Such transactions cannot be conducted without the consent of the majority of the independent members of the Supervisory Board. According to § 23 section 4 of the Statutes, the Supervisory Board Meetings are convened at least once in a quarter. The Chairman convenes the meeting on the request of the member of the Management Board expressed in the form of the resolution and on the request of each of the Supervisory Board members. The meetings of the Supervisory Board may be held by distance means of communication in a manner allowing communication among all members taking part in such meeting. The place of the meeting held in this form is determined by the place of the person who chairs the meeting.

According to § 24 of the Company's Statutes, the resolutions of the Supervisory Board shall be adopted by an absolute majority of votes cast in the presence of at least three members of the Supervisory Board.

3.3. Committee and Commission acting within the Supervisory Board

There is one Committee and one Commission operating within the Supervisory Board: the Audit Committee and Human Resources and Remuneration Commission created in compliance with the Company's Statutes performing advisory role to Supervisory Board. The course and scope of action of were set in By-laws of both bodies accepted by means of Supervisory Board resolutions.

On the date of the report publication the members of the committees are:

(i) The Audit Committee:

- Tomasz Sielicki – the active Chairperson of the Audit Committee,
- Andrzej Szlęzak,
- Dariusz Formela.

The objective of the Audit Committee is to supervise the Management Board in terms of: monitoring of the Company's and the Group's financial reporting and financial revision, monitoring of internal control systems and internal audit as well as monitoring of risk management and independence of external auditor.

The Audit Committee, within the scope of its authority, may request Company to submit information on accounting, financials, internal audit and risk management necessary to perform duties of Audit Committee and review the Company's account books.

The meetings of the Audit Committee are convened at least four times a year, however, the meetings can be convened as often as it is required for its proper functioning.

The meetings of the Audit Committee are convened by its Chairperson on its own or by an Audit Committee member's motion. It can be also convened on the motion submitted by the Company's Management Board, internal and external auditor. These meetings can be also convened by the Chairman of Supervisory Board.

The Audit Committee presents to the Supervisory Board its conclusions, standpoints and recommendations according to the timeline enabling the Supervisory Board adoption of appropriate measures, as well as annual and semi – annual reports in a current financial year on its activities and the Company's evaluation in the scope related to its competencies.

On the basis of the Supervisory Board's resolution dated April 11, 2011 and in accordance with the stipulations of the Statutes, the company KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered seat in Warsaw at 51 Chlodna Street, registered under the number 3,546 as an entity entitled to audit financial reports, was elected for the auditor of the Company that is to audit financial reports of the Company for the years 2011, 2012 and 2013.

(ii) The Human Resources and Remuneration Commission:

- Sławomir S. Sikora – the Chairperson of the Human Resources and Remuneration Commission,

- Helena Luczywo,

- Andrzej Szlezak.

In accordance with the By – laws of the Human Resources and Remuneration Commission the objectives of the Human Resources and Remuneration Commission are to review the principles of remuneration of the Management Board and provide the Supervisory Board with appropriate recommendations in that respect, drafting a proposal for the remuneration of the individual Management Board members and additional benefits, for the purpose of their consideration by the Supervisory Board.

The Commission should specify in such a recommendation all forms of remuneration, especially salary, motivation plans and severance pay. Additionally, the Human Resources and Remuneration Commission advises the Supervisory Board on: selection criteria and appointment procedures for the Management Board members in the cases stated in the Company's Statutes, procedures to secure adequate succession of the Management Board members in cases stated in the Company's Statutes. The meetings of the Human Resources and Remuneration Commission are convened as often as it is required for its proper functioning, at least once a year.The Commission meetings are convened by its Chairperson on its own or other Commission member's motion. The meeting can be also convened on the motion submits by the President of the Management Board or Supervisory Board member. These meetings can be also convened by the Chairman of Supervisory Board.

The Commission presents to Supervisory Board its conclusions, standpoints and recommendations according to the timeline enabling Supervisory Board adoption of appropriate measures, as well as annual reports on its activities and Company's evaluation in the scope related to its competencies.

4. DESCRIPTION OF THE BASIC CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS APPLIED BY THE COMPANY IN TERMS OF PREPARATION OF ITS SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The management boards of the companies from the Agora Group are responsible for the internal control system and its effectiveness in the process of drawing up financial statements and current reports prepared in accordance with the Regulation of the Minister of Finance dated 19 February 2009 with subsequent amendments on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state.

The factual process of drawing up financial statements is supervised in subsidaries adequately by the Financial Director of the parent company or the financial director/board member of the subsidiary. The process of drawing up annual and interim financial reports is coordinated by the Reporting Department functioning within the Finance and Administration Department as well as financial departments of all companies from the Group. The Company, on a current basis monitors amendments required by the law provisions and external regulations concerning the requirements of the reporting and also prepares in advance to their introduction.

Each month, after the financial books closure, the reports, with the information analyzing key financial data and operational ratios of business segments, are distributed among the Management Board members and the Group's directors. Once a month the meetings of the Management Board with the directors are convened in order to discuss the results of each segment and department of the Company and the Group.

The financial data that constitutes the basis of the financial statements and interim reports stem from the accounting - financial system which registers all transactions in compliance with the accounting standards of the Company and the Group (accepted by the Management Board) and based on International Financial Reporting Standards. Agora has prepared financial statements in compliance with International Financial Reporting Standards (previously International Accounting Standards) since 1992.

The unconsolidated and consolidated financial statements of the Company as well as the Group are conveyed, for the purpose of verification, to the Financial Director and then to the Management Board for the final verification.

The unconsolidated and consolidated financial statements before publication are also submitted to the members of the Audit Committee.

The Supervisory Board meetings are held at least once a quarter. During these meetings, depending on the questions posed by the Supervisory Board, the Management Board presents key financial data and operational ratios of the business segments.

Annual and semi-annual unconsolidated and consolidated financial statements are audited and reviewed by the Company's auditor. The results of the audit and review are presented to the management of financial division (including the Financial Director of the parent company) during the sum up meetings and are also published in statutory auditor's report.

Conclusions from the audit and review of unconsolidated and consolidated financial statements are submitted to the Audit Committee. During the closed-door meetings with the auditors the representatives of the Audit Committee analyze the results of the review (also without the presence of the Management Board).

Additionally the statutory auditor submits to the Audit Committee recommendation concerning improvements of the internal control system in the Company that were identified during the audit of the financial statements.

The Company has its own Internal Audit Department. Its main task is to identify weakness of the internal control and risks in terms of the registration and transactions processing. The Audit Committee during its meetings discusses the results of the work performed by the Internal Audit Deprtament with the Head of the Internal Audit, also without the presence of the Management Board.

The auditor's and Internal Audit's recommendations are discussed by the Audit Committee with the Company's Management Board.

5. SHAREHOLDERS WITH A SUBSTANTIAL HOLDING IN THE COMPANY

To the best of the Company's knowledge as of the day of publication of the 2013 report, the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

	no. of shares	*% of share capital*	No. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance with the last notification obtained on January 4, 2013)*	5,401,852	*10.60*	22,528,252	*33.10*
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien oraz Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	14.91	7,594,611	11.16
including: **Otwarty Fundusz Emerytalny PZU Zlota Jesien** *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 13, 2013)*	6,808,508	*13.37*	6,808,508	*10.003*

6. THE RULES GOVERNING ELECTION AND DISMISSAL OF MANAGEMENT BOARD MEMBERS AND THEIR RIGHTS, INCLUDING THE RIGHT TO DECIDE ABOUT SHARE BUYBACK OR ISSUE PROGRAM.

6.1. Election/ nomination

According to § 28 of the Statutes the Management Board is elected by the general meeting of shareholders, except for provisions regarding election by co – option.

With the exception of the situation when co – option of additional members of the Management Board takes place, the Management Board is composed of from 3 to 6 members with the exact number determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board.

During the term of its office the Management Board may elect by co-option not more than two additional members; the co-option of additional members is effected by a resolution of the Management Board. In case a member of the Board is appointed by way of co-option, the Management Board is obliged to include in the agenda of the nearest general meeting of shareholders an item concerning confirmation of appointment of a new member of the Board by way of co-option and propose an appropriate draft resolution. Should the general meeting of shareholders not accept the appointment of the new member of the Board by way of co-option, such Management Board member's mandate expires on conclusion of the general shareholders meeting.

According to the Company's Statutes the majority of members of the Management Board shall be Polish citizens residing in Poland.

According to the § 30 of the Company's Statutes candidates for the Management Board shall be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board.

In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board elected by the general shareholders meeting shall be determined by such shareholders meeting, while each shareholder during such shareholders meeting shall be able to nominate candidates for such members.

6.2. Dismissal

According to § 31 of the Statutes individual or all members of the Management Board may be dismissed (removed), due to important reasons, prior to the end of their term of office on the basis of the resolution adopted by the general meeting of shareholders adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favor of such resolution. A resolution on dismissal (removal) of Management Board members should state the reasons for which such dismissal is made.

Members of the Management Board elected by co-option may be dismissed in the manner referred to above or by the resolution of the Management Board but the persons concerned can not vote in this case.

In the event that some members of the Management Board are dismissed or their mandate expires during the term of office for other reasons, supplementary elections shall be held only at such time as when the number of members of the Management Board performing their functions is less than three or when the composition of the Management Board does not comply with the requirement of the majority of members of the Management Board being Polish citizens residing in Poland.

If the number of members of the Management Board is even less than that required in the previous Section, the Management Board shall be obligated to immediately convene an extraordinary general meeting of shareholders in order to hold supplementary elections. Supplementary elections may take place also during the ordinary general meeting of shareholders if, in accordance with provisions of law, such meeting must be convened within a short period of time, while convening an extraordinary general meeting of shareholders would not be appropriate in such case.

In the event of supplementary elections, provisions regarding the election of members of the Management Board for their full term shall apply.

According to § 33 of the Statutes members of the Management Board may elect the chairman or persons performing other functions among themselves.

6.3. The rights of the Management Board

According to § 27 of the Statutes, the Management Board manages the Company's affairs and represents the Company in dealings with third parties.

The responsibilities of the Management Board include all matters related to conducting the Company's affairs, provided they were not delegated otherwise.

Only, the general meeting of shareholders has the right to decide about share issue or share buyback.

7. HOLDERS OF ALL SECURITIES WHICH GRANT SPECIAL CONTROL RIGHTS IN RELATION TO THE ISSUER

Series A shares

Agora Holding Sp. z o.o. is the only holder of registered preferred series A shares. The series A shares carry preferences regarding the number of votes per one share and right to define a number of Management Board members and to propose candidates for the Management and Supervisory Board members, to dismiss the members of the Management and Supervisory Board, and to grant the consent to dispose the series A shares or convert them into bearer shares. Each series A share entitles its holder to 5 votes at the general meeting of shareholders.

The shareholder holding series A shares has the exclusive right to present candidacies for the Management Board. They also belong to the limited number of entities with the exclusive right to present candidates for the Supervisory Board as well as are able to define the exact number of the Management Board Members.

Further preferences carried by series A shares include the right to dismiss the member of the Management or Supervisory Board prior to the end of his/her term of office. The dismissal can be made on the basis of the resolution adopted by the general meeting of the shareholders adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

The Company's Statutes contains provision that none of the shareholders may exercise more than 20% of the overall number of votes at general meeting of shareholders, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Law on Public Trading of Securities such restriction of the voting rights does not exist. The restriction of the voting rights referred to above does not apply to the shareholders holding series A shares.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

8. LIMITATIONS REGARDING THE TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES

According to the Statutes of Agora S.A. the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the written request for such consent.

9. REGULATIONS CONCERNING RESTRICTION OF THE VOTING RIGHTS

According to Company's Statutes stipulations, none of the shareholders may exercise more than 20% of the overall number of votes at general meeting of shareholders. For the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Law on Public Trading of Securities such restriction of the voting rights does not exist. The restriction of the voting rights referred to the sentence above shall not apply to:

a) shareholders holding the preferred series A shares;

b) the deposit bank which, on the basis of agreement with the Company, issued depository receipts based on the Company Shares, in the event that such entity exercises the voting rights attached to shares which were the basis for the issuance of depository receipts; and

c) a shareholder who, while having no more than 20% of the overall number of votes at the General Meeting of the Shareholders, announced a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize it to exercise at least 75% of the overall number of votes at general meeting of shareholders. For the purposes of calculating a shareholder's share in the overall number of votes at general meeting of shareholders referred to above it is assumed that the restriction of the voting rights provided in § 17 section 1 of the Company's Statutes does not exist.

Percentage of votes at general meeting of shareholders of foreign entities and entities controlled by them may not exceed 49%. The limit shall not refer to entities with their registered seats or residence in a member state of the European Economic Area.

Each share, whether preference or not, entitles its holders to one vote when passing a resolution regarding the withdrawal of the Company's shares from public trading.

10. RULES OF INTRODUCING CHANGES INTO COMPANY'S STATUTES

The Company's Statutes does not contain stipulations different from the Commercial Companies Code stipulations regarding introducing changes into Company's Statutes.

VII. DESCRIPTION OF THE BASIC CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS APPLIED BY THE GROUP IN TERMS OF PREPARATION OF ITS SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The management boards of the Group's subsidiary companies are responsible for the internal control systems and their effectiveness in the process of drawing up financial reports prepared in accordance with the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state.

The Chief Financial Officer - the Financial Director of the parent company or the Chief Operating Officer/the Management Board of the related company - are responsible for the factual supervision of the aforementioned process in particular companies. The process of drawing up annual and interim financial reports is coordinated by the Reporting Department functioning within the Finance and Administration Department in the Company. The Group, on a current basis monitors amendments required by the law provisions and external regulations concerning the requirements of the reporting and also prepares in advance to their introducing.

Each month, after the financial books closure, the reports, with the information analyzing key financial data and operational ratios of business segments, are distributed among the Management Board Members of the parent company and the Company's directors. Once a month the meetings of the Management Board with the directors are convened in order to discuss the results of each segment and department of the Group.

The financial data that constitutes the basis of the consolidated financial statements and interim reports stem from the accounting - financial systems which registers all transactions in compliance with the accounting standards of the Company and the Group (accepted by the Management Board) and based on International Financial Reporting Standards. Agora has prepared financial statements in compliance with International Financial Reporting Standards (previously International Accounting Standards) since 1992.

The separate and consolidated financial statements of the Company are conveyed, for the purpose of verification, to the Chief Financial Officer and then to the Management Board for the final verification. The separate and consolidated financial statements before publication are also submitted to the members of the Audit Committee.

The Supervisory Board meetings are held at least once a quarter. During these meetings, depending on the questions posed by the Supervisory Board, the Management Board presents key financial data and operational ratios of the business segments.

Separate and consolidated annual and semi-annual reports are audited and reviewed by the Company's auditor. The results of the audit and review are presented to the management of financial division (including the Financial Chief Officer of the parent company) and during the sum up meetings and are also published in statutory auditor's report.

Conclusions from the audit and review of the separate and consolidated financial statements are submitted to the Audit Committee. During the closed-door meetings with the auditors the representatives of the Audit Committee analyze the results of the review (without the presence of the Management Board).

Additionally the statutory auditor submits to the Audit Committee recommendation concerning improvements of the internal control system in the Group that were identified during the audit of the financial statements.

The Company has its own Internal Audit Department. Its main task is to identify weakness of the internal control and risks in terms of the registration and transactions processing. The Audit Committee during its meetings discusses the results of the work performed by the Internal Audit Deprtament with the Head of the Internal Audit, also without the presence of the Management Board of the Company.

The auditor's and Internal Audit's recommendations are discussed by the Audit Committee and the Company's Management Board of the Company.

VIII. MANAGEMENT BOARD'S REPRESENTATIONS

1. REPRESENTATION CONCERNING ACCOUNTING POLICIES

Management Board of Agora confirms that, to the best knowledge, the annual consolidated financial statements together with comparative figures, have been prepared according to all applicable accounting standards and give a true and fair view of the state of affairs and the financial results of the Issuer's Capital Group for the period.

The 2013 Management Discussion and Analysis of Group's business activities shows true view of the state of affairs of the Issuer's Capital Group, including evaluation of risks and dangers.

2. REPRESENTATION CONCERNING ELECTION OF THE COMPANY'S AUDITOR FOR THE ANNUAL AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENT

Management Board of Agora confirms that the Company's auditor chosen the audit of annual consolidated financial statements has been elected according to applicable rules and that the company auditing Agora's accounts as well as certified auditors engaged in the audit of this financial statements met objectives to present an objective and independent opinion about an audited annual consolidated financial statements in accordance with legal regulations and professional rules.

Warsaw, 4 April 2014

Bartosz Hojka - President of the Management Board	*Signed on the Polish original*
Grzegorz Kossakowski - Member of the Management Board	*Signed on the Polish original*
Robert Musial - Member of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*

AGORA SA

Report and declaration relating to Agora S.A. compliance with the corporate governance rules in 2013

April 4, 2014

REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2013

Agora S.A. complies with the corporate governance rules as described in the attachment to the resolution No. 20/1287/2011 of the Supervisory Board of the Warsaw Stock Exchange dated October 19, 2011 entitled Code of Best Practice for WSE Listed Companies amended by the resolution no. 19/1307/2012 dated November 21, 2012. These rules are disclosed on the web site http://www.corp-gov.gpw.pl/.

1. LISTING OF THE CORPORATE GOVERNANCE RULES THAT WERE NOT OBSERVED BY THE ISSUER INCLUDING THE CIRCUMSTANCES AND REASONS FOR THEIR REJECTIONS AS WELL AS THE REMEDY FOR ITS POSSIBLE EFFECTS AND THE WAY THE COMPANY IS TO ELIMINATE RISK OF NOT APPLYING THE RULE OR MEASURES AND THE STEPS THE COMPANY IS TO TAKE IN ORDER TO REDUCE RISK OF NOT APPLYING THE RULE IN THE FUTURE.

In 2013, the Company complied with all Corporate Governance Rules. The rule regarding providing shareholders with the possibility to participate in the meeting of shareholders by electronic means of communicationas far as providing shareholders with the possibility of real - time bilateral communication enabling them to take the floor during the meeting from a location other than the general meeting of shareholders was fulfilled by means of dedicated email address.

I. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

As far as the recommendation regarding the Company's pursue for a transparent and effective information policy with the use of modern technologies as well as latest communication tools ensuring fast, secure and effective access to information the Company launched a new corporate website in 2012. In the beginning of 2013, the Company also launched mobile website for its investor relations and press office sections. In March 2014, the Company launched its Twitter account.

The Company puts a lot of effort to ensure adequate communication between the Company and the shareholders and participants of the financial markets by means of the direct access to investor relations team and the representatives of the Management Board. The Company offers also a subscription to the newsletter on selected information regarding corporate events or press releases. Moreover, the Company provides additional information on different media segments to people who expressed their willingness to receive such information. Till now, the Company has not received any request to widen the range of possible communication means from the representatives of capital markets.

As far as the recommendation regarding general meeting of shareholders is concerned, the Company puts a lot of effort to make it possible for as many as possible Company's shareholders to participate in the meeting. The Company informs about the changes in the agenda of the meeting including the organizational details concerning the meeting.

All shareholders have the same rights as far as the transactions and contracts executed between the Company and its shareholders or related entities are concerned.

Currently all shares issued by Agora are traded solely on the Warsaw Stock Exchange, therefore all shareholders of the Company acquire their rights at the same time in accordance with Polish law.

As far as recommendation regarding remuneration policy is concerned the rules regarding remuneration of Agora's employees are based on internal regulations. This rule does not apply to the members of the Supervisory Board and Management Board. The remuneration of the Management Board members is set by the by Supervisory Board on the basis of the recommendation prepared by the Human Resources and Remuneration Committee – an advisory body within Supervisory Board. Supervisory Board sets objectives and bonus criteria for individual Management Board members in a given year or for three – year periods.

Eligible employees of the Group participate in the Three – Year – Long Incentive Plans for the members of the Management Board and top managers based on achieving operating EBITDA objective and the degree of the Company's share price increase. The rules, objectives and conditions of settlement the Three – Year – Long Incentive Plan were set, in case of the members of the Management Board, by the Supervisory Board and in case of top managers by the Management Board by means of adequate resolutions. The detailed description of the actual Three – Year – Long Incentive Plans can be found in a note to the financial statements for 2013.

Additionally, the members of the Management Board and key managers participate also in a motivation plan based on Company's shares. The Company informed about the plan in current report no. 71/2005 dated September 16, 2005. The description of this motivation plan can be found in a note to the financial statements for 2013.

The Company offers its employees other incentive plans (for example: cash motivation plans, incentive plans in sales departments etc.), which cost is charged to the staff cost.

The remuneration and other benefits due to the Management and Supervisory Board members are reported in the Annual Financial Statements.

The remuneration of the Supervisory Board is set by the General Meeting of Shareholders of Agora S.A.

As far as recommendation for balanced proportion of men and women in the governing bodies of the companies is concerned, the Management Board of Agora S.A. wishes to draw attention to the fact that candidates for the Supervisory Board members may be presented only by shareholders holding preferred series A shares and shareholders who documented their entitlement to not less than 5% of the votes at the last Shareholders Meeting before the candidates were nominated and who at the time of making the nomination hold not less than 5% of the share capital of the Company, provided that in order to ensure a proper nomination, it is necessary for the shareholder making such nomination to prove his right to at least 5% of the votes at the Shareholders Meeting where such nomination shall be voted on (§21 sec.1 letter a of the Statutes). According to § 30 of the Statutes of Agora S.A. candidates for the Management Board shall be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board. In the event that the persons authorised to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board elected by the General Shareholders Meeting shall be determined by such Shareholders Meeting, while each shareholder during such Shareholders Meeting shall be able to nominate candidates for such members.

Moreover, the Management Board of Agora S.A. wishes to stress that the main criteria for selection of proper candidates for all managerial positions, remaining in the comptenecies of the Management Board, include knowledge, experience and abilities necessary to perform given function. The Management Board believes that applying these criteria to all employees in the Company and in the Group, ensures efficient operation and overcoming new business challenges.

As far as the recommendation concerning the members of the Supervisory Board is concerned, it should be stressed that Agora's Supervisory Board members represent diversified fields of expertise and long professional experience allowing them to look at the Company and its Capital Group from the broader perspective. The members of the Supervisory Board receive all necessary information regarding the Company's and Group's operations. Moreover, if there is a need to provide any additional information or clarification to the Supervisory Board members the Company does it instantly.

Agora Group has a diversified portfolio of media and each of them as part of its operations undertakes cultural, sports and educational projects. These activities constitute a part of segments' or brands' development within the Agora Group. The most important information regarding these projects can be found on the Company's website. Actions undertaken by Agora's media are of serial or ad hoc nature as an answer to a specific social problem or event. To the actions of cyclical character one can include the action *Rodzić po ludzku* (Humane birth) or *Polska biega* (Poland runs) organized by *Gazeta Wyborcza*. The subsidiary company of Agora S.A., AMS S.A., is active in the field of social and professional rehabilitation of disabled people. In 2013, the company was awarded in the competition entitled *Lodolamacze,* for extraordinary social sensitivity and promotion of active participation of disabled people in different life spheres. In 2013, AMS created Foundation *Akademia Integracji. Praca.Edukacja* which continues mission of the project *AMS dla Integracji.* AMS also runs actions dedicated to environment protection as part of it cyclical activities: *Bramy Kraju* and *Galeria Plakatu.*

As far as the recommendation concerning the due care for the quality of reporting practice by means of communication expressed on the Company's corporate website with regard to untrue information on the Company, the Management Board of Agora S.A. shall make a decision to take their position in each case separately.

Below one can find the way Agora S.A. observed the aforementioned rules of corporate governance.

II. BEST PRACTICE FOR THE MANAGEMENT BOARDS OF LISTED COMPANIES

According to the corporate governance rules of the companies listed on Warsaw Stock Exchange, the Company operates its corporate website in Polish and English. Apart from legally required information Agora's corporate website offers basic corporate documents as its Statutes and by-laws of its governing and supervising bodies. Additionally, the website presents the professional biographies of the members of the Management and Supervisory Board. According to the requirements, the Company publishes on its website financial statements and regulatory filings as well as information on the participation of women and men in Company's governing bodies. Additionally, to facilitate the analyses of the financial information, the Company provides presentations with the quarterly financial reports and audio recordings from the teleconferences during which members of the Management Board discussed the Group's financial results in a given period of time.

According to the requirements, on the website one can also find the part dedicated to general meetings of shareholders, which traditionally take place in the Company's headquarters in Warsaw. On the website, one can find all the documents relating to a general meeting of shareholders, including announcement on convening the general meeting, the candidates to the managing or supervising bodies together with their professional biographies as soon as the Company receives them from the entitled entities. Here, one can also find all organizational information as a break in general meeting of shareholders or changes in the agenda of the meeting.

On June 28, 2013 the General Meeting of Shareholders of Agora S.A. took place in its headquaters in Warsaw and all the documents relating to that Meeting were published on the Company's website. The General Meeting was convened by the Management Board of Agora S.A. Its course took place in accordance with Commercial Companies Code and the By-laws of General Meeting. The Members of the Management Board and Supervisory Board as well as the representatives of the Company's Auditor were present during the General Meeting of Shareholders and were ready to answer all the questions according to their competencies and law.

In case of questions from shareholders and answers to those questions during the general meeting of shareholders they are available for everyone due to the fact that the Company records the meetings of shareholders. Additionally, the Company prepares the list of questions and answers relating to a given meeting of shareholders if they appear before and during meeting of shareholders. The answers are given by the Management Board and Supervisory Board members present during the meeting.

Here, one can also find the documents relating to the dividend, for example the Management Board recommendation on profit distribution, draft resolutions and final resolutions.

The Company publishes on its website reports relating to its compliance with corporate governance rules and information relating to the rule on changing the auditor examining the Group's financial statements. The Company, every year, in its quarterly report published on its website provides information on the cost of motivation plans in the Company (including the one based on the Company's shares).

In the section relating to the Supervisory Board, the Company provides information on one member of the Supervisory Board related to the shareholder entitled to more than 5% of votes during general meeting of shareholders. Here one can find the Supervisory Board reports together with the evaluation of the Company's internal risk control system and risk management system.

III. BEST PRACTICE FOR SUPERVISORY BOARD MEMBERS

The Supervisory Board of Agora S.A. complies with all the requirements of the corporate governance rules.

As part of its duties the Supervisory Board prepares the concise evaluation of the Company together with the evaluation of internal control system and risk management system. This evaluation is published on the corporate website together with all the documents relating to general meeting of shareholders.

Additionally, the Supervisory Board examines and gives its opinion on all issues being the subject of the general meeting of shareholders. The representatives of the Supervisory Board participate in the general meeting in the composition enabling them answering possible questions voiced by shareholders. In 2013, the Supervisory Board was represented by its President Mr. Andrzej Szlezak.

In case of relation between a Supervisory Board member and the shareholder entitled to more than 5% of votes during the general meeting of shareholders this person informs about that fact the Management Board of the Company and other members of the Supervisory Board. Similar situation takes place in case of conflict of interests or possibility that such a conflict of interests may arise.

On February 4, 2013 the Supervisory Board of the Company delegated its member, Wanda Rapaczynski, to individually perform supervision duties. After the resignation of the President of the Management Board of the Company, Piotr Niemczycki, the Supervisory Board of the Company delegeted Wanda Rapaczynski to perform duties of a member of the Management Board of the Company.

Due to the end of the term of office of the Supervisory Board, a new Supervisory Board was elected for the common three-year term of office. According to § 21 section 1 (a) (i) of Agora's Statute, Agora-Holding Sp. z o.o., the shareholder holding 100% of the registered preferred series A shares, submitted candidates to the Supervisory Board of Agora S.A. 2 new people entered Agora's Supervisory Board on June 28, 2013 – Helena Luczywo and Dariusz Formela. Currently the Company's Supervisory Board is composed of:

Dariusz Formela

Since 2012, the president of PKM DUDA responsible for development and implementation of the company's strategy. In the years 2009 - 2012, he was a member of the board of PKM DUDA and CEO of CM Makton. In the years 1998 - 2008, he worked for the ORLEN Capital Group, where he was also a member of the Management Board of PKN ORLEN and Mazeikiu Nafta responsible, inter alia, for the oversight of the companies of the group and the integration of capital assets. He was also responsible for development and implementation of the restructuring plan in the ORLEN Capital Group. Dariusz Formela is a member of the Audit Committee of the company Avia Solutions Group SA and serves as the Chairman of the Nomination and Remuneration Committee acting within the Supervisory Board of Bogdanka SA.

Dariusz Formela is a graduate of the Law and Administration Faculty at the University of Gdansk. He also obtained an MBA diploma from the University of Bradford and Kozminski University.

Dariusz Formela is a member of the Audit Committee in Agora's Supervisory Board.

Helena Luczywo

Helena Luczywo is one of the founders of Gazeta Wyborcza and served as its deputy editor-in-chief since its inception until 2008. She was also the president and then deputy president of the management board of Agora, the publisher of Gazeta, for the first fifteen years of its existence, from 1989 to 2004. In 2001, she led the team that created and made available to users www.gazeta.pl portal, initiating Agora's development in Internet. In 1989, she participated in the round table talks between the communist government and the opposition as a representative of the underground press. Between 1982 and 1989, she managed Tygodnik Mazowsze, the most important publication of the clandestine Solidarity. In 1981 she was the editor the Solidarity press agency AS. In 1977, she co-founded Robotnik (The Worker), a publication instrumental in paving the path for the nascent Solidarity movement. She was acting editor until 1981.

Helena Luczywo was awarded both the Harvard University Niemann Foundation Lyons Award for Conscience and Integrity in Journalism, as well as Radcliffe's Bunting Institute Peace Fellowship and the Knight International Press Fellowship Award.

Helena Luczywo was born in 1946. She received an MA in Political Economy from Warsaw University.

Helena Luczywo is a member of the Human Resources and Nomination Commission in Agora's Supervisory Board.

Tomasz Sielicki

Member of the Supervisory Board of Sygnity SA and Budimex SA. Moreover, he is a member of General Council of the Polish Confederation of Private Employers, Trilateral Commission, Council Foundation, United Way, University

Program Board of Leslaw Paga,Capital Market Leaders as well as a board member of the Polish Olympics Committee and Vice President of the European Chess Union.

He worked in the Sygnity SA (formerly ComputerLand SA) since the company's inception in 1991, and from 1992 to 2005, he served as the President of the Management Board, later for two years he served as the President of the Sygnity Group (formerly ComputerLand Group). He is widely considered to be the founder of the company's success. In 2007, the Annual General Meeting of Shareholders of Sygnity SA elected Tomasz Sielicki to the Supervisory Board of the company. Mr. Sielicki is an investor in various industries. Tomasz Sielicki was awarded numerous prizes: INFO-STAR (1995), Leader of Polish Business (BCC-1997), Central Europe's Top 10 Executives (Wall Street Journal-1998), the Global Leader for Tomorrow (Economic Forum Davos-1999), the prize Best Company to the Stock Exchange (Parquet-1997 and 2001), "Stars of Europe" (BusinessWeek-2005), the prize of the Polish Chamber of Information Technology and Telecommunications (2006). Tomasz Sielicki graduated from Warsaw University of Technology (Faculty of Electronics, specialty - science). He is an excellent chess player, and holds the title of national bridge champion.

Tomasz Sielicki is a member of the Audit Committee in Agora's Supervisory Board.

Slawomir S. Sikora

Slawomir S. Sikora is the President of the Management Board of Bank Handlowy in Warsaw. Since March 2005, he has been Chief Executive Officer and Citigroup Country Officer, responsible for the Citigroup's operations in Poland. In the years 2005 - 2008 he was a member of the Citigroup Management Committee in New York. He is a member of the Association of Polish Banks and Vice President of the Polish Confederation of Private Employers, as well as a member of the Emerging Markets Advisory Council at the International Institute of Finance in Washington.

He graduated from the Central School of Planning and Statistics (currently Warsaw School of Economics). In 1989, he studied at University of Cologne during doctoral programme organized by Konrad Adenauer Stiftung. Sławomir S. Sikora has a unique professional experience in the management of large business organizations which is especially useful in the performance of the Supervisory Board member function.

Slawomir S. Sikora is a member of the Human Resources and Nomination Commission in Agora's Supervisory Board.

Andrzej Szlezak

Andrzej Szlezak joined SK & S shortly after its founding in 1991, in 1993 he became a partner and in 1996 a senior partner. In SK & S he was engaged in legal services in a number of privatizations and restructuring processes of various sectors of Polish industry and banking. He supervised numerous merger and acquisition projects, participated in greenfield projects, prepared a large number of transaction documents, and was the author of numerous legal opinions from the field of civil and commercial law. He is an arbitrator of the Court of Arbitration at the Polish Chamber of Commerce and Vice-President of the Council of Arbitration and was frequently appointed as an arbitrator in disputes brought before the ICC International Court of Arbitration in Paris. Dr. hab. Andrzej Szlezak is the author of numerous publications, including foreign ones, in the field of civil and commercial law. Mr. Andrzej Szlezak received his master's degrees in Law and English Philology at the at the Adam Mickiewicz University (AMU) in Poznan. In the years 1979-1981 he was a trainee judge at the Regional Court in Poznan. Since 1979, he was a research worker in the Institute of Civil Law AMU, where he received his doctorate and habilitation degree in the field of civil law. In 1994, he was appointed professor of AMU until his departure from the University in 1996. Dr hab. A. Szlezak was a scholarship holder of a number of foreign universities, including the universities of Oxford and Michigan. Currently, dr hab. A. Szlezak is a professor of the University of Social Sciences and Humanities (SWPS) in Warsaw. Mr. Andrzej Szlezak has extensive knowledge of the law, in particular company and commercial law which is extremely useful at the post of the Supervisory Board Member of Agora S.A.

Annual General Meeting of Shareholders appointed Mr. Andrzej Szlezak to the position of the Chairman of the Supervisory Board.

Andrzej Szlezak is a member of the Audit Committee and Human Resources and Nomination Commission in Agora's Supervisory Board.

As far as independence of the Supervisory Board members and information on committees of the Supervisory Board is concerned, it is discussed in detail in further part of the report.

IV. BEST PRACTICE OF SHAREHOLDERS

Agora S.A., as a public company, allows the representatives of media to participate in its general meeting of shareholders. Also, during the last General Meeting of Shareholders held on June 28, 2013, the representatives of media were invited to participate. In case the Company plans to introduce the changes in the by-laws of general meeting of shareholders it tries to inform about it in advance to make it possible for shareholders to execute their rights.

During the General Meeting of Shareholders held on June 28, 2013 there were no changes introduced in the by-laws of the general meeting. In 2013 the general meeting did not resolve on share issue. The resolution on profit distribution provided for the compliance with the term – of no longer than 15 working days between the date setting the right to dividend and the day of dividend payment. The General Meeting did not resolve on conditional dividend or division of nominal value of the Company’s shares.

Since several years, the Company provides real-life broadcast of the general meeting of shareholders in Polish and in English. During the General Meeting of Shareholders held in 2013, the Company provided the shareholders with the possibility of bilateral communication by electronic communication means where shareholders could have taken the floor during the Meeting from a location other than the General by means of the dedicated email address.

2. DESCRIPTION OF THE GENERAL MEETING OF SHAREHOLDERS AND ITS FUNDAMENTAL AUTHORIZATIONS AS WELL AS THE RIGHTS OF SHAREHOLDERS AND THEIR EXECUTION.

The general meeting of shareholders of Agora S.A. acts in compliance with the Commercial Companies Code and the Statutes of Agora S.A. The Statutes of the Company stipulates adoption by the General Meeting of Shareholders regulations defining its functioning (§ 16 of the Statutes). Adopting, amending or rejecting the regulations requires three quarters of votes cast. Such regulations were adopted and can be found at the following URL address: http://www.agora.pl/agora_eng/1,67052,1659254.html. The general meeting of shareholders is convened in compliance with the Commercial Companies Code.

Unless the provisions of the Commercial Companies Code and the Company's Statutes provide otherwise, the resolutions of the general meeting of shareholders are adopted by an absolute majority of votes cast. According to the § 15 of the Statutes, resolutions concerning merger of the Company with another entity, other forms of consolidation and division of the Company that are or will be permitted by law are adopted by the absolute majority of three quarters of votes cast. The same rule applies to settlements concerning the remuneration of the Supervisory Board members, including individual remuneration of those members who were elected to a continuous supervisory. The absolute majority of three quarters of votes cast in the presence of shareholders representing at least 50% of the Company's share capital, is required for resolutions concerning removal of matters from the agenda of the general meeting of shareholders. When the aforementioned motion for removal is submitted by the Management Board of the Company an absolute majority of votes cast shall be required to adopt such a resolution. Purchase and sale of property, perpetuity or share in property shall not require a resolution of the general meeting of shareholders.

In accordance with § 15 item 4 of the Company's Statutes, removal of any matters from the agenda of the general meeting of shareholders on request placed on the basis of Article 400 or 401 of the Commercial Companies Code by a shareholder, representing at least such percentage of the Company's share capital that is indicated in these rules, shall require consent of the shareholder who made such request. Adoption of resolution relating to shareholder's responsibility to the Company, no matter the reason, shall require an absolute majority of three quarters of votes cast in the presence of shareholders representing at least 50% of all Company's shares entitling to adoption of such resolution.

In accordance with § 17 of the Company's Statutes none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting of shareholders. The above mentioned restriction is not effective when establishing obligations of purchasers of substantial stakes, stipulated in the Public Offer of Financial Instruments Act. The aforementioned restriction shall also not apply to:

- shareholders holding the preference A shares;

- the depository bank which, on the basis of the agreement with the Company, issued depository receipts based on the Company shares, when such an entity exercises voting rights attached to shares which constituted the basis for the issue of depository receipts;
- a shareholder who, having no more than 20% of the overall number of votes at the general meeting of shareholders, announced a tender for subscription for the sale or exchange of all the shares of the Company in compliance with the Public Offer of Financial Instruments Act. The restriction does not apply if as a result of the transaction described above, the number of shares owned by him, including the previously held Company's shares, authorizes him to exercise at least 75% of the overall number of votes at the general meeting of shareholders. When calculating a shareholder's share in the aforementioned overall number of votes at the general meeting of shareholders (the 20% share - mentioned in the sentence above) the restriction of the voting rights does not exist.

In accordance with § 17 item 5 of the Company's Statutes, percentage of votes at the General Meeting of Shareholders of foreign entities and entities controlled by them may not exceed 49%. The limit shall not refer to entities with their registered seats or residence in a member state of the European Economic Area.

Each share, whether preference or not, entitles its holders to one vote when passing a resolution regarding the withdrawal of the Company's shares from public trading.

According to § 7 of the Company's Statutes, apart from the registered series A shares, the share capital also comprises ordinary shares series B i D, bearer and registered. The registered shares of preference series A entitle their holders to five votes at the general meeting of shareholders, provided for restrictions described above.

According to § 11 of the Company's Statutes, sale or conversion of preference A shares require written consent of shareholders holding at least 50% of the preference A shares registered in the share register on the date of filing of an appropriate application. Within 14 days from the date of receipt of the request to sell or convert preference A shares, the Management Board is obliged to deliver a copy of that request to each holder of preference A shares, to the address disclosed in the share register.

Candidates to the Supervisory Board can be nominated by shareholders holding preference A shares. The same right is attributed to shareholders with formally documented entitlement to not less than 5% of the votes at the General Meeting of Shareholders preceding the nomination of candidates and who at the time of submitting the nomination hold not less than 5% of the share capital of the Company (§ 21 point 1 letter a of the Statutes). Should a Supervisory Board member's mandate expire due to his or her resignation the other Supervisory Board members may appoint a new member by means of co-optation, who shall perform his/her functions until the general meeting appoints a Supervisory Board member, however not longer than until the end of the term of its predecessor. Dismissal (removal) of the Supervisory Board member, prior to the end of his term of office, may be effected by a resolution of the general meeting of shareholders adopted by a simple majority of votes cast, provided that until the expiry of the preference status of the A series, 80% of votes attached to all preference A shares are cast in favour of such resolution.

Information on further rights and obligations of general meeting of shareholders and shareholders in relation to appointment and dismissal of the Management Board Members are included in consecutive parts of the present report.

Bearer shares cannot be converted into preference shares.

Rights of the Company's shareholders, including minority shareholders are performed in compliance with the provisions of the Commercial Companies Code.

Implementing transparency and effective information policy as well as trying to ensure all shareholders equal access to information on the Company Agora has been providing real-life broadcast of its general meetings of shareholders (in English and Polish) via Internet.

Agora's general meeting of shareholders is always attended by the representatives of the Management Board, Supervisory Board and the Company's statutory auditor.

3. THE COMPOSITION AND RULES OF FUNCTIONING OF THE COMPANY'S GOVERNING BODIES AND OF THE SUPERVISORY BOARD' S COMMITTEES

3.1. The Management Board

The Management Board of the Company acts in compliance with the provisions of the Commercial Companies Code and the Statutes of the Company. According to the Statutes of the Company, the Management Board shall consist of 3 to 6 members. The exact number is determined by shareholders holding the majority of preference A shares and after the expiration of such preference status - by the Supervisory Board (§ 28 of the Company's Statutes).

As of the day of publishing the report, the Company's Management Board is represented by:

- Bartosz Hojka - the President of the Management Board,
- Tomasz Jagiełło - the Member of the Management Board,
- Grzegorz Kossakowski - the Member of the Management Board,
- Robert Musiał - the Member of the Management Board.

On February 4, 2013, the Supervisory Board of the Company adopted a resolution on delegating its member, Wanda Rapaczynski, to individually perform supervision duties, due to the above, the President of the Management Board of the Company, Piotr Niemczycki, resigned from his participation in the Management Board of the Company effective as of 11 February 2013. Due to the resignation from the participation in the Management Board of the Company submitted by Piotr Niemczycki, the Supervisory Board of the Company adopted a resolution on delegating - pursuant to Article 383 § section 1 of the Code of Commercial Companies and effective as of 12 February 2013 - a member of the Supervisory Board of the Company, Wanda Rapaczynski, to perform, for the period of three months as of 12 February 2013, duties of a member of the Management Board of the Company.

On February 14, 2013, the Management Board of Agora S.A. received a notification from Agora-Holding Sp. z o.o., a shareholder holding 100% of the registered preference series A shares, that Agora-Holding Sp. z o.o. intends to nominate at the next annual general meeting of the Company following candidates for management board members of the Company: Bartosz Hojka and Robert Musial. According to the notification the nominations that meet the formal requirements set out in § 30 section 1 of the Statutes of the Company took place 7 days before the date of the annual general meeting of the Company. On June 6, 2013, according to § 30 section 1 of Agora's Statute, the shareholder holding 100% of the registered preferred series A shares, submitted Bartosz Hojka, Tomasz Jagiello, Grzegorz Kossakowski, Robert Musial and Wanda Rapaczynski as candidates for the Management Board of Agora S.A. On June 28, 2013 the annual general meeting of shareholders of Agora S.A. elected the Management Board for a new term of office. **Bartosz Hojka**

Agora's Management Board member since June 28, 2013. Since 2005, member of the Board and Managing Director of Agora Radio Group Ltd. ("GRA"), including Złote Przeboje radio, Roxy radio and TOK FM radio, where GRA is the majority shareholder. He restructured Agora's radio operations which resulted in improvement of the segment's profitability. Under his leadership, TOK FM radio has become one of the most quality media in Poland. At that time, GRA acquired nine new licenses and developed, under the brand names Tuba.FM and Tuba.TV, innovative products dedicated to online, mobile devices and Smart TV users. Furthermore, GRA founded the Radiowe Doradztwo Reklamowe - the market leader in radio brokerage services , and has expanded into new areas, such as video production.

He started his work in Agora in 1998 as a programme director in Silesian Karolina radio. Later, as a programme and marketing director of all GRA's stations he was responsible for the launch of the Złote Przeboje brand.

From the very beginning of his professional career he was connected with the electronic media, including working as an editor in Radio Katowice TOP and TVP regional center in Katowice.

Born in 1974, graduate of journalism faculty at the University of Silesia. Since 2010, lecturer at the Department of Radio and Television at the University of Silesia.

Tomasz Jagiello

Agora's Management Board member since June 28, 2013. Tomasz Jagiello is the founder and chairman of the management board of Helios SA, one of the largest cinema operators in Poland. Co-founder of the company's success, from the beginning responsible for its development and strategy. He represented the company during the acquisition of five cinemas from the Kinoplex network in 2007 and during the acquisition of a majority stake in Helios by Agora SA in 2010. He was one of the initiators of establishing the company Next Film Ltd., so that Helios has expanded its activities into film distribution market.

Since October 2011, the Secretary of the Polish Film Institute, formerly longtime board member of the Association of Polish Cinemas.

Born in 1967, graduated from the Faculty of Law at the University of Lodz and the Faculty of Law at the University of Edinburgh.

Grzegorz Kossakowski

Agora's Management Board member since June 28, 2013. Since January 8th 2009, Grzegorz Kossakowski has been the member of the Management Board of Agora S.A. Employed in the Company since November 2000, initially as the transaction manager in the New Business Development Division, then in the years 2009 - 2012 he served as CFO of the Company. Today, he oversees departments: technology and finance and administration.

In the years 1996 - 2000, he worked for a consulting firm Arthur Andersen in the investment advisory department (Corporate Finance) where he led a number of consulting investment projects, including acquiring capital mainly for the companies from TMT sector.

Member of the management board of Press Publishers Chamber. Born in 1972, graduated from the University of Economics ("Summa Cum Laude" diploma) and the Manchester Business School (MBA with honors). Participant of the post-graduate program for executives (Advanced Executive Program) at Northwestern University and the Kellogg School of Management.

Robert Musial

Director of Agora's printing division since 2000, since July 2003 member of the Management Board of Agora Poligrafia Ltd. He oversees the operation of Agora's three printing houses - most modern press printing houses in Poland printing in coldset and heatset technology. He is responsible for the utilization of machinery capacity and the expansion of the Company's printing business into new markets.

He started work in Agora in February 1994. He was responsible for the recruitment and training of employees, the development of the printing base, he participated in the development of technological infrastructure for printing projects in Agora and Agora Poligrafia Ltd. In the years 2005 - 2008, he served as the President of the Polish Chamber of Printing. In May 2005, he was awarded by the President of the Polish Republic - the Bronze Cross of Merit - for his contribution to the development of printing and publishing in Poland as well as for professional and social work achievements.

Born in 1970, graduated from the Warsaw University of Technology - Faculty of Geodesy and Cartography - specialty printing and post-graduate management studies at the School of Economics in Warsaw.

Wanda Rapaczynski

Member of the Supervisory Board of Agora since 2009. Associated with the company almost since its inception. In 1998-2007 served as the CEO of the Management Board. Under her leadership, Agora grew into one of the largest and most well-known media companies in Central and Eastern Europe. After resignation from the function of the Company's CEO she remained associated with Agora, as an advisor to the Supervisory Board until her appointment to the supervisory body.

She represented Agora in the European Publishers Council and the Polish Confederation of Private Employers, where she was a member of the main board and a member of the supervisory board of the Polish Private Media and Advertising Employers Confederation.

In 1984-1992, she was the head of new product development in Citibank NA in New York. Previously, for two years she was the director of a research project at the Faculty of Psychology at Yale University, and from 1977-1979 research worker at Educational Testing Service in Princeton, New Jersey. Her professional career began as a psychology lecturer at universities in New York and Connecticut. She is a member of the supervisory board of Adecco SA since 2008, a Swiss company operating internationally, specialized in recruiting activities.

In addition, she is a member of the Council of the Central European University in Budapest, where she chairs its Audit Committee. She was a member of the International Advisory Council at the Brookings Institution in Washington for many years. Since 2002 she is a member of Polish Group in the Trilateral Commission. She is also a member of the Agora Foundation Council.

Wanda Rapaczynski is the recipient of numerous awards and honors. In the "Financial Times" ranking - the 25 most influential women in business (Europe's Top 25 Women in Business) she was no. 5 in October 2006, no. 7 in 2005, and no. 8 in 2004. She was distinguished twice in the rankings published by "Wall Street Journal Europe" as one of 25 top business women in Europe in March 2002 and a year earlier as one of the 30 most powerful women in Europe. In the ranking of the weekly "Business Week" published in June 2001 was in the top 50 Stars of Europe.

She was born in 1947. In 1977 she received a Ph.D. in Psychology from City University of New York. A graduate of Yale University, School of Organization and Management, where in 1984 she received a Master of Private & Public Management.

On June 28, 2013 according to § 33 section 1 of the Company's statute the Management Board elected Mrs. Wanda Rapaczynski as the President of the Management Board.

On March 12, 2014 Mrs. Wanda Rapaczynski resigned from the participation in Agora's Management Board with an immediate effect. Additionally, on March 12, 2014 according to § 33 section 1 of the Company's statute the Management Board Members elected Mr. Bartosz Hojka for the President of the Management Board.

The Management Board members are elected for five years (§ 29 section 1 of the Company's Statutes). Remuneration and other benefits of the Management Board are set by the Supervisory Board, after consulting them with the President of the Management Board. According to § 27 of the Company's Statutes the Management Board shall manage the Company's affairs and represent the Company in dealings with the third parties. The responsibilities of the Management Board include all matters related to conducting the Company's affairs, provided they were not reserved for the competence of other governing bodies. The resolutions of the Management Board are adopted by a simple majority of votes cast (§ 34 of the Company's Statutes). Each member of the Management Board shall be authorized to make binding statements with respect to Company's proprietary rights and obligations and to sign on behalf of the Company. The Management Board determined its rules of conduct in its special regulations.

According to § 35 of the Company's Statutes, the Members of the Management Board shall be bound by a non-competition clause. In particular they cannot engage in any competitive business or be a participant, a shareholder or member of governing bodies of such business. The above restriction does not pertain to the participation in supervisory and managing bodies of competing entities in which the Company, directly or indirectly, holds any shares. The restriction also does not apply to the acquisition by members of the Management Board of no more than 1% of the shares in competing public companies.

3.2. The Supervisory Board

The Supervisory Board acts in compliance with the provisions of the Commercial Companies Code and the Statutes of the Company. In accordance with §18 of the Company's Statutes, the Supervisory Board shall be composed of five members. The Chairman of the Supervisory board is chosen by the General Meeting of Shareholders. Members of the Supervisory Board may elect from among themselves a deputy of the chairman or persons performing other functions (§18 section 2 of the Company's Statutes).

As of the day of publication of this report, the Company's Supervisory Board consists of:

- Andrzej Szlezak - the Chairman,
- Dariusz Formela - the Member of the Supervisory Board,

- Helena Luczywo - the Member of the Supervisory Board,
- Tomasz Sielicki - the Member of the Supervisory Board,
- Slawomir S. Sikora - the Member of the Supervisory Board.

The members of the Supervisory Board are elected for the common three - year - term of office. Due to that, the term of office of the current Supervisory Board member shall expire on the day the general meeting of shareholders resolves on the adoption of the financial statements for 2015.

According to §20 section 4 of the Company's Statutes at least three members of the Supervisory Board are independent members. Currently, the majority of the Supervisory Board members are independent. The Supervisory Board is responsible for setting, in agreement with the President of the Management Board, remuneration for the Management Board members, selection of the auditor and approving of the conditions concerning significant transactions with the affiliates (§ 19 of the Statutes). Such transactions cannot be conducted without the consent of the majority of the independent members of the Supervisory Board. According to § 23 section 4 of the Statutes, the Supervisory Board Meetings are convened at least once in a quarter. The Chairman convenes the meeting on the request of the member of the Management Board expressed in the form of the resolution and on the request of each of the Supervisory Board members. The meetings of the Supervisory Board may be held by distance means of communication in a manner allowing communication among all members taking part in such meeting. The place of the meeting held in this form is determined by the place of the person who chairs the meeting.

According to § 24 of the Company's Statutes, the resolutions of the Supervisory Board shall be adopted by an absolute majority of votes cast in the presence of at least three members of the Supervisory Board.

3.3. Committee and Commission acting within the Supervisory Board

There is one Committee and one Commission operating within the Supervisory Board: the Audit Committee and Human Resources and Remuneration Commission created in compliance with the Company's Statutes performing advisory role to Supervisory Board. The course and scope of action of were set in By-laws of both bodies accepted by means of Supervisory Board resolutions.

On the date of the report publication the members of the committees are:

(i) The Audit Committee:

- Tomasz Sielicki – the active Chairperson of the Audit Committee,
- Andrzej Szlęzak,
- Dariusz Formela.

The objective of the Audit Committee is to supervise the Management Board in terms of: monitoring of the Company's and the Group's financial reporting and financial revision, monitoring of internal control systems and internal audit as well as monitoring of risk management and independence of external auditor.

The Audit Committee, within the scope of its authority, may request Company to submit information on accounting, financials, internal audit and risk management necessary to perform duties of Audit Committee and review the Company's account books.

The meetings of the Audit Committee are convened at least four times a year, however, the meetings can be convened as often as it is required for its proper functioning.

The meetings of the Audit Committee are convened by its Chairperson on its own or by an Audit Committee member's motion. It can be also convened on the motion submitted by the Company's Management Board, internal and external auditor. These meetings can be also convened by the Chairman of Supervisory Board.

The Audit Committee presents to the Supervisory Board its conclusions, standpoints and recommendations according to the timeline enabling the Supervisory Board adoption of appropriate measures, as well as annual and semi – annual reports in a current financial year on its activities and the Company's evaluation in the scope related to its competencies.

On the basis of the Supervisory Board's resolution dated April 11, 2011 and in accordance with the stipulations of the Statutes, the company KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered seat in Warsaw at 51 Chlodna Street, registered under the number 3,546 as an entity entitled to audit financial reports, was elected for the auditor of the Company that is to audit financial reports of the Company for the years 2011, 2012 and 2013.

(ii) The Human Resources and Remuneration Commission:

- Sławomir S. Sikora – the Chairperson of the Human Resources and Remuneration Commission,

- Helena Luczywo,

- Andrzej Szlezak.

In accordance with the By – laws of the Human Resources and Remuneration Commission the objectives of the Human Resources and Remuneration Commission are to review the principles of remuneration of the Management Board and provide the Supervisory Board with appropriate recommendations in that respect, drafting a proposal for the remuneration of the individual Management Board members and additional benefits, for the purpose of their consideration by the Supervisory Board.

The Commission should specify in such a recommendation all forms of remuneration, especially salary, motivation plans and severance pay. Additionally, the Human Resources and Remuneration Commission advises the Supervisory Board on: selection criteria and appointment procedures for the Management Board members in the cases stated in the Company's Statutes, procedures to secure adequate succession of the Management Board members in cases stated in the Company's Statutes. The meetings of the Human Resources and Remuneration Commission are convened as often as it is required for its proper functioning, at least once a year.The Commission meetings are convened by its Chairperson on its own or other Commission member's motion. The meeting can be also convened on the motion submits by the President of the Management Board or Supervisory Board member. These meetings can be also convened by the Chairman of Supervisory Board.

The Commission presents to Supervisory Board its conclusions, standpoints and recommendations according to the timeline enabling Supervisory Board adoption of appropriate measures, as well as annual reports on its activities and Company's evaluation in the scope related to its competencies.

4. DESCRIPTION OF THE BASIC CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS APPLIED BY THE COMPANY IN TERMS OF PREPARATION OF ITS SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The management boards of the companies from the Agora Group are responsible for the internal control system and its effectiveness in the process of drawing up financial statements and current reports prepared in accordance with the Regulation of the Minister of Finance dated 19 February 2009 with subsequent amendments on current and periodic information published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state.

The factual process of drawing up financial statements is supervised in subsidaries adequately by the Financial Director of the parent company or the financial director/board member of the subsidiary. The process of drawing up annual and interim financial reports is coordinated by the Reporting Department functioning within the Finance and Administration Department as well as financial departments of all companies from the Group. The Company, on a current basis monitors amendments required by the law provisions and external regulations concerning the requirements of the reporting and also prepares in advance to their introduction.

Each month, after the financial books closure, the reports, with the information analyzing key financial data and operational ratios of business segments, are distributed among the Management Board members and the Group's directors. Once a month the meetings of the Management Board with the directors are convened in order to discuss the results of each segment and department of the Company and the Group.

The financial data that constitutes the basis of the financial statements and interim reports stem from the accounting - financial system which registers all transactions in compliance with the accounting standards of the Company and the Group (accepted by the Management Board) and based on International Financial Reporting

Standards. Agora has prepared financial statements in compliance with International Financial Reporting Standards (previously International Accounting Standards) since 1992.

The unconsolidated and consolidated financial statements of the Company as well as the Group are conveyed, for the purpose of verification, to the Financial Director and then to the Management Board for the final verification. The unconsolidated and consolidated financial statements before publication are also submitted to the members of the Audit Committee.

The Supervisory Board meetings are held at least once a quarter. During these meetings, depending on the questions posed by the Supervisory Board, the Management Board presents key financial data and operational ratios of the business segments.

Annual and semi-annual unconsolidated and consolidated financial statements are audited and reviewed by the Company's auditor. The results of the audit and review are presented to the management of financial division (including the Financial Director of the parent company) during the sum up meetings and are also published in statutory auditor's report.

Conclusions from the audit and review of unconsolidated and consolidated financial statements are submitted to the Audit Committee. During the closed-door meetings with the auditors the representatives of the Audit Committee analyze the results of the review (also without the presence of the Management Board).

Additionally the statutory auditor submits to the Audit Committee recommendation concerning improvements of the internal control system in the Company that were identified during the audit of the financial statements.

The Company has its own Internal Audit Department. Its main task is to identify weakness of the internal control and risks in terms of the registration and transactions processing. The Audit Committee during its meetings discusses the results of the work performed by the Internal Audit Deprtament with the Head of the Internal Audit, also without the presence of the Management Board.

The auditor's and Internal Audit’s recommendations are discussed by the Audit Committee with the Company's Management Board.

5. SHAREHOLDERS WITH A SUBSTANTIAL HOLDING IN THE COMPANY

To the best of the Company’s knowledge as of the day of publication of the 2013 report, the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

	no. of shares	*% of share capital*	No. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance with the last notification obtained on January 4, 2013)*	5,401,852	*10.60*	22,528,252	*33.10*
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien oraz Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	14.91	7,594,611	11.16
including: Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 13, 2013)*	6,808,508	*13.37*	6,808,508	*10.0*

6. THE RULES GOVERNING ELECTION AND DISMISSAL OF MANAGEMENT BOARD MEMBERS AND THEIR RIGHTS, INCLUDING THE RIGHT TO DECIDE ABOUT SHARE BUYBACK OR ISSUE PROGRAM.

6.1. Election/ nomination

According to § 28 of the Statutes the Management Board is elected by the general meeting of shareholders, except for provisions regarding election by co – option.

With the exception of the situation when co – option of additional members of the Management Board takes place, the Management Board is composed of from 3 to 6 members with the exact number determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board.

During the term of its office the Management Board may elect by co-option not more than two additional members; the co-option of additional members is effected by a resolution of the Management Board. In case a member of the Board is appointed by way of co-option, the Management Board is obliged to include in the agenda of the nearest general meeting of shareholders an item concerning confirmation of appointment of a new member of the Board by way of co-option and propose an appropriate draft resolution. Should the general meeting of shareholders not accept the appointment of the new member of the Board by way of co-option, such Management Board member's mandate expires on conclusion of the general shareholders meeting.

According to the Company's Statutes the majority of members of the Management Board shall be Polish citizens residing in Poland.

According to the § 30 of the Company's Statutes candidates for the Management Board shall be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board.

In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board elected by the general shareholders meeting shall be determined by such shareholders meeting, while each shareholder during such shareholders meeting shall be able to nominate candidates for such members.

6.2. Dismissal

According to § 31 of the Statutes individual or all members of the Management Board may be dismissed (removed), due to important reasons, prior to the end of their term of office on the basis of the resolution adopted by the general meeting of shareholders adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favor of such resolution. A resolution on dismissal (removal) of Management Board members should state the reasons for which such dismissal is made.

Members of the Management Board elected by co-option may be dismissed in the manner referred to above or by the resolution of the Management Board but the persons concerned can not vote in this case.

In the event that some members of the Management Board are dismissed or their mandate expires during the term of office for other reasons, supplementary elections shall be held only at such time as when the number of members of the Management Board performing their functions is less than three or when the composition of the Management Board does not comply with the requirement of the majority of members of the Management Board being Polish citizens residing in Poland.

If the number of members of the Management Board is even less than that required in the previous Section, the Management Board shall be obligated to immediately convene an extraordinary general meeting of shareholders in order to hold supplementary elections. Supplementary elections may take place also during the ordinary general meeting of shareholders if, in accordance with provisions of law, such meeting must be convened within a short period of time, while convening an extraordinary general meeting of shareholders would not be appropriate in such case.

In the event of supplementary elections, provisions regarding the election of members of the Management Board for their full term shall apply.

According to § 33 of the Statutes members of the Management Board may elect the chairman or persons performing other functions among themselves.

6.3. The rights of the Management Board

According to § 27 of the Statutes, the Management Board manages the Company's affairs and represents the Company in dealings with third parties.

The responsibilities of the Management Board include all matters related to conducting the Company's affairs, provided they were not delegated otherwise.

Only, the general meeting of shareholders has the right to decide about share issue or share buyback.

7. HOLDERS OF ALL SECURITIES WHICH GRANT SPECIAL CONTROL RIGHTS IN RELATION TO THE ISSUER

Series A shares

Agora Holding Sp. z o.o. is the only holder of registered preferred series A shares. The series A shares carry preferences regarding the number of votes per one share and right to define a number of Management Board members and to propose candidates for the Management and Supervisory Board members, to dismiss the members of the Management and Supervisory Board, and to grant the consent to dispose the series A shares or convert them into bearer shares. Each series A share entitles its holder to 5 votes at the general meeting of shareholders.

The shareholder holding series A shares has the exclusive right to present candidacies for the Management Board. They also belong to the limited number of entities with the exclusive right to present candidates for the Supervisory Board as well as are able to define the exact number of the Management Board Members.

Further preferences carried by series A shares include the right to dismiss the member of the Management or Supervisory Board prior to the end of his/her term of office. The dismissal can be made on the basis of the resolution adopted by the general meeting of the shareholders adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

The Company's Statutes contains provision that none of the shareholders may exercise more than 20% of the overall number of votes at general meeting of shareholders, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Law on Public Trading of Securities such restriction of the voting rights does not exist. The restriction of the voting rights referred to above does not apply to the shareholders holding series A shares.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

8. LIMITATIONS REGARDING THE TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES

According to the Statutes of Agora S.A. the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the written request for such consent.

9. REGULATIONS CONCERNING RESTRICTION OF THE VOTING RIGHTS

According to Company's Statutes stipulations, none of the shareholders may exercise more than 20% of the overall number of votes at general meeting of shareholders. For the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Law on Public Trading of Securities such restriction of the voting rights does not exist. The restriction of the voting rights referred to the sentence above shall not apply to:

a) shareholders holding the preferred series A shares;

b) the deposit bank which, on the basis of agreement with the Company, issued depository receipts based on the Company Shares, in the event that such entity exercises the voting rights attached to shares which were the basis for the issuance of depository receipts; and

c) a shareholder who, while having no more than 20% of the overall number of votes at the General Meeting of the Shareholders, announced a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize it to exercise at least 75% of the overall number of votes at general meeting of shareholders. For the purposes of calculating a shareholder's share in the overall number of votes at general meeting of shareholders referred to above it is assumed that the restriction of the voting rights provided in § 17 section 1 of the Company's Statutes does not exist.

Percentage of votes at general meeting of shareholders of foreign entities and entities controlled by them may not exceed 49%. The limit shall not refer to entities with their registered seats or residence in a member state of the European Economic Area.

Each share, whether preference or not, entitles its holders to one vote when passing a resolution regarding the withdrawal of the Company's shares from public trading.

10. RULES OF INTRODUCING CHANGES INTO COMPANY'S STATUTES

The Company's Statutes does not contain stipulations different from the Commercial Companies Code stipulations regarding introducing changes into Company's statute.

Warsaw, April 4, 2014

Bartosz Hojka - President of the Management Board	*Signed on the Polish original*
Robert Musial - Member of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*
Grzegorz Kossakowski - Member of the Management Board	*Signed on the Polish original*