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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 2012, the consolidated income statement and 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) ("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, 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 2012 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 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

12 April 2013

Dear Shareholders,

In 2012 the growth of Polish economy slowed down resulting in a significant drop of advertising expenditure. It was especially material in segments which are core of Agora's advertising revenues. At the same time, Polish consumers accelerated the pace of migration from traditional to digital media, which resulted in a significant drop in copy sales revenue, second largest source of Agora's revenues.

Taking into account this situation, we decided that the most urgent objective is to adapt the cost base to market conditions. We implemented restructuring program, inter alia, reducing employment in the Company by 11%. The decision to lay-off people is always painful but as other world media companies we know that it is essential.

Still, it is essential but not sufficient, as savings are only tactics not a strategy. Therefore, simultaneously with restructuring process we launched a series of new projects. We have several objectives.

Firstly, our traditional media have to face technological transformation. We adapt them to paid distribution on digital appliances. In this way we started to generate revenues from digital sales widening at the same time the audience to which we reach with our content by means of digital platforms and dedicated applications.

Secondly, we started activities on new prospective fields. Our online bookstore, *Pubio.pl*, launched in May 2012, quickly became an important player on e-books distribution market. The subsidiary company of Helios S.A., Next Film, started activities on cinema distribution market. We started with a blockbuster: *Drogowka* directed by Wojciech Smarzowski attracted almost one million people to the cinemas. Agora was also a co-producer of this film.

Thirdly, we increased the scale of our operations in selected business segments. In 2012, Helios opened seven new multi-screen cinemas and became number two cinema operator in Poland taking into account number of multi-screen cinemas in Poland. Radio *TOK FM* received seven new frequencies and is available for listeners in seventeen Polish cities. Diversification of printing activities brought about dynamic growth of revenues from the external clients of Agora's printing houses.

The leading motive behind our new projects is rebuilding Agora's financial results. This is strategy based on two pillars. On the one hand, preserving strict cost control policy which is essential in current market conditions. On the other hand, growth and mainly organic growth. Year 2012 showed that such possibilities exist in Agora. Now we will intensively develop new projects to increase their scale and we will constantly search for new ones.

We would like to thank all shareholders for your interest and support.

The Management Board of Agora S.A.

AGORA GROUP

Consolidated financial statements

as at 31 December 2012 and for the year ended thereon

April 12, 2013

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
Assets			
Non-current assests:			
Intangible assets	3	422,061	419,236
Property, plant and equipment	4	765,665	760,157
Long-term financial assets	5	150	251
Investments in equity accounted investees	6	11,718	11,881
Receivables and prepayments		5,481	7,934
Deferred tax assets	14	4,208	3,840
		1,209,283	**1,203,299**
Current assets:			
Inventories	7	22,488	29,209
Accounts receivable and prepayments	8	242,813	246,411
Income tax receivable		4,544	1,424
Short-term securities and other financial assets	9	32,774	197,872
Cash and cash equivalents	10	190,917	125,505
		493,536	**600,421**
Total assets		**1,702,819**	**1,803,720**

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 2012 (CONTINUED)

	Note	31 December 2012	31 December 2011
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	11	50,937	50,937
Share premium		147,192	147,192
Translation reserve		(161)	(114)
Retained earnings and other reserves	12	990,403	1,048,049
		1,188,371	**1,246,064**
Non-controlling interest		**17,679**	**17,253**
Total equity		**1,206,050**	**1,263,317**
Non-current liabilities:			
Deferred tax liabilities	14	40,964	45,270
Long-term borrowings	13	99,377	142,459
Other financial liabilities	15	26,609	27,691
Retirement severance provision	16	2,099	1,914
Deferred revenues and accruals	18	2,142	4,007
		171,191	**221,341**
Current liabilities:			
Retirement severance provision	16	135	195
Short-term liabilities	19	146,858	182,729
Income tax liabilities		495	3,222
Short-term borrowings	13	103,005	70,527
Other financial liabilities		73	-
Provisions	17	10,219	6,786
Deferred revenues and accruals	18	64,793	55,603
		325,578	**319,062**
Total equity and liabilities		**1,702,819**	**1,803,720**

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 2012

	Note	2012	2011
Sales	20	1,138,588	1,234,553
Cost of sales	21	(792,745)	(790,794)
Gross profit		**345,843**	**443,759**
Selling expenses	21	(221,794)	(254,612)
Administrative expenses	21	(115,432)	(119,216)
Other operating income	22	23,231	18,902
Other operating expenses	23	(44,933)	(36,949)
Operating profit/(loss)		**(13,085)**	**51,884**
Finance income	27	17,212	19,686
Finance cost	28	(13,940)	(16,566)
Share of results of equity accounted investees		(332)	11
Profit/(loss) before income taxes		**(10,145)**	**55,015**
Income tax expense	29	2,040	(11,226)
Net profit/(loss) for the period		**(8,105)**	**43,789**
Attributable to:			
Equity holders of the parent		(9,035)	42,171
Non-controlling interest		930	1,618
		(8,105)	**43,789**
Basic/diluted earnings per share (in PLN)	31	**(0.18)**	**0.83**

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 2012

	2012	2011
Profit/(loss) for the period	**(8,105)**	**43,789**
Translation reserve	(47)	16
Other comprehensive income for the period	**(47)**	**16**
Total comprehensive income for the period	**(8,152)**	**43,805**
Attributable to:		
Equity holders of the parent	(9,082)	42,187
Non-controlling interest	930	1,618
	(8,152)	**43,805**

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 2012

	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 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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR TWELVE MONTHS ENDED 31 DECEMBER 2012 CONTINUED

	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2011								
As at 31 December 2010	**50,937**	**-**	**147,192**	**(130)**	**1,023,053**	**1,221,052**	**15,500**	**1,236,552**
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	42,171	42,171	1,618	43,789
Other comprehensive income	-	-	-	16	-	16	-	16
Total comprehensive income for the period	**-**	**-**	**-**	**16**	**42,171**	**42,187**	**1,618**	**43,805**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Equity-settled share-based payments	-	-	-	-	9,706	9,706	-	9,706
Dividends declared	-	-	-	-	(25,469)	(25,469)	-	(25,469)
Dividends of subsidiaries	-	-	-	-	-	-	(404)	(404)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**-**	**(15,763)**	**(15,763)**	**(404)**	**(16,167)**
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests	-	-	-	-	(286)	(286)	286	-
Acquistion of a subsidiary	-	-	-	-	-	-	252	252
Recognition of put option granted to non-controlling interests	-	-	-	-	(1,126)	(1,126)	-	(1,126)
Additional contribution of non-controlling shareholder	-	-	-	-	-	-	1	1
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**(1,412)**	**(1,412)**	**539**	**(873)**
Total transactions with owners	-	-	-	-	(17,175)	(17,175)	135	(17,040)
As at 31 December 2011	**50,937**	**-**	**147,192**	**(114)**	**1,048,049**	**1,246,064**	**17,253**	**1,263,317**

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 2012

	Note	2012	2011
Cash flows from operating activities			
Profit/(loss) before income taxes		**(10,145)**	**55,015**
Adjustments for:			
Share of results of equity accounted investees		332	(11)
Depreciation of property, plant and equipment		78,726	76,565
Amortisation of intangible assets		15,064	16,222
Foreign exchange loss		(505)	316
Interest, net		12,326	14,164
(Profit) /loss on investing activities		11,703	6,479
Change in provisions		3,558	(3,251)
Change in inventories		6,721	(6,657)
Change in receivables and prepayments		2,011	(12,451)
Change in payables		(29,022)	8,676
Change in deferred revenues and accruals		5,891	2,774
Other adjustments (1)		1,924	6,932
Cash generated from operations		**98,584**	**164,773**
Income taxes paid		(6,578)	(12,532)
Net cash from operating activities		**92,006**	**152,241**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		21,417	3,894
Disposal of subsidiary (net of cash disposed) and associates		650	-
Loan repayment received		-	200
Interest received		5,772	3,027
Disposal of short-term securities		275,109	142,562
Other		68	-
Purchase of property plant and equipment and intangibles		(110,142)	(73,307)
Acquisition of subsidiary (net of cash acquired) associates and jointly controlled entities	32	(400)	(12,615)
Acquisition of short-term securities		(107,029)	(179,110)
Loans granted		-	(200)
Net cash used in investing activities		**85,445**	**(115,549)**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	Note	2012	2011
Cash flows from financing activities			
Proceeds from borrowings		32,007	9,600
Acquisition of non-controlling interest		(73)	-
Dividends paid to equity holders of the parent		(50,937)	(25,469)
Dividends paid to non-controlling shareholders		(504)	(404)
Repayment of borrowings		(64,615)	(52,757)
Payment of finance lease liabilities		(13,928)	(10,392)
Interest paid		(13,047)	(13,496)
Other		(942)	(627)
Net cash used in financing activities		**(112,039)**	**(93,545)**
Net increase (decrease) in cash and cash equivalents		**65,412**	**(56,853)**
Cash and cash equivalents			
At start of period		125,505	182,358
At end of period		190,917	125,505

(1) "other adjustments" include mainly share-based payment costs in the amount of PLN 2,460 *thousand in 2012 (2011: PLN* 9,706 *thousand) and the put option valuation in the amount of PLN 925 thousand (2011: PLN 3,260 thousand).*

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 2012 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 a 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 2012 the Agora Group ("the Group") comprised Agora S.A., 15 subsidiaries.

The Group operates in all major cities in Poland as well as in Ukraine through a company 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:

Piotr Niemczycki (1)	President	for the whole year
Zbigniew Bak	Deputy President	for the whole year
Tomasz Jozefacki	Member	till January 31, 2012
Grzegorz Kossakowski	Member	for the whole year
Marek Jackiewicz	Member	since January 04, 2012
Stanislaw Turnau	Member	since January 04, 2012

(1) the Management Board President till February 11, 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	for the whole year
Wanda Rapaczynski (1)	Member	for the whole year

(1) On February 12, 2013 Wanda Rapaczynski was delegated by the Supervisory Board to conduct the Management Board Member function during next 3 months.

(g)Information about the financial statements

The consolidated financial statements were authorised for issue by the Management Board on 12 April 2013.

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.

As at the day of publication of these consolidated financial statements, taking into account the adaptation process of IFRS by the European Union, there are no differences between IFRS and IFRS adopted by the European Union with respect to the financial reporting of the Group.

(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 is hryvnia - 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 2011, except for the changes connected with IFRSs described below.

For the Group's financial statements for the year started with January 1, 2012, new standards, amendments and interpretations to existing standards, which were endorsed by the European Union, are effecitve:

1*)* Changes to IFRS 7 *Financial instruments: Disclosures - Transfer of Financial Assets.*

The revised standards have not had any significant impact on the previously presented 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) equl 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 x).

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 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	3 - 10 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 basis over the estimated useful life of each asset. Estimated useful lives of other intangible (except for the acquired magazine titles) assets are usually between 2 and 10 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 (see accounting policy w). Accrued interest is included in net profit or loss for the period in which it arises. When the loans become impaired the Group recognises impairment losses for all interest accrued on those loans.

(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. 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, using the balance sheet liability method, 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.

(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 the shorter of the lease term and its useful life. In other cases the depreciation policy is consistent with that for depreciable assets that are owned.

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 are accounted 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 the 3-Year-Long Plan is also introduced, described in note 26B. One of the components of the plan is accounted for in accordance with IFRS2. It is a cash-settled plan with rules based on - inter alia - share price quotations and appreciation. In this plan, 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 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* (effective for annual periods beginning on or after July 1, 2012 or later)

The amendments:

- require that an entity presents separately the items of Other Comprehensive Income (OCI) that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of OCI are presented before related tax effects then the aggregated tax amount should be allocated between these sections.

- change the title of the *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income*, however, other titles are also allowed to be used.

The application of the amendments by the Group will result 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.

2) IAS 19 (2011) *Employee Benefits* (effective for annual periods beginning on or after January 1, 2013 or later)

The amendment requires actuarial gains and losses to be recognised immediately in other comprehensive income. The amendment removes the corridor method previously applicable to recognising actuarial gains and losses, and eliminates the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation.

The application of the amendments by the Group will result in recognizing the actuarial gains and losses related to the revaluation of the retirement severance provision in the consolidated statement of comprehensive income.

3) Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2013 or later)

The Amendments contain new disclosure requirements for financial assets and liabilities that are:

- offset in the statement of financial position; or

- subject to master netting arrangements or similar agreements.

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

4) Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First – time Adopters* (effective for annual periods beginning on or after January 1, 2013 or later)

The Amendments add an exemption to IFRS 1 that an entity can apply at the date of transition to IFRSs after being subject to severe hyperinflation. This exemption allows an entity to measure assets and liabilities held before the functional currency normalization date at fair value and use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

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

5) IFRS 13 *Fair Value Measurement Entities* (effective for annual periods beginning on or after January 1, 2013 or later)

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.

The Group does not expect the standard to have 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.

6) Amendments to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets* (effective for annual periods beginning on or after January 1, 2013 or later)

The 2010 amendment introduces an exception to the current measurement principles based on the manner of recovery in paragraph 52 of IAS 12 for investment property measured using the fair value model in accordance with IAS 40 by introducing a rebuttable presumption that the carrying value of underlying assets would be recovered entirely by sale.

The amendments are not relevant to the Group's financial statements, since the Group does not have any investment properties measured using the fair value model in IAS 40.

7) IFRIC Interpretation 20: *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after January 1, 2013 or later).

The Group does not expect the Interpretation to have any impact on the consolidated financial statements since it does not have any stripping activities.

8) Amendments to IFRS 1 *First-time adopters - Government Loans* (effective for annual periods beginning on or after January 1, 2013 or later).

The amendments add a new exception to retrospective application of IFRS for first-time adopters regarding the measurement of government loans with a below-market rate of interest.

The amendments are not relevant to the Group's consolidated financial statements.

9) *Improvements to IFRS (2009-2011)* (effective for annual periods beginning on or after January 1, 2013 or later)

The Improvements to IFRS contain amendments to 5 standards (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34), with consequential amendments to other standards and interpretations.

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

10) 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.

11) 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.

12) 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.

13) 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.

14) 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 Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 *Consolidated Financial Statements*.

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

15) 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:

- *Associates and joint ventures held for sale*. IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.

- *Changes in interests held in associates and joint ventures*. 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

Standards and interpretations awaiting on endorsement by the European Union:

1) Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance* (effective for annual periods beginning on or after January 1, 2013 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.

2) 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 Parent entity does not qualify as an investment entity.

3) 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.

(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 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**

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

3.INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Total
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 (note 40)	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

(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 2011	**86,525**	**373,274**	**93,827**	**17,166**	**570,792**
Additions	-	1,095	14,877	3,529	19,501
Acquisitions	-	-	10,349	3,429	13,778
Transfer from assets under construction	-	-	4,444	50	4,494
Acquisitions through business combinations	-	1,095	-	50	1,145
Reclassifications	-	-	63	-	63
Other	-	-	21	-	21
Disposals	-	-	(2,235)	(1,734)	(3,969)
Sale	-	-	(10)	(10)	(20)
Liquidation	-	-	(2,225)	(1,661)	(3,886)
Reclassifications	-	-	-	(63)	(63)
Cost as at 31 December 2011	**86,525**	**374,369**	**106,469**	**18,961**	**586,324**

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

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Total
Amortisation and impairment losses as at 1 January 2011	**15,838**	**62,784**	**55,040**	**9,793**	**143,455**
Amortisation charge for the period	-	-	13,593	2,629	16,222
Impairment losses	11,230	-	-	-	11,230
Acquisitions through business combinations	-	-	-	25	25
Sale	-	-	-	(2)	(2)
Liquidation	-	-	(2,225)	(1,632)	(3,857)
Reclassifications	-	-	51	(51)	-
Other	-	-	15	-	15
Amortisation and impairment losses as at 31 December 2011	**27,068**	**62,784**	**66,474**	**10,762**	**167,088**
Carrying amounts					
As at 1 January 2011	70,687	310,490	38,787	7,373	427,337
As at 31 December 2011	59,457	311,585	39,995	8,199	419,236

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 47,004 thousand (2011: PLN 59,414 thousand) are pledged as security for loan facility of Agora S.A., which is fully described in note 13. Other intangibles in book value in the amount of PLN 256 thousand (2011: PLN 258 thousand) are pledged as security for bank loans of Helios S.A.

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

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 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

(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 2011	**17,314**	**33,083**	**499,999**	**765,850**	**8,041**	**197,713**	**30,005**	**1,552,005**
Additions	-	-	5,898	43,963	1,705	11,205	57,403	120,174
Acquisitions	-	-	1,247	36,184	1,705	3,765	42,922	85,823
Transfer from assets under construction	-	-	4,651	7,638	-	7,440	-	19,729
Acquisitions through business combinations	-	-	-	5	-	-	-	5
Reclassifications	-	-	-	81	-	-	-	81
Other	-	-	-	55	-	-	14,481	14,536
Disposals	-	-	(5,205)	(20,376)	(1,128)	(9,420)	(35,869)	(71,998)
Sale	-	-	-	(2,722)	(1,064)	(111)	(3,465)	(7,362)
Liquidation	-	-	(5,205)	(14,433)	(64)	(9,228)	(207)	(29,137)
Reclassifications	-	-	-	-	-	(81)	-	(81)
Transfer from assets under construction	-	-	-	-	-	-	(23,860)	(23,860)
Other	-	-	-	(3,221)	-	-	(8,337)	(11,558)
Cost as at 31 December 2011	**17,314**	**33,083**	**500,692**	**789,437**	**8,618**	**199,498**	**51,539**	**1,600,181**

(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 2011	**-**	**9,885**	**151,535**	**530,589**	**6,409**	**89,093**	**1,447**	**788,958**
Depreciation charge for the period	-	290	21,048	37,456	732	17,039	-	76,565
Impairment losses	-	-	2,835	152	-	55	299	3,341
Acquisitions through business combinations	-	-	-	5	-	-	-	5
Reversal of impairment losses	-	-	(46)	-	-	-	(97)	(143)
Sale	-	-	-	(2,600)	(991)	(73)	-	(3,664)
Liquidation	-	-	(4,476)	(14,472)	(64)	(6,066)	-	(25,078)
Reclassifications	-	-	-	35	-	(36)	-	(1)
Other	-	-	(2)	38	5	-	-	41
Depreciation and impairment losses as at 31 December 2011	**-**	**10,175**	**170,894**	**551,203**	**6,091**	**100,012**	**1,649**	**840,024**
Carrying amounts								
As at 1 January 2011	17,314	23,198	348,464	235,261	1,632	108,620	28,558	763,047
As at 31 December 2011	17,314	22,908	329,798	238,234	2,527	99,486	49,890	760,157

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, 2012 of property, plant and equipment used on the basis of finance lease agreements amounted to PLN 110,042 thousand (2011: PLN 51,200 thousand). The information on the conditions and terms of finance lease agreements are shown in note 13 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 13):

No.	Assets	Net book value at 31 December 2012
1	Perpetual usufruct	18,941
2	Land	8,604
3	Buildings	270,399
4	Plant, machinery and equipment	127,650
5	Vehicles	675
6	Other fixed assets	22,424
	Total	448,693

Contractual capital and investment commitments are disclosed in note 35.

5. INVESTMENTS

Investments include primarily shares in the unconsolidated companies.

	2012	2011
Balance as at beginning of the period - net value	**251**	**201**
Shares	251	201
Additions	**147**	**50**
Shares	147	50
- reclassifications	147	-
Disposals	**(248)**	**-**
Shares	(248)	-
- sale of shares	(147)	-
- other	(101)	-
Balance as at end of the period - net value	**150**	**251**
Shares	150	251

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

6. INVESTMENTS IN ASSOCIATES AND JOINT-VENTURES

	2012	2011
Investments in equity accounted investees	11,718	11,881
Total investments in equity accounted investees	**11,718**	**11,881**

Balance as at beginning of the period	**11,881**	**235**
Additions	400	11,646
Acquisitions of joint-ventures accounted for the equity method	200	11,635
Share in net profits	-	11
Share capital increase	200	-
Disposals	(563)	-
Share in net losses	(332)	-
Sale of shares	(231)	-
Balance as at end of the period	**11,718**	**11,881**

7. INVENTORIES

	31 December 2012	31 December 2011
Raw materials and consumables	21,005	27,140
Work in progress	19	-
Goods for resale	1,464	2,069
	22,488	**29,209**
Impairment losses recognised	8,474	21,709
Total inventories, gross	**30,962**	**50,918**

The cost of inventories recognised as an expense amounted to PLN 192,938 thousand (2011: PLN 207,996 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 2012 reversals of impairment losses in the net amount of PLN 708 thousand, in 2011 impairment losses in the net amount of PLN 4,017 thousand).

In 2012 the Company used impairment losses in the amount of 12,528 thousand. The were set up in previous reporting periods on unsold goods, which were finally liquidated.

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2012	31 December 2011
Trade receivables (net of impairment losses)	185,921	194,307
Taxes, social security and similar	9,597	12,938
Prepayments and accrued income	8,542	7,695
Other	38,753	31,471
	242,813	**246,411**
Impairment losses recognised	21,427	21,780
Total accounts receivable and prepayments, gross	**264,240**	**268,191**

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

Other receivables include mainly loans granted to employees from the Group's social fund of PLN 25,510 thousand (31 December 2011: PLN 24,825 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 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 2012	31 December 2011
Current receivables	104,290	114,371
Overdue receivables within 1 month	56,505	51,115
Overdue receivables between 1 and 3 months	17,783	19,757
Overdue receivables between 3 and 6 months	6,005	5,359
Overdue receivables between 6 months and 1 year	5,196	5,354
Overdue receivables more than 1 year	17,360	18,256
	207,139	**214,212**

Impairment losses on accounts receivable and prepayments

	2012	2011
Balance as at beginning of the period	**21,780**	**22,914**
Additions	18,327	13,739
Reversals	(13,018)	(7,920)
Used impairment losses	(5,662)	(6,953)
Balance as at end of the period	**21,427**	**21,780**

9. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2012	31 December 2011
Treasury bills	-	11,012
Certificates in investment funds	32,774	186,860
	32,774	**197,872**

10. CASH AND CASH EQUIVALENTS

	31 December 2012	31 December 2011
Cash at bank and in hand	69,579	43,540
Short-term bank deposits	116,766	80,703
Other	4,572	1,262
	190,917	**125,505**

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

Included in cash and cash equivalents is cash in the amount of PLN 6,661 thousand representing cash held on behalf of the Group's social fund (31 December 2011: PLN 5,958 thousand).

11. SHARE CAPITAL

Registered share capital as at December 31, 2012

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, issue
			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.

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 Group to be restated by applying the general price index.

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

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

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

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

12. RETAINED EARNINGS AND OTHER RESERVES

Dividends

Retained earnings may be paid to shareholders subject to certain minimum capital maintenance restrictions, 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 2011, Agora S.A. made a net profit of PLN 20,246 thousand, which was distributed in accordance with the resolution taken by the General Meeting of Shareholders (on June 22, 2012) in the form of dividend (PLN 50,937 thousand) – the additional amount was taken from the reserve capital. The dividend amounted to PLN 1 per share. Shareholders of record on 16 July 2012 were eligible to participate in the dividend payment. The dividend payment was made on August 3, 2012.

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

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

	31 December 2012	31 December 2011
Long term bank loans	55,057	115,588
Long term loans	-	1,347
Finance lease liabilities	44,320	25,524
Total long term borrowings	**99,377**	**142,459**
Short term bank loans	88,766	60,016
Short term loans	-	77
Finance lease liabilities	14,239	10,434
Total short term borrowings	**103,005**	**70,527**

Loans and bank loans

Debt repayment schedule:

	31 December 2012	31 December 2011
More than 1 and less than 3 years	52,057	88,700
Between 3 and 5 years	3,000	17,875
More than 5 years	-	10,360
Total	**55,057**	**116,935**

Finance lease liabilities

	31 December 2012	31 December 2011
Future minimum lease payments	64,279	41,361
Future finance charges	(5,720)	(5,403)
Present value of finance lease liabilities, total	**58,559**	**35,958**

Present value of finance lease liabilities by payment period

	31 December 2012	31 December 2011
Within 1 year	14,239	10,435
Between 1 and 5 years	42,943	24,555
More than 5 years	1,377	968
Present value of finance lease liabilities, total	**58,559**	**35,958**

Future minimum lease payments by payment period

	31 December 2012	31 December 2011
Within 1 year	16,741	12,764
Between 1 and 5 years	46,093	27,574
More than 5 years	1,445	1,023
Future minimum lease payments, total	**64,279**	**41,361**

(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 2012	31 December 2011				
Long term credits and loans							
Bank Pekao S.A. (1)	297,817	43,159	77,869	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, 2014 to March 31, 2017.	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, transfer of copyrights and transfer of rights from selected agreements relating to magazines; a financial and registered pledge on 60% of AMS shares with a nominal value of PLN 2 per share as a collateral	credit line granted to Agora S.A. (divided into parts: A and B and a credit line ready to use - part C)
KREDYT BANK S.A.	20,540	-	3,553	1M WIBOR + bank margin	monthly installments until 30 November 2013	mortgage on property in Radom and Sosnowiec, registered pledge on cinema equipment in Wroclaw and Bialystok, pledge on insurance policy	investment credit granted to Helios S.A.
KREDYT BANK S.A.	2,000	231	579	1M WIBOR + bank margin	monthly installments until 31 August 2014	mortgage on property in Radom and Sosnowiec, pledge on insurance policy	investment credit granted to Helios S.A.
KREDYT BANK S.A.	16,407	5,666	9,064	1M WIBOR + bank margin	monthly installments until 31 August 2015	mortgage on property in Radom and Sosnowiec, registered pledge on cinema equipment in Radom and Sosnowiec, blank promissory note	investment credit granted to Helios S.A.
Raiffeisen Bank Polska S.A. (2)	41,500	-	20,710	1M WIBOR + bank margin	monthly installments until 31 December 2020	mortgage on property in Opole, pledge on cinema equipment in Opole, Gdansk and Kielce, pledge on insurance policy, pledge on current account, blank promissory note with promissory note declaration	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 2012	31 December 2011				
Raiffeisen Bank Polska S.A. (2)	5,000	-	3,813	1M WIBOR + bank margin	monthly installments till September 20, 2016	pledge on current account and other bank accounts managed by the Bank; registered pledge on insurance policy from the contract on the basis of the agreement between the Bank and the Creditor	investment credit granted to Helios S.A.
KREDYT BANK S.A.	7,500	6,001	-	1M WIBOR + bank margin	monthly installments till December 31, 2017	mortgage on property in Bialystok, Radom and Sosnowiec, blank promissory note	investment credit granted to Helios S.A.
Tomasz Jagiello	400	-	323	1M WIBOR+1.5%	22 February 2012	none	loan granted to Helios S.A.
Tomasz Jagiello	222	-	243	1M WIBOR+1.5%	22 February 2012	none	loan granted to Helios S.A.
Marek Palpuchowski	600	-	678	1M WIBOR+1.5%	22 February 2012	none	loan granted to Helios S.A.
Marek Palpuchowski	70	-	103	1M WIBOR+1.5%	22 February 2012	none	loan granted to Helios S.A.
Long term finance lease liabilities							
BZ WBK LEASING S.A.	32,009	7,270	9,498	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.
BRE leasing Sp. z o.o.	6,838	2,422	1,470	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.	36,192	20,963	7,227	1M WIBOR + lessor`s margin	Final repayment in installments till 2017	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	1,437	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	5,430	3,583	1M WIBOR + lessor`s margin	Final repayment in installments till 2019	leased equipment - 3D projectors	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 2012	31 December 2011				
Kredyt Lease	12,209	7,493	2,309	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	75	-	1M WIBOR + lessor`s margin	Final repayment in installments till 2016	blank promissory note, cars	lease agreement signed by Helios S.A.
Short term credits and loans							
Bank Pekao S.A. (1)	297,817	34,577	47,954	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, 2014 to March 31, 2017.	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, transfer of copyrights and transfer of rights from selected agreements relating to magazines; a financial and registered pledge on 60% of AMS shares with a nominal value of PLN 2 per share as a collateral	credit line granted to Agora S.A. (divided into parts: A and B and a credit line ready to use - part C)
HSBC Bank POLSKA S.A.	3,000	-	836	1M WIBOR + bank margin	monthly installments until 7 September 2012	pledge on receivables, guarantee deposit on bank account	investment credit granted to Helios S.A.
KREDYT BANK S.A.	20,540	3,553	3,876	1M WIBOR + bank margin	monthly installments until 30 November 2013	mortgage on property in Radom and Sosnowiec, registered pledge on cinema equipment in Wroclaw and Bialystok, pledge on insurance policy	investment credit granted to Helios S.A.
KREDYT BANK S.A.	2,000	348	348	1M WIBOR + bank margin	monthly installments until 31 August 2014	mortgage on property in Radom and Sosnowiec, pledge on insurance policy	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 2012	31 December 2011				
KREDYT BANK S.A.	16,407	3,398	3,398	1M WIBOR + bank margin	monthly installments until 31 August 2015	mortgage on property in Radom and Sosnowiec, registered pledge on cinema equipment in Radom and Sosnowiec, blank promissory note	investment credit granted to Helios S.A.
KREDYT BANK S.A.	6,400	4,463	-	O/N WIBOR + bank margin	one-off repayment on 24 November 2013	mortgage on property in Bialystok, pledge on equipment in 13 cinemas, pledge on insurance policy, blank promissory note	bank overdraft granted to Helios S.A.
Raiffeisen Bank Polska S.A.(2)	41,500	20,711	2,587	1M WIBOR + bank margin	monthly installments until 31 December 2020	mortgage on property in Opole, pledge on cinema equipment in Opole, Gdansk and Kielce, pledge on insurance policy, pledge on current account, blank promissory note with promissory note declaration	investment credit granted to Helios S.A.
Raiffeisen Bank Polska S.A.(2)	5,000	3,814	1,017	1M WIBOR + bank margin	monthly installments till September 20, 2016	pledge on current account and other bank accounts managed by the Bank; registered pledge on insurance policy from the contract on the basis of the agreement between the Bank and the Creditor	investment credit granted to Helios S.A.
KREDYT BANK S.A.	3,600	3,049	-	1M WIBOR + bank margin	credit line to be used till May 22, 2014	blank promissory note; registered pledge on cinema equipment in Radom, Lodz, Gniezno, Kalisz, Katowice, Konin, Olsztyn, Piotrkow, Rzeszow, Sosnowiec, Szczecin, Wroclaw and office equipment in Lodz; mortgage on property in Bialystok together with a pledge on insurance policy	credit line for short-term bank loans
KREDYT BANK S.A.	7,500	1,500	-	1M WIBOR + bank margin	monthly installments till December 31, 2017	mortgage on property in Bialystok, Radom and Sosnowiec, blank promissory note	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 2012	31 December 2011				
Raiffeisen Bank Polska S.A.(2)	11,000	10,160	-	1M WIBOR + bank margin	monthly instalments till June 30, 2018	pledge on current account and other bank accounts managed by the Bank; mortgage on property in Opole, Bialystok, Sosnowiec and Radom, pledge on insurance policy, pledge on receivables from a contract on the basis of the agreement between the Bank and the Creditor	investment credit granted to Helios S.A.
Raiffeisen Bank Polska S.A.	9,500	3,193	-	1M WIBOR + bank margin	one-off repayment on 25 July 2013	pledge on current account and other bank accounts managed by the Bank; mortgage on property in Opole, Bialystok, Sosnowiec and Radom, pledge on insurance policy, plegde on receivables from a contract on the basis of the agreement between the Bank and the Creditor	bank overdraft granted to Helios S.A.
Katarzyna Borkowska	80	-	77	1M WIBOR+1,5%	15 February 2012	none	loan granted to Helios S.A.
Short term finance lease liabilities							
BZ WBK LEASING S.A.	32,009	3,319	4,661	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	1,068	764	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	6,046	2,785	1M WIBOR + lessor`s margin	Final repayment in installments till 2017	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	772	697	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	1,114	865	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	1,898	662	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.

(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 2012	31 December 2011				
Santander Consumer Multirent	114	22	-	1M WIBOR + lessor`s margin	Final repayment in installments till 2016	blank promissory note, cars	lease agreement signed by Helios S.A.

(1) the amount of credit line has changed according to the Annex dated 26 May 2011; according to the Annex dated 25 May 2012 the Company can use credit line C – that is the amount up to PLN 150,000 thousand till May 31, 2013; till the date of publication of this financial statements the credit line C was not used by the Company.

(2) as at December 31, 2012, 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 agrement Do dnia publikacji niniejszego skonsolidowanego sprawozdania finansowego kredyty wynikające z tej umowy nie zostały postawione przez bank w stan wymagalności.

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

14. DEFERRED INCOME TAXES

Recognised deferred tax assets and liabilities

	31 December 2012	31 December 2011
Deductible temporary differences	174,142	206,519
Taxable temporary differences	319,129	365,977

Deferred income taxes are calculated using a rate of 19% (2011: 19%).

Deferred tax assets

	2012	2011
Balance as at beginning of the period	**34,338**	**31,460**
Accruals	11,576	12,233
Financial assets and liabilities	29	73
F/X differences	79	-
Interests liabilities	2,203	942
Deferred revenues	13,000	9,475
Provisions	-	29
Impairment losses for financial assets	352	-
Impairment losses for inventories	4,125	4,584
Impairment losses for accounts receivable	1,451	1,612
Tax losses	329	1,765
Special Economic Zone	-	190
Finance leases	969	-
Other	225	557
Recognised in the income statement due to origination and reversal of temporary differences and tax loss	**(3,432)**	**2,878**
Accruals	2,277	(657)
Financial assets and liabilities	(16)	(44)
F/X differences	(77)	79
Interests liabilities	(1,384)	1,261
Deferred revenues	(3,098)	3,525
Provisions	399	(29)
Accelerated depreciation and amortisation	4	-
Impairment losses for financial assets	(352)	352
Impairment losses for inventories	(2,515)	(459)
Impairment losses for accounts receivable	(30)	(161)
Tax losses	718	(1,436)
Special Economic Zone	-	(190)
Finance leases	-	969
Other	642	(332)

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

	2012	2011
Balance as at end 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

Deferred tax liabilities

	2012	2011
Balance as at beginning of the period	**75,768**	**77,882**
Accelerated depreciation and amortisation	68,377	72,663
Financial assets and liabilities	1,553	1,574
F/x differences	8	9
Interest receivables	2,049	673
Finance leases	3,381	2,547
Other	400	416
Recognised in the income statement due to origination and reversal of temporary differences	**(8,106)**	**(2,114)**
Accelerated depreciation and amortisation	(5,268)	(4,286)
Financial assets and liabilities	(1,092)	(21)
F/x differences	13	(1)
Interest receivables	(1,316)	1,376
Finance leases	(301)	834
Other	(142)	(16)
Balance as at end 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

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

Deferred tax assets and liabilities	Before offsetting	Offsetting	31 December 2011 Carrying amount
Assets	34,338	(30,498)	3,840
Liabilities	75,768	(30,498)	45,270

Unrecognised tax assets

Due to uncertainty about availability of future tax profits (some radio companies) or uncertainty as to realisation for tax purposes the Group did not recognise certain deferred tax assets concerning some temporary differences and tax losses.

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

	31 December 2012	31 December 2011	Expiry date
Unused tax losses	4,548	6,529	up to 2017
Other deductible temporary differences	(3)	-	unlimited

15. OTHER FINANCIAL LIABILITIES

	2012	2011
Long term		
Put option liability	26,609	27,535
Liability related to valuation of SWAP contracts	-	156
	26,609	**27,691**
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. and of Sport4People 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 retained earnings (line item in the consolidated balance sheet of the Agora Group: Retained earnings and other reserves).
As at December 31, 2012, its value is estimated to:

- PLN 26,409 thousand for non-controlling shareholders of Helios S.A. (31 December 2011: PLN 26,409 thousand),
- PLN 200 thousand for non-controlling shareholders of Sport4People Sp. z o.o. (31 December 2011: PLN 1,126 thousand).

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 and as at December 31, 2011, respectively.

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

16. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to retirement severances payments. The amount provided as at 31 December 2012 amounted to PLN 2,234 thousand (31 December 2011: PLN 2,109 thousand).

17. PROVISIONS

	2012	2011
Balance as at beginning of the period	**6,786**	**10,143**
Provision for restructuring of advertising panels	29	60
Provision for penalties, interests and similar	3,598	6,389
Provision for onerous contracts	-	496
Provision for the cost of compensation and severances for the former Management Board Members	521	-
Provision for legal claims	1,840	1,625
Provision connected with the sentence passed by the Constitutional Tribunal	-	662
Other	798	911
Additional provisions	**9,988**	**887**
Provision for restructuring	9,512	-
Provision for the cost of compensation and severances for the former Management Board Members	-	521
Provision for legal claims	308	365
Other	168	1
Provisions used during the period	**(5,239)**	**(31)**
Provision for restructuring	(4,163)	-
Provision for restructuring of advertising panels	-	(31)
Provision for penalties, interests and similar	(665)	-
Provision for the cost of compensation and severances for the former Management Board Members	(372)	-
Other	(39)	-
Unused provisions reversed	**(1,316)**	**(4,213)**
Provision for restructuring of advertising panels	(29)	-
Provision for penalties, interests and similar	(98)	(2,791)
Provision for onerous contracts	-	(496)
Provision for legal claims	(1,023)	(150)
Provision connected with the sentence passed by the Constitutional Tribunal	-	(662)
Other	(166)	(114)
Balance as at end 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

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

	2012	2011
Non-current part	**-**	**-**
Current part	**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

(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.

The group lay-offs, which were to affect up to 250 employees, i.e. 10% of all Company's employees, were finalized in 2013.

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.

As at September 30, 2012 , the amount of provision set up for cost of group lay-offs equalled to PLN 9,192 thousand.

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, 2012, the total provision outstanding for usage in both companies reached in total PLN 5,349 thousand.

(ii) Provision for restructuring of advertising panels

Provision for restructuring of advertising panels was set up for dismantling costs of selected panels in AMS.

(iii) Provision for penalties, interests and similar

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

(iii) Provision for onerous contracts

The provision is connected with the rent agreement of office space by a one of subsidiaries.

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

In December 2011, the Company set up a provision for costs of compensation and severances for a former Management Board Member Tomasz Jozefacki.

(v) Provision for legal claims

The Group is a defendant in court cases. As at 31 December 2012 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.

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

Additionally, Agora S.A. is a party of legal disputes in the amount of PLN 2,387 thousand, in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

(vi) Provision connected with the sentence passed by the Constitutional Tribunal

The provision was set up for possible costs of leveling salaries of employees from the period July 2005 - July 2008 and stems from the sentence passed by the Constitutional Tribunal concerning the interpretation of calculation rules for sick benefits. In 2011, the provision was reversed due to finishing the 3-year period, in which the employees could put forward a motion on settlement of sickness benefits.

18. NON-CURRENT AND CURRENT DEFERRED REVENUES AND ACCRUALS

	31 December 2012	31 December 2011
Non-current		
Accruals	**1,194**	**3,022**
- accrual for 3-Year-Long Incentive Plan (note 26)	-	2,780
- other	1,194	242
Deferred revenues	**948**	**985**
- other	948	985
	2,142	**4,007**
Current		
Accruals	**60,587**	**49,804**
- holiday leave pay accrual	9,704	9,266
- employee incentive plan	8,871	4,551
- payroll accrual	4,665	3,751
- accrual for ZAIKS costs	7,306	7,306
- accrual for costs	30,041	24,930
Deferred revenues	**4,206**	**5,799**
- grants for financing property, plant and equipment	85	153
- prepayments for advertising services and subscribtion	2,852	3,324
- court costs to be recovered	705	851
- other	564	1,471
	64,793	**55,603**

19. ACCOUNTS PAYABLE

	31 December 2012	31 December 2011
Trade payables	75,768	108,621
Other taxes and social security	24,864	23,124
Other	13,576	19,482
Special Fund	32,650	31,502
	146,858	**182,729**

Trade payables are non-interest bearing and are normally settled 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.

20. 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 entity 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 *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, AdTaily Sp. z o.o. and from November 30, 2011 Sport4People Sp. z o.o.),

3) 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. (till August 31, 2011 consolidated financial statements of two companies: Helios S.A. and Kinoplex Sp. z o.o.) comprising multiplexes as well as traditional cinemas.

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

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 mainly 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 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 amounts of loans granted in the reported period, paid-in capital, acquired and contributed shares by Agora S.A. The financials presented for twelve months ended 31 December 2012 and 31 December 2011 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. (from December 29, 2011) and Online Technologies HR Sp. z o.o (from December 1, 2012).

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 in the Ukraine do 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 2012							
	Newspapers	**Internet**	**Cinema**	**Outdoor**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	519,660	110,319	196,748	158,505	83,611	64,394	5,351	1,138,588
Intersegment revenues (2)	8,084	3,690	8,290	3,552	4,487	556	(28,659)	-
Total revenues	**527,744**	**114,009**	**205,038**	**162,057**	**88,098**	**64,950**	**(23,308)**	**1,138,588**
Total operating cost (1), (2), (3)	**(465,397)**	**(106,637)**	**(198,964)**	**(157,881)**	**(85,339)**	**(72,667)**	**(64,788)**	**(1,151,673)**
Operating profit / (loss) (1)	**62,347**	**7,372**	**6,074**	**4,176**	**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 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 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	**Internet**	**Cinema (4)**	**Outdoor**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(28,090)	(5,530)	(19,702)	(18,073)	(2,734)	(145)	(16,487)	(90,761)
Amortisation recognised on consolidation (1)	-	(2,744)	(539)	-	-	-	254	(3,029)
Impairment losses (2)	(11,751)	(6,567)	(213)	(4,298)	(1,728)	(13,164)	(563)	(38,284)
Reversals of impairment losses	7,389	1,417	54	2,741	1,073	409	82	13,165
Equity-settled share-based payments	(1,080)	(197)	-	(196)	(148)	(94)	(745)	(2,460)
Capital expenditure (3)	18,380	6,179	66,692	10,750	4,381	243	21,242	127,867

	As at 31 December 2012							
	Newspapers	**Internet**	**Cinema (4)**	**Outdoor**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Property, plant and equipment and intangible assets (5)	280,512	67,565	274,446	252,897	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

(a) Operating segment information, continued

	Twelve months ended 31 December 2011							
	Newspapers	**Internet**	**Cinema**	**Outdoor**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Revenues from external customers	588,328	110,696	201,041	170,839	82,099	75,111	6,439	1,234,553
Intersegment revenues (2)	6,147	3,254	2,907	4,198	3,979	173	(20,658)	-
Total revenues	**594,475**	**113,950**	**203,948**	**175,037**	**86,078**	**75,284**	**(14,219)**	**1,234,553**
Total operating cost (1), (2), (3)	**(500,689)**	**(107,650)**	**(188,503)**	**(160,004)**	**(82,622)**	**(73,429)**	**(69,772)**	**(1,182,669)**
Operating profit (loss) (1)	**93,786**	**6,300**	**15,445**	**15,033**	**3,456**	**1,855**	**(83,991)**	**51,884**
Net finance income and cost							3,120	3,120
Share of results of equity accounted investees		11						11
Income tax							(11,226)	(11,226)
Net profit								**43,789**

(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 92,867 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 2011							
	Newspapers	**Internet**	**Cinema (4)**	**Outdoor**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(29,005)	(5,939)	(17,967)	(18,276)	(2,556)	(135)	(15,672)	(89,550)
Amortisation recognised on consolidation (1)	-	(2,835)	(538)	-	(118)	-	254	(3,237)
Impairment losses	(6,696)	(1,768)	(3,163)	(4,406)	(1,583)	(11,618)	(351)	(29,585)
Reversals of impairment losses	3,814	396	102	2,471	926	200	40	7,949
Equity-settled share-based payments	(4,340)	(644)	-	(803)	(544)	(418)	(2,957)	(9,706)
Capital expenditure (2)	23,681	6,265	21,381	13,791	3,001	219	28,614	96,952

	As at 31 December 2011							
	Newspapers	**Internet**	**Cinema (4)**	**Outdoor**	**Radio**	**Magazines**	**Reconciling positions**	**Total**
Property, plant and equipment and intangible assets (3)	290,856	74,016	233,920	262,497	65,072	62,153	190,879	1,179,393
Investments in associates and joint ventures accounted for by the equity method	-	11,881	-	-	-	-	-	11,881

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period;
(3) *reconciling positions* include mainly Company's headquarter (PLN 136,531 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;
(4) capital expenditure include lease property, plant and equipment in the amount of PLN 9,753 thousand.

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

(b) Sales information

	2012	2011
Sales of advertising services	636,292	705,586
Sales of newspapers and magazine	152,707	192,799
Sales of goods for resale	59,894	67,783
Ticket sales	133,962	146,336
Other sales	155,732	122,049
	1,138,588	**1,234,553**

Other sales include mainly the sales of print services.

Barter sales of PLN 35,429 thousand are included in sales of advertising services (2011: PLN 44,416 thousand).

21. EXPENSES BY NATURE

	2012	2011
Depreciation of property, plant and equipment (note 4)	78,726	76,565
Amortisation of intangibles (note 3)	15,064	16,222
Raw materials, energy and consumables	244,853	251,163
Advertising and promotion costs	81,173	115,095
Property operating lease rentals	43,328	40,822
Outdoor location lease rentals	63,722	59,823
Taxes and similar charges	8,119	5,540
Other external services rendered	273,370	277,655
Staff costs (note 24)	322,148	322,319
Total expenses by nature	**1,130,503**	**1,165,204**
Cost of production for in-house use	(532)	(582)
Total operating expenses	**1,129,971**	**1,164,622**
Selling expenses	(221,794)	(254,612)
Administrative expenses	(115,432)	(119,216)
Cost of sales	**792,745**	**790,794**

22. OTHER OPERATING INCOME

	2012	2011
Gain on disposal of non-financial non-current assets	259	243
Grants received	2,915	2,133
Reversal of impairment losses for receivables	13,018	7,920
Reversal of other provisions	1,316	4,213
Donations received	100	123
Liabilities written off	1,381	1,886
Other	4,242	2,384
	23,231	**18,902**

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

23. OTHER OPERATING EXPENSES

	2012	2011
Impairment losses recognised for receivables	18,327	13,739
Impairment losses recognised for non-financial non-current assets	18,031	14,571
Donations	1,062	891
Impairment losses recognised for goodwill	480	-
Provisions recognised	476	887
Liquidation of fixed assets including dismantling panels	1,766	1,195
Other	4,791	5,666
	44,933	**36,949**

Impairment losses for receivables relate to receivables classified as doubtful.

24. STAFF COSTS

	2012	2011
Wages and salaries	268,364	264,503
Social security costs	51,324	48,110
Equity-settled share-based payments	2,460	9,706
	322,148	**322,319**
Average number of persons employed	**3,342**	**3,342**

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

25. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

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

	2012	2011
Management Board		
Piotr Niemczycki (1)	671	701
Zbigniew Bak	769	810
Tomasz Jozefacki (2)	23	616
Grzegorz Kossakowski	602	616
Stanislaw Turnau (3)	493	-
Marek Jackiewicz (4)	491	-
	3,049	**2,743**
Supervisory Board		
Wanda Rapaczynski	72	72
Andrzej Szlezak	108	108
Tomasz Sielicki	72	72
Slawomir S. Sikora	72	72
Marcin Hejka	72	72
	396	**396**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2) Tomasz Jozefacki held his post as Management Board member until January 31, 2012;
(3) Stanislaw Turnau was appointed to the Management Board on January 4, 2012;
(4) Marek Jackiewicz was appointed to the Management Board on January 4, 2012.

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

Management Board and Supervisiory Board members did not receive any renumeration from subsidiaries, associate companies and joint-ventures.

26. 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 Plan based on realization on 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 of the Agora Group 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 SA.

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

In 2012 a new Incentive Plan based on equity-settled share-based payment**s** (investment certificates) has been launched.

The summary of new 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	242,078
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 is determined by applying valuation model, which takes into consideration such variables as: market value of Agora's shares, which are 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 is established as at the grant date and posted to the income statement from the month following the month in which certificates are purchased by the eligible employees. The costs are recognized over the vesting period.

Historical ratio of forfeited certificates (FR ratio, described below) adjusts 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 summary of Incentive Plan 2011:

	Incentive Plan 2011 (certificates M)
Grant date:	14 December 2011
Month in which certificates are purchased by eligible employees	September 2011
Total number of certificates purchased by employees of the Group	339,605
Vesting date and vesting period	25 June 2012, 9 months (October 2011 – June 2012) 1.0 Agora's share falls on each certificate M
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 is determined by applying valuation model, which takes into consideration such variables as: market value of Agora's shares, which are 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 is established as at the grant date and posted to the income statement from the month following the month in which certificates are purchased by the eligible employees. The costs are recognized over the vesting period.

Historical ratio of forfeited certificates (FR ratio, described below) adjusts 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 2011 (certificates M)
Market value of base instrument (Agora' share)	PLN	11.9
Volatility of 6 month option	%	25.7
Exercise price of the option	PLN	1.0
Risk-free rate	%	4.6
6 month option value	PLN	10.9

3. CD - discount for closed mutual fund, representing:

c. valuation of closed funds assets,

d. rights of owners of PCMF certificates,

e. 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 2011 (certificates M)
B-S@grant date	PLN	10.9
CD	%	23.6
Market value of certificates as at grant date	PLN	8.3
FR	%	2.7
IC	in number of certificates	339,605
Total cost	PLN thousand	2,750

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

	2012	2011
Income statement – staff cost	2,460	9,706
Other reserve capital	2,460	9,706

The impact on the financial statements of the Group described above, results in 2012 from the recognition of the plan carried out in 2011-2012; in 2011 – from the recognition of the plans carried out in 2010-2011.

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

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.):

	2012	2011
At the beginning of the period	333,101	680,355
Granted	290,568	339,605
Forfeited	(2,884)	(9,804)
Vested	(330,217)	(677,055)
At the end of the period	**290,568**	**333,101**

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

	As at 31 December 2012	Vested in 2012	Forfeited in 2012	Granted in 2012	As at 31 December 2011
Incentive plan 2011 and 2012(M & O series)					
Piotr Niemczycki (1)	5,454	(8,569)	-	5,454	8,569
Zbigniew Bak	6,246	(9,997)	-	6,246	9,997
Tomasz Jozefacki (2)	-	(6,855)	-	-	6,855
Marek Jackiewicz (3)	1,101	(3,124)	-	1,101	3,124
Stanislaw Turnau (4)	1,197	(3,535)	-	1,197	3,535
Grzegorz Kossakowski	4,685	(6,855)	-	4,685	6,855
	18,683	**(38,935)**	**-**	**18,683**	**38,935**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2) Tomasz Jozefacki held his post as Management Board member until January 31, 2012;
(3) Marek Jackiewicz was appointed to the Management Board on January 4, 2012;
(4) Stanislaw Turnau was appointed to the Management Board on January 4, 2012.

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 2012, non-cash expense of the investment certificates acquired by the Management Board, recognised according to IFRS 2, amounted to PLN 255 thousand (in 2011: PLN 963 thousand).

B – Incentive plan based on realization on operating result goal and share price increase (from 2010)

Eligible employees of the Company (the Management Board and top managers) participate in incentive program based on two components ("3-Year-Long Incentive Plan") 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 2010-2012. 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 2010-2012. 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,

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

(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 share price increase in the future, accounted as the difference between the average of the quoted closing Company's share prices in the period of January 1, 2010 till March 31, 2010, that is equal to PLN 23.09 ("the Basic Share Price") and the average of the quoted closing Company's share prices in the period of January 1, 2013 till March 31, 2013 ("the Reference Share Price"), but not more than PLN 35.00, adjusted by: (i) the accumulated dividend per one share, to which the shareholders will be eligible in the period of April 1, 2010 till March 31, 2013 and (ii) the adjustments resulting from the share-buy back program in the period of April 1, 2010 till March 31, 2013 ("the Share Price for Reward Calculation"). If the Share Price for Reward Calculation will be lower than PLN 25.41, 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 same post).

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 and for top managers in the Management 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, 2010 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, 2010 (the grant date) till June 30, 2013 (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 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	10.38
volatility of the share price of Agora S.A. during the last 12 months	%	40.44
the Basic Share Price	PLN	23.09
Risk-free rate	%	3.12-4.07 (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 95.0%.

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

	2012	2011
Income statement – staff cost	1,018	1,051
Income statement - deferred income tax	(193)	(200)
Accruals - as at the end of the period	3,799	2,780
Deferred tax asset - as at the end of the period	722	528

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

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

	2012	2011
Piotr Niemczycki (1)	169	142
Zbigniew Bak	200	171
Tomasz Jozefacki (2)	-	112
Grzegorz Kossakowski	182	112
Marek Jackiewicz (3)	215	-
Stanislaw Turnau (4)	296	-
Total	**1,062**	**537**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2) Tomasz Jozefacki held his post as Management Board member until January 31, 2012;
(3) Marek Jackiewicz was appointed to the Management Board on January 4, 2012;
(4) Stanislaw Turnau was appointed to the Management Board on January 4, 2012.

Total cost of 3-Year-Long Plan for years 2010-2012 for the Management Board Members reached PLN 2,161 thousand.

27. FINANCE INCOME

	2012	2011
Interests on loans and similar items	-	11
Other interest and income from short-term financial assets	14,046	15,122
Gain on sale of financial assets	218	122
Impairment losses for financial assets	553	340
Valuation of SWAP contracts	83	225
F/x gains	698	-
Valuation of put option	925	3,260
Other	689	606
	17,212	**19,686**

28. FINANCE COST

	2012	2011
Interest on loans payable, lease liabilities and similar items	13,390	15,207
Other interest	324	493
F/x losses	-	820
Other	226	46
	13,940	**16,566**

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

29. INCOME TAXES

Income tax recognised in the consolidated income statement

	2012	2011
Current tax expense		
Current year	(2,482)	(16,356)
Adjustments for prior periods	(152)	137
	(2,634)	**(16,219)**
Deferred tax expense		
Origination and reversal of temporary differences	4,087	6,076
Utilization of tax loss	(248)	(1,697)
Origination of tax loss	45	-
The amount of benefit from a previously unrecognised tax loss and tax credit	790	262
The amount of benefit from a temporary difference of a prior period	-	352
	4,674	4,993
Total tax expense recognised in the income statement	**2,040**	**(11,226)**

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

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

	2012	2011
Profit/(loss) before tax	**(10,145)**	**55,015**
Tax calculated at a rate of 19% (2011 : 19%)	**1,928**	**(10,453)**
Tax effect of:		
Interests in results of associates and joint ventures	(63)	(2)
Reversal of impairment losses for receivables	1,993	1,129
Reversal of impairment losses for other assets	5	5
Other non-taxable revenues	701	1,315
Share-based payments costs	(467)	(1,844)
Impairment losses for receivables	(2,112)	(1,774)
Other non-deductible expenses	(1,515)	(1,590)
Temporary differences on which deferred tax was not recognised	52	432
Utilisation of tax losses on which deferred tax was not recognised	127	825
Tax losses on which deferred tax was not recognised	-	(221)
Recognition of deferred tax on tax losses from previous periods	790	262
Recognition of deferred tax on temporary differences from previous period	-	370
Other	601	320
Tax calculated at an effective rate of 20.1% (2011: 20.4%)	**2,040**	**(11,226)**

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

30. 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 2012 the cumulative taxes not paid amounted to PLN 31,839 thousand (31 December 2011: PLN 31,284 thousand). In accordance with the prudence principle the Group estimates future economic benefits and recognises the deferred tax asset on this exemption in the amount expected to be utilized in future.

31. 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 (2011: 50,937,386).

Weighted average number of ordinary shares:

	2012	2011
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.

32. BUSINESS COMBINATIONS

On December 15, 2011, the shareholders of AdTaily Sp. z o.o. adopted a resolution to increase the share capital of AdTaily by 145 new shares with nominal value of PLN 50 per share (in total PLN 7.25 thousand). Agora covered the new shares with PLN 761.25 thousand contribution. The agio was recognized in other reserves. The AdTaily's share capital amounted to PLN 42,000 and consisted of 840 shares with nominal value PLN 50 per share. As a result of the above transaction Agora S.A. had 632 shares constituting 75.24% of the share capital and has right to 75.24% votes at shareholders' meeting. The District Court for the city of Cracow, XI Commercial Division, registered the increase of the share capital on April 13, 2012.

On January 31, 2012 Agora S.A. disposed 3,700 shares of A2 Multimedia Sp. z o.o. As a result of the transaction Agora S.A. has no shares of A2 Multimedia Sp. z o.o.

On May 22, 2012 as a result of the purchase of shares Agora S.A. became an owner of 12 shares of the company Adtaily Sp. z o.o. seated in Cracow. As a result of the above transaction Agora S.A. has 644 shares constituting 76.7% of the share capital and has right to 76.7% votes at the shareholders' meeting.

On July 5, 2012 the Court in Ukraine registered the increase of the share capital of LLC Agora Ukraine by the amount of UAH 352 thousand which was covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounts to UAH 518 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 August 29, 2012 the District Court for Szczecin – Centrum in Szczecin, XIII KRS Commercial Division registered the company: Online Technologies HR Sp. z o.o. with its registered seat in Szczecin. The share capital amounts to PLN 5.4 thousand. In the new company, Agora S.A. has 17.6% of the share capital and 17.6% of votes at shareholders' meeting.

On September 14, 2012 the District Court for Lodz - Srodmiescie in Lodz, XX KRS Commercial Division registered the company: Next Film Sp. z o.o. with its registered seat in Lodz. The share capital amounts to PLN 500 thousand. In the new company Helios S.A., a subsidiary of Agora S.A., has 100% of the share capital and 100% of the votes at shareholders' meeting.

On November 20, 2012, the Court in Ukraine registered the increase of the share capital of LLC Agora Ukraine by the amount of UAH 497 thousand, which was covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounts to UAH 1,015 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 November 20, 2012 the District Court for Szczecin - Centrum in Szczecin, XIII KRS Commercial Division registered the increase of the share capital of Online Technologies HR Sp. z o.o. by 12 new shares with nominal value of PLN 80 per share (in total PLN 960). Agora S.A. covered new shares with PLN 200 thousand contribution. After the share capital increase it amounts to PLN 6.4 thousand and is divided into 80 shares with nominal value of PLN 80 per share. After the share capital increase, Agora S.A. owns 24 shares which translates into 30% of the company's share capital and 30% of votes at shareholders' meeting.

On December 14, 2012 Agora S.A. sold its 120 shares in Business Ad Network Sp. z o.o. ("BAN"). As a result of an above transaction at date of publication these financial statements, Agora S.A. does not have any shares in BAN.

33. 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 percent 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 36.

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, 2012, the Group maintains line of credit in Bank Pekao S.A presented in note 13 and payment deadlines concerning trade payables are described in note 19.

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 which are also partly contracted in foreign currencies, mainly EURO and USD.

Cash nad cash equivalents denominated in foreign currency amounted to PLN 811 thousand as at balance sheet date (31 December 2011: PLN 1,198 thousand), mainly in EURO and USD.

Accounts receivable in foreign currency amounted to PLN 1,226 thousand as at balance sheet date (31 December 2011: PLN 1,891 thousand), principally in USD and EURO.

Accounts payable requiring settlement in foreign currency amounted to PLN 1,958 thousand as at balance sheet date (31 December 2011: PLN 7,581 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 2012 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 December 2012, assuming a +/- 1pp change in interest rates, the fair value of financial instruments that will fluctuate, is estimated to be equal to PLN 93 thousand (as at December 31, 2011: PLN 709 thousand).

b) Foreign currency risk

The Group has many financial instruments (including bank deposit, receivables and payables). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at December 2012, assuming the appreciation/depreciation of Polish zloty by 10%, the fair value of financial instruments that will fluctuate, is estimated to be equal to PLN 524 thousand (as at December 31, 2011: PLN 747 thousand).

34. FINANCIAL INSTRUMENTS

1) General information

As at 31 December 2012:

	Short-term financial assets	**Bank deposits**	**Loans/bank loans received**
a) Classification	Certificates in investment funds – financial asset at fair value through profit or loss	Loans granted	Financial liability
b) Nature of the instrument	Short-term low risk investments	Short-term low risk investments	Bank loans
c) Carrying value of the instrument	Certificates in investment funds - PLN 32,774 thousand	PLN 116,766 thousand	Bank loans - PLN 143,823 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a
e) Purpose of the instrument	Investing of cash surpluses	Investing of cash surpluses	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
g) Amount and timing of future cash receipts or payments	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	Payment terms for all loans are described in note 13
i) Early settlement option	Any time	Any time	Possible
j) Execution price or range of prices	Market value	Face value plus interests	Face value plus interests
k) Option to convert or exchange instrument to other asset or liability	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	Bank loans – WIBOR + bank margin Timing of payments - monthly
m) Collateral held or pledged	None	None	Collaterals are described in note 13.
n) Above information for the instrument in exchange for	n/a	n/a	n/a

	Short-term financial assets	**Bank deposits**	**Loans/bank loans received**
o) 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
p) Type of risk associated with the instrument	Interest rate(risk in fair value change), credit risk of financial institution	Interest rate, credit risk of financial institution	Interest rate
q) The amount of liabilities from the instruments	None	None	None
r) Fair value of the instrument	Equal to carrying value	Close to carrying value	Close to carrying value
s) Method of fair value determination	Market quotations	Discounted cash flow	Discounted cash flow

Interest rate risk

t) Description of the risk	Low due to floating rate	Low due to floating rate	Low due to floating rate
u) Contractual repricing or maturity date	See point h)	See point h)	See point h)
w) Effective interest rate	Close to nominal	Close to nominal	Close to nominal

Credit risk

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

As at 31 December 2011:

	Short-term financial assets	Bank deposits	Loans received
a) Classification	Certificates in investment funds – financial asset at fair value through profit or loss	Loans granted	Financial liability
b) Nature of the instrument	Short-term low risk investments	Short-term low risk investments	Bank loans Loan
c) Carrying value of the instrument	Certificates in investment funds and treasuary bonds - PLN 197,872 thousand	PLN 80,703 thousand	Bank loans - PLN 175,604 thousand Loans received - PLN 1,424 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a
e) Purpose of the instrument	Investing of cash surpluses	Investing of cash surpluses	Bank loan – investment needs Bank overdraft Loans – operating needs
f) Amount on which future payments are based	Total value of investments	Total value of deposits	Face value
g) Amount and timing of future cash receipts or payments	Interest depending on maturity	Interest depending on maturity	Bank loans - Interests paid monthly Loans – interest paid with the principal amount
h) Date of repricing, maturity, expiry or execution	Liquid	Liquid – overnight or within 3 months	Payment terms for all loans are described in note 13
i) Early settlement option	Any time	Any time	Possible
j) Execution price or range of prices	Market value	Face value plus interests	Face value plus interests
k) Option to convert or exchange instrument to other asset or liability	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	Bank loans – WIBOR + bank margin Timing of payments - monthly Loans – WIBOR + margin Timing of payments – according to agreements
m) Collateral held or pledged	None	None	Collaterals are described in note 13.
n) Above information for the instrument in exchange for	n/a	n/a	n/a

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

	Short-term financial assets	Bank deposits	Loans received
o) 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
p) Type of risk associated with the instrument	Interest rate(risk in fair value change), credit risk of financial institution	Interest rate, credit risk of financial institution	Interest rate
q) The amount of liabilities from the instruments	None	None	None
r) Fair value of the instrument	Equal to carrying value	Close to carrying value	Close to carrying value
s) Method of fair value determination	Market quotations	Discounted cash flow	Discounted cash flow

Interest rate risk

t) Description of the risk	Low due to floating rate	Low due to floating rate	Low due to floating rate
u) Contractual repricing or maturity date	See point h)	See point h)	See point h)
w) Effective interest rate	Close to nominal	Close to nominal	Close to nominal

Credit risk

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

The information about trade receivables is included in note 8 and about trade payables in note 19.

2) Detailed information on financial instruments

	2012	2011
Interest income on financial assets		
Bank deposits	5,872	6,139
Short-term financial assets (treasury bills and investment certificates)	8,108	8,962
Loans granted	-	11
Other	66	20
Interest expense on financial liabilities		
Loans	(10,337)	(12,425)
Finance lease liabilities	(3,053)	(2,783)
Other	(324)	(492)

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

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 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**

	31 December 2011	Level 1	Level 2	Level 3
Treasury bills	11,012	11,012	-	-
Certificates in investment funds	186,860	-	186,860	-
Financial assets measured at fair value	**197,872**	**11,012**	**186,860**	**-**
Liability related to valuation of SWAP contracts	156	-	156	-
Put option liability	27,535	-	-	27,535
Financial liabilities measured at fair value	**27,691**	**-**	**156**	**27,535**

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 2012	31 December 2011
Opening balance	**27,535**	**29,669**
Additions	-	1,126
Changes resulting from revaluation recognised in profit or loss	(925)	(3,260)
Closing balance	**26,610**	**27,535**

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

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

35. CAPITAL AND INVESTMENT COMMITMENTS

Contractual capital and investment commitments (mainly fixed and intangible assets) existing at the balance sheet date amounted to PLN 4,393 thousand (31 December 2011: PLN 20,529 thousand).

As at balance sheet date, future capital and investment expenditures budgeted by the Group for the following 12 months amounted to PLN 104,620 thousand (31 December 2011: PLN 140,630 thousand).

36. 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	Amount 31 Dec 2012	Amount 31 Dec 2011	Provisions booked
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	28 Jan 2013 - 30 Dec 2015	517	623	-
Bills of exchange issued by AMS S.A.					
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	-
BRE Bank S.A.	AMS S.A.	16 Dec 2015	5,000	5,000	-

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 (described in note 13) and guarantees on rent agreements.

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 742 thousand in 2012 and PLN 605 thousand in 2011.

Panels situated near the side of a road

AMS S.A. finished in Warsaw the process of moving its large format advertising panels to localizations outside the side of the road. Mounting the panels of the type Backlight 18 square meters, Backlight 32 square meters, Billboard 18 square meters and Cityscroll 9 square allowed to increase the sales potential of Premium and Superpremium segments and enabled to become entirely independent from the city policy regarding the side of the road.

AMS received many administrative fines for using the waysides for its panels. The appeal procedures are conducted in front of the Local Self-government Appeal Committee (Samorzadowe Kolegium Odwolawcze) or in front of the Voivodeship Administrative Court (Wojewodzki Sad Administracyjny). The provisions for possible administrative fines reached PLN 2,835 thousand as at December 31, 2012 (as at December 31, 2011: PLN 3,598 thousand).

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

37. 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 2012	31 December 2011
Within one year	85,389	75,750
Between one and five years	205,499	159,647
More than five years	181,986	65,539
Total	**472,874**	**300,936**

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 1,510 thousand (2011: 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 21.

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

38. GROUP COMPANIES

Basic information about the Agora S.A. Group as at 31 December 2012:

	Companies consolidated	% of shares held effectively		Assets		Liabilities		Sales		Net result	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	2012	2011	2012	2011
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%	92,746	103,334	45,621	63,382	77,394	62,940	7,769	612
2	AMS S.A. , Warsaw	100.0%	100.0%	230,864	284,748	40,952	104,248	170,746	186,861	9,219	19,568
3	IM 40 Sp. z o.o., Warsaw (1)	72.0%	72.0%	3,687	4,080	456	701	5,021	5,758	1,654	1,801
4	GRA Sp. z o.o., Warsaw	100.0%	100.0%	68,775	70,245	22,771	29,437	41,578	45,381	5,092	5,378
5	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%	3,853	3,570	899	702	10,351	9,464	1,573	1,488
6	Inforadio Sp. z o.o., Warsaw (1)	66.1%	66.1%	6,167	5,242	1,335	1,308	9,373	8,734	899	764
7	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%	2,462	2,764	454	919	7,729	7,882	1,262	1,111
8	RDR Sp. z o.o., Warsaw (1)	100.0%	100.0%	23,594	23,234	29,173	27,126	82,875	76,525	(1,731)	(1,689)
9	LLC Agora Ukraine, Kijev	100.0%	100.0%	516	412	13,581	14,351	33	70	(905)	(1,286)
10	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	100.0%	6,265	7,854	6,392	9,378	20,180	21,933	1,395	1,806
11	AdTaily Sp.z o.o. Kracow	76.7%	75.2%	1,982	1,509	1,565	1,542	4,256	2,978	450	(1,230)
12	Helios S.A., Lodz (3)	82.8%	82.8%	258,306	203,469	174,469	120,248	206,428	204,426	615	7,427
13	Sport4People Sp. z o.o. Krakow (4)	51.7%	51.7%	729	541	96	22	715	430	123	61
14	Next Film Sp. z o.o., Lodz (5)	82.8%	0.0%	443	-	112	-	4	-	(170)	-
15	Projekt Inwestycyjny Sp. z o.o. , Warsaw (1)	100.0%	100.0%	31	48	6	8	-	-	(14)	(14)

(1) indirectly through GRA Sp. z o.o.;
(2) indirectly through AMS S.A.;
(3) the company mergered with Kinoplex Sp. z o.o. on August 31, 2011;
(4) the company fully consolidated on November 30, 2011, the income statement data presented above for 2011 are for the period of December 2011;
(5) indirectly through Helios S.A.

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

100% of selected items

	Company accounted for using the equity method	% of shares held effectively		Assets		Liabilities		Sales		Net result	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	2012	2011	2012	2011
1	Goldenline Sp. z o.o. Warsaw (1)	36.0%	36.0%	2,783	2,306	1,498	514	10,092	-	(507)	-
2	Online Technologies HR Sp. z o.o., Szczecin (2)	30.0%	0.0%	363	-	42	-	84	-	(84)	-

(1) the company within the Agora Group from 29 December 2011;
(2) the company within the Agora Group from December 1, 2012, the income statement data presented above are for a one month.

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

39. RELATED-PARTY TRANSACTIONS

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

	31 December 2012	31 December 2011
Subsidiaries excluded from consolidation		
Shares	-	101
Trade receivables	-	3
Jointly controlled entities		
Shares	-	246
Trade receivables	-	924
Trade liabilities	-	8
Other liabilities	-	200
Associates		
Shares	11,863	11,780
Trade receivables	78	73
Trade liabilities	3	53
Other liabilities	75	7
Major shareholder		
Trade receivables	1	6
Other liabilities	66	48
Management Boards of group companies		
Liabilities	-	1,424

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

	2012	2011
Subsidiaries excluded from consolidation		
Sales	-	9
Jointly controlled entities		
Sales	2,706	3,068
Purchases	(314)	(516)
Associates		
Sales	168	87
Purchases	(594)	(396)
Interests on loans granted	-	11
Major shareholder		
Sales	64	61

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

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.

40. 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	Cash generating unit relating to activities in Sport4People Sp. z o.o.
As at 31 December 2012	Goodwill = PLN 23,745 thousand	Assets with indefinite useful life and goodwill = PLN 61,879 thousand	Goodwill = PLN 55,455 thousand	Goodwill = PLN 140,944 thousand	Goodwill = PLN 39,096 thousand	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:						
2013	(12%)	43%	1,724%	(126%)	221%	2,808%
2014	1%	(12%)	(70%)	83%	(3%)	(194%)
2015	11%	(1%)	(28%)	232%	(13%)	243%
2016	6%	7%	85%	859%	(10%)	(3%)
2017	10%	11%	25%	33%	0%	32%
Discount rate for the years (pre-tax)						
2013-2017	9.1%	7.5%	7.5%	10.7%	8.6%	9.1%

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

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 assumptions 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	*(0.3pp)*
Estimated pre-tax discount rate *	10.7%
- change required for carrying amount to equal recoverable amount	*0.2pp*

** 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 (2011: PLN 11,230 thousand). Unfavourable change in key assumptions could have resulted in additional impairment losses.

In 2012 as a result of conducted tests for impairment the impairment loss on goodwill connected with Sport4Peoople Sp. z o.o. in the amount of PLN 480 thousand was recognized.

41. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand		EURO thousand	
	2012	2011	2012	2011
Sales	1,138,588	1,234,553	272,807	298,194
Operating profit/(loss)	(13,085)	51,884	(3,135)	12,532
Profit/(loss) before income taxes	(10,145)	55,015	(2,431)	13,288
Net profit/(loss) for the period attributable to equity holders of the parent	(9,035)	42,171	(2,165)	10,186
Net cash from operating activities	92,006	152,241	22,045	36,772
Net cash used in investing activities	85,445	(115,549)	20,473	(27,910)
Net cash used in financing activities	(112,039)	(93,545)	(26,845)	(22,595)
Net increase / (decrease) in cash and cash equivalents	65,412	(56,853)	15,673	(13,732)
Total assets	1,702,819	1,803,720	416,520	408,377
Non-current liabilities	171,191	221,341	41,874	50,113
Current liabilities	325,578	319,062	79,638	72,238
Equity attributable to equity holders of the parent	1,188,371	1,246,064	290,683	282,119
Share capital	50,937	50,937	12,460	11,533
Weighted average number of shares	50,937,386	50,937,386	50,937,386	50,937,386
Earnings per share (in PLN / in EURO)	(0.18)	0.83	(0.04)	0.20
Book value per share (in PLN / in EURO)	23.33	24.46	5.71	5.54

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 2012 (for 2011) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2012 EURO 1 = PLN 4.1736 (EURO 1 = PLN 4.1401).
- 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 2012 – EURO 1 = PLN 4.0882; as at 31 December 2011 – EURO 1 = PLN 4.4168.

42. EVENTS AFTER THE BALANCE SHEET DATE

- **Delegating a member of Subervisory Board to perform supervision duties and resignation of the President of the Management Board from the participation 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.

- **The intention to nominate board members**

On February 14, 2013, the Management Board of Agora S.A. with its registered seat in Warsaw (the Company), hereby informed that on February 14, 2013, 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.

- **The changes in subsidiaries**

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 will be covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounts 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.

- **Execution of an investment agreement**

On Februay 22, 2013 the Management Board of Agora S.A. („Agora") 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. („Company"), executed an investment agreement („Investment Agreement"). The Company submitted an application for the Licence to the National Broadcasting Council on February 25, 2013. The Investment Agreement covers conditional purchase of the Company's shares by Agora and co-operation rules between Agora and KPTV, including nomination of the Company's governing bodies and unanimous voting on significant matters during the Company'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 Company will equal at least 41%, provided that the Company shall acquire the Licence till December 31, 2014 and other conditions typical for such agreements are fulfilled.

The total price to be paid for the shares is insignificant taking into account Agora's equity and potential size of the Company's activities provided the Company is granted the Licence.

The parties to the Investment Agreement decided to jointly finance the Company through a series of proportional capital increases for the total amount not lower than PLN 20 million.

There are no affiliations between Agora S.A., the Management Board or Supervisory Board of Agora S.A. and KPTV, the Company and the Management Board of the KPTV and the Company.

- **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 11,500 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 i Wnetrze* for PLN 3,000 thousand (in connection with the sales transaction the pledge on trademarks relating to *Poradnik Domowy* was eliminated).

Warsaw, April 12, 2013

Zbigniew Bak – Deputy President of the Management Board	Signed on the Polish original
Marek Jackiewicz – Member of the Management Board	Signed on the Polish original
Grzegorz Kossakowski – Member of the Management Board	Signed on the Polish original
Stanislaw Turnau – 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

Agora S.A. Group

Supplementary report on the audit of the consolidated financial statements Financial Year ended 31 December 2012

The supplementary report contains 12 pages
The supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2012

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

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 2012, the Management Board of the Parent Company was comprised of the following members:

- Piotr Niemczycki – President of the Management Board,
- Zbigniew Bąk – Vice President of the Management Board,
- Grzegorz Kossakowski – Member of the Management Board,
- Marek Jackiewicz – Member of the Management Board,
- Stanisław Turnau – Member of the Management Board.

On 29 December 2011, Mr. Tomasz Józefacki resigned from the post of Member of the Management Board, effective on 31 January 2012.

On 4 January 2012, Mr. Marek Jackiewicz and Mr. Stanisław Turnau were appointed Members of the Management Board.

On 4 February 2013, Mr. Piotr Niemczycki resigned from 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.

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2012, 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.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2012:

- Next Film Sp. z o.o. – subject to consolidation for the period from 14 September 2012 to 31 December 2012,
- Projekt Inwestycyjny Sp. z o.o. – subject to consolidation for the period from 1 January 2012 to 31 December 2012.

1.2.2 Entities excluded from consolidation

As at 31 December 2012, 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 into 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 2011 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 22 June 2012.

The consolidated financial statements were submitted to the Registry Court on 23 July 2012 and were published in Monitor Polski B No. 2163 on 19 September 2012.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting 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 2012, the consolidated income statement and 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 the General Meeting dated 20 October 2004.

The consolidated financial statements have been 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) ("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 4 March 2013 to 5 April 2013.

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-Government, Audit Firms 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 2012 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 2012	until 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 2012	until 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 2012	until 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 2012	until 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 2012	until 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 2012	until 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 2012	until 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 2012	until 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 2012	until 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 2012	until 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 2012	until the date of this report the statutory audit has not been completed
AdTaily Sp. z o.o.	not audited	31 December 2012	not applicable
LLC Agora Ukraine	not audited	31 December 2012	not applicable
Sport4People Sp. z o.o.	not audited	31 December 2012	not applicable
Next Film Sp. z o.o.	not audited	31 December 2012	not applicable

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated balance sheet

ASSETS	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Non-current assets				
Intangible assets	422,061	24.8	419,236	23.2
Property, plant and equipment	765,665	45.0	760,157	42.2
Long-term financial assets	150	-	251	-
Equity accounted investments	11,718	0.7	11,881	0.7
Long-term receivables and prepayments	5,481	0.3	7,934	0.4
Deferred tax assets	4,208	0.2	3,840	0.2
Total non-current assets	1,209,283	71.0	1,203,299	66.7
Current assets				
Inventories	22,488	1.3	29,209	1.6
Short-term receivables and prepayments	242,813	14.3	246,411	13.7
Income tax receivable	4,544	0.3	1,424	0.1
Short-term financial assets	32,774	1.9	197,872	11.0
Cash and cash equivalents	190,917	11.2	125,505	6.9
Total current assets	493,536	29.0	600,421	33.3
TOTAL ASSETS	1,702,819	100.0	1,803,720	100.0

EQUITY AND LIABILITIES	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Equity				
Share capital	50,937	3.0	50,937	2.8
Share premium	147,192	8.6	147,192	8.2
Translation reserve	(161)	-	(114)	-
Retained earnings	990,403	58.2	1,048,049	58.1
Total equity attributable to equity holders of the parent	1,188,371	69.8	1,246,064	69.1
Non-controlling interest	17,679	1.0	17,253	0.9
Total equity	1,206,050	70.8	1,263,317	70.0
Liabilities				
Deferred tax liabilities	40,964	2.4	45,270	2.5
Long-term credits and loans	99,377	5.9	142,459	7.9
Other financial liabilities	26,609	1.6	27,691	1.6
Provisions for retirement benefits	2,099	0.1	1,914	0.1
Long-term accruals	2,142	0.1	4,007	0.2
Total non-current liabilities	171,191	10.1	221,341	12.3
Provisions for retirement benefits	135	-	195	-
Trade and other payables	146,858	8.6	182,729	10.1
Income tax payable	495	-	3,222	0.2
Short-term credits and loans	103,005	6.1	70,527	3.9
Other financial liabilities	73	-	-	-
Provisions liabilities	10,219	0.6	6,786	0.4
Short-term accruals	64,793	3.8	55,603	3.1
Total current liabilities	325,578	19.1	319,062	17.7
Total liabilities	496,769	29.2	540,403	30.0
TOTAL EQUITY AND LIABILITIES	1,702,819	100.0	1,803,720	100.0

2.1.2 Consolidated income statement

	1.01.2012 - 31.12.2012 PLN '000	% of total sales	1.01.2011 - 31.12.2011 PLN '000	% of total sales
Revenue	1,138,588	100.0	1,234,553	100.0
Cost of sales	(792,745)	69.6	(790,794)	64.1
Gross profit on sales	*345,843*	*30.4*	*443,759*	*35.9*
Distribution expenses	(221,794)	19.5	(254,612)	20.6
General and administrative expenses	(115,432)	10.1	(119,216)	9.6
Other operating income	23,231	2.0	18,902	1.5
Other operating expenses	(44,933)	4.0	(36,949)	3.0
Results from operating activities	*(13,085)*	*1.2*	*51,884*	*4.2*
Financial income	17,212	1.5	19,686	1.6
Financial expenses	(13,940)	1.2	(16,566)	1.3
Share of profit/loss of equity accounted investees	(332)	-	11	-
Gross profit/(loss)	*(10,145)*	*0.9*	*55,015*	*4.5*
Income tax expense	2,040	0.2	(11,226)	1.0
Net profit/(loss)	*(8,105)*	*0.7*	*43,789*	*3.5*
Profit attributable to:				
Shareholders of the Parent Company	(9,035)		42,171	
Non-controling interest	930		1,618	
Basic/diluted earnings per share (PLN)	(0.18)		0.83	

2.2 Selected financial ratios

	2012	2011	2010
1. Return on sales			
net profit x 100% / net revenues	negative value	3.5%	6.4%
2. Return on equity			
net profit x 100% / equity - net profit	negative value	3.6%	6.2%
3. Debtors turnover			
average trade receivables (gross) x 365 days / net revenues	68 days	62 days	67 days
4. Debt ratio			
liabilities x 100% / equity and liabilities	29.2%	30.0%	31.5%
5. Current ratio			
current assets / current liabilities	1.5	1.9	2.1

- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.

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 r., No 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note 2(c) 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) 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

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

12 April 2013

AGORA GROUP

Management Discussion and Analysis for

the year 2012

to the consolidated financial statements

April 12, 2013

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AGORA GROUP MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR YEAR OF 2012 OF THE FINANCIAL STATEMENTS

REVENUE PLN 1,138.6 MILLION
NET LOSS PLN 8.1 MILLION
OPERATING EBITDA PLN 83.2 MILLION
OPERATING CASH FLOW PLN 92.0 MILLION

Unless indicated otherwise, all data presented herein represent the period of 2012, while comparisons refer to 2011. All data sources are presented in part IV of this MD&A.

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

- According to the Agora Group ('the Group') estimates, in 2012, advertising spending for all media in Poland amounted to ca PLN 7.5 billion and decreased by almost 5% yoy. At that time, advertisers increased their advertising expenditure in Internet (up by over 8.5% yoy), and in cinemas (up by over 11% yoy). Advertisers decreased their spending in television by ca 5.5% yoy. Advertising expenditure in outdoor decreased by almost 6.5% yoy. Advertising budgets in press decreased by almost 15% yoy. Advertisers spent ca 20% less yoy in dailies and over 11% less yoy in magazines. The value of advertising market in Poland, in the discussed period of time and especially in the second quarter of 2012, was significantly influenced by *European Football Championship* taking place in Poland and in Ukraine, which due to administrative restrictions imposed by organizers, resulted in a limited scale of advertising campaigns on outdoor panels and in radio stations.
- The Group's revenues in 2012, decreased by 7.8% yoy and amounted to PLN 1,138.6 million. The Group's advertising revenues, decreased by 9.8% yoy to PLN 636.3 million. The revenues from copy sales stood at PLN 152.7 million (down by 20.8% yoy), mainly as a result of lower copy sales of *Gazeta Wyborcza* and books published by Special Projects division. The revenues from other sales increased by 13.5% yoy to PLN 215.6 million, mainly as a result of higher sales of printing services for external clients. The Group's ticket sales amounted to PLN 134.0 million and decreased by 8.4% yoy largely due to a 23.5% yoy drop in ticket sales revenues in the second quarter of 2012, as a result of lower number of tickets sold at that time, inter alia, due to *European Football Championship* taking place in Poland and in Ukraine.
- In 2012*, Gazeta's* advertising sales reached PLN 202.9 million (down by 20.8% yoy). *Gazeta's* copy sales revenues decreased by 18.7% yoy to PLN 106.8 million. In 2012, *Gazeta* sold 257 thousand copies on average and its share in the advertising expenditure in dailies reached over 36.5% *[4][3]*.
- In 2012, the advertising sales in the Free Press division amounted to PLN 27.3 million and decreased by 10.2% yoy, mainly as a result of 21.6% yoy decrease in the third quarter of 2012. In 2012, the share of Agora's free newspaper (*Metro*) in dailies ad spend increased by 0.5 pp and reached almost 5% *[3].* During the discussed period of time, the division achieved a positive operating result (EBIT) of PLN 2.8 million, which was lower than in 2011 *[1]*. This is a consequence of revenue decrease noted in the second half of 2012.
- In 2012, revenues of the Internet segment amounted to PLN 114.0 million and were flat yoy. Due to the implemented cost saving measures, segment improved its operating result EBIT to PLN 7.4 million *[1]*, despite the cost related to group lay-offs which burdened the segment's results in the third quarter of 2012 with the amount of PLN 1.2 million. If the influence of group lay-off cost was excluded, the operating result of the segment would amount to PLN 8.6 million *[1].* In December 2012, the reach of online services from *Gazeta.pl* group reached 59.1%. The number of its users reached 11.4 million people *[6].*

- In 2012, the revenues of the cinema segment increased by 0.6% yoy and amounted to PLN 205.1 million. In the discussed period of time, the segment's results were negatively affected by *European Football Championship* due to which lower number of tickets to the cinemas were sold in the second quarter of 2012. The number of tickets sold in Helios cinemas in 2012 decreased by ca 7% yoy to over 7.7 million tickets, which resulted in lower revenues from ticket sales and from food and beverages sales in bars operated in cinemas. Segment noted an operating result EBIT of PLN 6.1 million which was lower yoy. The results of the segment were also influenced by investment in new multiplexes. The segment results reflect full operating cost related to each new cinema, whereas the potential of revenue generation is not fully realized yet. In 2012, seven new multiplexes were added to Helios cinema network which currently features 30 modern multi-screen cinemas. In 2012, revenues of the AMS group decreased by 7.4% yoy to PLN 162.1 million, mainly as a result of 20.2% yoy decrease noted in the second quarter of 2012 due to the *European Football Championship* organized in Poland and in Ukraine resulting from administrative restrictions imposed upon advertisers in the cities in which the matches took place. Operating result (EBIT) of the segment reached PLN 4.2 million. In 2012, AMS group's share in outdoor advertising market decreased slightly (down by ca 0.5pp) to almost 30% *[8]*. In 2012, the value of outdoor advertising market in Poland decreased by almost 6.5% yoy *[8].*
- In 2012, the Radio segment revenues grew by 2.3% yoy to PLN 88.1 million. The segment's operating cost increased by 3.1% yoy, mainly due to higher outlays for air time purchase in the third party radio stations. The segment noted a positive result (EBIT) of PLN 2.8 million.
- In 2012, revenues of the magazine business reached PLN 65.0 million and dropped by 13.7% yoy. Additionally, the segment's results were negatively affected by the impairment loss of PLN 12.4 million recognized in 2012. As a result, in 2012, the segment noted an operating loss at the EBIT level of PLN 7.7 million *[1]*. If one excluded the negative influence of impairment loss and group lay-offs in Agora S.A. the operating result of the segment in 2012 would be positive and would amount to PLN 5.2 million *[1].*
- In 2012, total net operating cost of the Group decreased by 2.6% yoy and reached PLN 1,151.7 million, despite the cost of group lay-offs in Agora S.A. and Agora Poligrafia Sp. z o.o., which burdened the Group's results with the amount of PLN 9.5 million and impairment of fixed assets in the amount of PLN 17.6 million. This cost savings result mainly from 29.5% yoy drop in marketing and promotion expenditure and lower yoy non-cash expense relating to share-based payments.
- In 2012, operating EBITDA of the Group decreased yoy to PLN 83.2 million. The Group's operating result was negatively affected by lower sales revenues (down by 7.8% yoy) as well as the cost of group lay-offs and one-off costs, which burdened the Group's result with PLN 27.1 million. The above mentioned cost impacted also the deferred tax. In the third quarter of 2012, the Group's results were burdened with the cost of group lay-offs in Agora S.A. in the amount of PLN 9.2 million. In the fourth quarter of 2012, the Group recognized an impairment of fixed assets in the amount of PLN 17.6 million. Additionally, in the last quarter of 2012, group lay-offs were executed in Agora Poligrafia Sp. z o.o. and burdened the Group's results with PLN 0.3 million. As a result, the Group closed 2012 with the operating loss (EBIT) of PLN 13.1 million and net loss of PLN 8.1 million. The net loss attributable to the equity holders of the parent amounted to PLN 9.0 million. Excluding the cost of the group lay-offs in Agora S.A. and Agora Poligrafia Sp. z o.o., which burdened the Group's result in 2012 with the amount of PLN 9.5 million as well as impairment loss, operating EBITDA of the Group in 2012 would amount to PLN 110.3 million and the operating result (EBIT) would be positive and would amount to PLN 14.0 million. The Group's net profit, excluding the above costs, would amount to PLN 13.0 million in 2012.
- At the end of December 2012, the Group's cash and short-term monetary assets amounted to PLN 223.7 million, out of which PLN 190.9 million in cash and cash equivalents and PLN 32.8 million in short-term securities.
- At the end of December 2012, the Group's debt amounted to PLN 202.4 million (including: bank credits and finance lease liabilities in Helios group amounting to PLN 124.7 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 2012, the value of total advertising expenditure in Poland in 2012 decreased by almost 5% yoy, as a result of limited advertising expenditure in each of the quarters of 2012. The only segments that noted a growth of advertising expenditure in 2012 in Poland were Internet and cinema. Advertising expenditure in Internet grew by over 8.5% yoy and in cinema by over 11% yoy.

In 2012, the value of advertising budgets in dailies decreased by ca 20% yoy, in magazines by over 11% yoy and in TV by over 5.5% yoy.

A consecutive quarter of limited advertising expenditure in outdoor advertising resulted in almost 6.5% yoy drop in the value of outdoor advertising in 2012.

An increase of radio advertising expenditure in the fourth quarter of 2012 partly compensated the drops experienced by the radio business in the previous quarters and as a result in 2012 the value of radio advertising market decreased by ca 3% yoy.

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 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.

2. INTERNAL FACTORS

2.1. Revenue

In 2012, the Group's total revenues decreased by 7.8% yoy to PLN 1,138.6 million, mainly as a result of 11.3% yoy drop noted in the second quarter of 2012.

In 2012, advertising sales of the Group decreased by 9.8% yoy and amounted to PLN 636.3 million with the largest drops observed in Newspapers and Outdoor segments.

At the same time, advertising revenue grew in Internet segment by 8.6% yoy to PLN 89.8 million, in Radio segment by 1.5% yoy to PLN 85.8 million, mainly due to higher revenues from brokerage services in the third party radio stations and in the Cinema segment due to, inter alia, barter cooperation with other business segments in the Group.

In 2012, the Group's total revenues from the copy sales decreased by 20.8% yoy to PLN 152.7 million. The main reasons for this decrease include lower copy sales of press titles, smaller number of more expensive editions (dual pricing offer), lower number of book collections published by Special Projects division and price decrease of selected press titles. The smaller yoy number of published magazines also contributed to the drop of copy sales revenue. In the discussed period of time, the revenues from the copy sales in *Gazeta Wyborcza* decreased by 18.7% yoy and in the Magazine segment by 15.8% yoy.

In 2012, the revenues from tickets sold in the cinemas composing the Helios network amounted to PLN 134.0 million and decreased by 8.4% yoy. In the discussed period of time, cinema going in Poland was negatively affected by large sports events, especially *European Football Championship EURO 2012* taking place, for the first time, in Poland. In the discussed period of time people bought 7.7 million cinema tickets in the Helios network, i.e. ca 7.0% yoy less than in 2011.

In 2012, other revenues increased by 13.5% yoy to PLN 215.6 million, mainly as a result of growth in the sales of printing services to external clients. Revenues from the sales of book collections published by Special Projects division and from the sales of food and beverages in the cinemas from Helios network were lower yoy.

2.2. Operating cost

In 2012, **total net operating cost** of the Group reached PLN 1,151.7 million and decreased by 2.6% yoy despite the cost of group lay-offs in Agora S.A. and Agora Poligrafia Sp.z o.o., which burdened the Group's results with the amount of PLN 9.5 million and the one-off cost of PLN 17.6 million booked in the fourth quarter of 2012.

The Group's **staff cost** (excluding non-cash cost of share-based payments and cost related to group lay-offs decreased by 0.8% yoy. The largest drop of staff cost was observed in the Newspapers segment. The increase in staff cost was observed in the Cinema segment and was related to the expansion of Helios network with seven new multiplexes in 2012.

The Group's **headcount,** at the end of December 2012, was 3,085 employees and was lower by 397 FTEs than at the end of December 2011. These numbers do not include, the people who received the dismissal notice but still served the notice period till the end of 2012. The group lay-off, which was to affect up to 250 employees, i.e. 10% of all Company's employees, was finalized in 2013.

Total **non – cash expense** relating to share - based payments (described in note26A to the annual financial consolidated financial statements of the Agora Group) charged to the Group's profit and loss account in 2012 it amounted to PLN 2.5 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 fourth quarter of 2010, the Group's operating result is burdened quarterly by the cost of Three-Year-Long Incentive Plan for the Management Board members and higher managerial personnel (described in note 26B to the annual consolidated financial statements of the Agora Group). In 2012, this cost amounted to PLN 1.0 million.

The **cost of external services** in 2012 increased by 0.4% yoy to PLN 356.7 million, inter alia due to higher cost of aerial time purchase in the third party radio stations and higher cost of sales of brokerage services. Additionally, higher rental cost for outdoor panels and higher cost of space rent in shopping centres for cinema operation contributed to the growth of this cost postion.

In 2012, **cost of raw materials, energy and consumables** amounted to PLN 244.3 million and decreased by 2.5% yoy. The drop in this cost position results from its methodical decrease from the second quarter of 2012 as a result of, inter alia, the decrease in the cost of consumables due to lower production cost of book series in Special Projects division as a result of lower number of projects yoy. This compensated for higher energy cost related to the expansion of Helios network and increased heatset production (printing services).

Promotion and marketing expense decreased by 29.5% yoy to PLN 81.2 million. The largest decrease took place in Newspapers' segment.

3. PROSPECTS

3.1. Advertising market

In 2012, value of advertising expenditure in Poland decreased by almost 5% yoy.

Taking into account current forecasts in macroeconomic environment in Poland and Europe and their influence on advertising market, the Company estimates that in 2013 the value of advertising market in Poland shall decrease by ca 5-8% yoy.

The Company is of the opinion that Internet and cinema may be the only media in which advertising expenditure shall grow in 2013. According to the Company's estimates, Internet advertising expenditure (including search engines) may increase by ca 2-5% yoy, whereas cinema advertising may grow by 0-3% yoy. Other media shall experience further cuts in the value of advertising expenditure.

The largest limitations in advertising expenditure may be observed in dailies: ca 22-25% yoy. Other medium that may note deepening of negative trends in advertising expenditure are magazines with drops by ca 13-16% yoy in 2013. Moreover, the Company is of the opinion that advertisers may also limit their expenditure in TV. These drops in TV advertising expenditure may reach 7-10% yoy in 2013. The value of outdoor advertising in Poland in 2013 may decrease by ca 3-6% yoy. Radio advertising expenditure may shrink by ca 4-7% yoy.

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, lack of reliable data on the average market discount rate and ongoing change in the way of media consumption and short span of time in planning advertising campaigns.

Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.

3.2. Operating cost

The group lay-off, which was to affect up to 250 employees, i.e. 10% of all Company's employees, was finalized in 2013. In the third quarter of 2012, the cost of group lay-offs burdened the Group's results with PLN 9.2 million. Additionally, in the fourth quarter of 2012, in one of the subsidiary companies, Agora Poligrafia Sp. z o.o., the process of group lay-offs was initiated. It burdened the Group's results with the cost of PLN 0.3 million. The Company estimates that possible savings resulting from the above processes may amount to ca PLN 18 million.

The Group shall continue tight cost control policy to be able to act accordingly to the changes in the economic environment, with focus on advertising market and further limitations in advertising expenditure especially in those market segments in which the Group's media are active participants.

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, EUR/PLN exchange rate and cost of brokerage services. Additionally, this cost position may increase due to the planned openings of new cinemas in the fourth quarter of 2013.

3.2.2 Staff cost

Taking into account weakening condition of the advertising market and dynamic changes in media environment, the Group adapts its scale of operation to market conditions in particular business segments. The group lay-off, which was to affect up to 250 employees, i.e. 10% of all Company's employees, was finalized in 2013.Due to this process, the cost of PLN 9.2 million was charged to the Company's and the Group's profit and loss account in the third quarter of 2012. Additionally, in the fourth quarter of 2012, group lay-offs were executed in Agora Poligrafia Sp. z o.o. and burdened the Group's results in the fourth quarter of 2012 with the cost of PLN 0.3 million.

The Company estimates, that group lay-offs executed in Agora S.A. and Agora Poligrafia Sp. z o.o. should bring about, annually, savings in staff cost of ca PLN 18 million.

The staff cost can be influenced by the execution of development projects within the Group (including openings of new cinemas) as well as previous restructuring projects implemented in the Group.

3.2.3 Non – cash expense relating to share - based payments

In 2013, the Group shall execute the last part of the incentive plan based on the Company's shares. Estimated total cost related to share – based incentive plans to be charged to the Group's 2013 profit and loss account shall amount to PLN 1.4 million and will be recognized in the first half of 2013.

3.2.4 Promotion and marketing cost

Due to the market situation and limited number of promotional campaigns within the Agora Group's segments, the promotion and marketing cost decreased in 2012 by 29.5% yoy to PLN 81.2 million. In 2013, the Group plans to keep this cost position at the similar level as in 2012. However, it should be remembered that the level of promotion and marketing expense depends on the dynamics of particular media development, as well as the number of projects (including new multiplexes) and the market activities and projects of the Group's competitors.

3.2.5 Cost of raw materials and energy

In 2012, the cost of materials and energy increased, mainly as a result of increased volume of production for external clients (printing services) and expansion of Helios cinema network. The level of this cost in 2013 will be dependent mainly on the price of newsprint, the volume of production and EUR/PLN exchange rate. It should be remembered that this cost position shall be influenced by seven new multiplexes opened by Helios in 2012 and further expansion of cinema network in 2013.

3.3. The Group's main objectives in 2013

Making the plans for the future, Agora Group has to take into account both, a foreseen economic slowdown as well as fundamental transformation of media sector and its business models.

Taking above into consideration, Agora Group set its main objectives for 2013.

We want to accelerate digital transformation of Agora's media. In 2012, we created digital versions of majority of our publications. The readers may access these publications by means of the most popular distribution platforms and dedicated applications, including mobile ones. *Gazeta Wyborcza* was the first Polish daily available on *Microsoft Windows 8* platform and *Wysokie Obcasy Extra* was the first Polish magazine fully adapted for *iPhone*. We also launched an innovative application *Sport.pl LIVE*, which quickly proved to be a success.

We want to increase the scope of paid digital content. The growth of revenues from paid content and digital advertising is a key objective for the nearest future. To achieve this goal, Agora Group plans to implement necessary technological solutions to manage better the Group's digital content.

We want to develop the Group's main segments and expand the scope of their activities in related business fields. In 2012, we strengthened our position as the cinema operator. In 2013, we plan a consecutive stage of cinema network development, including opening of four new multiplexes. Thanks to the Group's position on this market, we entered into the cinema distribution business. As a result, a film entitled *Drogowka* directed by Wojciech Smarzowski entered Polish cinemas in 2013 and quickly proved to be an attendance success. Agora was also a co-producer of this film. In 2013, we plan to introduce other film productions into Polish cinemas.

Agora has been a successful book publisher for years. In 2012, we launched an online bookstore *Publio.pl* with an offer audiobooks and e-books. We want to increase the number of publications in *Publio.pl* and prepare for users dedicated applications for *iOS* and *Android* systems.

The next objective of the Group for 2013 is to adapt the organizational structure to new market environment to provide full utilization of the Group's internal resources as well as financial efficiency.

Maintaining financial discipline is essential in current economic and market environment. At the same time, future depends on successful transformation, which requires investment in indispensable resources, including technology.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for 2012 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., 5 subsidiaries of the radio business, Helios S.A. and Next Film Sp. z o.o. operating in the cinema business, the Ukrainian company LLC Agora Ukraine, jointly controlled entity Business Ad Network Sp. z o.o. (till December 14, 2012) as well as associated companies A2 Multimedia (till January 31, 2012), GoldenLine Sp. z o.o. and Online Technologies HR Sp. z o.o. (from December 1, 2012).

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 the note 41 to the consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 1

in PLN million	**2012**	**2011**	*% change yoy*
Total sales (1)	**1,138.6**	**1,234.6**	***(7.8%)***
Advertising revenue	636.3	705.6	*(9.8%)*
Copy sales	152.7	192.8	*(20.8%)*
Ticket sales	134.0	146.3	*(8.4%)*
Other	215.6	189.9	*13.5%*
Operating cost net, including:	**(1,151.7)**	**(1,182.7)**	***(2.6%)***
Raw materials, energy and consumables	(244.3)	(250.6)	*(2.5%)*
D&A	(93.8)	(92.8)	*1.1%*
External services	(356.7)	(355.4)	*0.4%*
Staff cost (2)	(310.2)	(312.6)	*(0.8%)*
Non-cash expense relating to share-based payments	(2.5)	(9.7)	*(74.2%)*
Promotion and marketing	(81.2)	(115.1)	*(29.5%)*
Cost of group lay-offs	(9.5)	-	-
One-off costs (3)	(17.6)	(14.3)	*23.1%*
Operating result - EBIT	**(13.1)**	**51.9**	**-**
Finance cost, net, incl.:	**3.3**	**3.1**	***6.5%***
Revenue from short-term investment	14.0	15.1	*(7.3%)*
Interest on bank loans, borrowings, finance lease and similar items	(13.4)	(15.7)	*(14.6%)*
Foreign exchange (losses) / gains	0.7	(0.8)	-
Revaluation of put option (4)	0.9	3.3	*(72.7%)*
Share of results of equity accounted investees	**(0.3)**	**-**	**-**
Profit/(loss) before income tax	**(10.1)**	**55.0**	**-**
Income tax	2.0	(11.2)	-
Net profit/(loss) for the period	**(8.1)**	**43.8**	**-**
Attributable to:			
Equity holders of the parent	(9.0)	42.2	-
Non - controlling interest	0.9	1.6	*(43.8%)*
EBIT margin (EBIT/Sales)	(1.2%)	4.2%	*(5.4pp)*
EBITDA	**80.7**	**144.7**	***(44.2%)***
EBITDA margin (EBITDA/Sales)	7.1%	11.7%	*(4.6pp)*
Operating EBITDA (5)	**83.2**	**154.4**	***(46.1%)***
Operating EBITDA margin (Operating EBITDA/Sales)	7.3%	12.5%	*(5.2pp)*

in PLN million	**2012**	**2011**	*% change yoy*
EBIT excluding cost of group lay-offs and one-off costs (3)	**14.0**	**66.2**	***(78.9%)***
EBIT margin excluding group lay-offs and one-off costs (3)	1.2%	5.4%	*(4.2pp)*
EBITDA excluding group lay-offs and one-off costs (3)	**107.8**	**159.0**	***(32.2%)***
EBITDA margin excluding group lay-offs and one-off costs (3)	9.5%	12.9%	*(3.4pp)*
Operating EBITDA (5) excluding group lay-offs and one-off costs (3)	**110.3**	**168.7**	***(34.6%)***
Operating EBITDA margin excluding group lay-offs and one-off costs (3)	9.7%	13.7%	*(4.0pp)*
Net profit for the period excluding group lay-offs, one-off costs (3) and revaluation of put option (4)	**13.0**	**52.1**	***(75.0%)***

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

(2) excluding non-cash cost of share-based payments and cost related to group lay-offs in Agora S.A. and Agora Poligrafia Sp. z o.o.;

(3) The above one-off costs include in 2012 and in 2011 the impairment loss on selected press titles in the Magazine segment and additionally in 2012 the impairment loss on ceased press title Autobit, a goodwill recognized on Sport4People Sp. z o.o. as at the date of its purchase and of selected assets in Special Projects division; additionally, in 2011 tangible fixed assets in one of the cinemas composing the Helios network were impaired.

It should be stressed that according to the International Financial Reporting Standards, the Group conducts impairment tests for individual cash generating units. According to the requirements, it is not possible to compensate the surplus of the recoverable amount on one cash generatin unit with the shortage on other one within one business segment. As a result, impairment loss on individual cash generating units is recognized even if the total value of the Group's business segment is not impaired.

(4) in 2012 revaluation of the "put options" granted to the non-controlling shareholders of Sport4People Sp. z o.o. was carried out in accordance with the International Financial Reporting Standards. As at December 31, 2012, the estimated redemption amount of the "put options" amounted to PLN 0.2 million and was recognised in the consolidated balance sheet of the Agora Group in other financial liabilities; in 2011 the revaluation of the "put options" granted to the non-controlling shareholders of Helios S.A. took place;

(5) 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. 2

in PLN million	**2012**	*% share in total sales*	**2011**	*% share in total sales*	*% change 2012 vs 2011 yoy*
Total sales (1)	**1,138.6**	***100.0%***	**1,234.6**	***100.0%***	-
Advertising revenue	636.3	*55.9%*	705.6	*57.2%*	*(1.3%)*
Copy sales	152.7	*13.4%*	192.8	*15.6%*	*(2.2%)*
Ticket sales	134.0	*11.8%*	146.3	*11.8%*	*(0.1%)*
Other	215.6	*18.9%*	189.9	*15.4%*	*3.6%*

(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 2012

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. 3

in PLN million	**News-papers**	**Internet**	**Cinema**	**Outdoor**	**Radio**	**Magazines**	**Matching positions (3)**	**Total (consoli-dated) 2012**
Total sales (4)	**527.7**	**114.0**	**205.1**	**162.1**	**88.1**	**65.0**	**(23.4)**	**1,138.6**
% share	46.3%	10.0%	18.0%	14.2%	7.7%	5.7%	(2.1%)	100.0%
Operating cost net (4), (5)	**(465.4)**	**(106.6)**	**(199.0)**	**(157.9)**	**(85.3)**	**(72.7)**	**(64.8)**	**(1,151.7)**
EBIT (5)	**62.3**	**7.4**	**6.1**	**4.2**	**2.8**	**(7.7)**	**(88.2)**	**(13.1)**
Finance cost, net								3.3
Share of results of equity accounted investees								(0.3)
Income tax								2.0
Net loss								**(8.1)**
Attributable to:								
Equity holders of the parent								(9.0)
Non-controlling interest								0.9
EBITDA (5)	**90.4**	**12.9**	**25.8**	**22.2**	**5.5**	**(7.6)**	**(68.5)**	**80.7**
Operating EBITDA (1),(5)	91.5	13.1	25.8	22.4	5.6	(7.5)	(67.7)	83.2
CAPEX (2)	(18.4)	(6.2)	(66.7)	(10.7)	(4.4)	(0.2)	(21.2)	(127.8)

(1) excluding non-cash cost of share-based payments;
(2) based on invoices booked in the period; in the Cinema segment includes also PLN 28.1 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 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.
(5) the amounts include the one-off costs, inter alia, the group lay-offs cost and impairment losses. The results of particular business segments, excluding the above mentioned costs, are presented in the appropriate sections of part IV of this report.

2.3. Sales and markets

Nearly 100% 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).

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 2012, 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 2012, 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 2012 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. 4

in PLN million	**31-12-2012**	**31-12-2011**	***% change to 31-12-2011***
Non-current assets	**1,209.3**	**1,203.3**	**0.50%**
share in balance sheet total	*71.0%*	*66.7%*	*4.3 pp*
Current assets	**493.5**	**600.4**	**(17.8%)**
share in balance sheet total	*29.0%*	*33.3%*	*(4.3 pp)*
TOTAL ASSETS	**1,702.8**	**1,803.7**	**(5.6%)**
Equity holders of the parent	**1,188.4**	**1,246.1**	**(4.6%)**
share in balance sheet total	*69.8%*	*69.1%*	*0.7 pp*
Non-controlling interest	**17.7**	**17.3**	**2.3%**
share in balance sheet total	*1.0%*	*1.0%*	*-*
Non-current liabilities and provisions	**171.2**	**221.3**	**(22.6%)**
share in balance sheet total	*10.1%*	*12.3%*	*(2.2 pp)*
Current liabilities and provisions	**325.5**	**319.0**	**2.0%**
share in balance sheet total	*19.1%*	*17.6%*	*1.5pp*
TOTAL LIABILITIES AND EQUITY	**1,702.8**	**1,803.7**	**(5.6%)**

3.1. Non-current assets

The change in non-current assets versus 31 December 2011 stems mainly from impairment losses on selected press titles and investments in property, plant and equipment and intangibles (including new cinemas in Helios network).

3.2. Current assets

The decrease in current assets versus 31 December 2011 stems mainly from a decrease in short-term securities.

3.3. Non-current liabilities and provisions

The decrease of non-current liabilities and provisions versus 31 December 2011 stems mainly from the decrease of bank and other borrowings, including financial lease liabilities by PLN 43.1 milllion.

3.4. Current liabilities and provisions

The increase in current liabilities and provisions versus 31 December 2011 stems mainly from the increase of bank and other borrowings, including financial lease liabilities, mainly in Helios S.A.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 5

in PLN million	**2012**	**2011**	*% change yoy*
Net cash from operating activities	92.0	152.2	*(39.6%)*
Net cash from investment activities	85.4	(115.6)	-
Net cash from financing activities	(112.0)	(93.5)	*19.8%*
Total movement of cash and cash equivalents	**65.4**	**(56.9)**	**-**
Cash and cash equivalents at the end of period	**190.9**	**125.5**	***52.1%***

As at 31 December 2012, the Agora Group had PLN 223.7 million in cash and in short-term monetary assets, of which PLN 190.9 million was in cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 32.8 million in short-term securities.

In 2012, Agora S.A. was not and it is still not engaged in any currency option instruments or other derivatives (used for hedging or speculative purposes).

On May 25, 2012, the Company executed annex to the loan agreement with the Bank Pekao S.A. On the basis of the signed annex , the Company has the credit line in the amount of PLN 150.0 million, which may be used by May 31, 2013. In 2012, Agora S.A. repaid five consecutive installments of the credit line used in previous years.

As at the date of this yearly report, 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

In 2012, the net cash inflows from operating activities were lower yoy mainly due to the operating loss noted in the discussed period.

4.2. Investment activities

Net inflow from investing activities, in 2012, results mainly from the sale of short-term securities.

4.3. Financing activities

In 2012, the net cash 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. Additionallly, in 2012 Agora S.A. paid a dividend to its shareholders in the amount of PLN 50.9 million.

5. SELECTED FINANCIAL RATIOS [5]

Tab. 6

	2012	2011	*% change yoy*
Profitability ratios			
Net profit margin (1)	(0.8%)	3.4%	*(4.2pp)*
Gross profit margin	30.4%	35.9%	*(5.5pp)*
Return on equity (1)	(0.7%)	3.4%	*(4.1pp)*
Efficiency ratios			
Inventory turnover	12 days	12 days	-
Debtors days	66 days	61 days	*8.2%*
Creditors days	42 days	48 days	*(12.5%)*
Liquidity ratio			
Current ratio	1.5	1.9	*(21.1%)*
Financing ratios			
Gearing ratio (2)	-	-	-
Interest cover	(1.1)	3.7	-
Free cash flow interest cover	(1.5)	5.7	-

(1) ratio is calculated without elimination of one-off cost (inter alia group lay-offs and impairment losses);
(2) as at 31 December 2012 and 31 December 2011 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. 7

in PLN million	**2012**	**2011**	***% change yoy***
Total sales	**527.7**	**594.5**	***(11.2%)***
Copy sales (1)	111.7	135.9	*(17.8%)*
incl. Gazeta Wyborcza	*106.8*	*131.3*	*(18.7%)*
Advertising revenue (1), (2)	244.7	299.1	*(18.2%)*
incl. Gazeta Wyborcza (3)	*202.9*	*256.1*	*(20.8%)*
incl. Metro (4)	*27.3*	*30.4*	*(10.2%)*
Special Projects (including book collections)	32.0	49.4	*(35.2%)*
Other revenue	139.3	110.1	*26.5%*
Total operating cost, including	**(465.4)**	**(500.7)**	***(7.1%)***
Raw materials, energy, consumables and printing services	(199.8)	(206.5)	*(3.2%)*
Staff cost (5)	(128.9)	(133.8)	*(3.7%)*
Non-cash expense relating to share-based payments	(1.1)	(4.3)	*(74.4%)*
D&A	(28.1)	(29.0)	*(3.1%)*
Promotion and marketing (2) (6)	(46.4)	(69.1)	*(32.9%)*
Cost of group lay-offs	(6.3)	-	-
One-off costs (7)	(2.2)	-	-
EBIT	**62.3**	**93.8**	**(33.6%)**
EBIT margin	11.8%	15.8%	(4.0pp)
EBITDA	**90.4**	**122.8**	**(26.4%)**
EBITDA margin	17.1%	20.7%	(3.6pp)
Operating EBITDA (8)	**91.5**	**127.1**	**(28.0%)**
Operating EBITDA margin	17.3%	21.4%	(4.1pp)
EBIT excluding cost of group lay-offs and one-off costs (7)	**70.8**	**93.8**	**(24.5%)**
EBIT margin excluding group lay-offs and one-off costs (8)	13.4%	15.8%	(2.4pp)
EBITDA excluding group lay-offs and one-off costs (7)	**98.9**	**122.8**	**(19.5%)**
EBITDA margin excluding group lay-offs and one-off costs (7)	18.7%	20.7%	(2.0pp)
Operating EBITDA (8) excluding group lay-offs and one-off costs (7)	**100.0**	**127.1**	**(21.3%)**
Operating EBITDA margin excluding group lay-offs and one-off costs (8)	19.0%	21.4%	(2.4pp)

(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, 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 and inserts as well as from mTarget services and Metro's special activities;

(5) excluding non-cash cost of share-based payments and cost related to group lay-offs in Agora S.A.;

(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) the above one - off costs include the impairment loss on the assets in Special Projects division;

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

In 2012, the operating EBITDA of the segment amounted to PLN 91.5 million and the operating EBITDA margin reached 17.3%. Excluding one – off costs and costs related to group lay-offs, the segment's operating EBITDA would amount to PLN 100.0 million and operating EBITDA margin would be at the level of 19.0%. *[1]*

1. GAZETA WYBORCZA

1.1. Revenue

1.1.1. Copy sales [4]

In 2012, *Gazeta* sold 257 thousand copies on average (down by 16.1% yoy). In the discussed period of time, *Gazeta*'s revenues from copy sales decreased by 18.7% yoy. Decrease in copy sales and copy sales revenues, results from the reduction in number and volume of more expensive editions of *Gazeta Wyborcza* (so-called dual pricing offer). This had a positive impact on operating cost of the segment in both periods of time.

In 2012, total average paid circulation of *Dziennik Gazeta Prawna* amounted to 82.1 thousand copies (down by 10.3% yoy). In the discussed period of time, total average paid circulation of *Rzeczpospolita* amounted to 107 thousand copies (down by 16.9% yoy), that of *Fakt* to 374 thousand copies (down by 5.3% yoy) and that of *Super Express* to 162 thousand copies (down by 7.3% yoy). All titles of Polskapresse under *Polska* brand were distributed in 215 thousand copies on average (down by 10.0% yoy) *[10].*

Gazeta Wyborcza systematically digitilizes its content. Both, the daily itself and other publications realized by the segment are present, in both, paid and unpaid forms, through dedicated applications on various platforms. The number of users reaching for digital content created in the Newspapers segment as well as sales revenue from this content and advertisment on mobile devices are systematically growing.

Currently, *Gazeta Wyborcza* and its selected magazines are available for a fee for iPad users. The *Gazeta Wyborcza* team also prepared a dedicated application for users of Amazon's readers as well as for devices compatible with *Windows 8*. Content generated for the website *wyborcza.biz* and the magazine *Ksiazki. Magazyn do czytania* is also available for users of *Google Play*. Owners of *iPhones may also access* the first digital magazine – *Wysokie Obcasy Extra*.

In addition, content of *Gazeta Wyborcza* and magazines *Ale Historia, Duzy Format, Piatek Extra, Magazyn Swiateczny and Wysokie Obcasy* is available through *Piano Media* platform.

Gazeta Wyborcza offers also paid access to Saturdays' *Magazyn Swiateczny* issued with *Gazeta Wyborcza.*

1.1.2. Readership [4]

In 2012, the weekly readership of *Gazeta Wyborcza* stood at 11.5% (3.48 million readers; CCS, weekly readership index). The readership of the tabloid *Fakt* stood at 11.6%. The weekly readership of *Super Express* stood on average at 5.0%. In 2012, *Metro* was read by 1.62 million people (CCS, weekly readership 5.4%) and the readership rate of *Dziennik Gazeta Prawna* was at 2.0% (0.59 million readers) and of *Rzeczpospolita* at 3.1% (0.94 million readers).

1.1.3. Advertising sales [3]

In 2012, *Gazeta's* net advertising revenue (including display advertising, classifieds and inserts) amounted to PLN 202.9 million (down by 20.8% yoy).

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

In the discussed period of time, the ad spend in dailies in Poland decreased by ca 20% yoy. *Gazeta*'s revenues from display advertising decreased by ca 20.5% yoy, and its estimated share in display ad spend in dailies stood at over 36.5% (down by nearly 0.5pp yoy). In 2012, the share of *Agora's* dailies (*Gazeta* and *Metro*) in display ad spend in dailies strengthened slightly.

In 2012, the estimated share of *Dziennik Gazeta Prawna* in dailies ad expenditure stood at over 3.5% (flat yoy) and that of *Rzeczpospolita* stood at almost 8.5% (down by over 0.5pp yoy). In the discussed period of time, the estimated share of *Fakt* in display ad spend in dailies stood at over 8.5% (flat yoy) and that of *Super Express* at ca 3.5% (flat yoy).

In 2012, *Gazeta*'s share in the national newspapers ad spend amounted to almost 41.5% (flat yoy). During this period of time, *Gazeta*'s share in Warsaw ad spend in newspapers decreased by almost 0.5pp yoy while the joint share of *Gazeta* and *Metro* was up by almost 4.5pp yoy. At the same time, *Gazeta's* share in local dailies (excluding Warsaw) decreased by nearly 0.5pp yoy, while the joint share of *Gazeta* and *Metro* remained at the same level yoy.

In 2012, the share of ad pages in *Gazeta's* total pagecount amounted to ca 31.4% (down by ca 3.1pp yoy), while the average number of paid-for ad pages published daily in all local and national editions reached ca 134 (down by ca 12% yoy).

One should bear in mind that these estimations relating to shares in advertising expenditure may represent some margin of error due to significant discount pressure on the market. Once the Company has more reliable market data, it may correct the ad spending estimations in the subsequent reporting periods.

1.1.4. Other revenues

In 2012, the Company's revenues from the sales of printing services rose by 32.4% yoy, mainly due to an increase in the production volume of external orders.

1.2. Cost

In 2012, operating cost of the segment decreased by 7.1% yoy to PLN 465.4 million*,* despite the additional costs associated with group lay-offs in the segment and one-off cost booked in the fourth quarter of 2012. This is mainly the effect of reduction in promotion and marketing cost in 2012 by 32.9% yoy.

1.2.1 Printing cost of Gazeta Wyborcza

Tab. 8

in PLN million	**2012**	**2011**	***% change yoy***
Fixed cost	31.6	37.7	*(16.2%)*
incl. D&A	*10.0*	*12.6*	*(20.6%)*
Variable cost	64.9	84.3	*(23.0%)*
incl. newsprint	*53.6*	*71.8*	*(25.3%)*
TOTAL fixed and variable cost	**96.5**	**122.0**	***(20.9%)***

In 2012, fixed cost attributed to *Gazeta Wyborcza* was 16.2% yoy lower as a result of a decrease in the number of copies and pagecount printed as well as the decrease in *Gazeta's* share in the entire volume of print. In 2012, the 23.0% yoy decrease in *Gazeta's* variable cost (including the 25.3% yoy decrease in newsprint cost, which is the major cost category) was due to the lower number of copies and pagecount printed.

1.2.2. Promotion and marketing cost

In 2012, promotion and marketing cost of the Newspapers segment was down by 32.9% yoy. This decrease results mainly from the reduced scope of *Gazeta Wyborcza's* promotional activities*,* but also savings made in Free Press and Special Projects divisions.

2. FREE PRESS [3], [4]

In 2012, 5.4% of Poles read *Metro* throughout the week (1.62 million readers; CCS, weekly readership index). As a result, *Metro* had 1.0 million more readers than *Dziennik Gazeta Prawna* and 0.68 million readers more than

Rzeczpospolita. Similar readership results noted *Super Express,* which had 1.51 million readers and a readership rate of 5.0%. This means, that as far as readership is concerned *Metro* and *Super Express* were preceded only by *Gazeta Wyborcza* and *Fakt* among national dailies. *Metro,* was also second most popular daily in Warsaw – after *Gazeta Wyborcza* (*Metro*: weekly readership 29.6%, 0.37 million readers).

In 2012, *Metro's* total ad revenues decreased by 10.2% yoy, including a ca 11% yoy decrease in display advertising. In this period of time, the total display ad spend in all daily newspapers decreased by ca 20% yoy. As a result, *Metro* increased its share in advertising spending in dailies by 0.5pp yoy to the level of nearly 5%. In the discussed period of time, *Metro* maintained its share in national dailies at the level of ca 3.5%. In Warsaw dailies, *Metro's* share increased by over 4.5pp yoy to over 19.5% and in local dailies by 0.5pp yoy to over 3.5%.

In 2012, as a result of the decrease in revenues (down by 10.2% yoy), the operating EBITDA of the Free Press division decreased yoy to PLN 2.9 million *[1]*.

In 2012, *Metro* intensively developed its presence in the Internet. In June 2012, in partnership with Microsoft, the division launched a portal *MetroMSN.pl*, combining entertainment, news and lifestyle with consumer matters. Content to the website is created in the multimedia editorial office, responsible for both *MetroMsn.pl* and paper edition of *Metro*. Portal also uses the content from the services of *Gazeta.pl* group, as well as materials provided by Microsoft. In December 2012, the number of page views on the website reached 49.9 million, and the number of users was close to 1.1 million people.

3. SPECIAL PROJECTS

Tab. 9

in PLN million	**1Q 2011**	**2Q 2011**	**3Q 2011**	**4Q 2011**	**1Q 2012**	**2Q 2012**	**3Q 2012**	**4Q 2012**
Revenue from Special Projects (including collections)	16.0	16.1	6.1	11.2	8.2	8.1	5.6	10.1

In 2012, Agora published 5 collections and 52 one-off projects. During this period, Special Projects division sold 1 million books and books with DVDs and CDs.

In May 2012, due to the changes in media consumption and growing popularity of digital books, Special Projects division launched their new project - an online bookstore *Publio.pl*, which was further developed in the second half of 2012, affecting the division's operating result.

In 2012, due to lower revenues (down by 35.2% yoy), one-off costs and investments in new projects, Special Projects division recorded an operating loss (EBIT) of PLN 3.9 million which was worse yoy *[1]*.

IV.B INTERNET [1] [6]

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, LLC Agora Ukraine, Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o. and Sport4People Sp. z o.o. (since November 30, 2011).

Tab. 10

in PLN million	**2012**	**2011**	***% change yoy***
Total sales , including	**114.0**	**114.0**	**-**
Display ad sales (1)	89.8	82.7	*8.6%*
Ad sales in verticals (2)	17.7	24.3	*(27.2%)*
Total operating cost, including	**(106.6)**	**(107.7)**	***(1.0%)***
IT and network maintenance	(3.4)	(3.0)	*13.3%*
Staff cost (3)	(47.7)	(48.4)	*(1.4%)*
Non-cash expense relating to share-based payments	(0.2)	(0.6)	*(66.7%)*
D&A	(5.5)	(5.9)	*(6.8%)*
Promotion and marketing (1)	(15.5)	(18.7)	*(17.1%)*
Cost of group lay-offs	(1.2)	-	-
EBIT	**7.4**	**6.3**	***17.5%***
EBIT margin	6.5%	5.5%	*1.0pp*
EBITDA	**12.9**	**12.2**	***5.7%***
EBITDA margin	11.3%	10.7%	*0.6pp*
Operating EBITDA (4)	**13.1**	**12.8**	***2.3%***
Operating EBITDA margin	11.5%	11.2%	*0.3pp*
EBIT excluding cost of group lay-offs	**8.6**	**6.3**	***36.5%***
EBIT margin excluding group lay-offs	7.5%	5.5%	*2.0pp*
EBITDA excluding group lay-offs	**14.1**	**12.2**	***15.6%***
EBITDA margin excluding group lay-offs	12.4%	10.7%	*1.7pp*
Operating EBITDA (4) excluding group lay-offs	**14.3**	**12.8**	***11.7%***
Operating EBITDA margin excluding group lay-offs	12.5%	11.2%	*1.3pp*

(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.;

(2) including, among others, allocated revenues from the dual media offer (i.e. published both in Gazeta Wyborcza, as well as on GazetaPraca.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 in Agora S.A.;

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

In 2012, the operating EBITDA increased by 2.3% yoy and due to the implemented cost saving measures, segment improved its operating EBITDA margin, despite the cost of group lay-offs which burdened the segment's results in the third quarter of 2012 with the amount of PLN 1.2 million. If one excluded the cost of group lay-offs, the operating EBITDA of the segment in 2012, would amount to PLN 14.3 million and the operating EBITDA margin would reach the level of 12.5% (up by 1.3 pp yoy) *[1]*.

1. REVENUE

In 2012, the total sales of the Internet segment amounted to PLN 114.0 million and and were flat yoy. It was possible due to the 8.6% yoy increase in the display advertising sales. At the same time, the ad sales in verticals decreased by 27.2% yoy, influenced by lower allocation from the dual media offer in print edition of *Gazeta Wyborcza* and Internet as well as lower yoy ad sales in verticals dedicated to recruitment and real estate.

In 2012, the total revenue of Trader.com (Polska) Sp. z o.o. amounted to PLN 18.2 million (down by 11.2% yoy). Revenues from the company's Internet activities amounted to PLN 16.5 million and from its press activities to PLN 1.7 million (down by 43.3% yoy). The company reported a positive operating result (EBIT) of PLN 3.5 million in 2012. In November 2012, the company suspended publishing its press titles, which negatively influenced the level of the company's sales in the fourth quarter of 2012*[1].*

2. COST

In 2012, the operating cost of the segment decreased by 1.0% yoy and amounted to PLN 106.6 million. The staff cost (excluding non-cash cost of share-based payments and cost of group lay-offs) went down by 1.4% yoy, inter alia as a result of the reduction in number of FTEs in Agora's Internet Department and in Trader.com (Polska) Sp. z o.o.

The IT and network maintenance costs increased by 13.3% yoy inter alia as a result of the higher cost of computer services related to the development projects executed in the segment.

In 2012, the promotion and marketing cost was reduced by 17.1% yoy, mainly due to the reduction of promotion and marketing expense of *Gazeta.pl* portal.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In December 2012, the reach of *Gazeta.pl group* services among Polish Internet users stood at 59.1%, which made *Gazeta.pl group* the third player among Internet portals, after *Onet.pl* and *Wirtualna Polska - Orange groups*. The number of users reached 11.4 million. In the same month, the total number of page views done by Polish users reached 1,091 million, with an average viewing time of 2 hours and 9 minutes per user.

In December 2012, the number of page views generated by mobile devices on the websites of *Gazeta.pl group* reached 93.9 million (up by 96.5% yoy), which made *Gazeta.pl group* the third player according to Megapanel PBI/Gemius data. The share of mobile page views on the websites *of Gazeta.pl group* stood at 8.6% and was the highest among Polish horizontal portals.

The websites of *Gazeta.pl group* are ranked among top thematic market players. According to Megapanel PBI/Gemius data for December 2012, *Gazeta.pl's* parenting sites (i.a. *eDziecko.pl*) are ranked first in *Children, Family* category. *Gazeta.pl group* is the leader in the *Forums & Discussion Groups* category. *Gazeta.pl group* is ranked second in the *Building & real estate* category (i.a. *Domiporta.pl*) and *Gazeta.pl's* community sites are ranked second in *Blogs* category (i.a. *Blox.pl*). The third positions are held by: *Gazeta.pl's* sport sites (i.a. *Sport.pl*) in *Sports* category, *Gazeta.pl's* information sites in the *Information & journalism* category and *Gazeta.pl's* education sites (i.a. *Edulandia.pl*)) in *Education* category.

In 2012, the companies of the Internet segment conducted the review of various projects carried out in the segment and decided to undertake optimization measures. In November 2012, Trader.com (Polska) Sp. z o.o. suspended publishing its press titles and decided to focus on its online activities. In December 2012, Agora sold its stake in Business Ad Network Sp. z o.o. At the end of 2012, the Company also closed its group shopping website *HappyDay.pl.*

In December 2012, Agora launched a new application for mobile devices with the Android System – *Sport.pl Live*, which provides free of charge access to hundreds of live sport webcasts every week. The application gives the opportunity to watch a number of games and sport events simultaneously.

In 2012, Agora expanded its co-operation with *Microsoft* and became the content provider for the *Windows 8* platform.

IV.C. CINEMA

The Cinema segment includes the pro-forma consolidated data of Helios S.A. (on August 31, 2011 Helios S.A. merged with Kinoplex Sp. z o.o.) and Next Film Sp. z o.o. (since September 14, 2012), which form the Helios group.

Tab. 11

in PLN million	**2012**	**2011**	***% change yoy***
Total sales, including :	**205.1**	**203.9**	***0.6%***
Tickets sales	134.0	146.3	*(8.4%)*
Sales from foods & beverages	40.3	42.1	*(4.3%)*
Advertising revenues (2)	20.2	11.7	*72.6%*
Other sales	10.6	3.8	*178.9%*
Total cost, including:	**(199.0)**	**(188.5)**	***5.6%***
External services	(110.8)	(105.7)	*4.8%*
Raw materials, energy and consumables	(25.4)	(24.6)	*3.3%*
Staff cost	(26.1)	(25.0)	*4.4%*
D&A	(19.7)	(18.0)	*9.4%*
Promotion and marketing (2)	(10.2)	(4.9)	*108.2%*
One-off cost (3)	-	(3.1)	-
Other net operating cost	(6.8)	(7.2)	*(5.6%)*
EBIT	**6.1**	**15.4**	***(60.4%)***
EBIT margin	3.0%	7.6%	*(4.6pp)*
EBITDA	**25.8**	**33.4**	***(22.8%)***
EBITDA margin	12.6%	16.4%	*(3.8pp)*
Operating EBITDA (1)	**25.8**	**33.4**	***(22.8%)***
Operating EBITDA margin (1)	12.6%	16.4%	*(3.8pp)*
EBIT excluding one-off cost (3)	**6.1**	**18.5**	***(67.0%)***
EBIT margin excluding one-off cost (3)	3.0%	9.1%	*(6.1pp)*
EBITDA excluding one-off cost (3)	**25.8**	**36.5**	***(29.3%)***
EBITDA margin excluding one-off cost (3)	12.6%	17.9%	*(5.3pp)*
Operating EBITDA (1) excluding one-off cost (3)	**25.8**	**36.5**	***(29.3%)***
Operating EBITDA margin (1) excluding one-off cost (3)	12.6%	17.9%	*(5.3pp)*

(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 different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation.

(3) The above one - off cost includes the impairment loss on the tangible fixed assets in one of the cinemas from the Helios network.

It should be stressed that according to the International Financial Reporting Standards, the Group conducts impairment tests for individual cash generating units. As a result, the tests are conducted, inter alia, in relation to each cinema in the Helios network. According to the requirements, it is not possible to compensate the surplus of the recoverable amount in one cinema with the shortage in another within one business segment. As a result, impairment loss on individual cash generating units is recognized even if the total value of the Group's business segment is not impaired (in this case: the Cinema segment).

The operating result of Helios group (EBIT) was lower yoy in 2012 and amounted to PLN 6.1 million.

1. REVENUE [3]

In 2012, total revenue of the Helios group amounted to PLN 205.1 million (up by 0.6% yoy). The growth of revenues results from higher advertising sales, mainly as a result of co-operation with other business segments from the Agora Group and higher revenues from other sales. Revenues from other sales were higher yoy as a result of revenues from *VPF (Virtual Print Fee),* revenues from 3D-glasses fee and as a result of subletting one of the Helios` cinemas in Wroclaw.

In 2012, Helios cinemas had over 7.7 million visitors (down by 7.0% yoy) which resulted in lower by 8.4% yoy revenues from tickets sold and decrease in sales from foods & beverages by 4.3% yoy. The share of tickets sold for 3D movies reached over 36% and was flat yoy.

2. COST

In 2012, the operating cost of the Helios group went up by 5.6% yoy to PLN 199.0 million. Higher yoy marketing and promotion cost reflects the increased scope of barter co-operation with other segments from the Agora Group. It should be remembered that this cost is compensated by higher advertising revenues.

The growth of staff cost and D&A cost results from the opening of a new cinemas by Helios in 2012 and starting a business activity by a new subsidiary. It should be stressed that such a small increase in the staff cost, taking into account opening of seven new multiplexes and setting up the subsidiary company *Next Film Sp. o.o.* is a result of implementation of cost saving measures in Helios.

3. OTHER EVENTS

In 2012, Helios opened seven new multiplexes in: Grudziadz, Tczew, Kedzierzyn Kozle, Rzeszow, Szczecin, Belchatow, Bydgoszcz. In September 2012, Helios resigned from conducting its business activities in a one of its Wroclaw's cinemas and sublet it to *Stowarzyszenie Nowe Horyzonty*. In November 2012, Helios closed its traditional cinema in Kalisz due to the opening of competitive multiplex in this town.
On July 19, 2012, Next Film Sp. z o.o., a wholly-owned subsidiary of Helios was founded. Its core activity is film distribution in cinemas. On September 14, 2012 the company was registered by the National Court Register in Lodz.

In 2012 , Helios finalized also process of digitalization of its cinemas and all Helios cinemas are fully digitalized.

IV.D. 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. 12

in PLN million	**2012**	**2011**	***% change yoy***
Total sales, including:	**162.1**	**175.0**	***(7.4%)***
Advertising revenue (1)	157.1	171.5	*(8.4%)*
Total operating cost, including:	**(157.9)**	**(160.0)**	***(1.3%)***
Execution of campaigns	(25.7)	(27.8)	*(7.6%)*
Maintenance cost	(75.1)	(73.9)	*1.6%*
Staff cost (2)	(19.4)	(19.7)	*(1.5%)*
Non-cash expense relating to share-based payments	(0.2)	(0.8)	*(75.0%)*
Promotion and marketing	(5.8)	(5.4)	*7.4%*
D&A	(18.1)	(18.3)	*(1.1%)*
EBIT	**4.2**	**15.0**	***(72.0%)***
EBIT margin	2.6%	8.6%	*(6.0pp)*
EBITDA (4)	**22.2**	**33.3**	***(33.3%)***
EBITDA margin	13.7%	19.0%	*(5.3pp)*
Operating EBITDA (2) (4)	**22.4**	**34.1**	***(34.3%)***
Operating EBITDA margin	13.8%	19.5%	*(5.7pp)*
Number of advertising spaces (3)	24,315	23,821	*2.1%*

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

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

(3) excluding advertising panels of 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 2012, the segment's revenues decreased by 7.4% yoy, which resulted in the decline of operating EBITDA to PLN 22.4 million and deterioration of operating EBITDA margin to 13.8%.

1. REVENUE [8]

In 2012, the outdoor advertising expenditure decreased by nearly 6.5% yoy.

The segment's advertising revenue decreased more than the market. As a result the estimated share of AMS in outdoor advertising expenditure decreased by over 0.5pp yoy to almost 30%.

2. COST

In 2012, the operating cost of the segment decreased by 1.3% yoy to PLN 157.9 million.

The cost of maintenance and cost of promotion and marketing increased yoy. Higher maintenance cost (up by 1.6% yoy) is a result of the higher number of advertising panels, such as 18 sqm billboards and citylights. Higher promotion and marketing expense (up by 7.4% yoy) results from higher yoy total cost of social campaigns executed in 2012.

The cost of campaign execution decreased by 7.6% yoy in 2012, mainly as a result of lower cost printing and posting services, due to lower volume of orders.

The decrease in staff cost (down by 1.5% yoy) in 2012 results from the decrease in variable component of remuneration as a result of lower advertising sales of the segment.

In 2012, non-cash cost of share-based payments noted a decline (down by 75.0% yoy), which positively affected the level of the of operating cost in the segment.

3. OTHER EVENTS

In 2012, AMS for the consecutive time, was distinguished by advertising agencies and media houses in an annual, prestigious ranking organized by the magazine *Media i Marketing Polska*. AMS sales team was the best among other outdoor advertising companies.

In the eight edition of *Bramy Kraju*, AMS organized the conference *Smart City. The method for smart city.* During the conference, the first Polish report on *the smart city* concept, was presented to the audience. The report was prepared by the analytical laboratory *F5 Analytics.*

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 AC format (Adult Contemporary) 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. 13

in PLN million	**2012**	**2011**	***% change yoy***
Total sales, including :	**88.1**	**86.1**	***2.3%***
Advertising revenue (1) (3)	85.8	84.5	*1.5%*
Total operating cost, including: (3)	**(85.3)**	**(82.7)**	***3.1%***
Staff cost (2)	(26.3)	(25.0)	*5.2%*
Non-cash expense relating to share-based payments	(0.1)	(0.5)	*(80.0%)*
Licenses, rental and telecommunication costs	(8.5)	(8.5)	-
D&A	(2.7)	(2.6)	*3.8%*
Promotion and marketing (3)	(12.9)	(16.6)	*(22.3%)*
EBIT	**2.8**	**3.4**	***(17.6%)***
EBIT margin	3.2%	3.9%	*(0.7pp)*
EBITDA	**5.5**	**6.0**	***(8.3%)***
EBITDA margin	6.2%	7.0%	*(0.8pp)*
Operating EBITDA (2)	**5.6**	**6.5**	***(13.8%)***
Operating EBITDA margin	6.4%	7.5%	*(1.1pp)*

(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 different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation.

In 2012, Agora's Radio segment achieved a positive operating EBITDA of PLN 5.6 million, which was worse yoy, mainly as a consequence of the operating loss noted in the first and third quarter of 2012, as well as, higher operating costs incurred in 2012.

1. REVENUE [3]

In 2012, the sales revenue of the Radio segment increased by 2.3% yoy to PLN 88.1 million, including the growth of 1.5% yoy in advertising revenue to PLN 85.8 million. It is worth noticing that in 2012 total radio advertising expenditure in Poland decreased by ca 3% yoy.

2. COST

In 2012, the operating cost of the Radio segment increased by 3.1% yoy and amounted to PLN 85.3 million, mainly as a result of growth in the cost of air time purchase in the third party radio stations which is compensated by higher ad sales. The staff cost increased by 5.2% yoy due to the growth of provision for holiday leave and leaving employees as well as higher training cost .

3. AUDIENCE SHARES [9]

In 2012, the audience share of Agora's music radio stations increased by 1.3pp yoy and reached 8.3%. The audience share of *TOK FM* in all the cities of broadcasting amounted to 4.4% (5.0% in 2011). In Warsaw the audience share of *TOK FM* reached 7.0% share (down by 0.1pp yoy).

4. OTHER EVENTS

In 2012, Agora's Radio segment launched seven new transmitters of *TOK FM*: in Elblag, Radom, Plock, Torun, Gorzow Wielkopolski, Kielce and Lublin. As a result, the radio station has its own transmitters in 16 metropolitan areas.

In 2012, Agora's Radio segment signed a cooperation agreement with IMS expanding its advertising portfolio by the *In-Store Radio* offer in major shopping galleries and retail chains in Poland.

In 2012, *Golden Hits (Zlote Przeboje)* radio station together with *Prestige MJM* agency organized the concerts of world music stars as part of the festival *Prestigious Stars, Golden Hits:* Michael Buble in *Ergo Arena Gdansk/Sopot* and Andrea Bocelli in *Atlas Arena Lodz,* Elton John also in Lodz, *Guns n' Ross* in Rybnik and Bryan Adams in Poznan.

In 2012, *Agora Radio group* developed dynamically its web service *Tuba FM*, it launched new applications dedicated to decoders of TV operators *Canal+ Cyfrowy* and Netia as well as computers and tablets with the *Windows 8* system.

In May 2012, *Agora Radio* group, together with *Samsung Polska,* launched *Tuba.tv,* the first and only music TV channel in Poland, which matches the program to individual taste. The application is available on *Samsung Smart TV* sets and *Blue-ray* players with *Smart Hub* function.

IV.F. THE MAGAZINES [1]

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

Tab. 14

in PLN million	**2012**	**2011**	***% change yoy***
Total sales, including	**65.0**	**75.3**	***(13.7%)***
Copy sales	26.7	31.7	*(15.8%)*
Advertising revenue (1)	38.0	42.8	*(11.2%)*
Total operating cost, including	**(72.7)**	**(73.4)**	***(1.0%)***
Raw materials, energy, consumables and printing services	(25.0)	(26.6)	*(6.0%)*
Staff cost (2)	(17.4)	(17.3)	*0.6%*
Non-cash expense relating to share-based payments	(0.1)	(0.4)	*(75.0%)*
D&A	(0.1)	(0.1)	-
Promotion and marketing (1)	(12.2)	(13.2)	*(7.6%)*
Cost of group lay-offs	(0.5)	-	-
One-off cost (3)	(12.4)	(11.2)	*10.7%*
EBIT	**(7.7)**	**1.9**	**-**
EBIT margin	(11.8%)	2.5%	*(14.3pp)*
EBITDA	**(7.6)**	**2.0**	**-**
EBITDA margin	(11.7%)	2.7%	*(14.4pp)*
Operating EBITDA (4)	**(7.5)**	**2.4**	**-**
Operating EBITDA margin	(11.5%)	3.2%	*(14.7pp)*
EBIT excluding cost of group lay-offs and one-off cost (3)	**5.2**	**13.1**	***(60.3%)***
EBIT margin excluding group lay-offs and one-off cost (3)	8.0%	17.4%	*(9.4pp)*
EBITDA excluding group lay-offs and one-off cost (3)	**5.3**	**13.2**	***(59.8%)***
EBITDA margin excluding group lay-offs and one-off cost (3)	8.2%	17.5%	*(9.3pp)*
Operating EBITDA (4) excluding group lay-offs and one-off cost (3)	**5.4**	**13.6**	***(60.3%)***
Operating EBITDA margin excluding group lay-offs and one-off cost (3)	8.3%	18.1%	*(9.8pp)*

(1) the amounts do not include revenues and total 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;

(2) excluding non-cash cost of share-based payments and cost related to group lay-offs in Agora S.A.;

(3) The above one - off cost includes the impairment loss on selected press titles in the Magazines segment.
It should be stressed that according to the International Financial Reporting Standards, the Group conducts impairment tests for individual cash generating units. As a result, the tests are conducted, inter alia, in relation to each magazine title. According to the requirements, it is not possible to compensate the surplus of the recoverable amount on one magazine title with the shortage on other title within one business segment. As a result, impairment loss on individual cash generating units is recognized even if the total value of the Group's business segment is not impaired (in this case: the Magazines segment).

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

In 2012, as a result of impairment losses on selected magazine titles in the amount PLN 12.4 million, an operating loss on the level of operating EBITDA reached PLN 7.5 million *[1].*

If one excluded the negative influence of impairment loss and group lay-offs in Agora S.A., the operating EBITDA of the segment in 2012, would be positive and reach PLN 5.4 million *[1].*

1. REVENUE

In 2012, total copy sales decreased by 15.8% yoy, while ad sales were down by 11.2% yoy. The decrease in copy sales revenue results from the 6.5% yoy decline of the average number of copies sold and the seasonal reduction of some editions' cover prices. As a result in 2012, revenues of the Magazines business dropped by 13.7% yoy.

1.1. Copy sales [7]

Tab. 15

In thousand of copies	**2012**	**2011**	*% change yoy*
Average copy sales of monthlies	874.9	935.5	*(6.5%)*

In 2012, the average number of copies sold by Agora's monthlies decreased by 6.5% yoy.

1.2. Advertising sales

In 2012, the decline in advertising sales amounted to 11.2% yoy and was at the same level as in other magazines on the market. Agora had a 6.5% share in total national magazines ad spend in 2012. Agora's share in monthlies was at the level of 10.9% in 2012 (based on rate card data *[7]).*

2. COST

In 2012, segment's operating cost decreased by 1.0% yoy to PLN 72.7 million despite the impairment loss (of PLN 12.4 million) and group lay-offs (cost of PLN 0.5 million) in Agora S.A. which burdened the segment's results during the year. The operating cost of segment was positively affected by lower cost of materials, energy consumables and printing services (down by 6.0% yoy) as a result of the decrease in the number of copies and pagecount printed. In addition, of the segment reduced number and intensity of promotional campaigns and number of editions with gadgets, which resulted in lower promotion and marketing expense (down by 7.6% yoy).

3. OTHER EVENTS

In October 2012, the website *avanti24.pl* received a refreshed layout and improved navigation. Expanded and refreshed clothes and accessories catalogue was integrated with the newly created address base.

Since November 2012, Agora launched a new application which allows paid downloading of the digital editions of the magazine *Kuchnia,* enriched with exclusive audiovisual content for *iPad* users. Since that time, Agora launched other applications for *SamsungApps* users enabling them to download free of charge digital editions of *Logo, Cztery Katy, Ladny Dom* and *Dziecko.*

In 2012, the segment was focused on increasing the presence of Agora's titles in the digital form. In March 2012, the website *logo24.pl* received a refreshed page layout and improved navigation, providing additional information and hints on fashion. Furthermore, the website was enriched with more editorial content and articles by the popular *Make Life Harder* blog authors.

In the second quarter of 2012, a new vertical *swiatmotocykli.pl* was launched. The website is aimed at motorcycle and scooter fans, providing news, editorial content and extensive vehicle tests. In the same period, *remontowezmagania.pl*, a new website offering building a renovation tips was launched.

Since July 2012, Agora facilitated new applications enabling *iPad* users to download digital editions of *Logo* and *Cztery Katy* with exclusive audiovisual content. In September 2012, segment launched *iPad* applications for *Dziecko* and *Ladny Dom*. Additionally, the magazine *Dziecko* is also available on *iPhone*. Since July 2012, the most important articles from *Poradnik Domowy, Cztery Katy, Ladny Dom, Magnolia, Logo* and *Kuchnia* are also available for the internet users via the *Piano Media* payment system.

Additionally, in 2012 Agora reviewed the segment's press titles portfolio and decided to cease publishing some of its titles.

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 group 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 and cinema advertising market figures for 2011.

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 affiliated marketing.

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

[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 SMG/KRC 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 January-December N = 48,191; Warsaw: January-December 2012: N = 2,025.

[5] Definition of ratios:

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

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

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

Debtors days = *(Trade receivables gross at the beginning of the period + Trade receivables gross at the end of the period) / 2* / *Sales of finished products, merchandise and materials / no. of days*

Creditors days = *(Trade creditors at the beginning of the period + Trade creditors at the end of the period) / 2* / *Cost of sales / no. of days*

Inventory turnover = *(Inventories at the beginning of the period + Inventories at the end of the period) / 2* / *Cost of sales / no. of days*

Current ratio I = *Current Assets* / *Current liabilities*

Gearing ratio = *Current and non-current liabilities from loans – cash and cash equivalents – highly liquid short-term monetary assets* / *Total equity and liabilities*

Interest cover = *Operating profit / (loss)* / *Interest charge*

Free cash flow interest cover = *Free cash flow ** / *Interest charge*

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

[6] The Gazeta.pl Group include online services (including partnership services), which domains are subscribed by Agora. 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. Real users data of the Gazeta.pl group services are audited by Gemius SA.

[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, excluding specialized monthlies; accounted for 126 titles for the period January-December 2012.

[8] Source: report on sales of outdoor companies prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) which include: AMS S.A., BP Media, Business Consulting, CAM Media, Cityboard Media, Clear Channel Poland, Defi Poland, Gigaboard Polska, 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 quarters):

- for local radio stations: in cities of broadcasting of Agora Group's music radio stations and in the age group of 15+ from January to December (sample for 2011: 41,982; sample for 2012: 41,896);
- for TOK FM: in cities of broadcasting and in the age group of 15+ from January to December (sample for 2011: 31,050; sample for 2012: 30,974);
- for TOK FM: Warsaw and in the age group of 15+ from January to December (sample for 2011: 5,085; sample for 2012: 5,066).

[10] Total paid circulation of Polskapresse titles associated under Polska brand = a sum of all copies sold of the titles /number of days of publishing.

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 25, 2012 the Company informed that on May 25, 2012 Agora executed annex to the loan agreement with the Bank Pekao S.A. executed on April 5, 2002. On the basis of the signed annex the Company has the credit line in the amount of PLN 150 million, which may be used by May 31, 2013.

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. 16

		% of shares held (effectively)	
		As of 31 Dec 2012	As of 31 Dec 2011
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	AMS S.A. (AMS), 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	100.0%	100.0%
10	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	100.0%
11	AdTaily Sp. z o.o., Cracow (3)	76.7%	75.2%
12	Helios S.A., Lodz	82.8%	82.8%
13	Sport4People Sp. z o.o., Cracow (3)	51.7%	51.7%
14	Next Film Sp. z o.o., Lodz (4)	82.8%	-
15	Projekt Inwestycyjny Sp. z o.o., Warsaw (1)	100.0%	100.0%
	Jointly controlled entities and associates accounted for the equity method		
16	A2 Multimedia Sp. z o.o., Warsaw (5)	-	24.3%
17	Business Ad Network Sp. z o.o., Wroclaw (6)	-	50.0%
18	GoldenLine Sp. z o.o., Warsaw	36.0%	36.0%
19	Online Technologies HR Sp. z o.o., Szczecin (7)	30.0%	-
	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) last change in % share on May 22, 2012
(4) indirectly through Helios S.A.; the company registered on September 14, 2012.
(5) the company sold outside the Group on January 31, 2012
(6) the company sold outside the Group on December 14, 2012;
(7) the company accounted for the equity method on December 1, 2012.

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

On December 15, 2011, the shareholders of AdTaily Sp. z o.o. adopted a resolution to increase the share capital of AdTaily by 145 new shares with nominal value of PLN 50 per share (in total PLN 7.25 thousand). Agora covered the new shares with PLN 761.25 thousand contribution. The agio was recognized in other reserves. The AdTaily's share capital amounted to PLN 42,000 and consisted of 840 shares with nominal value PLN 50 per share. As a result of the above transaction Agora S.A. had 632 shares constituting 75.24% of the share capital and has right to 75.24% votes at shareholders' meeting. The District Court for the city of Cracow, XI Commercial Division, registered the increase of the share capital on April 13, 2012.

On January 31, 2012 Agora S.A. disposed 3,700 shares of A2 Multimedia Sp. z o.o. As a result of the transaction Agora S.A. has no shares of A2 Multimedia Sp. z o.o.

On May 22, 2012 as a result of the purchase of shares Agora S.A. became an owner of 12 shares of the company Adtaily Sp. z o.o. seated in Cracow. As a result of the above transaction Agora S.A. has 644 shares constituting 76.7% of the share capital and has right to 76.7% votes at the shareholders' meeting.

On July 5, 2012 the Court in Ukraine registered the increase of the share capital of LLC Agora Ukraine by the amount of UAH 352 thousand which was covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounts to UAH 518 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 August 29, 2012 the District Court for Szczecin – Centrum in Szczecin, XIII KRS Commercial Division registered the company: Online Technologies HR Sp. z o.o. with its registered seat in Szczecin. The share capital amounts to PLN 5.4 thousand. In the new company, Agora S.A. has 17.6% of the share capital and 17.6% of votes at shareholders' meeting.

On September 14, 2012 the District Court for Lodz - Srodmiescie in Lodz, XX KRS Commercial Division registered the company: Next Film Sp. z o.o. with its registered seat in Lodz. The share capital amounts to PLN 500 thousand. In the new company Helios S.A., a subsidiary of Agora S.A., has 100% of the share capital and 100% of the votes at shareholders' meeting.

On November 20, 2012, the Court in Ukraine registered the increase of the share capital of LLC Agora Ukraine by the amount of UAH 497 thousand, which was covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounts to UAH 1,015 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 November 20, 2012 the District Court for Szczecin - Centrum in Szczecin, XIII KRS Commercial Division registered the increase of the share capital of Online Technologies HR Sp. z o.o. by 12 new shares with nominal value of PLN 80 per share (in total PLN 960). Agora S.A. covered new shares with PLN 200 thousand contribution. After the share capital increase it amounts to PLN 6.4 thousand and is divided into 80 shares with nominal value of PLN 80 per share. After the share capital increase, Agora S.A. owns 24 shares which translates into 30% of the company's share capital and 30% of votes at shareholders' meeting.

On December 14, 2012 Agora S.A. sold its 120 shares in Business Ad Network Sp. z o.o. ("BAN"). As a result of an above transaction at date of publication these financial statements, Agora S.A. does not have any shares in BAN.

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 will be covered through contribution in cash by Agora S.A. After the increase the share capital of LLC Agora Ukraine amounts 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.

3. PARTICIPATION IN BUSINESS ORGANIZATION, HOME AND FOREIGN

The Agora Group wants 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 2012 carrying amounts of intangible assets of the Group (magazine titles, licenses and patents, other) increased by PLN 2.8 million, (cost increase up by PLN 32.2 million, amortisation and impairment losses for the period - increase up by PLN 29.4 million). Detailed information on intangible assets is included in note 3 to the consolidated financial statements.

In 2012 carrying amounts of property, plant and equipment of the Group increased by PLN 5.4 million (cost increase up by PLN 28.4 million, amortisation and impairment losses for the period - increase up by PLN 23.0 million). Detailed information on intangible assets is included in note 4 to the consolidated financial statements.

In 2012 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 also shares in Online Technologies HR Sp. z o.o. (the company accounted for by means of the equity method in the consolidated financial statements) and has a share in a new registered company Next Film Sp. z o.o. (the company consolidated fully in consolidated financial statements) – more detailed information in point V.B.2 of this MD&A.

In 2012, the Company invested its free cash outside its capital group mainly in short-term securities and bank deposits. As at the end of 2012, this amount of cash was equal to PLN 223.7 million.

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 2011 the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

Tab. 17

	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 3, 2012)*	5,692,420	*11.18*	22,818,820	*33.53*
BZ WBK AIB Asset Management S.A. *(in accordance with the last notification obtained on March 8, 2012)*	6,360,642	*12.49*	6,360,642	*9.35*
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 29, 2011)*	3,758,637	*7.38*	3,758,637	*5.52*

Information received from BZ WBK Asset Management S.A., BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A. and Arka BZ WBK Fundusz Inwestycyjny Otwarty, ING Otwarty Fundusz Emerytalny and Powszechne Towarzystwo Emerytalne PZU S.A.:

In the current report published on January 4, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK Asset Management S.A. (hereinafter referred to as BZ WBK) about decrease in the total voting rights at the General Meeting of Shareholders of Agora S.A. As a result of disposals of Agora's shares on December 28, 2011 clients, whose securities accounts are managed by BZ WBK (hereinafter referred to as BZ WBK clients) held 9,318,618 shares of Agora S.A. constituting 18.29% of Agora's share capital and giving the right to 9,318,618 votes constituting 13.69% of the total number of votes at the General Meeting of Shareholders of Agora S.A.

In the current report published on January 4, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK Towarszystwo Funduszy Inwestycyjnych S.A., seated in Poznan, acting on behalf of Arka BZ WBK Funduszu Inwestycyjnego Otwartego (hereinafter referred to as "Fund") about decrease in the total voting rights at the General Meeting of Shareholders of Agora S.A. As a result of disposals of Agora's shares on December 28, 2011 the Fund held 5,585,522 shares of Agora S.A. constituting 10.97% of Agora's share capital and giving the right to 5,585,522 votes constituting 8.21% of the total number of votes at the General Meeting of Shareholders of Agora S.A.

In the current report published on January 4, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A., seated in Poznan, acting on behalf of Arka BZ WBK Funduszu Inwestycyjnego Otwartego, Arka BZ WBK Akcji Srodkowej i Wschodniej Europy Funduszu Inwestycyjnego Zamknietego, Arka Prestiz Specjalistycznego Funduszu Inwestycyjnego Otwartego and Credit Agricole Funduszu Inwestycyjnego Otwartego (hereinafter referred to as "Funds") that as a result of disposals of Agora's shares Funds hold the number of shares decreasing their voting rights at the General Meeting of Shareholders of Agora S.A. On December 28, 2011, as a result of disposals of Agora’s shares, Funds held 6,870,685 shares of Agora S.A. constituting 13.49% of Agora's share capital and giving the right to 6,870,685 number of votes, constituting 10.09% of the total voting rights at Agora's General Meeting of Shareholders.

In the current report published on January 4, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A., seated in Poznan, acting on behalf of Funds that as a result of disposals of Agora's shares Funds hold the number of shares decreasing their voting rights at the General Meeting of Shareholders of Agora S.A. below 10%. On December 29, 2011, as a result of disposals of Agora’s shares, Funds held 6,570,685 shares of Agora S.A. constituting 12.90% of Agora's share capital and giving the right to 6,570,685 number of votes, constituting 9.65% of the total voting rights at Agora's General Meeting of Shareholders.

In the current report published on January 5, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK about decrease in the total voting rights at the General Meeting of Shareholders of Agora S.A. As a result of disposals of Agora's shares on December 30, 2011 BZ WBK clients held 7,938,618 shares of Agora S.A. constituting 15.59% of Agora's share capital and giving the right to 7,938,618 votes constituting 11.66% of the total number of votes at the General Meeting of Shareholders of Agora S.A.

In the current report published on March 8, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK about decrease in the total voting rights at the General Meeting of Shareholders of Agora S.A. As a result of disposals of Agora's shares on March 1, 2012 BZ WBK clients held 6,360,642 shares of Agora S.A. constituting 12.49% of Agora's share capital and giving the right to 6,360,642 votes constituting 9.35% of the total number of votes at the General Meeting of Shareholders of Agora S.A.

In the current report published on March 15, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A., seated in Poznan, acting on behalf of Funds that as a result of disposals of Agora's shares Funds hold the number of shares decreasing their voting rights at the General Meeting of Shareholders of Agora S.A. below 5%. On March 9, 2012, as a result of disposals of Agora’s shares, Funds held 3,394,723 shares of Agora S.A. constituting 6.66% of Agora's share capital and giving the right to 3,394,723 number of votes, constituting 4.99% of the total voting rights at Agora's General Meeting of Shareholders.

In the current report published on March 15, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK Towarszystwo Funduszy Inwestycyjnych S.A., seated in Poznan, acting on behalf of Fund about decrease in the total voting rights at the General Meeting of Shareholders of Agora S.A. As a result of disposals of Agora's shares on March 9, 2012 the Fund held 2,808,987 shares of Agora S.A. constituting 5.51% of Agora's share capital and giving the right to 2,808,987 votes constituting 4.13% of the total number of votes at the General Meeting of Shareholders of Agora S.A.

In the current report published on June 15, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from BZ WBK about a decrease in the total voting rights held by the clients of BZ WBK at the General Meeting of Shareholders of Agora S.A. As a result of disposals of Agora's shares on June 11, 2012 clients, whose securities accounts are managed by BZ WBK held 3,327,526 shares of Agora S.A. constituting 6.53% of Agora's share capital and giving the right to 3,327,526 votes constituting 4.89% of the total number of votes at the General Meeting of Shareholders of Agora S.A.

In the current report published on October 10, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification, that as a result of share purchase on October 5, 2012, ING Otwarty Fundusz Emerytalny (hereinafter referred to as the Fund ING) became the owner of the shares entitling the Fund ING to over 10% of votes during a General Meeting of Shareholders of Agora S.A. As a result of transactions mentioned above on October 10, 2012 the Fund ING held 6,811,517 Company's shares constituting 13.37% of the Company's share capital. These shares entitle the Fund ING to 6,811,517 votes at the General Meeting of Shareholders of Agora S.A. constituting 10.008% of the total number of votes at a General Meeting of Shareholders of Agora S.A.

In the current report published on November 6, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from Powszechne Towarzystwo Emerytalne PZU S.A. (Towarzystwo) acting on behalf of Otwarty Fundusz Emerytalny PZU Zlota Jesien (OFE) and Dobrowolny Fundusz Emerytalny PZU, that as a result of share purchase transactions, executed by OFE on the Warsaw Stock Exchange on October 26, 2012, the number of shares owned by OFE, as well as the number of shares controlled by Towarzystwo, exceed 5% of votes at a General Meeting of Shareholders of Agora S.A.

In the current report published on December 27, 2012 the Management Board of Agora S.A. announced that the Company obtained a notification from Towarzystwo acting on behalf of OFE and Dobrowolny Fundusz Emerytalny PZU, that as a result of share purchase transactions, executed by OFE on the Warsaw Stock Exchange on December 13, 2012, the number of shares owned by OFE, as well as the number of shares controlled by Towarzystwo, exceed 10% of votes at a General Meeting of Shareholders of Agora S.A.

In the current report published on January 3, 2013 the Management Board of Agora S.A. announced that the Company obtained a notification, that as a result of share disposals transactions on December 27, 2012, ING Otwarty Fundusz Emerytalny (hereinafter referred to as the Fund ING) became the owner of the shares entitling the Fund to less than 10% of votes during a General Meeting of Shareholders of Agora S.A. As a result of transactions mentioned above on January 2, 2013 the Fund held 6,507,798 Company's shares constituting 12.78% of the Company's share capital. These shares entitle the Fund to 6,507,798 votes at the General Meeting of Shareholders of Agora S.A. constituting 9.56% of the total number of votes at a General Meeting of Shareholders of Agora S.A.

Information received from Agora - Holding Sp. z o.o.

In the current report published on January 3, 2012 the Management Board of Agora S.A., with reference to the current report no. 71/2005 dated September 16, 2005 about incentive program, announced that on January 3, 2012, received a notification from Agora-Holding Sp. z o.o. ("Agora-Holding") about the transfer of 339,605 ordinary Company's shares by Agora-Holding, in the fulfillment of the terms of donation contract for the benefit of Partycypacyjny Fundusz Inwestycyjny Zamkniety (hereinafter referred to as "Partycypacyjny Fund") managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. The Partycypacyjny Fund was created for the execution of incentive program in Agora S.A. and its subsidiaries. As a result of the disposal of shares described above, Agora - Holding's stake in the number of total voting rights at the General Meeting of Shareholders of Agora S.A. decreased by 0.499% to 33.53%.

In the current report published on January 4, 2013 the Management Board of Agora S.A., with reference to the current report no. 71/2005 dated September 16, 2005 about incentive program, announced that on January 4, 2013, received a notification from Agora-Holding about the transfer of 290,568 ordinary Company's shares by Agora-Holding, in the fulfillment of the terms of donation contract for the benefit of Partycypacyjny Fund managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. The Partycypacyjny Fund was created for the execution of incentive program in Agora S.A. and its subsidiaries. As a result of the disposal of shares described above, Agora - Holding's stake in the number of total voting rights at the General Meeting of Shareholders of Agora S.A. decreased below 33 1/3% to 33.10%.

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. 18

	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*

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 39 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 (six months remuneration) 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 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 million)

Tab. 19

	2012	2011
Management Board		
Piotr Niemczycki (1)	0.67	0.70
Zbigniew Bak	0.77	0.81
Tomasz Jozefacki (2)	0.02	0.62
Grzegorz Kossakowski	0.60	0.62
Stanisław Turnau (3)	0.49	-
Marek Jackiewicz (4)	0.49	-
	3.04	**2.75**
Supervisory Board		
Wanda Rapaczynski	0.07	0.07
Andrzej Szlezak	0.11	0.11
Tomasz Sielicki	0.07	0.07
Slawomir S. Sikora	0.07	0.07
Marcin Hejka	0.07	0.07
	0.39	**0.39**

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2)Tomasz Jozefacki held his post as Management Board member until January 31, 2012;
(3) Stanislaw Turnau was appointed to the Management Board on January 4, 2012;
(4) Marek Jackiewicz was appointed to the Management Board on January 4, 2012.

The Management Board and Supervisory Board Members of Agora S.A. did not receive any remuneration for serving as board members in subsidiaries, joint-ventures and associates.

Moreover, in 2012 remuneration of Management and Supervisory Board Members in subsidiaries amounted to PLN 4.5 million (2011: PLN 4.03 million).

The Agora Group executes incentive programs based on financial instruments. Information on shares and certificates granted to the Management Board and Supervisory Board Members is presented in note 26 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 (2011: 20,315 M certificates) and the total cost of O and M certificates, which affected Group's consolidated financial result was equal to PLN 163 thousand (2011: M and I certificates: PLN 613 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. 20

	as of December 31, 2012	*Nominal value (PLN)*
Piotr Niemczycki (1)	1,548,373	*1,548,373*
Zbigniew Bak	68,006	*68,006*
Tomasz Jozefacki (2)	1,000	*1,000*
Grzegorz Kossakowski	44,451	*44,451*
Marek Jackiewicz (3)	100,000	100,000
Stanisław Turnau (4)	119,292	119,292

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2) Tomasz Jozefacki held his post as Management Board member until January 31, 2012;
(3) Marek Jackiewicz was appointed to the Management Board on January 4, 2012;
(4) Stanisław Turnau was appointed to the Management Board on January 4, 2012.

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 20.

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

Tab. 21

	as of December 31, 2012 (number of shares)	*Nominal value (PLN)*
Piotr Niemczycki (1)	1	10,427.84
Zbigniew Bak	1	10,427.84

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

The stake held by each of the Management Board members 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, 2012 is shown in the table below:

Tab. 22

	As at December 31, 2012 (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%
Marek Palpuchowski	384,600	38,460	3.766%
Katarzyna Borkowska	68,264	6,826	0.668%
Jan Tadeusz Bogdan	44,000	4,400	0.431%
Grzegorz Komorowski	44,000	4,400	0.431%
Management Board Members of AdTaily Sp. z o.o.			
Marcin Ekiert	107	5,350	12.74%
Jakub Krzych	51	2,550	6.07%
Magdalena Wasilewska-Michalska	18	900	2.14%
Management Board Members of Sport4People Sp. z o.o.			
Grzegorz Czechowicz	59	5,900	32.78%

	As at December 31, 2012 (no. of shares)	Nominal value (PLN)	% of shares=% of votes at General Meeting
Management Board Members of Online Technologies HR Sp. z o.o.			
Arkadiusz Kuchto	32	2,560	40.00%

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. 23

	as of December 31, 2012	*Nominal value (PLN)*
Slawomir S. Sikora	0	*0*
Tomasz Sielicki	33	*33*
Andrzej Szlezak	0	*0*
Marcin Hejka	0	*0*
Wanda Rapaczynski (1)	924,616	*924,616*

(1) On February 12, 2013 Wanda Rapaczynski was delegated by the Supervisory Board to conduct the Management Board Member function during next 3 months.

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. 24

	as of December 31, 2012 (number of shares)	*Nominal value (PLN)*
Wanda Rapaczynski (1)	1	10,427.84

(1) On February 12, 2013 Wanda Rapaczynski was delegated by the Supervisory Board to conduct the Management Board Member function during next 3 months.

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, 2012 is shown in the table below:

Tab. 25

	As at December 31, 2012 (no. of shares)	*Nominal value (PLN)*	*% of shares=% of votes at General Meeting*
Management Board Members of AdTaily Sp. z o.o.			
Jakub Krzych	51	2,550	6.07%
Management Board Members of Online Technologies HR Sp. z o.o.			
Dominik Tzimas	13	2,560	16.25%

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

On December 29, 2011, Tomasz Jozefacki - one of Agora's Board members - has resigned from the position of Agora's Management Board member. From February 1, 2012 Piotr Niemczycki - President of the Management Board - supervises the Internet segment on behalf of the Management Board of Agora S.A. On January 4, 2012, pursuant to § 28 section 3 of the Company's Statute, the Management Board of the Company elected by way of co-option additional members of the Management Board, Stanislaw Turnau and Marek Jackiewicz. On June 22, 2012, the General Meeting of Shareholders resolved to approve the appointment of new members of the Management Board of Agora S.A. The changes in the composition of the Management Board were meant to strenghthen the process of implementation the hitherto strategy in the Company and in the Agora Group. In 2012, Mr. Stanislaw Turnau supervised the Newspaper segment and Mr. Marek Jackiewicz supervised the Magazine segment and distribution division. Previously those segments were supervised by Agora's Deputy President of the Management Board Mr. Zbigniew Bak.

In the current report published on November 14, 2012 the Management Board of Agora S.A. announced that Zbigniew Bak, vice-president of the Management Board of the Company, submitted the resignation from applying for the election for the next term of the office of the Management Board of the Company.

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 (the Company), 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.

7. INFORMATION ON CREDIT AND LOAN AGREEMENTS TAKEN/TERMINATED, GUARANTEES RECEIVED BY AGORA S.A. OR ITS SUBSIDIARIES.

In 2012 no credit or loan agreements were terminated for the Company or its subsidiaries and associates and also nor the Company or its subsidiaries terminated any credit or loan agreements.
a) Agora S.A.
As at December 31, 2012, Agora S.A. had a credit line, described below (according to annex dated May 25, 2012):

Tab. 25

Creditor	Amount of the credit line	Currency	Interest rate (%)	Agreement date	Termination (or payment)date
Bank Polska Kasa Opieki S.A.	PLN 297.8 million	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; Bank Loan C: quarterly, 13 instalments from March 31, 2014 till March 31, 2017.

Up to December 31, 2012, 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, 2012, 3 out of 12 quarterly instalments were paid up. According to the annex dated May 25, 2012, the Company can use the Credit C, that is credit line up to PLN 150 million till May 31, 2013. 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. 26

Creditor	Amount of the bank credit or loan (in PLN thousand)	Currency	Interest rate (%)	Agreement date	Termination (or payment)date
Kredyt BANK S.A.	20,540	PLN	WIBOR 1M + bank margin	06-Jul-07	30-Nov-13
Kredyt BANK S.A.	2,000	PLN	WIBOR 1M + bank margin	09-Sep-08	31-Aug-14
Raiffeisen Bank Polska S.A.	41,500	PLN	WIBOR 1M + bank margin	18-Oct-02	31-Dec-20
Raiffeisen Bank Polska S.A.	5,000	PLN	WIBOR 1M + bank margin	13-Oct-11	20-Sep-16
Kredyt BANK S.A.	7,500	PLN	WIBOR 1M + bank margin	21-Feb-12	13-Dec-17
Raiffeisen Bank Polska S.A.	11,000	PLN	WIBOR 1M + bank margin	03-Sep-12	30-Jun-18
Kredyt BANK S.A.	3,600	PLN	WIBOR + bank margin	21-Feb-12	22-May-14
Kredyt BANK S.A.	6,400	PLN	WIBOR O/N + bank margin	29-Nov-06	23-Nov-13
Raiffeisen Bank Polska S.A.	9,500	PLN	WIBOR 1M + bank margin	03-Sep-12	25-Jul-13

More detailed information on the subjects above is presented in note 13 to the consolidated financial statements.

As of December 31, 2012, Agora S.A. was also a beneficiary of a warranty concerning the server room totalling PLN 600 thousand.

8. INFORMATION ON LOANS GRANTED IN 2012, GUARANTEES AND OTHER OFF-BALANCE SHEET ITEMS

Agora S.A. guaranteed PLN 517 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. amounted to PLN 5,607 thousand. Additionally, Helios S.A. issued bills of exchange as collaterals of bank loans and finance lease and guarantees of rental agreements.

In 2012 Agora S.A. and its subsidiaries did not grant any new long-term and short-term loans (according to the agreements, which were in force as at December 31, 2012).

Information on loans granted by Agora S.A. to subsidiaries is presented in the table below (together with interest accrued).

Tab. 27

Company in PLN thousand	face value of loans granted as at 31 Dec 2012	due to 31 Dec 2013	due to 31 Dec 2014	due to 31 Dec 2015	due after 31 Dec 2016
TOTAL TO ALL COMPANIES	35,325	3,297	11,156	3,988	16,884
Total to subsidiaries, including:	35,325	3,297	11,156	3,988	16,884
Agora Ukraine LLC	13,875		3,664	2,089	8,122
Grupa Radiowa Agora Sp. z o.o.	16,250	3,297	5,892	699	6,362
Trader.com (Polska) Sp. z o.o.	4,200		1,000	1,000	2,200
AdTaily Sp. z o.o.	1,000		600	200	200

9. THE SYSTEM OF CONTROL OF EMPLOYEE SHARE SCHEMES

Since 2005 eligible employess of the Company and the Agora Group can purchase investment certificates in Participatory Closed Mutual Fund (PCMF), managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. 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., can allocate shares for the purpose of incentive plans in the Agora Group. The Management Board of the Company may 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) are 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. 28

In PLN thousand	Financial year ended 31 December 2012	Financial year ended 31 December 2011
Remuneration for audit (1)	117.8	117.8
Other certifying services, including remuneration for review (1)	72.2	72.2
Other services (2)	0.0	40.0

(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 for 2011 and 2012).

(2) Remuneration for other services includes other amounts paid and due for services connected with audit and review of financial statements not mentioned in points above.

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 33 and 34 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 2012, advertisers spent almost 5% yoy less on advertising. Advertisers increased their expenditure in Internet (by over 8.5% yoy), in cinema (by over 11% yoy). Other media suffered further erosion of advertising expenditure: dailies down by ca 20%, magazines by over 11% and outdoor by nearly 6.5%. Additionally, ad spends in TV were lower by over 5.5% yoy.

On the basis of the current macroecomic situation as well as on the advertising market, the Company estimates that in 2013 the value of advertising market in Poland will shrunk by ca 5-8% boy. 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 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 (49%) in 2012. The next largest segment of advertising market – Internet held 17.5% share in total ad spend. Ad expenditure in magazines and dailies constituted 10.5% and 6.5% share of total ad spend, respectively. Outdoor advertising held, in 2012, 7.5% of the advertising market share and radio ad spend constituted nearly 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 2013 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 introduces payment for access to its digital base. Nowadays, it is hard to evaluate the impact 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 increases steadily which attracts new advertisers to this medium. The level of Internet ad expenditure is also characterized by seasonality. The first and the third quarters of the financial year are usually characterized by lower revenues and the fourth quarter is marked by higher revenues.
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.

- **Outdoor**

Outdoor advertising market in Poland is highly competitive. AMS S.A. competes with Polish companies as well as big international concerns. This segment of advertising expenditure is also characterized by seasonality. The highest revenues in this segment are usually noted in the second and fourth quarter. 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 July 27, 2010 AMS S.A. and Ströer Polska entered into a consortium agreement to jointly apply for a concession contract with the municipal authorities of Warsaw. On July 28, 2010 the companies submitted a motion to execute a consession agreement.
On November 26th, 2012, the municipal authorities of Warsaw represented by Public Transport Authority in Warsaw, decided that the offer submitted by consortium AMS S.A. and Ströer Polska is the best one. On December 6th, 2012, CAM Media, the company participating also in the consession process, filed a complaint to Voivodship Administrative Court in Warsaw on the decision taken by the municipal authorities. On March 21, 2013 the Voivodeship Administrative Court in Warsaw overruled the complaint submitted by CAM Media. According to information revealed by the representatives of CAM Media in interviews, the company plans to file a consecutive complaint to Supreme Administrative Court. There is no certainty how and when the complaint will be settled.

- **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 repertoire and number of movies screened in 3D technology affect results of Helios.
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* 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.

- **Impairment tests**

Inline with the *International Financial Reporting Standards*, the Company 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, 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.

- **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. and Agora Poligrafia Sp. z o.o. 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 2012 WITH THE ESTIMATION OF THEIR INFLUENCE

A negative impact on the Group Agora in 2012 have had annual impairment tests. As a result of verification of the financial projections of the business segments of the Agora Group, the Group recognized an impairment loss in the total amount of PLN 17.6 million.

This amount includes the impairment loss on selected press titles in the Magazine segment *and* on ceased press title *Autobit,* goodwill recognized on Sport4People Sp. z o.o. and impairment of selected assets in Special Projects division. Additionally, the group lay-offs carried out in Agora S.A. and Agora Poligrafia Sp. z o.o. burdened the Group's results with PLN 9.5 million.

Moreover, further limitation of ad expenditure in 2012 had a negative impact on the Group's results as 55.9% 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. DIVISIONS OF THE COMPANY AND OF ITS SUBSIDIARIES

Agora S.A. has 19 divisions and the major headquarter in Warsaw. Other companies from the Group do not have divisions.

15. 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.

16. ISSUING OF SECURITIES

In 2012 the Company did not issue any securities.

17. OTHER INFORMATION

- **Changes in the Management Board**

In the current report published on January 4, 2012, the Company informed that pursuant to § 28 section 3 of the Company's statute, the Management Board of the Company elected by way of co-option additional members of the Management Board, Marek Jackiewicz and Stanisław Turnau. On June 22, 2012, the General Meeting of Shareholders resolved to approve the appointment of new members of the Management Board of Agora S.A.

In the current report published on November 14, 2012 the Management Board of Agora S.A. announced that Zbigniew Bak, vice-president of the Management Board of the Company, submitted the resignation from applying for the election for the next term of the office of the Management Board of the Company.

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 (the Company), hereby informed that on February 14, 2013, 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.

- **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.

On March 15, 2012, 339,605 shares of Agora S.A. were admitted for trading on the main market of the Warsaw Stock Exchange. The shares were acquired by Partycypacyjny Fundusz Inwestycyjny Zamkniety, managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A.

- **Impairment losses in Agora Group**

On January 20, 2012 the Management Board of Agora S.A., informed that in accordance with the International Financial Reporting Standards, Agora Group ("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 in the total amount of PLN 14.3 million. The above amount includes the impairment loss on selected press titles in the Magazine segment and the tangible fixed assets in one of the cinemas composing Helios network.

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 17.6 million.

The above impairment loss is of a one - off nature and it will impact the deferred tax.

- **Information on investment agreement**

On February 22, 2013, the Management Board of Agora S.A. ("Agora") 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. ("Company"), executed an investment agreement ("Investment Agreement"). The Company has submitted an application for the Licence to the National Broadcasting Council on February 25, 2013.

The Investment Agreement covers conditional purchase of the Company's shares by Agora and co-operation rules between Agora and KPTV, including nomination of the Company's governing bodies and unanimous voting on significant matters during the Company'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 Company will equal at least 41%, provided that the Company shall acquire the Licence till December 31, 2014 and other conditions typical for such agreements are fulfilled.

The total price to be paid for the shares is insignificant taking into account Agora's equity and potential size of the Company's activities provided the Company is granted the Licence.

The parties to the Investment Agreement decided to finance the Company jointly and proportionally by capital increases for the total amount not lower than PLN 20 million.

There are no affiliations between Agora S.A., the Management Board or Supervisory Board of Agora S.A. and KPTV, the Company and the Management Board of the KPTV and the Company.

- **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 2012

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 2012, the Company did not comply fully with the rule regarding providing shareholders with the possibility to participate in the meeting of shareholders by electronic means of communication as regards:

- 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 and

- exercise their right to vote either in person or through a proxy during a general meeting.

The Company will analyse the possibility to comply fully with this rule providing that the software available on the market shall guarantee safety and efficiency of conducting the meeting of shareholders taking into account the Company's dispersed shareholding structure. The Company already provides real – life broadcast of the meeting of shareholders in Polish and English.

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.

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 2012.

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 2012.

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 *Firma przyjazna matce* (Mother friendly company) organized so far by editorial office of the magazine *Dziecko* (Child) and *Poradnik Domowy* (Housekeeping) or the action *Rodzić po ludzku* (Humane birth) organized by *Gazeta Wyborcza*. The competition organized by AMS S.A. - *Przemoc. Twoja sprawa (Violence. Your Business)* is an example of an ad hoc action. Moreover, Agora's media promote spending free time in an active way, for example by means of the action *Polska biega* (Poland runs) or *Polska na rowery* (Poland on bikes). Additionally, Agora Foundation, created in 2004, supports selected social activities undertaken by Agora's media and a number of selected specialized non - profit charitable organizations. The Foundation co-operates also with organizations specialized in helping sick and disabled children. It signed long term agreements with partner organizations subsidizing them with the resources for their social operations.

The Foundation publishes in *Gazeta Wyborcza* free advertisements aiming at public collection of money for the cooperating organizations.

The Foundation finances also publishing of a quarterly *Zeszyty Literackie* and is co - founder *of Literary Award NIKE.*

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 PowerPoint 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 22, 2012 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 2012, 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.

In 2012 none of the members of the Supervisory Board resigned from his or her function. 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 22, 2012, 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 22, 2012 there were no changes introduced in the by-laws of the general meeting. In 2012 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 2012, the Company did not provide 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 Meeting or could have exercised their voting right either in person or through a proxy, inter alia, due to safety reasons. The Company will analyse the possibility to comply with this requirement in the future provided that the available software shall gurantee safety of the general meeting and its efficient course taking into account the dispersed nature of the Company’s shareholder base.

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:

- Zbigniew Bak - the Deputy President of the Management Board,
- Marek Jackiewicz - the Member of the Management Board,
- Grzegorz Kossakowski - the Member of the Management Board,
- Stanislaw Turnau - the Member of the Management Board.

On January 4, 2012, pursuant to § 28 section 3 of the Company's Statute, the Management Board of the Company elected by way of co-option additional members of the Management Board, Stanislaw Turnau and Marek Jackiewicz.

On June 22, 2012, the General Meeting of Shareholders resolved to approve the appointment of new members of the Management Board of Agora S.A.

On November 14, 2012, Zbigniew Bak, the Deputy President of the Management Board, informed about his resignation to apply for the election for the next term of office.

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 will take place no later than 7 days before the date of the next annual general meeting of the Company.

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,
- Marcin Hejka - the Member of the Supervisory Board,
- Wanda Rapaczynski - the Member of the Supervisory Board - pursuant to Article 383 § 1 of the Code of Commercial Companies and effective as of 12 February 2013 delegated to perform, for the period of three months as of 12 February 2013, duties of a member of the Management Board of the Company,
- 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 2012.
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:

- Marcin Hejka – the Chairperson of the Audit Committee,
- Wanda Rapaczynski,
- Tomasz Sielicki.

(ii) The Human Resources and Remuneration Commission:

- Wanda Rapaczynski – the Chairperson of the Human Resources and Remuneration Commission,
- Slawomir S. Sikora,
- Andrzej Szlezak.

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.

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 2012 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 January 3, 2013)*	6,507,798	*12.78*	6,507,798	*9.56*

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, 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 result of the Issuer's Capital Group for the period.

Annual 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 for 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, 12 April 2013

Zbigniew Bak – Deputy President of the Management Board	*Signed on the Polish original*
Marek Jackiewicz – Member of the Management Board	*Signed on the Polish original*
Grzegorz Kossakowski – Member of the Management Board	*Signed on the Polish original*
Stanislaw Turnau – Member of the Management Board	*Signed on the Polish original*

Report and declaration relating to Agora S.A. compliance with the corporate governance rules in 2012

April 12, 2013

REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2012

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 2012, the Company did not comply fully with the rule regarding providing shareholders with the possibility to participate in the meeting of shareholders by electronic means of communication as regards:

- 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 and

- exercise their right to vote either in person or through a proxy during a general meeting.

The Company will analyse the possibility to comply fully with this rule providing that the software available on the market shall guarantee safety and efficiency of conducting the meeting of shareholders taking into account the Company's dispersed shareholding structure. The Company already provides real – life broadcast of the meeting of shareholders in Polish and English.

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.

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 2012.

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 2012.

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.

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. Women employees hold almost half of managerial positions in Agora S.A. which reflects also an employment structure of the Company.

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 *Firma przyjazna matce* (Mother friendly company) organized so far by editorial office of the magazine *Dziecko* (Child) and *Poradnik Domowy* (Housekeeping) or the action *Rodzić po ludzku* (Humane birth) organized by *Gazeta Wyborcza*. The competition organized by AMS S.A. - *Przemoc. Twoja sprawa (Violence. Your Business)* is an example of an ad hoc action. Moreover, Agora's media promote spending free time in an active way, for example by means of the action *Polska biega* (Poland runs) or *Polska na rowery* (Poland on bikes).

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 PowerPoint 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 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 22, 2012 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 2012, 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.

In 2012 none of the members of the Supervisory Board resigned from his or her function. 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 22, 2012, 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 22, 2012 there were no changes introduced in the by-laws of the general meeting. In 2012 the general meeting did not resolve on share issue. The resolution on profit distribution provided for the compliance with the recommended 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 2012, the Company did not provide 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 Meeting or could have exercised their voting right either in person or through a proxy, inter alia, due to safety reasons. The Company will analyse the possibility to comply with this requirement in the future provided that the available software shall gurantee safety of the general meeting and its efficient course taking into account the dispersed nature of the Company's shareholder base.

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:

- Zbigniew Bak - the Deputy President of the Management Board,
- Marek Jackiewicz - the Member of the Management Board,
- Grzegorz Kossakowski - the Member of the Management Board,
- Stanislaw Turnau - the Member of the Management Board.

On January 4, 2012, pursuant to § 28 section 3 of the Company's Statute, the Management Board of the Company elected by way of co-option additional members of the Management Board, Stanislaw Turnau and Marek Jackiewicz.

On June 22, 2012, the General Meeting of Shareholders resolved to approve the appointment of new members of the Management Board of Agora S.A.

On November 14, 2012, Zbigniew Bak, the Deputy President of the Management Board, informed about his resignation to apply for the election for the next term of office.

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 will take place no later than 7 days before the date of the next annual general meeting of the Company.

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,
- Marcin Hejka - the Member of the Supervisory Board,
- Wanda Rapaczynski - the Member of the Supervisory Board - pursuant to Article 383 § 1 of the Code of Commercial Companies and effective as of 12 February 2013 delegated to perform, for the period of three months as of 12 February 2013, duties of a member of the Management Board of the Company,
- 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 2012.

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:

- Marcin Hejka – the Chairperson of the Audit Committee,
- Wanda Rapaczynski,
- Tomasz Sielicki.

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:

- Wanda Rapaczynski – the Chairperson of the Human Resources and Remuneration Commission,
- Slawomir S. Sikora,
- 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 2012 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 January 3, 2013)*	6,507,798	*12.78*	6,507,798	*9.56*

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.

Warsaw, April 12, 2013

Zbigniew Bak – Deputy President of the Management Board	*Signed on the Polish original*
Marek Jackiewicz – Member of the Management Board	*Signed on the Polish original*
Grzegorz Kossakowski – Member of the Management Board	*Signed on the Polish original*
Stanislaw Turnau – Member of the Management Board	*Signed on the Polish original*