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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 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements.

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

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of Agora S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

As required under the Accounting Act, we report that the accompanying report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) 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

1 April 2015

Dear Shareholders,

2014 was the year of putting into practice the mid-term plans of the Agora Group announced in March, 2014. Those plans were the Group's response to the structural changes in the media market which Agora had observed, and which had a substantial influence on its financial results in previous years. Execution of the plans was designed to enlarge the scale of business as a result of growth of revenues and profitability improvement.

The actions undertaken in 2014 brought about a positive effects: the Group noted growth of revenues. Not only did most of Agora's businesses not related to the press increase their revenues, but they also improved profitability. The Press segment successfully entered into the process of transforming its activity, the result of which was 55 thousand *Gazeta Wyborcza*'s active digital subscriptions. Stopklatka TV, the TV channel developed in cooperation with partner, reached its target level of 1% of the audience.

The Group's activity in 2014 have clearly shown that consistent implementation of the tasks resulting from Agora's midterm growth directions, is the proper way of achieving positive effects. That is why the Group plans to continue execution of those tasks in the near future.

The Group's priority remains effective digital transformation of its print media operations. Agora followed the example of the world publishers who implemented metered paywall successfully. In the first year of operation, not only did Agora Group execute the target of 40 thousand active subscriptions, but it actually exceeded it.

Agora Group wants to build a strong and significant position in the TV market. As a result, on March 15, 2014 together with Kino Polska TV S.A. a TV channel, Stopklatka TV was launched. During the first year of operation, the business achieved its target of 1% of the audience. Now, the time has come to focus on the efficiency of this enterprise. The Group also plans to take actions to increase its presence in this field of the media market.

Agora will still undertake necessary actions to improve profitability of its main businesses not related to the press. The priority for its Internet business is rapid development of mobile and video, as well as further diversification of revenue streams. The Group plans on investing in content and mobile applications, and it wants to be more active in search for new revenue sources by means of organic growth.

As far as the cinema business is concerned, the Group plans to still develop Helios cinema network. In 2015 new Helios cinemas will be opened. Agora also plans to increase the scale of business related to film distribution and production. In September, 2015 a new film, whose Agora is the leading producer, will be seen in cinemas.

In the outdoor business Agora's priority remains strengthening its position in the premium panel segment. Construction of 1,580 bus shelters in Warsaw, which has begun in 2014, is an important step in execution of this strategy. The Company believes that it is a landmark project on the Polish outdoor market, and AMS has a great chance to shape this market in the upcoming years by participating in similar projects in other Polish cities.

The main objective of our radio business is to improve profitability and this target has been executed in 2014. Further organic growth is dependent on the number of available licences. The Group's objective is to acquire the largest possible number of the licences in order to grow technical reach of current radio stations – in 2014 Agora successfully maximized the range potential of its information and music radio stations. The Company will also work on optimization of music formats and building the model of distribution of audio content online.

Agora Group is of the opinion that the first positive results of the execution of targets for the upcoming years can already be seen. It is strongly convinced that the execution will result in effective transformation of its businesses, which, in turn, will lead the way to profitability improvement and growth of business scale. This in turn should result in the growth of value for shareholders.

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

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

Bartosz Hojka

The President of the Management Board of Agora S.A.

AGORA SA

AGORA GROUP

Consolidated financial statements

as at 31 December 2014 and for the year ended thereon

April 1, 2015

CONTENTS

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	31 December 2014	31 December 2013 r.
Assets			
Non-current assests:			
Intangible assets	3	399,656	417,216
Property, plant and equipment	4	686,411	724,636
Long-term financial assets	5	123	163
Investments in equity accounted investees	6	16,403	11,835
Receivables and prepayments	7	33,531	44,926
Deferred tax assets	15	6,678	5,211
		1,142,802	**1,203,987**
Current assets:			
Inventories	8	30,182	25,846
Accounts receivable and prepayments	9	268,742	233,940
Income tax receivable		327	3,874
Short-term securities and other financial assets	10	62,116	75,656
Cash and cash equivalents	11	52,330	99,554
		413,697	**438,870**
Total assets		**1,556,499**	**1,642,857**

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 2014 (CONTINUED)

	Note	31 December 2014	31 December 2013 r.
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	12	50,937	50,937
Treasury shares	12	(30,060)	-
Share premium		147,192	147,192
Retained earnings and other reserves	13	981,520	991,445
		1,149,589	**1,189,574**
Non-controlling interest		**15,490**	**18,021**
Total equity		**1,165,079**	**1,207,595**
Non-current liabilities:			
Deferred tax liabilities	15	31,430	41,634
Long-term borrowings	14	53,276	78,004
Other financial liabilities	16	22,218	27,592
Retirement severance provision	17	2,363	2,289
Provisions	18	1,159	88
Deferred revenues and accruals	19	5,819	5,340
		116,265	**154,947**
Current liabilities:			
Retirement severance provision	17	219	162
Short-term liabilities	20	161,510	146,679
Income tax liabilities		3,376	491
Short-term borrowings	14	40,090	67,859
Provisions	18	3,532	3,584
Deferred revenues and accruals	19	66,428	61,540
		275,155	**280,315**
Total equity and liabilities		**1,556,499**	**1,642,857**

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 2014

	Note	2014	2013
Sales	21	1,102,417	1,073,935
Cost of sales	22	(760,363)	(752,494)
Gross profit		**342,054**	**321,441**
Selling expenses	22	(221,953)	(199,639)
Administrative expenses	22	(120,126)	(114,408)
Other operating income	23	13,239	24,657
Other operating expenses	24	(31,511)	(24,670)
Operating profit/(loss)		**(18,297)**	**7,381**
Finance income	28	10,731	8,910
Finance cost	29	(7,472)	(11,196)
Share of results of equity accounted investees		(2,887)	(223)
Profit/(loss) before income taxes		**(17,925)**	**4,872**
Income tax expense	30	6,899	(3,693)
Net profit/(loss) for the period		**(11,026)**	**1,179**
Attributable to:			
Equity holders of the parent		(12,574)	460
Non-controlling interest		1,548	719
		(11,026)	1,179
Basic/diluted earnings per share (in PLN)	32	**(0.25)**	**0.01**

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 2014

	2014	2013
Net profit/(loss) for the period	**(11,026)**	**1,179**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	276	185
Income tax effect	(52)	(35)
	224	150
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	-	(47)
Reclassification to profit and loss on disposal of subsidiary	-	208
	-	161
Other comprehensive income for the period	**224**	**311**
Total comprehensive income for the period	**(10,802)**	**1,490**
Attributable to:		
Shareholders of the parent	(12,355)	767
Non-controlling interests	1,553	723
	(10,802)	**1,490**

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 2014

	Equity attributable to equity holders of the parent							
	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2014								
As at 31 December 2013	**50,937**	**-**	**147,192**	**-**	**991,445**	**1,189,574**	**18,021**	**1,207,595**
Total comprehensive income for the period								
Net profit/(loss) for the period	-	-	-	-	(12,574)	(12,574)	1,548	(11,026)
Other comprehensive income	-	-	-	-	219	219	5	224
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(12,355)**	**(12,355)**	**1,553**	**(10,802)**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends of subsidiaries	-	-	-	-	-	-	(586)	(586)
Redemption of own shares (note 12)	-	(30,060)	-	-	-	(30,060)	-	(30,060)
Total contributions by and distribtutions to owners	**-**	**(30,060)**	**-**	**-**	**-**	**(30,060)**	**(586)**	**(30,646)**
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of non-controlling interests	-	-	-	-	(3,822)	(3,822)	(3,498)	(7,320)
Expiration of put option liability (note 16)	-	-	-	-	6,252	6,252	-	6,252
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**2,430**	**2,430**	**(3,498)**	**(1,068)**
Total transactions with owners	-	(30,060)	-	-	2,430	(27,630)	(4,084)	(31,714)
As at 31 December 2014	**50,937**	**(30,060)**	**147,192**	**-**	**981,520**	**1,149,589**	**15,490**	**1,165,079**

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 2014 CONTINUED

	Attributable to equity holders of the parent							
	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2013								
As at 31 December 2012	**50,937**	**-**	**147,192**	**(161)**	**990,403**	**1,188,371**	**17,679**	**1,206,050**
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	460	460	719	1,179
Other comprehensive income	-	-	-	161	146	307	4	311
Total comprehensive income for the period	**-**	**-**	**-**	**161**	**606**	**767**	**723**	**1,490**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Equity-settled share-based payments	-	-	-	-	1,397	1,397	-	1,397
Dividends of subsidiaries	-	-	-	-	-	-	(666)	(666)
Other	-	-	-	-	(2)	(2)	-	(2)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**-**	**1,395**	**1,395**	**(666)**	**729**
Changes in ownership interests in subsidiaries								
Recognition of put option granted to non-controlling interests	-	-	-	-	(983)	(983)	-	(983)
Additional contribution of non-controlling shareholder	-	-	-	-	24	24	285	309
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**(959)**	**(959)**	**285**	**(674)**
Total transactions with owners	-	-	-	-	436	436	(381)	55
As at 31 December 2013	**50,937**	**-**	**147,192**	**-**	**991,445**	**1,189,574**	**18,021**	**1,207,595**

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

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
Cash flows from operating activities			
Profit/(loss) before income taxes		**(17,925)**	**4,872**
Adjustments for:			
Share of results of equity accounted investees		2,887	223
Depreciation of property, plant and equipment		84,053	82,263
Amortisation of intangible assets		11,977	13,825
Foreign exchange loss		139	98
Interest, net		4,929	8,996
(Profit) /loss on investing activities		13,838	(178)
Change in provisions		1,150	(6,330)
Change in inventories		(4,335)	(3,359)
Change in receivables and prepayments		(19,921)	9,049
Change in payables		18,561	8,581
Change in deferred revenues and accruals		7,056	(3,671)
Other adjustments		(2,472)	2,438
Cash generated from operations		**99,937**	**116,807**
Income taxes paid		(2,117)	(7,339)
Net cash from operating activities		**97,820**	**109,468**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		14,689	27,261
Disposal of subsidiary (net of cash disposed), associates and joint ventures		-	2
Dividends received		180	-
Loan repayment received		2,560	-
Interest received		2,804	1,032
Disposal of short-term securities		124,867	103,950
Other inflows	37	9,400	-
Purchase of property plant and equipment and intangibles		(69,972)	(68,788)
Acquisition of subsidiary (net of cash acquired) associates and jointly controlled entities	33	(7,635)	(340)
Acquisition of short-term securities		(110,000)	(140,100)
Loans granted		(2,900)	(3,899)
Other outflows	37	(7,000)	(40,000)
Net cash used in investing activities		**(43,007)**	**(120,882)**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	2014	2013
Cash flows from financing activities			
Proceeds from borrowings		3,420	16,502
Other inflows		-	8
Redemption of own shares		(30,060)	-
Acquisition of non-controlling interest		(2,839)	-
Dividends paid to non-controlling shareholders		(586)	(666)
Repayment of borrowings		(46,864)	(70,378)
Payment of finance lease liabilities		(18,631)	(15,838)
Interest paid		(6,052)	(9,042)
Other		(425)	(535)
Net cash used in financing activities		**(102,037)**	**(79,949)**
Net increase (decrease) in cash and cash equivalents		**(47,224)**	**(91,363)**
Cash and cash equivalents			
At start of period		99,554	190,917
At end of period		52,330	99,554

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 2014 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 and sells newspapers (including *Gazeta Wyborcza)* and carries out the Internet activity. The Company is also active in the cinema segment through its subsidiaries Helios S.A. and Next Film Sp. z o.o. ("Helios Group") and in the outdoor segment through its subsidiary AMS S.A. ("AMS"). Additionally, the Company controls 5 radio broadcasting companies and is active as a publisher in magazines, periodicals and books segment. Moreover, the Agora Group offers printing services for external clients in printing houses belonging to Agora S.A. and its subsidiary Agora Poligrafia Sp.z o.o. Since March 2014, Agora is also present in TV segment by holding shares in Stopklatka S.A. The Group also engages in projects related to production and coproduction of movies.

As at 31 December 2014 the Agora Group ("the Group") comprised: the parent company Agora S.A. and 16 subsidiaries. Additionally, the Group holds shares in a jointly controlled entity Stopklatka S.A. (from March 12, 2014) and in four associates: GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o., Instytut Badan Outdooru IBO Sp. z o.o. and Hash.fm Sp. z o.o. (since July 18, 2014).

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

(b) Registered Office

Czerska 8/10 Street
00-732 Warsaw

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

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

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

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

(e) Management Board

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

Wanda Rapaczynski	President	till March 12,2014
Bartosz Hojka	Member/President*	for the whole year
Grzegorz Kossakowski	Member	for the whole year
Tomasz Jagiello	Member	for the whole year
Robert Musial	Member	for the whole year

** Bartosz Hojka is a President of the Management Board from March 12, 2014.*

(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
Wanda Rapaczynski	Member	from June 24,2014
Helena Luczywo	Member	till June 24,2014
Dariusz Formela	Member	for the whole year
Paweł Mazur	Member	from November 6,2014

(g) Information about the financial statements

The consolidated financial statements were authorised for issue by the Management Board on 1 April 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation

The consolidated financial statements are presented in PLN thousands. Polish zloty is functional currency of parent company and its subsidiaries, associates and joint-ventures (excluding LLC Agora Ukraine, which functional currency was hryvna - UAH). All amounts (unless otherwise indicated) are recalculated and rounded to nearest thousand. The financial statements are prepared on the historical cost basis except that financial instruments are stated at their fair value.

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

The accounting policies were applied consistently by Group entities.

In the preparation of these consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2013, except for the changes connected with IFRSs described below.

For the Group's financial statements for the year started with January 1, 2014, new standards, amendments and interpretations to existing standards, which were endorsed by the European Union, are effecitve:

1) IFRS 10 *Consolidated Financial Statements;*
2) IFRS 11 *Joint Arrangements;*
3) IFRS 12 *Disclosure of Interests in Other Entities;*
4) IAS 27 (2011) *Separate Financial Statements;*
5) IAS 28 (2011) *Investments in Associates and Joint Venutres;*
6) Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance;*
7) Amendments to IFRS 10, IFRS 12 and IAS 27: *Investment Entities;*
8) Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities;*
9) Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting*;
10) Amendments to IAS 36 *Impairment of Assets*: *Recoverable Amount Disclosures for Non-Financial Assets.*

The adoption of the new standard IFRS 12 by the Group resulted in additional disclosures required for investments in other entities, which were presented in these consolidated financial statements. According to the Group assessment, the other standards and amendments have no material impact on the consolidated financial statements. In particular, the Group assessment of control over its current investees based on the new standards IFRS 10 and IFRS 11 does not change the previous conclusions regarding the Group's scope of control over those investees and methods of their recognition in the consolidated financial statements.

(c) Basis of consolidation

(i) Subsidiaries

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

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

(ii)Joint ventures and associates

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

(iii)Transactions eliminated on consolidation

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

(iv) Put options granted to non-controlling interests

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

(d) Property, plant and equipment

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

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

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

Perpetual leasehold of land	86 - 93 years
Buildings	10 - 40 years
Plant and machinery	2 - 20 years
Motor vehicles	5 - 8 years
Other equipment	2 - 20 years

Land is not depreciated.

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

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

(e) Intangible assets

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

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

Other intangible assets, except for the acquired magazine titles, that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any (see accounting policy w).

Other intangibles are depreciated using the straight line method over the estimated useful life of each asset, except for some special projects related to distribution and co-operation rights for movies and computer games, in case of which the consumption of economic benefits may significantly differ from the straight line approach and the pattern of consumption of economic benefits in particular periods can be reliably determined based on generated revenue.

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

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits.

(g) Derivative financial instruments

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

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

(h) Loans

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

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

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

(j) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories of financial assets. Subsequent to initial recognition (at which date available-for-sale financial assets are stated at cost), all available-for-sale financial assets are measured at fair value. Unrealised gains or losses of available-for-sale financial assets are recognised in equity. For interest-bearing financial assets interest is calculated using the effective interest method and is recognised in the income statement.

(k) Derecognition of financial instruments

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

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

(l) Foreign currency

Functional and presentation currency for Agora S.A., its subsidiaries and associates is Polish zloty (excluding LLC Agora Ukraine – which functional currency is hryvnia). Foreign currency transactions are translated at the foreign exchange rates prevailing at the date of the transactions using:

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

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

(m) Receivables

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

(n) Inventories

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

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

(o) Equity

(i) Share capital

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

(ii) Treasury shares purchased for their redemption.

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

(iii) Share premium

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

(iv) Retained earnings and other reserves

Retained earnings represent accumulated net profits / losses, including reserve capital accumulated from prior years profits. Other reserves include also the equivalent of costs of share-based payments recognised in accordance with IFRS 2 and the recognition of the put option given to the non-controlling shareholders.

(p) Income taxes and deferred income taxes

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

Current tax expense is calculated according to tax regulations.

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

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

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

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

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

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

(q) Provisions

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

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

(r) Retirement severance provision

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

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

(s) Interest-bearing borrowings

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

(t) Grants from the disabled fund

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

(u) Trade and other payables

Trade and other payables are stated at amortised cost.

(v) Revenue recognition

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

(i) Sale of goods

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

(ii) Sale of services

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

(iii) Interest income

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

(iv) Dividend income

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

(w) Impairment losses

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

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

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

An impairment loss for goodwill is not reversed.

(x) Operating lease payments

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

(y) Finance lease

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

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

(z) Borrowing costs

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

(aa) Share-based payments

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

According to incentive plans based on investment certificates, which ended in the first half of 2013, eligible employees were entitled to purchase investment certificates in a closed end mutual fund. The fair value of certificates was determined by applying valuation model, which took 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 was included in staff cost with corresponding increase in equity. The fair value of certificates was established as at the grant date and posted to the income statement from the month following the month in which certificates are purchased. The costs were recognized over the vesting period.

Within the Agora Group there are 3-Year-Long Incentive Plans carried out, described in note 27B. One of the components of the plans is accounted for in accordance with IFRS 2. These are cash-settled plans with rules based on -

inter alia - share price quotations and appreciation. In this plans, eligible employees of the Agora Group (including the Management Board) are entitled to a reward based on the realization of the Target of Share Price Rise. The value of the provision for the cost of the reward concerning the realization of the Target of Share Price Rise, is estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. The value is charged to the staff costs in Income Statement in proportion to the full period of the 3-Year-Long Incentive Plan and accounted into the accruals. The changes in the value are presented in salaries and remuneration.

(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) IFRIC Interpretation 21 *Levies* (effective for annual periods beginning on or after June 17, 2014 or later)

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

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

2) Amendments to IAS 19 *Employee Benefits* entitled *Defined Benefit Plans: Employee Contributions (*effective for annual periods beginning on or after February 1, 2015 or later)

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

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

3) Improvements to IFRS 2010-2012 and 2011-2013 (effective for annual periods beginning on or after February 1, 2015 or January 1, 2015 or later)

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

The Group analyzes the impact of the amendments, however, does not expects them to have a material impact on the consolidated financial statements.

Standards and interpretations awaiting on endorsement by the European Union:

1) IFRS 9 *Financial Instruments (2014)* (effective for annual periods beginning on or after January 1, 2018 or later).

The new standard replaces the guidance included in IAS 39 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets, including a model for calculating impairment losses. 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 three categories:

- financial assets measured at amortized cost;

- financial assets measured at fair value through profit or loss; or

- financial assets measured at fair value through other comprehensive income (OCI).

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. In respect of the financial assets impairment requirements, IFRS 9 replaces the "incurred loss" impairment model in IAS 39 with an "expected credit loss" model. Under the new approach, it will no longer be necessary for a loss event to occur before an impairment allowance is recognized.

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

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

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

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

3) Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* ((effective for annual periods beginning on or after January 1, 2016 or later)

The Amendments provide guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business and related disclosures.

The Group analyzes the impact of the amendments on the consolidated financial statements.

4) Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for annual periods beginning on or after January 1, 2016 or later)

The Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The Group analyzes the impact of the amendments on the consolidated financial statements.

5) IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after June 1, 2017 or later)

The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. The Standard includes new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers

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

6) Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture - Bearer Plants* (effective for annual periods beginning on or after January 1, 2016 or later)

The Amendments change the financial reporting for bearer plants. Under the new requirements, bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16.

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

7) Amendments to IAS 27 *Separate Financial Statements - Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2016 or later)

The Amendments introduce an option for the entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, in addition to the existing cost and fair value options.

The Group assesses that the amendment will have no impact on the unconsolidated financial statements of the parent entity, because the parent plans to continue to account for its investments in subsidiaries, joint ventures and associates by using the cost model in its unconsolidated financial statements.

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

The Amendments remove the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture concerning the recognition of profit or loss on the loss of control of subsidiary.

The Group assesses that the amendment will have no impact on the consolidated financial statements, because the Group does not plans to carry out transactions covered by the new regulations.

9) Improvements to IFRS (2012-2014) (effective for annual periods beginning on or after January 1, 2016 or later)

The annual Improvements to IFRSs (2012-2014) contains 4 amendments to existing standards (IFRS 5, IFRS 7, IAS 19, IAS 34), with consequential amendments to other standards and interpretations.

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

10) Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (effective for annual periods beginning on or after January 1, 2016 or later)

The amendments relate to financial reporting of investment entities and will have no impact on the consolidated financial statements.

11) Amendments to IAS 1 *Presentation of Financial Statements - Disclosure initiative* (effective for annual periods beginning on or after January 1, 2016 or later)

The Amendments clarify requirements related to presentation and disclosures in financial statements. An emphasis is placed on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard.

The Group does not expect, that the amendments will have material impact on the unconsolidated 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 2014	**58,380**	**374,369**	**148,485**	**22,990**	**604,224**
Additions	-	-	8,580	1,063	9,643
Acquisitions	-	-	3,131	151	3,282
Transfer from assets under construction	-	-	5,449	912	6,361
Disposals	-	-	(605)	-	(605)
Liquidation	-	-	(605)	-	(605)
Cost as at 31 December 2014	**58,380**	**374,369**	**156,460**	**24,053**	**613,262**
Amortisation and impairment losses as at 1 January 2014	**19,895**	**63,265**	**83,374**	**20,474**	**187,008**
Amortisation charge for the period	-	-	10,732	1,245	11,977
Impairment losses (note 41)	15,127	-	-	100	15,227
Liquidation	-	-	(606)	-	(606)
Amortisation and impairment losses as at 31 December 2014	**35,022**	**63,265**	**93,500**	**21,819**	**213,606**
Carrying amounts					
As at 1 January 2014	38,485	311,104	65,111	2,516	417,216
As at 31 December 2014	23,358	311,104	62,960	2,234	399,656

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

3. INTANGIBLE ASSETS – CONT.

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

On May 28, 2014, the Company entered into a new multi - purpose credit line agreement ("Agreement") with Bank Polska Kasa Opieki S.A. ("Bank”). As a result of signing the new Agreement, on July 11th, 2014 the previous loan agreement with the Bank, related to long-term syndicated loan and executed on April 5th, 2002 with subsequent annexes, was terminated. Simultaneously, the credit collaterals were changed and are described in note 13. The rights to selected magazine titles, with the book amount of PLN 35,442 thousand as at 31 December 2013, ceased to be a security for the credit line.

Other intangibles with the book value in the amount of PLN 201 thousand (2013: PLN 238 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 2014	**16,852**	**35,663**	**521,471**	**830,083**	**7,860**	**206,326**	**29,986**	**1,648,241**
Additions	1,360	-	9,894	22,494	1,055	10,237	59,720	104,760
Acquisitions	-	-	693	12,674	803	603	57,525	72,298
Transfer from assets under construction	240	-	9,133	9,815	252	9,629	-	29,069
Reclassifications	1,120	-	-	5	-	-	-	1,125
Other	-	-	68	-	-	5	2,195	2,268
Disposals	(17)	(1,223)	(3,726)	(10,959)	(400)	(8,491)	(53,494)	(78,310)
Sale	-	-	(1,584)	(1,109)	(394)	(392)	(15,580)	(19,059)
Liquidation	-	-	(2,137)	(9,850)	(6)	(8,099)	(558)	(20,650)
Reclassifications	-	(1,223)	(5)	-	-	-	-	(1,228)
Transfer from assets under construction	-	-	-	-	-	-	(35,430)	(35,430)
Other	(17)	-	-	-	-	-	(1,926)	(1,943)
Cost as at 31 December 2014	**18,195**	**34,440**	**527,639**	**841,618**	**8,515**	**208,072**	**36,212**	**1,674,691**

(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 2014	**-**	**10,774**	**198,026**	**585,948**	**5,852**	**121,508**	**1,497**	**923,605**
Depreciation charge for the period	-	313	19,440	45,258	700	18,342	-	84,053
Impairment losses	-	-	-	-	-	9	251	260
Reversal of impairment losses	-	-	-	-	-	-	(20)	(20)
Sale	-	-	(1,550)	(1,109)	(238)	(311)	-	(3,208)
Liquidation	-	-	(1,711)	(8,753)	(5)	(5,630)	-	(16,099)
Reclassifications	-	(103)	-	-	-	-	(208)	(311)
Depreciation and impairment losses as at 31 December 2014	**-**	**10,984**	**214,205**	**621,344**	**6,309**	**133,918**	**1,520**	**988,280**
Carrying amounts								
As at 1 January 2014	16,852	24,889	323,445	244,135	2,008	84,818	28,489	724,636
As at 31 December 2014	18,195	23,456	313,434	220,274	2,206	74,154	34,692	686,411

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

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

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

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

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, 2014 of property, plant and equipment used on the basis of finance lease agreements amounted to PLN 71,586 thousand (2013: PLN 80,977 thousand). The information on the conditions and terms of finance lease agreements are shown in note 14 to the consolidated financial statements.

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

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

No.	Assets	Net book value at 31 December 2014
1	Perpetual usufruct	9,299
2	Land	3,351
3	Buildings	150,147
4	Plant, machinery and equipment	69,002
5	Vehicles	402
6	Other fixed assets	18,326
	Total	250,527

Contractual capital and investment commitments are disclosed in note 36.

5. INVESTMENTS

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

	2014	2013
Balance as at beginning of the period	**163**	**150**
Shares	83	150
Loans granted	80	-
Additions	**40**	**136**
Loans granted	40	136
- grant of loans	-	136
- interests charged	40	-
Disposals	**(80)**	**(123)**
Shares	-	(67)
- impairment loss	-	(63)
- other	-	(4)
Loans granted	(80)	(56)
- reclassifications	(80)	(56)
Balance as at end of the period	**123**	**163**
Shares	83	83
Loans granted	40	80

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

6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

	2014 r.	2013
Investments in associates	13,058	11,835
Investments in joint ventures	3,345	-
Total investments in equity accounted investees	**16,403**	**11,835**

Balance as at beginning of the period	**11,835**	**11,718**
Additions	7,635	340
Acquisition of shares (note 33)	2,169	-
Share capital increase	5,466	340
Disposals	(3,067)	(223)
Share in net losses	(2,887)	(223)
Dividends received	(180)	-
Balance as at end of the period	**16,403**	**11,835**

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

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2014	31 December 2013
Prepayments and accrued income	2,465	3,454
Other	31,066	41,472
Total accounts receivable and prepayments, gross	**33,531**	**44,926**

As at 31 December 2014 the Group had a deposit receivable of PLN 37.6 million resulting from a cash deposit provided by subsidiary AMS S.A. as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw (described in note 36). As at 31 December 2014, part of the deposit receivable in the amount of PLN 29.6 million (2013: PLN 40.0 million) is presented within long-term receivables.

8. INVENTORIES

	31 December 2014	31 December 2013
Raw materials and consumables	24,454	23,544
Work in progress	3,203	-
Finished goods	344	348
Goods for resale	2,181	1,954
	30,182	**25,846**
Impairment losses recognised	7,768	9,127
Total inventories, gross	**37,950**	**34,973**

Work in progres comprises costs related to production of own movies.

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

The cost of inventories recognised as an expense amounted to PLN 197,084 thousand (2013: PLN 189,353 thousand) and is presented in "cost of sales" in the income statement.

Impairment losses and reversals of impairment losses are recognised in "cost of sales" in the income statement in the net amount of PLN 432 thousand (2013: PLN minus 1,440 thousand).

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2014	31 December 2013
Trade receivables (net of impairment losses)	193,775	182,390
Taxes, social security and similar	22,803	9,363
Prepayments and accrued income	10,254	8,312
Other	41,910	33,875
	268,742	**233,940**
Impairment losses recognised	22,865	21,646
Total accounts receivable and prepayments, gross	**291,607**	**255,586**

Other receivables include mainly loans granted to employees from the Group's social fund of PLN 22,010 thousand (31 December 2013: PLN 24,576 thousand). Loans are granted for periods up to 10 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate no greater than 2%.

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

Trade receivables are non-interest bearing and payment terms vary usually from 7 to 30 days. Tax and social security receivables are non-interest bearing.

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

Ageing of trade receivables - gross

	31 December 2014	31 December 2013
Current receivables	121,623	113,323
Overdue receivables within 1 month	51,095	41,739
Overdue receivables between 1 and 3 months	11,280	14,994
Overdue receivables between 3 and 6 months	7,820	11,208
Overdue receivables between 6 months and 1 year	6,055	5,548
Overdue receivables more than 1 year	18,702	17,151
	216,575	**203,963**

Impairment losses on accounts receivable

	2014	2013
Balance as at beginning of the period	**21,646**	**21,427**
Additions	8,291	14,717
Reversals	(3,574)	(8,975)
Used impairment losses	(3,498)	(5,523)
Balance as at end of the period	**22,865**	**21,646**

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

10. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2014	31 December 2013
Certificates in investment funds	57,888	71,839
Loans granted	4,228	3,817
	62,116	**75,656**

The loans granted concerns transactions with related parties according to the information presented in the note 39.

11. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Cash at bank and in hand	40,966	47,956
Short-term bank deposits	11,047	50,751
Other	317	847
	52,330	**99,554**

Included in cash and cash equivalents is cash in the amount of PLN 9,617 thousand representing cash held on behalf of the Group's social fund (31 December 2013: PLN 8,600 thousand).

12. SHARE CAPITAL

Registered share capital as at 31 December, 2014

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, share 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.

Shares buy-back program

On June 24, 2014, the General Meeting adopted the resolution on the Company's share buy-back program for the purpose of their redemption ("the Program"). Within the realization of the Program, the Company may acquire no more than 3,638,380 shares with the minimum price not lower than PLN 12.00 and the maximum price not higher than PLN 16.00 per one share. According to the above, the General Meeting adopted resolution on creation a reserve capital dedicated to share buy-back, for which it has allocated PLN 50,937,380 from the supplementary capital.

On August 14, 2014, the Management Board of Agora S.A. announced the offer to buy back shares of the Company ("Offer"). All shareholders of the Company were entitled to participate in the Offer. Within the Offer, the Company was to purchase no more than 2,779,970 shares ("Shares"), constituting no more than 5.46% of the Company's share capital, however no more than 2,500,000 bearer shares traded on Warsaw Stock Exchange and no more than 279,970 registered shares. The offered price for the Share was PLN 12.00. The sale offers were accepted since August 25th, 2014 till September 5th, 2014. The entity intermediating in the execution and settlement of the Offer was Dom Maklerski BZ WBK S.A.

On September 12, 2014, the Management Board of Agora S.A. announced that, as a result of the announced Offer, on September 12th, 2014 the Company purchased a total of 2,500,000 own shares outside of the regulated market, via the brokerage house of Dom Maklerski BZ WBK S.A. All purchased shares are ordinary bearer shares quoted on Warsaw Stock Exchange, each with a nominal value of PLN 1.0, which in total represent 4.91% of the Company's share capital and 2,500,000 votes at the general meeting of the Company, which represents 3.67% of the votes at the general meeting of the Company (the "Purchased Shares"). The purchase price was PLN 12.00 per one Purchased Share and all expenditure incurred on execution and settlement of the Offer amounted to PLN 30,060 thousand. The Purchased Shares were acquired with the aim of being redeemed.

On April 1, 2015, the Management Board of Agora S.A. announced the offer to buy back shares of the Company (“Offer”). All shareholders of the Company are entitled to participate in the Offer. Within the Offer, the Company shall purchase no more than 1,138,380 shares (“Shares”), constituting no more than 2.23% of the Company’s share capital, however no more than 771,960 bearer shares traded on Warsaw Stock Exchange and no more than 366,420 registered shares. The offered price for the Share is PLN 12.00. The sale offers will be accepted since April 7th, 2015 till April 17th, 2015. The settlement of all transactions shall take place on April 24th, 2015. The entity intermediating in the execution and settlement of the Offer is Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK.

The authorization for the realization of the Program is granted for the maximum period until June 30, 2015, but no longer than up to the moment when all means meant for the realization of the Program.

After the execution of the Program, the Management Board shall convene the General Meeting of Shareholders for the purpose of adoption of a resolution on redemption of shares acquired within the Program.

The restatement of equity due to hyperinflation

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

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

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

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

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

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

13. RETAINED EARNINGS AND OTHER RESERVES

Dividends

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

Frame dividend policy announced by the Company on 14 February of 2005 provides for return of excess cash to shareholders through annual dividend and – if the situation warrants – share repurchases (with cancellation) in connection with the Company’s perspectives and market conditions.

For the financial year of 2013, Agora S.A. made a net loss of PLN 1,857 thousand, which was covered in accordance with the resolution of the General Meeting of Shareholders of Agora dated June 24, 2014 from the reserve capital.

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

14. LONG-TERM AND SHORT-TERM BORROWINGS

	31 December 2014	31 December 2013
Long term bank loans	23,441	39,420
Finance lease liabilities	29,835	38,584
Total long term borrowings	**53,276**	**78,004**
Short term bank loans	23,823	50,924
Finance lease liabilities	16,267	16,935
Total short term borrowings	**40,090**	**67,859**

Bank loans

Debt repayment schedule:

	31 December 2014	31 December 2013
More than 1 and less than 3 years	14,666	25,273
Between 3 and 5 years	6,178	8,962
More than 5 years	2,597	5,185
Total	**23,441**	**39,420**

On May 28, 2014, the Company entered into a new multi - purpose credit line agreement ("Agreement") with Bank Polska Kasa Opieki S.A. ("Bank"). As a result of signing the new Agreement, on July 11th, 2014 the previous loan agreement with the Bank, related to long-term syndicated loan and executed on April 5th, 2002 with subsequent annexes, was terminated. On the basis of the new Agreement, Agora S.A. received a refinancing credit for repayment of the outstanding debt from the syndicated loan agreement, as well as, was provided with a time credit of up to PLN 100 million, which may be used by May 31, 2015 and with a credit facility in the current account of up to PLN 35 million, which may be used by May 28, 2015.

As at 31 December 2014, the outstanding amount of refinancing credit amounted to PLN 8,643 and the repayment terms related to repayment schedule and interest are the same as they were in the syndicated loan agreement.

Finance lease liabilities

	31 December 2014	31 December 2013
Future minimum lease payments	51,091	62,939
Future finance charges	(4,989)	(7,420)
Present value of finance lease liabilities, total	**46,102**	**55,519**

Present value of finance lease liabilities by payment period

	31 December 2014	31 December 2013
Within 1 year	16,267	16,935
Between 1 and 5 years	29,835	38,284
More than 5 years	-	300
Present value of finance lease liabilities, total	**46,102**	**55,519**

Future minimum lease payments by payment period

	31 December 2014	31 December 2013
Within 1 year	18,724	20,244
Between 1 and 5 years	32,367	42,384
More than 5 years	-	311
Future minimum lease payments, total	**51,091**	**62,939**

(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 2014 r.	31 December 2013 r.	31 December 2014		31 December 2013					
			Long term	Short term	Long term	Short term				
Credits and loans										
Bank Pekao S.A.	169,929	247,817	-	8,643	8,652	34,543	WIBOR 1 M or 3 M + bank margin	refinancing credit till March 31, 2015 ; time credit - ready to use: if used - quarterly 13 instalments from June 30, 2016 to June 30, 2019; credit facility in the current account which may be used by May 28, 2015.	mortgages on propertis in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, pledges on Company's bank account	credit line granted to Agora S.A. (divided into parts: refinancing credit, time credit ready to use and credit facility in the current account)
Bank Zachodni WBK S.A.	29,327	25,907	5,240	4,475	6,768	5,129	1M WIBOR + bank margin	monthly installments until 28 February 2019	mortgage on property in Białystok, Radom, Sosnowiec and Opole, registered pledge on cinema equipment, pledge on insurance policy, blank promissory note, subordinated loan from Agora S.A.	investment credit granted to Helios S.A.

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

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2014 r.	31 December 2013 r.	31 December 2014		31 December 2013					
			Long term	Short term	Long term	Short term				
Raiffeisen Bank Polska S.A.	56,000	56,000	17,684	5,700	23,379	5,704	1M WIBOR + bank margin	monthly installments until December 31, 2020	registered pledge on cinema equipment, pledge on insurance policy, Bank`s right to settle liabilites arising from loan agreement against current account, blank promissory note with promissory note declaration, pledge on current account and other bank accounts managed by the Bank, mortgage on property in Opole, Białystok, Sosnowiec and Radom, pledge on insurance policy, plegde on receivables from a contract on the basis of the agreement between the Bank and the Borrower	investment credit granted to Helios S.A.
Raiffeisen Bank Polska S.A.	1,500	1,500	517	103	621	103	1M WIBOR + bank margin	monthly installments until December 31, 2020	mortgage on property in Opole, registered pledge on cinema equipment, pledge on insurance policy, Bank`s right to settle liabilites arising from loan agreement against current account, blank promissory note with promissory note declaration	revolving credit granted to Helios S.A.
Bank Zachodni WBK S.A.	3,600	3,600	-	3,600	-	3,622	1M WIBOR + bank margin	Repayment November 23, 2015	blank promissory note, pledge on insurance policy, registered pledge on cinema equipment, mortgage on property in Radom, Sosnowiec, Opole and Bialystok	revolving credit granted to Helios S.A.
Alior Bank S.A. (1)	1,952	1,952	-	1,302	-	1,822	3M WIBOR + bank margin	monthly installments until 30 June 2017	pledge on current account, mortgage on property in Radom	investment credit granted to Helios S.A.

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

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2014 r.	31 December 2013 r.	31 December 2014		31 December 2013					
			Long term	Short term	Long term	Short term				
Finance lease liabilities										
BZ WBK LEASING S.A.	33,374	24,006	6,678	4,456	3,602	3,558	1M WIBOR + lessor`s margin	Final repayment in installments till 2019	blank promissory note, leased equipment (projectors 3D, cinema and bar equipment)	lease agreement signed by Helios S.A.
mLeasing Sp. z o.o.	2,625	6,386	780	513	1,295	1,128	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.	32,246	36,851	9,947	6,134	16,081	6,560	1M WIBOR + lessor`s margin	Final repayment in installments till 2018	blank promissory note, leased equipment (cinema and bar equipment)	lease agreement signed by Helios S.A.
SG Equipment Leasing Polska Sp. z o.o.	452	3,586	332	74	-	663	1M WIBOR + lessor`s margin	Final repayment in installments till 2020	blank promissory note, leased equipment (cinema equipment in Legnica), gurantee deposit equal to 10% of financing amount	lease agreement signed by Helios S.A.
XDC ALPHA S.A.	7,571	10,283	3,064	1,016	4,542	1,197	1M WIBOR + lessor`s margin	Final repayment in installments till 2019	leased equipment - projectors 3D	lease agreement signed by Helios S.A.
Kredyt Lease	12,221	12,304	3,314	2,185	5,520	2,057	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	114	24	27	51	25	1M WIBOR + lessor`s margin	Final repayment in installments till 2016	blank promissory note, cars	lease agreement signed by Helios S.A.
ING Lease Sp. z o.o.	10,797	10,711	5,696	1,861	7,493	1,747	1M WIBOR + lessor`s margin	Final repayment in installments till 2018	blank promissory note, leased equipment (projectors, cinema equipment)	lease agreement signed by Helios S.A.

(1) as at December 31, 2014, one subsidiary has not fullfiled some of the financial covenants included in a loan agreement, as a result the Group presented the whole amount of debt resulting from the loan agreement as short-term borrowings. On March 19, 2015, the subsidiary received a waiver from the bank accepting the breach of the covenants.

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

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% (2013: 19%).

Deferred tax assets

	2014	2013
Balance as at beginning of the period	**27,525**	**30,906**
Accruals	12,302	13,853
Financial assets and liabilities	-	13
F/X differences	19	2
Interests liabilities	259	819
Deferred revenues	8,949	9,902
Provisions	643	399
Accelerated depreciation and amortisation	134	4
Impairment losses for inventories	1,734	1,610
Impairment losses for accounts receivable	1,385	1,421
Tax losses	908	1,047
Finance leases	968	969
Other	224	867
Recognised in the income statement due to origination and reversal of temporary differences and tax loss	**1,266**	**(3,346)**
Accruals	485	(1,551)
Financial assets and liabilities	-	(13)
F/X differences	23	17
Interests liabilities	4	(560)
Deferred revenues	1,193	(953)
Provisions	63	279
Accelerated depreciation and amortisation	115	130
Impairment losses for inventories	(258)	124
Impairment losses for accounts receivable	141	(36)
Tax losses	(631)	(139)
Finance leases	(18)	(1)
Other	149	(643)
Recognised in other comprehensive income	**(52)**	**(35)**
Provisions	(52)	(35)
Balance as at end of the period	**28,739**	**27,525**
Accruals	12,787	12,302
F/X differences	42	19
Interests liabilities	263	259
Deferred revenues	10,142	8,949
Provisions	654	643
Accelerated depreciation and amortisation	249	134
Impairment losses for inventories	1,476	1,734
Impairment losses for accounts receivable	1,526	1,385
Tax losses	277	908
Finance leases	950	968
Other	373	224

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

Deferred tax liabilities

	2014	2013
Balance as at beginning of the period	**63,948**	**67,662**
Accelerated depreciation and amortisation	59,569	63,109
Financial assets and liabilities	603	461
F/x differences	-	21
Interest receivables	3	733
Finance leases	3,558	3,080
Other	215	258
Recognised in the income statement due to origination and reversal of temporary differences	**(10,457)**	**(3,714)**
Accelerated depreciation and amortisation	(9,710)	(3,540)
Financial assets and liabilities	(423)	142
F/x differences	37	(21)
Interest receivables	15	(730)
Finance leases	(459)	478
Other	83	(43)
Balance as at end of the period	**53,491**	**63,948**
Accelerated depreciation and amortisation	49,859	59,569
Financial assets and liabilities	180	603
F/x differences	37	-
Interest receivables	18	3
Finance leases	3,099	3,558
Other	298	215

Deferred tax assets and liabilities	Before offsetting	Offsetting	31 December 2014 Carrying amount
Assets	28,739	(22,061)	6,678
Liabilities	53,491	(22,061)	31,430

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

Unrecognised tax assets

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

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

	31 December 2014	31 December 2013	Expiry date
Unused tax losses	39,308	20,380	up to 2019
Unused tax credits	3,970	3,970	up to 2015

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

16. OTHER FINANCIAL LIABILITIES

	2014	2013
Long term		
Put option liabilities	17,735	27,592
Contingent payment liability	4,483	-
	22,218	**27,592**

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

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

As at December 31, 2014, its value is estimated to:

- PLN 17,176 thousand for non-controlling shareholders of Helios S.A. (31 December 2013: PLN 26,409 thousand),
- PLN 213 thousand for non-controlling shareholders of Sport4People Sp. z o.o. (31 December 2013: PLN 200 thousand),
- PLN 346 thousand for non-controlling shareholders of Sir Local Sp. z o.o. (31 December 2013: PLN 983 thousand).

On December 11, 2014 Agora S.A concluded share sales agreement on the basis of which the Company acquired 384,600 shares of Helios S.A. from a non-controlling shareholder. The consideration transferred comprised a cash payment of PLN 2,638 thousand and a contingent payment with a fair value of PLN 4,483 thousand. Group recognized the contingent payment liability, which is valid until the end of 2019 and which future value depends on the future value of EBITDA and net debt of Helios Group. Moreover, due to concluding the above share sales agreement, the provisions of the option agreement signed on August 31, 2010, which granted a put option to the non-controlling shareholder, expired. As a result, the put option liability in the amount of PLN 6,252 thousand expired and increased retained earnings within the Agora Group equity.

17. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to retirement severances payments. The amount provided as at 31 December 2014 amounted to PLN 2,582 thousand (31 December 2013: PLN 2,451 thousand).

18. PROVISIONS

	2014	2013
Balance as at beginning of the period	**3,672**	**10,219**
Provision for restructuring	15	5,349
Provision for penalties, interests and similar	1,765	2,835
Provision for the cost of compensation and severances for the former Management Board Members	681	149
Provision for legal claims	768	1,125
Other	443	761

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

	2014	2013
Additional provisions	**2,924**	**2,771**
Provision for restructuring	380	-
Provision for penalties, interests and similar	-	320
Provision for onerous contracts	1,449	-
Provision for the cost of compensation and severances for the former Management Board Members	-	1,502
Provision for legal claims	1,082	677
Other	13	272
Provisions used during the period	**(867)**	**(6,959)**
Provision for restructuring	(17)	(5,334)
Provision for penalties, interests and similar	(183)	(268)
Provision for the cost of compensation and severances for the former Management Board Members	(667)	(970)
Provision for legal claims	-	(256)
Other	-	(131)
Unused provisions reversed	**(1,038)**	**(2,359)**
Provision for restructuring	(151)	-
Provision for penalties, interests and similar	(212)	(1,122)
Provision for onerous contracts	(58)	-
Provision for the cost of compensation and severances for the former Management Board Members	(14)	-
Provision for legal claims	(429)	(778)
Other	(174)	(459)
Balance as at end of the period	**4,691**	**3,672**
Provision for restructuring	227	15
Provision for penalties, interests and similar	1,370	1,765
Provision for onerous contracts	1,391	-
Provision for the cost of compensation and severances for the former Management Board Members	-	681
Provision for legal claims	1,421	768
Other	282	443
	-	
Non-current part	**1,159**	**88**
Provision for onerous contracts	1,159	-
Other	-	88
Current part	**3,532**	**3,584**
Provision for restructuring	227	15
Provision for penalties, interests and similar	1,370	1,765
Provision for onerous contracts	232	-
Provision for the cost of compensation and severances for the former Management Board Members	-	681
Provision for legal claims	1,421	768
Other	282	355

(i) Provision for restructuring

In the third quarter of 2014, as a result of the group lay-offs announced by AMS S.A., a provision for costs related to this process was recognised in the amount of PLN 380 thousand. As at 31 December 2014, the provision outstanding for usage amounted to PLN 227 thousand.

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

(ii) Provision for penalties, interests and similar

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

(iii) Provision for onerous contracts

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

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

In 2013, the Group set up a provision for costs of compensation and severances for a former Management Board Members: Piotra Niemczyckiego, Zbigniewa Bąka, Stanisława Turnaua oraz Marka Jackiewicza. In 2014, the provision was entirely used.

(v) Provision for legal claims

The Group is a defendant in court cases. As at 31 December 2014 the Group evaluated the risk of loss and payment of indemnities in those cases. The amount of indemnities was determined based on consultation with Group's lawyers taking into account the present status of those cases and information available. Additionally, the companies of the Group are a party of legal disputes in the amount of PLN 3,962 thousand (as at December 31, 2013: PLN 3,903 thousand), in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

19. NON-CURRENT AND CURRENT DEFERRED REVENUES AND ACCRUALS

	31 December 2014	31 December 2013
Non-current		
Accruals	**2,008**	**695**
- accrual for ZAIKS costs	1,890	-
- accrual for 3-Year-Long Incentive Plan (note 27)	118	695
Deferred revenues	**370**	**1,076**
- grants for financing property, plant and equipment	81	151
- other	289	925
Other non-current liabilities	**3,441**	**3,569**
- related to purchase of non-current assets	2,098	2,309
- other	1,343	1,260
	5,819	**5,340**
Current		
Accruals	**58,391**	**56,314**
- holiday leave pay provision	10,309	10,280
- employee incentive plan	9,007	3,499
- payroll accrual	6,585	6,133
- accrual for ZAIKS costs	4,033	7,023
- accrual for costs	28,457	29,379
Deferred revenues	**8,037**	**5,226**
- grants for financing property, plant and equipment	70	83
- prepayments for advertising services and subscription	3,517	2,299
- court costs to be recovered	617	607
- other	3,833	2,237
	66,428	**61,540**

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

20. ACCOUNTS PAYABLE

	31 December 2014	31 December 2013
Trade payables	90,149	83,791
Other taxes and social security	30,425	20,476
Other	8,990	8,433
Special Fund	31,946	33,979
	161,510	**146,679**

Trade payables are non-interest bearing and are normally settled usually within 14 - 21 days. Taxes and social security payables are non-interest bearing and are usually settled monthly.

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

21. SALES AND OPERATING SEGMENT INFORMATION

(a) Operating segment information

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

For management purposes, the Group is organized into business units based on their products and services. Since the first quarter of 2014, as a result of organizational changes, the Group changed the reporting method of selected operating segments. The most important changes concern separating printing services from former Newspapers segment into an independent business line. The second important change relates to including magazine publishing activities in a new Press segment and transferring former Special Projects division into a new Movie and Book segment (former Cinema segment). The comparable data for 2013 were restated, respectively. The Management Board would like to point out that, due to the change, the data presented in the quarterly reports for previous reporting periods may not be comparable in full with the present data prepared under the current management approach.

From 1 January 2014, there are six reportable operating segments as follows:

1) the *Press* segment includes the Group's following activities: publishing of *Gazeta Wyborcza* and *Metro* as well as publishing of the magazines within Agora's Magazine Department and Free Press division,

2) the *Movies and Books* segment includes the Group's activities within the cinema management of Helios S.A., film distribution activities of Next Film Sp. z o.o. as well as activities of Agora`s Special Projects Department (including book collections and film co-production),

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

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services within the Agora's Internet department, Trader.com (Polska) Sp. z o.o., LLC Agora Ukraine (till December 10, 2013), AdTaily Sp. z o.o., Sport4People Sp. z o.o. and Sir Local Sp. z o.o. (since December 1, 2013),

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

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

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

Data within each reportable segment are consolidated pro-forma. The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Press segment operating costs associated with the production of the Group's own titles are settled on the basis of allocation of direct and indirect costs associated with their production from the Print segment. 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 supporting divisions (centralized IT, administrative, HR functions, etc.) and the Management Board, Agora TC Sp. z o.o., intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. Since the first quarter of 2014, as a result of organizational changes in Agora Group, the administration of local divisions of the Company is reported in central supporting divisions (previously it was reported in Newspapers segments) and the press distribution division has been included into Press segment (previously it was reported in supporting divisions). The comparable data for 2013 were restated, respectively.

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

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

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for twelve months ended 31 December 2014 and 31 December 2013 relate to GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o, Instytut Badan Outdooru Sp. z o.o. (from June 1, 2013 r.), Stopklatka S.A. (from March 12, 2014) and Hash.fm Sp. z o.o. (from August 1, 2014).

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

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

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2014							
	Press	Movies and books	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Revenues from external customers	299,014	273,131	146,623	122,888	82,674	171,637	6,450	1,102,417
Intersegment revenues (2)	7,340	9,772	3,142	4,256	4,722	1,419	(30,651)	-
Total revenues	**306,354**	**282,903**	**149,765**	**127,144**	**87,396**	**173,056**	**(24,201)**	**1,102,417**
Total operating cost (1), (2), (3)	**(294,750)**	**(269,547)**	**(143,531)**	**(106,413)**	**(78,264)**	**(172,447)**	**(55,762)**	**(1,120,714)**
Operating profit / (loss) (1)	**11,604**	**13,356**	**6,234**	**20,731**	**9,132**	**609**	**(79,963)**	**(18,297)**
Net finance income and cost							3,259	3,259
Share of results of equity accounted investees (3)	-	-	(198)	152	-	-	(2,841)	(2,887)
Income tax							6,899	6,899
Net loss								**(11,026)**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 92,024 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2014							
	Press	**Movies and books (3)**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(9,971)	(26,122)	(16,478)	(5,055)	(2,612)	(16,259)	(18,180)	(94,677)
Amortisation recognised on consolidation (1)	-	(539)	-	(1,068)	-	-	254	(1,353)
Impairment losses	(18,858)	(485)	(3,177)	(1,005)	(784)	(592)	(425)	(25,326)
Reversals of impairment losses	690	1,616	377	642	200	56	10	3,591
Equity-settled share-based payments	-	-	-	-	-	-	-	-
Capital expenditure (2)	1,271	27,132	13,306	4,438	3,056	4,759	7,434	61,396

	As at 31 December 2014							
	Press	**Movies and books**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	71,340	270,018	234,944	52,580	71,980	196,382	188,823	1,086,067
Investments in associates and joint ventures accounted for by the equity method	-	-	15	13,043	-	-	3,345	16,403

(1) is not presented in operating result of the Group’s segments;
(2) based on invoices booked in the period;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 6,872 thousand;
(4) *reconciling positions* include mainly Company’s headquarter (PLN 118,872 thousand) and other property, plant and equipment and intangible assets of Agora’s support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2013							
	Press	**Movies and books**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Revenues from external customers	329,196	240,633	150,360	106,998	78,354	162,431	5,963	1,073,935
Intersegment revenues (2)	6,123	10,158	3,146	4,404	4,739	1,376	(29,946)	-
Total revenues	**335,319**	**250,791**	**153,506**	**111,402**	**83,093**	**163,807**	**(23,983)**	**1,073,935**
Total operating cost (1), (2), (3)	**(276,337)**	**(242,454)**	**(149,709)**	**(94,165)**	**(78,310)**	**(165,083)**	**(60,496)**	**(1,066,554)**
Operating profit/(loss) (1)	**58,982**	**8,337**	**3,797**	**17,237**	**4,783**	**(1,276)**	**(84,479)**	**7,381**
Net finance income and cost							(2,286)	(2,286)
Share of results of equity accounted investees	-	-	(26)	(197)				(223)
Income tax							(3,693)	(3,693)
Net profit								**1,179**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments;
(3) *reconciling positions* show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.) and the Management Board and Agora TC Sp. z o.o. (PLN 88,393 thousand), intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2013							
	Press	Movies and books (3)	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Operating depreciation and amortisation	(8,413)	(26,616)	(16,885)	(4,602)	(2,389)	(16,279)	(18,850)	(94,034)
Amortisation recognised on consolidation (1)	-	(539)	-	(1,769)	-	-	254	(2,054)
Impairment losses	(5,232)	(4,346)	(3,395)	(2,039)	(1,250)	(1,072)	(1,103)	(18,437)
Reversals of impairment losses	2,571	1,020	1,263	1,497	791	1,043	883	9,068
Equity-settled share-based payments	(634)	-	(119)	(135)	(93)	(54)	(362)	(1,397)
Capital expenditure (2)	4,448	24,188	12,658	5,587	7,282	5,088	11,844	71,095

	As at 31 December 2013							
	Press	Movies and books	Outdoor	Internet	Radio	Print	Reconciling positions (4)	Total
Property, plant and equipment and intangible assets	95,847	271,493	243,070	53,891	71,561	216,265	189,725	1,141,852
Investments in associates and joint ventures accounted for by the equity method	-	-	214	11,621	-	-	-	11,835

(1) is not presented in operating result of the Group's segments;
(2)) based on invoices booked in the period, in case of Movies and books segment the capital expenditure were decreased by the value of the expenditure, which, in the fourth quarter of 2013, were sold to the owners of the facilities, in which the Helios cinemas are located;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 8,690 thousand;
(4) *reconciling positions* include mainly Company's headquarter (PLN 124,368 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

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

(b) Sales information

	2014	2013
Sales of advertising services	533,070	544,344
Sales of newspapers and magazine	135,555	133,961
Sales of goods for resale	67,237	60,021
Ticket sales	142,964	129,095
Printing services	165,301	156,845
Other sales	58,290	49,669
	1,102,417	**1,073,935**

Sales includes barter sales of PLN 29,497 thousand (2013: PLN 33,951 thousand).

22. EXPENSES BY NATURE

	2014	2013
Depreciation of property, plant and equipment (note 4)	84,053	82,263
Amortisation of intangibles (note 3)	11,977	13,825
Raw materials, energy and consumables	239,406	241,248
Advertising and promotion costs	72,949	65,442
Property operating lease rentals	48,156	46,168
Outdoor location lease rentals	54,207	58,380
Taxes and similar charges	7,879	7,599
Other external services rendered	281,799	263,186
Staff costs (note 25)	302,274	289,528
Total expenses by nature	**1,102,700**	**1,067,639**
Change in the balance of products	4	(348)
Cost of production for in-house use	(262)	(750)
Total operating expenses	**1,102,442**	**1,066,541**
Selling expenses	(221,953)	(199,639)
Administrative expenses	(120,126)	(114,408)
Cost of sales	**760,363**	**752,494**

23. OTHER OPERATING INCOME

	2014	2013
Gain on disposal of non-financial non-current assets	543	269
Grants received	2,368	3,250
Reversal of impairment losses for receivables	3,574	8,975
Reversal of provisions	713	2,359
Donations received	204	353
Liabilities written off	1,632	2,548
Other	4,205	6,903
	13,239	**24,657**

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

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

24. OTHER OPERATING EXPENSES

	2014	2013
Impairment losses recognised for receivables	8,291	14,717
Impairment losses recognised for non-financial non-current assets	15,487	2,230
Donations	670	818
Provisions recognised	2,544	2,771
Liquidation of fixed assets including dismantling panels	1,397	1,146
Other	3,122	2,988
	31,511	**24,670**

25. STAFF COSTS

	2014	2013
Wages and salaries	256,695	242,454
Social security costs	45,579	45,677
Equity-settled share-based payments	-	1,397
	302,274	**289,528**
Average number of persons employed	**3,079**	**3,038**

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

26. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

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

	2014	2013
Management Board		
Piotr Niemczycki (1)	-	762
Zbigniew Bak (2)	-	893
Stanislaw Turnau (2)	-	504
Marek Jackiewicz (2)	-	432
Grzegorz Kossakowski	661	972
Wanda Rapaczynski (3)	538	275
Robert Musial (4)	570	241
Bartosz Hojka (4)	667	242
Tomasz Jagiello (4)	221	67
	2,657	**4,388**
Supervisory Board		
Wanda Rapaczynski (5)	37	36
Andrzej Szlezak	108	108
Tomasz Sielicki	72	72
Slawomir S. Sikora	72	72
Marcin Hejka (6)	-	36
Helena Luczywo (7)	35	36.3
Dariusz Formela (8)	72	36.3
Pawel Mazur (9)	11	-
	407	**396.6**

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

(1) Piotr Niemczycki was a President of the Management Board till February 11, 2013;
(2) Zbigniew Bak,Marek Jackiewicz and Stanislaw Turnau were Members of the Management Board till June 28,2013;
(3) Wanda Rapaczynski was a President of the Management Board from June 28, 2013 till March 12, 2014;
(4) Robert Musial, Bartosz Hojka and Tomasz Jagiello are Members of the Management Board from June 28, 2013;
(5) Wanda Rapaczynski was a Member of Supervisory Board until June 28, 2013 and next from June 24,2014;
(6) Marcin Hejka was a Member of Supervisory Board until June 28, 2013;
(7) Helena Luczywo was Member of Supervisory Board from June 28, 2013 till June 24,2014;
(8) Dariusz Formela is Member of Supervisory Board from June 28, 2013;
(9) Pawel Mazur is a Member of Supervisory Board from November 6, 2014.

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 351 thousand (in 2013: in the amount of PLN 348 thousand) . The other members of Agora's Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint-ventures and associates.

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

27. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

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

A. Incentive Plan based on equity-settled share-based payments,
B. Incentive Plans based on realization of operating result goal and share price increase.

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

In 2013 eligible employees of the Group participated in an incentive plan based on investment certificates in a closed end mutual fund designated to service the plan and managed by Towarzystwo Funduszy Inwestycyjnych Skarbiec S.A.

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

In the first half of 2013, the Group ended the realization of incentive plans based on investment certificates.

The impact on the financial statements of the Group described below, results from the recognition of the plan launched in 2012. Detailed information on Incentive Plan for 2012 was presented in the consolidated financial statements for the year 2013.

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

	2014	2013
Income statement – staff cost	-	1,397
Other reserves	-	1,397

(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.):

	2014	2013
At the beginning of the period	-	290,568
Granted	-	-
Forfeited	-	(1,760)
Vested	-	(288,808)
At the end of the period	**-**	**-**

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

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

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

Vesting date and vesting period for purchased certificates:

Certificates	Vesting date	Vesting period	Time interval	No. of certificates
O	25 June 2013	9 months	October 2012 – June 2013	18,683

In 2014 there was no non-cash expense of the investment certificates acquired by the Management Board, recognised according to IFRS 2 (in 2013 this cost amounted to PLN 90 thousand).

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

In the period of 2010-2012, the eligible employees of the Group (the Management Board and top managers) participated in incentive program ("3-Year-Long Incentive Plan for the period of 2010-2012") based on two components: the stage of realisation of the target based on the operating EBITDA of the Group ("the EBITDA target") and the percent of Company's share price increase ("the Target of Share Price Increase"), which are described in consolidated financial statements as at December 31, 2013.

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

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

(i) the stage of realisation of the target based on the operating EBITDA of the Agora Group ("the EBITDA target"). The target depends on the achievement of certain EBITDA level for 2014 ("the Condition"). If the Condition is not fulfilled, the target is based on the accumulated operating EBITDA (excluding some adjustments) to be reached in the years 2013-2015. The amount of potential reward depends on the stage of the EBITDA target fulfillment and will be determined on the basis of the audited consolidated financial statements of the Agora Group for the period of 2013-2015. If the stage of achieving the target will be below 70% or if the Condition will be fulfilled, the reward will not be granted in this component of the 3-Year-Long Incentive Plan,

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

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

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.

In the fourth quarter 2014, the value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the assumption that the Condition has been fulfilled basing on the achievement of certain EBITDA level for 2014. As a result, the liability relating to the EBITDA target component of the Plan accumulated so far has been reversed. The impact of this reversal on the Income Statement was compensated by an increase of the accrual for cash motivation plans.

The fair value of the provision for the cost of potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date.
The value is charged to the Income Statement in proportion to the full period of the 3-Year-Long Incentive Plan, that is from December 1, 2013 (the grant date) till June 30, 2016 (the vesting date). The basic parameters of the Binomial Option Price Model used for calculation of the fair value of the potential reward from the realization of the Target of Share Price Increase and the cost to the Income statement of the Agora Group for the period, are described below:

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

the share price of Agora S.A. as at the present balance sheet date	PLN	7.55
volatility of the share price of Agora S.A. during the last 12 months	%	28.09
the Basic Share Price	PLN	9.00
Risk-free rate	%	1.73-1.88 (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 85.0%.

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

	31 December 2014	31 December 2013
Income statement – increase/(decrease) of staff costs	(577)	695
Income statement - deferred income tax	110	(132)
Liabilities: accruals - as at the end of the period	118	695
Deferred tax asset - as at the end of the period	22	132

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

	31 December 2014	31 December 2013
Bartosz Hojka	(136)	166
Tomasz Jagiello	(136)	166
Grzegorz Kossakowski	(169)	197
Robert Musial	(136)	166
	(577)	**695**

28. FINANCE INCOME

	2014	2013
Interests on loans and similar items	156	13
Other interest and income from short-term financial assets	5,878	8,320
Reversal of impairment losses for financial assets	1,050	495
Valuation of SWAP contracts	-	73
Valuation of put options	3,618	-
Other	29	9
	10,731	**8,910**

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

29. FINANCE COST

	2014	2013
Interest on loans payable, lease liabilities and similar items	6,838	10,004
Other interest	485	286
Loss on sale of financial assets	-	349
Impairment losses recognised for financial assets	7	63
Valuation of put options	13	-
F/x losses	53	337
Other	76	157
	7,472	**11,196**

30. INCOME TAXES

Income tax recognised in the consolidated income statement

	2014	2013
Current tax expense		
Current year	(6,316)	(4,901)
Adjustments for prior periods	1,492	840
	(4,824)	**(4,061)**
Deferred tax expense		
Origination and reversal of temporary differences	12,287	506
Utilization of tax loss	(648)	(537)
Origination of tax loss	-	108
The amount of benefit from a previously unrecognised tax loss and tax credit	84	291
	11,723	368
Total tax expense recognised in the income statement	**6,899**	**(3,693)**

Income tax expense recognised in other comprehensive income

	2014	2013
Actuarial gains/(losses) on defined benefit plans	(52)	(35)
Total tax expense recognised in other comprehensive income	(52)	(35)

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

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

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:

	2014	2013
Profit/(loss) before tax	**(17,925)**	**4,872**
Tax calculated at a rate of 19% (2013 : 19%)	**3,406**	**(926)**
Tax effect of:		
Interests in results of associates and joint ventures	(548)	(42)
Other non-taxable revenues	1,235	590
Share-based payments costs	-	(265)
Other non-deductible expenses	(2,912)	(2,246)
Temporary differences on which deferred tax was not recognised	18	2,210
Utilisation of tax losses on which deferred tax was not recognised	84	-
Tax losses on which deferred tax was not recognised	(3,857)	(3,133)
Recognition of deferred tax on tax losses from previous periods	84	291
Recognition of deferred tax on temporary differences from previous period	-	28
Other (1)	9,389	(200)
Tax calculated at an effective rate of 38.5% (2013: 75.8%)	**6,899**	**(3,693)**

(1) in 2014, this position includes mainly a tax effect (in the amount of PLN 8,045 thousand) on the settlement of a intragroup contribution in kind and leaseback transaction of advertising panels, carried out as part of the operating activity optimalization of companies belonging to Outdoor segment.

31. TAX EXEMPTION IN SPECIAL ECONOMIC ZONE

The Group's subsidiary (Agora Poligrafia Sp. z o.o.) operates in a Special Economic Zone. Agora Poligrafia Sp. z o.o. was granted the right to tax exemption up to a maximum amount of 75% of capital expenditures incurred since the date of permit for activity in the Special Economic Zone to 31 December 2006 (at 31 December 2006 qualifying capital expenditures amounted to PLN 71,130 thousand). The printing activities conducted in the Special Economic Zone are subject to the tax exemption. As at 31 December 2013 the cumulative taxes not paid amounted to PLN 32,294 thousand (31 December 2013: PLN 32,117 thousand).

32. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:

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

b) as denominators - the average number of shares issued for the current year which is 50,183,961 (2013: 50,937,386).

Weighted average number of ordinary shares:

	2014	2013
Issued ordinary shares at the beginning of the period	50,937,386	50,937,386
Effect of shares buy-back	(753,425)	-
Weighted average number of ordinary shares at the end of the period	**50,183,961**	**50,937,386**

There are no dilutive factors.

33. BUSINESS COMBINATIONS

On March 12, 2014 Agora ("the Company") accepted an irrevocable binding offer of sales of 933,850 shares of the company Stopklatka S.A. ("the Shares") and executed the Shares sales agreement with the company Kino Polska TV S.A. It was possible due to the fulfillment, on February 21st, 2014, of the conditions set in the investment agreement executed on February 22nd, 2013 between the Company and Kino Polska TV S.A. about which the Company informed in the regulatory filing no. 6/2013. As a result of the Share purchase, on the basis of the agreement described above, Agora had 933,850 shares of the company Stopklatka S.A. The Shares constituted 41.04% of the share capital of the company Stopklatka S.A. and gave right to 933,850 votes at the general meeting of shareholders of Stopklatka S.A., which equaled 41.04% of total number of votes. The total purchase consideration amounted to PLN 2 169 thousand. Agora S.A., together with Kino Polska TV S.A., jointly controls the company Stopklatka S.A., due to the fact that, on the basis of the investment agreement, decisions about the relevant activities require the unanimous consent of the both parties sharing control. Investment in Stopklatka S.A. is accounted for by applying the equity method.

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

On April 15, 2014, extraordinary shareholders' meeting of Helios S.A. adopted the resolution to increase the share capital by PLN 135 thousand by the issue of 1,350,000 ordinary bearer shares of series C as private placement subscription addressed to the existing shareholders with issue price of PLN 7.42 per share. On July 14, 2014 the Management Board of Helios S.A. has allocated 1,350,000 to Agora S.A., which was the only shareholder, who made the pre-emptive right. Agora S.A. covered new shares with PLN 10,017 thousand contribution. Additionally, on December 11, 2014**,** Agora S.A concluded share sales agreement on the basis of which the Company acquired 384,600 shares of Helios S.A. from another shareholder at the price of PLN 2,638 thousand ("the Agreement"). Furthermore, the Agreement includes a conditional commitment, valid until the end of 2019, under which the Company will pay the extra price equal to the difference between the price already paid and the price calculated in accordance with the Agreement. As a result of the above sales transaction, Agora S.A. owns 8,839,800 shares, which translates into 86.55% of the company's share capital and 86.55% of votes at shareholders' meeting, while after taking into account the increase of the share capital about which the Company informed above, Agora S.A. shall own 10,189,800 shares of Helios S.A., which shall translate into 88.12% of the company's share capital and 88.12% of votes at shareholders' meeting. The share capital increase has not been registered by the court till the date of the publication of this report.

On April 29, 2014, the meeting of shareholders of Online Technologies HR sp. z o.o. adopted the resolution to increase the share capital by 10 new shares with nominal value of PLN 80 per share (in total PLN 800). Agora S.A. covered 10 new shares with PLN 250 thousand contribution. After the registration of the share capital increase it amounts to PLN 7,520 and is divided into 94 shares with nominal value of PLN 80 per share. After the registration of the share capital increase, Agora S.A. owns 38 shares, which translates into 40.43% of the company's share capital and 40.43% of votes at shareholders' meeting. The change was registered by the District Court for Szczecin-Centrum w Szczecinie, XIII KRS Commercial Division on July 15, 2014.

On June 12, 2014, Agora S.A. subscribed for 1,746,301 shares of the company Stopklatka S.A. issued in the form of public offering of 4 254 710 new ordinary bearer shares of series D with the issue price of PLN 2.3 zloty per share. Agora S.A. covered the shares with PLN 4,016,492.3 contribution. After the share capital increase it amounts to PLN 6,529,956 and Agora S.A. owns 2,680,152 shares, which translate into 41.04% of the company's share capital and 41.04% of votes at shareholders' meeting. The District Court for Warsaw, XIII KRS Commercial Division, registered the increase of the share capital of Stopklatka S.A. on July 16, 2014.

On July 18, 2014, the meeting of shareholders od Social Hackers sp. z o.o. adopted the resolution to increase the share capital by 4,500 new shares with nominal value of PLN 50 per share (in total PLN 225 thousand). Agora S.A. covered 4,500 new shares with PLN 945 thousand contribution. After the registration of the share capital increase amounts to PLN 455 thousand and is divided into 9,100 shares with nominal value of PLN 50 per share. After the registration of the share capital incerase, Agora S.A. owns 4,500 shares which translate into 49.45% of the company.s share capital and 49.45% of votes at shareholders' meeting. On September 30, 2014**,** the District Court for the capital city of Warsaw, XII Comercial Division of the National Court Register registered the above increase of the share capital and change of the company's name from Social Hackers sp. z o.o. into Hash.fm sp. z o.o.

On August 7, 2014, the meeting of shareholders of Online Technologies HR sp. z o.o. adopted the resolution to increase the share capital by 10 new shares with nominal value of PLN 80 per share (in total PLN 800). Agora S.A. covered 10 new shares with PLN 250 thousand contribution. After the registration of the share capital increase it shall amount to PLN 8,320 and shall be divided into 104 shares with nominal value of PLN 80 per share. After the registration of the share capital increase, Agora S.A. shall own 48 shares, which shall translate into 46.15% of the company's share capital and 46.15% of votes at shareholders' meeting. It has not been registered by the court till the date of the publication of this report.

On August 12, 2014, Agora S.A concluded share sales agreement on the basis of which the Company acquired 31 shares of AdTaily Sp. o.o. at the price of PLN 171,487. As a result of the above transaction Agora S.A. owns 675 shares, which translates into 80.36% of the company's share capital and 80.36% of votes at shareholders' meeting.

On September 10, 2014 the District Court for the capital city of Warsaw, XIII Comercial Division of the National Court Register registered the company, which operates under the name TV Zone Sp. z o.o. Agora S.A. is the sole shareholder of the company and owns 100 shares with nominal value of PLN 50 per share. Shares were covered with PLN 5 thousand contribution.

On September 25, 2014, the extraordinary meeting of shareholders of Sport4People sp. z o.o. adopted the resolution to increase the share capital by 20 new shares with nominal value of PLN 100 per share (in total PLN 2 thousand). Agora S.A. covered 20 new shares with PLN 340 thousand contribution. After the registration of the share capital increase it shall amount to PLN 20 thousand and shall be divided into 200 shares with nominal value of PLN 100 per share. After the registration of the share capital increase, Agora S.A. shall own 113 shares, which shall translate into 56.5% of the company's share capital and 56.5% of votes at shareholders' meeting. It has not been registered by the court till the date of the publication of this report.

On December 15, 2014, the meeting of shareholders of Sir Local Sp. z o.o. adopted the resolution to increase the share capital by 750 new shares with nominal value of PLN 50 per share (in total PLN 37,500). Agora S.A. covered 750 new shares with PLN 700 thousand contribution from which the Company deducted the amount of PLN 201 thousand as a part of its receivables due to the loan granted by the Company to Sir Local Sp. z o.o. and finally made PLN 499 thousand payment as a contribution for new shares. After the registration the share capital it amounts to PLN 134,500 and is divided into 2,690 shares with nominal value of PLN 50 per share. After the registration of the share capital increase, Agora S.A. owns 2,110 shares, which translate into 78.43% of the company's share capital and 78.43% of votes at shareholders' meeting. The District Court for Warsaw, XIII KRS Commercial Division, registered the increase of the share capital of TV Zone Sp. z o.o. on February 17, 2015.

34. FINANCIAL RISK MANAGEMENT

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

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

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

Risk management framework

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

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

Credit risk

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The biggest customers (in respect of the turnover) are press distributors (companies unrelated to Agora S.A.). Because the value of transactions with none of distributors of the Group has exceeded 10% of the total revenue of the Group, the concentration of customers does not exist. As a result, the Group's credit risk is limited due to a great number and diversification of customers.

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

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

Investments

The Company limits its exposure to credit risk by diversification of its investments in investment funds, which invest in different classes of debt instruments. The Company does not acquire securities directly, but only through investment funds. At the same time, the Company invest only in liquid securities.

Guarantees

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

Liquidity risk

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

The Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. In addition, as at December 31, 2014, the Group maintains line of credit in Bank Pekao S.A presented in note 14.

Payment deadlines concerning trade payables are described in note 20 and for credits and loans in note 14.

On December 5, 2014 the Company concluded an agreement regarding an implementation of liquidity management system in the Group ("the Cash Pooling Agreement"). The Cash Pooling Agreement was signed between Bank Polska Kasa Opieki S.A. and the following companies from the Group: Agora S.A., Agora Poligrafia Sp. z o.o., Trader.com (Polska) Sp. z o.o., Agora TC Sp. z o.o., Grupa Radiowa Agory Sp. z o.o., Radiowe Doradztwo Reklamowe Sp. z o.o., Inforadio Sp. z o.o. and IM40 Sp. z o.o. The Cash Pooling Agreement aims to optimize cash liquidity and the most efficient management of cash for entities participating in the cash pooling system. Agora S.A. acts as a cash pool leader within the system. The settlements between Agora S.A. and its subsidiaries resulting from cash pooling agreement are eliminated in the consolidated financial statements.

Market risk

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

Foreign currency risk

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

Cash nad cash equivalents denominated in foreign currency amounted to PLN 821 thousand as at balance sheet date (31 December 2013: PLN 1,707 thousand), mainly in EURO and USD.

Accounts receivable in foreign currency amounted to PLN 15,991 thousand as at balance sheet date (31 December 2013: PLN 9,818 thousand), principally in USD and EURO.

Accounts payable requiring settlement in foreign currency amounted to PLN 7,684 thousand as at balance sheet date (31 December 2013: PLN 11,147 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 2014 engaged in any currency option instruments or other derivatives (used for hedging or speculative ones).

Interest rate risk

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

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

Operational risk

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

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

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

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

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

Capital management

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

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

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

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

Sensitivity analysis

a) Interest rate risk

The Group has many financial instruments (including bank deposits, credits and loans). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2014, assuming a +/- 1pp change in interest rates, the impact of changes in fair value of financial instruments is estimated at the level of net loss/profit of PLN 298 thousand (as at December 31, 2013: PLN 344 thousand).

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

b) Foreign currency risk

The Group has many financial instruments (including bank deposit, receivables, payables and bank loans). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2014, assuming the appreciation/depreciation of Polish zloty by 10%, the fair value of financial instruments that will fluctuate, is estimated to impact the net profit/loss in the amount of PLN 739 thousand (as at December 31, 2013: immaterial).

35. FINANCIAL INSTRUMENTS

1) General information

	Short-term financial assets	Bank deposits	Loans granted	Bank loans received
a) Classification	Certificates in investment funds – financial asset at fair value through profit or loss	Loans granted	Loans granted	Financial liability
b) Nature of the instrument	Short-term low risk investments	Short-term low risk investments	long- and short-term loans	Bank loans
c) Carrying value of the instrument	2014: PLN 57,888 thousand 2013: PLN 71,839 thousand	2014: PLN 11,047 thousand 2013: PLN 50,751 thousand	2014: PLN 4,268 thousand 2013: PLN 3,897 thousand	2014: PLN 47,264 thousand 2013: PLN 90,344 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a	2014: EUR 957 thousand 2013: EUR 1,384 thousand
e) Purpose of the instrument	Investing of cash surpluses	Investing of cash surpluses	Financing of entities co-operating with the Group	Bank loan – investment needs Bank overdraft – operating needs
f) Amount on which future payments are based	Total value of investments	Total value of deposits	Face value	Face value
g) Amount and timing of future cash receipts or payments	Interest depending on maturity	Interest depending on maturity	Interest depending on maturity	Bank loans - Interests paid monthly
h) Date of repricing, maturity, expiry or execution	Liquid	Liquid – overnight or within 3 months	According to agreements	Payment terms for all loans are described in note 14
i) Early settlement option	Any time	Any time	Possible	Possible
j) Execution price or range of prices	Market value	Face value plus interests	Face value plus interests	Face value plus interests
k) Option to convert or exchange instrument to other asset or liability	None	None	None	None

	Short-term financial assets	**Bank deposits**	**Loans granted**	**Bank loans received**
l) Stated rate or amount of interest, dividend or other periodic return and the timing of payments	According to valuation of certificates, based on currency market instruments Timing of payments– at maturity, on the basis of the Group's decision	WIBID minus margin Timing of payments – at maturity	WIBOR + margin Timing of payments– instalments or at maturity date	Bank loans – WIBOR + bank margin Timing of payments - monthly
m) Collateral held or pledged	None	None	None	Collaterals are described in note 14
n) Other conditions	None	None		Credit line is repayable when 'total borrowings/EBITDA' ratio breaks the level stated in the credit agreement or at least two from other financial ratios fall outside set levels
o) Type of risk associated with the instrument	Interest rate, credit risk of financial institution	Interest rate, credit risk of financial institution	Interest rate, credit risk of subsidiaries and associates	Interest rate
p) Fair value of the instrument	Close to carrying value	Close to carrying value	Close to carrying value	Close to carrying value
q) Method of fair value determination	Market quotations	Discounted cash flow	Discounted cash flow	Discounted cash flow

Interest rate risk

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

Credit risk

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

The information about trade receivables is included in note 9 and about trade payables in note 20.

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

2) Detailed information on financial instruments

	2014	2013
Interest income on financial assets		
Bank deposits	1,493	4,264
Short-term financial assets (investment certificates)	2,638	3,947
Loans granted	156	13
Other	1,069	109
Interest expense on financial liabilities		
Loans	(4,026)	(6,633)
Finance lease liabilities	(2,812)	(3,371)
Other	(192)	(286)

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 2014	Level 1	Level 2	Level 3
Certificates in investment funds	57,888	-	57,888	-
Financial assets measured at fair value	**57,888**	**-**	**57,888**	**-**
Put option liabilities	17,735	-	-	17,735
Contingent payment liabilities	4,483	-	-	4,483
Financial liabilities measured at fair value	**22,218**	**-**	**-**	**22,218**

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

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

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

	31 December 2014	31 December 2013
Opening balance	**27,592**	**26,609**
Additions resulting from initial recognition (note 16)	4,483	983
Expiration of put option recognised in equity(note 16)	(6,252)	-
Remeasurement of put options recognised in profit or loss	(3,605)	-
Closing balance	**22,218**	**27,592**

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include discount rate and the estimated level of the EBITDA. In case of the put option granted to the non-controlling shareholders of Helios S.A., an increase of the estimated EBITDA level over the period specified in put option conditions by 10%, would cause an increase of put option liability by ca PLN 1,900 thousand, while an increase of the discount rate by 1pp, would cause a decrease of the liability by ca PLN 860 thousand.

4) Cash flows related to financial liabilities

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

31 December 2014

	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	51,541	20,189	5,182	8,934	14,547	2,689
Finance lease liabilities	51,091	9,703	9,022	12,800	19,566	-
Trade payables	90,149	90,149	-	-	-	-
Contingent payment liability	6,190	-	-	-	6,190	-
Total	**198,971**	**120,041**	**14,204**	**21,734**	**40,303**	**2,689**

31 December 2013

	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	98,375	25,442	24,894	21,074	20,061	6,904
Finance lease liabilities	62,939	10,377	9,867	16,937	25,447	311
Trade payables	83,791	83,791	-	-	-	-
Total	**245,105**	**119,610**	**34,761**	**38,011**	**45,508**	**7,215**

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

36. CONTRACTUAL INVESTMENT COMMITMENTS

Contractual investment commitments related to fixed and intangible assets existing at the balance sheet date amounted to PLN 43,001 thousand (31 December 2013: PLN 5,932 thousand).

The Management Board of the Company would like to point out that the commitments for the purchase of property, plant and equipment include also future liabilities resulting from the signed agreements related to the realization of the concession contract for the construction and utilization of 1,580 bus shelters in Warsaw. The parties of the consortium AMS - Ströer decided that AMS S.A. shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and future revenue from the utilization of bus shelters. The investment process has commenced in 2014 and shall last 3 years. The estimated total cost of the bus shelter construction amounts to PLN 80 million.

Moreover, according to the medium term development plans of the Agora Group announced in March 2014, the subsidiary Helios S.A., plans to open new cinema facilities. Till the end of 2018 the investment outlays related to this process may amount to ca PLN 80 million.

As at the balance sheet date, future investment expenditures budgeted by the Group for the following 12 months amounted to PLN 118,664 thousand (31 December 2013: PLN 103,460 thousand).

37. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As of 31 December 2014, the Company had contingencies, guarantees and other collaterals arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below:

Benefiting party	Debtor	Valid till	As at 31 December 2014	As at 31 December 2013	Provisions booked
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	06 Jun 2015 - 05 Jul 2020	255	343	-
Guarantees provided by AMS S.A.					
Tejbrant Polska Sp. z o.o.	Adpol Sp. z o.o.	30 Jun 2017	3,000	-	-
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	28 Feb 2017 - 30 Apr 2017	56,400	-	-
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Urząd Miejski Wrocławia	AMS S.A.	31 May 2016	34	34	-
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	-
mBank S.A.	AMS S.A.	31 Dec 2016	1,933	5,000	-
Zarząd Dróg Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	200	-

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

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

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

Moreover, AMS S.A. provided to the bank cash deposits as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 31 December 2013, the deposit receivable amounted to PLN 40 million. In the first quarter of 2014 AMS S.A. provided further PLN 7 million and in the fourth quarter of 2014 based on the annexes to guarantee contracts the cash deposit was reduced by PLN 9.4 million. As a result, as at 31 December 2014 the deposit receivable amounts to PLN 37.6 million (including PLN 29.6 million presented within long-term receivables).

Advertising panels dismantling costs

Majority of lease agreements for rent of space for advertising panels includes an obligation to remove panels and restore the space to its previous condition. Agreements are usually concluded for finite periods, shorter than the useful life of the panels. Despite provisions of the agreements, the necessity to uninstall the panel will depend on future decisions taken at the end of the lease period. Based on the experience of AMS S.A., the majority of the agreements are prolonged without any expenditures on restoration. Taking into account these uncertainties, AMS SA decided to recognize expenditures on restoration when incurred or when the decision to restructure the panels is taken (including restoration). The restoration costs amounted to PLN 818 thousand in 2014 and PLN 880 thousand in 2013.

38. COMMITMENTS UNDER OPERATING LEASES

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

	31 December 2014	31 December 2013
Within one year	79,815	80,142
Between one and five years	208,922	195,914
More than five years	204,019	163,086
Total	**492,756**	**439,142**

The amounts disclosed above include VAT that the Group will be able to recover. The value of net minimum lease payments denominated in EURO amounted to EUR 72,755 thousand.

Annual payments of the Group related to the perpetual usefruct of land amount to PLN 1,505 thousand (2013: PLN 1,534 thousand).

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

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

39. GROUP COMPANIES

Basic information about the companies composing the Agora Group as at 31 December 2014 are presented in the tables below:

		31 December 2014							
		% of shares held (effectively)	Assets		Liabilities		Sales	Net result	Other comprehensive income
Companies consolidated (5)			Non-current	Current	Non-current	Current			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	64,714	20,827	7,761	20,275	74,950	3,957	1
2	AMS S.A., Warsaw	100.0%	179,415	113,303	32,254	53,301	155,818	17,084	43
3	IM 40 Sp. z o.o., Warsaw (1)	72.0%	759	2,869	-	320	4,934	1,731	-
4	GRA Sp. z o.o., Warsaw	100.0%	52,477	24,870	4,788	7,355	43,291	15,307	3
5	Adpol Sp. z o.o., Warsaw (2)	100.0%	36,896	32,531	25	12,997	11,860	1,897	3
6	Inforadio Sp. z o.o., Warsaw (1)	66.1%	3,916	4,588	2,113	1,511	10,015	335	1
7	Agora TC Sp. z o.o., Warsaw	100.0%	125	2,012	15	307	7,559	1,067	1
8	RDR Sp. z o.o., Warsaw (1)	100.0%	2,965	25,797	73	34,581	84,157	130	-
9	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	2,216	2,483	2,219	2,387	12,375	165	5
10	Helios S.A., Lodz	88.1%	214,331	23,883	71,557	65,562	238,292	6,501	42
11	Next Film Sp. z o.o., Lodz (3)	88.1%	46	8,753	-	5,655	20,367	2,102	-
12	AdTaily Sp.z o.o. Cracow	80.4%	399	3,025	52	1,901	9,437	1,067	-
13	Sport4People Sp. z o.o. Cracow	56.5%	315	257	-	97	636	(498)	-
14	Projekt Inwestycyjny Sp. z o.o. , Warsaw (1)	70.0%	-	52	-	6	-	(14)	-
15	Sir Local Sp. z o.o. , Warsaw	78.4%	768	885	-	371	698	(1,038)	-
16	TV Zone Sp. Z o.o., Warsaw (4)	100.0%	-	2	-	1	-	(4)	-

(1) indirectly through GRA Sp. z o.o.;
(2) indirectly through AMS S.A.;
(3) indirectly through Helios S.A.;
(4) the company fully consolidated from September 10, 2014;
(5) the presented data are before elimination of intergroup transactions.

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

39. GROUP COMPANIES, CONTINUED

		31 December 2013							
		% of shares held (effectively)	Assets		Liabilities		Sales	Net result	Other comprehensive income
	Companies consolidated (5)		Non-current	Current	Non-current	Current			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	71,945	18,568	18,716	18,251	75,328	4,906	3
2	AMS S.A., Warsaw	100.0%	146,095	92,325	5,880	34,230	160,463	8,275	8
3	IM 40 Sp. z o.o., Warsaw (1)	72.0%	783	2,797	-	516	4,763	1,487	-
4	GRA Sp. z o.o., Warsaw	100.0%	46,845	24,040	8,033	11,709	39,471	5,071	-
5	Adpol Sp. z o.o., Warsaw (2)	100.0%	1,645	2,982	28	1,150	11,718	2,061	2
6	Inforadio Sp. z o.o., Warsaw (1)	66.1%	4,555	4,501	2,321	1,690	9,658	814	(1)
7	Agora TC Sp. z o.o., Warsaw	100.0%	84	2,212	14	371	7,588	1,164	(3)
8	RDR Sp. z o.o., Warsaw (1)	100.0%	2,371	21,042	64	29,372	78,101	(448)	(20)
9	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	1,899	3,609	3,219	2,367	13,144	46	(1)
10	Helios S.A., Lodz	82.8%	223,871	18,846	83,146	75,038	213,597	670	27
11	Next Film Sp. z o.o., Lodz (3)	82.8%	124	1,368	34	417	11,975	711	-
12	AdTaily Sp.z o.o. Cracow	76.7%	546	2,188	751	1,510	5,552	533	-
13	Sport4People Sp. z o.o. Cracow	51.7%	-	699	-	66	502	-	-
14	Projekt Inwestycyjny Sp. z o.o. , Warsaw (1)	70.0%	-	67	-	6	-	(15)	-
15	Sir Local Sp. z o.o. , Warsaw (4)	70.1%	955	764	-	100	47	(45)	-

(1) indirectly through GRA Sp. z o.o.;
(2) indirectly through AMS S.A.;
(3) indirectly through Helios S.A.;
(4) the company fully consolidated from December 1, 2013, the P&L data for the year 2013 include the period from December 1, 2013;
(5) the presented data are before elimination of intergroup transactions.

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

39. GROUP COMPANIES, CONTINUED

Joint ventures and associates accounted for using the equity method (4)		31 December 2014							
		% of shares held (effectively)	Assets		Liabilities		Sales	Net result	Other comprehensive income
			Non-current	Current	Non-current	Current			
1	Goldenline Sp. z o.o. Warsaw	36,0%	3,818	5,350	623	3,873	10,708	1,081	-
2	Online Technologies HR Sp. z o.o., Szczecin	46.2%	535	95	-	131	483	(340)	-
3	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (1)	40,0%	5,176	1,518	-	6,655	8	(495)	-
4	Stopklatka S.A., Warsaw (2)	41.0%	21,370	4,532	10,695	13,285	14,929	(6,921)	-
5	Hash.fm Sp. z o.o., Warsaw (3)	49.5%	11	683	-	168	61	(189)	-

Joint ventures and associates accounted for using the equity method (4)		31 December 2013							
		% of shares held (effectively)	Assets		Liabilities		Sales	Net result	Other comprehensive income
			Non-current	Current	Non-current	Current			
1	Goldenline Sp. z o.o. Warsaw	36.0%	4,151	3,171	709	2,522	8,972	(469)	-
2	Online Technologies HR Sp. z o.o., Szczecin	33.3%	369	113	-	143	611	(81)	-
3	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (1)	40.0%	2,039	2,995	-	4,500	-	(66)	-

(1) indirectly through AMS S.A., the P&L data for the year 2013 include the period from June 1, 2013;
(2) the company within the Agora Group from March 12, 2014, the P&L data for the year 2014 include the period from March 12, 2014;
(3) *the company within the Agora Group from July 18, 2014, the P&L data for the year 2014 include the period from August 1, 2014;*
(4) the data of companies after consolidation adjustments.

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

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

39. GROUP COMPANIES, CONTINUED

Additional information related to joint venture Stopklatka S.A. are presented below:

As at 31 December 2014, cash and cash equivalents amounted to PLN 2 020 thousand. Financial liabilities (excluding trade payables) included short-term loans in the amount of PLN 3 266 thousand and liabilities related to the purchase of broadcasting licence with the book value of PLN 10 888 thousand (out of which the long-term part amounted to PLN 9 931 thousand). Depreciation and amortization charge since 12 March, 2014, amounted to PLN 3 572 thousand, interest income PLN 30 thousand and interest expense PLN 115 thousand.

The company Stopklatka S.A. is listed on the Warsaw Stock Exchange. Based on the closing price of shares at the balance sheet date, which reached PLN 7.82 per share, the fair value of the investment in the company amounted to PLN 20 959 thousand.

Based on the investment agreement related to the acquistion of shares in Stopklatka S.A., the Group has unrecognised commitments to contribute additional funding to the company in the amount of PLN 6 000 thousand.

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

			31 December 2014		
Company	% of shares held by non-controlling interests as at 31 December 2014	Accumulated amount of non-controlling interests as at 31 December 2014	Net profit/(loss) allocated to non-controlling interests in 2014	Other comprehensive income allocated to non-controlling interests in 2014	Dividends paid to non-controlling shareholders in 2014
IM 40 Sp. z o.o.	28.0%	926	484	-	416
Inforadio Sp. z o.o.	33.9%	1,657	113	-	170
Helios S.A.	11.9%	12,116	914	5	-
Next Film Sp. z o.o.	11.9%	287	335	-	-
AdTaily Sp.z o.o.	19.6%	170	213	-	-
Sport4People Sp. z o.o.	43.5%	206	(231)	-	-
Sir Local Sp. z o.o.	21.6%	114	(276)	-	-
Projekt Inwestycyjny Sp. z o.o.	30.0%	14	(4)	-	-
Total		**15,490**	**1,548**	**5**	**586**

			31 December 2013		
Company	% of shares held by non-controlling interests as at 31 December 2013	Accumulated amount of non-controlling interests as at 31 December 2013	Net profit/(loss) allocated to non-controlling interests in 2013	Other comprehensive income allocated to non-controlling interests in 2013	Dividends paid to non-controlling shareholders in 2013
IM 40 Sp. z o.o.	28.0%	858	416	-	463
Inforadio Sp. z o.o.	33.9%	1,712	276	-	203
Helios S.A.	17.2%	14,793	40	4	-
Next Film Sp. z o.o.	17.2%	93	122	-	-
AdTaily Sp.z o.o.	23.3%	(9)	(119)	-	-
Sport4People Sp. z o.o.	48.3%	306	(0)	-	-
Sir Local Sp. z o.o.	29.9%	250	(13)	-	-
Projekt Inwestycyjny Sp. z o.o.	30.0%	18	(3)	-	-
Total		**18,021**	**719**	**4**	**666**

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

39. GROUP COMPANIES, CONTINUED

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

	31 December 2014	31 December 2013
The change in the equity attributable to owners of the parent resulting from:		
- acquistion of additional shares in a subsidiary	(3,783)	-
- increase of share capital in a subsidiary	(39)	-
- disposal of shares in a subsidiary without loss of control	-	24
Net impact on the equity attributable to owners of the parent	**(3,822)**	**24**

40. RELATED-PARTY TRANSACTIONS

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

	31 December 2014	31 December 2013
Jointly controlled entities		
Shares	3,345	-
Current loans granted	1,618	-
Trade receivables	223	-
Trade liabilities	24	-
Other liabilities	12	-
Associates		
Shares	13,058	11,835
Current loans granted	2,585	1,271
Trade receivables	177	1,034
Trade liabilities	109	3
Other liabilities	65	13
Major shareholder		
Other liabilities	76	67
Management Board of the Company		
Receivables	10	23
Management Boards of group companies		
Receivables	92	263
Liabilities	1	4

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

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

	2014	2013
Jointly controlled entities		
Sales	1,825	-
Purchases	(1,498)	-
Interests on loans granted	77	-
Associates		
Sales	442	873
Purchases	(502)	(269)
Interests on loans granted	76	8
Dividends received	180	-
Major shareholder		
Sales	72	66
Other operating revenues	156	342

Following types of transactions occur 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,
- cash pooling settlements.

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

41. ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and best knowledge of the Group as at the date of the estimation. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities concern impairment tests for goodwill and intangibles with indefinite useful life (magazine titles). In order to determine their recoverable amounts the cash flow forecasts have been prepared.

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

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

2) pre-tax discount rate.

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

Basic information about the method applied is summarized below:

	Cash generating unit relating to activities in Trader.com (Polska) - Internet	**A group of cash generating units relating to activities in particular magazine titles**	**Cash generating unit relating to radio activities**	**Cash generating unit relating to activities in outdoor segment**	**A group of cash generating units relating to activities in cinema segment**	**A group of cash generating units relating to activities in Sport4People Sp. z o.o.**
As at 31 December 2014	Goodwill = PLN 23,745 thousand	Assets with indefinite useful life and goodwill = PLN 25,734 thousand	Goodwill = PLN 55,455 thousand	Goodwill = PLN 140,944 thousand	Goodwill = PLN 39,096 thousand	Assets with indefinite useful life and goodwill = PLN 614 thousand
Assumptions	Financial forecasts and projections of the market for next years based on the best knowledge of the market, available market data and expierence.					
5 years	5 years	5 years	5 years	5 years	5 years	5 years
Years:	Estimated rate of free cash flow to firm in the period of detailed forecast (pre-tax)					
2015	42%	(28%)	(51%)	(67%)	100%	95%
2016	27%	40%	131%	148%	2%	(41%)
2017	17%	3%	(33%)	2%	12%	726%
2018	16%	6%	5%	13%	(2%)	(42%)
2019	23%	9%	2%	19%	(18%)	118%
	Discount rate for the years (pre-tax)					
2015-2019	7.6%	8.7%	7.6%	9.0%	8.5%	7.7%

In 2014, according to the impairment tests carried out, the impairment losses on two monthlies published by Agora S.A. were recognized in the amount of PLN 15,127 thousand. Disadvantageous change of key assumptions would result in further impairment losses.

In 2013 there were no impairment losses connected with the investments mentioned in the table above.

42. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand		EURO thousand	
	2014	2013	2014	2013
Sales	1,102,417	1,073,935	263,151	255,031
Operating profit/(loss)	(18,297)	7,381	(4,368)	1,753
Profit/(loss) before income taxes	(17,925)	4,872	(4,279)	1,157
Net profit/(loss) for the period attributable to equity holders of the parent	(12,574)	460	(3,001)	109
Net cash from operating activities	97,820	109,468	23,350	25,996
Net cash used in investing activities	(43,007)	(120,882)	(10,266)	(28,706)
Net cash used in financing activities	(102,037)	(79,949)	(24,357)	(18,986)
Net increase / (decrease) in cash and cash equivalents	(47,224)	(91,363)	(11,273)	(21,696)
Total assets	1,556,499	1,642,857	365,178	396,136
Non-current liabilities	116,265	154,947	27,278	37,362
Current liabilities	275,155	280,315	64,556	67,591
Equity attributable to equity holders of the parent	1,149,589	1,189,574	269,711	286,838
Share capital	50,937	50,937	11,951	12,282
Weighted average number of shares	50,183,961	50,937,386	50,183,961	50,937,386
Earnings per share (in PLN / in EURO)	(0.25)	0.01	(0.06)	0.002
Book value per share (in PLN / in EURO)	22.91	23.35	5.37	5.63

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 2014 (for 2013) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2014 EURO 1 = PLN 4.1893 (EURO 1 = PLN 4.2110).
- 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 2014 – EURO 1 = PLN 4.2623; as at 31 December 2013 – EURO 1 = PLN 4.1472.

43. EVENTS AFTER THE BALANCE SHEET DATE

Increase of the share capital in TV Zone Sp. z o.o.

On January 14, 2015, the meeting of shareholders of TV Zone Sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 50 per share (in total PLN 50 thousand). Agora S.A. covered 1,000 new shares with PLN 50 thousand contribution. After the registration of the share capital increase it amounts to PLN 55 thousand and is divided into 1,100 shares with nominal value of PLN 50 per share. After the registration of the share capital increase, Agora S.A. owns 1,100 shares, which translate into 100% of the company's share capital and 100% of votes at shareholders' meeting. The District Court for Warsaw, XIII KRS Commercial Division, registered the increase of the share capital of TV Zone Sp. z o.o. on February 25, 2015.

Loan granted to Stopklatka S.A.

On January 15, 2015 Agora S.A. and Stopklatka S.A. with its registered seat in Warsaw concluded the loan agreement ('the Agreement"). Pursuant to the Agreement Agora S.A. granted Stopklatka S.A. a loan in the amount of PLN 2,000 thousand. The intereset rate of the loan is fixed at WIBOR 3M rate increased by 1.5pp per annum. The parties of the contract agreed that repayment of the loan with the interest shall be made by the way of a single repayment, no later than on June 30, 2015. The borrower may pay all or part of the loan before the deadline indicated in the Agreement.

Provision of guarantees

On March 9, 2015, Agora S.A. provided a guarantee for future liabilities of two subsidiaries Trader.com (Polska) Sp. z o.o. (up to PLN 2 400 thousand) and Radiowe Doradztwo Reklamowe Sp. z o.o. (up to PLN 14 400 thousand) resulting from credit limit used within the agreement regarding the implementation of liquidity management system, which was concluded with Bank Polska Kasa Opieki S.A. on December 5, 2014.

Offer of shares buy-back

On April 1, 2015, the Management Board of Agora S.A. announced the offer to buy back shares of the Company within the program adopted by the General Meeting of Shareholders on June 24, 2014. Information about the announced offer is presented in note 12.

Warsaw, April 1, 2015

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

Signature of the person responsible for keeping the accounting records

Ewa Kuzio – Chief Accountant	Signed on the Polish original

KPMG

TRANSLATION

Agora S.A. Group

Supplementary report on the audit of the consolidated financial statements Financial Year ended 31 December 2014

The supplementary report contains 13 pages
The supplementary report on the audit of the consolidated financial statements for the financial year ended 31 December 2014

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 register of entrepreneurs of the National Court Register

Registration court:	District Court for the Capital City of 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 2014, the Management Board of the Parent Company was comprised of the following members:

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

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

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

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2014, 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.,
- Trader.com (Polska) Sp. z o.o.,
- AdTaily Sp. z o.o.,
- Helios S.A.,
- Sport4People Sp. z o.o.,
- Next Film Sp. z o.o.,
- Projekt Inwestycyjny Sp. z o.o.,
- Sir Local Sp. z o.o.,
- TV Zone Sp. z o.o.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2014, as a result of the Parent Company acquiring a controlling interest:

- TV Zone Sp. z o.o. – subject to consolidation for the period from 10 September 2014 to 31 December 2014.

1.2.2 Entities excluded from consolidation

As at 31 December 2014, 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 egistered office:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number:	527-26-15-362

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

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2013 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 24 June 2014.

The consolidated financial statements were submitted to the Registry Court on 18 July 2014.

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 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements.

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

The consolidated financial statements were audited in accordance with the contract dated 26 June 2014, concluded on the basis of the resolution of the Supervisory Board dated 3 April 2014 on the appointment of the auditor.

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

We audited the consolidated financial statements at the Group entities during the period from 2 March 2015 to 26 March 2015.

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

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

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

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

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

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

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

1.6.1 Parent Company

The unconsolidated financial statements of the Parent Company for the year ended 31 December 2014 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unmodified 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 2014	untill the date of this report the statutory audit has not been completed
AMS S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
IM 40 Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
Grupa Radiowa Agory Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
Adpol Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
Radiowe Doradztwo Reklamowe Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
Trader.com (Polska) Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
Next Film Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
Helios S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2014	untill the date of this report the statutory audit has not been completed
Projekt Inwestycyjny Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2014	untill the date of this report the statutory audit has not been completed
Agora TC Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2014	untill the date of this report the statutory audit has not been completed
Inforadio Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2014	untill the date of this report the statutory audit has not been completed
AdTaily Sp. z o.o.	Audit Advisors Sp. z o.o.	31 December 2014	untill the date of this report the statutory audit has not been completed
Sport4People Sp. z o.o.	not audited	31 December 2014	not applicable
Sir Local Sp. z o.o.	not audited	31 December 2014	not applicable
TV Zone Sp. z o.o.	not audited	31 December 2014	not applicable

2. Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated balance sheet

ASSETS	31.12.2014 PLN '000	% of total	31.12.2013 PLN '000	% of total
Non-current assets:				
Intangible assets	399,656	25.7	417,216	25.4
Property, plant and equipment	686,411	44.1	724,636	44.1
Long-term financial assets	123	-	163	-
Investments in equity accounted investees	16,403	1.0	11,835	0.7
Receivables and prepayments	33,531	2.2	44,926	2.8
Deferred tax assets	6,678	0.4	5,211	0.3
	1,142,802	73.4	1,203,987	73.3
Current assets:				
Inventories	30,182	1.9	25,846	1.6
Accounts receivable and prepayments	268,742	17.3	233,940	14.2
Income tax receivable	327	-	3,874	0.2
Short-term securities and other financial assets	62,116	4.0	75,656	4.6
Cash and cash equivalents	52,330	3.4	99,554	6.1
	413,697	26.6	438,870	26.7
TOTAL ASSETS	1,556,499	100.0	1,642,857	100.0

EQUITY AND LIABILITIES	31.12.2014 PLN '000	% of total	31.12.2013 PLN '000	% of total
Equity attributable to equity holders of the parent:				
Share capital	50,937	3.3	50,937	3.1
Treasury shares	(30,060)	1.9	-	-
Share premium	147,192	9.4	147,192	9.0
Retained earnings and other reserves	981,520	63.0	991,445	60.3
	1,149,589	73.8	1,189,574	72.4
Non-controlling interest	15,490	1.0	18,021	1.1
Total equity	1,165,079	74.8	1,207,595	73.5
Non-current liabilities:				
Deferred tax liabilities	31,430	2.0	41,634	2.5
Long-term borrowings	53,276	3.4	78,004	4.8
Other financial liabilities	22,218	1.4	27,592	1.7
Retirement severance provision	2,363	0.2	2,289	0.1
Provisions	1,159	0.1	88	-
Deferred revenues and accruals	5,819	0.4	5,340	0.3
	116,265	7.5	154,947	9.4
Current liabilities:				
Retirement severance provision	219	-	162	-
Short-term liabilities	161,510	10.4	146,679	8.9
Income tax liabilities	3,376	0.2	491	-
Short-term borrowings	40,090	2.6	67,859	4.2
Provisions	3,532	0.2	3,584	0.2
Deferred revenues and accruals	66,428	4.3	61,540	3.8
	275,155	17.7	280,315	17.1
TOTAL EQUITY AND LIABILITIES	1,556,499	100.0	1,642,857	100.0

2.1.2 Consolidated income statement

	1.01.2014 - 31.12.2014 PLN '000	% of total sales	1.01.2013 - 31.12.2013 PLN '000	% of total sales
Sales	1,102,417	100.0	1,073,935	100.0
Cost of sales	(760,363)	69.0	(752,494)	70.1
Gross profit on sales	*342,054*	*31.0*	*321,441*	*29.9*
Selling expenses	(221,953)	20.1	(199,639)	18.6
Administrative expenses	(120,126)	10.9	(114,408)	10.7
Other operating income	13,239	1.2	24,657	3.3
Other operating expenses	(31,511)	2.9	(24,670)	2.3
Operating profit/(loss)	*(18,297)*	*1.7*	*7,381*	*0.7*
Finance income	10,731	1.0	8,910	0.8
Finance costs	(7,472)	0.7	(11,196)	1.0
Share of results of equity accounted investees	(2,887)	0.2	(223)	-
Profit/(loss) before income taxes	*(17,925)*	*1.6*	*4,872*	*0.5*
Income tax expense	6,899	0.6	(3,693)	0.3
Net profit/(loss) for the period	*(11,026)*	1.0	1,179	0.1

Attributable to:		
Equity holders of the parent	(12,574)	460
Non-controlling interest	1,548	719
	(11,026)	1,179
Basic/diluted earnings per share (in PLN)	(0.25)	0.01

2.1.3 Consolidated statement of comprehensive income

	1.01.2014 - 31.12.2014 PLN '000	% of profit	1.01.2013 - 31.12.2013 PLN '000	% of profit
Net profit/(loss) for the period	*(11,026)*	*100.0*	*1,179*	*100.0*
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gains/(losses) on defined benefit plans	276	2.5	185	15.7
Income tax effect	(52)	0.5	(35)	3.0
	224	2.0	150	12.7
Items that will be reclassified to profit or loss				
Exchange differences on translating foreign operations	-	-	(47)	3.9
Reclassification to profit and loss on disposal of subsidiary	-	-	208	17.6
	-	-	161	13.7
Other comprehensive income for the period	***224***	***2.0***	***311***	***26.4***
Total comprehensive income for the period	***(10,802)***	***98.0***	***1,490***	***126.4***
Attributable to:				
Shareholders of the parent	(12,355)	112.1	767	65.1
Non-controlling interests	1,553	14.1	723	61.3
	(10,802)	98.0	1,490	126.4

2.2 Selected financial ratios

	2014	2013	2012
1. Return on sales			
profit for the period x 100% / revenue	negative value	0.1%	negative value
2. Return on equity			
profit for the period x 100% / equity - profit for the period	negative value	0.1%	negative value
3. Debtors' days			
average trade receivables (gross) x 365 days / revenue	70 days	70 days	68 days
4. Debt ratio			
liabilities x 100% / equity and liabilities	25.1%	26.5%	29.2%
5. Current ratio			
current assets / current liabilities	1.5	1.6	1.5

- 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 No. 169, item 1327).

3.3 Method of consolidation

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

3.4 Goodwill arising on consolidation

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

3.5 Consolidation of equity and calculation of non-controlling interest

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

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

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

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

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

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

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

3.7 Notes to the consolidated financial statements

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

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

The report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) 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

1 April 2015

AGORA GROUP
Management Discussion and Analysis for **the year 2014** to the consolidated financial statements

April 1, 2015

TABLE OF CONTENTS

AGORA GROUP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR YEAR OF 2014 OF THE FINANCIAL STATEMENTS

REVENUE PLN 1,102.4 MILLION
NET LOSS PLN 11.0 MILLION
OPERATING EBITDA PLN 77.7 MILLION
OPERATING CASH FLOW PLN 97.8 MILLION

Unless indicated otherwise, all data presented herein represent the period of 2014, while comparisons refer to 2013. All data sources are presented in part IV of this MD&A.

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

- Since the first quarter of 2014, as a result of organizational changes, Agora Group ("The Group") has changed the reporting method of selected operating segments. The most important changes concern separating printing services from former Daily Press segment and turning it into an independent business segment. The second important change relates to including magazine publishing activities in a new Press segment and transferring former Special Projects division into a new Movies and Books segment (former Cinema segment). Detailed description of changes in the reporting of particular business lines of the Agora Group can be found in respective sections of this Management discussion and analysis. The comparable data for 2013 were restated adequately. The Management Board would like to point out that, due to the change, the data presented in the reports for previous reporting periods may not be comparable in full with the present data prepared under the current management approach.

- In 2014, the Group's revenues amounted to PLN 1,102.4 million and increased by 2.7% yoy. This resulted from higher revenues reported by most of the Group's operating segments. The highest increase in revenues was reported in the Movies and Books segment – its revenues amounted to PLN 282.9 million. This growth results from higher attendance in Helios cinemas and revenues from film distribution and film co-production, which amounted to almost PLN 17.0 million. Revenues in Internet and Radio segments increased thanks to higher yoy advertising sales and amounted to PLN 127.1 million (up by 14.1% yoy) and PLN 87.4 million (up by 5.2% yoy), respectively. The increase in the revenues of the Print segment to PLN 173.1 million resulted from a higher volume of orders from external clients. Segments which reported lower yoy revenues included Press and Outdoor segments. In case of the Press segment, the drop in revenues is mainly connected with drop in expenditure of advertisers in dailies and magazines. In case of the Outdoor segment, the drop in the segment's revenues, results from lower yoy advertising sales in the first and the third quarter of 2014.

- In 2014, the Group's net operating cost amounted to PLN 1 120.7 million and increased by 5.1% yoy. This was affected by impairment losses in the amount of PLN 15.1 million, which were charged to the Group's results in the fourth quarter of 2014. After exclusion of the impairment loss effect, the net operating cost of the Group amounted to PLN 1,105.6 million and increased by 3.7% yoy. A substantial increase in operating costs (up by 11.1% yoy) occurred in the Movies and Books segment and was connected with the film distribution and co-production activities, development of the Helios network, and higher cost of film copy purchase. In the Internet segment, higher operating cost is related to the development activities and more extensive promotional activity. In the Print segment, the increase in operating cost resulted from a higher production volume for external clients, which also translated into an increase of revenues in this segment. A growth in operating costs was also reported in the Press segment and it was mainly connected with the impairment losses of press titles published by the Magazines and Free Press division and development of the segment's digital offer. In the Radio segment the operating cost remained flat yoy and in the Outdoor segment it decreased by 4.1% yoy mainly due to lower yoy maintenance and advertising expenditure.

- In the fourth quarter of 2014, the Group's operating result was burdened with the impairment losses in the amount of PLN 15.1 million. As a result, the Group closed 2014 with the operating loss on the EBIT level of PLN 18.3 million and net loss of PLN 11.0 million. In 2014 the net loss attributable to the equity holders of the parent company amounted to PLN 12.5 million. The Group's EBITDA amounted to PLN 77.7 million and was lower yoy. After eliminating the effect of impairment losses, the Group's EBITDA in 2014 amounted to PLN 92.8 million and operating loss on the EBIT level was at PLN 3.2 million. The Group's net profit, after eliminating the impairment losses, amounted to PLN 1.2 million and was at the same level as in 2013.
- The contribution in kind and leaseback of advertising panels, executed as optimization measures aimed at improvement of operating efficiency of the AMS group companies, affected the value of deferred tax and in consequence the Group's net result in 2014.
- At the end of December 2014, the Group's cash and short-term monetary assets amounted to PLN 110.2 million, which comprised cash and cash equivalents in the amount of PLN 52.3 million, and PLN 57.9 million invested in short-term securities. Additionally, the Group has had a cash receivable of PLN 37.6 million deposited by the subsidiary AMS S.A. as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw (of which PLN 29.6 million is presented within long-term receivables). Additionally, the level of the Group's cash and monetary assets was influenced by the first part of buyback program executed by the Company. Agora bought 2,500,000 shares at PLN 12.0 per share outside the regulated market. The transaction was settled on September 12, 2014 and total cost related to the execution and settlement of the transaction amounted to almost PLN 30.1 million.
- At the end of December 2014, the Group's debt amounted to PLN 93.4 million (including external debt of the Helios S.A. group ("Helios"), which covers bank credits and liabilities due to financial lease in the amount of PLN 84.7 million).
- On 15 March 2014, the Agora Group, in cooperation with Kino Polska TV S.A. launched a movie channel Stopklatka TV, developed as part part of the company Stopklatka S.A. The results of Stopklatka S.A. are consolidated in the results of the Agora Group by means of the equity method.

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

1. EXTERNAL FACTORS

1.1 Advertising market [3]

According to estimates of Agora S.A. ("Company", "Agora"), based on available data sources in 2014, the value of total advertising expenditure in Poland was at approximately PLN 7.4 billion and increased by over 2.5% yoy. During this time, advertisers limited their expenditures for advertising in the press and in the cinema. Expenditures for outdoor advertising were at similar level as in 2013. Whereas expenditure for advertising in television, internet and radio stations increased yoy. The data relating to the estimates of changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 1

% change yoy	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
2.5%	5.5%	6.5%	(13.0%)	6.0%	0.0%	(16.0%)	(2.0%)

The share of particular media segment in total advertising expenditure, in 2014, is presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
100.0%	51.5%	21.5%	8.0%	7.5%	6.0%	4.0%	1.5%

1.2 Copy sales of dailies [4]

In 2014, the drop in total paid circulation of dailies in Poland amounted to 9.5% yoy. The highest drop in total paid circulation took place in the second quarter of 2014 and the smallest in the last quarter of 2014.

1.3. Cinema admissions [10]

In 2014, the number of tickets sold in Polish cinemas increased by 11.2% yoy and amounted to 40.4 million tickets. The highest growth in cinema admissions was visible in the fourth quarter of 2014 (up by 24.1% yoy) and in the first quarter of 2014 (up by 17.6% yoy).

2. INTERNAL FACTORS

2.1. Revenue

Tab. 3

in million PLN	**2014**	**% share**	**2013**	**% share**	***% change yoy***
Total sales (1)	**1,102.4**	***100.0%***	**1,073.9**	***100.0%***	***2.7%***
Advertising revenue	533.1	*48.4%*	544.3	*50.7%*	*(2.1%)*
Copy sales	135.5	*12.3%*	134.0	*12.5%*	*1.1%*
Ticket sales	143.0	*13.0%*	129.1	*12.0%*	*10.8%*
Printing services	165.3	*15.0%*	156.8	*14.6%*	*5.4%*
Other	125.5	*11.3%*	109.7	*10.2%*	*14.4%*

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

In 2014, the Group's revenues amounted to PLN 1,102.4 million and increased by 2.7% yoy. Most significant factors influencing the Group's revenues included higher revenues of Helios cinemas, revenues from film distribution as well as revenues of the Internet segment. The revenues in Press and Outdoor segments decreased by 8.6% yoy and 2.4% yoy, respectively. This is mainly a result of a drop in the value of advertising expenditure in press and lower yoy revenues of Outdoor segment in the first and third quarter of 2014.

In 2014, the Group's advertising revenues decreased by 2.1% yoy and amounted to PLN 533.1 million. The main reason for this drop included lower by PLN 30.2 million yoy advertising revenues in the Press segment. In addition, advertising revenues in the Outdoor segment decreased slightly (down by 0.9% yoy). Other operating segments of the Group (Internet, Radio, as well as Movies and Books) reported an increase in advertising revenues - the largest growth – up by 11.9% yoy - was visible in the Internet segment. In Radio segment the ad revenues grew by 5.1% yoy and in the Movies and Books segment by 7.2% yoy.

In 2014, the copy sales revenues amounted to PLN 135.5 million and were higher by 1.1% yoy. This results from higher yoy copy sales revenues in the Press segment and from the sale of books in the Movies and Books segment. Revenues from the sale of Gazeta Wyborcza were slightly higher (up by 0.2% yoy) and reached PLN 100.8 million despite lower yoy average number of the newspaper's copies sold (down by 13.0% yoy). The value of revenues from the copy sales in the Press segment was positively affected by a change in the publishing cycle of the magazine Wysokie Obcasy Extra. Revenues from the copy sales of magazines decreased by 7.4% yoy and amounted to PLN 17.6 million.

In 2014, admission revenues in the Movies and Books segment increased by 10.8% yoy to PLN 143.0 million thanks to higher yoy attendance in Helios cinemas. During the analysed period, almost 8.4 million tickets were purchased in Helios cinemas (up by 11.8% yoy). During the same period, the number of tickets sold to cinemas in Poland amounted to 40.4 million and was higher by 11.2% yoy *[10].*

In 2014, revenues from the sale of printing services increased by 5.4% yoy and amounted to PLN 165.3 million, mainly thanks to a larger volume of orders for heatset print.

In 2014, revenues from other sales amounted to PLN 125.5 million and increased by 14.4% yoy. Factors positively contributing to the growth of other sales included revenues from film distribution and co-production (of nearly PLN 17.0 million) and higher yoy revenues from concession sales in Helios cinemas.

2.2. Operating cost

Tab. 4

in million PLN	**2014**	**% share**	**2013**	**% share**	***% change yoy***
Operating cost net, including:	**(1,120.7)**	***100.0%***	**(1,066.5)**	***100.0%***	***5.1%***
External services	(345.0)	*30.8%*	(340.8)	*32.0%*	*1.2%*
Staff cost (1)	(302.3)	*27.0%*	(289.5)	*27.1%*	*4.4%*
Raw materials, energy and consumables	(239.1)	*21.3%*	(240.1)	*22.5%*	*(0.4%)*
D&A	(96.0)	*8.6%*	(96.1)	*9.0%*	*(0.1%)*
Promotion and marketing	(72.9)	*6.5%*	(65.4)	*6.1%*	*11.5%*
Impairment losses (2)	(15.1)	*1.3%*	-	*0.0%*	-

(1) *including the non-cash cost of share-based payments for 12 months of 2013 in the amount of PLN 1.4 million;*

(2) the amount includes impairment losses of two monthlies published by Agora S.A.

Net operating costs of the Group increased by 5.1% yoy and amounted to PLN 1,120.7 million. A significant factor affecting this amount included PLN 15.1 million impairment losses on two monthlies published by Magazines and Free Press division which burdened the Group's results in the fourth quarter of 2014. After exclusion of the influence of the impairment losses, the net operating cost of the Group amounted to PLN 1,105.6 million (up by 3.7% yoy).

The increase **in the cost of external services** in 2014 was connected with higher cost of film copy purchase in the Movies and Books segment and higher production cost for external clients in the Print segment. At the same time, the Group substantially reduced the system maintenance cost in the Outdoor segment.

The Group's staff cost in 2014 increased by 4.4% yoy to PLN 302.3 million. This growth resulted from the increase of this cost position in most of the Group's operating segments in connection with strengthening of the sales force, other development activities and higher yoy cost of motivation and bonus system in connection with higher than planned goal achievement ratio.

The Group's headcount at the end of December 2014 amounted to 3,067 employees and decreased by 21 FTEs yoy. This reduction results from a lower yoy level of employment in Press and Outdoor segments. An increase in headcount was reported in Internet, Radio, as well as Movies and Books segments, and mainly resulted from development projects and strengthening the sales force.

The Group offers its employees different incentive plans (for example: cash motivation plans, incentive plans in sales departments etc.), whose cost is charged to the Group's staff cost position. Since the third quarter of 2013, the Group's operating result is burdened quarterly by the accrued cost of Three-Year-Long Incentive Plan for the Management Board members for the period of 2013 - 2015 (described in note 27 to the consolidated financial statements of the Group). In 2014, there has been a partial reversal of the accrual for this Plan created in 2013, which was compensated by an increase of the accrual for cash motivation plans.

The cost of raw materials, energy and consumables were at a similar level as in 2013.

The Group's cost of promotion and marketing increased in 2014. This resulted from the growth of advertising expenditure in Internet segment (up by 34.9% yoy) and in the Movies and Books segment (up by 24.2% yoy). The largest drop of advertising expenditure was observed in the Outdoor segment (down by 24.6% yoy). The Press segment limited advertising expenditure by 3.1% yoy.

3. PROSPECTS

3.1. Revenue

3.1.1 Advertising market [3]

In 2014, the advertising market in Poland increased by over 2.5% yoy. In each quarter last year, advertisers spent more yoy to promote their products and services (up by 0.5% yoy, up by 2.5% yoy, up by almost 4.5% yoy and up by almost 3.0% yoy, respectively).

According to the Company's estimates, in 2015 the value of advertising expenditure in Poland should increase by 2 to 4% yoy and the value of expenditure for advertising in Poland may be increasing slightly quicker than in 2014.

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

Tab. 5

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
2-4%	3-5%	6-8%	(8)-(11)%	4-6%	1-3%	(12)-(15)%	3-5%

3.1.2 Copy sales

In 2015, negative trends relating to copy sales of dailies and magazines in their print versions shall continue, however their dynamics should be lower than in previous years. The Company develops the sales of its digital content. In the beginning of 2014, Agora implemented a new model of access to the digital content of *Gazeta Wyborcza* and a digital subscription offer. At the end of 2014, thanks to the development of digital offer and implementation of institutional subscription offer, the Company recorded 54.9 thousand of active subscriptions. In the Company's opinion, amongst others, such activities will stabilize the Press segment's financial results in the long term.

3.1.3. Ticket sales

The most significant factor affecting attendance in Polish cinemas is the repertoire. Based on available information, it is estimated that the number of tickets sold in Polish cinemas in 2014 amounted to 40.4 million and was 11.2% higher than in 2013. This is a record number of tickets sold in Polish cinemas post 1989 [10]. The repertoire for the current year looks promising and allows the Company to estimate that the cinema attendance may be at a similar level as in 2014.

3.2. Operating cost

In 2015, the Group is planning to execute development projects in selected business segments, which may result in an increase of operating cost. Segments with largest projects to be executed include: Internet, Radio, Outdoor as well as Movies and Books. The Group's growing engagement in production and film distribution activities may substantially influence both revenues and operating cost.

3.2.1 Costs of external services

The cost of external services will largely depend on the cost of brokerage services - in particular in the Internet, Radio and Press segments, costs of film copy purchase related directly to the level of revenues from the cinema ticket sales and the EUR/PLN exchange rate. In addition, the increase of this cost position will be caused by opening of new cinema facilities planned for 2015 and execution of other development projects.

3.2.2 Staff cost

The staff cost shall increase yoy due to execution of development projects in the Group. In the Internet segment, the increase in staff cost may be connected mainly with a development of selected websites of *Gazeta.pl* and mobile applications, and strengthening the sales force teams. In the Movies and Books segment this will be connected with expanding of the Helios network with new facilities and other development activities.

3.2.3 Promotion and marketing cost

In 2014, the promotion and marketing cost was higher by 11.5% yoy. In 2015, the Agora Group plans further development activities, which also include promotional activities. The dynamics of the changes in individual media, the number of launched development projects, including film co-production and distribution activity, as well as market activities and projects of the Group's competitiors may affect the level of these expenses. Considering the above factors, the Company estimates that this cost position may be higher yoy.

3.2.4 Cost of raw materials and energy

In 2014, the value of this cost position decreased by 1.3% yoy. According to the Group's estimates, the level of this cost position in 2015 will be shaped by similar market trends as those observed in 2014. The printing activity carried out within the Agora Group has the most significant impact on this cost position, especially due to the cost of production materials, the volume of production and EUR/PLN exchange rate.

4. THE GROWTH DIRECTIONS OF THE AGORA GROUP

The primary objective is the growth in media sector. Agora Group wants to achieve the objective by the growth of revenues and profitability improvement according to the medium term development plans announced in March 2014. The key to success is execution of four main tasks:

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

Due to the implementation of the metered paywall on "Gazeta Wyborcza's" website on February 4th, 2014 the process of digital transformation significantly accelerated in the Agora Group. In order to achieve that goal, the Group supports development of quality journalism and builds necessary technological tools. At the end of 2014, the number of active digital subscriptions of „Gazeta Wyborcza" amounted to 54.9 thousand and exceeded the defined objective of 40 thousand.

On March 15, 2014 the Agora Group entered the TV market launching Stopklatka TV - a TV channel created together with Kino Polska TV S.A. Agora's objective is a quick success of the digital film channel and its aspires to build a significant position in the TV thematic channel market in the long term perspective. At the end of 2014, Stopklatka TV achieved its objective of 1% audience share.

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

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the year 2014 include: Agora S.A., Agora Poligrafia Sp. z o.o., AMS S.A. group (“AMS group”), Agora TC Sp. z o.o., Trader.com (Polska) Sp. z o.o., AdTaily Sp. z o.o., Sport4People Sp. z o.o., Sir Local Sp. z o.o. (since December 1, 2013), TV Zone Sp. z o.o. (since September 10, 2014), 5 subsidiaries of the radio business, Helios S.A. and Next Film Sp. z o.o. operating in the cinema business and the Ukrainian company LLC Agora Ukraine (till December 10, 2013). Additionally, the Group held shares in a jointly controlled entity Stopklatka S.A. (since March 12, 2014) as well as in associated companies GoldenLine Sp. z o.o., Online Technologies HR Sp. z o.o., Instytut Badan Outdooru IBO Sp. z o.o. (since June 1, 2013) and Hash.fm Sp. z o.o. (since July 18, 2014).

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

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 6

in PLN million	**2014**	**2013**	*% change yoy*
Total sales (1)	**1,102.4**	**1,073.9**	***2.7%***
Advertising revenue	533.1	544.3	*(2.1%)*
Copy sales	135.5	134.0	*1.1%*
Ticket sales	143.0	129.1	*10.8%*
Printing services	165.3	156.8	*5.4%*
Other	125.5	109.7	*14.4%*
Operating cost net, including:	**(1,120.7)**	**(1,066.5)**	***5.1%***
Raw materials, energy and consumables	(239.1)	(240.1)	*(0.4%)*
D&A	(96.0)	(96.1)	*(0.1%)*
External services	(345.0)	(340.8)	*1.2%*
Staff cost (2)	(302.3)	(289.5)	*4.4%*
Promotion and marketing	(72.9)	(65.4)	*11.5%*
Impairment losses (3)	(15.1)	-	-
Operating result - EBIT	**(18.3)**	**7.4**	**-**
Finance cost, net, incl.:	**3.3**	**(2.3)**	**-**
Revenue from short-term investment	4.1	8.2	*(50.0%)*
Interest on bank loans, borrowings, finance lease and similar items	(6.8)	(10.0)	*(32.0%)*
Revaluation of put option	3.6	-	-
Share of results of equity accounted investees	**(2.9)**	**(0.2)**	***(1,350.0%)***
Profit/(loss) before income tax	**(17.9)**	**4.9**	**-**
Income tax (4)	6.9	(3.7)	-
Profit/(loss) for the period	**(11.0)**	**1.2**	**-**
Attributable to:			
Equity holders of the parent	(12.5)	0.5	-
Non - controlling interest	1.5	0.7	*114.3%*

in PLN million	2014	2013	*% change yoy*
EBIT margin (EBIT/Sales)	*(1.7%)*	*0.7%*	*(2.4pp)*
EBITDA	**77.7**	**103.5**	***(24.9%)***
EBITDA margin (EBITDA/Sales)	*7.0%*	*9.6%*	*(2.6pp)*
EBIT excluding impairment losses (3)	**(3.2)**	**7.4**	**-**
EBIT margin excluding impairment losses (3)	*(0.3%)*	*0.7%*	*(1.0pp)*
EBITDA excluding impairment losses (3)	**92.8**	**103.5**	***(10.3%)***
EBITDA margin excluding impairment losses (3)	*8.4%*	*9.6%*	*(1.2pp)*
Net profit for the period excluding impairment losses (3)	**1.2**	**1.2**	**-**

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

(2) including non-cash cost of share-based payments for 2013 in the amount of PLN 1.4 million;

(3) the amount includes impairment losses of two monthlies published by Agora S.A.;

(4) in the fourth quarter of 2014, a positive effect on this position (in the amount of PLN 8.0 million) had the settlement of a contribution in kind and leaseback transaction of advertising panels, carried out as part of the operating activity optimalization of companies belonging to Outdoor segment.

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. 7

in million PLN	2014	% share	2013	% share	*% change yoy*
Total sales (1)	**1,102.4**	***100.0%***	**1,073.9**	***100.0%***	***2.7%***
Advertising revenue	533.1	*48.4%*	544.3	*50.7%*	*(2.1%)*
Copy sales	135.5	*12.3%*	134.0	*12.5%*	*1.1%*
Ticket sales	143.0	*13.0%*	129.1	*12.0%*	*10.8%*
Printing services	165.3	*15.0%*	156.8	*14.6%*	*5.4%*
Other	125.5	*11.3%*	109.7	*10.2%*	*14.4%*

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

2.2. Financial results presented according to major segments of the Agora Group for 2014

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. 8

in PLN million	Press (3)	Movies and Books	Outdoor	Internet	Radio	Print	Matching positions (4)	Total (consoli-dated) 2014
Total sales (1)	**306.4**	**282.9**	**149.8**	**127.1**	**87.4**	**173.1**	**(24.3)**	**1,102.4**
% share	27.8%	25.7%	13.6%	11.5%	7.9%	15.7%	(2.2%)	100.0%
Operating cost net (1)	**(294.8)**	**(269.5)**	**(143.6)**	**(106.4)**	**(78.3)**	**(172.5)**	**(55.6)**	**(1,120.7)**
EBIT	**11.6**	**13.4**	**6.2**	**20.7**	**9.1**	**0.6**	**(79.9)**	**(18.3)**
Finance cost, net								3.3
Share of results of equity accounted investees								(2.9)
Income tax								6.9
Net loss								**(11.0)**
Attributable to:								
Equity holders of the parent								(12.5)
Non-controlling interest								1.5
EBITDA	**21.6**	**39.5**	**22.7**	**25.8**	**11.7**	**16.9**	**(60.5)**	**77.7**
CAPEX (2)	(1.3)	(27.1)	(13.3)	(4.4)	(3.1)	(4.8)	(7.4)	(61.4)

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

(2) based on invoices booked in the period; the amount in the Movies and Books segment includes also PLN 6.9 million of non-current assets in lease and PLN 7.0 million expenditure on distribution rights of the game "The Witcher 3: Wild Hunt";

(3) operating costs in Press segment include impairment losses in the amount of PLN 15.1 million related to two monthlies published by Agora S.A.;

(4) matching positions show data not included in particular segments, inter alia: other revenues and costs of Agora's supporting divisions (centralized IT, administrative, HR functions, etc.) and the Management Board of Agora S.A., Agora TC Sp. z o.o., intercompany eliminations and other matching adjustments which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. Since the first quarter of 2014, as a result of organizational changes in Agora Group, the administration of local divisions of the Company is reported in central supporting divisions (previously it was reported in Newspapers segments) and the press distribution division has been included into Press segment (previously it was reported in supporting divisions). Additionally, due to changes – merging or excluding business divisions into or out of new business lines the level of intercompany eliminations changed.

2.3. Sales and markets

Over 90% of the total sales of the Group were related to sales in domestic market. Sales to foreign markets are realized mainly through the sales of printing services to foreign customers, advertising services and copy 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 2014, 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 services for external customers and in order to print the Group's own titles is purchased from several suppliers. In 2014, 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 2014, were influenced mainly by interest from bank deposits and bank commissions as well as interest on the bank loans and lease liabilities. Moreover, in 2014 the net result on financial activities was positively influenced by the remeasurement of the put option liabilities granted to non-controlling shareholders.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 9

in PLN million	**31-12-2014**	**31-12-2013**	***% change to 31-12-2013***
Non-current assets	**1,142.8**	**1,204.0**	**(5.1%)**
share in balance sheet total	*73.4%*	*73.3%*	*0.1 pp*
Current assets	**413.7**	**438.9**	**(5.7%)**
share in balance sheet total	*26.6%*	*26.7%*	*(0.1 pp)*
TOTAL ASSETS	**1,556.5**	**1,642.9**	**(5.3%)**
Equity holders of the parent	**1,149.6**	**1,189.6**	**(3.4%)**
share in balance sheet total	*73.9%*	*72.4%*	*1.5 pp*
Non-controlling interest	**15.5**	**18.0**	**(13.9%)**
share in balance sheet total	*1.0%*	*1.1%*	*(0.1pp)*
Non-current liabilities and provisions	**116.3**	**154.9**	**(24.9%)**
share in balance sheet total	*7.5%*	*9.4%*	*(1.9 pp)*
Current liabilities and provisions	**275.1**	**280.4**	**(1.9%)**
share in balance sheet total	*17.6%*	*17.1%*	*0.5 pp*
TOTAL LIABILITIES AND EQUITY	**1,556.5**	**1,642.9**	**(5.3%)**

3.1. Non-current assets

The decrease in non-current assets, versus 31 December 2013, results mainly from depreciation and amortisation charges as well as impairment losses, which were, to some extent, compensated by new investments in property, plant and equipment and intangibles as well as by the increase of long-term investments in related companies (e.g. acquisition of shares in Stopklatka S.A.). Moreover, in 2014, there was a decrease of long-term receivables related to cash deposits provided by the subsidiary AMS S.A. as a result of signed annexes to the bank guarantee contracts issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. Besides, part of the cash deposits were reclassified to the short term receivables.

3.2. Current assets

The decrease in current assets, versus 31 December 2013, results mainly from the decrease in short-term securities and cash and cash equivalents, which was to some extent compensated by an increase in accounts receivable. The decrease of cash and cash equivalents is related to, inter alia, the realization of shares buy-back program.

3.3. Non-current liabilities and provisions

The decrease in non-current liabilities and provisions, versus 31 December 2013, stems mainly from the decrease in long-term borrowings. Moreover, there has been a decrease of deferred tax liabilities as well as a decrease of liabilities related to put options granted to non-controlling shareholders.

3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2013, stems mainly from the decrease in short-term borrowings, which was to some extent compensated by the increase in accounts payable and accruals.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 10

in PLN million	**2014**	**2013**	*% change yoy*
Net cash from operating activities	97.8	109.5	*(10.7%)*
Net cash from investment activities	(43.0)	(120.9)	*(64.4%)*
Net cash from financing activities	(102.0)	(79.9)	*27.7%*
Total movement of cash and cash equivalents	**(47.2)**	**(91.3)**	***(48.3%)***
Cash and cash equivalents at the end of period	**52.3**	**99.6**	***(47.5%)***

As at 31 December 2014, the Agora Group had PLN 110.2 million in cash and in short-term monetary assets, out of which PLN 52.3 million was in cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 57.9 million in short-term securities. Additionally, the Group had a cash receivable of PLN 37.6 million deposited by the subsidiary AMS S.A. as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw (out of which PLN 29.6 million is presented within long-term receivables).

In 2014, Agora S.A. has not been engaged in any currency option instruments or other derivatives (used for hedging or speculative purposes).

On May 28, 2014, the Company entered into a new multi - purpose credit line agreement ("Agreement") with Bank Polska Kasa Opieki S.A. ("Bank"). As a result of the new Agreement, the previous loan agreement with the Bank, related to long- term syndicated loan and executed on April 5th, 2002 with subsequent annexes, was terminated on July 11, 2014. On the basis of the new Agreement, Agora S.A. received a refinancing credit for repayment of the outstanding debt from the syndicated loan agreement, as well as, was provided with a time credit of up to PLN 100 million, which may be used by May 31, 2015 and with a credit facility in the current account of up to PLN 35 million, which may be used by May 28, 2015.

In 2014, the Company repaid four consecutive installments of the credit line used in previous years, which now constitutes the refinancing credit based on the agreement described above.

Moreover, on December 5, 2014, Agora S.A. and selected subsidiaries signed an agreement with Bank Polska Kasa Opieki S.A regarding implementation of liquidity management system in the Group ("the Cash Pooling Agreement"), which aims to optimize the cash management process within Agora Group.

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

4.1. Operating activities

The decrease in net inflow from operating activities, in 2014, stems mainly from smaller amount of cash generated from the main operating activites.

4.2. Investment activities

Net outflow from investing activities, in 2014, results mainly from spending on property, plant and equipment and intangibles and investments in related entities.

4.3. Financing activities

In 2014, the net cash flows from financing activities included mainly repayments of bank loans and financial lease liabilities as well as expenditure related to the first stage of share buy-back program, which amounted to nearly PLN 30.1 million.

5. SELECTED FINANCIAL RATIOS [5]

Tab. 11

	2014	2013	*% change yoy*
Profitability ratios			
Net profit margin	(1.14%)	0.04%	*(1.18pp)*
Gross profit margin	31.0%	29.9%	*1.1pp*
Return on equity	(1.08%)	0.04%	*(1.12pp)*
Efficiency ratios			
Inventory turnover	13 days	12 days	*8.3%*
Debtors days	68 days	68 days	-
Creditors days	41 days	38 days	*7.9%*
Liquidity ratio			
Current ratio	1.5	1.6	*(6.3%)*
Financing ratios			
Gearing ratio (1)	-	-	-
Interest cover	(3.1)	0.8	-
Free cash flow interest cover	4.7	4.5	*3.4%*

(1) as at 31 December 2014 and 31 December 2013 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. PRESS [1]

The *Press* segment includes the pro-forma consolidated financials of *Gazeta Wyborcza*, Magazines and Free Press division.

Since the first quarter of 2014, as a result of organizational changes in the Group, a new Print segment was separated from the Press segment (former Newspapers segment) and Special Projects division was merged with Cinema segment creating new segment Movies and Books. The press operations (*Gazeta Wyborcza* and Free Press division) merged with Magazine division (former Magazine segment) and Press distribution division (reported previously in supporting divisions) creating a new Press segment. Additionally, Administration division serving local offices of *Gazeta Wyborcza* was merged with Central Administration division and is reported in supporting divisions (previously it was reported in former Newspapers segment). The comparable data for 2013 were restated, adequately. The Management Board would like to point out that the data presented in the reports for previous reporting periods may not be comparable in full with the present data prepared under the current management approach.

Tab. 12

in PLN million	**2014**	**2013**	***% change yoy***
Total sales, including:	**306.4**	**335.3**	***(8.6%)***
Copy sales	127.2	125.4	*1.4%*
incl. Gazeta Wyborcza	*100.8*	*100.6*	*0.2%*
incl. Magazines	*17.6*	*19.0*	*(7.4%)*
Advertising revenue (1)	175.1	205.3	*(14.7%)*
incl. Gazeta Wyborcza (2)	*112.9*	*144.2*	*(21.7%)*
incl. Magazines	*22.7*	*25.0*	*(9.2%)*
incl. Metro (3)	*21.5*	*22.1*	*(2.7%)*
Total operating cost, including (4):	**(294.8)**	**(276.3)**	***6.7%***
Raw materials, energy, consumables and printing services	(79.7)	*(84.9)*	*(6.1%)*
Staff cost (5)	(114.5)	*(108.5)*	*5.5%*
D&A	(10.0)	*(8.4)*	*19.0%*
Promotion and marketing (1), (6)	(41.1)	*(42.4)*	*(3.1%)*
Impairment losses (7)	(15.1)	-	-
EBIT	**11.6**	**59.0**	***(80.3%)***
EBIT margin	*3.8%*	*17.6%*	*(13.8pp)*
EBITDA	**21.6**	**67.4**	***(68.0%)***
EBITDA margin	*7.0%*	*20.1%*	*(13.1pp)*
EBIT excluding impairment losses (7)	**26.7**	**59.0**	***(54.7%)***
EBIT margin excluding impairment losses (7)	*8.7%*	*17.6%*	*(8.9pp)*
EBITDA excluding impairment losses (7)	**36.7**	**67.4**	***(45.5%)***
EBITDA margin excluding impairment losses (7)	*12.0%*	*20.1%*	*(8.1pp)*

(1) 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;

(2) 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;

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

(4) segment operating costs associated with the production of the Group's own titles are settled on the basis of allocation of direct and indirect cost associated with their production from the Print segment;

(5) including non-cash cost of share-based payments for 2013 in the amount of PLN 0.6 million;

(6) the amounts include inter alia the production and promotional cost of gadgets offered with Gazeta Wyborcza and Agora's magazines;

7) the amount includes impairment losses of two monthlies published by Agora S.A.

Due to the cost of impairment losses on two monthlies published by the Magazines and Free Press division, which burdened the operating result of the Press segment in the fourth quarter of 2014 with the amount of PLN 15.1 million, the segment reported an operating results on the EBIT level in the amount of PLN 11.6 million and on the EBITDA level of PLN 21.6 million *[1].*

After eliminating the influence of the cost of impairment losses, the operating result of the segment on the EBIT level amounted to PLN 26.7 million and on the EBITDA level to PLN 36.7 million in 2014. The deterioration of the operating result of the Press segment is mainly connected with lower revenues from the advertising sales, which translated into a reduction of the segment's total revenue. The second negative factor affecting the segment's operating result was the yoy increase of operating cost *[1].*

1. REVENUE

In 2014, total revenues of the Press segment amounted to PLN 306.4 million (down by 8.6% yoy). This is mainly the effect of lower by 21.7% yoy advertising revenues of *Gazeta Wyborcza*. At the same time, it is worth emphasizing that the segment's total revenues were positively affected by 1.4% yoy increase in revenues from the copy sales, mainly due to the change in the publishing cycle of *Wysokie Obcasy Extra* and growing revenues from the copy sales of *Gazeta Wyborcza*.

1.1. Copy sales

1.1.1. Copy sales and readership of Gazeta Wyborcza [4]

In 2014, *Gazeta Wyborcza* maintained its leading position among the opinion-forming dailies. *Gazeta Wyborcza* sold 192 thousand copies on average (down by 12.9% yoy). During this period, *Gazeta's* revenues from copy sales increased by 0.2% yoy, which was possible due to the increase in the cover price of *Gazeta Wyborcza* in January and in October 2014 and the positive effect of revenues from digital distribution of the daily. During the analysed period, the weekly readership of *Gazeta Wyborcza* (according to the CCS indicator) amounted to 8.8% (2.7 million readers), which placed it as the second daily among nationwide dailies.

In 2014 the level of the segment's revenues was positively affected by the 25.8% yoy growth of sales of *Gazeta Wyborcza* magazines caused mainly by the change in the publishing cycle of *Wysokie Obcasy Extra*.

1.1.2. Copy sales of Agora's magazines

In 2014, copy sales of Agora's magazines decreased by 7.4% yoy and amounted to PLN 17.6 million. This is an effect of a lower average number of copies sold by Agora's monthlies, which amounted to 342.7 thousand copies (down by 32.4% yoy). It should also be remembered that these data are not fully comparable due to the change in the segment's publishing portfolio. In February 2013, Agora S.A. disposed of the right to publish the *Poradnik Domowy* magazine to Edipresse Polska S.A. and acquired from this company the right to publish the *Dom &*

Wnętrze magazine. The average copy sales of *Poradnik Domowy* in the first quarter of 2013 amounted to 293.7 thousand, whereas in case of *Dom & Wnętrze* – it amounted to 15.8 thousand copies.

1.2. Advertising sales [3]

1.2.1. Advertising sales of Gazety Wyborcza

In 2014, *Gazeta*'s net advertising revenue (including display advertising, classifieds, inserts and other advertising services) amounted to PLN 112.9 million (down by 21.7% 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 2014, the ad spend in dailies in Poland decreased by over 16.0% yoy. During the analysed period, the decrease in revenues from display advertising in *Gazeta Wyborcza* amounted to approximately 16.0% and its estimated share in display ad spend in dailies remained flat yoy and amounted to 36.0%. The total share of *Gazeta* and *Metro* in display ad spend in dailies increased by over 1.0pp yoy.

In 2014, *Gazeta*'s share in the national newspapers ad spend amounted to over 43.5% and increased by 1.5pp yoy. During this period of time, *Gazeta*'s share in Warsaw ad spend in newspapers decreased by ca 4.5pp yoy while the joint share of *Gazeta* and *Metro* remained flat yoy. At the same time, *Gazeta*'s share in local dailies (excluding Warsaw) remained flat yoy and the joint share of *Gazeta* and *Metro* increased by over 0.5pp yoy.

One should bear in mind that these advertising market estimations may represent some margin of error due to significant discounting pressure on the part of the advertisers. Once the Company has more reliable market data, it may adjust the ad spending estimations in the consecutive reporting periods.

In 2014, the share of ad pages in *Gazeta*'s total pagecount amounted to ca 26.8% (down by ca 3.1pp yoy), while the average number of paid-for ad pages published daily in all local and national editions amounted to ca 95.

1.2.2. Advertising sales of Metro [3],[4]

In 2014, *Metro's* total ad revenues declined by 2.7% yoy, whereas the display advertising revenue increased by over 0.5% yoy. At the same time, the total display ad spend in all daily newspapers decreased by over 16.0% yoy. As a result *Metro* increased its share in advertising spending in all dailies by 1.0pp to over 6.0%. *Metro*'s share in advertising spending in national dailies increased by almost 1.0pp yoy and by almost 1.0pp yoy in local dailies. *Metro* increased its share in Warsaw dailies by over 4.5pp yoy to 27.5%.

1.2.3. Advertising sales of Agora's magazines

In 2014, the advertising sales of the Agora's magazines decreased by 9.2% yoy and amounted to PLN 22.7 million. At the same time, advertisers limited their expenditure in the magazines by almost 13.0% yoy. Agora had 3.4% share in the total national magazines ad spend and 7.3% share in monthlies (based on rate card data) *[7]*.

2. COST

In the fourth quarter of 2014, the segment's operating costs were burdened with the cost of impairment losses booked on two titles published by the Magazines and Free Press division, in the amount of PLN 15.1 million. As a result, the segment's operating costs increased by 6.7% yoy and amounted to PLN 294.8 million. After eliminating the effect of the impairment losses, the segment's operating cost amounted to PLN 279.7 million and its increase was insignificant.

The main reason of this growth includes higher by 5.5% yoy staff cost related to the implementation of a new system of access to the digital content of *Gazeta Wyborcza*. At the same time, the cost of raw materials, energy, consumables and printing services were substantially decreased (down by 6.1% yoy) due to a reduction in the volume of *Gazeta Wyborcza and Metro* and a smaller number of special editions of monthlies published by Agora.

3. NEW INITIATIVES

In 2014 *Gazeta Wyborcza* entered a new phase of content digitalization. On February 4th, 2014 as the first daily in Poland it introduced metered paywall – a system of limited access to its digital content. It allows readers to read 10 articles per month free from the websites Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl and 22 webistes prepared by local editorial offices of Gazeta Wyborcza. Since September 22, 2014, subscribers of digital content of *Gazeta Wyborcza* received access to BIQdata.pl – the first Polish data journalism website dedicated to analytics and interactive visualization of data. The website is available only to the subscribers of Wyborcza's digital content. It's the first purly online brand of Gazeta Wyborcza and the value added for those who pay for the access to the digital content of the daily. In October 2014, *Gazeta Wyborcza* launched a new application for devices with Windows 8.1 operating system. This is already a third modern proposition of *Wyborcza,* apart from iOS and Android application, for readers of its digital content. The application supplemented the digital offer of the *Wyborcza Premium* package. The daily also launched a digital offer for institutional subscribers digital within the scope of a measured paywall, and prepared a change of visual identification of its online services as well as navigation and websites with articles on *Wyborcza.pl*.

Since February 2014, *Metro* introduced changes in its distribution model. Metro will be distributed on different days to the readers classified in particular target groups: consumers and economically active young people, young people, starting their career, including students. *Metro's* new distribution model is a response to the needs of advertisers. At the same time, *Metro* focuses on further intensive development of the brand in the digital field.

Metro continued its digitalization effort and in cooperation with *Gazeta.pl* launched the website *MetroWarszawa.pl* dedicated to spending free time in the capital city. The website is fully responsive to mobile devices and offers modern forms of journalism as well as interactive materials. The *Metro* daily also provided an application for iOS tablets and smartphones, which ensures comfortable access to the current content of the daily, enriched with multimedia content. This is another modern application from *Metro* apart from the version for Android and Windows 8 operating systems.

Since February 2014, *Wysokie Obcasy Extra* changed its publishing cycle. On February 13, 2014, the magazine appeared on the market as a monthly. Three other monthlies appeared on the market in their new versions. In February 2014 the monthly *Ladny Dom* was released in new layout and format and the monthly *Kuchnia* was released in the new version. The title gained more volume, new content structure and new authors.

The segment introduced also new titles to the market. In June 2014, *Avanteen* - the first Polish shopping magazine for young people aged 11-19 years about fashion and beauty was launched. In September 2014, the first issue of *Niezbędnik ogrodnika* was released - a gardener's guide prepared by the team of the monthly *Magnolia*.

The segment developed also its offer for advertisers. Since May 2014, *Gazeta Wyborcza* introduced to its offer a new multimedia advertising packages. Using them, advertisers can get to all *Wyborcza's* readers - people who use its content in print, on the web and on mobile devices. New sales offer of Agora's brands include three cost-effective advertising packages that provide one-week campaign in all or selected media of *Gazeta Wyborcza*. In September 2014, the segment offered an advertising package *Prestiz* comprising 5 magazines: *Wysokie Obcasy Extra, Avanti, Dom&Wnętrze, Logo* and *Kuchnia*. The package allows advertisers to reach the attractive group of readers: wealthy, educated, having different interests.

IV.B MOVIES AND BOOKS [1]

The Movies and Books segment includes the pro-forma consolidated financials of Helios S.A. and Next Film Sp. z o.o., which form the Helios group and Agora's Special Projects division.

From the first quarter of 2014, as a result of organizational changes in the Agora Group, Special Projects division was separated from the Press segment (former Newspapers segment) and combined with Cinema segment forming the new segment of Movies and Books. The comparable data for 2013 were restated, adequately. The Management Board would like to point out, that due to the change, the data presented in the reports for the former periods may not be fully comparable with the present management approach.

Tab. 13

in PLN million	**2014**	**2013**	***% change yoy***
Total sales, including :	**282.9**	**250.8**	***12.8%***
Tickets sales	143.0	129.1	*10.8%*
Concession sales	49.0	42.2	*16.1%*
Advertising revenue (1)	26.9	25.1	*7.2%*
Special Projects	32.9	31.2	*5.4%*
Total cost, including:	**(269.5)**	**(242.5)**	***11.1%***
Raw materials, energy and consumables (2)	(25.9)	(25.0)	*3.6%*
External services (3)	(132.2)	(118.1)	*11.9%*
Staff cost (2)	(30.3)	(26.7)	*13.5%*
D&A (2)	(24.9)	(24.8)	*0.4%*
Promotion and marketing (1), (2)	(20.5)	(16.5)	*24.2%*
Costs related to Special Projects (3)	(32.3)	(29.4)	*9.9%*
EBIT	**13.4**	**8.3**	***61.4%***
EBIT margin	*4.7%*	*3.3%*	*1.4pp*
EBITDA (4)	**39.5**	**34.9**	***13.2%***
EBITDA margin	*14.0%*	*13.9%*	*0.1pp*

(1) 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;

(2) the amounts do not include costs related to Special Projects division;

(3) operating cost of Special Projects does not include settlements relating to the fees paid to the film producers connected with distribution of films performed by Next Film. These costs are presented in external services. Data for previous periods were adjusted respectively;

(4) the amounts include D&A cost in Special Projects division, which in 2014 amounted to PLN 1.2 million (in the corresponding period of 2013 it amounted to PLN 1.8 million).

In 2014, the Movies and Books segment improved its operating results at both EBIT and EBITDA level [1]. EBITDA increased by 13.2% yoy and amounted to PLN 39.5 million. This was possible thanks to the higher yoy attendance in Helios cinemas which translated into higher (by 10.8% yoy) revenues from ticket sales and higher (by 16.1% yoy) revenues from concession sales.

In 2014, the segment's level of revenues and operating cost was also affected by film co-production (executed by the Special Projects division) and distribution (executed by Next Film Sp. z o.o.), related mainly to the *Bogowie* movie.

In 2014 the operating result of Special Projects division on the EBIT level was lower yoy by 1.2 million and amounted to PLN 0.6 million. *[1]*

1. REVENUE [3]

In 2014, the total sales of Movies and Books segment were higher by 12.8% yoy and amounted to PLN 282.9 million. This was possible thanks to the increase in all categories of revenues generated by the segment.

A significant factor affecting the increase in the segment's revenues was the growing attendance in Helios cinemas, which amounted to 8.4 million visitors and was higher by 11.8% yoy. This translated into both higher revenues from the cinema ticket sales and higher revenues from concession sales. The higher increase of those revenues occurred in the first and fourth quarter of 2014. These values were also positively affected by the expansion of the Helios network with new cinemas in 2014.

The segment noted also a growth of 7.2% yoy in advertising revenues. This growth resulted mainly from larger number of cinema theatres yoy and took place in majority of quarters in 2014.

The segment's revenues were significantly influenced by film co-production and distribution executed within the segment. The revenues from this activity amounted to almost PLN 17.0 million in 2014.

In 2014, Special Projects' revenues amounted to PLN 32.9 million and increased by 5.4% yoy. During the analysed period, Special Projects recorded also revenues from co-production of *Bogowie*. The revenues of Special Projects were also positively influenced by the organization of *Olsztyn Green Festival* in September 2014.

In 2014, Agora's publishing house, part of the Special Projects division, published 69 books and issued a series of audiobooks entitled *Mistrzowie Slowa 3*. As a result, during the analysed period, it sold ca 0.7 million books and books with CDs and DVDs.

2. COST

In 2014, operating cost of the Movies and Books segment increased by 11.1% yoy and amounted to PLN 269.5 million. The growth in the segment's operating costs results from higher by 9.9% yoy operating cost of Special Projects, which amounted to PLN 32.3 million. Additional factors affecting the level of the segment's operating cost were higher yoy costs of film copy purchase which were in turn related to higher yoy revenues from the sales of cinema tickets in Helios network, as well as higher yoy cost of film distribution. The growth of other cost is mainly connected with the development of the Helios network.

3. NEW INITIATIVES

In 2014, Helios expanded its network by three new cinema theatres: in Kalisz, Siedlce and Starachowice. At the same time, the network closed its cinema (Femina) in Warsaw. As a result, the Helios network has 34 theatres with 180 screens.

In September 2014, the first edition of *Olsztyn Green Festival*, organized by Special Projects division operating within Movies and Books segment, took place. The event turned out to be a great success with more than 10 thousand visitors.

Next Film, a company from Helios group, specialized in film distribution, introduced following films to Polish cinemas: *Powstanie Warszawskie, Karuzela*, *Bogowie* and *Serce, serduszko*. Agora was a co-producer of two latter titles. *Bogowie* directed by Lukasz Palkowski, which had its premiere in Poland on 10 October 2014, was the most popular film throughout 2014 and gathered approximately 2.2 million viewers in Polish cinemas.

In October 2014, the filming of *Krol Zycia* ended. The movie is directed by Jerzy Zielinski, a valued film operator who made his debut as a director. This is the first film production, where Agora is the leading producer. The leading role was played by Robert Wieckiewicz, accompanied by Magdalena Poplawska, Bartlomiej Topa, Jerzy Trela and Jan Peszek.

IV.C. OUTDOOR (AMS GROUP)

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

Tab. 14

in PLN million	**2014**	**2013**	***% change yoy***
Total sales, including:	**149.8**	**153.5**	***(2.4%)***
Advertising revenue (1)	147.4	148.7	*(0.9%)*
Total operating cost, including:	**(143.6)**	**(149.7)**	***(4.1%)***
Execution of campaigns (1)	(23.5)	(23.1)	*1.7%*
Maintenance cost (1)	(65.4)	(70.4)	*(7.1%)*
Staff cost (2)	(20.5)	(19.9)	*3.0%*
Promotion and marketing	(4.6)	(6.1)	*(24.6%)*
D&A	(16.5)	(16.9)	*(2.4%)*
EBIT	**6.2**	**3.8**	***63.2%***
EBIT margin	*4.1%*	*2.5%*	*1.6pp*
EBITDA	**22.7**	**20.7**	***9.7%***
EBITDA margin	*15.2%*	*13.5%*	*1.7pp*
Number of advertising spaces (3)	23,619	23,489	*0.6%*

(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) the amount for 2013 includes non-cash cost of share-based payments in the amount of PLN 0.1 million;

(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.

In 2014, thanks to the reduction of operating cost, the segment's operating result on the EBIT level increased to PLN 6.2 million, and the EBITDA increased to PLN 22.7 million.

1. REVENUE [8]

In 2014 the total amount of expenditure on outdoor advertising, according to IGRZ estimates, was almost flat yoy. The dynamics of revenues from the advertising sales in AMS slightly deviated from the dynamics of the entire market. The segment noted a decline in ad revenues by 0.9% yoy, which resulted mainly from a reduction in the number of billboards 12 m^2. Estimated share of the AMS group in outdoor advertising expenditure amounted to almost 35.5% in 2014. *[8]*

2. COST

In 2014, the Outdoor segment decreased its operating cost by 4.1% yoy to PLN 143.6 million. This is the result of the consistent execution of the cost control and reduction policy in each of the quarters of 2014.

This was possible thanks to the reduction of system maintenance costs (down by 7.1% yoy) thanks to the effective optimization of the panel portfolio and decreasing rental rates for some types of panels.

The reduction in the segment's operating cost was also possible due to lower yoy promotion and marketing expense due to lower yoy costs of joint non-profit/commercial campaigns.

In 2014, the segment reported the growth of campaign execution cost as well as staff cost.

The increase of the campaign execution cost by 1.7% yoy results from higher orders for poster printing services and higher revenues from advertising campaigns executed on public means of transport.

The growth in staff cost is an effect of higher provision for motivation and bonus systems. Other factor contributing to the growth of the operating cost was a provision for severance payments to employees in connection with the group layoffs in the third quarter of 2014.

3. NEW INITIATIVES

In the first quarter of 2014, the segment introduced new interactive panel in bus shelter. Due to the special application in a citylight placed in the bus shelter it is possible to combine the analog and the virtual world.

In the second quarter of 2014, the segment began to install panels of *Urban System of Paid Information* with panels directing to the advertised points of interest in Warsaw. Advertisers can place their logo on the panel, information on the distance from the company's seat, a shop or mall.

In the third quarter of 2014 AMS introduced in one of the campaigns executed in Wroclaw new functionality – the option to charge mobile phones in a bus shelter.

In October 2014, the largest Polish investment in city furniture has begun. It comprises construction of 1 580 modern and elegant bus shelters. All shelters will be interactive – they will be equipped with the *Near Field Communication* technology and *QR* codes. Shelters will be also equipped with gateams.com, thanks to which passengers will be able to quickly enter the virtual world and e.g. plan the trip, read information about the city, or download free content.

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

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

Tab. 15

in PLN million	**2014**	**2013**	***% change yoy***
Total sales , including	**127.1**	**111.4**	***14.1%***
Display ad sales (1)	99.6	89.0	*11.9%*
Ad sales in verticals (2)	14.4	16.2	*(11.1%)*
Total operating cost, including	**(106.4)**	**(94.2)**	***13.0%***
IT and network maintenance	(4.1)	(3.2)	*28.1%*
Staff cost (3)	(45.3)	(42.1)	*7.6%*
D&A	(5.1)	(4.6)	*10.9%*
Promotion and marketing (1)	(17.0)	(12.6)	*34.9%*
EBIT	**20.7**	**17.2**	***20.3%***
EBIT margin	*16.3%*	*15.4%*	*0.9pp*
EBITDA	**25.8**	**21.8**	***18.3%***
EBITDA margin	*20.3%*	*19.6%*	*0.7pp*

(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., AdTaily Sp. z o.o., Sport4People Sp. z o.o. and Sir Local Sp. z o.o.;

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

(3) the amount for 2013 includes non-cash cost of share-based payments in the amount of PLN 0.1 million.

In 2014, the Internet segment substantially improved its operating results. The EBIT increased by 20.3% yoy to PLN 20.7 million and EBITDA grew substantially yoy and amounted to PLN 25.8 million *[1].*

1. REVENUE

In 2014, total revenues of the Internet segment increased by 14.1% yoy and reached the highest level in the segment's history at PLN 127.1 million. The increase in revenues resulted, amongst others, from higher yoy sales of display advertisements of *Gazeta.pl* and higher yoy revenues generated by the AdTaily advertising network, as well as the increase in other revenues resulting from a change in settlement with the Press segment concerning recruitment press announcements.

In 2014 revenues from display ad sales amounted to PLN 99.6 million and grew by 11.9% yoy, with the market growth rate of display ad expenditure of almost 4.0%. The increase of advertising revenues was significantly affected by the increase of sales of the AdTaily advertising network, growth in the sale of advertisements for mobile devices and development of video formats sale offer.

In 2014, revenues from the ad sales in verticals decreased by 11.1% yoy. The yoy decrease in revenues results mainly from the change in classification of revenues from the dual media offers dedicated to recruitment ads in press and online (currently reported in other sales).

2. COST

In 2014 operating cost of the Internet segment increased by 13.0% yoy to PLN 106.4 million. The increase of operating cost was substantially affected by the growth of promotion and marketing expenses and increase in employment, which translated into higher yoy staff cost. In addition, the segment observed yoy growth of the rental cost of advertising space, amongst others in advertising networks, as well as growth of costs of computer services relating to maintainance of the portal *Gazeta.pl*, recruitment services, and *Domiporta* and *Autotrader*.

In 2014, promotion and marketing expenditure in the Internet segment increased by 34.9% yoy due to advertising campaigns for *Gazeta.pl*, the sites: *Domiporta*, financial products, recruitment and Sir Local company.

In 2014, the staff cost increased by 7.6% yoy, amongst others due to strengthening of the sales force team (increasing headcount in recruitment services and SearchLab), as well as development activities (increasing headcount in the technology department, sports services and new projects, as well as Sport4People).

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In December 2014, the reach of *Gazeta.pl* group services among Polish Internet users (connecting from non-mobile devices) stood at 51.4% and the number of users reached 11.1 million and the total number of non-mobile page views done by Polish users reached 537,1 million with an average viewing time of 1 hour and 16 minutes per user *[6]*.

In December 2014, the number of page views generated by mobile devices on the websites of Gazeta.pl group reached 176.0 million (up by 52.8% yoy), which made Gazeta.pl group the fourth player according to Megapanel PBI/Gemius data. The share of mobile page views on the websites of Gazeta.pl group stood at 24.7% and was the highest among Polish horizontal portals *[6].*

The websites of *Gazeta.pl group* are ranked among top thematic market players. According to Megapanel PBI/Gemius data for December 2014, *Gazeta.pl group* is ranked first in the *Forums & Discussion groups* and *Interior furnishing and garden* (i.a. *CzteryKaty.pl*) categories. The *Gazeta.pl* group is ranked second in *Blogs* category (i.a. *Blox.pl*) . The third positions are held in categories: *Sports* category (i.a. *Sport.pl*), *Information & journalism* category, *Local and regional information* category, and *Children, Family* category (i.a. *eDziecko.pl*).

4. NEW INITIATIVES

In 2014 the segment developed mobile applications. In January 2014, Agora launched a mobile application *Gazeta.pl LIVE* for iOS devices. This application is very well evaluated by the users and provides content delivered by the website *Gazeta.pl*. In April 2014, Agora launched a mobile application for Windows 8 devices *Sport.pl LIVE*. The application *Sport.pl LIVE*, provides users with live coverage, news and videos from all important sport events. Sport.pl is one of the top sports brands in Poland. In May 2014, *Gazeta.pl, Sport.pl* and Tuba FM applications for Samsung Gear watches were launched. They are the first in Poland content applications on smart watches, which allow to track the latest information, sports events and music. At the end of June 2014 Agora provided a free application VOD - Kinoplex.pl for Windows 8 devices. The application allows users to legally watch nearly a thousand of movies, cartoons and serials. In October 2014, the Internet segment prepared VOD Kinoplex.pl application for Smart TVs.

The segment prepared also a new offer of the *Gazeta.pl* portal users. In May 2014 Agora launched a weekend edition of Gazeta.pl, adapted for touch screens. It includes an attractive content in the form of the magazine. It also includes special offer for advertising partners.

In the second quarter of 2014, AdTaily launched new products - the *Yieldbird*, the system increases revenue by selling publishers online advertising space and the *Highway*, the platform for buying media by means of *RTB* auction.

Since October 2014, the existing formula of cooperation of *Gazeta.pl* with Microsoft has changed. The website MetroMSN as part of *Gazeta.pl* group ceased its activity, which affected the reach results of the group's services. A new agreement on cooperation with Microsoft concerns providing content and editorial services for MSN.com as well as sale of advertisements on MSN.com.

On 15 January 2015, *Gazeta.pl* changed its main website and visual identification. Thanks to the change, the site now offers more photos, graphical formats and video materials. Changes also covered the mobile version and the application *Gazeta.pl LIVE* for most popular operating systems. The new main website of *Gazeta.pl* ensures a more expanded advertising offer.

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*, which are parts of the Agora Group. These include: 24 *Golden Hits* (*Zlote Przeboje)* local radio stations, 7 local radio stations (*Rock Radio* since January 31, 2014), one CHR format (Contemporary Hit Radio) local station and a super-regional news radio *TOK FM* broadcasting in 17 metropolitan areas.

Tab. 16

in PLN million	**2014**	**2013**	***% change yoy***
Total sales, including :	**87.4**	**83.1**	***5.2%***
Advertising revenue (1), (2)	85.0	80.9	*5.1%*
Total operating cost, including: (2)	**(78.3)**	**(78.3)**	**-**
Staff cost (3)	(27.1)	(26.0)	*4.2%*
Licenses, rental and telecommunication costs	(9.2)	(8.8)	*4.5%*
D&A	(2.6)	(2.4)	*8.3%*
Promotion and marketing (2)	(10.6)	(11.6)	*(8.6%)*
EBIT	**9.1**	**4.8**	***89.6%***
EBIT margin	*10.4%*	*5.8%*	*4.6pp*
EBITDA	**11.7**	**7.2**	***62.5%***
EBITDA margin	*13.4%*	*8.7%*	*4.7pp*

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

(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 amount for 2013 includes non-cash cost of share-based payments in the amount of PLN 0.1 million.

In 2014, thanks to the increase of revenues and cost discipline, the Radio segment achieved very good results at the level of EBIT and EBITDA, which were substantially higher yoy and amounted to PLN 9.1 million and PLN 11.7 million respectively.

1. REVENUE [3]

In 2014, the Radio segment's revenues increased by 5.2% yoy to PLN 87.4 million, mainly due to higher yoy advertising sales in the radio stations composing Grupa Radiowa Agory. At the same time, revenues from the sales of brokerage services and barter transactions were lower yoy. In 2014, total radio advertising expenditure increased by 6.0% yoy.

2. COST

In 2014, the operating cost of the segment remained at a similar level as in 2013. The increase in staff cost connected with a higher yoy provision for motivation and bonus systems due to higher than planned achievement rate of goals was balanced by a decrease in promotion and marketing expenditure, relating to lower yoy outlays for promotion of the brand *Zlote Przeboje*.

3. AUDIENCE SHARES [9]

Tab. 17

% share in listening	**2014**	**change in pp yoy**
Group's music radio stations (*Rock Radio* and *Zlote Przeboje*)	4.0%	0.1pp
News talk radio station *TOK FM*	1.2%	0.1pp

4. NEW INITIATIVES

Since January 2014, Radio Roxy FM changed its music format to rock. As a consequence, with effect from 31 January 2014, the radio station changed its name to Rock Radio.

In 2014 Radio *Zlote Przeboje* started to broadcast in new cities. Currently, 24 radio stations broadcast their program under the brand *Zlote Przeboje*.

The segment develops its digital offer. In February 2014, Agora Radio group launched Radio TOK FM application for mobile devices with iOS, Android and Windows 8 systems. Its users can listen to the radiostation live and after paying for access to archive they have the opportunity to listen to programs of their choice at any time. In July 2014, the mobile application *Tuba.FM* for Android and iOS systems was made available in freemium model, that is, with the opportunity to purchase the subscription without any advertisements that are broadcasted in the free version of application.

In September 2014, The National Broadcasting Council granted Grupa Radiowa Agory Sp. z o.o. a license to broadcast the program of TOK FM in Czestochowa and Bialystok.

In December 2014, the Radio segment expanded its activity conducted within the scope of the company Radiowe Doradztwo Reklamowe, creating the Tandem Media team. It deals with brokerage services in the radio stations and sale of on-screen and off-screen space in Helios cinemas. Tandem Media is the exclusive broker offering advertising space in Helios cinemas throughout Poland (including on-screen and off-screen). The Tandem Media team also offers advisory and planning services of national and local radio campaigns, creation and sale of package solutions using air time in Agora's radio stations and in third party radio stations, as well as advertising in Internet radio stations.

IV.F. PRINT [1]

The Print segment includes the pro-forma financials of Agora's Print division and Agora Poligrafia Sp. z o.o.

From the first quarter of 2014, as a result of organizational changes in the Agora Group, Print division was separated from the Press segment (former Newspapers segment) forming the new segment of Print. The comparable data for 2013 were restated, adequately.

Tab. 18

in PLN million	**2014**	**2013**	***% change yoy***
Total sales, including:	**173.1**	**163.8**	***5.7%***
Printing services (1)	165.3	156.8	*5.4%*
Total cost, including (2):	**(172.5)**	**(165.1)**	***4.5%***
Raw materials, energy and production services	(124.2)	(116.5)	*6.6%*
Staff cost (3)	(21.2)	(21.7)	*(2.3%)*
D&A	(16.3)	(16.3)	-
EBIT	**0.6**	**(1.3)**	**-**
EBIT margin	*0.3%*	*(0.8%)*	*1.1pp*
EBITDA	**16.9**	**15.0**	***12.7%***
EBITDA margin	*9.8%*	*9.2%*	*0.6pp*

(1) revenues from services rendered for external customers;

(2) segment operating costs associated with the production of the Group's own titles are settled on the basis of allocation of direct and indirect cost associated with their production to the Press segment;

(3) the amount for 12 months of 2013 include non-cash cost of share-based payments in the amount of PLN 0.1 million.

In 2014 Print segment, due to an increase in revenues by 5.7%, significantly improved its operating results yoy. Both EBIT and EBITDA increased and amounted to PLN 0.6 million and PLN 16.9 million, respectively *[1].*

1. REVENUE

In 2014, revenues of the segment from the sale of printing services for external clients amounted to PLN 165.3 million and increased by 5.4% yoy.

2. COST

In 2014, the segment's operating cost increased by 4.5% yoy to PLN 172.5 million, mainly due to larger volume of orders for printing in the heatset technology.

3. NEW INITIATIVES

In 2014, the process of implementation of 5S system in printing houses belonging to Agora S.A. and Agora Poligrafia Sp. z o.o was continued. This is the world leading system in supporting quality improvement of products, higher stability of processes and decrease in operating cost.

NOTES

[1] EBIT and EBITDA of Press, Internet, Movies and Books as well as Print segments 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 numbers for TV and Internet advertising market in the fourth quarter of 2013 and the data for cinema advertising in the fourth quarter of 2013 and in the first quarter of 2014. Additionally, the value of the advertising expenditure in dailies and in magazines in the first, second and the third quarter of 2014 was corrected.

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, 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 with product placement, exclude teleshopping and other advertising forms.

Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising.

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

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

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

The data on dailies readership are based on PBC General, research carried out by MillwardBrown 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 preceding research. Size of the sample: nationwide PBC General for January-December 2014:N = 40,179.

[5] Definition of ratios:

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

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

Return on equity = $\dfrac{\textit{Net profit / (loss) attributable to equity holders of the parent}}{\textit{(Equity attributable to equity holders of the parent at the beginning of the period + Equity attributable to equity holders of the parent at the end of the period) / 2}}$

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

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

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

Current ratio I = $\dfrac{\textit{Current Assets}}{\textit{Current liabilities}}$

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

Interest cover = $\dfrac{\textit{Operating profit / (loss)}}{\textit{Interest charge}}$

Free cash flow interest cover = $\dfrac{\textit{Free cash flow *}}{\textit{Interest charge}}$

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

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

[7] Average paid circulation of monthlies is based on the Agora's own data. Rate card data on magazines obtained from Kantar Media monitoring; commercial brand advertising and sponsored articles, excluding specialized monthlies; accounted for 117 monthlies and 77 other magazines; in total 194 magazines for the period of January - December 2014.

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

[9] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from January to December (sample for 2013: 84,194; sample for 2014: 84,290).

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

V. ADDITIONAL INFORMATION

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

1. EXECUTION OF MULTI –PURPOSE CREDIT LINE AGREEMENT

On May 28, 2014, the Management Board of Agora S.A. informed that the Company entered into a multi - purpose credit line agreement ("Agreement") with Bank Polska Kasa Opieki S.A. ("Bank"). On the basis of the signed Agreement and after the fulfillment of conditions relating to the establishing of collateral relating to credit payment and fulfillment of other conditions commonly required in case of loan agreements for comparable amount of money, the Company was provided with the credit limit of up to PLN 169,929,342.64 divided into:

- refinancing credit of PLN 34,929,342.64 (for payment of credit line "B" which was made available on the basis of the long-term syndicated loan agreement no 2002/3 with Bank Polska Kasa Opieki S.A., executed on April 5, 2002, with later amendments about which the Company informed in regulatory filing 9/2002 - further referred to as the long-term syndicated loan agreement),

- time credit of up to PLN 100,000,000 which may be used by May 31, 2015 for financing or refinancing net payment resulting from the agreements which may be executed to purchase fixed assets and investment agreements, share purchase, purchase of companies operating in media, advertising and related fields as well as financing of current working capital needs. The potential term credit, will be paid in 13 equal quarterly installments, i.e. since June 30, 2016 until June 30, 2019. Interest rate of the credit is defined on the basis of the WIBOR rate plus the Bank's margin,

- credit facility in the current account of up to PLN 35,000,000 for financing of current capital needs of the Company and other entities from the Agora Group.

According to the Agreement the credit limit shall be secured with, inter alia, joint real estate mortgage upon real estate assets located at Czerska 8/10 Street owned by Agora S.A. and upon perpetual usufruct on real estate assets to which it is entitled, as well as on the building located on the property, Moreover, the credit limit may be secured with registered pledges on assets and future assets (tangible and intangible) of Agora S.A. so the value of collateral remains in the agreed relation to the total amount consisting of refinancing credit, time credit and credit facility in the current account.

In the current report published on June 4, 2014, the Management Board informed that it was provided with the letter from the Bank that confirmed meeting the conditions necessary for granting the multi-purpose credit line to the Company on the basis of the loan agreement executed on May 28th, 2014.

In the current report published on June 16, 2014, the Management Board informed about receiving the notification from the District Court, VII Land Registry, about establishing on June 7th, 2014 mortgage on Agora's perpetual usufruct on the land located in Warsaw, at 8/10 Czerska Street and on Company's ownership right to the building located on that land. The mortgage was established on the basis of the agreement with Bank to secure Bank's claims from the credit agreement executed on May 28th, 2014.

In the current report published on July 11, 2014, the Management Board informed about termination of the long-term syndicated loan agreement executed on April 5, 2002. The termination was related to entering into a new agreement on May 28th, 2014. The new multi - purpose credit line agreement executed by Agora and the Bank concerns up to PLN 169,929,342.64. Due to the above, the Company paid its all liabilities from the previous long term syndicated loan agreement including provision, interest and other Bank's fees. On July 11th, 2014 the Company received a formal notice from the Bank that all Agora' liabilities were paid out and the Agreement was terminated.

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 capital group of Agora:

Tab. 19

		% of shares held (effectively)	
	Subsidiaries consolidated	31 December 2014	31 December 2013
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	AMS S.A., Warsaw	100.0%	100.0%
3	IM 40 Sp. z o.o., Warsaw (1)	72.0%	72.0%
4	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
5	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%
6	Inforadio Sp. z o.o., Warsaw (1)	66.1%	66.1%
7	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
8	Radiowe Doradztwo Reklamowe Sp. z o.o. (RDR), Warsaw (1)	100.0%	100.0%
9	Trader.com (Polska) Sp. z o.o., Warsaw	100.0%	100.0%
10	AdTaily Sp. z o.o., Cracow (4)	80.4%	76.7%
11	Helios S.A., Lodz (5)	88.1%	82.8%
12	Next Film Sp. z o.o., Lodz (3),(5)	88.1%	82.8%
13	Sport4People Sp. z o.o., Cracow (6)	56.5%	51.7%
14	Projekt Inwestycyjny Sp. z o.o., Warsaw (1)	70.0%	70.0%
15	Sir Local Sp. z o.o., Warsaw (7)	78.4%	70.1%
16	TV Zone Sp. z o.o., Warsaw (8)	100.0%	-
	Joint ventures and associates accounted for the equity method		
17	GoldenLine Sp. z o.o., Warsaw	36.0%	36.0%
18	Online Technologies HR Sp. z o.o., Szczecin (9)	46.2%	33.3%
19	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw	40.0%	40.0%
20	Stopklatka S.A., Warsaw (10)	41.0%	-
21	Hash.fm Sp. z o.o., Warsaw (11)	49.5%	-
	Companies excluded from consolidation and equity accounting		
22	Polskie Badania Internetu Sp. z o.o., Warsaw	15.8%	15.8%
23	Polskie Badania Outdooru Sp. z o.o. in liquidation, Warsaw (2)	41.0%	41.0%

(1) indirectly through GRA Sp. z o.o.;
(2) indirectly through AMS S.A.;
(3) indirectly through Helios S.A;
(4) acquisition of shares from non-controlling shareholder;
(5) increase of shares held as a result of the share capital increase and acquisition of shares from non-controlling shareholder;
(6) increase of shares held as a result of the share capital increase;
(7) increase of shares held as a result of the share capital increase;
(8) company set up on September 10, 2014;
(9) increase of shares held as a result of the share capital increase;.
(10) acquisition of shares on March 12, 2014;
(11) shares assumed on July 18, 2014.

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

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

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

On April 15, 2014, extraordinary shareholders' meeting of Helios S.A. adopted the resolution to increase the share capital by PLN 135 thousand by the issue of 1,350,000 ordinary bearer shares of series C as private placement subscription addressed to the existing shareholders with issue price of PLN 7.42 per share. On July 14, 2014 the Management Board of Helios S.A. has allocated 1,350,000 to Agora S.A., which was the only shareholder, who made the pre-emptive right. Agora S.A. covered new shares with PLN 10,017 thousand contribution. Additionally, on December 11, 2014**,** Agora S.A concluded share sales agreement on the basis of which the Company acquired 384,600 shares of Helios S.A. from another shareholder at the price of PLN 2,638 thousand ("the Agreement"). Furthermore, the Agreement includes a conditional commitment, valid until the end of 2019, under which the Company will pay the extra price equal to the difference between the price already paid and the price calculated in accordance with the Agreement. As a result of the above sales transaction, Agora S.A. owns 8,839,800 shares, which translates into 86.55% of the company's share capital and 86.55% of votes at shareholders' meeting, while after taking into account the increase of the share capital about which the Company informed above, Agora S.A. shall own 10,189,800 shares of Helios S.A., which shall translate into 88.12% of the company's share capital and 88.12% of votes at shareholders' meeting. The share capital increase has not been registered by the court till the date of the publication of this report.

On April 29, 2014, the meeting of shareholders of Online Technologies HR sp. z o.o. adopted the resolution to increase the share capital by 10 new shares with nominal value of PLN 80 per share (in total PLN 800). Agora S.A. covered 10 new shares with PLN 250 thousand contribution. After the registration of the share capital increase it amounts to PLN 7,520 and is divided into 94 shares with nominal value of PLN 80 per share. After the registration of the share capital increase, Agora S.A. owns 38 shares, which translates into 40.43% of the company's share capital and 40.43% of votes at shareholders' meeting. The change was registered by the District Court for Szczecin-Centrum w Szczecinie, XIII KRS Commercial Division on July 15, 2014

On June 12, 2014, Agora S.A. subscribed for 1,746,301 shares of the company Stopklatka S.A. issued in the form of public offering of 4,254,710 new ordinary bearer shares of series D with the issue price of PLN 2.3 zloty per share. Agora S.A. covered the shares with PLN 4,016,492.30 contribution. After the share capital increase it amounts to PLN 6,529,956.00 and Agora S.A. owns 2,680,152 shares, which translate into 41.04% of the company's share capital and 41.04% of votes at shareholders' meeting. The District Court for Warsaw, XIII KRS Commercial Division, registered the increase of the share capital of Stopklatka S.A. on July 16, 2014.

On July 18, 2014, the meeting of shareholders od Social Hackers sp. z o.o. adopted the resolution to increase the share capital by 4,500 new shares with nominal value of PLN 50 per share (in total PLN 225 thousand). Agora S.A. covered 4,500 new shares with PLN 945 thousand contribution. After the registration of the share capital increase amounts to PLN 455 thousand and is divided into 9,100 shares with nominal value of PLN 50 per share. After the registration of the share capital incerase, Agora S.A. owns 4,500 shares which translate into 49.45% of the company's share capital and 49.45% of votes at shareholders' meeting. On September 30, 2014**,** the District Court for the capital city of Warsaw, XII Comercial Division of the National Court Register registered the above increase of the share capital and change of the company's name from Social Hackers sp. z o.o. into Hash.fm sp. z o.o.

On August 7, 2014, the meeting of shareholders of Online Technologies HR sp. z o.o. adopted the resolution to increase the share capital by 10 new shares with nominal value of PLN 80 per share (in total PLN 800). Agora S.A. covered 10 new shares with PLN 250 thousand contribution. After the registration of the share capital increase it shall amount to PLN 8,320 and shall be divided into 104 shares with nominal value of PLN 80 per share. After the registration of the share capital increase, Agora S.A. shall own 48 shares, which shall translate into 46.15% of the company's share capital and 46.15% of votes at shareholders' meeting. It has not been registered by the court till the date of the publication of this report.

On August 12, 2014, Agora S.A concluded share sales agreement on the basis of which the Company acquired 31 shares of AdTaily Sp. o.o. at the price of PLN 171,487. As a result of the above transaction Agora S.A. owns 675 shares, which translates into 80.36% of the company's share capital and 80.36% of votes at shareholders' meeting.

On September 10, 2014 the District Court for the capital city of Warsaw, XIII Comercial Division of the National Court Register registered the company, which operates under the name TV Zone Sp. z o.o. Agora S.A. is the sole shareholder of the company and owns 100 shares with nominal value of PLN 50 per share. Shares were covered with PLN 5 thousand contribution.

On September 25, 2014, the extraordinary meeting of shareholders of Sport4People sp. z o.o. adopted the resolution to increase the share capital by 20 new shares with nominal value of PLN 100 per share (in total PLN 2 thousand). Agora S.A. covered 20 new shares with PLN 340 thousand contribution. After the registration of the share capital increase it shall amount to PLN 20 thousand and shall be divided into 200 shares with nominal value of PLN 100 per share. After the registration of the share capital increase, Agora S.A. shall own 113 shares, which shall translate into 56.5% of the company's share capital and 56.5% of votes at shareholders' meeting. It has not been registered by the court till the date of the publication of this report.

On December 15, 2014, the meeting of shareholders of Sir Local Sp. z o.o. adopted the resolution to increase the share capital by 750 new shares with nominal value of PLN 50 per share (in total PLN 37,500). Agora S.A. covered 750 new shares with PLN 700 thousand contribution from which the Company deducted the amount of PLN 201 thousand as a part of its receivables due to the loan granted by the Company to Sir Local Sp. z o.o. and finally made PLN 499 thousand payment as a contribution for new shares. After the registration the share capital it amounts to PLN 134,500 and is divided into 2,690 shares with nominal value of PLN 50 per share. After the registration of the share capital increase, Agora S.A. owns 2,110 shares, which translate into 78.43% of the company's share capital and 78.43% of votes at shareholders' meeting. The District Court for Warsaw, XIII KRS Commercial Division, registered the increase of the share capital of TV Zone Sp. z o.o. on February 17, 2015.

On January 14, 2015, the meeting of shareholders of TV Zone Sp. z o.o. adopted the resolution to increase the share capital by 1,000 new shares with nominal value of PLN 50 per share (in total PLN 50 thousand). Agora S.A. covered 1,000 new shares with PLN 50 thousand contribution. After the registration of the share capital increase it amounts to PLN 55 thousand and is divided into 1,100 shares with nominal value of PLN 50 per share. After the registration of the share capital increase, Agora S.A. owns 1,100 shares, which translate into 100% of the company's share capital and 100% of votes at shareholders' meeting. The District Court for Warsaw, XIII KRS Commercial Division, registered the increase of the share capital of TV Zone Sp. z o.o. on February 25, 2015.

3. PARTICIPATION IN BUSINESS ORGANIZATION, HOME AND FOREIGN

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

- Polish:
    - Confederation of Private Employers „Lewiatan",
    - Polish Association of Stock Exchange Issuers,
    - Press Publishers Chamber,
    - National Circulation Audit Office (ZKDP),
    - Polish Internet Survey,
    - Internet Advertising Bureau Polska,
    - IGRZ – Outdoor Advertising Economic Chamber,
    - ReproPol (Association),

- Polish Cinemas Association,
- Polish New Cinemas Association,
- Creative Poland Asscociation,
- International Advertising Asscociation, Poland.

- Foreign:
  - WAN – IFRA World Association of Newspapers and News Publishers,
  - INMA – International Newsmedia Marketing Association,
  - EPC – European Publishers Council,
  - IPI – International Press Institute.

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

4. MAJOR HOME AND FOREIGN CAPITAL INVESTMENTS

In 2014 carrying amounts of intangible assets of the Group (magazine titles, licenses and patents, other) decreased by PLN 17.6 million, (cost increased by PLN 9.0 million, amortisation and impairment losses for the period increased by PLN 26.6 million). Detailed information on intangible assets is included in note 3 to the consolidated financial statements.

In 2014 carrying amounts of property, plant and equipment of the Group decreased by PLN 38.2 million (cost increased by PLN 26.5 million, depreciation and impairment losses for the period increased by PLN 64.7 million). Detailed information on property, plant and equipment is included in note 4 to the consolidated financial statements.

In 2014 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.

In 2014 the Group purchased shares in Stopklatka S.A. and assumed shares in the company Hash.fm Sp. z o.o. (both companies are accounted for by means of the equity method in the consolidated financial statements) – for more detailed information refer to point V.B.2 of this MD&A. Additionally, on September 10, 2014 the Group set up a subsidiary TV Zone Sp. z o.o.

In 2014, the Company invested its free cash outside its capital group mainly in short-term securities and bank deposits. As at the end of 2014, the amount of such investments was equal to PLN 68.9 million. Moreover, as at 31 December 2014, the Group had cash on hand and on bank accounts in the amount of PLN 41,0 million and had a deposit receivable in the amount of PLN 37.6 million related to a cash deposit provided by the subsidiary AMS S.A. securing the bank guarantees issued in relation to the concession contract for construction of bus shelters in Warsaw.

5. CHANGES IN THE SHAREHOLDERS' STRUCTURE OF THE COMPANY

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

Tab. 20

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

including: **Otwarty Fundusz Emerytalny PZU Zlota Jesien** *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 13, 2013)*	6,808,508	13.37	6,808,508	10.003

In the current report published on September 17, 2014 the Management Board of Agora S.A. announced that the Company obtained a notification, that as a result of share disposal in response to the Offer to buy shares of Agora S.A., 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 September 17, 2014 the Fund ING held 6,359,086 Company's shares constituting 12.48% of the Company's share capital. These shares entitle the Fund ING to 6,359,086 votes at the General Meeting of Shareholders of Agora S.A. constituting 9.34% of the total number of votes at a General Meeting of Shareholders of Agora S.A.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, as of the day of publication of annual report for 2014 the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

Tab. 21

	no. of shares	***% of share capital***	**No. of votes**	***% of voting rights***
Agora-Holding Sp. z o.o. *(in accordance with the last notification obtained on January 4, 2013)*	5,401,852	10.60	22,528,252	33.10
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Złota Jesien and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	14.91	7,594,611	11.16
including: **Otwarty Fundusz Emerytalny PZU Zlota Jesien** *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 17, 2014)*	6,359,086	12.48	6,359,086	9.34

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,
- settlements within cash pooling agreement.

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

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

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

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

The remuneration paid by Agora S.A. to Management Board members in 2014 amounted to PLN 2,657 thousand (in 2013: PLN 4,388 thousand). The amount for 2013 includes the one-off payments resulting from realization of 3-Year-Long Incentive Plan for for the period of 2010-2012.

The remuneration paid by Agora S.A. to Supervisory Board members in 2014 amounted to PLN 407 thousand (in 2013: PLN 397 thousand).

Tomasz Jagiello, member of the Management Board, received also remuneration as the President of the Management Board of subsidiary Helios S.A. in the amount of PLN 351 thousand (in 2013: PLN 348 thousand). The other members of Agora's Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint ventures and associates.

Detailed information concerning remuneration of the Management Board and Supervisory Board Members is presented in note 26 to the consolidated financial statements.

In 2014 the remuneration of Management and Supervisory Board Members in subsidiaries amounted to PLN 4 026 thousand (in 2013: PLN 4 949 thousand).

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

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. 22

	as of December 31, 2014 (no. of shares)	*Nominal value (PLN)*
Bartosz Hojka	2,900	2,900
Tomasz Jagiello	0	0
Grzegorz Kossakowski	44,451	44,451
Robert Musial	1,233	1,233

4.2 Shares in related parties

The number of shares owned by the Management Board Members of Agora's subsidiaries and assiociates as at December 31, 2014 is shown in the table below:

Tab. 23

	As at December 31, 2014 (no. of shares)	*Nominal value (PLN)*
Management Board Members of Helios S.A.		
Tomasz Jagiello	809,000	80,900
Katarzyna Borkowska	68,264	6,826
Grzegorz Komorowski	44,000	4,400
Management Board Members of AdTaily Sp. z o.o.		
Marcin Ekiert	107	5,350
Magdalena Wasilewska-Michalska	18	900
Management Board Members of Sport4People Sp. z o.o.		
Grzegorz Czechowicz	59	5,900
Management Board Members of Hash.fm Sp. z o.o.		
Konrad Traczyk	4,600	230,000
Management Board Members of Online Technologies HR Sp. z o.o.		
Arkadiusz Kuchto	54	4,320

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. 24

	as of December 31, 2014 (no. of shares)	*Nominal value (PLN)*
Andrzej Szlezak	0	0
Wanda Rapaczynski	914,616	914,616
Dariusz Formela	0	0
Slawomir S.Sikora	0	0
Tomasz Sielicki	33	33
Paweł Mazur	0	0

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. 25

	as of December 31, 2014 (no. of shares)	*Nominal value (PLN)*
Wanda Rapaczynski	1	10,427.84

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, 2014 is shown in the table below:

Tab. 26

	As at December 31, 2014 (no. of shares)	*Nominal value (PLN)*
Supervisory Board Members of AdTaily Sp. z o.o.		
Jakub Krzych	20	1,000

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

On March 12, 2014, the Management Board of Agora S.A. with its registered seat in Warsaw, informed that Ms Wanda Rapaczynski resigned from the participation in the Management Board of Agora S.A. with an immediate effect. Moreover, the Company informed that on March 12, 2014 on the basis of § 33 section 1 of the Company's Statute the Management Board Members elected Mr. Bartosz Hojka as the President of the Management Board. Since that day, the Management Board of Agora S.A. is composed from four members.

7. INFORMATION ON CREDIT AND LOAN AGREEMENTS TAKEN/TERMINATED IN 2014, AND GUARANTEES RECEIVED BY AGORA S.A. OR ITS SUBSIDIARIES.

In 2014 no credit or loan agreements were terminated for the Company or its subsidiaries and also nor the Company or its subsidiaries terminated any credit or loan agreements.

a) Agora S.A.

As at December 31, 2014 the Company had an open credit line described below (according to agreement from May 28, 2014):

Tab. 27

Creditor	Amount of the credit line	Currency	Interest rate (%)	Agreement date	Termination (or payment) date
Bank Polska Kasa Opieki S.A.	PLN 169,929 thousand	PLN	WIBOR 1M or 3M + bank margin	28 May 2014	refinancing credit till March 31, 2015 ; time credit - ready to use: if used - quarterly 13 instalments from June 30, 2016 to June 30, 2019; credit facility in the current account which may be used by May 28, 2015

On May 28, 2014, the Company entered into a new multi - purpose credit line agreement ("Agreement") with Bank Polska Kasa Opieki S.A. ("Bank”). As a result of signing the new Agreement, on July 11th, 2014 the previous loan agreement with the Bank, related to long-term syndicated loan and executed on April 5th, 2002 with subsequent annexes, was terminated. On the basis of the new Agreement, Agora S.A. received a refinancing credit for repayment of the outstanding debt from the syndicated loan agreement, as well as, was provided with a time credit of up to PLN 100 million, which may be used by May 31, 2015 and with a credit facility in the current account of up to PLN 35 million, which may be used by May 28, 2015.

In 2014, the Company repaid four consecutive installments of the credit line used in previous years, which now constitutes the refinancing credit based on the agreement described above. As at 31 December 2014, the outstanding amount of refinancing credit amounted to PLN 8,643 thousand.

As at December 31, 2014, the Company was also a beneficiary of a warranty concerning the server room totalling PLN 180 thousand.

b) subsidiaries

Helios S.A. – new agreements in 2014

Tab. 28

Creditor	Amount of the loan (in PLN thousand)	Currency	Interest rate (%)	Agreement date	Termination (or payment) date
Bank Zachodni WBK S.A.	3,420	PLN	1M WIBOR + bank margin	12/03/2014	28/02/2019

More detailed information concerning loans, including amounts outstanding as at 31 December 2014, is presented in note 14 to the consolidated financial statements.

8. INFORMATION ON LOANS GRANTED IN 2014 AND GUARANTEES OR OTHER OFF-BALANCE SHEET ITEMS

Agora S.A. guaranteed PLN 255 thousand to the Bank Polska Kasa Opieki S.A. in connection with its employees' loans on equipment purchased by them. As at balance sheet date, the outstanding amount of bills of exchange issued by AMS S.A. and Adpol Sp. z o.o. amounted to PLN 2 257 thousand. Additionally, Helios S.A. issued bills of exchange as collaterals of bank loans and finance lease and guarantees of rental agreements.

Moreover, as at 31 December 2014 AMS S.A. was a party of a guarantee provided by Adpol Sp. z o.o. in the amount of PLN 56 400 thousand and provided to the bank a cash deposit in the amount of PLN 37,600 thousand as a cash collateral securing the bank guarantee issued for the benefit of Ströer Polska Sp. z o.o. and the Capital City of Warsaw in relation to the concession contract for the construction of bus shelters in Warsaw. In 2014, AMS S.A. also provided a guarantee to Tejbrant Polska Sp. z o.o. in the amount of PLN 3 000 thousand.

Information on loans granted Agora S.A. or by its subsidiaries in 2014 is described in the table below (according to the agreements, which were in force as at December 31, 2014):

Tab. 29

No.	Company name	Amount of loan (in PLN thousand)	Currency	Interest rate (%)	Agreement date	Termination (or payment) date
1	Stopklatka S.A.	1 600	PLN	Wibor 3M+1,5%	24.04.2014 and 19.12.2014	30.06.2015
2	Hash.fm Sp. z o.o.	60	PLN	Wibor 3M+1,5%	24.04.2014	24.10.2014
3	Instytut Badań Outdooru IBO Sp. z o.o.	1 240	PLN	Wibor 3M+1,5%	05.11.2013*	30.07.2015
4	Sir Local Sp. z o.o.	200	PLN	Wibor 3M+1,5%	13.10.2014	15.12.2014**

** amount of loan includes tranches paid out in 2014*
*** repayment was executed by deduction of the outstanding loan from the capital increase contribution due to the company.*

9. THE SYSTEM OF CONTROL OF EMPLOYEE SHARE SCHEMES

In 2013 the last edition of motivation plan in which eligible employees of the Company and the Agora Group could purchase investment certificates in Participatory Closed Mutual Fund (PCMF), managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych S.A. was executed. The Company informed about its incentive schemes in the current report no 71/2005 dated 16 September 2005. In 2014 there was not any incentive share schemes for employees.

10. INFORMATION ABOUT THE SELECTION AND AGREEMENTS SIGNED WITH AN AUDITOR ENTITLED TO AUDIT FINANCIAL REPORTS

On April 3, 2014, the Supervisory Board appointed KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa as a certified auditor to audit Company's financial statements for fiscal years 2014, 2015 and 2016. The agreement related to audit and review of financial statements was 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 concluded with the certified auditor is disclosed below (net amounts):

Tab. 30

in PLN thousand	Financial year ended 31 December 2014	Financial year ended 31 December 2013
Remuneration for audit (1)	102.6	117.8
Other certifying services, including remuneration for review (1)	68.4	72.2

(1) *Remuneration 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 (data for 2014 based on agreement dated June 26, 2014, data for 2013 based on previous agreement dated May 24, 2011).*

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 Group is exposed and
- objectives and methods of financial risk management

is disclosed in notes 34 and 35 to the consolidated financial statements.

12. THE DESCRIPTION OF BASIC HAZARDS AND RISK

- **Macroeconomic risk**

Advertising revenues strictly depend on the general economic situation in Poland and in Europe. They grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. According to the Company's estimations in 2014, advertisers spent over 2.5% yoy more on advertising. Advertisers increased their expenditure in almost all advertising market segments. The erosion of advertising expenditure was observed only in press and cinema.

It should be noted that the level of advertising revenues is dependent on both the ad volume as well as prices of media purchase which hinders estimations regarding the development of the situation at the particular segments of ad market.

- **Seasonality of advertising spending**

The Group sales revenues are marked by seasonal variation. The Group's advertising revenues in the first and third quarter are usually lower than in the second and fourth quarter of a given financial year.

Cinema revenues are subject to seasonality – revenues earned in the second and third quarters are usually lower than in the first and fourth quarters.

- **Advertising market structure and the position of individual media in readership, TV and radio audience market**

The Group's advertising revenues are generated by the following media: dailies, outdoor advertising, radio stations, magazines, internet and cinemas. As a result of structural changes and media convergence particular media in the Agora Group's portfolio compete both with their business competitors and with television broadcasters - constituting over half of the advertising market expenditure (almost 51.5%) in 2014. The next largest segment of advertising market – Internet held 21.5% share in total ad spend. Ad expenditure in magazines and dailies constituted 8.0% and 4.0% share of total ad spend, respectively. Outdoor advertising held, in 2014, 6.0% of the advertising market share and radio ad spend constituted 7.5% of total ad expenditure. Cinema advertising in Poland constituted 1.5% of all advertising expenditure. Bearing in mind the dynamics of particular and the current Company's estimates of advertising market growth in 2015 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

Presently paid press experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. Press titles, published by the Group and its competitors, are not resistant to the changes taking place on the press market. The process of classifieds migration from press to Internet is taking its place. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Group. At the same time, the Group digitalizes its content and on February 4, 2014 the Company introduced system of metered paywall on websites related to *Gazeta Wyborcza*. Nowadays, it is hard to evaluate the impact of new access system on the Group's revenue. The Group also publishes a free daily – *Metro.* We cannot predict how the global changes occurring on the press market will influence the free press position and consequently, the position and the results of the Group.

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.

Internet

Polish Internet advertising market is highly competitive and influenced by consolidation processes. Number of internet users in Poland is not growing so fast as in the past. Internet business is highly dependent on technology progress and number of Internet users and maintaining a strong position on that market is possible by means of investment in modern and innovative technology. In this segment of advertising market the Group competes with local and international players. There is no guarantee, that on such a competitive market, the Group's position and ad revenues will be unchanged. Additionally, online advertising market is undergoing transformation. Search advertising, dominated in Poland by one player, is becoming more popular among advertisers. The Group's main source of Internet advertising revenue is display advertising. Video and mobile advertising are growing their share. Maintenance of the strong position in rapidly changing market requires investment in advanced technological solutions. Due to that fact there is no guarantee that the Group will be able to compete with national and foreign players with larger financial resources.

Outdoor

Outdoor advertising market in Poland is highly competitive. AMS S.A. competes with Polish companies as well as big international concerns. Outdoor advertising market is of high legal risk due to the possible changes in the rules regarding the use of public space and introduction of new limitations in the centers of large urban areas, as well as rules on fees and tax rates related to this business activity. The factors mentioned above may have an impact on the Group's result.

In 2014, execution of the contract to construct of 1,580 bus shelters in Warsaw commenced. The investment process shall last 3 years. The estimated cost of the bus shelters' construction amounts to ca PLN 80 million. The duration of the contract is nearly 9 years.

The timely execution of the contract carries risk related to the necessity of acquiring a number of approvals and administration decisions. Additionally, in such a competitive and changing environment the macroeconomic and market assumptions necessary for the project success may not materialize.

Cinema

Helios group opens new cinemas in shopping and entertainment centres. Therefore, further development of the cinema network is dependent upon the construction of new shopping and entertainment galleries in Poland and ability to compete with other cinema operators for new space lease contracts. The pace of polish infrastructure development and the situation on the Polish real estate market (i.e. cost of space rent) may influence the results of cinema operators.

Additionally, the available repertoire affects results of cinema business. Lack of interesting movies, abilities to promote movies or the quality of movies may negatively affect cinema admissions. Moreover, economic downturn may translate into lower expenditure on entertainment which may result in lower revenues from ticket sales and willingness to buy food and beverages in cinema bars.

Moreover, the cinema operators compete with other technologies of film screening, inter alia, in Internet.

- **Risks of running licensed business**

The Group has been running its activities in radio market for years and since 2014 it started to operate in TV market. Radio and TV operations are licensed activity in Poland. 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 radio and TV audience, for a certain radio or TV 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 Group's radio stations compete with other radio broadcasters, with national reach, as well as other media – TV, press, internet and outdoor advertising. To maintain audience share it is important to have a demanded radio format. There is no certainty that the Group's current position in the radio audience market will be unchanged. Competing for ad revenue, radio stations (also belonging to different media concerns), create joint advertising offers. The popularity of these offers may significantly influence the shares of particular radio broadcasters in radio ad market.

- **Television**

Due to the purchase of 41.04% stake in Stopklatka S.A. by Agora on March 12, 2014 r. the Group entered television market. Our television channel competes with existing television broadcasters and potential new market entrants. Among Stopklatka TV competitors there are larger broadcasters with better brand recognition and financial resources than us. The increasing success in Poland of DTH, cable and DTT providers will likely result in the increasing fragmentation of Polish TV viewing audiences, which may make it more difficult for us to persuade advertisers to purchase airtime in Stopklatka TV. The results of Stopklatka are consolidated on the equity basis.

- **Movie business**

Movie distribution and co-production is of project nature, which may result in volatitility of its results – it may also impact the Group's results. The majority of costs incurred, especially those related to movie co-production, burdens the Group results long before the profits related to that fields of operations. The impact of this activity on the Group's results depends also on the popularity of given film production.

- **Impairment tests**

Inline with the *International Financial Reporting Standards*, the Group runs impairment tests. In the past and in the current period, some of the tests resulted in impairment loss which was reflected in the income statement (unconsolidated and/or consolidated). There is no certainty that the tests run in the future will give positive effects.

- **Currency risk**

The Group's revenues are expressed in Polish zlotys. Part of the operating cost, connected mainly with cinema activities, the production materials and services and IT services, is related to the currency exchange rates. The volatility of currency exchange rates may have influence on the level of Group's operating cost and its financial results.

- **Interest rate risk**

The changes in interest rates may influence the level of the Group's financial cost related to the Group's debt.

- **Risk of losing key employees**

The Group's success is dependent on the involvement and qualifications of its key employees who contributed immensely to Group's development and effective optimization of the Group's operating processes. Due to the market competition for highly qualified specialists there is no guarantee the Group will be able to preserve all valuable employees.

- **The risk of collective dispute**

On December 12, 2011 an Inter-union trade organization *NSZZ Soldarnosc* AGORA S.A i INFORADIO SP. Z O.O. ("OM") was created. The trade unions operate in Agora S.A., Inforadio Sp. z o.o., Agora Poligrafia Sp. z o.o., AMS S.A., Trader.com (Polska) Sp. z o.o. and Grupa Radiowa Agory 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 2014 WITH THE ESTIMATION OF THEIR INFLUENCE

A positive impact on the Agora Group results had film distribution and co-production activities. This kind of activity is of project nature, which may result in volatitility of its results Total revenues from the film distribution and co-production generated in 2014 PLN amounted to ca 17.0 million revenues (in 2013: PLN 12.7 million).

Further limitation of ad expenditure in press in 2014 had a negative impact on the Group's results. As a result the ad revenues of Press segment decreased by PLN 30.2 million yoy.

The cost of impairment losses in two monthlies published by Press segment in the amount of PLN 15.1 million had a negative impact on the Group's results in 2014.

On the other hand, a positive impact (of PLN 8.0 million) on the Group's net result in 2014 had the contribution in kind and leaseback of advertising panels, executed as optimization measures aimed at improvement of operating efficiency of the AMS group companies and the remeasurement of the put option liabilities granted to non-controlling shareholders (PLN 3.6 million).

14. LEGAL ACTIONS CONCERNING LIABILITIES OR DEBTS OF THE ISSUER OR ITS SUBSIDIARIES, WHICH AMOUNT IN SINGLE OR IN TOTAL TO AT LEAST 10% OF THE AGORA'S SHARE CAPITAL

In 2014, there were no legal actions against Agora S.A. or its subsidiaries related to their liabilities or debts whose total value would amount to at least 10% of Agora's share capital in a single or in all legal proceedings.

15. DIVISIONS OF THE COMPANY AND OF ITS SUBSIDIARIES

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

16. THE MANAGEMENT BOARD'S STATEMENT OF THE REALIZATION OF FORECASTS

The Management Board did not publish any forecasts of the Group's financial results and because of that this report does not present any Management Board's statement of the realization of them, as well as any differences between actual and forecasted financial results.

17. ISSUING OF SECURITIES

In 2014 the Company did not issue any securities.

18. OTHER INFORMATION

Changes in the Management Board

On March 12, 2014, the Management Board of Agora S.A. informed that Mrs. Wanda Rapaczynski resigned from the participation in the Management Board of Agora S.A. with an immediate effect. Moreover, the Company informed that on March 12, 2014 on the basis of § 33 section 1 of the Company's Statute the Management Board Members elected Mr. Bartosz Hojka as the President of the Management Board.

Changes in the Supervisory Board

On May 28, 2014, the Management Board of Agora S.A. informed that the Company was notified by Ms. Helena Luczywo of her resignation from the membership in the Supervisory Board of the Company, effective as of the moment of closing of the annual general meeting approving the financial statements for 2013.

On June 24, 2014, the Management Board of Agora S.A. informed that Mrs. Wanda Rapaczynski was appointed by the General Meeting as the member of the Company's Supervisory Board to replace Ms. Helena Luczywo.

On November 6, 2014 the Supervisory Board of Agora S.A., pursuant to § 18 point 1 of the Company's Statute, elected by way of co-option member of the Supervisory Board, Mr. Pawel Mazur.

Registration of the changes in the Company's statute

On October 6, 2014 the District Court for the capital city of Warsaw, XIII Commercial Division of the National Court Register entered into the register of entrepreneurs a change in the paragraph 18 item 1 of the Company's Statute adopted in the resolution no. 27 by the Annual General Meeting of Shareholders held on June 24, 2014.

On November 6, 2014 the Supervisory Board of Agora S.A. adopted the resolution on determination of the uniform text of the Company's Statute regarding the change of § 18 point 1 of the Company's Statute.

Selection of a certified auditor to audit Company's financial statements for the next fiscal years

On April 3, 2014, the Company informed that according to § 19 point 1 letter c of the Company's statute, the Supervisory Board on the basis of resolution adopted on April 3, 2014 chose KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered seat in Warsaw at 51 Chlodna Street entered into registry of certified auditors under the number 3546, as a certified auditor to audit Company's financial statements for fiscal years 2014, 2015 and 2016.

Shares buy-back program

On June 24, 2014, the General Meeting adopted the resolution on the Company's share buy-back program for the purpose of their redemption ("the Program"). Within the realization of the Program, the Company may acquire no more than 3,638,380 shares with the minimum price not lower than PLN 12.00 and the maximum price not higher than PLN 16.00 per one share. According to the above the General Meeting adopted resolution on creation a reserve capital to purchase own shares for the purpose of redemption for which it has allocated PLN 50,937,380 from the supplementary capital.

On August 14, 2014, the Management Board of Agora S.A. announced the offer to buy back shares of the Company ("Offer"). All shareholders of the Company were entitled to participate in the Offer. Within the Offer, the Company could have purchased no more than 2,779,970 shares ("Shares"), constituting no more than 5.46% of the Company's share capital, however no more than 2,500,000 bearer shares traded on Warsaw Stock Exchange and no more than 279,970 registered shares. The offered price for the Share was PLN 12.00. The sale offers were accepted since August 25th, 2014 till September 5th, 2014. The entity intermediating in the execution and settlement of the Offer was Dom Maklerski BZ WBK S.A.

On September 12, 2014, the Management Board of Agora S.A. announced that, as a result of the Offer the Company purchased a total of 2,500,000 own shares outside of the regulated market, via the brokerage house from Dom Maklerski BZ WBK S.A. All purchased shares are ordinary bearer shares quoted on Warsaw Stock Exchange, each with a nominal value of PLN 1.0, which in total represent 4.91% of the Company's share capital and

2,500,000 votes at the general meeting of the Company, which represents 3.67% of the votes at the general meeting of the company ("the Purchased Shares"). The purchase price was PLN 12.00 per one Purchased Share and PLN 30,000,000 for all the Purchased Shares. The Purchased Shares were acquired with the aim of being redeemed.

On April 1, 2015, the Management Board of Agora S.A. announced the offer to buy back shares of the Company ("Offer"). All shareholders of the Company are entitled to participate in the Offer. Within the Offer, the Company shall purchase no more than 1,138,380 shares ("Shares"), constituting no more than 2.23% of the Company's share capital, however no more than 771,960 bearer shares traded on Warsaw Stock Exchange and no more than 366,420 registered shares. The offered price for the Share is PLN 12.00. The sale offers will be accepted since April 7th, 2015 till April 17th, 2015. The settlement of all transactions shall take place on April 24th, 2015. The entity intermediating in the execution and settlement of the Offer is Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK.

The authorization for the realization of the Program is granted for the maximum period until June 30, 2015, but no longer than up to the moment when all means meant for the realization of the Program are used.

After the execution of the Program, the Management Board shall convene the General Meeting of Shareholders for the purpose of adoption of a resolution on redemption of shares acquired within the Program.

Admitting shares for trading

On July 16, 2014, 8,268 shares of Agora S.A. were admitted for trading on the main market of the Warsaw Stock Exchange acquired by employees of Agora and other pursuant to stock participation programs executed by Agora in cooperation with Agora-Holding Sp. z o.o. until 2004.

Signing of the liquidity management agreement

On December 5, 2014 the Company concluded an agreement regarding an implementation of liquidity management system in the Group ("the Cash Pooling Agreement"). The Cash Pooling Agreement was signed between Bank Polska Kasa Opieki S.A. and the following companies from the Group: Agora S.A., Agora Poligrafia Sp. z o.o., Trader.com (Polska) Sp. z o.o., Agora TC Sp. z o.o., Grupa Radiowa Agory Sp. z o.o., Radiowe Doradztwo Reklamowe Sp. z o.o., Inforadio Sp. z o.o. and IM40 Sp. z o.o. The Cash Pooling Agreement aims to optimize cash liquidity and the most efficient management of cash for entities participating in the cash pooling system. Agora S.A. acts as a cash pool leader within the system.

Impairment losses in Agora Group

On February 3, 2015 The Management Board of Agora S.A. informed that the Agora Group conducted asset impairment tests in accordance with the International Financial Reporting Standards. As a result of the verification process of the long term financial projections of the business segments of the Agora Group, the Group recognized impairment losses in the total amount of PLN 15.1 million, which affected the consolidated results of the Group for the fourth quarter of 2014. The above cost of impairment losses affected the consolidated results of the Group and unconsolidated results of the Agora S.A. for the fourth quarter of 2014. It also impacted the deferred tax. The above impairment losses concern two monthlies published by Agora S.A.

It should be emphasized that, in accordance with the International Financial Reporting Standards, the Group conducts impairment tests for individual cash generating units – in this case: magazines published within the Magazines and Free Press Division (in the Press Segment), acquired by Agora to which a specific book value had been attributed at the acquisition date. According to the above requirements, it is not possible to compensate the surplus of the recoverable amount on one cash generating unit with the shortage on other cash generating unit 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.

VI. REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2014

Agora S.A. complies with the corporate governance rules as described in the attachment to 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 2014, the Company complied with all Corporate Governance Rules. The rule regarding providing shareholders with the possibility to participate in the meeting of shareholders by electronic means of communicationas far as providing shareholders with the possibility of real - time bilateral communication enabling them to take the floor during the meeting from a location other than the general meeting of shareholders was fulfilled by means of dedicated email address.

I. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

As far as the recommendation regarding the Company's pursue for a transparent and effective information policy with the use of modern technologies as well as latest communication tools ensuring fast, secure and effective access to information the Company launched mobile website for its investor relations and press office sections and since March 2014, the Company has its Twitter account.

The Company puts a lot of effort to ensure adequate communication between the Company and the shareholders and participants of the financial markets by means of the direct access to investor relations team and the representatives of the Management Board. The Company offers also a subscription to the newsletter on selected information regarding corporate events or press releases. Moreover, the Company provides additional information on different media segments to people who expressed their willingness to receive such information.

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 based on achieving operating EBITDA objective at Group level 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 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 2014.

The Company offers its employees other incentive plans (for example: cash motivation plans, incentive plans in sales departments etc.), which cost is charged to the staff cost.

The remuneration and other benefits due to the Management and Supervisory Board members are reported in the Annual Financial Statements.

The remuneration of the Supervisory Board is set by the General Meeting of Shareholders of Agora S.A.

As far as recommendation for balanced proportion of men and women in the governing bodies of the companies is concerned, the Management Board of Agora S.A. wishes to draw attention to the fact that candidates for the Supervisory Board members may be presented only by shareholders holding preferred series A shares and shareholders who documented their entitlement to not less than 5% of the votes at the last Shareholders Meeting before the candidates were nominated and who at the time of making the nomination hold not less than 5% of the share capital of the Company, provided that in order to ensure a proper nomination, it is necessary for the shareholder making such nomination to prove his right to at least 5% of the votes at the Shareholders Meeting where such nomination shall be voted on (§21 sec.1 letter a of the Statutes). According to § 30 of the Statutes of Agora S.A. candidates for the Management Board shall be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board. In the event that the persons authorised to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board elected by the General Shareholders Meeting shall be determined by such Shareholders Meeting, while each shareholder during such Shareholders Meeting shall be able to nominate candidates for such members.

Moreover, the Management Board of Agora S.A. wishes to stress that the main criteria for selection of proper candidates for all managerial positions, remaining in the comptenecies of the Management Board, include knowledge, experience and abilities necessary to perform given function. The Management Board believes that applying these criteria to all employees in the Company and in the Group, ensures efficient operation and overcoming new business challenges. Almost half managerial positions in the Company is held by women, which fully reflects the employment structure in Agora S.A.

As far as the recommendation concerning the members of the Supervisory Board is concerned, it should be stressed that Agora's Supervisory Board members represent diversified fields of expertise and long professional experience allowing them to look at the Company and its Capital Group from the broader perspective. The members of the Supervisory Board receive all necessary information regarding the Company's and Group's operations. Moreover, if there is a need to provide any additional information or clarification to the Supervisory Board members the Company does it instantly.

Agora Group has a diversified portfolio of media and each of them as part of its operations undertakes cultural, sports and educational projects. These activities constitute a part of segments' or brands' development within the Agora Group. The most important information regarding these projects can be found on the Company's website. Actions undertaken by Agora's media are of serial or ad hoc nature as an answer to a specific social problem or event. To the actions of cyclical character one can include the action *Rodzić po ludzku* (Humane birth) or *Polska biega* (Poland runs) organized by *Gazeta Wyborcza*. In 2013, AMS S.A. created Foundation *Akademia Integracji. Praca.Edukacja* which continues mission of the project *AMS dla Integracji*. AMS also runs actions dedicated to environment protection as part of it cyclical activities: *Bramy Kraju* and *Galeria Plakatu.*

Media composing Agora Group are also involved in the life of local societies. Before the first round of election to local governments Radio *TOK FM* conducted a series of debates under the slogan *Usłysz swoje miasto* (*Hear your city)*. The radio station broadcast the programme from different cities in Poland inviting its inhabitants to discuss what they like in their cities and what they deem should be changed. In each of the cities our radio station organized a debate with the city dwellers as well as local politicians and experts. In total, 13 debates took place in which 51 candidates for the post of city presidents and 5 experts took place. The action *Usłysz swoje miasto* (*Hear your city)* taking place before the election to local governments presented achievements of cities and supported activism among city dwellers encouraging them to thinking about their local society and how they can change their city. It was also a source of information for people looking for the best candidate to vote for.

Gazeta Wyborcza encouraged readers of its local editions to participate in the action *Wybierz z Wyborczą (Choose with Wyborcza)* which initiated discussion about the future of Polish cities. In 22 local editions of *Gazeta Wyborcza* there were lists of ten problems and dilemmas facing local governments. These lists were supplemented with the proposals from experts, local activists and readers. The combined lists of the most important issues for a given city were submitted for the voting by readers of *Gazeta Wyborcza*. In total, over 33 thousand people took place in this action and filled in a special questionnaire online and almost 5 thousand did on paper.

Agora media were also involved in helping people in need in Ukraine. Thanks to a joint action of *Gazeta Wyborcza* and *Polish Humanitarian Action* PLN 721,691 was collected. The collected money, inter alia from readers of *Gazeta Wyborcza*, were used to purchase food, clothes, medicine and fuel for refugees. Thanks to the collected resources Polish Humanitarian Action set up a local mission in the fight region.

As far as the recommendation concerning the due care for the quality of reporting practice by means of communication expressed on the Company's corporate website with regard to untrue information on the Company, the Management Board of Agora S.A. shall make a decision to take their position in each case separately.

Below one can find the way Agora S.A. observed the aforementioned rules of corporate governance.

II. BEST PRACTICE FOR THE MANAGEMENT BOARDS OF LISTED COMPANIES

According to the corporate governance rules of the companies listed on Warsaw Stock Exchange, the Company operates its corporate website in Polish and English. Apart from legally required information Agora's corporate website offers basic corporate documents as its Statutes and by-laws of its governing and supervising bodies. Additionally, the website presents the professional biographies of the members of the Management and Supervisory Board. According to the requirements, the Company publishes on its website financial statements and regulatory filings as well as information on the participation of women and men in Company's governing bodies. Additionally, to facilitate the analyses of the financial information, the Company provides presentations with the quarterly financial reports and audio recordings from the teleconferences during which members of the Management Board discussed the Group's financial results in a given period of time.

According to the requirements, on the website one can also find the part dedicated to general meetings of shareholders, which traditionally take place in the Company's headquarters in Warsaw. On the website, one can find all the documents relating to a general meeting of shareholders, including announcement on convening the general meeting, the candidates to the managing or supervising bodies together with their professional biographies as soon as the Company receives them from the entitled entities. Here, one can also find all organizational information as a break in general meeting of shareholders or changes in the agenda of the meeting.

On June 24, 2014 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 2014, 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.

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 24, 2014, 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 24, 2014 there were no changes introduced in the by-laws of the general meeting. In 2014 the general meeting did not resolve on share issue. The General Meeting resolved on loss coverage and not paying the dividend for the fiscal year 2013. In the years in which company resolves on profit distribution it complies 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.

The General Meeting resolved on the changes in the Company's Statutes concerning inter alia the number of Supervisory Board Members. Currently, according to § 18 of the Statutes the Supervisory Board is composed of not less than five and not more than six members appointed in accordance with § 20 and § 21, including the Chairman. The exact number of the Supervisory Board Members is set the the general meeting. If a Supervisory Board member's mandate expires due to other reasons than his or her resignation the other Supervisory Board members may appoint a new member who shall perform his/her functions until the General Meeting appoints a Supervisory Board member, however not longer than until the end of the common term of office of the Supervisory Board. Appointments of Supervisory Board members pursuant to this section shall comply with §21, section 4, second and third sentence, respectively.

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 2014, the Company provided the shareholders with the possibility of bilateral communication by electronic communication means where shareholders could have taken the floor during the Meeting from a location other than the General by means of the dedicated email address.

2. DESCRIPTION OF THE GENERAL MEETING OF SHAREHOLDERS AND ITS FUNDAMENTAL AUTHORIZATIONS AS WELL AS THE RIGHTS OF SHAREHOLDERS AND THEIR EXECUTION

The general meeting of shareholders of Agora S.A. acts in compliance with the Commercial Companies Code and the Statutes of Agora S.A. The Statutes of the Company stipulates adoption by the General Meeting of Shareholders regulations defining its functioning (§ 16 of the Statutes). Adopting, amending or rejecting the regulations requires three quarters of votes cast. Such regulations were adopted and can be found at the following URL address: http://www.agora.pl/agora_eng/1,67052,1659254.html. The general meeting of shareholders is convened in compliance with the Commercial Companies Code.

Unless the provisions of the Commercial Companies Code and the Company's Statutes provide otherwise, the resolutions of the general meeting of shareholders are adopted by an absolute majority of votes cast. According to the § 15 of the Statutes, resolutions concerning merger of the Company with another entity, other forms of consolidation and division of the Company that are or will be permitted by law are adopted by the absolute majority of three quarters of votes cast. The same rule applies to settlements concerning the remuneration of the Supervisory Board members, including individual remuneration of those members who were elected to a continuous supervisory. The absolute majority of three quarters of votes cast in the presence of shareholders representing at least 50% of the Company's share capital, is required for resolutions concerning removal of matters from the agenda of the general meeting of shareholders. When the aforementioned motion for removal is submitted by the Management Board of the Company an absolute majority of votes cast shall be required to adopt such a resolution. Purchase and sale of property, perpetuity or share in property shall not require a resolution of the general meeting of shareholders.

In accordance with § 15 item 4 of the Company's Statutes, removal of any matters from the agenda of the general meeting of shareholders on request placed on the basis of Article 400 or 401 of the Commercial Companies Code by a shareholder, representing at least such percentage of the Company's share capital that is indicated in these rules, shall require consent of the shareholder who made such request. Adoption of resolution relating to shareholder's responsibility to the Company, no matter the reason, shall require an absolute majority of three quarters of votes cast in the presence of shareholders representing at least 50% of all Company's shares entitling to adoption of such resolution.

In accordance with § 17 of the Company's Statutes none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting of shareholders. The above mentioned restriction is not effective when establishing obligations of purchasers of substantial stakes, stipulated in the Public Offer of Financial Instruments Act. The aforementioned restriction shall also not apply to:

- shareholders holding the preference A shares;
- the depository bank which, on the basis of the agreement with the Company, issued depository receipts based on the Company shares, when such an entity exercises voting rights attached to shares which constituted the basis for the issue of depository receipts;
- a shareholder who, having no more than 20% of the overall number of votes at the general meeting of shareholders, announced a tender for subscription for the sale or exchange of all the shares of the Company in compliance with the Public Offer of Financial Instruments Act. The restriction does not apply if as a result of the transaction described above, the number of shares owned by him, including the previously held Company's shares, authorizes him to exercise at least 75% of the overall number of votes at the general meeting of shareholders. When calculating a shareholder's share in the aforementioned overall number of votes at the general meeting of shareholders (the 20% share - mentioned in the sentence above) the restriction of the voting rights does not exist.

In accordance with § 17 item 5 of the Company's Statutes, percentage of votes at the General Meeting of Shareholders of foreign entities and entities controlled by them may not exceed 49%. The limit shall not refer to entities with their registered seats or residence in a member state of the European Economic Area.

Each share, whether preference or not, entitles its holders to one vote when passing a resolution regarding the withdrawal of the Company's shares from public trading.

According to § 7 of the Company's Statutes, apart from the registered series A shares, the share capital also comprises ordinary shares series B i D, bearer and registered. The registered shares of preference series A entitle their holders to five votes at the general meeting of shareholders, provided for restrictions described above.

According to § 11 of the Company's Statutes, sale or conversion of preference A shares require written consent of shareholders holding at least 50% of the preference A shares registered in the share register on the date of filing of an appropriate application. Within 14 days from the date of receipt of the request to sell or convert preference A shares, the Management Board is obliged to deliver a copy of that request to each holder of preference A shares, to the address disclosed in the share register.

Candidates to the Supervisory Board can be nominated by shareholders holding preference A shares. The same right is attributed to shareholders with formally documented entitlement to not less than 5% of the votes at the General Meeting of Shareholders preceding the nomination of candidates and who at the time of submitting the nomination hold not less than 5% of the share capital of the Company (§ 21 point 1 letter a of the Statutes). Should a Supervisory Board member's mandate expire due to his or her resignation the other Supervisory Board members may appoint a new member by means of co-optation, who shall perform his/her functions until the general meeting appoints a Supervisory Board member, however not longer than until the end of the term of its predecessor. Dismissal (removal) of the Supervisory Board member, prior to the end of his term of office, may be effected by a resolution of the general meeting of shareholders adopted by a simple majority of votes cast, provided that until the expiry of the preference status of the A series, 80% of votes attached to all preference A shares are cast in favour of such resolution.

Information on further rights and obligations of general meeting of shareholders and shareholders in relation to appointment and dismissal of the Management Board Members are included in consecutive parts of the present report.

Bearer shares cannot be converted into preference shares.

Rights of the Company's shareholders, including minority shareholders are performed in compliance with the provisions of the Commercial Companies Code.

Implementing transparency and effective information policy as well as trying to ensure all shareholders equal access to information on the Company Agora has been providing real-life broadcast of its general meetings of shareholders (in English and Polish) via Internet.

Agora's general meeting of shareholders is always attended by the representatives of the Management Board, Supervisory Board and the Company's statutory auditor.

3. THE COMPOSITION AND RULES OF FUNCTIONING OF THE COMPANY'S GOVERNING BODIES AND OF THE SUPERVISORY BOARD' S COMMITTEES

3.1. The Management Board

The Management Board of the Company acts in compliance with the provisions of the Commercial Companies Code and the Statutes of the Company. According to the Statutes of the Company, the Management Board shall consist of 3 to 6 members. The exact number is determined by shareholders holding the majority of preference A shares and after the expiration of such preference status - by the Supervisory Board (§ 28 of the Company's Statutes).

As of the day of publishing the report, the Company's Management Board is represented by:

- Bartosz Hojka - the President of the Management Board,
- Tomasz Jagiello - the Member of the Management Board,
- Grzegorz Kossakowski - the Member of the Management Board,
- Robert Musial - the Member of the Management Board.

Bartosz Hojka

Agora's Management Board member since June 28, 2013. Since 2005, member of the Board and Managing Director of Agora Radio Group Ltd. ("GRA"), including Złote Przeboje radio, Rock radio and TOK FM radio, where GRA is the majority shareholder. He restructured Agora's radio operations which resulted in improvement of the segment's profitability. Under his leadership, TOK FM radio has become one of the most quality media in Poland. At that time, GRA acquired nine new licenses and developed, under the brand names Tuba.FM and Tuba.TV, innovative products dedicated to online, mobile devices and Smart TV users. Furthermore, GRA founded the Radiowe Doradztwo Reklamowe - the market leader in radio brokerage services, and has expanded into new areas, such as video production.

He started his work in Agora in 1998 as a programme director in Silesian Karolina radio. Later, as a programme and marketing director of all GRA's stations he was responsible for the launch of the Złote Przeboje brand.

From the very beginning of his professional career he was connected with the electronic media, including working as an editor in Radio Katowice TOP and TVP regional center in Katowice.

Born in 1974, graduate of journalism faculty at the University of Silesia. Since 2010, lecturer at the Department of Radio and Television at the University of Silesia.

Tomasz Jagiello

Agora's Management Board member since June 28, 2013. Tomasz Jagiello is the founder and chairman of the management board of Helios SA, one of the largest cinema operators in Poland. Co-founder of the company's success, from the beginning responsible for its development and strategy. He represented the company during the acquisition of five cinemas from the Kinoplex network in 2007 and during the acquisition of a majority stake in Helios by Agora S.A. in 2010. He was one of the initiators of establishing the company Next Film Sp. z o.o., so that Helios has expanded its activities into film distribution market.

Since October 2011, the Secretary of the Polish Film Institute, formerly longtime board member of the Association of Polish Cinemas.

Born in 1967, graduated from the Faculty of Law at the University of Lodz and the Faculty of Law at the University of Edinburgh.

Grzegorz Kossakowski

Agora's Management Board member since January 8th 2009. Employed in the Company since November 2000, initially as the transaction manager in the New Business Development Division, then in the years 2009 - 2012 he served as CFO of the Company.

In the years 1996 - 2000, he worked for a consulting firm Arthur Andersen in the investment advisory department (Corporate Finance) where he led a number of consulting investment projects, including acquiring capital mainly for the companies from TMT sector.

Born in 1972, graduated from the University of Economics ("Summa Cum Laude" diploma) and the Manchester Business School (MBA with honors). Participant of the post-graduate program for executives (Advanced Executive Program) at Northwestern University and the Kellogg School of Management.

Robert Musial

Agora's Management Board member since June 28th, 2013. Director of Agora's printing division since 2000, since July 2003 member of the Management Board of Agora Poligrafia Ltd. He oversees the operation of Agora's three printing houses - most modern press printing houses in Poland printing in coldset and heatset technology

He started work in Agora in February 1994. . He was s responsible for the utilization of machinery capacity and the expansion of the Company's printing business into new markets. In the years 2005 - 2008, he served as the President of the Polish Chamber of Printing. In May 2005, he was awarded by the President of the Polish Republic - the Bronze Cross of Merit - for his contribution to the development of printing and publishing in Poland as well as for professional and social work achievements.

Born in 1970, graduated from the Warsaw University of Technology - Faculty of Geodesy and Cartography - specialty printing and post-graduate management studies at the School of Economics in Warsaw.

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 not less than five and no more than six 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).

On June 24, 2014 due to the resignation from the Supervisory Board submitted by Helena Luczywo, Ms Wanda Rapaczynski was appointed to the Company's Superviosry Board.

On November 6, 2014 due to entering into the register of entrepreneurs a change in the paragraph 18 item 1 of the Company's Statute ("Statute") adopted in the resolution no. 27 by the Annual General Meeting of Shareholders held on June 24, 2014 and according to the resolution 28 of the Annual General Meeting of Shareholders, the members of the Supervisory Board appointed by way of co-option Mr. Pawel Mazur to the Supervisory Board during the meeting held on November 6th, 2014. He will perform his functions until the General Meeting appoints him as a Supervisory Board member, however not longer than until the end of the common term of office of the Supervisory Board.
The members of the Supervisory Board are elected for the common three - year - term of office. Due to that, the term of office of the current Supervisory Board member shall expire on the day the general meeting of shareholders resolves on the adoption of the financial statements for 2015.

As of the day of publication of this report, the Company's Supervisory Board consists of:

- Andrzej Szlezak - the Chairman,
- Dariusz Formela - the Member of the Supervisory Board,
- Paweł Mazur - the Member of the Supervisory Board,
- Wanda Rapaczynski - the Member of the Supervisory Board,
- Tomasz Sielicki - the Member of the Supervisory Board,
- Slawomir S. Sikora - the Member of the Supervisory Board.

Andrzej Szlezak

Andrzej Szlezak joined SK & S shortly after its founding in 1991, in 1993 he became a partner and in 1996 a senior partner. In SK & S he was engaged in legal services in a number of privatizations and restructuring processes of various sectors of Polish industry and banking. He supervised numerous merger and acquisition projects, participated in greenfield projects, prepared a large number of transaction documents, and was the author of numerous legal opinions from the field of civil and commercial law. He is an arbitrator of the Court of Arbitration at the Polish Chamber of Commerce and Vice-President of the Council of Arbitration and was frequently appointed as an arbitrator in disputes brought before the ICC International Court of Arbitration in Paris. Dr. hab. Andrzej Szlezak is the author of numerous publications, including foreign ones, in the field of civil and commercial law. Mr. Andrzej Szlezak received his master's degrees in Law and English Philology at the at the Adam Mickiewicz University (AMU) in Poznan. In the years 1979-1981 he was a trainee judge at the Regional Court in Poznan. Since 1979, he was a research worker in the Institute of Civil Law AMU, where he received his doctorate and habilitation degree in the field of civil law. In 1994, he was appointed professor of AMU until his departure from the University in 1996. Dr hab. A. Szlezak was a scholarship holder of a number of foreign universities, including the universities of Oxford and Michigan. Currently, dr hab. A. Szlezak is a professor of the University of Social Sciences and

Humanities (SWPS) in Warsaw. Mr. Andrzej Szlezak has extensive knowledge of the law, in particular company and commercial law which is extremely useful at the post of the Supervisory Board Member of Agora S.A.

Annual General Meeting of Shareholders appointed Mr. Andrzej Szlezak to the position of the Chairman of the Supervisory Board.

Andrzej Szlezak is a member of the Human Resources and Nomination Commission in Agora's Supervisory Board.

Dariusz Formela

Since 2012, the president of PKM DUDA responsible for development and implementation of the company's strategy. In the years 2009 - 2012, he was a member of the board of PKM DUDA and CEO of CM Makton. In the years 1998 - 2008, he worked for the ORLEN Capital Group, where he was also a member of the Management Board of PKN ORLEN and Mazeiki Nafta responsible, inter alia, for the oversight of the companies of the group and the integration of capital assets. He was also responsible for development and implementation of the restructuring plan in the ORLEN Capital Group. Dariusz Formela is a member of the Audit Committee of the company Avia Solutions Group SA and serves as the Chairman of the Nomination and Remuneration Committee acting within the Supervisory Board of Bogdanka SA.

Dariusz Formela is a graduate of the Law and Administration Faculty at the University of Gdansk. He also obtained an MBA diploma from the University of Bradford and Kozminski University.

Dariusz Formela is a member of the Audit Committee in Agora's Supervisory Board.

Paweł Mazur

Attorney, partner in Wardyński & Partners. He joined Wardyński & Partners in 2010 and since 2013 he heads the branch in Cracow. His practises are litigation and arbitration, specializes in commercial law, foreign investments, aviation and sports law. Since 2012 he has served as chairman of the Arbitration Court at the National Sports Chamber. He is a member of International Bar Association. Between 2008 and 2011 he was a Member of the Supervisory Board of LOT Polish Airlines and the Chairman of Fleet Committee. Between 1996 and 1997 he was a Vice -chairman of the Supervisory Board in C.Hartwing Gdynia SA in Katowice.

Paweł Mazur graduated with honours from the Faculty of Law and Administration at Jagiellonian University in Krakow. He also completed courses on commercial law at the University of London and international protection of human rights at DePaul University in Chicago. He has gained professional experience in secondments to well-known foreign law firms.

He began practising as an attorney in 1993. Between 2000 and 2010 he was the managing partner of Cabała Mazur Grochowska, based in Nowy Sacz with branches in Cracow and Gorlice.

Paweł mazur is a member of the Audit Committee in Agora's Supervisory Board.

Wanda Rapaczynski

Associated with the company almost since its inception. In 1998-2007 served as the CEO of the Management Board. Under her leadership, Agora grew into one of the largest and most well-known media companies in Central and Eastern Europe. After resignation from the function of the Company's CEO she remained associated with Agora, as an advisor to the Supervisory Board until her appointment to the supervisory body. Member of the Supervisory Board of Agora in 2009 – 2013.

She represented Agora in the European Publishers Council and the Polish Confederation of Private Employers, where she was a member of the main board and a member of the supervisory board of the Polish Private Media and Advertising Employers Confederation.

In 1984-1992, she was the head of new product development in Citibank NA in New York. Previously, for two years she was the director of a research project at the Faculty of Psychology at Yale University, and from 1977-1979 research worker at Educational Testing Service in Princeton, New Jersey. Her professional career began as a psychology lecturer at universities in New York and Connecticut. She is a member of the supervisory board of Adecco SA since 2008, a Swiss company operating internationally, specialized in recruiting activities.

In addition, she is a member of the Council of the Central European University in Budapest, where she chairs its

Audit Committee. She was a member of the International Advisory Council at the Brookings Institution in Washington for many years. Since 2002 she is a member of Polish Group in the Trilateral Commission. The above activity is not of competitive nature to Agora's business. Wanda Rapaczynski is the recipient of numerous awards and honors. In the "Financial Times" ranking - the 25 most influential women in business (Europe's Top 25 Women in Business) she was no. 5 in October 2006, no. 7 in 2005, and no. 8 in 2004. She was distinguished twice in the rankings published by "Wall Street Journal Europe" as one of 25 top business women in Europe in March 2002 and a year earlier as one of the 30 most powerful women in Europe. In the ranking of the weekly "Business Week" published in June 2001 was in the top 50 Stars of Europe.

She was born in 1947. In 1977 she received a Ph.D. in Psychology from City University of New York. A graduate of Yale University, School of Organization and Management, where in 1984 she received a Master of Private & Public Management.

Wanda Rapaczynski is a member of the Human Resources and Nomination Commission in Agora's Supervisory Board.

Tomasz Sielicki

Member of the Supervisory Board of Sygnity SA and Budimex SA. Moreover, he is a member of General Council of the Polish Confederation of Private Employers, Trilateral Commission, Council Foundation, United Way, University Program Board of Leslaw Paga,Capital Market Leaders as well as a board member of the Polish Olympics Committee and Vice President of the European Chess Union.

He worked in the Sygnity SA (formerly ComputerLand SA) since the company's inception in 1991, and from 1992 to 2005, he served as the President of the Management Board, later for two years he served as the President of the Sygnity Group (formerly ComputerLand Group). He is widely considered to be the founder of the company's success. In 2007, the Annual General Meeting of Shareholders of Sygnity SA elected Tomasz Sielicki to the Supervisory Board of the company. Mr. Sielicki is an investor in various industries. Tomasz Sielicki was awarded numerous prizes: INFO-STAR (1995), Leader of Polish Business (BCC-1997), Central Europe's Top 10 Executives (Wall Street Journal-1998), the Global Leader for Tomorrow (Economic Forum Davos-1999), the prize Best Company to the Stock Exchange (Parquet-1997 and 2001), "Stars of Europe" (BusinessWeek-2005), the prize of the Polish Chamber of Information Technology and Telecommunications (2006). Tomasz Sielicki graduated from Warsaw University of Technology (Faculty of Electronics, specialty - science). He is an excellent chess player, and holds the title of national bridge champion.

Tomasz Sielicki is a member of the Audit Committee in Agora's Supervisory Board.

Slawomir S. Sikora

Slawomir S. Sikora is the President of the Management Board of Bank Handlowy in Warsaw. Since March 2005, he has been Chief Executive Officer and Citigroup Country Officer, responsible for the Citigroup's operations in Poland. In the years 2005 - 2008 he was a member of the Citigroup Management Committee in New York. He is a member of the Association of Polish Banks and Vice President of the Polish Confederation of Private Employers, as well as a member of the Emerging Markets Advisory Council at the International Institute of Finance in Washington.

He graduated from the Central School of Planning and Statistics (currently Warsaw School of Economics). In 1989, he studied at University of Cologne during doctoral programme organized by Konrad Adenauer Stiftung. Sławomir S. Sikora has a unique professional experience in the management of large business organizations which is especially useful in the performance of the Supervisory Board member function.

Slawomir S. Sikora is a member of the Human Resources and Nomination Commission in Agora's Supervisory Board.

According to §20 section 4 of the Company's Statutes at least three members of the Supervisory Board are independent members. Currently, the majority of the Supervisory Board members are independent. The Supervisory Board is responsible for setting, in agreement with the President of the Management Board, remuneration for the Management Board members, selection of the auditor and approving of the conditions concerning significant transactions with the affiliates (§ 19 of the Statutes). Such transactions cannot be conducted without the consent of the majority of the independent members of the Supervisory Board. According to § 23 section 4 of the Statutes, the Supervisory Board Meetings are convened at least once in a quarter. The Chairman convenes the meeting on the request of the member of the Management Board expressed in the form of the resolution and on the request of each of the Supervisory Board members. The meetings of the Supervisory Board may be held by distance means of communication in a manner allowing communication among all members taking part in such meeting. The place of the meeting held in this form is determined by the place of the person who chairs the meeting.

According to § 24 of the Company's Statutes, the resolutions of the Supervisory Board shall be adopted by an absolute majority of votes cast in the presence of at least three members of the Supervisory Board.

3.3. Committee and Commission acting within the Supervisory Board

There is one Committee and one Commission operating within the Supervisory Board: the Audit Committee and Human Resources and Remuneration Commission created in compliance with the Company's Statutes performing advisory role to Supervisory Board. The course and scope of action of were set in By-laws of both bodies accepted by means of Supervisory Board resolutions.

On the date of the report publication the members of the committees are:

(i) The Audit Committee:

- Tomasz Sielicki – the active Chairperson of the Audit Committee,
- Paweł Mazur,
- Dariusz Formela.

The objective of the Audit Committee is to supervise the Management Board in terms of: monitoring of the Company's and the Group's financial reporting and financial revision, monitoring of internal control systems and internal audit as well as monitoring of risk management and independence of external auditor.

The Audit Committee, within the scope of its authority, may request Company to submit information on accounting, financials, internal audit and risk management necessary to perform duties of Audit Committee and review the Company's account books.

The meetings of the Audit Committee are convened at least four times a year, however, the meetings can be convened as often as it is required for its proper functioning.

The meetings of the Audit Committee are convened by its Chairperson on its own or by an Audit Committee member's motion. It can be also convened on the motion submitted by the Company's Management Board, internal and external auditor. These meetings can be also convened by the Chairman of Supervisory Board.

The Audit Committee presents to the Supervisory Board its conclusions, standpoints and recommendations according to the timeline enabling the Supervisory Board adoption of appropriate measures, as well as annual and semi – annual reports in a current financial year on its activities and the Company's evaluation in the scope related to its competencies.

On the basis of the Supervisory Board's resolution dated April 3, 2014 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 3546 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 2014, 2015 and 2016.

(ii) The Human Resources and Remuneration Commission:

- Sławomir S. Sikora – the Chairperson of the Human Resources and Remuneration Commission,
- Wanda Rapaczynski,
- 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 2014 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 and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification obtained on December 27, 2012)*	7,594,611	14.91	7,594,611	11.16
including: Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance with the last notification obtained on December 27, 2012)*	7,585,661	14.89	7,585,661	11.14
ING Otwarty Fundusz Emerytalny *(in accordance with the last notification obtained on September 17, 2014)*	6,359,086	*12.48*	6,359,086	*9.34*

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. MANAGEMENT BOARD'S REPRESENTATIONS

1. REPRESENTATION CONCERNING ACCOUNTING POLICIES

Management Board of Agora confirms that, to the best knowledge, the annual consolidated financial statements together with comparative figures, have been prepared according to all applicable accounting standards and give a true and fair view of the state of affairs and the financial results of the Issuer's Capital Group for the period.

The 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 STATEMENTS

Management Board of Agora confirms that the Company's auditor chosen the audit of annual consolidated financial statements has been elected according to applicable rules and that the company auditing Agora's accounts as well as certified auditors engaged in the audit of this financial statements met objectives to present an objective and independent opinion about an audited annual consolidated financial statements in accordance with legal regulations and professional rules.

Warsaw, 1 April 2015

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