CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim report for the period of three months ended on 31 December 2008

Warsaw, 26 February 2009

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We have prepared this quarterly report as required by Paragraph 86 section 1 point 1 of the Regulation of the Ministry of Finance dated 19 October 2005 on current and periodic information to be published by issuers of securities.

Presentation of financial and other information

In this quarterly report all references to the Company apply to Cyfrowy Polsat S.A. and all references to the Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiary. Expressions such as "we", "us", "our" and similar apply generally to the Group, unless from the context it is clear that they apply to the Company alone; „DTH" relates to digital satellite platform services which we provide in Poland since; „Family Package" and "Mini Package" relate to our starting packages available within our DTH services; „ARPU" relates to average net revenue per user calculated as subscription revenues in the reporting period divided by average number of subscribers and by the number of month in the reporting period; „ARPU Family Package" and „ARPU Mini Package" relates to average revenue per subscriber of Family Package and Mini Package, respectively; „churn" relates to churn rate, calculated as a percentage of terminated agreements – number of terminated agreements during the period divided by average number of subscriber in the period; „churn Family Package" and „churn Mini Package" relates to churn rate calculated for Family Package and Mini Package, respectively; „SAC" relates to sum of cost of provision paid to distributor and to call center per each attracted customer – as required by Accounting Act dated 29 September 1994; „MVNO" relates to mobile virtual network operator services, which we launched on 8 September 2008; „Shares" relates to the shares of Cyfrowy Polsat S.A., which were introduced to public trading on Warsaw Stock Exchange on 6 May 2008 and are marked with a code PLCFRPT00013.

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim condensed consolidated financial statements for the three months ended 31 December and interim condensed financial statements for the three month period ended 31 December 2008. The financial statements appended to this quarterly report have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Zloty.

Certain arithmetical data contained in this quarterly report, including financial and operating information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this quarterly report may not conform exactly to the total figure given for that column or row.

Currency Presentation

Unless otherwise indicated, all references in this quarterly report to "PLN" or "Zloty" are to the lawful currency of the Republic of Poland; all references to "U.S. $" or "U.S. dollars" are to the lawful currency of the United States; and all references to "€" or the "Euro" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty, which means the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997) and includes, for this purpose, Council Regulations (EC) No. 1103/97 and No. 974/98.

All references to Zloty, U.S. dollars and Euro are in thousands, except share and per share data, unless otherwise stated.

Forward – looking statements

This quarterly report may contain forward-looking statements relating to our business, financial condition and results of operations. You can find these statements by looking for words such as "may", "will", "expect", "anticipate", "believe", "estimate" and similar words used in this quarterly report. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on such statements, which speak only as of the date of this quarterly report.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this quarterly report.

1. Introduction

We are the largest provider of pay DTH satellite television broadcasting services in Poland with 2,726,993 subscribers as of 31 December 2008. Our core business is to provide individual customers with access to television and radio channels grouped into different paid programming packages and transmitted via satellite.

We sell our satellite broadcasting services throughout Poland targeting the Polish viewing public with high-quality programming which is designed to appeal to, and be affordable for, every Polish family. We also offer other services such as signal transmission services for radio and television broadcasters.

We provide our subscribers with access to 72 Polish-language television channels, including sports, music/entertainment, news/information, children, education and film channels. We are the only pay DTH satellite operator to provide its customers with access to all major terrestrial channels in Poland, including Polsat, TVP 1, TVP 2 and TVN. In addition, we provide our customers with access to over 500 free to air ("FTA") television and radio channels available via satellite in Poland. Starting in December 2007, we began to offer four thematic channels produced by BBC Worldwide Limited, all on an exclusive basis for DTH satellite operators in Poland. Moreover, we offer five high definition channels, which were included in our offer in October 2008: Polsat Sport HD, Eurosport HD, HBO HD and MTVNHD, additionaly, in January 2009, we added Discovery HD into our offer.

We currently offer our customers three introductory packages: the Mini Package (*Pakiet Mini*), Mini Max Package (*Pakiet Mini Max*) and the Family Package (*Pakiet Familijny*). The Family Package is our most popular introductory package. Subscribers to our Family Package may also purchase six theme packages: the Film Package (*Pakiet Film*), the HBO Package (*Pakiet HBO*), the Sports Package (*Pakiet Sport*), the Cinemax Movie Package (*Pakiet Cinemax*), the Cartoon Package (*Pakiet Bajeczka*) and the Music Package (*Pakiet Muzyka*) and, in addition, the Playboy channel and HD channels. The thematic packages are available in four premium packages: the Relax Mix Package (*Pakiet Relax Mix*), the Relax Mix + HBO Package (*Pakiet Relax Mix + HBO*), the Super Film Package (*Pakiet Super Film*) and the Relax Mix Film Package (*Pakiet Relax Mix Film*). The Relax Mix Film Package is only available to customers who subscribed to this package before 11 January 2008. We believe that a combination of our high-quality programming and competitive pricing have enabled us to significantly increase the number of our subscribers, which increased on a compound annual growth rate of 62% between 2004 and 2008.

We believe that the success of our DTH business can be attributed to our extensive high-quality programming, competitive pricing and effective marketing strategy. We were the first pay DTH satellite operator in Poland to introduce a DVR set-top box with an option to record and pause live television programs in November 2006. In November 2007, we successfully launched on the test basis the Polsat Sport HD channel using HDTV technology. We are considering the introduction of additional HDTV channels in three theme categories (music, entertainment and education). We are also considering the introduction of video on demand ("VoD") and internet protocol television ("IPTV").

In November 2007, we launched the production of our own standard definition set top boxes, which enables us to decrease their acquisition costs. We started sales of our own-manufactured set top boxes on 26 March 2008 and in the period from that date to 31 December 2008 we sold about 257 thousand such set top boxes to our subscribers (not in thousands).

We sell our services through an effective sales network covering the entire territory of Poland that links our own central warehouse, 27 regional distributors, and a network of over 1,296 retail points of sale.

On 8 September 2008, leveraging our strong brand name and our existing subscriber base we launched an independent mobile telephony services. We built our own telecommunications infrastructure (excluding radio access network), integrated a billing system and a customer relations management system (independent of the systems used in our DTH business), we have been granted a regulatory decision on mobile termination rates, which replaces the interconnection agreements with Polkomtel S.A. and PTK Centertel Sp. z o.o. and negotiated roaming and interconnect agreements with other telecommunications operators, which allow us to establish our prices and our own tariffs for both pre-paid and post-paid.

We believe that the synergy derived from provision of the DTH and MVNO services will contribute to an increase in the number of subscriber, a growth in our revenues from operating activities and an increase in the general customer satisfaction and consequently lower churn rates.

However, we expect, that until our telecommunication services and the integrated offer are fully developed, a substantial part of our revenue shall continue to be derived from the pay TV digital satellite platform.

2. Summary historical financial data

The following tables set out our summary historical interim consolidated financial information for the periods of three and twelve month ended on 31 December 2008 and 2007. You should read the information in conjunction with the interim condensed consolidated financial statements for the three and twelve month periods ended 31 December 2008 and Management's Discussion and Analysis of Financial Situation and Results of Operations included in point 12 of this interim report.

Certain financial data

- from the interim condensed consolidated profit and loss statements for the period of three month ended on 31 December 2008 and 2007 have been converted into euro at a rate of PLN 3,8542 per €1.00 (the arithmetic average of average exchange rates published by the National Bank of Poland, or NBP, on the last date of each of the months in the period i.e. from 1 October to 31 December 2008).

- from the interim condensed consolidated profit and loss statements and cash flow statement for the period of twelve months ended on 31 December 2008 and 2007 have been converted into euro at a rate of PLN 3,5321 per €1.00 (the arithmetic average of average exchange rates published by the National Bank of Poland, or NBP, on the last date of each of the months in the period i.e. from 1 Janaury to 31 December 2008).

- Certain balance sheet data as at 31 December 2008 and 2007 have been converted into euro at a rate of PLN 4,1724 per €1.00 (an exchange rate published by NBP on 31 December 2008).

You should not view such translations as a representation that such Zloty amounts actually represent such euro amounts, or could be or could have been converted into euro at the rates indicated or at any other rate.

	Three months ended 31 December			
	2008		2007	
	PLN	EUR	PLN	EUR
Consolidated Income Statement				
Revenues for operating activities	316,465	82,109	243,326	63,133
Total operating expenses	276,312	71,691	253,536	65,782
Operating profit	40,153	10,418	(10,210)	2,649
Pre-tax profit	51,792	13,438	(12,384)	3,213
Income tax	10,495	2,723	(3,463)	899
Net profit attributable to shareholders of Cyfrowy Polsat S. A.	41,297	10,715	(8,921)	(2,315)
Basic and diluted earnings per share (PLN)	0.15	0.04	(0.03)	(0.01)
Weighted average number of issued ordinary shares (not in thousands)	268,325,000	-	268,325,000	-
Other consolidated financial data				
EBITDA*	48,083	12,475	(1,844)	(478)
EBITDA margin	15.2%	15.2%	-	
Operating margin	12.7%	12.7%	-	

	Twelve months ended 31 December			
	2008		2007	
	PLN	EUR	PLN	EUR
Consolidated Income Statement				
Revenues for operating activities	1,133,574	320,936	796,669	225,551
Total operating expenses	809,837	229,280	651,522	184,457
Operating profit	323,737	91,656	145,147	41,094
Pre-tax profit	333,098	94,306	140,170	39,685
Income tax	64,632	18,299	26,755	7.575
Net profit attributable to shareholders of Cyfrowy Polsat S. A.	268,466	76,008	113,423	32,112
Basic and diluted earnings per share (PLN)	1.00	0.28	0.43	0.12
Weighted average number of issued ordinary shares (not in thousands)	268,325,000	-	263,806,918	-
Other consolidated financial data				
EBITDA*	348,098	98,553	165,924	46,976
EBITDA margin	30.7%	30.7%	20.8%	20.8%
Operating margin	28.6%	28.5%	18.2%	18.2%
Consolidated Cash Flow Statement				
Net cash flow from operating activities	336,893	95,380	111,210	31,486
Net cash flow from investing activities	(76,212)	(21,577)	(54,358)	(15,390)
Net cash flow from financing activities	(165,390)	(46,825)	(15,667)	(4,436)
Cash and cash equivalents at the end of the period	246,422	69,766	150,726	42,673

	As at 31 December			
	2008		2007	
	PLN	EUR	PLN	EUR
Consolidated balance sheet				
Total equity	756,177	181,233	595,203	142,652
Total non-current liabilities	58,036	13,910	134,914	32,335
Total current liabilities	406,100	97,330	399,149	95,664
Retained earnings	292,041	69,994	61,140	14,653
Share capital	10,733	2,572	10,733	2,572

[1] The EBITDA result is calculated as operating profit plus depreciation. EBITDA is not a measure of operating profit, operating efficiency or liquidity. On the other hand, EBITDA is a measure used in activity management, because this measure is frequently used by investors and enables them to compare the efficiency without taking into account depreciation, the value of which may differ significantly depending on the accepted accounting methods as well as other non-operating factors. Accordingly, we have decided to include the EBITDA result in this report for the purpose of more thorough and extensive analysis of operating results in comparison with other companies.

3. Organizational structure of the Cyfrowy Polsat Capital Group

The following table presents the companies included in the organizational structure of Cyfrowy Polsat Capital Group as at 31 December 2008 together with its consolidation method:

Company	Activities	Share as at 31 December 2008	Consolidation method
Cyfrowy Polsat Technology Sp. z o.o.[1] ul. Łubinowa 4a 03-878 Warsaw	Production of set-top boxes	100%	Full

[1]As at 2 March 2007 the company's name was changes from Cyfrowy Polsat Mobile Sp. z o.o. to Cyfrowy Polsat Technology Sp. z o.o.

4. Changes in the organizational structure of the Cyfrowy Polsat Capital Group

The Extraordinary Shareholders Meeting of Cyfrowy Polsat S.A. held on 4 November 2008 resolved to merge Cyfrowy Polsat S.A. (acquirer) with Praga Business Park Sp. z o.o. (taken-over company) through a transfer of all the assets of the taken-over company onto the acquirer. The Extraordinary Meeting of Shareholders of the Cyfrowy Polsat S.A. resolved the merger of the acquirer with the taken-over company without increasing the share capital of the acquirer and without amending the Articles of Association. The merger was registered by the District Court for the capital city of Warsaw, the XIII commercial division of the National Court Register on 31 of December 2008

5. Discussion of the difference of the Company's results and published forecasts

We did not publish any financial forecasts.

6. Shareholders possessing no less than 5% of the Company's shares as of the date of publication of the interim report

The following table presents shareholders of Cyfrowy Polsat S.A. possessing no less than 5% of our shares as of the date of publication of this report, according to our best knowledge. The information included in the table is based on the information received from the shareholders pursuant to Art. 69, sec. 1, point 2 of the Act on Public Offering, conditions governing the introduction of financial instruments to organized trading and public companies.

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Polaris Finance B.V.	**162.943.750**	**60,73%**	**317.968.750**	**69,76%**
Zygmunt Solorz-Żak	**30.603.750**	**11,41%**	**61.207.500**	**13,43%**
Other	**74.777.500**	**27,86%**	**76.648.750**	**16,81%**
Total	**268.325.000**	**100,00%**	**455.825.000**	**100,00%**

7. Changes in the number of shares of Cyfrowy Polsat S.A. owned by the members of the managing and supervising persons

7.1 Members of the Management Board of Cyfrowy Polsat S.A.

The following table presents shares owned directly or indirectly by our Management Board members as of 26 February 2009, the date of publication of this interim report, and changes in their holdings since the date of publication of our last interim report published on 13 November 2008. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Management Board Member	Balance as of 30 September 2008	Increases	Decreases	Balance as of 26 February 2009
Dominik Libicki	500.000	-	378.503	121.497
Maciej Gruber	46.250	500	46.250	500
Andrzej Matuszyński	32.500	-	32.500	0
Dariusz Działkowski	46.250	-	46.250	0

7.2 Members of the Supervisory Board of Cyfrowy Polsat S.A.

The following table presents shares (not in thousands) owned directly or indirectly by our Supervisory Board members as of 26 February 2009, the date of publication of this interim report, and changes in their holdings since the date of publication of our last interim report for the period of three months ended 30 September 2008, published on 13 November 2008. The information included in the table is based on information received from members of our Supervisory Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Supervisory Board Member	Balance as of 13 November 2008	Increases	Decreases	Balance as of 26 February 2008
Zygmunt Solorz-Żak	166.105.938	3.000.000	-	169.105.938
Heronim Ruta	29.312.812	-	3.000.000	26.312.812
Robert Gwiazdowski	-	-	-	
Andrzej Papis	-	-	-	
Leszek Reksa	-	-	-	

[1]Zygmunt Solorz-Żak owns indirectly 138.502.188 shares of Cyfrowy Polsat S.A. (50,50% of the share capital and 72,7% of votes) and Heronim Ruta owns indirectly 27.441.562 shares of Cyfrowy Polsat S.A. (9.1% of the share capital and 10.72% of votes) through Polaris Finance B.V.

[2]Zygmunt Solorz-Żak owns directly 30.603.750 shares of Cyfrowy Polsat S.A. (11,41% of the share capital and 13,43% of votes) and Heronim Ruta owns directly 1,871,250 shares of Cyfrowy Polsat S.A. (0.70% of the share capital and 0.82% of votes).

8. Information on material proceedings against the Company or its consolidated subsidiaries

Proceedings before the President of the Office of Competition and Consumer Protection ("UOKiK") regarding suspicion of application of unfair contractual clauses

On 18 October 2006, the President of UOKiK, with regard to complaints filed by consumers forwarded to us. summons to forward templates of agreements (contracts, rules, pricelists) offered to consumers in the scope of business conducted. In the correspondence dated 21 May 2007 the President of UOKiK informed that a number of clauses in templates of agreements used by us raised objections of the authority. In the correspondence dated 29 June 2007, we submitted preliminary explanation, taking a stance on certain arguments raised by the President of UOKiK. In the correspondence dated 23 July 2007 the President of UOKiK called us to take a position on the remaining remarks and to forward a price list for the services we provide. In the correspondence dated 31 August 2007, Cyfrowy Polsat S.A. addressed the remaining remarks of the Presidents of UOKiK.

On 15 July 2008 we received a letter from UOKiK regarding the issue in question containing remarks and comments related to our position expressed in previous correspondence. The President of UOKIK called us to take a final position on the issue in question. Due to the fact that we are currently at the final stage of implementing new templates of consumer contracts, in a letter dated 29 July 2008 it proposed a meeting with representatives of UOKiK in order to run applicable consultation in the scope of the templates in question. In a meeting on 1 September 2008 a representative of UOKiK was given draft rules of services provision for consultation.

Determining certain provisions of contractual templates illegal might result in a need for introducing changes to the contractual templates in force. As a result of the above the subscribers may be entitled to noticing agreements whose provisions have been questioned without the need for observing the notice periods and the obligation to pay contractual penalties. Moreover, if we apply the illegal contractual templates provisions the President of UOKiK may impose a financial penalty totaling 10% of the turnover we made in the financial year prior to the year the penalty was imposed.

Explanatory proceedings initiated by the President of UOKiK regarding the rules of concluding agreements for public broadcasting of TV programs, including broadcast from Euro2008, and the rules of sale of relevant equipment for playback of the aforementioned programs

The President of UOKiK initiated explanatory proceedings in order to preliminarily find out whether the rules for agreements for public broadcast of TV programs, including Euro2008 broadcast, and the rules of sales of relevant equipment to playback such television programs, do not constitute a breach of provisions of competition and consumer protection law. We received a letter regarding the issue in question on 13 June 2008. We were obligated to submit information requested in the letter.

In a letter datred 16 June 2008 we supplied information explaining that in the years 2007-2008 (which were mentioned in the enquiry of the President of UOKiK) we did not grant rights to public broadcast of TV programs, nor did we enter into agreements enabling granting license for public broadcast of TV channels to business entities (entrepreneurs). We also forwarded information that the rights for public broadcast of the Polsat Sport Extra and Polsat Sport HD channels were granted by Telewizja Polsat S.A., however, we, in line with the possibility of public broadcast of Euro 2008 offered to business by Telewizja Polsat S.A and considering the to date rule of offering products and services to natural persons for their private use only, created a special offer for set top boxes sales aimed at businesses.

In a letter dated 26 June 2008 UOKiK requested supplying additional information, which we included in a letter dated 8 July 2008. Another letter from UOKiK demanding presentation of further information was received on 31July 2008, and we replied to it within the deadline set out by Office, i.e. until 7 August 2008. Furthermore, we received two letters from UOKiK with further questions of the office on 26 and 28 August 2008 respectively. Both letters demanded answers to questions asked. We forwarded a letter including answers to the two mentioned letters of UOKiK on 4 September 2008.

On 22 January 2009 we received a letter from UOKiK requesting forwarding, within seven days, a template of agreement and the rules of provision of services for broadcast of radio and television channels via satellite within paid channel packages within the package offer to individual subscribers and information whether the aforementioned services are provided within a pre-paid system and if yes, to forward the rules of the providing the services in question.

On 4 February 2009 we forwarded an answer to the aforementioned letter of the President of UOKiK stating that the rules of activation and providing services within the pre-paid offer were presented in our letter dated 17 November 2008. With regards to the agreements governing the so called package offer we informed that the template of package agreement has been valid since 1 February 2004. Moreover, we stressed that current agreements comprise two parts which results in the fact that there are about a dozen or so variations of agreements. An attachment comprised required documents including sample agreements and the rules of services provision, and also rules of activation and provision of services within the pre-paid offer.

In the case a lawsuit being filed against us and a statement by the President of UOKiK that our practices are of unfair competition type, the President of UOKiK may order their cession. Moreover, the President of UOKiK may impose a penalty on us, in the amount not exceeding 10% of revenue (as set out by the Tax Law) made by the company in the financial year prior to the one in which the fine was administered.

Explanatory proceedings initiated by the President of UOKiK regarding prohibition of application of practices breaching collective interests of consumers, or breaching the legally protected laws of consumers.

The President of UOKiK initiated explanatory proceedings in order to preliminarily find out whether we breached the provisions justifying initiation of proceedings regarding prohibition of practices breaching collective interests of consumers, or breaching the legally protected laws of consumers. We were called to take a position against the objections raised in the letter and to forward information ensuring that UOKiK will be able to assess the current state of the matter.

On 20 November 2008 we sent a letter to UOKiK explaining, where we take a position regarding the letter of 5 November thoroughly describing the card replacement procedure (as well as the goal we intend to reach i.e. protection of clients' interests, and copyright and related rights protection through countering illegal reception of our encrypted offer). Appendices no. 1, 2 and 3 to the letter in question comprised information forwarded to our subscribers regarding the card replacement, a printout of our website in the part regarding the subscription card replacement and the press release of 18 September 2007 on introduction of a new encryption system.

Pursuant to art. 48 section 4 of the on protection of competition and consumers the explanatory proceedings shall not take longer than 30 days from its initiation date (in particularly complicated cases the period is extended to 60 days). The proceedings were The proceedings were initiated on 5 November 2008 so the sixty day period expired at the beginning of January 2009. However, considering the fact that pursuant to general provisions the proceedings before the administration authorities may be extended (however, as of today we do not hold any information regarding the matter from UOKiK) it must be assumed that the proceedings are still in progress.

Explanatory proceedings initiated by the President of UOKiK regarding prohibition of application of practices breaching collective interests of consumers, or breaching the legally protected laws of consumers.

The President of UOKiK initiated explanatory proceedings in order to preliminarily find out whether we breached the provisions justifying initiation of proceedings regarding prohibition of practices breaching collective interests of consumers, or breaching the legally protected laws of consumers. We were called to take a position against the objections raised in the letter and to forward information ensuring that UOKiK will be able to assess the current state of the matter.

On 20 November 2008 the Company issued a letter to UOKiK where it took a position toward the letter dated 28 November 2008.

Pursuant to art. 48 section 4 of the on protection of competition and consumers the explanatory proceedings shall not take longer than 30 days from its initiation date (in particularly complicated cases the period is extended to 60 days). The proceedings were The proceedings were initiated on 28 October 2008 so the sixty day period expired at the end of December 2008. However, considering the fact that pursuant to general provisions the proceedings before the administration authorities may be extended (however, as of today we do not hold any information regarding the matter from UOKiK) it must be assumed that the proceedings are still in progress.

Administrative proceedings initiated by the President of Electronic Communications Authority ("UKE") regarding imposing a financial penalty on Cyfrowy Polsat S.A. regarding a breach of the obligation of information and supply of document requested pursuant to the notification dated 13 November 2008.

On 17 November 2008 we received a letter from the UKE Office in Rzeszów regarding verification whether the rules of providing telecom services and templates of agreements regarding provision of telecom services include the complaint proceedings and whether proceedings within the mode is in line with the provisions of the Telecom Law and the decree of the Minister of Infrastructure dated 1 October 2004 on the complaints proceedings and the conditions that the telecom service complaint shall comply with. We were summoned to present templates of rules for provision of services, agreements and pricelists of telecom services in a public telecom network valid for the period starting 1 January 2008.

We replied to the request in question with a letter dated 1 December 2008 where we explained that services we provide to our subscribers are not telecom services pursuant as set forth in the Telecom Law and the relevant Authority is the President of UOKiK.

On 19 December 2008 we received a letter from the President of UKE regarding initiation of administration proceedings regarding application of a financial penalty regarding a breach of information duty and submission of documents requested pursuant to a notice dated 13 November 2008. In the same letter UKE requested us to take a position regarding accusations and submission of information regarding the level of revenues in 2007 in order to calculate the level of penalty, which pursuant to art. 210 section 1 of the Telecom Law may total to a maximum of three per cent of the Company's revenues in the previous calendar year. A possible decision regarding imposing the penalty may not be executed immediately due to the fact that art. 210 section 1 of the Telecom Law excludes such a possibility. On 5 January 2009 we were requested to submit within a 30 day period the level of revenues in 2008. The data is necessary for calculation of the possible penalty fine. Art. 210 section 1 of the Telecom Law quotes the "previous calendar year" prior to the year that the fine was imposed. On 3 February 2009 we issued a letter to UKE (the Rzeszów Office), where it files for cancellation of the proceedings justifying the fact with lack of UKE's competence to perform auditing proceedings and lack of information that UKE requested in its letter dated 13 November 2008 (due to the fact that providing subscribers with radio and television channels is not a telecommunication service, and as a result it does not have telecom services provision rules, agreements or pricelists).

9. Related party transactions concluded in the three month period ended 31 December 2008

In three months period ended 31 December 2008 we did not conclude any non standard transactions with related parties

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10. Information on guarantees granted by the Issuer or its subsidiaries to third parties during the three month period ended 31 December 2008

In the three months ended 31 December 2008 neither us, nor any of our affiliates or subsidiary companies had granted any guarantees or secured any third party credits for an amount exceeding 10% of its equity.

11. Other information important for the assessment of the Company's personnel, economic and financial position, as well as its financial results

Sources of revenues from operating activities

Our revenues from operating activities consist of: (i) subscription fees, (ii) rental of satellite television receiving equipment, (iii) sales of satellite television receiving equipment and telephones, (iv) sales of signal transmission services and (v) other operating revenue.

Subscription fees

Subscription fees consist of monthly subscription fees paid by our subscribers for the programming packages to which they subscribe. The total amount of subscription fees we collect depends on the number of subscribers and the amount of monthly subscription fees paid for our packages, which in turn depends on the number and type of packages purchased by our subscribers. In the three month period ended 31 December 2008 our subscription fees were 85.7% of our revenues from operating activities as compared to 78.6% in the corresponding period of 2007.

Rental of satellite television receiving equipment

Revenues from the rental of satellite television receiving equipment (set-top boxes and satellite dishes) consist of amounts paid by our subscribers for the use of such equipment owned by us and rented to such subscribers. The total amount of revenues from the rental of satellite television receiving equipment depends on the number and the type of set-top boxes and satellite dishes rented and the amount of rental fees collected from our subscribers for these set-top boxes and satellite dishes. Since December 2004 we principally sold satellite television receiving equipment to subscribers, instead of renting such equipment- however in the three months period ended 31 December 2008 we observed the significant increase in the proportion of rent television receiving equipment . Revenues from rental of satellite receiving equipment which accounted for 0.5% of our revenues from operating activities in the period of three month ended on 31 December 2008 compared to 0.7% in the corresponding period of 2007.

Sales of satellite television receiving equipment and telephones

Revenues from the sale of satellite television receiving equipment consist of revenues from the sale of such equipment purchased by our subscribers when they enter into programming services agreements with us and from the sale of such equipment to subscribers under lease agreements which provide for the transfer of title to such equipment on the last day of the term agreement signed by them. as well as telephones purchased by our MVNO services users The sale price of the satellite television receiving equipment and telephones for the subscriber depends on whether the sale is for the set-top box itself or for the set-top box and the satellite dish, as well as on what programming packages are purchased by the subscriber or which mobile tariff plan is purchased by the mobile subscriber In the period of three month ended on 31 December 2008 our revenues from sale of television receiving equipment and phones were 11.2% of our revenues from operating activities as compared to 18% in the corresponding period of 2007.

Sales of signal transmission services

We generate revenue by providing signal transmission services, mainly to television and radio broadcasters. These services include access to part of the transponder band, signal transmission and coding as well as signal distribution to other operators including cable networks. These services are provided to broadcasters that are our licensors for programming. In the period of three month ended on 31 December 2008 our revenues from sale of signal transmission services were 1.2% of our revenues from operating activities as compared to 1.0% in the corresponding period of 2007.

Other operating revenue

In the period of three month ended on 31 December 2008 our other operating revenues were 1.3% of our revenues from operating activities as compared to 1.8% in the corresponding period of 2007. Other operating revenue consists of:

(i) telephony service revenues

(ii) revenues from real estate purchased by Praga Business Park held for investment purposes, including rent paid by tenants who lease office and storage space at the location of our registered office.

(iii) other, which includes mainly revenues from asset write-offs and customers' deliveries.

Sources of costs of operating activities

Costs of operating activities consist of: (i) depreciation and amortization, (ii) programming costs, (iii) signal transmission services costs, (iv) distribution and marketing costs, (v) salaries and employee- related expenses, (vi) costs of satellite television receiving equipment and telephones sold, and other operating costs.

Depreciation and amortization

Depreciation and amortization expenses primarily consisted of the depreciation of property, plant and equipment and to intangible assets. Depreciation and amortization expenses were 2.9% of our costs of operating activities in the period of three month ended on 31 December 2008 as compared to 3.3% in the corresponding period of 2007.

Programming costs

Programming costs constitute the sum of (i) monthly license fees paid to television broadcasters, and (ii) royalties payable to organizations for collective management of copyrights. The majority of our agreements with licensors provide that license fees are calculated as the product of the agreed rate per subscriber and the number of subscribers reported to a given broadcaster who paid for the package containing the broadcaster's channel. Some license agreements contain a so-called guaranteed minimum provision, pursuant to which we are required to pay a fixed license fee irrespective of the number of subscribers using the licensor's programming, and once this level is exceeded, the license fee is calculated as the product of the rate per one subscriber and the number of subscribers who paid for a package of programming services containing that licensor's channel. In the majority of cases, the number of our subscribers has exceeded the thresholds specified in those license agreements. In some cases, we are required to pay a flat-rate programming license fee. We have managed to enter into a number of license agreements under which the monthly per-subscriber rate of license fees declines as the number of subscribers increases. Programming costs were 25.2% of our costs of operating activities in the period of three month ended on 31 December 2008 as compared to 16.4% in the corresponding period of 2007.

Signal transmission services costs

Signal transmission services costs consist of: (i) payments for the lease of satellite transponder capacity, (ii) payments for the use of the Nagravision conditional access system (since December 2005, this has been calculated as the product of the monthly unit rate per active access card and the number of active access cards) and (iii) other signal transmission costs. Signal transmission service costs were 5,7% of our costs of operating activities in the period of three month ended on 31 December 2008 as compared to 5,6% in the corresponding period of 2007.

Distribution and marketing costs

Distribution and marketing costs consist of: (i) commissions paid to distributors, (ii) marketing expenses, (iii) mailing costs, (iv) call center costs and (v) other expenses.

(i) Commissions paid to distributors consist of amounts paid both to distributors and retail points of sale when they conclude agreements with our customers for paid satellite televisions services. As a result, the costs of commissions for a specific agreement with a subscriber accrue throughout the initial term of the agreement. The cost of commissions paid to distributors that do not apply to specific subscription agreements are debited in full on our income statement as they are incurred. Commissions paid to distributors increased significantly for all periods under review, over 90% because a significant portion of the growth in the number of subscribers occurred through this distribution channel. Total commissions paid to distributors and to the customer call center in a given period constitute our subscriber acquisition cost ("SAC") for such period.

(ii) Marketing expenses consist of expenses for television and radio commercials, press and website advertising, promotional activities and materials, as well as other expenses incurred to increase sales and brand recognition. These expenses are not directly related to changes in the number of subscribers.

(iii) Mailing costs (correspondence with customers) are comprised of expenses related to mailing invoices and information related, among other things, to changes in programming offers, prices or regulations to subscribers. Such mailings to subscribers are made at least twice a year (usually in the spring and fall). In addition, we regularly mail selected subscriber groups, for example new customers, welcome packages to encourage them to subscribe to additional programming offers.

(iv) Call center costs include, among other things, payments to contract workers who make calls to and receive calls from our customers at our call center and sell pay DTH satellite television broadcasting services.

(v) Other distribution and marketing expenses include primarily courier services, costs of handling the distribution of satellite television receiving equipment, costs of the MVNO distribution and costs related to servicing of our regional representatives.

Distribution and marketing costs were 27.1% of our costs of operating activities in the period of three month ended on 31 December 2008 as compared to 22.4% in the corresponding period of 2007.

Salaries and employee-related expenses

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts or project-specific contracts,remuneration of the Supervisory Board members, social security premiums, pension severance payments and other employee benefits. Most of our personnel have employment contracts. Project-specific contracts are used for certain positions in customer service and distribution to enable us to respond to the short-term need for seasonal employees in times of increased sales. Salaries and employee-related expenses were 10.3% of our costs of operating activities in the period of three month ended on 31 December 2008 as compared to 8.6% in the corresponding period of 2007.

Costs of satellite television receiving equipment sold and telephones

We currently offer satellite television receiving equipment purchased from third party vendors at prices which are higher than the retail price we charge to our customers. The purpose of subsidizing set-top boxes is to increase the price attractiveness and, in turn, affordability of our programming packages to make it available to a wide group of prospective customers of pay DTH satellite television services. Despite generating some additional costs, we believe that these subsidies continue to be essential to maintain the growth of our subscriber base and the significant growth in subscription fees. Satellite dishes sold to our customers are not subsidized.

To reduce our costs of purchasing satellite television receiving equipment, we launched the production of our own set-top boxes in November 2007. A decrease in the cost of acquisition of set-top boxes will enable us either to offer our subscribers a lower purchase price for set-top boxes, which we expect would positively affect subscriber growth, or to maintain the current prices to subscribers but thereby improve our profitability.

Costs of satellite television receiving equipment sold were 14.8% of our costs of operating activities in the period of three month ended on 31 December 2008 as compared to 37.5% in the corresponding period of 2007.

Other operating costs

Key items of other operating costs include: (i) asset charges, (ii) cost related to MVNO services, (iii) materials (mainly office and technical supplies) and energy costs, (iv) repairs and maintenance costs, (v) rent for premises, (vi) expenses on legal, advisory and consulting services, (vii) expenses on collection services, (viii) banking fees, (ix) expenses on telecommunications services, (x) local taxes and other charges, (xi), contributions to the Polish Film Institute, and (xii) other operating costs.

Other operating costs were 13.4% of our costs of operating activities in the period of three month ended on 31 December 2008 as compared to 6.3% in the corresponding period of 2007.

Management discussion and analysis

Operating results

	Three months ended 31 December			Twelve months ended 31 December		
	31 grudnia 2008 roku	31 grudnia 2007 roku	Różnica procentowa	31 grudnia 2008 roku	31 grudnia 2007 roku	Różnica procentowa
Number of subscribers on end of period, of which:	**2,726,993**	**2,068,328**	**31.9%**	**2,726,993**	**2,068,328**	**31.9%**
Number of subscribers Family Package on end of period	2,286,191	1,827,011	25.1%	2,286,191	1,827,011	25.1%
Number of subscribers Mini Package on end of period	440,802	241,317	82.7%	440.802	241,317	82.7%
Average number of subscribers[1], of which:	**2,517,459**	**1,828,277**	**37.7%**	**2,307,413**	**159.051.975**	**45.1%**
Average number of subscribers Family Package	2,143,611	1,622,227	32.1%	1,998,180	1,424,187	40.3%
Average number of subscribers Mini Package	373,847	206,051	81.4%	309,233	166,333	85.9%
Churn rate[2,] of which:	**7.5%**	**5.1%**	**2.4 pp**	**7.5%**	**5.1%**	**2.4 pp**
Churn rate of Family Package	8.6%	5.7%	2.9 pp	8.6%	5.7%	2.9 pp
Churn rate of Mini Package	0.1%	0.0%	0.1 pp	0.1%	0.0%	0.1 pp
Average revenue per user (ARPU)[3)] (PLN), of which:	**35.9**	**34.8**	**3,.%**	**35.3**	**34.7**	**1.7%**
Average revenue per user (ARPU) Family Package (PLN),	40.7	38.3	6.3%	39.4	37.8	4.2%
Average revenue per user (ARPU) Mini Package (PLN),	8.6	7.9	8.9%	8.6	8.4	2.4%
Subscriber average cost (SAC)[4)] (PLN),	**139.1**	**187.1**	**(25.7)**	**116.4**	**143.8**	**(19.1%)**

(1) Calculated as the sum of the average number of subscribers in each month divided by the number of months in the period. Average number of subscribers per month is calculated according to the following formula: (subscribers at the end of the month + subscribers at the beginning of the month)/2.
(2) The percentage of terminated agreements calculated as the ratio of the number of terminated agreements in a given period to the average number of agreements in the period. The churn rates calculated for periods shorter than one year only relate to those given periods and are not annualized.
(3) Revenues from subscription fees for the period divided by the average number of subscribers in such period and the number of months in the period.
(4) Calculated as the average amount of commissions paid to distributors and to the customer call center per one new subscriber acquired.

As at 31 December 2008 we had 2,726,993 subscribers, 31.8% more than as at 31 December 2007, when we had 2,068,328 subscribers. Such a significant increase in our subscriber base was possible due to proper position of our services and process for those services on DTH market. Number of our Family Package subscribers increased by 25.1% to 2,286,191 and the number of our Mini Package subscribers increased by 82,7% to 440.802 subscribers. In three months period ended 31 December 2008 our subscriber base increased by 324,469 subscribers which contitivet is 49.2 % of our subscriber base growth in 2008, and is in line with previously observed seasonality in acquiring new subscribers.

The churn rate for the last 12 months increased to 7.5% in the period of 12 months ended on 31 December 2008 in comparison to 5.1% in the period of 12 months ended on 31 December 2007. The increase results primarily from an increase in the churn rate for the subscribers to the Family Package, which increased to 8.6% in the period of 12 months ended on 31 December 2008 from 5.7% in the period of 12 months ended on 31 December 2007. The increase in the churn rate of subscribers to the Family Package is partially caused by agreement termination process we initiated, as a result of changes to our collection procedures, which did not take place in the corresponding period of 2007. In the corresponding period of 2007 we did not execute any agreement terminations in relation to a discussion with UOKiK regarding the structure of contractual penalties in agreements with consumers. Additionally, in 2008 significantly increased the number of subscribers beyond the initial period of the subscription contract, which has a negative impact on our churn rate.

Our monthly ARPU increased by 3.2% to PLN 35.9 in the period of three months ended on 31 December 2008 from PLN 34.8 in the corresponding period of 2007. ARPU per a subscriber of Family Package increased by 6.3% to PLN 40.7 from PLN 38.3 in the corresponding period of 2007. The increase results mainly from the fact that since 1 January 2008 we have offered to our subscribers additionally paid bonus HBO and Super Film packages, which enjoy popularity among our subscribers, as well as the fact that since 1 January 2008 we have increased the price of our Family Package to PLN 37.90 for our subscribers, who were beyond the initial period of the subscription contract.This increase was partially offset by lower ARPU recognized on the subscribers acquired during the fourth quarter of 2008 when we offered our clients a 6 month free of charge promotional period. Our monthly ARPU per subscriber to the Mini Package was PLN 8.6 in the period of three months ended on 31 December 2008 in comparison with PLN 7.9 in the corresponding period of 2007.

ARPU increased by 1.7% to PLN 35.3 in the period of twelve months ended 31 December 2008 from PLN 34.7 in the comparable period of 2007. Family Package ARPU increased by 4.2% to PLN 39.4 from PLN 37.8 in 2007, whereas Mini Package ARPU increased by 2.4% to PLN 8.6 from PLN 8.4 in 2008.

Our average subscriber acquisition cost decreased by 25.7% to PLN 139.1 in the period of three months ended 31 December 2008 from PLN 187.1 in the corresponding period of 2007, mainly as a result of changes to the commission structure for our distributors. The average subscriber acquisition cost decreased by 19.1% to PLN 116.4 in the period of twelve months ended 31 December 2008 from PLN 143.8 in the comparable period of 2007.

Review of the financial situation

The following review of results for the periods of three and nine month ended on 31 Decemberr 2008 was executed on the basis of condensed interim consolidated financial statements for the period of three and nine month periods ended on 31 December 2008 created in accordance with IAS 34 "*Interim Financial Reporting*".

The financial situation

The value of television receiving equipment increased by PLN 19,342 to PLN 19,891 as at 31 December 2008 from PLN 549 as at 31 December 2007. This change was mainly a result of an increase in tne number of rent set-top boxes in the period of three months ended 31 December 2008.

Other fixed assets increased by PLN 28.126, or by 28.9% to PLN 125,452 as at 31 December 2008 from PLN 97,326 as at 31 December 2007. The change resulted mainly from an increase in the value of real estate located at 4A Łubinowa Street by PLN 12,522 and an increase in the value of fixed assets related to the MVNO service by PLN 11,075.

Other non-current assets decreased by PLN 6,692 or 21.6% to PLN 24,264 as at 31 December 2008 from PLN 30,956 as at 31 December 2007. The decrease resulted from a decrease in long term interim settlements from commissions to distributors by by PLN 6,691 to PLN 22,924 as at 31 December 2008 from PLN 29,615 as at 31 December 2007. This decrease resulted from recognizing into cost and at the same time reclassifying the commissions between long and short-term interim settlements paid to distributors for agreements concluded at the end of 2007 and from the lower number of agreements signed during 2008, from which distributors commission paid were recognized.

Inventories decreased by PLN 35,406 or 27.2 % to PLN 94,603 as at 31 December 2008 from PLN 130,009 as at 31 December 2007. This was mainly as a result of a decrease in the set-top boxes by PLN 21,794, a decrease in set-top boxes cards by PLN 4,640 and an increase in the inventory write-off by PLN 1,931. Receivables from supply of goods and services and other receivables increased by PLN 40,380, or 51.0% to PLN 119,513 as at 31 December 2008 from PLN 79,133 as at 31 December 2007. The increase resulted mainly from an increase of PLN 33,208 in the subscribers' receivables, mainly due to recognition of revenues according to the accounting principles applied to the promotion from the end of 2008.

Other current assets increased by PLN 17,992 or 26.1 % to PLN 86,963 as at 31 December 2008 from PLN 68,971 as at 31 December 2007. This was mainly as a result of the revaluation of *forward* contracts, as at 31 December 2008 in the amount of PLN 13,950 and an increase in distributors commissions accounted settled in time PLN 1,084.

Cash and cash equivalents increased by PLN 95,696, or 63.5% to PLN 246,422 as at 31 December 2008 from PLN 150,726 as at 31 December 2007, mainly as a result of an increase in the level of cash from operating activities by PLN 336,893 and the inflow of cash related from investment and financial activities. The main items of the cash outflow, apart from the cash spent on covering the current operating activities, are also:(i) partial repayment of a loan totaling PLN 107,928 within our loan facilities with Bank Pekao S.A. and Raifeisen Bank Polska S.A., (ii) purchase of tangible and intangible assets totaling PLN 76,310, (iii) disbursement of dividend totaling PLN 37,565, and (iv) payment of distributors' commissions, in January and February 2008, for concluding subscriber contracts in 2007.

Liabilities from credits and loans (short- and long-term) decreased by PLN 110,251, or 49.9% to PLN 110,706 as at 31 December 2008 from PLN 220,957 as at 31 December 2007, mainly as a result of repayment of PLN 83,100 within a credit agreement with Bank Pekao S.A. and early repayment of the bank loan of Praga Business Park Sp. z o.o. within a credit agreement with Raiffeisen Bank Polska in the amount of PLN 27,151.

Revenues of future periods increased by PLN 37,796, or 46.4% to PLN 119,264 as at 31 December 2008 from PLN 81,468 as at 31 December 2007 mainly as a result of an increase in subscription fees paid in advance and set-top boxes rental fees.

The equity increased by PLN 230,901 to PLN 292,041 as at 31 December 2008 from PLN 61,140 as at 31 December 2007, as a result of retained net profit for year 2008 in the amount of PLN 288,466 partially offset by dividend paid in the amount of PLN 37,565 .

Comparison of results for the period of three months ended on 31 December 2008 with results of the corresponding period of 2007

Revenue from operating activities. Our revenue from operating activities increased by PLN 30.0% to PLN 316,465 in the period of three months ended 31 December 2008 from PLN 243,326 in the corresponding period of 2007. The increase mainly resulted from an increase in revenue from subscription fees by 41.9% to PLN 271,245 from PLN 191,142 mainly due to an increase in the average number of subscribers in the period to 2,517,459 from 1,828,277 and an increase in monthly ARPU;. The increase was partially offset by a 19.0% decrease in the sales of television receiving equipment and telephones to PLN 35,463 from PLN

43,807 mainly as a result of lower set top boxes prices offered to customers during the promotion introduced in the fourth quarter of 2008 and lower number of sold set-top , resulting from the growth in the number of rent television receiving equipment and from lower number of agreements signed in three month period ended 31 December 2008 compared to the corresponding period of 2007.

Costs of operating activities. Our costs of operating activities increased by PLN 9% to PLN 276,312 in the period of three months ended 31 December 2008 from PLN 253,536 in the corresponding period of 2007. The increase primarily resulted from: (i) an increase in the programming license fees by 67.8% to PLN 69,716 from PLN 41,548, mainly due to an increase in the average number of subscribers and extension of our programming offer by new premium channels such as HBO, HBO 2 and HBO Comedy;also HD channels (ii) an increase in the other operatings cost by 145.0 % to PLN 38,847 from PLN 15,858 mainly as a result of an increase in maintenance and technical support of IT systems allocated to MVNO services and the improvement of existing IT systems, an increase in the cost related to use of energy and materials, in which there were included the costs of in-house production of set-top boxes, and an increase in fees to the Polish Film Institute, (iii) an increase in distribution and marketing costs by 31.9 % to PLN 74,769 from PLN 56,683 mainly as a result of an increase by PLN 3,732 of mailing and the call center costs, resulting largely from the replacement of cards to set top boxes and older set top boxes not compatible with the new system of coding, an increase in the marketing cost by PLN 9,675 resulting from intensified promotional campaigns for DTH services, and launch of MVNO services, and increase by PLN 3,861 in the provision for distributors and (iv) an increase in the salaries and employee-related expenses by 30.9 % to PLN 28,553 from PLN 21,813 mainly as a result of increase in the average number of employees in the period to 492 from 328, resulting from our organic growth, launch of set-top boxes factory, launch of MVNO services, as well as increase in average salary level over a comparable period.These increases were partially offset by a decreased in the cost of receiving equipment and telephones sold mainly as a result of a decrease in number of sold elevision receiving equipment, resulting mainly from the grow in the share of rent television receiving equipment which is amortized rather than expensed and the lower number of signed agreements in the three month period ended 31 December 2008 compared with the corresponding period of 2007and a decrease in the average unit cost of standard definition set top boxes sold, due to the sales of our own factory manufactured set top boxes. Moreover, due to presentation of the Group's P&L Statement according to the calculation method the set-top box production related costs were recognized in the particular items of costs. The costs mainly comprise materials and energy consumption costs and the cost of remuneration. In the set-top boxes and telephones own sales cost item we presented the cost of reception equipment sold that we purchased from external entities.

Profit from operating activities. Our profit from operating activities increased to PLN 40,153 in the period of three months ended on 31 December 2008 compared with loss from operating costs in the amount PLN 10,210 in the corresponding period of 2007. The increase primarily results from an increase in revenue from operating activities in a situation of operating activities costs growing much slower.

Financial revenues. Our financial revenue increased to PLN 6,968 in the period of three months ended on 31 December 2008 from PLN 1,740 in the corresponding period of 2007.

Financial revenues mainly comprised interest of PLN 3,273 in the period of three months ended on 31 December 2008 in comparison with PLN 1,740 in the corresponding period of 2007, resulting from higher cash balances on our bank acoounts and foreign exchange gains resulting from realized forwards in the amount of PLN 3,694.

Financial revenue from the revaluation of forwards. Our financial revenue from revaluation of unrealized forwards amounted to PLN 12,626 in the three months period ended on 31 December 2008 ..

Financial costs. Our financial cost increased by 103.2% to PLN 7,955 in the period of three months ended on 31 December 2008 from PLN 3,914 in the corresponding period of 2007.

Financial costs mainly comprised interest on bank loans of PLN 2,490 in the period of three months ended on 31 December 2008 compared to PLN 3,292 in the corresponding period of 2007, and net foreign exchange loss of PLN 5,272 accrued mainly on current operating costs.

Gross profit. Our gross profit increased to PLN 51,792 in the period of three months ended on 31 December 2008 compared to gross loss in the amount PLN 12,384 in the corresponding period of 2007, mainly as a result of an increase in profit from operating activities and recognized gains on impairment of *forwards.*

Income tax. The income tax was PLN 10,495 in the period of three months ended 31 December 2008 The effective tax rate was 20.3%.

Net profit. Our net profit increased to PLN 41,297 in the period of three months ended on 31 December 2008 compared to net loss in amount PLN 8,921in the corresponding period of 2007 as a result of a significant increase in the gross profit.

Other information

EBITDA. EBITDA increased to PLN 48,083 in the period of three months ended on 31 December 2008 compared to negative EBITDA of PLN 1,844 in the corresponding period of 2007. The increase resulted from an increase of in profit on operating activities. The EBITDA margin improved to 15.2%

Capital expenditure. Capital expenditure was PLN 76,310 in the period of twelve months ended on 31 December 2008 when compared to PLN 54,958 in the corresponding period of 2007, mainly due to expenditure borne on fixed assets and intangible assets for the provision of MVNO services, including expenditure on the billing system MVNO infrastructure, expenditure on upgrading the premises we own and expenditures on receiving sets, which are rental by our users

Employment. Average number of employees was 492 persons in the period of three months ended on 31 December 2008, when compared with 328 in the corresponding period of 2007. The increase in the staffing results from our organic growth, launching set-top boxes factory and launching MVNO telecom services.

Business segments

We conduct business in the segment of digital television and mobile telephony. Transactions between secgments are concluded on arms-lenght basis.

The table below presents our revenues and operating costs according to segments of activity in the three month period ended 31 December 2008:

	Digital television	**Mobile phones**	**Other**	**Eliminations**	**Consolidated amount**
Total revenue	313,645	1,982	1,170	(332)	316,465
Operating expenses	235,744	23,124	17,776	(332)	276,312
Operating profit	77,901	(21,142)	(16,606)	-	40,153
EBITDA*	81,421	(19,189)	(14,149)	-	48,083

During the year 2007 we had not yet achieved revenue from MVNO segment. However, substantial investment expenditures were made in order to prepare for the introduction of MVNO-related services. In 2007 PLN 18,672 was spent for non-current assets of which PLN 12,235 was spent on tangible assets comprising computer hardware, testing equipment and telephone exchange. Investment expenditures relating to intangible assets, comprising mostly the MVNO billing system, amounted to PLN 6,437.

Liquidity and capital reserves

The table below presents cash flow for the period of twelve months ended on 31 December 2008 and 2007.

	Twelve months period ended on	
	31 December 2008	31 December 2007
Cash flow from operating activities	336,893	111,210
Cash flow from investment activities	(76,212)	(54,358)
Cash flow from the financial activities	(165,390)	(15,667)
Net changes in cash and cash equivalents	95,291	41,185

Cash flow from operating activities

Cash flow from operating activities increased by PLN 225,683 or 202.9% to PLN 336,893 in the period of twelve months ended on 31 December 2008 from PLN 111,210 in the corresponding period of 2007. The increase results mainly from an increase in the net income by PLN 155,043, an increase in the total adjustments to the net income by PLN 94,746 which is partially offset by an increase in the income tax paid by PLN 26,347.

Cash flow used in investing activities

The cash used in investing activities increased by PLN 21,854 to PLN 76,212 in the period of twelve months ended 30 June 2008 from PLN 54,358 in the corresponding period of 2007. In both periods the funds were used mainly to purchase of tangible fixed assets. In the period of twelve months ended on 31 December 2008 the amount totaled PLN 68,826 and was related to expenditure on: (i) MVNO infrastructure, (ii) modernization of real state being our headquarters, and (iii) equipment for the call center and (iv) means of transport.and (v) receiving sets for making available .

Cash flow used in financial activities

Cash flow used in financial activities in the period of twelve months ended on 31 December 2008 was PLN 165,390 when compared to PLN 15,667 in the corresponding period of 2007 and mainly comprised the repayment of bank debt in the amount of PLN 107,928, dividend payout of PLN 37,565 and repayment of interest on bank debt and financial lease and financial lease liabilities in the total amount of PLN 13,770 as well as inflow related to settlement of costs with Polaris Finance B.V. in relation to admission of our shares for trading on the regulated market for the amount of PLN 7,223.

Cash and cash equivalents as at 31 December 2008 increased to PLN 246,422 as compared to PLN 150,726 as at 31 December 2007. We keep our cash in a form of bank deposits in Zloty, Euro and U.S. dollars in Invest Bank S.A, Bank Pekao S.A and Raiffeisen Bank Polska S.A.

Future liquidity and capital resources

We expect that our principal future cash needs will be (i) development of MVNO services, (ii) purchase of DVRs and High Definition set-top boxes from external suppliers as well as components for our own Standard Definition set-top boxes and (iii) planned capital expenditures, and (iv) debt service. We believe that our cash balances and cash generated from our operations will be sufficient to fund these needs.

Our non-current liabilities amounted to PLN 58,036 as at 31 December 2008 as compared to PLN 134,914 as at 31 December 2007.

Our total debenture from long- and short-term loans and credit facilities as at 31 December 2008 was PLN 110,706, comprising debenture resulting from a loan agreement with Bank BPH S.A. (currently Bank Pekao S.A.) Our loans and borrowings debt are denominated in PLN only.

As at 31 December 2008 our cash balance was higher than our debt balance by about PLN 135,716.

Other Contingent Liabilities

Contractual Liabilities Related to Purchase of Non-Current Assets

On 31 May 2007, we. entered into an agreement with Accenture Sp. z o.o. for implementation and launch of the billing system. As at 31 December 2008, all deliveries and services were invoiced. On 30th July 2008, we. and Accenture Sp. z o.o. signed Annex 1 to an agreement signed 31 May 2007 for delivery of additional hardware and software. As at 31 December 2008, all deliveries were invoiced. Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was PLN 544 as at 31 December 2008.

On 14 August 2007, we entered into an agreement with Nokia Siemens Networks Sp. z o.o. for delivery of hardware and software necessary for the provision of MVNO services. As at 31 December 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 46. Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was EUR 72 as at 31 December 2008.

Contractual Liabilities Related to Contracted Services

On 31 May 2007, we entered into an agreement with Accenture Sp. z o.o. concerning maintenance of the billing system. The agreement is for a term of three years. The annual cost of the service amounts to EUR 245. Moreover, we entered into a service agreement for the billing system. The annual cost of the service amounts to PLN 592.

On 14 September 2007 we entered into an agreement with Nokia Siemens Networks Polska Sp. z o.o. concerning maintenance of the MVNO system plus BOT (Build Operate Transfer) service. The contract is for a term of 13 months. As at 31st December 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 350.

On 14 September 2007 we entered into an agreement with Nokia Siemens Networks Sp. z o.o. for maintenance of the MVNO system. The contract is for a term of five years. The annual cost of the service amounts to EUR 98 .

On 28 September 2007, we. entered into a maintenance agreement with Alcatel Lucent Polska S.A. The contract is for a term of three years. The annual cost of the service amounts to EUR 59.

Other Contingent Liabilities

On 16 May 2008, the we entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polkomtel S.A. an irrevocable and unconditional bank guarantee to pay Polkomtel S.A. up to PLN 600 at the first written payment request by Polkomtel S.A. The bank guarantee is valid until 16 May 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

On 16 June 2008, we entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polska Telefonia Komórkowa Centertel Sp. z o.o. ("Centertel") an irrevocable and unconditional bank guarantee to pay Centertel up to PLN 1,600 at the first written payment request by Centertel. According to the agreement the bank guarantee was valid until 16 December 2008. On 4 December 2008 Annex no. 1 to this agreement was signed. According to the annex, bank guarantee is valid until 17 June 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

On 15 July 2008 Annex 1 to a bank guarantee concluded on 15 November 2007 between Bank BPH S.A. (currently Pekao S.A.) and we were signed. Pursuant to the guarantee agreement Bank BPH S.A. shall guarantee and obligated itself towards Polska Telefonia Cyfrowa Sp. z o.o. („PTC") to irrevocably and unconditionally pay towards PTC a maximum amount of PLN 3,300 upon first written demand of PTC. Pursuant to the signed annex, the maximum guarantee amount was raised to PLN 4,150. The guarantee is valid until 31 July 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

Trend information

The principal trends of which we are aware that we believe will affect our revenues and profitability are:

1 Further development of pay television market, including cable and DTH.

2 We are exposed to fluctuations in the exchange rates of Zloty to both the Euro and the US dollar. A large proportion of our cost of operating activities is denominated in these currencies. In Q4 2008 the Zloty has weakning against the Euro and the US Dollar. Further weakening PLN towards these currencies will have an adverse influence on our financial results.

3 Inflation in Poland is currently slowly increasing and has previously been stable. December 2008 inflation is approximately 3.3% year on year. We do not believe that the current inflationary trends will have a material impact on our business.

We cannot predict the likelihood that these trends will continue.

Information on market risks

All our business is conducted in Poland. However, due to the nature of our business we are exposed to fluctuations in exchange rates and interest rates, as a result of the fact that the amounts due to third parties are often expressed in dollars or euro, and our revenues are expressed primarily in Polish Zloty.

Exchange rates risk management

Our functional and reporting currency is Zloty. Majority of our revenues is expressed in Zloty, while the material part of our operating expenses and capital expenditure is denominated in other currencies than Zloty, mainly U.S. dollars and Euro.

PLN weakning towards USD and Euro in three months period ended 31 December 2008 increased, when compared to three months period ended 30 September 2008, our costs of programming, costs of signal transmissionand and cost of the conditional access system, not including forward transactions, by PLN 15,786. Including forward transactions the above categories of costs increased by PLN 12,098.

In order to limit the currency risk exposure we purchase currencies at rates negotiated on the basis of our current and future needs resulting from exercise of payments in foreign currencies. On 9 October 2007 we entered into a credit agreement enabling us to swap our obligations from loans in foreign currencies into a bank loan denominated in Zloty. It enabled us to significantly reduce future currency risk. As a result of increasing value of payments in foreign currencies caused by an increase in the scale of our operations we intend to use forward transactions for currency purchases, hedging our risk of unwanted U.S. dollar and Euro currency fluctuation risk against Zloty.

In August 2008 we entered into a currency exchange agreement with Invest Bank based on which we will purchase USD 2,000 monthly with a fixed exchange rate of USD 1 = PLN 2.3180 for 11 consecutive months starting 1 October 2008. In September 2008 we entered into a currency exchange agreement with Invest Bank based on which we will purchase EUR 1,500 monthly with a fixed exchange rate of EUR 1 = PLN 3.459 for 6 consecutive months starting 1 October 2008. We will further observe our market to hedge our remaining open position in USD and EUR.

In the twelve months period ended 31 December 2008 we repaid all our bank debt denominated in Euro which we had under the agreement between Praga Business Park Sp. z o. o. and Raiffeisen Bank Polska S.A. As a result of this repayment our debt under current agreements is denominated only in PLN.

Interest rate risk management

As at 30 June 2008 our debt under the agreements with Bank Pekao S.A. was related to the variable interest rate.

We do not hedge our interest rate risk exposure.

Liquidity risk management

Our objective is to maintain a balance between the continuity and flexibility of financing by using various sources of financing, including bank loans and other borrowings. We maintain a significant amount of cash and cash equivalents to be able, among other things, (i) to ensure payments under the satellite television receiving equipment delivery schedule – the accessories to satellite television receiving equipment and components necessary to produce set-top boxes in-house, (ii) to finance planned expenses related to the launch of our MVNO services and the operation of our HDTV broadcasting, including the purchase of satellite TV receiving equipment with high unit purchase prices and (iii) to maintain financial liquidity in connection with planned client promotions .

We hold cash primarily in Polish Zloty but maintain Euro and U.S. dollar positions, the value of which depends on the amount of payments to be made for license fees to broadcasters, signal transmission costs and the costs of conditional access system, as well as the purchase costs of set-top boxes, accessories to set-top boxes and components for in-house manufactured set-top boxes.

The principal risk to our sources of liquidity are operational risks, including especially a risk associated with decreased pricing for the services we offer as a result of increased competition on the Polish market and the risk that our churn rate may increase thereby negatively affecting our revenues.

Dividend policy

Our Ordinary Annual Shareholders Meeting, on 4 July 2008, approved a resolution on the dividend policy, stating that it is our intention to pay the dividend of 33% to 66% of the net profit, which will depend on the achieved profits, financial situation, existing liabilities (including restrictions coming from the loan agreements), possibility of disposition of capital reserves, valuation of our development perspective in the described market situation by the Management Board and the Supervisory Board, as well as necessity of cash resources in the realization of our superior target, which is its further development, especially through the acquisitions and new projects.

Our Ordinary Annual Shareholders Meeting also approved a resolution on dividend of PLN 0.14 per share from our 2007 profits. The dividend was paid on 5 August 2008.

12. Factors, that may impact the results of the Issuer and the Cyfrowy Polsat Capital Group in the following quarter

Promotions launched in the third and fourth quarters of 2008 and in January 2009

Due to the fact that highest sales is in the fourth quarter of the year we prepared special promotions for potential subscribers. During the promotion al period in in three months period ended 31 December 2008 and in January 2009, the newly acquired subscribers were purchaseing our services with the free promotional period of three to twelve months from the agreement conclusion date for a initial subscription contract period of 24 to 36 months. The construction of the promotion will cause a decrease in the ARPU on those customers acqired during the promotional period.

Promotions launched in February of 2009

In February 2009 we launched a set of promotions in with the free from the subscription payments period lasts from one to three months. The construction of the promotion will cause a decrease in the ARPU on those customers acqired during the promotional period.

Competition

Our market is very dynamic and commpetitive. There are four main players on the DTH market in Poland: Canal + Cyfrowy, the operator of Cyfra+ platform, ITI Neovision the operator of “n” platform, Cyfrowy Polsat S.A., operator of Cyfrowy Polsat platform and Telekomunikacja Polska S.A.. During the last quarter the 2008 and in 2009 competition on market was more aggressive

Aggressive competition on market may have a negative impact on our ability to attract new customers, our ability to sustain current customer base, our ability to keep the current prices for end consumer and set-top boxes subsidies as well as our customer acquisition costs.

Exchange rates fluctuations

Our functional and reporting currency is Zloty. Majority of our revenues is expressed in Zloty, while the material part of our operating expenses and capital expenditure is denominated in currencies other than Zloty, mainly US dollars and Euro. Additionally a small portion of our debt is denominated in Euro.

PLN weakning towards USD and Euro in three months period ended 31 December 2008 increased, when compared to three months period ended 30 September 2008, our costs of programming, costs of signal transmissionand and cost of the conditional access system, not including forward transactions, by PLN 15,786. Including forward transactions the above categories of costs increased by PLN 12,098.

In order to hedge against fluctuation of exchange rates in August 2008 we entered into a currency exchange agreement with Invest Bank based on which we will purchase USD 2,000 monthly with a fixed exchange rate of USD 1 = PLN 2.3180 for 11 consecutive months starting 1 October 2008. In September 2008 we entered into a currency exchange agreement with Invest Bank based on which we will purchase EUR 1,500 monthly with a fixed exchange rate of EUR 1 = PLN 3.459 for 6 consecutive months starting 1 October 2008.

We are unable to predict the future foreign Exchange rates fluctuations; however, future foreign exchange rate fluctuation will impact, either positively – in case of appreciation of Zloty or negatively – in case of depreciation of Zloty, our financial results.

CYFROWY POLSAT GROUP

Interim Condensed Consolidated Financial Statements for Three and Twelve Months ended December 31, 2008

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.

Interim Condensed Consolidated Income Statement

Interim Condensed Consolidated Balance Sheet

Interim Condensed Consolidated Statement of Changes in Equity

Interim Condensed Consolidated Cash Flow Statement

Supplementary Information to the Interim Condensed Consolidated Financial Statements

(PLN '000)

1 Interim Condensed Consolidated Income Statement

	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Revenue from subscription fees	271,245	191,142	977,678	662,521
Revenue from rental of digital satellite reception equipment	1,595	1,607	6,842	5,954
Revenue from sales of digital satellite reception equipment and mobile phones	35,463	43,807	100,180	107,205
Revenue from sales of broadcasting and transmission services	3,950	2,464	16,440	11,602
Other operating income	4,212	4,306	32,434	9,387
Total revenue from operating activities	316,465	243,326	1,133,574	796,669
Depreciation and amortisation	7,930	8,366	24,360	20,777
Cost of programming	69,716	41,548	221,443	152,031
Transmission cost	15,680	14,245	59,006	48,402
Distribution and marketing cost	74,769	56,683	202,465	125,919
Salaries, wages and employee benefits	28,553	21,813	64,454	41,701
Cost of sales of digital satellite reception equipment and mobile phones	40,817	95,023	132,410	209,028
Other operating expenses	38,847	15,858	105,699	53,664
Total operating expenses	276,312	253,536	809,837	651,522
Operating profit	40,153	(10,210)	323,737	145,147
Financial income	6,968	1,740	19,359	18,976
Financial income from valuation of forward exchange contracts	12,626	-	13,950	-
Financial expenses	(7,955)	(3,914)	(23,948)	(23,936)
Loss on sale of shares in a subsidiary	-	-	-	(17)
Pre-tax profit	51,792	(12,384)	333,098	140,170
Income tax	10,495	(3,463)	64,632	26,755
Net profit on continued operations	41,297	(8,921)	268,466	113,415
Net profit on discontinued operations	-	-	-	8
Net profit	41,297	(8,921)	268,466	113,423
Net profit attributable to:				
shareholders of the Parent	41,297	(8,921)	268,466	113,421
minority Interests	-	-	-	2
	41,297	(8,921)	268,466	113,423
Basic and diluted earnings per share (PLN)	0.15	(0.03)	1.00	0.43

(PLN '000)

2 Interim Condensed Consolidated Balance Sheet – Assets

Assets

	December 31, 2008 unaudited	December 31, 2007
Digital satellite reception equipment	19,891	549
Other property, plant and equipment	125,452	97,326
Intangible assets	11,491	11,465
Investment property	16,998	18,932
Other non-current assets	24,264	30,956
Deferred tax assets	1,223	4,134
Total non-current assets	199,319	163,362
Inventories	94,603	130,009
Trade and other receivables	119,513	79,133
Income tax receivables	9,357	3,002
Other current assets	86,963	68,971
Cash and cash equivalents	246,422	150,726
Total current assets	556,858	431,841
Total assets	756,177	595,203

(PLN '000)

3 Interim Condensed Consolidated Balance Sheet – Equity and Liabilities

Equity and Liabilities

	December 31, 2008 unaudited	December 31, 2007
Share capital	10,733	10,733
Reserve capital	3,964	3,500
Statutory reserve funds	10,174	10,174
Retained earnings	267,170	36,733
Equity attributable to shareholders of the Parent	292,041	61,140
Minority interests	-	-
Total equity	292,041	61,140
Long-term loans and borrowings	44,135	132,226
Long-term finance lease liabilities	1,407	1,412
Deferred tax liability	12,225	671
Other non-current liabilities and provisions	269	605
Total non-current liabilities	58,036	134,914
Current loans and borrowings	66,571	88,731
Current finance lease liabilities	238	204
Trade and other payables	197,180	208,714
Income tax liabilities	400	-
Deposits received for digital satellite reception equipment	22,447	20,032
Deferred income	119,264	81,468
Total current liabilities	406,100	399,149
Total liabilities	464,136	534,063
Total equity and liabilities	756,177	595,203

(PLN '000)

4 Interim Condensed Statement of Changes in Consolidated Equity for the Twelve Months Period Ended December 31, 2008

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Equity attributable to shareholders of the Parent	Minority interests	Total equity
As at January 1, 2008	10,733	3,500	10,174	36,733	61,140	-	61,140
Dividend declared and paid	-	-	-	(37,565)	(37,565)	-	(37,565)
Appropriation of 2007 profit – transfer to reserve capital	-	464	-	(464)	-	-	-
Net profit for period	-	-	-	268,466	268,466	-	268,466
As at December 31, 2008	10,733	3,964	10,174	267,170	292,041	-	292,041

5 Interim Condensed Statement of Changes in Consolidated Equity for the Twelve Months Period Ended December 31, 2007

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings/ (deficit)	Equity attributable to shareholders of the Parent	Minority interests	Total equity
As at January 1, 2007	10,500	-	-	(73,188)	(62,688)	70	(62,618)
Net profit for period	-	-	-	113,421	113,421	2	113,423
Profit distribution	-	3,500	-	(3,500)	-	-	-
Issue of shares	233	-	10,174	-	10,407	-	10,407
Decrease on disposal of subsidiary	-	-	-	-	-	(72)	(72)
As at December 31, 2007	10,733	3,500	10,174	36,733	61,140	-	61,140

(PLN '000)

6 Interim Condensed Consolidated Cash Flow Statement

	twelve months ended	
	December 31, 2008 unaudited	December 31, 2007
Net profit	268,466	113,423
Adjustments:	116,054	21,308
Depreciation/amortisation	24,360	20,777
Loss on disposal of subsidiary	-	17
(Gain)/loss on investment activities	(11)	466
Interest	3,789	7,024
Change in inventories	35,429	(72,000)
Change in receivables and other assets	(36,684)	(84,640)
Change in liabilities, provisions, accruals and deferrals	38,195	120,873
Foreign exchange gains	(13,016)	(15,958)
Income tax	64,632	26,755
Net decrease/(increase) in set-top boxes provided under operating lease	275	(1,890)
Other adjustments	(915)	19,884
Net cash generated from operating activities	384,520	134,731
Income tax paid	(56,069)	(29,722)
Received interest related to operating activities	8,442	6,201
Net cash flow from operating activities	336,893	111,210
Acquisition of intangible assets	(7,484)	(11,508)
Acquisition of property, plant and equipment	(68,826)	(43,450)
Proceeds from sale of financial assets	-	600
Proceeds from sale of tangible assets	98	-
Net cash flow from investing activities	(76,212)	(54,358)
Proceeds from issue of shares	-	233
Settlement of IPO related costs	7,223	-
Proceeds from loans and borrowings	-	191,830
Repayment of loans and borrowings	(107,928)	(193,235)
Payment of finance lease liabilities	(237)	(237)
Payment of interest on loans, borrowings and finance lease	(13,533)	(11,680)
Dividends paid	(37,565)	-
Other cash used in financing activities	(13,350)	(2,578)
Net cash flow from financing activities	(165,390)	(15,667)
Net increase/decrease in cash and cash equivalents	95,291	41,185
Cash and cash equivalents at the beginning of the period	150,726	109,833
Change in cash resulting from foreign exchange gains/(losses)	405	(292)
Cash and cash equivalents at the end of the period	246,422	150,726

7 Supplementary Information to the Interim Condensed Consolidated Financial Statements for Three and Twelve Months Ended on 31st December 2008

7.1 Basis for the Preparation of the Consolidated Financial Statements

Compliance Statement

The interim condensed consolidated financial statements for three and nine months ended on 31st December 2008 have been prepared in accordance with the International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. The accounting policies adopted by the Group when preparing the financial data for three and twelve months ended on 31st December 2008 are consistent with those adopted when preparing the consolidated financial statements for the years ended on 31st December 2007 and 31st December 2006, as presented in the Annual Consolidated Report, except for the EU-endorsed Standards and Interpretations which are effective for the reporting periods beginning on or after 1st January 2008.

Published International Financial Reporting Standards and IFRIC Interpretations whose Application is not Mandatory

The International Financial Reporting Standards endorsed by the European Union ("EU IFRS") comprise all the International Accounting Standards, International Financial Reporting Standards and their Interpretations, except for those Standards and Interpretations, presented below, which are still to be endorsed by the European Union and the Standards and Interpretations which have been endorsed by the European Union but have not come into force yet.

The Group has not used the possibility of early adoption of the new Standards and Interpretations which have already been published and endorsed by the European Union and which are effective for annual periods beginning on or after 1st January 2008 (presented below). Furthermore, as at the balance-sheet date, the Group had not completed the work on estimating the impact of the new Standards and Interpretations which are to become effective after the balance-sheet date on the Group's consolidated financial statements for the period in which those Standards and Interpretations will be applied for the first time.

New Standards and Interpretations Endorsed by the EU which are Effective for the Financial Years Beginning on or after 1st January 2009

- amendments to IFRS 2 *Share-Based Payment* are effective for annual periods beginning on or after 1st January 2009;

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* is effective for annual periods beginning on or after 1st July 2009;

- IFRS 8 *Operating Segments* is effective for annual periods beginning on or after 1st January 2009;

- revised IAS 1 *Presentation of Financial Statements* is effective for annual periods beginning on or after 1st January 2009;

- revised IAS 23 *Borrowing Costs* is effective for annual periods beginning on or after 1st January 2009;

- amendments to IAS 27 *Consolidated and Separate Financial Statements* are effective for annual periods beginning on or after 1st January 2009;

- amendments to IAS 32 *Financial Instruments: Presentation* are effective for annual periods beginning on or after 1st January 2009;

- Revisions to International Financial Reporting Standards – a set of amendments to International Financial Reporting Standards are effective for annual periods beginning on or after 1st January 2009.

New Standards and Interpretations Pending Endorsement by the EU

- revised IFRS 1 *First-time Adoption of International Financial Reporting Standards*;

- revised IFRS 3 *Business Combinations*;

- revised IAS 27 *Consolidated and Separate Financial Statements*;

- amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and *Reclassification of Financial Assets – Effective Date and Transition*;

- IFRIC 12 *Service Concession Arrangements*;

- IFRIC 15 *Agreements for the Construction of Real Estate*;

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*;

- IFRIC 17 *Distribution of Non-cash Assets to Owners*;

- IFRIC 18 *Transfers of Assets from Customers*.

Approval of these Interim Condensed Consolidated Financial Statements for Publication

These interim condensed consolidated financial statements were approved for publication by the Management Board on 26th February 2008.

7.2 Information on Seasonality in the Company's Operations

Seasonality of sales of digital satellite reception equipment. The only portion of the Company's revenue which is subject to seasonality is the revenue from sales of digital satellite reception equipment. The seasonality is caused by increased number of new subscribers in the fourth quarter of the year (before Christmas) and important sporting events which are not covered in terrestrial channels. Revenue from subscription fees is not directly subject to any seasonal trend.

7.3 Operating segments

Cyfrowy Polsat Group operates in digital television (*Direct to Home*, DTH) and mobile phone (*Mobile Virtual Network Operator*, MVNO) segments. Inter-segment transactions are being concluded on terms that are not materially different from market terms. The Group operates only in Poland.

Segments were identified basing on the status of transactions in the Group's accounting system. DTH segment comprises Company's activities connected with providing digital television (including High Definition or HD) transmission signal to individual clients and set-top boxes' manufacturing by a subsidiary company Cyfrowy Polsat Technology Sp. z o.o. MVNO segment comprises Company's activities connected with providing mobile phone services to the clients.

(PLN '000)

During the year 2007 the Company had not yet achieved revenue from MVNO segment. However, substantial investment expenditures were made in order to prepare for the introduction of MVNO-related services. In 2007 PLN 18,672 thousand was spent for non-current assets. PLN 12,235 thousand was spent on tangible assets comprising computer hardware, testing equipment and telephone exchange. Investment expenditures relating to intangible assets, comprising mostly MVNO billing system, amounted to PLN 6,437 thousand.

The table below presents Groups' segment revenue and costs for three months ended 31st December 2008.

	Digital television	Mobile phones	Other	Eliminations	Consolidated amount
External revenue	313,340	1,982	838	-	316,160
Change of stock value	305	-	-	-	305
Inter-segment revenue	-	-	332	(332)	-
Total revenue	313,645	1,982	1,170	(332)	316,465
Operating expenses, including:	235,744	23,124	17,776	(332)	276,312
Depreciation and amortisation	3,520	1,953	2,457	-	7,930
Operating profit	77,901	(21,142)	(16,606)	-	40,153
EBITDA*	81,421	(19,189)	(14,149)	-	48,083

* The key measure of earnings in the Group is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA measures the Group's ability to generate cash from recurring operations. The Group defines EBITDA as operating profit adjusted by depreciation and amortization. EBITDA is not defined by the EU IFRS and can be calculated differently by other entities.

The table below presents Groups' segment revenue and costs for the year ended 31st December 2008.

	Digital television	Mobile phones	Other	Eliminations	Consolidated amount
External revenue	1,122,920	2,773	3,452	-	1,129,145
Change of stock value	4,429	-	-	-	4,429
Inter-segment revenue	-	-	332	(332)	-
Total revenue	1,127,349	2,773	3,784	(332)	1,133,574
Operating expenses, including:	709,375	45,728	55,066	(332)	809,837
Depreciation and amortisation	10,416	4,480	9,464	-	24,360
Operating profit	417,974	(42,955)	(51,282)	-	323,737
EBITDA*	428,390	(38,475)	(41,818)	-	348,097

* The key measure of earnings in the Group is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA measures the Group's ability to generate cash from recurring operations. The Group defines EBITDA as operating profit adjusted by depreciation and amortization. EBITDA is not defined by the EU IFRS and can be calculated differently by other entities.

(PLN '000)

The table below presents Groups' investment expenditures by segments for three months ended 31st December 2008.

Investment expenditures:	Digital television	Mobile phones	Other	Consolidated amount
- intangible assets	1,307	217	306	1,830
- tangible assets and investment property	17,721	532	11,612	29,865
Total investment expenditures	19,028	749	11,918	31,695

The table below presents Groups' investment expenditures by segments for the year ended 31st December 2008.

Investment expenditures:	Digital television	Mobile phones	Other	Consolidated amount
- intangible assets	4,111	2,426	947	7,484
- tangible assets and investment property	26,413	16,110	26,303	68,826
Total investment expenditures	30,524	18,536	27,250	76,310

The table below presents Groups' assets by segments as at 31st December 2008.

	Digital television	Mobile phones	Other	Consolidated amount
Non-current assets	74,700	28,977	95,643	199,320
Current assets	240,285	9,075	307,497	556,857
Total assets	314,985	38,052	403,140	756,177

Non-current assets classified as other comprise mainly property at Łubinowa street, Group's car fleet and set-top boxes' production line. Current assets classified as other comprise mainly cash and cash equivalents, public receivables and forward exchange contracts' valuation.

During the previous years the Group had not analysed segment results.

7.4 Selected Items of Assets, Liabilities, Equity, Net Profit and Cash Flows, Including Items of Non-Recurring Nature, Size or Extent

7.4.1 Non-Recurring Events Occurring in the Period Covered by these Interim Condensed Consolidated Financial Statements

In the period covered by these interim condensed consolidated financial statements, the Group continued replacement process of the encryption card and digital satellite reception equipment incompatible with the conditional access system. Pursuant to the agreement executed between Cyfrowy Polsat S.A. and Nagravision S.A. on 2nd November 2004, Nagravision S.A. is obliged to pay a contractual penalty covering the costs of card replacement resulting from a breach of the encryption system. As at 31st December 2008 Cyfrowy Polsat S.A. issued debit notes in the amount of PLN 17,070 thousand, the entire amount is recognized as revenue for the current year.

On 30th April 2008 the public offering of the E series shares on the Warsaw Stock Exchange was completed. 6,500,000 shares were offered to individual investors and 60,581,250 shares were offered to institutional investors, of which 30,424,481 in the international offer.

The Board of the Warsaw Stock Exchange S.A. ("GPW") by the Resolution no. 322/2008 of 30th April 2008 admitted to trade on the primary market 75,000,000 ordinary shares of the Company of E series of face value 0.04 PLN each and 5,825,000 ordinary shares of the Company of F series of face value of PLN 0.04 each.

The Board of the Warsaw Stock Exchange ("GPW") by the Resolution No. 326/2008 of 30th April 2008 resolved to introduce, as of 6 May 2008, into trade on the stock exchange on the primary market ordinary shares E and F series in the amount of 75,000,000 and 5,825,000, respectively and of face value of PLN 0.04 each and quote the shares of the Company in a continuous listing system under the short name of "CYFRPLSAT" and the ticker "CPS".

On 5th June 2008 the Company in line with the provisions of the credit agreement with Pekao S.A. dated 9 October 2007, repaid a part of the principal in the amount of PLN 50 million. The repayment was made out of own funds of the Company.

On 3rd June 2008 the Management Board of Cyfrowy Polsat Technology Sp. z o.o. adopted a resolution on moving the set-top-boxes factory from Żywiec to Warsaw. Employment contracts with the employees employed in Żywiec were terminated until 31st August 2008. On 1st September 2008 final assembly of set-top boxes was launched, and on 15th September the main production line was launched.

On 28th August 2008 the Management Board of Cyfrowy Polsat S.A. resolved to merge and adopted a merger plan of Cyfrowy Polsat and Praga Business Park Sp. z o.o., seated in Warsaw, in which Cyfrowy Polsat S.A. has 100% in the share capital. The merger was conducted on 31st December 2008 through a take-over, as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer) in accordance with article 492 § 1. p. 1 of the Commercial Companies Code. The merger of Cyfrowy Polsat S.A. with Praga Business Park Sp. z o.o. was registered on 31st December 2008 by the District Court for the Capital City of Warsaw in Warsaw,13th Department of National Court Register. The merger will lead to the optimisation of the organisational structure of Cyfrowy Polsat Group required in order to realise its medium- and long-term strategy and will allow for optimisation of operating costs within the Group and in addition will simplify the documentation resulting from transactions between related parties.

(PLN '000)

7.4.2 Equity

Share Capital

The Company's share capital as at 31st December 2008 is presented in the table below:

Series	Type	No. of shares	Par value per share (PLN)	No. of votes at GM	% of votes at GM
A	voting preference (two votes per share)	2,500,000	0.04	5,000,000	1.1%
B	voting preference (two votes per share)	2,500,000	0.04	5,000,000	1.1%
C	voting preference (two votes per share)	7,500,000	0.04	15,000,000	3.3%
D	voting preference (two votes per share)	175,000,000	0.04	350,000,000	76.8%
E	ordinary bearer shares	75,000,000	0.04	75,000,000	16.4%
F	ordinary bearer shares	5,825,000	0.04	5,825,000	1.3%
Total		268,325,000		455,825,000	100.0%

Reserve Capital

On 5th September 2007, the General Shareholders Meeting of Cyfrowy Polsat S.A. adopted a resolution to transfer part of the 2006 net profit to reserve capital in accordance with art. 396 of the Commercial Companies Code. Reserve capital was created in the amount of PLN 3,500 thousand.

The General Shareholders Meeting of Cyfrowy Polsat S.A. held on 4th July 2008 adopted a resolution to appropriate PLN 464 thousand from the 2007 profit to reserve capital.

Dividends Paid and Declared

The General Shareholders Meeting of Cyfrowy Polsat S.A. held on 4th July 2008 adopted a resolution regarding the dividend policy. The Company aims to offer its shareholders a share in the profit made by the Company through dividend payment. Recommending appropriation of profit for the financial years 2008-2010, the Company shall present before the General Shareholders Meeting a motion regarding dividend payment in the range between 33% and 66% of the profit. Future propositions for dividend payment at the aforementioned level shall depend on the amount of profit made, the financial situation, existing liabilities (including possible restrictions resulting from debt agreements), ability to use the reserve capital, assessment of Management Board and Supervisory Board of the Company prospects in a particular market situation, and also the need for expenditure due to the pursuit of the ultimate goal of the Company, that is permanent development, in particular through acquisitions and undertaking new projects.

The General Shareholders Meeting of Cyfrowy Polsat S.A. held on 4th July 2008 adopted a resolution to appropriate a part of the profit in the amount of PLN 37,565 thousand to dividend payment for 2007 to the shareholders of the Company. The dividend was paid on 5th August 2008.

7.4.3 Loans and Borrowings

As at 31st December 2008, the Group was a party of one loan agreement.

Agreement with Bank Pekao S.A. concluded on 9th October 2007, for a total loan amount of up to PLN 200 million, subject to variable interest based on WIBOR 6M + 0.55% p.a. On 5th June 2008 the Company in line with the provisions of the loan agreement, repaid a part of the principal in the amount of PLN 50 million. The repayment was made out of own funds of the Company. The remainder the loan amount is payable in equal installments at the end of each quarter. The ultimate repayment of the loan is scheduled no later than on the third anniversary of the execution of the agreement i.e. by 9th October 2010.

The said Loan agreement entails the following constraints on the Company:

a. ban on purchase of shares in other enterprises or on setting up companies without consent of the bank,
b. ban on entering into transactions on terms worse than market terms,
c. ban on extending loans without consent of the bank,
d. ban on accepting guarantee-related obligations without consent of the bank,
e. ban on dividend payments prior to the offering,
f. ban on retirement of Company shares and repurchase for retirement, without consent of the bank.

As at 31st December 2008 the outstanding loan amount with Bank Pekao S.A. was PLN 110,706 thousand.

On 18th September 2006 Praga Business Park Sp. z o.o. entered into a loan agreement with Raiffeisen Bank Polska S.A. for EUR 8,260 thousand carrying variable interest charges based on EURIBOR 1M plus 1.6% p.a. Due to a merger of Cyfrowy Polsat S.A. with its subsidiary Praga Business Park Sp. z o.o., that took place on 31st December 2008, on 30th September 2008 Praga Business Park Sp. z o.o. made a premature repayment of the loan granted by Raiffeisen Bank Polska S.A. in the amount of EUR 5,800 thousand. The debt resulting from the credit agreement with Raiffeisen Bank Polska S.A. from 18th September 2006 was fully repaid on 15th December 2008 with the last capital installment of EUR 1,490 thousand. As a result of full repayment of debt resulting from the loan agreement the collateral in the form of cap mortgage up to the amount of EUR 12,500 thousand established on real estate owned by Praga Business Park Sp. z o.o. expired, and so did the secured interest on all shares of Praga Business Park Sp. z o.o. Moreover, as a result of the loan repayment the collateral in the form of assignment of receivables under real estate insurance policies and assignment of receivables from the lease agreements was released.

(PLN '000)

7.4.4 Transactions with related parties

Below are presented transactions with related parties concluded by the Group in the reporting period:

Receivables	December 31, 2008 unaudited	December 31, 2007
Invest Bank S.A.	-	1
Inwestycje Polskie Sp. z o.o.	-	1
Media Biznes Sp. z o.o.	11	-
Polsat Media Sp. z o.o.	1	1
Polska Telefonia Cyfrowa Sp. z o.o.	135	-
Sferia S.A.	14	-
Superstacja Sp. z o.o.	21	10
Teleaudio Sp. z o.o.	2	-
Telewizja Polsat S.A.	342	77
Total	526	90

Liabilities	December 31, 2008 unaudited	December 31, 2007
Alpatran	31	107
Elektrim S.A.	2	13
EMarket Sp. z o.o.	153	41
Media Biznes Sp. z o.o.	31	-
Polska Telefonia Cyfrowa Sp. z o.o.	175	28
Radio PIN S.A.	28	-
Teleaudio Sp. z o.o.	175	522
Telewizja Polsat S.A.	2,085	2,854
Total	2,680	3,565

(PLN '000)

Operating income	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Inwestycje Polskie Sp. z o.o.	-	-	-	10
Media Biznes Sp. z o.o.	32	30	192	120
Polsat Media Sp. z o.o.	1	-	1	-
Polska Telefonia Cyfrowa Sp. z o.o.	203	-	225	-
Polskie Media S.A.	-	23	24	125
Radio PIN S.A.	75	-	75	-
Sferia S.A.	11	-	11	-
Superstacja Sp. z o.o.	5	25	20	25
Teleaudio Sp. z o.o.	2	-	2	-
Telewizja Polsat S.A.	301	157	1,613	429
Total	630	235	2,163	709

Operating expenses	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Alpatran	75	137	355	362
Elektrim S.A.	400	333	1,356	821
*EMarket Sp. z o.o.**	90	141	403	141
Invest Bank S.A.	1	-	1	-
Media Biznes Sp. z o.o.	156	80	192	120
Polska Telefonia Cyfrowa Sp. z o.o.	335	86	689	200
Radio PIN S.A.	98	-	98	-
Teleaudio Sp. z o.o.	2,036	1,156	6,981	1,927
Telewizja Polsat S.A.	5,769	4,926	17,554	14,684
Total	8,960	6,859	27,629	18,255

* EMarket Sp. z o.o. was being consolidated until August 31, 2007.

Financial income	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Polaris Finance B.V.	4,115	-	7,223	-
*Ster Sp. z o.o.**	-	369	-	369
Total	4,115	369	7,223	369

*Profit on the sale of shares in Satkabel Sp. z o.o.

(PLN '000)

Financial expenses	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Polaris Finance B.V.	-	110	-	2,882
Satkabel Sp. z o.o.	-	-	-	18
*Teleaudio Sp. z o.o.**	-	17	-	17
Total	-	127	-	2,917

*Loss on disposal of shares in EMarket Sp. z o.o.

7.4.5 Off-Balance Sheet Liabilities

Contractual Liabilities Related to Purchase of Non-Current Assets

On 31st May 2007, Cyfrowy Polsat S.A. entered into an agreement with Accenture Sp. z o.o. for implementation and launch of the billing system. As at 31st December 2008, all deliveries and services were invoiced. On 30th July 2008, Cyfrowy Polsat S.A. and Accenture Sp. z o.o. signed Annex 1 to an agreement signed 31st May 2007 for delivery of additional hardware and software. As at 31st December 2008, all deliveries were invoiced. Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was PLN 544 thousand as at 31st December 2008.

On 14th August 2007, Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Sp. z o.o. for delivery of hardware and software necessary for the provision of MVNO services. As at 31st December 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 46 thousand (PLN 191 thousand). Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was EUR 72 thousand (PLN 301 thousand) as at 31st December 2008.

Contractual Liabilities Related to Contracted Services

On 31st May 2007, Cyfrowy Polsat S.A. entered into an agreement with Accenture Sp. z o.o. concerning maintenance of the billing system. The agreement is for a term of three years. The annual cost of the service amounts to EUR 245 thousand. Moreover, the Company entered into a service agreement for the billing system. The annual cost of the service amounts to PLN 592 thousand.

On 14th September 2007 Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Polska Sp. z o.o. concerning maintenance of the MVNO system plus BOT (Build Operate Transfer) service. The contract is for a term of 13 months. As at 31st December 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 350 thousand.

On 14th September 2007 Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Sp. z o.o. for maintenance of the MVNO system. The contract is for a term of five years. The annual cost of the service amounts to EUR 98 thousand.

On 28th September 2007, Cyfrowy Polsat S.A. entered into a maintenance agreement with Alcatel Lucent Polska S.A. The contract is for a term of three years. The annual cost of the service amounts to EUR 59 thousand.

Other Contingent Liabilities

On 16th May 2008, the Company entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polkomtel S.A. an irrevocable and unconditional bank guarantee to pay Polkomtel S.A. up to PLN 600 thousand at the first written payment request by Polkomtel S.A. The bank guarantee is valid until 16th May 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

On 16th June 2008, the Company entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polska Telefonia Komórkowa Centertel Sp. z o.o. ("Centertel") an irrevocable and unconditional bank guarantee to pay Centertel up to PLN 1,600 thousand at the first written payment request by Centertel. According to the agreement the bank guarantee was valid until 16th December 2008. On 4th December 2008 Annex no. 1 to this agreement was signed. According to the annex, bank guarantee is valid until 17th June 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

On 15th July 2008 Annex 1 to a bank guarantee concluded on 15th November 2007 between Bank BPH S.A. (currently Pekao S.A.) and Cyfrowy Polsat S.A. was signed. Pursuant to the guarantee agreement Bank BPH S.A. shall guarantee and obligated itself towards Polska Telefonia Cyfrowa Sp. z o.o. („PTC") to irrevocably and unconditionally pay towards PTC a maximum amount of PLN 3,300 thousand upon first written demand of PTC. Pursuant to the signed annex, the maximum guarantee amount was raised to PLN 4,150 thousand. The guarantee is valid until 31st July 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

All shares of Praga Business Park Sp. z o.o. were subject to a pledge to Raiffeisen Bank Polska S.A. until 16th December 2008. The collateral secured repayment of the bank loan forwarded to Praga Business Park Sp. z o.o. which was fully repaid on the 15th December 2008.

7.4.6 Significant Events Occurring in the Period Covered by these Interim Condensed Consolidated Financial Statements

On 27th August 2008 Cyfrowy Polsat S.A. entered into 11 USD purchase agreements, USD 2,000 thousand each and with the currency dates being on the first working day of each consecutive months, with the first currency date set for 1st October 2008 and the last one on 3rd August 2009. The nominal value of these transactions is USD 22,000 thousand.
For each of the above transactions the proper collateral deposit was established. Collateral deposits are bearing a fixed interest of 6% per annum.

On 11th September 2008 Cyfrowy Polsat S.A. entered into 6 EUR purchase agreements, EUR 1,500 thousand each and with the currency dates being on the first working day of each consecutive months, with the first currency date set for 1st October 2008 and the last one on 2nd March 2009. The nominal value of these transactions is EUR 9,000 thousand.

For each of the above transactions the proper collateral deposit was established. Collateral deposits are bearing a fixed interest of 6% per annum.

As at December 31st 2008 Cyfrowy Polsat S.A. is a party of 8 unsettled USD purchase contracts and 3 unsettled EUR purchase contracts. Financial income from valuation of unsettled forward exchange contracts amounted to PLN 13,950 thousand as at December 31st 2008.

7.5 Events Subsequent to the Balance-Sheet Date

On 13th January 2009 the Management Board of Cyfrowy Polsat S.A. performed following transactions:

a. Mr. Dominik Libicki made a contribution of 500,000 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares,
b. Mr. Maciej Gruber made a contribution of 46,250 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares,
c. Mr. Dariusz Działkowski made a contribution of 46,250 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares,
d. Mr. Andrzej Matuszyński made a contribution of 32.500 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares.

On 15th January 2009 an entity related to the member of the Management Board of the Parent sold in the standard session transaction 46,250 shares of Cyfrowy Polsat S.A. at the price of PLN 14.10 per share.

Entities related to the members of the Management Board of the Parent sold in the standard session transactions:

a. 6,000 shares of Cyfrowy Polsat S.A. at the price of PLN 14.20 per share on 22 January 2009,
b. 26,500 shares of Cyfrowy Polsat S.A. at the price of PLN 14.10 per share on 23 January 2009,
c. 4,000 shares of Cyfrowy Polsat S.A. at the price of PLN 14.20 per share on 22 January 2009,
d. 38,060 shares of Cyfrowy Polsat S.A. at the price of PLN 14.10 per share on 23 January 2009,
e. 200 shares of Cyfrowy Polsat S.A. at the price of PLN 14.14 per share on 23 January 2009,
f. 2,740 shares of Cyfrowy Polsat S.A. at the price of PLN 14.19 per share on 23 January 2009.
g. 1,250 shares of Cyfrowy Polsat S.A. at the price of PLN 14.20 per share on 23 January 2009.

On 25th February 2009 Cyfrowy Polsat S.A. and TVN S.A. signed annexes to license agreements dated 14th February 2003 and 30th May 2006. On the grounds of signed annexes Cyfrowy Polsat S.A. will distribute television programs broadcasted by TVN S.A. including TVN, TVN Siedem, TVN24, TVN Style, TVN Turbo and TVN Meteo. TVN and TVN Siedem will be distributed to subscribers of all packages offered by Cyfrowy Polsat S.A., whereas TVN24, TVN Style, TVN Turbo and TVN Meteo will be distributed to subscribers of Pakiet Familijny (Family Package).

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for Three and Twelve Months
Ended December 31, 2008

(PLN '000)

Interim Condensed Income Statement

	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Revenue from subscription fees	271,245	191,142	977,678	662,521
Revenue from rental of digital satellite reception equipment	1,595	1,607	6,842	5,954
Revenue from sales of digital satellite reception equipment and mobile phones	35,463	43,807	100,180	107,205
Revenue from sales of broadcasting and transmission services	3,950	2,464	16,440	11,602
Other operating revenue	5,323	3,491	28,219	6,650
Total revenue from operating activities	317,576	242,511	1,129,359	793,932
Depreciation and amortisation	8,510	7,805	22,516	19,035
Cost of programming	69,716	41,548	221,443	152,031
Transmission cost	15,680	14,245	59,006	48,402
Distribution and marketing cost	74,769	56,683	202,465	125,919
Salaries, wages and employee benefits	27,122	20,764	59,554	39,755
Cost of sales of digital satellite reception equipment and mobile phones	60,485	95,022	163,219	209,027
Other operating expenses	24,693	15,403	77,618	53,906
Total operating expenses	280,975	251,470	805,821	648,075
Operating profit	36,601	(8,959)	323,538	145,857
Financial income	6,120	2,361	20,844	18,493
Financial income from valuation of forward exchange contracts	12,626	-	13,950	-
Financial expenses	(7,528)	(5,348)	(23,536)	(22,312)
Pre-tax profit	47,819	(11,946)	334,796	142,038
Income tax	9,814	(2,727)	64,201	27,000
Net profit	38,005	(9,219)	270,595	115,038
Basic and diluted earnings per share (PLN)	0.14	(0.03)	1.01	0.44

(PLN '000)

Interim Condensed Balance Sheet – Assets

Assets

	December 31, 2008 unaudited	December 31, 2007
Digital satellite reception equipment	19,891	549
Other property, plant and equipment	113,126	59,890
Intangible assets	10,802	10,367
Non-current loans to related undertakings	-	23,026
Non-current receivables from related undertakings	5,917	6,994
Investment property	21,846	-
Other non-current assets	24,264	30,951
Deferred tax assets	-	3,701
Total non-current assets	195,846	135,478
Inventories	88,921	126,639
Current loans to related undertakings	11,348	7,065
Income tax receivables	9,357	3,002
Trade and other receivables	120,791	78,672
Other current assets	86,932	68,912
Cash and cash equivalents	240,979	141,651
Total current assets	558,328	425,941
Total assets	754,174	561,419

(PLN '000)

Interim Condensed Balance Sheet – Equity and Liabilities

Equity and Liabilities

	December 31, 2008 unaudited	December 31, 2007
Share capital	10,733	10,733
Reserve capital	3,964	3,500
Statutory reserve funds	10,174	10,174
Retained earnings	271,465	38,029
Total equity	296,336	62,436
Deferred tax liability	12,225	-
Long-term loans and borrowings	44,135	106,655
Long-term finance lease liabilities	1,407	1,412
Other provisions for liabilities	120	531
Total non-current liabilities	57,887	108,598
Current loans and borrowings	66,571	87,151
Current finance lease liabilities	238	204
Trade and other payables	191,431	201,530
Deposits received for digital satellite reception equipment	22,447	20,032
Deferred income	119,264	81,468
Total current liabilities	399,951	390,385
Total liabilities	457,838	498,983
Total equity and liabilities	754,174	561,419

(PLN '000)

Interim Condensed Statement of Changes in Equity for the Twelve Months Period Ended December 31, 2008

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Total equity
As at January 1, 2008	10,733	3,500	10,174	38,029	62,436
Dividend declared and paid	-	-	-	(37,565)	(37,565)
Appropriation of 2007 profit – transfer to reserve capital	-	464	-	(464)	-
Retained earnings of Praga Business Park Sp. z o.o.	-	-	-	870	870
Net profit for period	-	-	-	270,595	270,595
As at December 31, 2008	10,733	3,964	10,174	271,465	296,336

Interim Condensed Statement of Changes in Equity for the Twelve Months Period Ended December 31, 2007

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings/(deficit)	Total equity
As at January 1, 2007	10,500	-	-	(73,509)	(63,009)
Net profit for period	-	-	-	115,038	115,038
Profit distribution	-	3,500	-	(3,500)	-
Issue of shares	233	-	10,174	-	10,407
As at December 31, 2007	10,733	3,500	10,174	38,029	62,436

(PLN '000)

Interim Condensed Cash Flow Statement

	twelve months ended	
	December 31, 2008 unaudited	December 31, 2007
Net profit	270,595	115,038
Adjustments:	113,391	(215)
Depreciation/amortisation	22,516	19,035
(Gain)/loss on investment activities	(11)	671
Interest	2,302	3,851
Change in inventories	37,718	(68,629)
Change in receivables and other assets	(37,379)	(102,630)
Change in liabilities, provisions, accruals and deferrals	38,226	115,025
Foreign exchange gains	(13,349)	(14,079)
Income tax	64,201	27,000
Net decrease/(increase) in set-top boxes provided under operating lease	275	(798)
Other adjustments	(1,108)	20,339
Net cash generated from operating activities	383,986	114,823
Income tax paid	(55,247)	(29,722)
Received interest related to operating activities	8,273	5,934
Net cash flow from operating activities	337,012	91,035
Acquisition of intangible assets	(6,869)	(10,487)
Acquisition of property, plant and equipment	(68,275)	(33,948)
Loans granted to related parties	(6,500)	(7,000)
Loans repaid by related parties	3,000	6,000
Interest on loans repaid by related parties	314	-
Proceeds from sale of financial assets	-	616
Proceeds from sale of tangible assets	98	-
Cash inflow resulting from merger	4,976	-
Payment of finance lease liabilities by a subsidiary	557	-
Net cash flow from investing activities	(72,699)	(44,819)
Proceeds from issue of shares	-	233
Settlement of IPO related costs	7,223	-
Proceeds from loans and borrowings	-	191,830
Repayment of loans and borrowings	(107,928)	(190,806)
Payment of finance lease liabilities	(237)	(237)
Payment of interest on loans, borrowings and finance lease	(13,533)	(9,923)
Dividend paid	(37,565)	-
Other cash used in financing activities	(13,350)	(2,578)
Net cash flow from financing activities	(165,390)	(11,481)
Net change in cash and cash equivalents	98,923	34,735
Cash and cash equivalents at the beginning of the period	141,651	107,208
Change in cash resulting from foreign exchange gains/(losses)	405	(292)
Cash and cash equivalents at the end of the period	240,979	141,651

(PLN '000)

Supplementary Information to the Interim Condensed Financial Statements for Three and Twelve Months Ended December 31, 2008

Basis for the Preparation of the Non-Consolidated Financial Statements

Compliance Statement

These interim condensed non-consolidated financial statements for three and twelve months ended on 31st December 2008 have been prepared in accordance with the International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*.

The accounting policies adopted by the Company when preparing the non-consolidated financial data for three and twelve months ended on 31st December 2008 are consistent with those adopted when preparing the consolidated financial statements for the financial years ended on 31st December 2007 and 31st December 2006, as presented in the Annual Report.

Below are presented the key items of the financial statements, as well as transactions excluded from the condensed consolidated financial statements.

Loans to related parties

Long-term loans

Borrower	Loan principal	December 31, 2008 unaudited	December 31, 2007
*Praga Business Park Sp. z o.o.**	n/a	n/a	23,026
Total	n/a	n/a	23,026

*On 31st December 2008 Cyfrowy Polsat S.A. merged with Praga Business Park Sp. z o.o. as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer)

On the grounds of the subordination agreement dated 26st September 2006 concluded between Raiffeisen Bank Polska S.A., Cyfrowy Polsat S.A. and Praga Business Park Sp. z o.o. the loans advanced to Praga Business Park Sp. z o.o. were subordinated to the loan facility contracted at Raiffeisen Bank Polska S.A. with the exception of PLN 11,500 thousand. As a result of the repayment of part of the loan by Praga Business Park Sp. z o.o. in the amount of PLN 6,000 thousand the total amount exempt from subordination was PLN 5,500 thousand as at 31st December 2007. Due to a merger of Cyfrowy Polsat S.A. with its subsidiary Praga Business Park Sp. z o.o., that took place on 31st December 2008, on 30th September 2008 Praga Business Park Sp. z o.o. made a premature repayment of the loan granted by Raiffeisen Bank Polska S.A. in the amount of EUR 5,800 thousand. The debt resulting from the credit agreement with Raiffeisen Bank Polska S.A. from 18th September 2006 was fully repaid on 15th December 2008 with the last capital installment of EUR 1,490 thousand. As a result of full repayment of debt resulting from the loan agreement the collateral in the form of cap mortgage up to the amount of EUR 12,500 thousand established on real estate owned by Praga Business Park Sp. z o.o. expired, and so did the secured interest on all shares of Praga Business Park Sp. z o.o. Moreover, as a result of the loan repayment the collateral in the form of assignment of receivables under real estate insurance policies and assignment of receivables from the lease agreements was released.

(PLN '000)

In 2008 Cyfrowy Polsat S.A. granted Praga Business Park Sp. z o.o. three new loans. On 11th September 2008 two loan agreements were signed between Cyfrowy Polsat S.A. (lender) and Praga Business Park Sp. z o.o. (borrower), for the total amount of PLN 29,000 thousand out of which:

1. A loan in the amount of PLN 26,000 thousand was granted for the repayment of the bank loan under an agreement with Raiffeisen Bank Polska S.A. The repayment of the bank loan allowed to remove the registry pledge on the shares of Praga Business Park Sp. z o.o., which was a prerequisite for the merger of both companies.
2. A loan in the amount of PLN 3,000 thousand was granted to finance the current operations of Praga Business Park Sp. z o.o.

On 4th November 2008 Cyfrowy Polsat S.A. signed with its subsidiary Praga Business Park Sp. z o.o. a loan agreement for the amount of PLN 1,700 thousand to finance the current operations of Praga Business Park Sp. z o.o.

Loans described above bore an interest based on variable interest rate of WIBOR 6M increased by 2 percentage points. The loans were granted until 31st January 2009 and were secured by promissory notes.

Short-term loans

Borrower	Loan principal	December 31, 2008 unaudited	December 31, 2007
Cyfrowy Polsat Technology Sp. z o.o.	1,500	-	1,530
Cyfrowy Polsat Technology Sp. z o.o.	1,500	-	1,529
Cyfrowy Polsat Technology Sp. z o.o.	4,000	4,346	4,006
Cyfrowy Polsat Technology Sp. z o.o.	6,500	7,002	-
Total	13,500	11,348	7,065

On 22nd May 2007, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. concluded a loan agreement under which a loan in the amount of PLN 1,500 thousand was granted to Cyfrowy Polsat Technology to finance its on-going operations. Subsequent loans to finance Cyfrowy Polsat Technology's on-going operations were granted on 27th August 2007 (PLN 1,500 thousand), 21st December 2007, (PLN 4,000 thousand) and 5th February 2008 (PLN 6,500 thousand).

The interest rates for all the above agreements on loans advanced to Cyfrowy Polsat Technology Sp. z o.o. were set as the WIBOR 6M rate quoted as at the last date preceding the date on which interest falls due plus a margin of 2%. The date of repayment of the loans together with interest was set at 31st December 2009 at the latest. The loans were secured with a blank promissory note of the borrower with a promissory note declaration.

On 31st December 2008 Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. offsetted their receivables and payables. As a result, principal and interest payable by Cyfrowy Polsat Technology Sp. z o.o. resulting from two loans in the nominal amount of PLN 1,500 thousand each were fully settled.

(PLN '000)

Long-term receivables from related parties

	December 31, 2008 unaudited	December 31, 2007
Non-current receivables under financed lease	5,917	6,730
Security deposits	-	264
Total	5,917	6,994

On 1st December 2007, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. signed a lease agreement for an electronic equipment production line. In compliance with the requirements of IFRS, the agreement was disclosed in the Company's accounting books as finance lease. As at the date of the agreement, the total value of leased assets was PLN 7,664 thousand. The agreement was concluded for a period of seven years.

On 31st October 2008, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. signed a lease agreement for a laser. In compliance with the requirements of IFRS, the agreement was disclosed in the Company's accounting books as finance lease. As at the date of the agreement, the total value of leased assets was PLN 143 thousand. The agreement was concluded for a period of six years.

As at the balance-sheet date, the amounts due from Cyfrowy Polsat Technology Sp. z o.o. under the lease agreement total PLN 6,870 thousand, including PLN 5,917 thousand representing a non-current portion. Because the leased assets are closely related to the business of Cyfrowy Polsat S.A., the interest income of PLN 557 thousand was disclosed under net financial income.

Transactions with related-parties

Receivables

	December 31, 2008 unaudited	December 31, 2007
Cyfrowy Polsat Technology Sp. z o.o.	326	71
Cyfrowy Polsat Technology Sp. z o.o. (lease)	6,870	7,713
Invest Bank S.A.	-	1
Inwestycje Polskie Sp. z o.o.	-	1
Media Biznes Sp. z o.o.	11	-
Polsat Media Sp. z o.o.	1	1
Polska Telefonia Cyfrowa Sp. z o.o.	135	-
*Praga Business Park Sp. z o.o.**	n/a	264
Sferia S.A.	14	-
Superstacja Sp. z o.o.	21	10
Teleaudio Sp. z o.o.	2	-
Telewizja Polsat S.A.	342	77
Total	7,722	8,138

*On 31st December 2008 Cyfrowy Polsat merged with Praga Business Park Sp. z o.o. through a take-over, as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer)

(PLN '000)

Liabilities

	December 31, 2008 unaudited	December 31, 2007
Alpatran	31	107
Cyfrowy Polsat Technology Sp. z o.o.	8,480	2
Elektrim S.A.	2	13
EMarket Sp. z o.o.	151	41
Media Biznes Sp. z o.o.	31	-
Polska Telefonia Cyfrowa Sp. z o.o.	174	28
*Praga Business Park Sp. z o.o.**	n/a	189
Radio PIN S.A.	28	-
Teleaudio Sp. z o.o.	175	522
Telewizja Polsat S.A.	2,085	2,854
Total	11,157	3,756

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Operating income	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Cyfrowy Polsat Technology Sp. z o.o.	690	-	820	-
Inwestycje Polskie Sp. z o.o.	-	-	-	10
Media Biznes Sp. z o.o.	32	30	192	120
Polsat Media Sp. z o.o.	1	-	1	-
Polska Telefonia Cyfrowa Sp. z o.o.	203	-	225	-
Polskie Media S.A.	-	23	24	125
*Praga Business Park Sp. z o.o.**	n/a	8	n/a	8
Radio PIN S.A.	75	-	75	-
Sferia S.A.	11	-	11	-
Superstacja Sp. z o.o.	5	25	20	25
Teleaudio Sp. z o.o.	2	-	2	-
Telewizja Polsat S.A.	303	157	1,613	429
Total	1,322	243	2,983	717

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(PLN '000)

Operating expenses	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Alpatran	130	137	355	362
Elektrim S.A.	400	333	1,356	821
EMarket Sp. z o.o.	89	12	399	141
Invest Bank S.A.	1	-	1	-
Media Biznes Sp. z o.o.	156	80	192	120
Polska Telefonia Cyfrowa Sp. z o.o.	331	86	681	200
*Praga Business Park Sp. z o.o.**	n/a	843	n/a	2,933
Radio PIN S.A.	98	-	98	-
Teleaudio Sp. z o.o.	2,036	1,156	6,981	1,927
Telewizja Polsat S.A.	5,769	4,926	17,554	14,684
Total	9,010	7,573	27,617	21,188

*On 31st December 2008 Cyfrowy Polsat merged with Praga Business Park Sp. z o.o. through a take-over, as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer)

In the twelve months ended on 31st December 2008 the Company purchased inventories (set-top boxes and accessories) from Cyfrowy Polsat Technology Sp. z o.o. for a total value of PLN 44,381 thousand.

Financial income	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Cyfrowy Polsat Technology Sp. z o.o.	423	113	1,654	162
Polaris Finance B.V.	-	-	7,223	-
*Praga Business Park Sp. z o.o.**	n/a	417	n/a	1,600
*Ster Sp. z o.o.***	-	369	-	369
Total	423	899	8,877	2,131

*On 31st December 2008 Cyfrowy Polsat merged with Praga Business Park Sp. z o.o. through a take-over, as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer)
**Profit on the sale of shares in Satkabel Sp. z o.o. Revenue on sale amounted to PLN 400 thousand.

Financial expenses	three months ended		twelve months ended	
	December 31, 2008 unaudited	December 31, 2007 unaudited	December 31, 2008 unaudited	December 31, 2007
Polaris Finance B.V.	-	110	-	2,882
Satkabel Sp. z o.o.	-	-	-	18
*Teleaudio Sp. z o.o.**	-	10	-	10
Total	-	120	-	2,910

*Loss on disposal of shares in EMarket Sp. z o.o.