CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim consolidated report for the three month period ended 30 September 2010

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.

Warsaw, 15 November 2010

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We have prepared this quarterly report as required by Paragraph 82 section 1 of the Regulation of the Council of Ministers of 19 February 2009 concerning the submission of current and periodical information by the securities' issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union.

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 or Capital Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiaries. 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; "SD" relates to a television signal in the standard definition technology (Standard Definition); „HD" relates to the television signal in the high definition technology (High Definition); „DVR" relates to set-top boxes with hard disk used to record television channels (Digital Video Recorder); „Family Package", "Mini Package" and "Mini Max Package" relate to our starting packages available within our DTH services; "Subscriber" relates to a person who signed an agreement for subscription to television services and who is obliged, under the terms of agreement, to make payments to access a package or packages of television and radio channels or who has access to such packages after making required payments but without having signed such an agreement; „ARPU" relates to average net revenue per one user/agreement to whom we rendered services calculated as a sum of fees paid by our subscribers for our DTH services divided by the average number of subscribers/agreements to whom we rendered services in the reporting period; „ARPU Family Package" and „ARPU Mini Package" relate to average revenue per subscriber to the Family Package and Mini and Mini Max Package, respectively; „churn" relates to the churn rate, calculated as the ratio of the number of terminated contracts in the 12 months preceding the balance sheet date less the number of customers who have entered into a contract for the provision of satellite pay television services with us once again in a period of not more than 12 months, and the average number of contracts in that period; „churn Family Package" and „churn Mini Package" relates to churn rate calculated for the Family Package and Mini and Mini Max Package, respectively; „SAC" relates to the sum of cost of provision payable to distributors per each attracted customer; "VoD" relates to the services from the video on demand category; "internet access services" relates to broadband internet access services; „MVNO" relates to mobile virtual network operator services; „Integrated services " relates to pay DTH services, mobile services and internet access services provided with one agreement and one subscription fee; "M.Punkt" relates to M.Punkt Holdings Ltd.; "mPunkt" relates to mPunkt Polska S.A.; „Shares" relates to the shares of Cyfrowy Polsat S.A., which were introduced to public trading on the Warsaw Stock Exchange on 6 May 2008 and are marked with a code PLCFRPT00013; "PLN" or "zloty" refers to the lawful currency of Poland; "USD" or "dollars" refers to the lawful currency of the United States of America; and "EUR" or "euro" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

Financial and operating data

This quarterly report contains financial statements and financial information relating to the Company and the Group. In particular, this quarterly report contains our quarterly condensed consolidated financial statements for 3 and 9 month periods ended 30 September 2010 and quarterly condensed financial statements for the 3 and 9 month period ended 30 September 2010. The financial statements attached to this interim report have been prepared in accordance with International Financial Reporting Standards approved for use in the European Union ("IFRS") and are presented in thousand Zlotys

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, in this quarterly report all references to "PLN" or "Zloty" are to the lawful currency of the Republic of Poland; all references to "U.S. $", "USD" or "US dollars" are to the lawful currency of the United States; and all references to "EUR", "€" or the "euro" are to the lawful currency of the member states of the European Union that adopted 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 ARPU, SAC, per share data and prices of our services unless otherwise stated.

Forward–looking statements

This quarterly report contains forward looking statements relating to future expectations regarding 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 semi-annual 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 at 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 publication of this quarterly report.

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1. Introduction

We are a leading pay digital satellite platform operator in Poland. Our core business is providing individual customers with access to television and radio channels grouped into different paid programming packages. We purchase television channels provided to our subscribers from television broadcasters both in Poland, as well as in other countries. As at 30 September 2010 our subscriber base of paid packages reached 3,277,936, an increase of 361,186 or 12.4% compared to 30 September 2009.

We provide our DTH subscribers with an access to 86 Polish-language television channels, including sports, music/entertainment, news/information, children, education, film channels and all major terrestrial channels in Poland, including Polsat, TVP 1, TVP 2 and TVN. Moreover, we offer high definition channels, such as Polsat HD, Polsat Sport HD, Eurosport HD, Eurosport 2 HD, HBO HD, AXN HD, Animal Planet HD, MTVN HD, Discovery HD Showcase, FilmBox HD, Fox Life HD, Cinemax HD and National Geographic Wild HD. In addition, we provide our customers with an access to over 500 free to air ("FTA") television and radio channels available via satellite in Poland. Since December 2009 we offer a service in the video on demand category - VoD Home Video Rental. VoD Home Video Rental is based on 15 satellite channels, where there are over 60 films available monthly in cycles. This service is available to all our subscribers, regardless of the type of set-top box.

We sell our services through an effective sales network covering the entire territory of Poland that links our own central warehouse, 30 regional distributors, and a network of 1,142 retail points of sale. In June we finalized a purchase transaction of M.Punkt Holdings Ltd., owner of the company owning the mPunkt distribution network, specializing in the sale of goods and services for mobile telephony. mPunkt has 148 outlets in over 121 cities, as well as a training center. We believe that the expansion of our sales network will allow us to effectively sell our DTH services as well as the integrated services that we launched in June 2010.

The launch of mobile services in September 2008 was the first step in the process of building a multi play operator offering DTH services, mobile services and internet access services launched commercially on 1 February 2010. From June 2010 we are offering three services in one package - multi-play offer. As at 30 September 2010 the number of mobile phone users totaled 60 ths. and the number of internet access service users totaled 15 ths.

We believe, that our multi-play offer will contribute to an increase of the general satisfaction of our customers and in consequence, lower the churn, and increase the subscriber base which will be converted into a growth of our revenues.

2. Significant events

A Change in the composition of the Management Board of Cyfrowy Polsat S.A.

On 13 July 2010 Aneta Jaskólska was appointed by Supervisory Board to the position of a Member of the Management Board. Aneta Jaskólska is responsible for Legal Department, Administration Department, Personal Department and Safety Department.

Decision of M.Punkt Holdings Limited cross-border merger by Extraordinary General Meeting of Cyfrowy Polsat S.A

On 15 September 2010 Extraordinary General Meeting of Cyfrowy Polsat S.A. decided of cross-border merger, in procedure of the art. 492 § 1 point 1 CCC in connection with art. 516^{15} and art. 516^{1} CCC, of Company with company under firm M. Punkt Holdings Limited with its registered office in Nicosia, Cyprus recorded in the Companies Registry under No. 125353 (“Acquiree”), by transferring to Cyfrowy Polsat S.A. – sole shareholder of the Acquiree – all of the assets of the Acquiree and dissolving Acquiree without going into liquidation.

Additionally Extraordinary Shareholder Meeting of the Acquiring Company decided that merger of Acquiring Company with Acquiree Company will be held in the manner set out in art. 515 § 1 CCC in connection with art. 516^{1} CCC, without increasing Acquiring Company’s share capital and without changing of the statute of the Acquiring Company and in accordance with rules provided in the common draft terms of a cross-border merger approved on 30 July 2010 by the management boards of the Acquiring Company and the Acquiree published in the Monitor Sądowy i Gospodarczy (Court and Business Gazette) on 11 August 2010, No.155/2010, item 10111 (“Draft Terms”).

Extending the VOD programming offer

In July 2010 we signed an agreement with The Walt Disney Company EMEA concerning the content of our VOD - Domowa Wypożyczalnia Filmowa services. The Walt Disney Company EMEA is the next supplier with which we established the cooperation in this area. Our VOD offer among others includes: The Princess and the Frog, Old Dogs, Everybody's Fine, Alice in Wonderland.

Launch of new HD set-top box with the exchangeable hard disk

In August 2010 we extended our offer with a new HD set-top box equipped with exchangeable hard disk with capacity of 320 GB. Model ESI-88 produced by Sagemcom is available for particular programming offers even from PLN 99. ESI- 88 is the first set-top box on the market equipped with the exchangeable hard disk. The possibility of purchase of additional disk with capacity of 500 GB will be implemented in the nearest months. The new set-top box enables the reception of standard and high definition signal. It supports functions essential for viewers, like: channel searching, mode TV/radio, proportion of screen 4: 3 and 16: 9, parental supervision and 7 - day electronic programs guide.

New offer of Cyfrowy Polsat

In October 2010 we launched new programming packages as well as we changed principles of their sale. Currently each package contains HD channels, and subscriber is gaining the full flexibility in shaping his programming offer. For fourth quarter we prepared also interesting promotions with additional bonuses for future subscribers. New packages, enabling the access to high definition television in each of them were implemented. Currently we offer 2 starting packages: Family HD Package and Mini HD Package and 5 additional packages, also including HD channels - HD Sport Package, Cinemax HD Package, VOD Package, Extra HD Package and HBO HD Package

3. Summary historical financial data

The following tables set out our summary historical interim consolidated financial information for the three and nine month periods ended 30 September 2010 and 30 September 2009. You should read the information in conjunction with interim condensed consolidated financial statements for the three and nine month period ended 30 September 2010 and Management's Discussion and Analysis of Financial Situation and Results of Operations included in point 12 of this quarterly report.

Certain financial data:

- from the consolidated profit and loss statements for the three month periods ended 30 September 2010 and 30 September 2009 have been converted into euro at a rate of PLN 4.0083 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 July to 30 September 2010);

- from the consolidated profit and loss statements and consolidated cash flow statement for the nine month periods ended 30 September 2010 and 30 September 2009 have been converted into euro at a rate of PLN 4.0032 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 January to 30 September 2010);

- from consolidated balance sheet data as at 30 September 2010, 31 December 2009 and 30 September 2009 have been converted into euro at a rate of PLN 3.9870 per €1.00 (an exchange rate published by NBP on 30 September 2010).

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.

	For the three month period ended 30 September				For the nine month period ended 30 September			
	2010		2009		2010		2009	
(in thousands)	PLN	EUR	PLN	EUR	PLN	EUR	PLN	EUR
Consolidated Income Statement								
Revenues from services, products, goods, and materials sold	363,569	90,704	313,799	78,287	1,105,830	276,237	928,852	232,027
Cost of services, products, goods and materials sold	(194,920)	(48,629)	(173,665)	(43,326)	(580,024)	(144,890)	(509,769)	(127,340)
Cost of sales	(52,046)	(12,985)	(48,904)	(12,201)	(155,090)	(38,742)	(133,215)	(33,277)
General and administration costs	(24,900)	(6,212)	(18,516)	(4,619)	(69,524)	(17,367)	(54,064)	(13,505)
Other operating revenue	2,293	572	1,145	286	11,970	2,990	10,888	2,720
Other operating costs	(12,481)	(3,114)	(2,318)	(578)	(35,024)	(8,749)	(17,727)	(4,428)
Operating profit	81,515	20,337	71,541	17,848	278,138	69,479	224,965	56,196
Pre-tax profit	84,322	21,037	73,721	18,392	273,688	68,367	232,986	58,200
Income tax	(15,929)	(3,974)	(13,561)	(3,383)	(52,167)	(13,031)	(44,111)	(11,019)
Net profit	68,393	17,063	60,160	15,009	221,521	55,336	188,875	47,181
Basic and diluted earnings per share (not in thousands)	0.25	0.06	0.22	0.06	0.83	0.21	0.70	0.18
Weighted average number of issued ordinary shares (not in thousands)	268,325,000	-	268,325,000	-	268,325,000	-	268,325,000	-
Consolidated Cash Flow Statement								
Cash flow from operating activities	-	-	-	-	92,898	23,206	122,209	30,528
Cash flow from investing activities	-	-	-	-	(74,115)	(18,514)	(26,050)	(6,507)
Cash flow from financing activities	-	-	-	-	(84,121)	(21,013)	(185,190)	(46,260)
Net decrease in cash and cash equipments	-	-	-	-	(65,338)	(16,321)	(89,031)	(22,240)
Other consolidated financial data								
Depreciation and amortization	22,054	5,502	10,992	2,742	57,016	14,243	28,908	7,221
EBITDA[1]	103,569	25,839	82,533	20,591	335,154	83,722	253,873	63,418
EBITDA margin	28.5%	28.5%	26.3%	26.3%	30.3%	30.3%	27.3%	27.3%
Operating margin	22.4%	22.4%	22.8%	22.8%	25.2%	25.2%	24.2%	24.2%
Capital expenditures[2]					38,590	9,640	26,391	6,592

[1] We define EBITDA as operating profit before amortization and depreciation, EBITDA is not a measure of profit from operational activity, the operating effectiveness or the liquidity. However EBITDA is a measure, used at managing activity, because it is indicator often applied by investors which enables them to compare the productivity excluding the amortization and depreciation, which value can be different depending on methods of accounting, as well as other operating and inoperable factors .

[2] Capital expenditure represents our investment in fixed assets and intangible assets. It does not include expenditure on purchase of set-top boxes leased to our subscribers which are reflected in the cash flow from operating activities

(in thousands)	As at 30 September 2010 PLN	EUR	31 December 2009 PLN	EUR	30 September2009 PLN	EUR
Consolidated balance sheet						
Cash and cash equivalents	34,038	8,537	72,652	18,222	156,719	39,307
Assets	984,872	247,021	774,846	194,343	735,722	184,530
Non-current liabilities	67,142	16,840	28,754	7,212	12,822	3,216
Current liabilities	526,741	132,115	423,679	106,265	441,931	110,843
Equity	390,989	98,066	322,413	80,866	280,969	70,471
Share capital	10,733	2,692	10,733	2,692	10,733	2,692

4. Organizational structure of Cyfrowy Polsat Capital Group

The following table presents the companies included in the organizational structure of Cyfrowy Polsat Capital Group as at 30 September 2010 and consolidated using full consolidation method :

	Company's registered office	Activities	Voting rights as at 30 September 2010 (%)	Consolidation method
Parent				
Cyfrowy Polsat S.A.	ul. Łubinowa 4a Warsaw	radio and television activity, telecommunications		
Subsidiaries				
M.Punkt Holdings Ltd[1]	3 Themistokli Dervi Street, Nicosia (Cyprus)	owner of mPunkt Polska S.A. and mTel Sp. z o.o.	100%	full consolidation
Cyfrowy Polsat Technology Sp. z o.o.	ul. Łubinowa 4a Warsaw	set-top boxes' production	100%	full consolidation

[1] In process of cross-border merger; consolidation in period of May - September 2010

Additionally shares in Karpacka Telewizja Kablowa Sp. z o.o. were presented in interim condensed consolidated financial statements for the nine months ended 30 September 2010. As at 30 September 2010 Karpacka Telewizja Kablowa Sp. z o.o. was not consolidated due to insignificant size of that company from the Group perspective and as this entity does not carry out any operating activities.

5. Changes in the organizational structure of Cyfrowy Polsat Capital Group and their effects

On 30 July 2010 we decided to merge with M.Punkt Holdings Ltd. seated in Nicosia, Cyprus, in which Cyfrowy Polsat S.A. holds 100% of share capital and approved cross-border merger plan.

The cross-border merger will allow to optimize costs and simplify the organizational structure of Cyfrowy Polsat Group which is required in order to realize its medium and long-term strategy.

The cross-border merger plan, prepared in accordance with article 491 and further, in particular Articles 516^1-516^{18} of the Commercial Companies Code of 15 September 2000 (Cross-border mergers of joint-stock companies) and with Sections 201 I to X 201 of the Cyprus Companies Law, Cap 113, amended by Section II Law N.186(I)/2007. The cross-border merger will result in:

i. M.Punkt Holdings Ltd shall be terminated without liquidation, and
ii. Cyfrowy Polsat S.A. will take over, by the way of universal succession, the M.Punkt's assets and liabilities, including, in particular the ownership of share capital in mPunkt Polska S.A.

On 15 September 2010 Extraordinary General Meeting of Cyfrowy Polsat S.A. decided of cross-border merger, by transferring to Cyfrowy Polsat S.A. – sole shareholder of the Acquiree – all of the assets of the Acquiree and dissolving the Acquiree without going into liquidation.

Additionally, Extraordinary Shareholder Meeting of the Acquiring Company decided that merger of Acquiring Company with the Acquiree will be held in the manner set out in art. 515 § 1 CCC in connection with art. 516^1 CCC, without increasing Acquiring Company's share capital and without changing of the statute of the Acquiring Company and in accordance to rules provided in the common draft terms of a cross-border merger approved on 30 July 2010 by the management boards of the Acquiring Company and the Acquiree published in the Monitor Sądowy i Gospodarczy (Court and Business Gazette) on 11 August 2010, No.155/2010, item 10111 ("Draft Terms").

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

We did not publish any financial forecasts.

7. 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 - according to our best knowledge - no less than 5% of votes at General Meeting of Cyfrowy Polsat S.A. as of the date of publication of this quarterly report. The information included in the table is based on the information received from the shareholders pursuant to Art. 69, sec. 1 of the Act on changes of Public Offering, dated 4 September 2008, conditions governing the introduction of financial instruments to organized trading and public companies and changes of others acts.

Shareholder	Number of shares	% of share	Number of votes	% of votes
Polaris Finance B.V. [1]	175,025,000	65.23%	341,967,501	76.38%
Other	93,300,000	34.77%	105,775,000	23.62%
Total	268,325,000	100.00%	447,742,501	100.00%

[1]Zygmunt Solorz-Żak owns 85% of shares of Polaris Finance B.V. and Heronim Ruta owns 15% of shares of Polaris Finance B.V.

8. Changes in the number of shares of Cyfrowy Polsat S.A. owned by the members of the Management Board and Supervisory Board

8.1 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 15 November 2010, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last financial report (semi-annual report for the six month period ended 30 June 2010) on 26 August 2010. 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, dated 29 July 2005.

Management Board Member	Balance as of 26 August 2010	Increases	Decreases	Balance as of 15 November 2010
Dominik Libicki, President of the Management Board	1,497	-	-	1,497

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

The following table presents shares owned directly or indirectly by our Supervisory Board members as of 15 November 2010, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last financial report (semi-annual report for the six month period ended 30 June 2010) on 26 August 2010. 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, dated 29 July 2005.

Supervisory Board Member	Balance as of 26 August 2010	Increases	Decreases	Balance as of 15 November 2010
Zygmunt Solorz-Żak[1] Chairman of the Supervisory Board	159,375,000	-	-	159,375,000
Heronim Ruta[2] Member of the Supervisory Board	26,253,750	-	-	26,253,750

[1]Zygmunt Solorz-Żak owns indirectly 148,771,250 shares of Cyfrowy Polsat S.A. (55.44% of the share capital and 64.92% of votes) through Polaris Finance B.V. and directly 10.603.750 shares of Cyfrowy Polsat S.A. (3.95% of the share capital and 4.74% of votes).

[2]Heronim Ruta owns indirectly 26,253,750 shares of Cyfrowy Polsat S.A. (9.78% of the share capital and 11.46% of votes) through Polaris Finance B.V.

9. Information on material proceedings at the court, arbitration body or public authorities against the Company or Its consolidated subsidiaries

Public administration proceedings

Proceedings before the President of UOKiK regarding an application of practices breaching collective interests of consumers.

Cyfrowy Polsat S.A. received on 13 August 2009 a notification of initiation of proceedings with regard to application of practices breaching collective interest of consumers as set out by the provisions of article 24 clause 2 point 1 of the Law of 16 February 2007 on competition and consumer protection by the Parent, relating to statements in the service provision rules, whose content, in the view of the President of the Office of Competition and Consumer Protection, may be tantamount to the content of provisions entered into the registry of templates that have been deemed forbidden. The Parent had been in the course of works, in cooperation with UOKiK and the Office of Electronic Communications, to change the rules. The amended rules entered into force on 1 November 2009.

The Parent received decision No. 11/2009 dated 31 December 2009 stating that the President of UOKiK recognizes the statements in the service provision rules (which were in force until 1 November 2009) as practice breaching the collective interests of consumers. Simultaneously, the President of UOKiK stated that these provisions were ceased in the amended rules.

The President of UOKiK ordered, once the decision becomes legally binding, its publication on the www.cyfrowypolsat.pl website and in a daily nationwide newspaper. Moreover, pursuant to article 106 clause 1 point 4 of the Law of 16 February 2007 on competition and consumer protection the President imposed a cash fine of PLN 994 payable to the state budget, due to the breach of the interdiction set out in article 24 clause 1 and 2 point 1 of the Law of 16 February 2007 on competition and consumer protection within the scope described in the decision, which constitutes 0.09% of the Parent's revenue in 2008.

We submitted appeal against the decision to the Competition and Consumer Protection Court. The President of UOKiK applied for a dismissal of the appeal. Until the date of this quarterly report the Competition and Consumer Protection Court did not referred to any of applications submitted by both parties to proceedings.

Other litigations

Action brought by SkyMedia Sp. z o.o.

A lawsuit filed by SkyMedia Sp. z o.o. with registered office in Katowice for compensation and indemnity claims. On 2 April 2010 the District Court for Warszawa Praga in Warsaw X Entrepreneurs' Division give judgment on base of which the Company is obliged to the payment for SkyMedia Sp. z o.o of the amount of the PLN 545 with statutory interest calculated since 28 August 2007 and the PLN 30, as the return of court costs.

Both sides submitted appeal against the decision. On 22 September 2010 the Court of Appeal in Warsaw upheld the verdict of the District Court for Warszawa Praga in Warsaw from 2 April 2010. The verdict of the Court of Appeal is valid and upholds payment obligation of the adjudged amount to SkyMedia Sp. z o.o. The company does not exclude the appeal against the decision to the Supreme Court.

10. Information on concluding by the Company or its subsidiaries material transactions with related parties concluded on conditions other than market conditions

In the three month period ended 30 September 2010 we did not conclude any material transactions with related parties on conditions other than market conditions.

11. Information on guarantees granted by the Company or subsidiaries to third parties

In the three month period ended 30 September 2010 neither us, nor any of our affiliates or subsidiary companies had granted any loans and borrowings or guarantees for any third party or subsidiary where the total value of existing guarantees was at least 10% of equity of the Company.

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

12.1. Sources of revenue from services, products, goods and materials sold

Our revenue from services, products, goods and materials sold consists of:

DTH subscription fees

Subscription fees consist of monthly subscription fees paid by our DTH subscribers for the programming packages, activation fee and fees for extra services such as VoD Home Video Rental. 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, the amount of activation fees, paid upfront by our subscribers and the number of subscribers from which the activation fees are accounted and the number of leased films. In the three and nine month periods ended 30 September 2010 subscription fees were, respectively 94% and 93% of our revenue from services, products, goods and materials sold and other operating revenue like in the corresponding periods of 2009.

Sale of equipment

Revenues from sale of equipment consist of revenues from sale of set-top boxes, Internet modems and handsets purchased by our subscribers when they enter into programming services, Internet access services and mobile services agreements with us and from the sale of such equipment to subscribers under lease agreements which provide for the transfer of ownership to such equipment on the last day of the agreement signed by them. The sale price of set-top boxes, Internet modems and handsets depends on the model of the set-top boxes, modem, or handset, tariff plan purchased by subscriber and length of the initial period of agreement. In the three and nine month periods ended 30 September 2010 revenues from sale of equipment were, respectively 2% and 3% of our revenue from services, products, goods and materials sold and other operating revenues as compared to 3% in the corresponding periods of 2009.

Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators

Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators include subscription fees and payments for generated traffic paid by users of mobile services and interconnection fees within our mobile services and payments from subscription fees and carried out transfer of data. This category of revenues depends on the number of users of our mobile and internet access services, rates for traffic generated, interconnection rates, rates for the transfer of data and generated traffic. In the three and nine month periods ended 30 September 2010 subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators were 1% of our revenue from services, products, goods and materials sold and other operating revenue as compared to less than 1% in the corresponding periods of 2009.

Other sale operating revenue

In the three and nine month periods ended 30 September 2010 other sale operating revenue were 2% of our revenue from services, products, goods and materials sold and other operating revenue like in the corresponding periods of 2009.

In the three month periods ended 30 September 2010 other sale operating revenue consisted of:

(i) revenues from lease of premises and facilities, related to the agreements for call center services;

(ii) revenues from lease of satellite equipment;

(iii) revenue from transmission services;

(iv) marketing and advertising services and

(v) other revenues from services, goods, products and materials sold.

12.2. Sources of other operating revenue

In the three and nine month periods ended 30 September 2010 other operating revenue consisted of:

(i) revenues from sale of mPunkt points of sale,

In May, June and July 2010 we made transfer of tenancy agreements to Polkomtel S.A. of certain mPunkt's points of sale.

(ii) compensations, mainly due to damage or loss of the equipment leased to our subscribers, and

(iii) other operating revenues.

12.3. Sources of operating costs

Operating costs consist of:

Depreciation and amortization

Depreciation and amortization costs primarily consisted of depreciation and amortization of set-top boxes leased to our subscribers, plant and equipment and intangible assets as well as telecommunication infrastructure related to our MVNO services. In the three and nine month periods ended 30 September 2010 depreciation and amortization costs were respectively 8% and 7% of our costs of operating activities and other operating costs as compared to respectively 5% and 4% in the corresponding periods of 2009.

Programming costs

Programming costs are constituted by:

(i) monthly license fees due to television broadcasters;

The majority of our agreements with licensors provide that license fees are calculated as the product of the monthly 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, where 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. In case of selected premium packages and HD channels programming cost are calculated based on revenue share agreements. Programming costs are denominated mainly in euro and US dollars and, as a result, this cost category also depends on EUR/PLN and USD/PLN exchange rates. In order to minimize the influence of foreign exchange rates fluctuation on Groups' net financial results we purchased call options, as well as in some of new agreements with suppliers of TV channels, the payments are denominated in Polish currency.

(ii) royalties payable to organizations for collective management of copyrights and Polish Film Institute.

In the three and nine month periods ended 30 September 2010 programming costs were, respectively 34% and 35% of our costs of operating activities and other operating costs as compared to 36% and 38% respectively in the corresponding periods of 2009.

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 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 services costs are denominated mainly in euro and, as a result, this cost category also depends on EUR/ PLN exchange rate. In the three and nine month periods ended 30 September 2010 signal transmission service costs were 7% of our operating costs and other operating costs as compared to 9% respectively in the corresponding periods of 2009.

Costs of equipment sold

We currently offer digital satellite reception equipment, handsets and modems at prices which are lower than the purchase prices. The purpose of subsidizing set-top boxes, handsets and modems is to increase the price attractiveness and, in turn, affordability of our programming packages to make them available to a wide group of prospective customers of pay DTH satellite television services and internet access services as well as holding the subscriber base. Despite generating loss on sale of digital satellite reception equipment, handsets and modems, we believe that these subsidies continue to be essential to maintain the growth of our subscriber base and the significant growth in subscription fees.

To reduce our costs of purchasing satellite television receiving equipment, we launched the production of our own SD set-top boxes in November 2007 and HD set-top boxes in April 2010. A decrease in the cost of acquisition of set-top boxes will enable us to offer our subscribers an attractive purchase price for set-top boxes, which should positively affect subscriber growth.

Costs of equipment sold are denominated mainly in American dollars and, as a result, this cost category also depends on USD/PLN exchange rate at the purchase date. In the three and nine month periods ended 30 September 2010 costs of equipment sold were respectively 3% and 5% of our costs of operating activities and other operating costs adequately as compared to, respectively 10% and 8% in the corresponding periods of 2009.

Distribution, marketing, customer relation management and retention cost

Distribution, marketing, customer relation management and retention costs consist of:

(i) distribution and logistics costs;

Distribution and logistics costs consist of:

(a) Commissions due to distributors consisting of amounts due both to distributors and retail points of sale when they conclude sale or retention agreements with our customers for paid satellite televisions services, mobile services and internet access services. The costs of commissions for a specific agreement with a subscriber are amortized throughout the initial term of the sale or retention agreement. The cost of commissions due to distributors that do not apply to specific subscription agreements are debited in full on our income statement as they are incurred. Total commissions due to distributors and to the customer call center in a given period constitute our subscriber acquisition cost (“SAC”) for such period.

(b) Costs of courier service, distribution of receiving sets and costs associated with services of our regional agents.

(ii) marketing expenses;

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) customer relation management and retention costs;

Customer relation management and retention costs consist of mailing costs, call center costs, bad debt recovery fees and other customer relation management costs.

(a) Mailing costs (correspondence with customers) comprise of expenses related to mailing invoices and information related, among other things, to changes in programming offers, customer retention offers, prices or regulations sent to subscribers. The present mailing strategy assumes clear profiled correspondence with respect to provided services for individual groups of customers, what should positively affect mailing cost per subscriber. In addition, we regularly mail selected subscriber groups, for example welcome packages sent to new customers to encourage them to subscribe to additional programming offers or monthly invoices sent to subscribers of the mobile services;

(b) Call center costs include, among other things, payments to third parties for call center services related to customer care and customer retention as well as sale of pay DTH satellite television broadcasting services.

In the three and nine month periods ended 30 September 2010 distribution and marketing costs were 24% of our costs of operating activities and other operating costs as compared to 25% in the corresponding periods of 2009.

Salaries and employee-related expenses

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts (excluding factory employees), managerial contracts or project-specific contracts, remuneration of the Supervisory Board members, social security premiums, pension premium payments and other employee benefits. Most of our personnel have employment contracts. Project-specific contracts are used for certain positions in sales and logistics to enable us to respond to the short-term need for seasonal employees in times of increased sales. In the three and nine month periods ended 30 September 2010 salaries and employee-related expenses were 7% of our costs of operating activities and other operating costs as compared to 6% in the corresponding periods of 2009.

Other operating costs

In the three and nine month periods ended 30 September 2010 other operating costs were respectively 11% and 10% of our costs of operating activities and other operating as compared to respectively 8% and 7% in the corresponding periods of 2009.

Key items of other operating costs in the three month period ended 30 September 2010 include:

(i) infrastructure rental and network maintenance;

(ii) cost of SMART and SIM cards handed over;

(iii) IT services;

(iv) property maintenance costs;

(v) guarantee services costs;

(vi) legal, advisory and consulting costs;

(vii) costs of settlements with mobile network operators and interconnection charges;

(viii) taxes and other charges and;

(ix) other.

12.4. Sources of other operating costs

Other operating costs include:

(i) bad debt provision and the cost of receivables written off;

(ii) fixed assets impairment and stock provision;

(iii) other.

12.5. Management discussion and analysis

12.5.1. Operating results

The following tables set out our operating results for the three and nine month periods ended 30 September 2010 and 30 September 2009.

	Three months ended 30 September			Nine months ended 30 September		
	2010	**2009**	**Difference**	**2010**	**2009**	**Difference**
Number of subscribers at end of period, of which:	**3,277,936**	**2,916,750**	**12.4%**	**3,277,936**	**2,916,750**	**12.4%**
Number of subscribers Family Package at end of period	2,595,572	2,342,932	10.8%	2,595,572	2,342,932	10.8%
Number of subscribers Mini Package at end of period	682,364	573,818	18.9%	682,364	573,818	18.9%
Average number of subscribers[1], of which:	**3,259,728**	**2,878,847**	**13.2%**	**3,246,915**	**2,825,044**	**14.9%**
Average number of subscribers Family Package	2,581,652	2,324,977	11.0%	2,601,565	2,313,963	12.4%
Average number of subscribers Mini Package	678,076	553,870	22.4%	645,350	511,081	26.3%
Churn rate[2] of which:	**10.2%**	**8.0%**	**2.2pp**	**10.2%**	**8.0%**	**2.2pp**
Churn rate of Family Package	11.6%	9.2%	2.4pp	11.6%	9.2%	2.4pp
Churn rate of Mini Package	4.3%	2.2%	2.1pp	4.3%	2.2%	2.1pp
Average revenue per user (ARPU)[3] (PLN), of which:	**35.5**	**34.3**	**3.5%**	**35.8**	**34.5**	**3.8%**
Average revenue per user (ARPU) Family Package (PLN),	41.9	40.3	4.0%	42.0	40.2	4.5%
Average revenue per user (ARPU) Mini Package (PLN),	11.1	9.3	19.4%	10.9	8.9	22.5%
Subscriber average cost (SAC)[4] (PLN),	**145.6**	**113.1**	**29%**	**130.9**	**122.4**	**7%**

[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] calculated as the ratio of the number of terminated contracts in the 12 months preceding the balance sheet date less the number of customers who have entered into a contract for the provision of satellite pay television services with us once again in a period of not more than 12 months, and the average number of contracts in that period;

[3] Revenues from subscription fees for the period divided by the average number of subscribers to whom we rendered services in such period and the number of months in the period;

[4] Calculated by dividing commissions paid to distributors by the number of subscription agreements concluded in the given period.

As at 30 September 2010 we had 3,277,936 subscribers, 12,4% more than as at 30 September 2009 when we had 2,916,750 subscribers. Number of our Family Package subscribers increased by 10.8% to 2,595,572 and constituted 79% of our entire subscriber base and the number of our Mini and Mini Max Packages subscribers increased by 18.9% to 682,364 subscribers and constituted 21% of our entire subscriber base. Increase in our subscriber base can be attributable to large number of new contracts, partially offset by an increase in churn rate.

Churn rate for 12 month period ended 30 September 2010 increased to 10.2% in comparison to 8.0% in 12 month period ended 30 September 2009. Family Package churn rate increased to 11.6% from 9.2% in the 12 month period ended 30 September 2009 and Mini Package churn rate increased to 4.3% from 2.2% in the 12 month period ended 30 September 2009. The increase in both Family Package and Mini Packages churn rate mainly results from a change in terms and conditions (change in terms and conditions allows termination of a contract) and more aggressive competition on the pay television market, resulting in more attractive promotional offers than in the previous years.

Due to the completion of the process of changing rules and regulations of rendering pay DTH satellite television services and the resulting change in the vindication process, rendering of services to a group of our subscribers which were in arrears with their payments had been terminated. In order to properly reflect the business substance of the ARPU indicator, we modified its definition by taking only revenue-generating subscribers into account – only subscribers to whom we rendered services in the reporting period.

In the future, following the further growth of telecommunication and integrated services and adjusting to market practices of other operators of integrated services, we consider the possibility to report revenue per RGUs (*Revenue Generating Unit*), including not only DTH subscribers but also users of the telecommunication services and revenues generated by them.

Monthly ARPU increased by 3.5% to PLN 35.5 in the three month period ended 30 September 2010 from PLN 34.3 in the corresponding period of 2009. Monthly ARPU increased by 3.8% to PLN 35.8 in the nine month period ended 30 September 2010 from PLN 34.5 in the corresponding period of 2009. Monthly ARPU increased mainly as a result of change in the structure of packages towards higher packages, a material group of customers getting out of initial period of subscription contract acquired in earlier periods, a payments from DTH subscribers using our services with the promotional second set-top box, an increase in subscription fees for the group of subscribers who did not choose to roll out their subscription agreement after we changed our terms and condition and introduction of VoD Home Video Rental. Family Package ARPU in three month period ended 30 September 2010 increased by 4.0% to PLN 41.9 from PLN 40.3 in corresponding period of 2009. Mini Package ARPU increased by 19.4% to PLN 11.1 from PLN 9.3 in the corresponding period of 2009. Family Package ARPU in nine month period ended 30 September 2010 increased by 4.5% to PLN 42.0 from PLN 40.2 in the corresponding period of 2009. Mini Package ARPU increased by 22.5% to PLN 10.9 from PLN 8.9 in the corresponding period of 2009 mainly as a result of an increase in the number of subscribers beyond the initial period of subscription agreement and an increase in proportion of Mini Max Package subscribers in Mini subscriber base.

Average subscriber acquisition cost increased by 29% to PLN 145.6 in the three month period ended 30 September 2010 from PLN 113.1 in the corresponding period of 2009, while in the nine month period ended 30 September 2010 average subscriber acquisition cost increased by 7% to PLN 130.9 from PLN 122.4 in the corresponding period of 2009. Average subscriber acquisition cost increased mainly as a result of significant after-sales provisions (in 3Q 2010 we accounted after-sales provisions associated with the significant number of agreements concluded in 4Q2009/1Q2010) however we expect the positive impact on our future result, because after free of charge period our clients remain on the Premium packages. The subscriber acquisition cost increase was partially offset by the decrease of threshold provisions and lower acquisition costs finalized by M.Punkt.

12.5.2. Review of the financial situation

The following review of results for the three and nine month periods ended 30 September 2010 was prepared based on interim condensed consolidated financial statements for the three and nine months ended 30 September 2010 prepared in accordance with International Accounting Standards approved for use in the European Union as at 1 January 2010 and internal analysis.

All financial data is expressed in thousands of PLN.

Comparison of financial situation as of 30 September 2010 and 31 December 2009

As at 30 September 2010 our balance sheet amount was PLN 984,872. Total non-current assets amounted to PLN 483,250 and total current assets to PLN 501,622. Our equity was PLN 390,989, our non-current liabilities were PLN 67,142 and current liabilities were PLN 526,741.

The value of digital satellite reception equipment and modems increased by PLN 93,375 or by 76.3% to PLN 215,832 as at 30 September 2010 from PLN 122,457 as at 31 December 2009. This change results from the considerable increase in the number of leased set-top boxes due to a maintained customer preferences and shift from purchased set-top boxes to leased set-top boxes.

The value of other property, plant and equipment increased by PLN 7,714, or by 5.3% to PLN 153,942 as at 30 September 2010 from PLN 146,228 as at 31 December 2009. This change results from acquisition of M.Punkt, and an increase in the value of buildings due to building new call center in Toruń.

The value of goodwill was 52,022 as at 30 September 2010 while as at 31 December 2009 it was not recognized. This change results from completion of purchase transaction of M.Punkt.

The value of intangible assets increased by PLN 6,737, or by 47.6% to PLN 20,902 as at 30 September 2010 from PLN 14,165 as at 31 December 2009. This change results mainly from acquisition of M.Punkt and expansions of the main logistic-stock system and other systems.

The value of other long-term assets decreased by PLN 20,503, or by 36.7% to PLN 35,367 as at 30 September 2010 from PLN 55,870 as at 31 December 2009. This change results mainly from completion of purchase transaction of M.Punkt which is liable for a decrease in other long-term assets by PLN 24,732.

The value of inventories increased by PLN 45,164, or 37.0% to PLN 167,255 as at 30 September 2010 from PLN 122,091 as at 31 December 2009. This was mainly a result of an increase in the value of set-top boxes (both purchased and produced) by PLN 15,835 and an increase in the value of internet equipment by PLN 7,679 and an increase in value of other inventories by PLN 36,056, partially offset by a decrease by PLN 10,518 in the value of prepayments for inventory and a decrease by PLN 3,888 in value of antennas and converters. The increase of inventories was due to the preparation to the 4th quarter which represents the most intensify sales period.

The value of trade and other receivables increased by PLN 101,052, or 76.6% to PLN 232,952 as at 30 September 2010 from PLN 131,900 as at 31 December 2009. The change resulted mainly from an increase in trade receivables being an effect of an increase in receivables which are a subject of linear accounting of subscription revenues in the time and an increase in income tax receivables by PLN 34,972.

The value of cash and cash equivalents decreased by PLN 65,352 to PLN 34,038 as at 30 September 2010 from PLN 99,390 as at 31 December 2009, as a result of payment of the first tranche of dividend of PLN 101,963, repayment of loans and borrowings together with accrued interest of PLN 48,690, raise an overdraft facilities of PLN 71,541, purchase of shares in subsidiary of PLN 33,271 and non-financial assets in amount of PLN 38,590. Those outflows were partially offset by cash inflow from operating activities in the amount of PLN 92,898.

The value of loans and borrowings (short- and long-term) increased by PLN 24,171, or 51.0% to PLN 71,541 as at 30 September 2010 from PLN 47,370 as at 31 December 2009, mainly as a result of raising an overdraft facilities which was partially offset by repayment of loan under our loan agreement with Bank Pekao S.A.

The value of trade and other payables increased by PLN 57,090 or by 25.7% to PLN 279,303 at 30 September 2010 from PLN 222,213 as at 31 December 2009 mainly as a result of recognition of liabilities towards our shareholders resulting from II tranche of dividend payout in amount of PLN 50,982.

Comparison of financial results for the three month period ended 30 September 2010 with the results for the corresponding period of 2009

Revenue from services, products, goods and materials sold

Our revenues from services, products, goods and materials sold increased by PLN 15.9% to PLN 363.569 in the three month period ended 30 September 2010 from PLN 313.799 in the corresponding period of 2009. Excluding consolidation of M.Punkt our revenues from services, products, goods and materials sold increased by PLN 15.4% to PLN 362.001 from PLN 313.799. The increase mainly resulted from:

(i) an 15.4% increase in revenue from DTH subscription fees to PLN 342,459 from PLN 296,658 mainly due to a 13.2% increase in the average number of subscribers and 3.5% increase in monthly blended ARPU;

(ii) more than threefold increase in revenues from telecommunication services subscription fees, interconnection revenues and settlements with mobile network operators to PLN 5,341 from PLN 1,458 as a result of launch of the internet access services, an increase in the number of post paid MVNO users and higher settlements with mobile network operators.

Cost of operating activities

Our costs of operating activities increased by 12,8% to PLN 271,866 in the three month period ended 30 September 2010 from PLN 241,085 in the corresponding period of 2009. Excluding consolidation of M.Punkt our costs of operating activities increased by 8,4% to PLN 261,423 from PLN 241,085. The increase primarily resulted from:

(i) a 11.9% increase in the programming costs to PLN 97,544 from PLN 87,186, mainly due to an increase in subscriber base and recognition of cost related to with VoD Home Video Rental licenses;

(ii) an 91.1% increase in depreciation and amortization to PLN 21,002 from PLN 10,992 as a result of an increase in depreciation of set-top boxes leased to our subscribers following increased share of leased set-top boxes in our newly concluded contracts and an increase in depreciation of newly-adopted means of transport, computers and other equipment;

(iii) a 19.5% increase in the salaries and employee-related expenses to PLN 17,172 from PLN 14,371 mainly as a result of an increase in the average number of our non-production employees in the period to 602 from 492 in corresponding period of 2009, resulting from our organic growth, launch of internet access services and

(iv) a 49.6% increase in other costs to PLN 29,717 from PLN 19,868 mainly as a result of an increase in costs of cards provided together with set-top boxes and handsets, an increase in property maintenance cost, recognized costs of Internet access services that we started providing on 1 February 2010 partially offset by a decrease in the cost of IT service, guarantee maintenance cost and other costs.

Other operating revenues

Our other operating revenues increased by PLN 1,148 to PLN 2,293 in the three month period ended 30 September 2010 from PLN 1,145 in the corresponding period of 2009 mainly as a result of sale of some mPunkt's points of sale. Excluding consolidation of M.Punkt our other operating revenues increased by 34.0% to PLN 1,534 from PLN 1,145.

Other operating costs

Our other operating costs were PLN 12,481 in the three month period ended 30 September 2010 compared to PLN 2,318 in the corresponding period of 2009. Excluding consolidation of M.Punkt our other operating costs were 10,339 compared to PLN 2,318. This increase results mainly from an increase in bad debt provision and the cost of receivables written off as well as from an increase of bad debt provisions of tangibles and inventories.

Operating profit

Our operating profit increased by 13.9% to PLN 81,515 in the three month period ended 30 September 2010 from PLN 71,541 in the corresponding period of 2009. Excluding consolidation of M.Punkt our operating profit increased by 28.3% to PLN 91,773 from PLN 71,541. This increase results mainly from an increase in our revenues from services, products, goods and materials sold.

Financial income

Our financial income increased by 59,8% to PLN 5,295 in the three month period ended 30 September 2010 as compared to PLN 3,314 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial income increased by 61.9% to PLN 5,365 as compared to PLN 3,314 in the corresponding period of 2009.

Financial income comprised mainly other foreign exchange differences income of PLN 5,023.

Financial expenses

Our financial expenses were PLN 2,488 in the three month period ended on 30 September 2010 as compared to PLN 1,134 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial expenses were PLN 2,223 as compared to PLN 1,134 in the corresponding period of 2009.

Financial expenses comprised mainly cost of valuation and realization of foreign exchange call options of PLN 1,707.

Gross profit

Our gross profit increased by 14.4% to PLN 84,322 in the three month period ended on 30 September 2010 as compared to PLN 73,721 in the corresponding period of 2009. Our gross profit excluding consolidation of M.Punkt increased by 28.7% to PLN 94,915 as compared to PLN 73,721 in the corresponding period of 2009. This increase results mainly from an increase in operating profit.

Income tax

Income tax was PLN 15,929 in the three month period ended 30 September 2010. The effective tax rate was 18.9%.

Net profit

Our net profit increased by 13.7% to PLN 68,393 in the three month period ended 30 September 2010 compared to PLN 60,160 in the corresponding period of 2009. Excluding consolidation of M.Punkt our net profit increased by 28.2% to PLN 77,138 compared to PLN 60,160 in the corresponding period of 2009 as a result of a increase in the gross profit.

Other information

EBITDA

EBITDA increased by 25.5% to PLN 103,569 in the three month period ended 30 September 2010 from PLN 82,533 in the corresponding period of 2009. EBITDA margin was 28.5% as compared to 26.3% in corresponding period of 2009.

Excluding consolidation of M.Punkt EBITDA increased by 36.6% to PLN 112,775 from PLN 82,533. EBITDA margin was 31.2%.

Employment

Average number of employees was 964, including factory employees in the three month period ended 30 September 2010, as compared to 581 in corresponding period in 2009. The increase in the average number of employees resulted from acquisition of M.Punkt, our organic growth, increase in the capacity of our set-top boxes factory and launch of internet access services.

Comparison of financial results for the nine month period ended 30 September 2010 with the results for the corresponding period of 2009

Revenue from services, products, goods and materials sold

Our revenues from services, products, goods and materials sold increased by PLN 19.1% to PLN 1,105,830 in the nine month period ended 30 September 2010 from PLN 928,852 in the corresponding period of 2009. Excluding consolidation of M.Punkt our revenues from services, products, goods and materials sold increased by PLN 18.6% to PLN 1,101,376 from PLN 928,852. The increase mainly resulted from:

(i) a 18.5% increase in revenue from DTH subscription fees to PLN 1,040,144 from PLN 877,562 mainly due to a 14.9% increase in the average number of subscribers and 3.8% increase in monthly blended ARPU;

(ii) more than threefold increase in revenues from telecommunication services subscription fees, interconnection revenues and settlements with mobile network operators to PLN 12,974 from PLN 3,343 as a result of increase in the number of post paid MVNO users, higher settlements with mobile network operators and launch of the internet access services.

Cost of operating activities

Our operating costs increased by 15.4% to PLN 804,638 in the nine month period ended 30 September 2010 from PLN 697,048 in the corresponding period of 2009. Our operating costs excluding consolidation of M.Punkt increased by 12.4% to PLN 783,545 from PLN 697,048. The increase primarily resulted from:

(i) a 63.1% increase in other costs to PLN 82,484 from PLN 50,566 mainly as a result of increase in costs of Internet access services that we started providing on 1 February 2010, an increase in costs of cards provided together with set-top boxes and handsets, an increase in property maintenance cost due to the fact that last tenants moved out from this property in 2009 and now we use this property ourselves, partially offset by a decrease in the cost of IT service;

(ii) a 91.0% increase in depreciation and amortization to PLN 55,215 from PLN 28,908 as a result of an increase in depreciation of set-top boxes leased to our subscribers following increased share of leased set-top boxes in our newly concluded contracts and an increase in depreciation of newly-adopted means of transport, modernized buildings, computers and other equipment;

(iii) a 13.1% increase in distribution, marketing, customer relation management and retention costs to PLN 199,519 from PLN 176,418 mainly, as a result of an increase in the customer relation management cost and retention cost resulting largely from an increase in our subscriber base and introduction of retention programs and from an increase in the marketing costs resulting from local marketing initiatives (such initiatives were not present in 2009) and intensified television campaigns related to introduction of the multi-play offer;

(iv) a 6.6% increase in the programming costs to PLN 292,139 from PLN 274,179, mainly due to an increase in subscriber base, recognition of cost related to VoD Home Video Rental licenses partially offset by beneficial exchange rates EUR/PLN and USD/PLN;

(v) a 19.7% increase in the salaries and employee-related expenses to PLN 52,858 from PLN 44,176 mainly as a result of an increase in the average number of our non-production employees in the period to 574 from 471, resulting from our organic growth and launch of Internet access services.

Other operating revenues

Our other operating revenues increased by 9.9% to PLN 11,970 in the nine month period ended 30 September 2010 from PLN 10,888 in the corresponding period of 2009 mainly as a result of recognition of revenues from sale of some mPunkt points of sale. Excluding consolidation of M.Punkt our other operating revenues decreased by 63.5% to PLN 3,979 from PLN 10,888 as a result of decrease in compensations. In first half of 2009 we recognized last compensation from Nagravision for exchange of our conditional access system.

Other operating costs

Our other operating costs increased by 97.6% to PLN 35,024 in the nine month period ended 30 September 2010 from PLN 17,727 in the corresponding period of 2009. Excluding consolidation of M.Punkt our other operating costs increased by 80.6% to PLN 32,019 from PLN 17,727. This increase results mainly from an increase in bad debt provision and the cost of receivables written off as well as from an increase of bad debt provisions of tangibles and inventories.

Operating profit

Our operating profit increased by 23.6% to PLN 278,138 in the nine month period ended 30 September 2010 from PLN 224,965 in the corresponding period of 2009. Excluding consolidation of M.Punkt our operating profit increased by 28.8% to PLN 289,791 from PLN 224,965. This increase results mainly from an increase in our revenues from services, products, goods and materials sold.

Financial income

Our financial income was PLN 1.061 in the nine month period ended 30 September 2010 as compared to PLN 13,574 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial income was PLN 1.119 as compared to PLN 13,574 in the corresponding period of 2009.

Financial income comprised interest gain of PLN 1,119.

Financial expenses

Our financial expenses decreased by 0.8% to PLN 5,511 in the nine month period ended on 30 September 2010 from PLN 5,553 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial expenses decreased by 8.4% to PLN 5,089 from PLN 5,553.

Financial expenses comprised mainly other foreign exchange differences of PLN 1,919 and cost resulting from the valuation and realization of call options of PLN 1,707.

Gross profit

Our gross profit increased by 17.5% to PLN 273,688 in the nine month period ended on 30 September 2010 as compared to PLN 232,986 in the corresponding period of 2009. Excluding consolidation of M.Punkt our gross profit increased by 22.7% to PLN 285,821 from PLN 232,986. This increase results mainly from an increase in operating profit.

Income tax

Income tax was PLN 52,167 in the nine month period ended 30 September 2010. The effective tax rate was 19.1%.

Net profit

Our net profit increased by 17.3% to PLN 221,521 in the nine month period ended 30 September 2010 from PLN 188,875 in the corresponding period of 2009. Excluding consolidation of M.Punkt our net profit increased by 22.7% to PLN 231,667 from PLN 188,875 in correlation with an a increase in the gross profit.

Other information

EBITDA

EBITDA increased by 32.0% to PLN 335,154 in the nine month period ended 30 September 2010 from PLN 253,873 in the corresponding period of 2009 mainly as a result of an increase in revenues from sale of services, products, goods and materials as well as operating costs under control. EBITDA margin was 30.3% as compared to 27.3% in the corresponding period of 2009.

Excluding consolidation of M.Punkt EBITDA increased by 35.9% to PLN 345,006 from PLN 253,873. EBITDA margin was 31.3%

Capital expenditures

Capital expenditures were PLN 38,590 in the nine month period ended 30 September 2010 as compared to PLN 26,391 in corresponding period in 2009, mainly due to expenditures on fixed assets and intangible assets for the provision of DTH services and modernization of our premises. Additionally, we spent PLN 123,985 on set-top boxes which were leased to our subscribers.

Employment

Average number of employees was 843, including factory employees in the nine month period ended 30 September 2010, as compared to 559 in corresponding period in 2009. The increase in the average number of employees resulted from acquisition of M.Punkt, our organic growth, increase in the capacity of our set-top boxes factory and launch of Internet access services.

Liquidity and capital reserves

The table below presents cash flow for the nine month periods ended on 30 September 2010 and 30 September 2009.

	Nine month period ended	
	30 September 2010	**30 September2009**
Cash flow from operating activities	92,898	122,209
Cash flow from investing activities	(74,115)	(26,050)
Cash flow from financing activities	(84,121)	(185,190)
Net change in cash and cash equivalents	(65,338)	(89,031)

Cash flow from operating activities

Cash flow from operating activities decreased by PLN 29,311 to PLN 92,898 in the nine month period ended 30 September 2010 from PLN 122,209 in the corresponding period of 2009. The decrease results mainly from lower by PLN 18,771 increase in a change of inventory, higher by PLN 101,194 increase in value of receivables and other assets, higher by PLN 29,559 increase in balance of liabilities, provisions, accruals and deferred income, and an increase in net additions of leased set-top boxes

Cash flow from investing activities

Cash flow used in investing activities increased by PLN 48,065 to PLN 74,115 in the nine month period ended 30 September 2010 from PLN 26,050 in the corresponding period of 2009, mainly as a result of purchase of M.Punkt and an increase in capital expenditures on fixed assets and other property, plant and equipment.

Cash flow from financial activities

Cash flow used in financial activities in the nine month period ended 30 September 2010 decreased by PLN 101,069 to PLN 84,121 when compared to PLN 185,190 in the corresponding period of 2009 and mainly as a result of raising an overdraft facilities and lower first tranche of dividend payout.

Cash and cash equivalents as at 30 September 2010 were PLN 34,038 as compared to PLN 156,719 as at 30 September 2009. We keep our cash mainly in a form of bank deposits in Zloty, euro and U.S. dollars in Invest Bank S.A. and Bank Pekao S.A.

Future liquidity and capital resources

Our non-current liabilities amounted to PLN 67,142 as at 30 September 2010 as compared to PLN 28,754 as at 31 December 2009.

Our total debt from long- and short-term loans and credit facilities as at 30 September 2010 was PLN 71,541, comprising mainly debt resulting from an overdraft facility agreement with Bank Pekao S.A. Our loans and credit facilities are denominated in PLN only.

On 23 April 2010 we signed an annex to an agreement for an overdraft facility with Pekao S.A. for an increase of the facility amount to PLN 100,000 with a repayment date on 30 April 2011. Interest rate on the overdraft facility is the sum of the reference rate WIBOR O/N and margin of 1.25%. Collateral for the overdraft facilities is an execution statement of up to PLN 150,000.

As at 30 September 2010 our debt balance arising from loans and borrowings was higher than our cash balance by PLN 37,503.

Off balance sheet liabilities

Contractual liabilities related to purchase of non-current assets

We concluded agreements on manufacturing and purchase of technical equipment. Amount of unbilled supplies and services amounted to PLN 12,253 as at 30 September 2010. We also concluded several agreements on refurbishment of property. Amount of unbilled supplies and services amounted to PLN 877 as at 30 September 2010. Moreover, we concluded agreements on purchase of licenses and software – as at 30 September 2010 amount of unbilled supplies and services amounted to PLN 52.

Information on market risks

Currency risk

One of the main risks to which we exposed is currency risk related to fluctuations in the exchange rate between the Polish zloty and other currencies. The revenues generated by us are denominated mainly in Polish zloty, however, a significant portion of operating costs and capital expenditures are incurred in foreign currencies. Our currency risk is related to royalties for TV and radio broadcasters (USD and EUR), transponder capacity leases (EUR), fees for conditional access system (EUR) and purchasing digital satellite reception equipment and accessories from digital satellite reception equipment (USD and EUR).

Currency risk related to license fees and transponder capacity leases is partly hedged against through actions aiming at the natural reduction of the exposure due to denominating receivables from transmission and marketing services in foreign currencies or denominating some license fees in Polish currency.

We do not hold any assets available for sale denominated in foreign currencies. We hold equity interest a foreign entity whose functional currency is PLN. As this asset is not available for sale, we classify it in condensed consolidated and standalone financial statement as other non-current assets.

On 10 August 2010 we purchased call options of EUR 12,000 and the USD 18,000. These options provide possible monthly acquisitions of EUR 1,000 and USD 1,500 during next 12 months by 1 August 2011, and are exercisable at 4.0310 EUR/PLN and 3.0790 USD/PLN rates.

On 4 November 2010 we purchased call options of USD 18,000. These options provide possible monthly acquisitions of USD 1,500 during next 12 months by 1 November 2011, and are exercisable at 2.8000 USD/PLN rate.

All instruments described above were purchased in order to limit the impact of foreign exchange rates fluctuations on our net profit. The group did not apply hedge accounting in respect to these options.

Interest rate risk

Fluctuations in market interest rates have no direct effect on our revenues, however, they do have an effect on cash flow from operating activities through interest earned on overnight deposits and current accounts and cash flow from financing activities through the cost of interest paid on bank credits.

We analyze the level of interest rate risk, including refinancing scenarios as well as hedging policies against interest rate risk on a regular basis. Based on the analyses, we estimate the effect of given changes in interest rates on financial results.

Liquidity risk

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 development of our integrated services; (iii) to finance planned capital expenditures; (iv) to maintain financial liquidity in connection with planned client promotions; (v) pay dividend according to our dividend policy.

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

The principal risks 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.

13. Factors that may impact the results of the Company and the Cyfrowy Polsat Capital Group in the following quarter

Full consolidation with M.Punkt Holdings Ltd.

On 9 June 2010 we finalized purchase transaction of M.Punkt Holdings Ltd., which is an owner of mPunkt. Also in second quarter of 2010 mPunkt Polska S.A. ceased cooperation with Polkomtel S.A. Sale of Polkomtel goods and services was main source of revenue for mPunkt. As a result of above mentioned events we expect that:

1. ceased cooperation with Polkomtel S.A and start of distribution of our products will have negative impact on M.Punkt Holdings Ltd. results in next 3 months; we believe that starting from 2011 impact on our results will be positive;
2. our consolidated margins (EBITDA, EBIT) will be lower as a result of consolidation with the distribution network which generally is low margin business.

Exchange rates fluctuations

Our functional and reporting currency is Zloty. Our revenues are expressed in Zloty, about 40% of our operating expenses is denominated in currencies other than Zloty, mainly US dollars and Euro.

In 2009 the weakening of Zloty towards the Euro by approximately 23% and towards the US dollar by approximately 29% resulted in an increase in our programming costs and signal transmission costs by PLN 70,466 which is 33.8% of total increase in the operating cost.

In the nine month period of 2010 Zloty strengthened towards the Euro by approximately 9% and towards the US dollar by 5% comparing to corresponding period of 2009. We are unable to mould the future foreign exchange rates fluctuations and how future foreign exchange rate fluctuation will impact, either positively – in case of appreciation of Zloty, or negatively – in case of depreciation of Zloty, our operating costs.

Taking into account our foreign exchange rates exposure, the Company implemented market risk management policy, using i.e.: hedging transactions and natural hedging.

On 10 August 2010 we purchased call options of EUR 12,000 and the USD 18,000. These options provide possible monthly acquisitions of EUR 1,000 and USD 1,500 during next 12 months by 1 August 2011, and are exercisable at 4.0310 EUR/PLN and 3.0790 USD/PLN rates.

On 4 November 2010 we purchased call options of USD 18,000. These options provide possible monthly acquisitions of USD 1,500 during next 12 months by 1 November 2011, and are exercisable at 2.8000 USD/PLN rate.

All instruments described above were purchased in order to limit the impact of foreign exchange rates fluctuations on our net profit. The group did not adopt hedge accounting in respect to these options.

Promotions planned for the fourth quarter of 2010

Our market is very dynamic and competitive. There are four main players on the DTH market in Poland: Canal + Cyfrowy Sp. z o.o., the operator of Cyfra+ platform, ITI Neovision Sp. z o.o. the operator of "n" platform, Cyfrowy Polsat S.A., the operator of Cyfrowy Polsat platform and Telekomunikacja Polska S.A. Recently we observed intensified consolidation activity, i.e.: signed in October 2010 co-operation agreement between TVN SA and TP SA assuming cross selling of products within combined client base. Moreover an aggressive competition on the market has impact on promotional offer which was offered our new acquired subscribers.

Historically almost 50% of our new signed contracts were observed in the fourth quarter of the year. Preparing for season of increased sales in fourth quarter of 2010 we launched attractive promotional offers in the third quarter of 2010. In October 2010 we launched new programme packages as well as we changed principles of their sale. Now each package contains HD channels, and subscriber is gaining the full flexibility in shaping his programme offer. For fourth quarter we prepared also interesting promotions with additional bonuses for future subscribers.

Increase of competence in our Authorized Points of Sale

As pay television market was getting closer to its saturation point in 2009 we made a decision on intensifying actions in the area of customer relation management and retention. In 2010, realizing our strategic objectives, we completed the purchase of M.Punkt, and made a decision on increasing competence, including customer relation management services, of our Authorized Points of Sale what may lead to increase at our customer relation management and retention costs.

New development strategies

Due to dynamic changes in the competitive environment, we can not exclude that we will revise our current strategy in order to implement a new one, which may influence the Company's future financial results.

CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for 3 and 9 Months Ended 30 September 2010

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.

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APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 15 November 2010, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed consolidated financial statements of the Cyfrowy Polsat S.A. Group prepared in accordance with International Financial Reporting Standards as adopted by the European Union which include:

Interim Consolidated Income Statement for the period
from 1 January 2010 to 30 September 2010 showing a net profit of: PLN 221,521 thousand

Interim Consolidated Statement of Other Comprehensive Income for the period
from 1 January 2010 to 30 September 2010 showing a total comprehensive income of: PLN 221,521 thousand

Interim Consolidated Balance Sheet as at
30 September 2010 showing total assets and total liabilities and equity of: PLN 984,872 thousand

Interim Consolidated Cash Flow Statements for the period
from 1 January 2010 to 30 September 2010 showing a decrease in cash amounting to: PLN 65,338 thousand

Interim Consolidated Statement of Changes in Equity for the period
from 1 January 2010 to 30 September 2010 showing an increase in equity of: PLN 68,576 thousand

Supplementary Information to the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements are prepared in PLN thousand unless otherwise indicated.

Dominik Libicki	Tomasz Szeląg	Dariusz Działkowski	Aneta Jaskólska
President of the	Member of the	Member of the	Member of the
Management Board	Management Board	Management Board	Mangement Board

Warsaw, 15 November 2010

(all amounts in PLN thousand)

Interim Consolidated Income Statement

	Note	for 3 months ended 30 September 2010 unaudited	for 3 months ended 30 September 2009 restated* unaudited	for 9 months ended 30 September 2010 unaudited	for 9 months ended 30 September 2009 restated* unaudited
Revenue from services, products, goods and materials sold	**6**	363,569	313,799	1,105,830	928,852
Cost of services, products, goods and materials sold	**7**	(194,920)	(173,665)	(580,024)	(509,769)
Cost of sales	**7**	(52,046)	(48,904)	(155,090)	(133,215)
General and administration costs	**7**	(24,900)	(18,516)	(69,524)	(54,064)
Other operating revenue	**8**	2,293	1,145	11,970	10,888
Other operating costs	**9**	(12,481)	(2,318)	(35,024)	(17,727)
Profit from operating activities		**81,515**	**71,541**	**278,138**	**224,965**
Financial income	**10**	5,295	3,314	1,061	13,574
Financial expenses	**11**	(2,488)	(1,134)	(5,511)	(5,553)
Profit before tax		**84,322**	**73,721**	**273,688**	**232,986**
Income tax		(15,929)	(13,561)	(52,167)	(44,111)
Net profit		**68,393**	**60,160**	**221,521**	**188,875**
Net profit attributable to:					
Equity holders of the Parent		68,393	60,160	221,498	188,875
Minority interests		-	-	23	-
		68,393	**60,160**	**221,521**	**188,875**

*In order to reflect presentational changes introduced in the current period amounts were changed.

Basic and diluted earnings per share (in PLN)	**0.25**	**0.22**	**0.83**	**0.70**

Interim Consolidated Statement of Other Comprehensive Income

	for 3 months ended 30 September 2010 unaudited	for 3 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2010 unaudited	for 9 months ended 30 September 2009 unaudited
Net profit	**68,393**	**60,160**	**221,521**	**188,875**
Other comprehensive income	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**
Total comprehensive income	**68,393**	**60,160**	**221,521**	**188,875**
Comprehensive income attributable to:				
Equity holders of the Parent	68,393	60,160	221,498	188,875
Minority interests	-	-	23	-

(all amounts in PLN thousand)

Interim Consolidated Balance Sheet – Assets

	Note	30 September 2010 unaudited	31 December 2009
Digital satellite reception equipment and modems		215,832	122,457
Other property, plant and equipment		153,942	146,228
Goodwill	**13**	52,022	-
Intangible assets	**14**	20,902	14,165
Other long-term assets		35,367	55,870
Deferred tax assets		5,185	2,190
Total non-current assets		**483,250**	**340,910**
Inventories		167,255	122,091
Trade and other receivables		232,952	131,900
Income tax receivable		5,267	21,265
Other current assets		62,110	59,290
Cash and cash equivalents		34,038	72,652
Restricted cash		-	26,738
Total current assets		**501,622**	**433,936**
Total assets		**984,872**	**774,846**

(all amounts in PLN thousand)

Interim Consolidated Balance Sheet – Equity and Liabilities

	Note	30 September 2010 unaudited	31 December 2009
Share capital	**15**	10,733	10,733
Reserve capital		156,534	73,997
Statutory reserve funds		10,174	10,174
Retained earnings		213,548	227,509
Total equity		**390,989**	**322,413**
Long-term finance lease liabilities		1,246	1,151
Deferred tax liability		63,455	26,060
Other long-term liabilities and provisions		2,441	1,543
Total non-current liabilities		**67,142**	**28,754**
Current loans and borrowings	**16**	71,541	47,370
Current finance lease liabilities		574	234
Trade and other payables		279,303	222,213
Deposits for equipment		16,126	18,800
Deferred income		159,197	135,062
Total current liabilities		**526,741**	**423,679**
Total liabilities		**593,883**	**452,433**
Total equity and liabilities		**984,872**	**774,846**

(all amounts in PLN thousand)

Interim Consolidated Cash Flow Statement

	for 9 months ended	
	30 September 2010 unaudited	**30 September 2009 unaudited**
Net profit	**221,521**	**188,875**
Adjustments:	**(127,592)**	**(32,209)**
Depreciation and amortization	57,016	28,908
(Profit)/loss on investing activity	2,181	(301)
Interest	497	(1,918)
Change in inventories	(42,078)	(60,849)
Change in receivables and other assets	(84,462)	16,732
Change in liabilities, provisions, accruals and deferred income	7,562	(21,997)
Foreign exchange losses	14	13,546
Income tax	52,167	44,111
Change in set-top boxes under operating lease	(121,884)	(50,439)
Other adjustments	1,395	(2)
Net cash flow from operating activities	**93,929**	**156,666**
Income tax paid	(2,062)	(39,745)
Interest received from operating activity	1,031	5,288
Cash flow from operating activities	**92,898**	**122,209**
Purchases of tangible assets	(25,279)	(19,430)
Purchases of intangible assets	(13,311)	(6,961)
Net expenditures on acquisition of subsidiaries (see note 17b)	(33,271)	-
Purchases of financial assets	-	(53,396)
Proceeds from sale of financial assets	-	53,726
Proceeds from sale of non-financial assets	1,282	11
Loans granted	(3,536)	-
Cash flow from investing activities	**(74,115)**	**(26,050)**
Dividends paid	(101,963)	(134,163)
Repayment of loans	(47,277)	(47,277)
Finance lease - principal repayments	(636)	(178)
Interest on loans and finance leases	(1,459)	(3,572)
Net cash from bank overdraft	71,541	-
Purchases of foreign exchange call options	(4,540)	-
Proceeds from realisation of foreign exchange call options	213	-
Cash flow from financing activities	**(84,121)**	**(185,190)**
Net decrease in cash and cash equivalents	**(65,338)**	**(89,031)**
Cash and cash equivalents at the beginning of the period*	**99,390**	**246,422**
Foreign exchange rate differences	(14)	(672)
Cash and cash equivalents at the end of the period	**34,038**	**156,719**

* Cash and cash equivalents as at 1 January 2010 include restricted cash in the amount of PLN 26,738 thousand.

(all amounts in PLN thousand)

Interim Consolidated Statement of Changes in Equity for 9 Months Ended 30 September 2010

	Note	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Non-controlling interest	**Total Equity**
Balance as of 1 January 2010		10,733	73,997	10,174	227,509	-	**322,413**
Purchase of 94% shares in M.Punkt Holdings Ltd.		-	-	-	-	4,509	**4,509**
Total comprehensive income		-	-	-	221,498	23	**221,521**
Purchase of 6% shares in M.Punkt Holdings Ltd.		-	-	-	23	(4,532)	**(4,509)**
Dividend approved	**15**	-	-	-	(152,945)	-	**(152,945)**
Appropriation of 2009 profit – transfer to reserve capital		-	82,537	-	(82,537)	-	**-**
Balance as of 30 September 2010		**10,733**	**156,534**	**10,174**	**213,548**	**-**	**390,989**

Interim Consolidated Statement of Changes in Equity for 9 Months Ended 30 September 2009

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	**Total Equity**
Balance as of 1 January 2009	10,733	3,964	10,174	268,467	**293,338**
Total comprehensive income	-	-	-	188,875	**188,875**
Dividend approved	-	-	-	(201,244)	**(201,244)**
Appropriation of 2008 profit – transfer to reserve capital	-	70,033	-	(70,033)	**-**
Balance as of 30 September 2009	**10,733**	**73,997**	**10,174**	**186,065**	**280,969**

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Consolidated Financial Statements for 3 and 9 Months Ended 30 September 2010

1. Activity of the Parent

Cyfrowy Polsat S.A. operates a paid digital satellite platform called "Cyfrowy Polsat" and provides services in Poland. The Parent is also a Mobile Virtual Network Operator and provides Internet access services.

2. Composition of the Management Board of the Parent

- Dominik Libicki	President of the Management Board,
- Dariusz Działkowski	Member of the Management Board,
- Aneta Jaskólska	Member of the Management Board (from 13 July 2010),
- Andrzej Matuszyński	Member of the Management Board (until 6 January 2010),
- Tomasz Szeląg	Member of the Management Board.

3. Composition of the Supervisory Board of the Parent

- Zygmunt Solorz-Żak	President of the Supervisory Board,
- Robert Gwiazdowski	Member of the Supervisory Board,
- Andrzej Papis	Member of the Supervisory Board,
- Leszek Reksa	Member of the Supervisory Board,
- Heronim Ruta	Member of the Supervisory Board.

4. Basis of preparation of the interim condensed consolidated financial statements

Statement of compliance

These interim condensed consolidated financial statements for 3 and 9 months ended 30 September 2010 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. The Group applied the same accounting policies in the preparation of the financial data for 3 and 9 months ended 30 September 2010 and the consolidated financial statements for the years 2009 and 2008, presented in the consolidated annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on or after 1 January 2010.

During 9 months ended 30 September 2010 the following changes entered into force:

(i) amendments to IFRS 1 *Additional Exemptions for First-time Adopters*
Amendments to IFRS 1 introduce additional exemptions for entities adopting International Financial Reporting Standards for the first time. Changes do not impact the consolidated financial statements.

(ii) amendments to IFRS 2 *Share-based Payments*

The amendments specify the scope of transactions treated as share-based payments. They do not impact the consolidated financial statements.

(iii) 2009 Improvements to International Financial Reporting Standards, including:

- amendments to IFRS 8 *Operating Segments* – the amendments limit segment reporting requirements concerning assets. An entity shall report a measure of total assets for each reportable segment if such amounts are regularly provided to the chief operating decision maker.
- amendments to IAS 7 *Statement of Cash Flows*

On the basis of the amendments, only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities.

All amendments do not significantly impact the consolidated financial statements.

(iv) IFRIC 17 *Distributions of Non-cash Assets to Owners*, amendments to IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and amendment to IAS 10 *Events After The Reporting Period*

IFRIC 17 describes the accounting treatment of distribution of non-cash assets to owners whereas IFRS 5 introduces the definition of assets held for distribution to owners. Amendment to IAS 10 specifies how to present dividend declared after the balance sheet date but before publication of financial statements. Changes do not impact the consolidated financial statements.

(v) revised IFRS 3 *Business Combinations*

Revised IFRS 3 gives a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Moreover, all acquisition-related costs are expensed.

Revised IFRS 3 was applied to purchase of 94% shares in M.Punkt Holdings Ltd. by Cyfrowy Polsat S.A. on 4 May 2010. Non-controlling interest was valued at fair value, acquisition-related costs were recognized in the income statement. The purchase transaction was described in the Note 17 in detail.

(vi) revised IAS 27 *Consolidated and Separate Financial Statements*

Revised IAS 27 describes how to present subsidiaries in consolidated financial statements and investments in subsidiaries, jointly controlled entities and associates. Changes require the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will not result in goodwill or gains and losses.

Published International Financial Reporting Standards and Interpretations not effective as at the balance sheet date

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

New International Financial Reporting Standards and Interpretations adopted by the EU which become effective after the balance sheet date and were not adopted by the Group

(i) amendments to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* and IFRS 7 *Financial Instruments: Disclosures* are effective for the annual periods beginning after 30 June 2010
The amendments specify the starting date from which previous changes in IFRS 1 and 7 concerning limited exemptions for entities adopting International Financial Reporting Standards for the first time are to be adopted. Changes do not impact the consolidated financial statements.

(ii) amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* are effective for the annual periods beginning after 31 December 2010
The amendments clarify how to account for prepayments of a minimum funding requirement. Changes do not impact the consolidated financial statements.

(iii) IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* and amendment to IFRS 1 *First time Adoption of International Financial Reporting Standards* are effective for the annual periods beginning after 30 June 2010.
Interpretation explains how to account for extinguishing financial liabilities with equity instruments. Amendment to IFRS 1 allows an entity adopting International Financial Reporting Standards for the first time to use IFRIC 19 transitional provisions. Changes do not impact the consolidated financial statements.

(iv) revised IAS 24 *Related Party Disclosures* and amendment to IFRS 8 *Operating Segments* are effective for the annual periods beginning after 31 December 2010
Amendment to IFRS 8 specifies when an entity shall consider a government, its agencies and similar bodies and entities under control of the government as a single customer. Revised IAS 24 explains how to report transactions with related entities. Changes do not impact the consolidated financial statements.

New International Financial Reporting Standards and Interpretations yet to be adopted by the EU

- IFRS 9 *Financial Instruments*;
- improvements to 2010 International Financial Reporting Standards;
- amendments to IFRS 7 *Financial Instruments: Disclosures.*

As at the date of approval of these interim condensed consolidated financial statements the Group has not estimated the influence of these changes on its future consolidated financial statements.

Addendum to the accounting policies published in the most recent annual consolidated financial statements

Following points have been modified or added to the Parent's accounting policies:

Derivatives

Trading instruments

Derivative trading financial instruments are initially recognized at fair value, related transaction costs are recognized in the income statement when incurred. Subsequent to initial recognition, the Group measures derivative financial instruments at fair value and changes in the fair value are recognized directly in the income statement.

Hedging instruments

For accounting purposes, hedging consists in designating one or more instruments so that the change in their fair value offsets the effects of the change in fair value of hedged items or cash flows arising from hedged items.

The following hedging instruments are distinguished:

- instruments offsetting the change in the fair value of hedged item – such instruments limit the risk of change in the fair value of assets and liabilities,
- instruments offsetting the change in the cash flows generated by hedged items – such instruments limit the risks concerning cash flows.

Hedging transactions are concluded based on the hedging strategy. When entering into hedging transaction, the Group documents the relationship between hedged items and hedging instruments as well as the objective and strategy of each particular transaction. The documentation includes a hedging instrument, a hedged item, risk hedged and the assessment procedures of effectiveness of hedging instruments regarding offsetting fair value or cash flows arising from the hedged items. The Group expects that hedging instruments are highly effective. Effectiveness is assumed on an on-going basis.

Hedging instruments are recognized when the Group concludes an agreement. Purchased instruments are initially recognized at fair value or, in case of financial liabilities, at sale price.

The Group ceases to account derivatives for hedging instruments as the instruments expire, are sold, terminated or settled or as the Group changes the instrument's designation.

As at the balance sheet date the hedging instruments are valued at fair value. Instruments of positive fair value are financial assets and the ones of negative fair value are accounted for financial liabilities. Estimated fair value reflects the amount recoverable or payable upon closing out the outstanding position. Valuation is conducted at least once a quarter.

Recognition of the changes in fair value of hedging instruments results from the hedged item:

- instruments offsetting the change in the fair value of hedged item – the ineffective portion of gain or loss on the hedging instrument is recognized as financial income or loss in the period when incurred; the effective portion of gain or loss on the hedging instrument adjusts the value of hedged item, this portion is recognized in income statement proportionally to recognition of changes in the fair value of hedged item in income statement;

- instruments offsetting the change in the cash flows generated by hedged items – the effective portion of gain or loss on the hedging instrument is recognized directly in equity; the ineffective portion is recognized as financial income or financial cost; if hedged future payable or transaction results in recognition asset or liability in the balance sheet, changes in their value formerly recognized in equity adjust the initial value of the asset or liability; changes in the value of hedging instrument are recognized in income statement when related assets or liabilities impact profit and loss; if hedge expires, changes formerly recognized in equity are directly recognized in income statement.

Intangible assets – internally generated IT software

The Group capitalizes costs of IT software internally generated, including employee-related expenses, directly resulting from generation and preparing asset to be capable of operating, if the Group can reliably measure the expenditure attributable to the particular stage of generation, estimate production costs and estimate date of commencement and termination of generation process.

Revenue – Internet access services

Internet access services revenues are recognized in profit and loss account accordingly to periods of rendering services or periods when the unutilized credit is forfeited.

Revenue – revenue from commission for acquired subscribers

Revenue from commission for acquired subscribers is recognized in profit and loss account accordingly to periods of rendering services (subscriber acquisition). The revenue is recognized in “other sale operating revenue”.

Goodwill

Initial recognition

Goodwill represents the excess of the sum of consideration transferred and payable, the amount of non-controlling interest in the acquiree and the fair value as at the date of acquisition of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired.

Valuation

Goodwill is presented at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if possible impairment is indicated. Goodwill is allocated to cash-generating units for the purpose of testing for impairment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Changes to the accounting policies published in the most recent annual consolidated financial statements

Segment reporting

An operating segment is a component of the Group that is engaged in economic activities that involve achieving revenue and incurring costs, including revenue and costs from transactions with other components of the Group.

The Group presents operating segments according to internal management accounting principles applied in preparation of periodical management reports. The reports are regularly analyzed by the Management Board of Cyfrowy Polsat S.A. which was identified as the chief operating decision maker.

The activities of the Group are grouped using branch criterion, i.e. distinguishable range of operations where services are rendered and merchandise delivered in a specific economic environment.

Due to the launch of Internet access services and introduction of the integrated offer in the second quarter of 2010 the Management Board of Cyfrowy Polsat S.A. verified its approach to the analysis of operating segments. All services rendered to individual clients are analyzed by the Management Board as one cohesive branch operating segment.

The segment's revenue comprises particularly:
- subscription fees related to rendered services,
- activation fees,
- interconnection revenues and settlements with mobile network operators,
- revenue from sale of equipment.

In the opinion of the Management Board of Cyfrowy Polsat S.A. one operating segment fully reflects the character and results of the economic activities of the Group and the economic environments where the Group is operating.

The Group operates exclusively in Poland and substantially all of its assets and clients are located in Poland. As a result, the Group does not analyze geographical segments.

Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board on 15 November 2010.

5. Information on Seasonality in the Group's Operations

Seasonality of sales of digital satellite reception equipment and modems. The only portion of the Group's revenue which is subject to seasonality is the revenue from sales of digital satellite reception equipment. The seasonality is caused by increased acquisition 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.

(all amounts in PLN thousand)

6. Revenue from services, products, goods and materials sold

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
DTH subscription fees (Mini and MiniMax Package)	22,430	15,377	62,937	41,128
DTH subscription fees (other packages)	320,029	281,281	977,207	836,434
Sale of equipment	7,284	10,452	28,448	30,810
Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators	5,341	1,458	12,958	3,343
Other sale operating revenue	8,485	5,231	24,280	17,137
Total	**363,569**	**313,799**	**1,105,830**	**928,852**

Other operating revenue consist of revenue from marketing and advertising services, revenue from lease of property and appliances, other MVNO revenue, revenue from commision for acquired subscribers, revenue from distributor franchize, revenue from rental of digital satellite reception equipment, revenue from transmission services and other.

7. Operating costs

		for 3 months ended		for 9 months ended	
	Note	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Depreciation and amortization		22,054	10,992	57,016	28,908
Programming costs		97,544	87,186	292,139	274,179
Transmission costs	a	20,552	21,700	61,857	62,535
Cost of equipment sold		9,802	25,199	41,652	60,266
Distribution, marketing, customer relation management and retention costs	b	68,716	61,769	204,076	176,418
Salaries and employee-related expenses	c	20,828	14,371	59,935	44,176
Other operating costs	d	32,370	19,868	87,963	50,566
Total costs by kind		**271,866**	**241,085**	**804,638**	**697,048**

(all amounts in PLN thousand)

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Cost of services, products, goods and materials sold	194,920	173,665	580,024	509,769
Cost of sales	52,046	48,904	155,090	133,215
General and administration costs	24,900	18,516	69,524	54,064
Total costs by function	**271,866**	**241,085**	**804,638**	**697,048**

a) Transmission costs

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Transponders rental	13,579	13,356	40,787	36,852
Conditional Access System rental	5,640	7,231	17,130	22,469
Other	1,333	1,113	3,940	3,214
Total	**20,552**	**21,700**	**61,857**	**62,535**

b) Distribution, marketing, customer relation management and retention costs

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Distibution and logistics costs	28,250	29,337	83,474	85,416
Marketing costs	14,033	13,638	45,359	31,441
Customer relation management and retention costs	26,433	18,794	75,243	59,561
Total	**68,716**	**61,769**	**204,076**	**176,418**

(all amounts in PLN thousand)

c) Salaries and employee-related expenses

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Salaries	18,067	12,540	50,980	37,343
Social security contributions	2,205	1,417	6,740	5,111
Other employee-related costs	556	414	2,215	1,722
Total	**20,828**	**14,371**	**59,935**	**44,176**

Salaries and social security contributions of employees directly involved in set-top boxes manufacturing are capitalized in the value of manufactured set-top boxes.

d) Other operating costs

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Cost of SMART and SIM cards handed over	5,855	4,700	17,535	11,294
IT services	3,356	3,915	8,222	13,493
Legal, advisory and consulting costs	2,553	2,007	7,342	5,667
Property maintenance costs	3,774	1,685	9,201	4,352
Taxes and other charges	784	480	2,304	1,320
Costs of settlements with mobile network operators and interconnection charges	1,657	694	4,257	1,994
Costs of infrastructure rental and network maintenance	8,707	421	23,716	958
Costs of guarantee services	2,345	2,793	5,968	3,010
Other	3,339	3,173	9,418	8,478
Total	**32,370**	**19,868**	**87,963**	**50,566**

(all amounts in PLN thousand)

8. Other operating revenue

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Contractual remedy covering the costs of encryption card and digital satellite reception equipment replacement (SWAP)	-	-	-	7,794
Other compensations	404	643	956	2,372
Revenue from sale of POS*	803	-	7,858	-
Reversal of fixed assets impairment and stock provision	-	466	-	-
Other	1,086	36	3,156	722
Total	**2,293**	**1,145**	**11,970**	**10,888**

* points of sale

9. Other operating costs

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Bad debt provision and the cost of receivables written off	6,388	2,066	27,861	16,139
Fixed assets impairment and stock provision	3,020	-	3,307	577
Other	3,073	252	3,856	1,011
Total	**12,481**	**2,318**	**35,024**	**17,727**

10. Financial income

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Foreign exchange differences from forward exchange contracts	-	-	-	7,540
Interest	277	971	1,054	5,288
Other foreign exchange differences, net	5,018	2,225	-	-
Other	-	118	7	746
Total	**5,295**	**3,314**	**1,061**	**13,574**

(all amounts in PLN thousand)

11. Financial expenses

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Valuation and realization of foreign exchange call options	1,707	-	1,707	-
Foreign exchange differences from forward exchange contracts	-	212	-	-
Interest	622	872	1,551	3,370
Other foreign exchange differences, net	-	-	1,925	1,891
Other	159	50	328	292
Total	**2,488**	**1,134**	**5,511**	**5,553**

12. Financial instruments

On 10 August 2010 the Parent purchased foreign exchange call options for a total value of EUR 12,000 thousand and USD 18,000 thousand. The options provide that the Company is entitled to purchase EUR 1,000 thousand and USD 1,500 thousand on a monthly basis within 12 months until 1 August 2011 inclusively (strike prices are respectively 4.0310 PLN per 1 euro and 3.0790 PLN per 1 dollar).

The total premium for purchased options was equal to PLN 4,540 thousand. As at 30 September 2010 the fair value of unrealized foreign exchange call options amounted to PLN 2,620 thousand and was presented in 'Other current assets'. Between 10 August and 30 September 2010 the Group recognized financial expenses resulting from valuation and realization of options totalling PLN 1,707 thousand (see note 11).

The foreign exchange call options were purchased in order to limit the impact of foreign exchange rates fluctuations on net profit of the Group. The Group did not apply hedge accounting in respect to these options.

13. Goodwill

	2010
Balance as of 1 January	**-**
Takeover of control over M.Punkt Holdings Ltd. (see note 17)	52,227*
Change in goodwill due to sale of points of sale (POS)	(205)**
Balance as of 30 September unaudited	**52,022**

* preliminary valuation

** mPunkt Polska S.A. sold some of points of sale (POS). Goodwill written off is goodwill allocated to POS sold (see note 17d).

Goodwill was allocated to cash-generating units „services rendered for individual clients" Cyfrowy Polsat S.A. (see note 17c).

(all amounts in PLN thousand)

14. Intangible assets

	30 September 2010 unaudited	31 December 2009
Software and licenses	14,504	8,626
„mPunkt" brand	375	-
Other	1,161	431
In progress	4,862	5,108
Total	**20,902**	**14,165**

Due to takeover of control over M.Punkt Holdings Ltd. (see note 17), the Group recognized „mPunkt" brand in balance sheet:

	9 months ended	
	30 September 2010 unaudited	**30 September 2009 unaudited**
Balance as of 1 January	**-**	**-**
„mPunkt" brand (see note 17)	500*	-
„mPunkt" brand amortization	(125)	-
Balance as of 30 September	**375**	**-**

* preliminary valuation

Preliminary fair value of the brand was estimated on the basis of the relief from royalty method. The method assumes that benefits from ownership of trademark are equal to future royalty payments, which the owner of the brand would have to incur, should the brand be licensed from another entity.

The average useful life was estimated at 20 months. "mPunkt" brand is amortized on a straight-line basis.

15. Equity

Share capital

The table below presents the share capital of the Parent as at 30 September 2010.

Share series	Type of shares	Number of shares	Nominal value of a share (PLN)	Number of votes	% of voting rights
A	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
B	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
C	preference shares (2 voting rights per share)	7,500,000	0.04	15,000,000	3.3%
D	preference shares (2 voting rights per share)	166,917,501	0.04	333,835,002	74.6%
D	ordinary bearer shares	8,082,499	0.04	8,082,499	1.8%
E	ordinary bearer shares	75,000,000	0.04	75,000,000	16.8%
F	ordinary bearer shares	5,825,000	0.04	5,825,000	1.3%
Total		**268,325,000**		**447,742,501**	**100%**

On 31 May 2010 Management Board of the Warsaw Stock Exchange S.A. ("GPW") by the Resolution no. 504/2010 admitted to trade on the primary market 8,082,499 ordinary registered shares of the Parent of D series. The shares were introduced into trade on 4 June 2010. Moreover, the Parent was informed by Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW"), that pursuant to the resolution of the Management Board of KDPW no. 269/10 dated 14 May 2010, that on 4 June 2010 8,082,499 shares of the Parent will be registered with KDPW under the ISIN code PLCFRPT00013.

Reserve capital

On 24 June 2010 the General Shareholders Meeting of Cyfrowy Polsat S.A. transferred part of the profit in the amount of PLN 79,096 thousand to reserve capital. On 17 June 2010 the General Shareholders Meeting of Cyfrowy Polsat Technology Sp z o.o. transferred part of the profit in the amount of PLN 3,441 thousand to reserve capital.

Dividends paid and declared

On 24 June 2010 a resolution regarding the distribution of 2009 profit was adopted. The General Shareholders Meeting of Cyfrowy Polsat S.A. resolved to pay dividend in the amount of PLN 152,945 thousand.

The General Shareholders Meeting of the Parent decided that the dividend day will be on 19 July 2010 and the dividend payout dates will be 11 August 2010 for an amount of PLN 101,963 thousand and 17 November 2010 for an amount of PLN 50,982 thousand.

The Parent paid the first tranche of the dividend on 11 August 2010 in accordance with the resolution.

16. Borrowings and loans

On 9 October 2007 Cyfrowy Polsat S.A. conducted an agreement with Bank Pekao S.A. for a total loan up to PLN 200 million bearing variable interest rate depending on the frequency of interest payment and a 0.55% margin. The Company decided on monthly payments, therefore the bank loan interest rate is based on WIBOR 1M. Cyfrowy Polsat S.A. took out the bank loan in the amount of PLN 191,830 thousand and until 30 September 2010 repaid the entire amount. The repayment was made out of own funds of the Company.

On the grounds of an agreement for an overdraft facility signed with Bank Pekao S.A. the Company may utilize a credit line up to PLN 100,000 thousand. The interest rate for loan was agreed as WIBOR O/N plus a margin of 1,25%. A statement on submitting to enforcement of up to PLN 150,000 thousand is the collateral for the loan. As at 30 September 2010 the debt resulting from the agreement totaled PLN 62,170 thousand. The entire amount represents the short-term part.

On the grounds of an agreement for an overdraft facility signed with BRE Bank S.A. mPunkt Polska S.A. may utilize a credit line up to PLN 12,000 thousand. The interest rate for loan was agreed as WIBOR O/N plus a margin of 2,5%. A borrower's incomplete blank promissory note with a bill of exchange declaration and a statement on submitting to enforcement of up to PLN 7,500 thousand and a pledge by Cyfrowy Polsat S.A. of up to PLN 13,000 thousand are the collateral for the loan. As at 30 September 2010 the debt resulting from the agreement totaled PLN 9,371 thousand. The entire amount represents the short-term part.

(all amounts in PLN thousand)

On the grounds of an agreement for an overdraft facility signed with Bank Pekao S.A. Cyfrowy Polsat Technology Sp. z o.o. may utilize a credit line up to PLN 4,000 thousand, including opening a letter of credit or granting a guarantee. The interest rate for loan was agreed as WIBOR O/N plus a margin of 1%. A proxy for the bank to all Cyfrowy Polsat Technology's bank accounts, a statement on submitting to enforcement of up to PLN 6,000 thousand and an additonal statement on submitting to enforcement for every letter of credit or guarantee are the collateral for the loan. As at 30 September 2010 the debt resulting from the agreement totaled PLN 0 thousand.

17. Investment in M.Punkt Holdings Ltd.

On 4 May 2010 Cyfrowy Polsat S.A. completed the purchase of 94% shares in M.Punkt Holdings Ltd. ("M.Punkt Holdings"). The transaction also resulted in the takeover of control over subsidiaries of M.Punkt Holdings: mPunkt Polska S.A. ("mPunkt") and mTel Sp. z o.o. ("mTel").
The transaction was realized in two stages – ownership of 45% shares of M.Punkt Holdings was transferred on 31 October 2009 and remaining 49% shares were transferred on 4 May 2010 resulting in acquisition of 94% shares. The total purchase price for 94% shares of M.Punkt Holdings amounted to PLN 54,013 thousand.
On 9 June 2010 Cyfrowy Polsat S.A. purchased 6% shares of M.Punkt Holdings for PLN 4,509 thousand and increased Its stake to 100%.
mPunkt operates as a country-wide sales network of telecommunication services, mobile phones, accessories and maintenance services which are offered to individual customers. mTel renders agency services under the agreement with mPunkt.

a) Preliminary purchase price of shares

	30 September 2010
Purchase of 94% shares	54,013
Purchase of 6% shares – purchase of non-controlling interest	4,509
Shares in M.Punkt Holdings	**58,522**

Until 30 September 2010 the entire transaction price was paid by Cyfrowy Polsat S.A.

b) Reconciliation of cash flows resulting from the transaction

Preliminary purchase price of shares	**58,522**
Amount paid in 2009	(24,556)
Cash acquired	(695)
Cash outflow in cash flow statement for 9 months ended 30 September 2010	**33,271**

(all amounts in PLN thousand)

c) Preliminary goodwill calculation

	As of 5 May 2010
Purchase price of 94% shares	54,013
Non-controlling interest (6%)	4,509
Fair value of net assets	(6,295)
Preliminary goodwill	**52,227**

Non-controlling interest were valued as at 4 May 2010 (date of shares purchase) at fair value. Fair value was represented by purchase price from transaction concluded by the Company on 9 June 2010.

d) Preliminary fair value calculation of net assets acquired as at the date of purchase transaction

	As of 4 May 2010	
	Fair value	**Book value**
Other property, plant and equipment	10,233	6,184
Goodwill	-	6,517
„mPunkt" brand (see note 14)	500	-
Other intangible assets	1,378	1,343
Other long-term assets	1,060	1,060
Deferred tax assets	-	807
Inventories	3,086	3,086
Trade and other receivables	14,975	14,975
Other current assets	498	498
Cash and cash equivalents	695	695
Deferred tax liabiliity	(11)	-
Other liabilities	(26,079)	(25,800)
Deferred income	(40)	(114)
Identified net assets	**6,295**	**9,251**

In the preliminary purchase price allocation process the Group identified and valued trademark – „mPunkt" brand. The preliminary fair value of the trademark was estimated on the basis of relief from royalty method (see note 14).

Between 4 May and 30 September 2010 32 points of sale (POS) were sold. Goodwill allocated to POS sold amounted to PLN 205 thousand.

If the share purchase transaction was concluded on 1 January 2010, the Group would recognize consolidated revenue of PLN 1,148,985 thousand and consolidated net income in the amount of PLN 220,537 thousand for 9 months ended 30 September 2010.

In 5 months ended 30 September 2010 the Group presented additional consolidated revenue amounting to PLN 12,444 thousand and consolidated net loss of PLN 10,146 thousand resulting from consolidation with M.Punkt Holdings Ltd.

(all amounts in PLN thousand)

e) Merger with M.Punkt Holdings Ltd.

On 30 July 2010 the Management Board of Cyfrowy Polsat S.A. resolved to merge with M.Punkt Holdings Ltd. („Acquiree") seated in Nicosia, Cyprus, in which Cyfrowy Polsat S.A. holds 100% of share capital and approved cross-border merger plan. On 15 September 2010 the Extraordinary General Shareholders' Meeting resolved to execute the cross-border merger and authorized the Management Board to exercise all necessary activities related to conducting procedure of the cross-border merger.

The cross-border merger will allow to optimize costs and simplify the organizational structure of Cyfrowy Polsat Group which is required in order to realize its medium and long term strategy.
The cross-border merger plan will take place in accordance with article 491 and further, in particular Articles 516^{1}-516^{18} of the Commercial Companies Code of 15 September 2000 (Cross-border mergers of joint-stock companies) and with Sections 201 I to 201 X of the Cyprus Companies Law, Cap 113, amended by Section II Law N.186(I)/2007. The cross-border merger will result in:

i. M.Punkt Holdings Ltd. shall be terminated without liquidation and
ii. Cyfrowy Polsat S.A. will take over, by the way of universal succession, the Acquiree's assets and liabilities, including, in particular, the ownership of share capital in mPunkt.

18. Transactions with related parties

Receivables

	30 September 2010 unaudited	31 December 2009
Dom Sprzedaży Radia PIN Sp. z o.o.	113	61
Media Biznes Sp. z o.o.	59	116
Polsat Futbol Ltd.	901	-
Polsat Jim Jam Ltd.	23	-
Polsat Media Sp. z o.o.	1	1
Polskie Media S.A.	115	37
Sferia S.A.	7	16
Superstacja Sp.z o.o.	345	181
Teleaudio Sp. z o.o.	70	2
Telewizja Polsat S.A.	481	4,944
Total	**2,115**	**5,358**

(all amounts in PLN thousand)

Liabilities

	30 September 2010 unaudited	31 December 2009
Elektrim S.A.	2	-
Invest Bank S.A.	-	4
Polskie Media S.A.	-	34
Sferia S.A.	22	-
Superstacja Sp z o.o.	150	-
Teleaudio Sp. z o.o.	9	877
Telewizja Polsat S.A.	6,775	-
Total	**6,958**	**915**

Receivables from related parties and liabilities to related parties do not serve as security.

Revenues from operating activities

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Dom Sprzedaży Radia PIN Sp. z o.o.	31	-	106	-
Media Biznes Sp. z o.o.	48	48	144	144
Polsat Futbol Ltd.	300	-	901	-
Polskie Media S.A.	36	-	115	-
Radio PIN S.A.	-	38	-	113
Sferia S.A.	-	-	-	1
Superstacja Sp. z o.o.	13	305	44	353
Teleaudio Sp. z o.o.	105	7	273	11
Telewizja Polsat S.A.	119	117	351	434
Total	**652**	**515**	**1,934**	**1,056**

(all amounts in PLN thousand)

Cost of operating activities

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Dom Sprzedaży Radia PIN Sp. z o.o.	99	-	99	-
Elektrim S.A.	440	413	1,297	1,215
Invest Bank S.A.	-	-	5	-
Media Biznes Sp. z o.o.	48	49	144	97
Pai Media S.A.	1	-	82	-
Polsat Jim Jam Ltd.	439	-	439	-
Polsat Media Sp. z o.o.	180	38	367	38
Radio PIN S.A.	-	-	-	52
Sferia S.A.	48	71	132	111
Superstacja Sp. z o.o.	1	296	6	296
Teleaudio Sp. z o.o.	2,853	2,658	7,559	9,585
Telewizja Polsat S.A.	17,947	15,255	56,300	40,803
Total	**22,056**	**18,780**	**66,430**	**52,197**

19. Off-balance sheet commitments

Contingent liabilities

Proceedings before the President of UOKiK regarding an application of practices breaching collective interests of consumers

The Parent received decision No. 11/2009 dated 31 December 2009 stating that the President of UOKiK recognizes the statements in the service provision rules (which were in force until 1 November 2009) as practice breaching the collective interests of consumers. Simultaneously, the President of UOKiK stated that these provisions were ceased in the amended rules.

The President of UOKiK ordered, once the decision becomes legally binding, its publication on the www.cyfrowypolsat.pl website and in a daily nationwide newspaper. Moreover, pursuant to article 106 clause 1 point 4 of the Law of 16 February 2007 on competition and consumer protection the President imposed a cash fine of PLN 994 thousand, payable to the state budget, due to the breach of the interdiction set out in article 24 clause 1 and 2 point 1 of the Law of 16 February 2007 on competition and consumer protection within the scope described in the decision, which constitutes 0.09% of the Parent's revenue in 2008.

The Parent submitted appeal against the decision to the Competition and Consumer Protection Court. On 14 April 2010 the President of UOKiK applied for a dismissal of the appeal.

In these interim condensed consolidated financial statements the Parent created a provision for potential costs resulting from the final settlement of the above-mentioned proceedings.

Other litigations

Action brought by SkyMedia Sp. z o.o.

A lawsuit filed by Skymedia Sp. z o.o. z with registered office in Katowice for compensation and indemnity. On 2 April 2010 the District Court for Warszawa Praga in Warsaw X Enterpreneurs' Division announced the conclusion, according to which, the Parent is obliged to pay in favour of SkyMedia Sp. z o.o. an amount of PLN 545 thousand plus legal interest calculated from 28 August 2007 and PLN 30 thousand of legal costs reimbursement. On 22 September 2010 the Court of Appeal in Warsaw upheld the verdict.

In these interim condensed consolidated financial statements the Parent created a provision for the liabilities.

Contractual liabilities related to purchase of non-current assets

Cyfrowy Polsat Group entered into agreements for manufacturing and purchase of technical equipment. Amount of unbilled purchases of goods and services regarding the agreements totaled PLN 12,253 thousand as at 30 September 2010. The Group entered into several agreements on refurbishment of property. Amount of unbilled purchases of goods and services regarding refurbishment totaled PLN 877 thousand as at 30 September 2010. In addition, the Group entered into agreements for purchase of licences and software – as at 30 September 2010 the value of unbilled deliveries and services under the agreements amounted to PLN 52 thousand.

20. Subsequent events

On 4 November 2010 the Parent purchased foreign exchange call options for a total value of USD 18,000 thousand. The options provide that the Company is entitled to purchase USD 1,500 thousand on a monthly basis within 12 months until 1 November 2011 inclusively (strike price is 2.8000 PLN per 1 dollar). The total premium for purchased options was equal to PLN 2,780 thousand. The foreign exchange call options were purchased in order to limit the impact of foreign exchange rates fluctuations on net profit of the Group.

21. Accounting estimates and assumptions

In the preparation of interim condensed consolidated financial statements in accordance with EU IFRS the Management Board is required to make judgments, assumptions and estimates which influence the adopted policies and the presented values of assets, liabilities, revenues and expenses. Estimates and related assumptions are based on historical experience and other factors, which are deemed reasonable under given circumstances. The result of these estimates should be a basis for measuring the carrying values of assets and liabilities which cannot be established based on other sources. The actual values may differ from the estimated values.

Accounting estimates and related assumptions are reviewed on a regular basis. Changes in accounting estimates are accounted for in the period when the change is made or in the current or future period, should the change concerns both periods.

The key accounting estimates and assumptions applied in preparation of these interim condensed consolidated financial statements were the same as adopted in preparation of consolidated financial statements for the year ended 31 December 2009.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for 3 and 9 Months Ended 30 September 2010

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.

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APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 15 November 2010, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of Cyfrowy Polsat S.A. prepared in accordance with International Financial Reporting Standards as adopted by the European Union which include:

Interim Income Statement for the period	
from 1 January 2010 to 30 September 2010 showing a net profit of:	PLN 236,389 thousand
Interim Statement of Other Comprehensive Income for the period	
from 1 January 2010 to 30 September 2010 showing a total comprehensive income of:	PLN 236,389 thousand
Interim Balance Sheet as at	
30 September 2010 showing total assets and total liabilities and equity of:	PLN 953,260 thousand
Interim Cash Flow Statement for the period	
from 1 January 2010 to 30 September 2010 showing a decrease in cash amounting to:	PLN 65,268 thousand
Interim Statement of Changes in Equity for the period	
from 1 January 2010 to 30 September 2010 showing an increase in equity of:	PLN 83,444 thousand

Supplementary Information to the Interim Condensed Financial Statements
The interim condensed financial statements are prepared in PLN thousand unless otherwise indicated.

Dominik Libicki	Tomasz Szeląg	Dariusz Działkowski	Aneta Jaskólska
President of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

Dorota Wołczyńska
Chief Accountant

Warsaw, 15 November 2010

(all amounts in PLN thousand)

Interim Income Statement

	Note	for 3 months ended		for 9 months ended	
		30 September 2010 unaudited	30 September 2009 restated* unaudited	30 September 2010 unaudited	30 September 2009 restated* unaudited
Revenue from services, goods and materials sold	**6**	360,217	314,209	1,097,767	929,942
Cost of services, goods and materials sold	**7**	(192,582)	(174,632)	(577,775)	(512,189)
Cost of sales	**7**	(45,558)	(48,667)	(141,140)	(132,549)
General and administration costs	**7**	(21,209)	(17,505)	(61,132)	(51,630)
Other operating revenue	**8**	1,492	1,207	3,740	10,961
Other operating costs	**9**	(9,945)	(2,389)	(31,860)	(17,856)
Profit from operating activities		**92,415**	**72,223**	**289,600**	**226,679**
Financial income	**10**	3,251	2,818	5,417	14,329
Financial expenses	**11**	(2,221)	(1,133)	(4,022)	(5,834)
Profit before tax		**93,445**	**73,908**	**290,995**	**235,174**
Income tax		(17,481)	(13,567)	(54,606)	(44,409)
Net profit		**75,964**	**60,341**	**236,389**	**190,765**

*In order to reflect presentational changes introduced in the current period amounts were changed.

Basic and diluted earnings per share (in PLN)		**0.28**	**0.22**	**0.88**	**0.71**

Interim Statement of Other Comprehensive Income

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Net profit	**75,964**	**60,341**	**236,389**	**190,765**
Other comprehensive income	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**
Total comprehensive income	**75,964**	**60,341**	**236,389**	**190,765**

(all amounts in PLN thousand)

Interim Balance Sheet – Assets

	30 September 2010 unaudited	31 December 2009
Digital satellite reception equipment and modems	231,017	133,004
Other property, plant and equipment	132,650	132,344
Intangible assets	17,666	13,435
Long term receivables granted to related parties	4,062	4,887
Investment property	6,930	6,946
Shares in subsidiaries	60,026	1,504
Other long-term assets	33,184	54,485
Total non-current assets	**485,535**	**346,605**
Inventories	134,747	115,833
Short-term loans granted to related parties	6,796	1,474
Trade and other receivables	227,958	132,971
Income tax receivable	4,396	21,262
Other current assets	61,976	58,589
Cash and cash equivalents	31,852	70,388
Restricted cash	-	26,738
Total current assets	**467,725**	**427,255**
Total assets	**953,260**	**773,860**

(all amounts in PLN thousand)

Interim Balance Sheet – Equity and Liabilities

	Note	30 September 2010 unaudited	31 December 2009
Share capital	**13**	10,733	10,733
Reserve capital		153,093	73,997
Statutory reserve funds		10,174	10,174
Retained earnings		237,259	232,911
Total equity		**411,259**	**327,815**
Long-term finance lease liabilities		947	1,151
Deferred tax liability		67,016	29,178
Other long-term liabilities and provisions		1,853	1,110
Total non-current liabilities		**69,816**	**31,439**
Current loans and borrowings	**14**	62,170	47,370
Current finance lease liabilities		227	234
Trade and other payables		235,227	213,140
Deposits for equipment		16,102	18,800
Deferred income		158,459	135,062
Total current liabilities		**472,185**	**414,606**
Total liabilities		**542,001**	**446,045**
Total equity and liabilities		**953,260**	**773,860**

(all amounts in PLN thousand)

Interim Cash Flow Statement

	for 9 months ended	
	30 September 2010 unaudited	**30 September 2009 unaudited**
Net profit	**236,389**	**190,765**
Adjustments:	**(137,051)**	**(35,314)**
Depreciation and amortization	55,567	27,790
(Profit)/loss on investing activity	115	(300)
Interest	(54)	(2,626)
Change in inventories	(18,914)	(73,165)
Change in receivables and other assets	(92,597)	23,964
Change in liabilities, provisions, accruals and deferred income	(3,584)	(15,812)
Foreign exchange losses	6	14,202
Income tax	54,606	44,409
Change in set-top boxes under operating lease	(128,511)	(53,783)
Dividends received	(4,000)	-
Other adjustments	315	7
Net cash flow from operating activities	**99,338**	**155,451**
Income tax paid	-	(36,409)
Interest received from operating activity	998	5,193
Cash flow from operating activities	**100,336**	**124,235**
Purchases of tangible assets	(22,487)	(18,639)
Purchases of intangible assets	(11,553)	(6,691)
Loans granted	(8,784)	-
Purchases of financial assets	(33,966)	(53,396)
Proceeds from sale of financial assets	-	53,726
Proceeds from sale of non-financial assets	62	2
Dividends received	4,000	-
Payment of interest on finance lease liabilities by a subsidiary	-	340
Payment of interest on loans	3	-
Cash flow from investing activities	**(72,725)**	**(24,658)**
Dividends paid	(101,963)	(134,163)
Repayment of loans	(47,277)	(47,277)
Finance lease – principal repayments	(178)	(178)
Interest on loans and finance leases	(1,304)	(3,572)
Net cash from bank overdraft	62,170	-
Purchases of foreign exchange call options	(4,540)	-
Proceeds from realisation of foreign exchange call options	213	-
Cash flow from financing activities	**(92,879)**	**(185,190)**
Net decrease in cash and cash equivalents	**(65,268)**	**(85,613)**
Cash and cash equivalents at the beginning of the period*	**97,126**	**240,979**
Foreign exchange rate differences	(6)	(688)
Cash and cash equivalents at the end of the period	**31,852**	**154,678**

* Cash and cash equivalents as at 1 January 2010 include restricted cash in the amount of PLN 26,738 thousand.

(all amounts in PLN thousand)

Interim Statement of Changes in Equity for 9 Months Ended 30 September 2010

	Note	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	**Total Equity**
Balance as of 1 January 2010		10,733	73,997	10,174	232,911	**327,815**
Total comprehensive income		-	-	-	236,389	**236,389**
Dividend approved	**13**	-	-	-	(152,945)	**(152,945)**
Appropriation of 2009 profit – transfer to reserve capital		-	79,096	-	(79,096)	**-**
Balance as of 30 September 2010		**10,733**	**153,093**	**10,174**	**237,259**	**411,259**

Interim Statement of Changes in Equity for 9 Months Ended 30 September 2009

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	**Total Equity**
Balance as of 1 January 2009	10,733	3,964	10,174	272,147	**297,018**
Total comprehensive income	-	-	-	190,765	**190,765**
Dividend approved	-	-	-	(201,244)	**(201,244)**
Appropriation of 2008 profit – transfer to reserve capital	-	70,033	-	(70,033)	**-**
Balance as of 30 September 2009	**10,733**	**73,997**	**10,174**	**191,635**	**286,539**

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Financial Statements for 9 Months Ended 30 September 2010

1. Activity of the Company

Cyfrowy Polsat S.A. operates a paid digital satellite platform called "Cyfrowy Polsat" and provides services in Poland. The Company is also a Mobile Virtual Network Operator and provides Internet access services.

2. Composition of the Management Board of the Company

- Dominik Libicki	President of the Management Board,
- Dariusz Działkowski	Member of the Management Board,
- Aneta Jaskólska	Member of the Management Board (from 13 July 2010),
- Andrzej Matuszyński	Member of the Management Board (until 6 January 2010),
- Tomasz Szeląg	Member of the Management Board.

3. Composition of the Supervisory Board of the Company

- Zygmunt Solorz-Żak	President of the Supervisory Board,
- Robert Gwiazdowski	Member of the Supervisory Board,
- Andrzej Papis	Member of the Supervisory Board,
- Leszek Reksa	Member of the Supervisory Board,
- Heronim Ruta	Member of the Supervisory Board.

4. Basis of preparation of the interim condensed financial statements

Statement of compliance

These interim condensed financial statements for 9 months ended 30 September 2010 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. The Company applied the same accounting policies in the preparation of the financial data for 9 months ended 30 September 2010 and the financial statements for the years 2009 and 2008, presented in the annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on or after 1 January 2010.

During 9 months ended 30 September 2010 the following changes entered into force:
(i) amendments to IFRS 1 *Additional Exemptions for First-time Adopters*
Amendments to IFRS 1 introduce additional exemptions for entities adopting International Financial Reporting Standards for the first time. Changes do not impact the Company's financial statements.

(ii) amendments to IFRS 2 *Share-based Payments*
The amendments specify the scope of transactions treated as share-based payments. They do not impact the Company's financial statements.

(iii) 2009 Improvements to International Financial Reporting Standards, including:
- amendments to IFRS 8 *Operating Segments* – the amendments limit segment reporting requirements concerning assets. An entity shall report a measure of total assets for each reportable segment if such amounts are regularly provided to the chief operating decision maker.
- amendments to IAS 7 *Statement of Cash Flows*
On the basis of the amendments, only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities.
All amendments do not impact significantly the Company's financial statements.

(iv) IFRIC 17 *Distributions of Non-cash Assets to Owners*, amendments to IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and amendment to IAS 10 *Events After The Reporting Period*
IFRIC 17 describes the accounting treatment of distribution of non-cash assets to owners whereas IFRS 5 introduces the definition of assets held for distribution to owners. Amendment to IAS 10 specifies how to present dividend declared after the balance sheet date but before publication of financial statements. Changes do not impact the Company's financial statements.

(v) revised IFRS 3 *Business Combinations*
Revised IFRS 3 gives a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Moreover, all acquisition-related costs are expensed.

(vi) revised IAS 27 *Consolidated and Separate Financial Statements*
Revised IAS 27 describes how to present subsidiaries in consolidated financial statements and investments in subsidiaries, jointly controlled entities and associates. Changes require the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will not result in goodwill or gains and losses. Changes do not impact the Company's standalone financial statements.

Published International Financial Reporting Standards and Interpretations not effective as at the balance sheet date

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

New International Financial Reporting Standards and Interpretations adopted by the EU which become effective after the balance sheet date and were not adopted by the Company

(i) amendments to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* and IFRS 7 *Financial Instruments: Disclosures* are effective for the annual periods beginning after 30 June 2010
The amendments specify the starting date from which previous changes in IFRS 1 and 7 concerning limited exemptions for entities adopting International Financial Reporting Standards for the first time are to be adopted. Changes do not impact the Company's financial statements.

(ii) amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement* are effective for the annual periods beginning after 31 December 2010
The amendments clarify how to account for prepayments of a minimum funding requirement. Changes do not impact the Company's financial statements.

(iii) IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* and amendment to IFRS 1 *First time Adoption of International Financial Reporting Standards* are effective for the annual periods beginning after 30 June 2010.
Interpretation explains how to account for extinguishing financial liabilities with equity instruments. Amendment to IFRS 1 allows an entity adopting International Financial Reporting Standards for the first time to use IFRIC 19 transitional provisions. Changes do not impact the Company's financial statements.

(iv) revised IAS 24 *Related Party Disclosures* and amendment to IFRS 8 *Operating Segments* are effective for the annual periods beginning after 31 December 2010
Amendment to IFRS 8 specifies when an entity shall consider a government, its agencies and similar bodies and entities under control of the government as a single customer. Revised IAS 24 explains how to report transactions with related entities. Changes do not impact the Company's financial statements.

New International Financial Reporting Standards and Interpretations yet to be adopted by the EU

- IFRS 9 *Financial Instruments*;
- improvements to 2010 International Financial Reporting Standards;
- amendments to IFRS 7 *Financial Instruments: Disclosures.*

As at the date of approval of these interim condensed financial statements the Company has not estimated the influence of these changes on its future financial statements.

Addendum to the accounting policies published in the most recent annual financial statements

Following points have been modified or added to the Company's accounting policies:

Derivatives

Trading instruments

Derivative trading financial instruments are initially recognized at fair value, related transaction costs are recognized in the income statement when incurred. Subsequent to initial recognition, the Company measures derivative financial instruments at fair value and changes in the fair value are recognized directly in the income statement.

Hedging instruments

For accounting purposes, hedging consists in designating one or more instruments so that the change in their fair value offsets the effects of the change in fair value of hedged items or cash flows arising from hedged items.

The following hedging instruments are distinguished:

- instruments offsetting the change in the fair value of hedged item – such instruments limit the risk of change in the fair value of assets and liabilities,
- instruments offsetting the change in the cash flows generated by hedged items – such instruments limit the risks concerning cash flows.

Hedging transactions are concluded based on the hedging strategy. When entering into hedging transaction, the Company documents the relationship between hedged items and hedging instruments as well as the objective and strategy of each particular transaction. The documentation includes a hedging instrument, a hedged item, risk hedged and the assessment procedures of effectiveness of hedging instruments regarding offsetting fair value or cash flows arising from the hedged items. The Company expects that hedging instruments are highly effective. Effectiveness is assumed on an on-going basis.

Hedging instruments are recognized when the Company concludes an agreement. Purchased instruments are initially recognized at fair value or, in case of financial liabilities, at sale price.
The Company ceases to account derivatives for hedging instruments as the instruments expire, are sold, terminated or settled or as the Company changes the instrument's designation.

As at the balance sheet date the hedging instruments are valued at fair value. Instruments of positive fair value are financial assets and the ones of negative fair value are accounted for financial liabilities. Estimated fair value reflects the amount recoverable or payable upon closing out the outstanding position. Valuation is conducted at least once a quarter.

Recognition of the changes in fair value of hedging instruments results from the hedged item:

- instruments offsetting the change in the fair value of hedged item – the ineffective portion of gain or loss on the hedging instrument is recognized as financial income or loss in the period when incurred; the effective portion of gain or loss on the hedging instrument adjusts the value of hedged item, this portion is recognized in income statement proportionally to recognition of changes in the fair value of hedged item in income statement;
- instruments offsetting the change in the cash flows generated by hedged items – the effective portion of gain or loss on the hedging instrument is recognized directly in equity; the ineffective portion is recognized as financial

income or financial cost; if hedged future payable or transaction results in recognition asset or liability in the balance sheet, changes in their value formerly recognized in equity adjust the initial value of the asset or liability; changes in the value of hedging instrument are recognized in income statement when related assets or liabilities impact profit and loss; if hedge expires, changes formerly recognized in equity are directly recognized in income statement.

Intangible assets – internally generated IT software
The Company capitalizes costs of IT software internally generated, including employee-related expenses, directly resulting from generation and preparing asset to be capable of operating, if the Company can reliably measure the expenditure attributable to the particular stage of generation, estimate production costs and estimate date of commencement and termination of generation process.

Revenue – Internet access services
Internet access services revenues are recognized in profit and loss account accordingly to periods of rendering services or periods when the unutilized credit is forfeited.

Changes to the accounting policies published in the most recent annual financial statements

Segment reporting

An operating segment is a component of the Company that is engaged in economic activities that involve achieving revenue and incurring costs, including revenue and costs from transactions with other components of the Company.

The Company presents operating segments according to internal management accounting principles applied in preparation of periodical management reports. The reports are regularly analyzed by the Management Board of Cyfrowy Polsat S.A. which was identified as the chief operating decision maker.

The activities of the Company are grouped using branch criterion, i.e. distinguishable range of operations where services are rendered and merchandise delivered in a specific economic environment.

Due to the launch of Internet access services and introduction of the integrated offer in the second quarter of 2010 the Management Board of Cyfrowy Polsat S.A. verified its approach to the analysis of operating segments. All services rendered to individual clients are analyzed by the Management Board as one cohesive branch operating segment.

The segment's revenue comprises particularly:
- subscription fees related to rendered services,
- activation fees,
- interconnection revenues and settlements with mobile network operators,
- revenue from sale of equipment.

In the opinion of the Management Board of Cyfrowy Polsat S.A. one operating segment fully reflects the character and results of the economic activities of the Company and the economic environments where the Company is operating.

(all amounts in PLN thousand)

The Company operates exclusively in Poland and substantially all of its assets and clients are located in Poland. As a result, the Company does not analyze geographical segments.

Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved by the Management Board on 15 November 2010.

5. Information on Seasonality in the Company's Operations

Seasonality of sales of digital satellite reception equipment and modems. The only portion of the Company's revenue which is subject to seasonality is the revenue from sales of digital satellite reception equipment and modems. The seasonality is caused by increased acquisition 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.

6. Revenue from services, goods and materials sold

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
DTH subscription fees (Mini and MiniMax Package)	22,430	15,377	62,937	41,128
DTH subscription fees (other packages)	320,029	281,281	977,207	836,434
Sale of equipment	5,113	10,452	21,748	30,810
Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators	5,342	1,458	12,977	3,343
Other sale operating revenue	7,303	5,641	22,898	18,227
Total	**360,217**	**314,209**	**1,097,767**	**929,942**

Other operating revenue consist of revenue from marketing and advertising services, revenue from lease of property (including investment property) and appliances, other MVNO revenue, revenue from rental of digital satellite reception equipment, revenue from transmission services, revenue from servicing and installation and other.

(all amounts in PLN thousand)

7. Operating costs

	Note	for 3 months ended 30 September 2010 unaudited	for 3 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2010 unaudited	for 9 months ended 30 September 2009 unaudited
Depreciation and amortization		21,074	10,618	55,567	27,790
Programming costs		97,544	87,186	292,139	274,179
Transmission costs	a	20,552	21,700	61,857	62,535
Cost of equipment sold		8,262	27,110	38,859	64,087
Distribution, marketing, customer relation management and retention costs	b	66,185	61,769	199,519	176,418
Salaries and employee-related expenses	c	16,294	13,529	50,514	42,172
Other operating costs	d	29,438	18,892	81,592	49,187
Total costs by kind		**259,349**	**240,804**	**780,047**	**696,368**

	for 3 months ended 30 September 2010 unaudited	for 3 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2010 unaudited	for 9 months ended 30 September 2009 unaudited
Cost of services, goods and materials sold	192,582	174,632	577,775	512,189
Cost of sales	45,558	48,667	141,140	132,549
General and administration costs	21,209	17,505	61,132	51,630
Total costs by function	**259,349**	**240,804**	**780,047**	**696,368**

a) Transmission costs

	for 3 months ended 30 September 2010 unaudited	for 3 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2010 unaudited	for 9 months ended 30 September 2009 unaudited
Transponders rental	13,579	13,356	40,787	36,852
Conditional Access System rental	5,640	7,231	17,130	22,469
Other	1,333	1,113	3,940	3,214
Total	**20,552**	**21,700**	**61,857**	**62,535**

(all amounts in PLN thousand)

b) Distribution, marketing, customer relation management and retention costs

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Distibution and logistics costs	25,269	29,337	78,042	85,416
Marketing costs	14,511	13,638	46,262	31,441
Customer relation management and retention costs	26,405	18,794	75,215	59,561
Total	**66,185**	**61,769**	**199,519**	**176,418**

c) Salaries and employee-related expenses

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Salaries	14,223	11,844	42,936	35,691
Social security contributions	1,594	1,314	5,695	4,866
Other employee-related costs	477	371	1,883	1,615
Total	**16,294**	**13,529**	**50,514**	**42,172**

d) Other operating costs

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Cost of SMART and SIM cards handed over	5,855	4,700	17,535	11,294
IT services	3,247	3,907	8,028	13,466
Legal, advisory and consulting costs	2,143	1,834	6,429	5,194
Property maintenance costs	2,393	1,662	6,535	4,294
Taxes and other charges	656	439	2,061	1,227
Costs of settlements with mobile network operators and interconnection charges	1,657	694	4,257	1,994
Costs of infrastructure rental and network maintenance	8,707	421	23,716	958
Costs of guarantee services	2,479	2,116	5,994	2,522
Other	2,301	3,119	7,037	8,238
Total	**29,438**	**18,892**	**81,592**	**49,187**

(all amounts in PLN thousand)

8. Other operating revenue

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Contractual remedy covering the costs of encryption card and digital satellite reception equipment replacement (SWAP)	-	-	-	7,794
Other compensations	264	643	816	2,372
Reversal of fixed assets impairment and stock provision	-	532	-	532
Other	1,228	32	2,924	263
Total	**1,492**	**1,207**	**3,740**	**10,961**

9. Other operating costs

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Bad debt provision and the cost of receivables written off	6,390	2,066	27,868	16,139
Fixed assets impairment and stock provision	2,214	112	2,286	832
Other	1,341	211	1,706	885
Total	**9,945**	**2,389**	**31,860**	**17,856**

10. Financial income

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Foreign exchange differences from forward exchange contracts	-	-	-	7,540
Interest	438	1,157	1,417	5,993
Dividends received	-	-	4,000	-
Other foreign exchange differences, net	2,813	1,543	-	-
Other	-	118	-	796
Total	**3,251**	**2,818**	**5,417**	**14,329**

(all amounts in PLN thousand)

11. Financial expenses

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	30 September 2009 unaudited	30 September 2010 unaudited	30 September 2009 unaudited
Foreign exchange differences from forward exchange contracts	-	212	-	-
Valuation and realisation of foreign exchange call options	1,707	-	1,707	-
Interest	494	872	1,363	3,367
Other foreign exchange differences, net	-	-	860	2,176
Other	20	49	92	291
Total	**2,221**	**1,133**	**4,022**	**5,834**

12. Financial instruments

On 10 August 2010 the Company purchased foreign exchange call options for a total value of EUR 12,000 thousand and USD 18,000 thousand. The options provide that the Company is entitled to purchase EUR 1,000 thousand and USD 1,500 thousand on a monthly basis within 12 months until 1 August 2011 inclusively (strike prices are respectively 4.0310 PLN per 1 euro and 3.0790 PLN per 1 dollar).

The total premium for purchased options was equal to PLN 4,540 thousand. As at 30 September 2010 the fair value of unrealized foreign exchange call options amounted to PLN 2,620 thousand and was presented in 'Other current assets'.

Between 10 August and 30 September 2010 the Company recognized financial expenses resulting from valuation and realization of options in income statement totalling PLN 1,707 thousand (see note 11).

The foreign exchange call options were purchased in order to limit the impact of foreign exchange rates fluctuations on net profit of the Company. The Company did not apply hedge accounting in respect to these options.

(all amounts in PLN thousand)

13. Equity

Share capital

The table below presents the share capital as at 30 September 2010.

Share series	Type of shares	Number of shares	Nominal value of a share (PLN)	Number of votes	% of voting rights
A	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
B	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
C	preference shares (2 voting rights per share)	7,500,000	0.04	15,000,00	3.3%
D	preference shares (2 voting rights per share)	166,917,501	0.04	333,835,00	74.6%
D	ordinary bearer shares	8,082,499	0.04	8,082,499	1.8%
E	ordinary bearer shares	75,000,000	0.04	75,000,00	16.8%
F	ordinary bearer shares	5,825,000	0.04	5,825,000	1.3%
Total		**268,325,000**		**447,742,50**	**100%**

On 31 May 2010 Management Board of the Warsaw Stock Exchange S.A. ("GPW") by the Resolution no. 504/2010 admitted to trade on the primary market 8,082,499 ordinary registered shares of the Company of D series. The shares were introduced into trade on 4 June 2010. Moreover, the Company was informed by Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW"), that pursuant to the resolution of the Management Board of KDPW no. 269/10 dated 14 May 2010, that on 4 June 2010 8,082,499 shares of the Company will be registered with KDPW under the ISIN code PLCFRPT00013.

Reserve capital

On 24 June 2010 the Annual General Meeting of Cyfrowy Polsat S.A. transferred part of net income for the financial year 2009 of PLN 79,096 thousand to reserve capital.

Dividends paid and declared

On 24 June 2010 a resolution regarding the distribution of profits for the fiscal year 2009 was adopted. The Annual General Meeting of Cyfrowy Polsat S.A. resolved to pay dividend in the amount of PLN 152,945 thousand.

The Annual General Meeting decided that the dividend date (day of establishing the list of shareholders entitled to the dividend) will be on 19 July 2010. The dividend payment dates were established as follows: 11 August 2010 for amount of PLN 101,963 thousand and 17 November 2010 for amount of PLN 50,982 thousand.

The Company paid the first tranche of the dividend on 11 August 2010 in accordance with the resolution.

(all amounts in PLN thousand)

14. Borrowings and loans

On 9 October 2007 Cyfrowy Polsat S.A. conducted an agreement with Bank Pekao S.A. for a total loan up to PLN 200 million bearing variable interest rate depending on the frequency of interest payment and a 0.55% margin. The Company decided on monthly payments, therefore the bank loan interest rate is based on WIBOR 1M. Cyfrowy Polsat S.A. took out the bank loan in the amount of PLN 191,830 thousand and until 30 September 2010 repaid the entire amount. The repayment was made out of own funds of the Company.

On the grounds of an agreement for an overdraft facility signed with Bank Pekao S.A. the Company may utilize a credit line up to PLN 100,000 thousand. The interest rate for loan was agreed as WIBOR O/N plus a margin of 1,25%. A statement on submitting to enforcement of up to PLN 150,000 thousand is the collateral for the loan. As at 30 September 2010 the debt resulting from the agreement totaled PLN 62,170 thousand. The entire amount represents the short-term part.

15. Investment in M.Punkt Holdings Ltd.

Purchase of shares in M.Punkt Holdings Ltd.

On 4 May 2010 the Company completed the purchase of 94% shares in M.Punkt Holdings Ltd. ("M.Punkt Holdings"). The transaction also resulted in the takeover of control over subsidiaries of M.Punkt Holdings: mPunkt Polska S.A. ("mPunkt") and mTel Sp. z o.o. ("mTel").

The transaction was realized in two stages – ownership of 45% shares of M.Punkt Holdings was transferred on 31 October 2009 and remaining 49% shares were transferred on 4 May 2010. The total purchase price for 94% shares of M.Punkt Holdings amounted to PLN 54,013 thousand.

mPunkt operates as a country-wide sales network of telecommunication services, mobile phones, accessories and maintenance services which are offered to individual customers. mTel renders agency services under the agreement with mPunkt.

Purchase of non-controlling interest in M.Punkt Holdings Ltd.

On 9 June 2010 the Company purchased 6% shares of M.Punkt Holdings for PLN 4,509 thousand and increased Its stake to 100%.
The table below presents the preliminary value of the investment:

	30 September 2010
Purchase of 94% shares	54,013
Purchase of 6% shares – purchase of non-controlling interest	4,509
Shares in M.Punkt Holdings	**58,522**

Until 30 September 2010 the entire transaction price was paid by Cyfrowy Polsat S.A.

(all amounts in PLN thousand)

Merger with M.Punkt Holdings Ltd.

On 30 July 2010 the Management Board of Cyfrowy Polsat S.A. resolved to merge with M.Punkt Holdings Ltd. („Acquiree") seated in Nicosia, Cyprus, in which Cyfrowy Polsat S.A. holds 100% of share capital and approved cross-border merger plan. On 15 September 2010 the Extraordinary General Shareholders' Meeting resolved to execute the cross-border merger and authorized the Management Board to exercise all necessary activities related to conducting procedure of the cross-border merger.

The cross-border merger will allow to optimize costs and simplify the organizational structure of Cyfrowy Polsat Group which is required in order to realize its medium and long term strategy.

The cross-border merger will take place in accordance with article 491 and further, in particular Articles 516^{1}-516^{18} of the Commercial Companies Code of 15 September 2000 (Cross-border mergers of joint-stock companies) and with Sections 201 I to 201 X of the Cyprus Companies Law, Cap 113, amended by Section II Law N.186(I)/2007. The cross-border merger will result in:

iii. M.Punkt Holdings shall be terminated without liquidation and

iv. Cyfrowy Polsat S.A. will take over, by the way of universal succession, the Acquiree's assets and liabilities, including, in particular, the ownership of share capital in mPunkt.

16. Transactions with related parties

Receivables

	30 September 2010 unaudited	31 December 2009
Cyfrowy Polsat Technology Sp. z o.o.	1,181	283
Cyfrowy Polsat Technology Sp. z o.o. (leasing)	5,152	5,917
Dom Sprzedaży Radia PIN Sp. z o.o.	113	61
Media Biznes Sp. z o.o.	59	116
mPunkt Polska S.A.	1,747	-
Polsat Futbol Ltd.	901	-
Polsat Jim Jam Ltd.	23	-
Polsat Media Sp. z o.o.	1	1
Polskie Media S.A.	115	37
Sferia S.A.	7	16
Superstacja Sp.z o.o.	345	181
Teleaudio Sp. z o.o.	70	2
Telewizja Polsat S.A.	481	4,944
Total	**10,195**	**11,558**

The leased assets comprise set-top boxes' production line and laser used to manufacture electronic equipment. The initial total value of leased assets amounted to PLN 7,807 thousand. The leasing agreements were signed for the term of 7 years.

(all amounts in PLN thousand)

As at the balance sheet date lease receivables from Cyfrowy Polsat Technology Sp. z o.o. amount to PLN 5,152 thousand (PLN 4,062 thousand representing the long-term part). Interest in the amount of PLN 324 thousand is presented in financial income.

Liabilities

	30 September 2010 unaudited	31 December 2009
Cyfrowy Polsat Technology Sp. z o.o.*	9,836	7,040
Elektrim S.A.	2	-
Invest Bank S.A.	-	4
mPunkt Polska S.A.	1,545	-
Polskie Media S.A.	-	34
Sferia S.A.	22	-
Superstacja Sp. z .o.o.	150	-
Teleaudio Sp. z o.o.	9	877
Telewizja Polsat S.A.	6,775	-
Total	**18,339**	**7,955**

*Amounts presented above do not include deposit (PLN 29 thousand) related to leased property, paid by Cyfrowy Polsat Technology Sp. z o.o. to the Company.

Receivables from related parties and liabilities to related parties do not serve as security.

Liabilities to Cyfrowy Polsat Technology Sp. z o.o. comprise liabilities resulting from purchases of set-top boxes and set-top boxes' accessories. During 9 months ended 30 September 2010 the Company purchased from Cyfrowy Polsat Technology Sp. z o.o. set-top boxes and set-top boxes' accessories for a total value of PLN 107,427 thousand.

Loans granted

Short-term loans granted	Principal value of the loan	30 September 2010 unaudited	31 December 2009
Cyfrowy Polsat Technology Sp. z o.o.	6,500	1,481*	1,474*
M.Punkt Holdings Ltd.	5,248	5,315*	-
Total	**11,748**	**6,796***	**1,474***

* Loans are presented at their book value equal to fair value

The interest rate for loan granted to Cyfrowy Polsat Technology Sp. z o.o. was agreed as WIBOR 6M calculated on the last day prior to the date on which the interest is due and payable plus the margin of 2%. It was determined that the loan will be repaid until 31 December 2010. A borrower's incomplete blank promissory note with a bill of exchange declaration is the collateral for the loan.

The interest rate for loan granted to M.Punkt Holdings Ltd. was agreed as WIBOR 6M calculated on the last day prior to the date on which the interest is due and payable plus the margin of 2%. It was determined that the loan will be repaid until 31

(all amounts in PLN thousand)

December 2010. A borrower's incomplete blank promissory note with a bill of exchange declaration is the collateral for the loan.

Revenue from operating activities

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	**30 September 2009 unaudited**	**30 September 2010 unaudited**	**30 September 2009 unaudited**
Cyfrowy Polsat Technology Sp. z o.o.	755	411	1,737	1,119
Dom Sprzedaży Radia PIN Sp. z o.o.	31	-	106	-
Media Biznes Sp. z o.o.	48	48	144	144
mPunkt Polska S.A.	83	-	133	-
Polsat Futbol Ltd.	300	-	901	-
Polskie Media S.A.	36	-	115	-
Radio PIN S.A.	-	38	-	113
Sferia S.A.	-	-	-	1
Superstacja Sp. z o.o.	13	305	44	353
Teleaudio Sp. z o.o.	105	7	273	11
Telewizja Polsat S.A.	119	117	351	434
Total	**1,490**	**926**	**3,804**	**2,175**

Cost of operating activities

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	**30 September 2009 unaudited**	**30 September 2010 unaudited**	**30 September 2009 unaudited**
Dom Sprzedaży Radia PIN Sp. z o.o.	99	-	99	-
Elektrim S.A.	440	413	1,297	1,215
Invest Bank S.A.	-	-	5	-
Media Biznes Sp. z o.o.	48	49	144	97
mPunkt Polska S.A.	2,517	-	3,713	-
Pai Media S.A.	1	-	82	-
Polsat Jim Jam Ltd.	439	-	439	-
Polsat Media Sp. z o.o.	180	38	367	38
Radio PIN S.A.	-	-	-	52
Sferia S.A.	48	71	132	111
Superstacja Sp. z o.o.	1	296	6	296
Teleaudio Sp. z o.o.	2,853	2,658	7,559	9,585
Telewizja Polsat S.A.	17,947	15,255	56,300	40,803
Total	**24,573**	**18,780**	**70,143**	**52,197**

(all amounts in PLN thousand)

Financial income

	for 3 months ended		for 9 months ended	
	30 September 2010 unaudited	**30 September 2009 unaudited**	**30 September 2010 unaudited**	**30 September 2009 unaudited**
Cyfrowy Polsat Technology Sp. z o.o.	105	199	4,330	800
M.Punkt Holdings Ltd.	66	-	67	-
Total	**171**	**199**	**4,397**	**800**

The table above does not include shares of Sferia S.A. purchased by Cyfrowy Polsat S.A. from Zygmunt Solorz-Żak and their resale to Polaris Finance B.V. The cost of shares purchased by Cyfrowy Polsat S.A. amounted to PLN 53,396 thousand and the amount paid by Polaris Finance B.V. was equal to PLN 53,726 thousand. The financial income resulting from the transaction in the second quarter of 2009 totaled PLN 330 thousand.

17. Off-balance sheet commitments

Contingent liabilities

Proceedings before the President of UOKiK regarding an application of practices breaching collective interests of consumers

The Company received decision No. 11/2009 dated 31 December 2009 stating that the President of UOKiK recognizes the statements in the service provision rules (which were in force until 1 November 2009) as practice breaching the collective interests of consumers. Simultaneously, the President of UOKiK stated that these provisions were ceased in the amended rules.

The President of UOKiK ordered, once the decision becomes legally binding, its publication on the www.cyfrowypolsat.pl website and in a daily nationwide newspaper. Moreover, pursuant to article 106 clause 1 point 4 of the Law of 16 February 2007 on competition and consumer protection the President imposed a cash fine of PLN 994 thousand, payable to the state budget, due to the breach of the interdiction set out in article 24 clause 1 and 2 point 1 of the Law of 16 February 2007 on competition and consumer protection within the scope described in the decision, which constitutes 0.09% of the Company's revenue in 2008.

The Company submitted appeal against the decision to the Competition and Consumer Protection Court. On 14 April 2010 the President of UOKiK applied for a dismissal of the appeal.

In these interim condensed financial statements the Company created a provision for potential costs resulting from the final settlement of the above-mentioned proceedings.

Other litigations

Action brought by SkyMedia Sp. z o.o.

A lawsuit filed by Skymedia Sp. z o.o. z with registered office in Katowice for compensation and indemnity. On 2 April 2010 the District Court for Warszawa Praga in Warsaw X Enterpreneurs' Division announced the conclusion, according to which, the Company is obliged to pay in favour of SkyMedia Sp. z o.o. an amount of PLN 545 thousand plus legal interest calculated from 28 August 2007 and PLN 30 thousand of legal costs reimbursement. On 22 September 2010 the Court of Appeal in Warsaw upheld the verdict.
In these interim condensed financial statements the Company created a provision for the liabilities.

Contractual liabilities related to purchase of non-current assets

Cyfrowy Polsat S.A. entered into agreements for manufacturing and purchase of technical equipment. Amount of unbilled purchases of goods and services regarding the agreements totaled PLN 12,045 thousand as at 30 September 2010. The Company entered into several agreements on refurbishment of property. Amount of unbilled purchases of goods and services regarding refurbishment totaled PLN 877 thousand as at 30 September 2010. In addition, Cyfrowy Polsat S.A. entered into agreements for purchase of licences and software – as at 30 September 2010 the value of unbilled deliveries and services under the agreements amounted to PLN 52 thousand.

18. Subsequent events

On 4 November 2010 the Company purchased foreign exchange call options for a total value of USD 18,000 thousand. The options provide that the Company is entitled to purchase USD 1,500 thousand on a monthly basis within 12 months until 1 November 2011 inclusively (strike price is 2.8000 PLN per 1 dollar). The total premium for purchased options was equal to PLN 2,780 thousand. The foreign exchange call options were purchased in order to limit the impact of foreign exchange rates fluctuations on net profit of the Company.

19. Accounting estimates and assumptions

In the preparation of interim condensed financial statements in accordance with EU IFRS the Management Board is required to make judgments, assumptions and estimates which influence the adopted policies and the presented values of assets, liabilities, revenues and expenses. Estimates and related assumptions are based on historical experience and other factors, which are deemed reasonable under given circumstances. The result of these estimates should be a basis for measuring the carrying values of assets and liabilities which cannot be established based on other sources. The actual values may differ from the estimated values.

Accounting estimates and related assumptions are reviewed on a regular basis. Changes in accounting estimates are accounted for in the period when the change is made or in the current or future period, should the change concerns both periods.

The key accounting estimates and assumptions applied in preparation of these interim condensed financial statements were the same as adopted in preparation of financial statements for the year ended 31 December 2009.