CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim consolidated report for the six month period
ended 30 June 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, 26 August 2010

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We have prepared this semi-annual report as required by Paragraph 90 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 semi-annual 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 calculated as a sum of fees paid by our subscribers for our DTH services divided by the average number of subscribers/agreements 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 and to the call center 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 semi-annual report contains financial statements and financial information relating to the Company and the Group. In particular, this semi-annual report contains our interim condensed consolidated financial statements for 6 month period ended 30 June 2010, quarterly condensed consolidated financial statements for 3 and 6 month periods ended 30 June 2010, interim condensed financial statements for the 6 month period ended 30 June 2010 and quarterly condensed financial statements for the 3 and 6 month period ended 30 June 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 Zloty.

Certain arithmetical data contained in this semi-annual 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 semi-annual report may not conform exactly to the total figure given for that column or row.

Currency presentation

Unless otherwise indicated, in this semi-annual 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 semi-annual 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 semi-annual 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 semi-annual 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 June 2010 our subscriber base of paid packages reached 3,263,546, an increase of 419,440 or 14.7% compared to 30 June 2009.

We provide our DTH subscribers with an access to 86 Polish-language television channels, including sports, music/entertainment, news/information, children, education and film channels. We are the only pay DTH satellite operator to provide its customers with access to all major terrestrial channels in Poland, including Polsat, TVP 1, TVP 2 and TVN. 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 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 1,152 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 144 outlets in over 124 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 June 2010 the number of mobile phone users totaled 41 ths. and the number of internet access service users totaled 10 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.

However, we expect, that until our multi-play offer is fully developed, a substantial part of our revenue shall continue to be derived from the pay television digital satellite platform.

2. Significant events

Introduction of multi-play offer

On 1 June we launched multi-play offer. This service enables customers to purchase all three services - television, Internet and mobile telephony services - under one contract, one subscription and one invoice Additionally mobile phone and Internet services are available within DTH subscription fee. In our new offer customer additionally gets even 2GB of data transfer and 30 free minutes. Apart from that, customers can benefit from additional DTH options available in current offer. The DTH subscription fee was not changed.

Finalisation of purchase transaction of M.Punkt Holdings Ltd.

On 4 May 2010 we completed the purchase 94% shares of M.Punkt Holdings Ltd The transaction results in purchase of related entities mPunkt Polska S.A. and mTel Sp. z o.o.

Transaction was completed in two stages – ownership of 45% shares of M.Punkt was transferred on 31 October 2009, and 49% shares were transferred on 4 May 2010 resulting in taking over 94% of M.Punkt. Total initial amount of purchase of 94% shares of M.Punkt was PLN 54.013. On 9 June 2010 we purchased 6% shares of M.Punkt for PLN 4.509, which increased our stake to 100%.

mPunkt Polska 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 Polska.

Decision of Annual General Shareholders Meeting on dividend payout for the fiscal year 2009

Annual General Shareholders Meeting on 24 June 2010 in resolution No. 21 on distribution of profits for the fiscal year 2009 and dividend payout decided that net income of PLN 232,040 achieved by Cyfrowy Polsat Spółka Akcyjna in the fiscal year ended on 31 December 2009 will be allocate as follows:

- for the dividend payout for 2009 the amount of PLN 152,945 which is PLN 0.57 per share;
- the remaining amount of profit in the amount of PLN 79, 096 to reserve capital.

Simultaneously, Annual General Shareholders Meeting determined that the dividend date (day of establishing the list of shareholders entitled to the dividend) will be on 19 July 2010 and the dividend will be paid on:

(i) 11 August 2010 for amount of PLN 101,963 and
(ii) 17 November 2010 for amount PLN 50,982

According to the resolution the first tranche of dividend was paid on 11 August 2010.

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.

Extension of programming offer

In the second quarter of 2010 our offer was enriched with three new channels, including two channels in high definition.

In April we expanded our offer with Fox Life HD which is available in HD Package. In June we launched two new channels – Discovery Travel&Living and Animal Planet HD. The first one expanded our Family Package and the second is available in HD Package

3. Summary historical financial data

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

Certain financial data:

- from the consolidated profit and loss statements for the three month periods ended 30 June 2010 and 30 June 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 April to 30 June 2010);

- from the consolidated profit and loss statements and consolidated cash flow statement for the six month periods ended 30 June 2010 and 30 June 2009 have been converted into euro at a rate of PLN 4.007 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 June 2010);

- from consolidated balance sheet data as at 30 June 2010, 31 December 2009 and 30 June 2009 have been converted into euro at a rate of PLN 4.1458 per €1.00 (an exchange rate published by NBP on 30 June 2009).

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 June				For the six month period ended 30 June			
	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	368,265	91,876	306,767	76,533	742,261	185,533	615,053	153,736
Cost of services, products, goods and materials sold	(195,981)	(48,894)	(167,330)	(41,746)	(385,104)	(96,259)	(336,104)	(84,011)
Cost of sales	(54,528)	(13,604)	(44,952)	(11,215)	(103,044)	(25,756)	(84,311)	(21,074)
General and administration costs	(25,149)	(6,274)	(17,598)	(4,390)	(44,624)	(11,154)	(35,548)	(8,885)
Other operating revenue	8,908	2,222	1,185	296	9,677	2,419	10,209	2,552
Other operating costs	(11,786)	(2,940)	(10,000)	(2,495)	(22,543)	(5,635)	(15,875)	(3,968)
Operating profit	89,729	22,386	68,072	16,983	196,623	49,147	153,424	38,349
Pre-tax profit	82,934	20,691	69,389	17,311	189,366	47,333	159,265	39,809
Income tax	(15,940)	(3,977)	(13,323)	(3,324)	(36,238)	(9,058)	(30,550)	(7,636)
Net profit	66,994	16,714	56,066	13,987	153,128	38,275	128,715	32,173
Basic and diluted earnings per share (not in thousands)	0.25	0.06	0.21	0.05	0.57	0.14	0.48	0.12
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	-	-	-	-	32,040	8,009	16,616	4,153
Cash flow from investing activities	-	-	-	-	(55,654)	(13,911)	(16,022)	(4,005)
Cash flow from financing activities	-	-	-	-	(28,290)	(7,071)	(165,457)	(41,357)
Net decrease in cash and cash equipments	-	-	-	-	(51,904)	(12,974)	(164,863)	(41,209)
Other consolidated financial data								
Depreciation and amortization	18,966	4,732	9,661	2,410	34,962	8,739	17,916	4,478
EBITDA[1]	108,695	27,117	77,733	19,393	231,585	57,886	171,340	42,828
EBITDA margin	29.5%	29.5%	25.3%	25.3%	31.2%	31.2%	27.9%	27.9%
Operating margin	24.4%	24.4%	22.2%	22.2%	26.5%	26.5%	24.9%	24.9%
Capital expenditures[2]	14,107	3,519	9,506	2,372	25,806	6,450	16,354	4,088

	As at					
	30 June 2010		31 December 2009		30 June 2009	
(in thousands)	PLN	EUR	PLN	EUR	PLN	EUR
Consolidated balance sheet						
Cash and cash equivalents	47,571	11,475	72,652	17,524	81,270	19,603
Assets	945,675	228,104	774,846	186,899	681,413	164,362
Non-current liabilities	60,889	14,687	28,754	6,936	28,903	6,972
Current liabilities	562,190	135,605	423,679	102,195	431,701	104,130
Equity	322,596	77,813	322,413	77.769	220,809	53,261
Share capital	10,733	2,589	10,733	2,589	10,733	2,589

[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 intagible 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.

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 June 2010 and consolidated using full consolidation method :

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

[1] Consolidation for May and June 2010

Additionally shares in Karpacka Telewizja Kablowa Sp. z o.o. were presented in interim condensed consolidated financial statements for the six months ended 30 June 2010. As at 30 June 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.

In June we finalized a purchase transaction of M.Punkt Holdings Ltd., owner of mPunkt distribution network, specializing in the sale of goods and services for mobile telephony. mPunkt has 144 outlets in over 124 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.

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

On 1 April 2010 our organizational structure changed. With resolution of the Management Board no 2/31/03/2010 dated 31 March 2010 we established our branch – „Cyfrowy Polsat Spółka Akcyjna Oddział w Warszawie".

The Supervisory Board appointed Aneta Jaskólska to the position of a Member of the Management Board in a meeting dated 13 July 2010. Aneta Jaskólska is responsible for Legal Department, Administration Department, Personal Department and Safety Department. Aneta Jaskólska is a solicitor and since 2007 has been Director of Legal and Regulatory Department of Cyfrowy Polsat S.A. Aneta Jaskólska is also a Member of the Management Board of Cyfrowy Polsat Technology Sp. z o.o. and a Member of Supervisory Board of mPunkt Polska S.A. Between 2004 and 2007 Aneta Jaskólska held the position of Proxy and Director of Legal Department of UPC Polska Sp. z o.o. Aneta Jaskólska has 13 years of experience in the legal advisory and services to large business entities.

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.

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 our shares as of the date of publication of this semi-annual 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.

On 8 March 2010 Extraordinary General Meeting of Cyfrowy Polsat S.A. resolved to change our Article of Association in the following manner: 8,082,499 registered series D shares privileged as to the voting rights (2 votes per share) were transformed into ordinary bearer shares. The above change of the Articles of Association was registered on 22 March 2010 by the District Court in Warsaw, the XIII Commercial Division National Court Register. It was additionally resolved that these shares shall be the subject to application for admission to trading on a regulated market maintained by the Warsaw Stock Exchange and shall be subject to dematerialization.

After changing by the Court of the object registration the structure of to Company shares is as follows:

Share series	Number of shares	Nominal value of shares	Type
Series A	2,500,000	100	preference shares (2 voting rights)
Series B	2,500,000	100	preference shares (2 voting rights)
Series C	7,500,000	300	preference shares (2 voting rights)
Series D	166,917,501	6,677	preference shares (2 voting rights)
Series D	8,082,499	323	ordinary bearer shares
Series E	75,000,000	3,000	ordinary bearer shares
Series F	5,825,000	233	ordinary bearer shares
Total	268,325,000	10,733	

On 13 April 2010 we become aware of sale of 7,918,750 dematerialized registered shares of Cyfrowy Polsat S.A. by Polaris Finance B.V. Prior to the aforementioned transaction Polaris Finance B.V. held 182,943,750 shares of the Company which accounted for 68.18% of the share capital of the Company entitling to 349,886,251 votes in the General Meeting of Shareholders of the Company which accounted for 78.14% of the total number of votes in the General Meeting of Shareholders of Cyfrowy Polsat S.A. After completing the aforementioned transaction Polaris Finance B.V. holds 175,025,000 shares of the Company which account for 65.23% of the share capital of the Company entitling to 341,967,501 votes in the General Meeting of Shareholders of the Company which accounts for 76.38% of the total number of votes in the General Meeting of Shareholders of Cyfrowy Polsat S.A.

The Management Board of the Warsaw Stock Exchange S.A. ("GPW") by the Resolution no. 504/2010 of 31 May 2010, admitted, as of 31 May 2010, to trade on the primary market 8,082,499 ordinary registered shares of the Company of D series. On 4 June 2010 the Board of GPW introduced the shares into trade on the primary market. 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 KPDW under the ISIN code PLCFRPT00013.

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

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 26 August 2010, the date of publication of this semi-annual report, and changes in their holdings since the date of publication of our last financial report (quarterly report for the three month period ended 31 March 2010) on 17 May 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.

Management Board Member	Balance as of 17 May 2010	Increases	Decreases	Balance as of 26 August 2010
Dominik Libicki, President of the Management Board	1,497	-	-	1,497
Dariusz Działkowski, Member of the Management Board	0	-	-	0
Aneta Jaskólska, Member of the Management Board	0[1]	-	-	0
Tomasz Szeląg, Member of the Management Board	0	-	-	0

[1] Balance as of 13 July 2010.

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 26 August 2010, the date of publication of this semi-annual report, and changes in their holdings since the date of publication of our last financial report (quarterly report for the three month period ended 31 March 2010) on 17 May 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.

Supervisory Board Member	Balance as of 17 May 2010	Increases	Decreases	Balance as of 26 August 2010
Zygmunt Solorz-Żak[1] Chairman of the Supervisory Board	159,375,000	-	-	159,375,000
Robert Gwiazdowski Independent Member of the Supervisory Board	0	-	-	0
Andrzej Papis Member of the Supervisory Board	0	-	-	0
Leszek Reksa Independent Member of the Supervisory Board	0	-	-	0
Heronim Ruta[2] Member of the Supervisory Board	28,125,000	-	1,871,250	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.

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. Additionally both sides also replies to appeal submitted by other side.

Beside above mentioned cases we are a side in other proceedings at the court unimportant from a point of view of the consolidated and condensed financial statement.

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

In six month period ended 30 June 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 six month period ended 30 June 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 our equity.

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 six month periods ended 30 June 2010 subscription fees were, respectively 91% and 93% of our revenue from services, products, goods and materials sold and other operating revenue as compared to respectively 94% and 93% in the corresponding period 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 six month periods ended 30 June 2010 revenues from sale of equipment were 3% of our revenue from services, products, goods and materials sold and other operating revenues like in the corresponding period 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 six month periods ended 30 June 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 period of 2009.

Other sale operating revenue

In the three and six month periods ended 30 June 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 period of 2009.

In the six month periods ended 30 June 2010 other sale operating revenue consisted of:

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

(ii) marketing and advertising services;

(iii) other MVNO revenues;

(iv) revenues from lease of satellite equipment;

(v) revenue from transmission services and

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

12.2. Sources of other operating revenue

In the three and six month periods ended 30 June 2010 other operating revenue consisted of:

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

In May and June 2010 we sold to Polkomtel S.A. a part of 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 six month periods ended 30 June 2010 depreciation and amortization costs were respectively 7% and 6% of our costs of operating activities and other operating as compared to 4% in the corresponding period of 2009.

Programming costs

Programming costs constitute the sum of:

(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.

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

In the three and six month periods ended 30 June 2010 programming costs were 35% of our costs of operating activities and other operating costs as compared to 37% and 40% 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 six month periods ended 30 June 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 a lower 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. In the three and six month periods ended 30 June 2010 costs of equipment sold were respectively 5% and 6% of our costs of operating activities and other operating costs adequately as compared to 7% 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. Such mailings to subscribers are made at least twice a year (usually in the spring and fall). In addition, we regularly mail selected subscriber groups, for example 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 six month periods ended 30 June 2010 distribution and marketing costs were 24% of our costs of operating activities and other operating costs as compared to respectively 26% and 24% 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 six month periods ended 30 June 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

Key items of other operating costs in the six month period ended 30 June 2010 include:

(i) cost of encryption cards provided with digital satellite reception equipment;

(ii) IT services;

(iii) legal, advisory and consulting costs;

(iv) property maintenance costs;

(v) taxes and other charges;

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

(vii) other.

In the three and six month periods ended 30 June 2010 other operating costs were respectively 11% and 10% of our costs of operating activities and other operating as compared to respectively 6% and 7% in the corresponding periods of 2009.

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 six month periods ended 30 June 2010 and 30 June 2009.

	Three months ended 30 June			Six months ended 30 June		
	2010	2009	Percentage difference	2010	2009	Percentage difference
Number of subscribers at end of period, of which:	3,263,546	2,844,106	14.7%	3,263,546	2,844,106	14.7%
Number of subscribers Family Package at end of period	2,591,936	2,311,382	12.1%	2,591,936	2,311,382	12.1%
Number of subscribers Mini Package at end of period	671,610	532,724	26.1%	671,610	532,724	26.1%
Average number of subscribers[1], of which:	3,229,499	2,820,809	14.5%	3,240,508	2,798,143	15.8%
Average number of subscribers Family Package	2,579,015	2,310,337	11.6%	2,611,521	2,308,456	13.1%
Average number of subscribers Mini Package	650,485	510,473	27.4%	628,988	489,687	28.4%
Churn rate[2] of which:	10.0%	7.3%	2.7pp	10.0%	7.3%	2.7pp
Churn rate of Family Package	11.5%	8.4%	3.1pp	11.5%	8.4%	3.1pp
Churn rate of Mini Package	4.1%	1.6%	2.5pp	4.1%	1.6%	2.5pp
Average revenue per user (ARPU)[3] (PLN), of which:	35.6	34.3	3.8%	35.9	34.6	3.8%
Average revenue per user (ARPU) Family Package (PLN),	41.9	40.0	4.8%	41.9	40.1	4.5%
Average revenue per user (ARPU) Mini Package (PLN),	10.9	8.9	22.5%	10.7	8.8	21.6%
Subscriber average cost (SAC)[4] (PLN),	114.7	133.0	-13.8%	124.7	130.0	-4.1%

[1] Calculated as the sum of the average number of subscribers in each month divided by the number of months in the period. Average number of subscribers per month is calculated according to the following formula: (subscribers at the end of the month + subscribers at the beginning of the month)/2;

[2] 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 in such period and the number of months in the period;

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

As at 30 June 2010 we had 3,263,546 subscribers, 14.7% more than as at 30 June 2009 when we had 2,844,106 subscribers. Number of our Family Package subscribers increased by 12.1% to 2,591,936 and constituted 79% of our entire subscriber base and the number of our Mini and Mini Max Packages subscribers increased by 26.1% to 671,610 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 June 2010 increased to 10.0% in comparison to 7.3% in 12 month period ended 30 June 2009. Family Package churn rate increased to 11.5% from 8.4% in the 12 month period ended 30 June 2009 and Mini Package churn rate increased to 4.1% from 1.6% in the 12 month period ended 30 June 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), an increase in the number of subscribers beyond the initial period of subscription agreement as compared to the corresponding period of 2009 and more aggressive competition on the pay television market, resulting in more attractive promotional offers than in the previous years.

Monthly ARPU increased by 3.8% to PLN 35.6 in the three month period ended 30 June 2010 from PLN 34.3 in the corresponding period of 2009. Monthly ARPU increased by 3.8% to PLN 35.9 in the six month period ended 30 June 2010 from PLN 34.6 in the corresponding period of 2009. Monthly ARPU increased mainly as a result of change in the mix of packages towards higher packages as a result of a promotion launched in the fourth quarter of 2009, a material group of customers getting out of initial period of subscription contract, a payments from DTH subscribers using our services with the promotional second set-top box for PLN 9.90, 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 June 2010 increased by 4.8% to PLN 41.9 from PLN 40.0 in 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. Family Package ARPU in six month period ended 30 June 2010 increased by 4.5% to PLN 41.9 from PLN 40.1 in the corresponding period of 2009. Mini Package ARPU increased by 21.6% to PLN 10.7 from PLN 8.8 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 decreased by 13.8% to PLN 114.7 in the three month period ended 30 June 2010 from PLN 133.0 in the corresponding period of 2009. Average subscriber acquisition cost decreased by 4.1% to PLN 124.7 in the six month period ended 30 June 2010 from PLN 130.0 in the corresponding period of 2009. Average subscriber acquisition cost decreased mailny as a result of decrease in the value of paid provisions as well as acquisition of M.Punkt.

12.5.2. Review of the financial situation

The following review of results for the three and six month periods ended 30 June 2010 was prepared based on interim condensed consolidated financial statements for the six month period ended 30 June 2010, interim condensed consolidated financial statements for the three and six month period ended 31 March 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 June 2010 and 31 December 2009

As at 30 June 2010 our balance sheet amount was PLN 945,675. Fixed assets amounted to PLN 446,526 and current assets to PLN 499,149. Our equity was PLN 322,596, our non-current liabilities were PLN 60,889 and current liabilities were PLN 562,190.

The value of digital satellite reception equipment and modems increased by PLN 61,180 or by 50.0% to PLN 183,637 as at 30 June 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 change in our customer preference and shift from purchased set-top boxes to leased set-top boxes, as well as recognition of the value of internet access sets which were leased to customers participating in the tests of our services in the amount of PLN 2,026.

The value of other property, plant and equipment increased by PLN 10,500, or by 7.2% to PLN 156,728 as at 30 June 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 increased by PLN 52,088 zł to 52,088 as at 30 June 2010 from PLN 0 as at 31 December 2009. This change results from completion of purchase transaction of M.Punkt.

The value of intangible assets increased by PLN 6,279, or by 44.3% to PLN 20,444 as at 30 June 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 25,553, or by 45.7% to PLN 30,317 as at 30 June 2010 from PLN 55,870 as at 31 December 2009. This change results mainly 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 19,921, or 16.3% to PLN 142,012 as at 30 June 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 4,707 and an increase in the value of internet equipment by PLN 9,411 and an increase in value of other inventories by PLN 17,931, partially offset by a decrease in the value of SMART and SIM cards, a decrease in the value of settlements towards supplies and a decrease in value of aerials and converters.

The value of trade and other receivables increased by PLN 99,847 to PLN 231,747 as at 30 June 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 23,100.

The value of cash and cash equivalents decreased by PLN 25,081 to PLN 47,571 as at 30 June 2010 from PLN 72,652 as at 31 December 2009, as a result of repayment of loans and borrowings together with accrued interest of PLN 32,368 and purchase of non-financial assets in amount of PLN 25,806 which was partially offset by cash flow from operating activities in the amount of PLN 32,040.

The value of loans and borrowings (short- and long-term) decreased by PLN 27,285, or 57.6% to PLN 20,085 as at 30 June 2010 from PLN 47,370 as at 31 December 2009, mainly as a result of partial repayment of loan under our loan agreement with Bank Pekao S.A.

The value of trade and other payables increased by PLN 151,523 or by 68.2% to PLN 373,736 at 30 June 2010 from PLN 222,213 as at 31 December 2009 as a result of recognition of liabilities towards our shareholders resulting from dividend payout in amount of PLN 152,945.

Comparison of financial results for the three month period ended 30 June 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 20.0% to PLN 368,265 in the three month period ended 30 June 2010 from PLN 306,767 in the corresponding period of 2009. Excluding consolidation of M.Punkt our revenues from services, products, goods and materials sold increased by PLN 19.1% to PLN 365,379 from PLN 306,767. The increase mainly resulted from:

(i) an 18.8% increase in revenue from DTH subscription fees to PLN 345,069 from PLN 290,540 mainly due to a 14.5% increase in the average number of subscribers and 3.8% increase in monthly blended ARPU;

(ii) more than fourfold increase in revenues from telecommunication services subscription fees, interconnection revenues and settlements with mobile network operators to PLN 4,279 from PLN 915 as a result of launch of the internet access services, an increase in the number of post paid MVNO users and higher interconnection revenues.

Cost of operating activities

Our costs of operating activities increased by 19.9% to PLN 275,658 in the three month period ended 30 June 2010 from PLN 229,880 in the corresponding period of 2009. Excluding consolidation of M.Punkt our costs of operating activities increased by 15.3% to PLN 265,008 from PLN 229,880. The increase primarily resulted from:

(i) a 13.9% increase in the programming costs to PLN 101,879 from PLN 89,430, mainly due to an increase in subscriber base, recognition of cost related to with VoD Home Video Rental licenses and depreciation of Zloty towards the euro and US dollars;

(ii) an 88.6% increase in depreciation and amortization to PLN 18,217 from PLN 9,661 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 23.7% increase in the salaries and employee-related expenses to PLN 17,729 from PLN 14,333 mainly as a result of an increase in the average number of our non-production employees in the period to 577 from 474 in corresponding period of 2009, resulting from our organic growth, launch of internet access services and

(iv) a 91.3% increase in other costs to PLN 28,477 from PLN 14,889 mainly as a result of an increase in costs of cards provided together with set-top boxes and handsets by PLN 2,504, an increase in property maintenance cost to PLN 570 due to the fact that last tenants moved out from this property in 2009 and now we use this property ourselves, 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;

Other operating revenues

Our other operating revenues increased by PLN 7,723 to PLN 8,908 in the three month period ended 30 June 2010 from PLN 1,185 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 57.8% to PLN 1,870 from PLN 1,185.

Other operating costs

Our other operating costs increased by 17.9% to PLN 11,786 in the three month period ended 30 June 2010 from PLN 10,000 in the corresponding period of 2009. Excluding consolidation of M.Punkt our other operating costs increased by 11.2% to PLN 11,118 from PLN 10,000. This increase results mainly from an increase in bad debt provision and the cost of receivables written off.

Operating profit

Our operating profit increased by 31.8% to PLN 89,729 in the three month period ended 30 June 2010 from PLN 68,072 in the corresponding period of 2009. Excluding consolidation of M.Punkt our operating profit increased by 33.9% to PLN 91,123 from PLN 68,072. This increase results mainly from an increase in our revenues from services, products, goods and materials sold.

Financial income

Our financial income was PLN 312 in the three month period ended 30 June 2010 as compared to PLN 4,823 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial income was PLN 292 as compared to PLN 4,823 in the corresponding period of 2009.

Financial income comprised interest income of PLN 292.

Financial expenses

Our financial expenses were PLN 7,701 in the three month period ended on 30 June 2010 as compared to PLN 3,506 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial expenses were PLN 6,941 as compared to PLN 3,506 in the corresponding period of 2009.

Financial expenses comprised mainly foreign exchange difference costs of PLN 6,573.

Gross profit

Our gross profit increased by 19.5% to PLN 82,934 in the three month period ended on 30 June 2010 as compared to PLN 69,389 in the corresponding period of 2009. Our gross profit excluding consolidation of M.Punkt increased by 21.7% to PLN 84,474 as compared to PLN 69,389 in the corresponding period of 2009. This increase results mainly from an increase in operating profit.

Income tax

Income tax was PLN 15,940 in the three month period ended 30 June 2010. The effective tax rate was 19.2%.

Net profit

Our net profit increased by 19.5% to PLN 66,994 in the three month period ended 30 June 2010 compared to PLN 56,066 in the corresponding period of 2009. Excluding consolidation of M.Punkt our net profit increased by 22.0% to PLN 68,395 compared to PLN 56,066 in the corresponding period of 2009 as a result of a increase in the gross profit.

Other information

EBITDA

EBITDA increased by 39.8% to PLN 108,695 in the three month period ended 30 June 2010 from PLN 77,733 in the corresponding period of 2009. EBITDA margin was 29.5% as compared to 25.3% in corresponding period of 2009.

Excluding consolidation of M.Punkt EBITDA increased by 40.7% to PLN 109,340 from PLN 77,733. EBITDA margin was 29.9%.

Employment

Average number of employees was 892, including factory employees in the three month period ended 30 June 2010, as compared to 567 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 six month period ended 30 June 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 20.7% to PLN 742,261 in the six month period ended 30 June 2010 from PLN 615,053 in the corresponding period of 2009. Excluding consolidation of M.Punkt our revenues from services, products, goods and materials sold increased by PLN 20.2% to PLN 739,375 from PLN 615,053. The increase mainly resulted from:

(i) a 20.1% increase in revenue from DTH subscription fees to PLN 697,685 from PLN 580,904 mainly due to a 15.8% increase in the average number of subscribers and 3.8% increase in monthly blended ARPU;

(ii) more than fourfold increase in revenues from telecommunication services subscription fees, interconnection revenues and settlements with mobile telephony operators to PLN 7,633 from PLN 1,885 as a result of increase in the number of post paid MVNO users, higher interconnection revenues and launch of the internet access services.

Cost of operating activities

Our operating costs increased by 16.8% to PLN 532,772 in the six month period ended 30 June 2010 from PLN 455,963 in the corresponding period of 2009. Our operating costs excluding consolidation of M.Punkt increased by 14.5% to PLN 522,122 from PLN 455,963. The increase primarily resulted from:

(i) a 16.3% increase in distribution, marketing, customer relation management and retention costs to PLN 133,334 from PLN 114,649 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 an increase in the marketing costs resulting from local marketing activates (no such activities in 2009) and television campaigns related between others to introduction of multi-play offer;

(ii) a 91.0% increase in depreciation and amortization to PLN 34,213 from PLN 17,916 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 71.9% increase in other costs to PLN 52,767 from PLN 30,698 mainly as a result of recognized 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;

(iv) a 19.7% increase in the salaries and employee-related expenses to PLN 35,686 from PLN 29,805 mainly as a result of an increase in the average number of our non-production employees in the period to 559 from 461, resulting from our organic growth and launch of internet access services;

(v) a 4.1% increase in the programming costs to PLN 194,595 from PLN 186.993, mainly due to an increase in subscriber base, recognition of cost related to VoD Home Video Rental licenses partially considering beneficial EUR/PLN and USD/PLN exchange rates.

Other operating revenues

Our other operating revenues decreased by 5.2% to PLN 9,677 in the six month period ended 30 June 2010 from PLN 10,209 in the corresponding period of 2009 even though recognition of revenues from sale of some mPunkt points of sale. Excluding consolidation of M.Punkt our other operating revenues decreased by 71.8% to PLN 2,883 from PLN 10,209 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 42.0% to PLN 22,543 in the six month period ended 30 June 2010 from PLN 15,875 in the corresponding period of 2009. Excluding consolidation of M.Punkt our other operating costs increased by 39.3% to PLN 22,118 from PLN 15,875. This increase results mainly from an increase in bad debt provision and the cost of receivables written off.

Operating profit

Our operating profit increased by 28.2% to PLN 196,623 in the six month period ended 30 June 2010 from PLN 153,424 in the corresponding period of 2009. Excluding consolidation of M.Punkt our operating profit increased by 29.1% to PLN 198,018 from PLN 153,424. This increase results mainly from an increase in our revenues from services, products, goods and materials sold.

Financial income

Our financial income was PLN 797 in the six month period ended 30 June 2010 as compared to PLN 12,697 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial income was PLN 777 as compared to PLN 12,697 in the corresponding period of 2009.

Financial income comprised interest gain of PLN 777.

Financial expenses

Our financial expenses increased by 17.5% to PLN 8,054 in the six month period ended on 30 June 2010 from PLN 6,856 in the corresponding period of 2009. Excluding consolidation of M.Punkt our financial expenses increased by 15.1% to PLN 7,888 from PLN 6,856.

Financial expenses comprised mainly foreign exchange costs of PLN 6,943 resulting from depreciation of Zloty to USD and EUR between the day of accounting of an invoice and the day of the payment of an invoice when the liability are expressed in foreign currencies.

Gross profit

Our gross profit increased by 18.9% to PLN 189,366 in the six month period ended on 30 June 2010 as compared to PLN 159,265 in the corresponding period of 2009. Excluding consolidation of M.Punkt our gross profit increased by 19.9% to PLN 190,907 from PLN 159,265. This increase results mainly from an increase in operating profit.

Income tax

Income tax was PLN 36,238 in the three month period ended 30 June 2010. The effective tax rate was 19.1%.

Net profit

Our net profit increased by 19.0% to PLN 153,128 in the six month period ended 30 June 2010 from PLN 128,715 in the corresponding period of 2009. Excluding consolidation of M.Punkt our net profit increased by 20.1% to PLN 154,530 from PLN 128,715 in correlation with an a increase in the gross profit.

Other information

EBITDA

EBITDA increased by 35.2% to PLN 231,585 in the six month period ended 30 June 2010 from PLN 171,340 in the corresponding period of 2009 mainly as a result of an increase in revenues from sale of services, products, goods and materials. EBITDA margin was 31.2% as compared to 27.9% in corresponding period of 2009.

Excluding consolidation of M.Punkt EBITDA increased by 35.5% to PLN 232,231 from PLN 171,340. EBITDA margin was 31.4%

Capital expenditures

Capital expenditures were PLN 25,806 in the six month period ended 30 June 2010 when compared to PLN 16,354 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 real estate. Additionally we spent PLN 78,027 on set-top boxes which were leased to our subscribers.

Employment

Average number of employees was 783, including factory employees in the six month period ended 30 June 2010, as compared to 547 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 six month periods ended on 30 June 2010 and 30 June 2009.

	Six month period ended	
	30 June 2010	30 June 2009
Cash flow from operating activities	32,040	16,616
Cash flow from investing activities	(55,654)	(16,022)
Cash flow from financing activities	(28,290)	(165,457)
Net change in cash and cash equivalents	(51,904)	(164,863)

Cash flow from operating activities

Cash flow from operating activities increased by PLN 15,424 to PLN 32,040 in the six month period ended 30 June 2010 from PLN 16,616 in the corresponding period of 2009. The increase results mainly from lower by PLN 55,503 increase in a change of inventory, higher by PLN 84,159 increase in value of receivables and other assets, lower by PLN 28,449 decrease in balance of liabilities, provisions, accruals and deferred income, and an increase in net additions of leased set-top boxes

Cash flow used in investing activities

Cash flow used in investing activities increased by PLN 39,632 to PLN 55,654 in the six month period ended 30 June 2010 from PLN 16,022 in the corresponding period of 2009, mainly as a result of purchase of M.Punkt and an increase in investments on the purchase of fixed assets and other property, plant and equipment.

Cash flow used in financial activities

Cash flow used in financial activities in the six month period ended 30 June 2010 was PLN 28,290 when compared to PLN 165,457 in the corresponding period of 2009 and mainly comprised the repayment of bank debt with accrued interest.

Cash and cash equivalents as at 30 June 2010 decreased to PLN 47,571 as compared to PLN 81,270 as at 30 June 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

We expect that our principal future cash needs will be (i) development of telecommunication services, (ii) purchase of DVRs, High Definition and others technologically advanced set-top boxes from external suppliers as well as components for our own Standard Definition and High Definition set-top boxes and (iii) planned capital expenditures, (iv) our debt service and (v) possible dividend payment pursuant to the adopted dividend policy. We believe that our cash balances and cash generated from our current operations as well as cash available under our credit line will be sufficient to fund these needs.

Our non-current liabilities amounted to PLN 60,889 as at 30 June 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 June 2010 was PLN 20,085, comprising debt resulting from a loan agreement with Bank Pekao S.A. 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 June 2010 our cash balance was higher than our debt balance arising from loans and borrowings by about PLN 27,486.

Off balance sheet liabilities

Contractual liabilities related to purchase of non-current assets

We concluded many agreements concerning the modernization of the real estate. Amount of unbilled supplies and services amounted to PLN 851 as at 30 June 2010. Moreover we concluded agreements for purchase of licenses and software – as at 30 June 2010 amount of unbilled supplies and services amounted to PLN 234.

Trend information

The principal trends of which the Management Board is aware that it believe will affect our revenues and profitability are:

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

2 Fluctuations in the exchange rates of Zloty to both the Euro and the US dollar. We are exposed to fluctuations in the exchange rate of Zloty to both euro and US Dollar. In the last quarter zloty has weakened against the US Dollar and euro. A large proportion of our operating costs is denominated in these currencies. Weakening of PLN towards these currencies can have an adverse influence on our financial results.

3 Inflation in Poland is currently slowly decreasing and has previously been in growth trend. In June 2010 inflation is approximately 2.3% year on year. We do not believe that the current inflationary trends will have a material impact on our business.

We cannot predict future trends of the market development, changes of exchange rate and the inflation.

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 of some license 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 will be settled in the first working day of every month in the 12 period starting from 1 September 2010 in equal amounts of EUR 1,000 and USD 1,500 monthly. Exchange rates, at which options will be settled are 4.0310 for EUR and 3.0790 for USD.

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

During the second quarter of 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 nearest 6 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.

After strengthen of Zloty in first months of 2010, Zloty was weakening towards the Euro by approximately less than 1% and towards the US dollar by 9% and impact negatively on our operating costs in second quarter 2010, however 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.

On 10 August 2010 we purchased call options of EUR 12,000 and the USD 18,000. These options will be settled in the first working day of every month in the 12 period starting from 1 September 2010 in equal amounts of EUR 1,000 and USD 1,500 monthly. Exchange rates, at which options will be settled are 4.0310 for EUR and 3.0790 for USD.

Promotions planned for the third 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. Aggressive competition on market impact on promotional offer which was offered our new acquired subscribers.

Historically almost 50% of our new signed contracts was observed in the fourth quarter of the year. Preparing for season of increased sales in fourth quarter of 2010 we will launch attractive promotional offers, in the third quarter of 2010. The construction of the promotions will cause a decrease in the ARPU from the customers acquired during this promotional period.

Increase of competence in our Authorized Points of Sale

As pay television market is 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 on our strategic objectives we completed 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.

14. Risk factors

System failures could disrupt our operations and thereby have a material adverse effect on our business, financial condition, results of operations and prospects

Our satellite broadcasting center and our information systems, including our subscriber management system, reporting systems, sales service system, and customer relationship management system are vulnerable to results of natural disasters (such as earthquakes, floods, hurricanes, fires, severe storms and other phenomena), power loss, telecommunications failures, network software flaws, satellite or transponder failure, acts of terrorism, sabotage, riots, civil disturbances, strikes and other industrial action and other catastrophic events. We may experience failures or shutdowns relating to individual components of the satellite broadcasting center or even catastrophic failure of our entire satellite broadcasting center. Any failure of our satellite broadcasting center, including the Eutelsat Hotbird satellite or any link in the delivery chain, whether from operational disruption, natural disaster or otherwise, or any breakdown of our subscriber management system, customer relationship management system, sales service system and reporting system, may result in serious disruption or even suspension of our operations for a prolonged period. The occurrence of any of these events may also increase the costs associated with our operations and may subject us to liability, any of which could materially and adversely affect our operations and thereby have a material adverse affect on our business, financial results, results of operations and prospects.

Our growth and satisfaction of our subscribers with our services depend on entering into new and extending current license agreements for access to key programming rights

The results of our operations depend on our ability to obtain attractive television programming. Currently, we provide our clients with attractive television programs distributed on the basis of license agreements concluded for specified periods of time with relevant broadcasters. Attractive television programming is one of the main factors that enable us to attract and retain our customers. We cannot guarantee that the license agreements currently in place, upon their expiration, will be renewed at all or on terms comparable to their current terms. In addition, there can be no guarantee that we will be able to introduce new attractive channels into our programming offer or retain channels currently included in our programming offer. Any inability to renew current license agreements on acceptable terms or negotiate new license agreements could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we cannot successfully deploy new products and services or implementing them will be connected with high costs our business, financial condition, results of operations and prospects may be adversely affected

Our business is characterized by rapid technological change and the introduction of new products and services. If new or improved products, services or technology (such as HDTV, sales of DVR set-top boxes, or the production and sales of our own set-top boxes the mobile phone service or services of the access to the broadband Internet) introduced by us fail to achieve sufficient market acceptance or experience technical difficulties, or possible high costs associated with implementing them, our revenue growth, margins and cash flows may be adversely affected. As a result, we may not recover the initial investment that we have made or may make to deploy these products and services. In addition, if our competitors offers the same or similar new products and services in the market more quickly or more effectively than we do, we may lose existing and potential customers to our competitors.

In addition, as we introduce new products and services to our customers and as the number of our customers and the number of services that we offer our customers increases, the complexity of our product and service offerings will also increase. A failure to manage the growth and complexity of our new products and services could lead to disruptions in our business which could harm our reputation and result in a loss of subscribers. In addition, we cannot assure you that we will not experience technical or logistical difficulties as we continue to develop these products and services. As a result, the occurrence of any of the above risks in the deployment of new products and services may materially adversely affect our business, financial condition, results of operations and prospects.

Our ability to provide our services is dependent upon the cooperation, facilities and equipment of certain third party providers, the failure of which could cause delays or interruptions in our service, damage our reputation and cause us to lose customers

Our success depends on our ability to provide high quality and reliable services, which is in part dependent upon the proper functioning of facilities and equipment owned and operated by third parties and is, therefore, beyond our control. For example, we currently lease four transponders which allow us to provide our services to our customers. In addition, we use the Nagravision conditional access system to secure our system from unauthorized access through piracy or hacking by third parties.

If our third party service providers fail to maintain their networks properly, fail to respond quickly to problems, or fail to prevent unauthorized access by third parties, our customers may experience service interruptions. If interruptions adversely affect the perceived reliability of our service, we may have difficulty attracting new customers and our brand, reputation and growth will be negatively impacted.

If any of the abovementioned risks materialize, they may have a material adverse effect on our business, financial condition, results of operations or prospects.

We cannot guarantee that in the future the President of the Polish Competition and Consumer Protection Office (UOKiK) will not deem our practices to be limiting competition.

If the President of UOKiK deems our practices to be limiting competition the President of UOKiK may call us to cease their application. Moreover, the President of UOKiK may impose a cash fine on us amounting to up to 10% of our revenue (as set out in the corporate tax law) for the fiscal year prior to the year the fine is imposed. Such a fine, if imposed, may materially adversely affect our business, financial condition, results of operations and prospects.

Our success depends on attracting and retaining key personnel

Running our business requires properly skilled personnel. There is a risk that we might lose our skilled personnel, or fail to attract properly trained staff in the face of intense competition for highly skilled personnel. Loss or failure to attract highly skilled personnel for key positions could have a material adverse effect on our business, financial condition, result of operations and prospects.

Advanced technology we employ in our business may fail or become obsolete

The software and technology that we use, in particular the compression, scrambling and subscriber management systems integral to our satellite broadcasting center, may not function as we expect. In addition, technology in the satellite television industry is in a rapid and continuing state of change, therefore we and our service suppliers may not be able to keep pace with technological developments or any urgent need to replace obsolete technology. In addition, delays in the delivery of components or other unforeseen problems in our broadcasting system that may occur could materially adversely affect our business, financial condition, results of operations and prospects.

Scrambling algorithm and access codes used in our business are vulnerable to security breaches

We currently use the Nagravision conditional access system, based on common scrambling algorithm Digital Video Broadcasting developed by Nagravision, a leading global producer of conditional access systems based on a digital video broadcasting common scrambling algorithm. The conditional access system provided by Nagravision facilitates the management of access codes to a subscriber’s programs and the scrambled transmission of keys for the common scrambling algorithm. Nevertheless, unauthorized access to the keys may occasionally occur, and third parties may obtain unauthorized access to our services.

However, no conditional access system is able to guarantee operations without any security breaches whatsoever. Nagravision has agreed with us to remedy all security breaches within specified time limits or to pay damages, but Nagravision´s liability under this agreement is capped. In addition, there can be no assurance that the DVB scrambling algorithm used by the entire pay television industry will not be compromised, which would allow unauthorized access to our services without using access keys to the common scrambling algorithm and, consequently, require us to replace our set-top boxes to enable our customers to receive the services provided by us. The occurrence of any of these risks could have a material, adverse effect on our business, financial condition, results of operations and prospects.

Currency fluctuations could adversely affect our financial condition and results of operations

Our business is exposed to fluctuations in currency exchange rates. Although almost all of our revenue is denominated in Polish zloty, we have significant costs (including costs of purchasing software and television programming, set-top boxes, other hardware equipment and cost of rental of capacity on transponder), that are denominated in currencies other than the Polish zloty, mainly in US dollars and euro.

The exchange rate fluctuations are caused by events that are beyond our control. Adverse foreign currency fluctuations against zloty could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our ability to grow depends in part on our ability to maintain the operations of our sales network

We have organized a DTH satellite sales network throughout Poland. If demand for our services distributed through this network declines, our distribution network may become smaller. Increased competition with other pay television services providers may also lead to an increase in our distribution costs. Further, as we enter into agency agreements with our distributors, we may be forced to make payments to these distributors if we or they terminate these agreements even though they no longer work as our distributors.

Any growth in distribution costs, decrease in the size of our sales network, decrease in the effectiveness of our sales network or obligations to make payments to former distributors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our subscriber churn may increase in the future

Our churn rate may increase in the future due to various factors such as increased competition, especially price competition, technical difficulties with the quality of our services or a decrease in the security level of our television signal. From time to time, we change our programming offer by adding individual channels or excluding individual channels and by introducing new pricing for our programming packages. Such changes may adversely affect our churn rate and decrease our revenues or decrease the profitability of our business. In order to counter a potential or actual increase of our churn rate, we may be required to incur additional costs, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

The risk of increasing average subscriber acquisition costs and declining average monthly revenue per subscriber in connection with the expansion of our business into new areas

We forecast that due to the expansion of our business into new areas in the future, in particular the MVNO business that we launched on 8 September 2008, and multi-play offer that we launched in June 2010 and growing penetration on the pay television services market, our average subscriber acquisition costs, may increase. Our blended ARPU also may decrease. At the same time, ARPU may decline particularly as a result of growing number of subscribers to the Mini Package, extended promotional periods, and changes to the structure of packages, and the launch of mobile telephony services or for other reasons. Any significant growth in the subscriber acquisition costs and any significant decrease in these revenues could have a material adverse effect on Company's business, financial condition, results of operations and prospects.

Loss or failure to maintain our reputation and brand may adversely affect our business

Our brand name "Cyfrowy Polsat" is an important asset to our Group. Maintaining the reputation of, and value associated with, the Cyfrowy Polsat name is vital to the success of our business. However, there can be no assurance that we will be able to accomplish this objective. Our reputation may be harmed if we encounter difficulties in providing our services particularly such as HDTV, MVNO services, internet access services, video on demand services or in deploying new products such as DVR. The problems may result from technical faults, lack of necessary equipment or other factors. In addition, the quality of the MVNO services and the access to the broadband internet we offer depends on the services and quality of a third party's mobile network and owners of the infrastructure on which our services of the access to the broadband Internet are based, over which we have no influence or control. Low quality of services provided by the operator may substantially erode our reputation or value associated with the "Cyfrowy Polsat".

A decrease in the "Cyfrowy Polsat" brand's reputation could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may pursue acquisitions which, if consummated, may adversely affect our business

We periodically evaluate potential acquisitions of businesses or business combination transactions that we believe will present opportunities to realize synergies and strengthen our market position, among other perceived benefits. Any acquisition or business combination we may undertake in the future could require us to use significant financial resources (including cash) to make potentially dilutive issuances of our equity securities, to incur debt and contingent liabilities.

If we experience any difficulties in integrating acquired operations into our business, we may incur higher than expected costs and not realize all the benefits of these acquisitions. In addition, our management may be distracted by such acquisitions and the integration of the acquired businesses. Thus, if we consummate any further acquisitions, there could be a material adverse effect on our business, financial condition, results of operations and prospects. In addition, our debt burden may increase if we borrow funds to finance any future acquisition costs, which could have a negative impact on our cash flows and our ability to finance our overall operations.

We may be exposed to risk of claims related to intellectual property right infringement

The success of our business depends to a large extent on the use of intellectual property rights. In particular, rights to advanced technological solutions, licenses for the software we use and the trademarks used by us. In our opinion we do not breach any third party's intellectual property rights. However, we cannot rule out the possibility that we have unintentionally breached or may breach such rights. As a result, we could be exposed to liability claims from third parties. To our knowledge, no such claims are currently pending against us. If it were alleged that we violated certain intellectual property rights apart from possible compensation claims, we might be required to obtain a paid license or acquire new solutions making it possible for us to engage in our business in a manner that does not breach third party rights. Any of these risks could create substantial costs and, consequently, materially adversely affect our business, financial condition, results of operations and prospects.

We are exposed to risk related to increasing competition on the market in which we operate

We operate in the pay DTH satellite television services market in Poland which is characterized by continuously changing technological development and increasing competition from other pay DTH satellite television services providers: Cyfra+, the "n" platform, or Telekomunikacja Polska S.A. ("TPSA"). Viewers may also choose comparable content from other sources available via other transmission technologies, such as cable TV, IPTV and other alternative technologies that are not yet commercially viable. Moreover, joint ventures and strategic alliances between DTH satellite television services businesses, cable TV and telecommunications providers, as well as foreign competitors entering the Polish market, may result in the growth of competition in the market for the type of services we provide. Further, any earlier than expected roll-out of digital terrestrial television ("DTT") service could negatively affect our business as new customers could potentially migrate toward that service. Such new competitors may have access to greater financial and marketing resources and, if successful, capture a large share of the market on which we operate. We also cannot rule out the possibility that the development of terrestrial digital television and the resulting possibility of the appearance of a high-quality programming offer without the need to pay fees will cause a decline in the number of customers who use our pay DTH satellite television services.

The occurrence of any of the above risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to significant legal regulation which could require us to incur unplanned costs, or limit our revenues

We are an MVNO provider in Poland and as a result we are subject to extensive administrational requirements regulating our business, e.g. setting maximum rates for telecommunication services by relevant regulatory authorities.

As providing mobile telephony services is a new business for us, we cannot assure you that we will be able to satisfy all of the different requirements resulting from provisions regulating the business and as a result we cannot rule out that in the case we cannot comply with all of these regulations, we may be forced to pay penalties for breaching these regulations. In particular, these penalties may include: (i) a fine of up to 3% of our revenues generated in the year preceding the year in which the fine is imposed and (ii) a prohibition on providing telecommunications services, which means that we would be deleted from the register of telecommunications businesses. The occurrence of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects

The National Broadcasting Council ("KRRiT") may withdraw or refuse to renew our license

Our business as a supplier of the pay digital satellite television involves wireless distribution of television programs which do not require a frequency reservation. It is currently unclear under Polish law whether our business requires a license. Notwithstanding this uncertainty, we have obtained a license to distribute television programs via satellite.

Article 38 of the Radio and Television Act lists a number of circumstances under which a license may be withdrawn, including, for example, activities that grossly violate the terms of the license, conducting business that violates the Radio and Television Act or the terms of the license and a failure to remedy such a situation despite a request to do so. The Radio and Television Act also specifies situations in which the license may be withdrawn for example, in cases involving a direct or indirect change of control over the licensed business.

Our compliance with the terms of the license granted by KRRiT on 22 October 2003 and amended by further decisions: No. DK - 346/2005 - 1/294, No. DK - 248/2006 - 2/294, No. DK - 295/2006, No. DK - 368/2007 - 3/294, No. DK - 395/2007 - 4/294, and No. DK - 398/2007 has never been questioned by the KRRiT. However, we cannot rule out that the KRRiT may decide that the scope of our license is insufficient or that our business exceeds the scope of the license. This is particularly true with television programs we broadcast that have not been listed in the license. The current market practice is that the license relates to the distribution of the channels itself without specifying particular channels. This practice is consistent with EU regulations, and in particular with the Council Directive of 3 October 1989 on the Coordination of Certain Provisions set forth by Law, Regulation or Administrative Action in Member States Concerning the Pursuit of Television Broadcasting Activities (89/552/EEC) (Official Journal of Law 89.298.23, as amended) and the European Convention on Transfrontier Television adopted in Strasbourg on 5 May 1989 (Journal of Law of 1995, No. 32, item 160, as amended). This practice is further supported by the fact that the distribution of television programs does not influence the content of those programs, and the obligation to hold a license for a program is imposed on the program broadcaster. Should the KRRiT change its position and interpret the regulations differently, penalties may be imposed, up to and including the withdrawal of our license.

Our television license has been granted for a definite period of time in accordance with market practice and is scheduled to expire in 2013. If there will be an obligation to obtain a license for television channel distribution after 2013, KRRiT may decide to extend it, or refuse to extend it.

Pursuant to Article 38, Section 1, Clauses 2 and 3 of the Radio and Television Act, a license will be withdrawn if the broadcaster grossly violates the terms set out in the Radio and Television Act, or in the license or if the activity that is subject to the license violates the Radio and Television Act or the license and if the license holder, despite a demand from the Chairman of the KRRiT, has failed to remedy the irregularity within the terms set out in the license or in the Radio and Television Act within a specified time limit.

If our license is withdrawn or not extended, this may force us to discontinue or suspend our DTH satellite television services for an indefinite time, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

A decline in consumer spending in Poland or change of customers programming preferences offer could significantly, adversely affect our business

All of our subscription revenues are derived from customers in Poland. The level of our revenues depends on the amount of disposable income that existing and potential subscribers in Poland spend on entertainment, leisure and telecommunication needs. If the Polish economic situation deteriorates, consumers will be likely to spend less on entertainment, leisure and telecommunication needs and in view of the existing numerous entertainment options on the market, consumers could also become less prepared to use their disposable income on our products and services. Any of these developments could adversely affect our subscriber number, or the rate of new client acquisition, which could adversely affect our business, financial condition and prospects.

Zygmunt Solorz-Żak, directly and indirectly through Polaris Finance, holds majority of votes in our general shareholders' meeting

Zygmunt Solorz-Żak has, directly and indirectly, (through Polaris Finance) 69.66% of the total votes at our General Shareholders' Meeting. As a result, Zygmunt Solorz-Żak and Polaris Finance will decide on a final content of resolutions adopted by the General Shareholders' Meeting.

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

Warsaw, 25 August 2010

Management Board's representations

Pursuant to the requirements of the *Regulation of the Council of Ministers of 19 February 2009 on ongoing and periodical information reported by issuers of securities and conditions of recognising as equivalent information required by the law of a country not being a member state* the Management Board of Cyfrowy Polsat S.A. represented by:

Dominik Libicki, President of the Management Board,

Dariusz Działkowski, Member of the Management Board,

Aneta Jaskólska, Member of the Management Board,

Tomasz Szeląg, Member of the Management Board

hereby represents that:

- to the best of its knowledge the interim condensed consolidated financial statements and interim condensed financial statements for six months ended 30 June 2010 and the comparable data were prepared in accordance with the prevailing accounting principles, and they truly, reliably, and clearly reflect the asset and financial standing of the Group and its financial result, and the semi-annual Management Board's activity report contains a true image of the Group's development and achievements and its standing, including the description of basic risks and threats;

- the entity authorised to audit the financial statements, which has reviewed the interim condensed consolidated financial statements and interim condensed financial statements, was selected in accordance with the regulations of law. That entity as well as the registered auditor who has carried out the review fulfilled the conditions to prepare a review report on the interim condensed consolidated financial statements and interim condensed financial statements for six months ended 30 June 2010 pursuant to relevant provisions of the national law and industry norms.

Warsaw, 25 August 2010

KPMG Audyt
Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Chłodna 51
00-867 Warszawa
Poland

Telefon +48 22 528 11 00
Fax +48 22 528 10 09
E-mail kpmg@kpmg.pl
Internet www.kpmg.pl

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.

INDEPENDENT AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF CYFROWY POLSAT SA CAPITAL GROUP FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

To the Shareholders of CYFROWY POLSAT S.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Cyfrowy Polsat S.A Capital Group, with its registered office in Warsaw, ul. Łubinowa 4a, that consist of the interim consolidated balance sheet as at 30 June 2010, the interim consolidated income statement, the interim consolidated statement of other comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated statement of cash flow for the period from 1 January 2010 to 30 June 2010 and selected supplementary information.

Management of Cyfrowy Polsat S.A. is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Cyfrowy Polsat S.A. Capital Group are not prepared, in all material respects, in accordance with IAS 34.

On behalf of KPMG Audyt Sp. z o.o. sp.k.
ul. Chłodna 51, 00-867 Warsaw
registration number 3546

Signed on the Polish original

....
Certified Auditor No. 90106
Krzysztof Kuśmierski

On behalf of KPMG Audyt Sp. z o.o. sp.k.
ul. Chłodna 51, 00-867 Warsaw
registration number 3546

Signed on the Polish original

....
Certified Auditor No. 9645
Marek Strugała

25 August 2010
Warsaw, Poland

CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for 6 Months Ended 30 June 2010

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APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 25 August 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 June 2010 showing a net profit of:	PLN 153,128 thousand
Interim Consolidated Statement of Other Comprehensive Income for the period from 1 January 2010 to 30 June 2010 showing a total comprehensive income of:	PLN 153,128 thousand
Interim Consolidated Balance Sheet as at 30 June 2010 showing total assets and total liabilities and equity of:	PLN 945,675 thousand
Interim Consolidated Cash Flow Statements for the period from 1 January 2010 to 30 June 2010 showing a decrease in cash amounting to:	PLN 51,904 thousand
Interim Consolidated Statement of Changes in Equity for the period from 1 January 2010 to 30 June 2010 showing an increase in equity of:	PLN 183 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 President of the Management Board	Tomasz Szeląg Member of the Management Board	Dariusz Działkowski Member of the Management Board	Aneta Jaskólska Member of the Mangement Board

Warsaw, 25 August 2010

(all amounts in PLN thousand)

Interim Consolidated Income Statement

	Note	for 6 months ended 30 June 2010 unaudited	30 June 2009 restated* unaudited
Revenue from services, products, goods and materials sold	7	742,261	615,053
Cost of services, products, goods and materials sold	8	(385,104)	(336,104)
Cost of sales	8	(103,044)	(84,311)
General and administration costs	8	(44,624)	(35,548)
Other operating revenue	9	9,677	10,209
Other operating costs	10	(22,543)	(15,875)
Profit from operating activities		196,623	153,424
Financial income	11	797	12,697
Financial expenses	12	(8,054)	(6,856)
Profit before tax		189,366	159,265
Income tax		(36,238)	(30,550)
Net profit		153,128	128,715
Net profit atributable to:			
Equity holders of the Parent		153,105	128,715
Minority interests		23	-
		153,128	128,715

*In order to reflect presentational changes introduced in the current period amounts were changed (see note 6).

Basic and diluted earnings per share in PLN	0.57	0.48

Interim Consolidated Statement of Other Comprehensive Income

	for 6 months ended 30 June 2010 unaudited	30 June 2009 unaudited
Net profit	153,128	128,715
Other comprehensive income	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	153,128	128,715
Comprehensive income attributable to:		
Equity holders of the Parent	153,105	128,715
Minority interests	23	-

(all amounts in PLN thousand)

Interim Consolidated Balance Sheet – Assets

	Note	30 June 2010 unaudited	31 December 2009
Digital satellite reception equipment and modems		183,637	122,457
Other property, plant and equipment		156,728	146,228
Goodwill	13	52,088	-
Intangible assets	14	20,444	14,165
Other long-term assets		30,317	55,870
Deferred tax assets		3,312	2,190
Total non-current assets		446,526	340,910
Inventories		142,012	122,091
Trade and other receivables		231,747	131,900
Income tax receivable		15,496	21,265
Other current assets		62,323	59,290
Cash and cash equivalents		47,571	72,652
Restricted cash		-	26,738
Total current assets		499,149	433,936
Total assets		945,675	774,846

(all amounts in PLN thousand)

Interim Consolidated Balance Sheet – Equity and Liabilities

	Note	30 June 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		145,155	227,509
Total equity		322,596	322,413
Long-term finance lease liabilities		1,580	1,151
Deferred tax liability		56,863	26,060
Other long-term liabilities and provisions		2,446	1,543
Total non-current liabilities		60,889	28,754
Current loans and borrowings	16	20,085	47,370
Current finance lease liabilities		729	234
Trade and other payables		373,736	222,213
Deposits for equipment		17,659	18,800
Deferred income		149,981	135,062
Total current liabilities		562,190	423,679
Total liabilities		623,079	452,433
Total equity and liabilities		945,675	774,846

(all amounts in PLN thousand)

Interim Consolidated Cash Flow Statement

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Net profit	153,128	128,715
Adjustments:	(120,796)	(90,526)
Depreciation and amortization	34,962	17,916
(Profit)/loss on investing activity	327	(316)
Interest	153	(1,889)
Change in inventories	(16,835)	(72,338)
Change in receivables and other assets	(85,927)	(1,768)
Change in liabilities, provisions, accruals and deferred income	(12,570)	(41,019)
Foreign exchange losses/(gains)	(85)	9,563
Income tax	36,238	30,550
Change in set-top boxes under operating lease	(78,103)	(31,243)
Other adjustments	1,044	18
Net cash flow from operating activities	32,332	38,189
Income tax paid	(1,067)	(25,890)
Interest received from operating activity	775	4,317
Cash flow from operating activities	32,040	16,616
Purchases of tangible assets	(18,383)	(12,329)
Purchases of intangible assets	(7,423)	(4,025)
Net expenditures on acquisition of subsidiaries (see note 17b)	(30,552)	-
Purchases of financial assets	-	(53,396)
Proceeds from sale of financial assets	-	53,726
Proceeds from sale of non-financial assets	1,054	2
Loans granted	(350)	-
Cash flow from investing activities	(55,654)	(16,022)
Dividends paid	-	(131,125)
Repayment of loans	(31,518)	(31,518)
Finance lease - principal repayments	(193)	(118)
Interest on loans and finance leases	(871)	(2,696)
Cash from bank overdraft	4,292	-
Cash flow from financing activities	(28,290)	(165,457)
Net decrease in cash and cash equivalents	(51,904)	(164,863)
Cash and cash equivalents at the beginning of the period*	99,390	246,422
Foreign exchange rate differences	85	(289)
Cash and cash equivalents at the end of the period	47,571	81,270

* 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 6 Months Ended 30 June 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		-	-	-	153,105	23	153,128
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 June 2010		10,733	156,534	10,174	145,155	-	322,596

Interim Consolidated Statement of Changes in Equity for 6 Months Ended 30 June 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	-	-	-	128,715	128,715
Dividend approved	-	-	-	(201,244)	(201,244)
Appropriation of 2008 profit – transfer to reserve capital	-	70,033	-	(70,033)	-
Balance as of 30 June 2009	10,733	73,997	10,174	125,905	220,809

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Consolidated Financial Statements for 6 Months Ended 30 June 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 6 months ended 30 June 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 6 months ended 30 June 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 6 months ended 30 June 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.

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 25 August 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.

6. Change in presentation of the income statement

In these interim condensed consolidated financial statements the Group presents the income statement using the classification of expenses based on their function. In previous periods the Group presented the income statement using the classification of expenses based on their nature. The purpose of this change is to provide users of the financial statements with greater scope of information and to give the possibility to compare the Group's results with other entities'. None of the introduced alterations have influenced previously presented net profit, EBITDA or equity. The scope and details of information presented in the financial statements remained at unchanged level.

Information about revenue and costs classified by nature is available in notes 7, 8, 9, 10.

The below presented table reflects the restatement of the Group's income statement for 6 months ended 30 June 2010 and information where to find particular information presented hitherto directly in the income statement. The range of reclassification of certain elements of the income statement is also presented below.

Elimination of change in the balance of products
The Group chose the method of cost presentation under which period costs are automatically diminished by costs incurred to manufacture products which were not sold during the reporting period. Therefore, the reader of the financial statements will have information about the period costs by nature corresponding with the revenue.

Compensation of operating revenue and operating costs
After the analysis of economic substance of several transactions regarding the Group's operating revenue it has been decided to reclassify this revenue and compensate with appropriate costs in order to give the user of the financial statement information reflecting the actual economic substance of the transaction. Compensation of revenue and costs diminishes at the same time the Group's revenue from operating activity and cost of services, products, goods and materials sold.

Revenue – the analysis of revenue by its nature is presented in notes 7 and 9 of the hereby financial statements.

Depreciation and amortization has been divided and allocated according to appropriate functions. Full depreciation and amortization, as it was presented hitherto – is presented in note 8.

Programming costs are presented in *Cost of services, products, goods and materials sold* – the amount of these costs is presented in note 8.

Transmission costs - are presented in *Cost of services, products, goods and materials sold* – the amount of these costs is presented in note 8.

Distribution, marketing and customer relation management costs have been divided and allocated according to appropriate functions. The total of distribution, marketing and customer relation management costs is presented in note 8.

Salaries and employee-related expenses – after having been diminished by costs allocated to cost of equipment sold, have been divided and allocated according to appropriate functions. The total of salaries and employee-related expenses is presented in note 8.

Cost of digital satellite reception equipment and mobile phones sold is presented in *Cost of services, products, goods and materials sold*. This position also consists the cost of sold products (previously in the classification of expenses based on their nature this cost was presented in salaries and employee-related expenses and other operating costs). Full cost of equipment sold is presented in note 8.

Cost of settlements with mobile network operators and interconnection charges (MVNO) is presented in *Cost of services, products, goods and materials sold* – the amount of this cost is presented in note 8.

Other operating costs have been allocated according to appropriate functions (after the reclassification of change in the balance of products and cost of sold products). The analysis of other operating costs by their nature is presented in notes 8 and 10 of hereby financial statements.

Following figures presented in the table below stand for:

1- elimination of change in the balance of products;
2- reclassification of revenue from services, products, goods and materials sold;
3- compensation of operating revenue and operating costs;
4- reclassification of cost of services, products, goods and materials sold;
5- reclassification of cost of sales;
6- reclassification of general and administration costs;
7- compensation of valuation of forward contracts;
8- reclassification of other operating revenue;
9- reclassification of other operating costs.

The particular columns of the table represent transferring of described amounts from the income statement by nature (titles presented in column A) to the income statement by function (titles presented in column B). Reclassifications of revenue and costs presented in particular columns do not affect the operating profit.

(all amounts in PLN thousand)

A - Revenue and costs by nature	for 6 months ended 30 June 2009	1	2	3	4	5	6	7	8	9	for 6 months ended 30 June 2009	Note	B - Revenue and costs by function
			622,945	(7,892)							615,053	7	Revenue from services, products, goods and materials sold
DTH Subscription fees	580,904		(580,904)										
Rental of digital satellite reception equipment	357		(357)										
Sale of digital satellite reception equipment and mobile phones	20,358		(20,358)										
Transmission services	9,218		(9,218)										
Subscription fees, interconnection revenues and settlements with mobile network operators	1,885		(1,885)										
Other operating revenue	46,909	(24,072)	(10,223)	(2,405)					(10,209)				
Total revenues from operating activities	659,631	(24,072)	-	(10,297)					(10,209)				
				(8,088)	344,192						336,104	8	Cost of services, products, goods and materials sold
						84,311					84,311	8	Cost of sales
							35,548				35,548	8	General and administration costs
Depreciation and amortization	17,916				(9,471)	(1,672)	(6,773)						
Programming costs	186,875				(186,875)								
Transmission costs	40,835				(40,835)								
Distribution, marketing and customer relation management and renention costs	110,318				(36,313)	(73,945)	(60)						
Salaries and employee-related expenses	31,713	(2,101)			(8,970)	(6,823)	(13,819)						
Cost of digital satellite reception equipment and mobile phones sold	34,725				(34,725)								
Cost of settlements with mobile network operators and interconnection charges (MVNO)	1,300				(1,300)								
Other operating costs	82,525	(21,971)		(2,209)	(25,703)	(1,871)	(14,896)			(15,875)			
Total costs of operating activities	506,207	(24,072)		(10,297)	-	-	-			(15,875)			
									10,209		10,209	9	Other operating revenue
										15,875	15,875	10	Other operating costs
Profit from operating activities	153,424	-	-	-	-	-	-	-	-	-	153,424		Profit from operating activities
Financial income	23,211							(10,514)			12,697	11	Financial income
Financial expenses	17,370							(10,514)			6,856	12	Financial expenses
Profit before tax	159,265	-	-	-	-	-	-	-	-	-	159,265		Profit before tax
Income tax	30,550										30,550		Income tax
Net profit	128,715	-	-	-	-	-	-	-	-	-	128,715		Net profit

(all amounts in PLN thousand)

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

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
DTH subscription fees (Mini and MiniMax Package)	40,507	25,751
DTH subscription fees (other packages)	657,178	555,153
Sale of equipment	21,164	20,358
Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators	7,617	1,885
Other sale operating revenue	15,795	11,906
Total	742,261	615,053

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 commision for acquired subscribers, revenue from distributor franchize, revenue from rental of digital satellite reception equipment, revenue from transmission services and other.

8. Operating costs

	Note	for 6 months ended	
		30 June 2010 unaudited	30 June 2009 unaudited
Depreciation and amortization		34,962	17,916
Programming costs		194,595	186,993
Transmission costs	a	41,305	40,835
Cost of equipment sold		31,850	35,067
Distribution, marketing, customer relation management and retention costs	b	135,360	114,649
Salaries and employee-related expenses	c	39,107	29,805
Other operating costs	d	55,593	30,698
Total costs by kind		532,772	455,963

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Cost of services, products, goods and materials sold	385,104	336,104
Cost of sales	103,044	84,311
General and administration costs	44,624	35,548
Total costs by function	532,772	455,963

(all amounts in PLN thousand)

a) Transmission costs

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Transponders rental	27,208	23,496
Conditional Access System rental	11,490	15,238
Other	2,607	2,101
Total	41,305	40,835

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

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Distibution and logistics costs	55,224	56,079
Marketing costs	31,326	17,803
Customer relation management and retention costs	48,810	40,767
Total	135,360	114,649

c) Salaries and employee-related expenses

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Salaries	32,913	24,803
Social security contributions	4,535	3,694
Other employee-related costs	1,659	1,308
Total	39,107	29,805

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

(all amounts in PLN thousand)

d) Other operating costs

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Cost of SMART and SIM cards handed over	11,680	6,594
IT services	4,866	9,578
Legal, advisory and consulting costs	4,789	3,660
Property maintenance costs	5,427	2,667
Taxes and other charges	1,520	840
Costs of settlements with mobile network operators and interconnection charges	2,600	1,300
Costs of infrastructure rental and network maintenance	15,009	537
Costs of guarantee services	3,623	217
Other	6,079	5,305
Total	55,593	30,698

9. Other operating revenue

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Contractual remedy covering the costs of encryption card and digital satellite reception equipment replacement (SWAP)	-	7,794
Other compensations	552	1,729
Revenue from sale of POS*	7,055	-
Other	2,070	686
Total	9,677	10,209

* points of sale

10. Other operating costs

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Bad debt provision and the cost of receivables written off	21,473	14,073
Fixed assets impairment and stock provision	287	1,043
Other	783	759
Total	22,543	15,875

(all amounts in PLN thousand)

11. Financial income

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Foreign exchange differences from forward exchange contracts	-	7,752
Interest	777	4,317
Other	20	628
Total	797	12,697

12. Financial expenses

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Foreign exchange differences, net	6,943	4,116
Interest	929	2,498
Other	182	242
Total	8,054	6,856

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)	(139)**
Balance as of 30 June unaudited	52,088

* 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 June 2010 unaudited	31 December 2009
Software and licenses	14,149	8,626
„mPunkt" brand	450	-
Other	585	431
In progress	5,260	5,108
Total	20,444	14,165

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

	6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Balance as of 1 January	-	-
„mPunkt" brand (see note 17)	500*	-
„mPunkt" brand amortization	(50)	-
Balance as of 30 June	450	-

* 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 June 2010.

Share series	Type of shares	Number of shares	Nominal value of a share	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 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 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

As at 30 June 2010 the Group is a party of one bank credit agreement.

The agreement with Bank Pekao S.A. was conducted on 9 October 2007 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 Parent 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 June 2010 repaid the principal amounting to PLN 176,071 thousand. The repayment was made out of own funds of the Group. The remaining amount will be paid in equal installments at the end of each quarter. The final loan repayment should be made not later than 3 years after signing of the loan agreement, that is until 9 October 2010.

The bank loan agreement results in following restrictions for Cyfrowy Polsat S.A.:

a. purchasing shares in other corporations or establishing companies or partnerships prohibited without the consent of the Bank,
b. prohibited entering into transactions on terms less advantageous than arm’s length terms,
c. granting loans prohibited without the consent of the Bank,
d. providing guarantees prohibited without the consent of the Bank,
e. acquiring own shares for retirement and retirement of own shares prohibited without the consent of the Bank.

(all amounts in PLN thousand)

As at 30 June 2010 the amount of the bank loan in Bank Pekao S.A. amounted to PLN 15,792 thousand (including interest) The entire amount represents the short-term part.

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 June 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 June 2010 Cyfrowy Polsat S.A. paid PLN 55,803 thousand. The remaining amount of PLN 2,719 thousand was presented in liabilities as at the balance sheet date.

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)
Liabilities as at 30 June 2010	(2,719)
Cash outflow in cash flow statement for 6 months ended 30 June 2010	30,552

(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 June 2010 28 points of sale (POS) were sold. Goodwill allocated to POS sold amounted to PLN 139 thousand.

If the share purchase transaction was concluded on 1 January 2010, the Group would recognize consolidated revenue of PLN 783,123 thousand and consolidated net income in the amount of PLN 152,145 thousand for 6 months ended 30 June 2010.

In 2 months ended 30 June 2010 the Group presented additional consolidated revenue amounting to PLN 9,680 thousand and consolidated net loss of PLN 1,401 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.

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 June 2010 unaudited	31 December 2009
Dom Sprzedaży Radia PIN Sp. z o.o.	153	61
Media Biznes Sp. z o.o.	59	116
Polsat Futbol Ltd.	601	-
Polsat Media Sp. z o.o.	1	1
Polskie Media S.A.	88	37
Sferia S.A.	14	16
Superstacja Sp.z o.o.	359	181
Teleaudio Sp. z o.o.	26	2
Telewizja Polsat S.A.	603	4,944
Total	1,904	5,358

(all amounts in PLN thousand)

Liabilities

	30 June 2010 unaudited	31 December 2009
Invest Bank S.A.	-	4
Pai Media S.A.	23	-
Polskie Media S.A.	-	34
Superstacja Sp z o.o.	153	-
Teleaudio Sp. z o.o.	-	877
Telewizja Polsat S.A.	7,323	-
Total	7,499	915

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

Revenues from operating activities

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Dom Sprzedaży Radia PIN Sp z o.o.	75	-
Media Biznes Sp. z o.o.	96	96
Polsat Futbol Ltd.	601	-
Polskie Media S.A.	79	-
Radio PIN S.A.	-	75
Sferia S.A.	-	1
Superstacja Sp. z o.o.	31	48
Teleaudio Sp. z o.o.	168	4
Telewizja Polsat S.A.	232	1,903
Total	1,282	2,127

(all amounts in PLN thousand)

Cost of operating activities

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Elektrim S.A.	857	802
Invest Bank S.A.	5	-
Media Biznes Sp. z o.o.	96	48
Pai Media S.A.	81	-
Polsat Media Sp z o.o.	387	-
Radio PIN S.A.	-	52
Sferia S.A.	84	40
Superstacja Sp z o.o.	5	-
Teleaudio Sp. z o.o.	4,706	6,927
Telewizja Polsat S.A.	38,353	29,119
Total	44,574	36,988

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 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. Both parties appealed against the ruling. Each party replied to the adversary's appeal.

Due to the uncertainity of the amount and the date of the outflow of funds the Group classifies aforementioned liability in the total amount of PLN 778 thousand as a contingent liability and, as a result, did not create a provision for potential costs resulting from the final settlement of the above-mentioned lawsuit.

Contractual liabilities related to purchase of non-current assets

Cyfrowy Polsat Group entered into several agreements on refurbishment of property. Amount of unbilled purchases of goods and services regarding refurbishment totaled PLN 851 thousand as at 30 June 2010. In addition, the Group entered into agreements for purchase of licences and software – as at 30 June 2010 the value of unbilled deliveries and services under the agreements amounted to PLN 234 thousand.

20. 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. GROUP

Interim Condensed Consolidated Financial Statements for 3 and 6 Months Ended 30 June 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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(all amounts in PLN thousand)

Interim Consolidated Income Statement

	Note	for 3 months ended 30 June 2010 unaudited	for 3 months ended 30 June 2009 restated* unaudited	for 6 months ended 30 June 2010 unaudited	for 6 months ended 30 June 2009 restated* unaudited
Revenue from services, products, goods and materials sold	5	368,265	306,767	742,261	615,053
Cost of services, products, goods and materials sold	6	(195,981)	(167,330)	(385,104)	(336,104)
Cost of sales	6	(54,528)	(44,952)	(103,044)	(84,311)
General and administration costs	6	(25,149)	(17,598)	(44,624)	(35,548)
Other operating revenue		8,908	1,185	9,677	10,209
Other operating costs		(11,786)	(10,000)	(22,543)	(15,875)
Profit from operating activities		89,729	68,072	196,623	153,424
Financial income		312	4,823	797	12,697
Financial expenses		(7,107)	(3,506)	(8,054)	(6,856)
Profit before tax		82,934	69,389	189,366	159,265
Income tax		(15,940)	(13,323)	(36,238)	(30,550)
Net profit		66,994	56,066	153,128	128,715
Net profit atributable to:					
Equity holders of the Parent		66,971	56,066	153,105	128,715
Minority interests		23	-	23	-
		66,994	56,066	153,128	128,715

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

Basic and diluted earnings per share (in PLN)		0.25	0.21	0.57	0.48

Interim Consolidated Statement of Comprehensive Income

	for 3 months ended 30 June 2010 unaudited	for 3 months ended 30 June 2009 unaudited	for 6 months ended 30 June 2010 unaudited	for 6 months ended 30 June 2009 unaudited
Net profit	66,994	56,066	153,128	128,715
Other comprehensive income	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	66,994	56,066	153,128	128,715
Comprehensive income attributable to:				
Equity holders of the Parent	66,971	56,066	153,105	128,715
Minority interests	23	-	23	-

(all amounts in PLN thousand)

Interim Consolidated Balance Sheet – Assets

	30 June 2010 unaudited	31 December 2009
Digital satellite reception equipment and modems	183,637	122,457
Other property, plant and equipment	156,728	146,228
Goodwill	52,088	-
Intangible assets	20,444	14,165
Other long-term assets	30,317	55,870
Deferred tax assets	3,312	2,190
Total non-current assets	446,526	340,910
Inventories	142,012	122,091
Trade and other receivables	231,747	131,900
Income tax receivable	15,496	21,265
Other current assets	62,323	59,290
Cash and cash equivalents	47,571	72,652
Restricted cash	-	26,738
Total current assets	499,149	433,936
Total assets	945,675	774,846

(all amounts in PLN thousand)

Interim Consolidated Balance Sheet – Equity and Liabilities

	30 June 2010 unaudited	31 December 2009
Share capital	10,733	10,733
Reserve capital	156,534	73,997
Statutory reserve funds	10,174	10,174
Retained earnings	145,155	227,509
Total equity	322,596	322,413
Long-term finance lease liabilities	1,580	1,151
Deferred tax liability	56,863	26,060
Other long-term liabilities and provisions	2,446	1,543
Total non-current liabilities	60,889	28,754
Current loans and borrowings	20,085	47,370
Current finance lease liabilities	729	234
Trade and other payables	373,736	222,213
Deposits for equipment	17,659	18,800
Deferred income	149,981	135,062
Total current liabilities	562,190	423,679
Total liabilities	623,079	452,433
Total equity and liabilities	945,675	774,846

(all amounts in PLN thousand)

Interim Consolidated Cash Flow Statement

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Net profit	153,128	128,715
Adjustments:	(120,796)	(90,526)
Depreciation and amortization	34,962	17,916
(Profit)/loss on investing activity	327	(316)
Interest	153	(1,889)
Change in inventories	(16,835)	(72,338)
Change in receivables and other assets	(85,927)	(1,768)
Change in liabilities, provisions, accruals and deferred income	(12,570)	(41,019)
Foreign exchange losses/(gains)	(85)	9,563
Income tax	36,238	30,550
Change in set-top boxes under operating lease	(78,103)	(31,243)
Other adjustments	1,044	18
Net cash flow from operating activities	32,332	38,189
Income tax paid	(1,067)	(25,890)
Interest received from operating activity	775	4,317
Cash flow from operating activities	32,040	16,616
Purchases of tangible assets	(18,383)	(12,329)
Purchases of intangible assets	(7,423)	(4,025)
Net expenditures on acquisition of subsidiaries	(30,552)	-
Purchases of financial assets	-	(53,396)
Proceeds from sale of financial assets	-	53,726
Proceeds from sale of non-financial tangible assets	1,054	2
Loans granted	(350)	-
Cash flow from investing activities	(55,654)	(16,022)
Dividends paid	-	(131,125)
Repayment of loans	(31,518)	(31,518)
Finance lease – principal repayments	(193)	(118)
Interest on loans and finance leases	(871)	(2,696)
Cash from bank overdraft	4,292	-
Cash flow from financing activities	(28,290)	(165,457)
Net decrease in cash and cash equivalents	(51,904)	(164,863)
Cash and cash equivalents at the beginning of the period*	99,390	246,422
Foreign exchange rate differences	85	(289)
Cash and cash equivalents at the end of the period	47,571	81,270

*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 6 Months Ended 30 June 2010

	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	-	-	-	153,105	23	153,128
Purchase of 6% shares in M.Punkt Holdings Ltd.	-	-	-	23	(4,532)	(4,509)
Dividend approved	-	-	-	(152,945)	-	(152,945)
Appropriation of 2009 profit – transfer to reserve capital	-	82,537	-	(82,537)	-	-
Balance as of 30 June 2010	10,733	156,534	10,174	145,155	-	322,596

Interim Consolidated Statement of Changes in Equity for 6 Months Ended 30 June 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	294,338
Total comprehensive income	-	-	-	128,715	128,715
Dividend approved	-	-	-	(201,244)	(201,244)
Appropriation of 2008 profit – transfer to reserve capital	-	70,033	-	(70,033)	-
Balance as of 30 June 2009	10,733	73,997	10,174	125,905	220,809

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Consolidated Financial Statements for 3 and 6 Months Ended 30 June 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 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 consolidated financial statements

Statement of compliance

These interim condensed consolidated financial statements for 3 and 6 months ended 30 June 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 6 months ended 30 June 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.

IAS 34 requires minimum information disclosure assuming that the readers of the interim consolidated financial statements have access to most recent published annual consolidated financial statements, information disclosed are material and were not disclosed elsewhere in the interim consolidated financial statements.

(all amounts in PLN thousand)

Most recent published annual consolidated financial statements were prepared and audited for the year ended 31 December 2009. Annual consolidated financial statements fully disclose accounting principles approved by the Group, except for new accounting principles, standards and interpretations, which are effective for the periods beginning after 1 January 2010 and were disclosed in the interim condensed consolidated financial statements for 6 months ended 30 June 2010.

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

	for 3 months ended		for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited	30 June 2010 unaudited	30 June 2009 unaudited
DTH subscription fees (Mini and MiniMax Package)	21,174	13,646	40,507	25,751
DTH subscription fees (other packages)	323,895	276,894	657,178	555,153
Sale of equipment	10,372	8,378	21,164	20,358
Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators	4,263	915	7,617	1,885
Other sale operating revenue	8,561	6,934	15,795	11,906
Total	368,265	306,767	742,261	615,053

6. Operating costs

	for 3 months ended		for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited	30 June 2010 unaudited	30 June 2009 unaudited
Depreciation and amortization	18,966	9,661	34,962	17,916
Programming costs	101,879	89,430	194,595	186,993
Transmission costs	20,860	21,079	41,305	40,835
Cost of equipment sold	13,617	17,067	31,850	35,067
Distribution, marketing, customer relation management and retention costs	67,883	63,421	135,360	114,649
Salaries and employee-related expenses	21,149	14,333	39,107	29,805
Other costs	31,304	14,889	55,593	30,698
Total costs by kind	275,658	229,880	532,772	455,963

	for 3 months ended		for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited	30 June 2010 unaudited	30 June 2009 unaudited
Cost of services, products, goods and materials sold	195,981	167,330	385,104	336,104
Cost of sales	54,528	44,952	103,044	84,311
General and administration costs	25,149	17,598	44,624	35,548
Total costs by function	275,658	229,880	532,772	455,963

KPMG Audyt
Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Chłodna 51
00-867 Warszawa
Poland

Telefon +48 22 528 11 00
Fax +48 22 528 10 09
E-mail kpmg@kpmg.pl
Internet www.kpmg.pl

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.

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED STAND ALONE FINANCIAL STATEMENTS OF CYFROWY POLSAT S.A. FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

To the Shareholders of CYFROWY POLSAT S.A.

Introduction

We have reviewed the accompanying interim condensed financial statements of Cyfrowy Polsat S.A., with its registered office in Warsaw, ul. Łubinowa 4a, that consist of the interim balance sheet as at 30 June 2010, the interim income statement, the interim statement of other comprehensive income, the interim statement of changes in equity, the interim cash flow statement for the period from 1 January 2010 to 30 June 2010 and selected supplementary information.

Management of Cyfrowy Polsat S.A. is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the national standard on auditing no. 3 *General principles of review of the financial statements/condensed financial statements and conducting of other assurance services* and the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements of Cyfrowy Polsat S.A. are not prepared, in all material respects, in accordance with IAS 34.

On behalf of KPMG Audyt Sp. z o.o. sp.k.
ul. Chłodna 51, 00-867 Warsaw
registration number 3546

Signed on the Polish original

....
Certified Auditor No. 90106
Krzysztof Kuśmierski

On behalf of KPMG Audyt Sp. z o.o. sp.k.
ul. Chłodna 51, 00-867 Warsaw
registration number 3546

Signed on the Polish original

....
Certified Auditor No. 9645
Marek Strugała

25 August 2010
Warsaw, Poland

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for 6 Months Ended 30 June 2010

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Table of contents

APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 25 August 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 June 2010 showing a net profit of:	PLN 160,425 thousand
Interim Statement of Other Comprehensive Income for the period from 1 January 2010 to 30 June 2010 showing a total comprehensive income of:	PLN 160,425 thousand
Interim Balance Sheet as at 30 June 2010 showing total assets and total liabilities and equity of:	PLN 908,940 thousand
Interim Cash Flow Statement for the period from 1 January 2010 to 30 June 2010 showing a decrease in cash amounting to:	PLN 51,037 thousand
Interim Statement of Changes in Equity for the period from 1 January 2010 to 30 June 2010 showing an increase in equity of:	PLN 7,480 thousand

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

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

Dorota Wołczyńska
Chief Accountant

Warsaw, 25 August 2010

(all amounts in PLN thousand)

Interim Income Statement

		for 6 months ended	
	Note	30 June 2010 unaudited	30 June 2009 restated* unaudited
Revenue from services, goods and materials sold	7	737,550	615,733
Cost of services, goods and materials sold	8	(385,193)	(337,557)
Cost of sales	8	(95,582)	(83,882)
General and administration costs	8	(39,923)	(34,125)
Other operating revenue	9	2,686	9,754
Other operating costs	10	(22,353)	(15,467)
Profit from operating activities		197,185	154,456
Financial income	11	4,979	13,266
Financial expenses	12	(4,614)	(6,456)
Profit before tax		197,550	161,266
Income tax		(37,125)	(30,842)
Net profit		160,425	130,424

*In order to reflect presentational changes introduced in the current period amounts were changed (see note 6).

Basic and diluted earnings per share (in PLN)		0.60	0.49

Interim Statement of Other Comprehensive Income

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Net profit	160,425	130,424
Other comprehensive income	-	-
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income	160,425	130,424

(all amounts in PLN thousand)

Interim Balance Sheet – Assets

	30 June 2010 unaudited	31 December 2009
Digital satellite reception equipment and modems	197,528	133,004
Other property, plant and equipment	132,839	132,344
Intangible assets	17,265	13,435
Long term receivables granted to related parties	4,342	4,887
Investment property	6,911	6,946
Shares in subsidiaries	60,026	1,504
Other long-term assets	27,859	54,485
Total non-current assets	446,770	346,605
Inventories	116,247	115,833
Short-term loans granted to related parties	3,980	1,474
Trade and other receivables	218,983	132,971
Income tax receivable	15,299	21,262
Other current assets	61,490	58,589
Cash and cash equivalents	46,171	70,388
Restricted cash	-	26,738
Total current assets	462,170	427,255
Total assets	908,940	773,860

(all amounts in PLN thousand)

Interim Balance Sheet – Equity and Liabilities

	Note	30 June 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		161,295	232,911
Total equity		335,295	327,815
Long-term finance lease liabilities		1,044	1,151
Deferred tax liability		60,438	29,178
Other long-term liabilities and provisions		1,684	1,110
Total non-current liabilities		63,166	31,439
Current loans and borrowings	14	15,792	47,370
Current finance lease liabilities		236	234
Trade and other payables		326,901	213,140
Deposits for equipment		17,607	18,800
Deferred income		149,943	135,062
Total current liabilities		510,479	414,606
Total liabilities		573,645	446,045
Total equity and liabilities		908,940	773,860

(all amounts in PLN thousand)

Interim Cash Flow Statement

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Net profit	160,425	130,424
Adjustments:	(126,842)	(94,338)
Depreciation and amortization	34,493	17,172
(Profit)/loss on investing activity	115	(316)
Interest	(110)	(2,342)
Change in inventories	(414)	(81,356)
Change in receivables and other assets	(85,727)	3,440
Change in liabilities, provisions, accruals and deferred income	(25,553)	(38,074)
Foreign exchange losses/(gains)	(82)	9,628
Income tax	37,125	30,842
Change in set-top boxes under operating lease	(82,688)	(33,349)
Dividends received	(4,000)	-
Other adjustments	(1)	17
Net cash flow from operating activities	33,583	36,086
Income tax paid	-	(22,945)
Interest received from operating activity	751	4,236
Cash flow from operating activities	34,334	17,377
Purchases of tangible assets	(16,485)	(12,001)
Purchases of intangible assets	(6,396)	(3,929)
Loans granted	(2,850)	-
Purchases of financial assets	(31,247)	(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	-	216
Cash flow from investing activities	(52,916)	(15,382)
Dividends paid	-	(131,125)
Repayment of loans	(31,518)	(31,518)
Finance lease – principal repayments	(118)	(118)
Interest on loans and finance leases	(819)	(2,696)
Cash flow from financing activities	(32,455)	(165,457)
Net decrease in cash and cash equivalents	(51,037)	(163,462)
Cash and cash equivalents at the beginning of the period*	97,126	240,979
Foreign exchange rate differences	82	(282)
Cash and cash equivalents at the end of the period	46,171	77,235

* 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 6 Months Ended 30 June 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		-	-	-	160,425	160,425
Dividend approved	13	-	-	-	(152,945)	(152,945)
Appropriation of 2009 profit – transfer to reserve capital		-	79,096	-	(79,096)	-
Balance as of 30 June 2010		10,733	153,093	10,174	161,295	335,295

Interim Statement of Changes in Equity for 6 Months Ended 30 June 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	-	-	-	130,424	130,424
Dividend approved	-	-	-	(201,244)	(201,244)
Appropriation of 2008 profit – transfer to reserve capital	-	70,033	-	(70,033)	-
Balance as of 30 June 2009	10,733	73,997	10,174	131,294	226,198

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Financial Statements for 6 Months Ended 30 June 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 6 months ended 30 June 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 6 months ended 30 June 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 6 months ended 30 June 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.

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:

<u>*Derivatives*</u>

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.

<u>*Intangible assets – internally generated IT software*</u>
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 consolidated 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.

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 25 August 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. Change in presentation of the income statement

In these interim condensed financial statements the Company presents the income statement using the classification of expenses based on their function. In previous periods the Company presented the income statement using the classification of expenses based on their nature. The purpose of this change is to provide users of the financial statements with greater scope of information and to give the possibility to compare the Company's results with other entities'. None of the introduced alterations have influenced previously presented net profit, EBITDA or equity. The scope and details of information presented in the financial statements remained at unchanged level.

Information about revenue and costs classified by nature is available in notes 7, 8, 9, 10.

The below presented table reflects the restatement of the Company's income statement for 6 months ended 30 June 2010 and information where to find particular information presented hitherto directly in the income statement. The range of reclassification of certain elements of the income statement is also presented below.

Compensation of operating revenue and operating costs
After the analysis of economic substance of several transactions regarding the Company's operating revenue it has been decided to reclassify this revenue and compensate with appropriate costs in order to give the user of the financial statement information reflecting the actual economic substance of the transaction. Compensation of revenue and costs diminishes at the same time the Company's revenue from operating activity and cost of services, goods and materials sold.

Revenue – the analysis of revenue by its nature is presented in notes 7 and 9 of the hereby interim condensed financial statements.

Depreciation and amortization has been divided and allocated according to appropriate functions. Full depreciation and amortization, as it was presented hitherto – is presented in note 8.

Programming costs are presented in *Cost of services, goods and materials sold* – the amount of these costs is presented in note 8.

Transmission costs are presented in *Cost of services, goods and materials sold* – the amount of these costs is presented in note 8.

Distribution, marketing and customer relation management costs have been divided and allocated according to appropriate functions. The total of distribution, marketing and customer relation management costs is presented in note 8.

Salaries and employee-related expenses have been divided and allocated according to appropriate functions. The total of salaries and employee-related expenses is presented in note 8.

Cost of digital satellite reception equipment and mobile phones sold is presented in *Cost of services, goods and materials sold*. Full cost of equipment sold is presented in note 8.

Costs of settlements with mobile network operators and interconnection charges (MVNO) is presented in *Cost of services, goods and materials sold*. Full cost of settlements with mobile network operators and interconnection charges (MVNO) is presented in note 8.

Other operating costs have been allocated according to appropriate functions. The analysis of other operating costs by their nature is presented in notes 8 and 10 of hereby financial statements.

Following figures presented in the table below stand for:

1- reclassification of revenue from services, goods and materials sold;
2- reclassification of cost of services, goods and materials sold;
3- reclassification of cost of sales;
4- reclassification of general and administration costs;
5- compensation of valuation of forward contracts;
6- compensation of operating revenue and operating costs;
7- reclassification of other operating revenue;
8- reclassification of other operating costs.

The particular columns of the table represent transferring of described amounts from the income statement by nature (titles presented in column A) to the income statement by function (titles presented in column B). Reclassifications of revenue and costs presented in particulat columns do not affect the operating profit.

(all amounts in PLN thousand)

A - Revenue and costs by nature	for 6 months ended 30 June 2009	1	2	3	4	5	6	7	8	for 6 months ended 30 June 2009	Note	B - Revenue and costs by function
		623,625					(7,892)			615,733	7	Revenue from services, goods and materials sold
DTH Subscription fees	580,904	(580,904)										
Rental of digital satellite reception equipment	357	(357)										
Sale of digital satellite reception equipment and mobile phones	20,358	(20,358)										
Transmission services	9,218	(9,218)										
Subscription fees, interconnection revenues and settlements with mobile network operators	1,885	(1,885)										
Other operating revenue	22,869	(10,903)					(2,212)	(9,754)				
Total revenues from operating activities	635,591	-					(10,104)	(9,754)				
			345,449				(7,892)			337,557	8	Cost of services, goods and materials sold
				83,882						83,882	8	Cost of sales
					34,125					34,125	8	General and administration costs
Depreciation and amortization	17,172		(8,824)	(1,649)	(6,699)							
Programming costs	186,875		(186,875)									
Transmission costs	40,835		(40,835)									
Distribution, marketing and customer relation management costs	110,318		(36,313)	(73,945)	(60)							
Salaries and employee-related expenses	28,450		(8,970)	(6,516)	(12,964)							
Cost of digital satellite reception equipment and mobile phones sold	40,188		(40,188)									
Cost of settlements with mobile network operators and interconnection charges (MVNO)	1,300		(1,300)									
Other operating costs	55,997		(22,144)	(1,772)	(14,402)		(2,212)		(15,467)			
Total costs of operating activities	481,135		-	-	-		(10,104)		(15,467)			
								9,754		9,754	9	Other operating revenue
									15,467	15,467	10	Other operating costs
Profit from operating activities	154,456	-	-	-	-	-	-	-	-	154,456		**Profit from operating activities**
Financial income	23,780					(10,514)				13,266	11	Financial income
Financial expenses	16,970					(10,514)				6,456	12	Financial expenses
Profit before tax	161,266	-	-	-	-	-	-	-	-	161,266		**Profit before tax**
Income tax	30,842									30,842		Income tax
Net profit	130,424	-	-	-	-	-	-	-	-	130,424		**Net profit**

(all amounts in PLN thousand)

7. Revenue from services, goods and materials sold

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
DTH subscription fees (Mini and MiniMax Package)	40,507	25,751
DTH subscription fees (other packages)	675,178	555,153
Sale of equipment	16,635	20,358
Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators	7,635	1,885
Other sale operating revenue	15,595	12,586
Total	737,550	615,733

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.

8. Operating costs

	Note	for 6 months ended	
		30 June 2010 unaudited	30 June 2009 unaudited
Depreciation and amortization		34,493	17,172
Programming costs		194,595	186,993
Transmission costs	a	41,305	40,835
Cost of equipment sold		30,597	36,977
Distribution, marketing, customer relation management and retention costs	b	133,334	114,649
Salaries and employee-related expenses	c	34,220	28,643
Other operating costs	d	52,154	30,295
Total costs by kind		520,698	455,564

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Cost of services, goods and materials sold	385,193	337,557
Cost of sales	95,582	83,882
General and administration costs	39,923	34,125
Total costs by function	520,698	455,564

(all amounts in PLN thousand)

a) Transmission costs

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Transponders rental	27,208	23,496
Conditional Access System rental	11,490	15,238
Other	2,607	2,101
Total	41,305	40,835

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

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Distibution and logistics costs	52,773	56,079
Marketing costs	31,751	17,803
Customer relation management and retention costs	48,810	40,767
Total	133,334	114,649

c) Salaries and employee-related expenses

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Salaries	28,713	23,847
Social security contributions	4,101	3,552
Other employee-related costs	1,406	1,244
Total	34,220	28,643

(all amounts in PLN thousand)

d) Other operating costs

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Cost of SMART and SIM cards handed over	11,680	6,594
IT services	4,781	9,559
Legal, advisory and consulting costs	4,286	3,360
Property maintenance costs	4,142	2,632
Taxes and other charges	1,405	788
Costs of settlements with mobile network operators and interconnection charges	2,600	1,300
Costs of infrastructure rental and network maintenance	15,009	537
Costs of guarantee services	3,515	406
Other	4,736	5,119
Total	52,154	30,295

9. Other operating revenue

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Contractual remedy covering the costs of encryption card and digital satellite reception equipment replacement (SWAP)	-	7,794
Other compensations	552	1,729
Reversal of fixed assets impairment and stock provision	438	-
Other	1,696	231
Total	2,686	9,754

10. Other operating costs

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Bad debt provision and the cost of receivables written off	21,478	14,073
Fixed assets impairment and stock provision	510	720
Other	365	674
Total	22,353	15,467

(all amounts in PLN thousand)

11. Financial income

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Foreign exchange differences from forward exchange contracts	-	7,752
Interest	979	4,836
Dividends received	4,000	-
Other	-	678
Total	4,979	13,266

12. Financial expenses

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Foreign exchange differences, net	3,673	3,719
Interest	869	2,495
Other	72	242
Total	4,614	6,456

13. Equity

Share capital

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

Share series	Type of shares	Number of shares	Nominal value of a share	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 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.

14. Borrowings and loans

As at 30 June 2010 the Company is a party of one credit agreement.

The agreement with Bank Pekao S.A. was conducted on 9 October 2007 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 June 2010 repaid the principal amounting to PLN 176,071 thousand. The repayment was made out of own funds of the Company. The remaining amount will be paid in equal installments at the end of each quarter. The final loan repayment should be made not later than 3 years after signing of the loan agreement, that is until 9 October 2010.

The credit agreement results in following restrictions for the Company:

a. purchasing shares in other corporations or establishing companies or partnerships prohibited without the consent of the Bank,
b. prohibited entering into transactions on terms less advantageous than arm's length terms,
c. granting loans prohibited without the consent of the Bank,
d. providing guarantees prohibited without the consent of the Bank,
e. acquiring own shares for retirement and retirement of own shares prohibited without the consent of the Bank.

As at 30 June 2010 the amount of the bank loan in Bank Pekao S.A. amounted to PLN 15,792 thousand (including interest). The entire amount represents the short-term part.

(all amounts in PLN thousand)

15. Investment in M.Punkt Holdings Ltd.

Purchase of shares in M.Punkt Holdings

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

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 June 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

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.

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:

i. M.Punkt Holdings 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.

(all amounts in PLN thousand)

16. Transactions with related parties

Receivables

	30 June 2010 unaudited	31 December 2009
Cyfrowy Polsat Technology Sp. z o.o.	1,924	283
Cyfrowy Polsat Technology Sp. z o.o. (leasing)	5,412	5,917
Dom Sprzedaży Radia PIN Sp. z o.o.	153	61
Media Biznes Sp. z o.o.	59	116
mPunkt Polska S.A.	519	-
Polsat Futbol Ltd.	601	-
Polsat Media Sp. z o.o.	1	1
Polskie Media S.A.	88	37
Sferia S.A.	14	16
Superstacja Sp.z o.o.	359	181
Teleaudio Sp. z o.o.	26	2
Telewizja Polsat S.A.	603	4,944
Total	9,759	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.

As at the balance sheet date lease receivables from Cyfrowy Polsat Technology Sp. z o.o. amount to PLN 5,412 thousand (PLN 4,342 thousand representing the long-term part). Interest in the amount of PLN 221 thousand is presented in financial income.

Liabilities

	30 June 2010 unaudited	31 December 2009
Cyfrowy Polsat Technology Sp. z o.o.*	3,804	7,040
Invest Bank S.A.	-	4
mPunkt Polska S.A.	1,020	-
Pai Media S.A.	23	-
Polskie Media S.A.	-	34
Superstacja Sp. z .o.o.	153	-
Teleaudio Sp. z o.o.	-	877
Telewizja Polsat S.A.	7,323	-
Total	12,323	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.

(all amounts in PLN thousand)

Liabilities to Cyfrowy Polsat Technology Sp. z o.o. comprise liabilities resulting from purchases of set-top boxes and set-top boxes' accessories. During 6 months ended 30 June 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 59,975 thousand.

Loans granted

Short-term loans granted	Principal value of the loan	30 June 2010 unaudited	31 December 2009
Cyfrowy Polsat Technology Sp. z o.o.	6,500	1,479*	1,474*
M.Punkt Holdings Ltd.	2,500	2,501*	-
Total	9,000	3,980*	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 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 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	982	708
Dom Sprzedaży Radia PIN Sp. z o.o.	75	-
Media Biznes Sp. z o.o.	96	96
mPunkt Polska S.A.	50	-
Polsat Futbol Ltd.	601	-
Polskie Media S.A.	79	-
Radio PIN S.A.	-	75
Sferia S.A.	-	1
Superstacja Sp. z o.o.	31	48
Teleaudio Sp. z o.o.	168	4
Telewizja Polsat S.A.	232	1,903
Total	2,314	2,835

(all amounts in PLN thousand)

Cost of operating activities

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Elektrim S.A.	857	802
Invest Bank	5	-
Media Biznes Sp. z o.o.	96	48
mPunkt Polska S.A.	1,196	-
Pai Media S.A.	81	-
Polsat Media Sp. z o.o.	387	-
Radio PIN S.A.	-	52
Sferia S.A.	84	40
Superstacja Sp. z o.o.	5	-
Teleaudio Sp. z o.o.	4,706	6,927
Telewizja Polsat S.A.	38,353	29,119
Total	45,770	36,988

Financial income

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	4,225	601
M.Punkt Holdings Ltd.	1	-
Total	4,226	601

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 for 6 months ended 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. Both parties appealed against the ruling. Each party replied to the adversary's appeal.

Due to the uncertainity of the amount and the date of the outflow of funds the Company classifies aforementioned liability in the total amount of PLN 778 thousand as a contingent liability and, as a result, did not create a provision for potential costs resulting from the final settlement of the above-mentioned lawsuit.

Contractual liabilities related to purchase of non-current assets

Cyfrowy Polsat S.A. entered into several agreements on refurbishment of property. Amount of unbilled purchases of goods and services regarding refurbishment totaled PLN 851 thousand as at 30 June 2010. In addition, the Company entered into agreements for purchase of licences and software – as at 30 June 2010 the value of unbilled deliveries and services under the agreements amounted to PLN 234 thousand.

18. 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.

CYFROWY POLSAT S.A.
Interim Condensed Financial Statements
for the 3 and 6 Months Ended 30 June 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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(all amounts in PLN thousand)

Interim Income Statement

	Note	for 3 months ended 30 June 2010 unaudited	for 3 months ended 30 June 2009 restated* unaudited	for 6 months ended 30 June 2010 unaudited	for 6 months ended 30 June 2009 restated* unaudited
Revenue from services, goods and materials sold	5	364,710	307,071	737,550	615,733
Cost of services, goods and materials sold	6	(195,422)	(168,161)	(385,193)	(337,557)
Cost of sales	6	(47,328)	(44,714)	(95,582)	(83,882)
General and administration costs	6	(21,200)	(17,227)	(39,923)	(34,125)
Other operating revenue		1,824	1,296	2,686	9,754
Other operating costs		(10,812)	(9,710)	(22,353)	(15,467)
Profit from operating activities		91,772	68,555	197,185	154,456
Financial income		4,387	4,944	4,979	13,266
Financial expenses		(3,810)	(3,503)	(4,614)	(6,456)
Profit before tax		92,349	69,996	197,550	161,266
Income tax		(17,066)	(13,372)	(37,125)	(30,842)
Net profit		75,283	56,624	160,425	130,424

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

Basic and diluted earnings per share (in PLN)		0.28	0.21	0.60	0.49

Interim Statement of Other Comprehensive Income

	for 3 months ended 30 June 2010 unaudited	for 3 months ended 30 June 2009 unaudited	for 6 months ended 30 June 2010 unaudited	for 6 months ended 30 June 2009 unaudited
Net profit	75,283	56,624	160,425	130,424
Other comprehensive income	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	75,283	56,624	160,425	130,424

(all amounts in PLN thousand)

Interim Balance Sheet – Assets

	30 June 2010 unaudited	31 December 2009
Digital satellite reception equipment and modems	197,528	133,004
Other property, plant and equipment	132,839	132,344
Intangible assets	17,265	13,435
Long-term receivables granted to related parties	4,342	4,887
Investment property	6,911	6,946
Shares in subsidiaries	60,026	1,504
Other long-term assets	27,859	54,485
Total non-current assets	446,770	346,605
Inventories	116,247	115,833
Short-term loans granted to related parties	3,980	1,474
Trade and other receivables	218,983	132,971
Income tax receivable	15,299	21,262
Other current assets	61,490	58,589
Cash and cash equivalents	46,171	70,388
Restricted cash	-	26,738
Total current assets	462,170	427,255
Total assets	908,940	773,860

(all amounts in PLN thousand)

Interim Balance Sheet – Equity and Liabilities

	30 June 2010 unaudited	31 December 2009
Share capital	10,733	10,733
Reserve capital	153,093	73,997
Statutory reserve funds	10,174	10,174
Retained earnings	161,295	232,911
Total equity	335,295	327,815
Long-term finance lease liabilities	1,044	1,151
Deferred tax liability	60,438	29,178
Other long-term liabilities and provisions	1,684	1,110
Total non-current liabilities	63,166	31,439
Current loans and borrowings	15,792	47,370
Current finance lease liabilities	236	234
Trade and other payables	326,901	213,140
Deposits for equipment	17,607	18,800
Deferred income	149,943	135,062
Total current liabilities	510,479	414,606
Total liabilities	573,645	446,045
Total equity and liabilities	908,940	773,860

(all amounts in PLN thousand)

Interim Cash Flow Statement

	for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited
Net profit	160,425	130,424
Adjustments:	(126,842)	(94,338)
Depreciation and amortization	34,493	17,172
(Profit)/loss on investing activity	115	(316)
Interest	(110)	(2,342)
Change in inventories	(414)	(81,356)
Change in receivables and other assets	(85,727)	3,440
Change in liabilities, provisions, accruals and deferred income	(25,553)	(38,074)
Foreign exchange losses/(gains)	(82)	9,628
Income tax	37,125	30,842
Change in set-top boxes under operating lease	(82,688)	(33,349)
Dividends received	(4,000)	-
Other adjustments	(1)	17
Net cash flow from operating activities	33,583	36,086
Income tax paid	-	(22,945)
Interest received from operating activity	751	4,236
Cash flow from operating activities	34,334	17,377
Purchases of tangible assets	(16,485)	(12,001)
Purchases of intangible assets	(6,396)	(3,929)
Loans granted	(2,850)	-
Purchases of financial assets	(31,247)	(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	-	216
Cash flow from investing activities	(52,916)	(15,382)
Dividends paid	-	(131,125)
Repayment of loans	(31,518)	(31,518)
Finance lease – principal repayments	(118)	(118)
Interest on loans and finance leases	(819)	(2,696)
Cash flow from financing activities	(32,455)	(165,457)
Net decrease in cash and cash equivalents	(51,037)	(163,462)
Cash and cash equivalents at the beginning of the period*	97,126	240,979
Foreign exchange rate differences	82	(282)
Cash and cash equivalents at the end of the period	46,171	77,235

*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 6 Months Ended 30 June 2010

	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	-	-	-	160,425	160,425
Dividend approved	-	-	-	(152,945)	(152,945)
Appropriation of 2009 profit – transfer to reserve capital	-	79,096	-	(79,096)	-
Balance as of 30 June 2010	10,733	153,093	10,174	161,295	335,295

Interim Statement of Changes in Equity for 6 Months Ended 30 June 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	-	-	-	130,424	130,424
Dividend approved	-	-	-	(201,244)	(201,244)
Appropriation of 2008 profit – transfer to reserve capital	-	70,033	-	(70,033)	-
Balance as of 30 June 2009	10,733	73,997	10,174	131,294	226,198

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Financial Statements for 3 and 6 Months Ended 30 June 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 3 and 6 months ended 30 June 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 3 and 6 months ended 30 June 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.

IAS 34 requires minimum information disclosure assuming that the readers of the interim financial statements have access to most recent published annual financial statements, information disclosed are material and were not disclosed elsewhere in the interim financial statements.

Most recent published annual financial statements were prepared and audited for the year ended 31 December 2009. Annual financial statements fully disclose accounting principles approved by the Company, except for new accounting principles, standards and interpretations, which are effective for the reporting periods beginning after 1 January 2010 and were disclosed in the interim condensed financial statements for 6 months ended 30 June 2010.

(all amounts in PLN thousand)

5. Revenue from services, goods and materials sold

	for 3 months ended		for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited	30 June 2010 unaudited	30 June 2009 unaudited
DTH subscription fees (Mini and MiniMax Package)	21,174	13,646	40,507	25,751
DTH subscription fees (other packages)	323,895	276,894	675,178	555,153
Sale of equipment	7,487	8,378	16,635	20,358
Subscription fees from telecommunication services, interconnection revenues and settlements with mobile network operators	4,280	915	7,635	1,885
Other sale operating revenue	7,874	7,238	15,595	12,586
Total	364,710	307,071	737,550	615,733

6. Operating costs

	for 3 months ended		for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited	30 June 2010 unaudited	30 June 2009 unaudited
Depreciation and amortization	18,346	9,298	34,493	17,172
Programming costs	101,880	89,430	194,595	186,993
Transmission costs	20,860	21,079	41,305	40,835
Cost of equipment sold	11,727	18,199	30,597	36,977
Distribution, marketing, customer relation management and retention costs	65,857	63,421	133,334	114,649
Salaries and employee-related expenses	16,931	14,094	34,220	28,643
Other operating costs	28,349	14,581	52,154	30,295
Total costs by kind	263,950	230,102	520,698	455,564

	for 3 months ended		for 6 months ended	
	30 June 2010 unaudited	30 June 2009 unaudited	30 June 2010 unaudited	30 June 2009 unaudited
Cost of services, goods and materials sold	195,422	168,161	385,193	337,557
Cost of sales	47,328	44,714	95,582	83,882
General and administration costs	21,200	17,227	39,923	34,125
Total costs by function	263,950	230,102	520,698	455,564