CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for the 3 and 9 months ended 30 September 2012

Prepared in accordance
with International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 13 November 2012, 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 Accounting Standard 34 *Interim Financial Reporting*, which include:

Interim Consolidated Income Statement for the period from 1 January 2012 to 30 September 2012 showing a net profit for the period of:	PLN 476,674
Interim Consolidated Statement of Comprehensive Income for the period from 1 January 2012 to 30 September 2012 showing a total comprehensive income for the period of:	PLN 458,872
Interim Consolidated Balance Sheet as at 30 September 2012 showing total assets and total equity and liabilities of:	PLN 5,514,874
Interim Consolidated Cash Flow Statement for the period from 1 January 2012 to 30 September 2012 showing a net decrease in cash and cash equivalents amounting to:	PLN 51,084
Interim Consolidated Statement of Changes in Equity for the period from 1 January 2012 to 30 September 2012 showing an increase in equity of:	PLN 458,872

Notes to the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements have been prepared in thousands of Polish zloty ('PLN') except where otherwise indicated.

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

Warsaw, 13 November 2012

(all amounts in PLN thousand, except where otherwise stated)

Interim Consolidated Income Statement

		for 3 months ended		for 9 months ended	
	Note	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Revenue	8	644,541	615,512	2,027,599	1,646,696
Operating costs		(444,926)	(466,172)	(1,409,144)	(1,227,806)
Cost of services, products, goods and materials sold	9	(338,826)	(369,595)	(1,110,283)	(948,572)
Selling expenses	9	(59,702)	(57,387)	(169,889)	(171,425)
General and administrative expenses	9	(46,398)	(39,190)	(128,972)	(107,809)
Other operating income/costs		(1,956)	(1,378)	(4,725)	(2,171)
Profit from operating activities		**197,659**	**147,962**	**613,730**	**416,719**
Finance income	10	57,628	4,766	117,381	6,743
Finance costs	11	(57,560)	(222,185)	(175,713)	(309,892)
Share of the profit of associate accounted for using the equity method		543	918	2,044	1,487
Gross profit/(loss) for the period		**198,270**	**(68,539)**	**557,442**	**115,057**
Income tax		(26,208)	6,552	(80,768)	(31,164)
Net profit/(loss) for the period		**172,062**	**(61,987)**	**476,674**	**83,893**
Net profit/(loss) attributable to equity holders of the Parent		172,062	(61,987)	476,674	83,893
Basic and diluted earnings per share (in PLN)		**0.49**	**(0.18)**	**1.37**	**0.27**

(all amounts in PLN thousand, except where otherwise stated)

Interim Consolidated Statement of Comprehensive Income

		for 3 months ended		for 9 months ended	
	Note	**30 September 2012 unaudited**	**30 September 2011 unaudited**	**30 September 2012 unaudited**	**30 September 2011 unaudited**
Net profit/(loss) for the period		**172,062**	**(61,987)**	**476,674**	**83,893**
Hedge valuation	13	(11,624)	7,602	(21,978)	6,457
Income tax relating to hedge valuation	13	2,209	(1,445)	4,176	(1,227)
Currency translation adjustment		-	5,008	-	4,286
Income tax relating to currency translation adjustment		-	(951)	-	(837)
Other comprehensive income, net of tax		**(9,415)**	**10,214**	**(17,802)**	**8,679**
Total comprehensive income for the period		**162,647**	**(51,773)**	**458,872**	**92,572**
Total comprehensive income attributable to equity holders of the Parent		162,647	(51,773)	458,872	92,572

(all amounts in PLN thousand, except where otherwise stated)

Interim Consolidated Balance Sheet - Assets

	Note	30 September 2012 unaudited	31 December 2011
Reception equipment		425,068	408,610
Other property, plant and equipment		257,043	263,277
Goodwill		2,575,456	2,412,285
Brands		840,000	840,000
Other intangible assets		68,459	54,194
Non-current programming assets		95,323	131,141
Investment property		8,378	8,440
Non-current deferred distribution fees		33,252	35,028
Other non-current assets		116,704	69,447
Deferred tax assets		37,018	55,726
Total non-current assets		**4,456,701**	**4,278,148**
Current programming assets		171,461	137,429
Inventories		177,054	178,127
Bonds	16	-	14,854
Trade and other receivables		376,949	320,542
Income tax receivable		321	10,086
Current deferred distribution fees		54,038	59,361
Other current assets		53,239	72,467
Cash and cash equivalents		225,111	277,534
Total current assets		**1,058,173**	**1,070,400**
Total assets		**5,514,874**	**5,348,548**

(all amounts in PLN thousand, except where otherwise stated)

Interim Consolidated Balance Sheet - Equity and Liabilities

	Note	30 September 2012 unaudited	31 December 2011
Share capital	12	13,934	13,934
Share premium		1,295,103	1,295,103
Other reserves		(8,191)	9,611
Retained earnings		1,054,069	577,395
Total equity		**2,354,915**	**1,896,043**
Loans and borrowings	14	680,371	958,407
Senior Notes payable	15	1,347,224	1,417,525
Finance lease liabilities		638	934
Deferred tax liabilities		97,271	87,122
Deferred income		5,716	7,595
Other non-current liabilities and provisions		19,037	12,497
Total non-current liabilities		**2,150,257**	**2,484,080**
Loans and borrowings	14	238,676	246,778
Senior Notes payable	15	99,687	105,052
Finance lease liabilities		234	252
Trade and other payables		441,676	374,955
Income tax liability		6,782	29,226
Deposits for equipment		12,084	12,744
Deferred income		210,563	199,418
Total current liabilities		**1,009,702**	**968,425**
Total liabilities		**3,159,959**	**3,452,505**
Total equity and liabilities		**5,514,874**	**5,348,548**

(all amounts in PLN thousand, except where otherwise stated)

Interim Consolidated Cash Flow Statement

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
Net profit for the period	**476,674**	**83,893**
Adjustments for:	**152,096**	**174,904**
Depreciation, amortization and impairment	171,355	121,349
Payments for film licences and sports rights	(140,589)	(94,701)
Amortization of film licences and sports rights	145,406	104,453
Loss/(gain) on investing activity	(483)	1,304
Cost of programming rights sold	6,138	2,497
Interest expense	156,893	116,992
Change in inventories	1,093	7,437
Change in receivables and other assets	(90,590)	(66,006)
Change in liabilities, provisions and deferred income	66,407	(49,022)
Change in internal production and advance payments	502	(5,416)
Valuation of hedging instruments	(21,978)	6,457
Share of the profit of associate accounted for using the equity method	(2,044)	(1,487)
Foreign exchange losses/(gains), net	(102,067)	168,727
Compensation of income tax receivables with VAT liabilities	-	6,264
Income tax	80,768	31,164
Net increase in reception equipment provided under operating lease	(120,025)	(176,800)
Other adjustments	1,310	1,692
Cash flows from operations before income taxes and interest	**628,770**	**258,797**
Income tax paid	(59,766)	(20,519)
Interest received from operating activities	12,960	6,667
Net cash from operating activities	**581,964**	**244,945**
Acquisition of property, plant and equipment	(40,478)	(25,910)
Acquisition of intangible assets	(23,225)	(16,028)
Acquisition of subsidiaries, net of cash acquired	(45,329)	(2,336,697)
Proceeds from sale of property, plant and equipment	690	472
Loans granted	(1,100)	-
Repayment of loans granted	1,100	-
Proceeds from interest on loans granted	-	1
Other proceeds	1,258	1,360
Net cash used in investing activities	**(107,084)**	**(2,376,802)**

(all amounts in PLN thousand, except where otherwise stated)

Net cash from bank overdraft	-	(18,041)
Term loans received	-	2,800,000
Issuance of *Senior Notes*	-	1,372,245
Proceeds from realization of foreign exchange call options	-	1,043
Repayment of loans and borrowings	(397,575)	(1,491,244)
Repayment of interest on Cash Pool	(2,250)	-
Finance lease – principal repayments	(243)	(412)
Payment of interest on loans, borrowings, bonds, finance lease and commissions	(125,824)	(197,869)
Other net financing outflows	(72)	-
Net cash from/(used in) financing activities	**(525,964)**	**2,465,722**
Net increase/(decrease) in cash and cash equivalents	**(51,084)**	**333,865**
Cash and cash equivalents at the beginning of the period	**277,534**	**27,615**
Effect of exchange rate fluctuations on cash and cash equivalents	(1,339)	2,636
Cash and cash equivalents at the end of the period	**225,111**	**364,116**

(all amounts in PLN thousand, except where otherwise stated)

Interim Consolidated Statement of Changes in Equity for 9 months ended 30 September 2012

	Share capital	Share premium	Other reserves	Retained earnings*	**Total equity**
Balance as at 1 January 2012	**13,934**	**1,295,103**	**9,611**	**577,395**	**1,896,043**
Total comprehensive income	-	-	(17,802)	476,674	**458,872**
Hedge valuation reserve (Note 13)	-	-	*(17,802)*	-	***(17,802)***
Net profit for the period	-	-	-	*476,674*	***476,674***
Balance as at 30 September 2012 unaudited	**13,934**	**1,295,103**	**(8,191)**	**1,054,069**	**2,354,915**

* The capital excluded from distribution amounts to PLN 4,645. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.

Interim Consolidated Statement of Changes in Equity for 9 months ended 30 September 2011

	Share capital	Share premium	Other reserves	Retained earnings*	**Total equity**
Balance as at 1 January 2011	**10,733**	**-**	**-**	**417,205**	**427,938**
Total comprehensive income	-	-	8,679	83,893	**92,572**
Hedge valuation reserve	-	-	*5,230*	-	***5,230***
Currency translation adjustment	-	-	*3,449*	-	***3,449***
Net profit for the period	-	-	-	*83,893*	***83,893***
Share issue	3,201	1,295,103	-	-	**1,298,304**
Balance as at 30 September 2011 unaudited	**13,934**	**1,295,103**	**8,679**	**501,098**	**1,818,814**

* The capital excluded from distribution amounts to PLN 4,645. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.

Notes to the Interim Condensed Consolidated Financial Statements

1. The Parent Company

Cyfrowy Polsat S.A. ('the Company', 'Cyfrowy Polsat', 'the Parent Company', 'the Parent') was incorporated in Poland as a joint stock company. The Company's shares are traded on the Warsaw Stock Exchange. The Parent Company's registered office is located at 4a, Łubinowa Street in Warsaw.

The Parent operates in Poland as a provider of a paid digital satellite platform under the name of 'Cyfrowy Polsat' and paid digital terrestrial television as well as a Mobile Virtual Network Operator ('MVNO') and the Internet access service provider.

The Company was incorporated under the Notary Deed dated 30 October 1996.

The interim condensed consolidated financial statements comprise the Parent and its subsidiaries (together with the Parent referred to as 'the Group' and individually as 'Group entities'), and the Group's interest in associate. The Group operates in two segments: (1) retail business which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, mobile TV services, online TV services and production of set-top boxes; (2) broadcasting and television production which consist mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television channel in Poland.

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,
- 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 the 9 months ended 30 September 2012 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which been prepared in accordance with International Financial Reporting Standards as adopted by the

European Union. The Group applied the same accounting policies in the preparation of the financial data for the 9 months ended 30 September 2012 and the consolidated financial statements for the year 2011, 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 2012 and except for effects of presentation changes as described in note 6.

During the 9 months ended 30 September 2012 the following became effective:

(i) amendments to IFRS 7 – *Transfers of Financial Assets*
The amendments specify the scope of disclosures related to transfers of financial assets. The changes have no impact on these interim condensed consolidated financial statements.

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

In line with the provisions of IAS 18, starting from the year 2012 the Group recognizes lower revenues from penalties for breaching contracts by the clients due to change of accounting estimates regarding recognition and recoverability of these revenues. This change of estimates does not materially influence the Group's operating results as the Group respectively recognizes lower bad debt allowance expense. The Management Board believes that this approach reflects the business standing of the Group more precisely and is more transparent for the market environment.

Had the Group proceeded with this approach in the year 2011, the revenue would have totalled PLN 2,323,078.

5. Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of Cyfrowy Polsat S.A. on 13 November 2012.

6. Change in presentation

The Group changed its interim consolidated income statement presentation to present cost of debt collection services together with bad debt allowance expenses and income resulting from reversal of bad debt allowance in the operating costs. None of the introduced changes affected the previously reported amounts of net profit, EBITDA, or equity.

Cost of debt collection services were previously presented within Costs of services, products, goods and materials sold (Distribution, marketing, customer relation management and retention costs in costs by kind – see note 9) while bad debt allowance was presented within Other operating income/costs.

(all amounts in PLN thousand, except where otherwise stated)

Comparable results for the periods ended 30 June 2011 and 30 September 2011 have been reclassified to conform to the current period presentation as presented in the table below. Reclassifications concerning periods ended 30 September 2011 are presented in the tables below. Reclassifications have also been made in the notes to these interim condensed consolidated financial statements.

	for 3 months ended		
	30 September 2011 unaudited *(reported)*	**Change**	**30 September 2011 unaudited** *(restated)*
Revenue	615,512		615,512
Operating costs	(453,264)	(12,908)	(466,172)
Cost of services, products, goods and materials sold	(356,687)	(12,908)	(369,595)
Selling expenses	(57,387)		(57,387)
General and administrative expenses	(39,190)		(39,190)
Other operating income/costs	(14,286)	12,908	(1,378)
Profit from operating activities	**147,962**	**-**	**147,962**
Finance income	5,774	(1,008)	4,766
Finance costs	(223,193)	1,008	(222,185)
Share of the profit of associate accounted for using the equity method	918		918
Gross loss for the period	**(68,539)**	**-**	**(68,539)**
Income tax	6,552		6,552
Net loss for the period	**(61,987)**	**-**	**(61,987)**

	for 9 months ended		
	30 September 2011 unaudited *(reported)*	**Change**	**30 September 2011 unaudited** *(restated)*
Revenue	1,646,696		1,646,696
Operating costs	(1,181,659)	(46,147)	(1,227,806)
Cost of services, products, goods and materials sold	(902,425)	(46,147)	(948,572)
Selling expenses	(171,425)		(171,425)
General and administrative expenses	(107,809)		(107,809)
Other operating income/costs	(48,318)	46,147	(2,171)
Profit from operating activities	**416,719**	**-**	**416,719**
Finance income	8,239	(1,496)	6,743
Finance costs	(311,388)	1,496	(309,892)
Share of the profit or loss of associate accounted for using the equity method	1,487		1,487
Gross profit for the period	**115,057**	**-**	**115,057**
Income tax	(31,164)		(31,164)
Net profit for the period	**83,893**	**-**	**83,893**

The Group changed its consolidated balance sheet presentation to present long term portion of the data transfer order from Mobyland in Other non-current assets (reclassification from Other current assets). The Group also reclassified and presented

(all amounts in PLN thousand, except where otherwise stated)

Non-current deferred distribution fees and Current deferred distribution fees separately from Other non-current assets and Other current assets, respectively. The Group reclassified receivables and deferred income. None of the introduced changes affected the previously reported amounts of net profit, EBITDA, or equity.

	31 December 2011 *(reported)*	**Change**	**31 December 2011** *(restated)*
Reception equipment	408,610		408,610
Other property, plant and equipment	263,277		263,277
Goodwill	2,412,285		2,412,285
Brands	840,000		840,000
Other intangible assets	54,194		54,194
Non-current programming assets	131,141		131,141
Investment property	8,440		8,440
Non-current deferred distribution fees	-	35,028	35,028
Other non-current assets	51,647	17,800	69,447
Deferred tax assets	55,726		55,726
Total non-current assets	**4,225,320**	**52,828**	**4,278,148**
Current programming assets	137,429		137,429
Inventories	178,127		178,127
Bonds	14,854		14,854
Trade and other receivables	297,162	23,380	320,542
Income tax receivable	10,086		10,086
Current deferred distribution fees	-	59,361	59,361
Other current assets	184,656	(112,189)	72,467
Cash and cash equivalents	277,534		277,534
Total current assets	**1,099,848**	**(29,448)**	**1,070,400**
Total assets	**5,325,168**	**23,380**	**5,348,548**

(all amounts in PLN thousand, except where otherwise stated)

	31 December 2011 *(reported)*	**Change**	**31 December 2011** *(restated)*
Share capital	13,934		13,934
Reserve capital	432,265	(432,265)	-
Other reserves	1,305,277	(1,305,277)	-
Share premium	-	1,295,103	1,295,103
Hedge valuation reserve	4,758	(4,758)	-
Currency translation adjustment	4,853	(4,853)	-
Other reserves	-	9,611	9,611
Retained earnings	134,956	442,439	577,395
Total equity	**1,896,043**	**-**	**1,896,043**
Loans and borrowings	958,407		958,407
Senior Notes payable	1,417,525		1,417,525
Finance lease liabilities	934		934
Deferred tax liabilities	87,122		87,122
Deferred income	-	7,595	7,595
Other non-current liabilities and provisions	12,497		12,497
Total non-current liabilities	**2,476,485**	**7,595**	**2,484,080**
Loans and borrowings	246,778		246,778
Senior Notes payable	105,052		105,052
Finance lease liabilities	252		252
Trade and other payables	374,955		374,955
Income tax liability	29,226		29,226
Deposits for equipment	12,744		12,744
Deferred income	183,633	15,785	199,418
Total current liabilities	**952,640**	**15,785**	**968,425**
Total liabilities	**3,429,125**	**23,380**	**3,452,505**
Total equity and liabilities	**5,325,168**	**23,380**	**5,348,548**

7. Information on Seasonality in the Group's Operations

Historically, revenues from sales of equipment were subject to seasonality. The seasonality of sales of equipment was due to the increased number of new subscribers in the fourth quarter of the year (i.e. before Christmas holidays) and important sporting events which were not covered by terrestrial channels. Advertising and sponsoring revenue tends to be lowest during the third quarter of each calendar year due to the summer holiday period and highest during the second and fourth quarter of each calendar year due to the introduction of a new programming offer. Revenue from subscription fees is not directly subject to any seasonal trend.

(all amounts in PLN thousand, except where otherwise stated)

8. Revenue

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**	**30 September 2012 unaudited**	**30 September 2011 unaudited**
Retail sales	434,894	405,449	1,287,449	1,179,349
Advertising and sponsorship revenue	162,831	169,153	602,779	377,779
Revenue from cable and satellite operator fees	23,799	21,985	70,679	38,204
Sale of equipment	2,595	2,720	11,507	11,878
Other revenue	20,422	16,205	55,185	39,486
Total	**644,541**	**615,512**	**2,027,599**	**1,646,696**

Retail sales consists of pay-TV subscription fees, MVNO and Internet subscription fees, interconnection revenues and settlements with mobile network operators, revenue from rental of reception equipment and contractual penalties related to terminated agreements.

9. Operating costs

		for 3 months ended		for 9 months ended	
	Note	**30 September 2012 unaudited**	**30 September 2011 unaudited**	**30 September 2012 unaudited**	**30 September 2011 unaudited**
Programming costs		77,318	101,487	274,581	305,376
Cost of internal and external TV production and amortization of sport rights		66,029	81,523	249,536	157,366
Distribution, marketing, customer relation management and retention costs		73,661	72,831	216,992	220,312
Depreciation, amortization and impairment		60,238	48,254	171,355	121,349
Salaries and employee-related costs	a	38,907	35,739	119,778	97,518
Broadcasting and signal transmission costs		39,448	32,958	109,324	80,303
Amortization of purchased film licenses		28,132	30,757	80,759	56,526
Cost of settlements with mobile network operators and interconnection charges		11,196	5,903	32,838	16,900
Cost of equipment sold		6,985	5,585	20,049	24,710
Cost of debt collection services and bad debt allowance and receivables written off		5,363	15,513	19,668	52,243
Other costs		37,649	35,622	114,264	95,203
Total costs by kind		**444,926**	**466,172**	**1,409,144**	**1,227,806**

(all amounts in PLN thousand, except where otherwise stated)

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Cost of services, products, goods and materials sold	338,826	369,595	1,110,283	948,572
Selling expenses	59,702	57,387	169,889	171,425
General and administrative expenses	46,398	39,190	128,972	107,809
Total costs by function	**444,926**	**466,172**	**1,409,144**	**1,227,806**

a) Salaries and employee-related costs

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Salaries	33,470	31,175	100,586	83,275
Social security contributions	4,103	3,026	14,540	10,639
Other employee-related costs	1,334	1,538	4,652	3,604
Total	**38,907**	**35,739**	**119,778**	**97,518**

10. Finance income

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Foreign exchange gains on issued bonds	50,338	-	103,406	-
Results on call options:	-	1,427	-	-
Foreign currency options not designated as hedging instruments	-	*2,436*	-	-
Foreign currency options – settlement of instruments	-	*(1,009)*	-	-
Interest	4,844	3,339	13,179	6,695
Other foreign exchange gains, net	2,446	-	-	-
Other	-	-	796	48
Total	**57,628**	**4,766**	**117,381**	**6,743**

(all amounts in PLN thousand, except where otherwise stated)

11. Finance costs

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**	**30 September 2012 unaudited**	**30 September 2011 unaudited**
Interest expense on loans and borrowings	27,879	31,093	86,908	85,542
Realization of hedging instruments (IRS)	77	-	743	-
Interest expense on *Senior Notes*	26,315	29,965	81,357	41,387
Impact of hedging instruments valuation on interest expense on *Senior Notes*	105	(3,280)	549	(3,280)
Realization of hedging instruments (CIRS)	-	-	(2,183)	-
Other interest	1,855	412	3,615	732
Results on call options:	-	-	-	2,946
Foreign currency options not designated as hedging instruments	-	-	-	*(1,497)*
Foreign currency options – settlement of instruments	-	-	-	*4,443*
Foreign exchange losses on *Senior Notes* due in 2018	-	144,905	-	167,465
Foreign exchange losses, net	-	17,908	731	11,991
Guarantee fees	91	91	275	132
Bank and other charges	1,136	901	3,409	2,593
Other	102	190	309	384
Total	**57,560**	**222,185**	**175,713**	**309,892**

12. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 September 2012:

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
Series H	80,027,836	3,201	ordinary bearer shares
Total	**348,352,836**	**13,934**	

The shareholders' structure as at 30 September 2012 was as follows:

	30 September 2012				
	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
Pola Investments Ltd.[1]	154,204,296	6,168	44.27%	306,709,172	58.11%
Sensor Overseas Ltd.[2]	25,341,272	1,014	7.27%	50,382,647	9.55%
Other	168,807,268	6,752	48.46%	170,678,518	32.34%
Total	**348,352,836**	**13,934**	**100%**	**527,770,337**	**100%**

[1] Pola Investments Ltd. is controlled by Mr. Zygmunt Solorz-Żak

[2] Sensor Overseas Ltd. is controlled by Mr. Heronim Ruta

13. Hedge valuation reserve

Hedging instruments

On 17 May 2012 the Company concluded CIRS (cross-currency interest rate swap) transaction for the purpose of hedging future cash flows regarding Senior Notes interest payments, denominated in euro. The Senior Notes were issued by related party Cyfrowy Polsat Finance AB. According to the agreement the Company is a PLN fixed rate payer and the EUR fixed rate payer is bank. The termination date of the hedge relationship was agreed at 20 May 2014. The total EUR notional amount is equal to EUR 175,000,000 (not in thousands) and the PLN notional amount totals PLN 760,375,000 (not in thousands).

On 28 June 2012 the Company concluded IRS (interest rate swap) transaction for the purpose of hedging future cash flows regarding term loan interest payments (Senior Facilities Agreement). The Senior Facility Agreement was concluded to finance acquisition of Telewizja Polsat S.A. According to the agreement, the Company is a fixed rate payer and the floating rate payer is bank. The termination date of the hedge relationship was agreed at 31 December 2014. The notional amount is equal to PLN 362,869,769 (not in thousands).

Impact of hedging instruments valuation on hedge valuation reserve

Hedge valuation reserve	for 9 months ended 30 September 2012 unaudited	for 9 months ended 30 September 2011 unaudited
Balance as at 1 January	**4,758**	**-**
Valuation of cash flow hedges	(22,527)	9,737
Amount transferred to income statement	549	(3,280)
Deferred tax	4,176	(1,227)
Change for the period	**(17,802)**	**5,230**
Balance as at 30 September	**(13,044)**	**5,230**

During the 9 months ended 30 September 2012 the valuation of the hedge was negative PLN 22,527, including PLN 549 recognized in the profit and loss account. Since the hedge was determined to be effective, the remaining loss in the amount of PLN 21,978 was recognized within the hedge valuation reserve. Taking into consideration deferred tax, the total effect of the hedge valuation on the hedge valuation reserve is negative and amounts to PLN 17,802.

14. Loans and borrowings

	30 September 2012 unaudited	31 December 2011
Short-term liabilities	238,676	246,778
Long-term liabilities	680,371	958,407
Total	**919,047**	**1,205,185**

Change in loans and borrowings liabilities

	for 9 months ended 30 September 2012 unaudited	for 9 months ended 30 September 2011 unaudited
Loans and borrowings liabilities as at 1 January	**1,205,185**	**-**
Term loans received	-	2,800,000
Loans and borrowings assumed through acquisition of entities	96,818	19,978
Repayment of capital	(397,575)	(1,491,244)
Repayment of interest and commissions	(72,289)	(160,009)
Unpaid commissions included in the amortised cost valuation	-	(5,861)
Interest accrued	86,908	85,542
Loans and borrowings liabilities as at 30 September	**919,047**	**1,248,406**

On 29 August 2012 the Group has partly re-paid a principal of its Term Facility Loan in the amount of PLN 200,000. The repayment was executed using the cash generated from operations.

(all amounts in PLN thousand, except where otherwise stated)

15. Senior Notes payable

	30 September 2012 unaudited	31 December 2011
Short-term liabilities	99,687	105,052
Long-term liabilities	1,347,224	1,417,525
Total	**1,446,911**	**1,522,577**

Change in *Senior Notes* payable

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
***Senior Notes* payable as at 1 January**	**1,522,577**	**-**
Issuance of *Senior Notes*	-	1,372,245
Unrealized foreign exchange (gains)/losses	(103,406)	167,465
Repayment of interest and commission	(53,617)	(27,445)
Unpaid commissions included in the amortised cost valuation	-	(6,834)
Interest accrued	81,357	41,387
***Senior Notes* payable as at 30 September**	**1,446,911**	**1,546,818**

16. Acquisition of subsidiaries

Acquisition of 100% shares of INFO-TV-FM Sp. z o.o.

On 28 October 2011 Cyfrowy Polsat entered into an agreement with Narodowy Fundusz Inwestycyjny Magna Polonia S.A. and Evotec Management Limited for the acquisition of 100% shares of INFO-TV-FM Sp. z o.o. ('INFO-TV-FM').

INFO-TV-FM is the only wholesale provider of mobile media services, which includes distribution of radio and television broadcasts in DVB-T.

The ownership of shares of INFO-TV-FM Sp. z o.o. was transferred to the Group on 30 January 2012 following fulfillment of the conditions precedent.

The conditions precedent included separation of some INFO-TV-FM assets and activities, signing of the guarantee agreement by INFO-TV-OPERATOR Sp. z o. o. ('INFO Operator') (spin-off company) for the benefit of the Company and entering into a guarantee agreement by INFO-TV-FM and INFO Operator.

The Group uses the purchase accounting method for entities acquired under common control.

(all amounts in PLN thousand, except where otherwise stated)

a) Consideration transferred

	30 September 2012
Cash consideration	14,329
Settlement through purchase of Magna NFI bonds	14,984
Total	**29,313**

The fair value of the settlement through purchase of Magna NFI bonds includes the nominal value of the bonds and interest.

b) Reconciliation of transactional cash flow

Cash transferred on acquisition	(14,329)
Cash and cash equivalents received	1
Cash outflow in the period of 9 months ended 30 September 2012	**14,328**

c) Provisional fair value of net assets as at the acquisition date

The table below presents provisionally established fair values of identified assets and liabilities of the acquired companies, as at the acquisition date. The final purchase price allocation will be accounted for within 12 months from the date of acquisition.

	provisional fair value as at 30 January 2012
Property, plant and equipment	1,552
Other intangible assets	16,930
Tax and social security receivables	133
Cash and cash equivalents	1
Income tax liabilities	(7)
Provisional fair value of net assets acquired	**18,609**

The loss included in the interim condensed consolidated income statement for the reporting period since 30 January 2012 contributed by INFO-TV-FM was PLN 6,704. Had INFO-TV-FM been purchased on 1 January 2012 the loss included in the interim condensed consolidated income statement would not differ significantly.

d) Provisional accounting for goodwill

	30 January 2012
Purchase price of 100% shares	**29,313**
Provisional fair value of net assets	(**18,609**)
Provisional goodwill	**10,704**

(all amounts in PLN thousand, except where otherwise stated)

The acquisition agreement was concluded in order to continue realization of the Group's strategy aiming at wide distribution of content using all modern technologies.

The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations.

Acquisition of ipla

On 12 March 2012 the Company concluded agreements with Bithell Holdings Ltd. (Seller) relating to acquisition of shares in entities running ipla platform. Ipla is the leader in online video distribution in Poland. Agreements comprise acquisition of shares in the following entities:

1. 100% shares in Redefine Sp. z o.o., seated in Warsaw ('Redefine'),
2. 100% shares in Gery.pl Sp. z o.o., seated in Warsaw (in liquidation),
3. 100% shares in Frazpc.pl Sp. z o.o., seated in Warsaw,
4. 100% shares in Netshare Sp. z o.o. seated in Warsaw.

The Seller is controlled by Mr. Zygmunt Solorz-Żak.

The joint price for the shares, resulting from the above mentioned transactions amounted to PLN 42,856.

As at the date of signing the share purchase agreement, Redefine Sp. z o.o. held 100% of shares in POSZKOLE.pl Sp. z o.o. and 100 % of shares in STAT24 Sp. z o.o.

The acquisition date is 2 April 2012, when the title to the shares of the acquired companies was transferred to Cyfrowy Polsat.

On 13 April 2012, the acquired companies have entered into the cash pool agreement signed by the companies of the Group with RBS Bank Polska, which allowed the companies of the Group to use the cash pool in order to settle their liabilities.

The Group uses the purchase accounting method for entities acquired under common control.

a) Consideration transferred

	30 September 2012
Cash consideration	42,856
Total	**42,856**

b) Reconciliation of transactional cash flow

Cash transferred on acquisition	(42,856)
Cash and cash equivalents received	161
Cash outflow in the period of 9 months ended 30 September 2012	**(42,695)**

(all amounts in PLN thousand, except where otherwise stated)

c) Provisional fair value of net assets and goodwill as at the acquisition date

The table below presents provisionally established fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and the provisionally determined goodwill. The final purchase price allocation will be accounted for within 12 months from the date of acquisition.

Provisionally established fair values of assets and liabilities acquired as at 2 April 2012:

	provisional fair value as at the acquisition date (2 April 2012)
Net assets:	
Non-current assets	1,448
Current assets	4,912
Non-current liabilities	-
Current liabilities	(115,971)
Total net assets	**(109,611)**
Consideration transferred:	
Cash consideration	42,856
Provisional goodwill	**152,467**

The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations.

The loss included in the interim condensed consolidated income statement for the reporting period since 2 April 2012 contributed by the entities running ipla platform was PLN 7,894. Had they been purchased on 1 January 2012 the loss included in the interim condensed consolidated income statement would have amounted to 13,851 PLN.

Registration of Telewizja Polsat Holdings Sp. z o.o.

On 7 may 2012, Telewizja Polsat Holdings Sp. z o.o. was registered by the court. As at 30 September 2012 Telewizja Polsat Sp. z o.o. held 100% shares in the share capital of Telewizja Polsat Holdings Sp. z o.o.

17. Operating segments

The Group operates in the following two segments:

1. retail business segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services and production of set-top boxes;
2. broadcasting and television production segment.

The Group conducts its operating activities primarily in Poland.

(all amounts in PLN thousand, except where otherwise stated)

The activities of the Group are grouped into segments with distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterized by different risk levels and different investment returns from those of the Group's other segments.
Retail business segment includes:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees;
- mobile telecommunication postpaid services which generate revenues mainly from interconnection revenues, settlements with mobile network operators and subscription fees;
- providing access to broadband Internet which generates revenues mainly from traffic and subscription fees;
- production of set-top boxes.

Broadcasting and television production segment consists mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television channel in Poland. The revenues generated by the broadcasting and television production segment relate mainly to advertising and sponsorship revenues as well as revenues from cable and satellite operators.

Management evaluates the operating segments' results based on EBITDA. The EBITDA reflects the Group's ability to generate cash in a stable environment. The Group defines EBITDA as profit from operating activities increased by depreciation, amortization and impairment. The EBITDA is not an EU IFRS measure and thus its calculations may differ among the entities.

The table below presents a summary of the Group's revenues and expenses by operating segment for 9 months ended 30 September 2012:

The period of 9 months ended 30 September 2012 unaudited	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	1,321,331	706,268	-	2,027,599
Inter-segment revenues	9,034	72,833	(81,867)	-
Revenues	**1,330,365**	**779,101**	**(81,867)**	2,027,599
EBITDA	**501,890**	**283,193**	**2**	785,085
Profit/(loss) from operating activities	**362,352**	**254,040**	**(2,662)**	613,730
Acquisition of property, plant and equipment, reception equipment and other intangible assets	164,852*	22,201	-	187,053
Depreciation and amortization	133,376	29,055	2,664	165,095
Impairment	6,162	98	-	6,260
Balance as at 30 September 2012				
Assets, including:	1,562,991	3,118,199**	833,684***	5,514,874
Investments in associates	-	3,316	-	3,316

*This item also includes the acquisition of reception equipment for operating lease purposes
** Includes non-current assets located outside of Poland
*** This item relates primarily to recognition of Polsat brand

(all amounts in PLN thousand, except where otherwise stated)

It should be noted that the period of 9 months ended 30 September 2012 is not comparable to the period of 9 months ended 30 September 2011 as shares in Telewizja Polsat Sp. z o.o. were acquired on 20 April 2011, shares in INFO-TV-FM were acquired on 30 January 2012 and shares of entities running ipla platform were acquired on 2 April 2012.

The table below presents a summary of the Group's revenues and expenses by operating segment for the period of 9 months ended 30 September 2011:

Period of 9 months ended 30 September 2011 unaudited	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	1,212,977	433,719	-	1,646,696
Inter-segment revenues	1,361	39,584	(40,945)	-
Revenues	1,214,338	473,303	(40,945)	1,646,696
EBITDA	**386,504**	**151,564**	**-**	**538,068**
Profit/(loss) from operating activities	**287,796**	**131,248**	**(2,325)**	**416,719**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	210,205*	9,065	-	219,270
Depreciation, amortization and impairment	98,708	20,316	2,325	121,349
Balance as at 30 September 2011				
Assets, including:	1,332,434	3.185,471	845.964**	5,363,869
Investments in associates	-	1,844	-	1,844

*This item also includes the acquisition of set-top boxes for operating lease purposes.
**This item relates primarily to recognition of Polsat brand

Reconciliation of EBITDA and Net profit for the period:

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
EBITDA	**785,085**	**538,068**
Depreciation, amortization and impairment	(171,355)	(121,349)
Profit from operating activities	**613,730**	**416,719**
Foreign exchange differences on Senior Notes (notes 10 and 11)	103,406	(167,465)
Other foreign exchange rate differences, net (notes 10 and 11)	(731)	(11,991)
Interest income (note 10)	13,179	6,695
Share of the profit of associate accounted for using the equity method	2,044	1,487
Interest costs (note 11)	(170,989)	(124,381)
Loss on call options (note 11)	-	(2,946)
Other	(3,197)	(3,061)
Gross profit for the period	**557,442**	**115,057**
Income tax	(80,768)	(31,164)
Net profit for the period	**476,674**	**83,893**

(all amounts in PLN thousand, except where otherwise stated)

18. Transactions with related parties

Receivables

	30 September 2012 unaudited	31 December 2011
Polkomtel Sp. z o.o.	8,231	1,181
Polskie Media S.A.	3,897	-
Teleaudio DWA Sp. z o.o.	2,463	5,059
Superstacja Sp. z o.o.	976	969
Aero 2 Sp. z o.o.	305	16
Polsat Jim Jam Ltd.	174	848
Invest Bank S.A.*	83	128
Radio PIN S.A.	68	106
Sferia S.A.	53	201
PRN Polska Sp. z o.o.	22	268
ATM System Sp. z o.o.	16	-
TFP Sp. z o.o.	11	24
Ster Sp. z o.o.	10	17
Redefine Sp. z o.o.	-	3,239
Inwestycje Polskie Sp. z o.o.*	-	333
ATM Grupa S.A.	-	12
Other	23	9
Total	**16,332**	**12,410**

*Amounts presented above do not include deposits paid to Inwestycje Polskie, Invest Bank and Polsat Nieruchomości (PLN 2,439, PLN 92 and PLN 15, respectively)

Liabilities

	30 September 2012 unaudited	31 December 2011
Mobyland Sp. z o.o.	10.561	-
ATM Grupa S.A.	7,543	4,114
Polskie Media S.A.	5,134	-
Polkomtel Sp. z o.o.	2,735	1,001
Polsat Jim Jam Ltd.	825	594
Polsat Media BV	516	-
Superstacja Sp. z o.o.	361	102
PRN Polska Sp. z o.o.	302	654
Inwestycje Polskie Sp. z o.o.	210	166
TFP Sp. z o.o.	188	507
Blue Jet Sp. z.o.o.	97	-
PAI Media S.A.	85	170
Radio PIN S.A.	77	-
Sirocco Mobile Sp. z o.o.	60	-
Invest Bank S.A.	1	94
Redefine Sp. z o.o.	-	164
Centernet S.A.	-	21
Other	11	65
Total	**28,707**	**7,652**

Receivables due from related parties and liabilities due to related parties are unsecured and have not been pledged as security.

The amounts presented above 'Liabilities' do not include accruals.

Other non-current / current assets

	30 September 2012 unaudited	31 December 2011
Mobyland Sp. z o.o.	145,758	94,281
Polkomtel Sp. z o.o.	736	-
Radio PIN S.A.	94	-
Total	**146,588**	**94,281**

Other current assets include deferred expenses (current and non-current) relating to an agreement with Mobyland Sp. z o.o.

On 28 September 2012 the Group signed a memorandum of understanding to the data transfer services agreement dated 15 December 2010 and placed an order for the purchase of 31 million GB. According to the agreement, Mobyland provides the access to wireless data transfer services, based on 1800MHz and 900MHz bands in LTE and HSPA+ technologies.

The net price of 1 MB is PLN 0.00645 (not in thousands). The payment for the order will be performed in 4 equal monthly installments in the September-December 2012 period and in 12 equal monthly installments, starting from January 2013.

(all amounts in PLN thousand, except where otherwise stated)

Revenues

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
Polkomtel Sp. z o.o.*	8,456	-
Polskie Media S.A.**	4,227	8,862
Teleaudio DWA Sp. z o.o.	3,633	2,432
ATM System Sp. z o.o.	858	174
ATM Grupa S.A.	549	4
Invest Bank S.A.	523	804
Radio PIN S.A.	519	247
Polsat Jim Jam Ltd.	507	1,603
Aero 2 Sp. z o.o.***	491	-
Redefine Sp. z o.o.****	474	1,092
Sferia S.A.	130	355
Ster Sp. z o.o.	120	58
Superstacja Sp. z o.o.	112	38
Centernet S.A.	91	13
Nordisk Polska Sp. z o.o.	49	-
PRN Polska Sp. z o.o.	45	160
TFP Sp. z o.o.	41	43
Mobyland Sp. z o.o.	30	-
Telewizja Polsat Sp. z o.o.*****	-	484
Polsat Futbol Ltd.*****	-	364
Media-Biznes Sp. z o.o.*****	-	59
Dom Sprzedaży Radia PIN Sp. z o.o.	-	63
Other	11	16
Total	**20,866**	**16,871**

*Revenues for 9 months ended 30 September 2011 not included (the company is related from 9 November 2011).
**Revenues cover the period from 1 January to 8 July 2011 and 28 June to 30 September 2012 (the company was not related in the period from 9 July 2011 to 27 June 2012 period).
***Within 9 months ended 30 September 2011 revenues cover the 13 May-30 September period (the company is related from 13 May 2011).
****Within 9 months ended 30 September 2012 revenues cover the 1 January-1 April period (the company is consolidated from 2 April 2012).
*****Revenues for 9 months ended 30 September 2012 not included; within 9 months ended 30 September 2011 revenues cover the 1 January-19 April period (the company is consolidated from 20 April 2011).

The most significant transactions include sale of equipment and interconnect services rendered to Polkomtel Sp. z o.o., licence fees on programming assets and transponder rental fees from Polskie Media S.A. and revenues from audiotext services rendered to Teleaudio DWA Sp. z o.o.

(all amounts in PLN thousand, except where otherwise stated)

Expenses and purchases of programming assets

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
Mobyland Sp. z o.o.*	27,396	5,672
ATM Grupa S.A.	22,831	11,602
Inwestycje Polskie Sp. z o.o.	14,110	7,923
Polskie Media Sp. z o.o.**	13,031	468
Teleaudio DWA Sp. z o.o.	9,065	6,885
Polkomtel Sp. z o.o.***	6,353	-
Redefine Sp. z o.o.****	4,832	1,470
Polsat Jim Jam Ltd.	4,235	3,390
PRN Polska Sp. z o.o.	2,176	32
Elektrim S.A.	1,968	1,508
Superstacja Sp. z o.o.	1,950	202
ATM System Sp. z o.o.	1,621	1,238
TFP Sp. z o.o.	1,387	659
PAI Media S.A.	1,234	876
Polsat Nieruchomości Sp. z o.o.	441	249
Invest Bank S.A.	248	435
Radio PIN S.A.	102	58
Aero 2 Sp. z o.o.*	85	-
Blue Jet Sp. z o.o.	85	-
Sferia S.A.	67	193
ATM Studio Sp. z o.o.	45	-
Ster Sp. z o.o.	42	60
Tower Service Sp. z o.o.*****	42	21
Polskie Nieruchomości Sp. z o.o.	40	11
Telewizja Dolnośląska Sp. z o.o.	22	12
Centernet S.A.	13	10
Studio A Sp. z o.o.	10	6,801
Telewizja Polsat Sp. z o.o.******	-	22,497
Dom Sprzedaży Radia PIN Sp. z o.o.	-	127
Baltmedia Sp. z o.o.	-	90
Polsat Media Sp. z o.o.******	-	78
Media-Biznes Sp. z o.o.******	-	22
Other	8	521
Total	**113,439**	**73,110**

*Within 9 months ended 30 September 2011 costs cover the 13 May-30 September period (the company is related from 13 May 2011).
**Costs cover the period from 1 January to 8 July 2011 and 28 June to 30 September 2012 (the company was not related in the period from 9 July 2011 to 27 June 2012)
***Costs for 9 months ended 30 September 2011 not included (the company is related from 9 November 2011).
****Within 9 months ended 30 September 2012 costs cover the 1 January-1 April period (the company is consolidated from 2 April 2012).
*****Within 9 months ended 30 September 2011 costs cover the 20 April-30 September (the company is related from 20 April 2011).
******Costs for 9 months ended 30 September 2012 not included; within 9 months ended 30 September 2011 costs cover the 1 January-19 April period (the company is consolidated from 20 April 2011).

(all amounts in PLN thousand, except where otherwise stated)

Mobyland Sp. z o.o. provides data transfer services. The Group purchases programming assets from ATM Grupa S.A., Studio A Sp. z o.o. and TFP SP. z o.o. The Group rents property and advertising space from Inwestycje Polskie S.A. and Elektrim S.A. Polskie Media S.A. provides advertising services. Teleaudio DWA Sp. z o.o. provides mainly telecommunication services with respect to the Group's customer call center. Redefine Sp. z o.o. provides advertising and IT services. The Group pays license fees to Polsat Jim Jam Ltd. for broadcasting Polsat Jim Jam. The Group rents filming and lighting equipment from ATM System Sp. z o.o.

Finance income

	for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited
Inwestycje Polskie Sp. z o.o.	51	32
Other	12	12
Total	**63**	**44**

Finance costs

	for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited
Laris Investments Sp. z o.o.	87	-
Total	**87**	**-**

19. Litigations

Management believes that the provisions as at 30 September 2012 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

Proceedings before the President of the Office of Competition and Consumer Protection ('UOKiK') regarding the application of practices breaching collective interests of consumers

In 2009 the Parent received UOKiK's decision whereby the President of UOKiK confirmed that certain statements included in the Company's service delivery regulations in force prior to 1 November 2009, were breaching the collective interests of consumers and imposed a cash fine of PLN 994. At the same time, the President of UOKiK acknowledged that these unlawful provisions were eliminated from the amended regulations.

On 26 April 2012 the Court of Appeals has ruled to reduce the penalty imposed on the Company by UOKiK to PLN 500 which was paid by the Company on 6 June 2012.

On 24 August 2012 the Company appealed against the decision to the Supreme Court.

(all amounts in PLN thousand, except where otherwise stated)

20. Other disclosures

Security relating to loans and borrowings

Security relating to loans and borrowings did not change compared with the ones described in the consolidated financial statements for the year ended 31 December 2011.

Commitments to purchase programming assets

As at 30 September 2012 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	30 September 2012 unaudited	31 December 2011
within one year	148,546	155,502
between 1 to 5 years	95,792	203,377
Total	**244,338**	**358,879**

The table below presents commitments to purchase programming assets from related parties not included in the interim condensed consolidated financial statements:

	30 September 2012 unaudited	31 December 2011
within one year	15,271	6,702
Total	**15,271**	**6,702**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 3,156 as at 30 September 2012 (PLN 10,613 as at 31 December 2011). Total amount of capital commitments resulting from agreements on property improvements was PLN 1,860 as at 30 September 2012 (PLN 3,906 as at 31 December 2011). Additionally the yet unbilled amount of deliveries and services committed to agreements for the purchases of licences and software as at 30 September 2012 was PLN 1,131 (PLN 946 as at 31 December 2011).

21. Subsequent events

On 19 October 2012 the Management Board of Cyfrowy Polsat resolved to merge the Company with Cyfrowy Polsat Technology Sp. z o.o. (‘CPT’), in which Cyfrowy Polsat holds 100% of share capital.
The merger will be effected by:

1. transferring to Cyfrowy Polsat (as the sole shareholder of CPT) all the assets of CPT by the way of universal succession, and
2. termination of CPT without liquidation.

As a result of the merger, Cyfrowy Polsat will assume all rights and obligations of CPT, effective on the date of the merger.

22. Accounting estimates and judgments

The preparation of interim condensed consolidated financial statements in conformity with EU IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are based on historical data and other factors considered reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities, which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key accounting estimates and assumptions applied in preparation of these interim condensed consolidated financial statements were the same as those adopted in the preparation of consolidated financial statements for the year ended 31 December 2011.

The most significant estimates and judgments made related primarily to the economic useful live of Polsat brand. The Group concluded that there is no foreseeable time limit in which the Polsat brand will bring net cash inflows to the Group, therefore an indefinite economic useful live has been adopted. The Group reviews at least as at the balance sheet date whether events and circumstances continue to justify the indefinite useful live of the Polsat brand.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for the 3 and 9 months ended 30 September 2012

Prepared in accordance
with International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 13 November 2012, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of the Cyfrowy Polsat S.A. prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, which include:

Interim Income Statement for the period from 1 January 2012 to 30 September 2012 showing a net profit for the period of:	PLN 518,162
Interim Statement of Comprehensive Income for the period from 1 January 2012 to 30 September 2012 showing a total comprehensive income for the period of:	PLN 500,360
Interim Balance Sheet as at 30 September 2012 showing total assets and total equity and liabilities of:	PLN 5,932,880
Interim Cash Flow Statement for the period from 1 January 2012 to 30 September 2012 showing a net increase in cash and cash equivalents amounting to:	PLN 43,986
Interim Statement of Changes in Equity for the period from 1 January 2012 to 30 September 2012 showing an increase in equity of:	PLN 500,360

Notes to the Interim Condensed Financial Statements

The interim condensed financial statements have been 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, 13 November 2012

(all amounts in PLN thousand, except where otherwise stated)

Interim Income Statement

	Note	for 3 months ended 30 September 2012 unaudited	for 3 months ended 30 September 2011 unaudited	for 9 months ended 30 September 2012 unaudited	for 9 months ended 30 September 2011 unaudited
Revenue	8	445,573	413,829	1,318,143	1,204,240
Operating costs		(328,319)	(316,210)	(978,343)	(939,215)
Cost of services, goods and materials sold	9	(233,533)	(232,991)	(704,147)	(679,436)
Selling expenses	9	(63,820)	(57,909)	(191,237)	(181,137)
General and administrative expenses	9	(30,966)	(25,310)	(82,959)	(78,642)
Other operating income/costs		(1,384)	(365)	(3,628)	(2,285)
Profit from operating activities		**115,870**	**97,254**	**336,532**	**262,740**
Finance income	10	54,998	6,123	415,503	209,000
Finance costs	11	(60,200)	(210,703)	(185,707)	(303,677)
Gross profit/(loss) for the period		**110,668**	**(107,326)**	**566,328**	**168,063**
Income tax		(17,482)	19,046	(48,166)	741
Net profit/(loss) for the period		**93,186**	**(88,280)**	**518,162**	**168,804**
Basic and diluted earnings per share (PLN)		**0.27**	**(0.25)**	**1.49**	**0.53**

Interim Statement of Comprehensive Income

	Note	for 3 months ended 30 September 2012 unaudited	for 3 months ended 30 September 2011 unaudited	for 9 months ended 30 September 2012 unaudited	for 9 months ended 30 September 2011 unaudited
Net profit/(loss) for the period		**93,186**	**(88,280)**	**518,162**	**168,804**
Hedge valuation	14	(11,624)	7,602	(21,978)	6,457
Income tax relating to hedge valuation	14	2,208	(1,445)	4,176	(1,227)
Other comprehensive income, net of tax		**(9,416)**	**6,157**	**(17,802)**	**5,230**
Total comprehensive income for the period		**83,770**	**(82,123)**	**500,360**	**174,034**

(all amounts in PLN thousand, except where otherwise stated)

Interim Balance Sheet - Assets

	30 September 2012 unaudited	31 December 2011
Reception equipment	454,168	434,316
Other property, plant and equipment	130,469	133,841
Goodwill	52,022	52,022
Other intangible assets	31,143	28,598
Investment property	6,982	6,843
Shares in subsidiaries	4,588,978	4,516,033
Non-current deferred distribution fees	33,252	35,028
Other non-current assets	107,930	62,491
Total non-current assets	**5,404,944**	**5,269,172**
Inventories	144,131	159,950
Bonds	-	14,854
Trade and other receivables	218,131	201,797
Income tax receivable	-	9,619
Current deferred distribution fees	54,038	59,361
Other current assets	55,805	71,349
Cash and cash equivalents	55,831	11,858
Total current assets	**527,936**	**528,788**
Total assets	**5,932,880**	**5,797,960**

(all amounts in PLN thousand, except where otherwise stated)

Interim Balance Sheet - Equity and Liabilities

	Note	30 September 2012 unaudited	31 December 2011
Share capital	13	13,934	13,934
Share premium		1,295,103	1,295,103
Hedge valuation reserve	14	(13,044)	4,758
Retained earnings		1,707,443	1,189,281
Total equity		**3,003,436**	**2,503,076**
Loans and borrowings	15	680,371	958,406
Issued bonds	16	1,332,231	1,397,481
Finance lease liabilities		638	934
Deferred tax liabilities		100,510	65,378
Deferred income		5,716	7,595
Other non-current liabilities and provisions		14,825	5,589
Total non-current liabilities		**2,134,291**	**2,435,383**
Loans and borrowings	15	238,676	290,617
Issued bonds	16	113,686	119,473
Finance lease liabilities		234	252
Trade and other payables		217,767	239,831
Income tax payable		3,715	-
Deposits for equipment		12,084	12,743
Deferred income		208,991	196,585
Total current liabilities		**795,153**	**859,501**
Total liabilities		**2,929,444**	**3,294,884**
Total equity and liabilities		**5,932,880**	**5,797,960**

(all amounts in PLN thousand, except where otherwise stated)

Interim Cash Flow Statement

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
Net profit for the period	**518,162**	**168,804**
Adjustments for:	**(224,078)**	**(124,881)**
Depreciation, amortization and impairment	140,284	98,283
Loss on investing activity	113	337
Interest expense	173,765	125,539
Change in inventories	15,819	(6,679)
Change in receivables and other assets	(51,887)	(95,380)
Change in liabilities, provisions and deferred income	(147)	(33,761)
Valuation of hedging instruments	(21,978)	6,457
Foreign exchange losses/(gains), net	(102,855)	166,485
Income tax	48,166	(741)
Net increase in reception equipment provided under operating lease	(129,390)	(189,945)
Dividends income	(297,230)	(197,030)
Other adjustments	1,262	1,554
Net cash from operations before income taxes and interest	**294,084**	**43,923**
Income tax received/(paid)	4,455	(1,630)
Interest received from operating activities	5,276	3,249
Net cash from operating activities	**303,815**	**45,542**
Acquisition of property, plant and equipment	(17,111)	(17,762)
Acquisition of intangible assets	(16,943)	(9,981)
Loans granted	(1,700)	-
Dividends received	297,230	196,817
Acquisition of shares in subsidiaries	(45,185)	(2,600,232)
Loans repaid - principal	1,700	50
Interest on loans repaid	12	2
Proceeds from sale of property, plant and equipment	191	211
Net cash from/(used in) investing activities	**218,194**	**(2,430,895)**
Loans and borrowings	-	2,800,000
Issuance of bonds	-	1,372,245
Net cash from Cash Pool	(43,839)	-
Proceeds from realization of foreign exchange call options	-	1,043
Merger with subsidiaries	-	1,530
Payment of interest on loans, borrowings, bonds, finance lease and commissions	(132,038)	(204,214)
Finance lease – principal repayments	(243)	(269)
Repayment of loans and borrowings	(301,903)	(1,483,423)
Net cash from/(used in) financing activities	**(478,023)**	**2,486,912**
Net increase in cash and cash equivalents	**43,986**	**101,559**
Cash and cash equivalents at the beginning of the period	**11,858**	**24,195**
Effect of exchange rate fluctuations on cash and cash equivalents	(13)	167
Cash and cash equivalents at the end of the period	**55,831**	**125,921**

(all amounts in PLN thousand, except where otherwise stated)

Interim Statement of Changes in Equity for 9 months ended 30 September 2012

	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2012	**13,934**	**1,295,103**	**4,758**	**1,189,281**	**2,503,076**
Total comprehensive income	-	-	(17,802)	518,162	**500,360**
Hedge valuation reserve (Note 14)	-	-	*(17,802)*	-	***(17,802)***
Net profit for the period	-	-	-	*518,162*	***518,162***
Balance as at 30 September 2012 unaudited	**13,934**	**1,295,103**	**(13,044)**	**1,707,443**	**3,003,436**

* The capital excluded from distribution amounts to PLN 4,645. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.

Interim Statement of Changes in Equity for 9 months ended 30 September 2011

	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2011	**10,733**	**-**	**-**	**1,048,303**	**1,059,036**
Total comprehensive income	-	-	5,230	168,804	**174,034**
Hedge valuation reserve	-	-	*5,230*	-	***5,230***
Net profit for the period	-	-	-	*168,804*	***168,804***
Share issue	3,201	1,295,103	-	-	**1,298,304**
Merger with M.Punkt Holdings Ltd.	-	-	-	(460)	**(460)**
Merger with mPunkt Polska S.A.	-	-	-	(14,616)	**(14,616)**
Merger with MTel Sp. z o.o.	-	-	-	(39)	**(39)**
Balance as at 30 September 2011 unaudited	**13,934**	**1,295,103**	**5,230**	**1,201,992**	**2,516,259**

* The capital excluded from distribution amounts to PLN 4,645. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.

(all amounts in PLN thousand, except where otherwise stated)

Notes to the Interim Condensed Financial Statements

1. The Company

Cyfrowy Polsat S.A. ('the Company', 'Cyfrowy Polsat') was incorporated in Poland as a joint stock company. The Company's shares are traded on the Warsaw Stock Exchange. The Company's registered office is located at 4a Łubinowa Street in Warsaw.

The Company operates in Poland as a provider of a paid digital satellite platform under the name of 'Cyfrowy Polsat' and paid digital terrestrial television as well as a Mobile Virtual Network Operator ('MVNO') and Internet access services provider.

The Company's activities comprise one segment – services rendered to general public.

The Company was incorporated under the Notary Deed dated 30 October 1996.

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,
- 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 the 9 months ended 30 September 2012 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting.* These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Company applied the same accounting policies in the preparation of the financial data for the 9 months ended 30 September 2012 and the financial statements for the year 2011, 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 2012 and except for effects of presentation changes as described in note 6.

During the 9 months ended 30 September 2012 the following became effective:

(i) amendments to IFRS 7 – *Financial Instruments: Disclosures – Transfers of Financial Assets*
The amendments specify the scope of disclosures related to transfers of financial assets. The changes have no impact on these interim condensed financial statements.

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

In line with the provisions of IAS 18, starting from the year 2012 the Company recognizes lower revenues from penalties for breaching contracts by the clients due to change of accounting estimates regarding recognition and recoverability of these revenues. This change of estimates does not materially influence the Company's operating results as the Company respectively recognizes lower bad debt allowance expense. The Management Board believes that this approach reflects the business standing of the Company more precisely and is more transparent for the market environment.

Had the Company proceeded with this approach in the year 2011, the revenue would have totalled PLN 1,588,781.

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 13 November 2012.

6. Change in presentation

The Company changed its interim income statement presentation to present cost of debt collection services together with bad debt allowance expenses and income resulting from reversal of bad debt allowance in the operating costs. None of the introduced changes affected the previously reported amounts of net profit, EBITDA, or equity.

Cost of debt collection services were previously presented within Costs of services, goods and materials sold (Distribution, marketing, customer relation management and retention costs in costs by kind – see note 9) while bad debt allowance was presented within Other operating income/costs.

(all amounts in PLN thousand, except where otherwise stated)

Comparable results for the period ended 30 September 2011 have been reclassified to conform to the current period presentation as presented in the table below. Reclassifications are presented in the table below. Reclassifications have also been made in the notes to these interim condensed financial statements.

	for 3 months ended		
	30 September 2011 unaudited *(reported)*	**Change**	**30 September 2011 unaudited** *(restated)*
Revenue	413,829		413,829
Operating costs	(302,822)	(13,388)	(316,210)
Cost of services, goods and materials sold	(219,603)	(13,388)	(232,991)
Selling expenses	(57,909)		(57,909)
General and administrative expenses	(25,310)		(25,310)
Other operating income/costs	(13,753)	13,388	(365)
Profit from operating activities	**97,254**	**-**	**97,254**
Finance income	7,132	(1,009)	6,123
Finance costs	(211,712)	1,009	(210,703)
Gross loss for the period	**(107,326)**	**-**	**(107,326)**
Income tax	19,046		19,046
Net loss for the period	**(88,280)**	**-**	**(88,280)**

	for 9 months ended		
	30 September 2011 unaudited *(reported)*	**Change**	**30 September 2011 unaudited** *(restated)*
Revenue	1,204,240		1,204,240
Operating costs	(893,685)	(45,530)	(939,215)
Cost of services, goods and materials sold	(633,906)	(45,530)	(679,436)
Selling expenses	(181,137)		(181,137)
General and administrative expenses	(78,642)		(78,642)
Other operating income/costs	(47,815)	45,530	(2,285)
Profit from operating activities	**262,740**	**-**	**262,740**
Finance income	210,496	(1,496)	209,000
Finance costs	(305,173)	1,496	(303,677)
Gross profit for the period	**168,063**	**-**	**168,063**
Income tax	741		741
Net profit for the period	**168,804**	**-**	**168,804**

(all amounts in PLN thousand, except where otherwise stated)

The Company changed its balance sheet presentation to present long term portion of the data transfer order from Mobyland in Other non-current assets (reclassification from Other current assets). The Company also reclassified and presented Non-current deferred distribution fees and Current deferred distribution fees separately from Other non-current assets and Other current assets, respectively. The Company reclassified receivables and deferred income. None of the introduced changes affected the previously reported amounts of net profit, EBITDA, or equity.

	31 December 2011 *(reported)*	**Change**	**31 December 2011** *(restated)*
Reception equipment	434,316		434,316
Other property, plant and equipment	133,841		133,841
Goodwill	52,022		52,022
Other intangible assets	28,598		28,598
Investment property	6,843		6,843
Shares in subsidiaries	4,516,033		4,516,033
Non-current deferred distribution fees	-	35,028	35,028
Other non-current assets	44,691	17,800	62,491
Total non-current assets	**5,216,344**	**52,828**	**5,269,172**
Inventories	159,950		159,950
Bonds	14,854		14,854
Trade and other receivables	178,417	23,380	201,797
Income tax receivable	9,619		9,619
Current deferred distribution fees	-	59,361	59,361
Other current assets	183,538	(112,189)	71,349
Cash and cash equivalents	11,858		11,858
Total current assets	**558,236**	**(29,448)**	**528,788**
Total assets	**5,774,580**	**23,380**	**5,797,960**

(all amounts in PLN thousand, except where otherwise stated)

	31 December 2011 *(reported)*	**Change**	**31 December 2011** *(restated)*
Share capital	13,934		13,934
Reserve capital	1,037,258	(1,037,258)	-
Other reserves	1,305,277	(1,305,277)	-
Share premium	-	1,295,103	1,295,103
Hedge valuation reserve	4,758		4,758
Retained earnings	141,849	1,047,432	1,189,281
Total equity	**2,503,076**	**-**	**2,503,076**
Loans and borrowings	958,406		958,406
Issued bonds	1,397,481		1,397,481
Finance lease liabilities	934		934
Deferred tax liabilities	65,378		65,378
Deferred income	-	7,595	7,595
Other non-current liabilities and provisions	5,589		5,589
Total non-current liabilities	**2,427,788**	**7,595**	**2,435,383**
Loans and borrowings	290,617		290,617
Issued bonds	119,473		119,473
Finance lease liabilities	252		252
Trade and other payables	239,831		239,831
Deposits for equipment	12,743		12,743
Deferred income	180,800	15,785	196,585
Total current liabilities	**843,716**	**15,785**	**859,501**
Total liabilities	**3,271,504**	**23,380**	**3,294,884**
Total equity and liabilities	**5,774,580**	**23,380**	**5,797,960**

7. Information on Seasonality in the Company's Operations

Historically, revenues from sales of equipment were subject to seasonality. The seasonality of sales of equipment was due to the increased number of new subscribers in the fourth quarter of the year (before Christmas) and important sporting events which were not covered in terrestrial channels. Revenue from subscription fees is not directly subject to any seasonal trend.

(all amounts in PLN thousand, except where otherwise stated)

8. Revenue

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Retail sales	434,109	405,451	1,286,115	1,179,354
Sale of equipment	2,696	2,741	11,450	7,478
Other revenue	8,768	5,637	20,578	17,408
Total	**445,573**	**413,829**	**1,318,143**	**1,204,240**

Retail sales consists of pay-TV subscription fees, MVNO and Internet subscription fees, interconnection revenues and settlements with mobile network operators, revenue from rental of reception equipment and contractual penalties related to terminated agreements.

9. Operating costs

		for 3 months ended		for 9 months ended	
	Note	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Programming costs		106,748	112,114	317,779	318,373
Distribution, marketing, customer relation management and retention costs		70,559	70,189	213,439	218,877
Depreciation, amortization and impairment		50,433	36,360	140,284	98,283
Broadcasting and signal transmission costs		23,374	22,039	67,646	62,990
Salaries and employee-related costs	a	20,201	17,721	64,666	62,011
Cost of settlements with mobile network operators and interconnection charges		11,197	5,903	32,838	16,900
Cost of equipment sold		6,997	5,623	19,828	21,369
Cost of debt collection services and bad debt allowance and receivables written off		5,577	15,993	19,534	51,626
Other costs		33,233	30,268	102,329	88,786
Total costs by kind		**328,319**	**316,210**	**978,343**	**939,215**

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Cost of services, goods and materials sold	233,533	232,991	704,147	679,436
Selling expenses	63,820	57,909	191,237	181,137
General and administrative expenses	30,966	25,310	82,959	78,642
Total costs by function	**328,319**	**316,210**	**978,343**	**939,215**

(all amounts in PLN thousand, except where otherwise stated)

a) Salaries and employee-related costs

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Salaries	17,336	15,636	54,179	52,850
Social security contributions	2,272	1,466	8,601	7,226
Other employee-related costs	593	619	1,886	1,935
Total	**20,201**	**17,721**	**64,666**	**62,011**

10. Finance income

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Dividends received (see note 17)	-	-	297,230	197,030
Foreign exchange gains on issued bonds	50,076	-	102,868	-
Guarantee fees from related parties (see note 17)	2,256	3,009	7,169	8,655
Results on call options:	-	1,427	-	-
Foreign currency options not designated as hedging instruments	-	*2,436*	-	-
Foreign currency options – settlement of instruments	-	*(1,009)*	-	-
Interest	2,461	1,687	5,417	3,315
Other foreign exchange gains, net	205	-	2,040	-
Other	-	-	779	-
Total	**54,998**	**6,123**	**415,503**	**209,000**

(all amounts in PLN thousand, except where otherwise stated)

11. Finance costs

	for 3 months ended		for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited	30 September 2012 unaudited	30 September 2011 unaudited
Interest expense on loans and borrowings	27,880	31,093	86,480	84,674
Realization of hedging instruments (IRS)	77	-	743	-
Interest expense on issued bonds	30,157	34,322	93,236	47,380
Impact of hedging instruments valuation on interest expense on issued bonds	105	(3,280)	549	(3,280)
Realization of hedging instruments (CIRS)	-	-	(2,183)	-
Other interest	81	73	358	80
Results on call options:	-	-	-	2,946
Foreign currency options not designated as hedging instruments	-	-	-	*(1,497)*
Foreign currency options – settlement of instruments	-	-	-	*4,443*
Foreign exchange losses on issued bonds	-	144,151	-	166,651
Other foreign exchange loss, net	-	2,721	-	115
Guarantee fees	765	716	3,184	2,569
Bank and other charges	1,135	902	3,338	2,536
Other	-	5	2	6
Total	**60,200**	**210,703**	**185,707**	**303,677**

12. Acquisition of subsidiaries

On 28 October 2011 Cyfrowy Polsat entered into an agreement with Narodowy Fundusz Inwestycyjny Magna Polonia S.A. and Evotec Management Limited for the acquisition of 100% shares of INFO-TV-FM Sp. z o.o. ('INFO-TV-FM').

INFO-TV-FM is the only wholesale provider of mobile media services, which includes distribution of radio and television broadcasts in DVB-T.

The ownership of shares of INFO-TV-FM Sp. z o.o. was transferred to the Company on 30 January 2012 following fulfillment of the conditions precedent. The fair value of the consideration transferred is equal to PLN 29,313.

The conditions precedent included separation of some INFO-TV-FM assets and activities, signing of the guarantee agreement by INFO-TV-OPERATOR Sp. z o.o. ('INFO Operator') (spin-off company) for the benefit of the Company and entering of a guarantee agreement by INFO-TV-FM and INFO Operator.

The acquisition agreement was concluded in order to continue realization of strategy of Cyfrowy Polsat S.A. Group ('Group') aiming at wide distribution of content using all modern technologies.

(all amounts in PLN thousand, except where otherwise stated)

On 12 March 2012 the Company concluded agreements with Bithell Holdings Ltd. (Seller) relating acquisition of shares in entities running ipla platform. Ipla is the leader in online video distribution in Poland. Agreements comprised acquisition of shares in the following entities:
1. 100% shares in Redefine Sp. z o.o., seated in Warsaw ('Redefine'),
2. 100% shares in Gery.pl Sp. z o.o., seated in Warsaw (in liquidation),
3. 100% shares in Frazpc.pl Sp. z o.o., seated in Warsaw,
4. 100% shares in Netshare Sp. z o.o. seated in Warsaw.

The Seller is controlled by Mr. Zygmunt Solorz-Żak.

The acquisition date is 2 April 2012, when the title to the shares of the acquired companies was transferred to Cyfrowy Polsat. The joint price for the shares, resulting from the above mentioned transactions amounted to PLN 42,856.

As at the date of signing the share purchase agreement, Redefine Sp. z o.o. held 100% of shares in POSZKOLE.pl Sp. z o.o. and 100 % of shares in STAT24 Sp. z o.o.

13. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 September 2012:

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
Series H	80,027,836	3,201	ordinary bearer shares
Total	**348,352,836**	**13,934**	

The shareholders' structure as at 30 September 2012 was as follows:

	30 September 2012				
	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
Pola Investments Ltd. [1]	154,204,296	6,168	44.27%	306,709,172	58.11%
Sensor Overseas Ltd. [2]	25,341,272	1,014	7.27%	50,382,647	9.55%
Other	168,807,268	6,752	48.46%	170,678,518	32.34%
Total	**348,352,836**	**13,934**	**100%**	**527,770,337**	**100%**

[1] Pola Investments Ltd. is controlled by Mr. Zygmunt Solorz-Żak

[2] Sensor Overseas Ltd. is controlled by Mr. Heronim Ruta

14. Hedge valuation reserve

Purchase of hedging instruments

On 17 May 2012 the Company concluded CIRS (cross-currency interest rate swap) transaction for the purpose of hedging future cash flows regarding Senior Notes interest payments, denominated in euro. The Senior Notes were issued by related party Cyfrowy Polsat Finance AB. According to the agreement the Company is a PLN fixed rate payer and the EUR fixed rate payer is bank. The termination date of the hedge relationship was agreed at 20 May 2014. The total EUR notional amount is equal to EUR 175,000,000 (not in thousands) and the PLN notional amount totals PLN 760,375,000 (not in thousands).

On 28 June 2012 the Company concluded IRS (interest rate swap) transaction for the purpose of hedging future cash flows regarding term loan interest payments (Senior Facilities Agreement). The Senior Facility Agreement was concluded to finance acquisition of Telewizja Polsat S.A. According to the agreement the Company is a fixed rate payer and the floating rate payer is bank. The termination date of the hedge relationship was agreed at 31 December 2014. The notional amount is equal to PLN 362,869,769 (not in thousands).

Impact of hedging instruments valuation on hedge valuation reserve

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
Hedge valuation reserve as at 1 January	**4,758**	**-**
Valuation of cash flow hedges	(22,527)	9,737
Amount transferred to income statement	549	(3,280)
Deferred tax	4,176	(1,227)
Change for the period	**(17,802)**	**5,230**
Hedge valuation reserve as at 30 September	**(13,044)**	**5,230**

During the 9 months ended 30 September 2012 the valuation of the hedge was negative PLN 22,527, including PLN 549 recognized in the profit and loss account. Since the hedge was determined to be effective, the remaining loss in the amount of PLN 21,978 was recognized within the hedge valuation reserve. Taking into consideration deferred tax, the total effect of the hedge valuation on the hedge valuation reserve is negative and amounts to PLN 17,802.

15. Loans and borrowings

	30 September 2012 unaudited	**31 December 2011**
Short-term liabilities	238,676	290,617
Long-term liabilities	680,371	958,406
Total	**919,047**	**1,249,023**

(all amounts in PLN thousand, except where otherwise stated)

Change in loans and borrowings liabilities

	for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited
Loans and borrowings liabilities as at 1 January	**1,249,023**	**-**
Merger with mPunkt	-	12,101
Loans received	-	2,800,000
Repayment of capital	(301,903)	(1,483,423)
Repayment of interest and commissions	(70,714)	(159,085)
Unpaid commissions valued at amortized cost	-	(5,861)
Net cash from cash pool	(43,839)	-
Interest accrued	86,480	84,674
Loans and borrowings liabilities as at 30 September	**919,047**	**1,248,406**

On 29 August 2012 the Company has partly re-paid a principal of its Term Facility Loan in the amount of PLN 200,000. The repayment was executed using the cash generated from operations.

16. Issued bonds

	30 September 2012 unaudited	31 December 2011
Short-term liabilities	113,686	119,473
Long-term liabilities	1,332,231	1,397,481
Total	**1,445,917**	**1,516,954**

Change in issued bonds payable

	for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited
Issued bonds payable as at 1 January	**1,516,954**	**-**
Bonds issue	-	1,372,245
Repayment of interest and commissions	(61,405)	(34,735)
Foreign exchange (gains)/losses	(102,868)	166,651
Unpaid commissions valued at amortized cost	-	(6,559)
Interest accrued	93,236	47,380
Issued bonds payable as at 30 September	**1,445,917**	**1,544,982**

17. Transactions with related parties

Receivables

	30 September 2012 unaudited	31 December 2011
Polkomtel Sp. z o.o.	8,033	-
Cyfrowy Polsat Technology Sp. z o.o.	1,544	449
Superstacja Sp. z o.o.	859	921
Info-TV-FM Sp. z o.o.	797	-
Telewizja Polsat Sp. z o.o.	774	724
Polskie Media S.A.	696	-
Polsat Futbol Ltd.	318	1,442
Polsat Jim Jam Ltd.	146	466
Teleaudio DWA Sp. z o.o.	127	77
Media-Biznes Sp. z o. o.	95	59
Radio PIN S.A.	17	6
Redefine Sp. z o.o.	13	1
Cyfrowy Polsat Trade Marks Sp. z o.o.	9	21
Invest Bank S.A.	-	128
Sferia S.A.	-	15
Other	9	11
Total	**13,437**	**4,320**

Other current/non-current assets

	30 September 2012 unaudited	31 December 2011
Mobyland Sp. z o.o.	145,758	94,281
Cyfrowy Polsat Finance AB	3,347	1,169
Info-TV-FM Sp. z o.o.	1,339	-
Polkomtel Sp. z o.o.	736	-
Radio PIN S.A.	94	-
Total	**151,274**	**95,450**

The position above comprises mainly deferred costs (short- and long term) related to the agreement with Mobyland Sp. z o.o.

On 28 September 2012 the Company signed a memorandum of understanding to the data transfer services agreement dated 15 December 2010 and placed an order for the purchase of 31 million GB. According to the agreement, Mobyland provides the access to wireless data transfer services, based on 1800MHz and 900MHz bands in LTE and HSPA+ technologies.

The net price of 1 MB is PLN 0.00645 (not in thousands). The payment for the order will be performed in 4 equal monthly installments in the September-December 2012 period and in 12 equal monthly installments, starting from January 2013.

(all amounts in PLN thousand, except where otherwise stated)

Liabilities

	30 September 2012 unaudited	31 December 2011
Mobyland Sp. z o.o.	10.561	-
Telewizja Polsat Sp. z o.o.	8,002	6,360
Cyfrowy Polsat Trade Marks Sp. z o.o.	5,131	41,181
Polsat Media Sp. z o.o.	4,068	2,916
Cyfrowy Polsat Technology Sp. z o.o.*	3,234	20,024
Polkomtel Sp. z o.o.	1,846	-
Info-TV-FM Sp. z o.o.	405	-
Polsat Jim Jam Ltd.	376	-
Redefine Sp. z o.o.	206	8
Superstacja Sp. z o.o.	161	-
Netshare Sp. z o.o.	57	-
Media-Biznes Sp. z o.o.	43	-
Invest Bank S.A.	-	12
Other	2	1
Total	**34,092**	**70,502**

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

Receivables and liabilities

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

The amounts presented above 'Liabilities' do not include accruals.

Liabilities due to Cyfrowy Polsat Technology Sp. z o.o. comprise mainly liabilities resulting from purchases of set-top boxes and set-top boxes' accessories. Until 30 September 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 104,579.

Liabilities due to Cyfrowy Polsat Trade Marks Sp. z o.o. comprise mainly liabilities resulting from using 'Cyfrowy Polsat' trade mark.

Issued bonds

	30 September 2012 unaudited	31 December 2011
Cyfrowy Polsat Finance AB	1,445,917	1,516,954
Total	**1,445,917**	**1,516,954**

(all amounts in PLN thousand, except where otherwise stated)

Revenues

	for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited
Polkomtel Sp. z o.o.*	6,808	-
Cyfrowy Polsat Technology Sp. z o.o.	2,784	2,787
Info-TV-FM Sp. z o.o.	1,344	-
Telewizja Polsat Sp. z o.o.	1,318	1,218
Cyfrowy Polsat Trade Marks Sp. z o.o.	1,086	1,015
Polskie Media S.A.**	545	790
Polsat Futbol Ltd.	527	910
Teleaudio DWA Sp. z o.o.	443	514
ATM Grupa S.A.	365	-
Media-Biznes Sp. z o.o.	144	144
Radio PIN S.A.	143	31
Superstacja Sp. z o.o.	41	38
Redefine Sp. z o.o.	33	5
Mobyland Sp. z o.o.	30	-
Invest Bank S.A.	9	21
Dom Sprzedaży Radia PIN Sp. z o.o.	-	63
Centernet S.A.	-	13
Other	22	7
Total	**15,642**	**7,556**

*Revenues for 9 months ended 30 September 2011 not included (the company is related from 9 November 2011)
**Revenues cover the period from 1 January to 8 July 2011 and 28 June to 30 September 2012 (the company was not related in the period from 9 July 2011 to 27 June 2012)

The most significant transactions include revenues from Polkomtel Sp. z o.o. for sale of equipment and interconnect services, from Cyfrowy Polsat Technology Sp. z o.o. for guarantee services and property rental, from Cyfrowy Polsat Trade Marks Sp. z o.o. for property rental and from Telewizja Polsat Sp. z o.o. and Polsat Futbol Ltd. for signal broadcast services.

On 14 March 2011 the cross-border merger of the Company with M.Punkt Holdings Ltd. was registered. Between 1 January and 14 March 2011 Cyfrowy Polsat recognized revenues from M.Punkt Holdings Ltd. amounting to PLN 66.

(all amounts in PLN thousand, except where otherwise stated)

Expenses

	for 9 months ended	
	30 September 2012 unaudited	**30 September 2011 unaudited**
Telewizja Polsat Sp. z o.o.	59,108	57,185
Cyfrowy Polsat Trade Marks Sp. z o.o.	40,842	26,338
Mobyland Sp. z o.o.*	27,396	5,672
Polsat Media Sp. z o.o.	17,394	2,871
Teleaudio DWA Sp. z o.o.	9,061	6,885
Polkomtel Sp. z o.o.**	5,421	-
Redefine Sp. z o.o.	2,190	730
Polsat Jim Jam Ltd.	2,160	1,941
Elektrim S.A.	1,968	1,508
Cyfrowy Polsat Technology Sp. z o.o.***	627	-
Polskie Media S.A.****	273	374
Info-TV-FM Sp. z o.o.	194	-
Media-Biznes Sp. z o.o.	102	144
Aero 2 Sp. z o.o.*	83	-
Sferia S.A.	67	193
Netshare Sp. z o.o.	47	-
Tower Service Sp. z o.o.*****	42	21
Radio PIN S.A.	40	-
Ster Sp. z o.o.	29	52
mPunkt Polska S.A.	-	6,222
Dom Sprzedaży Radia PIN Sp. z o.o.	-	127
Other	7	6
Total	**167,051**	**110,269**

*Costs cover the period from 13 May 2011 (the company is related from 13 May 2011)
**Costs for 9 months ended 30 September 2011 not included (the company is related from 9 November 2011)
***Costs presented in the table do not include depreciation, impairment write-downs and cost of equipment sold relating to equipment purchased from the company
****Costs cover the period from 1 January to 8 July 2011 and 28 June to 30 September 2012 (the company was not related in the period from 9 July 2011 to 27 June 2012)
*****Costs cover the period from 20 April 2011 (the company is related from 20 April 2011)

The most significant transactions include license fees to Telewizja Polsat Sp. z o.o. for broadcasting programs: Polsat Sport, Polsat Sport Extra, Polsat Sport Extra HD, Polsat Film, Polsat Futbol, Polsat News, Polsat Play, Polsat Cafe and Polsat Sport HD and to Polsat Jim Jam Ltd. for broadcasting Polsat Jim Jam.

The Company incurs expenses for using 'Cyfrowy Polsat' trade mark for the benefit of Cyfrowy Polsat Trade Marks Sp. z o.o. Mobyland Sp. z o.o. provides data transfer services. Polsat Media Sp. z o.o. sells advertising time to the Company. Teleaudio DWA Sp. z o.o. provides mainly telecommunication services with respect to the Company's customer call center.

(all amounts in PLN thousand, except where otherwise stated)

Finance income

	for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited
Telewizja Polsat Sp. z o.o.	297,230	196,817
Cyfrowy Polsat Finance AB	7,169	8,655
Cyfrowy Polsat Technology Sp. z o.o.	-	213
Redefine Sp. z o.o.	12	-
Other	-	66
Total	**304,411**	**205,751**

Finance income from Telewizja Polsat Sp. z o.o. comprises dividends. Finance income from Cyfrowy Polsat Finance AB relates to guarantees granted by the Company in respect to settlement of high yield notes issued by Cyfrowy Polsat Finance AB.

Finance costs

	for 9 months ended	
	30 September 2012 unaudited	30 September 2011 unaudited
Cyfrowy Polsat Finance AB	93,238	44,101
Telewizja Polsat Sp. z o.o.	1,312	989
Cyfrowy Polsat Trade Marks Sp. z o.o.	1,304	1,184
Polsat Media Sp. z o.o.	128	96
Nord Licence AS	77	55
RS TV S.A.	71	80
Cyfrowy Polsat Technology Sp. z o.o.	7	13
Polsat License Ltd.	2	13
Other	5	5
Total	**96,144**	**46,536**

Finance cost due to Cyfrowy Polsat Finance AB comprise chiefly interest on bonds. Other finance costs incurred by the Company relate to guarantee fees in respect to settlement of Senior Facility loan.

18. Litigations

Management believes that the provisions as at 30 September 2012 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company's financial situation.

Proceedings before the President of the Office of Competition and Consumer Protection ('UOKiK') regarding the application of practices breaching collective interests of consumers

In 2009 the Company received UOKiK's decision whereby the President of UOKiK confirmed that certain statements included in the Company's service delivery regulations in force prior to 1 November 2009, were breaching the collective interests of consumers and imposed a cash fine of PLN 994. At the same time, the President of UOKiK acknowledged that these unlawful provisions were eliminated from the amended regulations.

On 26 April 2012 the Court of Appeals has ruled to reduce the penalty imposed on the Company by UOKiK to PLN 500 which was paid by the Company on 6 June 2012.

On 24 August 2012 the Company appealed against the decision to the Supreme Court.

19. Other disclosures

Security relating to loans and borrowings

Security relating to loans and borrowings is the same as presented in financial statements for the year ended 31 December 2011.

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 0 as at 30 September 2012 (PLN 1,527 as at 31 December 2011). Total amount of capital commitments resulting from agreements on property improvements was PLN 1,860 as at 30 September 2012 (PLN 3,906 as at 31 December 2011). Additionally, the yet unbilled amount of deliveries and services committed to agreements for the purchases of licences and software as at 30 September 2012 was PLN 661 (PLN 431 as at 31 December 2011).

20. Events subsequent to the reporting date

On 19 October 2012 the Management Board of Cyfrowy Polsat resolved to merge the Company with Cyfrowy Polsat Technology Sp. z o.o. ('CPT'), in which Cyfrowy Polsat holds 100% of share capital.
The merger will be effected by:

1. transferring to Cyfrowy Polsat (as the sole shareholder of CPT) all the assets of CPT by the way of universal succession, and
2. termination of CPT without liquidation.

As a result of the merger, Cyfrowy Polsat will assume all rights and obligations of CPT, effective on the date of the merger.

21. Accounting estimates and judgements

The preparation of interim financial statements in conformity with EU IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are based on historical data and other factors considered reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities, which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 2011.