CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim consolidated quarterly report for the three-month period ended September 30, 2012

Place and date of publication: Warsaw, November 14, 2012

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We have prepared this quarterly report as required by Paragraph 82 section 1 and 2 and Paragraph 87 of the Regulation of the Minister of Finance of 19 February 2009 concerning the submission of current and periodic information by the securities' issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union. The report meets also the requirements of section 4.15. of the Indenture for our 7.125% Senior Notes, dated May 20, 2011.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Management Board's report on the activities of Cyfrowy Polsat S.A. Capital Group, references to the Company apply to Cyfrowy Polsat S.A. and all references to the Capital Group or Polsat Group apply to Cyfrowy Polsat S.A. and its subsidiaries. Expressions such as "we", "us", "our" and similar apply generally to the Group, unless from the context it is clear that they apply to the Company; „**DTH**" relates to digital satellite platform services which we provide in Poland from 2001; "**SD**" relates to the television signal in the standard definition technology (Standard Definition); „**HD**" relates to the television signal in the high definition technology (High Definition); „**DVR**" relates to set-top boxes with hard disk used to record television channels (Digital Video Recorder); **"Family Package"** – starting programming package offered within the pay digital television service including the subscribers to the following packages: Family Package, Family HD Package and premium packages related to them;**"Mini Package"** – starting programming package offered within the pay digital television service including the subscribers to the following packages: Mini Package, Mini HD Package, Extra Package (Mobile TV); "**MOBILE TV**" relates to our pay mobile TV service rendered in DVB-T technology; "**Ekstra Package**" relates to the pay programming package offered within our services in DVB-T technology; "**DVB-T**" (Digital Video Broadcasting – Terrestrial) relates to technology of terrestrial broadcasting of digital television; "**DTT**" relates to digital terrestrial television; "**Subscriber**" relates to a person who signed an agreement for subscription to pay digital television services and who is obligated, under the terms of agreement, to make payments to access a package or packages of television and radio channels or who has access to such packages after making required payments but without having signed such an agreement.; „**ARPU**" relates to average monthly net revenue per subscriber to whom we rendered services calculated as a sum of net revenue generated by our subscribers from our pay digital television services in the reporting period divided by the average number of subscribers to whom we rendered services in this reporting period; „**ARPU Family Package**" and „**ARPU Mini Package**" relate to average monthly revenue per subscriber to the Family Package and Mini Package, respectively; „**Churn**" relates to the churn rate, defined as the ratio of the number of contracts terminated during a 12-month period to the average number of contracts during such 12-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same 12-month period as well as of subscribers who used to have more than one agreement and terminated one of them to replace it with the commitment to use Multiroom service; „**Churn Family Package**" and „**Churn Mini Package**" relate to churn rate calculated for the Family Package and Mini Package, respectively; "**Audience share**" relates to percentage of television viewers tuned to a particular channel during a given period, expressed as a percentage of the total number of people watching TV, we present data after Nielsen Audience Measurement (NAM), 16-49, all day; "**Advertising market share**" relates to the share of Cyfrowy Polsat Capital Group revenues from advertising and sponsoring in the total revenues from TV advertising in Poland, the source of our data on the size of the market is Starlink; "**GRP**" relates to gross rating point, defined as the number of people watching a particular spot at a specific time, expressed as a percentage within the target group. One GRP, as applied to Poland, is equal to 0.2 million inhabitants in the basic commercial target group (16-49 years old).; "**Technical reach**" or "**Technical Coverage**" relate to the percentage of television households in Poland which have the technical ability to receive a given channel broadcasted by Telewizja Polsat Sp. z o.o.; "**VoD**" or "**VOD - Home Movie Rental**" relate in general to our services from the video on demand category, while "**nVoD**" relates to our service "VoD - Home Movie Rental" - on TV; "**PPV**" relates to pay-per-view, pay access to chosen programming content; "**Catch-up TV**" relates to services enabling access to chosen programming content for a certain period of time after the original broadcast on TV channel; "**Multiroom**" relates to our service enabling to profit from the same variety of channels simultaneously on two TV-sets in one household within one subscription fee; „**MVNO**" relates to mobile virtual network operator services; "**Internet access services**" relates to broadband Internet access services; "**HSPA+**" relates to radio data transfer technology in mobile networks (High Speed Packet Access Plus); "**LTE**" relates to radio data transfer technology in mobile networks (Long Term Evolution), characterized by much higher data transfer speed, greater capacity and lower network latency; „**Integrated services**" relates to a bundle of two or more services from delivered by us pay TV services, mobile telephony services and Internet access services provided under one agreement and one subscription fee; "**ipla**" relates to internet platform enabling access to video content operated by our subsidiary Redefine Sp. z o.o. Group; "**Muzo**" relates to online music subscription service offered by our subsidiary Redefine Sp. z o.o. Group; "**CP**" relates to the company Cyfrowy Polsat S.A.; "**CPT**" relates to Cyfrowy Polsat Technology Sp. z o.o.; "**CPTM**" relates to Cyfrowy Polsat Trade Marks Sp. z o.o.; "**Cyfrowy Polsat Finance**", "**CP Finance**" relate to Cyfrowy Polsat Finance AB (publ), Cyfrowy Polsat subsidiary registered in Sweden; "**Telewizja Polsat**" or "**TV Polsat**" relates to the company Telewizja Polsat Sp. z o.o.; "**TV Polsat Group**" relates to Telewizja Polsat Sp. z o.o. and its consolidated subsidiaries; **"Redefine Sp.**

z o.o. Group" relates to Redefine Sp. z o.o. and its consolidated subsidiaries: Poszkole.pl Sp. z o.o. and Stat24 Sp. z o.o.; "**POLSAT**" relates to our main FTA channel; "**Polsat HD**" relates to our channel on which we broadcast the content of our main channel in HD technology; "**Polsat Sport**" relates to our sport channel dedicated to Polish sports and major sports events; "**Polsat Sport HD**" relates to our channel on which we broadcast the content of Polsat Sport channel in HD technology (until the end of May 2012, the content of this channel differed from Polsat Sport); "**Polsat Sport Extra**" relates to our sport channel broadcasting premium sport events; "**Polsat Sport Extra HD**" relates to our channel on which we broadcast the content of Polsat Sport Extra channel in HD technology, the channel is broadcast since June 2012; "**Polsat Futbol**" relates to our sport channel dedicated to football games broadcasted until the end of May 2012; "**Polsat Sport News**" relates to our sport channel dedicated to sport news; "**Polsat Film**" relates to our movie channel; "**Polsat Café**" relates to our lifestyle channel dedicated to women; "**Polsat Play**" relates to our lifestyle channel dedicated to men; "**Polsat 2**" relates to our channel broadcasting mainly reruns of programs that premiered on our other channels; "**Polsat News**" relates to our 24-hour news channel; "**TV Biznes**" relates to our channel dedicated to the latest news on the economy and financial markets; "**Polsat Jim Jam**" relates to children's channel based mainly on programs by Hit Entertainment, the channel is a joint venture launched by TV Polsat and ChelloZone; "**Polsat Crime & Investigation Network**" relates to the criminal channel, this channel is a joint project of Telewizja Polsat and British company A+E Networks UK; „**Shares**" relates to the shares of Cyfrowy Polsat S.A., which were introduced to public trading on the Warsaw Stock Exchange on 6 May 2008 and are marked with a code PLCFRPT00013; "**Senior Facilities**" relates to senior secured facilities under Senior Facilities Agreement ("**SFA**") with a syndicate of banks including Term Facility Loan **("Term Facility**") of PLN 1,400,000,000 (not in thousands) maturing December 31, 2015; and Senior Secured Revolving Facility Loan ("**Revolving Facility**") of up to PLN 200,000,000 (not in thousands) maturing December 31, 2015; "**Bridge Loan**" relates to senior secured bridge facility of EUR 350,000,000 (not in thousands) with a syndicate of banks, that was fully repaid on May 20, 2011; "**Senior Notes**" or "**Notes**" relates to 7.125% senior secured notes of EUR 350,000,000 (not in thousands) issued by Cyfrowy Polsat Finance AB on May 20, 2011; "**Indenture**" relates to the indenture dated May 20, 2011 governing the 7.125% Senior Notes; "**PLN**" or "**zloty**" refers to the lawful currency of Poland; "**USD**" or "**dollars**" refers to the lawful currency of the United States of America; and "**EUR**" or "**euro**" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

Financial and operating data

This quarterly report contains financial statements and financial information relating to the Company and the Group. In particular, this quarterly report contains our quarterly condensed consolidated financial statements for 3 and 9 months ended September 30, 2012 and quarterly condensed financial statements for the 3 and 9 months ended September 30, 2012. The financial statements attached to this interim report have been prepared in accordance with International Accounting Standard no. 34 "Interim Financial Reporting" ("IAS 34")("IFRS") and are presented in thousand zlotys. The financial statements were not audited by an independent auditor.

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

Currency presentation

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

All references to Zloty, U.S. dollars and Euro are in thousands, except ARPU, SAC, per share data and prices of our services unless otherwise stated.

Forward–looking statements

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

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

Industry and market data

In this Report we set out information relating to our business and the markets in which we operate and in which our competitors operate. The information regarding the market, its size, the market share, the market position, the growth rates and other industry data relating to our business and markets in which we operate consists of data and reports compiled by various third-party entities and our internal estimates. We have obtained market and industry data relating to our business from industry data providers, including:

- Eurostat, for data relating to the Polish economy and GDP growth;
- Nielsen Audience Measurement;
- Starlink;
- IAB AdEX;
- PwC (Global entertainment and media outlook: 2012-2016);
- ZenithOptimedia; and
- Operators functioning on the Polish market.

We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

Moreover, in numerous cases we have made statements in this Report regarding our industry and our position in the industry based on our own experience and our examination of market conditions. We cannot guarantee that any of these assumptions properly reflect our market position. Our internal surveys have not been verified by any independent sources.

1. Introduction

We are a leading integrated multimedia group in Poland with the number one position in pay TV through Cyfrowy Polsat, and a leading position in TV broadcasting through TV Polsat. Additionally to the offer of pay TV (delivered through satellite, DTT and the Internet), we provide to our subscribers broadband Internet and mobile telephony services.

We operate through two business segments: our Retail business segment, comprising pay TV, broadband Internet and mobile telephony services and our Broadcasting and television production segment. Our two business segments produce revenue streams with distinct characteristics: retail subscription and related revenue (through our Retail business segment), and TV broadcasting advertising revenue (through our Broadcasting and television production segment).

Retail business segment

In pay TV, we are the largest pay TV provider in Poland and the fourth largest DTH platform in Europe by number of subscribers. We provide a comprehensive multimedia offer designed to appeal to the entire family. As part of our multi-play offer, we provide to our subscribers DTH, mobile television, broadband Internet in HSPA+ and LTE and mobile telephony services (in MVNO model and from April 2012 based on cooperation with Polkomtel Sp. z o.o., operator of Plus network). As of September 30, 2012 we had 3,557,888 pay digital television subscribers, 117,327 users of broadband Internet service and the number of mobile telephony users amounted to 144,288*.

We offer our subscribers access to over 100 Polish language TV channels, including general entertainment, sports, music, lifestyle, news/information, children's, education and movie channels. We offer all of Poland's main terrestrial channels, including POLSAT, TVP1, TVP2, TVN and TV4, and we are the only DTH operator to offer the combination of Polsat Sport, Eurosport and Polsat Sport Extra, the first, second and fifth most widely viewed sports channels in Poland in 2011. In addition, we offer our subscribers 28 HD channels and also provide VoD/PPV, catch-up TV and Multiroom services. We provide the subscribers to our Mobile TV service with the access to 20 encrypted channels (8 television and 12 radio channels) and to all DTT channels, through various devices (including smartphones, tablets and laptops).

We offer set-top boxes, enabling reception of pay-TV services, that in majority are produced in house. Due to our own production, we have been able to reduce the costs of obtaining set-top boxes. In 2011, approximately 80% of our sold or leased set-top boxes were manufactured in our own factory.

From April 2012, we are the owner of internet TV ipla. Ipla is the leader on online video market in Poland both in terms of availability on various devices (computers/laptops, tablets, smartphones, smart TVs, set-top boxes and game consoles) and range of offered content. Ipla has also a leading position in terms of number of users and time spent on watching video content by an average user. In the third quarter of 2012, according to our estimates, the base of active users (defined as individuals who used the application and generated revenue from advertising or subscription at least once a month) of ipla application amounted on average to approximately 1.6 million.

We sell our services through sales network covering the entire territory of Poland. We distribute our products and services through two main sales channels: retail sales channel and direct sales channel D2D ("door-to-door"). As of September 30, 2012 our sales network included 833 Points of Sales. In addition, from April 2012, within cooperation with Plus network operator we run cross selling of services. Thanks to that our standard offer, as of the end of the third quarter of 2012, was available in additional almost 700 points of sales of Polkomtel Sp. z o.o. network.

Broadcasting and television production segment

In TV broadcasting, we are one of the two leading private TV groups in Poland in terms of revenue and advertising market share and the third largest broadcaster in Poland – the second largest TV advertising market in Central Europe. Our main channel, POLSAT, is number one in terms of audience share with a 15.8% share in the first three quarters of 2012. We also broadcast thematic channels, which had a 4.7% combined audience share, and sell advertising on our channels and certain third-party channels. We are a licensed broadcaster of 11 TV channels consisting of general entertainment, sports, news,

* including 139,146 users of our MVNO service and 5,142 our clients who bought Polkomtel's mobile telephony service within cross promotion

business, lifestyle, movie and children's channels. Based on data from Starlink, we estimate that we captured a 23.1% share of the approximately PLN 2.6 billion (not in thousands) Polish TV advertising market in the period January-September 2012.

Our television channels include: POLSAT, Polsat HD, Polsat Sport, Polsat Sport Extra, Polsat Sport HD, Polsat Sport Extra HD, Polsat Film, Polsat Café, Polsat Play, Polsat 2, Polsat News, Polsat Crime & Investigation Network, TV Biznes, Polsat Jim Jam, Polsat Sport News. POLSAT, our main channel, was the first commercial channel in Poland, that received a nationwide analog license and broadcasts 24 hours a day, seven days a week. It is the number one channel in Poland in terms of audience share. POLSAT airs a broad variety of movies (most of them created in the major US studios), lifestyle programs, news and feature programs, Polish and foreign series as well as popular sport events.

Our thematic channels are distributed via majority of cable networks in Poland including such operators as UPC, Multimedia and Vectra and via all major satellite platforms, excluding our sport channels to which Cyfrowy Polsat platform has exclusive rights.

Polsat Sport is a sports channel broadcasting major sports events in Poland and worldwide which are mostly broadcasted live (volleyball, athletics, football, handball, world class boxing and MMA contests). Polsat Sport Extra is a sport channel broadcasting premium sport events, primarily Formula One and the largest international tennis tournaments such as Wimbledon and handball Champions League. Polsat Sport HD and Polsat Sport Extra HD broadcast the content of both our sports channels in HD standard. Polsat Sport News is our new sport channel dedicated to sport news, it is an FTA channel broadcasted within DTT technology. Polsat Film broadcasts hit movies, top box-office productions and non mainstream movies from a library of major US movie studios. Polsat Café is our channel dedicated to women, that focuses on lifestyle, fashion and gossip programs as well as talk-shows. Polsat Play is dedicated to men, its core programming concerns consumer gadgets, the automotive industry, angling and cult series. Polsat 2 broadcasts reruns of programs that premiered on our other channels, it is also broadcasted to Polish communities abroad (mainly in USA). Polsat News is a 24-hour news channel broadcasting live and covering primarily news from Poland and key international events. Polsat Crime & Investigation Network is our criminal channel, that takes its viewers to the world of crime, providing the insight to criminal laboratories, police archives and courtrooms. TV Biznes covers the latest news on the economy and financial markets. Polsat Jim Jam is a children's channel based exclusively on programs by Hit Entertainment, the channel is a joint venture launched by TV Polsat and ChelloZone.

2. Significant events

Upgrade of our ratings

On July 23, 2012, Moody's Investors Service (Moody's) upgraded both the corporate family rating of Cyfrowy Polsat and the rating on the EUR 350 million senior secured notes to Ba2 from Ba3. The ratings outlook is stable.

According to Moody's press release, the Ba2 corporate family rating reflects Cyfrowy Polsat's strong operating performance following a full four quarters of the integration of TV Polsat and the synergies derived from the merger leading to a substantial improvement in the company's financial profile.

Before, on June 14, 2012, Standard & Poor's Rating Services ("S&P") also raised the long-term corporate credit rating assigned to Cyfrowy Polsat from 'BB-' to 'BB' with stable outlook. S&P also raised the long-term issue rating assigned to the EUR 350 million senior secured notes due 2018 issued by Cyfrowy Polsat Finance AB (publ), a wholly owned Swedish subsidiary of Cyfrowy Polsat, from 'BB-' to 'BB'.

S&P justified its decision by Cyfrowy Polsat Group's improved financial risk profile, as well as maintained current financial policy of the Group aimed at further reduction of debt in the future.

Reduction of indebtedness

On August 29, 2012 we have partly prepaid the Term Facility Loan, taken in 2011 for the acquisition of TV Polsat. The prepayment amounted to PLN 200 million (not in thousands) and significantly reduced the total indebtedness of the Group.

Thanks to the prepayment, both principal payments and accrued interests will be lower in the future periods.

The letter of intent with Polkomtel Sp. z o.o.

In August 2012, we have concluded a letter of intent with Polkomtel, based on which we have started to provide the internet access service within the operator's 3G and 2G radio networks on 2100 MHz and 900 MHz frequencies in HSPA and EDGE/GPRS technology, that has a nationwide coverage.

Memorandum of understanding with Mobyland Sp. z o.o.

On September 28, 2012, we signed with Mobyland Sp. z o.o. ("Mobyland") a Memorandum of Understanding concerning the agreement for the provision of data transfer services, that defines the terms of settling the unused data packages from the first two orders together with a new – third order. As a result, all packages purchased so far and not used will be settled at a new, lower rate of PLN 0.00645 net (not in thousands) per 1 MB.

Under the first two orders we ordered 25 million GB of data transfer services, out of which 4.4 million GB were used by the end of August 2012 for providing Internet access service for individual customers. We paid in full for the order no. 1, and subsequently placed order no. 2 which is being paid for in accordance with the terms and conditions of both the order and the agreement. The used 4.4 million GB were settled at the rate applicable to the first order.

The new package of 31 million GB will include unused by us data packages from orders no.1 and no. 2 and additional 10.4 million GB mentioned above. We believe it is an optimal volume of data package acquired at an optimal price, and it guarantees a chance to achieve our medium term business goals.

Considering that we have already paid in full for the order no. 1 and that the payments under the order no. 2 are being made, the payments required under order no. 3 will be settled as follows:

i. the net amount of PLN 139,098,816 (not in thousands) resulting from the prepayments made by us for Mobyland for the unused data transfer under the order no. 1 and order no. 2 as determined as of August 31, 2012,

ii. from September 2012 to December 2012 - in four equal instalments amounting to PLN 8,586,240 net (not in thousands) each, resulting from the order no. 2,

iii. from January 2013 to December 2013 - in twelve equal instalments amounting to PLN 957,552 net (not in thousands) each, and

iv. one-off payment amounting to PLN 19,814,400 net (not in thousands) to be made in the month following the month in which we use up the entire order no. 3.

Submitting order no. 3 will enable us to achieve its business objectives over the medium term. The lower rate for 1MB allows us to present even more attractive offering for our customers, contributing to a faster rate of subscriber acquisition in the future and improvement of margins generated from the telecommunications services.

Increased speed and reach of LTE internet

At the end of October, we increased the speed of our LTE internet service, that now enables downloading data with 50% higher speed – up to 150 Mb/s. Much higher parameters of the service can be achieved thanks to the world's first 4th category modem Huawei E3276 introduced to our portfolio. Together with increased speed, we announced our refreshed internet offer including larger data packages and attractive price offers.

From August 2012 to the end of October 2012, the reach of the LTE network has been expanded from 28% to 35% of the population in Poland. According to public disclosures of our partners, high pace of the expansion is to be maintained. At the end of October, the transmitters network included 1,300 base stations. The second phase of the infrastructure development assumes the total of 3,400 and is scheduled for 2014. Several hundred LTE stations are supposed to be activated still this year.

Further transmissions of sport events in PPV

After previous positive experience in realization of pay-per-view transmissions, in the third quarter we proposed to viewers pay access to life broadcast of further important sports events. In September, our customers, through Cyfrowy Polsat set-top-box or ipla internet service, could get access to jubilee KSW20 Gala for PLN 30, and to two matches of Polish football team in Word Cup 2014 qualifiers for PLN 20 each.

Each of the abovementioned PPV broadcast attracted tens of thousands of viewers, which had a positive impact on our ARPU.

Introduction of special offer for Ekstra Package within "TV MOBILNA"

Preparing for the approaching start of switching off the analogue signal and for the beginning of high sale season, at the beginning of October, we introduced a special offer for our newest service providing access to additional package of digital terrestrial television channels. We have reduced the monthly subscription fee for new customers from PLN 19.90 to PLN 14.90.

Our innovative product, in DVB-T technology, is targeted to both users of traditional TV-sets and computers, as well as mobile devices – smartphones, tablets, laptops. Ekstra Package includes 8 encrypted TV channels of various thematic categories (Polsat Sport, Polsat Sport Extra, Polsat Film, Polsat News, TVP Seriale, Kino Polska, Comedy Central, Nickelodeon) and 12 radio channels.

Cyfrowy Polsat's T-HD 1000 and M-T 5000 set-top-boxes enable access to free DTT channels in the entire territory of Poland and in 31 cities within the technical reach of the pay service of the platform, the devices provide also access to the package of additional 20 channels (8 television and 12 radio channels) included in Ekstra Package.

Changes in ipla internet television

In October we have begun the change process in our internet television ipla, consisting in enrichment of programming offer, introduction of functional improvements and new look of the application increasing the comfort of using the content.

The changes are followed by two-stage advertising campaign, that we have launched on October 16. The campaign is aimed at spreading awareness of the ipla offer and convincing the customers that ipla services are what they are looking for and they fully meet their expectations. Ipla – television on your terms. You watch what you want and where you want. Legally! – that is the main communication of the campaign, that is to encourage customers to use the largest library of legal TV content in high quality. The campaign is to emphasise that the continuously expanded offer of ipla is a viable alternative to informal circulation of video content in the network. Intensive promotion will be led in television and internet, in addition, also outdoor advertising will be used.

Enrichment of programming in our sports channels

In October 2012, TV Polsat acquired the rights to all matches of Polish national football team until the end of the World Cup 2014 qualifications. Direct transmission of the matches will be broadcasted by our sports channel Polsat Sport.

Establishing partnership with BBC Worldwide Channels

At the beginning of November, we have signed an agreement with BBC Worldwide Channels, concerning distribution of channels of BBC Worldwide Channels Group on Cyfrowy Polsat platform and sale of advertising time in these channels by the Advertising Sales House of Polsat Media. The four new BBC channels will enrich our pay-TV offer already in November 2012, while the cooperation of BBC Worldwide Channels with Polsat Media will begin in January 2013. Thanks to this agreement the portfolio of channels serviced by Polsat Media will increase to 20.

3. Selected financial data

The following tables set out selected consolidated financial data for the 3 and 9-month periods ended September 30, 2012 and September 30, 2011. The information shall be read in conjunction with interim condensed consolidated financial statements for the 3 and 9-month period ended September 30, 2012 and the information included in point 12 of this quarterly report.

Certain financial data:

- from the consolidated income statements for the three-month periods ended September 30, 2012 and September 30, 2011 have been converted into euro at a rate of PLN 4.1374 per €1.00, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from July 1 to September 30, 2012;

- from the consolidated income statements and the consolidated cash flow statement for the nine-month periods ended September 30, 2012 and September 30, 2011 have been converted into euro at a rate of PLN 4.2091 per €1.00, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from January 1 to September 30, 2012;

- from the consolidated balance sheet data as at September 30, 2012 and December 31, 2011 have been converted into euro at a rate of PLN 4.1138 per €1.00 (an exchange rate published by NBP on September 30, 2012).

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

It should be noted that the periods of 3 and 9 months ended September 30, 2012 are not comparable to the periods of 3 and 9 months ended September 30, 2011 as shares in Telewizja Polsat Sp. z o.o. were acquired on April 20, 2011, shares in INFO-TV-FM were acquired on January 30, 2012 and shares of entities running ipla platform were acquired on April 2, 2012.

	For the three-month period ended September 30,				For the nine-month period ended September 30,			
	2012		2011		2012		2011	
	PLN	EUR	PLN	EUR	PLN	EUR	PLN	EUR
Consolidated Income Statement								
Retail sales	434,894	105,113	405,449	97,996	1,287,449	305,873	1,179,349	280,190
Advertising and sponsorship revenue	162,831	39,356	169,153	40,884	602,779	143,209	377,779	89,753
Revenue from cable and sattellite operator fees	23,799	5,752	21,985	5,314	70,679	16,792	38,204	9,077
Sale of equipment	2,595	627	2,720	657	11,507	2,734	11,878	2,822
Other revenue	20,422	4,936	16,205	3,917	55,185	13,111	39,486	9,381
Revenue	**644,541**	**155,784**	**615,512**	**148,768**	**2,027,599**	**481,718**	**1,646,696**	**391,223**
Cost of services, products, goods and materials sold	(338,826)	(81,893)	(369,595)	(89,330)	(1,110,283)	(263,782)	(948,572)	(225,362)
Selling expenses	(59,702)	(14,430)	(57,387)	(13,870)	(169,889)	(40,362)	(171,425)	(40,727)
General and administrative expenses	(46,398)	(11,214)	(39,190)	(9,472)	(128,972)	(30,641)	(107,809)	(25,613)
Total operating costs	**(444,926)**	**(107,538)**	**(466,172)**	**(112,673)**	**(1,409,144)**	**(334,785)**	**(1,227,806)**	**(291,703)**
Other operating income /costs	(1,956)	(473)	(1,378)	(333)	(4,725)	(1,123)	(2,171)	(516)
Profit from operating activities	**197,659**	**47,774**	**147,962**	**35,762**	**613,730**	**145,810**	**416,719**	**99,004**
Finance income	57,628	13,929	4,766	1,152	117,381	27,887	6,743	1,602
Finance costs	(57,560)	(13,912)	(222,185)	(53,702)	(175,713)	(41,746)	(309,892)	(73,624)
Share of the profit of associate accounted for using the equity method	543	131	918	222	2,044	486	1,487	353
Gross profit / (loss)	**198,270**	**47,921**	**(68,539)**	**(16,566)**	**557,442**	**132,437**	**115,057**	**27,335**
Income tax	(26,208)	(6,334)	6,552	1,584	(80,768)	(19,189)	(31,164)	(7,404)
Net profit / (loss)	**172,062**	**41,587**	**(61,987)**	**(14,982)**	**476,674**	**113,248**	**83,893**	**19,931**
Basic and diluted earnings per share (not in thousands)	0.49	0.12	(0.18)	(0.04)	1.37	0.33	0.27	0.06
Weighted average number of issued ordinary shares (not in thousands)	348,352,836		348,352,836		348,352,836		316,107,188	
Consolidated Cash Flow Statement								
Net cash from operating activities					581,964	138,263	244,945	58,194
Net cash used in investing activities					(107,084)	(25,441)	(2,376,802)	(564,682)
Cash flow from/(used in) financing activities					(525,964)	(124,959)	2,465,722	585,807
Net change in cash and cash equivalents					(51,084)	(12,137)	333,865	79,320
Other consolidated financial data								
Depreciation, amortization and impairment	60,238	14,559	48,254	11,663	171,355	40,711	121,349	28,830
EBITDA[1]	257,897	62,333	196,216	47,425	785,085	186,521	538,068	127,834
EBITDA margin	40.0%	40.0%	31.9%	31.9%	38.7%	38.7%	32.7%	32.7%
Operating margin	30.7%	30.7%	24.0%	24.0%	30.3%	30.3%	25.3%	25.3%
Capital expenditures[2]	24,193	5,847	21,331	5,156	63,703	15,135	41,938	9,964

[1] We define EBITDA as net profit/(loss), as determined in accordance with IFRS, before depreciation and amortization (other than for programming rights), impairment charges and reversals on property, plant and equipment and intangible assets, interest income, finance expenses, foreign exchange gains and losses, income taxes and share of net results of associates. The reconciling item between EBITDA and reported operating profit/ (loss) is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets.
We believe EBITDA serves as a useful supplementary financial indicator in measuring the liquidity of media companies. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of net profit/(loss), as an indicator of operating performance, as a measure of cash flow from operations under IFRS, or as an indicator of liquidity. You should note that EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself our presentation and calculation of EBITDA may not be comparable to that of other companies.

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

	As at			
	September 30, 2012		December 31, 2011	
	PLN	EUR	PLN	EUR
Consolidated balance sheet				
Cash and cash equivalents	225,111	54,721	277,534	67,464
Assets	5,514,874	1,340,579	5,348,548	1,300,148
Non-current liabilities	2,150,257	522,694	2,484,080	603,841
Current liabilities	1,009,702	245,443	968,425	235,409
Equity	2,354,915	572,443	1,896,043	460,898
Share capital	13,934	3,387	13,934	3,387

4. Organizational structure of Cyfrowy Polsat S.A. Capital Group

The following table presents the organizational structure of Cyfrowy Polsat S.A. Capital Group and consolidated using full consolidation method as of September 30, 2012:

	Entity's registered office	Activity	Share in voting rights (%) September 30, 2012
Parent Company			
Cyfrowy Polsat S.A.	Łubinowa 4a, Warsaw	radio, TV and telecommunication activities	n/a
Subsidiaries			
Cyfrowy Polsat Technology Sp. z o.o.*	Łubinowa 4a, Warsaw	production of set-top boxes	100%
Cyfrowy Polsat Trade Marks Sp. z o.o.*	Łubinowa 4a, Warsaw	non-current assets and intellectual property rights management	100%
Cyfrowy Polsat Finance AB*	Stureplan 4C, 4 TR 114 35 Stockholm, Sweden	financial transactions	100%
Telewizja Polsat Sp. z o.o.*	Ostrobramska 77, Warsaw	Broadcasting and television production	100%
RS TV S.A.*	Chorzowska 15, Radom	terrestrial transmission	100%
Polsat Media Sp. z o.o.*	Ostrobramska 77, Warsaw	advertising activities	100%
Media-Biznes Sp. z o.o.*	Stanów Zjednoczonych 53, Warsaw	television activities	100%
Polsat Futbol Ltd.*	Office 1D 238-246 King Street London W6 0RF, UK	television activities	100%
Nord License AS*	Vollsvseien 13B Lysaker, Norway	trade of programming licenses	100%
Polsat License Ltd.*	Poststrasse 9 6300 Zug, Switzerland	trade of programming licenses	100%
Telewizja Polsat Holdings Sp. z o.o.*	Ostrobramska 77, Warsaw	broadcasting and TV production	100%
INFO-TV-FM Sp. z o.o.**	Łubinowa 4a, Warsaw	radio and TV activities	100%
Redefine Sp. z o.o.***	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Poszkole.pl Sp. z o.o.***	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Stat24 Sp.z o.o.***	Al. Stanów Zjednoczonych 61 A, Warsaw	market research	100%
Gery.pl Sp. z o.o. in liquidation***	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Frazpc.pl Sp. z o.o.***	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Netshare Sp. z o.o***	Al. Stanów Zjednoczonych 61 A, Warsaw	Electronic media (Internet) advertising broker	100%

* consolidation using full consolidation method
** consolidation using full consolidation method from January 30, 2012
*** consolidation using full consolidation method from April 2, 2012

Investments accounted for under the equity method:

	Entity's registered office	Activity	Share in voting rights (%) September 30, 2012
Polsat Jim Jam Ltd.	105-109 Salusbury Road London NW6 6RG UK	television activities	50%
Polski Operator Telewizyjny Sp. z o.o.*	Huculska 6, Warsaw	radio communications and radio diffusion	50%

* the company has suspended operations

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

In the third quarter of 2012, there were no changes to the organizational structure of the Group.

However, on October 19, the Management Board of Cyfrowy Polsat resolved to merge the Company with Cyfrowy Polsat Technology Sp. z o.o. ("CPT"), in which Cyfrowy Polsat S.A. holds 100% of share capital, and approved the merger plan.

Cyfrowy Polsat Technology Sp. z o.o. seated in Warsaw, specializes in design and production of set-top-boxes for reception of digital television, it is also involved in commercial activity consisting of wholesale of set-top-boxes and accessories. Cyfrowy Polsat is the key customer of the equipment manufactured by CPT.

The planned merger of the two companies will be effected, in accordance with article 492 §1 item 1 of the Polish Commercial Companies Code ("PCCC") (mergers through acquisition), by transferring all the assets of the Acquired Company to the Taking-over Company. As a result of the merger, the Acquired Company will be terminated without liquidation.

At the date of this report, share capital of the Acquired Company amounts to PLN 500,000 (not in thousands) and is divided into 1,000 shares. Cyfrowy Polsat is the sole shareholder of the Acquired Company.

Given that the Taking-over Company holds all the shares of the Acquired Company:

(i) pursuant to article 515 §1 of the PCCC, the Merger shall be carried out without increasing the share capital of the Taking-over Company;

(ii) pursuant to article 516 §5 and in conjunction with article 516 §6 of the PCCC, the Merger Plan shall not be audited by any expert appointed by the court of registration;

(iii) pursuant to article 516 §5 and in conjunction with article 516 §6 of the PCCC, the Reports of Management Boards of Taking-over Company and Acquired Company shall not be issued.

The planned merger is meant to optimize costs and simplify the organizational structure of the Capital Group of Cyfrowy Polsat S.A. which is required to realize its medium and long term strategy.

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

We did not publish any financial forecasts.

7. Shareholders possessing no less than 5% of the votes at General Meeting of the Company as of the date of publication of the interim report

The following table presents shareholders of Cyfrowy Polsat S.A. possessing - according to our best knowledge - no less than 5% of votes at General Meeting of Cyfrowy Polsat S.A. as of the date of publication of this quarterly report. The information included in the table is based on the information received from the shareholders pursuant to Art. 69, sec. 1 of the

Act on changes of Public Offering, dated September 4, 2008, conditions governing the introduction of financial instruments to organized trading and public companies and changes of other acts ("Offering Act").

Shareholder	Number of shares	% of share	Number of votes	% of votes
Pola Investments Ltd. (1)	154,204,296	44.27%	306,709,172	58.11%
Sensor Overseas Ltd. (2)	25,341,272	7.27%	50,382,647	9.55%
Others	168,807,268	48.46%	170,678,518	32.34%
Total	348,352,836	100.00%	527,770,337	100.00%

[1] Pola Investments Ltd. is controlled by Mr. Zygmunt Solorz-Żak
[2] Sensor Overseas Ltd. is controlled by Mr. Heronim Ruta.

Changes in the structure of ownership of significant number of shares of the issuer in the period since the publication of the last periodic report

In the period from the publication of the last periodic report, that is August 30, 2012, until the date of this report, the Company did not receive any notice from shareholders obligatory under article 69 section 1 of the Offering Act.

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

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

The following table presents shares owned directly or indirectly by our Management Board members as of November 14, 2012, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last periodic report (report for the first half of 2012) on August 30, 2012. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading, dated July 29, 2005.

Management Board Member	Balance as of August 30, 2012	Increases	Decreases	Balance as of November 14, 2012
Dominik Libicki, President of the Management Board	209,987	-	-	209,987

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

The following table presents shares controlled directly or indirectly by our Supervisory Board members as of November 14, 2012, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last financial report (report for the first half of 2012) on August 30, 2012. The information included in the table is based on information received from members of our Supervisory Board pursuant to Art. 160 sec. 1 of the Act on Public Trading, dated July 29, 2005.

Supervisory Board Member	Balance as of August 30, 2012	Increases	Decreases	Balance as of November 14, 2012
Zygmunt Solorz-Żak[1] Chairman of the Supervisory Board	154,204,296	-	-	154,204,296
Heronim Ruta[2] Member of the Supervisory Board	25,341,272	-	-	25,341,272

[1] Mr. Zygmunt Solorz-Żak controls indirectly through Pola Investments Ltd. 154,204,296 of the Company's shares constituting 44.27% of the Company's share capital and representing 306,709,172 votes at the General Meeting of the Company, which constitutes 58.11% of total number of votes in the Company.
[2] Mr. Heronim Ruta controls indirectly through Sensor Overseas Ltd. 25,341,272 of the Company's shares constituting 7.27% of the Company's share capital and representing 50,382,647 votes at the General Meeting of the Company, which constitutes 9.55% of total number of votes in the Company.

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

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 November 1, 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 April 26, 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 June 6, 2012.

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

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

In the three-month period ended September 30, 2012 we did not conclude any material transactions with related parties on conditions other than market conditions.

11. Information on guarantees granted by the Company or subsidiaries

In the three-month period ended September 30, 2012 neither us, nor any of subsidiary companies had granted any guarantees to another entity.

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

12.1. Revenue

Revenue is derived from (i) retail sales, (ii) advertising and sponsorship, (iii) fees from cable and satellite operators, (iv) sale of equipment and (v) other revenue sources.

Retail subscription revenue

Retail sales consists primarily of (i) monthly subscription fees paid by our pay digital television subscribers for programming packages, (ii) fees for the leasing of set-top boxes, (iii) activation fees, (iv) penalties due to termination of contracts (v) monthly subscription fees and other revenue from users of our mobile telephony and Internet services and (vi) fees for extra services such as nVoD. The total amount of pay digital television subscription fees depends on the number of subscribers and the amount of monthly subscription fees paid for our packages. Activation fees are collected up-front and amortized over the life of the contract. In this position we also present non-advertising revenue of the companies of Redefine Sp. z o.o. Group, consolidated since April 2, 2012 (primarily revenue from subscription of ipla and muzo and PPV service in ipla).

Sales of advertising and sponsorship

Our revenue from advertising and sponsorship is generated mainly by TV Polsat Group (99%), the rest relates to the revenue from sale of marketing and advertising services generated by the Company and revenue from advertising generated by Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery.pl Sp. z o.o. in liquidation (consolidated from the second quarter of 2012). We sell advertising on our channels either on a rate-card basis, which reflects the timing and duration of an advertisement, or on a cost per gross rating point, or GRP, basis. A GRP is defined as the number of people watching a particular spot at a specific time. Unlike audience share, which is defined as the number of people watching a particular program at a particular time and is expressed as a percentage of the total number of people watching

TV, GRP is expressed as a percentage of the target group. We set and publish rate-card prices on monthly basis. Rate-card pricing is, on average, higher than GRP pricing, as advertisers select the specific advertising breaks, which they believe best meet their marketing objectives. We determine the placement of advertising breaks sold on a GRP basis based on the availability of airtime after the booking of rate-card sales, and advertisers only pay for the actual number of rating points delivered in the relevant commercial breaks.

Revenue from cable and satellite operators

Revenue from cable and satellite operators consists primarily of revenue generated by TV Polsat Group and includes fees from satellite platforms and cable TV networks operators for rebroadcasting our channels.

Sale of equipment

Sale of equipment consists mostly of revenue from sale of set-top boxes, STB hard disk drives, antennas, Internet modems, routers and mobile handsets to our subscribers when they enter into DTH, broadband Internet and mobile telephony services agreements. The sale price of equipment depends on the model, the tariff plan purchased by the subscriber and the duration of the agreement.

Other revenue

Other revenue sources consist primarily of revenue from:

- (i) transmission services;
- (ii) the lease of premises and facilities;
- (iii) sales of licenses, sublicenses and property rights;
- (iv) revenue from phone calls to call center;
- (v) other services.

12.2. Operating costs

Operating costs consist of:

- (i) programming costs,
- (ii) costs of internal and external TV production and amortization of sport rights,
- (iii) distribution, marketing, customer relation management and retention costs,
- (iv) depreciation, amortization and impairment,
- (v) salaries and employee-related costs,
- (vi) broadcasting and signal transmission costs,
- (vii) amortization of purchased film licenses,
- (viii) cost of settlements with mobile network operators and interconnection charges,
- (ix) cost of debt collection services and bad debt allowance and receivables written off,
- (x) costs of equipment sold and
- (xi) other costs.

Programming costs

Programming costs consist of:

- (i) monthly license fees due to television broadcasters and distributors and
- (ii) royalties due to collective copyright management organizations and the Polish Film Institute.

Costs of internal and external TV production and amortization of sport rights

These costs include production costs for TV programs specifically produced by or for us, either under licenses from third parties or under our own licenses. These costs include also amortization of sport broadcasting rights. Amortization is based on the estimated number of showings and type of programming content.

Distribution, marketing, customer relation management and retention cost

Distribution costs consist of (i) commissions due to the distributors consisting of the amounts due both to distributors and retail points of sale when they conclude sale or retention agreements with our subscribers for DTH, broadband Internet and mobile telephony services and (ii) costs of courier services, distribution of reception equipment and costs associated with services of our regional agents. Marketing expenses consist of expenses for TV and radio commercials, press and website advertising, promotional activities and materials, as well as other expenses incurred to increase sales and brand recognition. Customer relation management and retention costs consist of mailing costs, call centre costs and other customer relation management costs.

Depreciation, amortization and impairment

Depreciation, amortization and impairment costs primarily consist of depreciation and amortization of set-top boxes leased to our subscribers, plant and equipment, depreciation of TV and broadcasting equipment and depreciation of intangible assets and telecommunications equipment related to our mobile telephony services, as well as fixed assets impairment allowance.

Salaries and employee-related costs

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts (excluding salaries and social security contributions of factory employees, which are included in the costs of manufacturing the reception equipment and salaries and social security contributions relating to employees directly involved in the production of TV programmes which are presented as part of the costs of internal TV production) or project-specific contracts, managerial contracts, remuneration of our Supervisory Board members, social security costs and other employee benefits.

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs consist of:

- (i) payments for the lease of satellite transponder capacity;
- (ii) payments for the use of conditional access system based on the number of access cards;
- (iii) TV broadcasting costs (analogue and digital terrestrial transmission)
- (iv) costs related to transmission of DVB-T signal and
- (v) other signal transmission costs.

Amortization of purchased film licenses

These costs include amortization of rights to TV programming content produced by third parties and licensed to us. Amortization is based on the estimated number of showings and the type of programming content.

Cost of settlements with mobile network operators and interconnection charges

Cost of settlements with mobile network operators and interconnection charges include costs related to MVNO services – domestic and international roaming and InterConnect (depending on the number of connections, text and multimedia messages realized) as well as costs related to internet services – costs of data transfer service.

Cost of debt collection services and bad debt allowance and receivables written off

In this group of costs we present:

(i) bad debt recovery fees, previously included in distribution, marketing, customer relation management and retention costs,
(ii) bad debt allowance and the cost of receivables written off, previously included in other operating costs.

Cost of equipment sold

Cost of equipment sold relates mostly to set-top boxes, STB hard disk drives, antennas, Internet modems, routers and mobile handsets that we sell to our customers.

Other costs

Key items of other costs include:

(i) infrastructure rental and network maintenance cost,
(ii) the cost of SMART and SIM cards provided to customers,
(iii) IT services costs,
(iv) property maintenance costs,
(v) guarantee services costs,
(vi) legal, advisory and consulting costs,
(vii) taxes and other charges,
(viii) the cost of licenses and other current assets sold,
(ix) technical and production costs, such as costs of costumes, set design, staging services, other cost which cannot be directly attributable to production
(x) costs of purchase of advertising space generated by the companies from Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery.pl Sp. z o.o. in liquidation, consolidated from April 2, 2012, and
(xi) other costs.

12.3. Other operating income

Other operating income consists of:

(i) compensations from customers and distributors for failing to return equipment or returning damaged equipment,
(ii) other operating revenue, not derived in the ordinary course of business.

12.4. Other operating costs

Other operating costs consist of:

(i) inventory impairment write-downs,
(ii) other costs not related to the ordinary operations and the ordinary course of business.

12.5. Finance income

Finance income for the presented periods consists primarily of net foreign exchange gains on the valuation of Senior Notes denominated in euro and interest income.

12.6. Finance costs

For the presented periods, finance costs primarily comprised interest accrued on loans and Senior Notes, other interests cost, foreign exchange losses and costs of bank charges and commissions.

12.7. Management discussion and analysis

12.7.1. Operating results

Retail business segment

We consider the number of subscribers, churn rate, ARPU and subscriber acquisition cost when analyzing and evaluating our Retail business segment. The table below sets forth these key performance indicators for the relevant periods and is followed by a detailed explanation of each key performance indicator.

	3 months ended September 30			9 months ended September 30		
	2012	**2011**	**Change / %**	**2012**	**2011**	**Change / %**
Number of subscribers at end of period, of which:	**3,557,888**	**3,506,077**	**1.5%**	**3,557,888**	**3,506,077**	**1.5%**
Family Package	2,756,402	2,742,191	0.5%	2,756,402	2,742,191	0.5%
Mini Package	801,486	763,886	4.9%	801,486	763,886	4.9%
Average number of subscribers[1], of which:	**3,531,030**	**3,493,124**	**1.1%**	**3,541,448**	**3,477,311**	**1.8%**
Family Package	2,745,811	2,726,903	0.7%	2,770,072	2,727,536	1.6%
Mini Package	785,219	766,221	2.5%	771,376	749,775	2.9%
Churn rate of which:	**9.1%**	**9.4%**	**-0.3 p.p.**	**9.1%**	**9.4%**	**-0.3 p.p.**
Family Package	9.7%	10.2%	-0.5 p.p.	9.7%	10.2%	-0.5 p.p.
Mini Package	6.9%	6.4%	0.5 p.p.	6.9%	6.4%	0.5 p.p.
Average revenue per user[2] (ARPU) (PLN), of which:	**39.5**	**37.8**	**4.5%**	**38.9**	**37.0**	**5.1%**
Family Package (PLN)	47.1	44.7	5.4%	46.1	43.8	5.3%
Mini Package (PLN)	13.4	13.8	-2.9%	13.4	12.3	8.9%

[1]Calculated as the sum of the average number of subscribers in each month of the period divided by the number of months in the period. Average number of subscribers per month is calculated as the average of the number of subscribers on the first and the last business day of the month.

[2]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. It causes, however, a slight decrease in ARPU, though not perturbing its stable upward trend. The Management Board believes that this approach reflects the business standing of the Group more precisely and is more transparent for the market environment.

Subscribers

We define a "subscriber" as a person who signed an agreement for subscription to pay digital television services and who is obligated, under the terms of agreement, to make payments to access a package or packages of television and radio channels or who has access to such packages after making required payments but without having signed such an agreement. Our number of subscribers increased by 1.5%, to approximately 3,557.9 thousand subscribers as of September 30, 2012 from approximately 3,506.1 thousand subscribers as of September 30, 2011. Family Package subscribers constituted 77.5% and 78.2% of our entire subscriber base as of September 30, 2012 and 2011, respectively.

Churn rate

We define "churn rate" as the ratio of the number of contracts terminated during a twelve-month period to the average number of contracts during such twelve-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same twelve-month period as well as of subscribers who used to have more than one agreement and terminated one of them to replace it with the commitment to use Multiroom service. Our churn rate has remained almost unchanged in the twelve-month period ended September 30, 2012 and

September 30, 2011, and amounted to 9.1% and 9.4% respectively, with the churn rate of the Family Package decreasing by 0.5 percentage point and the churn rate of Mini Package increasing by 0.5 percentage point.

ARPU

We define "ARPU" as the average net revenue per subscriber to whom we rendered services calculated as a sum of net revenue generated by our subscribers from our pay digital television services in the reporting period divided by the average number of subscribers to whom we rendered services in this reporting period. ARPU increased by 4.5% to PLN 39.5 in the third quarter of 2012 from PLN 37.8 in the third quarter of 2011. Family Package ARPU increased by 5.4%, to PLN 47.1 in the third quarter of 2012 from PLN 44.7 in the third quarter of 2011. Mini Package ARPU decreased by 2.9%, to PLN 13.4 in the third quarter of 2012 from PLN 13.8 in the third quarter of 2011. The impact of pay-per-view services in the third quarter of 2012 on ARPU level amounted to PLN 0.3 (PLN 0,3 increase in Family Package ARPU and PLN 0.1 increase in Mini Package ARPU).

ARPU increased by 5.1% to PLN 38.9 in the nine-month period ended September 30, 2012 from PLN 37.0 in the nine-month period ended September 30, 2011. Family Package ARPU increased by 5.3%, to PLN 46.1 in the nine-month period ended September 30, 2012 from PLN 43.8 in the nine-month period ended September 30, 2011. Mini Package ARPU increased by 8.9%, to PLN 13.4 in the nine-month period ended September 30, 2012 from PLN 12.3 in the nine-month period ended September 30, 2011. The increase in ARPU was mainly due to increasing number of subscribers to higher packages and the revenue from additional services (VoD and Multiroom).

Television broadcasting and production segment

We consider audience share by channel, advertising market share and technical reach when analyzing and evaluating our Television broadcasting and production segment. The following tables set forth these key performance indicators for the relevant periods and are followed by a detailed explanation of each key performance indicator.

	3 months ended September 30,			9 months ended September 30,		
	2012	**2011**	***Change / %***	**2012**	**2011**	***Change / %***
Audience share[1], including:	**20.07%**	**21.23%**	**-5.46%**	**20.43%**	**20.60%**	**-0.83%**
POLSAT (main channel)	**14.91%**	**15.90%**	**-6.23%**	**15.76%**	**16.24%**	**-2.96%**
Thematic channels	**5.15%**	**5.33%**	**-3.38%**	**4.67%**	**4.36%**	**7.11%**
Polsat2	1.67%	1.77%	-5.65%	1.42%	1.46%	-2.74%
Polsat News	0.86%	0.80%	7.50%	0.76%	0.68%	11.76%
Polsat Sport	0.66%	0.93%	-29.03%	0.66%	0.64%	3.12%
Polsat Film	0.40%	0.43%	-6.98%	0.41%	0.40%	2.50%
Polsat JimJam	0.43%	0.28%	53.57%	0.38%	0.29%	31.03%
Polsat Cafe	0.39%	0.46%	-15.22%	0.36%	0.35%	2.86%
Polsat Play	0.43%	0.37%	16.22%	0.36%	0.31%	16.13%
Polsat Sport Extra	0.17%	0.22%	-22.73%	0.16%	0.18%	-11.11%
Polsat Crime & Investigation Network	0.11%	0.00%	--	0.12%	0.00%	–
TV Biznes	0.01%	0.02%	-50.00%	0.02%	0.02%	0.00%
Polsat Futbol[2]	0.00%	0.05%	--	0.01%	0.03%	-66.67%
Advertising market share[3]	**22.1%**	**22.9%**	**0.9%**	**23.1%**	**22.4%**	**3.1%**

[1] NAM, All day 16-49 audience share
[2] Polsat Futbol broadcasted until the end of May 2012
[3] Our estimates based on Starlink data

Polsat channels; technical reach[1]

	3 months ended September 30,			9 months ended September 30,		
	2012	**2011**	***Change / %***	**2012**	**2011**	***Change / %***
Polsat	98.6	97.8	0.8%	98.5	97.4	1.1%
Polsat 2	56.2	58.1	-3.3%	56.9	55.2	3.1%
TV Biznes	51.9	50.5	2.8%	52.0	49.6	4.8%
Polsat News	48.6	48.7	-0.2%	48.9	45.4	7.7%
Polsat Cafe	47.4	47.4	0.0%	48.0	45.2	6.2%
Polsat Sport	42.5	43.5	-2.3%	43.0	42.0	2.4%
Polsat Play	38.4	38.4	0.0%	38.8	36.0	7.8%
Polsat JimJam	37.0	37.0	0.0%	37.2	35.0	6.3%
Polsat Film	36.0	36.3	-0.8%	36.2	33.9	6.8%
Polsat Sport News[2]	45.7	16.6	175.3%	38.6	13.4	188.1%
Polsat Sport Extra[3]	29.9	30.2	-1.0%	30.4	29.7	2.4%
Polsat Crime & Investigation Network[4]	31.5	6.7	370.1%	30.7	7.1	332.4%
Polsat Futbol[5]	--	18.5	--	15.0	14.9	0.7%
Polsat Sport HD[6]	--	4.8	--	5.7	3.1	83.9%

1 NAM, percentage of television households which have a possibility to watch pointed channel; arithmetical average of monthly technical reach

2 Data only from June 2011 (not monitored before)

3 Since June 2012, the joint reach with Polsat Sport Extra HD (new channel)

4 Polsat Crime & Investigation Network, based on cooperation of Telewizja Polsat and A+E Networks UK, is broadcasted from November 2011 (earlier data relate to the technical reach of the channel prior to the cooperation)

5 Data until May 2012 (channel closed down)

6 Data from February 2011 (not monitored before) to June 2012 (before the unification of the scheduling with Polsat Sport)

7 Since June 2012, the joint reach with Polsat Sport HD (scheduling unified with Polsat Sport)

Audience share

In the third quarter of 2012, another important sport event (apart from EURO 2012 tournament) – Olympic Games in London – had a significant impact on the audience share results. However, the transmissions broadcasted in the public television did not affect the audience share of the leading commercial channels as much as EURO 2012. It is worth noting, that compared to the other large commercial station - TVN - the results of POLSAT showed lower decrease in the audience share.

Viewers were attracted by the fixed slots on our main channel's schedule, such as Monday's cycle *Mega Hit*, that gathered on average 1.2 million viewers in the third quarter of 2012, which translated into 22.3% audience share, as well as analogical Tuesday's slot gathering almost 1.1 million viewers (20.1% audience share). Throughout the quarter we broadcasted TV-show "Bones" (over 1 million viewers, 19.4% audience share). Life transmissions of semi-final and final of Volleyball World League (24.2% audience share) were the July's hits of our main antenna with 24.2% audience share. During the summer months, reruns of our docu-soaps were widely followed. September brought back premiere episodes of our flagship positions: series *Pierwsza miłość* (Monday-Friday, 6 pm; 1 million viewers, 27.7% audience share), talent show *Must be the Music – Tylko muzyka* (Sunday, 8 pm), 1.7 million viewers which constituted 25.1% audience share, as well as the Friday's talent show *Got to Dance – Tylko taniec* (1.2 million viewers, 19.6% audience share). A new series *Przyjaciółki* brought a successful debut (1.2 million viewers, 22.8% audience share). The docu-soaps, such as *Dlaczego ja?, Trudne Sprawy* and *Malanowski i partnerzy* constantly enjoyed high audience share.

In case of the Group's thematic channels, the highest audience share in the third quarter of 2012 was recorded by Polsat 2, Polsat News and Polsat Sport. Slightly lower year-on-year audience results of our sport channels were mainly due to the transmissions from Olympic Games broadcasted by the public television. The Olympics had also a direct impact on the calendar of other sports events (ex. FIVB World Grand Prix). The thematic channels with the highest audience growth dynamics were Polsat JimJam, Polsat Play and Polsat News. The audience results of Polsat Group include also the audience of the new channel Polsat Crime & Investigation Network, launched in November 2011, whose audience share in the third quarter of 2012 reached 0.11%.

In case of the first three quarters of 2012, the most popular programs on our main channel were *Must be the Music – Tylko Muzyka*, with an average audience of all episodes exceeding 1.8 million and audience share of 25.4%, Monday's cycle *Mega Hit* (1.4 million viewers and 22.8% audience share), TOPtrendy 2012 festival (1.3 million viewers, 26.9% audience share) and *Got to Dance – Tylko taniec* (1.2 million viewers, 20.6% audience share). Among the thematic channels, in the first three quarters of 2012, similarly to the third quarter of 2012, the largest audience was gathered by Polsat 2, Polsat News and Polsat Sport. The thematic channels with the highest audience growth dynamics were Polsat JimJam, Polsat Play and Polsat News.

Advertising market share

According to Starlink media house estimates, expenditures on TV advertising and sponsoring in the third quarter of 2012 amounted to PLN 695.5 million (not in thousands) and decreased year-on-year by 6.2%. Based on these data, we estimate that our TV advertising market share in the third quarter of 2012 increased y-o-y to 23.1% from 22.9% share in TV advertising expenditures in the third quarter of 2011. In total, in the third quarter of 2012 we generated 1.9% more GRPs than in the reference period of the previous year.

Starlink media house, estimated the expenditures on TV advertising and sponsoring in the first nine months of 2012 at PLN 2.6 billion (not in thousands), which is 5.5% less compared to the first nine months of 2011. Based on this estimation, our share in TV advertising market in the first nine months of 2012 grew y-o-y to 23.1% from 22.4% in the first nine months of 2011. In total, in the first nine months of 2012 we generated 4.2% more GRPs than in the reference period of the previous year.

Distribution and technical reach

Thematic channels of Polsat Group are currently available on all significant cable and satellite platforms. Comparing the data for the third quarter of 2012 and 2011, the largest increase was recorded in case of the new channel Polsat Sport News, that was launched in June 2011. This result was mainly due to the increased distribution of digital terrestrial television. In case of Polsat Crime & Investigation Network, data for 2011 include the technical reach of the channel before the cooperation with TV Polsat was launched. The year-on-year increase in technical reach in the first three quarters of 2012 was also influenced by the introduction of some of the Group's channels to "n" platform in May 2011.

12.7.2. Review of the financial situation

The following review of results for the 3 and 9-month period ended September 30, 2012 was prepared based on the interim condensed consolidated financial statements for the 3 and 9-month period ended September 30, 2012, prepared in accordance with International Accounting Standard 34 and internal analysis.

All financial data is expressed in thousands of PLN.

As in 2011, the results of TV Polsat Group were consolidated from April 20, furthermore in 2012 we begun to consolidate the results of the newly acquired companies, i.e. INFO-TV-FM Sp. z o.o., Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery.pl Sp. z o.o. in liquidation (further called "the newly acquired companies"). Our results in 2012 are not fully comparable with the results of the analogical periods in 2011. For comparability reasons, in the following comparison of financial results for the three- and nine-month periods ended September 30, 2012 with the results for the corresponding periods of 2011, we exclude the effect of consolidation of the newly acquired companies, and in case of results for the nine-month period also the effect of consolidation of TV Polsat Group.

Comparison of financial results for the three-month period ended September 30, 2012 with the results for the corresponding period of 2011

Revenue

Our total revenue increased by PLN 29,029, or 4.7%, to PLN 644,541 for the three-month period ended September 30, 2012 from PLN 615,512 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, our total revenue increased by PLN 25,970, or 4.2%, to PLN 641,482 for the three-month period ended September 30, 2012. Revenue grew for the reasons set forth below.

Retail sales

Revenue from retail sales increased by PLN 29,445, or 7.3%, to PLN 434,894 for the three-month period ended September 30, 2012 from PLN 405,449 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, the revenue from retail sales increased by PLN 28,658, or 7.1%, to PLN 434,107 in the three-month period ended September 30, 2012. This increase primarily resulted from the increase in DTH subscription fee revenue (attributable to a higher average number of subscribers in the third quarter of 2012 compared to the third quarter of 2011 and an increase in ARPU) and the increase in revenue from telecommunication services.

Advertising and sponsorship revenue

Advertising and sponsorship revenue decreased by PLN 6,322, or 3.7%, to PLN 162,831 for the three-month period ended September 30, 2012 from PLN 169,153 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, the revenue from advertising decreased by PLN 10,158, or 6.0%, to PLN 158,995 for the three-month period ended September 30, 2012. The decrease was primarily due to lower revenue from advertising and sponsoring of TV Polsat Group, related to the unfavourable situation on the advertising market.

Revenue from cable and satellite operator fees

Revenue from cable and satellite operator fees increased by PLN 1,814, or by 8.3%, to PLN 23,799 in the third quarter of 2012 from PLN 21,985 in the third quarter of 2011 primarily due to the increase of fees from cable operators. Consolidation of the newly acquired companies did not impact this revenue.

Sale of equipment

Revenue from the sale of equipment amounted to PLN 2,595 in the third quarter of 2012 and remained at the similar level compared to the third quarter of 2011 (PLN 2,720). Consolidation of the newly acquired companies did not impact the revenue from sale of equipment.

Other revenue

Other revenue increased by PLN 4,217, or 26.0%, to PLN 20,422 for the three-month period ended September 30, 2012 from PLN 16,205 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, other revenue increased by PLN 5,780, or 35.7%, to PLN 21,985 in the third quarter of 2012. The increase was mainly due to higher revenue from signal transmission services recognized by TV Polsat Group.

Total operating costs

	For the three-month period ended September 30,		
	2012	**2011**	**Change / %**
Programming costs	77,318	101,487	-23.8%
Cost of internal and external TV production and amortization of sport rigths	66,029	81,523	-19.0%
Distribution, marketing, customer relation management and retention costs	73,661	72,831	1.1%
Depreciation, amortization and impairment	60,238	48,254	24.8%
Salaries and employee - related costs	38,907	35,739	8.9%
Broadcasting and signal transmission costs	39,448	32,958	19.7%
Amortization of purchased film licenses	28,132	30,757	-8.5%
Cost of settlements with mobile network operators and interconnection charges*	11,196	5,903	89.7%
Cost of equipment sold	6,985	5,585	25.1%
Cost of debt collection services and bad debt allowance and receivables written off**	5,363	15,513	-65.4%
Other costs***	37,649	35,622	5.7%
Total operating costs	**444,926**	**466,172**	**-4.6%**

* From the first quarter of 2012, we present the Cost of settlements with mobile network operators and interconnection charges (previously presented in Other costs) in a separate line. We adjusted the presentation in the third quarter of 2011 for comparability reasons.

** From the second quarter 2012, we present bad debt recovery fees (previously presented in Distribution, marketing, customer relation management and retention costs) and bad debt allowance and the cost of receivables written off (previously presented in *Other operating costs*) in a separate line in Operating costs. We adjusted the presentation in the third quarter of 2011 for comparability reasons.

*** Following the presentation changes abovementioned, we adjusted the presentation in the third quarter of 2011 for comparability reasons.

Total operating costs decreased by PLN 21,246, or 4.6%, to PLN 444,926 for the three-month period ended September 30, 2012 from PLN 466,172 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, our total operating costs decreased by PLN 32,265, or 6.9%, to PLN 433,907 for the three-month period ended September 30, 2012. Costs grew for the reasons set forth below.

Programming costs

Programming costs decreased by PLN 24,169, or 23.8%, to PLN 77,318 for the three-month period ended September 30, 2012 from PLN 101,487 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, programming costs decreased by PLN 23,990, or 23.6%, to PLN 77,497 for the three-month period ended September 30, 2012. This decrease is the effect of the agreement signed with collective copyright management organizations (decrease in costs), as well as better fees negotiated for the purchase of programming content, despite the negative impact of currency fluctuations (increase in costs) and the increase in the average number of our DTH subscribers.

Cost of internal and external TV production and amortization of sport rights

The cost of internal and external TV production and amortization of sport rights decreased by PLN 15,494, or 19.0%, to PLN 66,029 in the third quarter of 2012 from PLN 81,523 in the third quarter of 2011. Excluding the effect of the consolidation of the newly acquired companies, these costs decreased by PLN 15,682, or 19.2%, to PLN 65,841 in the three-month period ended September 30, 2012. The decrease was primarily due to lower cost of amortization of sport rights (i.a. following the resignation from contract for European League, transmissions in 2011 of men's and women's tournaments of European Volleyball Championship, that take place every second year, and the time shift of FIVB World Grand Prix – August 2011 vs June 2012) and lower cost of internal production, mainly related to programs realized for the main POLSAT channel. .

Distribution, marketing, customer relation management and retention costs

Distribution, marketing, customer relation management and retention costs increased by PLN 830, or 1.1%, to PLN 73,661 for the three-month period ended September 30, 2012 from PLN 72,831 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, these costs amounted to PLN 73,420 in the three-month period ended September 30, 2012 and remained at the similar level compared to the same period of 2011.

Depreciation, amortization and impairment

Depreciation, amortization and impairment cost increased by PLN 11,984, or 24.8%, to PLN 60,238 for the three-month period ended September 30, 2012 from PLN 48,254 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, these costs increased by PLN 10,763, or 22.3%, to PLN 59,017 for the three-month period ended September 30, 2012. The increase in depreciation, amortization and impairment was caused primarily by the dynamic increase in the number of set-top-boxes, modems, STB hard disks and routers leased to our subscribers (accounted for as fixed assets).

Salaries and employee-related costs

Salaries and employee-related costs increased by PLN 3,168, or 8.9%, to PLN 38,907 for the three-month period ended September 30, 2012 from PLN 35,739 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, these costs increased by PLN 1,389, or 3.9%, to PLN 37,128 for the three-month period ended September 30, 2012.

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs increased by PLN 6,490, or 19.7%, to PLN 39,448 for the three-month period ended September 30, 2012 from PLN 32,958 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, broadcasting and signal transmission costs increased by PLN 2,971, or 9.0%, to PLN 35,929 for the three-month period ended September 30, 2012, mainly due to higher costs of terrestrial broadcasting of Polsat and Polsat Sport News channels following the expansion of the reach of digital terrestrial television and to the lease of additional transponders' capacity from Eutelsat (from May and August 2012).

Amortization of purchased film licenses

The cost of amortization of purchased film licenses decreased by PLN 2,625, or 8.5%, to PLN 28,132 in the third quarter of 2012 from 30,757 in the third quarter of 2011. Excluding the effect of consolidation of the newly acquired companies, costs of amortization of purchased film licenses decreased by PLN 3,259, or 10.6%, to PLN 27,498 for the third quarter of 2012. The decrease is primarily an effect of lower costs of the licenses written-off (following the expiration of the licenses).

Cost of settlements with mobile network operators and interconnection charges

Cost of settlements with mobile network operators and interconnection charges increased by PLN 5,293, or 89.7%, to PLN 11,196 for the third quarter of 2012 from PLN 5,903 for the third quarter of 2011. The increase resulted primarily from the growth of the base of subscribers to Internet access service and higher average use of data packages. The consolidation of the newly acquired companies had no effect on cost of settlements with mobile network operators and interconnection charges.

Cost of equipment sold

Cost of equipment sold increased by PLN 1,400, or 25.1%, to PLN 6,985 for the three-month period ended September 30, 2012 from PLN 5,585 for the three-month period ended September 30, 2011. This increase was a net effect of several factors, out of which the most significant were: (i) sale of set-top-boxes within the offer "Digital television without contract" in the third quarter of 2012, (ii) decrease in cost of sold modems; and (iii) cost of sale of equipment for reception of DTT recognized in the third quarter of 2012 (no such position in the corresponding period). Consolidation of the newly acquired companies had no impact on cost of equipment sold.

Cost of debt collection services and bad debt allowance and receivables written off

Cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 10,150, or 65.4%, to PLN 5,363 in the third quarter of 2012 from PLN 15,513 in the third quarter of 2011. The decrease was primarily due to lower bad debt allowance and the cost of receivables written off. The consolidation of the newly acquired companies had no impact on these costs.

Other costs

Other costs increased by PLN 2,027, or 5.7%, to PLN 37,649 for the three-month period ended September 30, 2012 from PLN 35,622 for the three-month period ended September 30, 2011. Excluding the consolidation of the newly acquired companies, other costs decreased by PLN 1,590, or 4.5%, to PLN 34,032 for the three-month period ended September 30, 2012. The decrease was primarily due to lower costs of SMART and SIM cards as well as lower legal, advisory and consulting costs and property maintenance costs.

Other operating income / costs

Net other operating income and costs amounted to PLN -1,956 for the three-month period ended September 30, 2012 compared to PLN -1,378 for the three-month period ended September 30, 2011. The consolidation of the newly acquired companies had no material impact on net other operating income and costs.

Finance income

Finance income increased by PLN 52,862 to PLN 57,628 for the three-month period ended September 30, 2012 from PLN 4,766 for the three-month period ended September 30, 2011. The increase was primarily an effect of foreign exchange gains on valuation of Senior Notes recognized in the third quarter of 2012 (losses in the third quarter of 2011) and other gains on exchange rate fluctuations (losses in the third quarter of 2011). The consolidation of the newly acquired companies had no significant effect on finance income.

Finance costs

Finance costs decreased by PLN 164,625, or 74.1%, to PLN 57,560 for the three-month period ended September 30, 2012 from PLN 222,185 for the three-month period ended September 30, 2011. Excluding the effect of consolidation of the newly acquired companies, finance costs decreased by PLN 166,080, or 74.7%, to PLN 56,105 for the three-month period ended September 30, 2012. The decrease was primarily an effect of foreign exchange losses on valuation of Senior Notes recognized in the third quarter of 2011 (gains in the third quarter of 2012) and other losses on exchange rate fluctuations recognized in the third quarter of 2011 (gains in the third quarter of 2012), as well as lower interest costs on Senior Facility Loan.

Net profit

Net profit for the third quarter of 2012 increased by PLN 234,049 to PLN 172,062, compared to net loss of PLN 61,987 in the third quarter of 2011 (related mainly to the recognized foreign exchange losses on the valuation of Senior Notes). Excluding the effect of consolidation of the newly acquired companies, net profit increased by PLN 242,380 and amounted to PLN 180,394.

Other information

EBITDA & EBITDA margin

EBITDA increased by PLN 61,681, or 31.4%, to PLN 257,897 in the third quarter of 2012 from PLN 196,216 for the third quarter of 2011. EBITDA margin increased to 40.0% for the third quarter of 2012 from 31.9% for the third quarter of 2011.

Excluding the one-off effect of the decrease in cost of royalties paid by TV Polsat Group to collective copyright management organizations described above, EBITDA in the third quarter of 2012 would amount to PLN 239,318, and EBITDA margin to 37,3%.

Excluding the effect of consolidation of the newly acquired companies, EBITDA increased by PLN 68,408, or 34.9%, to PLN 264,624 for the third quarter of 2012. Excluding the effect of consolidation of the newly acquired companies, EBITDA margin increased to 41.3% for the third quarter of 2012 from 31.9% for the third quarter of 2011.

Employment

Average number of employees in Cyfrowy Polsat Group was 1,467 in the three-month period ended September 30, 2012, as compared to 1,434 in the corresponding period of 2011. The increase in the average number of employees is a net effect of growth resulting primarily from the acquisition of companies of Redefine Sp. z o.o. Group and Netshare Sp. z o.o. and employment reductions in TV Polsat.

Comparison of financial results for the nine-month period ended September 30, 2012 with the results for the corresponding period of 2011

Revenue

Our total revenue increased by PLN 380,903, or 23.1%, to PLN 2,027,599 for the nine-month period ended September 30, 2012 from PLN 1,646,696 for the nine-month period ended September 30, 2011. The fact that in 2012 we consolidated the full nine months results of TV Polsat Group while in 2011 the results were consolidated from April 20 and the consolidation of the results of the newly acquired companies in 2012, had a significant impact on the increase of the consolidated revenue. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, our total revenue increased by PLN 107,340, or 8.8%, to PLN 1,321,678 for the nine-month period ended September 30, 2012 from PLN 1,214,338 for the nine-month period ended September 30, 2011. Revenue grew for the reasons set forth below.

Retail sales

Revenue from retail sales increased by PLN 108,100, or 9.2%, to PLN 1,287,449 for the nine-month period ended September 30, 2012 from PLN 1,179,349 for the nine-month period ended September 30, 2011. The consolidation of TV Polsat Group had no impact on the revenue from retail sales, while excluding the effect of consolidation of the newly acquired companies, the revenue from retail sales increased by PLN 106,759, or 9.1%, to PLN 1,286,108 in the nine-month period ended September 30, 2012. This increase resulted primarily from the increase in DTH subscription fee revenue (attributable to a higher average number of subscribers in the nine-month period ended September 30, 2012 compared to the nine-month period ended September 30, of 2011 and an increase in ARPU) and the increase in revenue from telecommunication services.

Advertising and sponsorship revenue

Advertising and sponsorship revenue increased by PLN 225,000, or 59.6%, to PLN 602,779 for the nine-month period ended September 30, 2012 from PLN 377,779 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, the revenue from advertising decreased by PLN 595, or 21.4%, to PLN 2,179 for the nine-month period ended September 30, 2012 from PLN 2,774 for the nine-month period ended September 30, 2011.

Revenue from cable and satellite operator fees

Revenue from cable and satellite operator fees increased by PLN 32,475, or 85.0%, to PLN 70,679 in the nine-month period ended September 30, 2012 from PLN 38,204 in the nine-month period ended September 30, of 2011.The increase was mainly due to the fact that in the first three quarters of 2012, TV Polsat revenue was consolidated in the full nine months while in the reference period of 2011 consolidation included the results of less than six months (consolidation from April 20, 2011). The increase was also due i.a. to the introduction of TV Polsat channels to "n" platform in May 2011.

Sale of equipment

Revenue from the sale of equipment decreased by PLN 371, or 3.1%, to PLN 11,507 for the nine-month period ended September 30, 2012 from PLN 11,878 for the nine-month period ended September 30, 2011. Consolidation of TV Polsat Group or consolidation of the newly acquired companies did not significantly impact revenue from sale of equipment.

Other revenue

Other revenue increased by PLN 15,699, or 39.8%, to PLN 55,185 for the nine-month period ended September 30, 2012 from PLN 39,486 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group (mainly revenue from broadcasting and signal transmission services and revenue from sale of licenses, sub-licenses and property rights) and the effect of consolidation of the newly acquired companies, other revenue increased by PLN 1,416, or 7.0%, to PLN 21,700 in the nine-month period ended September 30, 2012 from PLN 20,284 in the nine-month period ended September 30, of 2011, primarily due to the increase in revenue from sale of signal transmission services.

Total operating costs

	For the nine-month period ended September 30,		
	2012	**2011**	**Change / %**
Programming costs	274,581	305,376	-10.1%
Cost of internal and external TV production and amortization of sport rigths	249,536	157,366	58.6%
Distribution, marketing, customer relation management and retention costs	216,992	220,312	-1.5%
Depreciation, amortization and impairment	171,355	121,349	41.2%
Salaries and employee-related costs	119,778	97,518	22.8%
Broadcasting and signal transmission costs	109,324	80,303	36.1%
Amortization of purchased film licenses	80,759	56,526	42.9%
Cost of settlements with mobile network operators and interconnection charges*	32,838	16,900	94.3%
Cost of equipment sold	20,049	24,710	-18.9%
Cost of debt collection services and bad debt allowance and receivables written	19,668	52,243	-62.4%
Other costs***	114,264	95,203	20.0%
Total operating costs	**1,409,144**	**1,227,806**	**14.8%**

* From the first quarter of 2012, we present the Cost of settlements with mobile network operators and interconnection charges (previously presented in Other costs) in a separate line. We adjusted the presentation in the nine-month period ended September 30, 2011 for comparability reasons.

** From the first half 2012, we present bad debt recovery fees (previously presented in Distribution, marketing, customer relation management and retention costs) and bad debt allowance and the cost of receivables written off (previously presented in *Other operating costs*) in a separate line in Operating costs. We adjusted the presentation in the nine-month period ended September 30, 2011 for comparability reasons.

*** Following the abovementioned presentation changes, we adjusted the presentation in the nine-month period ended September 30, 2011 for comparability reasons.

Total operating costs increased by PLN 181,338, or 14.8%, to PLN 1,409,144 for the nine-month period ended September 30, 2012 from PLN 1,227,806 for the nine-month period ended September 30, 2011. The fact that in 2012 we consolidated the full nine months results of TV Polsat Group while in 2011 the results were consolidated from April 20 and the consolidation of the results of the newly acquired companies in 2012 had a significant impact on the increase in consolidated costs. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, our total operating costs increased by PLN 16,186, or 1.8%, to PLN 940,911 for the nine-month period ended September 30, 2012 from PLN 924,725 for the nine-month period ended September 30, 2011. Costs grew for the reasons set forth below.

Programming costs

Programming costs decreased by PLN 30,795, or 10.1%, to PLN 274,581 for the nine-month period ended September 30, 2012 from PLN 305,376 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, programming costs amounted to PLN 317,779 and remained stable compared to corresponding period of 2011 (PLN 318,373).

Cost of internal and external TV production and amortization of sport rights

The cost of internal and external production and amortization of sport rights increased by PLN 92,170, or 58.6%, to PLN 249,536 in the nine-month period ended September 30, 2012 from PLN 157,366 in the nine-month period ended September 30, 2011. The increase is mainly due to consolidation of the results of TV Polsat Group for the full nine months in 2012. The effect of the consolidation of the newly acquired companies amounted to PLN 407.

Distribution, marketing, customer relation management and retention costs

Distribution, marketing, customer relation management and retention costs decreased by PLN 3,320, or 1.5%, to PLN 216,992 for the nine-month period ended September 30, 2012 from PLN 220,312 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, the cost amounted to PLN 213,439 in the nine-month period ended September 30, 2012 and remained at similar level compared to PLN 214,596 in the nine-month period ended September 30, 2011 (decrease by 0.5%).

Depreciation, amortization and impairment

Depreciation, amortization and impairment cost increased by PLN 50,006, or 41.2%, to PLN 171,355 for the nine-month period ended September 30, 2012 from PLN 121,349 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, these costs increased by PLN 38,792, or 39.3%, to PLN 137,500 for the nine-month period ended September 30, 2012 from PLN 98,708 for the nine-month period ended September 30, 2011. The increase in depreciation, amortization and impairment was caused primarily by the dynamic increase in the number of set-top-boxes, modems, STB hard disks and routers leased to our subscribers (accounted for as fixed assets).

Salaries and employee-related costs

Salaries and employee-related costs increased by PLN 22,260, or 22.8%, to PLN 119,778 for the nine-month period ended September 30, 2012 from PLN 97,518 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, these costs amounted to PLN 67,796 for the nine-month period ended September 30, 2012 and remained stable compared to PLN 66,802 for the nine-month period ended September 30, 2011 (increase by 1.5%).

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs increased by PLN 29,021, or 36.1%, to PLN 109,324 for the nine-month period ended September 30, 2012 from PLN 80,303 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, broadcasting and signal transmission costs increased by PLN 4,656, or 7.4%, to PLN 67,646 for the nine-month period ended September 30, 2012 from PLN 62,990 for the nine-month period ended September 30, 2011, mainly due to the negative impact of currency fluctuations and the lease of additional transponders' capacity from Eutelsat (from May and August 2012).

Amortization of purchased film licenses

The cost of amortization of purchased film licenses increased by PLN 24,233, or 42.9%, to PLN 80,759 in the nine-month period ended September 30, 2012 from 56,526 in the nine-month period ended September 30, of 2011. The increase is mainly due to consolidation of the results of TV Polsat Group for the full nine months in 2012 compared to consolidation from April 20, in 2011. The effect of the consolidation of the newly acquired companies amounted to PLN 1,045.

Cost of settlements with mobile network operators and interconnection charges

Cost of settlements with mobile network operators and interconnection charges increased by PLN 15,938, or 94.3%, to PLN 32,838 for the nine-month period ended September 30, 2012 from PLN 16,900 for the nine-month period ended September 30, of 2011. The increase resulted primarily from the growth of the base of subscribers to Internet access service and higher average use of data packages. The consolidation of TV Polsat Group and the newly acquired companies had no effect on cost of settlements with mobile network operators and interconnection charges.

Cost of equipment sold

Cost of equipment sold decreased by PLN 4,661, or 18.9%, to PLN 20,049 for the nine-month period ended September 30, 2012 from PLN 24,710 for the nine-month period ended September 30, 2011. This decrease was a net effect of several factors, out of which the most significant were: (i) lower cost of sales of hard discs for set-top boxes, resulting from the fact that in 2012 the disks are mainly leased to our subscribers, (ii) the change in presentation of CPT's costs and revenues from sale of components for production of own set-top-boxes and modems to third parties (currently, contrary to the nine-month period ended September 30, of 2011, the costs and revenues are presented in net amount), (iii) decreased sale of DTH antennas, (iv) lower unit cost of sold modems and (v) cost of sale of equipment for reception of DTT recognized in the nine-month period ended September 30, 2012 (no such a position in the corresponding period). Consolidation of TV Polsat Group and the newly acquired companies had no significant effect on cost of equipment sold.

Cost of debt collection services and bad debt allowance and receivables written off

Cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 32,575, or 62.4%, to PLN 19,668 in the nine-month period ended September 30, 2012 from PLN 52,243 in the nine-month period ended September 30, of 2011. Excluding the effect of consolidation of TV Polsat Group, these costs decreased by PLN 32,105, or 62.2%, to PLN 19,534 in the nine-month period ended September 30, 2012 from PLN 51,639 in the nine-month period ended September 30, of 2011. The decrease was primarily due to lower bad debt allowance and the cost of receivables written off. The consolidation of the newly acquired companies had no impact on these costs.

Other costs

Other costs increased by PLN 19,061, or 20.0%, to PLN 114,264 for the nine-month period ended September 30, 2012 from PLN 95,203 for the nine-month period ended September 30, 2011. Excluding the consolidation of TV Polsat Group and the newly acquired companies, other costs decreased by PLN 5,795, or 8.3%, to PLN 64,163 for the nine-month period ended September 30, 2012 from PLN 69,958 for the nine-month period ended September 30, 2011. The decrease was primarily due to lower legal, advisory and consulting costs, property maintenance costs and the cost of SMART and SIM cards provided to customers.

Other operating income / costs

Net other operating income and costs amounted to PLN -4,725 for the nine-month period ended September 30, 2012 compared to PLN -2,171 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, net other operating income and costs amounted to PLN -4,923 for the nine-month period ended September 30, 2012 compared to PLN -1,817 for the nine-month period ended September 30, 2011.

Finance income

Finance income increased by PLN 110,638, to PLN 117,381 for the nine-month period ended September 30, 2012 from PLN 6,743 for the nine-month period ended September 30, 2011. The increase was a result of primarily: (i) recognition of gains on foreign exchange fluctuations in the nine-month period ended September 30, 2012 relating to the valuation of Senior Notes (loss recognized in the nine-month period ended September 30, of 2011), and (ii) higher interest income in the nine-month period ended September 30, 2012 (including PLN 6,148 recognized in the nine-month period ended September 30, 2012 by TV Polsat Group, compared to PLN 3,266 consolidated in the nine-month period ended September 30, of 2011). The consolidation of the newly acquired companies had no material impact on finance income.

Finance costs

Finance costs decreased by PLN 134,179, or 43.3%, to PLN 175,713 for the nine-month period ended September 30, 2012 from PLN 309,892 for the nine-month period ended September 30, 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, finance costs decreased by PLN 128,241, or 42.4%, to PLN 174,484 for the nine-month period ended September 30, 2012 from PLN 302,725 for the nine-month period ended September 30, 2011. The decrease was a net effect of sever factors including primarily: (i) foreign exchange losses on valuation of Senior Notes recognized in the nine-month period ended September 30, of 2011 vs. gains recognized in the nine-month period ended September 30, 2012, and (ii) higher cost of interests on Senior Notes, resulting from the fact that the cost of interests in 2012 were calculated for the full three quarters, compared to significantly shorter period in 2011 (from May 20, 2011).

Net profit

Net profit for the nine-month period ended September 30, 2012 increased by PLN 392,781, or by 468.2%, to PLN 476,674 from PLN 83,893 in the nine-month period ended September 30, 2011.

Other information

EBITDA & EBITDA margin

EBITDA increased by PLN 247,017, or 45.9%, to PLN 785,085 in the nine-month period ended September 30, 2012 from PLN 538,068 for the nine-month period ended September 30, 2011. EBITDA margin increased to 38.7% for the nine-month period ended September 30, 2012 from 32.7% for the nine-month period ended September 30, 2011. Excluding the one-off effect of the decrease in cost of royalties paid by TV Polsat Group to collective copyright management organizations, EBITDA in the nine-month period ended September 30, 2012 would amount to PLN 766,506, and EBITDA margin to 37,8%.

Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, EBITDA increased by PLN 126,840, or 32.8%, to PLN 513,344 for the nine-month period ended September 30, 2012 from PLN 386,504 for the nine-month period ended September 30, of 2011. Excluding the effect of consolidation of TV Polsat Group and the newly acquired companies, EBITDA margin increased to 38.8% for the nine-month period ended September 30, 2012 from 31.8% for the nine-month period ended September 30, of 2011.

Employment

Average number of employees in Cyfrowy Polsat Group was 1,460 in the nine-month period ended September 30, 2012, as compared to 1,212 in the corresponding period of 2011. The increase in the average number of employees resulted mainly from the acquisition of TV Polsat (we include the employees of TV Polsat Group from the day of the finalization of the acquisition, i.e. April 20, 2011) and the acquisition of companies of Redefine Sp. z o.o. Group and Netshare Sp. z o.o.

Results by business 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.

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.

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

The period of 9 months ended September 30, 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**
EBITDA margin	**37.7%**	**36.3%**		**38.7%**
Profit/(loss) from operating activities	**362,352**	**254,040**	**(2,662)**	**613,730**
Acquisition of property, plant and equipment, reception equipment and 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 September 30, 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

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

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

Period of 9 months ended September 30, 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 intangible assets	210,205*	9,065	-	219,270
Depreciation, amortization and impairment	98,708	20,316	2,325	121,349
Balance as at September 30, 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 reception equipment 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	
	September 30, 2012 unaudited	September 30, 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	103,406	(167,465)
Other foreign exchange rate differences, net	(731)	(11,991)
Interest income	13,179	6,695
Share of the profit or loss of associate accounted for using the equity method	2,044	1,487
Interest costs	(170,989)	(124,381)
Loss on call options	-	(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**

Comparison of financial position as of September 30, 2012 and December 31, 2011

As of September 30, 2012 and December 31, 2011, our balance sheet amount was PLN 5,514,874 and PLN 5,348,548 respectively. Excluding the effect of consolidation of the companies acquired in 2012 (i.e. INFO-TV-FM Sp. z o.o., Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery.pl Sp. z o.o. in liquidation, further called: "the newly acquired companies") as of September 30, 2012, our balance sheet amount was PLN 5,520,240.

As of September 30, 2012 and December 31, 2011, our non-current assets were PLN 4,456,701 and PLN 4,278,148, respectively, and accounted for 80.8% and 80.0% of the total assets respectively. Excluding the effect of consolidation of the newly acquired companies, as of September 30, 2012, our non-current assets were PLN 4,342,203 and accounted for 78.7% of the total assets.

The value of reception equipment increased by PLN 16,458 or 4.0%, to PLN 425,068 as of September 30, 2012 from PLN 408,610 as of December 31, 2011 due to an increase in the number of equipment for reception of pay-TV and internet sets leased to our subscribers.

The value of other property, plant and equipment decreased by PLN 6,234 or 2.4% to PLN 257,043 as of September 30, 2012 from PLN 263,277 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the value of other property, plant and equipment decreased by PLN 11,495, or by 4.4%, to PLN 251,782 as of September 30, 2012. The decrease was a net effect of several factors including primarily depreciation charges for the period and purchase of equipment for the production of set-top boxes.

The value of goodwill increased by PLN 163,171, or 6.8%, to PLN 2,575,456 as of September 30, 2012 from PLN 2,412,285 as of December 31, 2011. The increase was due to the initial calculation of the goodwill following the acquisition of INFO-TV-FM and the companies of Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery Sp. z o.o. in liquidation.

As of September 30, 2012, the value of "Polsat" brand was PLN 840,000 and remained unchanged compared to December 31, 2011.

The value of other intangible assets increased by PLN 14,265, or 26.3%, to PLN 68,459 as of September 30, 2012 from PLN 54,194 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the value of other intangible assets decreased by PLN 2,105, or by 3.9%, and amounted to PLN 52,089 as of September 30, 2012. The decrease resulted primarily from the amortization charged for the period.

The value of non-current programming assets decreased by PLN 35,818, or 27.3%, to 95,323 as of September 30, 2012 from PLN 131,141 as of December 31, 2011. The value of current programming assets increased by PLN 34,032, or by 24.8%, to PLN 171,461 as of September 30, 2012 from PLN 137,429 as of December 31, 2011. The effect of consolidation of the newly acquired companies was positive and amounted to PLN 110.

Investment property amounted to PLN 8,378 as of September 30, 2012 and remained almost unchanged (decrease by 0.7%) compared to the balance as of December 31, 2011. Total balance relates solely to TV Polsat Group and includes land and buildings for lease.

Non-current deferred distribution fees decreased by PLN 1,776, or by 5.1%, to PLN 33,252 as of September 30, 2012 from PLN 35,028 as of December 31, 2011. Current deferred distribution fees decreased by PLN 5,323, or 9.0%, to PLN 54,038 as of September 30, 2012 from PLN 59,361 as of December 31, 2011. The consolidation of the newly acquired companies had no impact on these balances.

The value of other non-current assets amounted to PLN 116,704 as of September 30, 2012 and increased by PLN 47,257, or 68.0%, compared to PLN 69,447 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, other non-current assets increased by PLN 119,264, or 171.7%, to PLN 188,711 as of September 30, 2012. This increase was primarily due to an increase in long-term deferred costs (mainly related to the second and third order for data transmission service from Mobyland).

As of September 30, 2012 and December 31, 2011, our current assets were PLN 1,058,173 and PLN 1,070,400, respectively, and accounted for 19.2% and 20,0% of the total assets respectively. Excluding the effect of consolidation of the newly acquired companies, as of September 30, 2012, our current assets were PLN 1,178,037 and accounted for 21.3% of the total assets.

The value of inventories was PLN 177,054 as of September 30, 2012 and remained stable compared to the balance as of December 31, 2011 (decrease by 0.6%). Excluding the effect of consolidation of the newly acquired companies, the value of inventories amounted to PLN 177,031 as of September 30, 2012.

The value of bonds amounted to PLN 0 as of September 30, 2012 compared to PLN 14,854 as of December 31, 2011. The balance as of the end of 2011 related to unsecured interest-bearing bonds of NFI Magna Polonia S.A. with nominal value of PLN 14,000.

The value of trade and other receivables increased by PLN 56,407, or 17.6%, to PLN 376,949 as of September 30, 2012 from PLN 320,542 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the value of trade and other receivables increased by PLN 55,303 and amounted to PLN 375,845 as of the end of September 2012. The increase resulted mainly from higher trade receivables from third parties partially netted off by a decrease in tax and social security receivables.

The value of cash and cash equivalents decreased by PLN 52,423, or 18.9%, to PLN 225,111 as of September 30, 2012, from PLN 277,534 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the value of cash and cash equivalents increased by PLN 67,441, or 24.3%, to PLN 344,975 as of September 30, 2012. This increase resulted primarily from cash generated from operating activities. The increase was partially netted off by repayment of capital (including the voluntary prepayment in the amount of PLN 200,000) and interests from SFA, payment of interests on Senior Notes as well as investment expenditures.

The value of other current assets decreased by PLN 19,228, or 26.5%, to PLN 53,239 as of September 30, 2012, from PLN 72,467 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the value of other current assets decreased by PLN 17,991, or 24.8%, to PLN 54,476 as of September 30, 2012. This decrease resulted primarily from a decrease in assets from valuation of financial instruments and a decrease in other assets.

Equity increased by PLN 458,872, or by 24.2%, to PLN 2,354,915 as of September 30, 2012 from PLN 1,896,043 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the equity increased by PLN 473,468, or 25.0%, to PLN 2,369,511 as of September 30, 2012, primarily as a result of profit generated in the nine-month period ended September, 2012. The increase was partially offset by the change in the valuation of hedging instruments.

Loans and borrowings (long and short term) decreased by PLN 286,138, or 23.7%, to PLN 919,047 as of September 30, 2012, from PLN 1,205,185 as of December 31, 2011. The change was due primarily to the prepayment in the amount of PLN 200,000 as well as scheduled repayments of Term Loan. The consolidation of the newly acquired companies had no impact on the balance of the loans and borrowings liabilities.

The Senior Notes liabilities (long and short-term) decreased by PLN 75,666, or by 5.0%, to PLN 1,446,911 as of September 30, 2012 from PLN 1,522,577 as of December 31, 2011, primarily due to the repayment of interests and a decrease in the euro exchange rate used for valuation of the Senior Notes. The decrease was partially netted off mainly by the interest accrued for the new period. The consolidation of the newly acquired companies had no impact on the balance of Senior Notes liabilities.

Non-current and current deferred income increased by PLN 9,266, or by 4.5%, to PLN 216,279 as of September 30, 2012 from PLN 207,013 as of December 31, 2011 mainly as a result of an increase in subscription fees paid in advance by our subscribers. The effect of consolidation of the newly acquired companies was insignificant.

The value of other non-current liabilities and provisions increased by PLN 6,540, or by 52.3%, to PLN 19,037 as of September 30, 2012 from PLN 12,497 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the value of other non-current liabilities and provisions increased by PLN 6,425, or 51.4%, to PLN 18,922 as of September 30, 2012, primarily due to the increase in the liabilities from financial instruments.

The value of trade and other payables increased by PLN 66,721, or 17.8%, to PLN 441,676 as of September 30, 2012 from PLN 374,955 as of December 31, 2011. Excluding the effect of consolidation of the newly acquired companies, the value of trade and other payables increased by PLN 57,690, or 15.4%, to PLN 432,645 as of September 30, 2012, mainly as a result of a increase in trade payables. The increase was partially netted off primarily by a decrease in short-term accruals and a decrease in short-term provisions.

The value of deposits for equipment decreased by PLN 660, or by 5.2%, to PLN 12,084 as of September 30, 2012 from PLN 12,744 as of December 31, 2011, primarily due to a decrease in deposits from distributors. The consolidation of the newly acquired companies had no impact on the balance of deposits for equipment.

Liquidity and Capital Resources

Liquidity

Overview

We maintain cash and cash equivalents to fund the day-to-day requirements of our business. We hold cash primarily in Polish zloty. Until 2011, we relied primarily upon cash flows from operations and bank borrowings to provide the funds required for acquisitions and operations. In 2011, we used additional source of financing - issue of bonds. Our objective is to ensure cost-efficient access to various financing sources, including bank loans and other borrowings.

While we hold cash primarily in Polish zloty, we maintain also other currencies, the value of which depends on the amount of payments to be made for license fees to broadcasters, signal transmission costs, the costs of using the conditional access system, the purchase of set-top-boxes and the purchase of components for in-house manufactured set-top boxes, payments to be made pursuant to agreements with international movie studios and sports federations for programming as well as payments related to service of Senior Notes denominated in euro.

We believe that our cash balances and cash generated from our current operations as well as means available within our revolving facility (described below) will be sufficient to fund the future cash needs for our operational activity, development of our services and for service of our debt.

External sources of funding, financing and indebtedness

Bank Loans

In connection with the acquisition of TV Polsat, on March 31, 2011 the Group, concluded a Senior Facilities Agreement with a syndicate of Polish and international banks led by: Citibank, N.A., London Branch, Bank Handlowy w Warszawie S.A., Crédit Agricole CIB, The Royal Bank of Scotland plc. ("the Bookrunners").

The Senior Facilities Agreement provided for a term facility loan of up to PLN 1,400,000,000 (not in thousands) and a revolving facility loan of up to PLN 200,000,000 (not in thousands). The interest rate applicable for both, the term facility and revolving facility loan, was agreed as variable rates comprising WIBOR, for the relevant interest periods, and the applicable margin. The term facility loan is to be repaid in quarterly installments in varying amounts commencing June 30, 2011. Both facilities expire on December 31, 2015. As at September 30, 2012 the revolving facility was not used.

We use interest rate swaps to hedge our exposure to volatility in the Term Loan interest payments. The IRS transactions concluded in 2011 were described in the Note no. 32 of the consolidated financial statements for the year ended December 31, 2011, and the transactions concluded in 2012 are described in the attached consolidated financial statement for the 3 and 9 months ended September 30, 2012 (in the Note no. 13).

On August 29, 2012 we have partly re-paid the Term Facility Loan in the amount of PLN 200,000. The repayment was executed using the cash generated from the Group's operations. This repayment will have a positive impact on our future results through proportional decrease in further principal payments and accrued interest.

Summary of significant provisions of the agreements

Mandatory prepayments

The facilities will be cancelled and the outstanding balance, together with accrued interest, shall become immediately due and payable upon loss of control by Mr Zygmunt Solorz-Żak (or party related with him) over the Company or loss of control by the Company over TV Polsat. The facilities shall become immediately due upon sale of all or substantially all of the Group or the assets of the Group.

Mandatory prepayments are also required in the following amounts:

- in the amount equal to 65% of excess cash flow for any financial year of the Company or equal to 25% if total net debt to EBITDA ratio of the Company is less than 2.0,
- in the amount of disposal proceeds for transaction exceeding PLN 10 million (not in thousands) in respect of any one disposal or PLN 40 million (not in thousands) in aggregate at any time before the facilities are repaid in full,
- in the amount of debt proceeds or equity proceeds if total net debt to EBITDA ratio of the Company exceeds 2.0.

In addition, voluntary Senior Notes repayment is allowable only if accompanied by a repayment of term and revolving facilities.

Financial covenants

The loan agreement imposed on the Group the obligation to maintain financial ratios at a certain level. The Debt Service Cover shall be at least 1.45 for the period of 12 months ended September 30, 2012. The Interest Cover shall be at least 2.75 for the period of 12 months ended September 30, 2012. The Total leverage shall not exceed 3.75 for the period of 12 months ended September 30, 2012. Financial covenants shall be tested on each quarter date and shall be reported on by an auditor on annual basis.

Additionally, restrictions which are imposed on the Group include the following:

- restrictions relating to mergers, acquisitions, joint venture transactions,
- restrictions related to disposal of assets and substantial change of business,
- restrictions related to incurring additional financial indebtedness and share capital issue,
- restrictions relating to cash out transactions (inter alia dividend and other distribution payments, repayment of principal and interest of financial indebtedness, management/advisory fee payments, advance or similar kind of payment to related parties).

Additionally, the Group is obliged inter alia to the following:

- provide the banks with any material documents and information concerning the financial standing of the Group,
- hedge against interest rate and foreign exchange rate fluctuations in respect of the amounts outstanding under the term facility and Senior Notes,
- all bank accounts shall be opened and maintained with the lending banks,
- use, for the purpose of financial statements' audit, only the services of the auditors specified in the agreement, or the services of other auditors if approved by the majority of banks.

Senior Notes

On May 20, 2011, our solely owned subsidiary Cyfrowy Polsat Finance AB (publ) (the "Issuer"), the Bank of New York Mellon, London Branch (the "Trustee"), the Bank of New York Mellon Luxembourg S.A., and the Initial Guarantors, as defined below, entered into an indenture (the "Indenture") for the issuance by the Issuer of Senior Notes due 2018 (the "Notes") with aggregate principal amount of EUR 350 million (not in thousands). The closing of the sale of the Notes and the issue of the Notes occurred on May 20, 2011 (the "Issue Date"). The Notes were rated Ba2/BB by Moody's Investor Service Inc. and Standard & Poor's Rating Services, respectively.

Pursuant to the Indenture, interest on the Notes accrues from (and including) May 20, 2011 and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on the Notes accrues at the rate of 7.125% per annum and will be payable semiannually in arrears on May 20 and November 20, commencing on November 20, 2011. The Notes were issued in minimum denominations of EUR 100,000 (not in thousands) and integral multiples of EUR 1,000 (not in thousands) in excess thereof.

For the purpose of hedging future cash flows regarding Senior Notes interest payments, denominated in euro, the Group concluded CIRS (cross-currency interest rate swap) transaction. The CIRS transactions concluded in 2011 were described in the Note no. 32 of the consolidated financial statements for the year ended December 31, 2011, and the transactions concluded in 2012 are described in the attached consolidated financial statements for the 3 and 9 months ended September 30, 2012 (in the Note no. 13).

The Notes are senior obligations of the Issuer, ranking pari passu in right of payment to all existing and future senior indebtedness of the Issuer and are senior in right of payment to all existing and future indebtedness of the Issuer that is expressly subordinated to the Notes.

The Indenture contains covenants that are typical for high yield notes and impose financial and operating restrictions on the Company. These covenants limit, among other things, the ability of the Company and its restricted subsidiaries to: (i) incur additional indebtedness; (ii) make certain restricted payments; (iii) transfer or sell assets; (iv) enter into transactions with affiliates; (v) create certain liens; (vi) create restrictions on the ability of restricted subsidiaries to pay dividends or other payments; (vii) issue guarantees of indebtedness by restricted subsidiaries; (viii) merge, consolidate, amalgamate or combine with other entities; and (ix) designate restricted subsidiaries as unrestricted subsidiaries. Each of the covenants is subject to a number of important exceptions and qualifications set forth in the Indenture. The Indenture is governed by, and construed in accordance with, the laws of the state of New York. The Issuer is a wholly-owned subsidiary of the Company and a special-purpose vehicle whose purpose is to issue the Notes.

Optional redemption of the Notes

At any time prior to May 20, 2014, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 107.125% of the principal amount plus accrued and unpaid interest, if any, to the redemption date with the net cash proceeds of one or more equity offerings, provided that: (1) at least 65% of the aggregate principal amount of the Notes remains outstanding after each such redemption; and (2) the redemption occurs within 90 days of the date of the closing of an equity offering.

At any time prior to May 20, 2014, the Issuer may at its own discretion redeem the Notes in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, plus accrued and unpaid interest to, the date of redemption (subject to the rights of the holders of the Notes on the relevant record date to receive the interest due on the relevant interest payment date).

On or after May 20, 2014, the Issuer may redeem all or a part of the Notes at the redemption price (expressed as percentages of principal amount) set out below plus accrued and unpaid interest on the Notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on May 20 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date: (i) in 2014 the redemption price is 105.344%, (ii) in 2015 the redemption price is 103.563%, (iii) in 2016 the redemption price is 101.781%, and (iv) thereafter the redemption price is 100.000%. Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes (or portions thereof) called for redemption on the applicable redemption date.

Change of control

If a change of control (as defined in the Indenture) occurs, the Issuer must offer to repurchase all the Notes on the terms set forth in the Indenture. Under the offer resulting from the change of control, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to the date of purchase (subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date).

The following table presents the summary of financial indebtedness of the Group as of September 30, 2012:

	September 30, 2012 in PLN million	**Maturity**
Senior facility[1]	919	2015
Revolving Facility[1]	0	2015
Eurobonds[1]	1,447	2018
Leasing	1	2016
Cash and Cash equivalents	225	-
Net Debt	**2,142**	
Comparable 12M EBITDA[2]	983	
Net Debt / 12M EBITDA	**2.18**	

[1] Balance sheet value of debt

[2] EBITDA including TV Polsat Group

Capital resources

Cash flows

The following table presents selected consolidated cash flow data for nine-month periods ended September 30, 2012 and September 30, 2011:

	For the nine months ended September 30,	
	2012	**2011**
Net cash from operating activities	581,964	244,945
Net cash used in investing activities	(107,084)	(2,376,802)
Net cash from/(used in) financing activities	(525,964)	2,465,722
Net increase in cash and cash equivalents	(51,084)	333,865

Net cash from operating activities

Net cash from operating activities amounted PLN 581,964 in the nine-month period ended September 30, 2012 resulting mainly from the generated net profit of PLN 476,674 adjusted by various elements including primarily: (i) depreciation, amortization and impairment, interest expense and income tax, (ii) net gains on foreign exchange, (iii) a change in liabilities, provisions and deferred income, (iv) an increase in receivables and other assets, (v) amortization of film licenses and sport rights, (vi) a net increase in set-top boxes provided under operating lease, (vii) payments for film licenses and sport broadcasting rights. Net cash from operating activities in the nine-month period ended September 30, of 2011 was PLN 244,945 resulting mainly from the net profit of PLN 83,893 adjusted by various elements including primarily: (i) depreciation, amortization and impairment, interest costs and income tax, (ii) a net increase in set-top boxes provided under operating lease, (iii) foreign exchange losses, (iv) a decrease in liabilities, provisions and deferred income, (v) an increase in receivables and other assets, (vi) payments for film licenses and sport broadcasting rights, (vii) amortization of film licenses and sport rights.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 107,084 in the nine-month period ended September 30, 2012 and consisted primarily of the purchase of property, plant and equipment and acquisition of intangible assets, as well as acquisition of shares in subsidiaries (net of cash acquired). Net cash used in investing activities amounted to PLN 2,376,802 in the nine-month period ended September 30, of 2011 and consisted primarily of the acquisition of 100% shares in TV Polsat, other payments including purchase of property, plant and equipment and the acquisition of intangible assets.

Net cash from/(used in) financing activities

Net cash used in financing activities amounted to PLN 525,964 in the nine-month period ended September 30, 2012 and consisted primarily of voluntary prepayment and scheduled repayments of SFA and repayment of the loan assumed through the acquisition of Redefine Sp. z o.o. Group in the amount of PLN 397,575 and repayment of interests on loans, borrowings, Notes and finance lease as well as paid provisions in the total amount of PLN 125,824. Net cash from financing activities amounted PLN 2,465,722 in the nine-month period ended September 30, of 2011 and consisted primarily of PLN 2,800,000 cash from term loan and bridge loan and PLN 1,372,245 from the issue of Senior Notes, which was partially offset by repayment of bank loans in the amount or PLN 1,491,244, repayment of interests on loans, borrowings and finance lease in the amount of PLN 197,869 and repayment of current account overdraft of PLN 18,041.

Capital expenditures

We incurred capital expenditures of PLN 63,703 and PLN 41,938 in the nine-month periods ended September 30, 2012 and 2011, respectively. Capital expenditures to revenue ratio amounted 3.1% and 2.5% in the nine-month periods ended

September 30, 2012 and 2011, respectively. Capital expenditures in the nine-month period ended September 30, 2012 concerned primarily the payments of investment liabilities presented in the financial statement as of December 31, 2011 and the purchase of transmission equipment, technical equipment, equipment for production of set-top boxes, computers and other equipment as well as improvements in our IT systems.

Contractual Obligations

Our most significant contractual obligations (future cash flows) as of September 30, 2012 were as follows:

	Total	Less than 1 year	1 to 5 years	Over 5 years
Contractual liabilities				
Loans and borrowings	1,118,387	254,790	863,597	-
Senior Notes liabilities	2,055,358	102,588	410,352	1,542,418
Commitments to purchase programming asstes	244,338	148,546	95,792	-
Total contractual liabilities	**3,418,083**	**505,924**	**1,369,741**	**1,542,418**

As of September 30, 2012, most of our contractual liabilities were long-term liabilities due in more than one year.

Off-Balance Sheet Arrangements

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 December 31, 2011.

Commitments to purchase programming assets

As of September 30, 2012 the Group had outstanding contractual commitments in relation to purchase of programming assets of PLN 244,338.

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

	September 30, 2012 unaudited	**December 31, 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 of September 30, 2012 (PLN 10,613 as of December 31, 2011). Total amount of capital commitments resulting from agreements on property improvements was PLN 1,860 as of September 30, 2012 (PLN 3,906 as of December 31, 2011). Additionally the amount of deliveries and services committed to under agreements for the purchases of licenses and software as of September 30, 2012 was PLN 1,131 (PLN 946 as of December 31, 2011).

Information on market risks

Currency risk

One of the main risks that the Group is exposed to is currency risk resulting from fluctuations in exchange rate of the Polish zloty against other currencies. Revenues generated by the Group are denominated primarily in the Polish zloty, while a significant portion of operating costs and capital expenditures are incurred in foreign currencies. The Group's currency risk is associated mainly to royalties to TV and radio broadcasters (USD and EUR), transponder capacity leases (EUR), fees for conditional access system (EUR), purchases of reception equipment and accessories for reception equipment (USD and EUR) purchases of foreign programming licenses (USD). In 2011 the level of currency risk exposure has increased because of new financing denominated in EUR obtained to purchase Telewizja Polsat Sp. z o.o. (Senior Notes denominated in EUR).

In respect of license fees and transponder capacity leases, the Group partly reduces its currency risk exposure by means of an economic hedge as it denominates receivables from signal broadcast and marketing services in foreign currencies.

For the purpose of hedging future cash flows regarding Senior Notes interest payments, denominated in euro, the Group concluded CIRS (cross-currency interest rate swap) transaction. The CIRS transactions concluded in 2011 were described in the Note no. 32 of the consolidated financial statements for the year ended December 31, 2011, and the transactions concluded in 2012 are described in the attached consolidated financial statement for the 3 and 9 months ended September 30, 2012 (in the Note no. 13).

Interest rate risk

Changes in market interest rates have no direct effect on the Group's revenues, however, they do have an effect on net cash from operating activities due to interest earned on overnight bank deposits and current accounts, and on net cash from financing activities due to interest charged on bank loans.

The Group regularly analyses its level of interest rate risk exposure, including refinancing and risk minimising scenarios. Based on these analyses, the Group estimates the effects of changes in interest rates on its profit and loss.

We use interest rate swaps to hedge our exposure to volatility in the Term Loan interest payments. The IRS transactions concluded in 2011 were described in the Note no. 32 of the consolidated financial statements for the year ended December 31, 2011, and the transactions concluded in 2012 are described in the attached consolidated financial statement for the 3 and 9 months ended September 30, 2012 (in the Note no. 13).

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

The Polish economy

Growth in our revenue is linked to the state of the Polish economy.

In the time of global economic slowdown, Poland has maintained one of the highest GDP growth rates of any European Union member state. According to Eurostat, the Polish economy increased by 4.3% in 2011 compared to 1.5% growth in 27 countries of the European Union. According to forecasts, GDP growth in 2012 will reach 2.4% in Poland, while in the entire European Union the growth rate will be -0,3% (data and forecasts according to Eurostat as at November 8, 2012).

We believe that average consumer spending, including spending on pay TV, Internet access and integrated services generally will grow in line with the overall GDP growth in Poland, and will support our future revenue growth. However, despite relatively good condition of the Polish economy, world economic downturn has a negative impact on the expenditures on TV advertising, and therefore on the revenue from our broadcasting and television production segment.

Exchange rates fluctuations

Our functional and reporting currency is the zloty. While our revenue is expressed in zloty, approximately 35% (as of nine-month period ended September 30, 2012) of our operating expenses are denominated in currencies other than the zloty, primarily the U.S. dollar and the euro.

In the future, our finance income and finance costs will continue to be impacted by the foreign exchange rate movements through our programming costs, signal transmission costs, payment obligations toward international movie studios and sports federations for programming, trade liabilities or other liabilities denominated in currencies other than the zloty. In addition, the Senior Notes, that we offered, are denominated in euro, which significantly increases our exposure to foreign currency fluctuations as movements in the exchange rate of the euro to Polish zloty could increase the amount of cash, in Polish zloty, that must be generated in order to pay principal of the Senior Notes.

Situation on the pay TV market in Poland

Our revenue from subscription fees is dependent upon the number of our subscribers, pricing of our services, subscriber loyalty and the penetration rate of pay TV in Poland.

We estimate the growth potential of the pay TV market at slightly above 0.5 million new households. As a result of our satellite TV transmission and infrastructure-light approach to mobile telephony and broadband Internet, we are able to access less-densely populated and rural areas of Poland at much lower cost than cable TV and Internet providers. Moreover, our programming packages offer the best value-for-money in the Polish DTH market. We believe, that it gives us a chance to attract the significant portion of these potential clients to our platform.

We further believe, that we can significantly expand the pay TV market by adequately responding to changes in the customers behaviors and expectations and addressing new target groups. With the development of the market and technologies, the choice of devices, for which we can produce and distribute television content, has grown significantly. The number of mobile equipment, like laptops, tablets and smartphones, held by customers increases rapidly. In this group we see the perspective market segment, inter alia for TV services. Furthermore, we see the potential for the market growth in the group of Polish households equipped in more than one TV set as well as in the low ARPU market segment.

We consider the combination of traditional television with VOD, on-line video services and mobile television to be the key to the future growth. We believe we can seize the potential market expansion by developing our pay TV offer enriched by complementary products and services. These steps may have a positive impact on our revenues.

Pay TV market is very dynamic and competitive. Aggressive competition and changing market environment impact our promotional offers proposed to our newly acquired subscribers as well as our retention programs aimed at building customers' loyalty. We believe that our proactive approach to subscriber retention is more cost effective in the long run and decreases the churn rate.

Offering services in DVB-T technology

In June 2012 we launched a pay mobile television offer. "Mobile TV" is delivered based on DVB-T technology within the multiplex dedicated to mobile terrestrial digital television. The advantage of this technology is its low cost for the user as the only requirement is to have a DVB-T tuner which does not generate data transfer.

"Mobile TV" provides paid access to Ekstra Package (8 television and 12 radio channels) in a subscription model, which includes equipment subsidies and a free access to all DTT channels. The access to Ekstra Package is also available in prepaid model (without written agreement) on purchase of one of our DVB-T set-top-boxes. The service is accessible through smartphones, tablets, laptops and set-top boxes.

We believe, that thanks to services in DVB-T technology offered at attractive prices, we will manage to attract also the households that currently use the free analog signal and soon will face the decision concerning the purchase of equipment necessary to receive digital television signal.

We believe, that with the process of switching off the analog signal that begins already in November 2012, the interest in our services in DVB-T technology will grow systematically. The factor, which in our opinion, will attract customers to our offer will be, next to the package of additional channels, the offer of home-produced high quality set-top-boxes.

Providing Internet access services in LTE technology

We provide mobile Internet access services in two technologies: HSPA+ MIMO and since 2011 in the latest LTE technology enabling the fastest and cutting-edge mobile Internet. LTE technology is considered to be the future of mobile broadband Internet and successor of commonly used UMTS standard. Due to its technical characteristics and quality parameters, mobile LTE Internet can eventually replace fixed-line connections and satisfy increasingly demanding customers while enabling them to profit from growing capabilities of the Internet. In addition it has the advantage of mobility, which is increasingly more desired by consumers. We strongly believe that over the long term, as the necessary radio infrastructure and LTE-enabled devices develop, the technology will revolutionize not only the broadband Internet market but also content distribution. We believe, our LTE Internet service constitute a significant competitive advantage and it will help us to further increase our subscribers base both of stand-alone and integrated services.

Technical reach of LTE network is growing systematically and with its expansion we can expect the growth in the number of subscribers to our service. Moreover, thanks to renegotiated agreement for data transfer services with Mobyland and lower rate for 1 MB we are able to propose to our subscribers an even more attractive offer, that may result in faster increase in our subscriber base.

According to information disclosed by our supplier, at the end of October 2012 the LTE network reached 35% of residents in Poland, which translated to an increase by 6 percentage points since August 2012. High pace of the expansion is to be maintained. At the end of October 2012, the transmitters network included 1,300 base stations. The second phase of the infrastructure development assumes the total of 3,400 and is scheduled for 2014. Several hundred LTE stations are supposed to be activated still this year. Cyfrowy Polsat HSPA+ internet network covered 87% of the country's population.

Acquisition of ipla

From April 2012, Cyfrowy Polsat Group includes the companies running ipla service, the leader on online video market in Poland. Financial results of the acquired companies are consolidated with the results of the Group since April 2, 2012.

Approximately 90% of the revenues of ipla service are generated from the sale of advertising in the fastest growing segment – online video, and approximately 10% of revenue comes from content purchase transactions done by users. In thje third quarter of 2012, ipla had on average approximately 1.6 million active users, compared to 0.5 million in 2009 (active users are defined as individuals who used the application and generated profit from advertising or subscription at least once a month).

Ipla, the online video market leader, strengthens the market position of Cyfrowy Polsat as an aggregator and distributor of content. The acquisition provided us also with a competitive advantage in a growing market segment and with a source of synergies in the short and medium term.

We expect that the acquisition of ipla will result in short and medium term synergies in terms of costs and revenues. Costs synergies will come from jointly executed content acquisition and investments in technology development, marketing activities, use of the same billing systems as well as optimized use of back-office resources. Revenues synergies will come from cross-selling and from increased attractiveness of current and new products introduced, that should positively impact the customers' satisfaction level.

Cooperation with Polkomtel Sp. z o.o.

Based on the cooperation agreement with Polkomtel, since April 2012, we run cross-selling as well as we propose attractive joint offers to our clients. As of the end of the third quarter of 2012, the cross-selling included almost 700 points of sales of Polkomtel's network and over 600 points of sales of our network, while the additional benefits to the customers of both satellite TV of Cyfrowy Polsat and telephony of Plus are provided in the entire sales networks of both companies. Cross-selling will be gradually expanded to further points of sales of both networks.

Thanks to the established cooperation, we can add the purchase potential of approximately 14 million clients of Polkomtel to over 11 million people in 3.5 million Polish households using Cyfrowy Polsat services. This provides a chance for us to acquire new customers by offering our services to Plus telephony users.

Cyfrowy Polsat has resigned from active selling of own mobile telephony services in MVNO model, in order to provide its clients with a stronger telephony offer of Polkomtel – a leading telecommunications operator. We believe that our subscribers will benefit significantly from the more attractive mobile telephony offer, and therefore we will achieve higher customer satisfaction and loyalty and thus further decrease in churn rate.

We believe, that through achieved synergies, both in terms of sales and offer, our cooperation with Polkomtel Sp. z o.o. will have a positive impact on our future results.

Consolidation of TV Polsat and financing of the acquisition

On April 20, 2011, Cyfrowy Polsat completed the acquisition of TV Polsat. As a result of the acquisition, the results of operations of Cyfrowy Polsat and TV Polsat Group are consolidated from April 20, 2011 thereon. The annual results for 2012 and 2011 will not be fully comparable.

The acquisition of TV Polsat secured our access to key content in the light of the progressive Polish TV market consolidation, the increasing importance of multi-play products and the continued development of alternative methods of TV content distribution. The acquisition also allows us to capitalize on certain synergies and pursue long-term goals to further strengthen our position in the highly competitive Polish market through cross-promotion and marketing, while enjoying increased bargaining power through the combined Group.

We will continue to incur interest costs resulting from the loan agreements signed in March 2011 to provide the Company with debt financing for the acquisition of TV Polsat and 7.125% Senior Notes issued to refinance the Bridge Facility Loan. The Term Loan matures on December 31, 2015 and Senior Notes mature on May 20, 2018.

On August 29, 2012 we have partly re-paid the Term Facility Loan in the amount of PLN 200,000. This repayment will have a positive impact on our future results through proportional decrease in further principal payments and accrued interest.

Development of advertising market in Poland

The majority of the revenue generated in our television broadcasting and production segment (approximately 80% in the nine-month period ended September 30, 2012) comes from the sale of advertising airtime and sponsoring slots on TV channels.

Demand for advertising air-time is highly correlated with macro-economic situation. Despite relatively good condition of the Polish economy, world economic downturn and problems in some EU countries have a negative impact on the expenditures on TV advertising in Poland. ZenithOptimedia Media House forecasts that in 2012 total net TV advertising expenditure in Poland shall decline by 6.1% i.a. due to the economic forecasts showing the slowdown of the Polish economy, the verified expectations in respect to the EURO 2012 football tournament as well as global cuts in advertising budgets of international companies.

We believe TV is a highly effective advertising medium, and given the relatively low level of advertising expenditures in Poland as a percentage of GDP and per capita in comparison to other European markets, there is a substantial growth potential for TV advertising in Poland in the long term. It is worth noticing, that despite the growing importance of new media, it is forecasted that watching television will remain an attractive and popular activity, primarily thanks to new technical opportunities, including: increasing number of HD channels and VoD, as well as thanks to growing number of smart-TVs.

According to IAB AdEX report Internet advertising market shows a dynamic growth, with the advertising expenditures of PLN 1.9 billion (not in thousands) in 2011, an increase of 22% y-o-y. The expenditures on video advertising segment, in which we generate our revenue, increased in 2011 by 35% and represented 2.5% of the total expenditures on online advertising (increase by 1.7 p.p. compared to 2009). According to our estimates based on PwC forecasts (Global entertainment and media outlook: 2012-2016) the online video advertising will grow by an average 42% (CAGR) in the years 2011-2014. We believe that thanks to the leading position on the online video market (through ipla internet television) we will benefit from the growth of this promising advertising market segment.

Growing importance of thematic channels

With the growing penetration of DTH across Poland, which provides viewers with a greater selection of thematic channels, main general entertainment channels (FTA) have experienced a decline in audience share. The introduction of DTT is expected to further increase audience fragmentation.

We have focused on developing thematic channels in order to maintain total audience share and advertising market share. We have launched 13 thematic channels, including 9 in the past four years. Our thematic channels increased their combined audience share from 4.36% in the first three quarters of 2011 to 4.67% in the first three quarters of 2012, primarily due to the increase in audience share of Polsat JimJam, Polsat News, Polsat Play, as well as thanks to the new channel launched in November 2011 – Polsat Crime & Investigation Network, whose audience share in the period under consideration amounted to 0.12%.

Seasonality of advertising market

Our advertising revenue tends to be lowest during the third quarter of each calendar year due to the summer holiday period and highest during the fourth quarter of each calendar year due to the increased consumer spending during the Christmas season. In the year ended December 31, 2011, TV Polsat generated approximately 21% of advertising revenue in the first quarter, 30% in the second quarter, 19% in the third quarter and 30% in the fourth quarter.

Expansion of technical reach of TV Polsat channels

TV Polsat's revenue from cable and satellite operator fees is dependent upon the number of our subscribers, the rates negotiated with cable and satellite operators and the number of distributed channels. In May 2012, we signed an agreement with Vectra S.A., cable television operator, for the distribution of TV Polsat channels. Based on the agreement, 10 television channels broadcasted by Telewizja Polsat (Polsat HD, Polsat 2, Polsat News, Polsat Sport News, Polsat Sport SD, Polsat Sport HD, Polsat Sport Extra SD, Polsat Sport Extra HD, Polsat Café and Polsat Film) are distributed in Vectra's network beginning from October 1, 2012. As of the end of June 2012 Vectra had a total of 813 thousand subscribers of analogue and digital television, out of which 52% had digital television service. The increase in audience share may have a positive impact on both the future audience results of our channels as well as advertising revenue generated by us.

Attractive content of our TV channels

We believe that attractive content of our channels is a significant competitive advantage. We have contracts with major film studios, such as Sony Pictures Entertainment Inc and 20th Century Fox, assuring us with wide selection of the most attractive films and series. Our direct production covers mainly shows and series based on international formats as well as solely created concepts. We offer also wide selection of sport transmission, including T-Mobile Ekstraklasa - Polish football league, Formula 1 races, volleyball games and many others.

The attractiveness of our programming content is confirmed by very good audience share. In the period of January – September 2012 the aggregate audience share of our channels in the group 16-49 in the prime time (between 6:30 pm and 11 pm) amounted to 20.9% and increased by 2.0% compared to the same period last year. Our closest competitor, i.e. TVN Group noted a decrease by 5.7% (to 22.3% audience share in the same period), while TVP Group recorded 2.0% decrease (to 32.6% audience share).

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

Warsaw, 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

	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		**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	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	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	**30 September 2011**
	unaudited	**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.