CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim report for the period of three months ended on
30 September 2008

Warsaw, 13 November 2008

Table of contents

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim consolidated financial statements for the three months ended 30 June 2008 and interim financial statements for the three month period ended 30 September 2008. The financial statements appended to this quarterly report have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Zloty.

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

Currency Presentation

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

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

FORWARD-LOOKING STATEMENTS

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

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

1. Introduction

We are the largest provider of pay DTH satellite television broadcasting services in Poland with 2,402,524subscribers as of 30 September 2008. Our core business is to provide individual customers with access to television and radio channels grouped into different paid programming packages and transmitted via satellite.

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

We provide our subscribers with access to 68 Polish-language television channels, including sports, music/entertainment, news/information, children, education and film channels. We are the only pay DTH satellite operator to provide its customers with access to all major terrestrial channels in Poland, including Polsat, TVP 1, TVP 2 and TVN. In addition, we provide our customers with access to approximately 500 free to air ("FTA") television and radio channels available via satellite in Poland. Starting in December 2007, we began to offer four theme channels produced by BBC Worldwide Limited, all on an exclusive basis for DTH satellite operators in Poland. Moreover, we offer four HD channels, which were included in to our offer in October 2008: Polsat Sport HD, Eurosport HD, HBO HD and MTVNHD to our subscribers.

We currently offer our customers two introductory packages: the Mini Package (*Pakiet Mini*) and the Family Package (*Pakiet Familijny*). The Family Package is our most popular introductory package. Subscribers to our Family Package may also purchase six theme packages: the Film Package (*Pakiet Film*), the HBO Package (*Pakiet HBO*), the Sports Package (*Pakiet Sport*), the Cinemax Movie Package (*Pakiet Cinemax*), the Cartoon Package (*Pakiet Bajeczka*) and the Music Package (*Pakiet Muzyka*) and, in addition, the Playboy channel. The theme packages are available in four premium packages: the Relax Mix Package (*Pakiet Relax Mix*), the Relax Mix + HBO Package (*Pakiet Relax Mix + HBO*), the Super Film Package (*Pakiet Super Film*) and the Relax Mix Film Package (*Pakiet Relax Mix Film*). The Relax Mix Film Package is only available to customers who subscribed to this package before 11 January 2008. We believe that a combination of our high-quality programming and competitive pricing have enabled us to significantly increase the number of our subscribers, which increased on a compound annual growth rate of 76% between 2004 and 2007.

We believe that the success of our DTH business can be attributed to our extensive high-quality programming, competitive pricing and effective marketing strategy. We were the first pay DTH satellite operator in Poland to introduce a DVR set-top box with an option to record and pause live television programs in November 2006. In November 2007, we successfully launched on the test basis the Polsat Sport HD channel using HDTV technology. We are considering the introduction of five HDTV channels in three theme categories (music, entertainment and education) by the end of 2008. We are also considering the introduction of video on demand ("VoD") and internet protocol television ("IPTV").

In November 2007, we launched our own production of standard definition set top boxes, which will enable us to decrease their acquisition costs. We started sales of our own-manufactured set top boxes on 26 March 2008 and in the period from that date to 30 September 2008 we sold about 100 thousand such set top boxes to our subscribers (not in thousands).

We sell our services through an effective sales network covering the entire territory of Poland that links our own central warehouse, 25 regional distributors, and a network of over 1,277 retail points of sale.

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

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

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

2. Summary historical financial data

The following table sets out our summary historical interim consolidated financial information for the periods of three and nine month ended on 30 September 2008 and 2007. You should read the information in conjunction with the interim condensed consolidated financial statements for the three and nine month period ended 30 September 2008 and Management's Discussion and Analysis of Financial Situation and Results of Operations included in point 12 of this interim report.

Certain financial data

- from the interim condensed consolidated profit and loss statements for the period of three month ended on 30 September 2008 and 2007 have been converted into euro at a rate of PLN 3.3190 per €1.00 (the arithmetic average of average exchange rates published by the National Bank of Poland, or NBP, on the last date of each of the months in the period).

- from the interim condensed consolidated profit and loss statements and cash flow statement for the period of nine month ended on 30 September 2008 and 2007 have been converted into euro at a rate of PLN 3.4247 per €1.00 (the arithmetic average of average exchange rates published by the National Bank of Poland, or NBP, on the last date of each of the months in the period).

- Certain balance sheet data as at 30 September 2008 and 2007 have been converted into euro at a rate of PLN 3.4083 per €1.00 (an exchange rate published by NBP on 30 September 2008).

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

	Three months ended			
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
Consolidated Income Statement	(PLN)	(PLN)	(Euro)	(Euro)
Revenues from operating activities	290,613	198,655	87,560	59,854
Profit from operating activities	102,102	60,139	30,763	18,120
Gross profit for the period	104,082	56,502	31,359	17,024
Net profit for the period	84,206	45,312	25,371	13,652
Net profit attributable to Cyfrowy Polsat S.A. shareholders	84,206	45,317	25,371	13,654
	(in numbers)			
Weighted average number of issued common shares	268,325,000	262,500,000	268,325,000	262,500,000
	(PLN)	(PLN)	(Euro)	(Euro)
Profit (loss) per ordinary share	0.31	0.17	0.93	0.05

	Nine months ended			
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
Consolidated Income Statement	(PLN)	(PLN)	(Euro)	(Euro)
Revenues from operating activities	817,109	553,343	238,593	161,574
Profit from operating activities	283,584	155,357	82,806	45,364
Gross profit for the period	281,306	152,554	82,140	44,545
Net profit for the period	227,169	122,344	66,333	35,724
Net profit attributable to Cyfrowy Polsat S.A. shareholders	227,169	122,342	66,333	35,723
	(in numbers)			
Weighted average number of issued common shares	268,325,000	262,500,000	268,325,000	262,500,000
	(PLN)	(PLN)	(Euro)	(Euro)
Profit (loss) per ordinary share	0.85	0.47	0.25	0.14

	Nine months ended			
	30 September 2008	30 September 2008	30 September 2008	30 September 2008
Consolidated Cash Flow Statements	(PLN)	(PLN)	(Euro)	(Euro)
Cash flow from operating activities	224,089	115.438	65,433	33.707
Cash flow from investing activities	(48,389)	(31.781)	(14,129)	(9.280)
Cash flow from financing activities	(139,210)	(12.630)	(40,649)	(3.688)
Change in net cash and cash equivalents	36,490	71,027	10,655	20,740

	As at			
	30 September 2008	31 December 2008	30 September 2008	31 December 2008
Consolidated Balance Sheet	(PLN)	(PLN)	(Euro)	(Euro)
Total assets	650,498	595,203	190,857	174,633
Liabilities and provisions for liabilities	399,754	534,063	117,288	156,695
Non-current liabilities	69,571	134,914	20,412	39,584
Current liabilities	330,183	399,149	96,876	117,111
Equity	250,744	61,140	73,569	17,939
Issued capital	10,733	10,733	3,149	3,149
Equity attributable to equity holders of the Parent	250,744	61,140	73,569	17,939

	Three months ended			
	30 September 2008	30 September 2008	30 September 2008	30 September 2008
Other consolidated financial data	(PLN)	(PLN)	(Euro)	(Euro)
EBITDA	109,236	63,182	32,912	19,036
		(%)		
EBITDA margin[1]	37.6%	31.8%	37.6%	31.8%
Operating margin	35.1%	30.3%	35.1%	30.3%
Net profit margin	29.0%	22.8%	29.0%	22.8%

	Nine months ended			
	30 September 2008	30 September 2008	30 September 2008	30 September 2008
Other consolidated financial data	(PLN)	(PLN)	(Euro)	(Euro)
EBITDA	300,014	167,768	87,603	48,988
		(%)		
EBITDA margin[1]	36.7%	30.3%	36.7%	30.3%
Operating margin	34.7%	28.1%	34.7%	28.1%
Net profit margin	27.8%	22.1%	27.8%	22.1%

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

3. Organizational structure of the Cyfrowy Polsat Capital Group

The following table presents the companies included in the organizational structure of Cyfrowy Polsat Capital Group as at 30 September 2008 together with its consolidation method:

Company	Activities	Share as at 30 September 2008	Consolidation method
Cyfrowy Polsat Technology Sp. z o.o.[1] ul. Łubinowa 4a 03-878 Warsaw	Production of set-top boxes	100%	Full
Praga Business Park Sp. z o.o. ul. Łubinowa 4a 03-878 Warsaw	Real estate rental	100%	Full

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

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

The Extraordinary Shareholders Meeting of Cyfrowy Polsat S.A. held on 4 November 2008 resolved to merge Cyfrowy Polsat S.A. (acquirer) with Praga Business Park Sp. z o.o. (taken-over company) through a transfer of all the assets of the taken-over company onto the acquirer. The Extraordinary Meeting of Shareholders of the Cyfrowy Polsat S.A. resolved the merger of the acquirer with the taken-over company without increasing the share capital of the acquirer and without amending the Articles of Association.

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

We did not publish any financial forecasts.

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

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

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Polaris Finance B.V.[1]	182,943,750	68.18%	357,968,750	78.53%
Other[2]	85,381,250	31.82%	97,856,250	21.47%
Total	268,325,000	100.00%	455,825,000	100.00%

[1]Zygmunt Solorz-Żak owns indirectly 155.502.188 shares of Cyfrowy Polsat S.A. (57.95% of the share capital and 66.75% of votes) and Heronim Ruta owns indirectly 27.441.562 shares of Cyfrowy Polsat S.A. (10.23% of the share capital and 11.78% of votes) through Polaris Finance B.V.

[2]Zygmunt Solorz-Żak owns directly 10,603,750 shares of Cyfrowy Polsat S.A. (3.95% of the share capital and 4.66% of votes) and Heronim Ruta owns directly 1,871,250 shares of Cyfrowy Polsat S.A. (0.70% of the share capital and 0.82% of votes).

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

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

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

Management Board Member	Balance as of 30 September 2008	Increases	Decreases	Balance as of 13 November 2008
Dominik Libicki	500,000	-	-	500,000
Maciej Gruber	46,250	-	-	46,250
Andrzej Matuszyński	32,500	-	-	32,500
Dariusz Działkowski	46,250	-	-	46,250

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

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

Supervisory Board Member	Balance as of 30 September 2008	Increases	Decreases	Balance as of 13 November 2008
Heronim Ruta	29.312.812	-	-	29.312.812
Robert Gwiazdowski	-	-	-	-
Andrzej Papis	-	-	-	-
Leszek Reksa	-	-	-	-
Zygmunt Solorz-Żak[1]	166.105.938	-	-	166.105.938

8. Administrative and court proceedings against the Company or its consolidated subsidiaries in the three month period ended 30 June 2008

Proceedings before the President of Office for Competition and Consumers Protection ("UOKiK") regarding complaints filed by consumers

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

On 15 July 2008 we received a letter from UOKiK regarding the matter in question containing remarks and comments related to our position expressed in previous correspondence. The President of UOKiK urged us to take ultimate position regarding the matter in question. Due to the fact that we are currently in the final stage of works related to new templates of consumer agreements, in a letter dated 29 July 2008 we proposed a meeting with representatives of UOKiK in order to run relevant consultation in the scope of the templates in question. During a meeting on 1 September 2008 a representative of UOKiK received a draft of rules of services provision for consultation. Having received the draft rules UOKIK forwarded a number of remarks or questions to the contents. Currently, the consultation works on the document are in place between us and UOKiK.

Assuming certain provisions of agreement templates unlawful shall result in a need for adjustment of the agreement templates in force. As a result, subscribers will be entitled to withdrawing from agreements whose provisions have been questioned, without an obligation to observe notice periods or payment of contractual penalty fees. Moreover, if we applied the unfair provisions of agreement templates the President of UOKiK may impose a cash penalty on us in the maximum amount of 10% of turnover we derived in the year prior to the year of the penalty application.

Proceedings before the President of UOKiK regarding suspected application of competition limiting practices

On 23 May 2007 the UOKiK Branch in Wrocław notified us about initiation of preliminary proceedings regarding the fact whether we engaged in practices limiting competition through hindering authorized distributors from distribution of competing digital platform run by ITI Neovision Sp. z o.o., which may constitute a breach of art. 6 section 1 of the law dated 16 February 2007 on protection of competition and consumers. As a result we have been obligated to supply certain documents presented in the notification. In correspondence dated 22 June 2007 we presented explanation on the issue in question. Moreover, on 17 October 2007 we forwarded requested documents to the authority. On 8 November 2007 the UOKiK Branch in Wrocław called us to submit further information. We provided an answer in a letter dated 28 November 2007. Since that time we have not received any formal correspondence regarding the issue in question. The only source of information was press reports, e.g. an interview with the President of UOKiK in Gazeta Prawna, where he stated that antimonopoly proceedings shall not be initiated regarding the issue in question.

In an event that the President of UOKiK determines that the our practices limit competition, the President of UOKiK may force us to refrain from its application. Moreover, the President of UOKiK may impose a financial penalty totaling 10% of the turnover made by the Company in the financial year prior to the year the penalty has been imposed.

9. Related party transactions concluded in the three month period ended 30 September 2008

On 11 September 2008 we signed two loan agreements with Praga Business Park Sp. z o.o. (borrower) – our subsidiary in which we own 100% of shares, for the total amount of PLN 29,000, out of which:

1. A loan in the amount of PLN 26,000was granted for the repayment of the bank loan under an agreement with Raiffeisen Bank Polska S.A. The repayment of the bank loan will allow for removal of registry pledge on the shares of Praga Business Park Sp. z o.o., which is a prerequisite for the merger of both companies.

2. A loan in the amount of PLN 3,000was granted to finance the current operations of Praga Business Park Sp. z o.o.

Both loans bear an interest based on variable interest rate of 6 month WIBOR increased by 2 percentage points. The loans were granted to 31 January 2009 and are secured by a promissory note.

On 4 November 2008, we. signed with the subsidiary company Praga Business Park Sp. z o.o. an agreement for the loan of PLN 1,700 to finance that company's operations, with maturity on 31 January 2009. The interest of the loan is variable and is equal to WIBOR 6M calculated on the last day prior to the date on which the interest is due and payable plus the margin of 2%. A borrower's incomplete blank promissory note with a bill of exchange declaration is the collateral for the loan.

10. Information on guarantees granted by Cyfrowy Polsat or its subsidiaries to third parties during the three month period ended 30 September 2008

In the three months ended 30 September 2008 neither us, nor any of our affiliates or subsidiary companies had granted any guarantees or secured any third party credits for an amount exceeding 10% of its equity.

11. Other information important for the assessment of our personnel, economic and financial position, as well as our financial results

Sources of revenues from operating activities

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

Subscription fees

Subscription fees consist of monthly subscription fees paid by our subscribers for the programming packages to which they subscribe. The total amount of subscription fees we collect depends on the number of subscribers and the amount of monthly subscription fees paid for our packages, which in turn depends on the number and type of packages purchased by our subscribers. In the three month period ended 30 September 2008 our subscription fees were 87.3% of our revenues from operating activities as compared to 85.6% in the corresponding period of 2007.

Rental of satellite television receiving equipment

Revenues from the rental of satellite television receiving equipment (set-top boxes and satellite dishes) consist of amounts paid by our subscribers for the use of such equipment owned by us and rented to such subscribers. The total amount of revenues from the rental of satellite television receiving equipment depends on the number and the type of set-top boxes and satellite dishes rented and the amount of rental fees collected from our subscribers for these set-top boxes and satellite dishes. Revenues from the rental of satellite television receiving equipment are generated by subscribers who signed up for our packages before December 2004 because thereafter we principally sold satellite television receiving equipment to subscribers, instead of renting such equipment to them or those who signed contracts later bur rented the HD decoders or DVRs. Revenues from rental of satellite receiving equipment which accounted for 0.6% of our revenues from operating activities in the period of three month ended on 30 September 2008 compared to 0.3% in the corresponding period of 2007.

Sales of satellite television receiving equipment and telephones

Revenues from the sale of satellite television receiving equipment consist of revenues from the sale of such equipment purchased by our subscribers when they enter into programming services agreements with us and from the sale of such equipment to subscribers under lease agreements which provide for the transfer of title to such equipment on the last day of the term agreement signed by them. The sale price of the satellite television receiving equipment for the subscriber depends on whether the sale is for the set-top box itself or for the set-top box and the satellite dish, as well as on what programming packages are purchased by the subscriber. In the period of three month ended on 30 September 2008 our revenues from sale of television receiving equipment were 7.3% of our revenues from operating activities as compared to 12.1% in the corresponding period of 2007.

Sales of signal transmission services

We generate revenue by providing signal transmission services, mainly to television and radio broadcasters. These services include access to part of the transponder band, signal transmission and coding as well as signal distribution to other operators including cable networks. These services are provided to broadcasters that are our licensors for programming. In the period of three month ended on 30 September 2008 our revenues from sale of signal transmission services were 1.3% of our revenues from operating activities as compared to 1.4% in the corresponding period of 2007.

Other operating revenue

In the period of three month ended on 30 September 2008 our other operating revenues were 3.5% of our revenues from operating activities as compared to 0.6% in the corresponding period of 2007. Other operating revenue consists of:

(i) compensation for lost or damaged set-top boxes and satellite dishes. Subscribers who use satellite television receiving equipment leased from us are required to return such equipment to us once they terminate the agreement with. If the satellite television receiving equipment is damaged, it will be repaired at the customer's expense. If a customer does not return such equipment for any reason, it will be required to pay us the equivalent of its value. If such equipment is returned undamaged, the deposit from the subscriber is returned;

(ii) revenues from real estate purchased by Praga Business Park held for investment purposes, including rent paid by tenants who lease office and storage space at the location of our registered office. Rental payments are made to our subsidiary Praga Business Park, which acquired the property in September 2006; and

(iii) other, which includes mainly revenues from advertising, transportation and mailing services.

Sources of costs of operating activities

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

Depreciation and amortization

Depreciation and amortization expenses primarily consisted of the depreciation of property, plant and equipment and to real estate. Depreciation and amortization expenses were 3.8% of our costs of operating activities in the period of three month ended on 30 September 2008 as compared to 2.2% in the corresponding period of 2007.

Programming costs

Programming costs constitute the sum of (i) monthly license fees paid to television broadcasters, and (ii) royalties payable to organizations for collective management of copyrights. The majority of our agreements with licensors provide that license fees are calculated as the product of the agreed rate per subscriber and the number of subscribers reported to a given broadcaster who paid for the package containing the broadcaster's channel. Some license agreements contain a so-called guaranteed minimum provision, pursuant to which we are required to pay a fixed license fee irrespective of the number of subscribers using the licensor's programming, and once this level is exceeded, the license fee is calculated as the product of the rate per one subscriber and the number of subscribers who paid for a package of programming services containing that licensor's channel. In the majority of cases, the number of our subscribers has exceeded the thresholds specified in those license agreements. In some cases, we are required to pay a flat-rate programming license fee. We have managed to enter into a number of license agreements under which the monthly per-subscriber rate of license fees declines as the number of subscribers increases. Programming costs were 29.2% of our costs of operating activities in the period of three month ended on 30 September 2008 as compared to 29.3% in the corresponding period of 2007.

Signal transmission services costs

Signal transmission services costs consist of: (i) payments for the lease of satellite transponder capacity, (ii) payments for the use of the Nagravision conditional access system (since December 2005, this has been calculated as the product of the monthly unit rate per active access card and the number of active access cards) and (iii) other signal transmission costs. Signal transmission service costs were 7.5% of our costs of operating activities in the period of three month ended on 30 September 2008 as compared to 9% in the corresponding period of 2007.

Distribution and marketing costs

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

Commissions paid to distributors consist of amounts paid both to distributors and retail points of sale when they conclude agreements with our customers for paid satellite televisions services. As a result, the costs of commissions for a specific agreement with a subscriber accrue throughout the initial term of the agreement. The cost of commissions paid to distributors that do not apply to specific subscription agreements are debited in full on our income statement as they are incurred.

Commissions paid to distributors increased significantly for all periods under review, largely because a significant portion of the growth in the number of subscribers occurred through this distribution channel. Total commissions paid to distributors and to the customer call center in a given period constitute our subscriber acquisition cost ("SAC") for such period.

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

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

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

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

Distribution and marketing costs were 23.3% of our costs of operating activities in the period of three month ended on 30 September 2008 as compared to 17.9% in the corresponding period of 2007.

Salaries and employee-related expenses

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts or project-specific contracts, social security premiums, pension severance payments and other employee benefits. Most of our personnel have employment contracts. Project-specific contracts are used for certain positions in customer service and distribution to enable us to respond to the short-term need for seasonal employees in times of increased sales.

Salaries and employee-related expenses were 7.1% of our costs of operating activities in the period of three month ended on 30 September 2008 as compared to 5.8% in the corresponding period of 2007.

Costs of satellite television receiving equipment sold and telephones

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

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

Costs of satellite television receiving equipment sold were 14.6% of our costs of operating activities in the period of three month ended on 30 September 2008 as compared to 26.5% in the corresponding period of 2007.

Other operating costs

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

Other operating costs were 14.5% of our costs of operating activities in the period of three month ended on 30 September 2008 as compared to 9.3% in the corresponding period of 2007.

Management discussion and analysis

Operating results

	3 months ended			9 months ended		
	30 September 2008	30 September 2007	Change	30 September 2008	30 September 2007	Change
Average number of Family Package Subscribers[1)]	2,030,635	1,454,034	39.7%	1,949,703	1,358,173	43.6%
Average number of Mini Package Subscribers	318,576	173,209	83.9%	287,695	153,094	87.9%
Average number of Subscribers	2,349,211	1,627,243	44.4%	2,237,398	1,511,267	48.1%
Number of Family Package Subscribers at the end of the period	2,066,387	1,510,297	36.8%	2,066,387	1,510,297	36.8%
Number of Mini Package Subscribers at the end of the period	336,137	185,319	81.4%	336,137	185,319	81.4%
Number of Subscribers at end of the period	2,402,524	1,695,616	41.7%	2,402,524	1,695,616	41.7%
Churn rate of Family Package Subscribers	8.71%	4.32%	4.39 pp	8.71%	4.32%	4.39 pp
Churn rate of Mini Package Subscribers	0.10%	0.02%	0.08 pp	0.10%	0.02%	0.08 pp
Churn rate of Subscribers [2)]	7.59%	3.92%	3.7 pp	7.59%	3.92%	3.7 pp
Average Revenue per User (ARPU)[3)] per month of Family Package (PLN)	40.3	38.0	6.1%	39.0	37.6	3.7%
Average Revenue per User (ARPU) per month of Mini Package (PLN)	8.6	8.6	0.0%	8.5	8.9	(4.5%)
Average Revenue per User (ARPU) per month (PLN)	36.0	34.9	3.2%	35.1	34.7	1.2%
Subscriber Acquisition Cost (SAC)[4)] (PLN)	97.9	112.6	(13.1%)	98.1	105.9	(7.4%)

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

As at 30 September 2008 we had 2,402,524 subscribers, 41.7% more than as at 30 September 2007, when we had 1,695,616 subscribers. Such a significant increase in our subscriber base was possible due to proper position of our services and process for those services on DTH market. Number of our Family Package subscribers increased by 36.8% to 2,066,387 and the number of our Mini Package subscribers increased by 81.4% to 336,137 subscribers.

The churn rate for the last 12 months increased to 7.6% in the period of 12 months ended on 30 September 2008 in comparison to 3.9% in the period of 12 months ended on 30 September 2007. The increase results primarily from an increase in the churn rate for the subscribers to the Family Package, which increased to 8.7% in the period of 12 months ended on 30 September

2008 from 4.3% in the period of 12 months ended on 30 September 2007. The increase in the churn rate of subscribers to the Family Package is partially caused by agreement termination process we initiated, which did not take place in the corresponding period of 2007, as a result of changes to our collection procedures. In the corresponding period of 2007 we did not execute any agreement terminations in relation to a discussion with UOKiK regarding the structure of contractual penalties in agreements with consumers.

Our monthly ARPU increased by 3.2% to PLN 36.0 in the period of three months ended on 30 September 2008 from PLN 34.9 in the corresponding period of 2007. ARPU per a subscriber of Family Package increased by 6.1% to PLN 40.3 in the period of three months ended on 30 September 2008 from PLN 38.0 in the corresponding period of 2007. The increase results mainly from the fact that since 1 January 2008 we have offered to our subscribers additionally paid bonus HBO and Super Film packages, which enjoy popularity among our subscribers, as well as the fact that since 1 January 2008 we have increased the price of our Family Package to PLN 37.90 to clients outside the initial period of the agreement and since that day he have consequently increased prices for those clients who are about to complete the basic term of the agreement. Our monthly ARPU per subscriber to the Mini Package was PLN 8.6 in the period of three months ended on 30 September 2008 in comparison with PLN 8.6 in the corresponding period of 2007. ARPU increased by 1.2% to PLN 35.1 in the period of nine months ended 30 September 2008 from PLN 34.7 in the comparable period of 2007. Family Package ARPU increased by 3.7% to PLN 39.0 in the period of nine months ended 30 September 2008 from PLN 37.6 in the comparable period of 2007, whereas Mini Package ARPU decreased by 4.5% to PLN 8. from PLN 8.9 in the comparable period of 2008.

Our average subscriber acquisition cost decreased by 13.1% to PLN 97.9 in the period of three months ended 30 September 2008 from PLN 112.6 in the corresponding period of 2007, mainly as a result of changes to the commission structure for our distributors. The average subscriber acquisition cost decreased by 7.4% to PLN 98.1 in the period of nine months ended 30 September 2008 from PLN 105.9 in the comparable period of 2007.

Review of the financial situation

The following review of results for the periods of three and nine month ended on 31 September 2008 was executed on the basis of condensed interim consolidated financial statements for the period of three and nine month periods ended on 30 September 2008 created in accordance with IAS 34 "*Interim Financial Reporting*".

The financial situation

Other fixed assets increased by PLN 20,167, or 20.7% to PLN 117,493 as at 30 September 2008 from PLN 97,326 as at 31 December 2007. The change results mainly from an increase in the value of real estate located at 4A Łubinowa Street by PLN 9,295 and an increase in the value of fixed assets related to the MVNO service by PLN 4,783.

Other non-current assets decreased by PLN 13,667, or by 44.1% to PLN 17,289 as at 30 September 2008 from PLN 30,956 as at 31 December 2007. The decrease resulted from a fall in long term interim settlements from commissions to distributors by PLN 13,667 to PLN 15,948 as at 30 September 2008 from PLN 29,615 as at 31 December 2007. This decrease results from recognizing into cost and at the same time reclassifying the commissions between long and short-term interim settlements paid to distributors for agreements concluded at the end of 2007.

Receivables from supply of goods and services and other receivables increased by PLN 28,845, or 36.5% to PLN 107,978 as at 30 September 2008 from PLN 79,133 as at 31 December 2007. The increase resulted from an increase of PLN 44,752 in the subscribers' receivables, mainly due to recognition of revenues according to the accounting principles applied to the promotion from the end of 2007 and a decrease of receivables form distributors by PLN 14,305 . The fall in the receivables from distributors results from the seasonality of sales, where at the end of year the sales level increases and results in increased receivables from distributors who sign contracts with clients and charge them with fees.

Cash and cash equivalents increased by PLN 36,939, or 24.5% to PLN 187,665 as at 30 September 2008 from PLN 150,726 as at 31 December 2007, mainly as a result of an increase in the level of cash from operating activities by PLN 108,651 and the inflow of cash related from investment and financial activities. The main items of the cash outflow, apart from the cash spent on covering the current operating activities, are also:(i) partial repayment of a loan totaling PLN 86,820 within our loan facilities with Bank Pekao S.A. and Raifeisen Bank Polska S.A., (ii) purchase of tangible and intangible assets totaling PLN 48,474, (iii) disbursement of dividend totaling PLN 37,565, and (ii) payment of distributors' commissions, in January and February 2008, for concluding subscriber contracts in 2007.

Liabilities from credits and loans (short- and long-term) decreased by PLN 89,635, or 40.6% to PLN 131,322 as at 30 September 2008 from PLN 220,957 as at 31 December 2007, mainly as a result of repayment made on 5 June 2008 of PLN 50,000 within a credit agreement with Bank Pekao S.A. and PLN 15,759 on 5 September 2008 and early repayment of part of the bank loan of Praga Business Park Sp. z o.o. within a credit agreement with Raiffeisen Bank Polska in the amount of Euro 5,800 on 30 September 2008.

Liabilities from supplies and services and other short term liabilities decreased by PLN 91,148 or 43.7% to PLN 117,566 as at 30 September 2008 from PLN 208,714 as at 31 December 2007, mainly due to payment of distribution commissions in 2008 for leading to conclusion of subscription agreements in 2007, in the amount of PLN 68,231 and payment of trade payables totaling PLN 15,258.

Revenues of future periods increased by PLN 35,607, or 43.7% to PLN 117,075 as at 30 September 2008 from PLN 81,468 as at 31 December 2007 mainly as a result of an increase in subscription fees paid in advance and set-top boxes rental fees.

The equity increased by PLN 189,604 to PLN 250,744 as at 30 September 2008 from PLN 61,140 as at 31 December 2007, as a result of retained profit for previous years.

Comparison of results for the period of three months ended on 30 September 2008 with results of the corresponding period of 2007

Revenue from operating activities. Our revenue from operating activities increased by PLN 46.3% to PLN 290,613 in the period of three months ended 30 September 2008 from PLN 198,655 in the corresponding period of 2007. The increase mainly results from (i) an increase in revenue from subscription fees by 49% to PLN 253,585 from PLN 170,137 mainly due to an increase in the average number of subscribers in the period that increased to 2,349,211 from 1,627,243 and an increase in monthly ARPU; (ii) an increase in other operating revenues which grew to PLN 10,312 from PLN 1,169 mainly as a result of recognizing the compensation from Nagravision S.A. in the amount of PLN 6,507 into revenues, as compensation for losses sustained as a result of a need for replacing set-top box cards, and older models of set top boxes incompatible with the new encryption system due to replacement of the so far encryption system and the change in the stock of set top boxes we produced totaling PLN 1,846, and (iii) and increase in revenues resulting from lease of TV receiving equipment, mainly HD. The increase was partially offset by a loss in the sales of receiving sets and telephones to PLN 21,085 from PLN 24,077.

Costs of operating activities. Our costs of operating activities increased by PLN 36.1% to PLN 188,511 in the period of three months ended 30 September 2008 from PLN 138,516 in the corresponding period of 2007. The increase primarily resulted from (i) an increase in the distribution and marketing costs by 77.5% to PLN 43,966 from PLN 24,772 mainly due to an increase of commissions for distributors by 8,033 in the costs of mailing and the call center, resulting largely from the replacement of cards to set top boxes and older set top boxes not compatible with the new system of coding, an increase in the marketing costs of PLN 6,124 resulting from intensified promotional campaigns for DTH services, and launch of MVNO services, and an increase of PLN 4,561 in the provision for distributors resulting from an increase in the number of acquired subscribers; (ii) an increase in the programming license fees by 35.4% to PLN 54,952 from PLN 40,596, mainly due to an increase in the average number of subscribers and extension of our programming offer by three new television channels such as HBO, HBO 2 and HBO Comedy; (iii) an increase in other operating costs by 111.1% to PLN 27,391 from PLN 12,973, mainly due to the increase in costs related to modification of existing IT systems, an increase in the cost related to use of energy and materials and an increase in fees to the Polish Film Institute, and (iv) an increase in employee-related expenses, which increased by 67.3% to PLN 13,394 from PLN 8,005, mainly as a result of increase in the average number of employees in the period to 438 from 266, resulting from our organic growth, launch of set-top boxes factory, launch of MVNO services, as well as increase in average salary level over a comparable period. These increases were partially offset by a fall in the cost of receiving equipment and telephones sold by 24.9% to PLN 27,551 from PLN 36,694 mainly as a result of a decrease in the average unit cost of standard definition set top boxes sold, due to the launch of sales of our own factory manufactured set top boxes.

Profit from operating activities. Our profit from operating activities increased by 69.8% to PLN 102,102 in the period of three months ended on 30 September 2008 from PLN 60,139 in the corresponding period of 2007. The increase primarily results from an increase in revenue from operating activities in a situation of operating activities costs growing more slowly.

Financial revenues. Our financial revenue decreased by 39.2% to PLN 5,308 in the period of three months ended on 30 September 2008 from PLN 8,725 in the corresponding period of 2007.

Financial revenues comprised interest in the amount of PLN 2,187 in the period of three months ended on 30 September 2008 in comparison with PLN 1,806 in the corresponding period of 2007, revenues resulting from settlement of costs with Polaris Finance B.V. in relation to admission of our shares for trading on the regulated market for the amount of PLN 3,108 and foreign exchange differences from valuation of forward contracts totaling PLN 1,697. In the comparable period of 2007 we additionally recognized additional net foreign exchange differences totaling PLN 6,550 accrued mainly on foreign currency loans, which were repaid in the fourth quarter of 2007.

Financial costs. Our financial cost decreased by 73.6% to PLN 3,328 in the period of three months ended on 30 September 2008 from PLN 12,345 in the corresponding period of 2007.

Financial costs comprised costs from interest on bank loans of PLN 2,810 in the period of three months ended on 30 September 2008 when compared to PLN 3,302 in the corresponding period of 2007, and net foreign exchange totaling PLN 1,684 accrued mainly on current operating costs. In the comparable period of 2007 we additionally recognized consultancy fees related to our IPO totaling PLN 7,126 and valuation of derivative instruments totaling PLN 1,916.

Gross profit. Our gross profit increased by 84.2% to PLN 104,082 in the period of three months ended on 30 September 2008 from PLN 56,502 in the corresponding period of 2007, mainly as a result of increase in profit from operating activities.

Income tax. The income tax increased by 77.9% to PLN 19,876 in the period of three months ended 30 September 2008 from PLN 11,171 in the corresponding period of 2007. The effective tax rate was 19.1% as compared to 19.8% in the corresponding period of 2007.

Net profit from continued activities. Our net profit from continued activities increased by 85.8% to PLN 84,206 in the period of three months ended on 30 September 2008 from PLN 45,331 in the corresponding period of 2007.

Net profit. Our net profit increased by 85.8% to PLN 84,206 in the period of three months ended on 30 September 2008 from PLN 45.312 in the corresponding period of 2007.

Other information

EBITDA. EBITDA increased by 72.9% to PLN 109,236 in the period of three months ended on 30 September 2008 from PLN 63,182 in the corresponding period of 2007. The increase resulted from an increase of in profit on operating activities. The EBITDA margin improved to 37.6% in the period of three months ended 30 September 2008, when compared to PLN 31.8% in the corresponding period of 2007.

Capital expenditure. Capital expenditure was PLN 48,474 in the period of nine months ended on 30 September 2008 when compared to PLN 32,388 in the corresponding period of 2007, mainly due to expenditure borne on fixed assets and intangible assets for the provision of MVNO services, including expenditure on the billing system MVNO infrastructure, and expenditure on upgrading the premises we own.

Employment. Average number of employees was 438 persons in the period of three months ended on 30 September 2008, when compared with 266 in the corresponding period of 2007. The increase in staffing results from our organic growth, launching set-top boxes factory and launching MVNO telecom services.

Comparison of results for the period of nine months ended on 30 September 2008 with results of the corresponding period of 2007

Revenue from operating activities. Our revenue from operating activities increased by PLN 47.7% to PLN 817,109 in the period of nine months ended 30 September 2008 from PLN 553.343 in the corresponding period of 2007. The increase mainly results from (i) an increase in revenue from subscription fees by 49.9% to PLN 706,433 from PLN 471,379 mainly due to an increase in the average number of subscribers in the period that increased to 2,237,398 from 1,511,267 and an increase in monthly ARPU; (ii) an increase in other operating revenues, which grew to PLN 28,222 from PLN 5,081 mainly as a result of recognizing mainly as a result of recognizing the compensation from Nagravision S.A. in the amount of PLN 16,014 into revenues, as compensation for losses sustained as a result of a need for replacing set top box cards, and older models of set top boxes incompatible with the new encryption system due to replacement of the so far encryption system and the change in the stock of set top boxes we produced of PLN 4,123 and an increase in advertising and marketing activities by PLN 1,100 to PLN 2,870 in the period of nine months ended 30 September 2008, (iii) an increase in revenues from receiving sets lease to PLN 5,247 from PLN 4,347, and (iv) an increase in revenues from sales of signal broadcasting and transmission services by 36.7% to PLN 12,490 from PLN 9,138.

Costs of operating activities. Our costs of operating activities increased by PLN 34.1% to PLN 533,525 in the period of nine months ended 30 September 2008 from PLN 397,986 in the corresponding period of 2007. The increase primarily resulted from (i) an increase in the distribution and marketing costs by 84.4% to PLN 127,696 from PLN 69,236 mainly due to an increase of commissions for distributors by PLN 20,895 resulting from an increase in the number of acquired subscribers, and increase in PLN 22,707 in the costs of mailing and the call center, resulting largely from the replacement of cards to set top boxes and older set top boxes not compatible with the new system of coding, an increase in the marketing costs of PLN 14,185 resulting from intensified promotional campaigns for DTH services, and launch of MVNO services; (ii) an increase in the programming license fees by 37.3% to PLN 151,727 from PLN 110,483, mainly due to an increase in the average number of subscribers and extension of our programming offer by three new television channels such as HBO, HBO 2 and HBO Comedy; (iii) an increase in other operating costs by 76.8% to PLN 66,852 from PLN 37,806, mainly due to the increase in costs related to modification of existing IT systems, an increase in the cost related to use of energy and materials and an increase in fees to the Polish Film Institute, (iv) an increase in employee-related expenses, which increased by 80.5% to PLN 35,901 from PLN 19,888, mainly as a result of increase in the average number of employees in the period to 408 from 239, resulting from our organic growth, launch of set-top boxes factory, launch of MVNO services, as well as increase in average salary level over a comparable period; and (v) an increase in the transmission cost of 26.8% to PLN 43,326 from PLN 34,157 mainly resulting from leasing a new transponder (since September 2007) and an increase in the average number of subscribers in the period which translates into an increase in the number of code cards. The increases were partially offset by a fall in the cost of satellite receiving equipment and mobiles telephones sold by 19.7% to PLN 91,593 from PLN 114,005 mainly as a result of a fall in the unit cost of the standard definition set-top boxes sold due to the launch of sales of set top boxes manufactured in our own factory.

Profit from operating activities. Our profit from operating activities increased by 82.5% to PLN 283,584 in the period of nine months ended on 30 September 2008 from PLN 155,357 in the corresponding period of 2007. The increase primarily results from an increase in revenue from operating activities in a situation of operating activities costs growing more slowly.

Financial revenues. Our financial revenue decreased by 22.5% to PLN 14,658 in the period of nine months ended on 30 September 2008 from PLN 18,905 in the corresponding period of 2007.

The financial revenues comprise revenues resulting from a settlement, with Polaris Finance B.V., of advisory services costs, related to our IPO totaling PLN 7,223, interest revenues totaling PLN 5,169 in the period of nine months ended 30 September 2008, compared to PLN 4,461 in the comparable period of 2007, foreign exchange differences from valuation of forward contracts totaling PLN 1,697, and positive foreign exchange differences totaling PLN 569 accrued mainly on a bank loan denominated in euro when compared to positive foreign exchange differences totaling PLN 14,075 accrued in a comparable period of 2007 on debt in foreign currencies, which was repaid in the fourth quarter of 2007.

Financial costs. Our financial cost decreased by 21.9% to PLN 16,936 in the period of nine months ended on 30 September 2008 from PLN 21,691 in the corresponding period of 2007.

Financial costs comprised costs from interest on bank loans of PLN 9,740 in the period of nine months ended on 30 September 2008 when compared to PLN 10,017 in the corresponding period of 2007, and costs of advisory services related to our IPO totaling PLN 6,678 in the period of nine months ended 30 September 2008 when compared to PLN 9,757 in a comparable period of 2007. In the comparable period of 2007 we additionally recognized a positive result of impairment of derivative instruments totaling PLN 1,916.

Gross profit. Our gross profit increased by 84.4% to PLN 281,306 in the period of nine months ended on 30 September 2008 from PLN 152,554 in the corresponding period of 2007, mainly as a result of increase in profit from operating activities.

Income tax. The income tax increased by 79.2% to PLN 54,137 in the period of nine months ended 30 September 2008 from PLN 30,218 in the corresponding period of 2007. The effective tax rate was 19.2% as compared to 19.8% in the corresponding period of 2007.

Net profit from continued activities. Our net profit from continued activities increased by 85.7% to PLN 227,169 in the period of nine months ended on 30 September 2008 from PLN 122,336 in the corresponding period of 2007.

Net profit. Our net profit increased by 85.7% to PLN 227,169 in the period of nine months ended on 30 September 2008 from PLN 122.344 in the corresponding period of 2007.

Other information

EBITDA. EBITDA increased by 78.8% to PLN 300,014 in the period of nine months ended on 30 September 2008 from PLN 167,768 in the corresponding period of 2007. The increase resulted from an increase of in profit on operating activities. The EBITDA margin improved to 36.7% in the period of nine months ended 30 September 2008, when compared to PLN 30.3% in the corresponding period of 2007.

Liquidity and capital reserves

The table below presents cash flow for the period of nine months ended on 30 September 2008 and 2007.

	Nine months ended on	
	30 September 2008	30 September 2007
Cash flow from operating activities	224,089	115,438
Cash flow from investment activities	(48,389)	(31,781)
Cash flow from the financial activities	(139,210)	(12,630)
Net changes in cash and cash equivalents	36,490	71,027

Cash flow from operating activities

Cash flow from operating activities increased by PLN 108,651 or 94.1% to PLN 224,089 in the period of nine months ended on 30 September 2008 from PLN 115,438 in the corresponding period of 2007. The increase results mainly from an increase in the net income by PLN 104,825, an increase in the total adjustments to the net income by PLN 34,262, which is partially offset by an increase in the income tax paid by PLN 31,114.

Cash flow used in investing activities

The cash used in investing activities increased by PLN 16,608 to PLN 48,389 in the period of nine months ended 30 June 2008 from PLN 31,781 in the corresponding period of 2007. In both periods the funds were used mainly to purchase of tangible fixed assets. In the period of nine months ended on 30 September 2008 the amount totaled PLN 40,092 and was related to expenditure on: (i) MVNO infrastructure, (ii) modernization of real state being our headquarters, and (iii) equipment for the call center and (iv) means of transport. A higher value of cash used in the investing activities in the period of nine months ended on 30 September 2008, apart from the aforementioned differences, resulted mainly from the increase in spending on intangible assets, which results from the expenditure on the billing system for MVNO.

Ccash flow from financial activities

Cash flow used in financial activities in the period of nine months ended on 30 September 2008 was PLN 139,210 when compared to PLN 12,630 in the corresponding period of 2007 and mainly comprised the repayment of bank debt in the amount of PLN 86,820, dividend payout of PLN 37,565 and repayment of interest on bank debt and financial lease and financial lease liabilities in the total amount of PLN 11,148 as well as inflow related to settlement of costs with Polaris Finance B.V. in relation to admission of our shares for trading on the regulated market for the amount of PLN 7,223.

Cash and cash equivalents as at 30 September 2008 was PLN 187,665 as compared to PLN 180,421 as at 30 September 2007. We keep our cash in a form of bank deposits in Zloty, Euro and U.S. dollars in Invest Bank S.A, Bank Pekao S.A and Raiffeisen Bank Polska S.A.

Future liquidity and capital resources

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

Our non-current liabilities amounted to PLN 69,571 as at 30 September 2008 as compared to PLN 134,914 as at 31 December 2007.

Our total debenture from long- and short-term loans and credit facilities as at 30 September 2008 was PLN 131,322, comprising debenture resulting from a loan agreement with Bank BPH S.A. (currently Bank Pekao S.A.) in the amount of PLN 126,430, and a loan agreement with Raiffeisen Bank totaling Euro 1,490, which debenture comprises the only debt denominated in foreign currencies.

As at 30 September our cash balance was higher than our debt balance..

Commitments

Contractual Liabilities Related to Purchase of Non-Current Assets

On 31 May 2007, we. entered into an agreement with Accenture Sp. z o.o. for implementation and launch of the billing system. As at 30 September 2008, the value of uninvoiced deliveries and services amounted to PLN 37.2. On 30 July 2008, we and Accenture Sp. z o.o. signed Annex 1 to an agreement signed 31 May 2007 for delivery of additional hardware and software. As at 30 September 2008, the value of uninvoiced deliveries amounted to PLN 200. Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was PLN 434.8 as at 30 September 2008.

On 14 August 2007, we entered into an agreement with Nokia Siemens Networks Sp. z o.o. for delivery of hardware and software necessary for the provision of MVNO services. As at 30 September 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 53.3 (PLN 181.7). Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was EUR 54.0 (PLN 184) as at 30 September 2008.

Contractual Liabilities Related to Contracted Services

On 31 May 2007, we entered into an agreement with Accenture Sp. z o.o. concerning maintenance of the billing system. The agreement is for a term of three years. The annual cost of the service amounts to EUR 245.0. Moreover, we entered into a service agreement for the billing system. The annual cost of the service amounts to PLN 591.8.

On 14 September 2007 we entered into an agreement with Nokia Siemens Networks Polska Sp. z o.o. concerning maintenance of the MVNO system plus BOT (Build Operate Transfer) service. The contract is for a term of 13 months. As at 30 September 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 798.3.

On 14 September 2007 we entered into an agreement with Nokia Siemens Networks Sp. z o.o. for maintenance of the MVNO system. The contract is for a term of five years. The annual cost of the service amounts to EUR 98.1.

On 28 September 2007, we entered into a maintenance agreement with Alcatel Lucent Polska S.A. The contract is for a term of three years. The annual cost of the service amounts to EUR 59.2.

Other Contingent Liabilities

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

On 16 June 2008, we entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polska Telefonia Komórkowa Centertel Sp. z o.o. ("Centertel") an irrevocable and unconditional bank guarantee to pay Centertel up to PLN 1,600 at the first written payment request by Centertel. The bank guarantee is valid until 16 December 2008 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

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

Trend information

The principal trend of which we are aware that we believe will affect our revenues and profitability is further development of pay television market, including cable and DTH.

We are exposed to fluctuations in the exchange rates of Zloty to both the Euro and the US dollar. A large proportion of our cost of operating activities is denominated in US dollars and Euro. In recent months the Zloty has appreciated against the Euro and the US Dollar.

Inflation in Poland is currently slowly increasing and has previously been stable. September 2008 inflation is approximately 4.2% year on year. We do not believe that the current inflationary trends will have a material impact on our business.

We cannot predict the likelihood that these trends will continue.

Information on market risks

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

Exchange rates risk management

Our functional and reporting currency is Zloty. Majority of our revenues is expressed in Zloty, while the material part of our operating expenses and capital expenditure is denominated in other currencies than Zloty, mainly U.S. dollars and Euro. Additionally 4% of our debt under credit agreements is denominated in Euro.

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

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

Interest rate risk management

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

We do not hedge our interest rate risk exposure. As a result of refinancing our loans and credits with a variable interest rate debt we will be more exposed to increase in debt servicing costs related to increase in interest rates. We consider the use of interest rate hedge transaction in the future.

Liquidity risk management

Our objective is to maintain a balance between the continuity and flexibility of financing by using various sources of financing, including bank loans and other borrowings. We maintain a significant amount of cash and cash equivalents to be able, among other things, (i) to ensure payments under the satellite television receiving equipment delivery schedule – the accessories to satellite television receiving equipment and components necessary to produce set-top boxes in house, (ii) to finance planned expenses related to the launch of our MVNO services and the operation of our HDTV broadcasting, including the purchase of satellite TV receiving equipment with high unit purchase prices and (iii) to maintain financial liquidity in connection with client promotions planned for the second half of 2008.

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

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

Dividend policy

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

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

Changes in the Supervisory Board

On 4 July 2008, our Ordinary Annual Shareholders Meeting decided to dismiss Mariola Gaca, Anna Kwaśnik and Zdzisław Gaca from our Supervisory Board, and decided to nominate to our Supervisory Board Robert Gwiazdowski, Leszek Reksa and Zygmunt Solorz-Żak.

On 4 August 2008 our Supervisory Board resolved to dismiss Heronim Ruta from the function of the President of our Management Board and elect Zygmunt Solorz-Żak to the President of our Management Board. It also decided to create Audit Committee and Remuneration Committee. The Audit Committee is composed of Heronim Ruta, Robert Gwiazdowski and Leszek Reksa, while the Remuneration Committee is composed of Zygmunt Solorz-Żak and Heronim Ruta.

13. Factors, that may impact our results in the following quarter

Seasonality

There is seasonality on the DTH market. Historically, about 50% of our acquisitions took place in the fourth quarter of each year. Such sales spread results in substantially higher subscriber acquisition costs in the fourth quarter than subscriber acquisition costs in other quarters of a year, which adversely affects the operating profit, EBITDA and the net profit.

Promotions launched in the third and fourth quarters of 2008

Due to the fact that highest sales level fall on the fourth quarter of the year we prepared special promotions for potential subscribers. As promotion, the newly acquired subscribers will get access to our services without a need for making monthly fees for a period of three to twelve months from the agreement conclusion date for a basic period of 24 to 36 months. As a result of such a structure of the promotion a large number of acquired subscribers will have a negative effect on the ARPU in the basic period of agreements of such subscribers.

Competition

Shareholding structure of ITI Neovision B.V. Our market is very dynamic and commpetitive. There are four main players on the DTH market in Poland: Canal + Cyfrowy, the operator of Cyfra+ platform, ITI Neovision B.V. the operator of "n" platform, Telekomunikacja Polska S.A. and Cyfrowy Polsat S.A., operator of Cyfrowy Polsat platform. During the last quarter the 100% shareholder of ITI Neovision B.V. ITI Group sold 25% plus one share to TVN S.A. The change in the shareholding structure of one of our main competitors may have a negative effect on our ability to attract new customers, on our ability to sustain current customer base and on our cost of customer acquisition.

New players on the DTH market. In October 2008 Telekomunikacja Polska S.A. announced launch of their DTH activities on the Polsih market. There is a possibility that TVP S.A. will launch a DTH platform in 2009. The creation of two new competitors may have a negative impact on our ability to attract new customers, on our ability to sustain current customer base, on our ability to keep the current prices for end consumer and on set-top boxes subsidy as well as our customer acquisition costs.

Launch of MVNO services

On 8 September 2008 we started offering the services of mobile virtual network operator. We expect that for several years from the launch of our MVNO services, our cost of delivering this kind of services will be higher than revenues from MVNO services, which will result in the operating profit and EBITDA from the MVNO services having a negative impact on our operating profit and EBITDA of the Group.

Exchange rates fluctuations

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

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

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

CYFROWY POLSAT GROUP

Interim Condensed Consolidated Financial Statements
for Three and Nine Months
ended September 30, 2008

(PLN '000)

1 Interim Condensed Consolidated Income Statement

	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Revenue from subscription fees	253,585	170,137	706,433	471,379
Revenue from rental of digital satellite reception equipment	1,779	518	5,247	4,347
Revenue from sales of digital satellite reception equipment and mobile phones	21,085	24,077	64,717	63,398
Revenue from sales of broadcasting and transmission services	3,852	2,754	12,490	9,138
Other operating income	10,312	1,169	28,222	5,081
Total revenue from operating activities	290,613	198,655	817,109	553,343
Depreciation and amortisation	7,134	3,043	16,430	12,411
Cost of programming	54,952	40,596	151,727	110,483
Transmission cost	14,123	12,433	43,326	34,157
Distribution and marketing cost	43,966	24,772	127,696	69,236
Salaries, wages and employee benefits	13,394	8,005	35,901	19,888
Cost of sales of digital satellite reception equipment and mobile phones	27,551	36,694	91,593	114,005
Other operating expenses	27,391	12,973	66,852	37,806
Total operating expenses	188,511	138,516	533,525	397,986
Operating profit	102,102	60,139	283,584	155,357
Financial income	5,308	8,725	14,658	18,905
Financial expenses	3,328	12,345	16,936	21,691
Loss on sale of shares in a subsidiary	-	(17)	-	(17)
Pre-tax profit	104,082	56,502	281,306	152,554
Income tax	19,876	11,171	54,137	30,218
Net profit on continued operations	84,206	45,331	227,169	122,336
Net profit/(loss) on discontinued operations	-	(19)	-	8
Net profit	84,206	45,312	227,169	122,344
Net profit attributable to:				
shareholders of the Parent	84,206	45,317	227,169	122,342
minority Interests	-	(5)	-	2
	84,206	45,312	227,169	122,344
Basic and diluted earnings per share (PLN)	0.31	0.17	0.85	0.47

(PLN '000)

2 Interim Condensed Consolidated Balance Sheet – Assets

Assets

	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Digital satellite reception equipment	1,810	549	2,249
Other property, plant and equipment	117,493	97,326	78,249
Intangible assets	14,237	11,465	9,826
Investment property	17,061	18,932	19,306
Other non-current assets	17,289	30,956	7,369
Deferred tax asset	1,100	4,134	-
Total non-current assets	168,990	163,362	116,999
Inventories	122,035	130,009	122,232
Trade and other receivables	107,978	79,133	33,703
Income tax receivables	-	3,002	-
Other current assets	63,830	68,971	47,815
Cash and cash equivalents	187,665	150,726	180,421
Total current assets	481,508	431,841	384,171
Total assets	650,498	595,203	501,170

(PLN '000)

3 Interim Condensed Consolidated Balance Sheet – Equity and Liabilities

Equity and Liabilities

	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Share capital	10,733	10,733	10,500
Reserve capital	3,964	3,500	-
Statutory reserve funds	10,174	10,174	-
Retained earnings	225,873	36,733	49,154
Equity attributable to shareholders of the Parent	250,744	61,140	59,654
Minority interests	-	-	-
Total equity	250,744	61,140	59,654
Liabilities under loans and borrowings	58,972	132,226	27,404
Liabilities under finance lease	1,198	1,412	1,696
Deferred tax liability	9,148	671	17,798
Other non-current liabilities and provisions	253	605	584
Total non-current liabilities	69,571	134,914	47,482
Liabilities under loans and borrowings	72,350	88,731	192,769
Liabilities under finance lease	194	204	237
Income tax liabilities	1,311	-	2,085
Trade and other payables	117,566	208,714	104,109
Deposits received for digital satellite reception equipment	21,687	20,032	18,304
Deferred income	117,075	81,468	76,530
Total current liabilities	330,183	399,149	394,034
Total liabilities	399,754	534,063	441,516
Total equity and liabilities	650,498	595,203	501,170

(PLN '000)

4 Interim Condensed Statement of Changes in Consolidated Equity for the Nine Months Period Ended September 30, 2008

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Equity attributable to shareholders of the Parent	Minority interests	Total equity
As at January 1, 2008	10,733	3,500	10,174	36,733	61,140	-	61,140
Dividend declared and paid	-	-	-	(37,565)	(37,565)	-	(37,565)
Appropriation of 2007 profit – transfer to reserve capital	-	464	-	(464)	-	-	-
Net profit for period	-	-	-	227,169	227,169	-	227,169
As at September 30, 2008	10,733	3,964	10,174	225,873	250,744	-	250,744

5 Interim Condensed Statement of Changes in Consolidated Equity for the Nine Months Period Ended September 30, 2007

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings/ (deficit)	Equity attributable to shareholders of the Parent	Minority interests	Total equity
As at January 1, 2007	10,500	-	-	(73,188)	(62,688)	70	(62,618)
Net profit for period	-	-	-	122,342	122,342	2	122,344
Decrease on disposal of subsidiary	-	-	-	-	-	(72)	(72)
As at September 30, 2007	10,500	-	-	49,154	59,654	-	59,654

(PLN '000)

6 Interim Condensed Consolidated Cash Flow Statement

	nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited
Net profit	227,169	122,344
Adjustments:	29,912	(4,350)
Depreciation/amortisation	16,430	12,411
Loss on disposal of subsidiary	-	17
(Gain)/loss on investment activities	92	(369)
Interest	4,571	5,520
Change in inventories	7,974	(64,223)
Change in receivables and other assets	(8,218)	7,520
Change in liabilities, provisions, accruals and deferrals	(43,103)	6,097
Foreign exchange gains	(1,964)	(12,975)
Income tax	54,137	30,218
Net decrease/(increase) in set-top boxes provided under operating lease	(11)	1,764
Other adjustments	4	9,670
Net cash generated from operating activities	257,081	117,994
Income tax paid	(38,129)	(7,015)
Received interest related to operating activities	5,137	4,459
Net cash flow from operating activities	224,089	115,438
Acquisition of intangible assets	(8,382)	(4,775)
Acquisition of property, plant and equipment	(40,092)	(27,613)
Proceeds from sale of financial assets	-	607
Proceeds from sale of tangible assets	85	-
Net cash flow from investing activities	(48,389)	(31,781)
Settlement of IPO related costs	7,223	
Repayment of loans and borrowings	(86,820)	(2,012)
Payment of finance lease liabilities	(178)	(178)
Payment of interest on borrowings and finance lease	(10,970)	(9,556)
Dividends paid	(37,565)	
Other cash used in financing activities	(10,900)	(884)
Net cash flow from financing activities	(139,210)	(12,630)
Net increase/decrease in cash and cash equivalents	36,490	71,027
Cash and cash equivalents at the beginning of the period	150,726	109,833
Change in cash resulting from foreign exchange gains/(losses)	449	(439)
Cash and cash equivalents at the end of the period	187,665	180,421

7 Supplementary Information to the Interim Condensed Consolidated Financial Statements for Three and Nine Months Ended on 30th September 2008

7.1 Basis for the Preparation of the Consolidated Financial Statements

Compliance Statement

The interim condensed consolidated financial statements for three and nine months ended on 30th September 2008 have been prepared in accordance with the International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. The accounting policies adopted by the Group when preparing the financial data for three and nine months ended on 30th September 2008 are consistent with those adopted when preparing the consolidated financial statements for the years ended on 31st December 2007 and 31st December 2006, as presented in the Annual Consolidated Report, except for the EU-endorsed Standards and Interpretations which are effective for the reporting periods beginning on or after 1st January 2008.

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

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

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

New Standards and Interpretations Endorsed by the EU which are Effective for the Financial Years Beginning on or after 1st January 2008

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

New Standards and Interpretations Pending Endorsement by the EU

- IFRIC 12 *Service Concession Arrangements*;
- IFRIC 13 *Customer Loyalty Programs*;
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- IFRIC 15 *Agreements for the Construction of Real Estate;*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation;*
- further amendments to IAS 23 *Borrowing Costs*;

- further amendments to IAS 1 *Presentation of Financial Statements*;

- further amendments to IFRS 3 *Business Combinations*;

- further amendments to IAS 27 *Consolidated and Separate Financial Statements;*

- further amendments to IFRS 2 *Share-Based Payment*;

- further amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* concerning puttable financial instruments and obligations arising on liquidation;

- further amendments to IFRS 1 *First-time Adoption of International Financial reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements – Consolidated Financial Statements And Accounting for Investments in Subsidiaries;*

- IAS 39 *Financial Instruments: Recognition and Measurement;*

- Revisions to International Financial Reporting Standards – a set of amendments to International Financial Reporting Standards.

Approval of these Interim Condensed Consolidated Financial Statements for Publication

These interim condensed consolidated financial statements were approved for publication by the Management Board on 13th November 2008.

7.2 Information on Seasonality in the Company's Operations

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

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

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

In the period covered by these interim condensed consolidated financial statements, the Group continued replacement process of the encryption card and digital satellite reception equipment incompatible with the conditional access system. Pursuant to the agreement executed between Cyfrowy Polsat S.A. and Nagravision S.A. on 2nd November 2004, Nagravision S.A. is obligated to pay a contractual penalty covering the costs of card replacement resulting from a breach of the encryption system. As at 30th September 2008 Cyfrowy Polsat S.A. issued debit notes in the amount of PLN 17,070 thousand, of which 16,013.9 thousand was recognized as revenue for the current year, and remaining amount was presented in interim condensed consolidated financial statements as deferred income.

On 3rd June 2008 the Management Board of Cyfrowy Polsat Technology Sp. z o.o. adopted a resolution on moving the set-top-boxes factory from Żywiec to Warsaw. Employment contracts with the employees employed in Żywiec were terminated as of 30th August 2008. On 1st September 2008 final assembly of set-top boxes was launched, and on 15th September the main production line was launched.

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

(PLN '000)

7.3.2 Equity

Share Capital

The Company's share capital as at 30th September 2008 is presented in the table below:

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

Reserve Capital

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

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

Dividends Paid and Declared

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

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

7.3.3 Loans and Borrowings

As at 30th September 2008, the Group was a party to two loan agreements.

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

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

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

As at 30th September 2008 the outstanding loan amount with Bank Pekao S.A. was PLN 126,430 thousand.

On 18th September 2006, Praga Business Park Sp. z o.o. entered into a loan agreement with Raiffeisen Bank Polska S.A. for EUR 8,260 thousand carrying variable interest charges based on EURIBOR 1M plus 1.6% p.a. Due to a merger of Cyfrowy Polsat S.A. with its subsidiary Praga Business Park Sp. z o. o., that is planned to take place until the end of year 2008, on 30th September 2008 Praga Business Park Sp. z o. o. made a premature repayment of the loan granted by Raiffeisen Bank Polska S.A. in the amount of EUR 5,800 thousand. The company is planning to repay the outstanding amount of EUR 1,490 thousand until the end of year 2008. As at 30th September 2008 the outstanding amount was PLN 4,892 thousand.

(PLN '000)

7.3.4 Transactions with Related Parties

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

Receivables	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
EMarket Sp. z o. o.	-	-	146
Invest Bank S.A.	1	1	-
Inwestycje Polskie Sp. z o.o.	-	1	1
Media Biznes Sp. z o.o.	132	-	-
Polsat Media Sp. z o.o.	-	1	-
Polskie Media S.A.	13	-	15
Superstacja Sp. z o.o.	15	10	n/a
Telewizja Polsat S.A.	460	77	-
Total	621	90	162

Loans received	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Polaris Finance B.V.	-	-	53,490
Total	-	-	53,490

Liabilities	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Alpatran	31	107	31
Elektrim S.A.	1	13	147
EMarket Sp. z o.o.	156	41	132
Polska Telefonia Cyfrowa Sp. z o.o.	55	28	-
Teleaudio Sp. z o.o.	-	522	-
Telewizja Polsat S.A.	1,547	2,854	1,268
Total	1,790	3,565	1,578

(PLN '000)

Operating income	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Inwestycje Polskie Sp. z o.o.	-	-	-	10
Media Biznes Sp. z o.o.	64	30	160	90
Polska Telefonia Cyfrowa Sp. z o.o.	17	-	22	-
Polskie Media S.A.	23	78	47	102
Superstacja Sp. z o.o.	4	n/a	15	n/a
Telewizja Polsat S.A.	1,156	178	1,312	272
Total	1,264	286	1,556	474

Operating expenses	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Alpatran	130	75	280	225
Elektrim S.A.	382	305	956	488
*EMarket Sp. z o.o.**	131	-	313	-
Media Biznes Sp. z o.o.	-	30	36	40
Polska Telefonia Cyfrowa Sp. z o.o.	156	46	354	114
Teleaudio Sp. z o.o.	2,837	463	4,945	771
Telewizja Polsat S.A.	4,057	2,545	11,785	9,758
Total	7,693	3,464	18,669	11,396

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

Financial income	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Polaris Finance B.V.	3,108	-	7,223	-
Total	3,108	-	7,223	-

Financial expenses	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Polaris Finance B.V.	-	894	-	2,772
Satkabel Sp. z o.o.	-	-	-	18
Total	-	894	-	2.790

7.3.5 Off-Balance Sheet Liabilities

Contractual Liabilities Related to Purchase of Non-Current Assets

On 31st May 2007, Cyfrowy Polsat S.A. entered into an agreement with Accenture Sp. z o.o. for implementation and launch of the billing system. As at 30th September 2008, the value of uninvoiced deliveries and services amounted to PLN 37.2 thousand. On 30th July 2008, Cyfrowy Polsat S.A. and Accenture Sp. z o.o. signed Annex 1 to an agreement signed 31st May 2007 for delivery of additional hardware and software. As at 30th September 2008, the value of uninvoiced deliveries amounted to PLN 200 thousand. Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was PLN 434.8 thousand as at 30th September 2008.

On 14th August 2007, Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Sp. z o.o. for delivery of hardware and software necessary for the provision of MVNO services. As at 30th September 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 53.3 thousand (PLN 181.7 thousand). Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was EUR 54.0 thousand (PLN 184 thousand) as at 30th September 2008.

Contractual Liabilities Related to Contracted Services

On 31st May 2007, Cyfrowy Polsat S.A. entered into an agreement with Accenture Sp. z o.o. concerning maintenance of the billing system. The agreement is for a term of three years. The annual cost of the service amounts to EUR 245.0 thousand. Moreover, the Company entered into a service agreement for the billing system. The annual cost of the service amounts to PLN 591.8 thousand.

On 14th September 2007 Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Polska Sp. z o.o. concerning maintenance of the MVNO system plus BOT (Build Operate Transfer) service. The contract is for a term of 13 months. As at 30th September 2008, the value of deliveries and services yet to be provided under the agreement amounted to EUR 798.3 thousand.

On 14th September 2007 Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Sp. z o.o. for maintenance of the MVNO system. The contract is for a term of five years. The annual cost of the service amounts to EUR 98.1 thousand.

On 28th September 2007, Cyfrowy Polsat S.A. entered into a maintenance agreement with Alcatel Lucent Polska S.A. The contract is for a term of three years. The annual cost of the service amounts to EUR 59.2 thousand.

Other Contingent Liabilities

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

On 16th June 2008, the Company entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polska Telefonia Komórkowa Centertel Sp. z o.o. ("Centertel") an irrevocable and unconditional bank guarantee to pay Centertel up to PLN 1,600 thousand at the first written payment request by Centertel. The bank guarantee is valid until 16th December 2008 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

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

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

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

On 11th September 2008 Cyfrowy Polsat S.A. entered into 6 EUR purchase agreements, EUR 1,500 thousand each and with the currency dates being on the first working day of each consecutive months, with the first currency date set for 1st October 2008 and the last one on 2nd March 2009. The nominal value of these transactions is EUR 9,000 thousand.
For each of the above transactions the proper collateral deposit was established. Collateral deposits are bearing a fixed interest of 6% per annum.

7.4 Events Subsequent to the Balance-Sheet Date

The Extraordinary Shareholders Meeting of Cyfrowy Polsat S.A. held on 4th November 2008 resolved to merge Cyfrowy Polsat S.A. (acquirer) with Praga Business Park Sp. z o.o. (taken-over company) through a transfer of all the assets of the taken-over company onto the acquirer. The Extraordinary Meeting of Shareholders of the Cyfrowy Polsat S.A. resolved the merger of the acquirer with the taken-over company without increasing the share capital of the acquirer and without amending the Articles of Association.

On 4th November 2008, Cyfrowy Polsat S.A. signed with the subsidiary company Praga Business Park Sp. z o.o. an agreement for the loan of PLN 1,700 thousand to finance that company’s operations, with maturity on 31 January 2009. The interest of the loan is variable and is equal to WIBOR 6M calculated on the last day prior to the date on which the interest is due and payable plus the margin of 2%. A borrower’s incomplete blank promissory note with a bill of exchange declaration is the collateral for the loan.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for Three and Nine Months
Ended September 30, 2008

(PLN '000)

Interim Condensed Income Statement

	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Revenue from subscription fees	253,585	170,137	706,433	471,379
Revenue from rental of digital satellite reception equipment	1,779	518	5,247	4,347
Revenue from sales of digital satellite reception equipment and mobile phones	21,085	24,077	64,717	63,398
Revenue from sales of broadcasting and transmission services	3,852	2,754	12,490	9,138
Other operating revenue	8,070	701	22,896	3,159
Total revenue from operating activities	288,371	198,187	811,783	551,421
Depreciation and amortisation	6,287	2,596	14,006	11,230
Cost of programming	54,952	40,596	151,727	110,483
Transmission cost	14,123	12,433	43,326	34,157
Distribution and marketing cost	43,966	24,772	127,696	69,236
Salaries, wages and employee benefits	11,902	7,439	32,432	18,991
Cost of sales of digital satellite reception equipment and mobile phones	33,263	36,694	102,734	114,005
Other operating expenses	20,601	12,523	52,925	38,503
Total operating expenses	185,094	137,053	524,846	396,605
Operating profit	103,277	61,134	286,937	154,816
Financial income	7,776	9,178	16,421	19,545
Financial expenses	3,609	11,891	16,381	20,377
Pre-tax profit	107,444	58,421	286,977	153,984
Income tax	20,263	11,055	54,387	29,727
Net profit	87,181	47,366	232,590	124,257
Basic and diluted earnings per share (PLN)	0.32	0.18	0.87	0.47

(PLN '000)

Interim Condensed Balance Sheet – Assets

Assets

	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Digital satellite reception equipment	1,810	549	2,249
Other property, plant and equipment	72,300	59,890	50,355
Intangible assets	13,455	10,367	9,056
Non-current loans to related undertakings	48,321	23,026	22,577
Non-current receivables from related undertakings	6,732	6,994	264
Other non-current assets	17,289	30,951	7,502
Deferred tax asset	-	3,701	-
Total non-current assets	159,907	135,478	92,003
Inventories	116,778	126,639	119,821
Current loans to related undertakings	14,373	7,065	3,026
Income tax receivables	-	3,002	-
Trade and other receivables	110,110	78,672	33,442
Other current assets	63,520	68,912	47,663
Cash and cash equivalents	183,154	141,651	174,593
Total current assets	487,935	425,941	378,545
Total assets	647,842	561,419	470,548

(PLN '000)

Interim Condensed Balance Sheet – Equity and Liabilities

Equity and Liabilities

	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Share capital	10,733	10,733	10,500
Reserve capital	3,964	3,500	-
Statutory reserve funds	10,174	10,174	-
Retained earnings	232,590	38,029	50,748
Total equity	257,461	62,436	61,248
Deferred tax liability	8,066	-	17,285
Liabilities under loans and borrowings	58,972	106,655	-
Liabilities under finance lease	1,198	1,412	1,696
Other provisions for liabilities	70	531	584
Total non-current liabilities	68,306	108,598	19,565
Liabilities under loans and borrowings	67,458	87,151	191,107
Liabilities under finance lease	194	204	237
Income tax liabilities	1,311	-	2,085
Trade and other payables	114,350	201,530	101,472
Deposits received for digital satellite reception equipment	21,687	20,032	18,304
Deferred income	117,075	81,468	76,530
Total current liabilities	322,075	390,385	389,735
Total liabilities	390,381	498,983	409,300
Total equity and liabilities	647,842	561,419	470,548

(PLN '000)

Interim Condensed Statement of Changes in Equity for the Nine Months Period Ended September 30, 2008

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Equity attributable to shareholders of the Parent
As at January 1, 2008	10,733	3,500	10,174	38,029	62,436
Dividend declared and paid	-	-	-	(37,565)	(37,565)
Appropriation of 2007 profit – transfer to reserve capital	-	464	-	(464)	-
Net profit for period	-	-	-	232,590	232,590
As at September 30, 2008	10,733	3,964	10,174	232,590	257,461

Interim Condensed Statement of Changes in Equity for the Nine Months Period Ended September 30, 2007

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings/(deficit)	Equity attributable to shareholders of the Parent
As at January 1, 2007	10,500	-	-	(73,509)	(63,009)
Net profit for period	-	-	-	124,257	124,257
As at September 30, 2007	10,500	-	-	50,748	61,248

(PLN '000)

Interim Condensed Cash Flow Statement

	nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited
Net profit	232,590	124,257
Adjustments:	27,780	(17,876)
Depreciation/amortisation	14,006	11,230
Gain on investment activities	(56)	(353)
Interest	1,015	2,975
Change in inventories	9,861	(61,811)
Change in receivables and other assets	(9,823)	(3,907)
Change in liabilities, provisions, accruals and deferrals	(40,272)	4,945
Foreign exchange gains	(751)	(12,661)
Income tax	54,387	29,727
Net decrease/(increase) in set-top boxes provided under operating lease	(11)	1,764
Other adjustments	(576)	10,215
Net cash generated from operating activities	260,370	106,381
Income tax paid	(38,129)	(7,015)
Received interest related to operating activities	4,910	4,459
Net cash flow from operating activities	227,151	103,825
Acquisition of intangible assets	(7,607)	(4,775)
Acquisition of property, plant and equipment	(31,132)	(25,554)
Purchases of financial assets	(30,500)	(3,000)
Proceeds from sale of financial assets	-	6,632
Proceeds from sale of tangible assets	85	-
Net cash flow from investing activities	(69,154)	(26,697)
Settlement of IPO related costs	7,223	-
Repayment of loans	(65,759)	-
Payment of finance lease liabilities	(178)	(178)
Payment of interest on borrowings and finance lease	(9,765)	(8,243)
Dividend paid	(37,565)	-
Other cash used in financing activities	(10,900)	(884)
Net cash flow from financing activities	(116,944)	(9,305)
Net change in cash and cash equivalents	41,053	67,823
Cash and cash equivalents at the beginning of the period	141,651	107,208
Change in cash resulting from foreign exchange gains/(losses)	450	(438)
Cash and cash equivalents at the end of the period	183,154	174,593

(PLN '000)

Supplementary Information to the Interim Condensed Financial Statements for Three and Nine Months Ended September 30, 2008

Basis for the Preparation of the Non-Consolidated Financial Statements

Compliance Statement

These interim condensed non-consolidated financial statements for three and nine months ended on 30th September 2008 have been prepared in accordance with the International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*.

The accounting policies adopted by the Company when preparing the non-consolidated financial data for three and nine months ended on 30th September 2008 are consistent with those adopted when preparing the consolidated financial statements for the financial years ended on 31st December 2007 and 31st December 2006, as presented in the Annual Report.

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

Loans to Related Parties

Long-term loans

Borrower	Loan principal	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Praga Business Park Sp. z o.o.	44,690	48,321	23,026	22,577
Total	44,690	48,321	23,026	22,577

The loans advanced to Praga Business Park Sp. z o.o. are subordinated to the loan facility contracted at Raiffeisen Bank Polska S.A.
On 11th September 2008 two loan agreements were signed between Cyfrowy Polsat S.A. (lender) and Praga Business Park Sp. z o.o. (borrower), for the total amount of PLN 29,000 thousand out of which:
1. A loan in the amount of PLN 26,000 thousand was granted for the repayment of the bank loan under an agreement with Raiffeisen Bank Polska S.A. The repayment of the bank loan will allow for removal of registry pledge on the shares of Praga Business Park Sp. z o.o., which is a prerequisite for the merger of both companies (as at 30th September 2008 Cyfrowy Polsat S.A. granted PLN 21,000 thousand; on 10th October 2008 remaining PLN 5,000 thousand was granted);
2. A loan in the amount of PLN 3,000 thousand was granted to finance the current operations of Praga Business Park Sp. z o.o.
Both loans bear an interest based on variable interest rate of WIBOR 6M increased by 2 percentage points. The loans were granted to 31st January 2009 and are secured by a promissory note.

(PLN '000)

Short-term loans

Borrower	Loan principal	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	1,500	1,625	1,530	1,517
Cyfrowy Polsat Technology Sp. z o.o.	1,500	1,625	1,529	1,509
Cyfrowy Polsat Technology Sp. z o.o.	4,000	4,260	4,006	-
Cyfrowy Polsat Technology Sp. z o.o.	6,500	6,863	-	-
Total	13,500	14,373	7,065	3,026

On May 22nd 2007, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. concluded a loan agreement under which a PLN 1,500 thousand loan was extended to Cyfrowy Polsat Technology to finance its on-going operations. Subsequently, on August 27th 2007, another PLN 1,500 thousand loan was granted. On December 21st 2007, Cyfrowy Polsat S.A. advanced a PLN 4,000 thousand loan to Cyfrowy Polsat Technology Sp. z o.o. to finance its on-going operations. Subsequently, on February 5th 2008, another loan of PLN 6,500 thousand was advanced to Cyfrowy Polsat Technology Sp. z o.o. to finance its on-going operations.

The interest rates for all the above agreements on loans advanced to Cyfrowy Polsat Technology Sp. z o.o. were set as the WIBOR 6M rate quoted as at the last date preceding the date on which interest falls due plus a margin of 2%. The date of repayment of the loans together with interest was set at December 31st 2008 at the latest. The loans were secured with a blank promissory note of the borrower with a promissory note declaration.

Long-term Receivables from Related Parties

	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Non-current receivables under financed lease	6,036	6,730	-
Security deposits	696	264	264
Total	6,732	6,994	264

On December 1st 2007, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. signed a lease agreement for an electronic equipment production line. In compliance with the requirements of IFRS, the agreement was disclosed in the Company's accounting books as finance lease. As at the date of the agreement, the total value of leased assets was PLN 7,664.1 thousand. The agreement was concluded for a period of seven years. As at the balance-sheet date, the amounts due from Cyfrowy Polsat Technology Sp. z o.o. under the lease agreement total PLN 8,396 thousand, including PLN 6,036 thousand representing a non-current portion. Because the leased assets are closely related to the business of Cyfrowy Polsat S.A., the interest income of PLN 423 thousand was disclosed under net financial income.

(PLN '000)

Transactions with Related-Parties

Receivables

	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	160	71	27
Cyfrowy Polsat Technology Sp. z o.o. (lease)	8,396	7,713	-
EMarket Sp. z o. o.	-	-	146
Invest Bank S.A.	1	1	-
Inwestycje Polskie Sp. z o.o.	-	1	1
Media Biznes Sp. z o.o.	132	-	-
Polsat Media Sp. z o.o.	-	1	-
Polskie Media S.A.	13	-	15
Praga Business Park Sp. z o.o.	2,187	264	264
Superstacja Sp. z o.o.	15	10	-
Telewizja Polsat S.A.	460	77	-
Total	11,364	8,138	453

Loans received	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Polaris Finance B.V.	-	-	53,490
Total	-	-	53,490

Liabilities

	September 30, 2008 unaudited	December 31, 2007	September 30, 2007 unaudited
Alpatran	31	107	31
Cyfrowy Polsat Technology Sp. z o.o.	2,298	2	1
Elektrim S.A.	1	13	147
EMarket Sp. z o.o.	155	41	132
Polska Telefonia Cyfrowa Sp. z o.o.	54	28	-
Praga Business Park Sp. z o.o.	91	189	14
Teleaudio Sp. z o.o.	-	522	-
Telewizja Polsat S.A.	1,547	2,854	1,268
Total	4,177	3,756	1,593

(PLN '000)

Operating income	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	130	-	130	1
Inwestycje Polskie Sp. z o.o.	-	-	-	10
Media Biznes Sp. z o.o.	64	30	160	90
Polska Telefonia Cyfrowa Sp. z o.o.	17	-	22	-
Polskie Media S.A.	23	78	47	102
Praga Business Park Sp. z o.o.	1,222	-	1,222	-
Superstacja Sp. z o.o.	4	n/a	15	n/a
Telewizja Polsat S.A.	1,154	178	1,310	272
Total	2,614	286	2,906	475

Operating expenses	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Alpatran	75	75	225	225
Elektrim S.A.	382	305	956	488
EMarket Sp. z o.o.	144	37	310	129
Media Biznes Sp. z o.o.	-	30	36	40
Polska Telefonia Cyfrowa Sp. z o.o.	154	46	350	114
Praga Business Park Sp. z o.o.	801	809	2,490	2,090
Teleaudio Sp. z o.o.	2,837	463	4,945	771
Telewizja Polsat S.A.	4,057	2,545	11,785	9,758
Total	8,450	4,310	21,097	13,615

In the nine months ended on September 30th 2008, the Company purchased inventories (set-top boxes and accessories) from Cyfrowy Polsat Technology Sp. z o.o. for a total value of PLN 17,566.2 thousand.

Financial income	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	431	38	1,231	49
Polaris Finance B.V.	3,108	-	7,223	-
Praga Business Park Sp. z o.o.	534	390	1,329	1,183
Total	4,073	428	9,783	1,232

Financial expenses	three months ended		nine months ended	
	September 30, 2008 unaudited	September 30, 2007 unaudited	September 30, 2008 unaudited	September 30, 2007 unaudited
Polaris Finance B.V.	-	894	-	2,772
Satkabel Sp. z o.o.	-	-	-	18
Total	-	894	-	2,790