CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim consolidated quarterly report for the three-month period ended September 30, 2013

Place and date of publication: Warsaw, November 14, 2013

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Management Board's report on the activities of Cyfrowy Polsat S.A. Capital Group in the three-month period ended September 30, 2013

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

Finance", "**CP Finance**" relate to Cyfrowy Polsat Finance AB (publ), Cyfrowy Polsat subsidiary registered in Sweden; "**Telewizja Polsat**" or "**TV Polsat**" relates to the company Telewizja Polsat Sp. z o.o.; "**TV Polsat Group**" relates to Telewizja Polsat Sp. z o.o. and its consolidated subsidiaries; **"Redefine Sp. z o.o. Group"** relates to Redefine Sp. z o.o. and its consolidated subsidiaries: Poszkole.pl Sp. z o.o. and Stat24 Sp. z o.o. (until the merger with Redefine Sp. z o.o. on November 30, 2012); "**INFO-TV-FM**" relates to the company INFO-TV-FM Sp. z o.o.; "**Polskie Media**" relates to Polskie Media S.A.; "**POLSAT**" relates to our main FTA channel, available also in digital terrestrial television; "**Polsat HD**" relates to our channel on which we broadcast the content of our main channel in HD technology; "**Polsat Sport**" relates to our sport channel dedicated to sports and major sports events in Poland and in the world; "**Polsat Sport HD**" relates to our channel on which we broadcast the content of Polsat Sport channel in HD technology (until the end of May 2012, the content of this channel differed from Polsat Sport); "**Polsat Sport Extra**" relates to our sport channel broadcasting premium sport events; "**Polsat Sport Extra HD**" relates to our channel on which we broadcast the content of Polsat Sport Extra channel in HD technology, the channel is broadcasted since June 2012; "**Polsat Futbol**" relates to our sport channel dedicated to football games broadcasted until the end of May 2012; "**Polsat Sport News**" relates to our sport channel dedicated to sport news available in digital terrestrial television; "**Polsat Film**" relates to our movie channel; "**Polsat Film HD**" relates to our channel on which we broadcast the content of Polsat Film channel in HD technology, the channel is broadcasted since November 2012; "**Polsat Café**" relates to our lifestyle channel dedicated to women; "**Polsat Play**" relates to our lifestyle channel dedicated to men; "**Polsat2**" relates to our channel broadcasting mainly reruns of programs that premiered on our other channels; "**Polsat News**" relates to our 24-hour news channel; "**Polsat Biznes**" relates to our channel dedicated to the latest news on the economy and financial markets, until February 2013 the channel operated under "TV Biznes" brand; "**Polsat Jim Jam**" relates to children's channel based mainly on programs by Hit Entertainment, the channel is a joint venture launched by TV Polsat and ChelloZone; "**Polsat Crime & Investigation Network**" relates to the criminal channel, this channel is a joint project of Telewizja Polsat and British company A+E Networks UK; "**Polsat Food**" relates to culinary and lifestyle channel launched by Telewizja Polsat in cooperation with Scripps Networks Interactive in November 2012; "**Polsat Viasat Explorer**" relates to a channel dedicated to men, since March 2013 broadcasted based on cooperation between Viasat Broadcasting and Telewizja Polsat; "**Polsat Viasat Nature**" relates to a nature channel dedicated to entire family, since March 2013 broadcasted based on cooperation between Viasat Broadcasting and Telewizja Polsat; "**Polsat Viasat History**" relates to a history channel since March 2013 broadcasted based on cooperation between Viasat Broadcasting and Telewizja Polsat; "**Polsat Romans**" relates to our newest channel (launched in September 2013) broadcasting Polish and foreign series and feature movies targeted to women; "**TV4**" relates to general entertainment channel; "**TV6**" relates to general entertainment channel targeted to young audience; „**Shares**" relates to the shares of Cyfrowy Polsat S.A., which were introduced to public trading on the Warsaw Stock Exchange on 6 May 2008 and are marked with a code PLCFRPT00013; "**Senior Facilities**" relates to senior secured facilities under Senior Facilities Agreement ("**SFA**") with a syndicate of banks including Term Facility Loan **("Term Facility**") of PLN 1,400,000,000 (not in thousands) maturing December 31, 2015; and Senior Secured Revolving Facility Loan ("**Revolving Facility**") of up to PLN 200,000,000 (not in thousands) maturing December 31, 2015; "**Bridge Loan**" relates to senior secured bridge facility of EUR 350,000,000 (not in thousands) with a syndicate of banks, that was fully repaid on May 20, 2011; "**Senior Notes**" or "**Notes**" relates to 7.125% senior secured notes of EUR 350,000,000 (not in thousands) issued by Cyfrowy Polsat Finance AB on May 20, 2011; "**Indenture**" relates to the indenture dated May 20, 2011 governing the 7.125% Senior Notes; "**PLN**" or "**zloty**" refers to the lawful currency of Poland; "**USD**" or "**dollars**" refers to the lawful currency of the United States of America; and "**EUR**" or "**euro**" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

Financial and operating data

This quarterly report contains financial statements and financial information relating to the Company and the Group. In particular, this quarterly report contains our quarterly condensed consolidated financial statements for 3 and 9 month periods ended 30 September 2013 and quarterly condensed financial statements for the 3 and 9 month period ended 30 September 2013. The financial statements attached to this interim report have been prepared in accordance with International Accounting Standard no. 34 "Interim Financial Reporting" ("IAS 34","IFRS") and are presented in thousand zlotys. The financial statements were not audited.

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 report may not conform exactly to the total figure given for that column or row.

Currency presentation

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

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

Forward–looking statements

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

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

Industry and market data

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

- Eurostat, for data relating to the Polish economy and GDP growth;
- Nielsen Audience Measurement;
- Starlink;
- Megapanel PBI/Gemius;
- IAB AdEX;
- PwC (Global entertainment and media outlook: 2013-2017);
- ZenithOptimedia; and
- Operators functioning on the Polish market.

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

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

1. Introduction

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

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

Retail business segment

In pay TV, we are the largest pay TV provider in Poland and the fourth largest DTH platform in Europe by number of subscribers. We provide a comprehensive multimedia offer designed to appeal to the entire family. We provide to our subscribers DTH service, mobile television, broadband Internet in HSPA/HSPA+ and LTE and mobile telephony services (in MVNO model and from April 2012 based on cooperation with Polkomtel Sp. z o.o., operator of Plus network). As of September 30, 2013 we had 3,525,855 pay digital television subscribers (including 622,689 subscribers to Multiroom service – y-o-y increase by 77,1%), 208,518 users of broadband Internet service (77.7% y-o-y increase) and the number of mobile telephony users amounted to 132,301*.

We offer our subscribers access to over 130 Polish language TV channels, including general entertainment, sports, music, lifestyle, news/information, children's, education and movie channels. We offer all of Poland's main terrestrial channels, including POLSAT, TVP1, TVP2, TVN and TV4, and we are the only DTH operator to offer the combination of Polsat Sport, Eurosport and Polsat Sport Extra, the first, second and fifth most widely viewed sports channels in Poland in 2012 in the commercial group 16-49 (NAM). In addition, we offer our subscribers access to 37 HD channels and also provide VoD/PPV, catch-up TV and Multrioom services. We provide the subscribers to our TV Mobilna service with the access to 20 encrypted channels (8 television and 12 radio channels) and to all DTT channels, through various devices (including smartphones, tablets and laptops).

We offer set-top boxes, enabling reception of pay-TV services, that in majority are produced in-house. Due to our own production, we have been able to reduce the costs of obtaining set-top boxes. In the three quarters of 2013, over 90% of our sold or leased set-top boxes were manufactured in our own factory.

From April 2012, we are the owner of internet TV ipla. Ipla is the leader on online video market in Poland both in terms of availability on various devices (computers/laptops, tablets, smartphones, smart TVs, set-top boxes and game consoles) and range of offered content. Ipla has also a leading position in terms of number of users and time spent on watching video content by an average user. In the third quarter of 2013, the number of users of ipla application and website, according to our estimates, amounted on monthly average to ca. 3,3 million.

We sell our services through sales network covering the entire territory of Poland. We distribute our products and services through two main sales channels: retail sales channel and direct sales channel D2D ("door-to-door"). As of September 30, 2013 our sales network included 775 points of sales. In addition, from April 2012, within cooperation with Plus network operator we run cross selling of services. Thanks to that our standard offer, as of the end of September 2013, was available in additional 772 points of sales of Polkomtel Sp. z o.o. network.

Broadcasting and television production segment

In TV broadcasting, we are one of the two leading private TV groups in Poland in terms of revenue and advertising market share. Our main channel, POLSAT, is number two in terms of audience share with a 13.8% share in the first three quarters of 2013. We also broadcast thematic channels, which had a 6.7% combined audience share, and sell advertising on our channels and certain third-party channels. TV Polsat Group channels' portfolio consists of 23 stations including 4 HD

* including 121,082 users of our MVNO service and 11,219 our clients who bought Polkomtel's mobile telephony service within cross promotion

channels. We broadcast general entertainment, sports, news, business, lifestyle, movie and children's channels. Based on data from Starlink, we estimate that we captured a 23.5% share of the approximately PLN 2.43 billion (not in thousands) Polish TV advertising market in the first nine months of 2013.

Our television channels include: POLSAT, Polsat HD, TV4, TV6, Polsat Sport, Polsat Sport Extra, Polsat Sport HD, Polsat Sport Extra HD, Polsat Film, Polsat Film HD, Polsat Café, Polsat Play, Polsat2, Polsat News, Polsat Crime & Investigation Network, Polsat Biznes, Polsat Jim Jam, Polsat Sport News, Polsat Food, Polsat Viasat Explorer, Polsat Viasat Nature, Polsat Viasat History and Polsat Romans. POLSAT, our main channel, was the first commercial channel in Poland, that received a nationwide analogue license and broadcasts 24 hours a day, seven days a week. It is the number two channel in Poland in terms of audience share. POLSAT airs a broad variety of movies (most of them created in the major US studios), lifestyle programs, news and feature programs, Polish and foreign series as well as popular sport events.

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

Polsat Sport is a sports channel broadcasting major sports events in Poland and worldwide which are mostly broadcasted live (volleyball, athletics, football, handball, world class boxing and MMA contests). Polsat Sport Extra is a sport channel broadcasting premium sport events, primarily Formula One and the largest international tennis tournaments such as Wimbledon and handball Champions League. Polsat Sport HD and Polsat Sport Extra HD broadcast the content of both our sports channels in HD standard. Polsat Sport News is our new sport channel dedicated to sport news, it is an FTA channel broadcasted within DTT technology. Polsat Film broadcasts hit movies, top box-office productions and non mainstream movies from a library of major US movie studios. Polsat Film HD is a version of our movie channel offering high definition broadcast. Polsat Café is our channel dedicated to women that focuses on lifestyle, fashion and gossip programs as well as talk-shows. Polsat Play is dedicated to men, its core programming concerns consumer gadgets, the automotive industry, angling and cult series. Polsat2 broadcasts reruns of programs that premiered on our other channels, it is also broadcasted to Polish communities abroad (mainly in USA). Polsat News is a 24-hour news channel broadcasting live and covering primarily news from Poland and key international events. Polsat Crime & Investigation Network is our criminal channel that takes its viewers to the world of crime providing the insight to criminal laboratories, police archives and courtrooms. Polsat Biznes covers the latest news on the economy and financial markets. Polsat Jim Jam is a children's channel based exclusively on programs by Hit Entertainment, the channel is a joint venture launched by TV Polsat and ChelloZone. Polsat Food is a culinary channel, based on the content library of Food Network's, one of the most popular channels on American television. This is a joint venture of TV Polsat and Scripps Network Interactive. Polsat Viasat Explorer is a channel dedicated to men, simple-unusual people, who work hard and have fantastic fun realizing extraordinary dreams. Polsat Viasat Nature is a nature channel targeted to entire family, that aims to accompany wildlife researchers, veterinary doctors and celebrities in their journey developing knowledge on dangerous predators, domestic pets and wild animals from around the world. Polsat Viasat History is a channel offering viewers a journey to the past through high-quality programs, that entertain and educate at the same time; the content features historical events, that influenced the world's history. Polsat Viasat Explorer, Polsat Viasat Nature and Polsat Viasat History operate based on the cooperation with Viasat Broadcasting. TV4 is a nationwide entertainment channel, whose programming offer includes feature movies, series, entertainment programs and sports. TV6 is a nationwide entertainment channel targeted at younger audience, broadcasting popular entertainment formats in original versions, as well as series, entertainment programs and feature movies from Polsat's library. Both TV4 and TV6 are owned by TV Polsat since August 30, 2013. Both channels are available in digital terrestrial television. Polsat Romans is the newest channel in Polsat Group's portfolio – it was launched on September 1, 2013. It is targeted at women. The programming offer includes both feature movies and popular and much-liked Polish and foreign series.

2. Significant events

Finalization of the purchase transaction of Polskie Media S.A.

On August 30, 2013, following the fulfillment of the conditions precedent included in the preliminary and conditional agreements for the purchase of shares in Polskie Media S.A. seated in Warsaw concluded on March 28, 2013, between Telewizja Polsat Sp. z o.o. seated in Warsaw, subsidiary of Cyfrowy Polsat, and Karswell Limited seated in Nicosia, Cyprus and Sensor Overseas Limited seated in Nicosia, Cyprus, Telewizja Polsat has finalized the purchase transaction of a total of 14,500,000 registered shares in Polskie Media with nominal value of PLN 10 each, comprising 100% of the share capital and giving right to 100% of the votes at the general meeting of Polskie Media for the total amount of PLN 99 million (not in thousands), comprising price for shares and adjustments related to enterprise value.

Polskie Media is a broadcaster of two channels distributed both in terrestrial and cable-satellite television: TV4 and TV6. An independent opinion of KPMG Advisory, prepared for the Management Board of Cyfrowy Polsat, confirmed that price terms of the transaction are fair from the point of view of Cyfrowy Polsat.

We consider the acquisition of Polskie Media a strategic step towards strengthening Telewizja Polsat's market position. This opens the possibility to increase advertising revenue based on the growing technical reach and the Group's stronger negotiations power as well as the synergies in the following areas: access and use of the programming content, technical, advertising, marketing and cross-promotion as well as back-office resources.

Finalization of the transaction of sale of RS TV S.A.

On August 30, 2013, the transaction of sale of 100% shares in RS TV S.A. ('RS TV') to Emitel Sp. z o.o. for PLN 45.5 million (not in thousands) was finalized by Telewizja Polsat. The execution of the transaction followed the fulfillment of the conditions precedent included in the conditional agreement signed on March 28, 2013. These conditions included consent of the banks which are parties to Cyfrowy Polsat's loan agreement (SFA), release of all securities established on the shares and assets of the company related to the loan agreement and the issuance of Senior Notes as well as registration by court of division of RS TV.

The sale of RS TV, providing signal transmission services primarily for Cyfrowy Polsat Group, aims at focusing the Group's activities on two main business segments – providing retail services and broadcasting and television production.

Following the switch of terrestrial television from analogue to digital broadcasting, continuing RS TV operations would involve additional investments with limited possibilities to achieve synergy.

Another partial prepayment of the Term Facility Loan

On September 10, 2013 the Company partly prepaid the Term Facility Loan in the amount of PLN 100 million (not in thousands), which comprised: mandatory prepayment (resulting from the provisions of the SFA) being the sum of proceeds from disposal of RS TV and voluntary prepayment. The reduction of the debt has a positive impact on the Company's future results through proportional decrease in further principal payments and accrued interests.

A new channel under "Polsat" brand

On September 1, 2013, TV Polsat expanded its portfolio by a new channel targeted to women – 'Polsat Romans'. The channel broadcasts Polish and foreign series and feature movies.

Thus the portfolio of channels under 'Polsat' brand increased to 21 positions. Together with the acquired channels TV4 and TV6 broadcasted by Polskie Media S.A., the portfolio of Polsat Group's channels includes 23 positions.

Transfer of intellectual property rights between subsidiaries

On October 4, 2013, Telewizja Polsat Sp. z o.o. and Polsat License Ltd. ('Polsat License'), seated in Zug, Switzerland (subsidiaries of the Company) entered into an agreement under which TV Polsat contributed to Polsat Brands - Swiss simple partnership (einfache Gesellschaft; under articles 530 seqq. of the Swiss Code of Obligations), established by TV Polsat and Polsat License – certain trademarks valued at PLN 880 million (not in thousands) (the 'IP-Rights'), while Polsat License agreed to contribute a cash equivalent of 1/99 of the IP-Rights' value.

The IP-Rights contribution to Polsat Brands is intended to reorganize the TV Polsat group structure by segregating its core business of TV production and broadcasting from non-core business of intellectual property management.

3. Selected financial data

The following tables set out selected consolidated financial data for the three and nine-month periods ended September 30, 2013 and September 30, 2012. The information shall be read in conjunction with interim condensed consolidated financial statements for the three and nine-month period ended September 30, 2013 and the information included in point 12 of this quarterly report.

Certain financial data:

- from the consolidated income statements for the three-month periods ended September 30, 2013 and September 30, 2012 have been converted into euro at a rate of PLN 4.2476 per €1.00, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from July 1 to September 30, 2013;

- from the consolidated income statements and the consolidated cash flow statement for the nine-month periods ended 30 September 2013 and 30 September 2012 have been converted into euro at a rate of PLN 4.2016 per €1.00, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from January 1 to September 30, 2013;

- from the consolidated balance sheet data as at September 30, 2013 and December 31, 2012 have been converted into euro at a rate of PLN 4.2163 per €1.00 (an exchange rate published by NBP on September 30, 2013).

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

It should be noted that the periods of 3 and 9 months ended September 30, 2013 are not fully comparable to the periods of 3 and 9 months ended September 30, 2012 as shares in INFO-TV-FM were acquired on January 30, 2012, shares of entities running ipla platform were acquired on April 2, 2012 and shares in Polskie Media S.A. were acquired on August 30, 2013 and shares in RS TV were sold on August 30, 2013.

	For the three-month period ended September 30,				For the nine-month period ended September 30,			
	2013		2012		2013		2012	
	PLN	EUR	PLN	EUR	PLN	EUR	PLN	EUR
Consolidated Income Statement								
Retail revenue	460,839	108,494	434,894	102,386	1,365,277	324,942	1,287,449	306,419
Advertising and sponsorship revenue	171,755	40,436	162,831	38,335	582,604	138,662	602,779	143,464
Revenue from cable and satellite operator fees	22,874	5,385	23,799	5,603	72,244	17,194	70,679	16,822
Sale of equipment	7,156	1,685	2,595	611	32,020	7,621	11,507	2,739
Other revenue	14,686	3,457	20,422	4,808	58,175	13,846	55,185	13,134
Revenue	**677,310**	**159,457**	**644,541**	**151,742**	**2,110,320**	**502,266**	**2,027,599**	**482,578**
Cost of services, products, goods and materials sold	(405,817)	(95,540)	(338,826)	(79,769)	(1,247,897)	(297,005)	(1,110,283)	(264,252)
Selling expenses	(62,212)	(14,646)	(59,702)	(14,055)	(189,706)	(45,151)	(169,889)	(40,434)
General and administrative expenses	(42,631)	(10,036)	(46,398)	(10,923)	(128,400)	(30,560)	(128,972)	(30,696)
Total operating costs	**(510,660)**	**(120,223)**	**(444,926)**	**(104,748)**	**(1,566,003)**	**(372,716)**	**(1,409,144)**	**(335,383)**
Other operating income/(costs)	36,782	8,659	(1,956)	(460)	38,733	9,219	(4,725)	(1,125)
Profit from operating activities	**203,432**	**47,893**	**197,659**	**46,534**	**583,050**	**138,769**	**613,730**	**146,071**
Gain/(loss) on investment activities, net	7,356	1,732	5,333	1,256	11,938	2,841	9,320	2,218
Finance costs, net	(10,708)	(2,521)	(5,265)	(1,240)	(193,181)	(45,978)	(67,652)	(16,101)
Share of the profit or loss of jointly controlled entity accounted for using the equity method	749	176	543	128	2,329	554	2,044	486
Gross profit for the period	**200,829**	**47,281**	**198,270**	**46,678**	**404,136**	**96,186**	**557,442**	**132,674**
Income tax	(24,378)	(5,739)	(26,208)	(6,170)	(51,835)	(12,337)	(80,768)	(19,223)
Net profit for the period	**176,451**	**41,541**	**172,062**	**40,508**	**352,301**	**83,849**	**476,674**	**113,451**
Basic and diluted earnings per share (not in thousands)	0.51	0.12	0.49	0.12	1.01	0.24	1.37	0.33
Weighted average number of issued ordinary shares (not in thousands)	348,352,836		348,352,836		348,352,836		348,352,836	
Consolidated Cash Flow Statement								
Net cash from operating activities					519,355	123,609	581,964	138,510
Net cash used in investing activities					(110,151)	(26,216)	(107,084)	(25,486)
Cash flow used in financing activities					(464,322)	(110,511)	(525,964)	(125,182)
Net change in cash and cash equivalents					(55,118)	(13,118)	(51,084)	(12,158)
Other consolidated financial data								
Depreciation and amortization and impairment allowance	64,865	15,271	60,238	14,182	187,826	44,703	171,355	40,783
EBITDA[1]	268,297	63,164	257,897	60,716	770,876	183,472	785,085	186,854
EBITDA margin	39.6%	39.6%	40.0%	40.0%	36.5%	36.5%	38.7%	38.7%
Operating margin	30.0%	30.0%	30.7%	30.7%	27.6%	27.6%	30.3%	30.3%
Capital expenditures[2]	37,443	8,815	24,193	5,696	98,454	23,433	63,703	15,162

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

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

(all financial data presented in PLN thousand, unless otherwise stated)

	As at			
	September 30, 2013		December 31, 2012	
	PLN	EUR	PLN	EUR
Consolidated balance sheet				
Cash and cash equivalents	215,396	51,086	270,354	64,121
Assets	5,597,981	1,327,700	5,561,345	1,319,011
Non-current liabilities	1,827,114	433,345	2,026,162	480,555
Current liabilities	945,289	224,199	1,066,780	253,013
Equity	2,825,578	670,156	2,468,403	585,443
Share capital	13,934	3,305	13,934	3,305

(all financial data presented in PLN thousand, unless otherwise stated)

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

The following table presents the organizational structure of Cyfrowy Polsat S.A. Capital Group and entities consolidated using full consolidation method as of September 30, 2013:

	Entity's registered office	Activity	Share in voting rights (%) September 30, 2013
Parent Company			
Cyfrowy Polsat S.A.	Łubinowa 4a, Warsaw	radio, TV and telecommunication activities	n/a
Subsidiaries			
Cyfrowy Polsat Trade Marks Sp. z o.o.*	Łubinowa 4a, Warsaw	non-current assets and intellectual property rights management	100%
Cyfrowy Polsat Finance AB*	Stureplan 4C, 4 TR 114 35 Stockholm, Sweden	financial transactions	100%
Telewizja Polsat Sp. z o.o.*	Ostrobramska 77, Warsaw	broadcasting and television production	100%
Polskie Media S.A.***	Al. Stanów Zjednoczonych 53, Warsaw	broadcasting and television production	100%
Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością S. k.*	Ostrobramska 77, Warsaw	advertising activities	100%
Polsat Media Biuro Reklamy Sp. z o.o.*	Ostrobramska 77, Warsaw	advertising activities	100%
Polsat Futbol Ltd.*	Office 1D, 238-246 King St. London W6 0RF, UK	television activities	100%
Nord License AS*	Vollsvseien 13B Lysaker, Norway	trade of programming licenses	100%
Polsat License Ltd.*	Poststrasse 9 6300 Zug, Switzerland	trade of programming licenses	100%
Telewizja Polsat Holdings Sp. z o.o.*	Ostrobramska 77, Warsaw	broadcasting and TV production	100%
Media-Biznes Sp. z o.o.*	Stanów Zjednoczonych 53, Warsaw	television activities	100%
Polsat Brands (*einfache Gesellschaft*)****	Poststrasse 9 6300 Zug, Switherland	intellectual property rights management	100%
INFO-TV-FM Sp. z o.o.*	Łubinowa 4a, Warsaw	radio and TV activities	100%
Redefine Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Poszkole.pl Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Gery.pl Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Frazpc.pl Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Netshare Sp. z o.o*	Al. Stanów Zjednoczonych 61 A, Warsaw	electronic media (Internet) advertising broker	100%
CPSPV1 Sp. z o.o.**	Łubinowa 4a, Warsaw	provision of technical services	99%
CPSPV2 Sp. z o.o.**	Łubinowa 4a, Warsaw	provision of technical services	99%
PL 2014 Sp. z o.o.*****	Al. Stanów Zjednoczonych 53, Warsaw	other activity related to sports******	60%

* consolidation using full consolidation method
** consolidation using full consolidation method since March 15, 2013
*** consolidation using full consolidation method since September 1, 2013
**** consolidation using full consolidation method since October 4, 2013
***** consolidation using full consolidation method since September 16, 2013
******until September 30, 2013, the company did not start its activities

Investments accounted for under the equity method:

	Entity's registered office	Activity	Share in voting rights (%) September 30, 2013
Polsat JimJam Ltd.	105-109 Salusbury Road London NW6 6RG UK	television activities	50%
Polski Operator Telewizyjny Sp. z o.o.*	Huculska 6, Warsaw	radio communications and radio diffusion	50%

* the company has suspended operations

Additionally, the following entities were included in the interim condensed consolidated financial statements for the three and nine-month period ended September 30, 2013:

	Entity's registered office	Activity	Share in voting rights (%) September 30, 2013
Karpacka Telewizja Kablowa Sp. z o.o.*	Chorzowska 3, Radom	dormant	85%

* Investment accounted for at cost less any accumulated impairment losses

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

In the third quarter of 2013, the following changes were implemented to the structure of Cyfrowy Polsat Capital Group.

Finalization of the purchase transaction of Polskie Media S.A.

On August 30, 2013, following the fulfillment of the conditions precedent included in the preliminary and conditional agreements for the purchase of shares in Polskie Media S.A. seated in Warsaw concluded on March 28, 2013, between Telewizja Polsat Sp. z o.o. seated in Warsaw ('Telewizja Polsat'), subsidiary of Cyfrowy Polsat, and Karswell Limited seated in Nicosia, Cyprus and Sensor Overseas Limited seated in Nicosia, Cyprus, Telewizja Polsat has finalized the purchase transaction of a total of 14,500,000 registered shares in Polskie Media with nominal value of PLN 10 each, comprising 100% of the share capital and giving right to 100% of the votes at the general meeting of Polskie Media for the total amount of PLN 99 million (not in thousands), comprising price for shares and adjustments related to enterprise value.

We consider the acquisition of Polskie Media a strategic step towards strengthening Telewizja Polsat's market position. This opens the possibility to increase advertising revenue based on the growing technical reach and the Group's stronger negotiations power as well as the synergies in the following areas: access and use of the programming content, technical, advertising, marketing and cross-promotion as well as back-office resources.

Finalization of the transaction of sale of RS TV S.A.

On August 30, 2013, the transaction of sale of 100% shares in RS TV S.A. to Emitel Sp. z o.o. for PLN 45.5 million (not in thousands) was finalized by Telewizja Polsat. The execution of the transaction followed the fulfillment of the conditions precedent included in the conditional agreement signed on March 28, 2013. These conditions included consent of the banks which are parties to Cyfrowy Polsat's loan agreement (SFA), release of all securities established on the shares and assets of the company related to the loan agreement and the issuance of Senior Notes as well as registration by court of division of RS TV.

The sale of RS TV, providing signal transmission services primarily for Cyfrowy Polsat Group, aims at focusing the Group's activities on two main business segments – providing retail services and broadcasting and television production.

Following the switch of terrestrial television from analogue to digital broadcasting, continuing RS TV operations would involve additional investments with limited possibilities to achieve synergy.

Establishment of PL 2014 Sp. z o.o.

On September 16, 2013, PL 2014 Sp. z o.o. was registered by the Court Registry. TV Polsat holds 50% of the share capital of the company and 60% of the total number of votes in the company. The remaining shares are held by Polski Związek Piłki Siatkowej (the Polish Volleyball Federation).

The company was established for the purpose of cooperation in relation to the upcoming 2014 FIVB Men's Volleyball World Championship to be held in Poland.

Until September 30, 2013, PL 2014 Sp. z o.o. did not start its activities.

Establishment of Polsat Brands

On October 4, 2013, TV Polsat and Polsat Licese entered into an agreement under which TV Polsat contributed to Polsat Brands - Swiss simple partnership (einfache Gesellschaft; under articles 530 seqq. of the Swiss Code of Obligations), established by TV Polsat and Polsat License – certain trademarks valued at PLN 880 million (not in thousands) (the 'IP-Rights'), while Polsat License agreed to contribute a cash equivalent of 1/99 of the IP-Rights' value.

The IP-Rights contribution to Polsat Brands is intended to reorganize the TV Polsat group structure by segregating its core business of TV production and broadcasting from non-core business of intellectual property management.

6. Discussion of the difference of the Group's results to published forecasts for the year

We did not publish any financial forecasts.

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

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

Shareholder	Number of shares	% of share	Number of votes	% of votes
Pola Investments Ltd. (1), including:	154,204,296	44.27%	306,709,172*	58.11%*
- Privileged registered shares	152,504,876	43.78%	305,009,752*	57.79%*
- Ordinary bearer shares	1,699,420	0.49%	1,699,420	0.32%
Sensor Overseas Ltd. (2), including:	25,341,272	7.27%	50,382,647	9.55%
- Privileged registered shares	25,041,375	7.19%	50,082,750	9.49%
- Ordinary bearer shares	299,897	0.09%	299,897	0.06%
Others	168,807,268	48.46%	170,678,518	32.34%
Total	348,352,836	100.00%	527,770,337	100.00%

[1] Pola Investments Ltd. is controlled by family foundation (trust) TiVi Foundation.
[2] Sensor Overseas Ltd. is controlled by Mr. Heronim Ruta.

* On February 12, 2013, the Company was informed that on February 7, 2013, Pola Investments Ltd. ("Pola") received from Sensor Overseas Limited the proxy to exercise voting rights from 20,791,375 privileged registered shares of the Company, constituting 5.97% of the Company's share capital and representing 41,582,750 votes at the general meeting of the Company, which is 7.88% of the total number of votes (the "Proxy"). After receiving the Proxy, Pola holds and is entitled to exercise voting rights from 174,995,671 shares of the

(all financial data presented in PLN thousand, unless otherwise stated)

Company, that constitute 50.24% of the Company's share capital. The shares held by Pola and included in the Proxy represent 348,291,922 votes at the general meeting of the Company, which is 65.99% of the total number of votes in the Company.

The abovementioned package includes:

a) 173,296,251 privileged registered shares constituting 49.75% of the Company's share capital and representing 346,592,502 votes at the general meeting of the Company, which constitutes 65.67% of the total number of votes in the Company, and

b) 1,699,420 bearer shares constituting 0.49% of the Company's share capital and representing 1,699,420 votes at the general meeting of the Company, which constitutes 0.32% of the total number of votes in the Company.

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

In the period from the publication of the last periodic report, that is August 28, 2013, until the date of this report, the Company did not receive any notice from shareholders obligatory under article 69 section 1 of the Offering Act.

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

8.1. The Management Board of Cyfrowy Polsat S.A.

The following table presents shares owned directly or indirectly by our Management Board members as of November 14, 2013, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last periodic report (report for the first half of 2013) on August 28, 2013. The information included in the table is based on information received from members of our Management Board.

Management Board Member	Balance as of August 28, 2013	Increases	Decreases	Balance as of November 14, 2013
Dominik Libicki, President of the Management Board	1,497	-	-	1,497

8.2. The Supervisory Board of Cyfrowy Polsat S.A.

The following table presents shares controlled directly or indirectly by our Supervisory Board members as of November 14, 2013, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last financial report (report for the first half of 2013) on August 28, 2013. The information included in the table is based on information received from members of our Supervisory Board.

Supervisory Board Member	Balance as of August 28, 2013	Increases	Decreases	Balance as of November 14, 2013
Heronim Ruta[1] Member of the Supervisory Board	25,341,272	-	-	25,341,272

[1] Mr. Heronim Ruta controls indirectly through Sensor Overseas Ltd. 25,341,272 of the Company's shares constituting 7.27% of the Company's share capital and representing 50,382,647 votes at the General Meeting of the Company, which constitutes 9.55% of total number of votes in the Company.

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

As at the date of approval of this report no material changes occurred as compared to the description included in the annual consolidated financial statements for 2012 (published on March 12, 2013).

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

In the three-month period ended September 30, 2013 we did not conclude any material transactions with related parties on conditions other than market conditions.

11. Information on guarantees granted by the Company or subsidiaries

Following the increase in share capital of INFO-TV-FM Sp. z o.o. through new shares issued and acquired by Telewizja Polsat Holdings Sp. z o.o., on July 15, 2013, Telewizja Polsat Holdings Sp. z o.o. entered into agreement establishing registered and financial pledges on new shares in the increased share capital of INFO-TV-FM Sp. z o.o. that complement the securities in respect to the repayment of the Term Loan and Revolving Facility according to the Senior Facilities Agreement entered into on March 31, 2011 and the repayment (redemption, repurchase) of the High Yield Notes (Senior Notes).

On July 15, 2013, the following companies: Telewizja Polsat Sp. z o.o., Polsat Media Biuro Reklamy Sp. z o.o., Media-Biznes Sp. z o.o., Redefine Sp. z o.o., Netshare Sp. z o.o., Frazpc.pl Sp z o.o., Gery.pl Sp. z o.o. and Poszkole.pl Sp. z o.o. (partners in Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp. k.) signed agreements with Citicorp Trustee Company Ltd. establishing ordinary and registered pledges on partner's share in Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp. k. (i.e. on all transferable rights and obligations arising from the participation as a partner in the limited partnership company), securing the repayment of the Term Loan, Revolving Facility and Senior Notes.

Until the end of August 2013, in connection with the ongoing process of sale of 100% shares in RS TV S.A., all securities established on shares and assets of this company have been waived. It was one of the conditions precedent included in the conditional agreement concerning the sale of 100% shares in RS TV S.A.

On October 8, 2013, Telewizja Polsat Sp. z o.o. and Polsat License Ltd., as the sole partners in Polsat Brands, entered into agreements with Citicorp Trustee Company Limited acting as security agent, establishing the following securities securing the repayment of the Term Loan, Revolving Facility and Senior Notes:

- pledge on partnership interests in Polsat Brands;
- assignment of Polsat Brands' receivables for security;
- assignment of Polsat Brands' bank accounts for security.

Moreover, on October 18, 2013, in connection with the contribution in kind of certain trademarks valued at PLN 880 million (not in thousands) transferred by TV Polsat to Polsat Brands, the companies TV Polsat and Polsat License Ltd. entered into an agreement establishing registered and ordinary pledges over protection rights over the Trademarks in favour of Citicorp Trustee Company Limited, securing the repayment of the Term Loan, Revolving Facility and Senior Notes.

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

12.1. Revenue

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

Retail subscription revenue

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

Sales of advertising and sponsorship

Our revenue from advertising and sponsorship is generated mainly by TV Polsat Group (approximately 99%), including revenues of Polskie Media since September 2013, the rest relates to the revenue from sale of marketing and advertising services generated by the Company and revenue from advertising generated by Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery.pl Sp. z o.o. (consolidated from the second quarter of 2012). We sell advertising on our channels either on a rate-card basis, which reflects the timing and duration of an advertisement, or on a cost per gross rating point, or GRP, basis. A GRP is defined as the number of people watching a particular spot at a specific time. Unlike audience share, which is defined as the number of people watching a particular program at a particular time and is expressed as a percentage of the total number of people watching TV, GRP is expressed as a percentage of the target group. We set and publish rate-card prices on monthly basis. Rate-card pricing is, on average, higher than GRP pricing, as advertisers select the specific advertising breaks, which they believe best meet their marketing objectives. We determine the placement of advertising breaks sold on a GRP basis based on the availability of airtime after the booking of rate-card sales, and advertisers only pay for the actual number of rating points delivered in the relevant commercial breaks.

Revenue from cable and satellite operators

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

Sale of equipment

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

Other revenue

Other revenue sources consist primarily of revenue from:

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

12.2. Operating costs

Operating costs consist of:

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

(xi) other costs.

Programming costs

Programming costs consist of:

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

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

These costs include production costs for TV programs specifically produced by or for us, either under licenses from third parties or under our own licenses. These costs include also amortization of sport broadcasting rights. Amortization of TV production is based on the estimated number of showings and type of programming content. Amortization of sport broadcasting rights is recognized in 100% on the first broadcast or on a straight-line basis over the seasons or competitions.

Distribution, marketing, customer relation management and retention cost

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

Depreciation, amortization and impairment

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

Salaries and employee-related costs

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

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs consist of:

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

Amortization of purchased film licenses

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

Cost of settlements with mobile network operators and interconnection charges

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

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

In this group of costs we present:

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

Cost of equipment sold

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

Other costs

Key items of other costs include:

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

12.3. Other operating income/costs

Other operating income/costs consists of:

(i) compensations from customers and distributors for failing to return equipment or returning damaged equipment,
(ii) inventory impairment write-downs/reversals,
(iii) other operating revenue/costs, not derived in the ordinary course of business.

(all financial data presented in PLN thousand, unless otherwise stated)

12.4. Gain/loss on investment activities, net

Gain/loss on investment activities, net include interest income on funds invested, interest expenses (other than interest expenses on borrowings), dividends income, results on the disposal of available-for-sale financial instruments, fair value gains/losses on financial instruments at fair value through profit or loss, net foreign currency gains/losses (other than on valuation of Senior Notes), impairment losses recognized on financial assets, unwinding of the discount on provisions.

12.5. Finance costs, net

Finance costs, net comprise interest expense on borrowings (including bank loans and Senior Notes), foreign exchange gains/losses on Senior Notes, bank and other charges on borrowings as well as guarantee fees resulting from the indebtedness resulting from SFA and Indenture.

12.6. Management discussion and analysis

12.6.1. Operating results

Retail business segment

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

	3 months ended September 30			9 months ended September 30		
	2013	**2012**	**Change / %**	**2013**	**2012**	**Change / %**
Number of subscribers at end of period, of which:	**3,525,855**	**3,557,888**	**-0.9%**	**3,525,855**	**3,557,888**	**-0.9%**
Family Package	2,691,508	2,756,402	-2.4%	2,691,508	2,756,402	-2.4%
Mini Package	834,347	801,486	4.1%	834,347	801,486	4.1%
Average number of subscribers[1], of which:	**3,533,257**	**3,531,030**	**0.1%**	**3,541,810**	**3,541,448**	**0.0%**
Family Package	2,703,864	2,745,811	-1.5%	2,727,771	2,770,072	-1.5%
Mini Package	829,392	785,219	5.6%	814,040	771,376	5.5%
Churn rate of which:	**9.1%**	**9.1%**	**0.0 p.p.**	**9.1%**	**9.1%**	**0.0 p.p.**
Family Package	9.3%	9.7%	-0.4 p.p.	9.3%	9.7%	-0.4 p.p.
Mini Package	8.6%	6.9%	1.7 p.p.	8.6%	6.9%	1.7 p.p.
Average revenue per user (ARPU) (PLN), of which:	**40.7**	**39.5**	**3.0%**	**40.3**	**38.9**	**3.6%**
Family Package (PLN)	49.2	47.1	4.5%	48.6	46.1	5.4%
Mini Package (PLN)	13.1	13.4	-2.2%	13.0	13.4	-3.0%

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

Subscribers

We define a "subscriber" as a person who signed an agreement for subscription to pay digital television services and who is obligated, under the terms of agreement, to make payments to access a package or packages of television and radio channels or who has access to such packages after making required payments but without having signed such an agreement. The number of our subscribers amounted to approximately 3,525.9 thousand as of September 30, 2013 and remained at almost unchanged level compared to approximately 3,557.9 thousand subscribers as of September 30, 2012. Family Package subscribers constituted 76.3% and 77.5% of our entire subscriber base as of September 30, 2013 and September 30, 2012, respectively.

Churn rate

We define "churn rate" as the ratio of the number of contracts terminated during a twelve-month period to the average number of contracts during such twelve-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same twelve-month period as well as of subscribers who used to have more than one agreement and terminated one of them to replace it with the commitment to use Multiroom service. Thanks to our efficient retention programs we manage to maintain our churn rate at 9.1% in the twelve-month period ended September 30, 2013. The churn rate of the Family Package decreased by 0.4 percentage point and the churn rate of Mini Package increased by 1.7 percentage point.

ARPU

We define "ARPU" as the average net revenue per subscriber to whom we rendered services calculated as a sum of net revenue generated by our subscribers from our pay digital television services in the reporting period divided by the average number of subscribers to whom we rendered services in this reporting period. ARPU increased by 3.0% to PLN 40.7 in the third quarter of 2013 from PLN 39.5 in the third quarter of 2012. Family Package ARPU increased by 4.5%, to PLN 49.2 in the third quarter of 2013 from PLN 47.1 in the third quarter of 2012. Mini Package ARPU decreased by 2.2%, to PLN 13.1 in the third quarter of 2013 from PLN 13.4 in the third quarter of 2012. ARPU increased by 3.6% to PLN 40.3 in the nine-month period ended September 30, 2013 from PLN 38.9 in the nine-month period ended September 30, 2012. Family Package ARPU increased by 5.4%, to PLN 48.6 in the nine-month period ended September 30, 2013 from PLN 46.1 in the nine-month period ended September 30, 2012. Mini Package ARPU decreased by 3.0%, to PLN 13.0 in the nine-month period ended September 30, 2013 from PLN 13.4 in the nine-month period ended September 30, 2012. The increase in ARPU resulted i.a. from the revenue from additional services (PPV, Multiroom) and increasing number of subscribers to higher packages. The decrease in Mini Package ARPU was influenced by i.a. TV Mobilna project (primarily due to longer free-of-charge periods granted to newly acquired subscribers).

(all financial data presented in PLN thousand, unless otherwise stated)

Television broadcasting and production segment

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

	3 months ended September 30,			9 months ended September 30,		
	2013	2012	*Change / %*	2013	2012	*Change / %*
Audience share[(1), (10)], including:	**21.58%**	**20.07%**	**7.52%**	**20.45%**	**20.43%**	**0.10%**
POLSAT (main channel)	**13.16%**	**14.91%**	**-11.74%**	**13.76%**	**15.76%**	**-12.69%**
Thematic channels[(10)]	**8.42%**	**5.15%**	**63.50%**	**6.69%**	**4.67%**	**43.25%**
Polsat2	1.89%	1.67%	13.17%	1.84%	1.42%	29.58%
Polsat News	0.92%	0.86%	6.98%	0.83%	0.76%	9.21%
Polsat Sport	1.16%	0.66%	75.76%	0.85%	0.66%	28.79%
Polsat Sport Extra	0.28%	0.17%	64.71%	0.21%	0.16%	31.25%
Polsat Sport News[(2)]	0.41%	--	--	0.34%	--	--
Polsat Film	0.50%	0.40%	25.00%	0.50%	0.41%	21.95%
Polsat JimJam [JimJam]	0.35%	0.43%	-18.60%	0.33%	0.38%	-13.16%
Polsat Cafe	0.42%	0.39%	7.69%	0.40%	0.36%	11.11%
Polsat Play	0.63%	0.43%	46.51%	0.55%	0.36%	52.78%
Polsat Crime & Investigation Network	0.14%	0.11%	27.27%	0.11%	0.12%	-8.33%
Polsat Biznes[(3)]	0.07%	0.01%	600.00%	0.06%	0.02%	200.00%
Polsat Futbol[(4)]	--	--	--	--	0.01%	--
Polsat Food[(5)]	0.11%	--	--	0.10%	--	--
Polsat Viasat Explorer[(6)]	0.07%	--	--	0.05%	--	--
Polsat Viasat History[(6)]	0.16%	--	--	0.12%	--	--
Polsat Viasat Nature[(6)]	0.02%	--	--	0.01%	--	--
Polsat Romans[(8)]	0.06%	--	--	0.06%	--	--
TV4[(9)]	2.58%	2.67%	-3.37%	2.85%	2.72%	4.78%
TV6[(9)]	0.78%	0.24%	225.00%	0.59%	0.19%	210.53%
Advertising market share[(7)]	**24.7%**	**23.4%**	**5.4%**	**23.5%**	**23.4%**	**0.7%**

(1) NAM, All day 16-49 audience share
(2) channel monitored since November 2012
(3) until February 2013 the channel broadcasted under TV Biznes
(4) channel broadcasted until the end of May 2012
(5) channel broadcasted since November 2012
(6) channels broadcasted under "Polsat" brand since March 2013, data for Q1-3' 2013 include March-September
(7) our estimates based on Starlink data
(8) channel broadcasted since September 2013, data for the period of broadcasting
(9) channel included in Polsat Group since September 2013, data relate to full periods indicated in the table above
(10) when calculating the total audience share of Polsat Group and audience share of thematic channels we take into account the moment of including the channel into our portfolio (audience share of Polsat Viasat channels are included since March 2013, and audience share of TV4 and TV6 are included since September 2013, other months are calculated as zero audience share)

(all financial data presented in PLN thousand, unless otherwise stated)

Polsat channels; technical reach[1]

	3 months ended September 30,			9 months ended September 30,		
	2013	**2012**	***Change / %***	**2013**	**2012**	***Change / %***
Polsat	98.7	98.6	0.1%	98.6	98.5	0.1%
Polsat2	63.0	56.2	12.1%	62.9	56.9	10.5%
Polsat Biznes[2]	54.7	51.9	5.4%	54.3	52.0	4.4%
Polsat News	54.9	48.6	13.0%	54.3	48.9	11.0%
Polsat Cafe	53.6	47.4	13.1%	53.0	48.0	10.4%
Polsat Sport	49.5	42.5	16.5%	49.1	43.0	14.2%
Polsat Play	43.2	38.4	12.5%	42.2	38.8	8.8%
Polsat JimJam	40.2	37.0	8.6%	39.2	37.2	5.4%
Polsat Film	49.2	36.0	36.7%	47.5	36.2	31.2%
Polsat Sport News	82.3	45.7	80.1%	75.3	38.6	95.1%
Polsat Sport Extra[3]	34.3	29.9	14.7%	33.6	30.4	10.5%
Polsat Crime & Investigation Network	36.0	31.5	14.3%	34.9	30.7	13.7%
Polsat Futbol[4]	--	--	--	--	15.0	--
Polsat Sport HD[5]	--	--	--	--	5.7	--
Polsat Food[6]	21.2	--	--	20.6	--	--
Polsat Viasat Explorer[7]	23.2	6.0	286.7%	21.4	7.2	197.2%
Polsat Viasat History[7]	32.6	14.2	129.6%	30.5	14.4	111.8%
Polsat Viasat Nature[8]	20.6	2.0	930.0%	18.4	2.0	820.0%
Polsat Romance[9]	21.5	--	--	21.5	--	--
TV4	98.7	87.9	12.3%	96.3	86.6	11.2%
TV6	85.0	55.4	53.4%	79.7	49.6	60.7%

(1) NAM, percentage of TV households able to receive a given channel; arithmetical average of monthly technical reach
(2) until February 2013, the channel broadcasted under TV Biznes
(3) data since June 2012, aggregated with Polsat Sport Extra HD (new channel)
(4) channel broadcasted until May 2012
(5) data for the second quarter of 2012 and first half of 2012 only, due to the unification of scheduling with Polsat Sport later on
(6) channel broadcasted since November 2012
(7) the channels broadcasted based on cooperation of TV Polsat and Viasat Broadcasting since March 2013 (data for prior periods relate to the technical reach before the cooperation with TV Polsat)
(8) the channel broadcasted based on cooperation of TV Polsat and Viasat Broadcasting since March 2013 (data for prior periods relate to the technical reach before the cooperation with TV Polsat), the channel was not broadcasted in the first seven months of 2012
(9) channel broadcasted since September 2013

Audience share

In the third quarter of 2013, viewers of our main channel were attracted by both big events (*Sopot Top of the Top Festival 2013* – 1.2 million viewers and 27% audience share, or cabaret night *Zielonogórska Noc Kabaretowa* – 1.1 million viewers and 22.3% audience share) and the fixed schedule slots, such as Monday's cycle Mega Hit, that gathered on average 1.1 million viewers, translating into 20.6% audience share. Another fixed element of the scheduling, *Pierwsza Milosc* series, attracted on average 0.9 million viewers, giving 24.5% audience share. Our news slot *Wydarzenia* consistently enjoyed high viewership, evening editions were watched by an average of 0.7 million viewers and had 19.1% audience share.

The results of the third quarter were significantly influenced by the content of the autumn scheduling. The largest audience was gathered by the talent show *Must be the Music – Tylko muzyka* (on average almost 1.3 million viewers – 19.1% audience share). Another talent show *Got to Dance – Tylko taniec* attracted on average 0.9 million viewers (16.0% audience share). Autumn novelties had successful debuts: series *To nie koniec świata* attracted on average over 0.9 million viewers (17% audience share), series *2 XL* (0.8 million viewers and 16% audience share) and *Top Chef* (an average of nearly one million viewers and 15.6% audience share).

In case of the first three quarters of 2013, the most popular programs on the POLSAT channel were *Must be the Music – Tylko Muzyka*, with an average audience of all premiere episodes reaching almost 1.6 million and audience share of 22.6%, Monday's cycle *Mega Hit* (almost 1.3 million viewers and 21.6% audience share), *Przyjaciolki* series (1.2 million viewers and 19.8% audience share) and the evening editions of news *Wydarzenia* with the average of almost 0.9 million viewers and 19.4% audience share. Moreover, 1 million viewers were also gathered by: *Got to Dance – Tylko taniec* (16.6% audience share), *Pierwsza Milosc* series (23.6% audience share) and Sunday broadcast of CSI:NY series with 14.8% audience share.

Apart from the artistic events mentioned above, a significant audience was also gathered by *Neo-Nowka* cabaret's program broadcasted in January: 1.7 million viewers, 26% audience share and TOPtrendy festival (1.1 million viewers and 22.8% audience share). It is worth mentioning that one of the movies broadcasted within *Mega Hit* cycle – Avatar – gathered 2.5 million viewers, which translated to 41.4% audience share.

Among the thematic channels, in the third quarter of 2013 the largest audience was reached by Polsat2, Polsat Sport and Polsat News. TV4 recorded higher results but it is included in Polsat Group only since September 2013. The thematic channels with the highest audience growth dynamics (vs the third quarter of 2012) were Polsat Biznes, Polsat Sport, Polsat Sport Extra. High growth dynamics was also recorded by TV6, but the channel was included in the Polsat Group only for one third of the analyzed quarter.

Polsat2, Polsat Sport and Polsat News reached the largest audience share also in the first nine months of 2013, while Polsat Biznes, Polsat Play and Polsat2 recorded the highest growth dynamics in that period. We do not mention TV4 and TV6 here for the reason mentioned above.

Advertising and sponsoring market share

According to Starlink media house estimates, expenditures on TV advertising and sponsoring in the first nine months of 2013 amounted to PLN 2.43 billion (not in thousands) and decreased year-on-year by 5.3%. Based on these, we estimate that our TV advertising market share in the first nine months of 2013 increased y-o-y to 23.5% from 23.4% share in the TV advertising expenditures in the first nine months of 2012. In the third quarter of 2013, the value of the market declined by 1,9% and was estimated at PLN 672 million (not in thousands), compared to PLN 685 million (not in thousands) in the third quarter of 2012. Based on these estimations, our share increased y-o-y from 23.4% in the third quarter of 2012 to 24.7% in the third quarter of 2013.

In the third quarter of 2013, we generated 0.4% more GRPs compared to the same quarter of 2012. In total, in the first nine months of 2013 we generated 4.4% less GRPs as compared to the same period in the prior year.

Distribution and technical reach

Thematic channels of Polsat Group are currently available on all significant cable and satellite platforms. The largest annual growth in technical reach in the first nine months of 2013 was recorded by Polsat Sport News. This increase resulted i.a. from the expansion of digital terrestrial television. In case of Polsat Viasat Explorer, Polsat Viasat History and Polsat Viasat Nature, data for the first three quarters of 2012 include the technical reach of the channel before the launch of cooperation with Polsat Group.

12.6.2. Review of the financial situation

The following review of results for the three and nine-month periods ended September 30, 2013 was prepared based on the interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2013, prepared in accordance with International Accounting Standard 34 and internal analysis.

All financial data is in thousands of PLN.

Since in 2012, the results of the acquired companies, i.e. INFO-TV-FM Sp. z o.o., Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery.pl Sp. z o.o. (further called "the companies acquired in 2012") were consolidated from January 30, in case of INFO-TV-FM and from April 2, in case of the other companies, and the results of Polskie Media S.A.

are consolidated since September 1, 2013, our results for the nine-month period ended September 30, 2013 and for the third quarter of 2013 are not fully comparable with the results for the analogical periods of 2012. For comparability reasons, we exclude the effect of consolidation of the companies acquired in 2012 and Polskie Media S.A. in the following analysis of financial results for the nine-month period ended September 30, 2013 as compared to the same period of 2012, and we exclude the effect of consolidation of Polskie Media S.A. in the following analysis of the results of the third quarter of 2013 compared to the third quarter of 2012. In the following analysis we do not exclude the effect of sale of RS TV as it does not have a significant impact on comparability of the results.

Comparison of financial results for the three-month period ended September 30, 2013 with the results for the corresponding period of 2012

Revenue

Our total revenue increased by PLN 32,769, or 5.1%, to PLN 677,310 for the three-month period ended September 30, 2013 from PLN 644,541 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, our total revenue increased by PLN 25,401, or 3.9%, to PLN 669,942 for the three-month period ended September 30, 2013. Revenue grew for the reasons set forth below.

Retail revenue

Retail revenue increased by PLN 25,945, or 6.0%, to PLN 460,839 for the three-month period ended September 30, 2013 from PLN 434,894 for the three-month period ended September 30, 2012. This increase primarily resulted from the increase in DTH subscription fee revenue (attributable mainly to an increase in ARPU) and the increase in revenue from telecommunication services. The consolidation of Polskie Media did not have an impact on this revenue.

Advertising and sponsorship revenue

Advertising and sponsorship revenue increased by PLN 8,924, or 5.5%, to PLN 171,755 for the three-month period ended September 30, 2013 from PLN 162,831 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, advertising and sponsorship revenue amounted to PLN 163,454 for the three-month period ended September 30, 2013 and remained at almost unchanged level compared to the third quarter of 2012 (increase by 0.4%).

Revenue from cable and satellite operator fees

Revenue from cable and satellite operator fees amounted to PLN 22,874 in the third quarter of 2013 and remained at a similar level compared to PLN 23,799 in the third quarter of 2012. The consolidation of Polskie Media did not have an impact on this revenue.

Sale of equipment

Revenue from the sale of equipment increased by o 4,561, or 175.8%, to PLN 7,156 in the third quarter of 2013 from PLN 2,595 in the third quarter of 2012, primarily due to revenue from sale of laptops recognized in the third quarter of 2013 (no such revenue in the comparable period) and higher sale of reception equipment for TV Mobilna in DVB-T standard. The consolidation of Polskie Media did not have an impact on this revenue.

Other revenue

Other revenue decreased by PLN 5,736, or 28.1%, to PLN 14,686 for the three-month period ended September 30, 2013 from PLN 20.422 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, other revenue decreased by PLN 4,803, or 23.5%, to PLN 15,619 for the three-month period ended September 30,

(all financial data presented in PLN thousand, unless otherwise stated)

2013. The decrease was primarily due to lower revenue from signal transmission services (mainly due to decrease in analogue transmission) as well as lower revenue from the lease of premises and facilities.

Operating costs

	For the three-month period ended September 30,		
	2013	2012	Change / %
Programming costs	101,174	77,318	30.9%
Cost of internal and external TV production and amortization of sport rigths	87,586	66,029	32.6%
Distribution, marketing, customer relation management and retention costs	79,293	73,661	7.6%
Depreciation, amortization and impairment	64,865	60,238	7.7%
Salaries and employee - related costs	40,377	38,907	3.8%
Broadcasting and signal transmission costs	36,937	39,448	-6.4%
Amortization of purchased film licenses	30,554	28,132	8.6%
Cost of settlements with mobile network operators and interconnection charges	19,229	11,196	71.7%
Cost of equipment sold	10,598	6,985	51.7%
Cost of debt collection services and bad debt allowance and receivables written off	5,312	5,363	-1.0%
Other costs	34,735	37,649	-7.7%
Total operating costs	**510,660**	**444,926**	**14.8%**

Our operating costs increased by PLN 65,734, or 14.8%, to PLN 510,660 for the three-month period ended September 30, 2013 from PLN 444,926 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, our operating costs increased by PLN 60,801, or 13.7%, to PLN 505,727 for the three-month period ended September 30, 2013. Costs increased for the reasons set forth below.

Programming costs

Programming costs increased by PLN 23,856, or 30.9%, to PLN 101,174 for the three-month period ended September 30, 2013 from PLN 77,318 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, these costs increased by PLN 23,382, or 30.2%, to PLN 100,700 for the three-month period ended September 30, 2013. The increase was a net effect of two groups of factors: exchange rate fluctuations, that caused a decrease in costs, and other factors including primarily higher costs of TV Polsat related to payments to collective copyright management organizations (the increase is only virtual as it is the effect of a significant decrease in these costs in the third quarter of 2012 following the agreement signed then with collective copyright management organizations – by PLN 18,579) as well as higher costs of DTH licences related to channels introduced to the newly created programming packages aimed at building ARPU in the future.

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

The cost of internal and external TV production and amortization of sport rights increased by PLN 21,557, or 32.6%, to PLN 87,586 in the third quarter of 2013 from PLN 66,029 in the third quarter of 2012. Excluding the effect of consolidation of Polskie Media, this cost increased by PLN 20,318, or 30.8%, to PLN 86,346 in the third quarter of 2013. The increase was primarily due to higher cost of TV production and amortization of sport rights, i.a. following the broadcasts from Men's and Women's European Volleyball Championship (held every two years) and from FIVB World Grand Prix 2013 (in 2012 it was held in June) as well as higher costs of own TV production related to broadcasts of new formats produced by TV Polsat.

Distribution, marketing, customer relation management and retention costs

Distribution, marketing, customer relation management and retention costs increased by PLN 5,632, or 7.6%, to PLN 79,293 for the three-month period ended September 30, 2013 from PLN 73,661 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, these costs increased by PLN 5,534, or 7.5%, to PLN 79,195 for the three-month period ended September 30, 2013. The increase was primarily due to higher costs of distribution of equipment for reception of TV Mobilna in DVB-T, that was continued in such a significant scale until the end of July 2013, as well as higher efficiency of retention programs that will have a positive impact on the future financial results.

Depreciation, amortization and impairment

Depreciation, amortization and impairment cost increased by PLN 4,627, or 7.7%, to PLN 64,865 for the three-month period ended September 30, 2013 from PLN 60,238 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, these costs increased by PLN 4,322, or 7.2%, to PLN 64,560 for the three-month period ended September 30, 2013. The increase in depreciation, amortization and impairment resulted primarily from the dynamic increase in the number of set-top-boxes, modems, STB hard disks and routers leased to our subscribers (accounted for as fixed assets).

Salaries and employee-related costs

Salaries and employee-related costs increased by PLN 1,470, or 3.8%, to PLN 40,377 for the three-month period ended September 30, 2013 from PLN 38,907 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, these costs increased by PLN 1,184, or 3.0%, to PLN 40,091 for the three-month period ended September 30, 2013.

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs decreased by PLN 2,511, or 6.4%, to PLN 36,937 for the three-month period ended September 30, 2013 from PLN 39,448 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, these costs decreased by PLN 3,744, or 9.5%, to PLN 35,704 for the three-month period ended September 30, 2013, primarily due to a decrease in cost of analogue terrestrial broadcasting.

Amortization of purchased film licenses

The cost of amortization of purchased film licenses increased by PLN 2,422, or 8.6%, to PLN 30,554 in the third quarter of 2013 from PLN 28,132 in the third quarter of 2012. Excluding the effect of consolidation of Polskie Media, these costs increased by PLN 594, or 2.1%, to PLN 28,726 for the three-month period ended September 30, 2013.

Cost of settlements with mobile network operators and interconnection charges

Cost of settlements with mobile network operators and interconnection charges increased by PLN 8,033, or 71.7%, to PLN 19,229 for the third quarter of 2013 from PLN 11,196 for the third quarter of 2012. The increase resulted primarily from the growth of the Internet access subscribers base and higher average use of data packages. The consolidation of Polskie Media did not have an impact on this cost.

Cost of equipment sold

Cost of equipment sold increased by PLN 3,613, or 51.7%, to PLN 10.598 for the three-month period ended September 30, 2013 from PLN 6.985 for the three-month period ended September 30, 2012. This increase was a net effect of several factors, out of which the most significant were: (i)) sale of laptops recognized in the third quarter of 2013 (no such positions in the corresponding period) (ii) higher cost of sale of equipment for reception of TV Mobilna in DVB-T standard recognized in the third quarter of 2013, that was continued in such a significant scale until the end of July 2013. The consolidation of Polskie Media did not have an impact on this cost.

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

Cost of debt collection services and bad debt allowance and receivables written off amounted to PLN 5,312 in the third quarter of 2013 and remained at almost same level compared to PLN 5,363 in the third quarter of 2012 (decrease by 1.0%). The consolidation of Polskie Media did not have a significant impact on this cost.

Other costs

Other costs decreased by PLN 2,914, or 7.7%, to PLN 34,735 for the three-month period ended September 30, 2013 from PLN 37,649 for the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, other costs decreased by PLN 2,393, or 6.4%, to PLN 35,256 for the three-month period ended September 30, 2013, primarily due to lower costs of IT services.

Other operating income / costs

Net other operating income and costs amounted to PLN 36,782 for the three-month period ended September 30, 2013 compared to PLN (-1,956) for the three-month period ended September 30, 2012. The increase is primarily due to the recognition of one-off income from sale of RS TV in the amount of PLN 37,763. The consolidation of Polskie Media did not have an impact on other operating income / costs.

Gain on investment activities, net

In the three-month period ended September 30, 2013, gain on investment activities, net amounted to PLN 7,356 and increased by PLN 2,023, or by 37.9%, compared to PLN 5,333 in the three-month period ended September 30, 2012. Excluding the effect of consolidation of Polskie Media, gain on investment activities, net amounted to PLN 7,224 in the third quarter of 2013 and increased by PLN 1,891, or by 35.5%. The increase was primarily an effect of higher other foreign exchange gains recognized in the third quarter of 2013 than in the third quarter of 2012.

Finance costs, net

Finance costs, net amounted to PLN 10,708 for the three-month period ended September 30, 2013 and increased by PLN 5,443, or by 103.4%, compared to PLN 5,265 for the three-month period ended September 30, 2012. The increase was primarily a net effect of (i) lower foreign exchange gains on valuation of Senior Notes recognized in the third quarter of 2013 as compared to the third quarter of 2012 and (ii) lower interest costs on Senior Facility Loan due to lower principal pursuant to the schedule and the pre-payment of PLN 200,000 made in August 2012 and two pre-payments in the total amount of PLN 200,000 made in 2013, as well as to lower interest rate (lower WIBOR and lower margin according to the margin reduction mechanism as well as the decrease in the net debt to EBITDA ratio). The consolidation of Polskie Media did not have an impact on finance costs, net.

Net profit for the period

Net profit for the period increased by PLN 4,389, or 2.6%, to PLN 176,451 in the third quarter of 2013 from PLN 172,062 in the third quarter of 2012. Excluding the effect of consolidation of Polskie Media, net profit for the period increased by PLN 1,822, or 1.1%, to PLN 173,884 in the third quarter of 2013.

Other information

EBITDA & EBITDA margin

Reported EBITDA increased by PLN 10,400, or 4.0%, to PLN 268,297 in the third quarter of 2013 from PLN 257,897 in the third quarter of 2012. EBITDA margin amounted to 39.6% in the third quarter of 2013 compared to 40.0% in the third quarter of 2012. Excluding the effect of consolidation of Polskie Media, EBITDA increased by PLN 7,659, or 3.0%, to PLN 265,556 in the third quarter of 2013 and EBITDA margin amounted to 39.6%.

Employment

Average number of employees in Cyfrowy Polsat Group was 1,445 in the three-month period ended September 30, 2013, as compared to 1,467 in the corresponding period of 2012.

Comparison of financial results for the nine-month period ended September 30, 2013 with the results for the corresponding period of 2012

Revenue

Our total revenue increased by PLN 82,721, or 4.1%, to PLN 2,110,320 for the nine-month period ended September 30, 2013 from PLN 2,027,599 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, our total revenue increased by PLN 75,797, or 3.8%, to PLN 2,096,457 for the nine-month period ended September 30, 2013 from PLN 2,020,660 in the comparable period of 2012. Revenue grew for the reasons set forth below.

Retail revenue

Retail revenue increased by PLN 77,828, or 6.0%, to PLN 1,365,277 for the nine-month period ended September 30, 2013 from PLN 1,287,449 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, the retail revenue increased by PLN 76,759, or 6.0%, to PLN 1,362,866 in the nine-month period ended September 30, 2013 from PLN 1,286,107 in the nine-month period ended September 30, 2012. This increase primarily resulted from the increase in DTH subscription fee revenue (attributable mainly to an increase in ARPU) and the increase in revenue from the telecommunication services.

Advertising and sponsorship revenue

Advertising and sponsorship revenue decreased by PLN 20,175, or 3.3%, to PLN 582,604 for the nine-month period ended September 30, 2013 from PLN 602,779 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, the revenue from advertising and sponsorship decreased by PLN 34,468, or 5.8%, to PLN 560,467 in the nine-month period ended September 30, 2013 from PLN 594,935 in the nine-month period ended September 30, 2012. The decrease was primarily due to lower revenue from advertising generated by TV Polsat Group, related primarily to the unfavourable situation on the advertising market as well as relatively high revenue in the prior year (effect of the base).

Revenue from cable and satellite operator fees

Revenue from cable and satellite operator fees increased slightly (by 2.2%) to PLN 72,244 in the nine-month period ended September 30, 2013 from PLN 70,679 in the nine-month period ended September 30, 2012, primarily due to higher revenue following the expanded distribution of TV Polsat channels. Consolidation of the companies acquired in 2012 and Polskie Media did not have an impact on this revenue.

Sale of equipment

Revenue from the sale of equipment increased by 20,513, or 178.3%, to PLN 32,020 in the nine-month period ended September 30, 2013 from PLN 11,507 in the nine-month period ended September 30, 2012, primarily due to higher sale of reception equipment for TV Mobilna in DVB-T technology and revenue from sale of laptops recognized in the nine-month period ended September 30, 2013 (no such revenue in the comparable period). Consolidation of the companies acquired in 2012 and Polskie Media did not impact the revenue from sale of equipment.

(all financial data presented in PLN thousand, unless otherwise stated)

Other revenue

Other revenue increased by PLN 2,990, or 5.4%, to PLN 58,175 for the nine-month period ended September 30, 2013 from PLN 55,185 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, other revenue increased by PLN 11,428, or 19.9%, to PLN 68,859 in the nine-month period ended September 30, 2013 from PLN 57,431 in the nine-month period ended September 30, 2012. The increase was mainly due to higher revenue from signal transmission services and other revenue from sales.

Operating costs

	For the nine-month period ended September 30,		
	2013	**2012**	**Change / %**
Programming costs	302,850	274,581	10.3%
Cost of internal and external TV production and amortization of sport rigths	266,137	249,536	6.7%
Distribution, marketing, customer relation management and retention costs	239,597	216,992	10.4%
Depreciation, amortization and impairment	187,826	171,355	9.6%
Salaries and employee - related costs	125,410	119,778	4.7%
Broadcasting and signal transmission costs	114,476	109,324	4.7%
Amortization of purchased film licenses	97,240	80,759	20.4%
Cost of settlements with mobile network operators and interconnection charges	51,737	32,838	57.6%
Cost of equipment sold	53,351	20,049	166.1%
Cost of debt collection services and bad debt allowance and receivables written off	20,990	19,668	6.7%
Other costs	106,389	114,264	-6.9%
Total operating costs	**1,566,003**	**1,409,144**	**11.1%**

Our operating costs increased by PLN 156,859, or 11.1%, to PLN 1,566,003 for the nine-month period ended September 30, 2013 from PLN 1,409,144 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, our total operating costs increased by PLN 173,599, or 12.5%, to PLN 1,562,304 in the nine-month period ended September 30, 2013 from PLN 1,388,705 in the nine-month period ended September 30, 2012. Costs increased for the reasons set forth below.

Programming costs

Programming costs increased by PLN 28,269, or 10.3%, to PLN 302,850 for the nine-month period ended September 30, 2013 from PLN 274,581 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, programming costs increased by PLN 49,313, or 17.9%, to PLN 324,090 in the nine-month period ended September 30, 2013 from PLN 274,777 in the nine-month period ended September 30, 2012. The increase was a net effect of two groups of factors: exchange rate fluctuations, that caused a decrease in costs, and other factors including primarily additional licence costs related to TV Mobilna (eliminated on consolidation) and higher costs of TV Polsat related to payments to collective copyright management organizations (the increase is only virtual as it is the effect of a significant decrease in these costs in the third quarter of 2012 following the agreement signed then with collective copyright management organizations – by PLN 18,579), as well as higher costs of DTH licences related to channels introduced to the newly created programming packages aimed at building ARPU in the future.

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

The cost of internal and external TV production and amortization of sport rights increased by PLN 16,601, or 6.7%, to PLN 266,137 in the nine-month period ended September 30, 2013 from PLN 249,536 in the nine-month period ended September

30, 2012. Excluding the effect of the consolidation of the companies acquired in 2012 and Polskie Media, these costs increased by PLN 15,296, or 6.1%, to PLN 264,425 in the nine-month period ended September 30, 2013 from PLN 249,129 in the nine-month period ended September 30, 2012. The increase was primarily due to higher costs of internal TV production on the main Polsat channel related to broadcasts of new programming positions.

Distribution, marketing, customer relation management and retention costs

Distribution, marketing, customer relation management and retention costs increased by PLN 22,605, or 10.4%, to PLN 239,597 for the nine-month period ended September 30, 2013 from PLN 216,992 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, these costs increased by PLN 22,491, or 10.4%, to PLN 239,070 in the nine-month period ended September 30, 2013 from PLN 216,579 in the nine-month period ended September 30, 2012. The increase was primarily due to higher costs of distribution of equipment for reception of TV Mobilna in DVB-T standard, that was continued in such a significant scale until the end of July 2013, higher costs of marketing communication designed especially to compete with the announced offer of new nc+ platform as well as higher efficiency of retention programs that will have a positive impact on the future financial results.

Depreciation, amortization and impairment

Depreciation, amortization and impairment cost increased by PLN 16,471, or 9.6%, to PLN 187,826 for the nine-month period ended September 30, 2013 from PLN 171,355 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, these costs increased by PLN 17,044, or 10.1%, to PLN 186,361 in the nine-month period ended September 30, 2013 from PLN 169,317 in the nine-month period ended September 30, 2012. The increase in depreciation, amortization and impairment resulted primarily from the dynamic increase in the number of set-top-boxes, modems, STB hard disks and routers leased to our subscribers (accounted for as fixed assets).

Salaries and employee-related costs

Salaries and employee-related costs increased by PLN 5,632, or 4.7%, to PLN 125,410 for the nine-month period ended September 30, 2013 from PLN 119,778 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, these costs increased by PLN 5,473, or 4.7%, to PLN 121,468 in the nine-month period ended September 30, 2013, from PLN 115,995 in the nine-month period ended September 30, 2012.

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs increased by PLN 5,152, or 4.7%, to PLN 114,476 for the nine-month period ended September 30, 2013 from PLN 109,324 for the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, broadcasting and signal transmission costs decreased by PLN 3,595, or by 3.5%, to PLN 100,492 in the nine-month period ended September 30, 2013, primarily due to a decrease in analogue terrestrial signal transmission costs, which was partially offset by an increase in digital terrestrial signal transmission costs and costs related to distribution of DVB-T signal.

Amortization of purchased film licenses

The cost of amortization of purchased film licenses increased by PLN 16,481, or 20.4%, to PLN 97,240 in the nine-month period ended September 30, 2013 from PLN 80,759 in the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, costs of amortization of purchased film licenses increased by PLN 15,723, or 19.7%, to PLN 95,437 in the nine-month period ended September 30, 2013 from PLN 79,714 in the nine-month period ended September 30, 2012. The increase resulted primarily from higher costs of amortization of movies broadcasted on Polsat main channel.

Cost of settlements with mobile network operators and interconnection charges

Cost of settlements with mobile network operators and interconnection charges increased by PLN 18,899, or 57.6%, to PLN 51,737 for the nine-month period ended September 30, 2013 from PLN 32,838 for the nine-month period ended September 30, 2012. The increase resulted primarily from the growth of Internet access subscribers base and higher average use of data packages. The consolidation of the companies acquired in 2012 and Polskie Media had no effect on cost of settlements with mobile network operators and interconnection charges.

Cost of equipment sold

Cost of equipment sold increased by PLN 33,302, or 166.1%, to PLN 53,351 for the nine-month period ended September 30, 2013 from PLN 20,049 for the nine-month period ended September 30, 2012. This increase was a net effect of several factors, out of which the most significant were: (i) higher cost of sale of equipment for reception of TV Mobilna in DVB-T standard recognized in the nine-month period ended September 30, 2013, that continued in such a significant scale until the end of July 2013, (ii) sale of laptops recognized in the nine-month period ended September 30, 2013 (no such position in the corresponding period). The consolidation of the companies acquired in 2012 and Polskie Media had no impact on cost of equipment sold.

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

Cost of debt collection services and bad debt allowance and receivables written off increased by PLN 1,322, or 6.7%, to PLN 20,990 in the nine-month period ended September 30, 2013 from PLN 19,668 in the nine-month period ended September 30, 2012. The consolidation of the companies acquired in 2012 and Polskie Media had no significant impact on these costs.

Other costs

Other costs decreased by PLN 7,875, or 6.9%, to PLN 106,389 for the nine-month period ended September 30, 2013 from PLN 114,264 for the nine-month period ended September 30, 2012. Excluding the consolidation of the companies acquired in 2012 and Polskie Media, other costs decreased by PLN 1,681, or by 1.6%, to PLN 104,868 in the nine-month period ended September 30, 2013 from PLN 106,549 in the nine-month period ended September 30, 2012, primarily due to lower technical and production costs, costs of SMART and SIM cards and costs of guarantee service.

Other operating income / costs

Net other operating income and costs amounted to PLN 38,733 for the nine-month period ended September 30, 2013 compared to PLN (-4,725) for the nine-month period ended September 30, 2012. Excluding the consolidation of the companies acquired in 2012 and Polskie Media, net other operating income and costs amounted to PLN 38,388 in the nine-month period ended September 30, 2013 compared to PLN (-4,735) in the nine-month period ended September 30, 2012. The increase is primarily an effect of recognition of one-off income from sale of RS TV in the amount of PLN 37,763.

Gain on investment activities, net

Gain on investment activities, net increased by PLN 2,618, or by 28.1%, to PLN 11,938 for the nine-month period ended September 30, 2013 from PLN 9,320 for the nine-month period ended September 30, 2012. Excluding the consolidation of the companies acquired in 2012 and Polskie Media, gain on investment activities, net increased by PLN 714 to PLN 12,326 in the nine-month period ended September 30, 2013 from PLN 11,612 in the nine-month period ended September 30, 2012. The increase was primarily an effect of other foreign exchange gains recognized in the nine-month period ended September 30, 2013 compared to other foreign exchange losses recognized in the nine-month period ended September 30, 2012. The increase was partially netted mainly by a decrease in interests income.

Finance costs, net

Finance costs, net amounted to PLN 193,181 for the nine-month period ended September 30, 2013 and decreased by PLN 125,529, or by 185.6%, compared to PLN 67,652 for the nine-month period ended September 30, 2012. Excluding the consolidation of the companies acquired in 2012 and Polskie Media, finance costs, net increased by PLN 126,089 to PLN 193,240 in the nine-month period ended September 30, 2013 from PLN 67,151 in the nine-month period ended September 30, 2012. The increase was primarily a net effect of (i) foreign exchange losses on valuation of Senior Notes recognized in the nine-month period ended September 30, 2013 (gains in the nine-month period ended September 30, 2012) and (ii) lower interest costs on Senior Facility Loan due to lower principal pursuant to the schedule and the pre-payment of PLN 200,000 made in August 2012 and two prepayments made in 2013 in the total amount of PLN 200,000, as well as to lower interest rate (lower WIBOR and lower margin according to the margin reduction mechanism as well as the decrease in the net debt to EBITDA ratio).

Net profit for the period

Net profit for the period decreased by PLN 124,373, or 26.1%, to PLN 352,301 in the nine-month period ended September 30, 2013 from PLN 476,674 in the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, net profit decreased by PLN 148,565, or by 30.2%, to PLN 342,707 in the nine-month period ended September 30, 2013 from PLN 491,272 in the nine-month period ended September 30, 2012. Net profit was negatively impacted by the loss on valuation of the Senior Notes denominated in euro.

Other information

EBITDA & EBITDA margin

Reported EBITDA decreased by PLN 14,209, or 1.8%, to PLN 770,876 in the nine-month period ended September 30, 2013 from PLN 785,085 in the nine-month period ended September 30, 2012. EBITDA margin decreased to 36.5% for the nine-month period ended September 30, 2013 from 38.7% in the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, EBITDA decreased by PLN 37,635, or 4.7%, to PLN 758,902 for the nine-month period ended September 30, 2013 from PLN 796,537 in the nine-month period ended September 30, 2012. Excluding the effect of consolidation of the companies acquired in 2012 and Polskie Media, EBITDA margin decreased to 36.2% in the nine-month period ended September 30, 2013 from 39.4% in the nine-month period ended September 30, 2012.

Employment

Average number of employees in Cyfrowy Polsat Group was 1,459 in the nine-month period ended September 30, 2013, as compared to 1,460 in the corresponding period of 2012.

Results by operating segments

The Group operates in the following two segments:

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

The Group conducts its operating activities primarily in Poland.

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

Retail business segment includes:

(all financial data presented in PLN thousand, unless otherwise stated)

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees;
- mobile telecommunication postpaid services which generate revenues mainly from interconnection revenues, settlements with mobile network operators and subscription fees;
- providing access to broadband Internet which generates revenues mainly from traffic and subscription fees;
- online TV services (IPLA) available on computers, smartphones, tablets, SmartTV, game consoles and other TV equipment, which generate revenues mainly from subscription fees and advertising on the Internet;
- production of set-top boxes.

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

The table below presents a summary of the Group's revenues and expenses by operating segment for the 9 months ended September 30, 2013:

The 9 months ended September 30, 2013 unaudited	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	1,428,107	682,213	-	2,110,320
Inter-segment revenues	17,568	72,721	(90,289)	-
Revenues	**1,445,675**	**754,934**	**(90,289)**	**2,110,320**
EBITDA	**507,425**	**263,451**	**-**	**770,876**
Profit/(loss) from operating activities	**344,479**	**240,730**	**(2,159)**	**583,050**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	185,361*	32,503	-	217,864
Depreciation and amortization	162,156	22,721	2,159	187,036
Impairment	790	-	-	790
Balance as at September 30, 2013				
Assets, including:	1,654,698	3,977,350**	(34,067)	5,597,981
Investments in jointly controlled entity	-	2,537	-	2,537

*This item also includes the acquisition of reception equipment for operating lease purposes
** Includes non-current assets located outside of Poland

Practically all revenues are generated in Poland.

It should be noted that the 9 months ended September 30, 2013 are not fully comparable to the 9 months ended September 30, 2012 as INFO-TV-FM was acquired on January 30, 2012, ipla platform was acquired on April 2, 2012 and Polskie Media was acquired and RS TV was disposed on August 30, 2013.

(all financial data presented in PLN thousand, unless otherwise stated)

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

Period of 9 months ended September 30, 2012 unaudited	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	1,321,331	706,268	-	2,027,599
Inter-segment revenues	9,034	72,833	(81,867)	-
Revenues	**1,330,365**	**779,101**	**(81,867)**	2,027,599
EBITDA	**501,890**	**283,193**	**2**	785,085
Profit/(loss) from operating activities	**362,352**	**254,040**	**(2,662)**	**613,730**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	164,852*	22,201	-	187,053
Depreciation and amortization	133,376	29,055	2,664	165,095
Impairment	6,162	98	-	6,260
Balance as at September 30, 2012				
Assets, including:	1,562,991	3,958,199**	(6,316)	5,514,874
Investments in associates	-	3,316	-	3,316

*This item also includes the acquisition of reception equipment for operating lease purposes
** Includes non-current assets located outside of Poland

Reconciliation of EBITDA and Net profit for the period:

	for the 9 months ended	
	September 30, 2013 unaudited	**September 30, 2012 unaudited**
EBITDA	**770,876**	**785,085**
Depreciation, amortization and impairment	(187,826)	(171,355)
Profit from operating activities	**583,050**	**613,730**
Other foreign exchange rate differences, net	6,120	(731)
Interest income	8,473	13,179
Share of the profit of jointly controlled entity accounted for using the equity method	2,329	2,044
Interest costs	(148,986)	(170,989)
Foreign exchange differences on *Senior Notes*	(43,717)	103,406
Other	(3,133)	(3,197)
Gross profit for the period	**404,136**	**557,442**
Income tax	(51,835)	(80,768)
Net profit for the period	**352,301**	**476,674**

Comparison of financial position as of September 30, 2013 and December 31, 2012

As of September 30, 2013 and December 31, 2012, our balance sheet amount was PLN 5,597,981 and PLN 5,561,345 respectively.

As of September 30, 2013 and December 31, 2012, our non-current assets were PLN 4,436,096 and PLN 4,476,148, respectively, and accounted for 79.2% and 80.5% of the total assets respectively.

The value of reception equipment amounted to PLN 409,736 as of September 30, 2013 and decreased by PLN 10,324, or 2.5%, compared to PLN 420,060 as of December 31, 2012 primarily due to depreciation charged.

The value of other property, plant and equipment decreased by PLN 24,344, or 8.8%, to PLN 252,063 as of September 30, 2013 from PLN 276,407 as of December 31, 2012. The decrease was primarily due to the depreciation charges and the sale of RS TV, which was partially netted by increase in technical equipment and other expenditure on fixed assets, as well as the acquisition of Polskie Media.

The value of goodwill increased by PLN 69,561, or by 2.7%, to PLN 2,637,594 as of September 30, 2013 from PLN 2,568,033 as of December 31, 2012, as a result of acquisition of Polskie Media.

As of September 30, 2013, the value of brands was PLN 847,800 and remained unchanged compared to the balance as of December 31, 2012.

The value of other intangible assets increased by PLN 33,957, or 41.7%, to PLN 115,337 as of September 30, 2013 from PLN 81,380 as of December 31, 2012, primarily due to the acquisition of Polskie Media, purchase of broadcasting license for Polsat main channel and increase in intangible assets under construction, which was partially netted by amortization charges.

The value of non-current and current programming assets increased by PLN 51,055, or 21.3%, to 290,695 as of September 30, 2013 from PLN 239,640 as of December 31, 2012. The increase was a net effect of several factors including primarily purchased film licenses and recognized sports rights and depreciation charges.

Investment property amounted to PLN 7,427 as of September 30, 2013 and decreased by PLN 930, or 11.1%, compared to PLN 8,357 as of December 31, 2012. Total balance relates solely to TV Polsat Group and includes land and buildings for lease.

Non-current and current deferred distribution fees increased by PLN 2,949, or by 3.2%, to PLN 95,170 as of September 30, 2013 from PLN 92,221 as of December 31, 2012.

The value of other non-current assets amounted to PLN 27,107 as of September 30, 2013 and decreased by PLN 82,535, or 75.3%, compared to PLN 109,642 as of December 31, 2012. This decrease resulted primarily from the recognition of the greater part of the data package from Mobyland as short-term prepayments.

As of September 30, 2013 and December 31, 2012, our current assets were PLN 1,161,885 and PLN 1,085,197, respectively, and accounted for 20.8% and 19.5% of the total assets respectively.

The value of inventories was PLN 155,698 as of September 30, 2013 and decreased by 6,276, or 3.9%, from PLN 161,974 as of December 31, 2012. The decrease was a net effect of several factors including primarily: (i) lower stock of hard discs for set-top-boxes, (ii) decrease in the stock of reception equipment for digital terrestrial television, (iii) decrease in the stock of materials for production of set-top-boxes, and (iv) increase in stock of set-top-boxes.

The value of trade and other receivables increased by PLN 25,844, or 6.9%, to PLN 401,503 as of September 30, 2013 from PLN 375,659 as of December 31, 2012. The increase resulted mainly from higher trade receivables from third parties partially netted off by a decrease in tax and social security receivables.

The value of cash and cash equivalents decreased by PLN 54,958, or 20.3%, to PLN 215,396 as of September 30, 2013, from PLN 270,354 as of December 31, 2012.

The value of other current assets increased by PLN 41,740, or by 58.0%, to PLN 113,708 as of September 30, 2013 from PLN 71,968 as of December 31, 2012. This increase resulted primarily from the recognition of the greater part of the data package from Mobyland as short-term prepayments.

Equity increased by PLN 357,175, or by 14.5%, to PLN 2,825,578 as of September 30, 2013 from PLN 2,468,403 as of December 31, 2012, primarily as a result of profit generated in the first three quarters of 2013.

Loans and borrowings (long and short term) decreased by PLN 323,140, or 37.2%, to PLN 544,471 as of September 30, 2013, from PLN 867,611 as of December 31, 2012. The change was due primarily to the two pre-payments ahead of schedule in the total amount of PLN 200,000 and scheduled repayments of the Term Loan.

The Senior Notes liabilities (long and short-term) increased by PLN 73,750, or by 5.2%, to PLN 1,487,485 as of September 30, 2013 from PLN 1,413,735 as of December 31, 2012, primarily due to the increase in the euro exchange rate used for valuation of the Senior Notes.

Non-current and current deferred income increased by PLN 8,572, or by 4.2%, to PLN 214,991 as of September 30, 2013 from PLN 206,419 as of December 31, 2012.

The value of other non-current liabilities and provisions amounted to PLN 8,594 as of September 30, 2013 and decreased by PLN 9,096, or 51.4%, from PLN 17,690 as of December 31, 2012. The decrease was primarily due to lower liabilities from valuation of hedging instruments.

The value of trade and other payables decreased by PLN 81,265, or 17.2%, to PLN 390,829 as of September 30, 2013 from PLN 472,094 as of December 31, 2012, mainly as a result of a decrease in trade payables and payables related to purchase of fixed assets and intangible assets as well as a decrease in accruals. The decrease was partially netted off primarily by an increase in payables relating to purchase of programming assets and tax and social security liabilities.

The value of short-term deposits for equipment amounted to PLN 12,536 as of September 30, 2013 and decreased by PLN 723, or 5.5%, from 13,259 as of December 31, 2012.

Liquidity and Capital Resources

Liquidity

Overview

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

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

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

External sources of funding, financing and indebtedness

Bank Loans

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

The Senior Facilities Agreement provided for a term facility loan of up to PLN 1,400,000,000 (not in thousands) and a revolving facility loan of up to PLN 200,000,000 (not in thousands). The interest rate applicable for both, the term facility and revolving facility loan, was agreed as variable rates comprising WIBOR, for the relevant interest periods, and the applicable margin. The term facility loan is to be repaid in quarterly installments in varying amounts commencing June 30, 2011. Both facilities expire on December 31, 2015. As at September 30, 2013 the revolving facility was not used.

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

On August 29, 2012, on June 28, 2013 and on September 10, 2013 we have partly repaid the Term Facility Loan ahead of schedule in the amounts of PLN 200,000, PLN 100,000 and PLN 100,000, respectively. The repayments were executed using the cash generated from the Group's operations, the third prepayment comprised also the total proceeds from the sale of RS TV (according to the terms of SFA). These repayments have a positive impact on our results through proportional decrease in principal payments and accrued interest.

Summary of significant provisions of the agreements

Mandatory prepayments

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

Mandatory prepayments are also required in the following amounts:

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

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

Financial covenants

The loan agreement imposed on the Group the obligation to maintain financial ratios at a certain level. The Debt Service Cover shall be at least 1.50 for the period of 12 months ended September 30, 2013. The Interest Cover shall be at least 3.25 for the period of 12 months ended September 30, 2013. The Total leverage shall not exceed 3.20 for the period of 12 months ended September 30, 2013. Financial covenants shall be tested on each quarter date and shall be reported on by an auditor on annual basis.

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

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

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

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

Senior Notes

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

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

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

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

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

Optional redemption of the Notes

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

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

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

Change of control

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

The following table presents the summary of financial indebtedness of the Group as of September 30, 2013:

	September 30, 2013 in PLN million	**Maturity**
Senior facility[1]	544	2015
Revolving Facility[1]	0	2015
Senior Notes	1,487	2018
Leasing	1	2015
Cash and Cash equivalents	215	-
Net Debt	**1,817**	
12M EBITDA	1,018	
Net Debt / 12M EBITDA	**1.78**	

[1] Balance sheet value of debt

(all financial data presented in PLN thousand, unless otherwise stated)

Capital resources

Cash flows

The following table presents selected consolidated cash flow data for nine-month periods ended September 30, 2013 and September 30, 2012:

	For the nine months ended September 30,	
	2013	**2012**
Net cash from operating activities	519,355	581,964
Net cash used in investing activities	(110,151)	(107,084)
Net cash from/(used in) financing activities	(464,322)	(525,964)
Net increase/decrease in cash and cash equivalents	(55,118)	(51,084)

Net cash from operating activities

Net cash from operating activities amounted to PLN 519,355 in the nine-month period ended September 30, 2013 and resulted mainly from the generated net profit of PLN 352,301 adjusted by various elements including primarily: (i) depreciation, amortization and impairment, interest expense and income tax, (ii) payments for film licenses and sport broadcasting rights, (iii) amortization of film licenses and sport rights, (iv) a net increase in set-top boxes provided under operating lease, (v) a decrease in liabilities, provisions and deferred income, (vi) net loss on foreign exchange, (vii) profit from investing activities. Net cash from operating activities amounted PLN 581,964 in the nine-month period ended September 30, 2012 resulting mainly from the generated net profit of PLN 476,674 adjusted by various elements including primarily: (i) depreciation, amortization and impairment, interest expense and income tax, (ii) net gains on foreign exchange, (iii) a change in liabilities, provisions and deferred income, (iv) an increase in receivables and other assets, (v) amortization of film licenses and sport rights, (vi) a net increase in set-top boxes provided under operating lease, (vii) payments for film licenses and sport broadcasting rights.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 110,151 in the nine-month period ended September 30, 2013 and consisted primarily of the acquisition of shares in Polskie Media (net of cash acquired), as well as purchase of property, plant and equipment and acquisition of intangible assets, partially offset by proceeds from sale of RS TV. Net cash used in investing activities amounted to PLN 107,084 in the nine-month period ended September 30, 2012 and consisted primarily of the purchase of property, plant and equipment, acquisition of intangible assets, as well as acquisition of shares in subsidiaries (net of cash acquired).

Net cash from/(used in) financing activities

Net cash used in financing activities amounted to PLN 464,322 in the nine-month period ended September 30, 2013 and consisted primarily of two prepayments ahead of schedule in the total amount of PLN 200,000 as well as scheduled repayments of principal and interests on bank loan and payment of interests on Senior Notes. Net cash used in financing activities amounted to PLN 525,964 in the nine-month period ended September 30, 2012 and consisted primarily of voluntary prepayment and scheduled repayments of SFA and repayment of the loan assumed through the acquisition of Redefine Sp. z o.o. Group and repayment of interests on loans, borrowings, Notes and finance lease.

Capital expenditures

We incurred capital expenditures of PLN 98,454 and PLN 63,703 in the nine-month periods ended September 30, 2013 and September 30, 2012, respectively. Capital expenditures to revenue ratio amounted 4.7% and 3.1% in the nine-month periods ended September 30, 2013 and September 30, 2012, respectively. Capital expenditures in the nine-month period ended September 30, 2013 concerned primarily the purchase of IT equipment, technical equipment and licenses, as well as improvements of our systems and development of infrastructure in our headquarters at Lubinowa Street and payments to the

(all financial data presented in PLN thousand, unless otherwise stated)

National Broadcasting Council for concession for broadcasting of TV Polsat's main channel for the years 2014-2024.

Contractual Obligations

Our most significant contractual obligations (future cash flows) as of September 30, 2013 were as follows:

	Total	Less than 1 year	1 to 5 years	Over 5 years
Contractual liabilities				
Loans and borrowings	616,421	227,606	388,815	-
Senior Notes liabilities	2,001,425	105,144	1,896,281	-
Commitments to purchase programming assets	115,791	92,904	22,887	-
Total contractual liabilities	**2,733,637**	**425,654**	**2,307,983**	**-**

As of September 30, 2013, most of our contractual liabilities were long-term liabilities due in more than one year.

Off-Balance Sheet Arrangements

Commitments to purchase programming assets

As of September 30, 2013 the Group had outstanding contractual commitments in relation to purchase of programming assets of PLN 115,791.

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

	September 30, 2013 unaudited	**December 31, 2012**
within one year	8,543	15,913
Total	**8,543**	**15,913**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 4,735 as at September 30, 2013 (PLN 4,082 as at December 31, 2012). Total amount of capital commitments resulting from agreements on property improvements was PLN 118 as at September 30, 2013 (PLN 5,878 as at December 31, 2012). Additionally the amount of deliveries and services committed to under agreements for the purchases of licenses and software as at September 30, 2013 was PLN 4,430 (PLN 405 as at December 31, 2012).

Information on market risks

Currency risk

One of the main risks that the Group is exposed to is currency risk resulting from fluctuations in exchange rate of the Polish zloty against other currencies. Revenues generated by the Group are denominated primarily in the Polish zloty, while a significant portion of operating costs and capital expenditures are incurred in foreign currencies. The Group's currency risk is associated mainly to royalties to TV broadcasters (USD and EUR), transponder capacity leases (EUR), fees for conditional access system (EUR) and purchases of reception equipment and accessories for reception equipment (USD and EUR).

Since 2011 the level of currency risk exposure has increased because of new financing denominated in EUR obtained to purchase Telewizja Polsat Sp. z o.o. After this purchase currency risk exposure is also associated to purchases of foreign programming licenses (USD).

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

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

Interest rate risk

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

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

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

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

The Polish economy

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

In the time of global economic slowdown, Poland has maintained one of the highest GDP growth rates of any European Union member state. According to Eurostat, the Polish economy increased by 1.9% in 2012 compared to 0,4% decline in 27 countries of the European Union. According to forecasts, GDP growth in Poland will slow down slightly in 2013, especially in the first half of the year, to reach the annual 1.3%. The rate, however, will continue to be above the entire European Union average, where the growth rate will be 0,0% (data and forecasts according to Eurostat as at November 6, 2013). Recovery of economies both of Poland and other EU countries (already observed to some extent in the second quarter of 2013) is supposed to come in 2014 (forecasted GDP growth for Poland at 2.5% and for EU countries at 1.4%)

We believe that average consumer spending, including spending on pay TV, Internet access and bundle services generally will grow in line with the overall GDP growth in Poland, and will support our future revenue growth. However, despite relatively good condition of the Polish economy, world economic downturn still has a negative impact on the expenditures on TV advertising, and therefore on the revenue from our broadcasting and television production segment. We believe, that the economic recovery, expected in 2014, will have a positive impact on the advertising expenditures in Poland.

Exchange rates fluctuations

Our functional and reporting currency is the zloty. While our revenue is expressed in zloty, approximately 35% (in the nine-month period ended September 30, 2013) of our operating expenses are denominated in currencies other than the zloty, primarily the U.S. dollar and the euro.

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

Situation on the pay TV market in Poland

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

The market on which we operate is very dynamic and competitive. Currently our main competitor is nc+ platform established on finalization of merger of Cyfra+ and "n" satellite platforms at the end of 2012. The changing market environment and aggressive competition have an impact on our promotional offers proposed to newly acquired subscribers as well as our retention programs aimed at building customers' loyalty.

Currently, we consider our programming packages to offer the best value-for-money in the Polish DTH market. We believe, that it gives us a chance to attract the significant portion of the migrating clients to our platform. Moreover, our proactive approach to subscriber retention contributes to maintaining low churn rate.

The growing importance of additional services

The growing interest in additional services, observed among our subscribers base, provides us with a possibility to generate an increase in the average revenue per user of our television services. We carefully follow the evolution of the expectations of our customers and strive to meet their growing needs by combining our traditional pay-TV packages services with VOD, PPV, Multiroom, online video services and mobile television. These efforts have a positive impact on our revenue.

Moreover, caring for the satisfaction of our subscribers, we continue the process of replacing SD set-top-boxes used by our subscribers with HD set-top-boxes. Currently, already 80% of the subscriber base uses HD set-top-boxes. In addition to higher satisfaction of our subscribers, thanks to the increasing penetration by HD set-top-boxes we gain the ability to achieve savings resulting from more efficient use of transponder capacity (due to the transition from MPEG2 to MPEG4).

Providing Internet access services in LTE technology

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

Technical reach of LTE network is growing systematically and with its expansion we can expect the growth in the number of subscribers to our service, that translates to growth in revenue from telecommunication services.

According to information disclosed by our supplier, in October 2013 the LTE network reached already ca. 62% of residents in Poland, and HSPA/HSPA+ internet network covered already ca. 98% of the country's population. Eventually, in the mid 2014 the LTE network is supposed to reach approximately 66% of the population in Poland and HSPA+ network – approximately 99%.

Offering services in DVB-T technology

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

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

Along with the process of switching off the analogue signal started in November 2012 and finished by the end of July 2013, thanks to services in DVB-T technology offered at attractive prices, we managed to attract a part of the households that faced the decision concerning the purchase of equipment necessary to receive digital television signal. A significant number of households have purchased our home-produced DVB-T set-top-boxes and in this group we see an up-sell potential (conversion to pay-TV packages).

Development of ipla

The acquisition of companies running ipla in 2012 complemented our long-term development strategy, aiming at the widest possible distribution of content using the latest equipment and technologies. Ipla, the leader on online video market, strengthens our position of an aggregator and distributor of content. The product provides us with an important competitive advantage. We continue to develop the service using our experience in sales of pay-TV.

In the third quarter of 2013, the number of users of ipla application and website, according to our estimates, amounted on monthly average to ca. 3.3 million.

Developing ipla is a source of synergies in terms of costs and revenues. Costs synergies come from jointly executed content acquisition and investments in technology development, marketing activities, use of the same infrastructure as well as optimized use of back-office resources. Revenues synergies come from cross-selling and from increased attractiveness of current and new products introduced, that positively impact the customers' satisfaction level.

We believe that with the growing importance of the Internet, ipla internet television will make an increasingly significant element of our business in the future. Already within 6 months after the acquisition, we managed to bring the companies running ipla to profitability and we are confident that their results will grow gradually. Currently, approximately 80% of the revenues of ipla service are generated from the sale of advertising in the fastest growing online video segment, and approximately 20% of the revenue comes from content purchase transactions done by users. Financial results of the companies running ipla are consolidated with the results of the Group since April 2, 2012.

Cooperation with Polkomtel Sp. z o.o.

Based on the cooperation agreement with Polkomtel Sp. z o.o. (Polkomtel), since April 2012, we run cross-selling as well as we propose attractive joint offers to our clients. As of the end of September 2013, the cross-selling included 772 points of sales of Polkomtel's network and almost 683 points of sales of our network, while the additional benefits to the customers of both satellite TV of Cyfrowy Polsat and telephony of Plus are provided in the entire sales networks of both companies.

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

Development of advertising market in Poland

The majority of the revenue generated in our television broadcasting and production segment (approximately 80% in the first three quarters of 2013) comes from the sale of advertising airtime and sponsoring slots on TV channels.

Demand for advertising air-time is highly correlated with macro-economic situation. Despite relatively good condition of the Polish economy, world economic downturn and problems in some EU countries still have a negative impact on the expenditures on TV advertising in Poland. ZenithOptimedia Media House forecasts that in 2013 total net TV advertising expenditure in Poland shall decline by 5.9%. We believe, that the economic recovery, expected in 2014, will have a positive impact on the advertising expenditures in Poland.

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

According to IAB AdEX report Internet advertising market shows a dynamic growth, with the advertising expenditures of PLN 2.2 billion (not in thousands) in 2012, an increase of 10.1% y-o-y. The expenditures on video advertising segment, in which we generate our revenue, increased in 2012 by 64.9% and represented 5.8% of the total expenditures on online advertising (increase by 2.0 p.p. compared to 2011). According to PwC forecasts (Global entertainment and media outlook: 2013-2017) the online video advertising in Poland will grow by an average 48% (CAGR) in the years 2013-2017. We believe that thanks to the leading position on the online video market (through ipla internet television) we may benefit from the growth of this promising advertising market segment.

Seasonality of advertising market

Our advertising revenue tends to be lowest during the third quarter of each calendar year due to the summer holiday period and highest during the fourth quarter of each calendar year due to the increased consumer spending during the Christmas season. In the year ended December 31, 2012, TV Polsat generated approximately 24% of advertising revenue in the first quarter, 28% in the second quarter, 19% in the third quarter and 29% in the fourth quarter.

Growing importance of thematic channels

With the high penetration of the Polish market by pay TV, that provides viewers with increasingly greater selection of thematic channels, and with the process of implementation of digital terrestrial television and switch-off of the analogue signal completed at the end of July 2013, main general entertainment channels (FTA) have experienced a decline in audience share. In order to maintain total audience share and advertising market share, we have focused on developing our thematic channels portfolio. Currently, 20 thematic channels are broadcast by Polsat Group, they are available within cable and satellite distribution and three of them also in DTT (MUX-2). They compete in different market segments including sport, channels targeted to men or women audience, film and information. Our thematic channels increased their combined audience share to 6.69% in the first three quarters of 2013 from 4.67% in the first three quarters of 2012, primarily due to: the increase in audience share of Polsat2, Polsat Play and Polsat Sport, five new channels: Polsat Food, Polsat Viasat Explorer, Polsat Viasat History, Polsat Viasat Nature and Polsat Romans, acquisition of TV4 and TV6 channels at the end of August 2013 as well as thanks to including Polsat Sport News into the telemetric panel.

TV4 and TV6 channels present in the most dynamically developing segment – DTT enable the reinforcement of TV Polsat Group's market position thanks to the increased audience share in the target group. In the first three quarters of 2013, the combined audience share of these channels amounted to 3.44%.

Switch-off of analogue broadcasting of Polsat channel

Following the completion of the process of switching off the analogue broadcasting of terrestrial television in Poland by the end of July 2013, we have ceased to incur double costs (analogue and digital) of broadcasting of our main channel.

(all financial data presented in PLN thousand, unless otherwise stated)

Attractive content of our TV channels

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

Costs of debt service

Following the acquisition of TV Polsat, financed in great part by the Term Loan and the Bridge Loan repaid with the proceeds from the issue of the Senior Notes, we will continue to incur significant interest costs on the debt financing. The Term Loan matures on December 31, 2015 and the Senior Notes mature on May 20, 2018. Our Term Loan has a built-in mechanism of bank margin reduction parallel to the decrease in the net debt to EBITDA ratio. Making timely payments and voluntarily prepayments, we are able to decrease both interest costs and the remaining principal in the future periods. So far, we have made three prepayments, falling ahead of schedule, of the Term Facility Loan in the amounts of PLN 200,000, PLN 100,000 and PLN 100,000 on August 29, 2012, June 28, 2013, and September 10, 2013, respectively.

Acquisition of Polskie Media S.A.

On August 30, 2013, TV Polsat finalized the acquisition of 100% shares in Polskie Media S.A., broadcaster of TV4 and TV6 channels.

We consider the acquisition of Polskie Media a strategic step towards strengthening of Telewizja Polsat's market position. This opens the possibility to increase advertising revenue based on the increasing reach and Group's stronger negotiations standing as well as the synergies in the following areas: access and use of the programming content, technical, advertising, marketing and cross-promotions as well as back-office resources.

The financial results of the company are consolidated from September 1, 2013.

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

Warsaw, November 13, 2013

CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for the 3 and 9 months ended 30 September 2013

Prepared in accordance
with
International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 13 November 2013, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed consolidated financial statements of the Cyfrowy Polsat S.A. Group prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, which include:

Interim Consolidated Income Statement for the period from 1 January 2013 to 30 September 2013 showing a net profit for the period of:	PLN 352,301
Interim Consolidated Statement of Comprehensive Income for the period from 1 January 2013 to 30 September 2013 showing a total comprehensive income for the period of:	PLN 357,173
Interim Consolidated Balance Sheet as at 30 September 2013 showing total assets and total equity and liabilities of:	PLN 5,597,981
Interim Consolidated Cash Flow Statement for the period from 1 January 2013 to 30 September 2013 showing a net decrease in cash and cash equivalents amounting to:	PLN 55,118
Interim Consolidated Statement of Changes in Equity for the period from 1 January 2013 to 30 September 2013 showing an increase in equity of:	PLN 357,175

Notes to the Interim Condensed Consolidated Financial Statements

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

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

Warsaw, 13 November 2013

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Consolidated Income Statement

		for the 3 months ended		for the 9 months ended	
	Note	**30 September 2013 unaudited**	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Continuing operations					
Revenue	7	677,310	644,541	2,110,320	2,027,599
Operating costs		(510,660)	(444,926)	(1,566,003)	(1,409,144)
Cost of services, products, goods and materials sold	8	(405,817)	(338,826)	(1,247,897)	(1,110,283)
Selling expenses	8	(62,212)	(59,702)	(189,706)	(169,889)
General and administrative expenses	8	(42,631)	(46,398)	(128,400)	(128,972)
Other operating income/(costs)		36,782	(1,956)	38,733	(4,725)
Profit from operating activities		**203,432**	**197,659**	**583,050**	**613,730**
Gain on investment activities, net	9	7,356	5,333	11,938	9,320
Finance costs, net	10	(10,708)	(5,265)	(193,181)	(67,652)
Share of the profit of jointly controlled entity accounted for using the equity method		749	543	2,329	2,044
Gross profit for the period		**200,829**	**198,270**	**404,136**	**557,442**
Income tax		(24,378)	(26,208)	(51,835)	(80,768)
Net profit for the period		**176,451**	**172,062**	**352,301**	**476,674**
Net profit attributable to equity holders of the Parent		176,451	172,062	352,301	476,674
Net profit attributable to non-controlling interests		-	-	-	-
Basic and diluted earnings per share (in PLN)		**0.51**	**0.49**	**1.01**	**1.37**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Consolidated Statement of Comprehensive Income

		for the 3 months ended		for the 9 months ended	
	Note	**30 September 2013 unaudited**	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Net profit for the period		**176,451**	**172,062**	**352,301**	**476,674**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	12	2,260	(11,624)	11,329	(21,978)
Income tax relating to hedge valuation	12	(430)	2,209	(2,153)	4,176
Currency translation adjustment		-	-	(5,314)	-
Income tax relating to currency translation adjustment		-	-	1,010	-
Total items that may be reclassified subsequently to profit or loss		**1,830**	**(9,415)**	**4,872**	**(17,802)**
Other comprehensive income, net of tax		**1,830**	**(9,415)**	**4,872**	**(17,802)**
Total comprehensive income for the period		**178,281**	**162,647**	**357,173**	**458,872**
Total comprehensive income attributable to equity holders of the Parent		178,281	162,647	357,173	458,872
Total comprehensive income attributable to non-controlling interests		-	-	-	-

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Consolidated Balance Sheet - Assets

	30 September 2013 unaudited	31 December 2012
Reception equipment	409,736	420,060
Other property, plant and equipment	252,063	276,407
Goodwill	2,637,594	2,568,033
Brands	847,800	847,800
Other intangible assets	115,337	81,380
Non-current programming assets	82,162	97,988
Investment property	7,427	8,357
Non-current deferred distribution fees	29,318	35,125
Other non-current assets	27,107	109,642
Deferred tax assets	27,552	31,356
Total non-current assets	**4,436,096**	**4,476,148**
Current programming assets	208,533	141,652
Inventories	155,698	161,974
Trade and other receivables	401,503	375,659
Income tax receivable	1,195	6,494
Current deferred distribution fees	65,852	57,096
Other current assets	113,708	71,968
Cash and cash equivalents	215,396	270,354
Total current assets	**1,161,885**	**1,085,197**
Total assets	**5,597,981**	**5,561,345**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Consolidated Balance Sheet - Equity and Liabilities

	Note	30 September 2013 unaudited	31 December 2012
Share capital	11	13,934	13,934
Share premium		1,295,103	1,295,103
Other reserves		(11,455)	(16,327)
Retained earnings		1,527,994	1,175,693
Equity attributable to equity holders of the Parent		**2,825,576**	**2,468,403**
Non-controlling interests		**2**	**-**
Total equity		**2,825,578**	**2,468,403**
Loans and borrowings	13	329,798	592,003
Senior Notes payable	14	1,385,314	1,316,479
Finance lease liabilities		306	551
Deferred tax liabilities		98,799	94,258
Deferred income		4,303	5,181
Other non-current liabilities and provisions		8,594	17,690
Total non-current liabilities		**1,827,114**	**2,026,162**
Loans and borrowings	13	214,673	275,608
Senior Notes payable	14	102,171	97,256
Finance lease liabilities		240	233
Trade and other payables		390,829	472,094
Income tax liability		14,152	7,092
Deposits for equipment		12,536	13,259
Deferred income		210,688	201,238
Total current liabilities		**945,289**	**1,066,780**
Total liabilities		**2,772,403**	**3,092,942**
Total equity and liabilities		**5,597,981**	**5,561,345**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Consolidated Cash Flow Statement

		for the 9 months ended	
	Note	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Net profit for the period		**352,301**	**476,674**
Adjustments for:		**195,943**	**152,096**
Depreciation, amortization and impairment	8	187,826	171,355
Payments for film licenses and sports rights		(189,477)	(140,589)
Amortization of film licenses and sports rights		162,632	145,406
Gain on investing activity		(38,896)	(483)
Cost of programming rights sold		6,305	6,138
Interest expense		140,427	156,893
Change in inventories		5,912	1,093
Change in receivables and other assets		16,681	(90,590)
Change in liabilities, provisions and deferred income		(85,896)	66,407
Change in internal production and advance payments		(3,539)	502
Valuation of hedging instruments		11,329	(21,978)
Share of the profit of jointly controlled entity accounted for using the equity method		(2,329)	(2,044)
Foreign exchange losses/(gains), net		39,252	(102,067)
Compensation of income tax receivables with VAT liabilities		4,842	-
Income tax		51,835	80,768
Net additions of reception equipment provided under operating lease		(116,813)	(120,025)
Other adjustments		5,852	1,310
Cash from operating activities		**548,244**	**628,770**
Income tax paid		(37,452)	(59,766)
Interest received from operating activities		8,563	12,960
Net cash from operating activities		**519,355**	**581,964**
Acquisition of property, plant and equipment		(53,001)	(40,478)
Acquisition of intangible assets		(45,453)	(23,225)
Acquisition of subsidiaries, net of cash acquired		(64,187)	(45,329)
Proceeds from disposal of related entity, net		48,219	-
Proceeds from sale of property, plant and equipment		1,756	690
Loans granted		-	(1,100)
Repayment of loans granted		-	1,100
Other proceeds		2,515	1,258
Net cash used in investing activities		**(110,151)**	**(107,084)**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Repayment of loans and borrowings	13	(366,162)	(397,575)
Repayment of interest on Cash Pool		(1,689)	(2,250)
Finance lease – principal repayments		(256)	(243)
Payment of interest on loans, borrowings, bonds, finance lease and commissions		(96,215)	(125,824)
Other net financing outflows		-	(72)
Net cash used in financing activities		**(464,322)**	**(525,964)**
Net increase/(decrease) in cash and cash equivalents		**(55,118)**	**(51,084)**
Cash and cash equivalents at the beginning of the period		**270,354**	**277,534**
Effect of exchange rate fluctuations on cash and cash equivalents		160	(1,339)
Cash and cash equivalents at the end of the period		**215,396**	**225,111**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Consolidated Statement of Changes in Equity for the 9 months ended 30 September 2013

	Share capital	Share premium	Other reserves	Retained earnings*	Equity attributable to equity holders of the Parent	Non-controlling interests	**Total equity**
Balance as at 1 January 2013	**13,934**	**1,295,103**	**(16,327)**	**1,175,693**	**2,468,403**	**-**	**2,468,403**
Acquisition of 50% share ownership in a subsidiary	-	-	-	-	**-**	**2**	**2**
Total comprehensive income	-	-	4,872	352,301	**357,173**	**-**	**357,173**
Hedge valuation reserve (Note 12)	-	-	*9,176*	-	***9,176***	**-**	***9,176***
Currency translation adjustment	-	-	*(4,304)*	-	***(4,304)***	**-**	***(4,304)***
Net profit for the period	-	-	-	*352,301*	***352,301***	**-**	***352,301***
Balance as at 30 September 2013 unaudited	**13,934**	**1,295,103**	**(11,455)**	**1,527,994**	**2,825,576**	**2**	**2,825,578**

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

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

	Share capital	Share premium	Other reserves	Retained earnings*	**Total equity**
Balance as at 1 January 2012	**13,934**	**1,295,103**	**9,611**	**577,395**	**1,896,043**
Total comprehensive income	-	-	(17,802)	476,674	**458,872**
Hedge valuation reserve (Note 12)	-	-	*(17,802)*	-	***(17,802)***
Net profit for the period	-	-	-	*476,674*	***476,674***
Balance as at 30 September 2012 unaudited	**13,934**	**1,295,103**	**(8,191)**	**1,054,069**	**2,354,915**

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

Notes to the Interim Condensed Consolidated Financial Statements

1. The Parent Company

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

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

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

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

2. Composition of the Management Board of the Company

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

3. Composition of the Supervisory Board of the Company

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

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

Statement of compliance

These interim condensed consolidated financial statements for the 9 months ended 30 September 2013 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Group applied the same accounting policies in the preparation of the interim condensed consolidated financial statements for the 9 months ended 30 September 2013 and the annual consolidated financial statements for the year 2012, except for the EU-endorsed standards, amendments to standards and interpretations which are effective for the reporting periods beginning on 1 January 2013. Standards, amendments to standards and interpretations that are effective for the reporting periods beginning on 1 January 2013 do not have a material impact on these interim condensed consolidated financial statements, except for the IFRS 13 *Fair values*, that *inter alia* require the disclosure of fair values of financial instruments presented in interim condensed consolidated financial statements.

Comparable results presented in previously published consolidated financial statements have been reclassified to conform to the current period presentation. None of the introduced changes affected the previously reported amounts of net profit for the period or equity.

5. Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of Cyfrowy Polsat S.A. on 13 November 2013.

6. Information on Seasonality in the Group's Operations

Advertising and sponsoring revenue tends to be lowest during the third quarter of each calendar year due to the summer holiday period and highest during the second and fourth quarter of each calendar year due to the introduction of a new programming offer. Revenue from subscription fees is not directly subject to any seasonal trend.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

7. Revenue

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Retail revenue	460,839	434,894	1,365,277	1,287,449
Advertising and sponsorship revenue	171,755	162,831	582,604	602,779
Revenue from cable and satellite operator fees	22,874	23,799	72,244	70,679
Sale of equipment	7,156	2,595	32,020	11,507
Other revenue	14,686	20,422	58,175	55,185
Total	**677,310**	**644,541**	**2,110,320**	**2,027,599**

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

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

8. Operating costs

		for the 3 months ended		for the 9 months ended	
	Note	**30 September 2013 unaudited**	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Programming costs		101,174	77,318	302,850	274,581
Cost of internal and external TV production and amortization of sport rights		87,586	66,029	266,137	249,536
Distribution, marketing, customer relation management and retention costs		79,293	73,661	239,597	216,992
Depreciation, amortization and impairment		64,865	60,238	187,826	171,355
Salaries and employee-related costs	a	40,377	38,907	125,410	119,778
Broadcasting and signal transmission costs		36,937	39,448	114,476	109,324
Amortization of purchased film licenses		30,554	28,132	97,240	80,759
Cost of settlements with mobile network operators and interconnection charges		19,229	11,196	51,737	32,838
Cost of equipment sold		10,598	6,985	53,351	20,049
Cost of debt collection services and bad debt allowance and receivables written off		5,312	5,363	20,990	19,668
Other costs		34,735	37,649	106,389	114,264
Total costs by kind		**510,660**	**444,926**	**1,566,003**	**1,409,144**

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Cost of services, products, goods and materials sold	405,817	338,826	1,247,897	1,110,283
Selling expenses	62,212	59,702	189,706	169,889
General and administrative expenses	42,631	46,398	128,400	128,972
Total costs by function	**510,660**	**444,926**	**1,566,003**	**1,409,144**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

a) Salaries and employee-related costs

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Salaries	34,216	33,470	105,488	100,586
Social security contributions	4,697	4,103	15,999	14,540
Other employee-related costs	1,464	1,334	3,923	4,652
Total	**40,377**	**38,907**	**125,410**	**119,778**

9. Gain on investment activities, net

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Interest income	2,252	4,844	8,473	13,179
Other interest	(838)	(1,855)	(2,526)	(3,615)
Other foreign exchange gains/(losses)	5,958	2,446	6,120	(731)
Other	(16)	(102)	(129)	487
Total	**7,356**	**5,333**	**11,938**	**9,320**

Changes of comparable results were presented in details in the consolidated financial statement for the year 2012.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

10. Finance costs, net

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**	**30 September 2013 unaudited**	**30 September 2012 unaudited**
Interest expense on loans and borrowings	15,145	27,879	51,725	86,908
Realization of hedging instruments (IRS)	3,247	77	7,077	743
Interest expense on Senior Notes	27,086	26,315	82,059	81,357
Impact of hedging instruments valuation on interest expense on Senior Notes	2,874	105	3,091	549
Realization of hedging instruments (CIRS)	-	-	2,508	(2,183)
Foreign exchange differences on Senior Notes	(38,530)	(50,338)	43,717	(103,406)
Guarantee fees	94	91	277	275
Bank and other charges	792	1,136	2,727	3,409
Total	**10,708**	**5,265**	**193,181**	**67,652**

Changes of comparable results were presented in details in the consolidated financial statement for the year 2012.

11. Equity

(i) Share capital

Presented below is the structure of the Company's share capital as at 30 September 2013 and as at 31 December 2012:

Share series	Number of shares	Nominal value of shares	Type
Series A	2,500,000	100	preference shares (2 voting rights)
Series B	2,500,000	100	preference shares (2 voting rights)
Series C	7,500,000	300	preference shares (2 voting rights)
Series D	166,917,501	6,677	preference shares (2 voting rights)
Series D	8,082,499	323	ordinary bearer shares
Series E	75,000,000	3,000	ordinary bearer shares
Series F	5,825,000	233	ordinary bearer shares
Series H	80,027,836	3,201	ordinary bearer shares
Total	**348,352,836**	**13,934**	

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

The shareholders' structure as at 30 September 2013 and 31 December 2012 was as follows:

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

[1] Pola Investments Ltd. is controlled by family foundation (trust) TiVi Foundation

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

12. Hedge valuation reserve

Impact of hedging instruments valuation on other reserves / other comprehensive income

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Balance as at 1 January	**(20,631)**	**4,758**
Valuation of cash flow hedges	8,238	(22,527)
Amount transferred to income statement	3,091	549
Deferred tax	(2,153)	4,176
Change for the period	**9,176**	**(17,802)**
Balance as at 30 September	**(11,455)**	**(13,044)**

In the 9 months ended 30 September 2013 the hedge was valued at PLN 8,238 (positive), with PLN 3,091 being recognized in the profit and loss account in correspondence with finance costs. Since the hedge was determined to be effective, the amount of PLN 11,329 was recognized within the hedge valuation reserve. The total effect of the hedge valuation on the hedge valuation reserve in the 9 months ended 30 September 2013 amounts to PLN 9,176, representing the amount of the valuation, net of related deferred tax.

In the 9 months ended 30 September 2012 the hedge was valued at negative PLN 22,527, with PLN 549 being recognized in the profit and loss account. Since the hedge was determined to be effective, the amount of PLN 21,987 was recognized within the hedge valuation reserve. Taking into consideration deferred tax, the total effect of the hedge valuation on the other reserves is negative and amounts to PLN 17,802.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

13. Loans and borrowings

Loans and borrowings	**30 September 2013 unaudited**	**31 December 2012**
Short-term liabilities	214,673	275,608
Long-term liabilities	329,798	592,003
Total	**544,471**	**867,611**

Change in loans and borrowings liabilities

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Loans and borrowings as at 1 January	**867,611**	**1,205,185**
Loans an borrowings assumed through acquisition of entities	24,854	96,818
Repayment of capital	(366,162)	(397,575)
Repayment of interest and commissions	(33,557)	(72,289)
Interest accrued	51,725	86,908
Loans and borrowings as at 30 September	**544,471**	**919,047**

The Company has made two prepayment of a principal of it Term Loan Facility Loan: on 28 June 2013 the Company has pre-paid a principal in the amount of PLN 100,000 and on 10 September 2013 has pre-paid a principal in the amount of PLN 100,000.

14. Senior Notes

	30 September 2013 unaudited	**31 December 2012**
Short-term liabilities	102,171	97,256
Long-term liabilities	1,385,314	1,316,479
Total	**1,487,485**	**1,413,735**

Change in *Senior Notes* payable

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
***Senior Notes* payable as at 1 January**	**1,413,735**	**1,522,577**
Unrealized foreign exchange (gains)/losses	43,717	(103,406)
Repayment of interest and commission	(52,026)	(53,617)
Interest accrued	82,059	81,357
***Senior Notes* payable as at 30 September**	**1,487,485**	**1,446,911**

15. Acquisition of subsidiaries

Acquisition of Polskie Media S.A.

On 30 August 2013, following the fulfillment of the conditions precedent included in the preliminary and conditional agreements for the purchase of shares in Polskie Media S.A. ("Polskie Media") concluded on 28 March 2013 between Telewizja Polsat Sp. z o.o. ("Telewizja Polsat"), subsidiary of Cyfrowy Polsat, and Karswell Limited and Sensor Overseas Limited, Telewizja Polsat has finalized the purchase of shares in Polskie Media comprising 100% of the share capital.

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

The joint price for the shares, resulting from the above mentioned transaction amounted to PLN 99 million (not in thousand), including price for shares and adjustments related to enterprise value.

The acquisition date is 30 August 2013, when the title to the shares of the acquired companies was transferred to Telewizja Polsat Sp. z o.o.

Polskie Media is a broadcaster of two channels distributed both in terrestrial and cable-satellite: TV4 and TV6. The acquisition of Polskie Media opens the possibility to increase advertising revenue based on the increasing reach as well as the synergies in the following areas: access and use of the programming content, technical, advertising, marketing and cross-promotions as well as back-office resources.

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

a) Consideration transferred

	30 September 2013
Cash consideration	72,589
Total	**72,589**

b) Reconciliation of transactional cash flow

Cash transferred on acquisition	(72,589)
Cash and cash equivalents received	8,784
Cash outflow in the period of 9 months ended 30 September 2013	**(63,805)**

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

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

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Provisionally established fair values of assets and liabilities acquired as at 30 August 2013:

	provisional value as at the acquisition date (30 August 2013)
Net assets:	
Property, plant and equipment	1,970
Intangible assets	14,928
Current programming assets	20,913
Inventory	5
Trade and other receivables	6,667
Other current assets	34
Cash and cash equivalents	8,784
Loans and borrowings	(24,854)
Trade and other payables	(25,419)
Provisional value of total net assets	**3,028**

d) Provisional fair value of goodwill

	provisional fair value as at the acquisition date (30 August 2013)
Cena nabycia 100% udziałów	72,589
Wstępna wartość zidentyfikowanych aktywa netto	(3,028)
Wstępna wartość firmy	**69,561**

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

16. Operating segments

The Group operates in the following two segments:

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

The Group conducts its operating activities primarily in Poland.

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

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Retail business segment includes:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees;
- mobile telecommunication postpaid services which generate revenues mainly from interconnection revenues, settlements with mobile network operators and subscription fees;
- providing access to broadband Internet which generates revenues mainly from traffic and subscription fees;
- online TV services (IPLA) available on computers, smartphones, tablets, SmartTV, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the Internet
- production of set-top boxes.

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

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

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 9 months ended 30 September 2013:

The 9 months ended 30 September 2013 unaudited	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	1,428,107	682,213	-	2,110,320
Inter-segment revenues	17,568	72,721	(90,289)	-
Revenues	**1,445,675**	**754,934**	**(90,289)**	**2,110,320**
EBITDA	**507,425**	**263,451**	**-**	**770,876**
Profit/(loss) from operating activities	**344,479**	**240,730**	**(2,159)**	**583,050**
Depreciation and amortization	162,156	22,721	2,159	187,036
Impairment	790	-	-	790
Acquisition of property, plant and equipment, reception equipment and other intangible assets	185,361*	32,503	-	217,864
Balance as at 30 September 2013				
Assets, including:	1,654,698	3,977,350**	(34,067)	5,597,981
Investments in jointly controlled entity	-	2,537	-	2,537

*This item also includes the acquisition of reception equipment for operating lease purposes
** Includes non-current assets located outside of Poland

All material revenues are generated in Poland.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

It should be noted that the 9 months ended 30 September 2013 are not fully comparable to the 9 months ended 30 September 2012 as INFO-TV-FM was acquired on 30 January 2012, ipla platform was acquired on 2 April 2012, Polskie Media was acquired and RS TV was disposed on 30 August 2013.

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets and assets by operating segment for the period of 9 months ended 30 September 2012:

The 9 months ended 30 September 2012 unaudited	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	1,321,331	706,268	-	2,027,599
Inter-segment revenues	9,034	72,833	(81,867)	-
Revenues	**1,330,365**	**779,101**	**(81,867)**	2,027,599
EBITDA	**501,890**	**283,193**	**2**	785,085
Profit/(loss) from operating activities	**362,352**	**254,040**	**(2,662)**	613,730
Depreciation and amortization	133,376	29,055	2,664	165,095
Impairment	6,162	98	-	6,260
Acquisition of property, plant and equipment, reception equipment and other intangible assets	164,852*	22,201	-	187,053
Balance as at 30 September 2012				
Assets, including:	1,562,991	3,958,199**	(6,316)	5,514,874
Investments in jointly controlled entity	-	3,316	-	3,316

*This item also includes the acquisition of reception equipment for operating lease purposes
** Includes non-current assets located outside of Poland

Reconciliation of EBITDA and Net profit for the period:

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
EBITDA	**770,876**	**785,085**
Depreciation, amortization and impairment	(187,826)	(171,355)
Profit from operating activities	**583,050**	**613,730**
Other foreign exchange rate differences, net (note 9)	6,120	(731)
Interest income (note 9)	8,473	13,179
Share of the profit of jointly controlled entity accounted for using the equity method	2,329	2,044
Interest costs (note 9 and 10)	(148,986)	(170,989)
Foreign exchange differences on *Senior Notes* (note 10)	(43,717)	103,406
Other	(3,133)	(3,197)
Gross profit for the period	**404,136**	**557,442**
Income tax	(51,835)	(80,768)
Net profit for the period	**352,301**	**476,674**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

17. Transactions with related parties

Receivables

	30 September 2013 unaudited	31 December 2012
Jointly controlled entities	448	487
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	7,825	15,883
Total	**8,273**	**16,370**

*Amounts presented above do not include deposits paid (30 September 2013 – PLN 2,644, 31 December 2012 – PLN 2,561)

Liabilities

	30 September 2013 unaudited	31 December 2012
Jointly controlled entities	1,114	1,045
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	8,232	27,447
Total	**9,346**	**28,492**

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

Other assets

	30 September 2013 unaudited	31 December 2012
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	120,492	160,173
Total	**120,492**	**160,173**

Other current and non-current assets comprise mainly of deferred costs related to the agreement with Mobyland Sp. z o.o.

Revenues

	for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited
Jointly controlled entities	366	507
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity*	31,034	20,359
Total	**31,400**	**20,866**

*Including transactions with subsidiaries executed prior to their acquisition

The most significant transactions include licence fees on programming assets, transponder rental fees, sale of equipment and interconnect services, sale of advertisments and revenues from audiotext services.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Expenses and purchases of programming assets

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Jointly controlled entities	3,997	4,235
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	169,924	109,204
Total	**173,921**	**113,439**

*Including transactions with subsidiaries executed prior to their acquisition

Most significant transactions include expenses for advertising airtime, data transfer services, advertising services, property rental, telecommunication services with respect to the Group's customer call center, advertising and IT services, license fees for broadcasting Polsat Jim Jam and rental of filming and lighting equipment.

Gain on investment activities

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity*	79	63
Total	**79**	**63**

*Including transactions with subsidiaries executed prior to their acquisition

Finance costs

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	-	87
Total	**-**	**87**

18. Litigations

Management believes that the provisions as at 30 September 2013 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

As at the date of approval of these interim condensed consolidated financial statements no material changes occurred as compared to the description included in the consolidated financial statements for the year 2012.

19. Significant agreements

Disposal of subsidiary

On 28 March 2013 the conditional agreement for disposal of RS TV S.A ('RS TV') was concluded between the Group and EmiTel Sp. z o.o.
The agreement was concluded subject to the following precedent conditions:

a) receiving consents from banks which are parties to the loan agreement (SFA)
b) release of all security (on shares and assets of the company) related to the loan agreement and bond issue
c) court registration of the division of the RS TV.

On 30 August 2013, following fulfillment of precedent conditions, the disposal of RS TV was finalized. The agreed final selling price amounts to PLN 51,873.

20. Risk and fair value

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements. They should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Fair value

Presented below are fair values and carrying amounts of financial instruments.

	Category according to IAS 39	30 September 2013 unaudited		31 December 2012	
		Fair value	Carrying amount	Fair value	Carrying amount
Loans granted to third parties	A	129	129	228	228
Trade and other receivables	A	386,356	386,356	338,547	338,547
Interest rate swaps	B	(10,051)	(10,051)	(15,321)	(15,321)
Cross-currency interest rate swaps	B	(7,733)	(7,733)	(10,700)	(10,700)
Cash and cash equivalents	A	215,396	215,396	270,354	270,354
Loans and borrowings	C	(579,493)	(544,471)	(936,191)	(867,611)
Senior notes	C	(1,535,934)	(1,487,485)	(1,486,680)	(1,413,735)
Finance lease liabilities	C	(546)	(546)	(727)	(784)
Accruals	C	(111,703)	(111,703)	(155,426)	(155,426)
Trade and other payables and deposits	C	(202,072)	(202,072)	(251,493)	(251,493)
Total		**(1,845,651)**	**(1,762,180)**	**(2,247,409)**	**(2,105,941)**
Unrecognized gain/(loss)			(83,471)		(141,468)

A – loans and receivables
B – hedges
C - other

It is assumed that the fair value of cash and cash equivalents is equal to their nominal value, therefore no evaluation methods were used in order to calculate their fair value.

When determining the fair value of finance lease liabilities, forecasted cash flows from the reporting date to September 2016 (assumed date of lease agreements termination) were analyzed. The discount rate for each month was calculated as a WIBOR interest rate plus a margin regarding the Group's credit risk.

Trade and other receivables, trade and other payables and deposits comprise mainly receivables and payables which will be settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking into account the time value of money, would approximately be equal to their nominal value. Evaluation methods used to calculate fair values of loans granted to related and non-related parties are based on observable market data – WIBOR interest rates.

As at 30 September 2013 loans and borrowings comprised senior facility. When determining the fair value of senior facility, forecasted cash flows from the reporting date to 31 December 2015 (assumed date of repayment of the loan) were analyzed. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the Group's credit risk.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

The fair value of interest rate swaps and cross-currency interest rate swaps is assumed in accordance to the valuation of the Bank, with which the Parent concluded agreements.

When determining the fair value of bonds, forecasted cash flows from the reporting date to 20 May 2018 (assumed maturity date of the bonds) were analyzed. EURIBOR interest rate plus margin was applied as a discount rate.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 30 September 2013, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	30 September 2013 unaudited	Level 1	Level 2	Level 3
IRS			59	
CIRS			-	
Total		**-**	**59**	**-**

Liabilities measured at fair value

	30 September 2013 unaudited	Level 1	Level 2	Level 3
IRS			(10,110)	
CIRS			(7,733)	
Total		**-**	**(17,843)**	**-**

As at 31 December 2012, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	31 December 2012	Level 1	Level 2	Level 3
CIRS			478	
Total		**-**	**478**	**-**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Liabilities measured at fair value

	31 December 2012	Level 1	Level 2	Level 3
IRS			(15,321)	
CIRS			(11,178)	
Total		**-**	**(26,499)**	**-**

21. Other disclosures

Security relating to loans and borrowings

Establishment of security for loan facilities and Senior Notes

Aside from the security agreements described in the note 45 in the consolidated financial statements for the year 2012, the Group entered into several agreements for the establishment of security for loan facilities and Senior Notes.

Commitments to purchase programming assets

As at 30 September 2013 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	30 September 2013 unaudited	31 December 2012
within one year	92,904	157,273
between 1 to 5 years	22,887	69,541
Total	**115,791**	**226,814**

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

	30 September 2013 unaudited	31 December 2012
within one year	8,543	15,913
Total	**8,543**	**15,913**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 4,735 as at 30 September 2013 (PLN 4,082 as at 31 December 2012). Total amount of capital commitments resulting from agreements on property improvements was PLN 118 as at 30 September 2013 (PLN 5,878 as at 31 December 2012). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software as at 30 September 2013 was PLN 4,430 (PLN 405 as at 31 December 2012).

22. Judgments, financial estimates and assumptions

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

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

The key accounting estimates and assumptions applied in preparation of these interim condensed consolidated financial statements were the same as those adopted in the preparation of consolidated financial statements for the year ended 31 December 2012 with the exception of changes in estimates that are required in determining the provision for income taxes.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for the 3 and 9 months ended 30 September 2013

Prepared in accordance
with
International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 13 November 2013, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of the Cyfrowy Polsat S.A. prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, which include:

Interim Income Statement for the period	
from 1 January 2013 to 30 September 2013 showing a net profit for the period of:	PLN 378,091
Interim Statement of Comprehensive Income for the period	
from 1 January 2013 to 30 September 2013 showing a total comprehensive income for the period of:	PLN 387,267
Interim Balance Sheet as at	
30 September 2013 showing total assets and total equity and liabilities of:	PLN 6,058,637
Interim Cash Flow Statement for the period	
from 1 January 2013 to 30 September 2013showing a net decrease in cash and cash equivalents amounting to:	PLN 20,143
Interim Statement of Changes in Equity for the period	
from 1 January 2013 to 30 September 2013showing an increase in equity of:	PLN 387,267

Notes to the Interim Condensed Financial Statements

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

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

Dorota Wołczyńska
Chief Accountant

Warsaw, 13 November 2013

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Income Statement

		for the 3 months ended		for the 9 months ended	
	Note	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Revenue	7	478,829	445,573	1,432,930	1,318,143
Operating costs		(368,799)	(328,319)	(1,141,831)	(978,343)
Cost of services, products, goods and materials sold	8	(270,504)	(233,533)	(830,362)	(704,147)
Selling expenses	8	(68,694)	(63,820)	(221,187)	(191,237)
General and administrative expenses	8	(29,601)	(30,966)	(90,282)	(82,959)
Other operating costs, net		(1,213)	(1,384)	(1,494)	(3,268)
Profit from operating activities		**108,817**	**115,870**	**289,605**	**336,532**
Gain on investment activities, net	9	4,709	4,841	308,043	312,275
Finance costs, net	10	(15,332)	(10,043)	(206,504)	(82,479)
Gross profit for the period		**98,194**	**110,668**	**391,144**	**566,328**
Income tax		(18,811)	(17,482)	(13,053)	(48,166)
Net profit for the period		**79,383**	**93,186**	**378,091**	**518,162**
Basic and diluted earnings per share (in PLN)		**0.23**	**0.27**	**1.09**	**1.49**

Interim Statement of Comprehensive Income

		for the 3 months ended		for the 9 months ended	
	Note	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Net profit/(loss) for the period		**79,383**	**93,186**	**378,091**	**518,162**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	12	2,260	(11,624)	11,329	(21,978)
Income tax relating to hedge valuation	12	(430)	2,208	(2,153)	4,176
Total items that may be reclassified subsequently to profit or loss		**1,830**	**(9,416)**	**9,176**	**(17,802)**
Other comprehensive income, net of tax		**1,830**	**(9,416)**	**9,176**	**(17,802)**
Total comprehensive income for the period		**81,213**	**83,770**	**387,267**	**500,360**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Balance Sheet - Assets

	30 September 2013 unaudited	31 December 2012
Reception equipment	409,736	420,060
Other property, plant and equipment	165,497	172,201
Goodwill	52,022	52,022
Other intangible assets	52,385	47,821
Shares in subsidiaries	4,719,928	4,588,928
Non-current deferred distribution fees	29,318	35,125
Investment property	1,925	-
Other non-current assets	19,243	101,604
Total non-current assets	**5,450,054**	**5,417,761**
Inventories	154,770	159,885
Trade and other receivables	234,197	222,767
Income tax receivable	-	6,458
Current deferred distribution fees	65,852	57,096
Other current assets	114,611	71,256
Cash and cash equivalents	39,153	59,316
Total current assets	**608,583**	**576,778**
Total assets	**6,058,637**	**5,994,539**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Balance Sheet - Equity and Liabilities

	Note	30 September 2013 unaudited	31 December 2012
Share capital	11	13,934	13,934
Share premium		1,295,103	1,295,103
Hedge valuation reserve		(11,455)	(20,631)
Retained earnings		2,070,183	1,692,092
Total equity		**3,367,765**	**2,980,498**
Loans and borrowings	13	329,798	592,003
Issued bonds	14	1,370,754	1,298,661
Finance lease liabilities		1,930	3,554
Deferred tax liabilities		88,604	90,611
Deferred income		4,303	5,181
Other non-current liabilities and provisions		7,886	14,644
Total non-current liabilities		**1,803,275**	**2,004,654**
Loans and borrowings	13	267,642	311,439
Issued bonds	14	116,519	110,610
Finance lease liabilities		2,269	1,954
Trade and other payables		268,585	371,461
Income tax liability		9,844	-
Deposits for equipment		12,536	13,259
Deferred income		210,202	200,664
Total current liabilities		**887,597**	**1,009,387**
Total liabilities		**2,690,872**	**3,014,041**
Total equity and liabilities		**6,058,637**	**5,994,539**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Cash Flow Statement

	Note	for the 9 months ended	
		30 September 2013 unaudited	30 September 2012 unaudited
Net profit for the period		**378,091**	**518,162**
Adjustments for:		**(75,272)**	**(224,078)**
Depreciation, amortization and impairment	8	161,510	140,284
Loss on investing activity		226	113
Interest expense		159,218	173,765
Change in inventories		5,115	15,819
Change in receivables and other assets		24,843	(51,887)
Change in liabilities, provisions and deferred income		(78,737)	(147)
Valuation of hedging instruments		11,329	(21,978)
Foreign exchange (gains)/ losses, net		43,510	(102,855)
Income tax		13,053	48,166
Net additions of reception equipment provided under operating lease		(116,813)	(129,390)
Dividends income		(303,210)	(297,230)
Other adjustments		4,684	1,262
Cash from operating activities		**302,819**	**294,084**
Income tax received/(paid)		(1,264)	4,455
Interest received from operating activities		888	5,276
Net cash from operating activities		**302,443**	**303,815**
Acquisition of property, plant and equipment		(38,877)	(17,111)
Acquisition of intangible assets		(25,565)	(16,943)
Loans granted		-	(1,700)
Dividends received		303,108	297,230
Acquisition of shares in subsidiaries		-	(45,185)
Loans repaid – principal		-	1,700
Interest in loans repaid		-	12
Share capital increase in subsidiaries		(131,000)	-
Proceeds from sale of property, plant and equipment		121	191
Net cash from investing activities		**107,787**	**218,194**
Net cash from/(used in) Cash Pool		16,380	(43,839)
Payment of interest on loans, borrowings, bonds, finance lease and commissions		(103,815)	(132,038)
Finance lease – principal repayments		(1,631)	(243)
Repayment of loans and borrowings	13	(341,307)	(301,903)
Net cash used in financing activities		**(430,373)**	**(478,023)**
Net increase/(decrease) in cash and cash equivalents		**(20,143)**	**43,986**
Cash and cash equivalents at the beginning of the period		**59,316**	**11,858**
Effect of exchange rate fluctuations on cash and cash equivalents		(20)	(13)
Cash and cash equivalents at the end of the period		**39,153**	**55,831**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Interim Statement of Changes in Equity for the 9 months ended 30 September 2013

	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2013	**13,934**	**1,295,103**	**(20,631)**	**1,692,092**	**2,980,498**
Total comprehensive income	-	-	9,176	378,091	**387,267**
Hedge valuation reserve (Note 12)	-	-	*9,176*	-	***9,176***
Net profit for the period	-	-	-	*378,091*	***378,091***
Balance as at 30 September 2013 unaudited	**13,934**	**1,295,103**	**(11,455)**	**2,070,183**	**3,367,765**

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

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

	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2012	**13,934**	**1,295,103**	**4,758**	**1,189,281**	**2,503,076**
Total comprehensive income	-	-	(17,802)	518,162	**500,360**
Hedge valuation reserve (Note 12)	-	-	*(17,802)*	-	***(17,802)***
Net profit for the period	-	-	-	*518,162*	***518,162***
Balance as at 30 September 2012 unaudited	**13,934**	**1,295,103**	**(13,044)**	**1,707,443**	**3,003,436**

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

Notes to the Interim Condensed Financial Statements

1. The Company

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

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

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

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

The Company is the Parent Company of Cyfrowy Polsat S.A. Capital Group ('Group'). The Group encompasses the Company, Cyfrowy Polsat Trade Marks Sp. z o.o. and its subsidiaries, INFO-TV-FM Sp. zo.o., Cyfrowy Polsat Finance AB, Telewizja Polsat Sp. z o.o. and its subsidiaries and jointly controlled entity accounted for under the equity method, Redefine Sp. z o.o. and its subsidiary, Netshare Sp. z o.o., Gery.pl Sp. z o.o. and Frazpc.pl Sp. z o.o. The Group operates in two segments: (1) retail business which relates to the provision of services to the general public, including digital television transmission signal, Internet access services, mobile TV services, online TV services, mobile services, and production of set-top boxes; (2) broadcasting and television production which consist mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television channel in Poland.

2. Composition of the Management Board of the Company

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

3. Composition of the Supervisory Board of the Company

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

4. Basis of preparation of the interim condensed financial statements

Statement of compliance

These interim condensed financial statements for the 9 months ended 30 September 2013 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial* Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Company applied the same accounting policies in the preparation of the interim condensed financial statements for the 9 months ended 30 September 2013 and the annual financial statements for the year 2012, except for the EU-endorsed standards, amendments to standards and interpretations which are effective for the reporting periods beginning on 1 January 2013. Standards, amendments to standards and interpretations that are effective for the reporting periods beginning on 1 January 2013 do not have a material impact on these interim condensed financial statements, except for the IFRS 13 *Fair values*, that *inter alia* require the disclosure of fair values of financial instruments presented in interim condensed financial statements.

The results for the 9 months ended 30 September 2013 are not fully comparable to the results for the 9 months ended 30 September 2012 as a result of merger of the Company with Cyfrowy Polsat Technology Sp. z o.o. on 31 December 2012.

Comparable results presented in previously published financial statements have been reclassified to conform to the current period presentation. None of the introduced changes affected the previously reported amounts of net profit for the period or equity.

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 13 November 2013.

6. Information on Seasonality in the Company's Operations

Revenue from subscription fees is not directly subject to any seasonal trend.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

7. Revenue

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Retail revenue	460,174	434,109	1,362,866	1,286,115
Sale of equipment	7,153	2,696	32,004	11,450
Other revenue	11,502	8,768	38,060	20,578
Total	**478,829**	**445,573**	**1,432,930**	**1,318,143**

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

8. Operating costs

		for the 3 months ended		for the 9 months ended	
	Note	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Programming costs		118,437	106,748	353,862	317,779
Distribution, marketing, customer relation management and retention costs		74,932	70,559	239,091	213,439
Depreciation, amortization and impairment		55,083	50,433	161,510	140,284
Salaries and employee-related costs	a	24,875	20,201	77,885	64,666
Broadcasting and signal transmission costs		23,799	23,374	69,794	67,646
Cost of settlements with mobile network operators and interconnection charges		19,229	11,197	51,737	32,838
Cost of equipment sold		10,600	6,997	53,224	19,828
Cost of debt collection services and bad debt allowance and receivables written off		5,093	5,577	22,465	19,534
Other costs		36,751	33,233	112,263	102,329
Total costs by kind		**368,799**	**328,319**	**1,141,831**	**978,343**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Cost of services, products, goods and materials sold	270,504	233,533	830,362	704,147
Selling expenses	68,694	63,820	221,187	191,237
General and administrative expenses	29,601	30,966	90,282	82,959
Total costs by function	**368,799**	**328,319**	**1,141,831**	**978,343**

a) Salaries and employee-related costs

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Salaries	20,873	17,336	64,452	54,179
Social security contributions	3,084	2,272	10,820	8,601
Other employee-related costs	918	593	2,613	1,886
Total	**24,875**	**20,201**	**77,885**	**64,666**

9. Gain on investment activities, net

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Dividends received	-	-	303,210	297,230
Guarantee fees from related parties	2,296	2,256	6,866	7,169
Interest income/(expense)	(377)	2,380	(587)	5,059
Other foreign exchange gains/(losses)	2,790	205	(1,446)	2,040
Other gains and losses on investment activities, net	-	-	-	777
Total	**4,709**	**4,841**	**308,043**	**312,275**

Changes of comparable results were presented in details in the financial statement for the year 2012.

Dividends received comprise mainly dividends received from Telewizja Polsat Sp. z o.o. and Cyfrowy Polsat Trade Marks Sp. z o.o.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

10. Finance costs, net

	for the 3 months ended		for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited	30 September 2013 unaudited	30 September 2012 unaudited
Interest expense on loans and borrowings	15,145	27,880	51,725	86,480
Realization of hedging instruments (IRS)	3,247	77	7,077	743
Interest expense on issued bonds	31,055	30,157	93,874	93,236
Impact of hedging instruments valuation on interest expense on issued bonds	2,874	105	3,091	549
Realization of hedging instruments (CIRS)	-	-	2,508	(2,183)
Foreign exchange differences on issued bonds	(38,330)	(50,076)	43,490	(102,868)
Bank and other charges	792	1,135	2,726	3,338
Guarantee fees	549	765	2,013	3,184
Total	**15,332**	**10,043**	**206,504**	**82,479**

Changes of comparable results were presented in details in the financial statement for the year 2012.

11. Equity

(i) Share capital

Presented below is the structure of the Company's share capital as at 30 September 2013 and as at 31 December 2012:

Share series	Number of shares	Nominal value of shares	Type
Series A	2,500,000	100	preference shares (2 voting rights)
Series B	2,500,000	100	preference shares (2 voting rights)
Series C	7,500,000	300	preference shares (2 voting rights)
Series D	166,917,501	6,677	preference shares (2 voting rights)
Series D	8,082,499	323	ordinary bearer shares
Series E	75,000,000	3,000	ordinary bearer shares
Series F	5,825,000	233	ordinary bearer shares
Series H	80,027,836	3,201	ordinary bearer shares
Total	**348,352,836**	**13,934**	

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

The shareholders' structure as at 30 September 2013 and 31 December 2012 was as follows:

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

[1] Pola Investments Ltd. is controlled by family foundation (trust) TiVi Foundation

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

12. Hedge valuation reserve

Impact of hedging instruments valuation on hedge valuation reserve

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Balance as at 1 January	**(20,631)**	**4,758**
Valuation of cash flow hedges	8,238	(22,527)
Amount transferred to income statement	3,091	549
Deferred tax	(2,153)	4,176
Change for the period	**9,176**	**(17,802)**
Balance as at 30 September	**(11,455)**	**(13,044)**

In the 9 months ended 30 September 2013 the hedge was valued at PLN 8,238 (positive), with PLN 3,091 being recognized in the profit and loss account in correspondence with finance costs. Since the hedge was determined to be effective, the amount of PLN 11,329 was recognized within the hedge valuation reserve. The total effect of the hedge valuation on the hedge valuation reserve in the 9 months ended 30 September 2013 amounts to PLN 9,176, representing the amount of the valuation, net of related deferred tax.

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

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

13. Loans and borrowings

Loans and borrowings	30 September 2013 unaudited	31 December 2012
Short-term liabilities	267,642	311,439
Long-term liabilities	329,798	592,003
Total	**597,440**	**903,442**

Change in loans and borrowings liabilities

	for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited
Loans and borrowings as at 1 January	**903,442**	**1,249,023**
Repayment of capital	(341,307)	(301,903)
Repayment of interest and commissions	(33,557)	(70,714)
Net cash from Cash Pool	17,137	(43,839)
Interest accrued	51,725	86,480
Loans and borrowings as at 30 September	**597,440**	**919,047**

The Company has made two prepayment of a principal of it Term Loan Facility Loan: on 28 June 2013 the Company has pre-paid a principal in the amount of PLN 100,000 and on 10 September 2013 has pre-paid a principal in the amount of PLN 100,000.

14. Issued bonds

	30 September 2013 unaudited	31 December 2012
Short-term liabilities	116,519	110,610
Long-term liabilities	1,370,754	1,298,661
Total	**1,487,273**	**1,409,271**

Change in issued bonds payable

	for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited
Issued bonds payable as at 1 January	**1,409,271**	**1,516,954**
Unrealized foreign exchange (gains)/losses	43,490	(102,868)
Repayment of interest and commissions	(59,362)	(61,405)
Interest accrued	93,874	93,236
Issued bonds payable as at 30 September	**1,487,273**	**1,445,917**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

15. Transactions with related parties

Receivables

	30 September 2013 unaudited	31 December 2012
Subsidiaries*	6,512	1,906
Jointly controlled entities	419	432
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	4,593	8,401
Total	**11,524**	**10,739**

Other assets

	30 September 2013 unaudited	31 December 2012
Subsidiaries	3,518	1,195
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	120,492	160,172
Total	**124,010**	**161,367**

Other current assets comprise mainly of deferred costs related to the agreement with Mobyland Sp. z o.o.

Liabilites

	30 September 2013 unaudited	31 December 2012
Subsidiaries	28,062	48,243
Jointly controlled entities	774	375
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	2,096	10,743
Total	**30,932**	**59,361**

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

Liabilities due comprise *inter alia* liabilities resulting from using 'Cyfrowy Polsat' trade mark.

Bond liabilities

	30 September 2013 unaudited	31 December 2012
Subsidiaries	1,487,273	1,409,271
Total	**1,487,273**	**1,409,271**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Revenues

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Subsidiaries	16,272	7,244
Jointly controlled entities	11	8
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	5,151	8,390
Total	**21,434**	**15,642**

The most significant transactions include revenues from accounting services rendered to subsidiaries, interconnect services, guarantee services rendered to Cyfrowy Polsat Technology Sp. z o.o. (this category only in 2012), programming fees, property rental and signal broadcast services.

Expenses

	for the 9 months ended	
	30 September 2013 unaudited	**30 September 2012 unaudited**
Subsidiaries*	155,102	119,570
Jointly controlled entities	2,163	2,160
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	65,381	45,321
Total	**222,646**	**167,051**

*Includes donation forwarded to Fundacja Polsat

The most significant transactions include license fees for broadcasting programs: Polsat Sport, Polsat Sport Extra, Polsat Sport Extra HD, Polsat Film, Polsat Film HD, Polsat Futbol (this channel only in 2012), Polsat News, Polsat Play, Polsat Cafe, Polsat Sport HD, Polsat Romans and Polsat Jim Jam.

The Company also incurs expenses for using 'Cyfrowy Polsat' trade mark, data transfer services, purchasing advertising time, telecommunication services with respect to the Company's customer call center and commissions for subscribers' acquisitions.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Gain on investment activities

	for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited
Subsidiaries	310,076	304,409
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	-	2
Total	**310,076**	**304,411**

Gain on investment activities comprises chiefly dividends and also income from guarantees granted by the Company in respect to settlement of high yield notes issued by Cyfrowy Polsat Finance AB.

Finance costs

	for the 9 months ended	
	30 September 2013 unaudited	30 September 2012 unaudited
Subsidiaries	95,848	96,144
Total	**95,848**	**96,144**

Finance costs comprise chiefly interest on bonds and also guarantee fees in respect to settlement of Senior Facility loan.

16. Important agreements and events

In January 2013 companies listed below issued new shares which were acquired and paid for by the Company:

(i) in Redefine Sp. z o.o. share capital was increased by PLN 488 and share premium amounted to PLN 97,012;
(ii) in Frazpc.pl Sp. z o.o. share capital was increased by PLN 28 and share premium amounted to PLN 5,472;
(iii) in Netshare Sp. z o.o. share capital was increased by PLN 65 and share premium amounted to PLN 12,935;
(iv) in Gery.pl Sp. z o.o. share capital was increased by PLN 75 and share premium amounted to PLN 14,925.

17. Litigations

Management believes that the provisions as at 30 September 2013 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company's financial situation.

As at the date of approval of these interim condensed financial statements no material changes occurred as compared to the description included in the financial statements for the year 2012.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

18. Risk and fair value

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Company's annual financial statements as at 31 December 2012. There have been no changes in the risk management department or in any risk management policies since the year end.

Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Fair value

Presented below are fair values and carrying amounts of financial instruments.

	Category according to IAS 39	30 September 2013 unaudited		31 December 2012	
		Fair value	Carrying amount	Fair value	Carrying amount
Trade and other receivables	A	220,167	220,167	190,368	190,368
IRS	B	(10,051)	(10,051)	(15,321)	(15,321)
CIRS	B	(7,733)	(7,733)	(10,700)	(10,700)
Cash and cash equivalents	A	39,153	39,153	59,316	59,316
Loans and borrowings	C	(632,462)	(597,440)	(972,022)	(903,442)
Issued bonds	C	(1,542,958)	(1,487,273)	(1,489,990)	(1,409,271)
Finance lease liabilities	C	(4,299)	(4,199)	(5,616)	(5,508)
Accruals	C	(101,372)	(101,372)	(148,875)	(148,875)
Trade and other payables and deposits	C	(118,984)	(118,984)	(175,167)	(175,167)
Total		**(2,158,539)**	**(2,067,732)**	**(2,568,007)**	**(2,418,600)**
Unrecognized gain/(loss)			(90,807)		(149,407)

A – loans and receivables
B – hedges
C - other

It is assumed that the fair value of cash and cash equivalents is equal to their nominal value, therefore no evaluation methods were used in order to calculate their fair value.

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

When determining the fair value of financial lease liabilities, forecasted cash flows from the reporting date to June 2017 (assumed date of repayment of lease agreements termination) were analyzed. The discount rate for each month was calculated as an applicable WIBOR interest rate plus a margin regarding the Company's credit risk.
Trade and other receivables, accruals and trade and other payables and deposits comprise mainly receivables and payables which will be settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking the effect of time value of money into account, would approximately be equal to their nominal value.

As at 30 September 2013 loans and borrowings comprised senior facility and Cash Pool. When determining the fair value of senior facility, forecasted cash flows from the reporting date to 31 December 2015 (assumed date of repayment of the loan) were analyzed. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin. The fair value of Cash Pool is set as the nominal value, which is equal to carrying amount.

The fair value of interest rate swaps and cross-currency interest rate swaps is assumed in accordance to the valuation of the Bank, with which the Company concluded agreements.

When determining the fair value of issued bonds, forecasted cash flows from the reporting date to 20 May 2018 (assumed maturity date of the bonds) were analyzed. EURIBOR interest rate plus margin was applied as a discount rate.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 30 September 2013, the Company held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	30 September 2013 unaudited	**Level 1**	**Level 2**	**Level 3**
IRS			59	
CIRS			-	
Total		**-**	**59**	**-**

(all cash amounts presented in text are in thousand with currency specification, all amounts presented in tables are in PLN thousand, except where otherwise stated)

Liabilities measured at fair value

	30 September 2013 unaudited	Level 1	Level 2	Level 3
IRS			(10,110)	
CIRS			(7,733)	
Total		**-**	**(17,843)**	**-**

As at 31 December 2012, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	31 December 2012	Level 1	Level 2	Level 3
CIRS			478	
Total		**-**	**478**	**-**

Liabilities measured at fair value

	31 December 2012	Level 1	Level 2	Level 3
IRS			(15,321)	
CIRS			(11,178)	
Total		**-**	**(26,499)**	**-**

19. Other disclosures

Security relating to loans and borrowings

Aside from the security agreements described in the note 41 in the financial statements for the year 2012, the Company entered into the several agreements for the establishment of security for loan facilities.

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 1,885 as at 30 September 2013 (PLN 66 as at 31 December 2012). Total amount of capital commitments resulting from agreements on property improvements was PLN 118 as at 30 September 2013 (PLN 5,878 as at 31 December 2012). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software as at 30 September 2013 was PLN 4,205 (PLN 405 as at 31 December 2012).

20. Judgments, financial estimates and assumptions

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

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

The key accounting estimates and assumptions applied in preparation of these interim condensed financial statements were the same as those adopted in the preparation of financial statements for the year ended 31 December 2012.