CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim consolidated report for the three month period ended 30 September 2009

This document is a free translation of the Polish original.
Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding.
The binding Polish original should be referred to in matters of interpretation.

Warsaw, 10 November 2009

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Management Board's report on the activities of Cyfrowy Polsat S.A. Capital Group in the three months ended 30 September 2009

We have prepared this quarterly report as required by Paragraph 82 section 1 of the Regulation of the Council of Ministers of 19 February 2009 concerning the submission of current and periodical information by the securities' issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union.

Presentation of financial and other information

In this quarterly report all references to the Company apply to Cyfrowy Polsat S.A. and all references to the Group or Capital Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiary. Expressions such as "we", "us", "our" and similar apply generally to the Group, unless from the context it is clear that they apply to the Company alone; „DTH" relates to digital satellite platform services which we provide in Poland; „Family Package", "Mini Package" and "Mini Max Package" relate to our starting packages available within our DTH services; "Subscriber" relates to a person who signed an agreement for subscription television services and who is obligated under the terms of agreement to make payments to access a package or packages of television channels or who has access to such packages after making required payments but without having signed such an agreement; „ARPU" relates to average net revenue per user calculated as subscription revenues in the reporting period divided by average number of subscribers and by the number of months in the reporting period; „ARPU Family Package" and „ARPU Mini Package" relates to average revenue per subscriber to the Family Package, Mini Package and Mini Max Package, respectively; „churn" relates to churn rate, calculated as a percentage of terminated agreements – number of terminated agreements during the period divided by average number of subscriber in the period; „churn Family Package" and „churn Mini Package" relates to churn rate calculated for the Family Package, Mini Package and Mini Max Package, respectively; „SAC" relates to the sum of cost of provision due to distributors and to the call center per each attracted customer; „MVNO" relates to mobile virtual network operator services, which we launched on 8 September 2008; „Shares" relates to the shares of Cyfrowy Polsat S.A., which were introduced to public trading on the Warsaw Stock Exchange on 6 May 2008 and are marked with a code PLCFRPT00013.

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 interim condensed consolidated financial statements for the three and nine month periods ended 30 September 2009 and interim condensed financial statements for the three and nine month periods ended 30 September 2009. The financial statements attached to this interim report have been prepared in accordance with International Financial Reporting Standards approved for use in the European Union ("IFRS") and are presented in thousand Zloty.

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

Currency presentation

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

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

Forward–looking statements

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

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

1. Introduction

We are the largest provider of pay DTH satellite television broadcasting services in Poland with 2,916,750 subscribers as of 30 September 2009. Our core business is to provide individual customers with access to television and radio channels grouped into different paid programming packages and transmitted via satellite.

We sell our satellite broadcasting services throughout Poland targeting the Polish viewing public with high-quality programming offer which is designed to appeal to, and be affordable for, every Polish family.

We provide our subscribers with an access to 76 Polish-language television channels, including sports, music/entertainment, news/information, children, education and film channels. We are the only pay DTH satellite operator to provide its customers with access to all major terrestrial channels in Poland, including Polsat, TVP 1, TVP 2 and TVN. In addition, we provide our customers with an access to over 500 free to air ("FTA") television and radio channels available via satellite in Poland. Moreover, we offer high definition channels, such as Polsat Sport HD, Eurosport HD, HBO HD, MTVN HD, Discovery HD and Polsat HD.

We currently offer our customers three introductory packages: the Family Package (Pakiet Familijny), the Mini Package (Pakiet Mini), and the Mini Max Package (Pakiet Mini Max). The Family Package is our most popular introductory package. Subscribers to our Family Package may also purchase seven theme packages: the Movie Package (Pakiet Film), the HBO Package (Pakiet HBO), the Sports Package (Pakiet Sport), the Cinemax Movie Package (Pakiet Cinemax), the Cartoon Package (Pakiet Bajeczka) and the Music Package (Pakiet Muzyka) and, in addition, the Entertainment Package (Pakiet Rozrywka), Blue Hustler channel and HD channels. The thematic packages are available in four promotional packages: the Relax Mix Package (Pakiet Relax Mix), the Relax Mix + HBO Package (Pakiet Relax Mix + HBO), the Super Film Package (Pakiet Super Film) and the Relax Mix Movie Package (Pakiet Relax Mix Film). The Relax Mix Movie Package is only available to customers who subscribed to this package before 11 January 2008.

In November 2007, we launched the production of our own standard definition set-top boxes, which enables us to decrease their acquisition costs. We started sales of our own-manufactured set-top boxes on 26 March 2008 and in the period from that date to 30 September 2009 we sold or leased about 431 thousand our own set-top boxes to our subscribers. We consider to start production of high definition set-top boxes in 2010.

We sell our services through an effective sales network covering the entire territory of Poland that links our own central warehouse, 29 regional distributors and a network of 1,165 retail points of sale.

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

Launch of MVNO services was the first step in the process of becoming a multi-play operator offering digital television, mobile services and access to the broadband internet. Launch of the triple play offer is planned for the first quarter of 2010 and will follow friendly users test that starts in mid November 2009. The mobile broadband internet service will be offered based on agreements with third parties, including Sferia S.A. („Sferia").

We believe that providing integrated multi-play services will contribute to an increase in the overall satisfaction of our clients and ultimately lower churn rate resulting in an increase in our subscriber base which will have a positive impact on our revenues from operating activities.

However, we expect, that until our telecommunication services and integrated multi-play offer is fully developed, a substantial part of our revenue shall continue to be derived from the pay DTH satellite television broadcasting services.

2. Recent events

The agreements signed with Eutelsat S.A. on renting satellite capacity

On 1 October 2009 we signed three long-term agreements with Eutelsat S.A. The object of the agreements is the continuation of renting transponders on HotBird 8 satellite. As a result of the signed agreements and an agreement dated 26 February 2009 we continue to have satellite capacity on four transponders on HotBird 8 and 9.The value of signed agreements is expressed in Euro and in the life of the agreements, converted into PLN at the rate of PLN 4.2640 per 1 euro, published by the National Bank of Poland on 9 October 2009, will equal to PLN 340.000. All conditions of the agreements do not vary from market standards applied to this type of agreements.

New high definition set-top boxes in our offer

On 7 July 2009 our equipment offer was extended with set-top box EchoStar DSB-7200 HD, that enables reception of the standard and HD signal. There is an electronic guide to programs at spectators' disposal (EPG), „parental supervision" function and options of searching, and sorting channels.

On 19 October 2009 our equipment offer was enriched with the HD set-top box with the 320 GB hard disk – EchoStar DVR-7400 HD. This is not only set-top box that enables to watch TV in the HD technology, but also permits recording programs and watching them at any time as well as pause live watched television.

New channels added to programming offer

In recent months we extended our programming offer with new channels: Polsat HD available in our Family Package since 1 September 2009, Polsat Futbol available in Sport Package since 17 September 2009, XXX Xtreme available in Entertainment Package since 21 September 2009, Polsat Film available in our Mini Max Package and Family Package since 2 October 2009.

Promotional offers

Recently we launched several promotional offers in our DTH business activities:

On 24 August 2009 we launched our new promotion: *Even four months television without payments in Cyfrowy Polsat*. New customers could get even four months of full package for free signing an agreement for 29 months. Before the end of fourth month subscriber has to choose program offer he/she would like to continue on (the minimum being Family Package).

On 8 October 2009 we launched our new promotion: *Even six months television without payments in Cyfrowy Polsat*. New customers can get even 6 months subscription for free using the newest promotions when signing the agreement for 29 months. Choosing Family Package the customer had four month offer without payments, choosing Relax Max Package he/she had five months for free and choosing Relax Max+HBO Package or Super Move Package customer had six months without payments. There are also available agreements for 13 months which guarantee up to three months for free.

Purchase of stake in mPunkt Holdings Ltd.

We have purchased, with the aim of extending our sales network for multi-play offer, 45% stake in mPunkt Holdings Ltd. owner of the third biggest distributor of mobile services in Poland. The purchase price was PLN 24,6 million. Our goal is to purchase the controlling stake in the this company, if the Antimonopoly Office give us a consent for this transaction. mPunkt is a network of over 200 shops located in more than 150 cities on the territory of Poland. mPunkt's offer comprises telecommunication products and services. mPunkt is responsible for 22% of distribution network of Polkomtel S.A.

mPunktu revenues were PLN 571 million in 2008 (up by 19% over 2007), EBITDA amounted to PLN 9.4 million (up by 46% over 2007), and EBITDA margin was 1.6% (compared to 1.3% in 2007). In the first half of 2008 mPunkt's revenues totaled to PLN 238 million, EBITDA was PLN 4.8 million, and EBITDA margin was 2%. Net income generated by the company was PLN 1.9 million in 2009 and PLN 1.5 million in the first half of 2009. The company has no debt.

3. Summary historical financial data

The following tables set out our summary historical interim consolidated financial information for the three and nine month periods ended 30 September 2009 and 30 September 2008. You should read the information in conjunction with the interim condensed consolidated financial statements for the three and nine month periods ended 30 September 2009 and Management's Discussion and Analysis of Financial Situation and Results of Operations included in point 13 of this quarterly report.

Certain financial data:

- from the consolidated profit and loss statement for the three month periods ended 30 September 2009 and 30 September 2008 have been converted into euro at a rate of PLN 4.1610 per €1.00 (the arithmetic average of average exchange rates published by the National Bank of Poland, or NBP, on the last date of each of the months in the period i.e. from 1 July to 30 September 2009);

- from the consolidated profit and loss statement and cash flow statement for the nine month periods ended 30 September 2009 and 30 September 2008 have been converted into euro at a rate of PLN 4.3993 per €1.00 (the arithmetic average of average exchange rates published by the National Bank of Poland, or NBP, on the last date of each of the months in the period i.e. from 1 January to 30 September 2009);

- certain consolidated balance sheet data as at 30 September 2009, 31 December 2008 and 30 September 2008 have been converted into euro at a rate of PLN 4.2226 per €1.00 (an exchange rate published by NBP on 30 September 2009).

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

(in thousands)	Three month period ended 30 September 2009 PLN	EUR	2008 PLN	EUR	Nine month period ended 30 September 2009 PLN	EUR	2008 PLN	EUR
Consolidated Income Statement								
Revenues from operating activities	323,354	77,711	290,613	69,842	982,985	223,441	817,109	185,736
Total operating expenses	251,813	60,517	188,511	45,304	758,020	172,305	533,525	121,275
Operating profit	71,541	17,193	102,102	24,538	224,965	51,137	283,584	64,461
Pre-tax profit	73,721	17,717	104,082	25,014	232,986	52,960	281,306	63,943
Income tax	13,561	3,259	19,876	4,777	44,111	10,027	54,137	12,306
Net profit	60,160	14,458	84,206	20,237	188,875	42,933	227,169	51,638
Basic and diluted earnings per share (not in thousands)	0.22	0.05	0.31	0.07	0.70	0.16	0.85	0.19
Weighted average number of issued ordinary shares	268,325,000	-	268,325,000	-	268,325,000	-	268,325,000	-
Consolidated Cash Flow Statement								
Cash flow from operating activities	-	-	-	-	122,209	27,779	224,089	50,937
Cash flow from investing activities	-	-	-	-	(26,050)	(5,921)	(48,389)	(10,999)
Cash flow from financing activities	-	-	-	-	(185,190)	(42,095)	(139,210)	(31,644)
Net changes in cash and cash equivalents	-	-	-	-	(89,031)	(20,238)	36,490	8,295
Cash and cash equivalents at the end of the period	-	-	-	-	156,719	35,624	187,665	42,658
Other consolidated financial data								
EBITDA*	82,533	19,835	109,236	26,252	253,873	57,708	300,014	68,196
EBITDA margin	25,5%	25,5%	37,6%	37,6%	25,8%	25,8%	36,7%	36,7%
Operating margin	22,1%	22,1%	35,1%	35,1%	22,9%	22,9%	34,7%	34,7%

As at

(in thousands)	30 September 2009 PLN	EUR	31 December 2008 PLN	EUR	30 September 2008 PLN	EUR
Consolidated balance sheet						
Total assets	735,722	174,234	757,131	179,304	650,498	154,052
Total non-current liabilities	12,822	3.037	57,347	13,581	69,571	16,476
Total current liabilities	441,931	104,659	406,446	96,255	330,183	78,194
Equity	280,969	66,539	293,338	69,469	250,744	59,381
Share capital	10,733	2,542	10,733	2,542	10,733	2,542

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

4. Organizational structure of the Cyfrowy Polsat Capital Group

The following table presents the companies included in the structure of Cyfrowy Polsat Capital Group as of 30 September 2009 together with its consolidation method:

Company	Activities	Share as at 30 September 2009	Consolidation method
Cyfrowy Polsat Technology Sp. z o.o. ul. Łubinowa 4a 03-878 Warsaw	Production of set-top boxes	100%	Full

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

In the three month period ended 30 September 2009 there were no changes in the organizational structure of our Capital Group.

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

We did not publish any financial forecasts.

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

The following table presents shareholders of Cyfrowy Polsat S.A. possessing - according to our best knowledge - no less than 5% of our shares as of the date of publication of this 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 4 September 2008, conditions governing the introduction of financial instruments to organized trading and public companies and changes of others acts.

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

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

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

The following table presents shares owned directly or indirectly by our Management Board members as of 10 November 2009, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last interim report (report for the six month period ended 30 June 2009) on 20 August 2009. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Management Board Member	Balance as of 20 August 2009	Increases	Decreases	Balance as of 10 November 2009
Dominik Libicki, President of the Management Board	121,497	-	-	121,497
Andrzej Matuszyński, Member of the Management Board	-	-	-	-
Dariusz Działkowski, Member of the Management Board	-	-	-	-
Tomasz Szeląg, Member of the Management Board	-	-	-	-

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

The following table presents shares owned directly or indirectly by our Supervisory Board members as of 10 November 2009, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last interim report (report for the six month period ended 30 June 2009) on 20 August 2009. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Supervisory Board Member	Balance as of 20 August 2009	Increases	Decreases	Balance as of 10 November 2009
Zygmunt Solorz-Żak[1] Chairman of the Supervisory Board	166,105,938	-	-	166,105,938
Leszek Reksa Independent Member of the Supervisory Board	-	-	-	-
Robert Gwiazdowski Independent Member of the Supervisory Board	-	-	-	-
Andrzej Papis Member of the Supervisory Board	-	-	-	-
Heronim Ruta[2] Member of the Supervisory Board	29,312,812	-	-	29,312,812

[1]Zygmunt Solorz-Żak owns indirectly 155.502.188 shares of Cyfrowy Polsat S.A. (57.95% of the share capital and 66.75% of votes) through Polaris Finance B.V and directly 10.603.750 shares of Cyfrowy Polsat S.A. (3.95% of the share capital and 4.65% of votes).

[2]Heronim Ruta owns indirectly 27.441.562 shares of Cyfrowy Polsat S.A. (10.23% of the share capital and 11.78% of votes) through Polaris Finance B.V. and directly 1,871,250 shares of Cyfrowy Polsat S.A. (0.70% of the share capital and 0.82% of votes).

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

Proceeding before the President of the Office of Competition and Consumer Protection ("UOKiK") due to abuse of the dominant position on the domestic market of sale of rights for public broadcasting of Euro2008 event.

On 14 April 2009 we received a notification about ex-officio initiation of antimonopoly proceedings against us due to abuse of the dominant position on the domestic market of sale of rights for public broadcasting of Euro 2008 event involving imposing onerous agreement conditions, resulting in unjustified benefits through dependence of sale of rights to public broadcast of Euro 2008 event on the purchase of a set-top box and technical support, which, according to the UOKiK may constitute a breach of art. 9 section 2 point 6 of the Law of 16 February 2007 on competition and customer protection.

Within the Euro2008 promotional activities, aimed exclusively at entrepreneurs, such as bars, pubs, and restaurants, the sale of rights to public broadcasting of signal from Euro2008 event was never made dependent on the purchase of a set-top box and the technical support.

We, upon conclusion of agreements within the Euro2008 event, acted as a proxy of the entity holding the rights to public broadcasting of Euro 2008 event only. We never held rights to sell rights to public broadcasting of Euro2008 event, as we were not the owner of copyrights, or related rights, nor it was a holder of a license. For above reasons we think that undertaken proceedings are groundless.

Pursuant to art. 106 of the Competition and Customer Protection Law, the President UOKiK may impose a cash penalty on an entrepreneur, at a level not exceeding 10% of the revenue of the previous fiscal year, prior to the year of the penalty administration. The period, the severity, the circumstances, and also previous cases of breach of the provisions of law are all considered upon determination of the cash penalty level.

Proceeding before the President of UOKiK with regards to application of practices breaching collective interest of consumers

On 13 August 2009 we received a notification of initiation proceedings with regards to application of practices breaching collective interest of consumers as set out by the provisions of art 24 clause 2 point 1 of the Law of 16 February 2007 on competition and consumer protection by the Company, comprising the application of provisions in the Rules of service provision, whose content, in the view of the President of UOKiK, may be tantamount to the content of provisions entered into the registry of templates that have been deemed forbidden („the Registry"). The content of the provision questioned by the President of UOKiK is as follows *„In the event that of occurrences that are beyond control of Cyfrowy Polsat, deemed to be force majeure, in particular of legal, technical or economic nature, Cyfrowy Polsat reserves the right to introduce changes to the scope of number or kind of television or radio channels available within the Basic Package or Additional Packages. Such a change, and in particular replacement of a given channel with a channel of similar subject, discontinuation of a given channel due to its low viewing figures, discontinuation of a given channel due to occurrences effected by its broadcaster, or due to a decision issued by a body of the state authority, or a court decision does not constitute a change to the Agreement or a change of these Rules"*

In the opinion of the President of UOKiK, comparing the questioned provision included in the Rules, with provisions of templates entered into the Registry under entries 571 and 1022 may indicate that the content of the provision in question similarly shapes the rights and obligations of consumers and falls within the hypothesis of forbidden provisions in agreement templates. The use of provisions in agreement templates, by entrepreneurs, that have been entered into the Registry is legally forbidden.

We have been in the course of works, in cooperation with UOKiK and the Office of Electronic Communications, to change the Rules. The amended Rules entered into force on 1 November 2009.

Pursuant to art. 106 of the Law on protection of competition and consumers, the President of UOKiK may impose a fine on an entrepreneur, not exceeding ten per cent of the revenue achieved in the prior to the year of administration of the fine. The following factors are considered upon determination of the level of the fine: the period, the level, and the circumstances of breach of the provisions of the law and also any previous breaches of the law.

On 17 April 2002 we filed with the District Court of Rzeszów an action to squeeze out Mr. Andrzej Kliś, a shareholder in Karpacka Telewizja Kablowa Sp. z o.o., in which Cyfrowy Polsat S.A. holds 85% of shares. In the ruling dated 28 February 2006, the Court set the purchase price of the shares at PLN 701 thousand. On 22 September 2009 the Rzeszow Court of Appeals dismissed the Parent's appeal. The parent company considers submitting a cassation claim to the Supreme Court.

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

In three month period ended 30 September 2009 we did not conclude any material transactions with related parties on conditions other than market conditions.

11. Information on guarantees granted by the Company or subsidiaries to third parties

In the three month period ended 30 September 2009 neither us, nor any of our affiliates or subsidiary companies had granted any loans and borrowings or guarantees and guarantees for any third party or subsidiary where the total value of existing guarantees was at least 10% of our equity.

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

Sources of revenues from operating activities

Our revenues from operating activities consist of: (i) DTH subscription fees, (ii) rental of digital satellite reception equipment, (iii) sales of digital satellite reception equipment and mobile phones, (iv) sales of signal transmission services, (v) MVNO subscription fees, interconnection revenues and settlements with mobile telephony operators and (vi) other operating revenue.

DTH subscription fees

Subscription fees consist of monthly subscription fees paid by our subscribers for the programming packages to which they subscribe. The total amount of subscription fees we collect depends on the number of subscribers and the amount of monthly subscription fees paid for our packages, which in turn depends on the number and type of packages and promotions purchased by our subscribers. Additionally, this revenue category includes revenues from activation fees, paid upfront by our subscribers while signing a set-top box equipment lease agreement. Activation fees are accounted for through the initial period of subscription contract. Subscription fees were, respectively 91.7% and 89.3% of our revenues from operating activities in the three and nine month periods ended 30 September 2009 as compared to 87.3% and 86.5% respectively in the corresponding periods of 2008.

Rental of satellite television receiving equipment

Revenues from the rental of satellite television receiving equipment (set-top boxes and satellite dishes) consist of amounts paid by our subscribers for the use of such equipment owned by us and rented to such subscribers. The total amount of revenues from the rental of satellite television receiving equipment depends on the number and the type of set-top boxes and satellite dishes rented and the amount of rental fees collected from our subscribers for these set-top boxes and satellite dishes. Revenues from rental of satellite receiving equipment accounted less than 0.1% of our revenues from operating activities in the three and nine month periods ended on 30 September 2009 as compared to 0.6% in the corresponding periods of 2008.

Sales of satellite television receiving equipment and telephones

Revenues from the sale of satellite television receiving equipment consist of revenues from the sale of such equipment purchased by our subscribers when they enter into programming services agreements with us and from the sale of such equipment to subscribers under lease agreements which provide for the transfer of ownership to such equipment on the last day of the agreement signed by them as well as handsets purchased by our MVNO services users. The sale price of the satellite television receiving equipment for the subscriber depends on whether the customer purchases a set-top box itself or a set-top box and a satellite dish, as well as on what programming packages are purchased by the subscriber. The sale price of the telephones depends on the model of the handset, tariff plan purchased by the mobile subscriber and period of agreement. . Revenues from sale of television receiving equipment and telephones were respectively 3.2% and 3.1% of our revenues from operating activities in the three and nine month periods ended 30 September 2009 as compared to respectively 7.3% and 7.9% in the corresponding periods of 2008.

Sales of signal transmission services

We generate revenues from sale of signal transmission by providing signal transmission services, mainly to television and radio broadcasters. These services include access to part of the transponder band, signal transmission and coding as well as signal distribution to other operators including cable networks. These services are provided mainly to broadcasters that are our licensors for programming. Revenues from sale of signal transmission services were respectively 1.5% and 1.4% of our revenues from operating activities in the three and nine month periods ended 30 September 2009 compared to 1.1% and 0.9% respectively in the corresponding periods of 2008.

Revenue from subscription fees, interconnection revenues and settlements with mobile telephony operators

Revenue from subscription fees, interconnection revenues and settlements with mobile telephony operators include subscription fees and payments for generated traffic paid by users of mobile services and interconnection fees within our mobile services. This category of revenues depends on the number of users of our mobile services, rates for traffic generated, interconnection rates and generated traffic. Revenues from subscription fees, interconnection revenues and settlements with mobile telephony operators were respectively 0.5% and 0.3% of our revenues from operating activities in the three and nine month periods ended 30 September 2009 compared to less than 0.1% in the corresponding periods of 2008.

Other operating revenue

Other operating revenues were respectively 3.1% and 5.8% of our revenues from operating activities in the three and nine month periods ended on 30 September 2009 as compared to 3.8% and 4.0% respectively in the corresponding periods of 2008. In three month period ended 30 September 2009 other operating revenue consisted of:

(i) change in the value of set-top boxes;

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

(iii) marketing and advertising services and

(iv) other operating revenues.

Sources of costs of operating activities

Costs of operating activities consist of: (i) depreciation and amortization, (ii) programming costs, (iii) signal transmission services costs, (iv) distribution, marketing and customer relation management cost, (v) salaries and employee-related expenses, (vi) costs of settlements with mobile network operators and interconnection charges (MVNO), (vii) costs of satellite television receiving equipment and telephones sold and (viii) other operating costs.

Depreciation and amortization

Depreciation and amortization costs primarily consisted depreciation of property, plant and equipment and intangible assets as well as telecommunication infrastructure related to our MVNO services and set-top boxes leased to our subscribers. Depreciation and amortization costs were respectively 4.4% and 3.8% of our costs of operating activities in the three and nine month periods ended 30 September 2009 as compared to 3.8% and 3.1% respectively in the corresponding periods of 2008.

Programming costs

Programming costs constitute the sum of:

(i) monthly license fees due to television broadcasters and

(ii) royalties payable to organizations for collective management of copyrights.

The majority of our agreements with licensors provide that license fees are calculated as the product of the monthly agreed rate per subscriber and the number of subscribers reported to a given broadcaster who paid for the package containing the broadcaster's channel. Some license agreements contain a so-called guaranteed minimum provision, pursuant to which we are required to pay a fixed license fee irrespective of the number of subscribers using the licensor's programming, and once this level is exceeded, the license fee is calculated as the product of the rate per one subscriber and the number of subscribers who paid for a package of programming services containing that licensor's channel. In the majority of cases, the number of our subscribers has exceeded the thresholds specified in those license agreements. In some cases, we are required to pay a flat-rate programming license fee. We have managed to enter into a number of license agreements under which the monthly per-subscriber rate of license fees declines as the number of subscribers increases. In case of selected premium packages and HD channels programming cost are calculated based on revenue share agreements. Programming costs are denominated mainly in euro and US dollars and as a result this cost category also depends on EUR/PLN and USD/PLN exchange rates. Programming costs were respectively and 34.5% and 36.1% of our costs of operating activities in the three and nine month periods ended 30 September 2009 as compared to 29.2% and 28.4% respectively in the corresponding periods of 2008.

Signal transmission services costs

Signal transmission services costs consist of:

(i) payments for the lease of satellite transponder capacity;

(ii) payments for the use of the Nagravision S.A. ('Nagravision') conditional access system (since December 2005, this has been calculated as the product of the monthly unit rate per active access card and the number of active access cards) and

(iii) other signal transmission costs.

Signal transmission services costs are denominated mainly in euro and as a result this cost category also depends on EUR/ PLN exchange rate.

Signal transmission service costs were respectively 8.6% and 8.2% of our costs of operating activities in the three and nine month periods ended 30 September 2009 as compared to 7.7% and 8.1% respectively in the corresponding periods of 2008.

Distribution, marketing and customer relation management cost

Distribution, marketing and customer relation management cost consist of:

(i) commissions due to distributors;

Commissions due to distributors consist of amounts due both to distributors and retail points of sale when they conclude sale or retention agreements with our customers for paid satellite televisions services and mobile services. The costs of commissions for a specific agreement with a subscriber accrue throughout the initial term of the sale or retention agreement. The cost of commissions due to distributors that do not apply to specific subscription agreements are debited in full on our income statement as they are incurred. Total cash commissions due to distributors and to the customer call center in a given period constitute our subscriber acquisition cost ("SAC") for such period.

(ii) marketing expenses;

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

(iii) mailing costs;

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

(iv) call center costs;

Call center costs include, among other things, payments to third parties for call center services related to customer care and customer retention as well as sale of pay DTH satellite television broadcasting services.

(v) other distribution and marketing expenses.

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

Distribution and marketing costs were respectively 23.6% and 22.4% of our costs of operating activities in the three and nine month periods ended 30 September 2009 as compared to 23.1% and 23.7% respectively in the corresponding periods of 2008.

Salaries and employee-related expenses

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts or project-specific contracts, remuneration of the Supervisory Board members, social security premiums, pension severance payments and other employee benefits. Most of our personnel have employment contracts. Project-specific contracts are used for certain positions in sale and logistics to enable us to respond to the short-term need for seasonal employees in times of increased sales. Salaries and employee-related expenses were respectively 6.0% and 6.2% of our costs of operating activities in the three and nine month periods ended 30 September 2009 as compared to 7.1% and 6.7% respectively in the corresponding periods of 2008.

Costs of satellite television receiving equipment and telephones sold

We currently offer digital satellite reception equipment at prices which are lower than the purchase prices. The purpose of subsidizing set-top boxes is to increase the price attractiveness and, in turn, affordability of our programming packages to make them available to a wide group of prospective customers of pay DTH satellite television services. Despite generating some additional costs, we believe that these subsidies continue to be essential to maintain the growth of our subscriber base and the significant growth in subscription fees.

To reduce our costs of purchasing satellite television receiving equipment, we launched the production of our own set-top boxes in November 2007. A decrease in the cost of acquisition of set-top boxes will enable us either to offer our subscribers a lower purchase price for set-top boxes, which we expect would positively affect subscriber growth, or to maintain the current prices to subscribers but thereby improve our profitability. We consider starting production of high definition set-top boxes in 2010.

Costs of satellite television receiving equipment sold were respectively 9.6% and 7.8% of our costs of operating activities adequately in the three and nine month periods ended 30 September 2009 as compared to 14.6% and 17.2% respectively in the corresponding periods of 2008.

Costs of settlements with mobile telephony operators and interconnection charges

Costs of settlements with mobile telephony operators and interconnection charges consist of cost of traffic generated by our subscribers in telecommunication networks and payments due to other operators for the traffic generated in their networks. This cost category were 0.3 % of costs of the operational activity in the three and nine month periods ended 30 September 2009 as compared to less than 0.1% in the corresponding periods of 2008

Other operating costs

Key items of other operating costs in three month period ended 30 September 2009 include:

(i) materials and energy used;

(ii) IT services;

(iii) bad debt provision and the cost of receivables written off;

(iv) Polish Film Institute fee;

(v) legal, advisory and consulting costs;

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

(vii) maintenance and repair costs;

(viii) bad debt recovery fees;

(ix) fixed assets impairment and stock provision;

(x) telecommunication services,

(xi) property and appliances' lease, and

(xii) other operating costs.

Other operating costs were respectively 13.0% and 15.2% of our costs of operating activities in the three and nine month periods ended 30 September 2009 as compared to 14.5% and 12.7% respectively in the corresponding period of 2008.

Management discussion and analysis

Operating results

	Three months ended			Nine months ended		
	30 September 2009	30 September 2008	Percentage difference	30 September 2009	30 September 2008	Percentage difference
Number of subscribers at end of period, of which:	2,916,750	2,402,524	21.40%	2,916,750	2,402,524	21.40%
Number of subscribers Family Package at end of period	2,342,932	2,066,387	13.38%	2,342,932	2,066,387	13.38%
Number of subscribers Mini Package at end of period	573,818	336,137	70.71%	573,818	336,137	70.71%
Average number of subscribers[1)], of which:	2,878,847	2,349,212	22.55%	2,825,044	2,237,398	26.3%
Average number of subscribers Family Package	2,324,977	2,030,636	14.50%	2,313,963	1,949,703	18,7%
Average number of subscribers Mini Package	553,870	318,576	73.86%	511,081	287,695	77,6%
Churn rate[2)], of which:	10.1%	7.5%	2.6pp	10.1%	7.5%	2.6pp
Churn rate of Family Package	11.6%	8.6%	3.0pp	11.6%	8.6%	3.0pp
Churn rate of Mini Package	2.9%	0.1%	2.8pp	2.9%	0.1%	2.8pp
Average revenue per user (ARPU)[3)] (PLN), of which:	34.3	36.0	-4.7%	34.5	35.1	-1.7%
Average revenue per user (ARPU) Family Package (PLN),	40.3	40.3	0%	40.2	39.0	3.1%
Average revenue per user (ARPU) Mini Package (PLN),	9.3	8.6	8.1%	8.9	8.5	4.7%
Subscriber average cost (SAC)[4)] (PLN),	113.1	97.9	15.5%	122.4	98.1	24.8%

(1) Calculated as the sum of the average number of subscribers in each month divided by the number of months in the period. Average number of subscribers per month is calculated according to the following formula: (subscribers at the end of the month + subscribers at the beginning of the month)/2.
(2) The percentage of terminated agreements calculated as the ratio of the number of terminated agreements in the 12 months period ended at the last day of the reported quarter to the average number of agreements in that period.
(3) Revenues from DTH subscription fees recognized according to IFRS for the period divided by the average number of subscribers in such period and the number of months in the period.
(4) Calculated as the average amount of commissions due to distributors and to the customer call center per one new subscriber acquired.

As at 30 September 2009 we had 2,916,750 subscribers, 21.4% more than as at 30 September 2008, when we had 2,402,524 subscribers. Number of our Family Package subscribers increased by 13.4% to 2,342,932 and constituted 80% of our entire subscriber base and the number of our Mini and Mini Max Packages subscribers increased by 70.7% to 573,818 subscribers and constituted 20% of our entire subscriber base. Increase in our subscriber base can be attributable to large number of new contracts signed during the period, partially offset by an increase in churn rate, which results from the strengthen competition followed by attractive promotional offers.

The churn rate for 12 month period ended 30 September 2009 increased to 10.1% in comparison to 7.5% in 12 month period ended 30 September 2008. The increase results primarily from an increase in Family Package churn rate to 11.6% from 8.6% in the period of 12 months ended 30 September 2008. The increase in Family Package churn rate partially results from an increase in the number of subscribers beyond the initial period of subscription agreement as compared to the corresponding period of 2008 and strengthen competition on the pay television market, resulting in more attractive promotional offers of all operators, including us. As a result of such a situation part of customers, who effectively dissolved a contract for the DTH services with us, again signed an agreement with us for the same services using attractive promotional offers offered in the period from the beginning of January to mid February 2009 (a notice period of the agreement is 3 months – notice filed in the period between 1 January to mid February 2009 is terminating effectively in the second quarter of 2009). To keep the churn rate under control we introduced retention programs aimed at our subscribers.

Our monthly ARPU decreased by 4.7% to PLN 34.3 in the three month period ended 30 September 2009 from PLN 36.0 in the corresponding period of 2008 mainly as a result of an increased share of Mini and Mini Max subscribers in our subscriber base. Family Package ARPU amounted to PLN 40.3 and was stable as compared to the corresponding period of 2008. Mini Package ARPU increased by 8.1% to PLN 9.3 from PLN 8.6 in the corresponding period of 2008 mainly as a result of an increase in the number of subscribers beyond the initial period of subscription agreement and an increase in the number of subscribers choosing Mini Max Package after 12 months promotional period that followed introduction of Mini Max Package.

Our monthly ARPU in the nine month period ended 30 September 2009 decreased by 1.7% to PLN 34.5 from PLN 35.1 in the corresponding period of 2008. Family Package ARPU increased by 3.1% to PLN 40.2 from PLN 39.0 in the corresponding period of 2008. This increase results from an increase in the number of subscribers beyond the initial period of subscription agreement, an increase in the number of premium packages and HD channels subscribers, and higher activation fee paid by those subscribers who lease set-top boxes from us included in the ARPU calculation. Mini Package ARPU increased by 4.7% to PLN 8.9 from PLN 8.5 in the corresponding period of 2008 mainly as a result of an increase in the number of subscribers beyond the initial period of subscription agreement and an increase in the number of subscribers choosing Mini Max Package after 12 months promotional period that followed introduction of Mini Max Package.

Our average subscriber acquisition cost increased by 15.5% to PLN 113.1 in the three month period ended 30 September 2009 from PLN 97.9 in the corresponding period of 2008. Our average subscriber acquisition cost increased by 24.8% to PLN 122.4 in the nine month period ended 30 September 2009 from PLN 98.1 in the corresponding period of 2008. Average subscriber acquisition cost increased towards the levels that we observed in 2007, which is more realistic than the level which we observed in 2008.

Review of the financial situation

The following review of results for the three month period ended 30 September 2009 was prepared based on interim condensed consolidated financial statements for the three and nine month periods ended 30 September 2009 prepared in accordance with International Accounting Standards approved for use in the European Union as at 1 January 2009. All financial data is expressed in thousands.

Comparison of financial position as at 30 September 2009 and as at 31 December 2008

As at 30 September 2009 our balance sheet amount was PLN 735,722. Fixed assets amounted PLN 242,013 and current assets PLN 493,709. On the liabilities side, our equity was PLN 280,969, our non-current liabilities were PLN 12,822 and current liabilities were PLN 441,931.

The value of television receiving equipment increased by PLN 44,642 or by 214.8% to PLN 65,427 as at 30 September 2009 from PLN 20,785 as at 31 December 2008. This change was a result of an increase in the number of leased set-top boxes.

The value of other property, plant and equipment increased by PLN 18,042 or by 14.3% to PLN 144,012 as at 30 September 2009 from PLN 125,970 as at 31 December 2008. The change resulted mainly from reclassification between Investment property and Other property, plant and equipment as a result of the fact that the last tenants moved out from this property and the property does not meet the criteria of investment property any more.

The value of investment property decreased from PLN 16,998 on 31 December 2008 to PLN 0 on 30 September 2009 as a result of the fact that the last tenants moved out from this property and the property does not meet the criteria of investment property any more.

The value of other long-term assets decreased by PLN 5,678 or by 23.4% to PLN 18,586 as at 30 September 2009 from PLN 24,264 as at 31 December 2008. The change resulted mainly from a decrease in distributors' commissions deferred in time in the amount of PLN 5,933.

The value of inventories increased by PLN 60,849 or 64.1% to PLN 155,848 as at 30 September 2009 from PLN 94,999 as at 31 December 2008. This was mainly a result of an increase in set-top boxes (both purchased and produced) of PLN 59,948.

The value of other current assets decreased by PLN 31,273 or 36.5 % to PLN 54,396 as at 30 September 2009 from PLN 85,669 as at 31 December 2008. This was mainly a result of a decrease in distributors' commissions deferred in time by PLN 17.286 and a decrease in non-current assets due to the revaluation of forward contracts of PLN 13,950 following the realization of our last forward contracts.

The value of cash and cash equivalents decreased by PLN 89,703 or 36.4% to PLN 156,719 as at 30 September 2009 from PLN 246,422 as at 31 December 2008, as a result of dividend payment for 2008 in the amount of PLN 134,163 and repayment of loans and borrowings with accrued interest of PLN 50,849.

The value of loans and borrowings (short- and long-term) decreased by PLN 47,582, or 43.0% to PLN 63,124 as at 30 September 2009 from PLN 110,706 as at 31 December 2008, mainly as a result of a partial repayment of PLN 47,277 under our loan agreement with Bank Pekao S.A.

The value of trade and other payables increased by PLN 24,872 or by 12.6% to PLN 222,397 at 30 September 2009 from PLN 197,525 as at 31 December 2008 as a result of recognition of liabilities towards our shareholders and tax liabilities in the amount of PLN 67,081 resulting from payment of the second tranche of dividend for 2008 which was paid on 21 October 2009, partially offset by a decrease in trade payables and accruals of PLN 47,712 mainly due to repayment on all liabilities towards distributors that were shown on our balance sheet as at 31 December 2008 resulting from high sale in the fourth quarter of 2008.

The value of revenues from future periods increased by PLN 17,759 or by 14.9% to PLN 137,024 at 30 September 2009 from PLN 119,265 as at 31 December 2008 as a result of increase in subscription fees paid in advance.

The value of equity decreased by PLN 12,369 or by 4.2% to PLN 280,969 as at 30 September 2009 from PLN 293,338 as at 31 December 2008, as a result of approving the dividend for 2008 in the amount of PLN 201,244 partially offset by retained net profit for the nine month period ended 30 September 2009 in the amount of PLN 188,875.

Comparison of financial results for the three month period ended 30 September 2009 with the results achieved in the corresponding period of 2008

Revenues from operating activities

	3Q 2009	3Q 2008	change %
Revenues from operating activities	323,354	290,613	11.3%
Revenues from subscription fees	296,658	253,585	17.0%
Revenues from rental of digital satellite reception equipment	153	1,779	-91.4%
Revenues from sales of digital satellite reception equipment and mobile phones	10,452	21,085	-50.4%
Revenues from sales of signal transmission services	4,759	3,084	54.3%
Revenues from MVNO subscription fees, interconnection revenues and settlements with mobile telephony operators	1,458	121	>100%
Other operating revenues	9,874	10,959	-9.9%

Our revenues from operating activities increased by PLN 11.3% to PLN 323,354 in the three month period ended 30 September 2009 from PLN 290,613 in the corresponding period of 2008. The increase mainly resulted from:

(i) a 17.0% increase in revenue from subscription fees to PLN 296,658 from PLN 253,585 mainly due to a 22.5% increase in the average number of subscribers partially offset by a 4.7% decrease in monthly blended ARPU resulting from increased share of Mini and Mini Max Packages subscribers in our subscriber base to 20% from 14% in corresponding period of 2008.

(ii) a 54.3% increase in revenues from transmission services to PLN 4,759 from PLN 3,084 mainly as a result of depreciation Zloty towards euro (revenues from television signal transmission services are denominated in euro) and new contracts that we signed for signal transmission services.

These increases were partially offset by:

(i) a 50.4% decrease in the sale of digital satellite reception equipment and mobile phones to PLN 10,452 from PLN 21,085 mainly as a result of a decrease in the number of sold set-top boxes due to an increase in the proportion of leased set-top boxes in the new contracts for DTH services as compared to the corresponding period of 2008 and a decrease in the weighted average price of set-top box sold coming mainly from the set-top box replacements concluded within loyalty programs;

(ii) a 91.4% decrease in revenues from rental of digital satellite reception equipment to PLN 153 from PLN 1,779 as result of changes in the offer for lease of set-top boxes in analysed periods. In 2008 subscribers paid for lease of a set-top boxes from PLN 5 to PLN 15 monthly (not in thousands), whereas starting from the fourth quarter of 2008 every new subscriber is paying PLN 1 (not in thousands), for lease of a set-top box for the entire period of agreement (this payment is amortized over a life of the agreement);

(iii) a 9.9% decrease in other operating revenues to PLN 9,874 from PLN 10,959 mainly due to a decrease of PLN 6,506 in contribution from Nagravision for exchange of our conditional access system that we exchanged in 2008, partially offset by recognition of revenues from rental of premises and facilities related to our call center activities of PLN 2.849 and an increase of PLN 2.316 in the change of stock value to increased number of set-top boxes produced for further sale.

Costs of operating activities

	3Q 2009	3Q 2008	change %
Cost of operating activities	251,813	188,511	33.6%
Depreciation and amortization	10,992	7,134	54.1%
Programming costs	86,939	54,952	58.2%
Signal transmission services costs	21,700	14,555	49.1%
Distribution, marketing and customer relation management cost	59,333	43,516	36.3%
Commissions paid to distributors	27,173	20,278	34.0%
Marketing expenses	13,638	10,340	31.9%
Mailing costs	2,245	3,457	-35.1%
Call center costs	14,081	7,401	90.3%
Other distribution and marketing expenses	2,196	2,040	7.6%
Salaries and employee - related expenses	15,158	13,394	13.2%
Costs of satellite television receiving equipment and telephones sold	24,154	27,551	-12.3%
Costs of settlements with mobile network operators and interconnection charges (MVNO)	694	144	>100%
Other operating costs	32,843	27,265	20.5%
Materials and energy used	6,936	5,927	17.0%
Renovation and maintenance costs	3,369	636	>100%
Legal, advisory and consulting costs	2,005	1,788	12.1%
Cost of encryption cards provided with leased digital satellite reception equipment	2,030	0	n/a
Bad debt provision and the cost of receivables written off	2,129	5,387	-60.5%
Other operating costs	16,374	13,527	21.0%

Our costs of operating activities increased by 33.6% to PLN 251,813 in the three month period ended 30 September 2009 from PLN 188,511 in the corresponding period of 2008. The increase primarily resulted from:

(i) a 58.2% increase in the programming license fees to PLN 86,939 from PLN 54,952, mainly due to weakening Zloty towards euro and US dollar (PLN 14,414), an increase in the average number of subscribers and an increase in the number of subscribers of premium packages such as HBO, Cinemax and HD channels, but also due to new channels that we added to enhanced our programming offer (such as Polsat News, Polsat Sport HD, Polsat Futbol, TVP Sport);

(ii) a 36.3% increase in distribution, marketing and customer relation management costs to PLN 59,333 from PLN 43,516 mainly, as a result of (a) 90.3% increase in the call center costs to PLN 14,081 from PLN 7,401, resulting largely from an increase in our subscriber base, introduction of retention programs and a change in the settlement method of our call center costs, (b) a 34.0% increase in the distributors' commissions to PLN 27,173 from PLN 20,278 as a result of an increase in the number of subscribers from which the distributor commissions are accounted for and an increase in cash commissions paid for customer acquisition and (c) a 31.9% increase in the marketing cost to PLN 13,638 from PLN 10,340 resulting from an increase in expenditures on local marketing activities conducted by our sale network;

(iii) a 49.1% increase in the signal transmission costs to PLN 21,700 from PLN 14,555 resulting mainly from the fact that since May 2009 we lease the fourth transponder to offer value added services in DTH sector as well as from weakening Zloty towards the euro and an increase in the number of subscribers;

(iv) a 20.5% increase in the other operating costs to PLN 32,843 from PLN 27,265 mainly as a result of an increase of PLN 2,733 in set-top boxes renovation and maintenance costs, recognition of PLN 2,030 from cards distributed together with leased set-top boxes, an increase of PLN 1,009 in the cost of energy and materials used partially offset by a decrease of PLN 3,258 in bad debt provision and the cost of receivables written off;

(v) a 54.1% increase in depreciation and amortization to PLN 10,992 from PLN 7,134 as a result of (a) recognized depreciation from fixed assets related to MVNO services which were launched in September 2008, (b) an increase in depreciation of set-top boxes leased to our subscribers following increased share of leased set-top boxes in our newly concluded contracts and (c) an increase in depreciation of computer hardware and equipment in the fourth quarter of 2008 as we made significant investment in hardware and equipment, related to an increase in number of employees and the completion of renovation of one of buildings on our premises

(vi) a 13.2% increase in the salaries and employee-related expenses to PLN 15,158 from PLN 13,394 mainly as a result of an increase in the average number of employees in the period to 580 from 432 in the corresponding period of 2008, resulting from our organic growth, launch of set-top boxes factory and launch of MVNO services.

These increases were partially offset by a decrease in the cost of digital satellite reception equipment and mobile phones sold by 12.3% to PLN 24,154 from PLN 27,551 mainly as a result of a decrease in the number of set-top boxes sold, resulting mainly from increased proportion of leased set-top boxes which are amortized rather than expensed partly offset by an increase in the average purchase price of set-top box resulting from weakening Zloty towards the US dollar as well as an introduction of loyalty programs which allow subscribers to purchase a set-top box at discounted prices signing contract for specific period of time.

Moreover, due to presentation of our profit and loss statement according to the cost by kind method the set-top box production related costs were recognized in the particular items of other operating costs. The costs mainly comprise materials and energy consumption costs, IT services costs and the cost of remuneration. In the cost of digital satellite reception equipment and mobile phones sold we presented the cost of television receiving equipment sold that we purchased from external entities. The total cost of sales of television receiving equipment and telephones decreased to PLN 28,141 in the three month period ended 30 September 2009 from PLN 32,957 in the corresponding period of 2008.

Operating profit. Our operating profit decreased by 29.9% to PLN 71,541 in the three month period ended 30 September 2009 from PLN 102,102 in the corresponding period of 2008, mainly as a result of weakening of Zloty towards the Euro by approximately 25.4% and towards the US dollar by approximately 30.1% what resulted in an increase in our programming costs and signal transmission costs by PLN 18,737.

Financial income. Our financial income decreased by 6.5% to PLN 6,538 in the three month period ended 30 September 2009 from PLN 6,992 in the corresponding period of 2008.

Financial income comprised gain of PLN 3,224 on realization of forward contracts resulting from the realization of last contracts for the purchase of US dollars at a very beneficial exchange rates, foreign exchange gain of PLN 2,225 and interest gain of PLN 971.

Financial expenses. Our financial expenses decreased by 13.0% to PLN 4,358 in the three month period ended on 30 September 2009 from PLN 5,012 in the corresponding period of 2008.

Financial expenses comprised reversal of revaluation of unrealized forward contracts revalued as at 31 December 2008 of PLN 3,436 and interest expenses on bank loans of PLN 872.

Gross profit. Our gross profit decreased by 29.2% to PLN 73,721 in the three month period ended on 30 September 2009 compared to PLN 104,082 in the corresponding period of 2008, mainly as a result of a decrease in operating profit.

Income tax. Income tax was PLN 13,561 in the three month period ended 30 September 2009. The effective tax rate was 18.4%.

Net profit. Our net profit decreased by 28.6% to PLN 60,160 in the three month period ended 30 September 2009 compared to PLN 84,206 in the corresponding period of 2008 as a result of a decrease in the gross profit.

Other information

EBITDA. EBITDA decreased to PLN 82,533 in the three month period ended 30 September 2009 from PLN 109,236 in the corresponding period of 2008 mainly as a result of weakening of Zloty towards the Euro by approximately 25.4% and towards the US dollar by approximately 30.1% resulting in an increase in our programming costs and transmission services costs of PLN 18,737. EBITDA margin was 25.5% as compared to 37.6% in the corresponding period of 2008.

EBITDA adjusted for the impact of depreciation of Zloty on our programming costs, signal transmission services cost and revenues from sales of signal transmission services was PLN 100,450 and adjusted EBITDA margin was 31.1%.

Capital expenditure. Capital expenditures were PLN 10,037 in the three month period ended 30 September 2009 as compared to PLN 19,535 in the corresponding period of 2008, mainly due to expenditure on fixed assets and intangible assets, to provide DTH services and modernization of our real estate. Additionally we spent PLN 19,356 on set-top boxes that we lease to our subscribers.

Employment. Average number of employees was 580 in the period of three months ended on 30 September 2009, when compared to 432 in the corresponding period of 2008. The increase in the average number of employees resulted from our organic growth, launch of set-top boxes factory and launch of MVNO services.

Comparison of financial results for the nine month period ended 30 September 2009 with the result achieved in the corresponding period of 2008

Revenues from operating activities

	9M 2009	9M 2008	change %
Revenues from operating activities	982,985	817,109	20.3%
Revenues from subscription fees	877,562	706,433	24.2%
Revenues from rental of digital satellite reception equipment	510	5,247	-90.3%
Revenues from sales of digital satellite reception equipment and mobile phones	30,810	64,717	-52.4%
Revenues from sales of signal transmission services	13,977	7,666	82.3%
Revenues from MVNO subscription fees, interconnection revenues and settlements with mobile telephony operators	3,343	121	>100%
Other operating revenues	56,783	32,925	72.5%
Change of stock value	28,234	4,124	>100%
Revenues from rental of premises and facilities	8,599	-	n/a
Contribution from Nagravision	7,794	16,014	51.3%

Our revenues from operating activities increased by PLN 20.3% to PLN 982,985 in the nine month period ended 30 September 2009 from PLN 817,109 in the corresponding period of 2008. The increase mainly resulted from:

(i) a 24.2% increase in revenue from subscription fees to PLN 877,562 from PLN 706,433 mainly due to a 26.3% increase in the average number of subscribers partially offset by a 1.7% decrease in monthly blended ARPU;

(ii) a 82.3% increase in revenues from transmission services to PLN 13,977 from PLN 7,666 mainly as a result of depreciation of Zloty towards Euro (revenues from television signal transmission services are denominated in euro) and new contracts that we signed for signal transmission services;

iii) a 72.5% increase in other operating revenues to PLN 56,783 from PLN 32,925 mainly as a result of an increase in change of stock value of PLN 24,110 and recognition of PLN 8,599 of revenues from rental of premises and facilities, related to our call center services partially offset by a decrease of PLN 8,220 in contribution from Nagravision for exchange of our conditional access system which we exchanged in 2008.

These increases were partially offset by:

(i) a 52.4% decrease in the sale of digital satellite reception equipment and mobile phones to PLN 30,810 from PLN 64,717 mainly as a result of a decrease in the number of sold set-top boxes due to an increase in the proportion of leased set-top boxes in the new contracts for DTH services as compared to the corresponding period of 2008 and a decrease in the weighted average price of set-top box sold coming mainly from the set-top boxes replaced concluded within loyalty programs;

(ii) 90.3% decrease in revenues from rental of digital satellite reception equipment to PLN 510 from PLN 5,247 as result of changes in the offer for lease of set-top boxes in analysed periods. In 2008 subscribers paid for lease of a set-top boxes from PLN 5 to PLN 15 monthly (not in thousands),, whereas starting from the fourth quarter of 2008 every new subscriber is paying PLN 1 (not in thousands), for lease of a set-top box for the entire period of agreement (this payment is amortized over a life of the agreement).

Costs of operating activities

	9M 2009	9M 2008	change %
Cost of operating activities	758,020	533,525	42.1%
Depreciation and amortization	28,908	16,430	75.9%
Programming costs	273,814	151,727	80.5%
Signal transmission services costs	62,535	43,326	44.3%
Distribution, marketing and customer relation management cost	169,651	126,390	34.2%
Commissions paid to distributors	80,289	66,109	21.4%
Marketing expenses	31,441	22,732	38.3%
Mailing costs	10,332	16,778	-38.4%
Call center costs	42,358	17,048	148.5%
Other distribution and marketing expenses	5,231	3,723	40.5%
Salaries and employee-related expenses	46,871	35,901	30.6%
Costs of satellite television receiving equipment and telephones sold	58,879	91,593	-35.7%
Costs of settlements with mobile network operators and interconnection charges (MVNO)	1,994	178	>100%
Other operating costs	115,368	67,980	69.7%
Materials and energy used	28,586	12,907	121.5%
IT services	20,339	12,190	66.8%
Bad debt provision and the cost of receivables written off	16,426	11,373	44.4%
Cost of encryption cards provided with leased digital satellite reception equipment	5,414	0	n/a
Renovation and maintenance costs	4,487	1,804	148,7%
Other operating costs	40,116	29,706	35,0%

Our costs of operating activities increased 42.1% to PLN 758,020 in the nine month period ended 30 September 2009 from PLN 533,525 in the corresponding period of 2008. The increase primarily resulted from:

(i) a 80.5% increase in the programming license fees to PLN 273,814 from PLN 151,727, mainly due to weakening of Zloty towards Euro and US dollar (PLN 64,729), an increase in the average number of subscribers and an increase in the number of subscribers of premium packages such as HBO, Cinemax and HD channels, but also due to cost of new channels that enhanced our programming offer (such as Polsat News, Polsat Sport HD, Polsat Futbol TVP Sport) during the period;

(ii) a 34.2% increase in distribution, marketing and customer relation management costs to PLN 169,651 from PLN 126,390 mainly, as a result of (a) a 148.5% increase in the call center costs to PLN 42,358 from PLN 17,048, resulting largely from an increase in our subscriber base, introduction of retention programs and a change in the settlement method of our call center costs, (b) a 38.3% increase in the marketing cost to PLN 31,441 from PLN 22,732 resulting from an increase in expenditures on local marketing activities conducted by our sale network and (c) a 21.4% increase in the distributors commissions to PLN 80,289 from PLN 66,109 as a result of an increase in the number of subscribers from which the distributor commissions are accounted for and an increase in cash commissions paid for customer acquisition.

(iii) a 69.7% increase in the other operating costs to PLN 115,368 from PLN 67,980 mainly as a result of an increase in the cost of energy and materials used by PLN 15,679, an increase in the IT services by PLN 8,149, an increase in cost of bad debt provision and the cost of receivables written off by PLN 5,053 and recognition of cost of encryption cards provided with leased digital satellite reception equipment of PLN 5,414.

(iv) a 44.3% increase in the signal transmission costs to PLN 62,535 from PLN 43,326 resulting mainly from the fact that since May 2009 we have leased the fourth transponder to offer value added services in DTH sector as well as from weakening Zloty towards the euro and an increase in the number of subscribers;

(v) a 75.9% increase in depreciation and amortization to PLN 28,908 from PLN 16,430 as a result of (a) recognized depreciation from fixed assets related to MVNO services which were launched in September 2008, (b) an increase in depreciation of set-top boxes leased to our subscribers following increased share of leased set-top boxes in our newly concluded contracts and (c) an increase in depreciation of computer hardware and equipment as we made significant investments in hardware and equipment in the fourth quarter of 2008, related to an increase in number of employees and the completion of renovation of one of buildings on our premises;

(vi) a 30.6% increase in the salaries and employee-related expenses to PLN 46,871 from PLN 35,901 mainly as a result of an increase in the average number of employees in the period to 557 from 402 in the corresponding period of 2008, resulting from our organic growth, launch of set-top boxes factory and launch of MVNO services.

These increases were partially offset by a decreased in the cost of digital satellite reception equipment and mobile phones sold by 35.7% to PLN 58,879 from PLN 91,593 mainly as a result of a decrease in the number of set-top boxes sold, resulting mainly from increased proportion of leased set-top boxes which are amortized rather than expensed partly offset by an increase in the average purchase price of set-top box resulting from weakening of Zloty towards the US dollar as well as an introduction of loyalty programs which allow subscribers to purchase a set-top box at discounted price signing contract for specific period of time.

Moreover, due to presentation of our profit and loss statement according to the cost by kind method the set-top box production related costs were recognized in the particular items of other operating costs. The costs mainly comprise materials and energy consumption costs, IT services costs and the cost of remuneration. In the cost of digital satellite reception equipment and mobile phones sold we presented the cost of digital satellite reception equipment sold that we purchased from external entities. he total cost of sales of television receiving equipment and telephones decreased to PLN 66,792 in the nine month period ended 30 September 2009 from PLN 102,203 in the corresponding period of 2008.

Operating profit. Our operating profit decreased by 20.7% to PLN 224,965 in the nine month period ended 30 September 2009 from PLN 283,584 in the corresponding period of 2008, mainly as a result of weakening of Zloty towards the Euro by approximately 28.5% and towards the US dollar by approximately 43.6% what resulted in an increase in our programming costs and signal transmission costs by PLN 77,634.

Financial income. Our financial income increased by 87.8% to PLN 27,524 in the nine month period ended 30 September 2009 from PLN 14,658 in the corresponding period of 2008.

Financial income comprised mainly gain of PLN 21,490 on realization of forward contracts resulting from the realization of contracts for the purchase of US dollars and Euro at a very beneficial exchange rates and interest gain of PLN 5,288 resulting from high cash balance.

Financial expenses. Our financial expenses decreased by 15.2% to PLN 19,503 in the nine month period ended on 30 September 2009 from PLN 16,936 in the corresponding period of 2008.

Financial expenses comprised foreign exchange losses of PLN 1,891, loss on reversal of revaluation of unrealized forward contracts revalued as at 31 December 2008 of PLN 13,950 and interest expenses on bank loans of PLN 3,370.

Gross profit. Our gross profit decreased by 17.2% to PLN 232,986 in the nine month period ended on 30 September 2009 compared to PLN 281,306 in the corresponding period of 2008, mainly as a result of a decrease in operating profit.

Income tax. Income tax was PLN 44,111 in the nine month period ended 30 September 2009. The effective tax rate was 18.9%.

Net profit. Our net profit decreased by 16.9% to PLN 188,875 in the nine month period ended 30 September 2009 compared to PLN 227,169 in the corresponding period of 2008 as a result of a decrease in the gross profit.

Other information

EBITDA. EBITDA decreased to PLN 253,873 in the nine month period ended 30 September 2009 from PLN 300,014 in the corresponding period of 2008 mainly as a result of weakening of Zloty towards the euro by approximately 28.5% and towards the US dollar by approximately 43.6% resulting in an increase in our programming costs and transmission services costs of PLN 77,634. EBITDA margin was 25.8% as compared to 36.7% in the corresponding period of 2008.

EBITDA adjusted for the impact of depreciation of Zloty on our programming costs, signal transmission cost and revenues from sales of signal transmission services was PLN 328,738 and the adjusted EBITDA margin was 33.4%.

Capital expenditure. Capital expenditures were PLN 26,391 in the nine month period ended 30 September 2009 when compared to PLN 48,474 in the corresponding period of 2008, mainly due to expenditure on fixed assets and intangible assets for the provision of DTH services and modernization of our real estate. Additionally we spent PLN 51,305 on set-top boxes that we lease to our subscribers.

Employment. Average number of employees was 557 in the period of nine months ended on 30 September 2009, when compared to 402 in the corresponding period of 2008. The increase in the average number of employees resulted from our organic growth, launch of set-top boxes factory and launch of MVNO services.

Business segments

We conduct business in the segment of digital television and telecommunications services. Transactions between segments are concluded on arms-length basis.

The table below presents our revenues and operating costs according to segments of activity in the nine month periods ended 30 September 2009 and 30 September 2008:

	For nine months period ended 30 September					
	2009	2008	2009	2008	2009	2008
	Digital television		Telecommunications services		Consolidated amount	
Total revenue	975,214	813,705	7,147	791	982,985	817,109
Operating expenses	679,835	476,368	37,470	22,604	758,020	533,525
Operating profit	295,379	337,337	(30,323)	(21,813)	224,965	283,584
EBITDA	309,441	344,233	(23,842)	(19,286)	253,873	300,014

An increase in our revenues (20% increase in digital television segment and more than 100% in telecommunications services segment) results mainly from an increase in number of subscribers in both segments.

Digital television segment EBITDA was PLN 309,441. Telecommunication services segment EBITDA loss constituted 7.7% of digital television segment EBITDA

Liquidity and capital reserves

The table below presents cash flow for the nine month periods ended on 30 September 2009 and 2008.

	Nine month period ended	
	30 September 2009	30 September 2008
Cash flow from operating activities	122,209	224,089
Cash flow from investing activities	(26,050)	(48,389)
Cash flow from financing activities	(185,190)	(139,210)
Net change in cash and cash equivalents	(89,031)	36,490

Cash flow from operating activities

Cash flow from operating activities decreased by PLN 101,880 to PLN 122,209 in the nine month period ended 30 September 2009 from PLN 224,089 in the corresponding period of 2008. The decrease results mainly from an increase in change of stock as a result of production of our own set-top boxes (which we produce evenly through the year for the high season sale in the fourth quarter) of PLN 68,823 and an increase in net value of set-top boxes leased to our subscribers, as a result of a change in the preferences of our subscribers, of PLN 50,428.

Cash flow used in investing activities

Cash flow used in investing activities decreased by PLN 22,339 to PLN 26,050 in the nine month period ended 30 September 2009 from PLN 48,389 in the corresponding period of 2008, mainly as a result of lower expenditures on purchase of tangible and intangible assets as in 2008 we had increased expenditure related to our MVNO project.

Cash flow used in financial activities

Cash flow used in financial activities in the nine month period ended 30 September 2009 was PLN 185,190 when compared to PLN 139,210 in the corresponding period of 2008 and mainly comprised the dividend paid for 2008 in the amount of PLN 134,163 and repayment of bank debt with accrued interest on bank debt of PLN 50,849

Cash and cash equivalents as at 30 September 2009 decreased to PLN 156,719 as compared to PLN 187,665 as at 30 September 2008. We keep our cash in a form of bank deposits in Zloty, Euro and U.S. dollars in Invest Bank S.A. and Bank Pekao S.A.

Future liquidity and capital resources

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

Our non-current liabilities amounted to PLN 12,822 as at 30 September 2009 as compared to PLN 57,347 as at 31 December 2008.

Our total debt from long- and short-term loans and credit facilities as at 30 September 2009 was PLN 63,124, comprising debt resulting from a loan agreement with Bank Pekao S.A. denominated in PLN only.

As at 30 September 2009 our cash balance was higher than our bank debt balance by about PLN 93,595.

Off balance sheet liabilities

On 14 April 2009 we received a notification about ex-officio initiation of antimonopoly proceedings against us due to abuse of the dominant position on the domestic market of sale of rights for public broadcasting of Euro 2008 event involving imposing onerous agreement conditions, resulting in unjustified benefits through dependence of sale of rights to public broadcast of Euro 2008 event on the purchase of a set-top box and technical support, which, according to the UOKiK may constitute a breach of art. 9 section 2 point 6 of the Law of 16 February 2007 on competition and customer protection.

Pursuant to art. 106 of the Competition and Customer Protection Law, the President UOKiK may impose a cash penalty on an entrepreneur, at a level not exceeding 10% of the revenue of the previous fiscal year, prior to the year of the penalty administration. The period, the severity, the circumstances, and also previous cases of breach of the provisions of law are all considered upon determination of the cash penalty level.

On 13 August 2009 we received a notification of initiation proceedings with regards to application of practices breaching collective interest of consumers as set out by the provisions of art 24 clause 2 point 1 of the Law of 16 February 2007 on competition and consumer protection by us, comprising the application of provisions in the Rules of service provision, whose content, in the view of the President of UOKiK, may be tantamount to the content of provisions entered into the registry of templates that have been deemed forbidden. We have been in the course of works, in cooperation with UOKiK and the Office of Electronic Communications, to change the Rules. The amended Rules entered into force on 1 November 2009. Pursuant to art. 106 of the Law on protection of competition and consumers, the President of UOKiK may impose a fine on an entrepreneur, not exceeding ten per cent of the revenue achieved in the prior to the year of administration of the fine. The following factors are considered upon determination of the level of the fine: the period, the level, and the circumstances of breach of the provisions of the law and also any previous breaches of the law.

On 17 April 2002 we filed with the District Court of Rzeszów an action to squeeze out Mr. Andrzej Kliś,a shareholder in Karpacka Telewizja Kablowa Sp. z o.o., in which Cyfrowy Polsat S.A. holds 85% of shares. In the ruling dated 28 February 2006, the Court set the purchase price of the shares at PLN 701 thousand. On 22 September 2009 the Rzeszow Court of Appeals dismissed the Parent's appeal. The Parent considers submitting a cassation claim to the Supreme Court. We concluded many agreements concerning the modernization of the real estate at the Lubinowa street. Amount of unbilled supplies and services amounted to PLN 362 as at 30 September 2009. According to our assumptions modernization works are supposed to end in 2009.

On 17 August 2009 our subsidiary Cyfrowy Polsat Technology Sp. z o.o. entered into a contract with 7bulls.com Sp. z o.o. The subject of the contract is providing software for set-top boxes manufactured by us. Amount of unbilled purchases of goods and services regarding the contract totaled PLN 424 as at 30 September 2009.

Trend information

The principal trends of which we are aware that we believe will affect our revenues and profitability are:

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

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

3 Inflation in Poland is currently slowly increasing and has previously been stable. September 2009 inflation is approximately 3.4% year on year. We do not believe that the current inflationary trends will have a material impact on our business.

We cannot predict the likelihood that these trends will continue.

Information on market risks

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

Exchange rates risk management

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

Appreciation of Zloty towards US dollar and euro in the three month period ended 30 September 2009 resulted in an increase of PLN 18,737, excluding the impact of forward transactions, our costs of programming, costs of signal transmission and cost of the conditional access system. Including the impact of forward transactions the above categories of costs increased by PLN 15,514.

Appreciation of Zloty towards US dollar and euro in the nine month period ended 30 September 2009 resulted in an increase of PLN 77,634, excluding the impact of forward transactions, our costs of programming, costs of signal transmission and cost of the conditional access system. Including the impact of forward transactions the above categories of costs increased by PLN 56,144.

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

Interest rate risk management

Fluctuations in market interest rates have no direct effect on our revenues or operating cash flows, however, they do have an effect on cash flow from financing activities through the cost of interest paid on bank credits.

We analyze the level of interest rate risk, including refinancing scenarios as well as hedging policies against interest rate risk on a regular basis. Based on the analyses, we estimate the effect of given changes in interest rates on our results.

At present moment we do not hedge our interest rate risk exposure.

Liquidity risk management

Our objective is to maintain a balance between the continuity and flexibility of financing by using various sources of financing, including bank loans and other borrowings. We maintain a significant amount of cash and cash equivalents to be able, among other things, (i) to ensure payments under the digital satellite reception equipment delivery schedule – the accessories to digital satellite reception equipment and components necessary to produce set-top boxes in-house, (ii) to finance planned expenses related to the launch of multi-play services, (iii) to finance planned investment expenses and (iv) to maintain financial liquidity in connection with planned client promotions and (v) to pay the dividend in concordance whit the approved dividend policy.

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

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

13. Factors, that may impact the results of the Issuer and the Cyfrowy Polsat Capital Group at least in the following quarter

Macroeconomic environment

Further economic slowdown may lead to a further decrease in domestic demand, an increase in unemployment rate and as a result a decrease in demand for our services or have an adverse impact on tendency of our subscribers to purchase more expensive premium packages within our DTH services or to cause migration towards cheaper packages. Additionally, customers impacted by economic slowdown may stop paying for services provided by us what can lead to an increase in bad debt provision. This situation may have an adverse impact on our financial results and it can cause the increase in bad debt.

Competition

Our market is very dynamic and competitive. There are four main players on the DTH market in Poland: Canal + Cyfrowy Sp. z o.o., the operator of Cyfra+ platform, ITI Neovision Sp. z o.o. the operator of “n” platform, Cyfrowy Polsat S.A., the operator of Cyfrowy Polsat platform and Telekomunikacja Polska S.A. In October 2009 Telekomunikacja Polska S.A. introduced, additionally to free channels packane, their pay packages within the DTH services that are provided to their broadband internet subscribers since October 2008.

Aggressive competition on the pay television market, unclear strategy of Canal+ Cyfrowy Sp. z o.o., introduction of Telewizja na Kartę, launched Telewizja Polska S.A. platform and introduction of pay packages by Telekomunikacja Polska S.A. may have a negative impact on our ability to attract new customers, our ability to sustain current customer base, our ability to keep the current prices for end consumer or set-top boxes subsidies and our customer acquisition costs. Additionally, development of digital terrestrial television may adversely affect our subscriber base, in particular Mini Package subscriber base.

Promotions in the fourth quarter of 2009

Historically almost 50% of our annual gross additions was observed in the fourth quarter of the year. Preparing for the season of increased sales we launch attractive promotional offers, in which our customers are able to purchase our services without the need of paying subscription fee in defined promotional period of time. It may happen that due to competitive environment we will be forced to offer even more aggressive promotions during the fourth quarter of 2009 as compared to current promotions. The construction of the promotions causes a decrease in the ARPU from the customers acquired during this promotional period.

Growing share of the Mini and Mini Max Packages subscribers in the subscribers base can impact adversely our ARPU

Growing share of Mini and Mini Max Packages subscribers in our subscribers base causes to decrease in blended ARPU as Mini and Mini Max Packages ARPU is four times lower than Family Package ARPU. Further growth of share of Mini and Mini Max Packages subscribers in our subscribers base may have a negative impact on our monthly blended ARPU

Rising share of leased television receiving equipment

Due to increased share of leased set-top boxes in the new contracts signed our cost of digital satellite reception equipment sold is respectively lower, but the capital expenditure for purchase of set-top boxes and the value of set-top boxes on our balance sheet grows resulting also in higher amortization charge. Further lease of set-top boxes will result in growth of expenditure for purchase of set-top boxes and amortization charge.

Introduction of more attractive retention programs

In order to prevent the growth of our churn rate we introduced retention programs aimed at our subscribers. Due to the growing subscriber base beyond the initial period of the subscription contract the costs of more attractive retention programs will grow, which may increase our operating costs.

In one of the loyalty schemes our subscribers may replace their old set-top boxes with new ones which they purchase at discounted prices signing a specified period contract. In such cases the subsidy that is related to each set-top box impacts negatively our financial results, but we believe that the negative impact is lower than it would be in the case of increased churn that we would face without such loyalty program. We plan to replace a material number of set-top boxes in 2010, however we plan to launch a loyalty scheme in which the customer will be able to lease a set-top box from us. In case of lease the impact on our financial results is split over longer period of time.

Growth in the number of subscribers beyond the initial period of subscription agreement

We were very successful in acquiring new subscribers in 2007 and 2008. Majority of customers who signed contract with us during 2007 and 2008 used our promotional offers in which we offered certain number of months free of monthly fee. Customers acquired during that period were signing long term contracts with us (24 to 29 months depending on the promotion). As a result, according to IFRS, ARPU calculated from those customers was diluted by the promotional period, but customers could not breach the contract without a penalty. In the fourth quarter of 2009 a first big group of customers will go beyond the initial contract period which will on one hand positively impact ARPU calculated for that group of customers but may also result in higher churn which may negatively impact our financial results.

Migration of Mini Packages subscriber to Mini Max Packages

In the third quarter of 2008 we introduced our Mini Max package. To promote this package we were offering our customers a 36 months contract with 12 months free of monthly subscription fees. After the free twelve months customers were supposed to make a choice whether they would like to become Mini or Mini Max subscribers. In the 12 months of free period we calculated ARPU from those customers as if they were Mini Package customers and then if they became the Mini Max customers we increased the ARPU by a difference between Mini and Mini Max package monthly fee. As a result ARPU calculated from those customers who decided to pay for Mini Max will be automatically higher and will drive the ARPU of Mini customers up. Further migration from Mini to Mini Max Package will positively impact our financial results.

Introduction of new DTH services

We plan to introduce services similar to video on demand services and HD package which may positively impact our blended ARPU.

Introduction of new terms and conditions

Starting 1 November 2009 we introduced a new terms and conditions. Impact of new regulation might be, between others, as follows:

- increase in churn rate in period ended in the end of second quarter of 2010, as Polish law allows to cancel the contract in any case the terms and conditions are changed partially offset by a restriction of churn in connection with fact that subscribers enter in period when they can not cancel the contract.

- increase in programming cost due to changes in the procedure in terms of non paying customers

- increase in Family Package ARPU as we changed the procedure of cancelation of the contract and prolongation of the contract.

Exchange rates fluctuations

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

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

CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for the 3 and 9 Months Ended 30 September 2009

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding.
The binding Polish original should be referred to in matters of interpretation.

APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 10 November 2009, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed consolidated financial statements of the Cyfrowy Polsat S.A. Group prepared in accordance with International Financial Reporting Standards as adopted by the European Union which include:

Interim Condensed Consolidated Income Statement for the period	
from 1 January 2009 to 30 September 2009 showing a net profit of:	PLN 188,875 thousand
from 1 July 2009 to 30 September 2009 showing a net profit of:	PLN 60,160 thousand
Interim Condensed Consolidated Income Statement of Comprehensive Income for the period	
from 1 January 2009 to 30 September 2009 showing a net profit of:	PLN 188,875 thousand
from 1 July 2009 to 30 September 2009 showing a net profit of:	PLN 60,160 thousand
Interim Condensed Consolidated Balance Sheet as at	
30 September 2009 showing total assets and total liabilities and equity of:	PLN 735,722 thousand
Interim Condensed Consolidated Cash Flow Statements for the period	
from 1 January 2009 to 30 September 2009 showing a decrease in cash amounting to:	PLN 89,031 thousand
Interim Condensed Consolidated Statements of Changes in Equity for the period	
from 1 January 2009 to 30 September 2009 showing a decrease in equity of:	PLN 12,369 thousand

Supplementary Information to the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements are prepared in PLN thousand unless otherwise indicated.

Dominik Libicki	Tomasz Szeląg	Andrzej Matuszyński	Dariusz Działkowski
President of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

Warsaw, 10 November 2009

(all amounts in PLN thousand)

Interim Condensed Consolidated Income Statement

	Note	for 3 months ended 30 September 2009 unaudited	for 3 months ended 30 September 2008 unaudited	for 9 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2008 unaudited
DTH Subscription fees	7	296,658	253,585	877,562	706,433
Rental of digital satellite reception equipment		153	1,779	510	5,247
Sale of digital satellite reception equipment and mobile phones		10,452	21,085	30,810	64,717
Transmission services		4,759	3,084	13,977	7,666
Subscription fees, interconnection revenues and settlements with mobile network operators		1,458	121	3,343	121
Other operating revenue	8	9,874	10,959	56,783	32,925
Total revenues from operating activities		323,354	290,613	982,985	817,109
Depreciation and amortization		10,992	7,134	28,908	16,430
Programming costs		86,939	54,952	273,814	151,727
Transmission costs	9	21,700	14,555	62,535	43,326
Distribution, marketing and customer relation management costs	10	59,333	43,516	169,651	126,390
Salaries and employee-related expenses	11	15,158	13,394	46,871	35,901
Cost of digital satellite reception equipment and mobile phones sold		24,154	27,551	58,879	91,593
Costs of settlements with mobile network operators and interconnection charges (MVNO)		694	144	1,994	178
Other operating costs	12	32,843	27,265	115,368	67,980
Total costs of operating activities		251,813	188,511	758,020	533,525
Profit from operating activities		71,541	102,102	224,965	283,584
Financial income	13	6,538	6,992	27,524	14,658
Financial expenses	14	(4,358)	(5,012)	(19,503)	(16,936)
Profit before tax		73,721	104,082	232,986	281,306
Income tax		13,561	19,876	44,111	54,137
Net profit		60,160	84,206	188,875	227,169
Basic and diluted earnings per share (in PLN)		0.22	0.31	0.70	0.85

Interim Condensed Consolidated Statement of Comprehensive Income

	for 3 months ended 30 September 2009 unaudited	for 3 months ended 30 September 2008 unaudited	for 9 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2008 unaudited
Net profit	60,160	84,206	188,875	227,169
Other comprehensive income	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	60,160	84,206	188,875	227,169

(all amounts in PLN thousand)

Interim Condensed Consolidated Balance Sheet – Assets

	30 September 2009 unaudited	31 December 2008
Digital satellite reception equipment	65,427	20,785
Other property, plant and equipment	144,012	125,970
Intangible assets	12,128	11,876
Investment property	-	16,998
Other long-term assets	18,586	24,264
Deferred tax assets	1,860	1,223
Total non-current assets	242,013	201,116
Inventories	155,848	94,999
Trade and other receivables	124,836	119,515
Income tax receivable	1,910	9,410
Other current assets	54,396	85,669
Cash and cash equivalents	156,719	246,422
Total current assets	493,709	556,015
Total assets	735,722	757,131

(all amounts in PLN thousand)

Interim Condensed Consolidated Balance Sheet – Equity and Liabilities

	Note	30 September 2009 unaudited	31 December 2008
Share capital	15	10,733	10,733
Reserve capital		73,997	3,964
Statutory reserve capital		10,174	10,174
Retained earnings		186,065	268,467
Total equity		280,969	293,338
Long-term loans and borrowings	16	-	44,135
Long-term finance lease liabilities		1,243	1,407
Deferred tax liability		9,278	11,536
Other long-term liabilities and provisions		2,301	269
Total non-current liabilities		12,822	57,347
Current loans and borrowings	16	63,124	66,571
Current finance lease liabilities		241	238
Trade and other liabilities		222,397	197,525
Income tax liabilities		160	400
Deposits for digital satellite reception equipment and mobile phones		18,985	22,447
Deferred income		137,024	119,265
Total current liabilities		441,931	406,446
Total liabilities		454,753	463,793
Total equity and liabilities		735,722	757,131

(all amounts in PLN thousand)

Interim Condensed Consolidated Cash Flow Statement

	for the 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited
Net profit	188,875	227,169
Adjustments:	(32,209)	29,912
Depreciation and amortization	28,908	16,430
(Profit)/loss on investing activity	(301)	92
Interest expense/(income)	(1,918)	4,571
(Increase)/decrease in inventories	(60,849)	7,974
(Increase)/decrease in receivables and other assets	16,732	(8,218)
Increase/(decrease) in liabilities, provisions, accruals and deferred income	(21,997)	(43,103)
Foreign exchange losses/(gains)	13,546	(1,964)
Income tax	44,111	54,137
Net decrease/(increase) in set-top boxes under operating lease	(50,439)	(11)
Other adjustments	(2)	4
Net cash flow from operating activities	156,666	257,081
Income tax paid	(39,745)	(38,129)
Interest received from operating activity	5,288	5,137
Cash flow from operating activities	122,209	224,089
Purchases of intangible assets	(6,961)	(8,382)
Purchases of tangible assets	(19,430)	(40,092)
Purchases of financial assets (see note No 6)	(53,396)	-
Proceeds from sale of financial assets (see note No 6)	53,726	-
Proceeds from sale of non-financial assets	11	85
Cash flow from investing activities	(26,050)	(48,389)
Dividends paid (see note No 15)	(134,163)	(37,565)
Settlement of IPO related costs	-	7,223
Repayment of loans	(47,277)	(86,820)
Finance lease - principal repayments	(178)	(178)
Interest on loans and borrowings	(3,572)	(10,970)
Other financial inflows/(outflows), net	-	(10,900)
Cash flow from financing activities	(185,190)	(139,210)
Net increase/(decrease) in cash and cash equivalents	(89,031)	36,490
Cash and cash equivalents at the beginning of the year	246,422	150,726
Foreign exchange rate differences	(672)	449
Cash and cash equivalents at the end of the year	156,719	187,665

(all amounts in PLN thousand)

Interim Condensed Consolidated Statement of Changes in Equity

	Note	Share capital	Reserve capital	Statutory reserve capital	Retained earnings	Total Equity
Balance as of 1 January 2009		10,733	3,964	10,174	268,467	293,338
Total comprehensive income		-	-	-	188,875	188,875
Dividend approved	15	-	-	-	(201,244)	(201,244)
Appropriation of 2008 profit – transfer to reserve capital		-	70,033	-	(70,033)	-
Balance as of 30 September 2009		10,733	73,997	10,174	186,065	280,969

	Share capital	Reserve capital	Statutory reserve capital	Retained earnings	Total Equity
Balance as of 1 January 2008	10,733	3,500	10,174	36,733	61,140
Total comprehensive income	-	-	-	227,169	227,169
Dividend approved	-	-	-	(37,565)	(37,565)
Appropriation of 2007 profit – transfer to reserve capital	-	464	-	(464)	-
Balance as of 30 September 2008	10,733	3,964	10,174	225,873	250,744

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Consolidated Financial Statements for 3 and 9 months ended 30 September 2009

1. Activity of the Parent

Cyfrowy Polsat S.A. operates a paid digital satellite platform called "Cyfrowy Polsat" and provides services in Poland. The Parent is also a Mobile Virtual Network Operator.

2. Composition of the Management Board of the Parent

- Dominik Libicki	President of the Management Board,
- Dariusz Działkowski	Member of the Management Board,
- Maciej Gruber	Member of the Management Board (until 14 May 2009),
- Andrzej Matuszyński	Member of the Management Board,
- Tomasz Szeląg	Member of the Management Board (from 15 May 2009).

3. Composition of the Supervisory Board of the Parent

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

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

Statement of compliance

These interim condensed consolidated financial statements for 3 and 9 months ended 30 September 2009 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". The Group applied the same accounting policies in the preparation of the financial data for 3 and 9 months ended 30 September 2009 and the consolidated financial statements for the years 2008 and 2007, presented in the consolidated annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on or after 1 January 2009.

Published International Financial Reporting Standards and IFRIC Interpretations whose application is not mandatory

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

The Group did not early adopt Standards and Interpretations which have already been published and adopted by the European Union and which should be applied for annual periods beginning after 1 January 2009 (presented below) with the exception of IFRS 8 Operating Segments that was applied for the first time in consolidated financial statements for the year 2008. As at the balance sheet date, the Group is in the process of completing its assessment of the impact of the new Standards and Interpretations which will become effective after the balance sheet date on the consolidated financial statements of the Group for the period when they will be applied for the first time.

New International Financial Reporting Standards and Interpretations adopted by the EU which become effective for annual periods beginning after 1 January 2009

- Revised IFRS 3 "Business Combinations" is effective for the annual periods beginning after 1 July 2009;
- amendments to IFRS 5 „Non-current Assets Held for Sale and Discontinued Operations" are effective for the annual periods beginning after 1 July 2009;
- revised IAS 27 "Consolidated and Separate Financial Statements" is effective for the annual periods beginning after 1 July 2009;
- amendments to IAS 39 „Financial Instruments: Recognition and Measurement" are effective for the annual periods beginning after 1 July 2009;
- amendments to IAS 39 „Reclassifications of Financial Assets: Effective Date and Transition" are effective for the annual periods beginning after 1 July 2008; according to Commission Regulation (EC) No 824/2009 companies that already presented their financial statements in accordance with EC No. 1004/2008 are not obliged to present them again;
- IFRIC 12 "Service Concession Arrangements" is effective for the annual periods beginning after 1 January 2008; according to EC No 254/2009 each company shall apply IFRIC 12, at the latest, as from the commencement date of its first financial year starting after the date of entry into force of this Regulation i.e. 29 March 2009;
- IFRIC 15 „Agreements for the Construction of Real Estate" is effective for the annual periods beginning after 1 January 2009; according to EC No 636/2009 each company shall apply IFRIC 15, at the latest, as from the commencement date of its first financial year starting after 31 December 2009;
- IFRIC 16 „Hedges of a Net Investment in a Foreign Operation" is effective for the annual periods beginning after 1 October 2008; according to EC No 460/2009 each company shall apply IFRIC 16, at the latest, as from the commencement date of its first financial year starting after the date of entry into force of this Regulation i.e. 30 June 2009.

New International Financial Reporting Standards and Interpretations yet to be adopted by the EU

- Revised IFRS 1 „First-time Adoption of International Financial Reporting Standards";
- amendments to IFRS 1 "Additional Exemptions for First-time Adopters;
- amendments to IFRS 2 „Share-based Payments – Group Cash-settled Share-based Payment Transactions";
- amendments to IFRS 7 „Financial Instruments: Disclosures";
- amendments to IAS 32 "Classification of Rights Issues";
- amendments to IAS 39 „Embedded Derivatives";
- amendments to IFRIC 9 „Reassessment of Embedded Derivatives";
- IFRIC 17 „Distributions of Non-cash Assets to Owners";
- IFRIC 18 „Transfers of Assets from Customers";
- 2009 Improvements to International Financial Reporting Standards.

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

Following points have been added to the Parent's accounting policies:

(iie) Subscription fees and interconnection revenue
Revenue from subscription fees from post-paid services and interconnection revenues is recognized in the income statement in the reporting periods which the service concerns.

(iif) Revenue from prepaid services
Revenues from services under prepaid offer are recognized in the income statement once the credit is utilized or forfeited.

(iig) Revenue from settlements with mobile network operators
Revenue from settlements with mobile network operators in the period in which the service was rendered.

The Group changed the classification of certain items in interim condensed consolidated financial statements for 3 and 9 months ended 30 September 2008 to conform to presentation in the current period. These amendments have not resulted in any changes to previously presented net result or equity.

Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board on 10 November 2009.

5. Information on Seasonality in the Group's Operations

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

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

In the period covered by these interim condensed consolidated financial statements, the Group continued replacement process of the encryption cards and digital satellite reception equipment incompatible with the conditional access system. Pursuant to the agreement concluded between Cyfrowy Polsat S.A. and Nagravision S.A. on 2 November 2004, Nagravision S.A. is obliged to pay a contractual penalty covering the costs of card replacement resulting from a breach of the encryption system. In the period covered by these interim condensed consolidated financial statements Cyfrowy Polsat S.A. issued debit notes in the amount of PLN 7,794 thousand, the entire amount is recognized as revenue in the current period. By 30 September 2009 Nagravision S.A. paid the entire amount of compensation for the costs incurred by the Group.

(all amounts in PLN thousand)

On 11 March 2009 Cyfrowy Polsat S.A. accepted an offer to purchase 350,000 privileged shares of a new issue of Sferia S.A. ("Sferia") of nominal value of PLN 100 each. The shares were acquired at the issue price of PLN 152.56 per share. Before the acquisition of shares, Cyfrowy Polsat S.A. concluded an option agreement with Zygmunt Solorz-Żak, which was exercised on 13 March 2009. On 21 April 2009 Cyfrowy Polsat S.A. sold shares in Sferia S.A. to Polaris Finance B.V., an entity appointed by Zygmunt Solorz-Żak as an executer of the option agreement. Shares were sold for the price of PLN 53,726 thousand (the price of acquisition of PLN 53,396 thousand increased by an interest of 5.5% calculated from 11 March 2009 to 21 April 2009).

7. DTH Subscription fees

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Revenue from subscription fees (MINI package)	15,377	8,227	41,128	22,100
Revenues from subscription fees (other packages)	281,281	245,358	836,434	684,333
Total	296,658	253,585	877,562	706,433

The revenue generated from subscription fees depends on the number of subscribers, rates charged on certain packages and the mix of packages sold.

8. Other operating revenues

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Change of stock value	4,162	1,846	28,234	4,124
Revenue from lease of property and appliances	2,849	-	8,599	-
Contractual compensation for the costs of replacement of encryption card and digital satellite reception equipment (SWAP)	-	6,506	7,794	16,014
Other compensations	660	36	2,494	241
Reversal of provisions for other current assets	545	-	2,411	-
Marketing and advertising revenue	561	1,141	2,235	5,991
Compensation for lost and damaged equipment and subscribers' deposits written off	558	218	2,208	592
Other	539	1,212	2,808	5,963
Total	9,874	10,959	56,783	32,925

The Group recognized revenues from lease of property and appliances in the amount of PLN 8,599 thousand, which result from agreements for rendering call center services by a third party.

(all amounts in PLN thousand)

9. Transmission costs

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Transponders rental	13,356	7,746	36,852	23,948
Conditional Access System rental	6,824	5,396	21,191	15,714
Other	1,520	1,413	4,492	3,664
Total	21,700	14,555	62,535	43,326

10. Distribution, marketing and customer relation management cost

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Distributors' commissions	27,173	20,278	80,289	66,109
Call center	14,081	7,401	42,358	17,048
Marketing costs	13,638	10,340	31,441	22,732
Mailing costs	2,245	3,457	10,332	16,778
Other	2,196	2,040	5,231	3,723
Total	59,333	43,516	169,651	126,390

11. Salaries and employee-related expenses

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Salaries	13,172	11,689	39,771	30,460
Social security contributions	1,547	1,269	5,520	3,887
Pension obligations and other social benefits	439	436	1,580	1,554
Total	15,158	13,394	46,871	35,901

(all amounts in PLN thousand)

12. Other operating costs

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Materials and energy used	6,936	5,927	28,586	12,907
IT services	5,035	5,084	20,339	12,190
Bad debt provision and the cost of receivables written off	2,129	5,387	16,426	11,373
Polish Film Institute fee	4,304	3,737	12,314	9,715
Legal, advisory and consulting costs	2,005	1,788	5,655	5,747
Cost of encryption cards provided with leased digital satellite reception equipment	2,030	-	5,414	-
Maintenance and repair costs	3,369	636	4,487	1,804
Bad debt recovery fees	1,609	729	4,273	2,338
Fixed assets impairment and stock provision	436	45	3,158	667
Telecommunication services	947	392	2,538	1,325
Property and appliances' lease	849	817	2,400	2,353
Other	3,194	2,723	9,778	7,561
Total	32,843	27,265	115,368	67,980

13. Financial revenues

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Foreign exchange differences realized on forward contracts	3,224	-	21,490	-
Finance income from valuation of exchange forward contracts*	-	1,697	-	1,697
Interest income	971	2,187	5,288	5,169
Foreign exchange differences, net	2,225	-	-	569
Settlement of IPO-related costs	-	3,108	-	7,223
Profit from sale of shares	-	-	330	-
Other	118	-	416	-
Total	6,538	6,992	27,524	14,658

*On 27 August 2008 Cyfrowy Polsat S.A. entered into eleven USD forward contracts (USD 2,000 thousand each) and on 11 September 2008 entered into six EUR forward contracts (EUR 1,500 thousand each).

(all amounts in PLN thousand)

14. Finance expenses

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Finance costs from valuation of forward contracts*	3,436	373	13,950	373
Foreign exchange differences, net	-	1,684	1,891	-
Interest	872	2,227	3,370	9,157
Costs attributable to public offering of shares	-	-	-	6,678
Other	50	728	292	728
Total	4,358	5,012	19,503	16,936

*On 27 August 2008 Cyfrowy Polsat S.A. entered into eleven USD forward contracts (USD 2,000 thousand each) and on 11 September 2008 entered into six EUR forward contracts (EUR 1,500 thousand each).

As at 30 September 2009 the Parent did not have unsettled forward contracts.

15. Equity

Share capital

The table below presents the share capital of the Parent as at 30 September 2009.

Share series	Type of shares	Number of shares	Nominal value of a share	Number of votes	% of voting rights
A	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
B	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
C	preference shares (2 voting rights per share)	7,500,000	0.04	15,000,000	3.3%
D	preference shares (2 voting rights per share)	175,000,000	0.04	350,000,000	76.8%
E	ordinary bearer shares	75,000,000	0.04	75,000,000	16.4%
F	ordinary bearer shares	5,825,000	0.04	5,825,000	1.3%
Total		268,325,000		455,825,000	100%

Reserve capital

On 14 May 2009 the General Shareholders Meeting of Cyfrowy Polsat S.A. transferred part of the profit in the amount of PLN 70,033 thousand to reserve capital.

Dividends paid and declared

On 14 May 2009 a resolution regarding the distribution of 2008 profit was adopted. The General Shareholders Meeting of Cyfrowy Polsat S.A. resolved to pay dividend in the amount of PLN 201,244 thousand.

The General Shareholders Meeting of the Parent decided that the dividend day will be on 1 June 2009 and the dividend payout dates will be 16 June 2009 for an amount of PLN 134,163 thousand and 21 October 2009 for an amount of PLN 67,081 thousand.

The Parent paid the first tranche of the dividend, in accordance with the resolution, on 16 June 2009 and the second on 21 October 2009.

16. Borrowings and loans

As at 30 September 2009 the Group is a party of one bank loan agreement.

The agreement with Bank Pekao S.A. was conducted on 9 October 2007 for a total loan up to PLN 200 million bearing variable interest rate depending on the frequency of interest payment and a 0.55% margin. The Parent decided on monthly payments, therefore the bank loan interest rate is based on WIBOR 1M. Cyfrowy Polsat S.A. took out the bank loan in the amount of PLN 191,830 thousand and till 30 September 2009 repaid the principal amounting to PLN 128,795 thousand. The repayment was made out of own funds of the Group. The remaining amount will be paid in equal installments at the end of each quarter. The final loan repayment should be made not later than 3 years after signing of the loan agreement, that is until 9 October 2010.

The bank loan agreement results in following restrictions for the Group:

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

As at 30 September 2009 the amount of the bank loan in Bank Pekao S.A. amounted to PLN 63,124 thousand (including interest). The entire amount represents the short-term part.

(all amounts in PLN thousand)

17. Operating segments

Cyfrowy Polsat Group operates in digital television services segment as an operator of paid digital satellite platform (Direct to Home, DTH) and a set-top boxes' manufacturer and in telecommunication services segment as a Mobile Virtual Network Operator, MVNO. In the nearest future, as part of the telecommunication services segment activities, the Group is planning to offer the access to Internet to its clients (as at 30 September 2009 the Group owns, i.e. stock necessary to introduce the new service). Inter-segment transactions are concluded on terms that are not materially different from market terms. The Group operates only in Poland.

The activities of the Capital Group are grouped using business criterion, i.e. 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. DTH segment comprises Group's activities connected with providing digital television transmission signal to individual clients and set-top boxes' manufacturing by a subsidiary company Cyfrowy Polsat Technology Sp. z o.o. Telecommunication services segment comprises Group's activities connected with providing mobile phone services to the clients and Internet service that is planned to be introduced.

The table below presents Groups' segment revenue and costs for nine months ended 30 September 2009.

	Digital television	Telecommunication services	Other	Eliminations	Consolidated amount
External revenue	946,980	7,147	624	-	954,751
Change of stock value	28,234	-	-	-	28,234
Inter-segment revenue	-	-	380	(380)	-
Total revenue	975,214	7,147	1,004	(380)	982,985
Operating expenses, including:	679,835	37,470	41,095	(380)	758,020
Depreciation and amortization	14,062	6,481	8,365	-	28,908
Operating profit	295,379	(30,323)	(40,091)	-	224,965
EBITDA*	309,441	(23,842)	(31,726)	-	253,873

*The key measure of earnings in the Group is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA measures the Group's ability to generate cash from recurring operations. The Group defines EBITDA as operating profit adjusted by depreciation and amortization. EBITDA is not defined by the EU IFRS and can be calculated differently by other entities.

Revenues classified as other comprise promarily revenues from property rental. Costs classified as other comprise property maintenance and administration costs and general and administrative costs.

(all amounts in PLN thousand)

The table below presents Groups' segment revenue and costs for nine months ended 30 September 2008.

	Digital television	Telecommunication services	Other	Eliminations	Consolidated amount
External revenue	809,581	791	2,613	-	812,985
Change of stock value	4,124	-	-	-	4,124
Inter-segment revenue	-	-	2,737	(2,737)	-
Total revenue	813,705	791	5,350	(2,737)	817,109
Operating expenses, including:	476,368	22,604	37,290	(2,737)	533,525
Depreciation and amortization	6,896	2,527	7,007	-	16,430
Operating profit	337,337	(21,813)	(31,940)	-	283,584
EBITDA*	344,233	(19,286)	(24,933)	-	300,014

*The key measure of earnings in the Group is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA measures the Group's ability to generate cash from recurring operations. The Group defines EBITDA as operating profit adjusted by depreciation and amortization. EBITDA is not defined by the EU IFRS and can be calculated differently by other entities.

Revenues classified as other comprise primarily revenues from property rental. Costs classified as other comprise property maintenance and administration costs and general and administrative costs.

The table below presents Groups' investment expenditures by segments for nine months ended 30 September 2009.

Investment expenditures:	Digital television	Telecommunication services	Other	Consolidated amount
- intangible assets	4,223	776	1,962	6,961
- tangible assets and investment property	57,059*	776	12,900	70,735
Total investment expenditures	61,282	1,552	14,862	77,696

*The total amount comprises also increase of set-top boxes under operating lease amounted to PLN 51,305 thousand.

The table below presents Groups' investment expenditures by segments for nine months ended 30 September 2008.

Investment expenditures:	Digital television	Telecommunication services	Other	Consolidated amount
- intangible assets	4,540	2,227	1,615	8,382
- tangible assets and investment property	5,962	14,200	19,930	40,092
Total investment expenditures	10,502	16,427	21,545	48,474

(all amounts in PLN thousand)

The table below presents Groups' assets by segments as at 30 September 2009.

	Digital television	Telecommunication services	Other	Consolidated amount
Non-current assets	117,586	23,610	100,817	242,013
Current assets	282,174	10,033	201,502	493,709
Total assets	399,760	33,643	302,319	735,722

Non-current assets classified as other comprise mainly property at Łubinowa Street and Group's car fleet. Current assets classified as other comprise mainly cash and cash equivalents and public receivables.

The table below presents Groups' assets by segments as at 31 December 2008.

	Digital television	Telecommunication services	Other	Consolidated amount
Non-current assets	76,125	29,598	95,393	201,116
Current assets	240,683	9,075	306,257	556,015
Total assets	316,808	38,673	401,650	757,131

Non-current assets classified as other comprised mainly property at Łubinowa Street and Group's car fleet. Current assets classified as other comprised mainly cash and cash equivalents, public receivables and forward exchange contracts' valuation.

18. Transactions with related parties

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

Receivables

	30 September 2009 unaudited	31 December 2008
Media Biznes Sp. z o.o.	117	11
Polsat Media Sp. z o.o.	1	1
Radio PIN S.A.	15	-
Sferia S.A.	34	14
Superstacja Sp.z o.o.	5	21
Teleaudio Sp. z o.o.	1	2
Telewizja Polsat S.A.	432	342
Total	605	391

(all amounts in PLN thousand)

Liabilities

	30 September 2009 unaudited	31 December 2008
Alpatran	-	31
Elektrim S.A.	-	2
Gemius S.A.*	2	-
Media Biznes Sp. z o.o.	-	31
Radio PIN S.A.	-	28
Teleaudio Sp. z o.o.	7	175
Telewizja Polsat S.A.	4,027	2,085
Total	4,036	2,352

*Gemius S.A. is a related party from 4 July 2008.

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

Revenues from operating activities

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Media Biznes Sp. z o.o.	48	64	144	160
Polska Telefonia Cyfrowa Sp. z o.o.*	-	-	-	5
Polskie Media S.A.**	-	23	-	47
Radio PIN S.A.	38	38	113	38
Sferia S.A.	-	-	1	-
Superstacja Sp. z o.o.	305	4	353	15
Teleaudio Sp. z o.o.	7	-	11	-
Telewizja Polsat S.A.	856	1,156	2,759	1,312
Total	1,254	1,285	3,381	1,577

* Polska Telefonia Cyfrowa Sp. z o.o. was a related party until 30 June 2008.
** Polska Media S.A. was a related party until 4 July 2008.

(all amounts in PLN thousand)

Cost of operating activities

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Alpatran	-	130	-	280
Elektrim S.A.	413	382	1,215	956
EMarket Sp. z o.o.*	-	-	-	167
Gemius S.A.**	5	5	14	5
Media Biznes Sp. z o.o.	49	-	97	36
Polsat Media Sp. z o.o.	38	-	38	-
Polska Telefonia Cyfrowa Sp. z o.o.***	-	-	-	198
Radio PIN S.A.	-	47	52	47
Sferia S.A.	71	-	111	-
Superstacja Sp. z o.o.	296	-	296	-
Teleaudio Sp. z o.o.	2,658	2,837	9,585	4,945
Telewizja Polsat S.A.	15,994	4,057	43,128	11,785
Total	19,524	7,458	54,536	18,419

* EMarket Sp. z o.o. was a related party until 17 June 2008.

** Gemius S.A. is a related party from 4 July 2008.

*** Polska Telefonia Cyfrowa Sp. z o.o. was a related party until 30 June 2008.

Finance income

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Polaris Finance B.V.	-	3,108	-	7,223
Total	-	3,108	-	7,223

The table above does not include purchase of shares of Sferia S.A. by Cyfrowy Polsat S.A. from Zygmunt Solorz-Żak and their further sale to Polaris Finance B.V. described in note No 6. The cost of acquiring shares by Cyfrowy Polsat S.A. amounted to PLN 53,396 thousand and the amount paid by Polaris Finance B.V. amounted to PLN 53,726 thousand. The resulting finance income totaled PLN 330 thousand.

Invest Bank is the main banking partner of the Group and therefore the Group pays banking fees and bears the costs of mass payment reconciliation. At the same time, the Group earns interest income from term deposits.

19. Off-balance sheet commitments and contingent liabilities

Contingent liabilities

On 14 April 2009 Cyfrowy Polsat S.A. received a notification about ex-officio initiation of antimonopoly proceedings against the Parent due to abuse of the dominant position on the domestic market of sale of rights for public broadcasting of

Euro2008 event involving imposing onerous agreement conditions, resulting in unjustified benefits through dependence of sale of rights to public broadcast of Euro 2008 event on the purchase of a set-top box and technical support, which, according to the Office of Competition and Customer Protection ("UOKiK") may constitute a breach of art. 9 section 2 point 6 of the Law of 16 February 2007 on competition and customer protection.
Pursuant to art. 106 of the Competition and Customer Protection Law, the President of UOKiK may impose a cash penalty on the Parent, at a level not exceeding 10% of the revenue of the previous fiscal year, prior to the year of the penalty administration. The period, the severity, the circumstances, and also previous cases of breach of the provisions of law are all considered upon determination of the cash penalty level.

Cyfrowy Polsat S.A. received on 13 August 2009 a notification of initiation o proceedings with regards to application of practices breaching collective interest of consumers as set out by the provisions of art 24 clause 2 point 1 of the Law of 16 February 2007 on competition and consumer protection by the Parent, comprising the application of provisions in the rules of service provision, whose content, in the view of the President of the Office of Competition and Consumer Protection, may be tantamount to the content of provisions entered into the registry of templates that have been deemed forbidden.
The Parent had been in the course of works, in cooperation with UOKiK and the Office of Electronic Communications, to change the rules. The amended rules entered into force on 1 November 2009.
Pursuant to art. 106 of the Law on protection of competition and consumers, the President of UOKiK may impose a cash penalty on the Parent, at a level not exceeding 10% of the revenue of the previous fiscal year, prior to the year of the penalty administration. The period, the severity, the circumstances, and also previous cases of breach of the provisions of law are all considered upon determination of the cash penalty level.

On 17 April 2002 Cyfrowy Polsat S.A. filed with the District Court of Rzeszów an action to squeeze out Mr. Andrzej Kliś,a shareholder in Karpacka Telewizja Kablowa Sp. z o.o., in which Cyfrowy Polsat S.A. holds 85% of shares. In the ruling dated 28 February 2006, the Court set the purchase price of the shares at PLN 701 thousand. On 22 September 2009 the Rzeszow Court of Appeals dismissed the Parent's appeal. The Parent considers submitting a cassation claim to the Supreme Court.

The status of other legal proceedings and other litigations has not changed compared to those described in the Consolidated Financial Statements for the year ended 31 December 2008.

In the Management Board's opinion a risk of negative outcome for the Parent of the aforementioned proceedings is lower than probable so no provisions were made for the purpose.

Commitments for the purchase of property, plant and equipment

Cyfrowy Polsat S.A. entered into several agreements on refurbishment of the property at Łubinowa Street. Amount of unbilled purchases of goods and services regarding refurbishment totaled PLN 362 thousand as at 30 September 2009. According to the plan all construction works are to be finished before the end of 2009.

On 17 August 2009 a subsidiary company Cyfrowy Polsat Technology Sp. z o.o. entered into a contract with 7bulls.com Sp. z o.o. The subject of the contract is providing software for set-top boxes manufactured by the Group. Amount of unbilled purchases of goods and services regarding the contract totaled PLN 424 thousand as at 30 September 2009.

20. Other important events in the period covered by these interim condensed consolidated financial statements

On 26 February 2009 a long-term agreement between Cyfrowy Polsat S.A. and Eutelsat S.A. on renting of the satellite capacity on the transponder HotBird 9 was signed. Conditions of the agreement are not different from market standards applied to agreements of this type. The total value of this agreement amounts to EUR 26.6 million.

21. Subsequent events

On 1 October 2009 three long-term agreements were signed between the Company and Eutelsat S.A. The object of the agreements is the continuation of renting transponders on HotBird 8 satellite. As a result of the signed agreements and an agreement dated 26 February 2009 Cyfrowy Polsat S.A. continues to have on its hand satellite capacity on four transponder HotBird 8 and 9. The value of the signed agreements during the period it shall be in force is EUR 79.7 million.

22. Accounting estimates and assumptions

In the preparation of interim condensed consolidated financial statements in accordance with EU IFRS the Management Board is required to make judgments, assumptions and estimates which influence the adopted policies and the presented values of assets, liabilities, revenues and expenses. Estimates and related assumptions are based on historical experience and other factors, which are deemed reasonable under given circumstances. The result of these estimates should be a basis for measuring the carrying values of assets and liabilities which cannot be established based on other sources. The actual values may differ from the estimated values.

Accounting estimates and related assumptions are reviewed on a regular basis. Changes in accounting estimates are accounted for in the period when the change is made or in the current or future period, should the change concerns both periods.

The key accounting estimates and assumptions applied in preparation of these interim condensed consolidated financial statements were the same as adopted in preparation of consolidated financial statements for the year ended 31 December 2008.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for 3 and 9 Months Ended 30 September 2009

This document is a free translation of the Polish original.
Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 10 November 2009, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of Cyfrowy Polsat S.A. prepared in accordance with International Financial Reporting Standards as adopted by the European Union which include:

Interim Condensed Income Statement for the period	
from 1 January 2009 to 30 September 2009 showing a net profit of:	PLN 190,765 thousand
from 1 July 2009 to 30 September 2009 showing a net profit of:	PLN 60,341 thousand
Interim Condensed Income Statement of Comprehensive Income for the period	
from 1 January 2009 to 30 September 2009 showing a net profit of:	PLN 190,765 thousand
from 1 July 2009 to 30 September 2009 showing a net profit of:	PLN 60,341 thousand
Interim Condensed Balance Sheet as at	
30 September 2009 showing total assets and total liabilities and equity of:	PLN 745,194 thousand
Interim Condensed Cash Flow Statement for the period	
from 1 January 2009 to 30 September 2009 showing a decrease in cash amounting to:	PLN 85,613 thousand
Interim Condensed Statement of Changes in Equity for the period	
from 1 January 2009 to 30 September 2009 showing a decrease in equity of:	PLN 10,479 thousand

Supplementary Information to the Interim Condensed Financial Statements

The interim condensed financial statements are prepared in PLN thousand unless otherwise indicated.

Dominik Libicki	Tomasz Szeląg	Andrzej Matuszyński	Dariusz Działkowski
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, 10 November 2009

(all amounts in PLN thousand)

Interim Condensed Income Statement

	Note	for 3 months ended 30 September 2009 unaudited	for 3 months ended 30 September 2008 unaudited	for 9 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2008 unaudited
DTH Subscription fees	7	296,658	253,585	877,562	706,433
Rental of digital satellite reception equipment		153	1,779	510	5,247
Sale of digital satellite reception equipment and mobile phones		10,452	21,085	30,810	64,717
Transmission services		4,759	3,084	13,977	7,666
Subscription fees, interconnection revenues and settlements with mobile network operators		1,458	121	3,343	121
Other operating revenue	8	6,117	8,717	28,986	27,599
Total revenues from operating activities		319,597	288,371	955,188	811,783
Depreciation and amortization		10,618	6,287	27,790	14,006
Programming costs		86,939	54,952	273,814	151,727
Transmission costs	9	21,700	14,555	62,535	43,326
Distribution, marketing and customer relation management costs	10	59,333	43,516	169,651	126,390
Salaries and employee-related expenses	11	13,528	11,902	41,978	32,432
Cost of digital satellite reception equipment and mobile phones sold		29,779	33,263	69,967	102,734
Costs of settlements with mobile network operators and interconnection charges (MVNO)		694	144	1,994	178
Other operating costs	12	24,783	20,475	80,780	54,053
Total costs of operating activities		247,374	185,094	728,509	524,846
Profit from operating activities		72,223	103,277	226,679	286,937
Financial income	13	6,042	7,854	28,279	16,421
Financial expenses	14	(4,357)	(3,687)	(19,784)	(16,381)
Profit before tax		73,908	107,444	235,174	286,977
Income tax		13,567	20,263	44,409	54,387
Net profit		60,341	87,181	190,765	232,590
Basic and diluted earnings per share (in PLN)		0.22	0.32	0.71	0.87

Interim Condensed Statement of Comprehensive Income

	for 3 months ended 30 September 2009 unaudited	for 3 months ended 30 September 2008 unaudited	for 9 months ended 30 September 2009 unaudited	for 9 months ended 30 September 2008 unaudited
Net profit	60,341	87,181	190,765	232,590
Other comprehensive income	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	60,341	87,181	190,765	232,590

(all amounts in PLN thousand)

Interim Condensed Balance Sheet – Assets

	30 September 2009 unaudited	31 December 2008
Digital satellite reception equipment	68,372	20,785
Other property, plant and equipment	130,363	113,644
Intangible assets	11,583	11,187
Long term receivables from related parties	5,152	5,917
Investment property	6,525	21,846
Other long-term assets	18,636	24,264
Total non-current assets	240,631	197,643
Inventories	162,203	89,038
Short-term loans granted to related parties	4,768	11,348
Trade and other receivables	126,712	120,793
Income tax receivable	1,910	9,410
Other current assets	54,292	85,639
Cash and cash equivalents	154,678	240,979
Total current assets	504,563	557,207
Total assets	745,194	754,850

(all amounts in PLN thousand)

Interim Condensed Balance Sheet – Equity and Liabilities

	Note	30 September 2009 unaudited	31 December 2008
Share capital	15	10,733	10,733
Reserve capital		73,997	3,964
Statutory reserve capital		10,174	10,174
Retained earnings		191,635	272,147
Total equity		286,539	297,018
Long-term loans and borrowings	16	-	44,135
Long-term finance lease liabilities		1,243	1,407
Deferred tax liability		12,583	12,083
Other long-term liabilities and provisions		2,089	120
Total non-current liabilities		15,915	57,745
Current loans and borrowings	16	63,124	66,571
Current finance lease liabilities		241	238
Trade and other liabilities		223,366	191,566
Deposits for digital satellite reception equipment and mobile phones		18,985	22,447
Deferred income		137,024	119,265
Total current liabilities		442,740	400,087
Total liabilities		458,655	457,832
Total equity and liabilities		745,194	754,850

(all amounts in PLN thousand)

Interim Condensed Cash Flow Statement

	for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited
Net profit	190,765	232,590
Adjustments:	(35,314)	27,780
Depreciation and amortization	27,790	14,006
(Profit)/loss on investing activity	(300)	(56)
Interest expense/(income)	(2,626)	1,015
(Increase)/decrease in inventories	(73,165)	9,861
(Increase)/decrease in receivables and other assets	23,964	(9,823)
Increase/(decrease) in liabilities, provisions, accruals and deferred income	(15,812)	(40,272)
Foreign exchange losses/(gains)	14,202	(751)
Income tax	44,409	54,387
Net decrease/(increase) in set-top boxes under operating lease	(53,783)	(11)
Other adjustments	7	(576)
Net cash flow from operating activities	155,451	260,370
Income tax paid	(36,409)	(38,129)
Interest received from operating activity	5,193	4,910
Cash flow from operating activities	124,235	227,151
Purchases of intangible assets	(6,691)	(7,607)
Purchases of tangible assets	(18,639)	(31,132)
Purchases of financial assets (see note No 6)	(53,396)	(30,500)
Proceeds from sale of financial assets (see note No 6)	53,726	-
Proceeds from sale of non-financial tangible assets	2	85
Payment of interest on finance lease liabilities by a subsidiary	340	-
Cash flow from investing activities	(24,658)	(69,154)
Dividends paid (see note No 15)	(134,163)	(37,565)
Settlement of IPO related costs	-	7,223
Repayment of loans	(47,277)	(65,759)
Finance lease – principal repayments	(178)	(178)
Interest on loans and borrowings	(3,572)	(9,765)
Other financial inflows/(outflows), net	-	(10,900)
Cash flow from financing activities	(185,190)	(116,944)
Net increase/(decrease) in cash and cash equivalents	(85,613)	41,053
Cash and cash equivalents at the beginning of the year	240,979	141,651
Foreign exchange rate differences	(688)	450
Cash and cash equivalents at the end of the year	154,678	183,154

(all amounts in PLN thousand)

Interim Condensed Statement of Changes in Equity

	Note	Share capital	Reserve capital	Statutory reserve capital	Retained earnings	Total Equity
Balance as of 1 January 2009		10,733	3,964	10,174	272,147	297,018
Total comprehensive income		-	-	-	190,765	190,765
Dividend approved	15	-	-	-	(201,244)	(201,244)
Appropriation of 2008 profit – transfer to reserve capital		-	70,033	-	(70,033)	-
Balance as of 30 September 2009		10,733	73,997	10,174	191,635	286,539

	Share capital	Reserve capital	Statutory reserve capital	Retained earnings	Total Equity
Balance as of 1 January 2008	10,733	3,500	10,174	38,029	62,436
Total comprehensive income	-	-	-	232,590	232,590
Dividend approved	-	-	-	(37,565)	(37,565)
Appropriation of 2007 profit – transfer to reserve capital	-	464	-	(464)	-
Balance as of 30 September 2008	10,733	3,964	10,174	232,590	257,461

(all amounts in PLN thousand)

Supplementary Information to the Interim Condensed Financial Statements for 3 and 9 months ended 30 September 2009

1. Activity of the Company

Cyfrowy Polsat S.A. operates a paid digital satellite platform called "Cyfrowy Polsat" and provides services in Poland. The Company is also a Mobile Virtual Network Operator.

2. Composition of the Management Board of the Company

- Dominik Libicki	President of the Management Board,
- Dariusz Działkowski	Member of the Management Board,
- Maciej Gruber	Member of the Management Board (until 14 May 2009),
- Andrzej Matuszyński	Member of the Management Board,
- Tomasz Szeląg	Member of the Management Board (from 15 May 2009).

3. Composition of the Supervisory Board of the Company

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

4. Basis of preparation of the interim condensed financial statements

Statement of compliance

These interim condensed financial statements for 3 and 9 months ended 30 September 2009 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". The Company applied the same accounting policies in the preparation of the financial data for 3 an 9 months ended 30 September 2009 and the financial statements for the years 2008 and 2007, presented in the annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on or after 1 January 2009.

Published International Financial Reporting Standards and Interpretations whose application is not mandatory

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

The Company did not early adopt Standards and Interpretations which have already been published and adopted by the European Union and which should be applied for annual periods beginning after 1 January 2009 (presented below) with the exception of IFRS 8 Operating Segments that was applied for the first time in financial statements for the year 2008. As at the balance sheet date, the Company is in the process of completing its assessment of the impact of the new standards and interpretations which will become effective after the balance sheet date on the financial statements of the Company for the period when they will be applied for the first time.

New International Financial Reporting Standards and Interpretations adopted by the EU which become effective for annual periods beginning after 1 January 2009

- Revised IFRS 3 "Business Combinations" is effective for the annual periods beginning after 1 July 2009;
- amendments to IFRS 5 „Non-current Assets Held for Sale and Discontinued Operations" are effective for the annual periods beginning after 1 July 2009;
- revised IAS 27 "Consolidated and Separate Financial Statements" is effective for the annual periods beginning after 1 July 2009;
- amendments to IAS 39 „Financial Instruments: Recognition and Measurement" are effective for the annual periods beginning after 1 July 2009;
- amendments to IAS 39 „Reclassifications of Financial Assets: Effective Date and Transition" are effective for the annual periods beginning after 1 July 2008; according to Commission Regulation (EC) No 824/2009 companies that already presented their financial statements in accordance with EC No. 1004/2008 are not obliged to present them again;
- IFRIC 12 "Service Concession Arrangements" is effective for the annual periods beginning after 1 January 2008; according to EC No 254/2009 each company shall apply IFRIC 12, at the latest, as from the commencement date of its first financial year starting after the date of entry into force of this Regulation i.e. 29 March 2009;
- IFRIC 15 „Agreements for the Construction of Real Estate" is effective for the annual periods beginning after 1 January 2009; according to EC No 636/2009 each company shall apply IFRIC 15, at the latest, as from the commencement date of its first financial year starting after 31 December 2009;
- IFRIC 16 „Hedges of a Net Investment in a Foreign Operation" is effective for the annual periods beginning after 1 October 2008; according to EC No 460/2009 each company shall apply IFRIC 16, at the latest, as from the commencement date of its first financial year starting after the date of entry into force of this Regulation i.e. 30 June 2009.

New International Financial Reporting Standards and Interpretations yet to be adopted by the EU

- Revised IFRS 1 „First-time Adoption of International Financial Reporting Standards";
- amendments to IFRS 1 "Additional Exemptions for First-time Adopters;
- amendments to IFRS 2 „Share-based Payments – Group Cash-settled Share-based Payment Transactions";
- amendments to IFRS 7 „Financial Instruments: Disclosures";
- amendments to IAS 32 "Classification of Rights Issues";
- amendments to IAS 39 „Embedded Derivatives";
- amendments to IFRIC 9 „Reassessment of Embedded Derivatives";
- IFRIC 17 „Distributions of Non-cash Assets to Owners";
- IFRIC 18 „Transfers of Assets from Customers";
- 2009 Improvements to International Financial Reporting Standards.

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

Following points have been added to the Company's accounting policies:

(iie) Subscription fees and interconnection revenue
Revenue from subscription fees from post-paid services and interconnection revenues is recognized in the income statement in the reporting periods which the service concerns.

(iif) Revenue from prepaid services
Revenues from services under prepaid offer are recognized in the income statement once the credit is utilized or forfeited.

(iig) Revenue from settlements with mobile network operators
Revenue from settlements with mobile network operators in the period in which the service was rendered.

The Company changed the classification of certain items in interim condensed financial statements for the 3 and 9 months ended 30 September 2008 to conform to presentation in the current period. These amendments have not resulted in any changes to previously presented net result or equity.

Approval of the condensed financial statements

These interim condensed financial statements were approved by the Management Board on 10 November 2009.

5. Information on Seasonality in the Company's Operations

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

6. Non-Recurring Events Occurring in the Period Covered by these Interim Condensed Financial Statements

In the period covered by these interim condensed financial statements, the Company continued replacement process of the encryption cards and digital satellite reception equipment incompatible with the conditional access system. Pursuant to the agreement concluded between Cyfrowy Polsat S.A. and Nagravision S.A. on 2 November 2004, Nagravision S.A. is obliged to pay a contractual penalty covering the costs of card replacement resulting from a breach of the encryption system. In the period covered by these interim condensed financial statements Cyfrowy Polsat S.A. issued debit notes in the amount of PLN 7,794 thousand, the entire amount is recognized as revenue in the current period. By 30 September 2009 Nagravision S.A. paid the entire amount of compensation for the costs incurred by the Company.

(all amounts in PLN thousand)

On 11 March 2009 Cyfrowy Polsat S.A. accepted an offer to purchase 350,000 privileged shares of a new issue of Sferia S.A. ("Sferia") of nominal value of PLN 100 each. The shares were acquired at the issue price of PLN 152.56 per share. Before the acquisition of shares, Cyfrowy Polsat S.A. concluded an option agreement with Zygmunt Solorz-Żak, which was exercised on 13 March 2009. On 21 April 2009 Cyfrowy Polsat S.A. sold shares in Sferia S.A. to Polaris Finance B.V., an entity appointed by Zygmunt Solorz-Żak as an executer of the option agreement. Shares were sold for the price of PLN 53,726 thousand (the price of acquisition of PLN 53,396 thousand increased by an interest of 5.5% calculated from 11 March 2009 to 21 April 2009).

7. DTH Subscription fees

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Revenue from subscription fees (MINI package)	15,377	8,227	41,128	22,100
Revenues from subscription fees (other packages)	281,281	245,358	836,434	684,333
Total	296,658	253,585	877,562	706,433

The revenue generated from subscription fees depends on the number of subscribers, rates charged on the packages and the mix of packages sold.

8. Other operating revenues

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Revenue from lease of property and appliances	2,849	-	8,599	-
Contractual compensation for the costs of replacement of encryption card and digital satellite reception equipment (SWAP)	-	6,506	7,794	16,014
Other compensations	660	36	2,494	241
Reversal of provisions for other current assets	545	-	2,411	-
Marketing and advertising revenue	561	1,141	2,235	5,991
Compensation for lost and damaged equipment and subscribers' deposits written off	558	218	2,208	592
Other	944	816	3,245	4,761
Total	6,117	8,717	28,986	27,599

The Company recognized revenues from lease of property and appliances in the amount of PLN 8,599 thousand, which result from agreements for rendering call center services by a third party.

(all amounts in PLN thousand)

9. Transmission costs

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Transponders rental	13,356	7,746	36,852	23,948
Conditional Access System rental	6,824	5,396	21,191	15,714
Other	1,520	1,413	4,492	3,664
Total	21,700	14,555	62,535	43,326

10. Distribution, marketing and customer relation management cost

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Distributors’ commissions	27,173	20,278	80,289	66,109
Call center	14,081	7,401	42,358	17,048
Marketing costs	13,638	10,340	31,441	22,732
Mailing costs	2,245	3,457	10,332	16,778
Other	2,196	2,040	5,231	3,723
Total	59,333	43,516	169,651	126,390

11. Salaries and employee-related expenses

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Salaries	11,844	10,408	35,691	27,487
Social security contributions	1,322	1,097	4,891	3,465
Pension obligations and other social benefits	362	397	1,396	1,480
Total	13,528	11,902	41,978	32,432

(all amounts in PLN thousand)

12. Other operating costs

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Bad debt provision and the cost of receivables written off	2,129	5,387	16,426	11,373
IT services	3,937	4,049	13,548	9,966
Polish Film Institute fee	4,304	3,737	12,314	9,715
Cost of encryption cards provided with leased digital satellite reception equipment	2,030	-	5,414	-
Legal, advisory and consulting costs	1,834	1,688	5,194	5,504
Bad debt recovery fees	1,609	729	4,273	2,338
Maintenance and repair costs	2,654	124	3,729	1,138
Fixed assets impairment and stock provision	160	-	2,882	-
Materials and energy used	1,069	937	2,811	2,717
Telecommunication services	945	388	2,533	1,315
Property and appliances' lease	856	1,558	2,426	4,658
Other	3,256	1,878	9,230	5,329
Total	24,783	20,475	80,780	54,053

13. Financial revenues

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Foreign exchange differences realized on forward contracts	3,224	-	21,490	-
Finance income from valuation of exchange forward contracts*	-	1,697	-	1,697
Interest income	1,157	3,049	5,993	7,501
Foreign exchange differences, net	1,543	-	-	-
Settlement of IPO-related costs	-	3,108	-	7,223
Profit from sale of shares	-	-	330	-
Other	118	-	466	-
Total	6,042	7,854	28,279	16,421

*On 27 August 2008 Cyfrowy Polsat S.A. entered into eleven USD forward contracts (USD 2,000 thousand each) and on 11 September 2008 entered into six EUR forward contracts (EUR 1,500 thousand each).

(all amounts in PLN thousand)

14. Finance expenses

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Finance costs from valuation of forward contracts*	3,436	373	13,950	373
Foreign exchange differences, net	-	946	2,176	868
Interest	872	1,839	3,367	7,933
Costs attributable to public offering of shares	-	-	-	6,678
Other	49	529	291	529
Total	4,357	3,687	19,784	16,381

*On 27 August 2008 Cyfrowy Polsat S.A. entered into eleven USD forward contracts (USD 2,000 thousand each) and on 11 September 2008 entered into six EUR forward contracts (EUR 1,500 thousand each).

As at 30 September 2009 the Company did not have unsettled forward contracts.

15. Equity

Share capital

The table below presents the share capital as at 30 September 2009.

Share series	Type of shares	Number of shares	Nominal value of a share	Number of votes	% of voting rights
A	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
B	preference shares (2 voting rights per share)	2,500,000	0.04	5,000,000	1.1%
C	preference shares (2 voting rights per share)	7,500,000	0.04	15,000,000	3.3%
D	preference shares (2 voting rights per share)	175,000,000	0.04	350,000,000	76.8%
E	ordinary bearer shares	75,000,000	0.04	75,000,000	16.4%
F	ordinary bearer shares	5,825,000	0.04	5,825,000	1.3%
Total		268,325,000		455,825,000	100%

Reserve capital

On 14 May 2009 the General Shareholders Meeting of Cyfrowy Polsat S.A. transferred part of the profit in the amount of PLN 70,033 thousand to reserve capital.

Dividends paid and declared

On 14 May 2009 a resolution regarding the distribution of 2008 profit was adopted. The General Shareholders Meeting of Cyfrowy Polsat S.A. resolved to pay dividend in the amount of PLN 201,244 thousand.

The General Shareholders Meeting decided that the dividend day will be on 1 June 2009 and the dividend payout dates will be 16 June 2009 for an amount of PLN 134,163 thousand and 21 October 2009 for an amount of PLN 67,081 thousand.

The Company paid the first tranche of the dividend in accordance with the resolution on 16 June 2009 and the second on 21 October 2009.

16. Borrowings and loans

As at 30 September 2009 the Company is a party of one credit agreement.

The agreement with Bank Pekao S.A. was conducted on 9 October 2007 for a total loan up to PLN 200 million bearing variable interest rate depending on the frequency of interest payment and a 0.55% margin. The Company decided on monthly payments, therefore the bank loan interest rate is based on WIBOR 1M. Cyfrowy Polsat S.A. took out the bank loan in the amount of PLN 191,830 thousand and until 30 September 2009 repaid the principal amounting to PLN 128,795 thousand. The repayment was made out of own funds of the Company. The remaining amount will be paid in equal installments at the end of each quarter. The final loan repayment should be made not later than 3 years after signing of the loan agreement, that is until 9 October 2010.

The credit agreement results in following restrictions for the Company:

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

As at 30 September 2009 the amount of the bank loan in Bank Pekao S.A. amounted to PLN 63,124 thousand (including interest). The entire amount represents the short-term part.

17. Operating segments

Cyfrowy Polsat S.A. operates in digital television services segment as an operator of paid digital satellite platform (Direct to Home, DTH) and in telecommunication services segment as a Mobile Virtual Network Operator, MVNO. In the nearest future, as part of the telecommunication services segment activities, the Company is planning to offer the access to Internet to its clients (as at 30 September 2009 the Company owns, i.e. stock necessary to introduce the new service). Inter-segment transactions are concluded on terms that are not materially different from market terms. The Company operates only in Poland.

The activities of the Company are grouped using business criterion, i.e. 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. DTH segment comprises Company's activities connected with providing digital television transmission signal to individual clients. Telecommunication services segment comprises Company's activities connected with providing mobile phone services to the clients and Internet service that is planned to be introduced.

(all amounts in PLN thousand)

The table below presents Company's segment revenue and costs for nine months ended 30 September 2009:

	Digital television	Telecommunication services	Other	Total
External revenue	947,037	7,147	1,004	955,188
Inter-segment revenue	-	-	-	-
Total revenue	947,037	7,147	1,004	955,188
Operating expenses, including:	649,944	37,470	41,095	728,509
Depreciation and amortization	12,945	6,481	8,364	27,790
Operating profit	297,093	(30,323)	(40,091)	226,679
EBITDA*	310,038	(23,842)	(31,727)	254,469

* The key measure of earnings in the Company is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA measures the Company's ability to generate cash from recurring operations. The Company defines EBITDA as operating profit adjusted by depreciation and amortization. EBITDA is not defined by the EU IFRS and can be calculated differently by other entities.

Revenues classified as other comprise primarily revenues from property rental. Costs classified as other comprise property maintenance and administration costs and general and administrative costs.

The table below presents Company's segment revenue and costs for nine months ended 30 September 2008:

	Digital television	Telecommunication services	Other	Total
External revenue	809,579	791	1,413	811,783
Inter-segment revenue	-	-	-	-
Total revenue	809,579	791	1,413	811,783
Operating expenses, including:	468,183	22,604	34,059	524,846
Depreciation and amortization	5,578	2,527	5,901	14,006
Operating profit	341,396	(21,813)	(32,646)	286,937
EBITDA*	346,974	(19,286)	(26,745)	300,943

* The key measure of earnings in the Company is EBITDA (earnings before interest, taxes, depreciation and amortization). EBITDA measures the Company's ability to generate cash from recurring operations. The Company defines EBITDA as operating profit adjusted by depreciation and amortization. EBITDA is not defined by the EU IFRS and can be calculated differently by other entities.

Revenues classified as other comprise primarily revenues from property rental. Costs classified as other comprise property maintenance and administration costs and general and administrative costs.

(all amounts in PLN thousand)

The table below presents Company's investment expenditures by segments for nine months ended 30 September 2009:

Investment expenditures:	Digital television	Telecommunication services	Other	Total
- intangible assets	3,953	776	1,962	6,691
- tangible assets and investment property	59,612*	776	12,900	73,288
Total investment expenditures	63,565	1,552	14,862	79,979

*The total amount comprises also increase of set-top boxes under operating lease amounted to PLN 54,649 thousand.

The table below presents Company's investment expenditures by segments for nine months ended 30 September 2008:

Investment expenditures:	Digital television	Telecommunication services	Other	Total
- intangible assets	3,765	2,227	1,615	7,607
- tangible assets and investment property	5,832	14,200	11,100	31,132
Total investment expenditures	9,597	16,427	12,715	38,739

The table below presents Company's assets by segments as at 30 September 2009:

	Digital television	Telecommunication services	Other	Total
Non-current assets	112,863	23,610	104,158	240,631
Current assets	289,144	10,033	205,386	504,563
Total assets	402,007	33,643	309,544	745,194

Non-current assets classified as other comprise mainly property at Łubinowa street, Company's car fleet and receivables from lease of set-top boxes' production line. Current assets classified as other comprise mainly cash and cash equivalents, public receivables and loans forwarded to a subsidiary.

(all amounts in PLN thousand)

The table below presents Company's assets by segments as at 31 December 2008:

	Digital television	Telecommunication services	Other	Total
Non-current assets	68,326	29,598	99,719	197,643
Current assets	234,722	9,075	313,410	557,207
Total assets	303,048	38,673	413,129	754,850

Non-current assets classified as other comprise mainly property at Łubinowa street, Company's car fleet and receivables from lease of set-top boxes' production line. Current assets classified as other comprise mainly cash and cash equivalents, public receivables, forward exchange contracts' valuation and loans forwarded to a subsidiary.

18. Transactions with related parties

Receivables

	30 September 2009 unaudited	31 December 2008
Cyfrowy Polsat Technology Sp. z o.o.	939	326
Cyfrowy Polsat Technology Sp. z o.o. (leasing)	6,162	6,870
Media Biznes Sp. z o.o.	117	11
Polsat Media Sp. z o.o.	1	1
Radio PIN S.A.	15	-
Sferia S.A.	34	14
Superstacja Sp. z o.o.	5	21
Teleaudio Sp. z o.o.	1	2
Telewizja Polsat S.A.	432	342
Total	7,706	7,587

Long-term receivables

	30 September 2009 unaudited	31 December 2008
Long-term financial lease receivables	5,152	5,917
Total	5,152	5,917

The leased assets comprise set-top boxes' production line and laser used to manufacture electronic equipment. The initial total value of leased assets amounted to PLN 7,807 thousand. The leasing agreements were signed for the term of 7years.

As at the balance sheet date lease receivables from Cyfrowy Polsat Technology Sp. z o.o. amount to PLN 6,162 thousand PLN 5,152 thousand representing the long-term part. Interest in the amount of PLN 380 thousand is presented in finance income.

(all amounts in PLN thousand)

Liabilities

	30 September 2009 unaudited	31 December 2008
Alpatran	-	31
Cyfrowy Polsat Technology Sp. z o.o.	12,778	8,480
Elektrim S.A.	-	2
Gemius S.A.*	2	-
Media Biznes Sp. z o.o.	-	31
Radio PIN S.A.	-	28
Teleaudio Sp. z o.o.	7	175
Telewizja Polsat S.A.	4,027	2,085
Total	16,814	10,832

*Gemius S.A. is a related party from 4 July 2008.

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

Liabilities to Cyfrowy Polsat Technology Sp. z o.o. comprise liabilities resulting from purchases of set-top boxes and set-top boxes' accessories. During the nine-month period ended 30 September 2009 the Company purchased from Cyfrowy Polsat Technology Sp. z o.o. set-top boxes and set-top boxes' accessories for a total value of PLN 69,689 thousand.

Loans granted

Short-term loans granted	Principal value of the loan	30 September 2009 unaudited	31 December 2008
Cyfrowy Polsat Technology Sp. z o.o.	4,000	477	4,346
Cyfrowy Polsat Technology Sp. z o.o.	6,500	4,291	7,002
Total	10,500	4,768	11,348

The interest rate for both loans granted to Cyfrowy Polsat Technology Sp. z o.o. was agreed as WIBOR 6M calculated on the last day prior to the date on which the interest is due and payable plus the margin of 2%. It was determined that the loans will be repaid until 31 December 2009. A borrower's incomplete blank promissory note with a bill of exchange declaration is the collateral for the loans.

(all amounts in PLN thousand)

Revenues from operating activities

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	411	130	1,119	130
Media Biznes Sp. z o.o.	48	64	144	160
Polska Telefonia Cyfrowa Sp. z o.o.*	-	-	-	5
Polskie Media S.A.**	-	23	-	47
Praga Business Park Sp. z o.o.***	-	1,222	-	1,222
Radio PIN S.A.	38	38	113	38
Sferia S.A.	-	-	1	-
Superstacja Sp. z o.o.	305	4	353	15
Teleaudio Sp. z o.o.	7	-	11	-
Telewizja Polsat S.A.	856	1,154	2,759	1,310
Total	1,665	2,635	4,500	2,927

*Polska Telefonia Cyfrowa Sp. z o.o. was a related party until 30 June 2008.
**Polska Media S.A. was a related party until 4 July 2008.
***On 31 December 2008 Cyfrowy Polsat merged with Praga Business Park Sp. z o.o. through a take-over, as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer).

Cost of operating activities

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Alpatran	-	75	-	225
Elektrim S.A.	413	382	1,215	956
EMarket Sp. z o.o.*	-	-	-	151
Gemius S.A.**	5	5	14	5
Media Biznes Sp. z o.o.	49	-	97	36
Polsat Media Sp. z o.o.	38	-	38	-
Polska Telefonia Cyfrowa Sp. z o.o.***	-	-	-	196
Praga Business Park Sp. z o.o.****	-	801	-	2,490
Radio PIN S.A.	-	47	52	47
Sferia S.A.	71	-	111	-
Superstacja S.A.	296	-	296	-
Teleaudio Sp. z o.o.	2,658	2,837	9,585	4,945
Telewizja Polsat S.A.	15,994	4,057	43,128	11,785
Total	19,524	8,204	54,536	20,836

*EMarket Sp. z o.o. was a related party until 17 June 2008.
**Gemius S.A. is a related party from 4 July 2008.
***Polska Telefonia Cyfrowa Sp. z o.o. was a related party until 30 June 2008.
****On 31 December 2008 Cyfrowy Polsat merged with Praga Business Park Sp. z o.o. through a take-over, as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer).

(all amounts in PLN thousand)

Finance income

	for 3 months ended		for 9 months ended	
	30 September 2009 unaudited	30 September 2008 unaudited	30 September 2009 unaudited	30 September 2008 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	199	431	800	1,231
Polaris Finance B.V.	-	3,108	-	7,223
Praga Business Park Sp. z o.o.*	-	534	-	1,329
Total	199	4,073	800	9,783

*On 31 December 2008 Cyfrowy Polsat merged with Praga Business Park Sp. z o.o. through a take-over, as a result of which the assets of Praga Business Park Sp. z o.o. (taken-over company) were moved to Cyfrowy Polsat S.A. (acquirer)

The table above does not include purchasing shares of Sferia S.A. by Cyfrowy Polsat S.A. from Zygmunt Solorz-Żak and their further sale to Polaris Finance B.V. described in note No 6. The cost of acquiring shares by Cyfrowy Polsat S.A. amounted to PLN 53,396 thousand and the amount paid by Polaris Finance B.V. amounted to PLN 53,726 thousand. The resulting finance income totaled PLN 330 thousand.

Invest Bank is the main banking partner of the Company and therefore the Company pays banking fees and bears the costs of mass payment reconciliation. At the same time, the Company earns interest income from term deposits.

19. Off-balance sheet commitments and contingent liabilities

Contingent liabilities

On 14 April 2009 Cyfrowy Polsat S.A. received a notification about ex-officio initiation of antimonopoly proceedings against the Company due to abuse of the dominant position on the domestic market of sale of rights for public broadcasting of Euro 2008 event involving imposing onerous agreement conditions, resulting in unjustified benefits through dependence of sale of rights to public broadcast of Euro 2008 event on the purchase of a set-top box and technical support, which, according to the Office of Competition and Customer Protection (“UOKiK”) may constitute a breach of art. 9 section 2 point 6 of the Law of 16 February 2007 on competition and customer protection.
Pursuant to art. 106 of the Competition and Customer Protection Law, the President of UOKiK may impose a cash penalty on the Company, at a level not exceeding 10% of the revenue of the previous fiscal year, prior to the year of the penalty administration. The period, the severity, the circumstances, and also previous cases of breach of the provisions of law are all considered upon determination of the cash penalty level.

Cyfrowy Polsat S.A. received on 13 August 2009 a notification of initiation o proceedings with regards to application of practices breaching collective interest of consumers as set out by the provisions of art 24 clause 2 point 1 of the Law of 16 February 2007 on competition and consumer protection by the Company, comprising the application of provisions in the rules of service provision, whose content, in the view of the President of the Office of Competition and Consumer Protection ("UOKiK"), may be tantamount to the content of provisions entered into the registry of templates that have been deemed forbidden.
The Company had been in the course of works, in cooperation with UOKiK and the Office of Electronic Communications, to change the rules. The amended rules entered into force on 1 November 2009.

Pursuant to art. 106 of the Law on protection of competition and consumers, the President of UOKiK may impose a fine on an entrepreneur, not exceeding 10% of the revenue achieved in the prior to the year of administration of the fine. The following factors are considered upon determination of the level of the fine: the period, the level, and the circumstances of breach of the provisions of the law and also any previous breaches of the law.

On 17 April 2002 Cyfrowy Polsat S.A. filed with the District Court of Rzeszów an action to squeeze out Mr. Andrzej Kliś, a shareholder in Karpacka Telewizja Kablowa Sp. z o.o., in which Cyfrowy Polsat S.A. holds 85% of shares. In the ruling dated 28 February 2006, the Court set the purchase price of the shares at PLN 701 thousand. On 22 September 2009 the Rzeszow Court of Appeals dismissed the Company's appeal. The Company considers submitting a cassation claim to the Supreme Court.

The status of other legal proceedings and other litigations has not changed compared to those described in the Financial Statements for the year ended 31 December 2008.

In the Management Board's opinion a risk of negative outcome for the Company of the aforementioned proceeding is lower than probable so no provisions were made for the purpose.

Commitments for the purchase of property, plant and equipment

Cyfrowy Polsat S.A. entered into several agreements on refurbishment of the property at Łubinowa Street. Amount of unbilled purchases of goods and services regarding refurbishment totaled PLN 362 thousand as at 30 September 2009. According to the plan all construction works are to be finished before the end of 2009.

20. Other important events in the period covered by these interim condensed financial statements

On 26 February 2009 a long-term agreement between Cyfrowy Polsat S.A. and Eutelsat S.A. on renting of the satellite capacity on the transponder HotBird 9 was signed. Conditions of the agreement are not different from market standards applied to agreements of this type. The total value of this agreement amounts to EUR 26.6 million.

21. Subsequent events

On 1 October 2009 three long-term agreements were signed between the Company and Eutelsat S.A.. The object of the agreements is the continuation of renting transponders on HotBird 8 satellite. As a result of the signed agreements and an agreement dated 26 February 2009 Cyfrowy Polsat S.A. continues to have on its hand satellite capacity on four transponder HotBird 8 and 9. The value of the signed agreements during the period it shall be in force is EUR 79.7 million.

22. Accounting estimates and assumptions

In the preparation of interim condensed financial statements in accordance with EU IFRS the Management Board is required to make judgments, assumptions and estimates which influence the adopted policies and the presented values of assets, liabilities, revenues and expenses. Estimates and related assumptions are based on historical experience and other factors, which are deemed reasonable under given circumstances. The result of these estimates should be a basis for measuring the carrying values of assets and liabilities which cannot be established based on other sources. The actual values may differ from the estimated values.

Accounting estimates and related assumptions are reviewed on a regular basis. Changes in accounting estimates are accounted for in the period when the change is made or in the current or future period, should the change concerns both periods.

The key accounting estimates and assumptions applied in preparation of these interim condensed financial statements were the same as adopted in preparation of financial statements for the year ended 31 December 2008.