CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim consolidated quarterly report for the three-month period ended March 31, 2013

Place and date of publication: Warsaw, May 15, 2013

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

Financial and operating data

This quarterly report contains financial statements and financial information relating to the Company and the Group. In particular, this quarterly report contains our quarterly condensed consolidated financial statements for 3 months ended March 31, 2013 and quarterly condensed financial statements for the 3 months ended March 31, 2013. The financial statements attached to this interim report have been prepared in accordance with International Accounting Standard no. 34 "Interim Financial Reporting" ("IAS 34")("IFRS") and are presented in thousand zlotys. The financial statements were not audited by an independent auditor.

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

Currency presentation

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

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

Forward–looking statements

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

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

Industry and market data

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

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

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

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

1. Introduction

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

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

Retail business segment

In pay TV, we are the largest pay TV provider in Poland and the fourth largest DTH platform in Europe by number of subscribers. We provide a comprehensive multimedia offer designed to appeal to the entire family. As part of our multi-play offer, we provide to our subscribers DTH, mobile television, broadband Internet in HSPA/HSPA+ and LTE and mobile telephony services (in MVNO model and from April 2012 based on cooperation with Polkomtel Sp. z o.o., operator of Plus network). As of March 31, 2013 we had 3,555,806 pay digital television subscribers (including 490,366 subscribers to Multiroom service – y-o-y increase by 137%), 173,187 users of broadband Internet service (95% y-o-y increase) and the number of mobile telephony users amounted to 140.227*.

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

We offer set-top boxes, enabling reception of pay-TV services, that in majority are produced in-house. Due to our own production, we have been able to reduce the costs of obtaining set-top boxes. In 2012, over 85%of our sold or leased set-top boxes were manufactured in our own factory.

From April 2012, we are the owner of internet TV ipla. Ipla is the leader on online video market in Poland both in terms of availability on various devices (computers/laptops, tablets, smartphones, smart TVs, set-top boxes and game consoles) and range of offered content. Ipla has also a leading position in terms of number of users and time spent on watching video content by an average user. In March 2013, the number of real users of ipla application and website amounted to 3.2 million, which was the best result among VOD platforms available in Poland (according to Megapanel PBI/Gemius research). In addition, in the same period, ipla recorded, according to our data, 1.5 million users of application for mobile devices, Smart TVs, set-top-boxes and game consoles.

We sell our services through sales network covering the entire territory of Poland. We distribute our products and services through two main sales channels: retail sales channel and direct sales channel D2D ("door-to-door"). As of March 31, 2013 our sales network included 804 Points of Sales. In addition, from April 2012, within cooperation with Plus network operator we run cross selling of services. Thanks to that our standard offer, as of the end of 2012, was available in additional almost 800 points of sales of Polkomtel Sp. z o.o. network.

Broadcasting and television production segment

In TV broadcasting, we are one of the two leading private TV groups in Poland in terms of revenue and advertising market share. Our main channel, POLSAT, is number one in terms of audience share with a 15.7% share in 2012. We also

* including 132,647 users of our MVNO service and 7,580 our clients who bought Polkomtel's mobile telephony service within cross promotion

broadcast thematic channels, which had a 4.8% combined audience share, and sell advertising on our channels and certain third-party channels. TV Polsat branded channels' portfolio consists of 20 stations including 4 HD channels. We broadcast general entertainment, sports, news, business, lifestyle, movie and children's channels. Based on data from Starlink, we estimate that we captured a 23.6% share of the approximately PLN 774 million (not in thousands) Polish TV advertising market in the first quarter of 2013.

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

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

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

2. Significant events

Revision of outlook within BB rating from stable to positive by Standard & Poor's Rating Services

On February 26, 2013, Standard & Poor's Rating Services ("S&P") revised its outlook on Cyfrowy Polsat to positive from stable and affirmed the long-term corporate credit rating assigned to the Company at 'BB'. S&P also affirmed the long-term issue rating at 'BB' assigned to the issue of the Senior Notes.

According to S&P's report, the positive outlook reflects their view that Cyfrowy Polsat could post credit measures commensurate with a higher rating in 2013, thanks to its good cash flow generation and continued debt reduction.

Signing of preliminary and conditional agreements for the purchase of shares in Polskie Media S.A.

On March 28, 2013 preliminary and conditional agreements for the sale of shares in Polskie Media S.A. (the "Agreements") were concluded between Telewizja Polsat Sp. z o.o. and Karswell Limited seated in Nicosia, Cyprus and Sensor Overseas Limited seated in Nicosia, Cyprus.

Pursuant to the Agreements, Telewizja Polsat is obliged to enter into the promised agreements whereby it will purchase and Karswell Limited and Sensor Overseas Limited will sell a total of 14.500.000 registered shares in Polskie Media S.A. seated in Warsaw ("Polskie Media") with nominal value of PLN 10 (not in thousands) each comprising 100% of Polskie Media's share capital and giving right to 100% of voting rights at the annual general meeting for the total amount of PLN 99m (not in thousands), comprising price for shares and adjustments related to enterprise value.

The Agreements were concluded subject to the following precedent conditions:

a. issue of the relevant approval by the President of the Office of Competition and Consumer Protection

b. acquisition by either Karswell Limited or Sensor Overseas Limited of 2,500 registered shares with total nominal value of PLN 25,000 (not in thousands) from the current minority shareholder of Polskie Media.

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

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

Finalization of the acquisition is scheduled for July 2013.

Signing of conditional agreement to sell RS TV S.A.

On March 28, 2013, the Group signed a conditional agreement to sell RS TV S.A. (RS TV) to Emitel Sp. z o.o. for PLN 45.5 million (not in thousands).

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

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

The transaction abovementioned is subject to the following precedent conditions: issue of relevant approval by the banks being parties to Cyfrowy Polsat's loan agreement (the SFA), waiving all securities (established on the shares and assets of the company) in respect to the SFA and the issue of Senior Notes and registration of division of RS TV by the Registry Court.

According to the SFA, the proceeds from the sale of shares in RS TV in the amount of PLN 45,5 million (not in thousands) will be allocated in total to repayment of the Term Loan incurred for the purchase of Telewizja Polsat.

Increase in the technical reach of LTE Internet

At the beginning of February 2013, already every second Pole was within the reach of Cyfrowy Polsat's LTE Internet. As a result of intense works on the development of LTE and HSPA/HSPA+ networks by our partners – Polkomtel Sp. z o.o. and Midas S.A., the technical reach of LTE Internet increased to over 50% and of HSPA/HSPA+ to over 93% of the population in Poland.

Three new channels under "Polsat" brand

On March 1, 2013, TV Polsat expanded its portfolio by three new channels available under "Polsat" brand. Following the cooperation established in November 2012 between Cyfrowy Polsat Group and Viasat Broadcasting group, owned by international media company Modern Times Group, Viasat channels available on the Polish market started to be broadcast under two brands – "Polsat" and "Viasat", being called: Polsat Viasat History, Polsat Viasat Explorer and Polsat Viasat Nature. Thus the portfolio of channels under "Polsat" brand increased to 20 positions. In addition, since January 2013, the sale of advertising on these channels is handled by Polsat Media sales office. Thanks to that the portfolio of channels serviced by Polsat Media increased to 24 stations.

Success of Polsat Boxing Night gala

Over 120 thousand people bought the access to Polsat Boxing Night gala on February 23, 2013, in the PPV service of Cyfrowy Polsat and in ipla internet television. The fight of the night showed the meeting of two legends of heavy weight Andrzej Golota and Przemyslaw Saleta.

Re-launch of Polsat Biznes business channel

In January 2013, TV Biznes channel underwent a re-branding to Polsat Biznes with new logo and framework prepared by Polsat News editorial. Polsat Biznes represent a new approach to business television in Poland – business & life channel. The scheduling includes the most important domestic and international economic events, current news from the stock market and analysis of recognized economists. In addition, Polsat Biznes is a lifestyle guide targeted to all related to the Polish business environment.

New sports portal polsatsport.pl

In February 2013, TV Polsat launched a new version of the sports portal polsatsport.pl, which complements the sports offer of the Group's sport channels. The service focuses not only on the disciplines present on the offer of Polsat's sport channels, but also on other disciplines important to the Polish sports fans. The portal features news, its advantage comes from the emphasis on video materials, which distinguishes the portal from other websites of a similar profile and provides a potential to become the best sports portal in Poland.

Record results of ipla

According to the latest Megapanel PBI/Gemius results, in March 2013, ipla recorded a significant increase in the number of users, getting the first position among audited VOD platforms. Ipla reached a highest ever in its history result of 3.2 million real users of the internet application and the website. Due to the fact that Megapanel PBI /Gemius research does not cover full spectrum of devices on which ipla is available, the actual scope of the service should be extended by the users of the application on mobile devices, consoles, pay-TV set-top-boxes and Smart TVs, on which, according to our data, 1.5 million viewers used ipla offer.

3. Selected financial data

The following tables set out selected consolidated financial data for the 3-month periods ended March 31, 2013 and March 31, 2012. The information shall be read in conjunction with interim condensed consolidated financial statements for the 3-month period ended March 31, 2013 and the information included in point 12 of this quarterly report.

Certain financial data:

- from the interim consolidated income statements and the interim consolidated cash flow statement for the three-month periods ended March 31, 2013 and March 31, 2012 have been converted into euro at a rate of PLN 4.1561 per €1.00, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from January 1 to March 31, 2013;

- from the interim consolidated balance sheet data as at March 31, 2013 and December 31, 2012 have been converted into euro at a rate of PLN 4.1774 per €1.00 (an exchange rate published by NBP on March 31, 2013).

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

It should be noted that the period of 3 months ended March 31, 2013 are not fully comparable to the period of 3 months ended March 31, 2012 as shares in INFO-TV-FM were acquired on January 30, 2012 and shares of entities running ipla platform were acquired on April 2, 2012.

	For the three-month period ended March 31,			
	2013		2012	
	PLN	EUR	PLN	EUR
Consolidated Income Statement				
Retail revenue	452,009	108,758	424,674	102,181
Advertising and sponsorship revenue	184,218	44,325	201,571	48,500
Revenue from cable and sattellite operator fees	24,867	5,983	23,329	5,613
Sale of equipment	13,112	3,155	2,720	654
Other revenue	22,870	5,503	16,919	4,071
Revenue	**697,076**	**167,724**	**669,213**	**161,019**
Cost of services, products, goods and materials sold	(407,879)	(98,140)	(368,744)	(88,724)
Selling expenses	(61,840)	(14,879)	(54,655)	(13,151)
General and administrative expenses	(43,247)	(10,406)	(41,166)	(9,905)
Total operating costs	**(512,966)**	**(123,425)**	**(464,565)**	**(111,779)**
Other operating income /costs	504	121	(1,658)	(399)
Profit from operating activities	**184,614**	**44,420**	**202,990**	**48,841**
Gains on investment activities	3,835	923	12,477	3,002
Finance costs	(80,075)	(19,267)	30,071	7,235
Share of the profit of jointly controlled entity accounted for using the equity method	762	183	730	176
Gross profit	**109,136**	**26,259**	**246,268**	**59,255**
Income tax	(14,031)	(3,376)	(41,159)	(9,903)
Net profit	**95,105**	**22,883**	**205,109**	**49,351**
Basic and diluted earnings per share (not in thousands)	0.27	0.07	0.59	0.14
Weighted average number of issued ordinary and preference shares in PLN	348,352,836		348,352,836	
Consolidated Cash Flow Statement				
Net cash from operating activities	155,443	37,401	224,709	54,067
Net cash used in investing activities	(34,883)	(8,393)	(24,143)	(5,809)
Cash flow from/(used in) financing activities	(66,737)	(16,058)	(52,972)	(12,746)
Net change in cash and cash equivalents	53,823	12,950	147,594	35,513
Other consolidated financial data				
Depreciation, amortization and impairment	60,698	14,605	54,433	13,097
EBITDA[1]	245,312	59,025	257,423	61,939
EBITDA margin	35.2%	35.2%	38.5%	38.5%
Operating margin	26.5%	26.5%	30.3%	30.3%
Capital expenditures[2]	35,080	8,441	20,804	5,006

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

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

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

	As at			
	March 31, 2013		March 31, 2012	
	PLN	EUR	PLN	EUR
Consolidated balance sheet				
Cash and cash equivalents	324,338	77,641	270,354	64,718
Assets	5,629,474	1,347,602	5,561,345	1,331,293
Non-current liabilities	2,059,561	493,025	2,026,162	485,029
Current liabilities	1,007,745	241,237	1,066,780	255,369
Equity	2,562,168	613,340	2,468,403	590,895
Share capital	13,934	3,336	13,934	3,336

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

The following table presents the organizational structure of Cyfrowy Polsat S.A. Capital Group and consolidated using full consolidation method as of March 31, 2013:

	Entity's registered office	Activity	Share in voting rights (%) March 31, 2013
Parent Company			
Cyfrowy Polsat S.A.	Łubinowa 4a, Warsaw	radio, TV and telecommunication activities	n/a
Subsidiaries			
Cyfrowy Polsat Trade Marks Sp. z o.o.*	Łubinowa 4a, Warsaw	non-current assets and intellectual property rights management	100%
Cyfrowy Polsat Finance AB*	Stureplan 4C, 4 TR 114 35 Stockholm, Sweden	financial transactions	100%
Telewizja Polsat Sp. z o.o.*	Ostrobramska 77, Warsaw	broadcasting and television production	100%
RS TV S.A.*	Chorzowska 15, Radom	terrestrial transmission	100%
Polsat Media Sp. z o.o.*	Ostrobramska 77, Warsaw	advertising activities	100%
Polsat Media Biuro Reklamy Sp. z o.o.*	Ostrobramska 77, Warsaw	advertising activities	100%
Polsat Futbol Ltd.*	Office 1D, 238-246 King St. London W6 0RF, UK	television activities	100%
Nord License AS*	Vollsvseien 13B Lysaker, Norway	trade of programming licenses	100%
Polsat License Ltd.*	Poststrasse 9 6300 Zug, Switzerland	trade of programming licenses	100%
Telewizja Polsat Holdings Sp. z o.o.*	Ostrobramska 77, Warsaw	broadcasting and TV production	100%
Media-Biznes Sp. z o.o.*	Stanów Zjednoczonych 53, Warsaw	television activities	100%
INFO-TV-FM Sp. z o.o.*	Łubinowa 4a, Warsaw	radio and TV activities	100%
Redefine Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Poszkole.pl Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Gery.pl Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Frazpc.pl Sp. z o.o.*	Al. Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%
Netshare Sp. z o.o*	Al. Stanów Zjednoczonych 61 A, Warsaw	electronic media (Internet) advertising broker	100%
CPSPV1 Sp. z o.o.**	Łubinowa 4a, Warsaw	provision of technical services	99%
CPSPV2 Sp. z o.o.**	Łubinowa 4a, Warsaw	provision of technical services	99%

* consolidation using full consolidation method
** consolidation using full consolidation method from March 15, 2013

Investments accounted for under the equity method:

	Entity's registered office	Activity	Share in voting rights (%) March 31, 2013
Polsat Jim Jam Ltd.	105-109 Salusbury Road London NW6 6RG UK	television activities	50%
Polski Operator Telewizyjny Sp. z o.o.*	Huculska 6, Warsaw	radio communications and radio diffusion	50%

* the company has suspended operations

Additionally, the following entities were included in these consolidated financial statements for the 3-month period ended March 31, 2013:

	Entity's registered office	Activity	Share in voting rights (%) March 31, 2013
Karpacka Telewizja Kablowa Sp. z o.o.*	Chorzowska 3, Radom	dormant	85%

* Investment accounted for at cost less any accumulated impairment losses

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

In the first quarter of 2013, the following changes were implemented to the structure of Cyfrowy Polsat Capital Group. The changes make part of the process of optimizing the structure and processes realized within the Capital Group.

Establishment of Polsat Media Biuro Reklamy Sp. z o.o.

On January 10, 2013, a company Polsat Media Biuro Reklamy Sp. z o.o. was established and on February 14, 2013, it was registered in the Court Registry. Telewizja Polsat Sp. z o.o. holds 100% shares in the share capital of this company.

Transfer of shares in RS TV S.A.

On March 6, 2013, the shares in RS TV S.A. were transferred from Telewizja Polsat Sp. z o.o. to Telewizja Polsat Holdings Sp. z o.o.

Acquisition of CPSPV1 Sp. z o.o. and CPSPV2 Sp. z o.o.

On March 15, 2013, Cyfrowy Polsat Trade Marks Sp. z o.o. acquired 99% of shares in two companies mentioned below at the price of PLN 5,445 (not in thousands) per company:

- CPSPV1 Sp. z o.o. seated in Warsaw, with share capital of PLN 5.000 (not in thousands),
- CPSPV2 Sp. z o.o. seated in Warsaw, with share capital of PLN 5.000 (not in thousands).

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

We did not publish any financial forecasts.

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

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

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

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

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

* On February 12, 2013, the Company was informed that on February 7, 2013, Pola Investments Ltd. ("Pola") received from Sensor Overseas Limited the proxy to exercise voting rights from 20,791,375 privileged registered shares of the Company, constituting 5.97% of the Company's share capital and representing 41,582,750 votes at the general meeting of the Company, which is 7.88% of the total number of votes (the "Proxy"). After receiving the Proxy, Pola holds and is entitled to exercise voting rights from 174,995,671 shares of the Company, that constitute 50.24% of the Company's share capital. The shares held by Pola and included in the Proxy represent 348,291,922 votes at the general meeting of the Company, which is 65.99% of the total number of votes in the Company.

The abovementioned package includes:

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

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

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

In the period from the publication of the last periodic report, that is March 12, 2013, until the date of this report, the Company did not receive any notice from shareholders obligatory under article 69 section 1 of the Offering Act.

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

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

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

The following table presents shares owned directly or indirectly by our Management Board members as of May 15, 2013, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last periodic report (report for 2012) on March 12, 2013. The information included in the table is based on information received from members of our Management Board.

Management Board Member	Balance as of March 12, 2013	Increases	Decreases	Balance as of May 15, 2013
Dominik Libicki, President of the Management Board	1,497	-	-	1,497

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

The following table presents shares controlled directly or indirectly by our Supervisory Board members as of May 15, 2013, the date of publication of this quarterly report, and changes in their holdings since the date of publication of our last financial report (report for 2012) on March 12, 2013. The information included in the table is based on information received from members of our Supervisory Board.

Supervisory Board Member	Balance as of March 12, 2013	Increases	Decreases	Balance as of May 15, 2013
Heronim Ruta[1] Member of the Supervisory Board	25,341,272	-	-	25,341,272

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

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

As at the date of approval of this report no changes occurred as compared to the description included in the last financial report, that is the report for 2012 published on March 12, 2013.

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

In the three-month period ended March 31, 2013 we did not conclude any material transactions with related parties on conditions other than market conditions.

11. Information on guarantees granted by the Company or subsidiaries

Following the increase in the share capital of the companies: Redefine Sp. z o.o., Frazpc.pl Sp. z o.o., Netshare Sp. z o.o. and Gery.pl Sp. z o.o., executed through the issue of new shares and assuming the shares by Cyfrowy Polsat S.A. and pursuant to the provisions of pledges agreements established on the shares of these companies on April 18, 2012, on February 28 and March 26, 2013, the Company has concluded with Citicorp Trustee Company Limited agreements for the establishment of registered and financial pledges on the new shares in the increased share capital of the companies abovementioned, that complement the securities in respect to the repayment of the Term Loan and Revolving Facility according to the Senior Facilities Agreement entered into on March 31, 2011 and the repayment (redemption, repurchase) of the High Yield Notes (Senior Notes).

In addition, on February 28, 2013, the Company entered into agreement with Citicorp Trustee Company Limited establishing registered and financial pledges on all shares in Polsat Media Biuro Reklamy Sp. z o.o.

On March 6, 2013, the change of the pledger on the shares of RS TV S.A. was effected following the transfer of 100% shares in this company from Telewizja Polsat Sp. z o.o. (initial pledger) to Telewizja Polsat Holdings Sp. z o.o. (new pledger).

On March 26, 2013, the companies: Polsat Media Biuro Reklamy Sp. z o.o., Redefine Sp. z o.o., Poszkole.pl Sp. z o.o., Gery.pl Sp. z o.o., Netshare Sp. z o.o. and Frazpc.pl Sp. z o.o. entered the Senior Facilities Agreement dated March 31, 2011, and consequently established the following securities securing the repayment of the Term Loan, Revolving Facility and Senior Notes, in particular:

- transfer of receivables for security, due to Polsat Media Biuro Reklamy Sp. z o.o., Redefine Sp. z o.o., Poszkole.pl Sp. z o.o., Gery.pl Sp. z o.o., Netshare Sp. z o.o. and Frazpc.pl Sp. z o.o.;
- registered pledge on tangible assets and rights of a varying composition comprising the business of: Polsat Media Biuro Reklamy Sp. z o.o., Redefine Sp. z o.o., Poszkole.pl Sp. z o.o., Gery.pl Sp. z o.o., Netshare Sp. z o.o. and Frazpc.pl Sp. z o.o.;
- financial and registered pledges on all shares in Poszkole.pl Sp. z o.o.;
- statements on submission to the enforcement procedure as stipulated by the notary deed of Polsat Media Biuro Reklamy Sp. z o.o., Redefine Sp. z o.o., Poszkole.pl Sp. z o.o., Gery.pl Sp. z o.o., Netshare Sp. z o.o. and Frazpc.pl Sp. z o.o.

Moreover, following the share capital increase of Telewizja Polsat Holdings Sp. z o.o. dated March 6, 2013 (through new shares issued acquired by Telewizja Polsat Sp. z.o.o.) and pursuant to the pledge agreement over the shares dated July 10, 2012, on April 25, 2013 the Telewizja Polsat Sp. z o.o. entered into agreement establishing registered and financial pledges on all new shares in the increased share capital.

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

12.1. Revenue

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

Retail subscription revenue

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

Sales of advertising and sponsorship

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

Revenue from cable and satellite operators

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

Sale of equipment

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

Other revenue

Other revenue sources consist primarily of revenue from:

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

12.2. Operating costs

Operating costs consist of:

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

Programming costs

Programming costs consist of:

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

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

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

Distribution, marketing, customer relation management and retention cost

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

Depreciation, amortization and impairment

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

Salaries and employee-related costs

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

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs consist of:

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

Amortization of purchased film licenses

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

Cost of settlements with mobile network operators and interconnection charges

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

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

In this group of costs we present:

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

Cost of equipment sold

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

Other costs

Key items of other costs include:

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

12.3. Other operating income/costs

Other operating income/costs consists of:

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

12.4. Gains and losses on investment activities

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

12.5. Finance costs

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

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

12.6. Management discussion and analysis

12.6.1. Operating results

Retail business segment

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

	3 months ended March 31,		
	2013	**2012**	**Change / %**
Number of subscribers at end of period, of which:	**3,555,806**	**3,553,341**	**0.1%**
Family Package	2,750,438	2,797,114	-1.7%
Mini Package	805,368	756,227	6.5%
Average number of subscribers[1], of which:	**3,540,967**	**3,554,875**	**-0.4%**
Family Package	2,744,748	2,791,983	-1.7%
Mini Package	796,219	762,892	4.4%
Churn rate of which:	**8.7%**	**9.0%**	**-0.3 p.p.**
Family Package	9.1%	9.5%	-0.4 p.p.
Mini Package	7.3%	7.4%	-0.1 p.p.
Average revenue per user (ARPU) (PLN), of which:	**40.3**	**38.5**	**4.7%**
Family Package (PLN)	48.2	45.4	6.2%
Mini Package (PLN)	13.2	13.5	-2.2%

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

Subscribers

We define a "subscriber" as a person who signed an agreement for subscription to pay digital television services and who is obligated, under the terms of agreement, to make payments to access a package or packages of television and radio channels or who has access to such packages within pay digital television services, after making required payments but without having signed such an agreement. Our number of subscribers increased by 0.1%, to approximately 3,555.8 thousand subscribers as of March 31, 2013 from approximately 3,553.3 thousand subscribers as of March 31, 2012. Family Package subscribers constituted 77.4% and 78.7% of our entire subscriber base as of March 31, 2013 and 2012, respectively.

Churn rate

We define "churn rate" as the ratio of the number of contracts terminated during a twelve-month period to the average number of contracts during such twelve-month period. The number of terminated contracts is net of churning subscribers entering into a new contract with us no later than the end of the same twelve-month period as well as of subscribers who used to have more than one agreement and terminated one of them to replace it with the commitment to use Multiroom service. Thanks to our efficient retention programs we manage to decrease our churn rate to 8.7% in the twelve-month period ended March 31, 2013 as compared to 9.0% in the twelve-month period ended March 31, 2012. The churn rate of the Family Package decreased by 0.4 percentage point and the churn rate of Mini Package decreased by 0.1 percentage point.

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

ARPU

We define "ARPU" as the average net revenue per subscriber to whom we rendered services calculated as a sum of net revenue generated by our subscribers from our pay digital television services in the reporting period divided by the average number of subscribers to whom we rendered services in this reporting period. ARPU increased by 4.7% to PLN 40.3 in the first quarter of 2013 from PLN 38.5 in the first quarter of 2012. Family Package ARPU increased by 6.2%, to PLN 48.2 in the first quarter of 2013 from PLN 45.4 in the first quarter of 2012. Mini Package ARPU decreased by 2.2%, to PLN 13.2 in the first quarter of 2013 from PLN 13.5 in the first quarter of 2012. The impact of pay-per-view services in the first quarter of 2013 on ARPU level amounted to PLN 0.4 (PLN 0.4 increase in Family Package ARPU and PLN 0.1 increase in Mini Package ARPU). The increase in ARPU was also due to growing number of subscribers to higher packages and revenue from Multiroom service.

Television broadcasting and production segment

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

	3 months ended March 31,		
	2013	**2012**	***Change / %***
Audience share[(1)], including:	**20.20%**	**21.08%**	***-4.17%***
POLSAT (main channel)	**14.56%**	**16.67%**	***-12.66%***
Thematic channels	**5.64%**	**4.40%**	***28.18%***
Polsat2	1.84%	1.34%	*37.31%*
Polsat News	0.78%	0.70%	*11.43%*
Polsat Sport	0.63%	0.62%	*1.61%*
Polsat Sport Extra	0.15%	0.14%	*7.14%*
Polsat Sport News[(2)]	0.25%	n/a	--
Polsat Film	0.41%	0.38%	*7.89%*
Polsat JimJam [JimJam]	0.34%	0.38%	*-10.53%*
Polsat Cafe	0.40%	0.34%	*17.65%*
Polsat Play	0.51%	0.32%	*59.38%*
Polsat Crime & Investigation Network	0.10%	0.13%	*-23.08%*
Polsat Biznes[(3)]	0.05%	0.03%	*66.67%*
Polsat Futbol[(4)]	n/a	0.01%	*-100.00%*
Polsat Food[(5)]	0.10%	n/a	--
Polsat Viasat Explorer[(6)]	0.04%	n/a	--
Polsat Viasat History[(6)]	0.17%	n/a	--
Polsat Viasat Nature[(6)]	0.02%	n/a	--
Advertising market share[(7)]	**23.6%**	**24.3%**	***-3.1%***

(1) NAM, All day 16-49 audience share
(2) channel monitored since November 2012
(3) until February 2013 the channel broadcasted under TV Biznes
(4) channel broadcasted until the end of May 2012
(5) channel broadcasted since November 2012
(6) channels broadcasted under "Polsat" since March 2013, data for Q1' 2013 include March
(7) our estimates based on Starlink data

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

Polsat channels; technical reach[(1)]

	3 months ended March 31,		
	2013	**2012**	***Change / %***
Polsat	98.8	98.4	0.4%
Polsat2	62.5	57.6	8.5%
Polsat Biznes[(2)]	54.0	51.8	4.2%
Polsat News	53.4	49.1	8.8%
Polsat Cafe	52.2	48.3	8.1%
Polsat Sport	48.4	43.5	11.3%
Polsat Play	41.1	38.8	5.9%
Polsat JimJam	38.2	37.2	2.7%
Polsat Film	45.4	36.1	25.8%
Polsat Sport News	67.3	32.5	107.1%
Polsat Sport Extra[(3)]	32.8	31.0	5.8%
Polsat Crime & Investigation Network	33.7	28.6	17.8%
Polsat Futbol[(4)]	n/a	15.9	-100.0%
Polsat Sport HD[(5)]	n/a	5.8	-100.0%
Polsat Food[(6)]	20.0	n/a	--
Polsat Viasat Explorer[(7)]	19.5	7.8	150.0%
Polsat Viasat History[(7)]	28.0	14.4	94.4%
Polsat Viasat Nature[(8)]	15.8	n/a	--

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

Audience share

Viewers were attracted by the fixed slots on our main channel's schedule, such as Monday's cycle Mega Hit, that gathered on average 1.5 million viewers in the first quarter of 2013, which translated into 23.9% audience share, as well as analogical Tuesday's slot gathering almost 1.1 million viewers (17.1% audience share). Other two film slots – Wednesday at 8:30 pm and Saturday at 8:00pm – gathered only a slightly less audience, both exceeding 1 million viewers. It is worth mentioning that one of the movies broadcasted within Mega Hit cycle – Avatar – gathered 2.5 million viewers, which translated to 41.4% audience share. Another fixed element of the scheduling, *Pierwsza Milosc* series, attracted on average 1.2 million viewers, giving 23.2% audience share.

The results of the first quarter were significantly influenced by the content from the spring scheduling. The largest audience was gathered by the talent show *Must be the Music – Tylko muzyka* (on average almost 2.0 million viewers – 27.1% audience share). Another talent show *Got to Dance – Tylko taniec* attracted on average 1.1 million viewers (17.1% audience share). The series Przyjaciolki reached a similar level – 1.1 million viewers and 17.7% audience share. A significant audience was also gathered by *Neo-Nowka* cabaret's program broadcasted in January: 1.7 million viewers, 26% audience share.

In terms of the Group's thematic channels, the highest audience share in the first quarter of 2013 was recorded by Polsat2, Polsat News and Polsat Sport. The thematic channels with the highest audience growth dynamics (compared to the first quarter of 2012) were Polsat Biznes, Polsat Play and Polsat2. The audience results of Polsat Group include also the audience of the new channel Polsat Food, launched in November 2012, whose audience share in the first quarter of 2013 reached 0.10%. Further new channels in the portfolio: Polsat Viasat Explorer, Polsat Viasat History and Polsat Viasat Nature have been launched in March 2013 based on cooperation of TV Polsat with Viasat Broadcasting. The aggregated audience share includes also Polsat Sport News, that was not monitored in the analogical period of last year.

Advertising market share

According to Starlink media house estimates, expenditures on TV advertising and sponsoring in the first quarter of 2013 amounted to PLN 774 million (not in thousands) and decreased year-on-year by 7.9%. Based on these data, we estimate that our TV advertising market share in the first quarter of 2013 decreased y-o-y to 23.6% from 24.3% share in TV advertising expenditures in the first quarter of 2012. In total, in the first quarter of 2013 we generated 6.7% less GRPs than in the reference period of the previous year.

Distribution and technical reach

Thematic channels of Polsat Group are currently available on all significant cable and satellite platforms. Since October 2012, they are also present on the offer of Vectra, third largest cable TV operator in Poland in terms of the number of subscribers. The largest annual growth in technical reach in the first quarter of 2013 was recorded by Polsat Sport News. This increase resulted from i.a. the expansion of digital terrestrial television. In case of Polsat Viasat Explorer and Polsat Viasat History, data for the first quarter of 2012 include the technical reach of the channel before the launch of cooperation with Polsat Group.

12.6.2. Review of the financial situation

The following review of results for the 3-month period ended March 31, 2013 was prepared based on the interim condensed consolidated financial statements for the 3-month period ended March 31, 2013, prepared in accordance with International Accounting Standard 34 and internal analysis.

All financial data is expressed in thousands of PLN.

As in 2012, the results of acquired companies, i.e. INFO-TV-FM Sp. z o.o., Redefine Sp. z o.o. Group, Netshare Sp. z o.o., Frazpc.pl Sp. z o.o. and Gery.pl Sp. z o.o. (further called "the companies acquired in 2012") were consolidated from January 30, in case of INFO-TV-FM and from April 2, in case of other companies, our results for the first quarter of 2013 are not fully comparable with the results for the first quarter of 2012. For comparability reasons, in the following comparison of financial results for the three-month period ended March 31, 2013 with the results for the corresponding period of 2012, we exclude the effect of consolidation of the companies acquired in 2012.

Comparison of financial results for the three-month period ended March 31, 2013 with the results for the corresponding period of 2012

Revenue

Our total revenue increased by PLN 27,863, or 4.2%, to PLN 697,076 for the three-month period ended March 31, 2013 from PLN 669,213 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, our total revenue increased by PLN 25,749, or 3.8%, to PLN 694,971 for the three-month period ended March 31, 2013 from PLN 669,222 in the analogical period of 2012. Revenue grew for the reasons set forth below.

Retail revenue

Retail revenue increased by PLN 27,336, or 6.4%, to PLN 452,009 for the three-month period ended March 31, 2013 from PLN 424,674 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, the retail revenue increased by PLN 26,224, or 6.2%, to PLN 450,898 in the first quarter of 2013 from PLN 424,674 in the first quarter 2012. This increase primarily resulted from the increase in DTH subscription fee revenue (attributable to an increase in ARPU) and the increase in revenue from telecommunication services.

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

Advertising and sponsorship revenue

Advertising and sponsorship revenue decreased by PLN 17,353, or 8.6%, to PLN 184,218 for the three-month period ended March 31, 2013 from PLN 201,571 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, the revenue from advertising and sponsorship decreased by PLN 20,956, or 10.4%, to PLN 180,615 in the first quarter of 2013 from PLN 201,571 in the first quarter of 2012. The decrease was primarily due to lower revenue from advertising generated by TV Polsat Group, related primarily to the unfavourable situation on the advertising market as well as relatively high revenue in the prior year.

Revenue from cable and satellite operator fees

Revenue from cable and satellite operator fees increased by PLN 1,538, or by 6.6% to PLN 24,867 in the first quarter of 2013 from PLN 23,329 in the first quarter of 2012, primarily due to extending the distribution of TV Polsat channels to Vectra cable TV network. Consolidation of the companies acquired in 2012 did not have impact on this revenue.

Sale of equipment

Revenue from the sale of equipment increased by 10,392, or 382.0%, to PLN 13,112 in the first quarter of 2013 from PLN 2,720 in the first quarter of 2012. The increase was primarily due to sale of reception equipment for TV Mobilna in DVB-T standard (no such revenue in the analogical period). Consolidation of the companies acquired in 2012 did not impact the revenue from sale of equipment.

Other revenue

Other revenue increased by PLN 5,951, or 35.2%, to PLN 22,870 for the three-month period ended March 31, 2013 from PLN 16,919 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, other revenue increased by PLN 8,551, or 50.5%, to PLN 25,479 in the first quarter of 2013 from PLN 16,928 in the first quarter of 2012. The increase was mainly due to higher revenue from signal transmission services.

Total operating costs

	For the three-month period ended March 31,		
	2013	**2012**	**Change / %**
Programming costs	99,155	100,146	-1.0%
Cost of internal and external TV production and amortization of sport rigths	75,604	78,575	-3.8%
Distribution, marketing, customer relation management and retention costs	78,990	71,536	10.4%
Depreciation, amortization and impairment	60,698	54,433	11.5%
Salaries and employee - related costs	43,090	40,597	6.1%
Broadcasting and signal transmission costs	38,004	33,671	12.9%
Amortization of purchased film licenses	32,661	28,040	16.5%
Cost of settlements with mobile network operators and interconnection charges	15,759	10,535	49.6%
Cost of equipment sold	25,923	5,497	371.6%
Cost of debt collection services and bad debt allowance and receivables written off *	6,430	5,918	8.7%
Other costs**	36,652	35,617	2.9%
Total operating costs	**512,966**	**464,565**	**10.4%**

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

** Following the presentation changes abovementioned, we adjusted the presentation in the first quarter of 2012 for comparability purposes.

Total operating costs increased by PLN 48,401, or 10.4%, to PLN 512,966 for the three-month period ended March 31, 2013 from PLN 464,565 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, our total operating costs increased by PLN 47,787, or 10.3%, to PLN 512,131 in the first quarter of 2013 from PLN 464,344 in the first quarter of 2012. Costs increased for the reasons set forth below.

Programming costs

Programming costs decreased by PLN 991, or 1.0%, to PLN 99,155 for the three-month period ended March 31, 2013 from PLN 100,146 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, programming costs increased by PLN 6,184, or 6.2%, to PLN 106,330 in the first quarter of 2013 from PLN 100,146 in the first quarter of 2012. The increase is primarily related to additional licence costs related to TV Mobilna (eliminated on consolidation).

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

The cost of internal and external TV production and amortization of sport rights decreased by PLN 2,971, or 3.8%, to PLN 75,604 in the first quarter of 2013 from PLN 78,575 in the first quarter of 2012. Excluding the effect of the consolidation of the companies acquired in 2012, these costs decreased by PLN 3,155, or 4.0%, to PLN 75,420 in the three-month period ended March 31, 2013 from PLN 78,575 in the three-month period ended March 31, 2012. The decrease was primarily due to lower cost of amortization of sport rights (i.a. following the resignation from contract for European League and UEFA Champions League).

Distribution, marketing, customer relation management and retention costs

Distribution, marketing, customer relation management and retention costs increased by PLN 7,454, or 10.4%, to PLN 78,990 for the three-month period ended March 31, 2013 from PLN 71,536 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, these costs increased by PLN 7,292, or 10.2%, to PLN 78,828 in the first quarter of 2013 from PLN 71,536 in the first quarter of 2012. The increase was primarily due to higher costs of retention programs realized and distribution of equipment for reception of TV Mobilna in DVB-T standard, that will be continued in such a significant scale only until the end of July 2013.

Depreciation, amortization and impairment

Depreciation, amortization and impairment cost increased by PLN 6,265, or 11.5%, to PLN 60,698 for the three-month period ended March 31, 2013 from PLN 54,433 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, these costs increased by PLN 5,828, or 10.7%, to PLN 60,058 in the first quarter of 2013 from PLN 54,230 in the first quarter of 2012. The increase in depreciation, amortization and impairment resulted primarily from the dynamic increase in the number of set-top-boxes, modems, STB hard disks and routers leased to our subscribers (accounted for as fixed assets).

Salaries and employee-related costs

Salaries and employee-related costs increased by PLN 2,493, or 6.1%, to PLN 43,090 for the three-month period ended March 31, 2013 from PLN 40,597 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, these costs increased by PLN 954, or 2.4%, to PLN 41,544 in the first quarter of 2013, from PLN 40,590 in the first quarter of 2012.

Broadcasting and signal transmission costs

Broadcasting and signal transmission costs increased by PLN 4,333, or 12.9%, to PLN 38,004 for the three-month period ended March 31, 2013 from PLN 33,671 for the three-month period ended March 31, 2012. Excluding the effect of consolidation of the companies acquired in 2012, broadcasting and signal transmission costs amounted to PLN 33,802 in the first quarter of 2013 and remained at almost unchanged level compared to the first quarter of 2012 (increase by 0.4%).

Amortization of purchased film licenses

The cost of amortization of purchased film licenses increased by PLN 4,621, or 16.5%, to PLN 32,661 in the first quarter of 2013 from PLN 28,040 in the first quarter of 2012. Excluding the effect of consolidation of the companies acquired in 2012, costs of amortization of purchased film licenses increased by PLN 4,673, or 16.7%, to PLN 32,713 in the first quarter of 2013 from PLN 28,040 in the first quarter of 2012. The increase is primarily an effect of higher costs of amortization of movies broadcasted on Polsat main channel.

Cost of settlements with mobile network operators and interconnection charges

Cost of settlements with mobile network operators and interconnection charges increased by PLN 5,224, or 49.6%, to PLN 15,759 for the first quarter of 2013 from PLN 10,535 for the first quarter of 2012. The increase resulted primarily from the growth of the base of Internet access subscribers and higher average use of data packages. The consolidation of the companies acquired in 2012 had no effect on cost of settlements with mobile network operators and interconnection charges.

Cost of equipment sold

Cost of equipment sold increased by PLN 20,426, or 371.6%, to PLN 25,923 for the three-month period ended March 31, 2013 from PLN 5,497 for the three-month period ended March 31, 2012. This increase was a net effect of several factors, out of which the most significant were: (i) cost of sale of equipment for reception of TV Mobilna in DVB-T standard recognized in the first quarter of 2013, that will be continued in such a significant scale only until the end of July 2013, (ii) sale of laptops and tablets recognized in the first quarter of 2013 (no such positions in the corresponding period), (iii) decrease in cost of sold modems. The consolidation of the companies acquired in 2012 had no impact on cost of equipment sold.

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

Cost of debt collection services and bad debt allowance and receivables written off increased by PLN 512, or 8.6%, to PLN 6,430 in the first quarter of 2013 from PLN 5,918 in the first quarter of 2012. The consolidation of the companies acquired in 2012 did not have significant impact on these costs.

Other costs

Other costs increased by PLN 1,035, or 2.9%, to PLN 36,652 for the three-month period ended March 31, 2013 from PLN 35,617 for the three-month period ended March 31, 2012. Excluding the consolidation of the companies acquired in 2012, other costs amounted to PLN 35,324 in the first quarter of 2013 and remained at almost unchanged level compared to the first quarter of 2012 (decrease by 0.8%).

Other operating income / costs

Net other operating income and costs amounted to PLN 504 for the three-month period ended March 31, 2013 compared to PLN -1,658 for the three-month period ended March 31, 2012. Excluding the consolidation of the companies acquired in 2012, net other operating income and costs amounted to PLN 471 in the first quarter of 2013 compared to PLN -1,658 in the first quarter of 2012.

Gains on investment activities

Gains on investment activities decreased by PLN 8,642 to PLN 3,835 for the three-month period ended March 31, 2013 from PLN 12,477 for the three-month period ended March 31, 2012. Excluding the consolidation of the companies acquired in 2012, gains on investment activities decreased by PLN 8,176 to PLN 4,301 in the first quarter of 2013 from PLN 12,477 in the first quarter of 2012. The decrease was primarily an effect of lower other foreign exchange gains recognized in the first quarter of 2013 than in the first quarter of 2012.

Finance costs

Finance costs amounted to PLN 80,075 for the three-month period ended March 31, 2013 and increased by PLN 110,146 compared to PLN -30,071 for the three-month period ended March 31, 2012. The increase was primarily a net effect of (i) foreign exchange losses on valuation of Senior Notes recognized in the first quarter of 2013 (gains in the first quarter of 2012) and (ii) lower interest costs on Senior Facility Loan due to lower principal pursuant to the schedule and the pre-payment of PLN 200,000 done in August 2012 as well as to lower interest rate (lower WIBOR and lower margin according to mechanism of margin reduction parallel to the decrease in the net debt to EBITDA ratio). The consolidation of the companies acquired in 2012 had no impact on the finance costs.

Net profit

Net profit for the first quarter of 2013 decreased by PLN 110,004, or 53.6%, to PLN 95,105 in the first quarter of 2013 from PLN 205,109 in the first quarter of 2012. Excluding the effect of consolidation of the companies acquired in 2012, net profit decreased by PLN 111,038, or by 54.1%, to PLN 94,301 in the first quarter of 2013 from PLN 205,339 in the first quarter of 2012. Net profit was negatively impacted by the loss on valuation of the Senior Notes denominated in euro.

Other information

EBITDA & EBITDA margin

EBITDA decreased by PLN 12,111, or 4.7%, to PLN 245,312 in the first quarter of 2013 from PLN 257,423 in the first quarter of 2012. EBITDA margin decreased to 35.2% for the first quarter of 2013 from 38.5% in the first quarter of 2012. Excluding the effect of consolidation of the companies acquired in 2012, EBITDA decreased by PLN 14,083, or 5.5%, to PLN 243,368 for the first quarter of 2013 from PLN 257,451 in the first quarter of 2012. Excluding the effect of consolidation of the companies acquired in 2012, EBITDA margin decreased to 35.0% in the first quarter of 2013 from 38.5% in the first quarter of 2012.

Employment

Average number of employees in Cyfrowy Polsat Group was 1,466 in the three-month period ended March 31, 2013, as compared to 1,422 in the corresponding period of 2012. The increase in the average number of employees is an effect of growth resulting primarily from the acquisition of companies of Redefine Sp. z o.o. Group and Netshare Sp. z o.o.

Results by business segments

The Group operates in the following two segments:

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

The Group conducts its operating activities primarily in Poland.

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

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

Retail business segment includes:

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

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

The table below presents a summary of the Group's revenues and expenses by operating segment for the 3 months ended March 31, 2013:

The 3 months ended March 31, 2013	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	476,659	220,417	-	697,076
Inter-segment revenues	5,372	24,827	(30,199)	-
Revenues	**482,031**	**245,244**	**(30,199)**	**697,076**
EBITDA	**164,678**	**80,634**	**-**	**245,312**
Profit/(loss) from operating activities	**112,528**	**72,685**	**(599)**	**184,614**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	72,536*	4,130	-	76,666
Depreciation and amortization	51,383	7,949	599	59,931
Impairment	767	-	-	767
Balance as at March 31, 2013				
Assets, including:	1,593,733	4,109,258**	(73,517)	5,629,474
Investments in associates	-	3,484	-	3,484

*This item also includes the acquisition of reception equipment for operating lease purposes.

** Includes non-current assets located outside of Poland

Practically all revenues are generated in Poland.

It should be noted that the 3 months ended March 31, 2013 are not comparable to the 3 months ended March 31, 2012 as INFO-TV-FM was acquired on January 30, 2012 and ipla platform was acquired on April 2, 2012.

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

The table below presents a summary of the Group's revenues and expenses by operating segment for the year ended March 31, 2012:

The year ended March 31, 2012	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	433,670	235,543	-	669,213
Inter-segment revenues	754	26,842	(27,596)	-
Revenues	**434,424**	**262,385**	**(27,596)**	**669,213**
EBITDA	**165,420**	**92,003**	**-**	**257,423**
Profit/(loss) from operating activities	**122,285**	**82,001**	**(1,296)**	**202,990**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	52,145*	8,158	-	60,303
Depreciation and amortization	41,347	10,002	1,296	52,645
Impairment	1,788	-	-	1,788
Balance as at March 31, 2012				
Assets, including:	1,642,960	3,941,656**	(81,862)	5,502,754
Investments in associates	-	3,261	-	3,261

*This item also includes the acquisition of reception equipment for operating lease purposes.

** includes non-current assets located outside of Poland

Reconciliation of EBITDA and Net profit for the period:

	for the 3 months ended	
	March 31, 2013 unaudited	**March 31, 2012 unaudited**
EBITDA	**245,312**	**257,423**
Depreciation, amortization and impairment	(60,698)	(54,433)
Profit from operating activities	**184,614**	**202,990**
Other foreign exchange rate differences, net	1,713	8,983
Interest income	3,573	4,005
Share of the profit of associate accounted for using the equity method	762	730
Interest costs	(50,095)	(56,322)
Foreign exchange differences on *Senior Notes*	(30,442)	87,093
Other	(989)	(1,211)
Gross profit for the period	**109,136**	**246,268**
Income tax	(14,031)	(41,159)
Net profit for the period	**95,105**	**205,109**

Comparison of financial position as of March 31, 2013 and December 31, 2012

As of March 31, 2013 and December 31, 2012, our balance sheet amount was PLN 5,629,474 and PLN 5,561,345 respectively.

As of March 31, 2013 and December 31, 2012, our non-current assets were PLN 4,424,849 and PLN 4,476,148, respectively, and accounted for 78.6% and 80.5% of the total assets respectively.

The value of reception equipment amounted to PLN 419,894 as of March 31, 2013 and remained at almost unchanged level compared to the balance as of December 31, 2012.

The value of other property, plant and equipment decreased by PLN 10,155 or 3.7% to PLN 266,252 as of March 31, 2013 from PLN 276,407 as of December 31, 2012. The decrease was primarily due to the depreciation charges partially netted by increase in technical equipment and other expenditure on fixed assets.

The value of goodwill amounted to PLN 2,568,033 as of March 31, 2013 and remained unchanged compared to the balance as of December 31, 2012.

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

The value of other intangible assets increased by PLN 1,461, or 1.8%, to PLN 82,841 as of March 31, 2013 from PLN 81,380 as of December 31, 2012, primarily due to increase in intangible assets under construction and purchase of licenses and software, which was partially netted by amortization charges.

The value of non-current and current programming assets increased by PLN 19,833, or 8.3%, to 259,473 as of March 31, 2013 from PLN 239,640 as of December 31, 2012. The increase was a net effect of several factors including primarily purchased film licenses and recognized sports rights and depreciation charges.

Investment property amounted to PLN 8,336 as of March 31, 2013 and remained almost unchanged (decrease by 0.3%) compared to the balance as of December 31, 2012. Total balance relates solely to TV Polsat Group and includes land and buildings for lease.

Non-current and current deferred distribution fees increased by PLN 2,213, or by 2.4%, to PLN 94,434 as of March 31, 2013 from PLN 92,221 as of December 31, 2012.

The value of other non-current assets amounted to PLN 62,960 as of March 31, 2013 and decreased by PLN 46,682, or 42.6%, compared to PLN 109,642 as of December 31, 2012. This decrease resulted primarily from the recognition of the greater part of the data package from Mobyland as short-term accruals.

As of March 31, 2013 and December 31, 2012, our current assets were PLN 1,204,625 and PLN 1,085,197, respectively, and accounted for 21.4% and 19.5% of the total assets respectively.

The value of inventories was PLN 150,701 as of March 31, 2013 and decreased by 11,273, or 7.0%, from PLN 161,974 as of December 31, 2012. The decrease was a net effect of several factors including primarily: (i) lower stock of hard discs for set-top-boxes, (ii) decrease in the stock of reception equipment for digital terrestrial television, (iii) decrease in the stock of materials for production of set-top-boxes, and (iv) increase in the stock of DTH set-top-boxes.

The value of trade and other receivables increased by PLN 27,934, or 7.4%, to PLN 403,593 as of March 31, 2013 from PLN 375,659 as of December 31, 2012. The increase resulted mainly from higher trade receivables from third parties partially netted off by a decrease in tax and social security receivables.

The value of cash and cash equivalents increased by PLN 53,984, or 20.0%, to PLN 324,338 as of March 31, 2013, from PLN 270,354 as of December 31, 2012. This increase resulted primarily from cash generated from operating activities. The increase was partially netted off by repayment of capital and interests from SFA as well as investment expenditures.

The value of other current assets increased by PLN 37,219, or by 51.7%, to PLN 109,187 as of March 31, 2013 from PLN 71,968 as of December 31, 2012. This increase resulted primarily from the recognition of the greater part of the data package from Mobyland as short-term accruals.

Equity increased by PLN 93,765, or by 3.8%, to PLN 2,562,168 as of March 31, 2013 from PLN 2,468,403 as of December 31, 2012, primarily as a result of profit generated in the first quarter of 2013.

Loans and borrowings (long and short term) decreased by PLN 44,463, or 5.1%, to PLN 823,148 as of March 31, 2013, from PLN 867,611 as of December 31, 2012. The change was due primarily to the scheduled repayments of Term Loan.

The Senior Notes liabilities (long and short-term) increased by PLN 57,603, or by 4.1%, to PLN 1,471,338 as of March 31, 2013 from PLN 1,413,735 as of December 31, 2012, primarily due to the interests accrued for the period and the increase in the euro exchange rate used for valuation of the Senior Notes.

Non-current and current deferred income increased by PLN 6,449, or by 3.1%, to PLN 212,868 as of March 31, 2013 from PLN 206,419 as of December 31, 2012, primarily due to higher subscription fees advances by the clients.

The value of other non-current liabilities and provisions amounted to PLN 17,684 as of March 31, 2013 and remained at almost unchanged level compared to the balance as of December 31, 2012.

The value of trade and other payables decreased by PLN 39,197, or 8.3%, to PLN 432,897 as of March 31, 2013 from PLN 472,094 as of December 31, 2012, mainly as a result of a decrease in trade payables and a decrease in accruals. The decrease was partially netted off primarily by an increase in payables relating to purchase of programming assets.

The value of short-term deposits for equipment amounted to PLN 13,182 as of March 31, 2013 and remained at almost unchanged level as compared to the balance as of December 31, 2012.

Liquidity and Capital Resources

Liquidity

Overview

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

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

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

External sources of funding, financing and indebtedness

Bank Loans

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

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

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

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

Summary of significant provisions of the agreements

Mandatory prepayments

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

Mandatory prepayments are also required in the following amounts:

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

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

Financial covenants

The loan agreement imposed on the Group the obligation to maintain financial ratios at a certain level. The Debt Service Cover shall be at least 1.50 for the period of 12 months ended March 31, 2013. The Interest Cover shall be at least 3.00 for the period of 12 months ended March 31, 2013. The Total leverage shall not exceed 3.40 for the period of 12 months ended March 31, 2013. Financial covenants shall be tested on each quarter date and shall be reported on by an auditor on annual basis.

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

- restrictions relating to mergers, acquisitions, joint venture transactions,
- restrictions related to disposal of assets and substantial change of business,

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

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

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

Senior Notes

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

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

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

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

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

Optional redemption of the Notes

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

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

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

Change of control

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

The following table presents the summary of financial indebtedness of the Group as of March 31, 2013:

	March 31, 2013 in PLN million	**Maturity**
Senior facility[1]	823	2015
Revolving Facility[1]	0	2015
Eurobonds	1,471	2018
Leasing	1	2015
Cash and Cash equivalents	324	-
Net Debt	**1,971**	
12M EBITDA	1,020	
Net Debt / 12M EBITDA	**1.93**	

[1] Balance sheet value of debt

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

Capital resources

Cash flows

The following table presents selected consolidated cash flow data for three-month periods ended March 31, 2013 and March 31, 2012:

	For the three months ended March 31,	
	2013	**2012**
Net cash from operating activities	155,443	224,709
Net cash used in investing activities	(34,883)	(24,143)
Net cash used in financing activities	(66,737)	(52,972)
Net increase in cash and cash equivalents	53,823	147,594

Net cash from operating activities

Net cash from operating activities amounted PLN 155,443 in the three-month period ended March 31, 2013 resulting mainly from the generated net profit of PLN 95,105 adjusted by various elements including primarily: (i) depreciation, amortization and impairment, interest expense and income tax, (ii) amortization of film licenses and sport rights, (iii) payments for film licenses and sport broadcasting rights, (iv) a net increase in set-top boxes provided under operating lease, (v) a decrease in liabilities, provisions and deferred income, (vi) net loss on foreign exchange, (vii) an increase in receivables and other assets. Net cash from operating activities amounted PLN 224,709 in the first quarter of 2012 resulting mainly from the net profit of PLN 205,109 adjusted by various elements including primarily: (i) depreciation, amortization and impairment, interest expense and income tax, (ii) net gains on foreign exchange, (iii) an increase in liabilities, provisions and deferred income, (iv) an increase in receivables and other assets, (v) amortization of film licenses and sport rights, (vi) a net increase in set-top boxes provided under operating lease, (vii) payments for film licenses and sport broadcasting rights.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 34,883 in the three-month period ended March 31, 2013 and consisted primarily of the purchase of property, plant and equipment and acquisition of intangible assets. Net cash used in investing activities amounted to PLN 24,143 in the first quarter of 2012 and consisted primarily of the purchase of property, plant and equipment and acquisition of intangible assets.

Net cash used in financing activities

Net cash used in financing activities amounted to PLN 66,737 in the three-month period ended March 31, 2013 and consisted primarily of scheduled repayments of principal and interests on bank loan. Net cash used in financing activities amounted to PLN 52,972 in the first quarter of 2012 and consisted primarily of scheduled repayments of principal and interests on bank loan.

Capital expenditures

We incurred capital expenditures of PLN 35,080 and PLN 20,804 in the three-month periods ended March 31, 2013 and 2012, respectively. Capital expenditures to revenue ratio amounted 5.0% and 3.1% in the three-month periods ended March 31, 2013 and 2012, respectively. Capital expenditures in the three-month period ended March 31, 2013 concerned primarily the purchase of IT equipment, technical equipment and licenses, as well as improvements of our systems and development of infrastructure in our headquarters at Lubinowa Street.

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

Contractual Obligations

Our most significant contractual obligations (future cash flows) as of March 31, 2013 were as follows:

	Total	Less than 1 year	1 to 5 years	Over 5 years
Contractual liabilities				
Loans and borrowings	948,876	263,919	684,957	-
Senior Notes liabilities	2,035,047	104,174	416,696	1,514,177
Commitments to purchase programming asstes	210,678	139,198	71,480	-
Total contractual liabilities	**3,194,601**	**507,291**	**1,173,133**	**1,514,177**

As of March 31, 2013, most of our contractual liabilities were long-term liabilities due in more than one year.

Off-Balance Sheet Arrangements

Security relating to loans and borrowings

Security relating to loans and borrowings are described in the note no 19 in the interim condensed consolidated financial statements for the 3 months ended March 31, 2013.

Commitments to purchase programming assets

As of March 31, 2013 the Group had outstanding contractual commitments in relation to purchase of programming assets of PLN 210,678.

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

	March 31, 2013 unaudited	**December 31, 2012**
within one year	6,213	15,913
Total	**6,213**	**15,913**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 4,600 as at March 31, 2013 (PLN 4,082 as at December 31, 2012). Total amount of capital commitments resulting from agreements on property improvements was PLN 21 as at March 31, 2013 (PLN 5,878 as at December 31, 2012). Additionally the amount of deliveries and services committed to under agreements for the purchases of licenses and software as at March 31, 2013 was PLN 367 (PLN 405 as at December 31, 2012).

Information on market risks

Currency risk

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

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

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

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

Interest rate risk

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

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

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

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

The Polish economy

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

In the time of global economic slowdown, Poland has maintained one of the highest GDP growth rates of any European Union member state. According to Eurostat, the Polish economy increased by 1.9% in 2012 compared to 0,3% decline in 27 countries of the European Union. According to forecasts, GDP growth in Poland will slow down slightly in 2013, especially in the first half of the year, to reach the annual 1.1%. The rate, however, will continue to be above the entire European Union average, where the growth rate will be -0,1% (data and forecasts according to Eurostat as at May 7, 2013).

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

Exchange rates fluctuations

Our functional and reporting currency is the zloty. While our revenue is expressed in zloty, approximately 35% (as of three-month period ended March 31, 2013) of our operating expenses are denominated in currencies other than the zloty, primarily the U.S. dollar and the euro.

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

Situation on the pay TV market in Poland

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

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

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

The growing importance of additional services

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

Moreover, caring for the satisfaction of our subscribers, we continue the process of replacing SD set-top-boxes used by our subscribers with HD set-top-boxes. Currently, already 73% of the subscriber base uses HD set-top-boxes. In addition to higher satisfaction of our subscribers, thanks to the increasing penetration by HD set-top-boxes we gain the ability to achieve savings resulting from more efficient use of transponder capacity (due to the transition from MPEG2 to MPEG4).

Providing Internet access services in LTE technology

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

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

According to information disclosed by our supplier, in February 2013 the LTE network reached already 50% of residents in Poland, which translated to an increase by approximately 15 percentage points within about three months. Cyfrowy Polsat HSPA/HSPA+ internet network covers already over 93% of the country's population. Eventually, in 3 years perspective, the LTE network is supposed to reach approximately 66% of the population in Poland and HSPA+ network – approximately 99%.

Offering services in DVB-T technology

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

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

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

The interest in our services in DVB-T technology grows along with the process of switching off the analog signal started in November 2012. We expect this to continue until the final switch-off of the analog signal at the end of July 2013. The factor, which in our opinion, attracts customers to our offer is, next to the package of additional channels, the offer of home-produced high quality set-top-boxes.

Development of ipla and muzo

The acquisition of companies running ipla and muzo in 2012 complemented our long-term development strategy, aiming at the widest possible distribution of content using the latest equipment and technologies. Ipla, the leader on online video market, strengthens our position of an aggregator and distributor of content. Muzo enabled us to enter another segment of digital entertainment. Both products provide us with an important competitive advantage. We continue to develop these services using our experience in sales of pay-TV.

According to the latest Megapanel PBI/Gemius results, in March 2013, ipla achieved a highest ever in its history result of 3.2 million real users of the internet application and the website. In addition, in the same period, ipla recorded, according to our data, 1.5 million users of application for mobile devices, Smart TVs, set-top-boxes and game consoles.

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

We believe that with the growing importance of the Internet, ipla internet television will make an increasingly significant element of our business in the future. Already within 6 months after the acquisition, we managed to bring the companies running ipla to profitability and we are confident that their results will grow gradually. Currently, approximately 85% of the revenues of ipla service are generated from the sale of advertising in the fastest growing online video segment, and approximately 15% of the revenue comes from content purchase transactions done by users. Financial results of the companies running ipla and muzo are consolidated with the results of the Group since April 2, 2012.

Cooperation with Polkomtel Sp. z o.o.

Based on the cooperation agreement with Polkomtel, since April 2012, we run cross-selling as well as we propose attractive joint offers to our clients. As of the end of the first quarter of 2013, the cross-selling included almost 800 points of sales of Polkomtel's network and over 700 points of sales of our network, while the additional benefits to the customers of both satellite TV of Cyfrowy Polsat and telephony of Plus are provided in the entire sales networks of both companies.

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

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

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

Development of advertising market in Poland

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

Demand for advertising air-time is highly correlated with macro-economic situation. Despite relatively good condition of the Polish economy, world economic downturn and problems in some EU countries have a negative impact on the expenditures on TV advertising in Poland. ZenithOptimedia Media House forecasts that in 2013 total net TV advertising expenditure in Poland shall decline by 5.7%. We believe TV is a highly effective advertising medium, and given the relatively low level of advertising expenditures in Poland as a percentage of GDP and per capita in comparison to other European markets, there is a substantial growth potential for TV advertising in Poland in the long term. It is worth noticing, that despite the growing importance of new media, it is forecasted that watching television will remain an attractive and popular activity, primarily thanks to new technical opportunities, including: increasing number of HD channels and VoD, as well as thanks to growing number of smart-TVs.

According to IAB AdEX report Internet advertising market shows a dynamic growth, with the advertising expenditures of PLN 1.9 billion (not in thousands) in 2011, an increase of 22% y-o-y. The expenditures on video advertising segment, in which we generate our revenue, increased in 2011 by 35% and represented 2.5% of the total expenditures on online advertising (increase by 1.7 p.p. compared to 2009). According to our estimates based on PwC forecasts (Global entertainment and media outlook: 2012-2016) the online video advertising will grow by an average 37% (CAGR) in the years 2012-2016. We believe that thanks to the leading position on the online video market (through ipla internet television) we may benefit from the growth of this promising advertising market segment.

Seasonality of advertising market

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

Growing importance of thematic channels

With the high penetration of the Polish market by pay TV, that provides viewers with increasingly greater selection of thematic channels, and with the ongoing process of implementation of digital terrestrial television and switch-off of the analog signal, main general entertainment channels (FTA) have experienced a decline in audience share. In order to maintain total audience share and advertising market share, we have focused on developing our thematic channels portfolio. Currently, 18 thematic channels are broadcast under "Polsat" brand, they are available within cable and satellite distribution and one of them also in DTT (MUX-2). They compete in different market segments including sport, channels targeted to men or women audience, film and information. Our thematic channels increased their combined audience share to 5.64% in the first quarter of 2013 from 4.40% in the first quarter of 2012, primarily due to: the increase in audience share of Polsat2, Polsat Play and Polsat News, four new channels: Polsat Food, Polsat Viasat Explorer, Polsat Viasat History, Polsat Viasat Nature, as well as thanks to including Polsat Sport News into the telemetric panel.

Moreover, the planned acquisition of TV4 and TV6 channels present in the most dynamically developing segment – DTT enables the reinforcement of TV Polsat Group's market position thanks to the increased audience share in the target group. In the first quarter of 2013, the combined audience share of these channels amounted to 3.4%.

Development of digital terrestrial television

Due to the digitalization of terrestrial TV, we incur double costs of broadcasting of the signal of our main channel (analog and digital). In November 2012, the process of switching off the analog signal was started and it will include further voivodships, until the planned complete switch-off at the end of July 2013. Along with this process, in the following quarters, our analog broadcasting costs will be declining, contributing to the decrease in the costs of signal transmission.

Attractive content of our TV channels

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

Costs of debt service

Following the acquisition of TV Polsat, financed in a great past by the Term Loan and the Bridge Loan repaid with the proceeds from the issue of the Senior Notes, we will continue to incur interest costs on the debt financing. The Term Loan matures on December 31, 2015 and the Senior Notes mature on May 20, 2018. Our Term Loan has a built-in mechanism of bank margin reduction parallel to the decrease in the net debt to EBITDA ratio, which means that making timely payments and voluntarily prepayments, we are able to decrease both interest costs and the remaining principal in the future periods.

Signing of preliminary and conditional agreements for the purchase of shares in Polskie Media S.A.

On March 28, 2013, TV Polsat concluded preliminary and conditional agreements for the acquisition of 100% shares in Polskie Media S.A., broadcaster of TV4 and TV6 channels for the total amount of PLN 99m (not in thousands), comprising price for shares and adjustments related to enterprise value.

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

Finalization of the acquisition is scheduled for July 2013. The transaction is subject to two precedent conditions – the buyer needs to get an approval of the Office of Competition and Consumer Protection and the sellers must acquire the shares from the current minority shareholders.

Signing of conditional agreement to sell RS TV S.A.

On March 28, 2013, the Group signed a conditional agreement to sell RS TV S.A. ("RS TV") to Emitel Sp. z o.o. for PLN 45.5 million (not in thousands). The sale of RS TV, company providing signal transmission services primarily for Cyfrowy Polsat Group, aims at focusing the Group's activities on two main business segments – providing retail services and broadcasting and television production.

According to the SFA, the proceeds from the sale of shares in RS TV in the amount of PLN 45,5 million (not in thousands) will be allocated in total to the voluntarily partial repayment of the Term Loan incurred for the purchase of TV Polsat, which will have a positive impact on both reduction of the principal amount as well as debt service costs in the future.

CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2013

Prepared in accordance
with
International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 14 May 2013, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed consolidated financial statements of the Cyfrowy Polsat S.A. Group prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, which include:

Interim Consolidated Income Statement for the period from 1 January 2013 to 31 March 2013 showing a net profit for the period of:	PLN 95,105
Interim Consolidated Statement of Comprehensive Income for the period from 1 January 2013 to 31 March 2013 showing a total comprehensive income for the period of:	PLN 93,765
Interim Consolidated Balance Sheet as at 31 March 2013 showing total assets and total equity and liabilities of:	PLN 5,629,474
Interim Consolidated Cash Flow Statement for the period from 1 January 2013 to 31 March 2013 showing a net increase in cash and cash equivalents amounting to:	PLN 53,823
Interim Consolidated Statement of Changes in Equity for the period from 1 January 2013 to 31 March 2013 showing an increase in equity of:	PLN 93,765

Notes to the Interim Condensed Consolidated Financial Statements

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

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

Warsaw, 14 May 2013

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

Interim Consolidated Income Statement

	Note	for the 3 months ended 31 March 2013 unaudited	31 March 2012 unaudited
Continuing operations			
Revenue	7	697,076	669,213
Operating costs	8	(512,966)	(464,565)
Cost of services, products, goods and materials sold		(407,879)	(368,744)
Selling expenses		(61,840)	(54,655)
General and administrative expenses		(43,247)	(41,166)
Other operating income/costs		504	(1,658)
Profit from operating activities		**184,614**	**202,990**
Gains on investment activities	9	3,835	12,477
Finance costs	10	(80,075)	30,071
Share of the profit of jointly controlled entity accounted for using the equity method		762	730
Gross profit for the period		**109,136**	**246,268**
Income tax		(14,031)	(41,159)
Net profit for the period		**95,105**	**205,109**
Net profit attributable to equity holders of the Parent		95,105	205,109
Basic and diluted earnings per share (in PLN)		**0.27**	**0.59**

Interim Consolidated Statement of Comprehensive Income

	Note	for the 3 months ended 31 March 2013 unaudited	31 March 2012 unaudited
Net profit for the period		**95,105**	**205,109**
Hedge valuation	12	3,660	(9,788)
Income tax relating to hedge valuation	12	(696)	1,860
Currency translation adjustment		(5,314)	(3,060)
Income tax relating to currency translation adjustment		1,010	603
Other comprehensive income, net of tax		**(1,340)**	**(10,385)**
Total comprehensive income for the period		**93,765**	**194,724**
Total comprehensive income attributable to equity holders of the Parent		93,765	194,724

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

Interim Consolidated Balance Sheet - Assets

	31 March 2013 unaudited	31 December 2012
Reception equipment	419,894	420,060
Other property, plant and equipment	266,252	276,407
Goodwill	2,568,033	2,568,033
Brands	847,800	847,800
Other intangible assets	82,841	81,380
Non-current programming assets	104,074	97,988
Investment property	8,336	8,357
Non-current deferred distribution fees	34,399	35,125
Other non-current assets	62,960	109,642
Deferred tax assets	30,260	31,356
Total non-current assets	**4,424,849**	**4,476,148**
Current programming assets	155,399	141,652
Inventories	150,701	161,974
Trade and other receivables	403,593	375,659
Income tax receivable	1,372	6,494
Current deferred distribution fees	60,035	57,096
Other current assets	109,187	71,968
Cash and cash equivalents	324,338	270,354
Total current assets	**1,204,625**	**1,085,197**
Total assets	**5,629,474**	**5,561,345**

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

Interim Consolidated Balance Sheet - Equity and Liabilities

	Note	31 March 2013 unaudited	31 December 2012
Share capital	11	13,934	13,934
Share premium		1,295,103	1,295,103
Other reserves		(17,667)	(16,327)
Retained earnings		1,270,798	1,175,693
Total equity		**2,562,168**	**2,468,403**
Loans and borrowings	13	572,819	592,003
Senior Notes payable	14	1,370,119	1,316,479
Finance lease liabilities		474	551
Deferred tax liabilities		93,487	94,258
Deferred income		4,978	5,181
Other non-current liabilities and provisions		17,684	17,690
Total non-current liabilities		**2,059,561**	**2,026,162**
Loans and borrowings	13	250,329	275,608
Senior Notes payable	14	101,219	97,256
Finance lease liabilities		238	233
Trade and other payables		432,897	472,094
Income tax liability		1,990	7,092
Deposits for equipment		13,182	13,259
Deferred income		207,890	201,238
Total current liabilities		**1,007,745**	**1,066,780**
Total liabilities		**3,067,306**	**3,092,942**
Total equity and liabilities		**5,629,474**	**5,561,345**

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

Interim Consolidated Cash Flow Statement

	Note	for the 3 months ended 31 March 2013 unaudited	for the 3 months ended 31 March 2012 unaudited
Net profit for the period		**95,105**	**205,109**
Adjustments for:		**70,557**	**28,318**
Depreciation, amortization and impairment	8	60,698	54,433
Payments for film licenses and sports rights		(44,320)	(29,711)
Amortization of film licenses and sports rights		46,049	46,909
Loss/(gain) on investing activity		58	(11)
Cost of programming rights sold		3,504	2,311
Interest expense		46,368	52,017
Change in inventories		11,273	(7,249)
Change in receivables and other assets		(18,654)	(48,496)
Change in liabilities, provisions and deferred income		(36,840)	53,564
Change in internal production and advance payments		(1,048)	(186)
Valuation of hedging instruments		3,660	(9,788)
Share of the profit of jointly controlled entity accounted for using the equity method		(762)	(730)
Foreign exchange losses/(gains), net		25,976	(87,786)
Income tax		14,031	41,159
Net additions of reception equipment provided under operating lease		(40,920)	(38,363)
Other adjustments		1,484	245
Cash from operating activities		**165,662**	**233,427**
Income tax paid		(13,763)	(12,561)
Interest received from operating activities		3,544	3,843
Net cash from operating activities		**155,443**	**224,709**
Acquisition of property, plant and equipment		(21,703)	(13,759)
Acquisition of intangible assets		(13,377)	(7,045)
Acquisition of subsidiaries, net of cash acquired		(153)	(2,329)
Proceeds from sale of property, plant and equipment		350	90
Loans granted		-	(1,100)
Net cash used in investing activities		**(34,883)**	**(24,143)**

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

Repayment of loans and borrowings	13	(49,813)	(26,755)
Repayment of interest on Cash Pool		(1,035)	-
Finance lease – principal repayments		(78)	(84)
Payment of interest on loans, borrowings, bonds, finance lease and commissions		(15,811)	(26,133)
Net cash used in financing activities		**(66,737)**	**(52,972)**
Net increase in cash and cash equivalents		**53,823**	**147,594**
Cash and cash equivalents at the beginning of the period		**270,354**	**277,534**
Effect of exchange rate fluctuations on cash and cash equivalents		161	(2,501)
Cash and cash equivalents at the end of the period		**324,338**	**422,627**

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

Interim Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2013

	Share capital	Share premium	Other reserves	Retained earnings*	**Total equity**
Balance as at 1 January 2013	**13,934**	**1,295,103**	**(16,327)**	**1,175,693**	**2,468,403**
Total comprehensive income	-	-	(1,340)	95,105	**93,765**
Hedge valuation reserve	-	-	*2,964*	-	***2,964***
Currency translation adjustment	-	-	*(4,304)*	-	***(4,304)***
Net profit for the period	-	-	-	*95,105*	***95,105***
Balance as at 31 March 2013	**13,934**	**1,295,103**	**(17,667)**	**1,270,798**	**2,562,168**

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

Interim Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2012

	Share capital	Share premium	Other reserves	Retained earnings*	**Total equity**
Balance as at 1 January 2012	**13,934**	**1,295,103**	**9,611**	**577,395**	**1,896,043**
Total comprehensive income	-	-	(10,385)	205,109	**194,724**
Hedge valuation reserve	-	-	*(7,928)*	-	***(7,928)***
Currency translation adjustment	-	-	*(2,457)*	-	***(2,457)***
Net profit for the period	-	-	-	*205,109*	***205,109***
Balance as at 31 March 2012	**13,934**	**1,295,103**	**(774)**	**782,504**	**2,090,767**

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

Notes to the Interim Condensed Consolidated Financial Statements

1. The Parent Company

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

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

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

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

2. Composition of the Management Board of the Company

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

3. Composition of the Supervisory Board of the Company

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

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

Statement of compliance

These interim condensed consolidated financial statements for the 3 months ended 31 March 2013 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended

31 December 2012, which been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Group applied the same accounting policies in the preparation of the financial data for the 3 months ended 31 March 2013 and the consolidated financial statements for the year 2012, presented in the consolidated annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on 1 January 2013.

During the 3 months ended 31 March 2013 the following became effective:

(i) amendments to IAS 19 – *Employee Benefits*
The amendments introduce new requirements for the recognition and measurement of the defined benefit plan costs and termination benefits as well as amend disclosure requirements. The changes have no impact on these interim condensed consolidated financial statements.

(ii) amendments to IFRS 2009-2011
The amendments concern *inter alia* presentation of (restated) opening balance for the period preceding the reporting period when a retrospective accounting policy change is made. The changes have no impact on these interim condensed consolidated financial statements.

Standards published but not yet effective:

(i) amendments to IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint arrangements* and IFRS 12 – *Disclosure of Interests in Other Entities*
The amendments contain *inter alia* guidance relating transition periods when adopting the abovementioned IFRSs. The changes have no impact on these interim condensed consolidated financial statements.

5. Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of Cyfrowy Polsat S.A. on 14 May 2013.

6. Information on Seasonality in the Group’s Operations

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

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

7. Revenue

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Retail revenue	452,009	424,674
Advertising and sponsorship revenue	184,218	201,571
Revenue from cable and satellite operator fees	24,867	23,329
Sale of equipment	13,112	2,720
Other revenue	22,870	16,919
Total	**697,076**	**669,213**

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

8. Operating costs

		for the 3 months ended	
	Note	**31 March 2013 unaudited**	**31 March 2012 unaudited**
Programming costs		99,155	100,146
Distribution, marketing, customer relation management and retention costs		78,990	71,536
Cost of internal and external TV production and amortization of sport rights		75,604	78,575
Depreciation, amortization and impairment		60,698	54,433
Salaries and employee-related costs	**a**	43,090	40,597
Broadcasting and signal transmission costs		38,004	33,671
Amortization of purchased film licenses		32,661	28,040
Cost of equipment sold		25,923	5,497
Cost of settlements with mobile network operators and interconnection charges		15,759	10,535
Cost of debt collection services and bad debt allowance and receivables written off		6,430	5,918
Other costs		36,652	35,617
Total costs by kind		**512,966**	**464,565**

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

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Cost of services, products, goods and materials sold	407,879	368,744
Selling expenses	61,840	54,655
General and administrative expenses	43,247	41,166
Total costs by function	**512,966**	**464,565**

a) Salaries and employee-related costs

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Salaries	35,910	33,200
Social security contributions	5,971	5,613
Other employee-related costs	1,209	1,784
Total	**43,090**	**40,597**

9. Gains on investment activities

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Interest income	3,573	4,005
Other interest	(1,386)	(469)
Other foreign exchange gains/(losses)	1,713	8,983
Other investment income	1	66
Other finance costs	(66)	(108)
Total	**3,835**	**12,477**

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

10. Finance costs

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Interest expense on loans and borrowings	19,387	29,449
Impact of hedging instruments valuation on interest expense on loans and borrowings	27	-
Realization of hedging instruments (IRS)	1,379	303
Interest expense on Senior Notes	27,161	25,989
Impact of hedging instruments valuation on interest expense on Senior Notes	755	112
Foreign exchange differences on Senior Notes	30,442	(87,093)
Guarantee fees	91	91
Bank and other charges	833	1,078
Total	**80,075**	**(30,071)**

11. Equity

(i) Share capital

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

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

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

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

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

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

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

12. Hedge valuation reserve

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

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Balance as at 1 January	**(20,631)**	**4,758**
Valuation of cash flow hedges	2,878	(9,900)
Amount transferred to income statement	782	112
Deferred tax	(696)	1,860
Change for the period	**2,964**	**(7,928)**
Balance as at 31 March	**(17,667)**	**(3,170)**

In the 3 months ended 31 March 2013 the hedge was valued at PLN 2,878 (positive), including PLN 782 recognized in the profit and loss account in correspondence with finance costs. Since the hedge was determined to be effective, the remaining gain in the amount of PLN 3,660 was recognized within the hedge valuation reserve. The total effect of the hedge valuation on the hedge valuation reserve in the 3 months ended 31 March 2013 amounts to PLN 2,964, representing the amount of the valuation, net of related deferred tax.

In the 3 months ended 31 March 2012 the hedge was valued at negative PLN 9,900, including PLN 112 recognized in the profit and loss account. Since the hedge was determined to be effective, the remaining gain in the amount of PLN 9,788 was recognized within the hedge valuation reserve. Taking into consideration deferred tax, the total effect of the hedge valuation on the other reserves is negative and amounts to PLN 7,928.

13. Loans and borrowings

Loans and borrowings	31 March 2013 unaudited	31 December 2012
Short-term liabilities	250,329	275,608
Long-term liabilities	572,819	592,003
Total	**823,148**	**867,611**

Change in loans and borrowings liabilities

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Loans and borrowings as at 1 January	**867,611**	**1,205,185**
Repayment of capital	(49,813)	(26,755)
Repayment of interest and commissions	(14,037)	(25,448)
Interest accrued	19,387	29,449
Loans and borrowings as at 31 March	**823,148**	**1,182,431**

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

14. Senior Notes

	31 March 2013 unaudited	31 December 2012
Short-term liabilities	101,219	97,256
Long-term liabilities	1,370,119	1,316,479
Total	**1,471,338**	**1,413,735**

Change in *Senior Notes* payable

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
***Senior Notes* payable as at 1 January**	**1,413,735**	**1,522,577**
Unrealized foreign exchange (gains)/losses	30,442	(87,093)
Interest accrued	27,161	25,989
***Senior Notes* payable as at 31 March**	**1,471,338**	**1,461,473**

15. Operating segments

The Group operates in the following two segments:

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

The Group conducts its operating activities primarily in Poland.

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

Retail business segment includes:

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

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

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

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

The table below presents a summary of the Group's revenues and expenses by operating segment for the 3 months ended 31 March 2013:

The 3 months ended 31 March 2013	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	476,659	220,417	-	697,076
Inter-segment revenues	5,372	24,827	(30,199)	-
Revenues	**482,031**	**245,244**	**(30,199)**	**697,076**
EBITDA	**164,678**	**80,634**	**-**	**245,312**
Profit/(loss) from operating activities	**112,528**	**72,685**	**(599)**	**184,614**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	72,536*	4,130	-	76,666
Depreciation and amortization	51,383	7,949	599	59,931
Impairment	767	-	-	767
Balance as at 31 March 2013				
Assets, including:	1,593,733	4,109,258**	(73,517)	5,629,474
Investments in associates	-	3,484	-	3,484

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

Practically all revenues are generated in Poland.

It should be noted that the 3 months ended 31 March 2013 are not comparable to the 3 months ended 31 March 2012 as INFO-TV-FM was acquired on 30 January 2012 and ipla platform was acquired on 2 April 2012.

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

The table below presents a summary of the Group's revenues and expenses by operating segment for the year ended 31 March 2012:

The year ended 31 March 2012	Retail	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	433,670	235,543	-	669,213
Inter-segment revenues	754	26,842	(27,596)	-
Revenues	**434,424**	**262,385**	**(27,596)**	**669,213**
EBITDA	**165,420**	**92,003**	**-**	**257,423**
Profit/(loss) from operating activities	**122,285**	**82,001**	**(1,296)**	**202,990**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	52,145*	8,158	-	60,303
Depreciation and amortization	41,347	10,002	1,296	52,645
Impairment	1,788	-	-	1,788
Balance as at 31 March 2012				
Assets, including:	1,642,960	3,941,656**	(81,862)	5,502,754
Investments in associates	-	3,261	-	3,261

*This item also includes the acquisition of reception equipment for operating lease purposes.

** includes non-current assets located outside of Poland

Reconciliation of EBITDA and Net profit for the period:

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
EBITDA	**245,312**	**257,423**
Depreciation, amortization and impairment	(60,698)	(54,433)
Profit from operating activities	**184,614**	**202,990**
Other foreign exchange rate differences, net (note 9)	1,713	8,983
Interest income (note 9)	3,573	4,005
Share of the profit of associate accounted for using the equity method	762	730
Interest costs (note 9 and 10)	(50,095)	(56,322)
Foreign exchange differences on *Senior Notes* (note 10)	(30,442)	87,093
Other	(989)	(1,211)
Gross profit for the period	**109,136**	**246,268**
Income tax	(14,031)	(41,159)
Net profit for the period	**95,105**	**205,109**

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

16. Transactions with related parties

Receivables

	31 March 2013 unaudited	31 December 2012
Jointly controlled entities	646	487
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	11,029	15,883
Total	**11,675**	**16,370**

*Amounts presented above do not include deposits paid (31 March 2013 – PLN 2,606, 31 December 2012 – PLN 2,561)

Liabilities

	31 March 2013 unaudited	31 December 2012
Jointly controlled entities	1,224	1,045
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	18,329	27,447
Total	**19,553**	**28,492**

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

Other assets

	31 March 2013 unaudited	31 December 2012
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	148,895	160,173
Total	**148,895**	**160,173**

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

Revenues

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Subsidiaries*	-	474
Jointly controlled entities	87	87
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	9,142	2,481
Total	**9,229**	**3,042**

*Concerns transactions with subsidiaries executed prior to their acquisition

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

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

Expenses and purchases of programming assets

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Subsidiaries*	-	4,832
Jointly controlled entities	1,400	1,437
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	55,736	30,358
Total	**57,136**	**36,627**

* Concerns transactions with subsidiaries executed prior to their acquisition

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

Gains and losses on investment activities

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Subsidiaries*	-	2
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	47	31
Total	**47**	**33**

*Concerns transactions with subsidiaries executed prior to their acquisition

17. Litigations

Management believes that the provisions as at 31 March 2013 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

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

18. Significant agreements

Acquisition of Polskie Media S.A.

On 28 March 2013 preliminary and conditional agreements for the sale of shares in Polskie Media S.A. were concluded between Telewizja Polsat Sp. z o.o. seated in Warsaw ('Telewizja Polsat'), subsidiary of Cyfrowy Polsat, and Karswell Limited seated in Nicosia, Cyprus (the 'Seller I') and Sensor Overseas Limited seated in Nicosia, Cyprus (the 'Seller II').

Pursuant to the agreements, Telewizja Polsat is obliged to enter into the promised agreements whereby it will purchase and Seller I and Seller II will sell a total of 14.500.000 registered shares in Polskie Media S.A. seated in Warsaw ('Polskie Media') with nominal value of PLN 10 (not in thousand) each comprising 100% of the share capital of Polskie Media and giving rise to 100% of voting rights at the annual general meeting for the total the total amount of PLN 99,000, comprising price for shares and adjustments related to enterprise value.

The agreement was concluded subject to the following precedent conditions:

a) issue of the relevant approval by the President of the Office of Competition and Consumer Protection
b) acquisition by either Seller I or Seller II of 2,500 registered shares with total nominal value of PLN 25 from the company's current minority shareholder.

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

Disposal of subsidiary

On 28 March 2013 the conditional agreement for disposal of RS TV S.A ('RS TV') was concluded between the Group and EmiTel Sp. z o.o. for the total amount of PLN 45,500.

The agreement was concluded subject to the following precedent conditions:

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

19. Other disclosures

Security relating to loans and borrowings

Establishment of security for loan facilities and Senior Notes

The Group entered into the following agreements for the establishment of security, aside from the security agreements described in the note 45 in the consolidated financial statements for the year 2012.

Following the share capital increase of the following entities: Redefine Sp. z o.o., Frazpc.pl Sp. z o.o., Netshare Sp. z o.o. and Gery.pl Sp. z o.o. (through new shares issued acquired by Cyfrowy Polsat) and pursuant to the pledge agreements over the shares of these entities dated 18 April 2012, on 28 February 2013 and 26 March 2013 the Company entered into agreements establishing registered and financial pledges on all new shares in the increased share capital of the above entities.

On 28 February 2013, Telewizja Polsat Sp. z o.o. entered into agreement establishing registered and financial pledges on all shares in Polsat Media Biuro Reklamy Sp. z o.o..

Following the share capital increase of Telewizja Polsat Holdings Sp. z o.o. dated 6 March 2013 (through new shares issued acquired by Telewizja Polsat Sp. z.o.o.) and pursuant to the pledge agreement over the shares dated 10 July 2012, on 25

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

April 2013 the Telewizja Polsat Sp. z o.o. entered into agreement establishing registered and financial pledges on all new shares in the increased share capital.

On 6 March 2013 Telewizja Polsat Sp. z o.o. has transferred all shares of RS TV Sp. z o.o. to Telewizja Polsat Holdings Sp. z o.o. as contribution in kind for the newly issued shares of Telewizja Polsat Holdings Sp. z o.o. On 6 March 2013 Telewizja Polsat Sp. z o.o. (original pledgor) has transferred security interests created on all shares in RS TV Sp. z o.o. to Telewizja Polsat Holdings Sp. z o.o. (new pledgor).

On 26 March 2013, Redefine Sp. z o.o. entered into agreement establishing registered and financial pledges on all shares in Poszkole.pl Sp. z o.o..

On 26 March 2013 the following entities: Redefine Sp. z .o.o., Poszkole.pl Sp. z .o.o., Netshare Sp. z o.o., Gery.pl Sp. z o.o., Frazpc.pl Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o. acceded to the Senior Facilities Agreement as the guarantor and the Intercreditor Agreement as a debtor. On 26 March 2013 the above entities entered into agreements and other documents for the establishment in particular of the following security in respect to the repayment of the term and revolving facility loans granted under the Senior Facilities Agreement and the repayment (redemption) of the High Yield Notes (i.e. Senior Notes):
(i) transfer of receivables for security, due to the following entities: Redefine Sp. z .o.o., Poszkole.pl Sp. z .o.o., Netshare Sp. z o.o., Gery.pl Sp. z o.o., Frazpc.pl Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o.
(ii) registered pledge on tangible assets and intangible rights of the following entities: Redefine Sp. z .o.o., Poszkole.pl Sp. z .o.o., Netshare Sp. z o.o., Gery.pl Sp. z o.o., Frazpc.pl Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o.
(iii) statement of the following entities: Redefine Sp. z .o.o., Poszkole.pl Sp. z .o.o., Netshare Sp. z o.o., Gery.pl Sp. z o.o., Frazpc.pl Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o. on submission to the enforcement procedure as stipulated by the notary deed.

Commitments to purchase programming assets

As at 31 March 2013 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	31 March 2013 unaudited	**31 December 2012**
within one year	139,198	157,273
between 1 to 5 years	71,480	69,541
Total	**210,678**	**226,814**

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

	31 March 2013 unaudited	**31 December 2012**
within one year	6,213	15,913
Total	**6,213**	**15,913**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 4,600 as at 31 March 2013 (PLN 4,082 as at 31 December 2012). Total amount of capital commitments resulting from agreements on property improvements was PLN 21 as at 31 March 2013 (PLN 5,878 as at 31 December 2012). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software as at 31 March 2013 was PLN 367 (PLN 405 as at 31 December 2012).

20. Judgments, financial estimates and assumptions

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

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

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

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for the 3 months ended 31 March 2013

Prepared in accordance
with
International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 14 May 2013, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of the Cyfrowy Polsat S.A. prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, which include:

Interim Income Statement for the period
from 1 January 2013 to 31 March 2013 showing a net profit for the period of: PLN 34,902

Interim Statement of Comprehensive Income for the period
from 1 January 2013 to 31 March 2013 showing a total comprehensive income for the period of: PLN 37,866

Interim Balance Sheet as at
31 March 2013 showing total assets and total equity and liabilities of: PLN 6,097,186

Interim Cash Flow Statement for the period
from 1 January 2013 to 31 March 2013 showing a net decrease in cash and cash equivalents amounting to: PLN 26,065

Interim Statement of Changes in Equity for the period
from 1 January 2013 to 31 March 2013 showing an increase in equity of: PLN 37,866

Notes to the Interim Condensed Financial Statements

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

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

Dorota Wołczyńska
Chief Accountant

Warsaw, 14 May 2013

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

Interim Income Statement

	Note	for the 3 months ended 31 March 2013 unaudited	31 March 2012 unaudited
Revenue	7	477,477	433,682
Operating costs	8	(383,175)	(322,950)
Cost of services, products, goods and materials sold		(280,177)	(233,142)
Selling expenses		(72,488)	(63,442)
General and administrative expenses		(30,510)	(26,366)
Other operating income/costs		396	(1,672)
Profit from operating activities		**94,698**	**109,060**
Gains on investment activities	9	23,372	302,029
Finance costs	10	(84,553)	24,699
Gross profit for the period		**33,517**	**435,788**
Income tax		1,385	(26,200)
Net profit for the period		**34,902**	**409,588**
Basic and diluted earnings per share (in PLN)		**0.10**	**1.18**

Interim Statement of Comprehensive Income

	Note	for the 3 months ended 31 March 2013 unaudited	31 March 2012 unaudited
Net profit for the period		**34,902**	**409,588**
Hedge valuation	12	3,660	(9,788)
Income tax relating to hedge valuation	12	(696)	1,860
Other comprehensive income, net of tax		**2,964**	**(7,928)**
Total comprehensive income for the period		**37,866**	**401,660**

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

Interim Balance Sheet - Assets

	31 March 2013 unaudited	31 December 2012
Reception equipment	419,894	420,060
Other property, plant and equipment	164,909	172,201
Goodwill	52,022	52,022
Other intangible assets	49,307	47,821
Shares in subsidiaries	4,719,928	4,588,928
Non-current deferred distribution fees	34,399	35,125
Other non-current assets	54,098	101,604
Total non-current assets	**5,494,557**	**5,417,761**
Inventories	149,327	159,885
Trade and other receivables	249,124	222,767
Income tax receivable	1,337	6,458
Current deferred distribution fees	60,035	57,096
Other current assets	109,566	71,256
Cash and cash equivalents	33,240	59,316
Total current assets	**602,629**	**576,778**
Total assets	**6,097,186**	**5,994,539**

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

Interim Balance Sheet - Equity and Liabilities

	Note	31 March 2013 unaudited	31 December 2012
Share capital	11	13,934	13,934
Share premium		1,295,103	1,295,103
Hedge valuation reserve		(17,667)	(20,631)
Retained earnings		1,726,994	1,692,092
Total equity		**3,018,364**	**2,980,498**
Loans and borrowings	13	572,819	592,003
Issued bonds	14	1,355,262	1,298,661
Finance lease liabilities		3,026	3,554
Deferred tax liabilities		84,518	90,611
Deferred income		4,978	5,181
Other non-current liabilities and provisions		14,639	14,644
Total non-current liabilities		**2,035,242**	**2,004,654**
Loans and borrowings	13	397,751	311,439
Issued bonds	14	115,431	110,610
Finance lease liabilities		2,199	1,954
Trade and other payables		307,653	371,461
Deposits for equipment		13,182	13,259
Deferred income		207,364	200,664
Total current liabilities		**1,043,580**	**1,009,387**
Total liabilities		**3,078,822**	**3,014,041**
Total equity and liabilities		**6,097,186**	**5,994,539**

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

Interim Cash Flow Statement

	Note	for the 3 months ended 31 March 2013 unaudited	31 March 2012 unaudited
Net profit for the period		**34,902**	**409,588**
Adjustments for:		**32,590**	**(270,393)**
Depreciation, amortization and impairment	8	52,322	43,614
Loss/(gain) on investing activity		37	(4)
Interest expense		53,206	59,018
Change in inventories		10,558	(2,540)
Change in receivables and other assets		(19,375)	(3,608)
Change in liabilities, provisions and deferred income		(32,904)	41,136
Valuation of hedging instruments		3,660	(9,788)
Foreign exchange (gains)/ losses, net		30,294	(86,638)
Income tax		(1,385)	26,200
Net additions of reception equipment provided under operating lease		(40,920)	(40,911)
Dividends income		(24,379)	(297,230)
Other adjustments		1,476	358
Cash from operating activities		**67,492**	**139,195**
Income tax paid		(281)	-
Interest received from operating activities		268	630
Net cash from operating activities		**67,479**	**139,825**
Acquisition of property, plant and equipment		(18,935)	(4,301)
Acquisition of intangible assets		(12,739)	(5,484)
Loans granted		-	(1,100)
Dividends received		24,379	220,000
Acquisition of shares in subsidiaries		-	(2,330)
Share capital increase in subsidiaries		(131,000)	-
Proceeds from sale of property, plant and equipment		26	90
Net cash from/(used in) investing activities		**(138,269)**	**206,875**
Net cash from Cash Pool		111,057	(43,839)
Payment of interest on loans, borrowings, bonds, finance lease and commissions		(15,921)	(26,133)
Finance lease – principal repayments		(598)	(84)
Repayment of loans and borrowings	13	(49,813)	(26,755)
Net cash used in financing activities		**44,725**	**(96,811)**
Net increase/(decrease) in cash and cash equivalents		**(26,065)**	**249,889**
Cash and cash equivalents at the beginning of the period		**59,316**	**11,858**
Effect of exchange rate fluctuations on cash and cash equivalents		(11)	(3)
Cash and cash equivalents at the end of the period		**33,240**	**261,744**

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

Interim Statement of Changes in Equity for the 3 months ended 31 March 2013

	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2013	**13,934**	**1,295,103**	**(20,631)**	**1,692,092**	**2,980,498**
Total comprehensive income	-	-	2,964	34,902	**37,866**
Hedge valuation reserve	-	-	*2,964*	-	***2,964***
Net profit for the period	-	-	-	*34,902*	***34,902***
Balance as at 31 March 2013	**13,934**	**1,295,103**	**(17,667)**	**1,726,994**	**3,018,364**

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

Interim Statement of Changes in Equity for the 3 months ended 31 March 2012

	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2012	**13,934**	**1,295,103**	**4,758**	**1,189,281**	**2,503,076**
Total comprehensive income	-	-	(7,928)	409,588	**401,660**
Hedge valuation reserve	-	-	*(7,928)*	-	***(7,928)***
Net profit for the period	-	-	-	*409,588*	***409,588***
Balance as at 31 March 2012	**13,934**	**1,295,103**	**(3,170)**	**1,598,869**	**2,904,736**

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

Notes to the Interim Condensed Financial Statements

1. The Company

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

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

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

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

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

2. Composition of the Management Board of the Company

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

3. Composition of the Supervisory Board of the Company

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

4. Basis of preparation of the interim condensed financial statements

Statement of compliance

These interim condensed financial statements for the 3 months ended 31 March 2013 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial* Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Company applied the same accounting policies in the preparation of the financial data for the 3 months ended 31 March 2013 and the interim condensed financial Statements for the year 2012, presented in the annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on 1 January 2013.

During the 3 months ended 31 March 2013 the following became effective:

(i) amendments to IAS 19 – *Employee Benefits*
The amendments introduce new requirements for the recognition and measurement of the defined benefit plan costs and termination benefits as well as amend disclosure requirements. The changes have no impact on these interim condensed financial statements.

(ii) amendments to IFRS 2009-2011
The amendments concern *inter alia* presentation of (restated) opening balance for the period preceding the reporting period when a retrospective accounting policy change is made. The changes have no impact on these interim condensed financial statements.

Standards published but not yet effective:

(i) amendments to IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint arrangements* and IFRS 12 – *Disclosure of Interests in Other Entities*
The amendments contain *inter alia* guidance relating transition periods when adopting the abovementioned IFRSs. The changes have no impact on these interim condensed financial statements.

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 14 May 2013.

6. Information on Seasonality in the Company's Operations

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

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

7. Revenue

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Retail revenue	450,898	424,676
Sale of equipment	13,098	2,693
Other revenue	13,481	6,313
Total	**477,477**	**433,682**

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

8. Operating costs

		for the 3 months ended	
	Note	**31 March 2013 unaudited**	**31 March 2012 unaudited**
Programming costs		116,391	108,005
Distribution, marketing, customer relation management and retention costs		78,796	71,358
Depreciation, amortization and impairment		52,322	43,614
Salaries and employee-related costs	a	26,954	22,822
Cost of equipment sold		25,715	5,420
Broadcasting and signal transmission costs		21,617	21,768
Cost of settlements with mobile network operators and interconnection charges		15,759	10,535
Cost of debt collection services and bad debt allowance and receivables written off		7,328	5,473
Other costs		38,293	33,955
Total costs by kind		**383,175**	**322,950**

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Cost of services, products, goods and materials sold	280,177	233,142
Selling expenses	72,488	63,442
General and administrative expenses	30,510	26,366
Total costs by function	**383,175**	**322,950**

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

a) Salaries and employee-related costs

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Salaries	22,069	18,792
Social security contributions	4,107	3,466
Other employee-related costs	778	564
Total	**26,954**	**22,822**

9. Gains on investment activities

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Dividends received	24,379	297,230
Guarantee fees from related parties	2,276	2,292
Interest income/(expense)	(519)	625
Other foreign exchange gains/(losses)	(2,764)	1,887
Other gains and losses on investment activities, net	-	(5)
Total	**23,372**	**302,029**

10. Finance costs

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Interest expense on loans and borrowings	19,387	29,449
Impact of hedging instruments valuation on interest expense on loans and borrowings	27	-
Realization of hedging instruments (IRS)	1,379	303
Interest expense on issued bonds	31,139	29,778
Impact of hedging instruments valuation on interest expense on issued bonds	755	112
Foreign exchange differences on issued bonds	30,283	(86,640)
Guarantee fees	750	1,221
Bank and other charges	833	1,078
Total	**84,553**	**(24,699)**

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

11. Equity

(i) Share capital

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

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

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

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

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

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

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

12. Hedge valuation reserve

Impact of hedging instruments valuation on hedge valuation reserve

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Balance as at 1 January	**(20,631)**	**4,758**
Valuation of cash flow hedges	2,878	(9,900)
Amount transferred to income statement	782	112
Deferred tax	(696)	1,860
Change for the period	**2,964**	**(7,928)**
Balance as at 31 March	**(17,667)**	**(3,170)**

In the 3 months ended 31 March 2013 the hedge was valued at PLN 2,878 (positive), including PLN 782 recognized in the profit and loss account in correspondence with finance costs. Since the hedge was determined to be effective, the remaining gain in the amount of PLN 3,660 was recognized within the hedge valuation reserve. The total effect of the hedge valuation on the hedge valuation reserve in the 3 months ended 31 March 2013 amounts to PLN 2,964, representing the amount of the valuation, net of related deferred tax.

As at 31 March 2012 the hedge was valued at negative PLN 9,900, including PLN 112 recognized in the profit and loss account. Since the hedge was determined to be effective, the remaining gain in the amount of PLN 9,788 was recognized within the hedge valuation reserve. Taking into consideration deferred tax, the total effect of the hedge valuation on the other reserves is negative and amounts to PLN 7,928.

13. Loans and borrowings

Loans and borrowings	**31 March 2013 unaudited**	**31 December 2012**
Short-term liabilities	397,751	311,439
Long-term liabilities	572,819	592,003
Total	**970,570**	**903,442**

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

Change in loans and borrowings liabilities

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Loans and borrowings as at 1 January	**903,442**	**1,249,023**
Repayment of capital	(49,813)	(26,755)
Repayment of interest and commissions	(14,037)	(25,447)
Net cash from Cash Pool	111,591	(43,839)
Interest accrued	19,387	29,449
Loans and borrowings as at 31 March	**970,570**	**1,182,431**

14. Issued bonds

	31 March 2013 unaudited	31 December 2012
Short-term liabilities	115,431	110,610
Long-term liabilities	1,355,262	1,298,661
Total	**1,470,693**	**1,409,271**

Change in issued bonds payable

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Issued bonds payable as at 1 January	**1,409,271**	**1,516,954**
Unrealized foreign exchange (gains)/losses	30,283	(86,640)
Interest accrued	31,139	29,778
Issued bonds payable as at 31 March	**1,470,693**	**1,460,092**

15. Transactions with related parties

Receivables

	31 March 2013 unaudited	31 December 2012
Subsidiaries	5,247	1,906
Jointly controlled entities	590	432
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	5,496	8,401
Total	**11,333**	**10,739**

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Other assets

	31 March 2013 unaudited	31 December 2012
Subsidiaries	3,328	1,195
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	148,895	160,172
Total	**152,223**	**161,367**

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

Liabilites

	31 March 2013 unaudited	31 December 2012
Subsidiaries	42,789	48,243
Jointly controlled entities	385	375
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	1,161	10,743
Total	**44,335**	**59,361**

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

As at 31 March 2013 liabilities due comprise *inter alia* liabilities resulting from using “Cyfrowy Polsat” trade mark. As at 31 December 2012 liabilities due comprised mainly liabilities resulting from using “Cyfrowy Polsat” trade mark.

Bond liabilities

	31 March 2013 unaudited	31 December 2012
Subsidiaries	1,470,693	1,409,271
Total	**1,470,693**	**1,409,271**

Revenues

	for the 3 months ended	
	31 March 2013 unaudited	31 March 2012 unaudited
Subsidiaries*	4,815	2,334
Jointly controlled entities	3	3
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	1,552	1,084
Total	**6,370**	**3,421**

*Concerns also transactions with subsidiaries executed prior to their acquisition (PLN 3 for the 3 months ended 31 March 2012)

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

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

Expenses

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Subsidiaries*	49,772	40,531
Jointly controlled entities	716	735
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over reporting entity	16,969	13,409
Total	**67,457**	**54,675**

*Includes donation forwarded to Fundacja Polsat; concerns also transactions with subsidiaries executed prior to their acquisition (PLN 933 for the 3 months ended 31 March 2012)

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

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

Transactions with related parties are concluded on an arm's length basis.

Gains and losses on investment activities

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Subsidiaries*	26,655	299,524
Total	**26,655**	**299,524**

*Concerns also transactions with subsidiaries executed prior to their acquisition (PLN 2 for the 3 months ended 31 March 2012)

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

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

Finance costs

	for the 3 months ended	
	31 March 2013 unaudited	**31 March 2012 unaudited**
Subsidiaries	31,882	30,908
Total	**31,882**	**30,908**

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

16. Litigations

Management believes that the provisions as at 31 March 2013 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company's financial situation.

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

17. Important agreements and events

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

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

18. Off-balance sheet liabilities

Security relating to loans and borrowings

The Company entered into the following agreements for the establishment of security, aside from the security agreements described in the note 41 in the financial statements for the year 2012.

Following the share capital increase of the following entities: Redefine Sp. z o.o., Frazpc.pl Sp. z o.o., Netshare Sp. z o.o. and Gery.pl Sp. z o.o. (through new shares issued acquired by Cyfrowy Polsat) and pursuant to the pledge agreements over the shares of these entities dated 18 April 2012, on 28 February 2013 and 26 March 2013 the Company entered into agreements establishing registered and financial pledges on all new shares in the increased share capital of the above entities.

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of the technical equipment was PLN 0 as at 31 March 2013 (PLN 66as at 31 December 2012). Total amount of capital commitments resulting from agreements on property improvements was PLN 21 as at 31 March 2013 (PLN 5,878 as at 31 December 2012). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software as at 31 March 2013 was PLN 367 (PLN 405 as at 31 December 2012).

19. Judgments, financial estimates and assumptions

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

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

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