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

		for the 3 months ended	
	Note	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

		for the 3 months ended	
	Note	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**

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Interim Consolidated Cash Flow Statement

	Note	for the 3 months ended 31 March 2013 unaudited	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)**

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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**

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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.

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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**

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	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**

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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

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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**

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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	for the 3 months ended 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	for the 3 months ended 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.