CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim report for the period of three months ended on
31 March 2009

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

Warsaw,12 May 2009

Table of contents

We have prepared this quarterly report as required by Paragraph 86 section 1 point 1 of the Regulation of the Council of Ministers of 19 February 2009 concerning the submission of current and periodical information by the securities' issuers and the conditions of recognizing as equal the information demanded by the national lawful regulation of a country which does not hold the membership in European Union

Presentation of financial and other information

In this quarterly report all references to the Company apply to Cyfrowy Polsat S.A. and and all references to the Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiary. Expressions such as "we", "us", "our" and similar apply generally to the Group, unless from the context it is clear that they apply to the Company alone; „DTH" relates to digital satellite platform services which we provide in Poland since; „Family Package", "Mini Package" and "Mini Max Package" relate to our starting packages available within our DTH services; "Subscriber" relates to a person who signed an agreement for subscription television services and who is obligated under the terms of agreement to make payments to access a package or packages of television channels or who has access to such packages after making required payments but without having signed such an agreement; „ARPU" relates to average net revenue per user calculated as subscription revenues in the reporting period divided by average number of subscribers and by the number of months in the reporting period; „ARPU Family Package" and „ARPU Mini Package" relates to average revenue per subscriber to the Family Package, Mini Package and Mini Max Package, respectively; „churn" relates to churn rate, calculated as a percentage of terminated agreements – number of terminated agreements during the period divided by average number of subscriber in the period; „churn Family Package" and „churn Mini Package" relates to churn rate calculated for the Family Package, Mini Package and Mini Max Package, respectively; „SAC" relates to the sum of cost of provision paid to distributors and to the call center per each attracted customer – as required by Accounting Act dated 29 September 1994; „MVNO" relates to mobile virtual network operator services, which we launched on 8 September 2008; „Shares" relates to the shares of Cyfrowy Polsat S.A., which were introduced to public trading on the Warsaw Stock Exchange on 6 May 2008 and are marked with a code PLCFRPT00013

Financial and Operating Data

This quarterly report contains financial statements of, and financial information relating to the Group. In particular, this quarterly report contains our interim condensed consolidated financial statements for the three months ended 31 March 2009 and interim condensed financial statements for the three month period ended 31 March 20089. The financial statements appended to this quarterly report have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Zloty.

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

Currency Presentation

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

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

Forward – looking statements

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

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

1. Introduction

We are the largest provider of pay DTH satellite television broadcasting services in Poland with 2,802,056 subscribers as of 31 March 2009. Our core business is to provide individual customers with access to television and radio channels grouped into different paid programming packages and transmitted via satellite.

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

We provide our subscribers with an access to 74 Polish-language television channels, including sports, music/entertainment, news/information, children, education and film channels. We are the only pay DTH satellite operator to provide its customers with access to all major terrestrial channels in Poland, including Polsat, TVP 1, TVP 2 and TVN. In addition, we provide our customers with an access to over 500 free to air ("FTA") television and radio channels available via satellite in Poland. Starting in December 2007, we began to offer four thematic channels produced by BBC Worldwide Limited, all on an exclusive basis for DTH satellite operators in Poland. Moreover, we offer high definition channels, such as Polsat Sport HD, Eurosport HD, HBO HD and MTVN HD, and Discovery HD.

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

In November 2007, we launched the production of our own standard definition set top boxes, which enables us to decrease their acquisition costs. We started sales of our own-manufactured set top boxes on 26 March 2008 and in the period from that date to 31 March 2009 we sold or lease about 318 thousand our own set top boxes to our subscribers. We sell our services through an effective sales network covering the entire territory of Poland that links our own central warehouse, 27 regional distributors, and a network of 1,296 retail points of sale.

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

We believe that providing DTH and MVNO services will contribute to an increase in the number of clients, increase in our revenue from operating activities and an increase in the overall satisfaction of clients ultimately resulting in lower churn rate.

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

2. Significant events

Acquisition of shares in Sferia S.A. and put option agreement

On 11 March 2009 we accepted (with the consent of the Supervisory Board) an offer to purchase 350,000 privileged shares of a new issue of Sferia S.A. ("Sferia") of nominal value of PLN 100 each. These shares constitute approximately 11% in the increased share capital of Sferia. The shares were acquired at the issue price of PLN 152.56 per share. The total issue price of the acquired shares was PLN 53,396.

Before the acquisition of shares, we concluded an option agreement with Zygmunt Solorz - Żak, based on which upon our request, Zygmunt Solorz- Żak or an entity appointed by him will purchase the Shares acquired by us. We may exercise the aforementioned option at any time, however no later than until 30 June 2009, but the term may be extended by further 3 months to 30 September 2009.This agreement has enabled us to conduct full due diligence of Sferia and build a complex financial model of integrated services and as a result gave us a possibility to eventually modify of transaction valuation

On 13 March 2009 based on an option agreement dated 11 March 2009 we exercised a put option to sell shares in Sferia. This decision was taken due to the lack of acceptance from the minority shareholders for our capital involvement in Sferia. The exercise of option was accepted by the Supervisory Board. On 21 April 2009 we sold 350,000 shares in Sferia to Polaris Finance B.V., an entity appointed by Zygmunt Solorz-Żak. Shares were sold for the price of PLN 53,726.

Agreement with TVN S.A

On 25 February 2008 we concluded annexes to the license agreements dated 14 February 2003 and 30 May 2006 with TVN S.A. By force of signed appendices we are distributing television channels broadcast by TVN S.A., including TVN, TVN Siedem, TVN 24, TVN Style, TVN Turbo and TVN Meteo. TVN and TVN Siedem are distributed to the subscribers of all packages offered by us, while TVN 24, TVN Style, TVN Turbo and TVN Meteo are distributed to the Family Package subscribers.

Agreement with Eutelsat S.A.

On 26 February 2009 we signed a long-term agreement with Eutelsat S.A. on renting of the satellite capacity on the transponder HotBird 9. Conditions of the agreement are not different from market standards applied to agreements of this type.

Annual Shareholders Meeting

On 23 April 2009 the Annual General Meeting approved the Management Board's report on the Company's activities in financial year 2008, annual financial report of the Company for financial year 2008, Management Board's report on the activities of the Capital Group in financial year 2008 and annual consolidated account of the Capital Group in financial year 2008. Moreover, the Annual General Meeting granted a discharge to members of the Management and Supervisory Boards from performing their duties in 2008.

Our Annual General Meeting based on the resolutions adopted on 23 April 2009 decided that the Supervisory Board will consist of five members and nominated Robert Gwiazdowski, Andrzej Papis, Leszek Reksa, Heronim Ruta and Zygmunt Solorz-Żak to the Supervisory Board of Cyfrowy Polsat S.A.

Before voting on the resolution regarding allocation of profit for the fiscal year of 2008 and regarding dividend payout the Annual General Meeting adopted a resolution regarding calling an adjournment. The meeting will be continued on 14 May 2009.

3. Summary historical financial data

The following tables set out our summary historical interim consolidated financial information for the three month periods ended 31 March 2009 and 31 March 2008. You should read the information in conjunction with the interim condensed consolidated financial statements for the three month period ended 31 March 2009 and Management's Discussion and Analysis of Financial Situation and Results of Operations included in point 13 of this interim report.

Certain financial data

- from the consolidated profit and loss statements and consolidate cash flow statement for the period of three month ended 31 March 2009 and 31 March 2008 have been converted into euro at a rate of PLN 4.5994 per €1.00 (the arithmetic average of average exchange rates published by the National Bank of Poland, or NBP, on the last date of each of the months in the period i.e. from 1 January to 31 March 2009).

- Certain consolidated balance sheet data as at 31 March 2009 and 31 December 2008 have been converted into euro at a rate of PLN 4.7013 per €1.00 (an exchange rate published by NBP on 31 March 2009).

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

	Three month period ended 31 March			
	2009		2008	
(in thousands)	PLN	EUR	PLN	EUR
Consolidated Income Statement				
Revenues from operating activities	336,917	73,252	248,750	54,083
Total operating expenses	251,565	54,695	165,243	35,927
Operating profit	85,352	18,557	83,507	18,156
Pre-tax profit	89,876	19,541	79,535	17,292
Income tax	17,227	3,745	15,527	3,376
Net profit S. A.	72,649	15,795	64,008	13,917
Basic and diluted earnings per share (not in thousands)	0.27	0.06	0.24	0.05
Weighted average number of issued ordinary shares (not in thousands)	268,325,000	-	268,325,000	-
Consolidated Cash Flow Statement				
Net cash flow from operating activities	(36,077)	(7,844)	(12,924)	(2,810)
Net cash flow from investing activities	(60,244)	(13,098)	(15,237)	(3,313)
Net cash flow from financing activities	(17,464)	(3,797)	(6,061)	(1,318)
Changes in cash and cash equivalents	(113,785)	(24,739)	(34,222)	(7,441)
Cash and cash equivalents at the end of the period	132,794	28,872	116,723	25,378
Other consolidated financial data				
EBITDA*	93,607	20,352	88,645	19,273
EBITDA margin	27.8%	27.8%	35.6%	35.6%
Operatin magin	25.3%	25.3%	33.6%	33.6%

	As at			
	31 March 2009		31 December 2008	
(in thousands)	PLN	EUR	PLN	EUR
Consolidated balance sheet				
Total assets	785,004	166,976	757,131	161,047
Total non-current liabilities	46,666	9,926	57,347	12,198
Total current liabilities	372,351	79,202	406,446	86,454
Equity	365,987	77,848	293,338	62,395
Share capital	10,733	2,283	10,733	2,283

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

4. Organizational structure of the Cyfrowy Polsat Capital Group

The following table presents the companies included in the organizational structure of Cyfrowy Polsat Capital Group as at 31 March 2009 together with its consolidation method:

Company	Activities	Share as at 31 March 2009	Consolidation method
Cyfrowy Polsat Technology Sp. z o.o. ul. Łubinowa 4a 03-878 Warsaw	Production of set-top boxes	100%	Full

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

In the three month period ended 31 March 2009 there was no changes in the organizational structure of our Capital Group.

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

We did not publish any financial forecasts.

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

The following table presents shareholders of Cyfrowy Polsat S.A. possessing no less than 5% of our shares as of the date of publication of this report, according to our best knowledge. The information included in the table is based on the information received from the shareholders pursuant to Art. 69, sec. 1 of the Act on changes of Public Offering, dated on 4 October 2009, conditions governing the introduction of financial instruments to organized trading and public companies and changes of others acts.

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

On 16 April 2009 we become aware of a return transfer of 20,000,000 dematerialized registered shares, privileged as to the number of votes in the ratio of 2 to 1, resulting from a withdrawal by Polaris Finance B.V. on 16 April 2009 from a share sale agreement with Zygmunt Solorz-Żak dated 18 December 2008. The share transfer was made on 16 April 2009.

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

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

The following table presents shares owned directly or indirectly by our Management Board members as of 12 May 2009, the date of publication of this interim report, and changes in their holdings since the date of publication of our last interim report for the three month period ended 31 December 2008 on 26 February 2009. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Management Board Member	Balance as of 26 February 2009	Increases	Decreases	Balance as of 12 May 2009
Dominik Libicki	121,497	-	-	121,497
Maciej Gruber	500	-	-	500
Andrzej Matuszyński	-	-	-	-
Dariusz Działkowski	-	-	-	-

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

The following table presents shares owned directly or indirectly by our Supervisory Board members as of 12 May 2009, the date of publication of this interim report, and changes in their holdings since the date of publication of our last interim report for the three month period ended 31 December 2008 on 26 February 2009. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

Supervisory Board Member	Balance as of 26 February 2009	Increases	Decreases	Balance as of 12 May 2009
Zygmunt Solorz-Żak	169,105,938	-	3,000,000	166,105,938
Heronim Ruta	-	-	-	-
Robert Gwiazdowski	-	-	-	-
Andrzej Papis	-	-	-	-
Leszek Reksa	26,312,812	3,000,000	-	29,312,812

[1]Zygmunt Solorz-Żak owns indirectly 155.502.188 shares of Cyfrowy Polsat S.A. (57,95% of the share capital and 66.75% of votes) and directly 10.603.750 shares of Cyfrowy Polsat S.A. (3.95% of the share capital and 4.65% of votes).

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

9. Information on material proceedings against the Company or its consolidated subsidiaries

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

On 14 April 2009 we received a notification about ex-officio initiation of antimonopoly proceedings against us due to abuse of the dominant position on the domestic market of sale of rights for public broadcasting of Euro2008 event involving imposing onerous agreement conditions, resulting in unjustified benefits through dependence of sale of rights to public broadcast of Euro 2008 event on the purchase of a set-top box and technical support, which, according to the UOKiK may constitute a breach of art. 9 section 2 point 6 of the Law of 16 February 2007 on competition and customer protection.

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

We, upon conclusion of agreements within the Euro2008 event, acted as a proxy of the entity holding the rights to public broadcasting of Euro2008 event only. We never held rights to sell rights to public broadcasting of Euro2008 event, as we were not the owner of copyrights, or related rights, nor it was a holder of a license.

Due to the aforementioned reasons we believe that the initiated proceeding is baseless and we intend to submit our opinion on that matter before UOKiK soon.

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

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

In three month period ended 31 March 2009 we did not conclude any material transactions with related parties on conditions other than market conditions.

11. Information on guarantees granted by the Company or subsidiaries to third parties during the three month period ended 31 March 2009

In the three month period ended 31 March 2009 neither us, nor any of our affiliates or subsidiary companies had granted any loans and borrowings guarantees and guarantees for any third party or subsidiary where the total value of existing guarantees was at least 10% of our equity.

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

Sources of revenues from operating activities

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

Subscription fees

Subscription fees consist of monthly subscription fees paid by our subscribers for the programming packages to which they subscribe. The total amount of subscription fees we collect depends on the number of subscribers and the amount of monthly subscription fees paid for our packages, which in turn depends on the number and type of packages and promotions purchased by our subscribers. Additionally, this revenue category includes revenues from activation fees, paid upfront by our subscribers while signing a television receiving equipment lease agreement. In the three month period ended 31 March 2009 our subscription fees were 86.2% of our revenues from operating activities as compared to 87.1% in the corresponding period of 2008.

Rental of satellite television receiving equipment

Revenues from the rental of satellite television receiving equipment (set-top boxes and satellite dishes) consist of amounts paid by our subscribers for the use of such equipment owned by us and rented to such subscribers. The total amount of revenues from the rental of satellite television receiving equipment depends on the number and the type of set-top boxes and satellite dishes rented and the amount of rental fees collected from our subscribers for these set-top boxes and satellite dishes. Revenues from rental of satellite receiving equipment which accounted for 0.1% of our revenues from operating activities in the period of three month ended on 31 March 2009 compared to 0.3% in the corresponding period of 2008.

Sales of satellite television receiving equipment and telephones

Revenues from the sale of satellite television receiving equipment consist of revenues from the sale of such equipment purchased by our subscribers when they enter into programming services agreements with us and from the sale of such equipment to subscribers under lease agreements which provide for the transfer of title to such equipment on the last day of the term agreement signed by them as well as telephones purchased by our MVNO services users. The sale price of the satellite television receiving equipment and telephones for the subscriber depends on whether the sale is for the set-top box itself or for the set-top box and the satellite dish, as well as on what programming packages are purchased by the subscriber or which mobile tariff plan is purchased by the mobile subscribers. In the three month period ended 31 March 2009 our revenues from sale of television receiving equipment and telephones were 3.6% of our revenues from operating activities as compared to 8.3% in the corresponding period of 2008.

Sales of signal transmission services

We generate revenue by providing signal transmission services, mainly to television and radio broadcasters. These services include access to part of the transponder band, signal transmission and coding as well as signal distribution to other operators including cable networks. These services are provided to broadcasters that are our licensors for programming. In the period of three month ended on 31 March 2009 our revenues from sale of signal transmission services were 1.4% of our revenues from operating activities as compared to 1.8% in the corresponding period of 2008.

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

Revenue from subscription fees, interconnection revenues and settlements with mobile telephony operators include subscription fees and payments for generated traffic paid by users of mobile services and interconnection fees within our mobile services. This category of revenues is dependent on the number of users of our mobile services, rates for traffic generated, interconnection rates and generated traffic. In the three month period ended 31 March 2009 the revenues from subscription fees, interconnection revenues and settlements with mobile telephony operators constituted 0.3 % of our revenues from the operating activity.

Other operating revenue

In the period of three month ended on 31 March 2009 our other operating revenues were 8.5% of our revenues from operating activities as compared to 2.5% in the corresponding period of 2008. In three month period ended 31 March 2009 other operating revenue consists of:

(i) change in the balance of operating goods;

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

(iii) revenue from released impairment of assets and receivables; and

(iv) compensation from Nagravision for losses sustained as a result of need for replacing set-top box cards and set-top boxes due to replacement of encryption system.

Sources of costs of operating activities

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

Depreciation and amortization

Depreciation and amortization expenses primarily consisted of the depreciation of property, plant and equipment and to intangible assets. Depreciation and amortization expenses were 3.3% of our costs of operating activities in the three month period ended 31 March 2009 as compared to 3.1% in the corresponding period of 2008.

Programming costs

Programming costs constitute the sum of (i) monthly license fees paid to television broadcasters, and (ii) royalties payable to organizations for collective management of copyrights. The majority of our agreements with licensors provide that license fees are calculated as the product of the monthly agreed rate per subscriber and the number of subscribers reported to a given broadcaster who paid for the package containing the broadcaster's channel. Some license agreements contain a so-called guaranteed minimum provision, pursuant to which we are required to pay a fixed license fee irrespective of the number of subscribers using the licensor's programming, and once this level is exceeded, the license fee is calculated as the product of the rate per one subscriber and the number of subscribers who paid for a package of programming services containing that licensor's channel. In the majority of cases, the number of our subscribers has exceeded the thresholds specified in those license agreements. In some cases, we are required to pay a flat-rate programming license fee. We have managed to enter into a number of license agreements under which the monthly per-subscriber rate of license fees declines as the number of subscribers increases. In case of selected premium packages and HD channels programming cost are calculated based on revenue share agreements. Programming costs are denominated mainly in euro and US dollars and as a result this cost category also depends on PLN/EUR and PLN/USD exchange rates. Programming costs were 38.8% of our costs of operating activities in the period of three month ended on 31 March 2009 as compared to 30.7% in the corresponding period of 2008.

Signal transmission services costs

Signal transmission services costs consist of: (i) payments for the lease of satellite transponder capacity, (ii) payments for the use of the Nagravision conditional access system (since December 2005, this has been calculated as the product of the monthly unit rate per active access card and the number of active access cards) and (iii) other signal transmission costs. Signal transmission services costs are denominated mainly in euro and as a result this cost category also depends on PLN/EUR exchange rate. Signal transmission service costs were 7.9% of our costs of operating activities in the period of three month ended on 31 March 2009 as compared to 9.1% in the corresponding period of 2008.

Distribution, marketing and customer relation management cost

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

(i) Commissions paid to distributors consist of amounts paid both to distributors and retail points of sale when they conclude agreements with our customers for paid satellite televisions services and mobile services. As a result, the costs of commissions for a specific agreement with a subscriber accrue throughout the initial term of the agreement. The cost of commissions paid to distributors that do not apply to specific subscription agreements are debited in full on our income statement as they are incurred. Commissions paid to distributors increased significantly for all periods under review, over 90% because a significant portion of the growth in the number of subscribers occurred through this distribution channel. Total commissions paid to distributors and to the customer call center in a given period constitute our subscriber acquisition cost ("SAC") for such period.

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

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

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

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

Distribution and marketing costs were 19.6% of our costs of operating activities in the period of three month ended on 31 March 2009 as compared to 23.1% in the corresponding period of 2008.

Costs of settlements with mobile telephony operators and interconnection charges

Costs of settlements with mobile telephony operators and interconnection charges consist of cost of traffic generated by our subscribers in telecommunication networks and from payments due to other operators for the traffic generated in their networks. In the three month period ended 31 March 2009 this cost category constituted 0.3 % of costs of the operational activity.

Salaries and employee-related expenses

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts or project-specific contracts, remuneration of the Supervisory Board members, social security premiums, pension severance payments and other employee benefits. Most of our personnel have employment contracts. Project-specific contracts are used for certain positions in sale and logistics to enable us to respond to the short-term need for seasonal employees in times of increased sales. Salaries and employee-related expenses were 6.5% of our costs of operating activities in the three month period ended 31 March 2009 as compared to 6.3% in the corresponding period of 2008.

Costs of satellite television receiving equipment sold and telephones

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

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

Costs of satellite television receiving equipment sold were 7.0% of our costs of operating activities in the three month period ended 31 March 2009 as compared to 19,3% in the corresponding period of 2008.

Other operating costs

Key items of other operating costs include: (i) asset charges, (ii) materials (mainly office and technical supplies) and energy costs, including materials and energy used for the production of set-top boxes in our factory (iii) repairs and maintenance costs, (iv) rent for premises, (v) expenses on legal, advisory and consulting services, (vi) expenses on collection services, (vii) banking fees, (viii) expenses on telecommunications services, (ix) local taxes and other charges, (x) contributions to the Polish Film Institute, (xi) IT services, (xii) cost of cards delivered together with leased television receiving equipment and (xiii) other operating costs.

Other operating costs were 16.6% of our costs of operating activities in the three month period ended on 31 March 2009 as compared to 8.5% in the corresponding period of 2008.

Management discussion and analysis

Operating results

	Three months ended		
	31 March 2009	31 March 2009	Percentage difference
Number of subscribers at end of period, of which:	2,802,056	2,187,230	28.1%
Number of subscribers Family Package at end of period	2,311,321	1,914,310	20.7%
Number of subscribers Mini Package at end of period	490,735	272,920	79.8%
Average number of subscribers[1], of which:	2,775,477	2,135,609	30.0%
Average number of subscribers Family Package	2,306,575	1,878,002	22.8%
Average number of subscribers Mini Package	468,902	257,608	82.0%
Churn rate[2], of which:	8.4%	6.1%	2.3 pp
Churn rate of Family Package	9.7%	6.9%	2.8 pp
Churn rate of Mini Package	0.9%	0.1%	0.8 pp
Average revenue per user (ARPU)[3] (PLN), of which:	34.9	33.8	3.1%
Average revenue per user (ARPU) Family Package (PLN),	40.2	37.3	7.8%
Average revenue per user (ARPU) Mini Package (PLN),	8.6	8.5	1.5%
Subscriber average cost (SAC)[4] (PLN),	127.8	96.9	31.9%

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

In the three months period ended 31 March 2009 the number of new contracts signed was 14 % higher than in the corresponding period of 2008. The growth in the number of new contracts results from an extension of our promotional offers applied in the three months period ended 31 December 2008 till mid February 2009.

As at 31 March 2009 we had 2,802,056 subscribers, 28.1% more than as at 31 March 2008, when we had 2,187,230 subscribers. Number of our Family Package subscribers increased by 20.7% to 2,311,321 and constituted 83% of our entire subscriber base and the number of our Mini and Mini Max Packages subscribers increased by 79.8% to 490,735 subscribers and constituted 17% of our entire subscriber base. Increase in our subscriber base can be attributable to an increase in the number of new contracts signed during the period, partially offset by an increase and churn rate

The churn rate for 12 month period ended 31 March 2009 increased to 8.4% in comparison to 6.1% in 12 month period ended 31 March 2008. The increase results primarily from an increase in Family Package churn rate to 9.7% from 6.9% in the period of 12 months ended 31 March 2008. The increase in Family Package churn rate partially results from an increase in the number of subscribers beyond the initial period of the subscription contract as compared to the corresponding period of 2008 and strengthen competition on the pay television market, resulting from change in the strategy of Cyfra+, introduction of Telewizjia na Kartę and launch of DTH services by Telekomunikacja Polska S.A. A number of customers, who resigned from our DTH services, signed a new contract with us in the period of attractive promotions offered by us between November 2008 and mid February 2009. To keep the churn rate under control we introduced retention programs aimed at our subscribers.

Our monthly ARPU increased by 3.1% to PLN 34.9 in the three month period ended 31 March 2009 from PLN 33.8 in the corresponding period of 2008. Family Package ARPU increased by 7.8% to PLN 40.2 from PLN 37.3 in the corresponding period of 2008This increase results from an increase in the number of subscribers beyond the initial period of the subscription contract, an increase in the number of premium packages subscribers, a price increase realized starting from 1 January 2008 (higher monthly subscription payment, for those subscribers whose initial period of the subscription contract ended starting from 1 January 2008) and a higher activation fee paid by those subscribers who lease television receiving equipment included in the ARPU calculation. This increase was partially offset by lower ARPU recognized on the subscribers acquired during the fourth quarter of 2008 and January and beginning of February 2009 when we offered our clients a 6 month free of charge promotional period.

Our average subscriber acquisition cost decreased by 31.9% to PLN 127.8 in the three month period ended 31 March 2009 from PLN 96.9 in the corresponding period of 2008, mainly as a result of an extension of promotional offers offered in the three months period ended 31 December 2008 until mid February 2009, and consequently keeping the distributors commissions in this period on the level from the fourth quarter 2008.

Review of the financial situation

The following review of results for the three month period ended on 31 March 2009 was prepared based on of condensed interim consolidated financial statements for the three month periods ended on 31 March 2009prepared in accordance with International Accounting Standards approved for use in the European Union as at 1 January 2009. All financial data is expressed in thousands.

Comparison of financial position as at 31 March 2009 and as at 31 December 2008

The value of television receiving equipment increased by PLN 12,697 or by 61% to PLN 33,482 as at 31 March 2009 from PLN 20,785 as at 31 December 2008. This change was mainly a result of an increase in the number of leased set-top boxes in the three month period ended 31 December 2008.

The value of other fixed assets increased by PLN 15,482, or by 12.3% to PLN 141,452 as at 31 March 2009 from PLN 125,970 as at 31 December 2008. The change resulted mainly from reclassification between *Investment property* and *Other non-current assets* as a result of the fact that the last tenants moved out from this property and the property does not meet the criteria of investment property any more.

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

The value of shares held for sale increased to PLN 53,396 on 31 March 2009 as a result of acquisition of shares of Sferia and a decision to exercise the put option to sell those shares.

The value of inventories increased by PLN 66,704 or 70.2 % to PLN 161,703 as at 31 March 2009 from PLN 94,999 as at 31 December 2008. This was mainly a result of an increase in the set-top boxes by PLN 62,754, and an increase in set-top boxes cards by PLN 2,053.

The value of trade and other receivables increased by PLN 16,338, or 13.7% to PLN 135,853 as at 31 March 2009 from PLN 119,515 as at 31 December 2008. This change was mainly due to an increase in receivables tax of PLN 10,191 and an increase in trade receivable of PLN 4,682.

The value of cash and cash equivalents increased by PLN 113,628, or 46.1% to PLN 132,794 as at 31 March 2009 from PLN 246,422 as at 31 December 2008, mainly as a result of cash outflows related to (i) purchase of shares in Sferia in the amount of PLN 53,396, (ii) repayment of bank loan and interest of PLN 17,405, (iii) purchase of non-financial fixed assets in the amount of PLN 6,848 and outflows related to our operating activities, which were higher than the net profit of the period due to seasonality of sale, as in the first months of the year we rebuild the inventory and we pay the distributors commissions due for the period ended 31 December 2008.

The value of loans and borrowings (short- and long-term) decreased by PLN 16,007, or 14,5% to PLN 94,699 as at 31 March 2009 from PLN 110,706 as at 31 December 2008, mainly as a result of a repayment of PLN 15,759 within a loan agreement with Bank Pekao S.A.

The value of trade and other payables decreased by PLN 37,103 or by 18.8 % to PLN 160,422 on 31 March 2009 from PLN 197,525 as at 31 December 2008 as a result of a payment of dealers commissions due in the amount of PLN 27,432 .

Equity increased by PLN 72,649 to PLN 364,739 as at 31 March 2009 from PLN 293,338 as at 31 December 2008, as a result of retained net profit for the first quarter of 2009 in the amount of PLN 72,649 .

Comparison of results for the three month period ended 31 March 2009 with the period of 2008

Revenue from operating activities. Our revenue from operating activities increased by PLN 35.4% to PLN 336,917 in the three month period ended 31 March 2009 from PLN 248,750 in the corresponding period of 2008. The increase mainly resulted from (i) a 34.0% increase in revenue from subscription fees to PLN 290,364 from PLN 216,641 mainly due to a 30.0% increase in the average number of subscribers and a 3.1% increase in monthly ARPU and (ii) an increase in other operating revenues to PLN 28,755 from PLN 6,304 mainly as a result of (a) an increase in change of products of PLN 12,764 and (b) recognition of revenues from lease of properties and equipment resulting from lease of the office space and call center stations and (c) compensation from Nagravision S.A. in the amount of PLN 4,297 for losses sustained as a result of a need for replacing set-top box cards and older set top boxes due to replacement of the so far encryption system. The increase was partially offset by a 41.8% decrease in the sale of television receiving equipment and telephones to PLN 11,980 from PLN 20,587 mainly as a result of a decrease in the number of sold set-top boxes due to an increase in the proportion of leased television receiving equipment in the new contracts for DTH services as compared to the corresponding period of 2008.

Costs of operating activities. Our costs of operating activities increased by 52.2% to PLN 251,565 in the three month period ended 31 March 2009 from PLN 165,243 in the corresponding period of 2008. The increase primarily resulted from: (i) an increase in the programming license fees by 92.6% to PLN 97,572 from PLN 50,656, mainly due to weakening of Złoty towards euro and US dollar, an increase in the average number of subscribers and an increase in the number of subscribers of the premium packages and HD channels, (ii) an increase in the other operating costs by 198.9% to PLN 41,848 from PLN 14,002 mainly as a result of an increase in maintenance and technical support of IT systems allocated to MVNO services and the improvement of existing IT systems, an increase in the cost of use of energy and materials, in which there were included the costs of in-house production of set-top boxes, and revenue from released impairment of assets and receivables, (iii) an increase in distribution, marketing and customer relation management costs by 29.0 % to PLN 49,189 from PLN 38,138 mainly as a result of an increase of PLN 9,960 in the call center costs, resulting largely from an increase in our subscriber base, introduction of retention programs and a change in the settlement of call center costs, an increase in the marketing cost by PLN 2,157 resulting from promotional campaigns for DTH services, and an increase of PLN 1,860 in the distributors commissions, (iv) a 58.4% increase in the salaries and employee-related expenses to PLN 16,401 from PLN 10,351 mainly as a result of an increase in the average number of employees in the period to 530 from 373, resulting from our organic growth, launch of set-top boxes factory, launch of MVNO services, as well as a single-digit percentage increase in the average basic salary over a comparable period and (v) an increase in the signal transmission costs resulting mainly from an increase in the number of subscribers and weakening of zloty towards the euro. These increases were partially offset by a decreased in the cost of television receiving equipment and telephones sold mainly as a result of a decrease in number of sold set-top boxes, resulting mainly from increased proportion of leased set-top boxes which are amortized rather than expensed. Moreover, due to presentation of the Group's profit and loss statement according to the calculation method the set-top box production related costs were recognized in the particular items of other operating costs. The costs mainly comprise materials and energy consumption costs and the cost of remuneration. In the cost of television receiving equipment and telephones sold we presented the cost of television receiving equipment sold that we purchased from external entities. The total cost of sales of television receiving equipment and telephones decreased to PLN 19,878 in the three month period ended 31 March 2009 from PLN 31,913 in the corresponding period of 2008.

Operating profit. Our operating profit increased by 2.2% to PLN 85,352 in the three month period ended 31 March 2009 from PLN 83,507 in the corresponding period of 2008.

Financial income. Our financial income increased to PLN 14,564 in the three month period ended 31 March 2009 from PLN 3,821 in the corresponding period of 2008.

Financial income comprised gain of PLN 11,747 on realization of forward contracts and interest gain of PLN 2,816 resulting from higher cash balance.

Financial expenses. Our financial expenses increased by 28.8% to PLN 10,040 in the three month period ended on 31 March 2009 from PLN 7,793 in the corresponding period of 2008.

Financial expenses comprised foreign exchange losses of PLN 6,811, loss on revaluation of unrealized forward contracts of PLN 1,626 and interest expenses on bank loans of PLN 1,398.

Gross profit. Our gross profit increased by 13.0% to PLN 89,876 in the three month period ended on 31 March 2009 compared to PLN 79,535 in the corresponding period of 2007, mainly as a result an increase in the financial income.

Income tax. The income tax was PLN 17,227 in the f three month period ended 31 March 2009. The effective tax rate was 19.2%.

Net profit. Our net profit increased by 13,5% to PLN 72,649 in the three month period ended 31 March 2009 compared to PLN 64,008 in the corresponding period of 2008 as a result of an increase in the gross profit.

Other information

EBITDA. EBITDA increased to PLN 93.607 in the three month period ended 31 March 2009 from PLN 88.645 in the corresponding period of 2008. The EBITDA margin was 27.8% compared to 35.6% in the corresponding period of 2008.

EBITDA adjusted for the impact of weakening of zloty towards euro and US dollar on our cost of programming and signal transmission costs was PLN 123,223, and the adjusted EBITDA margin was 36.6%

Capital expenditure. Capital expenditure was PLN 22,643 in the three month period ended 31 March 2009 when compared to PLN 15,237 in the corresponding period of 2008, mainly due to expenditure borne on fixed assets and intangible assets for the provision of DTH services, which results from purchase of television equipment to be leased to our subscribers, and our modernization of our real estate.

Employment. Average number of employees was 530 persons in the period of three months ended on 31 March 2009, when compared with 373 in the corresponding period of 2008. The increase in the average number of employees results from our organic growth, launch of set-top boxes factory and launch MVNO telecom services.

Business segments

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

The table below presents our revenues and operating costs according to segments of activity in the three month periods ended 31 March 2009 and 31 March 2008:

	Digital television		Mobile telephony		Consolidated amount	
	For three months period ended 31 March					
	2009	2008	2009	2008	2009	2008
Total revenue	334,943	247,933	1,390	-	336,917	248,750
Operating expenses	225,750	148,745	12,668		251,565	165,243
Operating profit	109,193	99,188	(11,278)	(3,294)	85,352	83,507
EBITDA	112,876	101,535	(9,167)	(3,294)	93,607	88,645

Liquidity and capital reserves

The table below presents cash flow for the three month period ended on 31 March 2009 and 2008.

	Three month period ended	
	31 March 2009	31 March 2008
Cash flow from operating activities	(36,077)	(12,924)
Cash flow from investing activities	(60,244)	(15,237)
Cash flow from financing activities	(17,464)	(6,061)
Change in cash and cash equivalents	(113,785)	(34,222)

Cash flow from operating activities

Cash flow from operating activities increased by PLN 23,153 or 179.1% to PLN 36,077 in the three month period ended 31 March 2009 from PLN 12,924 in the corresponding period of 2008. The increase results mainly from an increase in the adjustments to the net income for the period of PLN 25,555, due to the seasonality of sales, as in the first months of the year we rebuild the inventory and we pay the distributors commissions due for the period ended 31 December of the prior year and an increase in the income tax paid by PLN 7,698, partially offset by an increase in net profit of PLN 8,641.

Cash flow used in investing activities

The cash flow used in investing activities increased by PLN 45,007 to PLN 60,244 in the three month period ended 31 March 2009 from PLN 15,237 in the corresponding period of 2008, mainly due to purchase of shares in Sferia in the amount of PLN 53,396.

Cash flow used in financial activities

Cash flow used in financial activities in the period of three months ended on 31 March 2009 was PLN 17,464 when compared to PLN 6,061 in the corresponding period of 2008 and mainly comprised the repayment of bank debt in the amount of PLN 15,759, a repayment of interest on bank debt and financial lease and financial lease liabilities in the total amount of PLN 1,705.

Cash and cash equivalents as at 31 March 2009 increased to PLN 132,794 as compared to PLN 116,723 as at 31 March 2008. We keep our cash in a form of bank deposits in Zloty, Euro and U.S. dollars in Invest Bank S.A, Bank Pekao S.A and Raiffeisen Bank Polska S.A.

Future liquidity and capital resources

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

Our non-current liabilities amounted to PLN 46,666 as at 31 March 2009 as compared to PLN 57,347 as at 31 December 2008.

Our total debt from long- and short-term loans and credit facilities as at 31 March 2009 was PLN 94,699, comprising debt resulting from a loan agreement with Bank Pekao S.A. denominated in PLN only.

As at 31 March 2009 our cash balance was higher than our debt balance by about PLN 38,095.

Off balance sheet liabilities

Contractual liabilities related to purchase of non-current assets

On 31 May 2007, we entered into an agreement with Accenture Sp. z o.o. for implementation and launch of the billing system. As at 31 March 2009, all deliveries and services were invoiced. Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was PLN 343 as at 31 March 2009.

On 14 August 2007, we entered into an agreement with Nokia Siemens Networks Sp. z o.o. for delivery of hardware and software necessary for the provision of MVNO services. As at 31 March 2009, the value of deliveries and services yet to be provided under the agreement amounted to EUR 40 (PLN 188). Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was EUR 72 (PLN 338) as at 31 March 2009.

Contractual Liabilities Related to Contracted Services

On 31 May 2007, we entered into an agreement with Accenture Sp. z o.o. concerning maintenance of the billing system. The agreement is for a term of three years. The annual cost of the service amounts to EUR 245. Moreover, we entered into a service agreement for the billing system. The annual cost of the service amounts to PLN 592.

On 14 September 2007 we entered into an agreement with Nokia Siemens Networks Polska Sp. z o.o. concerning maintenance of the MVNO system plus BOT (Build Operate Transfer) service. The contract is for a term of 13 months in the part concerning BOT and for five years in the part concerning maintenance of the MVNO system. As at 31 March 2009, all deliveries and services related to BOT service were invoiced. The annual cost of maintenance of MVNO system amounts to EUR 618.

On 14 September 2007 we entered into an agreement with Nokia Siemens Networks Sp. z o.o. for maintenance of the MVNO system. The contract is for a term of five years. The annual cost of the service amounts to EUR 98.

On 28 September 2007, we entered into a maintenance agreement with Alcatel Lucent Polska S.A. The contract is for a term of three years. The annual cost of the service amounts to EUR 59.

Contingent liabilities to purchase shares in Karpacka Telewizja Kablowa Sp. z o.o.

On 17 April 2002 we filed with the District Court of Rzeszów an action to squeeze out Mr Andrzej Kliś, a shareholder in Karpacka Telewizja Kablowa Sp. z o.o., in which Cyfrowy Polsat S.A. holds 85% of shares. In the ruling dated 28 February 2006, the Court set the purchase price of the shares at PLN 701. The case has not been finally resolved and has been brought to the Court of Appeals.

Other Contingent Liabilities

On 8 November 2007 we entered into an agreement with Telekomunikacja Polska S.A. concerning interconnection of our public telecommunications network and the public fixed-line telephony network of Telekomunikacja Polska S.A. for the purpose of providing telecommunications services, specifying the technical conditions for setting up and maintaining interconnection of the networks, and also defining details of mutual payment terms. With a view to securing potential claims, on 7 December 2007 we made a statement on submitting to enforcement of amounts that may become due and payable to Telekomunikacja Polska S.A. up to PLN 201.

On 16 May 2008, we entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polkomtel S.A. an irrevocable and unconditional bank guarantee to pay Polkomtel S.A. up to PLN 600 at the first written payment request by Polkomtel S.A. The bank guarantee was valid until 16 May 2009. On 10 April 2009 Annex no. 1 to this agreement was signed. According to the annex, bank guarantee is valid until 16 May 2010 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

On 16 June 2008, we entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polska Telefonia Komórkowa Centertel Sp. z o.o. ("Centertel") an irrevocable and unconditional bank guarantee to pay Centertel up to PLN 1,600 at the first written payment request by Centertel. According to the agreement the bank guarantee was valid until 16 December 2008. On 4 December 2008 Annex no. 1 to this agreement was signed. According to the annex, bank guarantee is valid until 17 June 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

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

Trend information

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

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

2. We are exposed to fluctuations in the exchange rates of Zloty to both the Euro and the US dollar. A large proportion of our operating costs is denominated in these currencies. In the last quarter 2008 zloty has weakened significantly against the Euro and the US Dollar. Further weakening of PLN towards these currencies will have an adverse influence on our financial results.

3. Inflation in Poland is currently slowly increasing and has previously been stable. March 2009 inflation is approximately 3.6% year on year. We do not believe that the current inflationary trends will have a material impact on our business.

We cannot predict the likelihood that these trends will continue.

Information on market risks

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

Exchange rates risk management

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

Zloty weakening towards USD and Euro in three month period ended 31 March 2009 increased, when compared to three months period ended 31 March 2008, our costs of programming, costs of signal transmission and cost of the conditional access system, by PLN 29,616, not including the impact of forward transactions. Including the impact of forward transactions the above categories of costs increased by PLN 19,495.

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

In August 2008 we entered into a currency exchange agreement with Invest Bank based on which we will purchase USD 2,000 monthly with a fixed exchange rate of USD 1 = PLN 2.3180 for 11 consecutive months starting 1 October 2008. In September 2008 we entered into a currency exchange agreement with Invest Bank based on which we will purchase EUR 1,500 monthly with a fixed exchange rate of EUR 1 = PLN 3.459 for 6 consecutive months starting 1 October 2008. The last contract expired in March 2009. We will further observe our market to hedge our remaining open position in USD and EUR.

Interest rate risk management

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

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

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

Liquidity risk management

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

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

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

Dividend policy

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

Our Annual Shareholders Meeting convened on 23 April 2009 and postponed until 14 May 2009 will consider the resolution on the profit distribution and the dividend payment for year 2008.

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

Promotions launched in the fourth quarter of 2008 and lasting till mid February 2009

Due to the fact that highest sales is in the fourth quarter of the year we prepared special promotions for potential subscribers. During the promotion al period from November 2008 to mid February 2009, the newly acquired subscribers were purchasing our services with the free promotional period of three to twelve months from the agreement conclusion date for a initial subscription contract period of 24 to 36 months. The construction of the promotion will cause a decrease in the ARPU from the customers acquired during this promotional period.

Promotions launched in April of 2009

In April 2009 we launched a set of promotions with the free promotional period of one to twelve months. The construction of the promotion will cause a decrease in the ARPU on customers acquired during this promotional period.

Rising share of leased television receiving equipment

Due to increased share of leased set-top boxes in the new contracts signed our cost of television receiving equipment sold will be respectively lower, but the capital expenditure for purchase of set-top boxes and the value of set-top boxes on our balance sheet will be higher resulting also in higher amortization charge.

Competition

Our market is very dynamic and competitive. There are four main players on the DTH market in Poland: Canal + Cyfrowy, the operator of Cyfra+ platform, ITI Neovision the operator of "n" platform, Cyfrowy Polsat S.A., operator of Cyfrowy Polsat platform and Telekomunikacja Polska S.A.. During the last quarter the 2008 and in 2009 competition on market was more aggressive

Aggressive competition on the pay television market, change of the strategy of Cyfra +, introduction of Telewizja na Kartę and not clear strategy of Telekomunikacja Polska S.A. may have a negative impact on our ability to attract new customers, our ability to sustain current customer base, our ability to keep the current prices for end consumer and set-top boxes subsidies as well as our customer acquisition costs.

Additionally, launch of digital terrestrial television planed for September 2009 may adversely affect our subscriber base, in particular Mini Package subscriber base.

Introduction of retention programs

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

Exchange rates fluctuations

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

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

Macroeconomic environment

The global crisis may impact also Poland, which may lead to a decrease in domestic demand, an increase in unemployment rate and as a result a decrease in demand on our services. This situation may have an adverse impact on our financial results.

CYFROWY POLSAT GROUP

Interim Condensed Consolidated Financial Statements
for Three Months
ended March 31, 2009

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

(PLN '000)

1 Interim Condensed Consolidated Income Statement

	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Revenue from DTH subscription fees	290,364	216,641
Revenue from rental of digital satellite reception equipment	192	862
Revenue from sales of digital satellite reception equipment and mobile phones	11,980	20,587
Revenue from sales of broadcasting and transmission services	4,656	4,356
Revenue from subscription fees, interconnection revenues and settlements with mobile telephony operators (MVNO)	970	-
Other operating revenue	28,755	6,304
Total revenue from operating activities	336,917	248,750
Depreciation and amortisation	8,255	5,138
Cost of programming	97,572	50,656
Transmission cost	19,756	15,045
Distribution, marketing and customer relation management cost	49,189	38,138
Salaries, wages and employee benefits	16,401	10,351
Cost of sales of digital satellite reception equipment and mobile phones	17,730	31,913
Costs of settlements with mobile telephony operators and interconnection charges (MVNO)	814	-
Other operating costs	41,848	14,002
Total costs of operating activities	251,565	165,243
Operating profit	85,352	83,507
Financial income	14,564	3,821
Financial expenses	(10,040)	(7,793)
Pre-tax profit	89,876	79,535
Income tax	17,227	15,527
Net profit	72,649	64,008
Basic and diluted earnings per share (PLN)	0.27	0.24

(PLN '000)

2 Interim Condensed Consolidated Balance Sheet – Assets

Assets

	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Digital satellite reception equipment	33,482	20,785	548
Other property, plant and equipment	141,452	125,970	100,187
Intangible assets	10,610	11,876	10,771
Investment property	-	16,998	18,931
Other non-current assets	22,123	24,264	27,331
Deferred tax assets	1,430	1,223	1,364
Total non-current assets	209,097	201,116	159,132
Inventories	161,703	94,999	153,647
Trade and other receivables	135,853	119,515	109,010
Income tax receivables	10,520	9,410	-
Shares held for sale	53,396	-	-
Other current assets	81,641	85,669	63,588
Cash and cash equivalents	132,794	246,422	116,723
Total current assets	575,907	556,015	442,968
Total assets	785,004	757,131	602,100

(PLN '000)

3 Interim Condensed Consolidated Balance Sheet – Equity and Liabilities

Equity and Liabilities

	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Share capital	10,733	10,733	10,733
Reserve capital	3,964	3,964	3,500
Statutory reserve funds	10,174	10,174	10,174
Retained earnings	341,116	268,467	100,741
Total equity	365,987	293,338	125,148
Long-term loans and borrowings	30,064	44,135	117,816
Long-term finance lease liabilities	1,518	1,407	1,340
Deferred tax liability	14,595	11,536	797
Other non-current liabilities and provisions	489	269	1,026
Total non-current liabilities	46,666	57,347	120,979
Current loans and borrowings	64,635	66,571	104,943
Current finance lease liabilities	268	238	201
Trade and other payables	160,422	197,525	134,052
Income tax liabilities	1,523	400	3,221
Deposits received for digital satellite reception equipment and mobile phones	21,911	22,447	19,727
Deferred income	123,592	119,265	93,829
Total current liabilities	372,351	406,446	355,973
Total liabilities	419,017	463,793	476,952
Total equity and liabilities	785,004	757,131	602,100

(PLN '000)

4 Interim Condensed Statement of Changes in Consolidated Equity for the Three Months Period Ended March 31, 2009

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Total equity
As at January 1, 2009	10,733	3,964	10,174	268,467	293,338
Net profit for period	-	-	-	72,649	72,649
As at March 31, 2009	10,733	3,964	10,174	341,116	365,987

5 Interim Condensed Statement of Changes in Consolidated Equity for the Three Months Period Ended March 31, 2008

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Total equity
As at January 1, 2008	10,733	3,500	10,174	36,733	61,140
Net profit for period	-	-	-	64,008	64,008
As at March 31, 2008	10,733	3,500	10,174	100,741	125,148

(PLN '000)

6 Interim Condensed Consolidated Cash Flow Statement

	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Net profit	72,649	64,008
Adjustments:	(97,185)	(71,630)
Depreciation/amortisation	8,255	5,138
Interest	(1,375)	1,947
Change in inventories	(66,727)	(23,638)
Change in receivables and other assets	(11,189)	(20,869)
Change in liabilities, provisions, accruals and deferrals	(31,176)	(54,366)
Foreign exchange losses/(gains)	1,535	(176)
Income tax	17,227	15,527
Net increase in set-top boxes provided under operating lease	(13,797)	(248)
Other adjustments	62	5,055
Net cash generated from operating activities	(24,536)	(7,622)
Income tax paid	(14,358)	(6,660)
Received interest related to operating activities	2,817	1,358
Net cash flow from operating activities	(36,077)	(12,924)
Acquisition of intangible assets	(945)	(803)
Acquisition of property, plant and equipment	(5,903)	(14,434)
Acquisition of shares	(53,396)	-
Net cash flow from investing activities	(60,244)	(15,237)
Repayment of loans and borrowings	(15,759)	(452)
Payment of finance lease liabilities	(59)	(59)
Payment of interest on loans, borrowings and finance lease	(1,646)	(418)
Other cash used in financing activities	-	(5,132)
Net cash flow from financing activities	(17,464)	(6,061)
Net decrease in cash and cash equivalents	(113,785)	(34,222)
Cash and cash equivalents at the beginning of the period	246,422	150,726
Change in cash resulting from foreign exchange gains	157	219
Cash and cash equivalents at the end of the period	132,794	116,723

7 Supplementary Information to the Interim Condensed Consolidated Financial Statements for Three Months Ended on 31st March 2009

7.1 Basis for the Preparation of the Interim Condensed Consolidated Financial Statements

Compliance Statement

The interim condensed consolidated financial statements for three months ended on 31st March 2009 have been prepared in accordance with the International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. The accounting policies adopted by the Group when preparing the financial data for three months ended on 31st March 2009 are consistent with those adopted when preparing the consolidated financial statements for the years ended on 31st December 2008 and 31st December 2007, as presented in the Annual Consolidated Report, except for the EU-endorsed Standards and Interpretations which are effective for the reporting periods beginning on or after 1st January 2009.

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

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

The Group has not used the possibility of early adoption of the new Standards and Interpretations which have already been published and endorsed by the European Union and which are effective for annual periods beginning on or after 1st January 2009 (presented below) with the exception of IFRS 8 *Operating Segments* applied for the first time in the consolidated financial statements for the year 2008. Furthermore, as at the balance-sheet date, the Group had not completed the work on estimating the impact of the new Standards and Interpretations which are to become effective after the balance-sheet date on the Group's consolidated financial statements for the period in which those Standards and Interpretations will be applied for the first time.

New Standards and Interpretations Endorsed by the EU which are Effective for the Financial Years Beginning on or after 1st January 2009

- amendments to IFRS 2 *Share-Based Payment* are effective for annual periods beginning on or after 1st January 2009;
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* is effective for annual periods beginning on or after 1st July 2009;
- IFRS 8 *Operating Segments* is effective for annual periods beginning on or after 1st January 2009;
- revised IAS 1 *Presentation of Financial Statements* is effective for annual periods beginning on or after 1st January 2009;
- revised IAS 23 *Borrowing Costs* is effective for annual periods beginning on or after 1st January 2009;
- amendments to IAS 27 *Consolidated and Separate Financial Statements* are effective for annual periods beginning on or after 1st January 2009;
- amendments to IAS 32 *Financial Instruments: Presentation* are effective for annual periods beginning on or after 1st January 2009;

- Revisions to International Financial Reporting Standards – a set of amendments to International Financial Reporting Standards are effective for annual periods beginning on or after 1st January 2009.

New Standards and Interpretations Pending Endorsement by the EU

- revised IFRS 1 *First-time Adoption of International Financial Reporting Standards*;
- revised IFRS 3 *Business Combinations*;
- amendments to IFRS 7 *Improving Disclosures about Financial Instruments;*
- amendments to IAS 27 *Consolidated and Separate Financial Statements*;
- amendments to IAS 39 *Financial Instruments: Recognition and Measurement*, *Reclassification of Financial Assets: Effective Date and Transition* and *Embedded Derivatives*;
- amendments to IFRIC 9 *Reassessment of Embedded Derivatives*;
- IFRIC 12 *Service Concession Arrangements*
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*;
- IFRIC 17 *Distribution of Non-cash Assets to Owners*;
- IFRIC 18 *Transfers of Assets from Customers*.

Approval of these Interim Condensed Consolidated Financial Statements for Publication

These interim condensed consolidated financial statements were approved for publication by the Management Board on 12th May 2009.

7.2 Information on Seasonality in the Company's Operations

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

7.3 Operating segments

Cyfrowy Polsat Group operates in digital television services as an operator of paid digital satellite platform (Direct to Home, DTH) and a set-top boxes' manufacturer and in mobile phone segment as a Mobile Virtual Network Operator, MVNO. Inter-segment transactions are concluded on terms that are not materially different from market terms. The Group operates only in Poland.

The activities of the Capital Group are grouped using branch criterion, i.e. distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterised by different risk levels and different investment returns. DTH segment comprises Group's activities connected with providing digital television transmission signal to individual clients and set-top boxes' manufacturing by a subsidiary company Cyfrowy Polsat

(PLN '000)

Technology Sp. z o.o. MVNO segment comprises Group's activities connected with providing mobile phone services to the clients.

The table below presents Groups' segment revenue and costs for three months ended 31st March 2009.

	Digital television	Mobile phones	Other	Eliminations	Consolidated amount
External revenue	321,343	1,390	584	-	323,317
Change of stock value	13,600	-	-	-	13,600
Inter-segment revenue	-	-	107	(107)	-
Total revenue	334,943	1,390	691	(107)	336,917
Operating expenses, including:	225,750	12,668	13,254	(107)	251,565
Depreciation and amortisation	3,683	2,111	2,461	-	8,255
Operating profit	109,193	(11,278)	(12,563)	-	85,352
EBITDA*	112,876	(9,167)	(10,102)	-	93,607

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

The table below presents Groups' segment revenue and costs for three months ended 31st March 2008.

	Digital television	Mobile phones	Other	Eliminations	Consolidated amount
External revenue	247,097	-	817	-	247,914
Change of stock value	836	-	-	-	836
Inter-segment revenue	-	-	948	(948)	-
Total revenue	247,933	-	1,765	(948)	248,750
Operating expenses, including:	148,745	3,294	14,152	(948)	165,243
Depreciation and amortisation	2,347	-	2,791	-	5,138
Operating profit	99,188	(3,294)	(12,387)	-	83,507
EBITDA*	101,535	(3,294)	(9,596)	-	88,645

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

(PLN '000)

The table below presents Groups' investment expenditures by segments for three months ended 31st March 2009.

Investment expenditures:	Digital television	Mobile phones	Other	Consolidated amount
- intangible assets	675	30	240	945
- tangible assets and investment property	16,407*	959	4,332	21,698
Total investment expenditures	17,082	989	4,572	22,643

*The total amount comprises also increase of set-top boxes under operating lease

The table below presents Groups' investment expenditures by segments for the year ended 31st March 2008.

Investment expenditures:	Digital television	Mobile phones	Other	Consolidated amount
- intangible assets	297	215	291	803
- tangible assets and investment property	1,446	8,063	4,925	14,434
Total investment expenditures	1,743	8,278	5,216	15,237

The table below presents Groups' assets by segments as at 31st March 2009.

	Digital television	Mobile phones	Other	Consolidated amount
Non-current assets	85,703	27,408	95,986	209,097
Current assets	313,644	7,363	254,900	575,907
Total assets	399,347	34,771	350,886	785,004

Non-current assets classified as other comprise mainly property at Łubinowa street and Group's car fleet. Current assets classified as other comprise mainly cash and cash equivalents, shares held for sale, public receivables and forward exchange contracts' valuation.

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

	Digital television	Mobile phones	Other	Consolidated amount
Non-current assets	53,507	22,722	82,903	159,132
Current assets	283,858	573	158,537	442,968
Total assets	337,365	23,295	241,440	602,100

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

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

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

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

On 11th March 2009 Cyfrowy Polsat S.A. accepted an offer to purchase 350,000 privileged shares of a new issue of Sferia S.A. ("Sferia") of nominal value of PLN 100 each. These shares constitute approximately 11% in the increased share capital of Sferia. The shares were acquired at the issue price of PLN 152.56 per share. Before the acquisition of shares, Cyfrowy Polsat S.A. concluded an option agreement with Zygmunt Solorz-Żak, based on which upon request of Cyfrowy Polsat S.A., Zygmunt Solorz-Żak or an entity appointed by him will purchase the shares acquired by Cyfrowy Polsat S.A. If the option is exercised the shares will be sold for the total purchase price plus an interest of 5.5% p.a.

On 13th March 2009 Cyfrowy Polsat S.A. exercised put option on Sferia shares. According to a notice forwarded to Zygmunt Solorz-Żak the Company shall sell to Mr. Zygmunt Solorz-Żak or an entity appointed by him 350,000 shares of Sferia for the total purchase price plus an interest of 5.5% p.a. payable for the period from 11th March 2009 to the day of payment for the shares bought under the Option Agreement. This decision was made due to a lack of acceptance of Cyfrowy Polsat S.A. equity participation in Sferia by a part of minority shareholders. The put option was executed with the acceptance of the Supervisory Board of Cyfrowy Polsat S.A.

Cyfrowy Polsat S.A. sold on 21st April 2009 350,000 shares in Sferia S.A. to Polaris Finance B.V., an entity appointed by Zygmunt Solorz-Żak as an executer of an option agreement. Shares were sold for the price of PLN 53,726 thousand (the price of acquisition of PLN 53,396 thousand increased by an interest of 5.5% calculated from 11th March 2009 to 21st April 2009).

(PLN '000)

7.4.2 Equity

Share Capital

The Company's share capital as at 31st March 2009 is presented in the table below:

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

Reserve Capital

Reserve capital was created in previous years as required by the Commercial Companies Code. Reserve capital amounted to PLN 3.964 thousand as at 31st March 2009.

Dividends Paid and Declared

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

Resolution regarding the division of the profit for the year 2008 was not adopted as at the date of approval of these interim condensed consolidated financial statements. The General Shareholders Meeting of Cyfrowy Polsat S.A. held on 23th April 2009 adopted a resolution regarding calling an adjournment. The meeting will be continued on 14th May 2009.

(PLN '000)

7.4.3 Loans and Borrowings

As at 31st March 2009, the Group was a party of one loan agreement.

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

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

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

As at 31st March 2009 the outstanding loan amount with Bank Pekao S.A. was PLN 94,699 thousand.

7.4.4 Transactions with related parties

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

Receivables	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Invest Bank S.A.	-	-	1
Inwestycje Polskie Sp. z o.o.	-	-	1
Media Biznes Sp. z o.o.	59	11	39
Polsat Media Sp. z o.o.	-	1	-
Radio PIN S.A.	17	-	-
Sferia S.A.	-	14	-
Superstacja Sp. z o.o.	14	21	10
Teleaudio Sp. z o.o.	1	2	-
Telewizja Polsat S.A.	1,071	342	166
Total	1,162	391	217

(PLN '000)

Liabilities	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Alpatran	-	31	31
Elektrim S.A.	2	2	-
EMarket Sp. z o.o.*	-	-	120
Media Biznes Sp. z o.o.	-	31	-
Polska Telefonia Cyfrowa Sp. z o.o.**	-	-	36
Radio PIN S.A.	-	28	-
Teleaudio Sp. z o.o.	-	175	-
Telewizja Polsat S.A.	603	2,085	1,226
Total	605	2,352	1,413

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

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

Operating revenue	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Media Biznes Sp. z o.o.	48	48
Polskie Media S.A.	-	15
Radio PIN S.A.	38	-
Superstacja Sp. z o.o.	39	7
Teleaudio Sp. z o.o.	1	-
Telewizja Polsat S.A.	990	34
Total	1,116	104

Operating costs	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Alpatran	-	75
Elektrim S.A.	399	373
EMarket Sp. z o.o.*	-	68
Gemius S.A.**	5	-
Media Biznes Sp. z o.o.	48	-
Polska Telefonia Cyfrowa Sp. z o.o.***	-	55
Sferia S.A.	20	-
Teleaudio Sp. z o.o.	4,115	868
Telewizja Polsat S.A.	14,371	4,072
Total	18,958	5,511

* EMarket Sp. z o.o. was a related party until 17 June 2008.
**Gemius S.A. is a related party from 4 July 2008.
***Polska Telefonia Cyfrowa Sp. z o.o. was a related party until 30 June 2008.

7.4.5 Off-Balance Sheet Liabilities

Contractual Liabilities Related to Purchase of Non-Current Assets

On 31st May 2007, Cyfrowy Polsat S.A. entered into an agreement with Accenture Sp. z o.o. for implementation and launch of the billing system. As at 31st March 2009, all deliveries and services were invoiced. Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was PLN 343 thousand as at 31st March 2009.

On 14th August 2007, Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Sp. z o.o. for delivery of hardware and software necessary for the provision of MVNO services. As at 31st March 2009, the value of deliveries and services yet to be provided under the agreement amounted to EUR 40 thousand (PLN 188 thousand). Moreover, the value of uninvoiced deliveries and services under an additional order related to the agreement was EUR 72 thousand (PLN 338 thousand) as at 31st March 2009.

Contractual Liabilities Related to Contracted Services

On 31st May 2007, Cyfrowy Polsat S.A. entered into an agreement with Accenture Sp. z o.o. concerning maintenance of the billing system. The agreement is for a term of three years. The annual cost of the service amounts to EUR 245 thousand. Moreover, the Company entered into a service agreement for the billing system. The annual cost of the service amounts to PLN 592 thousand.

On 14th September 2007 Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Polska Sp. z o.o. concerning maintenance of the MVNO system plus BOT (Build Operate Transfer) service. The contract is for a term of 13 months in the part concerning BOT and for five years in the part concerning maintenance of the MVNO system. As at 31st March 2009, all deliveries and services related to BOT service were invoiced. The annual cost of maintenance of MVNO system amounts to EUR 618 thousand.

On 14th September 2007 Cyfrowy Polsat S.A. entered into an agreement with Nokia Siemens Networks Sp. z o.o. for maintenance of the MVNO system. The contract is for a term of five years. The annual cost of the service amounts to EUR 98 thousand.

On 28th September 2007, Cyfrowy Polsat S.A. entered into a maintenance agreement with Alcatel Lucent Polska S.A. The contract is for a term of three years. The annual cost of the service amounts to EUR 59 thousand.

Contingent liabilities to purchase shares in Karpacka Telewizja Kablowa Sp. z o.o.

On 17 April 2002 Cyfrowy Polsat S.A. filed with the District Court of Rzeszów an action to squeeze out Mr Andrzej Kliś, a shareholder in Karpacka Telewizja Kablowa Sp. z o.o., in which Cyfrowy Polsat S.A. holds 85% of shares. In the ruling dated 28 February 2006, the Court set the purchase price of the shares at PLN 701 thousand. The case has not been finally resolved and has been brought to the Court of Appeals.

Other Contingent Liabilities

On 8 November 2007 the Company and Telekomunikacja Polska S.A. entered into an agreement concerning interconnection of the public telecommunications network of Cyfrowy Polsat S.A. and the public fixed-line telephony network of Telekomunikacja Polska S.A. for the purpose of providing telecommunications services, specifying the technical conditions for setting up and maintaining interconnection of the networks, and also defining details of mutual payment terms. With a view to securing potential claims, on 7 December 2007 Cyfrowy Polsat S.A. made a statement on submitting to enforcement of amounts that may become due and payable to Telekomunikacja Polska S.A. up to PLN 201 thousand.

On 16th May 2008, the Company entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polkomtel S.A. an irrevocable and unconditional bank guarantee to pay Polkomtel S.A. up to PLN 600 thousand at the first written payment request by Polkomtel S.A. The bank guarantee was valid until 16th May 2009. On 10th April 2009 Annex no. 1 to this agreement was signed. According to the annex, bank guarantee is valid until 16th May 2010 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

On 16th June 2008, the Company entered into a bank guarantee agreement with Bank Pekao S.A. Under the agreement, Bank Pekao S.A. issued to Polska Telefonia Komórkowa Centertel Sp. z o.o. ("Centertel") an irrevocable and unconditional bank guarantee to pay Centertel up to PLN 1,600 thousand at the first written payment request by Centertel. According to the agreement the bank guarantee was valid until 16th December 2008. On 4th December 2008 Annex no. 1 to this agreement was signed. According to the annex, bank guarantee is valid until 17th June 2009 inclusively and expires automatically and entirely if a written payment request under the guarantee is not delivered to the bank by that date.

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

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

On 13th January 2009 the Management Board of Cyfrowy Polsat S.A. performed following transactions:

a. Mr. Dominik Libicki made a contribution of 500,000 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares,
b. Mr. Maciej Gruber made a contribution of 46,250 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares,
c. Mr. Dariusz Działkowski made a contribution of 46,250 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares,
d. Mr. Andrzej Matuszyński made a contribution of 32.500 shares of Cyfrowy Polsat S.A. at the price of PLN 0.04 per share (the nominal price of share) into a company in which he holds 100 per cent shares.

Entities related to the members of the Management Board of the Parent sold in the standard session transactions:

a. 46,250 shares of Cyfrowy Polsat S.A. at the price of PLN 14.10 per share on 15 January 2009;
b. 6,000 shares of Cyfrowy Polsat S.A. at the price of PLN 14.20 per share on 22 January 2009;
c. 26,500 shares of Cyfrowy Polsat S.A. at the price of PLN 14.10 per share on 23 January 2009;
d. 4,000 shares of Cyfrowy Polsat S.A. at the price of PLN 14.20 per share on 22 January 2009;
e. 38,060 shares of Cyfrowy Polsat S.A. at the price of PLN 14.10 per share on 23 January 2009;
f. 200 shares of Cyfrowy Polsat S.A. at the price of PLN 14.14 per share on 23 January 2009;
g. 2,740 shares of Cyfrowy Polsat S.A. at the price of PLN 14.19 per share on 23 January 2009
h. 1,250 shares of Cyfrowy Polsat S.A. at the price of PLN 14.20 per share on 23 January 2009;
i. 100,000 shares of Cyfrowy Polsat S.A. at the average price of PLN 14.88 per share on 30 January 2009;
j. 31.651 shares of Cyfrowy Polsat S.A. at the average price of PLN 15.04 per share on 3 February 2009;
k. 43,000 shares of Cyfrowy Polsat S.A. at the average price of PLN 14.72 per share on 4 February 2009;
l. 103,852 shares of Cyfrowy Polsat S.A. at the average price of PLN 14.42 per share on 5 February 2009;
m. 100,000 shares of Cyfrowy Polsat S.A. at the average price of PLN 15.25 per share on 6 February 2009.

On 25th February 2009 Cyfrowy Polsat S.A. and TVN S.A. signed annexes to license agreements dated 14th February 2003 and 30th May 2006. On the grounds of signed annexes Cyfrowy Polsat S.A. will distribute television programs broadcasted by TVN S.A. including TVN, TVN Siedem, TVN24, TVN Style, TVN Turbo and TVN Meteo. TVN and TVN Siedem will be distributed to subscribers of all packages offered by Cyfrowy Polsat S.A., whereas TVN24, TVN Style, TVN Turbo and TVN Meteo will be distributed to subscribers of Pakiet Familijny (Family Package).

On 26 February 2009 a long-term agreement between Cyfrowy Polsat S.A. and Eutelsat S.A. was signed. The subject of the agreement is the allotment of capacity on the HotBird 9 transponder. All conditions of the agreement do not vary from market standards applied to this type of agreements.

7.5 Events Subsequent to the Balance-Sheet Date

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

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

On 16th April 2009, as a result of a withdrawal by Polaris Finance B.V. from a share sale agreement with Mr. Zygmunt Solorz-Żak dated 18 December 2008, a return transfer of 20,000,000 dematerialised registered shares of Cyfrowy Polsat S.A., privileged as to the number of votes in the ratio of 2 to 1 took place. The share transfer was made on 16th April 2009. Prior to the aforementioned transaction Polaris Finance B.V. held 162,943,750 shares of the Company which accounted for 60.73% of the share capital of the Company entitling to 317,968,750 votes in the General Meeting of Shareholders of the Company which accounted for 69.76% of the total number of votes in the General Meeting of Shareholders of Cyfrowy Polsat S.A. After completing the aforementioned transaction Polaris Finance B.V. holds 182,943,750 shares of the Company which account for 68.18% of the share capital of the Company entitling to 357,968,750 votes in the General Meeting of Shareholders of the Company which accounts for 78.53% of the total number of votes in the General Meeting of Shareholders of Cyfrowy Polsat S.A., provided that changes in the Company's Shareholders Register have been made. Prior to the aforementioned transaction Mr. Zygmunt Solorz-Żak held 30,603,750 shares of the Company which accounted for 11.41% of the share capital of the Company entitling to 61,207,500 votes in the General Meeting of Shareholders of the Company which accounted for 13.43% of the total number of votes in the General Meeting of Shareholders of Cyfrowy Polsat S.A. After completing the aforementioned transaction Mr. Zygmunt Solorz-Żak holds 10,603,750 shares of the Company which account for 3.95% of the share capital of the Company entitling to 21,207,500 votes in the General Meeting of Shareholders of the Company which accounts for 4.65% of the total number of votes in the General Meeting of Shareholders of Cyfrowy Polsat S.A., provided that changes in the Company's Shareholders Register have been made. Moreover, Polaris Finance B.V. informed the Company about lack of intention of further increasing the share in the total number of votes in the General Meeting of Shareholders of Cyfrowy Polsat S.A. within 12 months from 16th April 2009.

The General Shareholders Meeting of Cyfrowy Polsat S.A. held on 23th April 2009 approved the Management Board's report on the activities of the Company in the fiscal year 2008, the financial statements of the Company for the year 2008, the Management Board's report on the activities of Cyfrowy Polsat Capital Group in the fiscal year 2008 and the consolidated financial statements of Cyfrowy Polsat Capital Group. Furthermore, the General Shareholders Meeting granted approval of the performance of duties by members of the Management and Supervisory Board. The General Shareholders Meeting of Cyfrowy Polsat S.A., prior to the voting on the resolution regarding allocation of profit for the fiscal year of 2008 and regarding dividend payout, adopted a resolution regarding calling an adjournment. The meeting will be continued on 14th May 2009.

The General Shareholders Meeting decided that the Supervisory Board of the Company will consist of five members and nominated Robert Gwiazdowski, Andrzej Papis, Leszek Reksa, Heronim Ruta and Zygmunt Solorz-Żak to the Supervisory Board of Cyfrowy Polsat S.A.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for Three Months
Ended March 31, 2009

(PLN '000)

1 Interim Condensed Income Statement

	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Revenue from DTH subscription fees	290,364	216,641
Revenue from rental of digital satellite reception equipment	192	862
Revenue from sales of digital satellite reception equipment and mobile phones	11,980	20,587
Revenue from sales of broadcasting and transmission services	4,656	4,356
Revenues from subscription fees, interconnection revenues and settlements with mobile telephony operators (MVNO)	970	-
Other operating revenue	14,876	4,941
Total revenue from operating activities	323,038	247,387
Depreciation and amortisation	7,874	4,351
Cost of programming	97,572	50,656
Transmission cost	19,756	15,045
Distribution, marketing and customer relation management cost	49,189	38,138
Salaries, wages and employee benefits	14,366	9,461
Cost of sales of digital satellite reception equipment and mobile phones	20,751	31,913
Costs of settlements with mobile telephony operators and interconnection charges (MVNO)	814	-
Other operating costs	26,815	13,327
Total costs of operating activities	237,137	162,891
Operating profit	85,901	84,496
Financial income	14,862	3,747
Financial expenses	(9,493)	(7,300)
Pre-tax profit	91,270	80,943
Income tax	17,470	15,485
Net profit	73,800	65,458
Basic and diluted earnings per share (PLN)	0.28	0.24

(PLN '000)

2 Interim Condensed Balance Sheet – Assets

Assets

	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Digital satellite reception equipment	34,790	20,785	548
Other property, plant and equipment	129,342	113,644	62,614
Intangible assets	9,972	11,187	9,623
Non-current loans to related undertakings	-	-	23,460
Non-current receivables from related undertakings	5,667	5,917	6,768
Investment property	4,829	21,846	-
Other non-current assets	22,173	24,264	27,331
Deferred tax assets	-	-	841
Total non-current assets	206,773	197,643	131,185
Inventories	159,707	89,038	148,204
Current loans to related undertakings	11,518	11,348	13,788
Income tax receivables	10,520	9,410	-
Trade and other receivables	137,007	120,793	108,964
Shares held for sale	53,396	-	-
Other current assets	81,811	85,639	62,998
Cash and cash equivalents	130,729	240,979	111,250
Total current assets	584,688	557,207	445,204
Total assets	791,461	754,850	576,389

(PLN '000)

3 Interim Condensed Balance Sheet – Equity and Liabilities

Equity and Liabilities

	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Share capital	10,733	10,733	10,733
Reserve capital	3,964	3,964	3,500
Statutory reserve funds	10,174	10,174	10,174
Retained earnings	345,947	272,147	103,596
Total equity	370,818	297,018	128,003
Long-term loans and borrowings	30,064	44,135	93,051
Long-term finance lease liabilities	1,518	1,407	1,340
Deferred tax liability	16,980	12,083	-
Other non-current liabilities and provisions	425	120	1,026
Total non-current liabilities	48,987	57,745	95,417
Current loans and borrowings	64,635	66,571	103,388
Current finance lease liabilities	268	238	201
Trade and other payables	161,250	191,566	132,603
Income tax liabilities	-	-	3,221
Deposits received for digital satellite reception equipment and mobile phones	21,911	22,447	19,727
Deferred income	123,592	119,265	93,829
Total current liabilities	371,656	400,087	352,969
Total liabilities	420,643	457,832	448,386
Total equity and liabilities	791,461	754,850	576,389

(PLN '000)

4 Interim Condensed Statement of Changes in Equity for the Three Months Period Ended March 31, 2009

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Total equity
As at January 1, 2009	10,733	3,964	10,174	272,147	297,018
Net profit for period	-	-	-	73,800	73,800
As at March 31, 2009	10,733	3,964	10,174	345,947	370,818

5 Interim Condensed Statement of Changes in Equity for the Three Months Period Ended March 31, 2008

	Share capital	Reserve capital	Statutory reserve funds	Retained earnings	Total equity
As at January 1, 2008	10,733	3,500	10,174	38,138	62,545
Net profit for period	-	-	-	65,458	65,458
As at March 31, 2008	10,733	3,500	10,174	103,596	128,003

(PLN '000)

6 Interim Condensed Cash Flow Statement

	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Net profit	73,800	65,458
Adjustments:	(95,977)	(66,329)
Depreciation/amortisation	7,874	4,351
Interest	(1,623)	871
Change in inventories	(70,669)	(21,565)
Change in receivables and other assets	(11,021)	(20,533)
Change in liabilities, provisions, accruals and deferrals	(24,497)	(50,100)
Foreign exchange losses	1,613	203
Income tax	17,470	15,485
Net increase in set-top boxes provided under operating lease	(15,134)	(248)
Other adjustments	10	5,207
Net cash generated from operating activities	(22,177)	(871)
Income tax paid	(13,684)	(6,660)
Received interest related to operating activities	2,763	1,358
Net cash flow from operating activities	(33,098)	(6,173)
Acquisition of intangible assets	(840)	(602)
Acquisition of property, plant and equipment	(5,692)	(12,154)
Loans granted to related parties	-	(6,500)
Acquisition of shares	(53,396)	-
Payment of finance lease liabilities by a subsidiary	88	-
Net cash flow from investing activities	(59,840)	(19,256)
Repayment of loans and borrowings	(15,759)	-
Payment of finance lease liabilities	(59)	(59)
Payment of interest on loans, borrowings and finance lease	(1,646)	-
Other cash used in financing activities	-	(5,132)
Net cash flow from financing activities	(17,464)	(5,191)
Net change in cash and cash equivalents	(110,402)	(30,620)
Cash and cash equivalents at the beginning of the period	240,979	141,651
Change in cash resulting from foreign exchange gains	152	219
Cash and cash equivalents at the end of the period	130,729	111,250

(PLN '000)

7 Supplementary Information to the Interim Condensed Financial Statements for Three Months Ended March 31, 2009

7.1 Basis for the Preparation of the Non-Consolidated Financial Statements

Compliance Statement

These interim condensed non-consolidated financial statements for three months ended on 31st March 2009 have been prepared in accordance with the International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*.

The accounting policies adopted by the Company when preparing the non-consolidated financial data for three months ended on 31st March 2009 are consistent with those adopted when preparing the financial statements for the financial years ended on 31st December 2008 and 31st December 2007, as presented in the Annual Report.

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

7.2 Loans to related parties

Long-term loans

Borrower	Loan principal	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Praga Business Park Sp. z o.o.*	n/a	n/a	n/a	23,460
Total	n/a	n/a	n/a	23,460

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

Short-term loans

Borrower	Loan principal	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	1,500	-	-	1,560
Cyfrowy Polsat Technology Sp. z o.o.	1,500	-	-	1,560
Cyfrowy Polsat Technology Sp. z o.o.	4,000	4,411	4,346	4,087
Cyfrowy Polsat Technology Sp. z o.o.	6,500	7,107	7,002	6,581
Total	13,500	11,518	11,348	13,788

On 22nd May 2007, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. concluded a loan agreement under which a loan in the amount of PLN 1,500 thousand was granted to Cyfrowy Polsat Technology to finance its on-going operations. Subsequent loans to finance Cyfrowy Polsat Technology's on-going operations were granted on 27th August 2007 (PLN 1,500 thousand), 21st December 2007, (PLN 4,000 thousand) and 5th February 2008 (PLN 6,500 thousand).

(PLN '000)

The interest rates for all the above agreements on loans advanced to Cyfrowy Polsat Technology Sp. z o.o. were set as the WIBOR 6M rate quoted as at the last date preceding the date on which interest falls due plus a margin of 2%. The date of repayment of the loans together with interest was set at 31st December 2009 at the latest. The loans were secured with a blank promissory note of the borrower with a promissory note declaration.

On 31st December 2008 Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. offsetted their receivables and payables. As a result, principal and interest payable by Cyfrowy Polsat Technology Sp. z o.o. resulting from two loans in the nominal amount of PLN 1,500 thousand each were fully settled.

7.3 Long-term receivables from related parties

	March 31, 2009 unaudited	December 31, 2008 unaudited	March 31, 2008 unaudited
Non-current receivables under finance lease	5,667	5,917	6,504
Security deposits	-	-	264
Total	5,667	5,917	6,768

On 1st December 2007, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. signed a lease agreement for an electronic equipment production line. In compliance with the requirements of IFRS, the agreement was disclosed in the Company's accounting books as finance lease. As at the date of the agreement, the total value of leased assets was PLN 7,664 thousand. The agreement was concluded for a period of seven years.

On 31st October 2008, Cyfrowy Polsat S.A. and Cyfrowy Polsat Technology Sp. z o.o. signed a lease agreement for a laser. In compliance with the requirements of IFRS, the agreement was disclosed in the Company's accounting books as finance lease. As at the date of the agreement, the total value of leased assets was PLN 143 thousand. The agreement was concluded for a period of six years.

As at the balance-sheet date, the amounts due from Cyfrowy Polsat Technology Sp. z o.o. under the lease agreement total PLN 6,786 thousand, including PLN 5,667 thousand representing a non-current portion. Interest income of PLN 131 thousand was disclosed under net financial income.

(PLN '000)

7.4 Transactions with related-parties

Receivables

	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	215	326	625
Cyfrowy Polsat Technology Sp. z o.o. (lease)	6,639	6,870	7,858
Invest Bank S.A.	-	-	1
Inwestycje Polskie Sp. z o.o.	-	-	1
Media Biznes Sp. z o.o.	59	11	39
Polsat Media Sp. z o.o.	-	1	-
Praga Business Park Sp. z o.o.*	-	-	264
Radio PIN S.A.	17	-	-
Sferia S.A.	-	14	-
Superstacja Sp. z o.o.	14	21	10
Teleaudio Sp. z o.o.	1	2	-
Telewizja Polsat S.A.	1,071	342	166
Total	8,016	7,587	8,964

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

Liabilities

	March 31, 2009 unaudited	December 31, 2008	March 31, 2008 unaudited
Alpatran	-	31	31
Cyfrowy Polsat Technology Sp. z o.o.	17,343	8,480	2,693
Elektrim S.A.	2	2	-
EMarket Sp. z o.o.*	-	-	120
Media Biznes Sp. z o.o.	-	31	-
Polska Telefonia Cyfrowa Sp. z o.o.**	-	-	36
Praga Business Park Sp. z o.o.***	-	-	649
Radio PIN S.A.	-	28	-
Teleaudio Sp. z o.o.	-	175	-
Telewizja Polsat S.A.	603	2,085	1,226
Total	17,948	10,832	4,755

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

(PLN '000)

Operating revenue	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	404	2
Media Biznes Sp. z o.o.	48	48
Polskie Media S.A.	-	15
Radio PIN S.A.	38	-
Superstacja Sp. z o.o.	39	7
Teleaudio Sp. z o.o.	1	-
Telewizja Polsat S.A.	990	34
Total	1,520	106

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

Operating costs	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Alpatran	-	75
Elektrim S.A.	399	373
EMarket Sp. z o.o.*	-	68
Gemius S.A.**	5	-
Media Biznes Sp. z o.o.	48	-
Polska Telefonia Cyfrowa Sp. z o.o.***	-	55
Praga Business Park Sp. z o.o.****	-	863
Sferia S.A.	20	-
Teleaudio Sp. z o.o.	4,115	868
Telewizja Polsat S.A.	14,371	4,072
Total	18,958	6,374

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

In the three months ended on 31st March 2009 the Company purchased inventories (set-top boxes and accessories) from Cyfrowy Polsat Technology Sp. z o.o. for a total value of PLN 31,538 thousand.

Financial income	three months ended	
	March 31, 2009 unaudited	March 31, 2008 unaudited
Cyfrowy Polsat Technology Sp. z o.o.	302	369
Praga Business Park Sp. z o.o.*	-	434
Total	302	803

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