CITY INTERACTIVE GROUP

COMPLETE QUARTERLY REPORT
FOR THE FOURTH QUARTER OF 2010

Warsaw, March 1, 2011

CONTENTS

I. CONSOLIDATED DATA FOR THE CITY INTERACTIVE GROUP

CONSOLIDATED BALANCE SHEET

as at December 31, 2010 PLN

ASSETS		as at December 31, 2010	as at September 30, 2010	as at September 30, 2009	as at December 31, 2009
A.	**NON-CURRENT ASSETS**	**16 647 776**	**16 243 878**	**19 259 653**	**14 961 573**
	Property, plant and equipment	442 596	314 417	777 870	591 118
	Intangible assets	13 111 018	13 115 870	16 068 182	10 272 088
	Goodwill	3 794	3 794	8 868	-
	Investment property	-	-	-	-
	Interests in subsidiaries	12 092	11 939	-	-
	Non-current assets held for sale	-	-	-	-
	Deferred income tax assets	3 078 276	2 797 858	2 404 733	4 098 367
	Other non-current assets	-	-	-	-
B.	**CURRENT ASSETS**	**43 327 745**	**45 827 553**	**23 998 692**	**20 751 572**
	Inventory	4 960 782	6 364 185	6 498 050	5 518 499
	Prepayments	1 251 752	938 340	-	-
	Short-term investments	900 741	413 006	414 615	76 845
	Trade receivables	17 594 019	26 262 071	13 126 389	10 949 158
	Deferred tax receivables	32 487	28 137	257 736	386 604
	Cash and cash equivalents	15 521 080	7 451 156	2 028 570	1 421 692
	Other current assets	3 066 884	4 370 659	1 673 333	2 398 773
TOTAL ASSETS		**59 975 521**	**62 071 431**	**43 258 345**	**35 713 145**

CONSOLIDATED BALANCE SHEET

as at December 31, 2010 PLN

	EQUITY AND LIABILITIES	as at December 31, 2010	as at September 30, 2010	as at September 30, 2009	as at December 31, 2009
A.	**EQUITY**				
	Issued capital	1 265 000	1 265 000	1 254 000	1 265 000
	Share premium	4 555 689	20 555 689	20 456 689	20 555 689
	Capital from an incentive scheme	282 550	282 550	-	293 675
	Unregistered capital	-	-	110 000	-
	Revaluation provision	-	-	-	-
	Provision for purchase of own shares	16 000 000		-	
	Own shares	-	-	-	-
	Equity elements relating to available-for-sale assets	-	-	-	-
	Exchange differences on net investments in entities operating abroad	14 209	-41 612	53 343	92 465
	Retained earnings	20 922 337	17 807 080	2 925 898	-5 402 147
	Equity attributable to the parent	**43 039 785**	**39 868 707**	**24 799 930**	**16 804 682**
	Equity attributable to non-controlling interests	-	-	-	-
	Total equity	**43 039 785**	**39 868 707**	**24 799 930**	**16 804 682**
B.	**LIABILITIES**				
	Borrowings including credits, loans and other debt instruments	-	-	-	-
	Provision for pensions and similar	13 530	18 331	20 632	9 410
	Finance lease liabilities	54 026	-	146 657	86 851
	Other long-term provisions	-	-	-	-
	Deferred income tax provision	128 892	54 769	848 429	146 205
	Total non-current liabilities	**196 448**	**73 100**	**1 015 718**	**242 467**
	Borrowings including credits, loans and other debt instruments	5 138 601	5 152 899	8 326 082	7 243 040
	Income tax liabilities	1 004 471	2 775 092	-	-
	Trade and other payables	9 736 188	13 459 350	7 132 424	9 979 617
	Other current provisions	860 028	742 282	8 445	12 325
	Deferred income	-	-	1 975 746	1 431 014
	Total current liabilities	**16 739 287**	**22 129 624**	**17 442 697**	**18 665 996**
	Total liabilities	**16 935 735**	**22 202 724**	**18 458 415**	**18 908 463**

TOTAL EQUITY AND LIABILITIES	59 975 521	62 071 431	43 258 345	35 713 145

Book value in PLN	43 039 785	39 868 707	24 446 591	16 804 682
Number of shares	12 650 000	12 650 000	12 540 000	12 650 000
Book value per share	3.40	3.15	1.95	1.33

CONSOLIDATED PROFIT AND LOSS STATEMENT

for the period from January 1 to December 31, 2010

Multiple-step format

PLN

	For the period 10/1 - 12/31/2010	For the period 1/1 - 12/31/2010	For the period 10/1 - 12/31/2009	For the period 1/1 - 12/31/2009
Continuing operations				
Net revenue from sale	**23 323 828**	**89 228 321**	**8 628 663**	**29 600 168**
Revenue from sale of products and services	23 251 271	88 558 049	8 385 288	28 989 602
Revenue from sale of goods for resale and materials	72 556	670 271	243 375	610 566
Cost of products, goods for resale and services sold	**12 393 780**	**35 883 557**	**7 938 347**	**22 264 735**
Cost of manufacture of products sold	12 220 016	35 175 771	7 817 894	21 931 374
Value of goods for resale and materials sold	173 764	707 786	120 453	333 361
Gross profit (loss) on sales (A - B)	**10 930 048**	**53 344 764**	**690 316**	**7 335 433**
Other operating revenues	413 541	1 101 859	429 816	726 555
Distribution costs	2 510 008	10 379 792	3 166 938	9 940 766
Administrative expenses	1 951 988	4 941 686	56 418	4 624 579
Other operating costs	2 821 936	4 869 558	8 140 100	9 430 466
Profit (loss) on operating activities	**4 059 656**	**34 255 586**	**-10 243 325**	**-15 933 823**
Finance income	42 336	48 070	128 441	234 461
Finance costs	-42 425	1 684 649	526 323	890 696
Profit (loss) before tax	**4 144 417**	**32 619 007**	**-10 641 207**	**-16 590 059**
Income tax	785 710	5 658 662	-2 313 161	-3 027 443
Profit (loss) on continuing operations	**3 358 706**	**26 960 344**	**-8 328 046**	**-13 562 615**
Discontinued operations	**-**	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT (LOSS)	**3 358 706**	**26 960 344**	**-8 328 046**	**-13 562 615**

Net profit (loss)	**3 358 706**	**26 960 344**	**-8 328 046**	**-13 562 615**
Weighted average number of ordinary shares	**12 650 000**	**12 650 000**	**12 650 000**	**12 650 000**
Profit (loss) per ordinary share (in PLN)	**0.27**	**2.13**	**-0.66**	**-1.07**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2010

PLN

	For the period 10/1 - 12/31/2010	For the period 1/1 - 12/31/2010	For the period 10/1 - 12/31/2009	For the period 1/1 - 12/31/2009
Net profit for the year	**3 358 706**	**26 960 344**	**-8 328 046**	**-13 562 615**
Other total gross comprehensive income:				
Exchange differences on translating foreign operations	39 835	-78 256	39 122	302 712
Available-for-sale financial assets	**-**	**-**	**-**	**-**
Cash flow hedges (gross including tax)	**-**	**-**	**-**	**-**
Gain on revaluation of properties	**-**	**-**	**-**	**-**
Actuarial gains / losses on defined benefit plans	**-**	**-**	**-**	**-**
Share of total other profits of associates	**-**	**-**	**-**	**-**
Income tax on elements of other total income	**-**	**-**	**-**	**-**
Other comprehensive income after tax (net, in accordance with the balance sheet)	39 835	-78 256	39 122	302 712
Total comprehensive income	**3 398 541**	**26 882 088**	**-8 288 924**	**-13 259 903**
Total comprehensive income attributable to:				
% share attributable to the parent:	100%	100%	100%	100%
owners of the parent	3 398 541	26 882 088	-8 288 924	-13 259 903
non-controlling interests	**-**	**-**	**-**	**-**
Total	**3 398 541**	**26 882 088**	**-8 288 924**	**-13 259 903**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from October 1 to December 31, 2010		Issued capital	Share premium	Incentive scheme provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Net investments in foreign operations	Total equity
1.	**Balance as at October 1, 2010**	**1 265 000**	**20 555 689**	**282 550**	**-**	**18 698 655**	**-**	**- 41 612**	**40 760 282**
2.	2010 opening balance transition	-	-	-	**-**	- 891 575	-	-	- 891 575
3.	**Balance as at October 1, 2010 after transition**	**1 265 000**	**20 555 689**	**282 550**	**-**	**17 807 080**	**-**	**- 41 612**	**39 868 707**
Changes in equity in Q4 2010									
4.	Profit (loss) for the period	-	-	-	-	3 358 706	-	-	3 358 706
5.	Increase / decrease of capital	-	- 16 000 000	-	16 000 000	-	-	-	-
6.	Capital from an incentive scheme	-	-	-	-	-	-	-	-
7.	Increase due to exchange differences on net investments in foreign operations	-	-	-	-	-	-	55 821	55 821
8.	Reversal of exclusion of margin capitalized in previous periods	-	-	-	-	- 243 449	-	-	- 243 449
9.	Changes in the group subject to consolidation	-	-	-	-	-	-	-	-
Balance as at December 31, 2010		**1 265 000**	**4 555 689**	**282 550**	**16 000 000**	**20 922 337**	**-**	**14 209**	**43 039 785**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from January 1 to December 31, 2010		Issued capital	Share premium	Incentive scheme provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Net investments in foreign operations	Total equity
1.	**Balance as at January 1, 2010**	**1 265 000**	**20 555 689**	**293 675**	**-**	**- 4 510 573**	**-**	**92 465**	**17 696 257**
2.	2010 opening balance transition	-	-	-	-	- 891 575	-	-	- 891 575
3.	**Balance as at January 1, 2010 after transition**	**1 265 000**	**20 555 689**	**293 675**	**-**	**- 5 402 147**	**-**	**92 465**	**16 804 682**
Changes in equity in 2010									
4.	Profit (loss) for the period	-	-	-	-	26 960 344	-	-	26 960 344
5.	Increase / decrease of capital	-	- 16 000 000	-	16 000 000	-	-	-	-
6.	Capital from an incentive scheme	-	-	- 11 125	-	-	-	-	- 11 125
7.	Increase due to exchange differences on net investments in foreign operations	-	-	-	-	-	-	- 78 256	- 78 256
8.	Reversal of exclusion of margin capitalized in previous periods	-	-	-	-	- 243 449	-	-	- 243 449
9.	Changes in the group subject to consolidation	-	-	-	-	- 392 411	-	-	- 392 411
Balance as at December 31, 2010		**1 265 000**	**4 555 689**	**282 550**	**16 000 000**	**20 922 337**	-	**14 209**	**43 039 785**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from October 1 to December 31, 2009		Issued capital	Share premium	Incentive scheme provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Net investments in foreign operations	Total equity
1.	**Balance as at October 1, 2009**	**1 254 000**	**20 456 689**	**-**	**-**	**3 195 016**	**110 000**	**53 343**	**25 069 048**
2.	Q4 2009 opening balance transition	-	-	-	-	- 269 118	-	-	- 269 118
3.	**Balance as at October 1, 2009, after transition**	**1 254 000**	**20 456 689**	**-**	**-**	**2 925 898**	**110 000**	**53 343**	**24 799 930**
Changes in equity in Q4 2009									
4.	Profit (loss) for the period	-	-	-	-	- 8 328 046	-	-	- 8 328 046
5.	Increase / decrease of capital	11 000	99 000	-	-	-	-110 000	-	-
6.	Capital from an incentive scheme	-	-	293 675	-	-	-	-	293 675
7.	Increase due to exchange differences on net investments in foreign operations	-	-	-	-	-	-	39 122	39 122
8.	Changes in the group subject to consolidation	-	-	-	-	-	-	-	-
Balance as at December 31, 2009		**1 265 000**	**20 555 689**	**293 675**	**-**	**- 5 402 147**	**-**	**92 465**	**16 804 682**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from January 1 to December 31, 2009		Issued capital	Share premium	Incentive scheme provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Net investments in foreign operations	Total equity
1.	**Balance as at January 1, 2009**	**1 254 000**	**20 456 689**	**-**	**-**	**8 683 456**	**-**	**- 210 247**	**30 183 899**
2.	Changes in the accounting principles (policies)	-	-	-	-	-	-	-	-
3.	**Balance as at January 1, 2009, after transition**	**1 254 000**	**20 456 689**	**-**	**-**	**8 683 456**	**-**	**- 210 247**	**30 183 899**
Changes in equity in 2009									
4.	Profit (loss) for the period	-	-	-	-	- 13 562 615	-	-	- 13 562 615
5.	Increase / decrease of capital	11 000	99 000	-	-	-		-	110 000
6.	Capital from an incentive scheme	-	-	293 675	-	-	-	-	293 675
7.	Increase due to exchange differences on net investments in foreign operations	-	-	-	-	-	-	302 712	302 712
8.	Changes in the group subject to consolidation	-	-	-	-	- 522 988	-	-	- 522 988
Balance as at December 31, 2009		**1 265 000**	**20 555 689**	**293 675**	**-**	**- 5 402 147**	**-**	**92 465**	**16 804 682**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from January 1 to December 31, 2010
(indirect method)

PLN

		for the period 10/1 - 12/31/2010	for the period 1/1 - 12/31/2010	for the period 10/1 - 12/31/2009	for the period 1/1 - 12/31/2009
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**				
I.	**Gross profit (loss)**	**4 144 417**	**32 619 007**	**-10 641 207**	**-16 590 059**
II.	**Total adjustments**	**6 715 854**	**-5 192 366**	**13 116 271**	**20 005 870**
1.	Depreciation / amortization	1 732 050	5 982 557	2 745 298	10 429 711
2.	Creation (reversal) of write downs	304 143	528 203	3 934 021	3 878 684
3.	Other revaluation	1 997 837	1 950 646	8 868	8 868
4.	Gain (loss) on exchange differences	44 245	158 631	139 175	194 323
5.	Less value of available-for-sale instruments	-360 455	-360 455	-	536 155
6.	Gain (loss) on sale of fixed assets	3 132	5 684	-52 203	-77 418
7.	Interest	108 006	612 839	220 549	424 166
8.	Change in receivables	9 551 492	-10 121 416	2 809 731	6 309 876
9.	Change in inventories	1 471 868	531 411	810 575	-2 022 734
10.	Change in trade and other payables	-4 183 354	1 791 129	2 197 622	1 711 011
11.	Change in provisions and liabilities for employee benefits	-4 801	4 120	-29 988	-31 261
12.	Adjustment to 2008 result	-	-1 431 014	-544 731	-2 083 805
13.	Adjustment to 2009 result	-891 575	-891 575	622 457	891 575
14.	Incentive scheme	-	-11 125	293 675	293 675
15.	Reversal of exclusion of margin capitalized in previous periods	-291 779	-243 449	-68 831	-68 831
16.	Other adjustments	-	-	160 442	-
17.	Tax paid	-2 764 956	-3 698 552	-130 388	-388 124
III.	**Net cash flows from operating activities**	**10 860 271**	**27 426 639**	**2 475 064**	**3 415 811**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period from January 1 to December 31, 2010
(indirect method)

		for the period 10/1 - 12/31/2010	for the period 1/1 - 12/31/2010	for the period 10/1 - 12/31/2009	for the period 1/1 - 12/31/2009
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**				
1.	Proceeds from sale of property, plant and equipment and intangible assets	-	-	52 886	129 831
2.	Proceeds from sale of financial assets	-	-	-	2 127 386
3.	Repayment of borrowings	-	-	-	-
4.	Interest received	-	-	3 231	110 446
5.	Proceeds from disposal of Company	-	-	-	-
6.	Other proceeds from financial assets	-	-	-	-
7.	Cash outflows on acquisition of subsidiaries	-	-	-	-
8.	Cash outflows on acquisition of property, plant and equipment and intangible assets	-559 643	-1 228 538	-419 686	-2 295 104
9.	Payments for acquisition of investment property	-	-	-	-
10.	Payments for purchase of financial assets	-	-3 794	-	-
11.	Cash outflows on R&D	-3 260 251	-9 640 747	-1 710 972	-8 168 159
12.	Other cash outflows under borrowings	1 220 731	847 738	347 917	23 604
13.	Other expenditures	3 618	-117 888	-	-
14.	**Net cash from investing activities**	**-2 595 545**	**-10 143 230**	**-1 726 624**	**-8 071 997**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**				
1.	Net proceeds from issue of shares and other equity instruments	-	-	-	-
2.	Incurrence of borrowings	1 300	2 745 235	2 554 662	14 030 935
3.	Issue of debt securities	-	-	-	5 000 000
4.	Dividends and other payments to the owners	-	-	-	-
5.	Borrowings granted	-	-	-	-
6.	Repayment of borrowings	-	-4 786 644	-3 706 678	-14 534 148
7.	Buy-back of debt securities	-	-	-	-
8.	Payment of liabilities under finance lease agreements	-67 452	-214 551	-37 265	-160 839
9.	Interest	-128 647	-631 839	-162 859	-464 454
10.	Other finance costs	-	-5 396	-3 176	-32 589
	Net cash from financing activities	**-194 801**	**-2 893 195**	**-1 355 317**	**3 838 904**
D.	**TOTAL NET CASH FLOWS**	**8 069 924**	**14 390 215**	**-606 876**	**-817 281**
E.	**BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:**	**8 069 924**	**14 390 215**	**-606 877**	**-817 281**
E.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD**	**7 451 156**	**1 130 865**	**2 028 570**	**2 238 973**
F.	**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**	**15 521 080**	**15 521 080**	**1 421 692**	**1 421 692**

The opening cash balance as at January 1, 2010 differed from the closing balance as at December 31, 2009 by the amount of exclusions from consolidation, i.e. PLN 290,827.

II. SEPARATE DATA FOR CITY INTERACTIVE S.A.

BALANCE SHEET

as at December 31, 2010 PLN

	ASSETS	as at December 31, 2010	as at September 30, 2010	as at September 30, 2009	as at December 31, 2009
A.	**NON-CURRENT ASSETS**	**16 224 894**	**16 014 955**	**18 550 267**	**14 693 830**
	Property, plant and equipment	428 061	289 663	727 395	551 780
	Intangible assets	13 110 396	13 114 757	16 064 943	10 269 439
	Goodwill	-	-	-	-
	Investment property	-	-	-	-
	Interests in subsidiaries	268 099	266 658	265 026	260 010
	Non-current assets held for sale	-	-	-	-
	Deferred income tax assets	2 418 338	2 343 877	1 492 903	3 612 603
	Other non-current assets	-	-	-	-
B.	**CURRENT ASSETS**	**43 698 498**	**43 853 155**	**28 331 210**	**20 851 637**
	Inventory	4 001 842	4 048 889	5 931 623	4 284 998
	Prepayments	1 239 802	929 490	-	-
	Short-term investments	1 026 116	542 502	837 779	1 482 555
	Trade receivables	19 866 052	32 570 680	18 279 069	11 980 450
	Deferred tax receivables	-	-	257 736	386 604
	Cash and cash equivalents	14 639 825	4 033 538	1 517 812	457 760
	Other current assets	2 924 861	1 728 056	1 507 191	2 259 271
	TOTAL ASSETS	**59 923 392**	**59 868 109**	**46 881 477**	**35 545 468**

BALANCE SHEET as at December 31, 2010					PLN
EQUITY AND LIABILITIES		**as at December 31, 2010**	**as at September 30, 2010**	**as at September 30, 2009**	**as at December 31, 2009**
A.	**EQUITY**				
	Issued capital	1 265 000	1 265 000	1 254 000	1 265 000
	Share premium	4 555 689	20 555 689	20 456 689	20 555 689
	Capital from an incentive scheme	282 550	282 550	-	293 675
	Unregistered capital	-	-	110 000	-
	Revaluation provision	42 411	40 970	57 098	52 082
	Provision for purchase of own shares	16 000 000	-	-	-
	Own shares	-	-	-	-
	Equity elements relating to available-for-sale assets	-	-	-	-
	Exchange differences on net investments in entities operating abroad	-	-	-	-
	Retained earnings	21 471 984	17 520 582	5 315 743	-4 411 868
	Equity attributable to the parent	**43 617 634**	**39 664 791**	**27 193 530**	**17 754 578**
	Equity attributable to non-controlling interests	-	-	-	-
	Total equity	**43 617 634**	**39 664 791**	**27 193 530**	**17 754 578**
B.	**LIABILITIES**				
	Borrowings including credits, loans and other debt instruments	-	-	-	-
	Provision for pensions and similar	13 530	18 331	20 632	9 410
	Finance lease liabilities	54 026	-	146 657	86 851
	Other long-term provisions	-	-	-	-
	Deferred income tax provision	128 886	40 330	848 429	146 205
	Total non-current liabilities	**196 442**	**58 661**	**1 015 718**	**242 467**
	Borrowings including credits, loans and other debt instruments	5 133 972	5 152 899	8 326 082	7 243 040
	Income tax liabilities	1 004 471	2 775 092	-	-
	Trade and other payables	9 130 648	11 486 345	8 370 402	8 874 369
	Other current provisions	840 226	730 321	-	-
	Deferred income	-	-	1 975 746	1 431 014
	Total current liabilities	**16 109 317**	**20 144 657**	**18 672 230**	**17 548 423**
	Total liabilities	**16 305 758**	**20 203 318**	**19 687 948**	**17 790 890**
TOTAL EQUITY AND LIABILITIES		**59 923 392**	**59 868 109**	**46 881 477**	**35 545 468**

Book value in PLN	43 617 634	39 664791	27 193 530	17 754 578
Number of shares	12 650 000	12 650 000	12 540 000	12 650 000
Book value per share	3.45	3.14	2.17	1.40

PROFIT AND LOSS STATEMENT

for the period from January 1 to December 31, 2010

Multiple-step format

	For the period 10/1 - 12/31/2010	For the period 1/1 - 12/31/2010	For the period 10/1 - 12/31/2009	For the period 1/1 - 12/31/2009
Continuing operations				
Net revenue from sale	**19 204 861**	**75 540 068.71**	**5 600 927**	**27 108 131**
Revenue from sale of products and services	19 788 638	74 869 797.46	5 357 552	26 497 565
Revenue from sale of goods for resale and materials	-583 778	670 271.25	243 375	610 566
Cost of products, goods for resale and services sold	**8 689 336**	**26 818 763.69**	**5 657 083**	**20 441 256**
Cost of manufacture of products sold	8 727 921	26 110 977.36	5 536 630	20 107 895
Value of goods for resale and materials sold	-38 586	707 786.33	120 453	333 361
Gross profit (loss) on sales (A - B)	**10 515 525**	**48 721 305.02**	**-56 156**	**6 666 875**
Other operating revenues	395 523	1 045 393.40	339 473	636 212
Distribution costs	2 238 503	8 186 353.00	2 486 388	6 687 599
Administrative expenses	1 137 882	3 849 739.86	85 406	4 355 323
Other operating costs	2 771 309	4 776 595.15	9 863 966	11 149 246
Profit (loss) on operating activities	**4 763 354**	**32 954 010.41**	**-12 152 443**	**-14 889 082**
Finance income	42 023	53 992.23	130 007	247 441
Finance costs	-164 591	1 244 182.24	527 098	891 945
Profit (loss) before tax	**4 969 968**	**31 763 820.40**	**-12 549 534**	**-15 533 585**
Income tax	1 018 566	5 879 968.39	-2 821 923	-2 572 986
Profit (loss) on continuing operations	**3 951 402**	**25 883 852.01**	**-9 727 611**	**-12 960 599**
Discontinued operations				
Loss on discontinued operations				
NET PROFIT (LOSS)	**3 951 402**	**25 883 852.01**	**-9 727 611**	**-12 960 599**
Net profit (loss)	**3 951 402**	**25 883 852.01**	**-9 727 611**	**-12 960 599**
Weighted average number of ordinary shares	**12 650 000**	**12 650 000.00**	**12 650 000**	**12 650 000**
Profit (loss) per ordinary share (in PLN)	**0.31**	**2.05**	**-0.77**	**-1.02**

STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2010

PLN

	For the period 10/1 - 12/31/2010	For the period 1/1 - 12/31/2010	For the period 10/1 - 12/31/2009	For the period 1/1 - 12/31/2009
Net profit for the year	**3 951 402**	**25 883 852**	**-9 727 611**	**-12 960 599**
Other total gross comprehensive income:				
Result of financial asset valuations	1 441	-9 671	-5 017	-7 411
Available-for-sale financial assets	-	-	-	-
Cash flow hedges (gross including tax)	-	-	-	-
Gain on revaluation of properties	-	-	-	-
Actuarial gains / losses on defined benefit plans	-	-	-	-
Share of total other profits of associates	-	-	-	-
Income tax on elements of other total income	-	-	-	-
Other comprehensive income after tax (net, in accordance with the balance sheet)	1 441	-9 671	-5 017	-7 411
Total comprehensive income	**3 952 843**	**25 874 181**	**-9 732 628**	**-12 968 010**
Total comprehensive income attributable to:				
% share attributable to the parent:	100%	100%	100%	100%
owners of the parent	3 952 843	25 874 181	-9 732 628	-12 968 010
non-controlling interests	-	-	-	-
Total	**3 952 843**	**25 874 181**	**-9 732 628**	**-12 968 010**

STATEMENT OF CHANGES IN EQUITY for the period from October 1 to December 31, 2010		Issued capital	Share premium	Incentive scheme provision	Revaluation provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Total equity
1.	**Balance as at October 1, 2010**	**1 265 000**	**20 555 689**	**282 550**	**40 970**	**-**	**17 813 204**	**-**	**39 957 413**
2.	2010 opening balance transition	-	-	-	-	-	- 292 621	-	- 292 621
3.	**Balance as at October 1, 2010 after transition**	**1 265 000**	**20 555 689**	**282 550**	**40 970**	**-**	**17 520 583**	**-**	**39 664 792**
Changes in equity in Q4 2010									
4.	Profit (loss) for the period	-	-	-	-	-	3 951 402	-	3 951 402
5.	Increase / decrease of capital	-	- 16 000 000	-	-	16 000 000	-	-	-
6.	Incentive scheme provision	-	-	-	-	-	-	-	-
7.	Increase due to revaluation	-	-	-	1 441	-	-	-	1 441
Balance as at December 31, 2010		**1 265 000**	**4 555 689**	**282 550**	**42 411**	**16 000 000**	**21 471 984**	**-**	**43 617 634**

	STATEMENT OF CHANGES IN EQUITY for the period from January 1 to December 31, 2010	Issued capital	Share premium	Incentive scheme provision	Revaluation provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Total equity
1.	**Balance as at January 1, 2010**	**1 265 000**	**20 555 689**	**293 675**	**52 082**	**-**	**- 4 119 247**	**-**	**18 047 199**
2.	2010 opening balance transition	-	-	-	-	-	- 292 621	-	- 292 621
3.	**Balance as at January 1, 2010 after transition**	**1 265 000**	**20 555 689**	**293 675**	**52 082**	**-**	**- 4 411 868**	**-**	**17 754 578**
	Changes in equity in 2010								
4.	Profit (loss) for the period	-	-	-	-	-	25 883 852	-	25 883 852
5.	Increase / decrease of capital	-	- 16 000 000	-	-	16 000 000	-	-	-
6.	Incentive scheme provision	-	-	- 11 125	-		-	-	- 11 125
7.	Increase due to revaluation	-	-	-	- 9 671	-	-	-	- 9 671
	Balance as at December 31, 2010	**1 265 000**	**4 555 689**	**282 550**	**42 411**	**16 000 000**	**21 471 984**	**-**	**43 617 634**

	STATEMENT OF CHANGES IN EQUITY for the period from October 1 to December 31, 2009	Issued capital	Share premium	Incentive scheme provision	Revaluation provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Total equity
1.	**Balance as at October 1, 2009**	**1 254 000**	**20 456 689**	**-**	**57 098**	**-**	**5 584 861**	**110 000**	**27 462 648**
2.	Q4 2010 opening balance transition	-	-		-	-	- 269 118	-	- 269 118
3.	**Balance as at October 1, 2009, after transition**	**1 254 000**	**20 456 689**	**-**	**57 098**	**-**	**5 315 743**	**110 000**	**27 193 530**
Changes in equity in Q4 2009									
4.	Profit (loss) for the period	-	-	-	-	-	- 9 727 611	-	- 9 727 611
5.	Increase / decrease of capital	11 000	99 000	-	-	-	-	- 110 000	-
6.	Incentive scheme provision	-	-	293 675	-	-	-	-	293 675
7.	Increase due to revaluation	-	-	-	- 5 016	-	-	-	- 5 016
Balance as at December 31, 2009		**1 265 000**	**20 555 689**	**293 675**	**52 082**	**-**	**- 4 411 867**	**-**	**17 754 578**

STATEMENT OF CHANGES IN EQUITY for the period from January 1 to December 31, 2009		Issued capital	Share premium	Incentive scheme provision	Revaluation provision	Provision for purchase of own shares	Retained earnings	Unregistered capital	Total equity
1.	**Balance as at January 1, 2009**	**1 254 000**	**20 456 689**	**-**	**59 493**	**-**	**8 548 732**	**-**	**30 318 914**
2.	Changes in the accounting principles (policies)		-			-			-
3.	**Balance as at January 1, 2009, after transition**	**1 254 000**	**20 456 689**	**-**	**59 493**	**-**	**8 548 732**	**-**	**30 318 914**
Changes in equity in 2009									
4.	Profit (loss) for the period	-	-	-	-	-	- 12 960 599	-	- 12 960 599
5.	Increase / decrease of capital	11 000	99 000	-	-	-	-	-	110 000
6.	Incentive scheme provision	-	-	293 675	-	-	-	-	293 675
7.	Increase due to revaluation	-	-	-	- 7 411	-	-	-	- 7 411
Balance as at December 31, 2009		**1 265 000**	**20 555 689**	**293 675**	**52 082**	**-**	**- 4 411 867**	**-**	**17 754 578**

STATEMENT OF CASH FLOWS
for the period from January 1 to December 31, 2010
(indirect method)

PLN

		for the period 10/1 - 12/31/2010	for the period 1/1 - 12/31/2010	for the period 10/1 - 12/31/2009	for the period 1/1 - 12/31/2009
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**				
I.	**Gross profit (loss)**	**4 969 968**	**31 763 820**	**- 12 549 534**	**- 15 533 585**
II.	**Total adjustments**	**9 786 864**	**- 4 554 130**	**16 014 712**	**19 204 242**
1.	Depreciation / amortization	1 726 697	5 960 471	2 740 022	10 402 265
2.	Property, plant and equipment revaluation	528 203	528 203	5 363 748	5 363 748
3.	Creation (reversal) of revaluations	1 726 586	1 950 646	53 269	-
4.	Other revaluation	47 191	-	253 908	253 908
5.	Gain (loss) on exchange differences	1 082	122 234	134 754	46 821
6.	Gain (loss) on investing activities	-	-	-	536 155
7.	Gain (loss) on sale of fixed assets	3 133	5 684	- 52 203	- 77 418
8.	Interest	108 006	612 839	219 894	419 090
9.	Less value of available-for-sale instruments	- 360 455	- 360 455	-	-
10.	Change in receivables	11 402 857	- 9 065 578	5 546 538	5 177 439
11.	Advances paid	-	-	-	-
12.	Change in inventories	47 046	283 156	1 646 626	- 713 493
13.	Change in trade and other payables	- 2 370 896	837 863	492 610	- 288 900
14.	Change in provisions and liabilities for employee benefits	- 4 801	4 120	- 29 988	- 31 261
15.	Adjustment to 2008 result	-	- 1 431 014	- 544 730	- 2 083 805
20.	Adjustment to 2009 result	- 292 621	- 292 621	23 504	292 621
16.	Incentive scheme	-	- 11 125	293 675	293 675
17.	Other adjustments	-	-	1 952	-
19.	Tax paid	- 2 775 163	- 3 698 552	- 128 868	- 386 604
III.	**Net cash flows from operating activities**	**14 756 833**	**27 209 690**	**3 465 178**	**3 670 657**

STATEMENT OF CASH FLOWS
for the period from January 1 to December 31, 2010
(indirect method)

		for the period 10/1 - 12/31/2010	**for the period 1/1 - 12/31/2010**	**for the period 10/1 - 12/31/2009**	**for the period 1/1 - 12/31/2009**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**				
1.	Proceeds from sale of property, plant and equipment and intangible assets	-	-	53 000	125 730
2.	Proceeds from sale of financial assets	-	-	-	2 127 386
3.	Repayment of borrowings	-	-	1 244 113	1 364 308
4.	Interest received	-	-	120 195	120 195
6.	Proceeds from disposal of Company	-	-	-	-
7.	Other proceeds from financial assets	-	-	114 984	114 984
8.	Cash outflows on acquisition of subsidiaries	-	-	-	
9.	Cash outflows on acquisition of property, plant and equipment and intangible assets	- 549 231	- 1 212 322	- 424 428	- 2 291 667
10.	Payments for acquisition of investment property	-	-	-	-
11.	Payments for purchase of financial assets	-	- 8 794	-	-
12.	Cash outflows on R&D	- 3 260 251	- 9 640 747	- 1 710 972	- 8 168 159
13.	Other income / costs from borrowings granted	- 144 676	847 738	- 2 566 804	- 1 840 330
14.	Other expenditures	- 287	- 117 888	-	-
	Net cash from investing activities	**- 3 954 445**	**- 10 132 014**	**- 3 169 913**	**- 8 447 555**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**				
1.	Net proceeds from issue of shares and other equity instruments	-	-	-	-
2.	Incurrence of borrowings	-	2 742 818	2 554 662	14 030 935
3.	Issue of debt securities	-	-	-	5 000 000
4.	Dividends and other payments to the owners	-	-	-	-
5.	Borrowings granted	-	-	-	-
6.	Repayment of borrowings	-	- 4 786 644	- 3 706 678	- 14 534 148
7.	Buy-back of debt securities	-	-	-	-
8.	Payment of liabilities under finance lease agreements	- 67 453	- 214 551	- 37 265	- 160 839
9.	Interest	- 128 647	- 631 839	- 162 859	- 464 454
10.	Other finance costs	-	- 5 396	- 3 176	- 32 589
	Net cash from financing activities	**- 196 100**	**- 2 895 611**	**- 1 355 317**	**3 838 904**
D.	**TOTAL NET CASH FLOWS**	**10 606 288**	**14 182 065**	**- 1 060 052**	**- 937 994**
E.	**BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:**	**10 606 287**	**14 182 065**	**- 1 060 052**	**- 937 994**
E.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD**	**4 033 538**	**457 760**	**1 517 812**	**1 395 753**
F.	**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**	**14 639 825**	**14 639 825**	**457 760**	**457 760**

III. SELECTED FINANCIAL DATA

Selected consolidated and separate financial information contained in this report have been converted into EUR according to the following principles:

Balance sheet assets and liabilities according to the average exchange rate announced by the National Bank of Poland as at the end of the reporting period:

- as at December 31, 2009 – 4.1082

- as at September 30, 2010 – 3.9870

- as at December 31, 2010 – 3.9603

Items in the profit and loss statement and statement of cash flows according to the average exchange rate, calculated as the arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of the month in a given quarter:

- for Q4 2009 – 4.1648

- for Q4 2010 – 4.0094

- after Q4 2009 year-to-date – 4.3406

- after Q4 2010 year-to-date – 4.0044

Selected consolidated financial data converted into EUR

	after Q4 2010 year-to-date / period from January 1 to December 31, 2010		after Q4 2009 year-to-date / period from January 1 to December 31, 2009	
	PLN thousands	**EUR thousands**	**PLN thousands**	**EUR thousands**
Profit and loss statement				
Net revenue from sale of products, goods for resale and materials	**89 228**	**22 283**	**29 600**	**6 819**
Profit (loss) from operating activities	34 256	8 555	-15 934	-3 671
Gross profit (loss)	32 619	8 146	-16 590	-3 822
Net profit (loss)	**26 960**	6 733	**-13 563**	-3 125
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	2.13	0.53	-1.07	-0.25
Statement of cash flows				
Net cash flows from operating activities	27 427	6 849	3 416	787
Net cash flows from investing activities	-10 143	-2 533	-8 072	-1 860
Net cash flows from financing activities	-2 893	-723	3 839	884
Total net cash flows	**14 390**	**3 594**	**-817**	**-188**

	As at the end of the reporting period - December 31, 2010		As at the end of the reporting period - September 30, 2010		As at the end of the reporting period - December 31, 2009	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Balance sheet						
Non-current assets	16 648	4 204	16 244	4 074	14 962	3 642
Current assets	43 328	10 941	45 828	11 494	20 752	5 051
Total assets	**59 976**	**15 144**	**62 071**	**15 568**	**35 713**	**8 693**
Equity	43 040	10 868	39 869	10 000	16 805	4 091
Share capital	1 265	319	1 265	317	1 265	308
Liabilities and provisions for liabilities	**16 936**	4 276	**22 203**	5 569	**18 908**	4 603
Non-current liabilities	196	50	73	18	242	59
Current liabilities	16 739	4 227	22 130	5 550	18 666	4 544
Total equity and liabilities	**59 976**	**15 144**	**62 071**	**15 568**	**35 713**	**8 693**

	Q4 2010 / period from October 1 to December 31, 2010		Q4 2009 / period from October 1 to December 31, 2009	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Profit and loss statement				
Net revenue from sale of products, goods for resale and materials	**23 324**	**5 817**	**8 629**	2 072
Profit (loss) from operating activities	4 060	1 013	-10 243	-2 460
Gross profit (loss)	4 144	1 034	-10 641	-2 555
Net profit (loss)	**3 359**	838	**-8 328**	-2 000
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	0.27	0.07	-0.66	-0.16
Statement of cash flows				
Net cash flows from operating activities	10 860	2 709	2 475	594
Net cash flows from investing activities	-2 596	-647	-1 727	-415
Net cash flows from financing activities	-195	-49	-1 355	-325
Total net cash flows	**8 070**	**2 013**	**-607**	**-146**

Selected separate financial data converted into EUR

	after Q4 2010 year-to-date / period from January 1 to December 31, 2010		after Q4 2009 year-to-date / period from January 1 to December 31, 2009	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Profit and loss statement				
Net revenue from sale of products, goods for resale and materials	**75 540**	**18 864**	**27 108**	**6 245**
Profit (loss) from operating activities	32 954	8 230	-14 889	-3 430
Gross profit (loss)	31 764	7 932	-15 534	-3 579
Net profit (loss)	**25 884**	**6 464**	**-12 961**	**-2 986**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	2.05	0.51	-1.02	-0.24
Statement of cash flows				
Net cash flows from operating activities	27 210	6 795	3 671	846
Net cash flows from investing activities	-10 132	-2 530	-8 448	-1 946
Net cash flows from financing activities	-2 896	-723	3 839	884
Total net cash flows	**14 182**	**3 542**	**-938**	**-216**

	As at the end of the reporting period - December 31, 2010		As at the end of the reporting period - September 30, 2010		As at the end of the reporting period - December 31, 2009	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Balance sheet						
Non-current assets	16 225	4 097	16 015	4 017	14 694	3 577
Current assets	43 698	11 034	43 853	10 999	20 852	5 076
Total assets	**59 923**	**15 131**	**59 868**	**15 016**	**35 545**	**8 652**
Equity	43 618	11 014	39 665	9 949	17 755	4 322
Share capital	1 265	319	1 265	317	1 265	308
Liabilities and provisions for liabilities	**16 306**	**4 117**	**20 203**	**5 067**	**17 791**	**4 331**
Non-current liabilities	196	50	59	15	242	59
Current liabilities	16 109	4 068	20 145	5 053	17 548	4 272
Total equity and liabilities	**59 923**	**15 131**	**59 868**	**15 016**	**35 545**	**8 652**

	Q4 2010 / period from October 1 to December 31, 2010		Q4 2009 / period from October 1 to December 31, 2009	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Profit and loss statement				
Net revenue from sale of products, goods for resale and materials	**19 205**	**4 790**	**5 601**	**1 345**
Profit (loss) from operating activities	4 763	1 188	-12 152	-2 918
Gross profit (loss)	4 970	1 240	-12 550	-3 013
Net profit (loss)	**3 951**	**986**	**-9 728**	**-2 336**
Number of shares (in thousands)	12 650	12 650	12 560	12 650
Profit (loss) per ordinary share	0.31	0.08	-0.77	-0.18
Statement of cash flows				
Net cash flows from operating activities	14 757	3 681	3 465	832
Net cash flows from investing activities	-3 954	-986	-3 170	-761
Net cash flows from financing activities	-196	-49	-1 355	-325
Total net cash flows	**10 606**	**2 645**	**-1 060**	**-255**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM OCTOBER 10 TO DECEMBER 31, 2010 AND FROM JANUARY 1 TO DECEMBER 31, 2010

1. Basis for presentation and preparation of the financial statements

a) The financial statements cover the period from October 1, 2010 to December 31, 2010 and from January 1, 2010 to December 31, 2010. Comparative data covers the period from October 1 to December 31, 2009 and from January 1 to December 31, 2009; and also as at December 31, 2010 and as at September 30, 2010, September 30, 2009 and December 31, 2009 (balance sheet).

b) The consolidated financial statements were drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

c) The financial statements were drawn up on the assumption that the business will continue as a going concern in the foreseeable future and that no events will occur posing a threat to its status as a going concern.

2. Adopted accounting principles

a) Application of the International Accounting Standards

The financial statements were drawn up in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the European Union ("EU") and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) applicable in the business conducted by the Company and binding in annual reporting periods commencing January 1, 2007, together with the requirements of the Ordinance of the Minister of Finance of February 19, 2009 concerning current and periodical information provided by issuers of securities and the terms and conditions for information required by the provisions of law of a non-member state being recognized as equivalent (Polish Journal of Laws no. 33, item 259).

The financial statements for the period from October 1, 2010 to December 31, 2010 (10/1/2010 to 12/31/2010) are subsequent financial statements prepared in accordance with IAS/IFRS. Comparative data for the period from October 1, 2009 to December 31, 2009 (10/1/2009 to 12/312009) is sourced from the financial statements prepared in accordance with IAS/IFRS. IAS/IFRS were adopted on January 1, 2007.

b) Basis for preparing the consolidated financial statements

Data in the consolidated financial statements has been given in Polish zloty, which is the presentation currency and functional currency.

The consolidated financial statements were drawn up on historical cost basis. The consolidated financial statements were drawn up on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Change in assumptions is recognized in the period in which these have been made.

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted financial statements, as well as in drawing up an opening balance sheet in accordance with IAS/IFRS as at January 1, 2007 for the purposes of transition from Polish accounting principles to reporting compliant with IAS/IFRS.

c) Principles of consolidation

(i) Subsidiaries

The City Interactive Group consolidated financial statements were drawn up applying the acquisition method as the means of settlement adopted on the date of the share purchase transaction (fully consolidated). In drawing up the consolidated financial statements, the parent combines the financial statements of the parent and subsidiaries through summarizing individual items of assets, liabilities, shares in equity, revenues and costs.

In order to ensure presentation of financial information concerning the Group in the consolidated financial statements as if it constituted a single commercial entity, only the carrying amount of the parent's investments in subsidiaries and such part of the subsidiary's equity as corresponds to the parent's share is presented.

The method applied for translating the financial statements of foreign operations depends on the means by which they are financed and the type of business activity conducted in relation to the entity drawing up the financial statements. For this reason, in accordance with IAS 21, entities operating abroad are broken down into: "entities operating abroad, whose operations constitute an integral part of the operations of the entity drawing up the financial statements" and "foreign operations".

For conversion of the financial statements of subsidiaries operating abroad, the aforementioned entities have been classified as "foreign operations" in accordance with IAS 21. After converting the financial statements of foreign operations, in order for these to be included in the financial statements of the entity drawing up the financial statements, the following principles were applied:

- assets and liabilities, both monetary and non-monetary, were converted at the closing rate
- revenue and cost items of foreign operations were converted at the exchange rate as at the date of executing transactions, with the exception of situations where the foreign operation is drawing up reports in hyper-inflationary economic conditions. In this situation items would be converted at the closing rate.

– all exchange rate differences are recognized in equity until disposal of the net investment.

The financial results of entities acquired or disposed of during the year are included in the consolidated financial statements from / to the moment of their acquisition or disposal, respectively, if this constitutes significant value for the presented financial statements.

Where necessary, adjustments are made in the financial statements of subsidiaries or associates in order to unify the accounting principles applied by the entity with the principles applied by the parent. All transactions, balances, revenues and costs between related entities covered by consolidation are subject to exclusion.

(ii) Associates, joint ventures

Associates are business entities where the Company exerts significant influence, although does not control their operational and financial policies.

The Company's joint ventures are entities where the Company exercises joint control over their operations pursuant to contractual arrangements.

The consolidated financial statements contain the Group's share of the profits and losses of associates / joint ventures using the equity method, from the moment of acquiring significant influence / joint control until the expiry of such influence / control. The Group also measures the loss in value of shares in the net assets of associates / joint ventures and makes the appropriate revaluation decreases. In the event of the Group's participation in losses exceeding the carrying amount of the associate / joint venture, such amount is reduced to zero and ceases to be recognized in further losses in as far as there is no legal obligation to cover losses or payment has not already been made to cover such liabilities.

Goodwill arising during consolidation results from the occurrence as at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.

Goodwill acquired through a merger of commercial entities is not amortized. Goodwill is subject to impairment testing at least once per year. Any impairment is immediately recognized in the profit and loss statement. In disposal of a subsidiary, associate or joint venture, the appropriate part of goodwill is taken into consideration in calculating the profit or loss on disposal.

(iii) Consolidation adjustments

The balance of internal settlements between Group entities, transactions executed within the Group and all unrealized profits or losses resulting thereunder, together with Group revenues and costs, are excluded during the preparation of the consolidated financial statements. Unrealized profits resulting from transactions with associates and joint ventures are excluded from the consolidated financial statements proportionally to the level of the Group's participation in such entities. Unrealized losses are excluded from the consolidated financial statements on the same principles as profits, until the moment when evidence indicating impairment arises.

d) Property, plant and equipment

(i) Own property, plant and equipment

Property, plant and equipment are fixed assets which are retained to be used in the production process or in supplying goods and providing services, in order for them to be handed over to other entities for use pursuant to a rental agreement and where there is expectation that they will not be used for longer than one period.

Costs borne at a later time are included in the carrying amount of an asset or are indicated as a separate asset only if it is probable that the Group will achieve future economic benefit connected with such asset and the purchase price for a given item may be measured reliably. Expenses for repair and maintenance are recognized in the profit and loss statement in the period in which they were borne. The cost of production is augmented by fees and for defined assets by the costs of external finance capitalized in accordance with the principles defined in the Group's accounting policy.

Depreciation concerning such fixed assets commences at the moment they are commissioned. Each new fixed asset must, in as far as possible, be broken down into separate components and depreciated as a separate asset.

Fixed assets under construction intended for production, lease or administrative purposes, as well as for undefined purposes, are presented in the balance sheet at cost of manufacture less impairment.

Profit or loss arising from disposal / liquidation or suspension of the use of fixed assets is defined as the difference between revenues from disposal and the net value of such fixed assets and are included in the profit and loss statement.

Land – the right of perpetual usufruct of plots of land is presented at purchase price.

The Group does not amortize rights to perpetual usufruct of land. Depreciation rates have been established with consideration to the period of economic usefulness of fixed assets.

Property, plant and equipment is depreciated using the straight-line method with the following rates:

- technical equipment and machinery: 20-60%
- other fixed assets: 20%

(ii) Property, plant and equipment used pursuant to lease agreements

Leases are classified as finance leases if in principle the terms and conditions of the agreement transfer all potential ownership benefits and risk to the lessee. All other types of leases are treated as operating leases.

Assets used pursuant to a finance lease agreement are treated as the Group's assets and are measured at fair value as of the moment of their acquisition, although at a level not exceeding the value of their current minimum lease payments.

Liability towards the lessor arising on this account is presented in the balance sheet under finance lease liabilities.

Lease payments are divided into interest and principal. Financial costs are recognized in the profit and loss statement.

(iii) Subsequent expenses

Costs aimed at exchange of separate components of an element of property, plant and equipment borne in a subsequent period are capitalized. Other costs are capitalized only if they can reliably be measured and increase future economic benefits connected with a fixed asset. Other expenses are systematically recognized in the profit and loss statement.

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

- it is probable that the future economic benefits that are attributable to the assets will flow to the Group, and
- the purchase price or cost of production of a given asset may be measured reliably.

An intangible asset is initially valued at purchase price or cost of production. Intangible assets are subject to amortization. Amortization rates have been established with consideration to the period of economic usefulness of intangible assets.

Intangible assets are amortized using the straight-line method with the following rates:

- licenses: 20%-90%
- computer software: 50%

Expenses on R&D work are recognized as costs at the moment they are borne.

Costs of R&D works borne before the commencement of production or application of new technological solutions are classified as intangible assets if the Company can prove the following:

- the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale,
- the intent to complete an intangible asset and to use or sell it,
- the capacity to use or sell an intangible asset,
- the means in which an intangible asset will create potential economic benefits. Amongst others, the Group should prove the existence of a market for products

arising due to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usefulness of the intangible asset,

- the availability of appropriate technical, financial and other resources which are to serve completion of R&D works and the use or sale of the intangible asset,
- the possibility to establish outlays borne during R&D works which may be assigned to such intangible asset.

The costs of R&D works with a useful life assumed in advance are subject to amortization. Amortization write-offs commence as of the date when a given asset is ready for use, whereas they end at the moment when a given asset is allocated for sale or ceases to be included in the accounts.

The amortization period is equal to the period of economic usefulness of a resource held. The adopted amortization period and method for the costs of R&D works are verified at least as at the end of the financial year. Costs of R&D works are amortized during the anticipated period of achieving revenues from sale of a product, however not longer than 3 years.

The Group does not amortize the costs of R&D works with an undefined useful life. Intangible assets with undefined useful life are subject to an annual impairment test, in application of the guidelines of IAS 36 "Impairment of Assets".

(ii) Impairment

At the end of each reporting period the Group reviews fixed assets in order to confirm that there have been no circumstances indicating the possibility of their impairment.

In the event of such circumstance existing, the recoverable amount of a given asset is estimated in order to establish a potential write-down.

In a situation where an asset does not generate cash flows which are to a large extent independent of cash flows generated by other assets, analysis is carried out for the group of assets generating cash flows to which a given asset belongs.

In the case of intangible assets with a defined useful life, the impairment test is carried out both annually and in the event of circumstances indicating the possibility of impairment. The recoverable amount is established as the higher of two values: fair value less costs to sell, or its value in use. This final amount corresponds to the current value of estimated future discounted cash flows using a discount rate taking into consideration the present value of money and asset-specific risk.

If the recoverable amount is lower than the net book value of an asset (or group of assets), the book value is decreased to the recoverable amount.

Impairment loss is recognized as a cost in the period it occurred, with the exception of a situation where an asset has been recognized at restated value (in this case the impairment is treated as a decrease in the previous restatement).

At the moment where the impairment is subject to subsequent reversal, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however not higher than the net value of such asset as it would have been established had impairment not been identified in previous years.

Reversal of impairment is recognized in revenues in as far as the asset has not been subject to prior estimation – in this event reversal of impairment is recorded in the revaluation provision.

f) Investments

Investments other than property, intangible and financial assets are recognized at purchase price, less impairment.

Investments recognized at historical cost expressed in a foreign currency as at the end of the reporting period are valued using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period.

g) Trade and other receivables

Current trade and other receivables are valued at repayment value in as far as the effect of charging interest is not significant. Otherwise receivables are initially recognized at fair value and subsequently valued at amortized cost in application of the effective interest rate. In accordance with the principle adopted by the Group, receivables with maturity of longer than 180 days are subject to discounting.

h) Inventory

The initial value (cost) of inventories includes all costs (acquisition, production, etc.) borne in connection with bringing inventories to their current location and condition.

The purchase price of inventories includes the purchase price increased by import duty and other taxes (not subject to subsequent refund from tax authorities), costs of transport, loading, unloading and other costs directly connected with the acquisition of inventories, decreased by discounts, rebates and other similar reductions.

Inventories are measured at initial value (purchase price or cost of production) or at net sale price depending on which is lower.

In relation to other inventories, costs are established using the first in, first out (FIFO) method.

Inventory write-downs

Write-downs on current property, plant and equipment items connected with their impairment or valuation as at the end of the reporting period correspond to their own cost of purchase.

i) Cash and cash equivalents

Cash and cash equivalents include cash at hand and bank deposits on demand. Short-term investments which are not subject to significant change in value, which may be easily exchanged for a defined amount of cash and which constitute a part of the Company's liquidity management policy are recognized as cash and cash equivalents for the purposes of the statement of cash flows.

j) Financial instruments

Financial assets and liabilities are recognized in the balance sheet at the moment when the Group becomes a party to a binding agreement.

The Group classifies each agreement which results in simultaneous occurrence of a financial asset with one party and a financial liability or equity instrument with the other party as a financial instrument, on condition that unambiguous economic effects result from a contract executed between two or more parties.

In accordance with IAS 39, the Group classifies financial instruments as:

- instruments held for trading (at fair value through profit or loss) – financial assets or liabilities which have been acquired or have arisen in order to generate profit achieved due to short-time price fluctuations,
- financial instruments held to maturity – financial assets with fixed or determinable payments or fixed maturity dates, which the Group has the intent and capability to hold to maturity, carried at amortized cost with application of the effective interest rate method, with the exception of loans granted by associates and own debt claims, valued using the effective interest method,
- available-for-sale financial instruments – financial assets other than loans granted and own receivables, assets held to maturity or financial assets not held for trading. Carried at fair value,
- loans and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. At initial recognition, the Group values financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in the case of assets, or the amount received in the case of liabilities.

The Group includes transaction costs in the initial value of all financial assets and liabilities.

Differences in restatement and revenues achieved or costs borne appropriate to classification of a financial asset are recognized in profit or loss or the revaluation provision as available-for-sale financial assets, respectively.

Principles for valuation of financial instruments as at the end of the reporting period. The Group performs valuation at amortized costs, with consideration of the effective interest rate of:

- assets held to maturity,
- loans granted and receivables, and
- other financial liabilities not classified as held for trading.

Valuation may also take place:

- at the amount requiring payment if the discount effect is not significant;
- at the amount requiring payment: receivables and liabilities with short maturity period;
- at fair value: financial assets and liabilities held for trading and available-for-sale financial assets.

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance income or costs when they arise.
Interests in other entities are valued at purchase price less impairment.

k) Share capital

Share capital has been recorded at the nominal value of issued and registered shares.

(i) Purchase of own shares

In the event of purchase of own shares, the payment amount, together with direct transaction costs, is recorded as a change in equity. Purchased shares are recorded as a decrease in equity.

Dividends

Dividends are recognized as a liability in the period in which they are authorized.

l) Provisions

Provisions are liabilities of uncertain time and amount. Group companies create provisions when all of the following conditions are met simultaneously:

– the companies are burdened with an existing obligation (legal or constructive) resulting from future events,

– it is probable that fulfillment of an obligation will result in necessary outflow of resources (payment),

– the amount of such obligation can be reliably estimated.

The Group creates the following provisions for liabilities:

– deferred income tax provision created in connection with the occurrence of positive differences between the book value of assets and liabilities and their tax value,

– provisions for employee benefits – provisions for pension gratuities are calculated based on own estimates, however with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,

– other provisions.

Release of unused provisions occurs as at the date on which they are acknowledged as unnecessary.

m) Payables

Trade and other payables are recognized at amortized cost.

n) Revenues

Revenue from sale of products and services includes sale of products manufactured by the Group to which it has exclusive license rights for their production or has purchased a license for release and distribution, together with services provided by the Group to other entities.

Revenue from sale of goods for resale and materials includes sale of products which have been purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Revenue from sale of products and goods for resale is recognized if the following conditions are met:

– the Group has transferred significant risk and benefits resulting from the right of ownership of goods for resale and products to the purchaser,

– the Group ceases to be permanently involved in managing the sale of goods for resale or products to the extent that such function is usually exercised in relation to goods for resale and products to which there is right of ownership, and it does not exercise effective control over them,

– the revenue amounts may be measured reliably,

– it is probable that the Group will achieve economic benefits from the transaction,

– costs borne and those which will be borne by the Group in connection with the transaction may be valued in a reliable manner.

Revenue is recognized if achievement by the Group of economic benefits connected with the executed transaction is probable.

If there is uncertainty regarding the collectability of an amount due which is already counted as revenue, then the uncollectible amount in relation to which achievement has ceased to be probable is recognized as costs and not as a correction of the initially recognized revenue amount.

Revenue from sale is recognized at the fair value of payments received or due and represents receivables for products, goods for resale and services supplied under normal business activity after decrease by discounts, VAT and other sales-related taxes.

Revenue from interest is recognized cumulatively in relation to the principal amount, in accordance with the effective interest rate method on lease.

o) Costs

The Group draws up a consolidated profit and loss statement in multiple-step format. Costs are classified in accordance with their function.

(i) Payments for finance leases

Lease payments are divided into a part constituting the cost of finance and a part decreasing the liability. The part constituting the cost of finance is allocated to specific periods during the term of the lease applying the effective interest rate method.

(ii) Net borrowing costs

Net borrowing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Group, dividends due, foreign exchange gains and losses and profit and loss concerning collateralized instruments which are recognized in the profit and loss statement.

Revenue from interest is recorded in the profit and loss statement on an accrual basis applying the effective interest rate. Income from dividends is recognized in the profit and loss statement at the moment when the Group acquires the right to receipt thereof. The part constituting the cost of finance arising in connection with finance lease fees is indicated in the profit and loss statement applying the effective interest rate method.

p) Tax

Obligatory encumbrances on the result include current tax (CIT) and deferred tax.

The current tax obligation is calculated on the basis of the tax result (basis for taxation) for a given financial year. Tax for the current and previous periods is recognized as a liability in the amount which has not been paid.

Tax profit (loss) differs from net book profit (loss) in connection with the exclusion of revenues subject to taxation and tax-deductible expenses in subsequent years and items of cost and revenue which will never be subject to taxation.

Deferred tax is calculated using the balance sheet method as tax subject to payment or refund in the future on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred income tax assets and provisions for deferred income tax are valued with application of tax rates which will be applied, according to predictions, if an asset is realized or a provision liquidated, adopting the basis as the tax rates (and tax regulations) legally in force or actually binding as at the end of the reporting period.

A deferred tax asset is subject to analysis as at the end of the reporting period, and in the event of it being expected that future tax profits will be insufficient to realize an asset or part thereof, it is written off. Deferred income tax assets and provisions for deferred income tax are not discounted.

Deferred tax is recognized in the profit and loss statement, aside from a situation where it concerns items directly recognized in equity. In this last instance deferred tax is also settled directly in equity. The Group offsets deferred income tax assets with provisions for deferred income tax exclusively when it has an enforceable legal title to offset deferred income tax assets with provisions for deferred income tax.

q) Transactions expressed in foreign currencies

Transactions executed in foreign currencies are translated into the functional currency in application of exchange rates in force on the date of executing such transactions, in the following manner:

– in the case of selling foreign currencies and receivable repayment transactions – using the bid rate applied by the bank used by the Group;

– in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Group;

- in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

Monetary items recognized at historical cost expressed in a foreign currency are recorded at the end of the reporting period using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period. Non-monetary balance sheet items recorded at historical cost expressed in a foreign currency are recorded in application of the exchange rate as at the date the transaction is executed. Non-monetary balance sheet items recorded at fair value in a foreign currency are recorded in application of the exchange rate in force during establishment of fair value.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currencies and from translation of cash assets and liabilities according to average National Bank of Poland exchange rates as at the end of the year are indicated in the profit and loss statement, with the exception of settlement in equity fulfilling the criteria for recognition of cash flow hedges.

r) Segment reporting

A business segment is a separate part of the Group which deals with the supply of defined products or services (business segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits differently to other segments.

The Group presents revenue from sales broken down into the following segments:

- business – covering sales divided into products, goods for resale and services,
- geographical – covering sales divided into the following areas: Europe, America and Asia and Australia.

Revenue from sale of products covers sale of products manufactured by the Group to which it has exclusive license rights for their production or has purchased a license for release and distribution.

Revenue from sale of services covers revenues for services provided by the Group to other entities.

Revenue from sale of goods for resale covers sale of products which have been purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Operating costs are divided as follows:

- direct costs, which may be assigned to a given product or service, or the value of goods for resale or materials sold at purchase price,
- indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. administrative, sales and other operating costs.

Segmentation – assignment to specific business segments – concerns direct costs and such part of indirect costs as can be assigned to a given segment.

s) Operations being discontinued and fixed assets held for sale

Immediately before reclassification to the group of assets held for sale, valuation of assets (or all assets and liabilities constituting a group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial classification as held for sale, fixed assets or the group held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

Impairment identified at initial classification as held for sale is recognized in the profit and loss statement even in the event of value restatement. This also concerns profit and loss resulting from subsequent change in value.

Discontinued operation is a part of the Group's activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale.

Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the group held for sale.

t) Change in the accounting principles. Transformation of comparative data.

The City Interactive Group consolidated financial statements and the separate statements for City Interactive S.A. for the period from October 1 to December 31, 2010 (and for the period from January 1 to December 31, 2010) retain comparability to data from the consolidated and separate financial statements for the period from October 1 to December 31, 2009 (and for the period from January 1 to December 31, 2010), which were drawn up in accordance with IAS/IFRS.

In 2009 the Company adjusted the point of recognition of revenue from sales of computer game licenses.

The Company complied with its Auditor's position concerning definition of sale, i.e. recognition of the moment at which significant risk and benefit is transferred to the buyer. In accordance with this position, revenue is recognized as at the moment of completing creation by the Company of the game, i.e. creation of the "Gold Master". Previous presentation occurred as significant parts of the product were transferred during creation of the game, pursuant to the appropriate provisions of the agreement. The transferred parts of the product enable the purchaser to create its own version of the product (software localization). During the term of the agreement, a sales network for the product and marketing strategies are also developed.

In connection with the change, transformation occurred in comparative data within the financial statements. The effects of the change are presented in the balance sheet, profit and loss statement and individual notes to the financial statements.

Adjustments to 2008 financial statements PLN 3,514,819.67, including 2009 net revenues recognized in the amount of: PLN 2,083,805.35, including net revenues for Q4 2009 recognized in the amount of PLN 544,731.21.
The remaining balance was recognized under deferred income and disclosed under current liabilities in comparative data.

During the reporting period an error was found, consisting of costs amounting to PLN 891,575 incurred in 2009 being expenses in the City Interactive Group statements (PLN 292,621 in the City Interactive S.A. statements).
The amount was considered significant, resulting in distortion of the net result and as such was assigned to retained earnings brought forward.
Comparative data for the period from October 1 to December 31, 2009 and from January 1 to December 31, 2009 were converted (profit and loss statement, statements of changes in equity) and as at December 31, 2009 and September 30, 2009 (balance sheet).
Comparative data for the fourth quarter of 2009 were adjusted by the following amount: PLN 622,457 in the City Interactive Group statements (PLN 23,504 in the City Interactive S.A. statements).

3. Description of significant achievements or failures during the fourth quarter of 2010, together with a list of the most significant related events

The City Interactive Group operates in the video game development and publishing market, both within Poland and abroad. The parent is the first public company in that sector in the Central and Eastern Europe and the first to become an international player. City Interactive Group is focused on developing a high quality product range including different game genres, and action games in particular.

Within its business in the gaming market, the Group appears as:
Developer – having its own development studio in which new projects are created,
Publisher – which acquires licenses to games manufactured by external studios, being responsible for translation, marketing policy and releasing them,
Distributor – which sells products directly to retail chains, distributor networks, internet portals and others.

Through fulfilling these three functions, the Group can effectively control the process of development and distribution of games without needing to involve a large number of other companies (agents) in the process of introducing its products to the market.

The most significant of the Group's achievements in the fourth quarter of 2010 are as follows:

- **"Combat Wings: The Greatest Battles of World War II" for four platforms at the same time**

In October 2010 the Issuer's Management made the decision to release in the second quarter of 2011 the game titled "Combat Wings: The Greatest Battles of World War II" for all four platforms at the same time, i.e. for NINTENDO Wii™, Xbox360®, Sony PlayStation® 3 and PC. The Issuer's Management expects sales to significantly contribute to revenue growth and net profit in 2011.

"Combat Wings: The Greatest Battles of World War II" is an aircraft action game set during World War II. The genre has its faithful fans on both, consoles and PCs. The game presents spectacular air duels from major air battles of the Second World War era. It features the largest number of air strikes having taken place on the fronts of the Second World War of all WW2 aircraft games ever published.

- **Purchase of the license for CryENGINE® 3 game engine**

On 28 October 2010 the Issuer's Management entered into a license agreement with Crytec® GmbH with its registered office in Germany. Under the agreement the Company has been granted the license to use CryENGINE® 3 technology (game engine) in two of the Company's products, including "Sniper: Ghost Warrior 2". The Company indents to release both games produced based on CryENGINE® 3 technology for Xbox360® and Sony PlayStation® 3 as well as PC.

CryENGINE®3 is one of the most advanced and state-of-art technologies dedicated for the development of First Person Shooter action games. The first game using the latest engine version will be Crysis® 2, currently being developed by Crytec GmbH, whose premiere is scheduled for the first quarter of 2011. This technology includes high quality graphics visualization system, advanced module supporting character artificial intelligence, physical engine, support for character animation and video sequence, efficient game world development tools and new version testing tools. CryENGINE® 3 also supports game display in 3D technology (using special television screens and glasses) and multiplayer mode (through the Internet or a local network).

- **"Sniper Ghost Warrior" for Sony PlayStation® 3 in Q1 2011**

In November 2010 the Issuer's Management announced that "Sniper: Ghost Warrior" for Sony PlayStation® 3 would be released in the first quarter of 2011. Following the spectacular success of the game on PC and Xbox360®, a decision to release the game on PlayStation® 3 is a subsequent step in the process of building and developing the Sniper Ghost Warrior brand.

The Sony PlayStation® 3 version is not only the original game with all up-to-date patches, but also great exclusive add-ons, i.e. all new missions for single-player campaigns, maps for multi-player mode, "Capture the Flag" mode, sniper rifles and an additional single-player mission using a realistic "Hard Core" mode.

- **Authorization from the Extraordinary General Meeting of Shareholders to buy back own shares**

On 8 November 2010 the Issuer's Extraordinary General Meeting of Shareholders adopted a resolution authorizing the buyback of its own shares by the parent. The Issuer's Management was granted the authorization to draft a detailed buy-back plan and to carry it out when it is to the best interest of the Group. Under the program up to 1 million of its own shares will be repurchased by the parent for a price not exceeding PLN 40 each. Such block constitutes 7.9 percent of the parent's share capital. The aggregate budget for the buy-back transaction is capped at PLN 16 m, i.e. the balance of a reserve fund created for that purpose. Shares bought back by City Interactive S.A. will be canceled or used for investment purposes.

- **Implementation of an incentive scheme**

City Interactive S.A. Extraordinary General Meeting of Shareholders approved the incentive scheme for executives employed in the Group. The Issuer intends to issue 150,000 free warrants convertible to the same number of series E shares. The scheme is divided into two annual tranches covering the years 2011-2012. The number of persons to whom the proposal is targeted may not exceed 30. Key employees of the Group, excluding the President of the Issuer's Management, are eligible to participate in the incentive scheme. Beneficiaries will be allowed to acquire warrants convertible to shares under two equal tranches of 75,000 shares each, for the price equal to the average share price for the last three months, i.e. PLN 16.45. To be authorized to convert warrants to new shares under the first tranche, consolidated earnings per share (EPS) for 2011 have to be at least PLN 2.77. Reaching such threshold will entitle to convert 75 percent of the pool of warrants allocated for that year, i.e. slightly over 56,000 warrants. If EPS reaches PLN 3.16, the beneficiaries will be authorized to convert the remaining warrants. For the pool for 2012 the mechanism is basically the same, however EPS must reach at least PLN 3.14 (75% of warrants allocated for 2012) and PLN 3.54 (25% of warrants allocated for 2012). Warrants will be convertible to shares only after the General Meeting approves the financial statements for the year covered by the scheme.

- **Purchase of a license for the Unreal® Engine 3 game engine**

On 22 November 2010 the Issuer's Management executed a license agreement with Epic Games Inc., based in the United States. The agreement covered grant to the Issuer of a license for use of the latest version of Unreal® Engine 3 technology in the game "Alien Fear", which the Issuer plans to launch for the Xbox360®, PlayStation® and PC.

Unreal® Engine 3 is one of the leading technologies used in first person shooters. This technology is used in many games developed by the largest global firms. Unreal® Engine 3 is a proven system for visualizing high quality graphics, an effective artificial intelligence support module, a system for realistic reproduction of physics, animation support and a set of effective tools for game developers.

- **Stuart Black as Creative Director of the Issuer's new development studio in the UK**

In December 2010 the Issuer's Management announced the opening of a new video game development studio in London. The first project for the new London studio will be a WWII-based shooter with a vivid storyline, developed in collaboration with the studio in Rzeszow.

Stuart Black became the London studio’s Creative Director. Stuart is an experienced game developer who has been active in the industry for 16 years.

- **FX hedging transactions**

Between November 2 and 17, 2010 the Issuer's Management executed forward FX transactions with Raiffeisen Bank Polska S.A. concerning the sale of:

USD 1.4 m – average forward rate of PLN 2.8352 – exercise date between January 31, 2011 and February 3, 2011;
GBP 1.13 m – average forward rate of PLN 4.5326 – exercise date between January 31, 2011 and February 3, 2011;
EUR 0.6 m – average forward rate of PLN 3.9593 – exercise date February 3, 2011;
USD 350,000 – average forward rate of PLN 2.8178 – exercise date February 10, 2011;
USD 2.0 m – average forward rate of PLN 3.1192 – exercise date June 2, 2011;
GBP 0.25 m – average forward rate of PLN 4.718 – exercise date June 15, 2011;

GBP 0.25 m – average forward rate of PLN 4.6935 – exercise date June 15, 2011.

The aggregate value of hedging transactions amounts to PLN 12,213,309.00 and their objective is to hedge foreign exchange risks for the Issuer's assets denominated in foreign currencies.

4. Description of factors and events, in particular extraordinary ones, affecting the financial results

In the fourth quarter of 2010 the Group indicated consolidated revenue from sales at a level of PLN 23.3 million, constituting a 170% year on year increase in sales. The four quarters closed cumulatively with consolidated revenues amounting to PLN 89.2 million, constituting an increase in sales of more than 200% in relation to 2009. A provision in the amount of PLN 1 m for price reductions and returns was created using Q3 2010 profit. It was used in the fourth quarter of 2010. A PLN 1.95 million provision for price reductions and refunds was created in the fourth quarter of 2010 (PLN 1.76 million net after taking into account a decrease in costs by the level of estimated refunds).

CITY INTERACTIVE S.A.	**December 31, 2010**	**December 31, 2009**
	PLN	**PLN**
Revaluation of intangible assets	2 028 203	5 253 181
Revaluation of receivables	4 921 874	6 391 586
Provision for pensions and similar	13 530	9 410
Deferred income tax provision	128 886	146 205
Provision for costs and liabilities	840 226	-
Deferred income	-	1 431 014
Total	**6 537 423**	**7 978 216**

GROUP	**December 31, 2010**	**December 31, 2009**
	PLN	**PLN**
Revaluation of intangible assets	2 028 203	5 253 181
Revaluation of receivables	4 921 874	6 391 586
Provision for pensions and similar	13 530	9 410
Deferred income tax provision	128 886	146 205
Provision for costs and liabilities	860 028	12 325
Deferred income	-	1 431 014
Total	**6 557 225**	**13 243 721**

CITY INTERACTIVE S.A.		**December 31, 2010**		**December 31, 2009**
		PLN		**PLN**
Net revenue provision for returns and adjustments	-	1 300 000	-	1 200 000
Total	**-**	**1 300 000**	**-**	**1 200 000**

GROUP	December 31, 2010		December 31, 2009	
		PLN		PLN
Net revenue provision for returns and adjustments	-	1 756 029	-	1 200 000
Total	**-**	**1 756 029**	**-**	**1 200 000**

Sales segments

Geographical structure of consolidated revenue from sales in PLN thousands PLN

	2010	share	2009	share	% change
NORTH AMERICA	38 986	44%	6 845	23%	470%
EUROPE	39 295	44%	7 220	24%	444%
POLAND	5 814	7%	14 518	49%	-60%
ASIA AND AUSTRALIA	5 102	6%	1 017	3%	402%
AFRICA	31	-	-	-	-
TOTAL	**89 228**		**29 600**		**201%**

Business structure of consolidated sales revenues in PLN thousands PLN

	2010	2009	% change
GOODS FOR RESALE	670	610	10%
PRODUCTS	81 573	28 637	185%
SERVICES	6 985	353	1879%
TOTAL	**89 228**	**29 600**	**201%**

Consolidated data by segment from October 1 to December 31, 2010	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
Revenues	85%	7%	0%	6%	1%	100%
Total segment revenues	**19 893 803**	**1 668 625**	**72 556**	**1 504 570**	**184 274**	**23 323 828**
Segment revenues	19 893 803	1 668 625	72 556	1 504 570	184 274	23 323 828
Total segment direct expenses	**-11 378 498**	**-132 867**	**-227 190**	**-518 477**	**-136 748**	**-12 393 780**
Segment cost of sales	-9 076 690	-686 368	-173 764	-	-28 707	-9 965 529
Including:						
Segment depreciation and amortization	-1 703 050	604 721	-51 477	-473 954	-102 936	-1 726 697
Other segment direct expenses	-598 758	-51 220	-1 948	-44 523	-5 105	-701 554
Gross sales profitability	*43%*	*92%*	*-213%*	*66%*	*26%*	*47%*
Total segment profit (loss)	**8 515 305**	**1 535 757**	**-154 634**	**986 093**	**47 525**	**10 930 048**

Consolidated data by segment from January 1 to December 31, 2010	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
Revenues	85%	5%	1%	8%	2%	100%
Total segment revenues	**75 477 781**	**4 656 311**	**670 271**	**6 985 175**	**1 438 783**	**89 228 321**
Segment revenues	75 477 781	4 656 311	670 271	6 985 175	1 438 783	89 228 321
Total segment direct expenses	**-32 099 713**	**-1 780 238**	**-782 358**	**-712 367**	**-508 881**	**-35 883 557**
Segment cost of sales	-24 706 905	-1 325 380	-707 786	0	-348 809	-27 088 880
Including:						
Segment depreciation and amortization	-4 995 367	-306 958	-53 281	-490 493	-114 372	-5 960 471
Other segment direct expenses	-2 397 441	-147 901	-21 290	-221 874	-45 701	-2 834 207
Result	*57%*	*62%*	*-17%*	*90%*	*65%*	*60%*
Total segment profit (loss)	**43 378 068**	**2 876 073**	**-112 087**	**6 272 808**	**929 901**	**53 344 764**

Consolidated data by segment from October 1 to December 31, 2009	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
Revenues	77%	23%	3%	-2%	0%	37%
Total segment revenues	**6 617 988**	**1 960 119**	**243 375**	**-205 686**	**12 867**	**8 628 663**
Segment revenues	6 617 988	1 960 119	243 375	-205 686	12 867	8 628 663
Total segment direct expenses	**-5 677 222**	**-1 628 651**	**-171 879**	**-423 730**	**-36 864**	**-7 938 347**
Segment cost of sales	-2 553 592	-651 440	-120 453	0	25 179	-3 300 306
Including:						
Segment depreciation and amortization	-2 227 049	-513 525	-2 448	13 104	17 432	-2 712 487
Other segment direct expenses	-896 581	-463 685	-48 979	-436 833	-79 475	-1 925 554
Result	*14%*	*17%*	*29%*	*306%*	*-186%*	*8%*
Total segment profit (loss)	**940 765**	**331 468**	**71 496**	**-629 416**	**-23 997**	**690 316**

Consolidated data by segment from January 1 to December 31, 2009	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
Revenues	52%	26%	2%	10%	10%	100%
Total segment revenues	**15 446 489**	**7 638 267**	**610 566**	**2 849 734**	**3 055 112**	**29 600 168**
Segment revenues	15 446 489	7 638 267	610 566	2 849 734	3 055 112	29 600 168
Total segment direct expenses	**-14 957 275**	**-4 786 121**	**-441 970**	**-899 538**	**-1 179 830**	**-22 264 735**
Segment cost of sales	-4 528 113	-1 526 729	-333 361	0	-636 380	-7 024 583
Including:						
Segment depreciation and amortization	-8 319 155	-2 015 279	-9 161	-42 755	-45 837	-10 432 187
Other segment direct expenses	-2 110 008	-1 244 113	-99 448	-856 783	-497 613	-4 807 965
Result	*3%*	*37%*	*28%*	*68%*	*61%*	*25%*
Total segment profit (loss)	**489 214**	**2 852 146**	**168 596**	**1 950 196**	**1 875 282**	**7 335 434**

5. Explanations concerning the seasonal or cyclical nature of the Issuer's business in the presented period

Due to the variety of revenue streams (domestic distribution, international distribution, sale of licenses) and specifics of the computer gaming industry, the Group is subject to sales revenue volatility during the financial year, determined by the release of new products. The Issuer established dates for the premieres of its games in order to choose the most beneficial competitive environment.

6. Information concerning the issue, buy-back and repayment of equity and non-equity securities

In Q3 2009 the parent issued bonds in the total amount of PLN 5 m. Bond par value was PLN 50,000. The issued bonds are bearer securities and carry a 12% annual rate of interest. The bonds matured on September 16, 2010 and on the same date the parent issued series B bonds in the total amount of PLN 5 m. Series B bonds were issued in order to roll over series A bonds, i.e. in order to replace series A bonds to be redeemed for newly issued, series B, so that the aggregate level of obligations contracted by the Issuer remained unchanged.

The issued bonds are bearer securities in a certificated form. The issue includes 100 (hundred) series B bonds with the total par value of PLN 5,000,000 (five million zloty). The issue price of one series B bond is PLN 50,000 (fifty thousand zloty).

Redemption of series B bonds is scheduled for March 16, 2011. Series B bonds carry interest at a variable rate: in the first interest period (i.e. from the issue date until December 16, 2010) the interest rate will equal 3M WIBOR rate, as published on September 14, 2010, plus a 6.5% margin. In the second interest period (i.e. from December 16, 2010 until the redemption date) the interest rate will equal 3M WIBOR rate, as published on December 14, 2010, plus a 6.5% margin. Interest will accrue based on the actual number of days in a given interest period and on a 365-day year basis. Interest will be calculated by the Issuer through applying the interest rate to bond par value.

Interest will be payable on interest payment dates, i.e. December 16, 2010 and March 16, 2011. Of the above, PLN 128,647 has been repaid as of December 16, 201.
As of December 31, 2010, accrued undue interest on bonds amounted to PLN 22,816.44.

7. Information concerning paid (or declared) dividends, together with calculation per share with division into ordinary and preference shares

During the reporting period the Group did not pay out dividends, nor did it declare their payment.

8. Indication of events which occurred after the date as of which the quarterly financial statements were drawn up such as were not recognized in the statements and which may have a significant impact on the Issuer's future financial results

- **"Sniper Ghost Warrior" for Sony PlayStation® 3 in Q2 2011**

In February 2011 the Issuer's Management announced that it had decided to reschedule the release of "Sniper Ghost Warrior" for Sony PlayStation® 3 – the game will be released in North America on April 12, 2011 and in Europe and Asia on April 14, 2011.

The Issuer's Management took the decision for reasons including the beneficial competitive environment resulting from the lack of significant premieres during the period March 28 – April 24, 2011 in the "Sniper Ghost Warrior" segment and in order to limit risk connected with the introduction of certification procedures at Sony Computer Entertainment Inc.

- **City Interactive S.A. to form a subsidiary which will develop and release smartphone games**

In February 2011 the Issuer's Management announced its decision to create a subsidiary of the Issuer based in Poland in the first quarter of 2011. The newly established subsidiary will be responsible for the development, release and distribution of high-end games for smartphones.

The Issuer's Management believes that creating content for the smartphone market by the subsidiary is one of the key priorities for the Issuer in 2011, and in connection with this plans to:
1) acquire companies around the world developing games for the iPhone and other types of smartphone – experience in the market and commercial success play a significant role in assessing potential targets;
2) open a new development studio in Poland which will collaborate with the acquired developers in creating content;
3) expand the US team at subsidiary City Interactive USA Inc., adding team members dealing with business development and marketing for the smartphone gaming market;
4) independently create smartphone games, additionally using the services of external suppliers.

The Issuer's Management assumes that the subsidiary's forecast revenues could constitute an important factor increasing Group revenues and net profit in 2011 and beyond.

- **Sales of "Sniper Ghost Warrior" have passed the 1 million mark**

The number of copies sold of the City Interactive S.A. game Sniper: Ghost Warrior passed the 1 million mark in February 2011. To date the product has not been sold with radical price reductions, hence the Management expects that subsequent re-releases of the game will increase the revenues and profit made on the game.

- **FX hedging transactions**

Between January 28 and February 3, 2011 the Issuer executed forward transactions with Raiffeisen Bank Polska S.A. consisting of the sale of:

- EUR 1 m – forward exchange rate of PLN 3.9421 – exercise date July 29, 2011;
- GBP 0.25 m – forward exchange rate of PLN 4.5918 – exercise date July 29, 2011;
- GBP 0.45 m – forward exchange rate of PLN 4.6275 – exercise date August 5, 2011.

At the same time the Issuer's Management confirms that the forward contracts specified in previous reports provided by the Issuer have been partially settled, and that as at the date of drawing up this report the total value of forward hedging contracts executed with Raiffeisen Bank Polska S.A. amounts to PLN 15,763,700.00.

- **Withdrawal from the agreement with The Farm 51 Spółka z o.o.**

On 24 February 2011 the Issuer's Management submitted a declaration concerning immediate withdrawal from the agreement executed between the Issuer and THE FARM 51 Spółka z o.o., based in Gliwice (the "Contractor"), the subject of which was manufacture of the game "Alien Fear" for the Issuer by the Contractor. The reason the Issuer withdrew from this agreement was non-observance by the Contractor of obligations under the agreement, in particular non-performance of the subject of the agreement in a timely manner and non-consideration of artistic requirements. Withdrawal from this agreement will not have any impact on the financial result of the Issuer and its Group, since in retaining all rights to the currently created and received production elements of "Alien Fear" it will continue to manufacture the game at its own development studios.

9. Additional information on change in contingent liabilities or assets which have occurred since the end of the last financial year

As at December 31, 2010 the parent had no contingent liabilities except promissory notes issued by City Interactive S.A. for the lessors: Raiffeisen Leasing Polska, Volkswagen Leasing Polska and SEB Leasing Polska in order to secure payments under concluded leasing agreements.

On November 12, 2010 the Management of the parent company received annexes 4 and 7, duly signed by the other party, terminating credit agreements with Raiffeisen Bank Polska S.A. Under such annexes the following terms and conditions are amended: the final maturity for the facility and revolving credit was changed from February 28, 2011 to November 10, 2010, the repayment was timely made, as agreed and thus the Issuer discharged all its credit liabilities.

10. Organizational description of the Issuer's Group with indication of entities subject to consolidation

As at December 31, 2010, the following entities make up the Group:

- **City Interactive S.A.** having its registered office in Warsaw. Share capital of PLN 1,265,000. Group parent.

- **City Interactive Germany GmbH** – company having its registered office in Frankfurt am Main, Germany. Share capital of EUR 25,000. 100% of shares held by City Interactive S.A. Company subject to consolidation as of the second quarter of 2008.

- **City Interactive USA Inc**. – company having its registered office in Delaware, USA. Share capital USD 50,000. 100% of shares held by City Interactive S.A. Company subject to consolidation as of the second quarter of 2008.

- **Business Area Spółka z o.o.,** – a company with registered office in Warsaw, included in consolidation from the third quarter of 2010. Share capital: PLN 5,000. 100% interest held by City Interactive S.A.

- **City Interactive Canada Inc.** – a company based in Ontario, Canada, established in October 2010. Share capital: CAD 10.00. 100% of shares held by City Interactive

S.A. The company is not subject to consolidation with regard to the fact that its financial results are not significant for assessment of the Issuer's situation.

- **City Interactive Studio Ltd.** – a company based in London, UK, established in December 2010. Share capital: GBP 100.00. 100% of shares held by City Interactive S.A. The company is not subject to consolidation with regard to the fact that its financial results are not significant for assessment of the Issuer's situation.

- **City Interactive UK, Ltd**. – company having its registered office in Manchester, UK. Founding capital of GBP 100. 100% of shares held by City Interactive S.A. This company is not subject to consolidation with regard to the fact that its financial results are insignificant for assessment of the Issuer's situation.

- **City Interactive Spain S.L.** – company having its registered office in Madrid, Spain. Share capital of EUR 3,600. 100% of shares held by City Interactive S.A. The company is subject to consolidation as of the fourth quarter of 2008, whereas on January 1, 2010, after creation of revaluation write-offs on receivables, it was excluded from consolidation.

Furthermore, throughout 2008 the parent acquired shares in the following entities operating in South America and subsequently in 2009 opted out of their further development. These entities are currently not subject to consolidation with regard to discontinuation of their operations and the creation of provisions at the parent level:

- City Interactive Peru SAC (formerly UCRONICS SAC) – a company having its registered office in Lima, Peru. 99% share. Share capital 2,436,650 Sol. The company was subject to consolidation from the date of acquisition of a controlling block of shares to the end of 2008. The Issuer intends to completely liquidate or dispose of shares in the company.
- City Interactive Jogos Electronicos LTDA – company having its registered office in Sao Paulo, Brazil. Founding capital of BRL 100,000. 90% share, remaining 10% held by City Interactive USA, Inc.
- City Interactive Mexico S.A. de C.V. – company having its registered office in Mexico City, Mexico. Founding capital of MXN 50,000. 95% share, remaining 5% held by City Interactive USA, Inc.

11. Indication of the effects of changes in the structure of the economic entity, including as a result of merging economic entities, acquisition or disposal of group entities, non-current investments, divisions, restructuring and discontinuation of activity

In the reporting period there were no changes in the structure of the Group, except:
- acquisition in October 2010 by City Interactive S.A. of 100% of shares in the newly established entity trading as City Interactive Canada Inc. The company is not subject to consolidation with regard to the fact that its financial results are not significant for assessment of the Issuer's situation.
- acquisition in December 2010 by City Interactive S.A. of 100% of shares in the newly established entity trading as City Interactive Studio Ltd. The company is not subject to consolidation with regard to the fact that its financial results are not significant for assessment of the Issuer's situation.

12. Company Management's position concerning the possibility to meet previously published earnings forecasts for a given financial year in light of results presented in the quarterly report in relation to forecast results

In relation to the results presented in this quarterly report, the Issuer's Management has not published any estimates concerning the Group's consolidated revenues and results.

13. Indication of shareholders directly or indirectly through subsidiaries holding at least 5% of total votes at the Company's General Meeting as at the date of publishing the quarterly report, with indication of the number of shares held by such entities, their percentage in share capital, the number of votes carried thereby and their percentage share in the total number of votes at the Shareholder Meeting, together with indication of changes in the ownership structure of significant blocks of the Issuer's shares during the period after publication of the previous quarterly report

The Company's share capital amounts to PLN 1,265,000 (say: one million, two hundred and sixty-five thousand Polish zloty) and is divided into 12,650,000 shares of a nominal value of PLN 0.10 each.
The total number of votes at the general meeting of shareholders is 12,650,000.

To the best of the Issuer's knowledge, shareholders with at least 5% of all votes at the Company's General Meeting of Shareholders as at the date of publishing the quarterly result for the fourth quarter of 2010 are:
- Marek Tymiński, who holds 6,480,794 shares in the Issuer, carrying a 51.23% share in the Issuer's share capital and total number of votes at the General Meeting of Shareholders;
- Quercus Towarzystwo Funduszy Inwestycyjnych S.A. (and subsidiaries) hold 657,896 shares in the Issuer, carrying a 5.20% share in the Issuer's share capital and total number of votes at the General Meeting of Shareholders.

The Issuer has no information about any agreements (including agreements entered into after the end of the reporting period) under which proportions of shares held by existing shareholders might change in the future.

14. Presentation of shareholdings in City Interactive S.A. or right to shares by the Issuer's management or supervisory personnel as at the date of publishing the quarterly report, together with indication of change in shareholding during the period from publication of the previous quarterly report, presented individually for each person

Person	Position	As at November 15, 2010 (Q3 2010 report publication date)	Increase in shareholding during the period November 15 to March 1, 2011	Decrease in shareholding during the period November 15 to March 1, 2011	As at March 1, 2011 (Q4 2010 report publication date)
Marek Tymiński	President of the Management Board	6 480 794	-	-	6 480 794
Artur Winiarski	Member of the Management Board	24 000	-	-	24 000
Lech Tymiński	Member of the Supervisory Board	9 565	-	-	9 565

15. Indication of proceedings in progress before a court, competent authority for arbitration proceedings or public administration authority

The Company has no information concerning any judicial or administrative proceedings in progress against it.

16. Information on conclusion by the Issuer or its subsidiary or one or more transactions with related entities, if these are individually or jointly significant and have been executed on conditions other than market conditions, with indication of their values

During the reporting period the parent and subsidiaries did not execute transactions which were atypical, exceeded the normal course of the business' operating activities with related entities and which were significant either individually or jointly.

17. Information on grant by the Issuer or its subsidiary of sureties for credit or loans or grant of guarantees – to one entity or subsidiary from such entity if the total value of existing sureties or guarantees constitutes the equivalent of at least 10% of the Company's equity

During the period from October 1 to December 31, 2010 there were no sureties or guarantees granted constituting at least 10% of the Company's equity.

18. Other information which the Company's Management believes is essential for assessment of its HR, property or financial situations, financial result and change thereto, as well as information essential for assessing the Issuer's ability to satisfy its liabilities

There is no information which could be essential for assessment of the Group's ability to satisfy its liabilities.

19. Indication of factors which, in the opinion of the Issuer's Management, may have an impact on achievement by the Company of financial results in the perspective of at least the subsequent quarter

The Group consistently pursues its development strategy aimed at regularly releasing high quality video games. Currently, quality of the game production, promotion and sales process will be the decisive factor affecting product planning and development activities. In the opinion of the Group's Management, this will result in further improvement of City Interactive S.A. results in 2011 and beyond.

The Issuer produces more and more games for new generation consoles. This is an important step towards entering key world markets where sales are based mainly on console products. In 2011 the share of games intended for consoles in the Group's portfolio will further increase. At the same time the Issuer plans to release new products in the smartphone market and the Issuer's Management believes that the strategy adopted concerning the development and release of smartphone games will begin to make revenues as early as 2011.

In the opinion of the Issuer's Management such strategy will allow to strengthen the Group's position in global markets.

A crucial factor for the further growth is the global success of the game “Sniper: Ghost Warrior” which favorably contributed to the extension of the Group's distribution capacity for all its products. The success effectively translates into higher volumes of orders for the Issuer's games through distribution networks abroad and in Poland. To date over 1 million copies of the game have been sold, which translated into the Issuer's record results last year. The Issuer's Management believes that subsequent high quality releases will lead to even better results in 2011 and beyond.
In the opinion of the Issuer's Management, the foregoing strategy together with the Group's decisions described below will bring further financial success to City Interactive S.A.

In 2011 the Company intends to start selling several products with major commercial upside, including "Sniper Ghost Warrior 2". Work on this game commenced in April 2010, and the game will launch at the end of the third quarter of 2011. Based on CryENGINE® 3 technology, the game is very likely to be the largest production and release success in Group history.

In addition, two of the Issuer's key products will launch in 2011: "Alien Fear", with a release for the PC, Xbox360®, Sony PlayStation® 3, and the WWII-based aviation game "Combat Wings: The Greatest Battles of World War II", which will be released simultaneously for the NINTENDO Wii™, Xbox360®, Sony PlayStation® 3 and PC.

Another significant factor contributing to City Interactive's net result is the intensification of international sales. The North American market will constitute the largest share of Group revenues in 2011 and beyond. The United States are the biggest video gaming market in the world. The Group actively collaborates with all major retail networks offering video games. Released in June 2010, "Sniper: Ghost Warrior" achieved substantial sales success, which provides justification for the decision to implement a strategy based on developing high quality games.

In the Management's opinion the City Interactive S.A. Group has the necessary skills and competences to create and release high quality games intended for new generation consoles and PCs which feature/offer major commercial potential and will successfully compete against the products already on the market. The Group expects most of these to succeed which will contribute to the improvement in financial results in 2011 and subsequent years. At the same time the Issuer is maximizing sales revenues on previously released games (back catalog).

Presented below is a list of global premieres planned for Q1 and Q2 2011:

Q1 2011

- **Chronicles of Mystery: The Secret of Lost Kingdom – premiere for PC**
  A sequel to the story told in Chronicles of Mystery: The Legend of the Sacred Treasure. As background to this adventure game serves the story of Alexander the Great. In the storyline full of adventures and riddles, the player, again as Chelsea Connor, will learn the secret of victories of the great leader and will solve the plots originating in Chronicles of Mystery: The Legend of the Sacred Treasure.
- **Chronicles of Mystery: The Secret Tree of Life – Nintendo Dual Screen™ premiere**

The Secret Tree of Life is the next part in the series; its storyline leads the player to extraordinary places such as Venice, Cairo and a secret island in the Bermuda Triangle. This time the heroine is a talented archeologist and adventurer, Sylvie Leroux, who joins forces with the mysterious Count Saint-Germain to examine an intriguing legend of the Tree of Life. The player sets out on a trip full of difficult puzzles, hidden hints and dangers awaiting in every corner.

- **Art of Murder: Deadly Secret – premiere for PC**
  Murder abounds in New York; the death toll rises. The FBI agent assigned to this case, Nicole Bonnet, is not able to find any tracks – it seems that the victims are not related. So begins the next epic Art of Murder story. This time the storyline centers around a mysterious bank holdup and robbery. A seemingly simple case gains a new dimension after a retired subway employee is murdered. Players have to use their detective skills to combine all leads into one cohesive picture. Connections between the victims have to be discovered before another one is murdered.

Q2 2011

- **Sniper: Ghost Warrior – April 2011 – Sony PlayStation® 3 premiere**
  A new and improved version of the hit game for PC and Xbox360, *Sniper: Ghost Warrior*. Breathtaking action and a dynamic system with life-like ballistics create a realistic vision of war through the eyes of a sniper. The PlayStation® 3 version includes the original game with all latest patches along with exclusive add-ons.
- **Combat Wings: The Greatest Battles of World War II" – premiere for NINTENDO Wii™, Xbox360®, Sony PlayStation® 3 and PC**
  "Combat Wings: The Greatest Battles of World War II" is an aircraft action game set during World War II. The genre has its faithful fans on both, consoles and PCs. The game presents spectacular air duels from major air battles of the Second World War era. It features the largest number of air strikes having taken place on the fronts of the Second World War of all WW2 aircraft games ever published.
- **Murder in Venice** - **premiere for Nintendo Dual Screen™**
  Release for the portable Nintendo DS™ console. The action takes place in picturesque Venice. "Murder in Venice" is an adventure game where the player learns of superpower conspiracies. The quest to solve the conspiracy falls to the heroes of the game – the student Vera who is on holiday in Venice and former Russian spy Juria. The release is full of logic puzzles and beautiful locations; the action takes place in the present and in the 1960s simultaneously.
- **Jewel of the Ages – premiere for Nintendo Dual Screen™**
  "Jewels of the Ages" is a release in the particularly popular logic games segment. These games have a faithful following among users of the Nintendo DS™. In actual fact, players will find that they've bought two games. In the first of these they become the ancient warrior and ruler of all Greece, Olim and Hades on a quest to find magic crystals. In the second they guide the fate of a brave hunter facing up to gods and monsters to break the Pharaoh's curse.
- **Alien Fear – premiere for PC, Xbox360®, Sony PlayStation® 3**
  "Alien Fear" is representative of the extremely popular shooter games segment and is intended mainly for online distribution on Xbox360®, Sony PlayStation® 3 and PC. The player assumes the role of the surviving member of a marine detachment sent to rescue the crew of the lost space station Deep Space One. Using a wide range of weapons, the player must face up to hordes of terrifying aliens.

MANAGEMENT BOARD:

Marek Tymiński	Artur Winiarski
President of the Management Board	Member of the Management Board

Warsaw, March 1, 2011