CITY INTERACTIVE GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE THIRD QUARTER OF 2011

Warsaw, November 14, 2011

CONTENTS

I. CONSOLIDATED DATA FOR THE CITY INTERACTIVE GROUP

CONSOLIDATED BALANCE SHEET

as at September 30, 2011

PLN thousands

	ASSETS	as at Sep 30, 2011	as at Jun 30, 2011	as at Sep 30, 2010	as at Dec 31, 2010
A.	**NON-CURRENT ASSETS**	**23 076**	**19 565**	**16 244**	**16 789**
	Property, plant and equipment	1 205	1 050	314	442
	Intangible assets	19 157	16 274	13 116	13 111
	Goodwill	4	4	4	4
	Investment property	-	-	-	-
	Interests in subsidiaries	23	18	12	12
	Deferred income tax assets	2 687	2 219	2 798	3 221
B.	**CURRENT ASSETS**	**51 894**	**46 391**	**45 828**	**42 828**
	Inventory	6 014	5 628	6 364	5 244
	Short-term investments	829	602	413	901
	Prepayments	873	784	938	1 249
	Trade receivables	24 869	22 684	26 262	17 177
	Deferred tax receivables	-	-	28	32
	Cash and cash equivalents	15 602	13 885	7 451	15 521
	Other current assets	3 706	2 807	4 371	2 703
	TOTAL ASSETS	**74 969**	**65 956**	**62 071**	**59 617**

CONSOLIDATED BALANCE SHEET

as at September 30, 2011

PLN thousands

	EQUITY AND LIABILITIES	as at Sep 30, 2011	as at Jun 30, 2011	as at Sep 30, 2010	as at Dec 31, 2010
A.	**EQUITY**	**59 760**	**53 086**	**40 760**	**42 962**
	Share capital	1 265	1 265	1 265	1 265
	Share premium	4 838	4 838	20 556	4 556
	Incentive scheme provision	-	-	283	283
	Own share purchase provision	16 000	16 000	-	16 000
	Own shares	-	-	-	-
	Exchange differences on net investments in entities operating abroad	- 28	11	- 42	3
	Retained earnings	37 684	30 972	18 699	20 855
	Equity attributable to the parent	**59 760**	**53 086**	**40 760**	**42 962**
	Equity attributable to non-controlling interests	-	-	-	-
B.	**LIABILITIES**	**15 209**	**12 869**	**21 311**	**16 656**
	Borrowings including credits, loans and other debt instruments	-	-	-	-
	Provision for pensions and similar	25	35	18	14
	Finance lease liabilities	26	42	-	54
	Deferred income tax provision	134	134	55	134
	Total non-current liabilities	**184**	**210**	**73**	**201**
	Borrowings including credits, loans and other debt instruments	32	39	5 153	5 134
	Other financial liabilities	1 161	-	-	-
	Income tax liabilities	1 433	1 340	2 775	730
	Trade and other payables	11 261	10 343	12 568	9 805
	Other current provisions	1 138	936	742	785
	Total current liabilities	**15 025**	**12 659**	**21 238**	**16 454**
	TOTAL EQUITY AND LIABILITIES	**74 969**	**65 956**	**62 071**	**59 617**

Book value (in PLN thousands)	59 760	53 086	40 760	42 962
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Book value per share (in PLN)	4.72	4.20	3.22	3.40

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the period from January 1 to September 30, 2011

(multiple-step format)

PLN thousands

	for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
Continuing operations				
Net revenue from sales	**23 089**	**66 318**	**35 857***	**64 280***
Revenue from sale of products and services	22 910	65 383	35 793*	63 683*
Revenue from sale of goods for resale and materials	180	935	64	598
Cost of products, goods for resale and services sold	**11 601**	**33 888**	**12 799**	**23 490**
Cost of manufacture of products sold	11 442	33 172	12 562	22 956
Value of goods for resale and materials sold	158	717	237	534
Gross profit (loss) on sales	**11 489**	**32 430**	**23 058***	**40 791***
Other operating revenues	192	434	144	688
Distribution costs	2 390	7 912	2 929*	6 246*
Administrative expenses	1 266	4 070	1 244	2 990
Other operating costs	231	606	632	2 048
Profit (loss) on operating activities	**7 793**	**20 275**	**18 397**	**30 196**
Finance income	664	823	- 1 159	6
Finance costs	49	321	1 315	1 727
Profit (loss) before tax	**8 409**	**20 777**	**15 924**	**28 475**
Income tax	1 697	3 948	2 818	4 873
Profit (loss) on continuing operations	**6 712**	**16 829**	**13 106**	**23 602**
Discontinued operations	**-**	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT (LOSS)	**6 712**	**16 829**	**13 106**	**23 602**

Net profit (loss) (in PLN thousands)	6 712	16 829	13 106	23 602
Number of ordinary shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share (in PLN)	0.53	1.33	1.04	1.87

* The Parent has altered comparative data for the third quarter and cumulative data for the first three quarters of 2010. The level of commission due to distributors, initially included in distribution costs, is now counted as a

reduction of revenues from sale. Details of this change are described on page 38 under “Changes to Accounting Principles. Alteration of Comparative Data”.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to September 30, 2011 PLN thousands

	for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
Net profit	**6 712**	**16 829**	**13 106**	**23 602**
Other total gross comprehensive income:				
Exchange differences from translation of foreign entities	- 38	- 31	- 53	- 42
Other comprehensive income after tax (net, in accordance with the balance sheet)	- 38	- 31	- 53	- 42
Total comprehensive income	**6 674**	**16 798**	**13 053**	**23 560**
Total comprehensive income attributable to:				
% share attributable to the parent	*100%*	*100%*	*100%*	*100%*
owners of the parent	6 674	16 798	13 053	23 560
non-controlling interests	-	-	-	-
Total	**6 674**	**16 798**	**13 053**	**23 560**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2011

PLN thousands

	for the period from July 1 to September 30, 2011	Share capital	Share premium	Own share purchase provision	Incentive scheme provision	Retained earnings	Net investments in foreign operations	Total equity
1.	**Balance as at July 1, 2011**	**1 265**	**4 838**	**16 000**	**-**	**30 972**	**11**	**53 086**
2.	Opening balance transition	-	-	-	-	-	-	**-**
3.	**Balance as at July 1, 2011 after transition**	**1 265**	**4 838**	**16 000**	**-**	**30 972**	**11**	**53 086**
	Changes in equity during the third quarter of 2011							
4.	Profit (loss) for the period	-	-	-	-	6 712	-	6 712
5.	Revaluation of net investment in foreign operations	-	-	-	-	-	- 38	- 38
	Balance as at September 30, 2011	**1 265**	**4 838**	**16 000**	**-**	**37 684**	**- 28**	**59 760**

	for the period from January 1 to September 30, 2011							
1.	**Balance as at January 1, 2011**	**1 265**	**4 556**	**16 000**	**283**	**20 855**	**3**	**42 962**
2.	Opening balance transition	-	-	-	-	-	-	**-**
3.	**Balance as at January 1, 2011 after transition**	**1 265**	**4 556**	**16 000**	**283**	**20 855**	**3**	**42 962**
	Changes in equity during the first three quarters of 2011							
4.	Profit (loss) for the period	-	-	-	-	16 829	-	16 829
5.	Revaluation of net investment in foreign operations	-	-	-	-	-	- 31	- 31
6.	Asset reclassification	-	283	-	- 283	-	-	-
	Balance as at September 30, 2011	**1 265**	**4 838**	**16 000**	**-**	**37 685**	**- 28**	**59 760**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PLN thousands

	COMPARATIVE DATA for the period from January 1 to September 30, 2010	Share capital	Share premium	Own share purchase provision	Incentive scheme provision	Retained earnings	Net investments in foreign operations	Total equity
1.	**Balance as at January 1, 2010**	**1 265**	**20 556**	**-**	**294**	**- 4 511**	**92**	**17 696**
2.	Opening balance transition	-	-	-	-	-	-	-
3.	**Balance as at January 1, 2010 after transition**	**1 265**	**20 556**	**-**	**294**	**- 4 511**	**92**	**17 696**
	Changes in equity during the first three quarters of 2010							
4.	Profit (loss) for the period	-	-	-	-	23 602	-	23 602
5.	Incentive scheme provision	-	-	-	- 11	-	-	- 11
6.	Revaluation of net investment in foreign operations	-	-	-	-	-	- 134	- 134
7.	Changes in the group	-	-	-	-	- 392	-	- 392
	Balance as at September 30, 2010	**1 265**	**20 556**	**-**	**283**	**18 699**	**- 42**	**40 760**

	COMPARATIVE DATA for the period from January 1 to December 31, 2010							
1.	**Balance as at January 1, 2010**	**1 265**	**20 556**	**-**	**294**	**- 4 511**	**92**	**17 696**
2.	Opening balance transition	-	-	-	-	- 892	-	- 892
3.	**Balance as at January 1, 2010 after transition**	**1 265**	**20 556**	**-**	**294**	**- 5 402**	**92**	**16 805**
	Changes in equity during 2010							
4.	Profit (loss) for the period	-	-	-	-	26 893	-	26 893
5.	Increase / decrease of capital	-	- 16 000	16 000	-	-	-	-
6.	Revaluation	-	-	-	- 11	-	-	- 11
7.	Revaluation of net investment in foreign operations	-	-	-	-	-	- 89	- 89
8.	Reversal of exclusion of margin capitalized in previous periods	-	-	-	-	- 243	-	- 243
10.	Changes in the group	-	-	-	-	- 392	-	- 392
	Balance as at December 31, 2010	**1 265**	**4 556**	**16 000**	**283**	**20 855**	**3**	**42 962**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2011 PLN thousands

(indirect method)

		for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**				
I.	**Gross profit (loss)**	**8 409**	**20 777**	**15 924**	**28 475**
II.	**Total adjustments**	**- 1 914**	**- 3 531**	**- 7 144**	**- 11 908**
1.	Depreciation / amortization	1 523	4 731	1 593	4 251
2.	Creation (reversal) of revaluations	-	-	177	177
3.	Gain (loss) on exchange differences	123	73	- 150	114
4.	Exclusion of derivative instruments valuation	1 263	1 521	-	-
5.	Gain (loss) on sale of fixed assets	- 10	- 19	3	3
6.	Interest	- 13	85	157	505
7.	Change in receivables	- 1 755	- 7 197	- 8 164	- 19 673
8.	Change in inventories	- 228	- 679	- 1 791	- 940
9.	Change in trade and other payables	- 867	613	1 925	5 974
10.	Change in provisions and liabilities for employee benefits	- 10	11	- 15	9
11.	Incentive scheme	-	-	-	- 11
12.	Other adjustments	-	-	54	48
13.	Tax paid	- 1 941	- 2 671	- 932	- 934
14.	Adjustment to 2008 result	-	-	-	- 1 431
III.	**Net cash flows from operating activities**	**6 495**	**17 245**	**8 780**	**16 566**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2011 PLN thousands

(indirect method)

		for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**				
1.	Proceeds from sale of property, plant and equipment and intangible assets	-	16	-	-
2.	Repayment of borrowings	100	100	-	-
3.	Interest received	-	-	-	-
4.	Cash outflows on acquisition of property, plant and equipment and intangible assets	- 503	- 1 153	- 213	- 669
5.	Payments for purchase of financial assets	- 5	- 11	5	- 4
6.	Cash outflows on R&D	- 3 927	- 10 451	- 2 061	- 6 380
7.	Cash outflows on loans granted	- 424	- 424	- 398	- 373
8.	Other expenditures	-	-	- 4	- 122
9.	**Net cash from investing activities**	**- 4 759**	**- 11 923**	**- 2 671**	**- 7 548**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**				
1.	Net proceeds from issue of shares and other equity instruments	-	-	- 5	-
2.	Incurrence of borrowings	-	-	1	2 744
3.	Issue of debt securities	-	-	-	-
4.	Expenditures on borrowings repayment	-	-	- 69	- 4 787
5.	Buy-back of debt securities	-	- 5 000	-	-
6.	Payment of liabilities under finance lease contracts	- 18	- 104	- 48	- 147
7.	Interest	-	- 138	- 158	- 503
8.	Other finance costs	-	-	-	- 5
	Net cash from financing activities	**- 18**	**- 5 242**	**- 279**	**- 2 696**
D.	**TOTAL NET CASH FLOWS**	**1 717**	**81**	**5 829**	**6 320**
E.	**BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:**	**1 717**	**81**	**5 829**	**6 320**
E.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD**	**13 885**	**15 521**	**1 622**	**1 131**
F.	**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**	**15 602**	**15 602**	**7 451**	**7 451**

II. SEPARATE DATA FOR CITY INTERACTIVE S.A.

SEPARATE BALANCE SHEET

as at September 30, 2011

PLN thousands

	ASSETS	as at Sep 30, 2011	as at Jun 30, 2011	as at Sep 30, 2010	as at Dec 31, 2010
A.	**NON-CURRENT ASSETS**	**21 896**	**18 517**	**16 015**	**16 372**
	Property, plant and equipment	760	563	290	428
	Intangible assets	18 869	16 089	13 115	13 110
	Goodwill	-	-	-	-
	Investment property	-	-	-	-
	Interests in subsidiaries	300	259	267	268
	Deferred income tax assets	1 966	1 606	2 344	2 565
B.	**CURRENT ASSETS**	**52 093**	**46 456**	**43 853**	**43 230**
	Inventory	4 999	4 838	4 049	4 286
	Short-term investments	2 228	1 571	543	1 026
	Prepayments	831	752	929	1 240
	Trade receivables	28 499	24 110	32 571	19 477
	Deferred tax receivables	-	-	-	-
	Cash and cash equivalents	12 083	12 588	4 034	14 640
	Other current assets	3 453	2 596	1 728	2 561
	TOTAL ASSETS	**73 988**	**64 973**	**59 868**	**59 601**

SEPARATE BALANCE SHEET

as at September 30, 2011

PLN thousands

	EQUITY AND LIABILITIES	as at Sep 30, 2011	as at Jun 30, 2011	as at Sep 30, 2010	as at Dec 31, 2010
A.	**EQUITY**	**60 611**	**53 141**	**39 957**	**43 557**
	Share capital	1 265	1 265	1 265	1 265
	Share premium	4 838	4 838	20 556	4 556
	Incentive scheme provision	-	-	283	283
	Revaluation provision	68	32	41	42
	Own share purchase provision	16 000	16 000	-	16 000
	Own shares	-	-	-	-
	Retained earnings	38 440	31 006	17 813	21 411
	Equity attributable to the parent	**60 611**	**53 141**	**39 957**	**43 557**
	Equity attributable to non-controlling interests	-	-	-	-
B.	**LIABILITIES**	**13 377**	**11 831**	**19 911**	**16 044**
	Borrowings including credits, loans and other debt instruments	-	-	-	-
	Provision for pensions and similar	25	35	18	14
	Finance lease liabilities	26	42	-	54
	Deferred income tax provision	134	134	40	134
	Non-current liabilities	**184**	**210**	**59**	**201**
	Borrowings including credits, loans and other debt instruments	35	37	5 153	5 134
	Other financial liabilities	1 161	-	-	-
	Income tax liabilities	1 408	1 292	2 775	730
	Trade and other payables	9 450	9 359	11 194	9 202
	Other current provisions	1 138	933	730	777
	Current liabilities	**13 193**	**11 621**	**19 852**	**15 843**
	TOTAL EQUITY AND LIABILITIES	**73 988**	**64 973**	**59 868**	**59 601**

Book value (in PLN thousands)	60 611	53 141	39 957	43 557
Number of shares (in thousands)	12 650	12 650	12 650	12 650

Book value per share (in PLN)	4,79	4,20	3,16	3,44

SEPARATE STATEMENT OF PROFIT AND LOSS
for the period from January 1 to September 30, 2011

(multiple-step format)

PLN thousands

	for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
Continuing operations				
Net revenue from sales	**22 010**	**58 804**	**29 791***	**54 711***
Revenue from sale of products and services	21 830	57 876	29 531*	53 457*
Revenue from sale of goods for resale and materials	180	928	261	1 254
Cost of products, goods for resale and services sold	**10 792**	**29 947**	**9 085**	**18 129**
Cost of manufacture of products sold	10 634	29 245	8 845	17 383
Value of goods for resale and materials sold	160	702	241	746
Gross profit (loss) on sales	**11 218**	**28 857**	**20 706***	**36 582***
Other operating revenues	193	439	103	650
Distribution costs	1 504	5 058	2 065*	4 324*
Administrative expenses	1 169	3 175	1 052	2 712
Other operating costs	224	596	590	2 005
Profit (loss) on operating activities	**8 513**	**20 468**	**17 102**	**28 191**
Finance income	662	828	-1 141	12
Finance costs	46	321	997	1 409
Profit (loss) before tax	**9 131**	**20 975**	**14 965**	**26 794**
Income tax	1 696	3 947	2 833	4 861
Profit (loss) on continuing operations	**7 435**	**17 028**	**12 131**	**21 932**
Discontinued operations	**-**	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT (LOSS)	**7 435**	**17 028**	**12 131**	**21 932**

Net profit (loss) (in PLN thousands)	7 435	17 028	12 131	21 932
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share (in PLN)	0.59	1.35	0.96	1.73

* The Parent has altered comparative data for the third quarter and cumulative data for the first three quarters of 2010. The level of commission due to distributors, initially included in distribution costs, is now counted as a

reduction of revenues from sale. Details of this change are described on page 38 under “Changes to Accounting

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to September 30, 2011 PLN thousands

Principles. Alteration of Comparative Data”.

	for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
Net profit	**7 435**	**17 028**	**12 131**	**21 932**
Other total gross comprehensive income:				
Result of financial asset valuations	36	26	- 30	- 11
Other comprehensive income after tax (net, in accordance with the balance sheet)	36	26	- 30	- 11
Total comprehensive income	**7 471**	**17 054**	**12 101**	**21 921**
Total comprehensive income attributable to:				
% share attributable to the parent	*100%*	*100%*	*100%*	*100%*
owners of the parent	7 471	17 054	12 101	21 921
non-controlling interests	-	-	-	-
Total	**7 471**	**17 054**	**12 101**	**21 921**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2011

PLN thousands

	for the period Jul 1 - Sep 30, 2011	Share capital	Share premium	Provision for buyback of own shares	Revaluation provision	Incentive scheme provision	Retained earnings	Total equity
1.	**Balance as at July 1, 2011**	**1 265**	**4 838**	**16 000**	**32**	**-**	**31 006**	**53 141**
2.	Changes in the accounting principles (policies)	-	-	-	-	-	-	-
3.	Balance as at July 1, 2011 after transition	1 265	4 838	16 000	32	-	31 006	53 141
	Changes in equity during the third quarter of 2011							
4.	Profit (loss) for the period	-	-	-	-	-	7 435	7 435
5.	Adjustment due to revaluation	-	-	-	36	-	-	36
6.	Asset reclassification	-	-	-	-	-	-	-
	Balance as at September 30, 2011	**1 265**	**4 838**	**16 000**	**68**	**-**	**38 440**	**60 611**

	for the period January 1 - September 30, 2011							
1.	**Balance as at January 1, 2011**	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**
2.	Changes in the accounting principles (policies)	-	-	-	-	-	-	-
3.	Balance as at January 1, 2011 after transition	1 265	4 556	16 000	42	283	21 411	43 557
	Changes in equity during the first three quarters of 2011							
4.	Profit (loss) for the period	-	-	-	-	-	17 028	17 028
5.	Adjustment due to revaluation	-	-	-	26	-	-	26
6.	Asset reclassification	-	283	-	-	- 283	-	-
	Balance as at September 30, 2011	**1 265**	**4 839**	**16 000**	**68**	-	**38 440**	**60 611**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2011

PLN thousands

	COMPARATIVE DATA for the period from January 1 to September 30, 2010	Share capital	Share premium	Provision for buyback of own shares	Revaluation provision	Incentive scheme provision	Retained earnings	Total equity
1.	**Balance as at January 1, 2010**	**1 265**	**20 556**	**-**	**52**	**294**	**- 4 119**	**18 047**
2.	Opening balance transition	-	-	-	-	-	-	-
3.	**Balance as at January 1, 2010 after transition**	**1 265**	**20 556**	**-**	**52**	**294**	**- 4 119**	**18 047**
	Changes in equity during the first three quarters of 2010							
4.	Profit (loss) for the period	-	-	-	-	-	21 932	21 932
5.	Decreases due to revaluation	-	-	-	- 11	- 11	-	- 22
	Balance as at September 30, 2010	**1 265**	**20 556**	**-**	**41**	**283**	**17 813**	**39 957**

	COMPARATIVE DATA for the period from January 1 to December 31, 2010							
1.	**Balance as at January 1, 2010**	**1 265**	**20 556**	**-**	**52**	**294**	**- 4 119**	**18 047**
2.	Opening balance transition	-	-	-	-	-	- 293	- 293
3.	**Balance as at January 1, 2010 after transition**	**1 265**	**20 556**	**-**	**52**	**294**	**- 4 412**	**17 755**
	Changes in equity in 2010							
4.	Profit (loss) for the period	-	-	-	-	-	25 823	25 823
5.	Creation of provision for acquisition of own shares	-	- 16 000	16 000	-	-	-	-
6.	Decreases due to revaluation	-	-	-	- 10	- 11	-	-21
	Balance as at December 31, 2010	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**

SEPARATE STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2011 PLN thousands
(indirect method)

		for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**				
I.	**Gross profit (loss)**	**9 131**	**20 975**	**14 965**	**26 794**
II.	**Total adjustments**	**- 4 573**	**- 5 950**	**- 8 341**	**- 14 341**
1.	Depreciation / amortization	1 502	4 681	1 587	4 234
2.	Creation (reversal) of revaluations	-	-	170	224
3.	Gain (loss) on exchange differences	- 134	- 93	10	121
4.	Gain (loss) on sale of fixed assets	-	- 9	3	3
5.	Interest	- 13	85	157	505
6.	Exclusion of derivative instruments valuation	1 263	1 521	-	-
7.	Change in receivables	- 5 325	- 9 384	- 9 170	- 20 468
8.	Change in inventories	- 160	- 713	- 387	236
9.	Change in trade and other payables	243	620	228	3 209
10.	Change in provisions and liabilities for employee benefits	- 10	11	- 15	9
11.	Incentive scheme	-	-	-	- 11
12.	Tax paid	- 1 940	- 2 670	- 924	- 923
13.	2008 result adjustment	-	-	-	- 1 431
14.	Other adjustments	-	-	-	- 47
III.	**Net cash flows from operating activities**	**4 557**	**15 025**	**6 624**	**12 453**

SEPARATE STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2011 PLN thousands

		for the period Jul 1 - Sep 30, 2011	for the period Jan 1 - Sep 30, 2011	for the period Jul 1 - Sep 30, 2010	for the period Jan 1 - Sep 30, 2010
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**				
1.	Proceeds from sale of property, plant and equipment and intangible assets	-	16	-	-
2.	Repayment of borrowings	100	100	-	-
3.	Cash outflows on acquisition of property, plant and equipment and intangible assets	- 575	- 726	- 209	- 663
4.	Payments for purchase of financial assets	- 5	- 6	-	- 9
5.	Cash outflows on R&D	- 3 851	- 10 185	- 2 061	- 6 380
6.	Cash outflows on loans granted	- 712	- 1 539	- 300	992
7.	Other expenditures	-	-	-	- 118
	Net cash from investing activities	**- 5 043**	**- 12 340**	**- 2 569**	**- 6 177**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**				
1.	Incurrence of borrowings	-	-	-	2 743
2.	Expenditures on borrowings repayment	-	- 5 000	- 69	- 4 787
3.	Payment of liabilities under finance lease contracts	- 18	- 104	- 48	- 147
4.	Interest	-	- 138	- 158	- 503
5.	Other finance costs	-	-	-	- 5
	Net cash from financing activities	**- 18**	**- 5 242**	**- 273**	**- 2 698**
D.	**TOTAL NET CASH FLOWS**	**- 504**	**- 2 556**	**3 779**	**3 576**
E.	**BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:**	**- 504**	**- 2 556**	**3 779**	**3 576**
E.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD**	**12 588**	**14 640**	**254**	**458**
F.	**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**	**12 083**	**12 083**	**4 034**	**4 034**

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 September 30, 2010 – 3.9870

- as at December 31, 2010 – 3.9603

- as at September 30, 2009 – 4.4112

Items in the statement of profit and loss 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 period.

- Q3 2010 – 3.9996

- Q1-Q3 2010 – 4.0027

- Q3 2011 – 4.1894

- Q1-Q3 2011 – 4.0413

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Q3 2011 period from Jul 1 to Sep 30, 2011		Q3 2010 period from Jul 1 to Sep 30, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**23 089**	**5 511**	**35 857**	**8 965**
Profit (loss) from operating activities	7 793	1 860	18 397	4 600
Gross profit (loss)	8 409	2 007	15 924	3 981
Net profit (loss)	**6 712**	**1 602**	**13 106**	**3 277**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	0,53	0,13	1,04	0,26
CONSOLIDATED STATEMENT OF CASH FLOWS				
Net cash flows from operating activities	6 495	1 550	8 780	2 195
Net cash flows from investing activities	-4 759	-1 136	-2 671	-668
Net cash flows from financing activities	-18	-4	-279	-70
Net cash flows	**1 717**	**410**	**5 829**	**1 457**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Q1-Q3 cumulatively period from Jan 1 to Sep 30, 2011		Q1-Q3 cumulatively period from Jan 1 to Sep 30, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**66 318**	**16 410**	**64 280**	**16 059**
Profit (loss) from operating activities	20 275	5 017	30 196	7 544
Gross profit (loss)	20 777	5 141	28 475	7 114
Net profit (loss)	**16 829**	**4 164**	**23 602**	**5 896**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	1,33	0,33	1,87	0,47
CONSOLIDATED STATEMENT OF CASH FLOWS				
Net cash flows from operating activities	17 245	4 267	16 566	4 139
Net cash flows from investing activities	-11 923	-2 950	-7 548	-1 886
Net cash flows from financing activities	-5 242	-1 297	-2 696	-674
Net cash flows	**81**	**20**	**6 320**	**1 580**

CONSOLIDATED BALANCE SHEET	as at September 30, 2011		as at September 30, 2010		as at December 31, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	23 076	5 231	16 244	4 074	16 789	4 239
Current assets	51 894	11 764	45 828	11 494	42 828	10 814
Total assets	**74 969**	**16 995**	**62 071**	**15 568**	**59 617**	**15 054**
Equity	59 760	13 547	40 760	10 223	42 962	10 848
Share capital	1 265	287	1 265	317	1 265	319
Liabilities	**15 209**	**3 448**	**21 311**	**5 345**	**16 656**	**4 206**
Non-current liabilities	184	42	73	18	201	51

Current liabilities	15 025	3 406	21 238	5 327	16 454	4 155
Total equity and liabilities	**74 969**	**16 995**	**62 071**	**15 568**	**59 617**	**15 054**

SEPARATE STATEMENT OF PROFIT AND LOSS	Q3 2011 period from Jul 1 to Sep 30, 2011		Q3 2010 period from Jul 1 to Sep 30, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**22 010**	**5 254**	**29 791**	**7 449**
Profit (loss) from operating activities	8 513	2 032	17 102	4 276
Gross profit (loss)	9 131	2 179	14 965	3 742
Net profit (loss)	**7 435**	**1 775**	**12 131**	**3 033**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	0,59	0,14	0,96	0,24
SEPARATE STATEMENT OF CASH FLOWS				
Net cash flows from operating activities	4 557	1 088	6 624	1 656
Net cash flows from investing activities	-5 043	-1 204	-2 569	-642
Net cash flows from financing activities	-18	-4	-273	-68
Net cash flows	**-504**	**-120**	**3 779**	**946**

SEPARATE STATEMENT OF PROFIT AND LOSS	Q1-Q3 cumulatively period from Jan 1 to Sep 30, 2011		Q1-Q3 cumulatively period from Jan 1 to Sep 30, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**58 804**	**14 551**	**54 711**	**13 669**
Profit (loss) from operating activities	20 468	5 065	28 191	7 043
Gross profit (loss)	20 975	5 190	26 794	6 694
Net profit (loss)	**17 028**	**4 214**	**21 932**	**5 479**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	1,35	0,33	1,73	0,43
SEPARATE STATEMENT OF CASH FLOWS				
Net cash flows from operating activities	15 025	3 718	12 453	3 111
Net cash flows from investing activities	-12 340	-3 053	-6 177	-1 543
Net cash flows from financing activities	-5 242	-1 297	-2 698	-674
Net cash flows	**-2 556**	**-633**	**3 576**	**894**

SEPARATE BALANCE SHEET	as at September 30, 2011		as at September 30, 2010		as at December 31, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	21 896	4 964	16 015	4 017	16 372	4 134
Current assets	52 093	11 809	43 853	10 999	43 230	10 916
Total assets	**73 988**	**16 773**	**59 868**	**15 016**	**59 601**	**15 050**
Equity	60 611	13 740	39 957	10 022	43 557	10 998
Share capital	1 265	287	1 265	317	1 265	319
Liabilities	**13 377**	**3 033**	**19 911**	**4 994**	**16 044**	**4 051**
Non-current liabilities	184	42	59	15	201	51
Current liabilities	13 193	2 991	19 852	4 979	15 843	4 000

Total equity and liabilities	**73 988**	**16 773**	**59 868**	**15 016**	**59 601**	**15 050**

IV. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2011

1. Basis for presentation and preparation of the financial statements

a) The financial statements cover the period from July 1 to September 30, 2011. Comparative data covers the period from July 1 to September 30, 2010 and from January 1 to September 30, 2010, and also as at June 30, 2011, September 30, 2010 and December 31, 2010 (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 January 1 to September 30, 2011 are subsequent financial statements prepared in accordance with IAS/IFRS. Comparative data 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. Changes in assumptions are 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 converting 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, but 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 statement of profit and loss. 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 recognised in the statement of profit and loss 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 statement of profit and loss.

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 statement of profit and loss.

(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 statement of profit and loss.

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 makes 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) Liabilities

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 statement of profit and loss 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 statement of profit and loss.

Revenue from interest is recorded in the statement of profit and loss on an accrual basis applying the effective interest rate. Income from dividends is recognized in the statement of profit and loss 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 statement of profit and loss 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 statement of profit and loss, 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 statement of profit and loss, 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 statement of profit and loss 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 fulfils 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 January 1 to September 30, 2011 retain comparability to data from the consolidated and separate financial statements for the period from January 1 to September 30, 2010 and from January 1 to December 31, 2010, which were drawn up in accordance with IAS/IFRS.

The Parent has altered comparative data for the third quarter and cumulative data for the first three quarters of 2010. As a result, the level of commission due to distributors, initially included in distribution costs, is now counted as a reduction of revenues from sale. This change has effect on comparative data in the statement of profit and loss only. An excerpt from the table with changes marked can be found below. The tables in points I and II of this report contain data after transformation.
As a result of the transformation, revenues were presented at the level of payments actually received. The transformation amounts to PLN 1 164 000 in the third quarter and PLN 1 624 000 cumulatively for the first three quarters of 2010.

CONSOLIDATED DATA

in PLN thousands

	for the period July 1 – September 30, 2010	for the period Jul 1 - Sep 30, 2010	for the period January 1 – September 30, 2010	for the period Jan 1 - Sep 30, 2010
	after transformation		after transformation	
Net revenue from sales	**35 857**	**37 021**	**64 280**	**65 904**
Revenue from sale of products and services	35 793	36 957	63 683	65 307
Revenue from sale of goods for resale and materials	64	64	598	598
Cost of products, goods for resale and services sold	**12 799**	**12 799**	**23 490**	**23 490**
Cost of manufacture of products sold	12 562	12 562	22 956	22 956
Value of goods for resale and materials sold	237	237	534	534
Gross profit (loss) on sales	**23 058**	**24 222**	**40 791**	**42 415**
Other operating revenues	144	144	688	688
Distribution costs	2 929	4 093	6 246	7 870
Administrative expenses	1 244	1 244	2 990	2 990
Other operating costs	632	632	2 048	2 048
Profit (loss) on operating activities	**18 397**	**18 397**	**30 196**	**30 196**

SEPARATE DATA

Net revenue from sales	**29 791**	**30 955**	**54 711**	**56 335**
Revenue from sale of products and services	29 531	30 695	53 457	55 081
Revenue from sale of goods for resale and materials	261	261	1 254	1 254
Cost of products, goods for resale and services sold	**9 085**	**9 085**	**18 129**	**18 129**
Cost of manufacture of products sold	8 845	8 845	17 383	17 383
Value of goods for resale and materials sold	241	241	746	746
Gross profit (loss) on sales	**20 706**	**21 870**	**36 582**	**38 206**
Other operating revenues	103	103	650	650
Distribution costs	2 065	3 229	4 324	5 948
Administrative expenses	1 052	1 052	2 712	2 712
Other operating costs	590	590	2 005	2 005
Profit (loss) on operating activities	**17 102**	**17 102**	**28 191**	**28 191**

3. Description of significant achievements or failures during the third quarter of 2011, 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 Issuer is the first public company in that sector in the Central and Eastern Europe and the first to become an international player, with outstanding market and financial performance. The City Interactive Group is focused on developing a high quality product range including different game genres, with a special focus on action games.

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 marketing strategy and product roll-out,
- Distributor – which sells products directly to retail chains, distributor networks, internet portals and others.

Through fulfilling these three functions, the Issuer 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 launching products.

The City Interactive Group efficiently utilizes its key assets: an experienced team, worldwide distribution network and cost advantage linked with lower profitability thresholds in relation to other, much larger developers. The Issuer's products can be found in all price ranges. Games created for Xbox360®, NINTENDO Wii™, Nintendo DS™, Sony PlayStation®3 and PC have high commercial potential and are competitive in relation to others available in the market. The City Interactive Group has taken intensive steps to supplement its product portfolio with games in new segments – online games and games for smartphones.

The most significant of the Group's achievements in the third quarter of 2011 are as follows:

- **Sales results for *Sniper: Ghost Warrior* for Sony PlayStation®3**

One of the most important factors impacting the financial results for the third quarter of 2011 is the continuation of excellent sales results for *Sniper: Ghost Warrior* for PlayStation® 3 in Europe and North America, together with highly optimistic sales results after its release in Japan on July 21, 2011. This is confirmation of the strong and established market position enjoyed by the *Sniper: Ghost Warrior* brand.

- **Registration of a subsidiary in Romania**

On August 28, 2011 the Management Board of City Interactive S.A. announced registration of the Issuer's subsidiary CITY INTERACTIVE STUDIO S.R.L., having its registered office in Bucharest, Romania, in which the Issuer holds 100% of shares. CITY INTERACTIVE STUDIO S.R.L will be a development company – the Issuer's Romanian studio will be responsible for online video game development, i.e. free-to-play online first-person shooters. Subsidiary CITY INTERACTIVE STUDIO S.R.L was founded as a part of the Issuer's strategy to expand its product range following recent trends on the video gaming market. It is also another step forward in the City Interactive Group's development. The Management Board of the newly established company comprises Mr Michał Sokolski – also a member of the Management Board at City Interactive S.A. and Director of the Issuer's Development Department; and Mr Bogdan Oprescu – who spent the last 8 years with Ubisoft ®Entertainment at its Romanian, Bulgarian and Spanish branches, out of which the last 3 years within the Ubisoft ® Online Games Department, including as a Senior Producer. Mr Bogdan Oprescu will be Executive Producer at the Issuer's Romanian studio.

- **Development of iOS-platform mobile version of *Sniper: Ghost Warrior***

On September 1, 2011 City Interactive S.A. has entered into an agreement with Vivid Games Spółka z o.o. in Bydgoszcz concerning development of a mobile version of *Sniper: Ghost Warrior* for iOS platforms, i.e. the iPad®, iPhone® and iPod Touch®. The mobile version of Sniper: Ghost Warrior will be developed based on Epic Games Inc.'s Unreal® Engine3 technology. The release is planned for Q1 2012.

On October 20, 2011 the Management Board of City Interactive S.A. has assigned all rights and obligations under a development agreement with Vivid Games Spółka z o.o. to subsidiary Business Area Spółka z o.o., which in accordance with the Issuer's strategy adopted in Q1 2011 is responsible for development, release and distribution of high quality online and social games as well as games for smartphones.

- **Development of a new Action RPG**

On September 8, 2011 the Issuer has signed a binding letter of intent with DECK13 Interactive GmbH, concerning joint development of an RPG (role-playing game) for Xbox®360, Sony Playstation®3 and PC. Completion of game development is planned for 2013. For the Issuer, Tomasz Gop, one of the principal developers of "The Witcher® 2 Assassins of Kings", was appointed Lead Developer. DECK13 Interactive GmbH has developed a wide range of successful video games, including RPG titles.

- **Release of *Combat Wings: The Great Battles of World War II* in Q1 2012**

On September 20, 2011 the Management of City Interactive S.A. announced that the release of *Combat Wings: The Great Battles of World War II* on PlayStation®3, Xbox360®, NINTENDO Wii™ and PC will take place in the first quarter of 2012. The Issuer's Management took the above decision with regard to a more competitive environment and in order to develop all production elements of the game.

- **FX hedging transactions**

City Interactive S.A. has entered into forward contracts aimed at hedging currency risk for the Issuer's foreign currency-denominated assets. Outstanding forward contracts together with their valuation as at the end of the reporting period are presented in the table below.

	Outstanding contracts in foreign currency	Forward initial recognition	Fair value on Sep 30, 2011 in PLN	Prise as at Sep 30, 2011	Valuation as at Sep 30, 2011 in PLN	Contract settlement date	Contract entry date
USD	500 000	1 410 000	1 628 700	3.2574	-218 700	Feb 13, 2012	Jul 11, 2011
USD	1 000 000	2 930 000	3 257 400	3.2574	-327 400	Apr 13, 2012	Jul 12, 2011
EUR	200 000	811 300	882 240	4.4112	-70 940	Apr 13, 2012	Jul 12, 2011
GBP	250 000	1 154 000	1 270 800	5.0832	-116 800	Apr 13, 2012	Jul 12, 2011
USD	700 000	2 016 000	2 280 180	3.2574	-264 180	May 10, 2012	Aug 9, 2011
USD	1 350 000	4 334 175	4 397 490	3.2574	-63 315	Jun 22, 2012	Sep 20, 2011
USD	450 000	1 444 995	1 465 830	3.2574	-20 835	Jun 22, 2012	Sep 20, 2011
GBP	750 000	3 785 625	3 812 400	5.0832	-26 775	Dec 2, 2011	Sep 26, 2011
GBP	500 000	2 523 750	2 541 600	5.0832	-17 850	Dec 2, 2011	Sep 26, 2011
EUR	1 300 000	5 700 500	5 734 560	4.4112	-34 060	Dec 2, 2011	Sep 26, 2011
			Total valuation:		**-1 160 855**		

The aggregate value of hedging transactions as at the end of September 2011 amounts to PLN 26 111 345.

The forward contracts below were executed by the Issuer during the period between preparation of the quarterly financial statements and their publication (i.e. during the period October 1, 2011 to November 14, 2011):

	non-implemented currency contracts	Forward initial recognition	Forward rate	Contract settlement date	Contract entry date
EUR	2 245 000	9 771 812	4,3527	May 31, 2012	Nov 4, 2011
GBP	500 000	2 517 850	5.0357	May 31, 2012	Nov 4, 2011
GBP	677 000	3 412 554	5.0407	Jun 29, 2012	Nov 4, 2011
USD	2 500 000	8 015 000	3.2060	Jun 29, 2012	Nov 7, 2011
		23 717 215			

During the reporting period the settlement dates for some previously executed foreign currency contracts were altered. All other transaction conditions, i.e. exchange rate, volume and transaction currency were not subject to change:

	non-implemented currency contracts	Forward initial recognition	Forward rate	Contract settlement date	Contract entry date
GBP	750 000	3 785 625	5,0475	Jun 29, 2012	Sep 26, 2011
GBP	500 000	2 523 750	5,0475	Jun 29, 2012	Sep 26, 2011
EUR	300 000	1 315 500	4.3850	May 31, 2012	Sep 26, 2011
EUR	1 000 000	4 385 000	4.3850	Jun 29, 2012	Sep 26, 2011
		12 009 875			

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

Revenues from sale reached a level of PLN 23.1 million during the third quarter of 2011. Despite the lack of new releases and lower unit prices for Sniper: Ghost Warrior on the PC and Xbox360®, high sales during this period were possible due to the factors referred to below.

The City Interactive Group recorded further high sales levels for Sniper: Ghost Warrior on the Sony Playstation® 3, which was released during the second quarter of this year. Furthermore, limited-edition version Sniper: Ghost Warrior Gold Edition was released for the PC and Xbox360® during the reporting period.

These factors resulted in a strengthening of the Group's revenues from sale within the sales structure for console games in comparision with the previous period.

Sales structure	Q1-Q3 2011	Q3 2011	Q1-Q3 2010	Q3 2010
Console games	87%	85%	65%	78%
PC games	13%	15%	35%	22%

Another significant factor was entry into a new sales market in July 2011 and the commencement of dynamic sales in Japan. This resulted in change to the Group's geographical sales structure in comparison with the previous period. The share of sales in Asia and Australia in the Group's total sales increased from 2% in third quarter of 2010 to 15% in the third quarter of 2011.

Geographical structure	Q1-Q3 2011		Q3 2011		Q1-Q3 2010		Q3 2010	
	Revenues	% share	Revenues	% share	Revenues	% share	Revenues	% share
Europe	36 796	55.5%	12 375	53.6%	35 381	55%	18 596	52%
North America	22 710	34.2%	7 317	31.7%	26 874	42%	16 573	46%
Asia and Australia	6 811	10.3%	3 397	14.7%	2 025	3%	688	2%
TOTAL	**66 318**		**23 089**		**64 280**		**35 857**	

Revenues from sale and the level of margins on specific product segments during the reporting periods are presented below.

Product segments	Q3 2011				Q3 2010			
	Revenues	% share	Result	% margin	Revenues	% share	Result	% margin
Own products	19 229	83%	8 409	44%	33 202	93%	21 180	64%
Licenses	2 490	11%	2 331	94%	1 721	5%	1 736	101%
Licensed products	975	4%	587	60%	418	1%	1	0%
Goods for resale and materials	180	1%	20	11%	64	0%	-164	-255%
Distribution	215	1%	141	65%	452	1%	305	68%
TOTAL	**23 089**	**100%**	**11 489**	**50%**	**35 857**	**100%**	**23 058**	**64%**

Product segments	Q1-Q3 2011				Q1-Q3 2010			
	Revenues	% share	Result	% margin	Revenues	% share	Result	% margin
Own products	58 756	89%	27 280	46%	53 960	84%	33 239	62%
Licenses	4 277	6%	3 935	92%	5 481	9%	5 287	96%
Licensed products	1 681	3%	536	32%	2 988	5%	1 340	45%
Goods for resale and materials	935	1%	201	22%	598	1%	43	7%

Distribution	670	1%	478	71%	1 255	2%	882	70%
TOTAL	**66 318**	**100%**	**32 430**	**49%**	**64 280**	**100%**	**40 791**	**63%**

The Group's margin, calculated as gross profit on sales against revenues on sale in the reporting period was 50%, 14 percentage points lower than the third quarter of 2011, which was caused by several factors as below.

Firstly, within total game sales the share of console titles increased – these are more expensive to produce due to license fees paid to platform owners.
Secondly, the price of Sniper: Ghost Warrior for the PC and Xbox360® was decreased in the majority of markets, whereas Sniper was released in the third quarter of 2010 at manufacturer's suggested retail price in all markets.
Furthermore, limited edition version Sniper: Ghost Warrior Gold Edition was released for the PC and Xbox360®, the production costs of which were higher than the standard version.

In comparative quarters the majority of administrative expenses were not subject to significant change and amounted to PLN 1.3 million. Subsequently, the majority of distribution costs (PLN 2.4 million) dropped by 18% in comparison with the third quarter of 2011, which resulted from the generation of lower revenues during the current quarter.

As at September 30, 2011, the Group held PLN 15.6 million in bank accounts. The PLN 6.5 million cash surplus generated from operating activities in the third quarter allowed the Group to provide PLN 3.9 million in finance for R&D work on the creation of new games.

Level of estimated values included in the Group's consolidated balance sheet as at the end of the third quarter of 2011.

Estimated values (in PLN thousands)	**City Interactive S.A.**	**Group**
	As at Sep 30, 2011	As at Sep 30, 2011
Receivables impairment write-downs	4 634	4 635
Inventory impairment write-downs	93	93
Provision for pensions and similar	25	25
Deferred income tax provision	134	134
Provision for costs and liabilities	1 138	1 138
	6 023	**6 024**
Net revenue provision for returns and adjustments	670	1 597

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 establishes the dates for release of its games in order to select the most beneficial competitive environment and in order for the release to bring the highest financial benefits.

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

During the reporting period, parent company City Interactive S.A. did not issue, redeem or repay equity or non-equity instruments.

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

During the reporting period, City Interactive S.A. did not pay out nor declare a dividend.

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

A description of events which could have a significant impact on the Issuer's financial result may be found in item 19 of the notes to the financial statements.

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

As at September 30, 2011 the parent had no contingent liabilities except promissory notes issued by City Interactive S.A. for lessor Raiffeisen Leasing Polska in order to secure payments under concluded leasing agreements.

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

As at September 30, 2011, 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** – a 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**. – a 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 S.R.L.** – a company having its registered office in Budapest Romania. 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 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. Company subject to consolidation from Q1 2011.

- **City Interactive UK, Ltd**. – a 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.
- City Interactive Jogos Electronicos LTDA – a 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.

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.

City Interactive S.A. shareholding structure as at November 14, 2011 (submission date for this report):

SHAREHOLDER	NUMBER OF SHARES	% IN SHARE CAPITAL	NUMBER OF VOTES AT GM	% OF VOTES AT GM
Marek Tymiński	6 475 794	51.19	6 475 794	51.19
Aviva Investors Poland S.A.	683 104	5.40	683 104	5.40
Quercus TFI S.A. *	663 100	5.24	663 100	5.24
Other		38,17		38,17

* including related parties

During the period from publication of the Issuer's preceding quarterly report (i.e. the period from May 16 to November 14, 2011), the following changes took place in the ownership structure of significant shareholdings:

- On July 6, 2011 the parent received a notification from Quercus Towarzystwo Funduszy Inwestycyjnych S.A., acting on behalf of QUERCUS Parasolowy SFIO, QUERCUS Absolute Return FIZ and QUERCUS Absolutnego Zwrotu FIZ (the "Funds"), concerning an increase by the Funds of their joint share in the total number of City Interactive S.A. votes and exceeding of the 5% threshold of total City Interactive S.A. votes. The Funds exceeded the 5% threshold of total votes in the Company as a result of a regulated market transaction on July 1, 2011. As at July 5, 2011 the Funds held 663 100 shares in the Issuer, which constituted 5.24% of the Issuer's share capital and 5.24% of total votes at the General Meeting of Shareholders.
- On August 16, 2011 the parent received a notification from Aviva Investors Poland S.A., acting: - as an entity to which Aviva Investors Poland Towarzystwo Funduszy Inwestycyjnych S.A. had commissioned management of fund investment portfolios, of which it is an authority; - for and on behalf of Aviva Investors Funduszu Inwestycyjnego Otwartego (the "Fund"), concerning an increase by the Fund of its share in the total number of votes in City Interactive S.A. and exceeding of the 5% threshold of total votes in City Interactive S.A. The Funds exceeded the 5% threshold of total votes in the Company as a result of a purchase transaction executed on August 4, 2011 (cleared on August 10, 2011). As a consequence of the above event, the Fund holds 683 104 shares in the Issuer, which constitutes 5.40% of the Issuer's share capital and 5.40% of total votes at the General Meeting of Shareholders.
- On September 23, 2011 the parent received notification from Marek Tymiński, President of the Management Board of City Interactive S.A., concerning his transfer on September 21, 2011 of 5 000 shares in City Interactive S.A. on the basis of a contract of donation, the value of which was established at PLN 22.10 per share pursuant to the average price of the company's shares listed on the Warsaw Stock Exchange as at the date preceding execution of the contract of donation, i.e. as at September 19, 2011. Mr. Tymiński currently holds 6 475 794 shares in the Company, carrying a 51.19% share in City Interactive S.A. share capital and total number of

votes at the General Meeting of Shareholders.

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 May 16, 2011 (Q1 2011 report publication date)	Increase in shareholding during the period from May 16 to November 14, 2011	Decrease in shareholding during the period from May 16 to November 14, 2011	As at November 14, 2011 (Q3 2011 report publication date)
Marek Tymiński	President of the Management Board	6 480 794	-	5 000	6 475 794
Michał Sokolski	Member of the Management Board*	n/a	-	-	322 000
Lech Tymiński	Member of the Supervisory Board	9 565	-	-	9 565

*Mr Michał Sokolski was appointed Member of the Management Board of City Interactive S.A. on August 22, 2011.

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

The Issuer's Management Board has no information concerning any proceedings in progress against it or its subsidiaries the value of which (separately or jointly) exceeds 10% of the Issuer's equity.

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 July 1 to September 30, 2011 neither the Issuer nor any of its subsidiaries issued loan sureties or guarantees, the value of which could constitute at least 10% of the Issuer'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

In the opinion of the Management Board of City Interactive S.A., no information other than that included in this report will appear which could be significant for assessing the Issuer's HR, property and financial situation (including financial result) and changes in these and for assessing the Issuer's ability to perform its obligations.

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

- **Release of *Sniper: Ghost Warrior 2***

Sniper: Ghost Warrior 2 is a sequel to the best-selling game developed and released by the Issuer in 2010. The second title in the series uses the latest CryEngine®3 technology, which guarantees the highest production quality. All of the original's key elements can be found in the sequel, together with numerous new features, including increased shooting distance, thermal vision and varied battlegrounds (including Sarajevo and Tibet).

Sniper: Ghost Warrior 2 will be released on Xbox 360®, PlayStation® 3 and PC. The release is planned for March 16, 2012 (Europe) and March 20, 2012 (USA).

Sniper: Ghost Warrior is a globally recognized brand. The success of the game's first incarnation leads to the assumption that revenues from sale of the sequel will be one of the most significant elements of the City Interactive Group's financial results in 2012.

- **Release of *Enemy Front***

Enemy Front is one of the Issuer's key ongoing projects, with similar commercial potential as "Sniper: Ghost Warrior 2".

Enemy Front is a game which takes the player behind enemy lines to Hitler's Wehrmacht. The action takes place over several years in numerous well-known historic locations. The player is up against the well-organized forces of the enemy. Can our hero survive the Nazi occupation and thwart plans to create a secret weapon? *Enemy Front* is a combination of storylines and locations which WWII games have not seen to date, including the ruins of Warsaw, a city devastated by the Nazi war machine.

The release of *Enemy Front* for Xbox360®, Sony PlayStation® 3 and PC is planned for Q2 2012.

- **Release of *Combat Wings: The Great Battles of World War II* and *Alien Fear***

During Q1 2012 (Europe: February 10, 2012, USA: February 7, 2012) the City Interactive Group is planning to release a subsequent title – *Combat Wings: The Great Battles of World*

War II, which will be released simultaneously for NINTENDO Wii™, Xbox360®, Sony PlayStation® 3 and PC.

Combat Wings: The Great Battles of World War II depicts the most spectacular dogfights of the Second World War. The storyline takes place in historic locations and the player has the chance to fly over 40 original and authentic aircraft from the period. The game features diverse missions – from air battles to escort and bombing missions.

Combat Wings: The Great Battles of World War II is also the first Polish game to make full use of the exciting possibilities presented by PlayStation® Move. Playing with the use of this next-generation controller is something new in flight simulation, bringing real integration between the player and the gaming experience.

The release of *Alien Fear* is also planned in the second quarter of 2012 – this is an FPS using Unreal® Engine 3 technology. The game is first and foremost planned for digital distribution on Xbox360®, Sony PlayStation® 3 and PC.

- **Release of *Sniper: Ghost Warrior* mobile version for iOS-equipped devices**

Work is ongoing on the subsequent title in the *Sniper: Ghost Warrior* franchise – a game designed for iOS-equipped hardware, i.e. on iPad®, iPhone® and iPod Touch®. It will be released in Q1 2012.

Sniper: Ghost Warrior for iOS is created by ViVid Games in Bydgoszcz using Unreal® Engine3 technology and will take advantage by the unique possibilities presented by Apple devices, which will allow players from around the world to play the role of expert marksman.

- **Expansion of the product portfolio in line with the latest market trends**

In the near future the Issuer's Management plans to expand operations in areas including the video game market segments already covered, developing both existing brands and investing in new products, together with researching potential ways to expand its product portfolio. An example of this is further work on developing the *Sniper: Ghost Warrior* brand, alongside strategic cooperation with the well-known German games developer Deck13 on production of the Issuer's new Action RPG game for consoles and PC, which will be released in 2013.

At the same time the Issuer will expand its product range by adding new market segments, including the development of games for mobile platforms and online games, an example of which is the *Sniper: Ghost Warrior* Ghost Warrior mobile version for iOS devices, together with the commencement of operations at the Issuer's Romanian studio, where online games based on the Free to Play model will be developed.

The Issuer's Management believes that this strategy will allow the City Interactive Group to strengthen its position in global markets and diversify its revenues. According to Management, the City Interactive Group has the technical competences and opportunities to create and release high quality games for next generation consoles, PCs and mobile platforms (including smartphones).

These have strong commercial capacity and will be products which are competitive in relation to those already present in the market. The Parent's Management assumes that the majority of these will achieve market success, which will contribute to a significant increase in financial results in the coming years and will underline the Group's industry position in global markets.

- **Release schedule**

	GAME	PLATFORM
Q1 2012	Sniper: Ghost Warrior 2	PlayStation® 3
	Sniper: Ghost Warrior 2	Xbox360®
	Sniper: Ghost Warrior 2	PC
	Combat Wings: The Great Battles of WW II	PlayStation® 3
	Combat Wings: The Great Battles of WW II	Xbox360®
	Combat Wings: The Great Battles of WW II	PC
	Combat Wings: The Great Battles of WW II	Wii™
	Sniper: Ghost Warrior (mobile version)	iOS
Q2 2012	Enemy Front	PlayStation® 3
	Enemy Front	Xbox360®
	Enemy Front	PC
	Alien Fear	PlayStation® 3
	Alien Fear	Xbox360®
	Alien Fear	PC

MANAGEMENT BOARD:

Marek Tymiński

President of the Management Board

Michał Sokolski

Member of the Management Board

Warsaw, November 14, 2011