CITY INTERACTIVE GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2011

Warsaw, April 13, 2012

Contents

I. Introduction to the consolidated financial statements for the period from January 1 to December 31, 2011

1. Information on the Group

Parent:

a) City Interactive S.A. was registered on June 1, 2007 as a result of transforming City Interactive Sp. z o.o. through a notarial deed, Notary's Register A 2682/2007, dated May 16, 2007. The Company's registered office is located in Warsaw at ul. Żupnicza 17.

b) The Company is entered into the Register of Companies under entry no. KRS 0000282076. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register.

c) The main subject of the Parent's and Group's operations is the production, release and distribution of computer games.

d) In accordance with the articles of association, the duration of the Company's operations is unlimited.

e) During 2011 the Company's Management Board comprised:

• Marek Tymiński	President	from January 1 to December 31, 2011
• Artur Winiarski	Member	from January 1 to March 10, 2011
• Wojciech Kutak	Member	from March 10 to May 17, 2011
• Michał Sokolski	Member	from August 22 to December 31, 2011

On March 14, 2012 Member of the Management Board Michał Sokolski resigned. At the same time Andreas Jaeger was appointed as Member of the Management Board.

f) During 2011 the composition of the Company's Supervisory Board remained unchanged:

• Krzysztof Sroczyński	President	from January 1 to December 31, 2011
• Lech Tymiński	Member	from January 1 to December 31, 2011
• Marek Dworak	Member	from January 1 to December 31, 2011
• Grzegorz Leszczyński	Member	from January 1 to December 31, 2011
• Tomasz Litwiniuk	Member	from January 1 to December 31, 2011

g) City Interactive is the parent of the Group and draws up consolidated financial statements. The following subsidiaries belong to the Group:

Composition of the City Interactive Group as at December 31, 2011:

- 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. Subject to consolidation as of Q2 2008.
- City Interactive USA Inc. – a company having its registered office in Delaware, US. Share capital of USD 50 000. 100% of shares held by City Interactive S.A. Subject to consolidation as of Q2 2008.

- Business Area Spółka z o.o. – a company with registered office in Warsaw, subject to consolidation as of Q4 2010. Share capital PLN 5 000. 100% interest held by City Interactive S.A.
- City Interactive Studio S.R.L. – a company having its registered office in Bucharest, Romania. 100% of shares held by City Interactive S.A. Share capital RON 200. Subject to consolidation as of Q4 2011.
- 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. 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% interest held by City Interactive S.A. Subject to consolidation as of 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. 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 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. Subject to consolidation from Q4 2008 and excluded from consolidation on January 1, 2010 following a receivables revaluation.

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 stake to the end of 2008. The Issuer intends to completely liquidate or dispose of shares in the company.
- 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.

2. Basis for presentation and preparation of the financial statements

a) The consolidated financial statements cover the period from January 1 to December 31, 2011. The comparative data cover the period from January 1 to December 31, 2010 and as at 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 consolidated 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.

3. Adopted accounting principles

a) Application of the International Accounting Standards

Annual financial statements are 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 consolidated financial statements for the period from January 1 to December 31, 2011 are subsequent consolidated financial statements prepared in accordance with IAS/IFRS. Comparative data for the period from January 1 to December 31, 2010 is sourced from the Group's consolidated financial statements prepared in accordance with IAS/IFRS. IAS/IFRS were adopted on January 1, 2007.

b) Basis for preparing the consolidated financial statements

Figures in the financial statements are given in PLN thousands. Figures in the notes to the financial statements are given in full PLN. Figures of less than PLN 499 and 49 groszy respectively were rounded down, while in other instances figures were rounded up.
The consolidated financial statements were drawn up on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

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

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

c) Principles of consolidation

(i) Subsidiaries

The City Interactive Group consolidated financial statements were drawn up applying the acquisition method as the means of accounting for acquisitions at 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 conversion of 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. In this situation items would be converted at the closing rate;
- all exchange rate differences are recognized in equity until disposal of the net investment.

The financial results of entities acquired or disposed of during the year are included in the consolidated financial statements from / to the moment of their acquisition or disposal, respectively, if this constitutes significant value for the presented financial statements.
Where necessary, adjustments are made in the financial statements of subsidiaries or associates in order to unify the accounting principles applied by the entity with the principles applied by the parent. All transactions, balances, revenues and costs between related entities covered by consolidation are subject to exclusion.

(ii) Associates, joint ventures

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

Goodwill arising during consolidation results from the occurrence as at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.
Goodwill acquired through a merger of commercial entities is not amortized. Goodwill is subject to impairment testing at least once per year. Any impairment is immediately recognized in the profit and loss statement. In disposal of a subsidiary, associate or joint venture, the appropriate part of goodwill is taken into consideration in calculating the profit or loss on disposal.

(iii) Consolidation adjustments

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

d) Property, plant and equipment

(i) Own property, plant and equipment

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

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

Property, plant and equipment elements are measured as at the end of the reporting period at acquisition price or cost of manufacture, less depreciation and impairment.

Depreciation concerning such non-current 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.
Non-current assets under construction intended for production, lease or administrative purposes, as well as for undefined purposes, are presented in the balance sheet at cost of manufacture less impairment.

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

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

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

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

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

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

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

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

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

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

(iii) Subsequent expenses

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

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

a) it is probable that the future economic benefits that are attributable to the assets will flow to the Group, and

b) 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%

R&D expenses 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".

External financing costs (e.g. interest on loans and borrowings and exchange differences on loans and borrowings denominated in foreign currencies) which may be directly assigned to the purchase or production of assets increase the purchase or production cost of such item. Net finance costs include interest payable on debt established based on the effective interest rate, interest receivables on funds invested by the Company, due dividends, gains and losses on foreign exchange differences and gains and losses on hedging instruments, which are recognized in the profit and loss statement.

(ii) Impairment

At the end of each reporting period the Group reviews 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 Company 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 Company 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 Company 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 reserve.

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) 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.

All assets fulfilling the definition of financial instruments as at their acquisition date are assigned to three categories:

- 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 reserve as available-for-sale financial assets, respectively.

Principles for measurement of financial instruments as at the end of the reporting period. The Group performs measurements 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.

Measurement 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.

h) 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.

i) Financial liabilities

Financial liabilities held for trading, including in particular derivatives with negative fair value, which are not classified as hedging instruments are recognized at fair value, whereas gains and losses from their measurement are recognized directly through profit or loss.
Other financial liabilities are measured at amortized costs with application of the effective interest rate.
All financial liabilities are included in the accounts under the contract execution date.
The principles for measurement and presentation of financial instruments in the financial statements are as follows:

Asset or liability group	Measurement principles	Principles for recognition in the financial statements
Assets valued at fair value by financial result	At fair value (with the exception of assets for which fair value cannot be established)	Measurement difference included in the financial result for the current reporting period in the finance income or finance costs item.
Liabilities held for trading	At fair value (with the exception of assets for which fair value cannot be established)	Measurement difference included in the financial result for the current reporting period in the finance income or finance costs item.
Other financial liabilities	At amortized purchase cost in application of the internal rate of return	The measurement difference adjusts the value of the valued asset item and is included in the financial result for the current reporting period.
Loans granted and own receivables	At amortized purchase price in application of the internal rate of return, and in a situation where the payment deadline is not known then at purchase price (e.g. in the case of loans without an established repayment date)	The measurement difference adjusts the value of the valued asset item and is included in the financial result for the current reporting period.
Assets held to maturity	At amortized purchase cost in application of the internal rate of return	The measurement difference adjusts the value of the valued asset item and is included in the financial result for the current reporting period.
Available-for-sale financial assets	At fair value (with the exception of assets for which fair value cannot be established)	The difference between measurement and fair value is included in the revaluation reserve. In the case of debt instruments, interest is included directly in the profit and loss statement.
Financial assets and	At purchase price less	An asset or liability item is

liabilities held for trading and available-for-sale financial assets, the fair value of which cannot be established.	impairment.	recognized at purchase price until the moment such item is used (e.g. sold). Impairment is included in finance costs.

j) 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 measurement as at the end of the reporting period correspond to their own cost of purchase (IAS2).

The Parent creates impairment charges on net recoverable values of inventory. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.
Reversal of an impairment charge on inventory resulting from an increase in the net recoverable value is recognized as a decrease in inventory recognized as cost of sales which the impairment reversal concerns.
As at the end of the reporting period inventory is valued at acquisition or purchase price, while such price may not exceed the net sales price for a given inventory item.
Foreign-currency prepayments are recognized at the ask rate of the bank used by the company.
The Parent measures prepayments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The Parent inventories prepayments through the provision by contracting parties of confirmation that prepayments included in auxiliary ledgers to general ledger "supplier accounts", and provides explanations and settlement of potential variance.

k) 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 Parent’s liquidity management policy are recognized as cash and cash equivalents for the purposes of the statement of cash flows.

l) Share capital

Share capital is recognized at the nominal value of issued and registered shares.

(i) Buy-back

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

(ii) Dividends

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

m) Provisions

Provisions are liabilities of uncertain time and amount. Company 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.

n) Liabilities including trade and other payables

Trade and other payables are divided into current and non-current payables through application of the following criteria:

- with maturity of up to 12 months from the end of the reporting period – classified as current payables,
- all payables which are not trade payables and do not fulfill the criteria for classification as current constitute non-current payables.

Trade payables with maturity of up to 180 days are valued as at the end of the reporting period at repayment value increased by potential interest for delay due as at the valuation date.

Trade payables within maturity of over 180 days are valued as at the end of the reporting period at amortized cost (i.e. discounted in application of the effective interest rate).

All trade and account balances should be agreed, and potential adjustments should be included in the accounts, including in the financial statements of the entity. In the event of disagreements in agreeing a balance between the entity and the contracting party, the seller's position prevails and, after closing the year, potential adjustments are entered in the accounts for the current year.

Payables denominated in foreign currencies are valued at the current average exchange rate for a given currency on a given date established by the National Bank of Poland.

Interest for late payment of payables is not charged if the authorized entity submits a written declaration on opt-out of such interest. In other instances interest is calculated and recorded as per the principles below:

- systematically, pursuant to interest notes received,
- at estimated value, where estimation is based on historical data reflecting the amount of interest charged by specific contracting parties in relation to the level of debt.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.
The notes to the financial statements should include this fact, the occurrence of due payables and the associated risk that interest will be charged by a creditor.

o) 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 Company 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.

p) 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 financing costs

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

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

q) Tax

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

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

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

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

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

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

r) Transactions in foreign currencies

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

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

- in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Group;
- in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

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

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

s) 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 distinguishes only one business segment.

The City Interactive 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, Australia and Africa.

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.

t) Operations being discontinued and non-current assets held for sale

Immediately before reclassification to assets held for sale, valuation of assets (or all assets and liabilities constituting an asset 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 Company held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

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

Discontinued operation is a part of the Group's activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale. Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the asset group held for sale.

4. Changes in the accounting principles (comparative data restatement)

In the event that the Parent's accounting principles are altered, the solutions included in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" are applied.

The City Interactive Group consolidated financial statements for the period from January 1 to December 31, 2011 retain comparability to data from the financial statements for the period from January 1 to December 31, 2010, which were drawn up in accordance with IAS/IFRS. The Parent restated its comparative data from the profit and loss statement for 2010. Details of the restatement can be found in note 39.

New standards, interpretations and changes to the standards in force

During the reporting period the following new or altered standards and interpretations were issued by the International Accounting Standards Board or the IFRS Interpretations Committee:

First phase of standard IFRS 9 Financial Instruments: Classification and Measurement - applicable to annual periods commencing January 1, 2013 or thereafter.
Amendments of IFRS 7 - Financial Instruments: Disclosures; transfer of financial assets - applicable to annual periods commencing July 1, 2011 or thereafter,
Amendments to IAS 12 – Income Taxes: Recovery of Underlying Assets - applicable to annual periods commencing January 1, 2012 or thereafter,
Amendments to IFRS 1 – First-Time Adoption of International Financial Reporting Standards - fixed transition dates and severe hyperinflation – applicable to annual periods commencing January 1, 2011 or thereafter,
IFRS 10 - Consolidated Financial Statements - applicable to annual periods commencing January 1, 2013 or thereafter,
IFRS 11 - Joint Arrangements - applicable to annual periods commencing January 1, 2013 or thereafter,
IFRS 12 - Disclosure of Interests in Other Entities - applicable to annual periods commencing January 1, 2013 or thereafter,
IFRS 13 - Fair Value Measurement - applicable to annual periods commencing January 1, 2013 or thereafter.
Amendments to IAS 19 - Employee Benefits - applicable to annual periods commencing January 1, 2013 or thereafter,
Amendments to IAS 1 - Presentation of Financial Statements: Presenting Comprehensive Income - applicable to annual periods commencing July 1, 2012 or thereafter,

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine - applicable to annual periods commencing January 1, 2013 or thereafter,
Amendments to IFRS 7 - Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities - applicable to annual periods commencing January 1, 2013 or thereafter,
Amendments to IAS 32 - Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities - applicable to annual periods commencing January 1, 2014 or thereafter.
The Group did not take advantage of the option to implement new, non-binding standards. The Group has not yet completed analysis of their impact on the financial statements. It is however expected that their impact will be minimal.

II. Selected financial data

Balance sheet data was converted according to the average exchange rate published by the National Bank of Poland as at the date of drawing up the financial statements, which as at the end of the reporting period amounted to:
as at December 31, 2011 – 4.4168,
as at December 31, 2010 – 3.9603.
Data in the profit and loss statement and statement of cash flows was converted into EUR according to the exchange rate established as an average of the exchange rates published by the National Bank of Poland as at the last day of each month of the year:
for 2011 EURPLN - 4.1401
for 2010 EURPLN - 4.0044

Selected financial data converted into EUR:

PROFIT AND LOSS STATEMENT	**2011**		**2010**	
	PLN thousands	**EUR thousands**	**PLN thousands**	**EUR thousands**
Net revenue from sales	**81 718**	**19 738**	**86 071**	**21 494**
Profit (loss) from operating activities	21 120	5 101	34 188	8 538
Gross profit (loss)	22 308	5 388	32 543	8 127
Net profit (loss)	**16 923**	**4 088**	**26 893**	**6 716**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	1.34	0.32	2.13	0.53

STATEMENT OF CASH FLOWS	**2011**		**2010**	
	PLN thousands	**EUR thousands**	**PLN thousands**	**EUR thousands**
Net cash flows from operating activities	25 492	6 157	28 771	7 185
Net cash flows from investing activities	-19 064	-4 605	-11 493	-2 870
Net cash flows from financing activities	-5 248	-1 268	-2 888	-721
Net cash flows	**1 179**	**285**	**14 390**	**3 594**

BALANCE SHEET	31.12.2011		31.12.2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	28 779	6 516	16 789	4 239
Current assets	41 875	9 481	42 828	10 814
Total assets	**70 654**	**15 997**	**59 617**	**15 054**
Equity	57 772	13 080	42 962	10 848
Share capital	1 265	286	1 265	319
Liabilities	**12 882**	**2 917**	**16 656**	**4 206**
Non-current liabilities	342	77	201	51
Current liabilities	12 540	2 839	16 454	4 155
Total equity and liabilities	**70 654**	**15 997**	**59 617**	**15 054**

III. City Interactive Group consolidated financial data for the period from January 1 to December 31, 2011

CONSOLIDATED BALANCE SHEET

as at December 31, 2011

PLN thousands

	ASSETS	note	as at Dec 31, 2011	as at Dec 31, 2010
A.	**NON-CURRENT ASSETS**		28 779	16 789
	Property, plant and equipment	1	1 385	442
	Intangible assets	2	25 062	13 111
	Goodwill		9	4
	Interests in subsidiaries and associates	3	18	12
	Deferred income tax assets	4	2 269	3 221
	Other non-current assets		36	-
B.	**CURRENT ASSETS**		41 875	42 828
	Inventory	5,5a	4 945	5 244
	Non-current investments	6	403	901
	Prepayments		1 361	1 249
	Trade receivables	7,7a,7b	14 517	17 177
	Deferred tax receivables	8	858	32
	Cash and cash equivalents	9,9a	16 700	15 521
	Other current assets	10	3 089	2 703
	TOTAL ASSETS		**70 654**	**70 654**

CONSOLIDATED BALANCE SHEET

as at December 31, 2011 (continued)

PLN thousands

	EQUITY AND LIABILITIES	note	as at Dec 31, 2011	as at Dec 31, 2010
A.	**EQUITY**		**57 772**	**42 962**
	Share capital	11	1 265	1 265
	Share premium	12	4 556	4 556
	Revaluation reserve	15	- 2 098	-
	Exchange differences on translation of foreign operations		- 10	3
	Incentive scheme provision	13	-	283
	Buy-back provision	14	16 000	16 000
	Retained earnings		38 061	20 855
	including profit for the period		16 923	26 893
	Equity attributable to owners of the Parent		**57 772**	**42 962**
	Equity attributable to non-controlling interests		**-**	**-**
B.	**LIABILITIES**		**12 882**	**16 656**
	Non-current liabilities		**342**	**201**
	Borrowings including credits, loans and other debt instruments		-	-
	Provision for pensions and similar	19	15	14
	Finance lease liabilities	16,17	29	54
	Deferred income tax provision	4	298	134
	Current liabilities		**12 540**	**16 454**
	Borrowings including credits, loans and other debt instruments	16,18	-	5 023
	Income tax liabilities	8	46	730
	Trade receivables	20,20a	8 327	9 305
	Finance lease liabilities	16,17	26	111
	Financial liabilities	15,16	2 954	-
	Other liabilities	21	298	501
	Other current provisions	22	890	785
	TOTAL EQUITY AND LIABILITIES		**70 654**	**59 617**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the period from January 1 to December 31, 2011

(multiple-step format)

PLN thousands

	note	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Continuing operations			
Net revenue from sales	**23**	**81 718**	**86 071**
Revenue from sale of products and services		80 350	85 401
Revenue from sale of goods for resale and materials		1 368	670
Cost of products, goods for resale and services sold		**43 210**	**35 885**
Cost of manufacture of products sold	24,25	42 192	35 177
Value of goods for resale and materials sold		1 018	708
Gross profit (loss) on sales (A-B)		**38 508**	**50 186**
Other operating revenues	26	669	1 057
Distribution costs		10 540	7 305
Administrative expenses		5 900	4 938
Other operating costs	27	1 617	4 812
Profit (loss) on operating activities		**21 120**	**34 188**
Finance income	28	1 546	48
Finance costs	28	358	1 693
Profit (loss) before tax		**22 308**	**32 543**
Income tax	29,30	5 385	5 650
Profit (loss) on continuing operations		**16 923**	**26 893**
Discontinued operations		**-**	**-**
Loss on discontinued operations		-	-
NET PROFIT (LOSS)		**16 923**	**26 893**

Net profit (loss) (in PLN thousands)	16 923	26 893
Number of shares (in thousands)	12 650	12 650
Profit (loss) per ordinary share (in PLN)	1.34	2.13

The Parent restated its comparative data for 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 the restatement can be found in note 39.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2011 PLN thousands

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Net profit (loss) for the financial year	**16 923**	**26 893**
Total other comprehensive income	- 2 112	- 89
Result of translation of foreign entities	- 14	- 89
Result of hedging instrument measurement	- 2 098	-
Total comprehensive income for the year	**14 811**	**26 804**
Total comprehensive income attributable to:		
% share attributable to the parent	*100%*	*100%*
Owners of the Parent	14 811	26 804
Non-controlling interests		
Total	**15 040**	**25 813**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2011

PLN thousands

for the period 01.01- 31.12.2011	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
As at Jan 1, 2011	**1 265**	**4 556**	**16 000**	**3**	**-**	**283**	**20 855**	**42 962**
Opening balance restatement	-	-	-		-	-	-	-
Balance as at Jan 1, 2011 after restatement	**1 265**	**4 556**	**16 000**	**3**	**-**	**283**	**20 855**	**42 962**
Changes in equity during 2011								
Profit (loss) for the period	-	-	-		-	-	16 923	16 923
Incentive scheme provision	-	-	-		-	- 283	283	-
Revaluation of net investments in foreign operations	-	-	-		14	-	-	14
Revaluation of hedging instruments	-	-	-		- 2 098	-	-	- 2 098
as at Dec 31, 2011	**1 265**	**4 556**	**16 000**	**- 10**	**- 2 098**	**-**	**38 061**	**57 772**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2011 (continued)

PLN thousands

COMPARATIVE DATA for the period from January 1 to December 30, 2010	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
Balance as at January 1, 2010	**1 265**	**20 556**	**-**	**92**	**-**	**294**	**- 4 511**	**17 696**
Opening balance restatement	-	-	-	-	-	-	- 892	- 892
Balance as at January 1, 2010 after restatement	**1 265**	**20 556**	**-**	**92**	**-**	**294**	**- 5 402**	**16 805**
Changes in equity during 2010								
Profit (loss) for the period	-	-	-	-	-	-	26 893	26 893
Changes in Group structure				-	-	-	- 392	- 392
Creation of a buy-back provision	-	- 16 000	16 000	-	-	-	-	-
Revaluation				-	-	- 11	-	- 11
Revaluation of net investments in foreign operations	-	-	-	- 89	-	-	-	- 89
Other corrections				-	-	-	- 243	- 243
as at December 31, 2010	**1 265**	**4 556**	**16 000**	**3**	**-**	**283**	**20 855**	**42 962**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2011 PLN thousands

(indirect method)

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross profit (loss)	**22 308**	**32 543**
Total adjustments	**3 184**	**- 3 772**
Depreciation / amortization	6 194	5 984
Creation (reversal) of impairment charges	157	2 479
Gain (loss) on exchange differences	96	143
Interest	85	613
Gain (loss) on sale of fixed assets	261	6
Change in receivables	3 072	- 8 705
Change in inventories	437	248
Change in trade and other payables	- 2 529	2 090
Change in provisions and liabilities for employee benefits	2	4
Incentive scheme	-	- 11
Exclusion of financial instruments valuation	723	- 360
Tax paid	- 5 312	- 3 699
Correction of prior-year results	-	- 2 319
Other corrections	-	- 243
Net cash flows from operating activities	**25 492**	**28 771**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2011 (continued) PLN thousands
(indirect method)

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment and intangible assets	145	-
Repayment of borrowings	100	-
Interest received	4	-
Cash outflows on acquisition of property, plant and equipment and intangible assets	- 2 080	- 1 216
Cash outflows on purchase of financial assets	- 10	- 9
Cash outflows on R&D	- 17 223	- 9 641
Cash outflows on borrowings granted	-	- 509
Other cash outflows	-	- 118
Net cash from investing activities	**- 19 064**	**- 11 493**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares and other equity instruments	-	5
Incurrence of borrowings	-	2 745
Cash outflows on repayment of borrowings	- 5 000	- 4 787
Repayment of finance lease liabilities	- 111	- 215
Interest	- 138	- 632
Other finance expenditures	-	- 5
Net cash flows from financing activities	**- 5 248**	**- 2 888**
TOTAL NET CASH FLOWS	**1 179**	**14 390**
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:	**1 179**	**14 390**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**15 521**	**1 131**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**16 700**	**15 521**

IV. Notes to the consolidated financial statements of the City Interactive Group for the period from January 1 to December 31, 2011

Note 1
Changes in plant, property and equipment by type in PLN

	Land	Buildings, premises and civil and water engineering structures	Technical equipment and machinery	Means of transport	Other property, plant and equipment	PP&E under construction	Advances on PP&E under construction	Total
Gross value as at January 1, 2011	**-**	**-**	**1 638 032**	**521 098**	**226 160**	**-**	**-**	**2 385 290**
Increases:	-	-	741 458	655 109	18 915	36 038	-	1 451 520
- acquisition	-	-	741 458	655 109	18 915	**36 038**	-	1 451 520
- contribution in kind			-	-	-	-	-	-
Decreases:	-	-	604 913	337 052	94 180	-	-	1 036 145
- sale	-	-	3 605	337 052	-	-	-	340 657
- liquidation	-	-	601 308	-	94 180	-	-	695 488
Gross value as at December 31, 2011	**-**	**-**	**1 774 578**	**839 155**	**150 894**	**36 038**	**-**	**2 800 665**
Depreciation as at January 1, 2011	-	-	**1 382 996**	**374 993**	**186 143**	-	-	**1 944 133**
Increases:	-	-	334 819	128 094	18 849	-	-	481 763
- revaluation			83 743	-	-	-	-	83 743
- depreciation	-	-	251 077	128 094	18 849	-	-	398 020
Decreases:	-	-	596 821	319 976	93 648	-	-	1 010 445
- sale	-	-	3 605	319 976	-	-	-	323 581
- liquidation	-	-	593 216	-	93 648	-	-	686 864
Depreciation as at December 31, 2011	-	-	**1 120 994**	**183 112**	**111 345**	**-**	**-**	**1 415 451**
Net value								
As at January 1, 2011	-	-	**255 036**	**146 105**	**40 016**	**-**	-	**441 157**
As at December 31, 2011	-	-	**653 584**	**656 043**	**39 549**	**36 038**	-	**1 385 214**

Note 1
Changes in plant, property and equipment by type (continued) in PLN

	Land	Buildings, premises and civil and water engineering structures	Technical equipment and machinery	Means of transport	Other property, plant and equipment	PP&E under construction	Advances on PP&E under construction	Total
Gross value as at January 1, 2010	**-**	**-**	**1 464 379**	**398 937**	**230 631**	-	-	**2 093 947**
Increases:	-	-	184 166	122 161	7 374	-	-	313 701
- acquisition	-	-	184 166	23 800	7 374	-	-	215 340
- leases	-	-	-	98 361	-	-	-	98 361
Decreases:	-	-	10 513	-	11 845	-	-	22 358
- sale	-	-	10 513	-	-	-	-	10 513
- change in Group structure			-	-	11 845	-	-	11 845
Gross value as at December 31, 2010	**-**	**-**	**1 638 032**	**521 098**	**226 160**	-	-	**2 385 290**
Depreciation as at January 1, 2010	**-**	**-**	**1 066 152**	**282 625**	**154 051**	-	-	**1 502 829**
Increases:	-	-	321 673	92 368	35 156	-	-	449 196
- depreciation	-	-	321 673	92 368	35 156	-	-	449 196
Decreases:	-	-	4 829	-	3 063	-	-	7 892
- sale	-	-	4 829	-	-	-	-	4 829
- transfer			-	-	3 063	-	-	3 063
Depreciation as at December 31, 2010	**-**	**-**	**1 382 996**	**374 993**	**186 143**	-	-	**1 944 133**
Net value	-	-						-
As at January 1, 2010	**-**	**-**	**398 226**	**116 312**	**76 580**	-	-	**591 118**
As at December 31, 2010	**-**	**-**	**255 036**	**146 105**	**40 016**	-	-	**441 157**

Note 2
Changes in intangible assets by type in PLN

All of the Group's intangible assets have a defined period of use and are subject to amortization.
As at the end of the reporting period, the recoverable value of used intangible assets is higher than their non-depreciated value.
In the Management's assessment, R&D work indicated as an element of intangible assets will be completed and bring the anticipated economic effects.

	R&D costs	Goodwill	Author's copyrights, related rights, licenses, concessions	Rights to inventions, patents, trademarks, design patents and ornamental designs	Rights to press titles	Other intangible assets	Advances on intangible assets	Total
Gross value as at January 1, 2011	**27 726 265**	**-**	**6 578 389**	**-**	**51 000**	**1 510 856**	**418 182**	**36 284 692**
Increases:	17 609 557	-	314 330	-	-	376 431	227 711	18 528 030
- acquisition	17 609 557	-	314 330	-	-	376 431	227 711	18 528 030
Decreases:	69 314	-	-	-	-	595 681	371 235	1 036 230
- amortized margin on borrowings	69 314	-	-	-	-	-	-	69 314
- liquidation	-	-	-	-	-	595 681	-	595 681
- transfer	-	-	-	-	-	-	371 235	371 235
Gross value as at December 31, 2011	**45 266 508**	**-**	**6 892 719**	**-**	**51 000**	**1 291 607**	**274 658**	**53 776 492**
Amortization as at January 1, 2011	**16 397 971**	**-**	**5 599 275**	**-**	**37 400**	**1 138 934**	**-**	**23 173 580**
Increases:	5 080 460	-	849 108	-	10 200	171 833	-	6 111 600
- amortization	5 080 460	-	849 108	-	10 200	171 833	-	6 111 600
Decreases:	-	-	-	-	-	570 353	-	570 353
- liquidation	-	-	-	-	-	570 353	-	570 353
Amortization as at December 31, 2011	**21 478 431**	**-**	**6 448 382**	**-**	**47 600**	**740 414**	**-**	**28 714 827**
Net value								
As at January 1, 2011	**11 328 294**	**-**	**979 114**	**-**	**13 600**	**371 922**	**418 182**	**13 111 112**
As at Dec 31, 2011	**23 788 077**	**-**	**444 337**	**-**	**3 400**	**551 193**	**274 658**	**25 061 665**

Note 2
Changes in intangible assets by type (continued)

in PLN

	R&D costs	Goodwill	Author's copyrights, related rights, licenses, concessions	Rights to inventions, patents, trademarks, design patents and ornamental designs	Rights to press titles	Other intangible assets	Advances on intangible assets	Total
Gross value as at January 1, 2010	**19 796 441**	**-**	**5 414 163**	**-**	**51 000**	**1 374 418**	**890 836**	**27 526 859**
Increases:	9 429 801	-	1 164 226	-	-	136 439	861 131	11 591 596
- acquisition	9 429 801	-	1 164 226	-	-	136 439	861 131	11 591 596
Decreases:	1 499 978	-	-	-	-	-	1 333 785	2 833 763
- transfer	-	-	-	-	-	-	1 333 785	1 333 785
- impairment	1 499 978	-	-	-	-	-	-	1 499 978
Gross value as at December 31, 2010	**27 726 265**	**-**	**6 578 389**	**-**	**51 000**	**1 510 856**	**418 182**	**36 284 692**
Amortization as at January 1, 2010	**11 853 703**	**-**	**4 427 050**	**-**	**27 200**	**946 817**	**-**	**17 254 770**
Increases:	4 544 268	-	1 172 225	-	10 200	192 117	-	5 918 810
- amortization	4 544 268	-	1 172 225	-	10 200	192 117	-	5 918 810
Amortization as at December 31, 2010	**16 397 971**	**-**	**5 599 275**	**-**	**37 400**	**1 138 934**	**-**	**23 173 580**
Net value								
As at January 1, 2010	**7 942 738**	**-**	**987 113**	**-**	**23 800**	**427 601**	**890 836**	**10 272 088**
As at December 31, 2010	**11 328 294**	**-**	**979 114**	**-**	**13 600**	**371 922**	**418 182**	**13 111 112**

Note 3
Interests in subsidiaries and associates in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
City Interactive Peru (PEN 5 940)	2 489 175	2 489 175
City Interactive Spain (EUR 3 600)	12 092	12 092
City Interactive Brazil (BRL 90 000)	105 751	105 751
City Interactive Mexico (MXN 47 500)	10 621	10 621
City Interactive Canada Inc. (CAD 10)	33	-
Business Area Sp. kom.	5 434	-
Net financial non-current assets:	**2 623 105**	**2 617 638**
Revaluation	**2 605 546**	**2 605 546**
including: City Interactive Peru	2 489 175	2 489 175
City Interactive Brazil	105 751	105 751
City Interactive Mexico	10 621	10 621
Gross financial non-current assets:	**17 559**	**12 092**

Note 4
Deferred tax assets and provisions

in PLN

Deferred income tax assets	as at Dec 31, 2011	as at Dec 31, 2010
Deferred income tax assets at the beginning of period	**3 220 703**	**4 098 367**
recognized in profit or loss	3 220 703	4 098 367
Increases recognized in profit or loss	1 777 094	3 220 703
provision for expenses	171 845	151 073
receivables revaluation	940 523	935 156
equity revaluation	495 054	472 030
variance between non-current asset balance sheet depreciation and tax-purposes depreciation	-	299 776
loss on tax	22 922	887 055
damages	13 300	-
provision for returns	133 000	462 846
other	450	12 767
Increases recognized in equity	492 239	-
hedging instrument measurement	492 239	-
Decreases recognized in profit or loss	3 220 703	4 098 367
Deferred income tax assets at the end of period	**2 269 333**	**3 220 703**

Deferred income tax provision	as at Dec 31, 2011	as at Dec 31, 2010
Deferred income tax provision at the beginning of period	**133 887**	**370 104**
recognized in profit or loss	133 887	370 104
Increases recognized in profit or loss	298 397	133 887
interest accrued on borrowings	8 217	3 080
interest accrued on deposits	3 435	2 679
accrued positive exchange differences	78 098	90 128
costs related to provision for returns	-	38 000
other	7 468	-
variance between non-current asset balance sheet depreciation and tax-purposes depreciation	201 179	-
Increases recognized in equity	-	-
Decreases recognized in profit or loss	133 887	370 104
Deferred income tax provision at the end of period	**298 397**	**133 887**

Note 5
Inventory

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Materials	346 228	828 972
Finished products	4 588 100	4 394 619
Goods for resale	103 983	113 719
Total gross inventory	**5 038 312**	**5 337 310**
Revaluation	- 92 851	- 92 851
Total net inventory	**4 945 461**	**5 244 459**

In the Management's assessment all inventory items not subject to impairment have a recoverable amount higher than their book value.

Note 5a
Aging of inventory

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
0-90 days	1 994 951	3 749 584
91-180 days	608 787	378 115
180-360 days	938 592	385 985
over 360 days	1 495 982	823 625
Revaluation	- 92 851	- 92 851
Total	**4 945 461**	**5 244 459**

Note 6
Current investments

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Borrowings granted	403 337	540 286
Financial instruments	-	360 455
Total	**403 337**	**900 741**

Description of current investments as at December 31, 2011:

Borrower	Amount in foreign currency	Total contractual amount	Repayment date	Accrued interest due
Roy Campbell	PLN 85 000	PLN 90 000	Jun 30, 2012	-
Marcin Kwaśnica	PLN 300 000	PLN 300 000	Mar 31, 2012	PLN 18 337

Note 7
Trade receivables

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Trade receivables from related parties	1 482 393	1 485 064
Trade receivables from other entities	17 697 158	20 325 845
less than 12 months	17 697 158	20 325 845
over 12 months	-	-
Trade receivables	**19 179 550**	**21 810 909**
Trade receivables revaluation	- 4 662 181	- 4 633 930
Net trade receivables	**14 517 369**	**17 176 979**

Prepayments	1 361 402	1 249 275

Note 7a
Aging of trade receivables

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
not overdue	8 967 975	8 517 506
overdue	10 211 575	13 293 402
including:		
1-30 days	2 133 207	5 217 215
31-90 days	2 472 942	2 391 330
91-180 days	252 747	710 307
over 180 days	5 352 679	4 974 550
revaluation	- 4 662 181	- 4 633 930
Total	**14 517 369**	**17 176 979**

Note 7b
Currency structure of trade receivables

	currency	as at Dec 31, 2011	as at Dec 31, 2010
in PLN	PLN	1 688 754	2 166 194
in foreign currencies	CZK	204 768	879 120
	EUR	1 059 493	1 153 225
	GBP	458 168	614 353
	HUF	512 861	512 861
	USD	1 665 726	2 560 358

Note 8
Deferred tax receivables in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
- from legal entities	857 847	32 487
- from natural persons	-	-
Total	**857 847**	**32 487**

Income tax liabilities

	as at Dec 31, 2011	as at Dec 31, 2010
- from legal entities	45 544	730 222
- from natural persons	43 143	30 654
Total	**88 687**	**760 876**

Note 9
Cash and cash equivalents in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Current accounts	8 499 115	1 257 807
Short-term deposits	5 978 622	13 463 835
Cash at hand	1 712	4 551
Forward contract margins	2 221 008	794 888
Current account loans	-	-
Cash and cash equivalents	**16 700 457**	**15 521 080**

Note 9a
Cash and cash equivalents – currency structure

	currency	as at Dec 31, 2011	as at Dec 31, 2010
in PLN	PLN	6 501 030	12 549 129
in foreign currencies	EUR	362 777	190 181
	GBP	689 946	64 952
	RON	779 898	-
	USD	1 218 528	647 888

Note 10
Other current assets in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
tax receivables (including VAT, excluding corporate income tax)	2 608 177	2 222 384
other settlements with employees	88 273	122 852
settlements with shareholders	25 250	25 250
deposits	84 340	35 396
other settlements	38 413	47 720
prepaid expenses	244 788	249 539
including:		
property and personal insurance	110 544	75 702
subscriptions	19 087	21 918
other	115 157	151 918
Total	**3 089 240**	**2 703 142**

Note 11
Share capital

As at 31 December 2011 share capital comprised four share series as follows:

Series	Type of shares		Number of shares	Nominal value of shares (in PLN)	Method of payment for shares	Registration date	Right to dividend (ex-date)
A	ordinary bearer shares		10 000 000	1 000 000	paid-in	Jun 1, 2007	Jan 1, 2007
B	ordinary bearer shares		40 000	4 000	paid-in	Aug 10,2008	Jan 1, 2007
C	ordinary bearer shares		2 500 000	250 000	paid-in	Dec 17,2008	Jan 1, 2007
D.	ordinary bearer shares		110 000	11 000	paid-in	Oct 9, 2009	Jan 1, 2009
		total	12 650 000	1 265 000			

Total number of shares	12 650 000
Share capital	1 265 000
Nominal share value (in PLN)	0.10

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at 31 December 2011 and total other shareholders:

Item	number of shares held	number of votes held	share of capital
Marek Tymiński	6 475 794	51.19%	51.19%
Aviva Investors Poland S.A.	683 104	5.40%	5.40%
Total others	5 491 102	43.41%	43.41%

Authorization for a conditional increase in equity

On November 8, 2010 the Parent's General Meeting passed a resolution concerning conditional increase in share capital through the issue of series E shares and the exclusion of the subscription right for series E shares.
The conditional increase in share capital by PLN 15 000.00 will be executed through issue of not more than 150 000 series E ordinary bearer shares of a nominal value of PLN 0.10.
Resolution no. 4 was adopted in connection with resolution no. 3 of the Parent's Extraordinary General Meeting of Shareholders of November 8, 2010 concerning adoption of an incentive scheme for City Interactive Group executives.
The incentive scheme is divided into two annual tranches covering 2011-2012, with 75 000 shares to be allocated per year.
The condition necessary for acquisition of rights to shares under the first part of the incentive scheme was not fulfilled during the reporting period – i.e. achievement of consolidated net profit per share exceeding PLN 2.77 and PLN 3.16 for acquisition of rights to the entire pool of shares within the first year of the scheme.

Note 12
Share premium

Equity covers the level of issue price excess above the nominal value for series B, C and D shares:

Series	Number of shares	Nominal value (in PLN)	Price (in PLN)	Premium for the series (in PLN)
B	40 000	0.10	1.00	36 000
C	2 500 000	0.10	9.00	22 250 000
D.	110 000	0.10	1.00	99 000

Excess of purchase price over nominal value of shares		22 385 000
Decrease due to C series share issue costs		- 1 829 311
Transfer to reserve capital		- 16 000 000
	as at January 1, 2011	**4 555 689**
Changes during the reporting period:		-
	as at Dec 31, 2011	**4 555 689**

Note 13
Incentive scheme provision

On 8 November 2010 the Extraordinary General Meeting passed resolution no. 3 on the incentive scheme for City Interactive Group executives, in force during the period 2011-2012.
The Parent's Management Board decided not to grant the portion of the incentive scheme falling within the current reporting period. The condition necessary for acquisition of rights to shares within the first part of the incentive scheme was not fulfilled during the reporting period. Consolidated net profit per share did not exceed the required minimum value of PLN 2.77 (PLN 3.16 for allocation of the entire pool of shares within the first year of the scheme).

The provision for award of City Interactive S.A. shares under a previously implemented incentive scheme is presented below. The effects of this valuation were transferred to retained earnings in the current reporting period.

Valuation date	Series	Number of shares	Nominal value (in PLN)	Price (in PLN)	Award date	Date from which the valuation for the scheme was adopted	Valuation rate in PLN	Value of provision in PLN
31.12.2010	D	85 000	0.10	1.00	30.10.2009	30.10.2009	3.780	236 300
	D.	25 000	0.10	1.00	25.01.2010	25.01.2010	2.850	46 250
					Incentive scheme provision			282 550

Note 14
Buy-back provision

Created through the resolution of the Extraordinary General Meeting of City Interactive S.A. of November 8, 2010 in connection with a resolution of this same day concerning authorization for purchase by the Company of its own shares. The provision was created through transfer from the Company's capital reserve, i.e. from amounts which, in accordance with art. 348, par. 1 of the Polish Commercial Companies Code, which may be allocated for distribution between shareholders.

As at the date of drafting these financial statements the Issuer did not execute any buy-back transactions.

Value of the buy-back provision as at December 31, 2011: PLN 16 000 000.

Note 15
Revaluation reserve

The Issuer used hedge accounting during the reporting period. The aim was to eliminate foreign exchange risk connected with anticipated foreign exchange surpluses.
Forward contracts were executed (for currency sales), constituting a hedge position in relation to the hedge position for surplus expected by the Company in the principle currencies for the Group's revenues (USD, EUR, GBP). This surplus will arise during the settlement period for specific forward contracts.
The Issuer values hedge positions with the exception of interest.
Forward contracts are valued through comparison of the spot rate for the currency hedging the contract.
The interest was transferred to costs for the period.
The effective part of the hedge was transferred to the revaluation reserve.

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Hedging instrument measurement	- 2 953 690	-
Interest component	362 959	-
Effective hedge	**- 2 590 732**	**-**
Deferred tax	492 239	-
Measurement of hedging instruments	**- 2 098 493**	**-**

Note 16
Borrowings including credits, loans and other debt instruments

in PLN

Non-current liabilities	as at Dec 31, 2011	as at Dec 31, 2010
Finance lease liabilities - non-current part	28 602	54 026
Total	**28 602**	**54 026**

Current liabilities	as at Dec 31, 2011	as at Dec 31, 2010
Debt instrument liabilities	-	5 022 816
Financial instruments	2 953 690	-
Finance lease liabilities - current part	26 034	111 155
Total	**2 979 725**	**5 133 972**

Note 17
Finance lease liabilities

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
up to 1 month	2 098	17 244
1-3 months	4 235	35 368
3-6 months	6 449	33 873
6-12 months	13 253	24 670
1-5 years	28 602	54 026
Total	**54 637**	**165 181**

Note 18
Information on borrowings incurred and debt instrument liabilities

The Issuer did not recognize any liabilities under bank loans during the reporting period.

On September 16, 2010 the Parent issued series B bonds as a total of PLN 5 million. This was done to roll over series A bonds. Liabilities due to debt instruments remained unchanged.

The issued bonds are bearer securities in a certificated form. The issue includes 100 series B bonds with the total par value of PLN 5 000 000. The issue price of one series B bond is PLN 50 000.

Redemption of series B bonds was scheduled for March 16, 2011. The Bonds carried a variable interest rate. In the second interest period (i.e. from December 16, 2010 until the maturity date) the interest rate equaled the 3M WIBOR, as published on December 14, 2010, plus a 6.5% margin.

Interest in the period from January 1, 2011 to maturity was PLN 108 000.

The bonds were redeemed by the Parent on March 16, 2011.

Note 19
Provisions for employee benefits

Provisions for employee benefits cover costs of equivalents connected with unused annual leave as at December 31, 2011.
With regard to the low average employee age, pension provisions and the resulting insignificant level of the provision was not amortized.

Note 20
Trade and other payables

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Trade payables to related parties	556 274	496 210
Trade payables to other entities	7 770 403	8 808 408
less than 12 months	7 770 403	8 808 408
over 12 months	-	-
Total	**8 326 677**	**9 304 617**

Note 20a
Aging of trade payables

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
not overdue	4 516 379	5 639 410
overdue	3 810 298	3 665 207
including:		
1-30 days	1 064 430	1 130 327
31-60 days	991 017	370 310
61-90 days	228 827	363 833
91-180 days	614 569	493 551
over 180 days	911 456	1 307 185
Total	**8 326 677**	**9 304 617**

Note 21
Other payables

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Tax liabilities (excluding corporate income tax)	139 826	358 713
Other payables	93 125	72 712
Special funds (Workplace Social Benefits Fund)	64 647	69 339
Total	**297 598**	**500 765**

Note 22
Estimates and other current provisions

in P

	as at Dec 31, 2011	as at Dec 31, 2010
Provision for audit of financial statements	15 000	30 770
Provision for remuneration	200 000	-
Provision for non-invoiced costs	675 108	753 790
Total	**890 108**	**784 560**

	as at Dec 31, 2011	as at Dec 31, 2010
Provision for returns - revenue and receivables decrease	993 896	1 944 615
Decrease of cost of sales related to the provision for returns	-	- 200 000
Total	**993 896**	**1 744 615**

Note 23
Net revenue from sale of products – geographical structure in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Domestic	3 296 359	5 501 551
Export	78 421 858	80 569 248
Total	**81 718 217**	**86 070 799**

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Europe	44 876 483	43 878 907
North America	28 369 045	39 014 456
Asia and Australia	8 472 689	3 177 437
Total	**81 718 217**	**86 070 799**

Note 24
Costs by nature in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Depreciation / amortization	6 193 677	5 983 514
Use of materials and energy	724 432	643 948
Third-party services	16 055 127	11 534 257
Taxes and fees	142 342	76 266
Remuneration and employee benefits	4 456 382	3 154 559
Other costs	8 214 403	4 499 197
Total costs by nature	**35 786 362**	**25 891 740**
Distribution costs	- 10 540 485	- 7 304 926

Administrative expenses	- 5 899 610	- 4 937 856
Value of products sold	22 846 110	21 528 178
Cost of products sold	**42 192 377**	**35 177 137**

Note 25
Employee benefits

in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Remuneration	3 804 310	2 750 648
Social security	275 789	181 675
Other benefits	376 284	222 235
Total	**4 456 382**	**3 154 559**

Note 26
Other operating revenue

in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Release of receivables impairment charges	300 540	455 318
Release of other provisions	-	12 013
Damages received	145 425	218 392
Inventory differences	7 735	-
Gain on disposal of non-financial non-current assets	138 880	-
Liabilities written off	2 218	88 086
Other	74 447	282 898
Total	**669 246**	**1 056 706**

Note 27
Other operating costs

in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Receivables revaluation	429 188	1 583 722
Inventory differences	41 590	123 034
Liquidation of sub-quality materials (returns)	512 585	834 060
Settlements, contractual penalties, sanctions	90 784	333

Loss on disposal of non-financial non-current assets	-	3 834
Receivables written-off	66 964	117 414
Court expenses	-	4 132
Revaluation of intangible assets	-	1 499 978
other	475 830	645 647
Total	**1 616 942**	**4 812 154**

Note 28
Finance income / costs

in PLN

Finance income	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Interest	351 420	48 069
Net positive exchange differences	1 194 386	-
Total	**1 545 806**	**48 069**

Finance costs	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Interest	344 679	742 203
Net negative exchange differences	13 430	860 432
other	-	90 286
Total	**358 109**	**1 692 920**

Net finance income / costs	**1 187 697**	**- 1 644 851**

Note 29
Income tax

in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Current income tax	3 813 818	4 831 566
Current-period income tax	3 484 301	4 831 566
Income tax brought forward	329 517	-
Deferred tax	1 571 074	818 019
Income tax through profit or loss	**5 384 892**	**5 649 585**

Note 30
Effective tax rate

in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Profit (loss) before tax	22 307 712	32 542 795
Tax at 19%	4 238 465	6 183 131
Non-taxed revenue, tax value	- 22 056	- 209 728
Variances due to use of tax rates of other tax regimes	- 170 997	- 458 443
Costs not constituting tax-deductible expenses, tax value	1 009 964	134 625
Current income tax	5 055 375	5 649 585
Prior-period tax	329 517	-
Effective tax rate	22,7%	17,4%

Note 31
Segment information

in PLN

for the period 01.01- 31.12.2011	Own products	Licensed products	Licenses	Other sales	Total
Revenues	**86%**	**3%**	**9%**	**2%**	**100%**
Total segment revenues	**70 108 716**	**2 335 038**	**7 328 643**	**1 945 820**	**81 718 217**
Segment revenues	70 108 716	2 335 038	7 328 643	1 945 820	81 718 217
Total segment direct expenses	**- 39 664 434**	**- 1 616 678**	**- 634 556**	**- 1 294 742**	**- 43 210 410**
Segment cost of sales	- 35 182 268	- 768 474		- 1 284 542	- 37 235 284
Sales margin	**49.82%**	**67.09%**	**100.00%**	**33.98%**	**54.43%**
Segment depreciation and amortization	- 4 482 166	- 848 204	- 634 556	- 10 200	- 5 975 126
Other segment direct expenses					
Result	*0.43*	*0.31*	*0.91*	*0.33*	*0.47*
Total segment profit (loss)	**30 444 281**	**718 360**	**6 694 087**	**651 078**	**38 507 806**
Distribution costs and administrative expenses	- 14 104 493	- 469 764	- 1 474 379	- 391 461	- 16 440 096
Other operating revenue / costs	- 813 059	- 27 080	- 84 991	- 22 566	- 947 696
Profit (loss) from operating activities	15 526 729	221 516	5 134 717	237 051	21 120 014
EBITDA	20 008 895	1 069 720	5 769 273	247 251	27 095 140
OR/NS	22.15%	9.49%	70.06%	12.18%	25.84%
Finance income / costs	1 018 964	33 938	106 515	28 281	1 187 697
Profit (loss) before tax	19 138 511	637 426	2 000 597	531 176	22 307 711
Income tax	4 619 874	153 869	482 927	128 221	5 384 892
Net profit (loss) for the financial year	14 518 637	483 557	1 517 670	402 955	16 922 819
Assets and liabilities and equity	**Own products**	**Licensed products**	**Licenses**	**Other sales**	**Total**
Non-current and intangible assets	22 689 638	755 700	2 371 806	629 735	26 446 879
Other non-current assets	2 001 086	66 648	209 179	55 539	2 332 452
Current assets	35 926 021	1 196 550	3 755 439	997 102	41 875 113
Total assets	60 616 745	2 018 898	6 336 423	1 682 377	**70 654 444**
Liabilities	11 051 933	368 095	1 155 287	306 739	12 882 053
Equity	49 564 813	1 650 803	5 181 137	1 375 638	57 772 390
Total liabilities and equity	60 616 745	2 018 898	6 336 423	1 682 377	**70 654 444**

Note 31
Segment information (continued)

in PLN

for the period from Jan 1 to Dec 31, 2011	Own products	Licensed products	Licenses	Other sales	Total
Revenues	**84%**	**5%**	**8%**	**2%**	**100%**
Total segment revenues	**72 320 259**	**4 656 311**	**6 985 175**	**2 109 054**	**86 070 799**
Segment revenues	72 320 259	4 656 311	6 985 175	2 109 054	86 070 799
Total segment direct expenses	**- 31 641 078**	**- 2 495 290**	**- 525 547**	**- 1 223 009**	**- 35 884 923**
Segment cost of sales	- 26 677 258	- 2 190 600	-	- 1 056 595	- 29 924 453
Sales margin	**63.11%**	**52.95%**	**100.00%**	**49.90%**	**65.23%**
Segment depreciation and amortization	- 4 963 820	- 304 690	- 525 547	- 166 414	- 5 960 471
Other segment direct expenses					
Result	*0.56*	*0.46*	*0.92*	*0.42*	*0.58*
Total segment profit (loss)	**40 679 181**	**2 161 021**	**6 459 628**	**886 045**	**50 185 875**
Distribution costs and administrative expenses	- 10 286 893	- 662 318	- 993 577	- 299 994	- 12 242 781
Other operating revenue / costs	- 3 155 483	- 203 165	- 304 778	- 92 022	- 3 755 448
Profit (loss) from operating activities	27 236 804	1 295 539	5 161 273	494 029	34 187 646
EBITDA	32 200 624	1 600 229	5 686 820	660 443	40 148 117
OR/NS	37.66%	27.82%	73.89%	23.42%	39.72%
Finance income / costs	- 1 398 877	- 90 066	- 135 113	- 40 795	- 1 664 851
Profit (loss) before tax	27 343 808	1 760 520	2 641 048	797 419	32 542 795
Income tax	4 747 016	305 635	458 499	138 436	5 649 585
Net profit (loss) for the financial year	22 596 792	1 454 885	2 182 549	658 983	26 893 210
Assets and liabilities and equity	**Own products**	**Licensed products**	**Licenses**	**Other sales**	**Total**
Non-current and intangible assets	11 390 721	733 387	1 100 192	332 184	13 556 484
Other non-current assets	2 716 328	174 890	262 361	79 215	3 232 795
Current assets	35 986 001	2 316 944	3 475 769	1 049 449	42 828 162
Total assets	50 093 049	3 225 221	4 838 322	1 460 848	**59 617 441**
Liabilities	13 994 709	901 044	1 351 703	408 123	16 655 579
Equity	36 098 340	2 324 177	3 486 619	1 052 725	42 961 862
Total liabilities and equity	50 093 049	3 225 221	4 838 322	1 460 848	**59 617 441**

Note 32
Earnings per share

Net earnings per share outstanding as at December 31, 2011 were PLN 1.34.

Diluted EPS is equal to earnings per registered share.

Note 33
Allocation of 2010 and 2011 earnings

The Issuer’s 2010 net profit amounting to PLN 25 823 050.62 was allocated to a dividend fund through resolution no. 7 of the General Meeting of Shareholders of June 20, 2011.

Recommendation concerning the allocation of 2011 earnings
The Issuer's Management Board recommends that profit from the current reporting period be allocated to a dividend provision.

Note 34
Contingent payables and receivables

As at December 31, 2011 the Group companies had no contingent payables except promissory notes issued by City Interactive S.A. for lessors in order to secure payments under concluded lease agreements.

Note 35
On-going judicial proceedings

As at the date of drafting these financial statements the Issuer’s management was not aware of any significant on-going judicial proceedings involving the Issuer or its subsidiaries.

Note 36
Transactions with parties related to members of the Issuer's governing bodies in PLN

Transactions with companies linked to Marek Tymiński – majority shareholder in the Company, who directly or indirectly controls the following entities:

	Costs / assets	Revenues	Receivables	Payables
ATS Sp. z o.o.	4 382 855	57 268	15 172	472 987
Premium Food Sp. z o.o.	-	-	-	-
Premium Food Restaurants S.A.	12 278	3 324	-	4 872
Klub Rybny Sp. z o.o.	-	-	-	-
Tech Marek Tymiński	-	17 158	14 669	-
MT Golf	-	3 476	13 990	-
TOTAL	**4 395 133**	**81 226**	**43 831**	**477 859**

Transactions with companies linked to Members of the Supervisory Board or Management Board:

	Costs	Revenues	Receivables	Payables
KS Konsulting Krzysztof Sroczyński	13 500	-	-	-
IDM S.A. (Grzegorz Leszczyński)	1 887	-	-	-
IDEA (Grzegorz Leszczyński)	105 526	-	-	-
STELING M. Dworak	24 000	-	-	-
Tomasz Litwiniuk Doradztwo Finansowe	-	11 000	13 530	-
Michał Sokolski 3AFX	172 877	-	-	-
TOTAL	**317 790**	**11 000**	**13 530**	**-**

Note 37
Structure of cash instruments

in PLN

	31.12.2011	31.12.2010	Change
Cash at hand	1 712	3 465	- 1 753
Cash instruments in current accounts	8 499 115	1 258 893	7 240 222
Other cash instruments	8 199 629	14 258 723	- 6 059 093
Other cash assets	-	-	-
	16 700 457	15 521 080	1 179 376
Current financial assets classified for purposes of the statement of cash flows as cash instruments	-	-	-
Total cash instruments for purposes of the statement of cash flows	**16 700 457**	**15 521 080**	**1 179 376**

Note 38
Employment information

	as at December 31, 2011	as at December 31, 2010
	Employment level	**Employment level**
Development staff	178	116
Sales and administration staff	26	21
Total employment	**204**	**137**

Note 39
Comparative data

The Parent restated its comparative data from the profit and loss statement for 2010. Initially classified as distribution costs, the costs of this commission were recognized as a decrease in revenue from sale. The restatement covered only comparative data from the profit and loss statement. Below is an excerpt from the table with presentation of the changes. The tables in the main part of this report and notes contain data after the restatement.

As a result of the restatement, revenues were presented at the level of payments actually received. The value of the restatement for 2010 was PLN 2 967 000.

in PLN

Comparative data restatement for the period from January 1 to December 31, 2010	after restatement	before restatement
Net revenue from sales	**86 070 799**	**89 037 340**
Revenue from sale of products and services	85 400 527	88 367 068
Revenue from sale of goods for resale and materials	670 271	670 271
Cost of products, goods for resale and services sold	**35 884 923**	**35 884 923**
Cost of manufacture of products sold	35 177 137	35 177 137
Value of goods for resale and materials sold	707 786	707 786
Gross profit (loss) on sales (A-B)	**50 185 875**	**53 152 416**
Other operating revenues	1 056 706	1 056 706
Distribution costs	7 304 926	10 271 467
Administrative expenses	4 937 856	4 937 856
Other operating costs	4 812 154	4 812 154
Profit (loss) on operating activities	**34 187 646**	**34 187 646**

Note 40
Management Board and Supervisory Board Member remuneration in PLN

Remuneration paid to Management Board members during the period January 1 – December 31, 2011

Marek Tymiński - President	300 000
Artur Winiarski - Member	9 000
Wojciech Kutak - Member	113 043
Michał Sokolski - Member	3

Remuneration paid to Supervisory Board members during the period January 1 – December 31, 2011

Krzysztof Sroczyński - Chairman	42 000
Marek Dworak - Member	30 000
Grzegorz Leszczyński - Member	30 000
Lech Tymiński - Member	30 000
Tomasz Litwiniuk - Member	30 000

Note 41
Number of shares held by Members of the Management and Supervisory Boards

As at December 31, 2011, Members of the Management Board held the following number of shares in the Company:

Marek Tymiński - President	6 475 794
Michał Sokolski - Member	322 000

As at December 31, 2011, Members of the Supervisory Board held the following number of shares in the Company:

Lech Tymiński - Member	9 565

Note 42
Financial instruments in PLN

Financial instruments classification	Carrying amount as at 31.12.2011	
Borrowings	403 337	-
Receivables	17 361 822	-
Financial liabilities due to hedging instruments measurement	-	2 953 691
Cash and cash equivalents	16 700 457	-

The fair value of all financial instruments as at the end of the reporting period did not differ from their respective carrying amounts.

Risk factors affecting financial instruments. Hedging methods

Credit and cash flow risk
The Group companies do not currently insure trade receivables. Cooperation with contracting parties which are in a stable financial situation and constant monitoring of this situation provides security against the risk of these financial instruments being impaired. There was no significant loss of value in receivables during the settlement period. There is also no significant delay in payment of the Company's receivables.

Foreign exchange risk
Payables and receivables resulting from current operations mainly occurred in currencies other than Polish zloty, which is the functional and presentational currency. The company used payables in currencies other than the functional currency as currency risk collateral under foreign exchange receivables. The value of the net financial surplus in specific currencies is hedged through forward contracts under the hedge accounting policy.

Forward contracts (for currency sales) constitute a hedge position in relation to the hedge position for surplus expected by the Company in the principle currencies for the Company's revenues (USD, EUR, GBP). This surplus arises during the settlement period for specific forward contracts. As at the end of the reporting period the Issuer values hedge positions with the exception of interest. Forward contracts are valued through comparison of the spot rate for the currency hedging the contract. The interest was transferred to costs for the period. The effective part of the hedge was transferred to the revaluation reserve. (calculation of impact on the result and on the hedging provision can be found in note 15).

Summary of open forward contracts as at the end of the reporting period:

	Open contracts in foreign currency	Forward initial recognition in PLN	Initial price	Contract settlement date
GBP	250 000	1 154 000	4.6160	April 13, 2012
USD	1 000 000	2 930 000	2.9300	April 13, 2012
EUR	200 000	811 300	4.0565	April 13, 2012
EUR	300 000	1 315 500	4.3850	May 31, 2012
EUR	2 245 000	9 771 812	4.3527	May 31, 2012
GBP	500 000	2 517 850	5.0357	May 31, 2012
USD	1 350 000	4 334 175	3.2105	June 22, 2012
USD	450 000	1 444 995	3.2111	June 22, 2012
GBP	750 000	3 785 625	5.0475	June 29, 2012
GBP	500 000	2 523 750	5.0475	June 29, 2012
EUR	1 000 000	4 385 000	4.3850	June 29, 2012
GBP	677 000	3 412 554	5.0407	June 29, 2012
USD	2 500 000	8 015 000	3.2060	June 29, 2012
		46 401 560		

Interest rate risk

The interest rate was dependent on the Libor and Wibor interbank rates and at the same time on interest rate risk within the economy as a whole. The Group companies does not use hedging instruments for this type of risk.

Pricing risk

The Group is protected against potential drops in the value of financial instruments and against the risk of cash flows connected with them decreasing, by operating in many countries and economies. This protects the company against fluctuations in the economic situation in one market. The group has introduced new products to its portfolio – console games supplementing the range of PC products and strengthening its competitive advantage. Careful selection of distributors and assessment of their financial conditions has an impact on lowering pricing risk.

Note 43
Events after the end of the reporting period

On March 14, 2012 Member of the Management Board Michał Sokolski resigned. At the same time Andreas Jaeger was appointed as Member of the Management Board.

Artur Winiarski

Person drawing up the financial statements

Marek Tymiński

President of the Management Board

Andreas Jaeger

Member of the Management Board

Warsaw, April 13, 2012