CITY INTERACTIVE S.A.

ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2011

Warsaw, April 13, 2012

Contents

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

1. Information on the company

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 Company'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 are subsidiaries of City Interactive S.A. 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.
- 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.
- Business Area Spółka z o.o. – a company with registered office in Warsaw. 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.
- 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.
- 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.
- 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.
- 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.

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:

- City Interactive Peru SAC (formerly UCRONICS SAC) – a company having its registered office in Lima, Peru. 99% share. Share capital 2 436 650 Sol.
- 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 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 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

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

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

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

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

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted financial statements as well as 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) 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 Company 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 Company'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 Company 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 Company'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.

d) Intangible assets

(i) Intangible assets

The Company recognizes intangible assets only when:

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

e) 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.

f) Financial instruments

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

The Company 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 Company 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 Company 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 Company 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 Company 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.

g) Trade and other receivables

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

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

i) 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 company 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 bid rate of the bank used by the company.
The Company measures prepayments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The company 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.

j) Cash and cash equivalents

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

k) 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.

l) 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 company creates the following provisions for liabilities:

- deferred income tax provision created in connection with the occurrence of positive differences between the book value of assets and liabilities and their tax value,
- provisions for employee benefits – provisions for pension gratuities are calculated based on own estimates, however with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,
- other provisions.

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

m) Liabilities 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.

n) Revenues

Revenue from sale of products and services includes sale of products manufactured by the Company 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 Company 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 Company has transferred significant risk and benefits resulting from the right of ownership of goods for resale and products to the purchaser,
- the Company 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 Company will achieve economic benefits from the transaction,

- costs borne and those which will be borne by the Company 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.

o) Costs

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

(i) Payments for finance leases

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

(ii) Net 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 Company, 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.

p) Tax

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

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

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

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

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

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

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

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

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

r) Segment reporting

A business segment is a separate part of the Company 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 company applies only one business segment.

City Interactive S.A. 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 Company 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 Company to other entities.
Revenue from sale of goods for resale covers sale of products which have been purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Operating costs are divided as follows:

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

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

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

Immediately before reclassification to the company of assets held for sale, valuation of assets (or all assets and liabilities constituting a Company 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 Company'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 Company held for sale.

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

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

The City Interactive S.A. 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 Company 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 Company did not take advantage of the option to implement new, non-binding standards. The Company 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, 2011 – 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

PROFIT AND LOSS STATEMENT	2011		2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**69 933**	**16 891**	**72 574**	**18 124**
Profit (loss) from operating activities	20 585	4 972	32 866	8 208
Gross profit (loss)	21 806	5 267	31 690	7 914
Net profit (loss)	**17 103**	**4 131**	**25 823**	**6 449**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	1,35	0,33	2,04	0,51

STATEMENT OF CASH FLOWS	2011		2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	26 228	6 335	27 210	6 795
Net cash flows from investing activities	-21 558	-5 207	-10 132	-2 530
Net cash flows from financing activities	-5 248	-1 268	-2 896	-723
Net cash flows	**-578**	**-140**	**14 182**	**3 542**

BALANCE SHEET	31.12.2011		31.12.2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	27 661	6 263	16 372	4 134
Current assets	43 469	9 842	43 230	10 916
Total assets	**71 130**	**16 105**	**59 601**	**15 050**
Equity	58 596	13 267	43 557	10 998
Share capital	1 265	286	1 265	319
Liabilities	**12 534**	**2 838**	**16 044**	**4 051**
Non-current liabilities	334	76	201	51
Current liabilities	12 200	2 762	15 843	4 000
Total equity and liabilities	**71 130**	**16 105**	**59 601**	**15 050**

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

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**		**27 661**	**16 372**
	Property, plant and equipment	1	957	428
	Intangible assets	2	24 149	13 110
	Interests in subsidiaries	3	308	268
	Deferred income tax assets	4	2 246	2 565
B.	**CURRENT ASSETS**		**43 469**	**43 230**
	Inventory	5,5a	3 909	4 286
	Non-current investments	6	4 078	1 026
	Prepayments		1 049	1 240
	Trade receivables	7,7a,7b	16 857	19 477
	Deferred tax receivables	8	855	-
	Cash and cash equivalents	9,9a	14 062	14 640
	Other current assets	10	2 660	2 561
	TOTAL ASSETS		**71 130**	**59 601**

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**		**58 596**	**43 557**
	Share capital	11	1 265	1 265
	Share premium	12	4 556	4 556
	Revaluation reserve	15	- 2 021	42
	Incentive scheme provision	13	-	283
	Buy-back provision	14	16 000	16 000
	Retained earnings		38 797	21 411
	including profit (loss) for the period		17 103	25 823
B.	**LIABILITIES**		**12 534**	**16 044**
	Non-current liabilities		**334**	**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	290	134
	Current liabilities		**12 200**	**15 843**
	Borrowings including credits, loans and other debt instruments	16,18	-	5 023
	Income tax liabilities	8	-	730
	Trade receivables	20,20a	8 033	8 702
	Finance lease liabilities	16,17	26	111
	Financial liabilities	15,16	2 954	-
	Other liabilities	21	298	500
	Other current provisions	22	889	777
	TOTAL EQUITY AND LIABILITIES		**71 130**	**59 601**

Book value (in PLN thousands)	58 596	43 557
Number of shares (in thousands)	12 650	12 650
Book value per share (in PLN)	4,63	3,44

PROFIT AND LOSS STATEMENT

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**	**69 933**	**72 574**
Revenue from sale of products and services		68 566	71 903
Revenue from sale of goods for resale and materials		1 367	670
Cost of products, goods for resale and services sold		**37 449**	**26 820**
Cost of manufacture of products sold	24,25	36 446	26 112
Value of goods for resale and materials sold		1 003	708
Gross profit (loss) on sales (A-B)		**32 483**	**45 753**
Other operating revenues	26	670	1 049
Distribution costs		6 554	5 306
Administrative expenses		4 510	3 850
Other operating costs	27	1 504	4 781
Profit (loss) on operating activities		**20 585**	**32 866**
Finance income	28	1 566	54
Finance costs	28	345	1 230
Profit (loss) before tax		**21 806**	**31 690**
Income tax	29,30	4 703	5 867
Profit (loss) on continuing operations		**17 103**	**25 823**
Discontinued operations		**-**	**-**
Loss on discontinued operations		**-**	**-**
NET PROFIT (LOSS)		**17 103**	**25 823**

Net profit (loss) (in PLN thousands)	17 103	25 823
Number of shares (in thousands)	12 650	12 650
Profit (loss) per ordinary share (in PLN)	1.35	2.04

The Company 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.

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	**17 103**	**25 823**
Total other comprehensive income	- 2 064	- 10
Result of financial asset measurement	35	- 10
Result of hedging instrument measurement	- 2 098	-
Total	**15 040**	**25 813**

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	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
As at Jan 1, 2011	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**
Changes in the accounting principles (policies)	-	-	-	-	-	-	-
Balance as at Jan 1, 2011 after restatement	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**
Changes in equity during 2011							
Profit (loss) for the period	-	-	-	-	-	17 103	17 103
Incentive scheme provision	-	-	-	-	- 283	283	-
Revaluation of financial assets	-	-	-	35	-	-	35
Revaluation of hedging instruments	-	-	-	- 2 098	-	-	- 2 098
as at Dec 31, 2011	**1 265**	**4 556**	**16 000**	**- 2 021**	**-**	**38 797**	**58 596**

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	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
Balance as at January 1, 2010	**1 265**	**20 556**	**-**	**52**	**294**	**- 4 119**	**18 047**
Opening balance restatement	-	-	-	-	-	- 293	- 293
Balance as at January 1, 2010 after restatement	**1 265**	**20 556**	**-**	**52**	**294**	**- 4 412**	**17 755**
Changes in equity during 2010							
Profit (loss) for the period	-	-	-	-	-	25 823	25 823
Creation of a buy-back provision	-	- 16 000	16 000	-	-	-	-
Revaluation	-	-	-	- 10	- 11	-	- 21
as at December 31, 2010	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**

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)	**21 806**	**31 690**
Total adjustments	**4 422**	**- 4 480**
Depreciation / amortization	6 120	5 960
Creation (reversal) of impairment charges	157	2 479
Gain (loss) on exchange differences	- 45	122
Gain (loss) on sale of fixed assets	271	6
Interest	64	613
Change in receivables	2 714	- 8 313
Change in inventories	376	- 1
Change in trade and other payables	- 648	443
Change in provisions and liabilities for employee benefits	2	4
Incentive scheme	-	- 11
Tax paid	- 5 312	- 3 699
Exclusion of financial instruments valuation	723	- 360
Correction of prior-year results	-	- 1 724
Net cash flows from operating activities	**26 228**	**27 210**

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	186	1 277
Interest received	20	21
Cash outflows on acquisition of property, plant and equipment and intangible assets	- 1 424	- 1 212
Cash outflows on purchase of financial assets	- 6	- 9
Cash outflows on R&D	- 16 957	- 9 641
Cash outflows on borrowings granted	- 3 523	- 450
Other cash outflows	-	- 118
Net cash from investing activities	**- 21 558**	**- 10 132**
CASH FLOWS FROM FINANCING ACTIVITIES		
Incurrence of borrowings	-	2 743
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**	**- 2 896**
TOTAL NET CASH FLOWS	**- 578**	**14 182**
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:	**- 578**	**14 182**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**14 640**	**458**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**14 062**	**14 640**

IV. Notes to the financial statements of City Interactive S.A. 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**	**170 961**	**-**	**-**	**2 330 090**
Increases:	-	-	717 377	111 128	18 915	36 038	-	883 458
- acquisition	-	-	717 377	111 128	18 915	36 038	-	883 458
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	**-**	**-**	**1 750 497**	**295 174**	**95 695**	**36 038**	**-**	**2 177 404**
Depreciation as at January 1, 2011	-	-	**1 382 996**	**374 993**	**144 040**	-	-	**1 902 030**
Increases:	-	-	247 137	70 549	11 275	-	-	328 961
- depreciation	-	-	247 137	70 549	11 275	-	-	328 961
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	-	-	**1 033 312**	**125 567**	**61 667**	**-**	**-**	**1 220 545**
Net value								
As at January 1, 2011	-	-	**255 036**	**146 105**	**26 921**	**-**	-	**428 061**
As at December 31, 2011	-	-	**717 185**	**169 608**	**34 028**	**36 038**	-	**956 859**

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**	**168 625**	-	-	**2 031 940**
Increases:	-	-	184 166	122 161	2 336	-	-	308 663
- acquisition	-	-	184 166	23 800	2 336	-	-	210 302
- leases	-	-	-	98 361	-	-	-	98 361
Decreases:	-	-	10 513	-	-	-	-	10 513
- sale	-	-	10 513	-	-	-	-	10 513
Gross value as at December 31, 2010	**-**	**-**	**1 638 032**	**521 098**	**170 961**	-	-	**2 330 090**
Depreciation as at January 1, 2010	**-**	**-**	**1 066 152**	**282 625**	**131 383**	-	-	**1 480 161**
Increases:	-	-	321 673	92 368	12 657	-	-	426 697
- depreciation	-	-	321 673	92 368	12 657	-	-	427 697
Decreases:	-	-	4 829	-	-	-	-	4 829
- sale	-	-	4 829	-	-	-	-	4 829
Depreciation as at December 31, 2010	**-**	**-**	**1 382 996**	**374 993**	**144 040**	-	-	**1 902 030**
Net value	**-**	**-**						-
As at January 1, 2010	**-**	**-**	**398 226**	**116 312**	**37 241**	-	-	**551 780**
As at December 31, 2010	**-**	**-**	**255 036**	**146 105**	**26 921**	-	-	**428 061**

Note 2
Changes in intangible assets by type in PLN

All of the Company's intangible assets have a defined period of use and are subject to amortization.
As at the end of the reporting period, the residual value of intangible assets in use is higher than their non-amortized amount.
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**	-	**6 571 921**	-	**51 000**	**1 510 856**	**418 182**	**36 278 224**
Increases:	16 634 103	-	307 677	-	-	376 431	227 711	17 545 922
- acquisition	16 634 103	-	-	-	-	376 431	227 711	17 238 245
- transfer	-	-	307 677	-	-	-	-	307 677
Decreases:	-	-	-	-	-	595 681	371 235	966 916
- liquidation	-	-	-	-	-	595 681	-	595 681
- transfer	-	-	-	-	-	-	371 235	371 235
Gross value as at December 31, 2011	**44 360 367**	-	**6 879 598**	-	**51 000**	**1 291 607**	**274 658**	**52 857 230**
Amortization as at January 1, 2011	**16 397 971**	-	**5 593 501**	-	**37 400**	**1 138 934**	-	**23 167 806**
Increases:	5 080 460	-	848 204	-	10 200	171 833	-	6 110 696
- amortization	5 080 460	-	848 204	-	10 200	171 833	-	6 110 696
Decreases:	-	-	-	-	-	570 353	-	570 353
- liquidation	-	-	-	-	-	570 353	-	570 353
Amortization as at December 31, 2011	**21 478 431**	-	**6 441 705**	-	**47 600**	**740 414**	-	**28 708 149**
Net value								
As at January 1, 2011	**11 328 294**	-	**978 421**	-	**13 600**	**371 922**	**418 182**	**13 110 418**
As at Dec 31, 2011	**22 881 936**	-	**437 894**	-	**3 400**	**551 193**	**274 658**	**24 149 081**

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**	-	**5 408 054**	-	**51 000**	**1 374 418**	**890 836**	**27 520 749**
Increases:	9 429 801	-	1 163 868	-	-	136 439	861 131	11 591 238
- acquisition	9 429 801	-	-	-	-	136 439	861 131	10 427 371
- transfer	-	-	1 163 868	-	-	-	-	1 163 868
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**	-	**6 571 921**	-	**51 000**	**1 510 856**	**418 182**	**36 278 224**
Amortization as at January 1, 2010	**11 853 703**	-	**4 423 590**	-	**27 200**	**946 817**	-	**17 251 310**
Increases:	4 544 268	-	1 169 910	-	10 200	192 117	-	5 916 496
- amortization	4 544 268	-	1 169 910	-	10 200	192 117	-	5 916 496
Amortization as at December 31, 2010	**16 397 971**	-	**5 593 501**	-	**37 400**	**1 138 934**	-	**23 167 806**
Net value								
As at January 1, 2010	**7 942 738**	-	**984 463**	-	**23 800**	**427 601**	**890 836**	**10 269 439**
As at December 31, 2010	**11 328 294**	-	**978 421**	-	**13 600**	**371 922**	**418 182**	**13 110 418**

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 Germany GmbH (EUR 25 000)	110 420	99 008
City Interactive USA Inc. (USD 50 000)	170 870	148 205
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 UK (GBP 100)	527	-
City Interactive Romania (RON 200 RON; EUR 1 241.29)	5 687	-
City Interactive Canada Inc. (CAD 10)	33	-
Business Area Sp. z o.o.	8 794	8 794
Net financial non-current assets:	**2 913 970**	**2 873 645**
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:	**308 423**	**268 099**

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	**2 564 976**	**3 612 603**
recognized in profit or loss	**2 564 976**	3 612 603
Increases recognized in profit or loss	1 754 172	2 564 976
including:		
provision for expenses	171 845	150 123
receivables revaluation	940 523	935 156
equity revaluation	495 054	472 030
tax value of leased non-current assets	-	8 147
variance between non-current asset balance sheet depreciation and tax-purposes depreciation	-	299 776
loss on tax	-	410 410
provision for returns	133 000	285 000
other	13 750	4 334
Increases recognized in equity	492 239	-
hedging instrument measurement	492 239	-
Decreases recognized in profit or loss	2 564 976	3 612 603
Deferred income tax assets at the end of period	**2 246 411**	**2 564 976**

Deferred income tax provision	as at Dec 31, 2011	as at Dec 31, 2010
Deferred income tax provision at the beginning of period	**133 881**	**146 205**
recognized in profit or loss	133 881	146 205
Increases recognized in profit or loss	290 194	133 881
including:		
interest accrued on deposits	11 652	5 759
accrued positive exchange differences	77 363	90 122
costs related to provision for returns	-	38 000
variance between non-current asset balance sheet depreciation and tax-purposes depreciation	201 179	-
Increases recognized in equity	-	-
Decreases recognized in profit or loss	133 881	146 205
Deferred income tax provision at the end of period	**290 194**	**133 881**

Note 5
Inventory

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Materials	346 228	828 972
Production in progress		-
Finished products	3 551 729	3 435 679
Goods for resale	103 983	113 719
Total gross inventory	**4 001 940**	**4 378 370**
Revaluation	- 92 851	- 92 851
Total net inventory	**3 909 089**	**4 285 520**

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	1 608 521	2 830 891
91-180 days	508 955	338 195
180-360 days	646 268	385 985
over 360 days	1 238 197	823 300
Revaluation	- 92 851	- 92 851
Total	**3 909 089**	**4 285 520**

Note 6
Current investments

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Borrowings granted	4 365 456	953 605
Revaluation	- 287 944	- 287 944
Other short-term debt instruments		-
Financial instruments	-	360 455
Total	**4 077 512**	**1 026 116**

Description of borrowings granted:

Borrower	Amount in foreign currency	Total contractual amount	Repayment date	Accrued interest due
City Interactive Germany GmbH	EUR 130 000	EUR 130 000	Mar 28, 2012	EUR 954
City Interactive Studio LTD	GBP 180 000	EUR 220 000	Jan 2, 2012	GBP 2 661
City Interactive Studio S.R.L.	EUR 449 500	EUR 500 000	Jul 31, 2012	EUR 1 417
Business Area Sp. z o.o.	PLN 140 000	PLN 800 000	Oct 31, 2012	PLN 1 706
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	9 285 571	11 050 256
Trade receivables from other entities	12 234 009	13 060 535
less than 12 months	12 234 009	13 060 535
over 12 months	-	-
Trade receivables	**21 519 580**	**24 110 791**
Trade receivables revaluation	- 4 662 181	- 4 633 930
Net trade receivables	**16 857 398**	**19 476 861**

Prepayments	1 048 556	1 239 802

Note 7a
Aging of trade receivables in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
not overdue	7 772 174	11 800 196
overdue	13 747 406	12 310 595
including:		
1-30 days	1 117 092	2 964 168
31-90 days	6 640 306	865 903
91-180 days	254 961	3 551 796
over 180 days	5 735 047	4 928 728
revaluation	- 4 662 181	- 4 633 930
Total	**16 857 398**	**19 476 861**

Note 7b
Currency structure of trade receivables

	currency	as at Dec 31, 2011	as at Dec 31, 2010
in PLN	PLN	2 595 196	2 574 310
in foreign currency	CZK	204 768	879 120
	EUR	1 059 493	1 092 428
	GBP	458 168	614 353
	HUF	512 861	512 861
	USD	2 085 265	3 241 715

Note 8
Deferred tax receivables in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
- from legal entities	854 815	-
- from natural persons	-	-
Total	**854 815**	**-**

Income tax liabilities

	as at Dec 31, 2011	as at Dec 31, 2010
- from legal entities	-	730 222
- from natural persons	43 143	30 570
Total	**43 143**	**760 792**

Note 9
Cash and cash equivalents

in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Bank accounts (current accounts)	5 860 756	377 637
Short-term deposits	5 978 622	13 463 835
Cash at hand	1 712	3 465
Forward contract margins	2 221 008	794 888
Current account loans	-	-
Total	**14 062 098**	**14 639 825**

Note 9a
Cash and cash equivalents – currency structure

	currency	as at Dec 31, 2011	as at Dec 31, 2010
in PLN	PLN	6 444 979	12 534 550
in foreign currencies	EUR	331 132	188 853
	GBP	681 549	64 430
	USD	750 110	358 079

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)	2 215 124	2 132 434
other settlements with employees	88 273	117 789
settlements with shareholders	25 250	25 250
deposits	84 340	35 396
other settlements	1 849	1 058
prepaid expenses	244 788	249 521
including:		
property and personal insurance	110 544	75 702
subscriptions	19 087	21 901
other	115 157	151 918
Total	**2 659 624**	**2 561 449**

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 Company'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 Company's Extraordinary General Meeting of Shareholders of November 8, 2010 concerning adoption of an incentive scheme for City Interactive Company 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 settlement 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 Company'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. Provision 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, may be allocated for distribution between shareholders.

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

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

Note 15
Revaluation reserve

The Company 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 Company's revenues (USD, EUR, GBP). This surplus will arise during the settlement period for specific forward contracts.
The Company 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
1. Net hedging instrument measurement	**- 2 098 493**	**-**
Hedging instrument measurement	- 2 953 690	-
Interest component	362 959	-
Effective hedge	**- 2 590 732**	**-**
Deferred tax	492 239	-
2. Measurement of other assets	**77 067**	**42 411**
3. Total revaluation reserve	**- 2 021 426**	**42 411**

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
Finance lease liabilities - current part	26 034	111 155
Other financial instruments	2 953 690	-
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 company did not recognize any liabilities under bank loans during the reporting period.

On September 16, 2010 the company 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 company 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 payables in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Trade payables to related parties	1 783 260	496 620
Trade payables to other entities	6 249 708	8 204 972
less than 12 months	6 249 708	8 204 972
over 12 months	-	-
Total	**8 032 968**	**8 701 592**

Note 20a
Aging of trade payables in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
not overdue	4 387 458	5 206 341
overdue	3 645 509	3 495 250
including:		
1-30 days	899 641	1 088 358
31-60 days	991 017	281 957
61-90 days	228 827	363 833
91-180 days	614 569	491 469
over 180 days	911 456	1 269 634
Total	**8 032 968**	**8 701 592**

Note 21
Other payables in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Tax liabilities (excluding corporate income tax)	139 826	358 430
Other payables	93 125	72 712
Special funds (Workplace Social Benefits Fund)	64 647	69 339
Total	**297 598**	**500 481**

Note 22
Other current provisions in PLN

	as at Dec 31, 2011	as at Dec 31, 2010
Provision for audit of financial statements	15 000	22 800
Provision for bonuses	200 000	-
Provision for non-invoiced costs	674 300	753 790
Total	**889 300**	**776 590**

	as at Dec 31, 2011	as at Dec 31, 2010
Provision for returns - revenue and receivables decrease	700 000	1 500 000
Decrease of cost of sales related to the provision for returns	-	- 200 000
Total	**700 000**	**1 300 000**

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	17 917 584
- including related parties	- 2 356	12 870 980
Export	66 636 300	54 655 944
- including related parties	14 737 288	20 951 510
Total	**69 932 659**	**72 573 528**

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
America	44 876 483	43 237 836
Asia and Australia	16 583 487	26 139 673
Europe	8 472 689	3 196 019
Total	**69 932 659**	**72 573 528**

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	6 119 979	5 960 471
Use of materials and energy	722 807	643 948
Third-party services	10 010 537	11 738 617
Taxes and fees	93 981	73 822
Employee benefits	2 411 178	1 861 562
Other costs	5 097 501	2 491 799
Total costs by nature	**24 455 983**	**22 770 218**
Distribution costs	- 6 554 440	- 5 305 504
Administrative expenses	- 4 510 064	- 3 850 341
Value of products sold	23 054 777	12 497 972
Cost of products sold	**36 446 255**	**26 112 344**

Note 25
Employee benefits

in PLN

	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Remuneration	1 874 256	1 504 553
Social security	176 647	147 676
Other benefits	360 276	209 333
Total	**2 411 178**	**1 861 562**

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
Damages received	145 425	218 392
Gain on disposal of non-financial non-current assets	128 414	-
Liabilities written off	2 218	88 086
other	93 288	287 432
Total	**669 885**	**1 049 228**

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	328 791	1 583 697
Inventory differences	41 590	123 034
Liquidation of sub-quality materials (returns)	512 585	834 004
Settlements, contractual penalties, sanctions	90 784	333
Loss on disposal of non-financial non-current assets	66 964	3 834
Receivables written-off	-	117 414
Revaluation of intangible assets	-	1 499 978
other	462 820	618 446
Total	1 503 535	4 780 741

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	384 678	53 992
Net positive exchange differences	1 181 234	-
Total	**1 565 912**	**53 992**

Finance costs	for the period 01.01 - 31.12.2011	for the period 01.01 - 31.12.2010
Interest	344 800	739 231
Net negative exchange differences	-	420 219
other	-	70 662
Total	**344 800**	**1 230 112**

Net finance income / costs	**1 221 112**	**- 1 176 120**

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	**3 735 877**	**4 831 566**
Current-period income tax	3 406 360	4 831 566
Income tax brought forward	329 517	-
Deferred tax	**967 117**	**1 035 302**
Income tax through profit or loss	**4 702 994**	**5 866 868**

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	21 806 333	31 689 919
Tax at 19%	4 143 203	6 021 085
Non-taxed revenue, tax value	- 170 997	- 458 443
Costs not constituting tax-deductible expenses, tax value	401 271	304 227
Current income tax	4 373 477	5 866 868
Prior-period tax	329 517	-
Effective tax rate	20.1%	18.5%

Note 31
Segment information

in PLN

for the period 01.01- 31.12.2011	Own products	Licensed products	Licenses	Other sales	Total
Revenues	**83%**	**3%**	**10%**	**3%**	**100%**
Total segment revenues	**58 323 158**	**2 335 038**	**7 328 643**	**1 945 820**	**69 932 659**
Segment revenues	58 323 158	2 335 038	7 328 643	1 945 820	69 932 659
Total segment direct expenses	**- 33 903 308**	**- 1 616 678**	**- 634 556**	**- 1 294 742**	**- 37 449 284**
Segment cost of sales	- 29 421 142	- 768 474		- 1 284 542	- 31 474 158
Sales margin	**49.55%**	**67.09%**	**100.00%**	**33.98%**	**54.99%**
Segment depreciation and amortization	- 4 482 166	- 848 204	- 634 556	- 10 200	- 5 975 126
Other segment direct expenses					
Result	*0.42*	*0.31*	*0.91*	*0.33*	*0.46*
Total segment profit (loss)	**24 419 850**	**718 360**	**6 694 087**	**651 078**	**32 483 375**
Distribution costs and administrative expenses	- 9 227 689	- 369 442	- 1 159 513	- 307 861	- 11 064 505
Other operating revenue / costs	- 695 255	- 27 835	- 87 363	- 23 196	- 833 649
Profit (loss) from operating activities	14 496 905	321 083	5 447 212	320 021	20 585 221
EBITDA	18 979 071	1 169 287	6 081 768	330 221	26 560 347
OR/NS	24.86%	13.75%	74.33%	16.45%	29.44%
Finance income / costs	1 018 396	40 773	127 967	33 976	1 221 112
Profit (loss) before tax	18 186 270	728 109	2 285 210	606 744	21 806 333
Income tax	3 922 251	157 032	492 854	130 857	4 702 994
Net profit (loss) for the financial year	14 264 019	571 077	1 792 357	475 887	17 103 339
Assets and liabilities and equity	**Own products**	**Licensed products**	**Licenses**	**Other sales**	**Total**
Non-current and intangible assets	20 938 110	838 282	2 630 995	698 552	25 105 940
Other non-current assets	2 130 707	85 305	267 736	71 086	2 554 834
Current assets	36 252 801	1 451 424	4 555 375	1 209 492	43 469 093
Total assets	59 321 618	2 375 012	7 454 106	1 979 131	**71 129 867**
Liabilities	10 452 843	418 492	1 313 460	348 735	12 533 531
Equity	48 868 775	1 956 520	6 140 645	1 630 396	58 596 336
Total liabilities and equity	59 321 618	2 375 012	7 454 106	1 979 131	**71 129 867**
Other segment information	**Own products**	**Licensed products**	**Licenses**	**Other sales**	**Total**
Investment expenditures:					
Property, plant and equipment	736 796	29 499	92 583	24 582	883 458
Intangible assets	14 633 128	585 855	1 838 738	488 201	17 545 922
PP&E depreciation	274 350	10 984	34 474	9 153	328 961
Intangible assets amortization	5 096 261	204 035	640 375	170 025	6 110 696

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	**82%**	**6%**	**9%**	**3%**	**100%**
Total segment revenues	**59 147 636**	**4 656 311**	**6 660 527**	**2 109 054**	**72 573 528**
Segment revenues	59 147 636	4 656 311	6 660 527	2 109 054	72 573 528
Total segment direct expenses	**- 22 576 285**	**- 2 495 290**	**- 525 547**	**- 1 223 009**	**- 26 820 130**
Segment cost of sales	- 17 612 465	- 2 190 600	-	- 1 056 595	- 20 859 659
Sales margin	**70.22%**	**52.95%**	**100.00%**	**49.90%**	**71.26%**
Segment depreciation and amortization	- 4 963 820	- 304 690	- 525 547	- 166 414	- 5 960 471
Other segment direct expenses					
Result	*0.62*	*0.46*	*0.92*	*0.42*	*0.63*
Total segment profit (loss)	**36 571 351**	**2 161 021**	**6 134 980**	**886 045**	**45 753 398**
Distribution costs and administrative expenses	- 7 462 041	- 587 438	- 840 289	- 266 077	- 9 155 845
Other operating revenue / costs	- 3 041 194	- 239 414	- 342 464	- 108 441	- 3 731 513
Profit (loss) from operating activities	26 068 117	1 334 170	4 952 226	511 526	32 866 039
EBITDA	31 031 937	1 638 860	5 477 773	677 940	38 826 510
OR/NS	44.07%	28.65%	74.35%	24.25%	45.29%
Finance income / costs	- 958 642	- 75 468	- 107 951	- 34 183	- 1 176 244
Profit (loss) before tax	25 827 275	2 033 214	2 908 371	920 935	31 689 795
Income tax	4 781 515	376 418	538 439	170 497	5 866 868
Net profit (loss) for the financial year	21 045 760	1 656 797	2 369 932	750 438	25 822 927
Assets and liabilities and equity	**Own products**	**Licensed products**	**Licenses**	**Other sales**	**Total**
Non-current and intangible assets	11 033 900	868 628	1 242 511	393 441	13 538 479
Other non-current assets	2 308 964	181 770	260 009	82 332	2 833 075
Current assets	35 232 227	2 773 605	3 967 448	1 256 291	43 229 572
Total assets	48 575 091	3 824 003	5 469 968	1 732 064	**59 601 126**
Liabilities	13 076 146	1 029 400	1 472 485	466 262	16 044 293
Equity	35 498 945	2 794 602	3 997 483	1 265 802	43 556 832
Total liabilities and equity	48 575 091	3 824 003	5 469 968	1 732 064	**59 601 126**
Other segment information	**Own products**	**Licensed products**	**Licenses**	**Other sales**	**Total**
Investment expenditures:					
Property, plant and equipment	171 397	13 493	19 301	6 112	210 302
Intangible assets	9 446 893	743 693	1 063 800	336 852	11 591 238
PP&E depreciation	347 760	27 377	39 161	12 400	426 697
Intangible assets amortization	4 821 961	379 602	542 994	171 939	5 916 496

Note 32
Earnings per share

Net earnings per share outstanding as at December 31, 2011 were PLN 1.35.

Diluted EPS is equal to earnings per registered share.

Note 33
Allocation of 2010 and 2011 earnings

Allocation of 2010 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 Company companies had no contingent payables except promissory notes issued 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 company's management was not aware of any significant on-going judicial proceedings involving City Interactive S.A.

Note 36
Transactions with related parties in PLN

All transactions described below were executed on market terms. Transactions with City Interactive S.A. Group companies:

	Costs	Revenues	Receivables on date of incurrence	Valuation as at December 31, 2011	Carrying amount of receivables as at December 31, 2011	Payables on date of incurrence	Valuation as at December 31, 2011	Carrying amount of payables as at December 31, 2011
City Interactive Germany GmbH	827 636	-	533 086	45 313	578 399	-	-	-
City Interactive USA Inc.	5 639 122	14 737 288	6 617 300	279 436	6 896 736	-	-	-
City Interactive Studio LTD	-	6 280	889 785	72 676	962 460	-	-	-
City Interactive Studio S.R.L.	1 226 986	12 718	2 065 253	- 73 643	1 991 610	1 226 986	-	1 226 986
Business Area Sp. z o.o.	408 165	407 515	1 048 148		1 048 148	-		-
TOTAL	**8 101 910**	**15 163 800**	**11 153 571**	**323 782**	**11 477 353**	**1 226 986**	**-**	**1 226 986**

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

	Costs	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 personally 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

Structure of cash instruments for purposes of the statement of cash flows

	31.12.2011	31.12.2010	Change
Cash at hand	1 712	3 465	- 1 753
Cash instruments in bank accounts	5 860 756	377 637	5 483 119
Other cash instruments	8 199 629	14 258 723	- 6 059 093
Other cash assets	-	-	-
	14 062 098	14 639 825	- 577 727
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	**14 062 098**	**14 639 825**	**- 577 727**

Note 38
Employment information

	as at December 31, 2011	as at December 31, 2010
	Employment level	**Employment level**
Development staff	144	116
Sales and administration staff	21	17
Total employment	**165**	**133**

Note 39
Comparative data

The Company 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 and core part of this report 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 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	72 573 528	75 540 069
Revenue from sale of products and services	71 903 256	74 869 797
Revenue from sale of goods for resale and materials	670 271	670 271
Cost of products, goods for resale and services sold	26 820 130	26 820 130
Cost of manufacture of products sold	26 112 344	26 112 344
Value of goods for resale and materials sold	707 786	707 786
Gross profit (loss) on sales (A-B)	45 753 398	48 719 939
Other operating revenues	1 049 228	1 049 228
Distribution costs	5 305 504	8 272 046
Administrative expenses	3 850 341	3 850 341
Other operating costs	4 780 741	4 780 741
Profit (loss) on operating activities	32 866 039	32 866 039

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	4 077 512	-
Receivables	19 372 235	-
Financial liabilities due to hedging instruments measurement	-	2 953 691
Cash and cash equivalents	14 062 098	-

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 Company does 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).

currency	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 company does not use hedging instruments for this type of risk.

Pricing risk

The company 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