CI GAMES GROUP

CONSOLIDATED QUARTERLY REPORT
Q3 2013

Warsaw, November 14, 2013

CONTENTS

I. CONSOLIDATED FINANCIAL DATA - CI GAMES GROUP

CONSOLIDATED BALANCE SHEET

as at September 30, 2013

PLN thousands

	ASSETS	As at Sep 30, 2013	As at Jun 30, 2013	As at Sep 30, 2013	As at Dec 31, 2012
A.	**NON-CURRENT ASSETS**	**71 911**	**66 396**	**46 956**	**44 883**
	Property, plant and equipment	1 367	1 381	1 638	1 425
	Intangible assets	48 344	42 309	42 518	38 108
	Goodwill	-	-	9	9
	Interests in equity-accounted investees	51	63	17	18
	Deferred income tax assets	22 149	22 644	2 742	5 291
	Other non-current assets	-	-	32	33
B.	**CURRENT ASSETS**	**31 629**	**34 044**	**33 831**	**27 574**
	Inventory	2 674	3 205	4 682	2 357
	Current investments	22	-	329	43
	Advance payments	539	455	226	100
	Trade receivables	14 695	19 657	7 024	6 108
	Income tax receivables	2 478	-	8	-
	Cash and cash equivalents	8 811	8 366	18 439	16 474
	Other current assets	2 410	2 361	3 122	2 492
	TOTAL ASSETS	**103 540**	**100 440**	**80 787**	**72 456**

CONSOLIDATED BALANCE SHEET

as at September 30, 2013 (continued)

PLN thousands

	EQUITY AND LIABILITIES	As at Sep 30, 2013	As at Jun 30, 2013	As at Sep 30, 2012	As at Dec 31, 2012
A.	**EQUITY**	**82 698**	**83 532**	**52 387**	**39 657**
	Share capital	1 265	1 265	1 265	1 265
	Share premium	4 556	4 556	4 556	4 556
	Revaluation reserve	-70	-794	-	-
	Exchange differences on translation of foreign operations	-44	-46	-22	-54
	Buy-back provision	16 000	16 000	16 000	16 000
	Retained earnings	60 991	62 551	30 588	17 891
	including profit (loss) for the period	43 101	44 660	-7 473	-19 794
	Equity attributable to owners of the Parent	**82 698**	**83 532**	**52 387**	**39 657**
	Equity attributable to non-controlling interests	-	-	**-**	**-**
B.	**LIABILITIES**	**20 842**	**16 908**	**28 400**	**32 799**
	Non-current liabilities	**9 165**	**1 631**	**218**	**114**
	Borrowings, including credits, loans and other debt instruments	5 703	-	-	-
	Employee benefit provisions	86	21	45	32
	Finance lease liabilities	-	27	52	39
	Deferred income tax provision	3 376	1 584	121	44
	Current liabilities	**11 677**	**15 277**	**28 182**	**32 685**
	Borrowings, including credits, loans and other debt instruments	-	-	14 509	20 602
	Income tax liabilities	252	414	26	-
	Trade payables	8 972	8 865	9 688	8 030
	Finance lease liabilities	53	41	-	51
	Financial liabilities	95	2 830	41	-
	Other liabilities	415	370	332	286
	Other current provisions	1 890	2 758	2 566	988
	Deferred revenue	-	-	1 021	2 728
	TOTAL EQUITY AND LIABILITIES	**103 540**	**100 440**	**80 787**	**72 457**

Book value (in PLN thousands)	82 698	83 532	52 387	39 657
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Book value per share (in PLN)	6.54	6.60	4.14	3.13

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the period from January 1 to September 30, 2013

(multiple-step format)

PLN thousands

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the period Jan 1 - Sep 30, 2012
Continuing operations				
Net revenue from sales	**9 205**	**101 553**	**10 051**	**28 058**
Revenue from sale of products and services	9 099	100 911	10 083	27 330
Revenue from sale of goods for resale and materials	105	641	-32	728
Cost of products, goods for resale and services sold	**5 592**	**47 943**	**7 541**	**20 809**
Cost of manufacture of products sold	5 544	47 464	7 511	20 313
Value of goods for resale and materials sold	49	480	30	496
Gross profit (loss) on sales	**3 612**	**53 609**	**2 510**	**7 250**
Other operating revenue	103	513	35	175
Distribution costs	3 238	16 958	2 430	6 546
Administrative expenses	1 705	5 015	1 501	4 494
Other operating expenses	-175	815	2 146	3 217
Profit (loss) on operating activities	**-1 052**	**31 334**	**-3 532**	**-6 833**
Finance income	1	97	770	270
Finance costs	346	1 391	351	1 875
Profit (loss) before tax	**-1 397**	**30 041**	**-3 113**	**-8 438**
Income tax	162	-13 061	-275	-965
Profit (loss) on continuing operations	**-1 559**	**43 101**	**-2 838**	**-7 473**
Discontinued operations	**-**	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT (LOSS)	**-1 559**	**43 101**	**-2 838**	**-7 473**

Book value (in PLN thousands)	-1 559	43 101	-2 838	-7 473
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Book value per share (in PLN)	-0.12	3.41	-0.22	-0.59

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to September 30, 2013 PLN thousands

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the peri Jan 1 - Sep 30, 2012
Net profit (loss)	**-1 559**	**43 101**	**-2 838**	**-7 473**
Other comprehensive income:	779	-7	887	2 086
Effect of translation of foreign operations	54	62	5	-12
Effect of hedging instrument measurements	724	-70	882	2 098
Exchange differences on translation of foreign operations	-	-	-	-
Total comprehensive income for the period	**-780**	**43 094**	**-1 951**	**-5 386**
Total comprehensive income attributable to:				
% share attributable to the parent:	*100%*	*100%*	*100%*	*100%*
owners of the parent	-780	43 094	-1 951	-5 386
non-controlling interests	-	-	-	-
Total	**-780**	**43 094**	**-1 951**	**-5 386**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2013

PLN thousands

For the period Jul 1 - Sep 30, 2013	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
Balance as at July 1, 2013	**1 265**	**4 556**	**16 000**	**-46**	**-794**	**62 551**	**83 532**
Changes in accounting principles	-	-	-	-	-	-	**-**
Balance as at July 1, 2013, after restatement	**1 265**	**4 556**	**16 000**	**-46**	**-794**	**62 551**	**83 532**
Changes in equity from July 1 to September 30, 2013							
Profit (loss) for the period	-	-	-	-	-	- 1 559	**-1 559**
Measurement of financial assets	-	-	-	2	-	-	**2**
Measurement of hedging instruments	-	-	-	-	724	-	**724**
As at Sep 30, 2013	**1 265**	**4 556**	**16 000**	**-44**	**-70**	**60 991**	**82 698**

For the period Jan 1 - Sep 30, 2013	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2013	**1 265**	**4 556**	**16 000**	**-54**	**-**	**17 891**	**39 657**
Changes in accounting principles	-	-	-	-	-	-	**-**
Balance as at January 1, 2013, after restatement	**1 265**	**4 556**	**16 000**	**-54**	**-**	**17 891**	**39 657**
Changes in equity from January 1 to September 30, 2013							
Profit (loss) for the period	-	-	-	-	-	43 101	**43 101**
Measurement of financial assets	-	-	-	10	-	-	**10**
Measurement of hedging instruments	-	-	-	-	-70	-	**-70**
As at Sep 30, 2013	**1 265**	**4 556**	**16 000**	**-44**	**-70**	**60 991**	**82 698**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2013 (continued)

PLN thousands

COMPARATIVE DATA For the period Jan 1 - Sep 30, 2012	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2012	**1 265**	**4 556**	**16 000**	**-10**	**-2 098**	**38 061**	**57 772**
Changes in accounting principles	-	-	-	-	-	-	**-**
Balance as at January 1, 2012, after restatement	**1 265**	**4 556**	**16 000**	**-10**	**-2 098**	**38 061**	**57 772**
Changes in equity from January 1 to September 30, 2012							
Profit (loss) for the period	-	-	-	-	-	-7 473	**-7 473**
Measurement of financial assets	-	-	-	- 12	-	-	**-12**
Measurement of hedging instruments	-	-	-	-	2 098	-	**2 098**
As at Sep 30, 2012	**1 265**	**4 556**	**16 000**	**-22**	**-**	**30 588**	**52 387**

COMPARATIVE DATA For the period Jan 1 - Dec 31, 2012	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2012	**1 265**	**4 556**	**16 000**	**-10**	**-2 098**	**38 061**	**57 772**
Correction of prior-period profit	-	-	-	-	-	-374	**-374**
Balance as at January 1, 2012, after restatement	**1 265**	**4 556**	**16 000**	**-10**	**-2 098**	**37 686**	**57 398**
Changes in equity during 2012							
Profit (loss) for the period	-	-	-	-	-	-19 794	**-19 794**
Translation of foreign operations	-	-	-	-44	-	-	**-44**
Measurement of hedging instruments	-	-	-	-	2 098	-	**2 098**
As at Dec 31, 2012	**1 265**	**4 556**	**16 000**	**-54**	**-**	**17 891**	**39 657**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2013 (indirect method)

PLN thousands

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the period Jan 1 - Sep 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Gross profit (loss)	**-1 397**	**30 041**	**-3 113**	**-8 438**
Total adjustments	**5 093**	**-1 378**	**5 327**	**18 046**
Depreciation / amortization	1 999	10 870	478	1 978
Impairment loss (reversal)	-	-273	2 025	2 395
Gain (loss) on exchange differences	-712	-435	-21	110
Interest	117	806	-22	-98
Gain (loss) on sale of non-current assets	-	-4	330	346
Change in receivables	4 876	-9 028	1 207	8 963
Change in inventory	532	-316	-772	176
Change in trade and other payables	-464	2 225	3 114	1 936
Change in employee benefit provisions and liabilities	66	55	-10	30
Change in other current assets	-50	114	-	-
Exclusion of financial asset measurements	-111	9	-998	-322
Tax paid	-1 161	-2 674	-3	-33
Deferred revenue	-	-2 728	-	2 566
Net cash flows from operating activities	**3 696**	**28 662**	**2 214**	**9 608**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2013 (continued)

(indirect method)

PLN thousands

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the period Jan 1 - Sep 30, 2012
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment and intangible assets	-	4	20	20
Interest received	4	91	-	-
Cash outflows on acquisition of property, plant and equipment and intangible assets	-2	-512	-64	-1 392
Outflows on development work	-6 982	-19 960	-6 826	-20 963
Outflows on grant of borrowings	-22	-22	-	-
Net cash from investing activities	**-7 001**	**-20 398**	**-6 870**	**-22 335**
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of debt securities	5 703	5 703	14 500	14 500
Other financial inflows (factoring)	-	13 273	-	-
Commission on bonds	-43	-43	-	-
Repayment of financial lease liabilities	-8	-37	-18	-30
Interest	-30	-806	-2	-4
Redemption of debt securities	-	-20 602	-	-
Other financial outflows (factoring)	-1 874	-13 418	-	-
Net cash from financing activities	**3 749**	**-15 930**	**14 481**	**14 466**
TOTAL NET CASH FLOWS	**445**	**-7 663**	**9 825**	**1 738**
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:	**445**	**-7 663**	**9 825**	**1 738**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**8 366**	**16 474**	**8 614**	**16 700**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**8 811**	**8 811**	**18 439**	**18 439**

II. SEPARATE FINANCIAL DATA - CI GAMES S.A.

SEPARATE BALANCE SHEET

as at September 30, 2013

PLN thousands

	ASSETS	As at Sep 30, 2013	As at Jun 30, 2013	As at Sep 30, 2012	As at Dec 31, 2012
A.	**NON-CURRENT ASSETS**	**75 942**	**70 347**	**45 845**	**44 607**
	Property, plant and equipment	759	721	1 156	1 048
	Intangible assets	48 577	42 521	41 760	38 214
	Interests in equity-accounted investees	4 603	4 615	223	223
	Deferred income tax assets	22 003	22 491	2 706	5 122
B.	**CURRENT ASSETS**	**28 324**	**30 108**	**35 475**	**29 046**
	Inventory	2 674	3 205	3 142	2 024
	Current investments	391	622	2 415	1 717
	Advance payments	525	336	220	78
	Trade receivables	12 457	16 446	10 787	8 778
	Income tax receivables	2 478	-	-	-
	Cash and cash equivalents	7 812	7 466	16 895	14 398
	Other current assets	1 988	2 034	2 015	2 051
	TOTAL ASSETS	**104 266**	**100 455**	**81 320**	**73 653**

SEPARATE BALANCE SHEET

as at September 30, 2013 (continued)

PLN thousands

	EQUITY AND LIABILITIES	As at Sep 30, 2013	As at Jun 30, 2013	As at Sep 30, 2012	As at Dec 31, 2012
A.	**EQUITY**	**81 331**	**82 094**	**54 876**	**41 622**
	Share capital	1 265	1 265	1 265	1 265
	Share premium	4 556	4 556	4 556	4 556
	Revaluation reserve	-70	-794	-	-
	Buy-back provision	16 000	16 000	16 000	16 000
	Retained earnings	59 579	61 068	33 055	19 801
	including profit (loss) for the period	39 779	41 267	-5 742	-18 996
B.	**LIABILITIES**	**22 935**	**18 361**	**26 444**	**32 031**
	Non-current liabilities	**9 165**	**1 631**	**218**	**114**
	Borrowing, including credits, loans and other debt instruments	5 703	-	-	-
	Employee benefit provisions	87	21	45	32
	Finance lease liabilities	-	27	52	39
	Deferred income tax provision	3 376	1 583	121	43
	Current liabilities	**13 770**	**16 730**	**26 226**	**31 917**
	Borrowing, including credits, loans and other debt instruments	-	-	14 509	20 602
	Income tax liabilities	-	162	-	-
	Trade payables	11 402	11 443	7 759	7 266
	Finance lease liabilities	53	41	49	51
	Financial liabilities	95	2 830	41	-
	Other liabilities	331	344	282	285
	Other current provisions	1 889	1 911	2 566	984
	Deferred revenue	-	-	1 020	2 728
	TOTAL EQUITY AND LIABILITIES	**104 266**	**100 455**	**81 320**	**73 653**

Book value (in PLN thousands)	81 331	82 094	54 876	41 622
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Book value per share (in PLN)	6.43	6.49	4.34	3.29

SEPARATE PROFIT AND LOSS STATEMENT
for the period from January 1 to September 30, 2013
(multiple-step format)

PLN thousands

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the period Jan 1 - Sep 30, 2012
Continuing operations				
Net revenue from sales	**8 426**	**96 236**	**8 357**	**22 326**
Revenue from sale of products and services	8 373	95 761	8 389	21 598
Revenue from sale of goods for resale and materials	52	476	-32	728
Cost of products, goods for resale and services sold	**5 947**	**50 741**	**6 525**	**17 820**
Cost of manufacture of products sold	5 898	50 262	6 495	17 324
Value of goods for resale and materials sold	49	480	30	496
Gross profit (loss) on sales	**2 478**	**45 495**	**1 832**	**4 506**
Other operating revenue	97	905	37	177
Distribution costs	1 823	12 191	1 188	3 280
Administrative expenses	1 379	4 085	1 195	3 610
Other operating expenses	207	618	2 146	3 212
Profit (loss) on operating activities	**-834**	**29 506**	**-2 659**	**-5 419**
Finance income	9	106	784	265
Finance costs	339	3 367	323	1 706
Profit (loss) before tax	**-1 164**	**26 246**	**-2 199**	**-6 860**
Income tax	324	-13 532	-404	-1 119
Profit (loss) on continuing operations	**-1 488**	**39 779**	**-1 795**	**-5 742**
Discontinued operations	**-**	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT (LOSS)	**-1 488**	**39 779**	**-1 795**	**-5 742**

Net profit (loss) (in PLN thousands)	-1 488	39 779	-1 795	-5 742
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share (in PLN)	-0.12	3.14	-0.14	-0.45

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the period from January 1 to September 30, 2013 PLN thousands

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the period Jan 1 - Sep 30, 2012
Net profit (loss)	**-1 488**	**39 779**	**-1 795**	**-5 742**
Other comprehensive income:	**724**	**-70**	**882**	**2 021**
Effect of financial asset measurements	-	-	-	-77
Effect of hedging instrument measurements	724	-70	882	2 098
Total comprehensive income for the period	**-764**	**39 709**	**-913**	**-3 720**
Total comprehensive income attributable to:				
% share attributable to the parent	*100%*	*100%*	*100%*	*100%*
owners of the parent	-764	39 709	-913	-3 720
non-controlling interests	-	-	-	-
Total	**-764**	**39 709**	**-913**	**-3 720**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2013

PLN thousands

For the period Jul 1 - Sep 30, 2013	Share capital	Share premium	Buy-back provision	Revaluation reserve	Retained earnings	Total equity
Balance as at July 1, 2013	**1 265**	**4 556**	**16 000**	**-794**	**61 068**	**82 095**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at July 1, 2013, after restatement	**1 265**	**4 556**	**16 000**	**-794**	**61 068**	**82 095**
Changes in equity from July 1 to September 30, 2013						
Profit (loss) for the period	-	-	-	-	- 1 488	**-1 488**
Measurement of hedging instruments	-	-	-	724	-	**724**
As at Sep 30, 2013	**1 265**	**4 556**	**16 000**	**-70**	**59 580**	**81 331**

For the period Jan 1 - Sep 30, 2013	Share capital	Share premium	Buy-back provision	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2013	**1 265**	**4 556**	**16 000**	**-**	**19 801**	**41 622**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at January 1, 2013, after restatement	**1 265**	**4 556**	**16 000**	**-**	**19 801**	**41 622**
Changes in equity from January 1 to September 30, 2013						
Profit (loss) for the period	-	-	-	-	39 779	**39 779**
Measurement of hedging instruments	-	-	-	-70	-	**-70**
As at Sep 30, 2013	**1 265**	**4 556**	**16 000**	**-70**	**59 391**	**81 331**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2013 (continued)

PLN thousands

COMPARATIVE DATA For the period Jan 1 - Sep 30, 2012	Share capital	Share premium	Buy-back provision	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2012	**1 265**	**4 556**	**16 000**	**-2 021**	**38 797**	**58 596**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at January 1, 2013, after restatement	**1 265**	**4 556**	**16 000**	**-2 021**	**38 797**	**58 596**
Changes in equity from January 1 to September 30, 2012						
Profit (loss) for the period	-	-	-	-	-5 742	**-5 742**
Measurement of financial assets	-	-	-	-77	-	**-77**
Measurement of hedging instruments	-	-	-	2 098	-	**2 098**
As at Sep 30, 2012	**1 265**	**4 556**	**16 000**	**-**	**33 055**	**54 876**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to March 31, 2013 (continued)

PLN thousands

COMPARATIVE DATA for the period from January 1 to December 31, 2012	Share capital	Share premium	Buy-back provision	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
Balance as at January 1, 2012	**1 265**	**4 556**	**16 000**	**-2 021**	-	**38 797**	**58 596**
Changes in accounting principles	-	-	-	-	-	-	**-**
Balance as at January 1, 2012, after restatement	**1 265**	**4 556**	**16 000**	**-2 021**	-	**38 797**	**58 596**
Changes in equity in 2012							
Profit (loss) for the period	-	-	-	-	-	- 18 996	**- 18 996**
Measurement of financial assets	-	-	-	-77	-	-	**-77**
Measurement of hedging instruments	-	-	-	2 098	-	-	**2 098**
Balance as at December 31, 2012	**1 265**	**4 556**	**16 000**	**-**	**-**	**19 801**	**41 622**

SEPARATE STATEMENT OF CASH FLOWS
for the period from January 1 to September 30, 2013 PLN thousands

(indirect method)

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the period Jan 1 - Sep 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Gross profit (loss)	**-1 164**	**26 246**	**-2 199**	**-6 860**
Total adjustments	**4 868**	**4 198**	**3 834**	**15 423**
Depreciation / amortization	1 956	10 739	418	1 811
Impairment loss (reversal)	-	-273	2 025	2 395
Gain (loss) on exchange differences	-	-	77	46
Interest	208	886	-22	-98
Gain (loss) on sale of non-current assets	10	6	-24	-8
Change in receivables	3 862	-4 063	334	8 398
Change in inventory	532	-650	-165	767
Change in trade and other payables	-237	5 087	2 199	-161
Change in employee benefit provisions and liabilities	65	55	-10	30
Change in other current assets	-17	-	-	-
Exclusion of financial asset measurements	-111	9	-998	-322
Tax paid	-1 331	-2 478	-	-
Exclusion of costs of investing activities	-	2 000	-	-
Deferred revenue	-	-2 728	-	2 566
Contribution-in-kind of an organized part of enterprise	-	-4 392	-	-
Other adjustments	-69	-	-	-
Net cash flows from operating activities	**3 704**	**30 444**	**1 635**	**8 563**

SEPARATE STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2013 (continued)

(indirect method)

PLN thousands

	For the period Jul 1 - Sep 30, 2013	For the period Jan 1 - Sep 30, 2013	For the period Jul 1 - Sep 30, 2012	For the period Jan 1 - Sep 30, 2012
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment and intangible assets	-	4	20	20
Repayment of borrowings	246	636	6 316	7 891
Interest received	9	106	5	44
Acquisition of property, plant and equipment and intangible assets	-297	-481	-73	-911
Acquisition of financial assets	-67	-394	-	-
Outflows / inflows on borrowings granted	-17	-1 015	-5 128	-6 293
Outflows on development work	-6 982	-19 960	-7 413	-20 946
Net cash from investing activities	**-7 108**	**-21 103**	**-6 273**	**-20 195**
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of debt securities	5 703	5 703	14 500	14 500
Other financial inflows (factoring)	-	13 273	-	-
Commission on bonds	-43	-43	-	-
Repayment of finance lease liabilities	-9	-37	-18	-30
Interest	-30	-806	-2	-4
Redemption of debt securities	-	-20 602	-	-
Other financial outflows (factoring)	-1 874	-13 417	-	-
Net cash from financing activities	**3 748**	**-15 929**	**14 481**	**14 466**
TOTAL NET CASH FLOWS	**346**	**-6 586**	**9 843**	**2 833**
BALANCE SHEET CHANGE IN CASH AND CASH EQUIVALENTS, including:	**346**	**-6 586**	**9 843**	**2 833**
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF PERIOD	**7 466**	**14 398**	**7 052**	**14 062**
CASH AND CASH EQUIVALENTS AS AT THE END OF PERIOD	**7 812**	**7 812**	**16 895**	**16 895**

III. FINANCIAL HIGHLIGHTS

Selected consolidated and separate financial data contained in this report were translated into EUR according to the following principles.

Balance sheet data was translated according to the average exchange rate published by the National Bank of Poland as at the end of the reporting period:

- as at September 30, 2013 – 4.2163

- as at September 30, 2012 – 4.1138

- as at December 31, 2013 – 4.0882

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

- Q3 2013 - 4.2415

- Q1-Q3 2013 - 4.2231

- Q3 2012 - 4.1354

- Q1-Q3 2012 - 4.1948

CONSOLIDATED DATA

CONSOLIDATED BALANCE SHEET	**Sep 30, 2013**		**Sep 30, 2012**		**Dec 31, 2012**	
	PLN thousands	**EUR thousands**	**PLN thousands**	**EUR thousands**	**PLN thousands**	**EUR thousands**
Non-current assets	71 911	17 056	46 956	11 414	44 883	10 979
Current assets	31 629	7 502	33 831	8 224	27 574	6 745
Total assets	**103 540**	**24 557**	**80 787**	**19 638**	**72 457**	**17 723**
Equity	**82 698**	**19 614**	**52 387**	**12 734**	**39 657**	**9 700**
Share capital	1 265	300	1 265	308	1 265	309
Liabilities and provisions	**20 842**	**4 943**	**28 400**	**6 904**	**32 799**	**8 023**
Non-current liabilities	9 166	2 174	218	53	114	28
Current liabilities	11 677	2 769	28 182	6 851	32 685	7 995
Total equity and liabilities	**103 540**	**24 557**	**80 787**	**19 638**	**72 457**	**17 723**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	**Q3 2013**		**Q3 2012**	
	PLN thousands	**EUR thousands**	**PLN thousands**	**EUR thousands**
Net revenue from sales	**9 205**	**2 170**	**10 051**	**2 430**
Profit (loss) from operating activities	-1 052	-248	-3 532	-854
Gross profit (loss)	-1 397	-329	-3 113	-753
Net profit (loss)	**-1 559**	**-367**	**-2 838**	**-686**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	-0.12	-0.03	-0.22	-0.05

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Q1-Q3 2013		Q1-Q3 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**101 553**	**24 047**	**28 058**	**6 689**
Profit (loss) from operating activities	31 334	7 420	-6 833	-1 629
Gross profit (loss)	30 041	7 113	-8 438	-2 012
Net profit (loss)	**43 101**	**10 206**	**-7 473**	**-1 781**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	3.41	0.81	-0.59	-0.14

CONSOLIDATED STATEMENT OF CASH FLOWS	Q3 2013		Q3 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	3 696	871	2 215	536
Net cash flows from investing activities	-7 001	-1 651	-6 870	-1 661
Net cash flows from financing activities	3 749	884	14 481	3 502
Net cash flows	**445**	**105**	**9 825**	**2 376**

CONSOLIDATED STATEMENT OF CASH FLOWS	Q1-Q3 2013		Q1-Q3 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	28 662	6 787	9 608	2 290
Net cash flows from investing activities	-20 398	-4 830	-22 335	-5 324
Net cash flows from financing activities	-15 930	-3 772	14 466	3 448
Net cash flows	**-7 663**	**-1 815**	**1 738**	**414**

SEPARATE DATA

BALANCE SHEET	Sep 30, 2013		Sep 30, 2012		Dec 31, 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	75 942	18 011	45 845	11 144	44 607	10 911
Current assets	28 324	6 718	35 475	8 623	29 046	7 105
Total assets	**104 266**	**24 729**	**81 320**	**19 768**	**73 653**	**18 016**
Equity	**81 331**	**19 290**	**54 876**	**13 340**	**41 622**	**10 181**
Share capital	1 265	300	1 265	308	1 265	309
Liabilities and provisions	**22 935**	**5 440**	**26 444**	**6 428**	**32 031**	**7 835**
Non-current liabilities	9 165	2 174	218	53	114	28
Current liabilities	13 770	3 266	26 226	6 375	31 917	7 807
Total equity and liabilities	**104 266**	**24 729**	**81 320**	**19 768**	**73 653**	**18 016**

STATEMENT OF PROFIT AND LOSS	Q3 2013		Q3 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**8 426**	**1 986**	**8 357**	**2 021**
Profit (loss) from operating activities	-834	-197	-2 659	-643
Gross profit (loss)	-1 164	-274	-2 199	-532
Net profit (loss)	**-1 488**	**-351**	**-1 795**	**-434**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	-0.12	-0.03	-0.14	-0.03

STATEMENT OF PROFIT AND LOSS	Q1-Q3 2013		Q1-Q3 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**96 236**	**22 788**	**22 326**	**5 322**
Profit (loss) from operating activities	29 506	6 987	-5 419	-1 292
Gross profit (loss)	26 246	6 215	-6 860	-1 635
Net profit (loss)	**39 779**	**9 419**	**-5 742**	**-1 369**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	3.14	0.74	-0.45	-0.11

STATEMENT OF CASH FLOWS	Q3 2013		Q3 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	3 704	873	1 635	395
Net cash flows from investing activities	-7 108	-1 676	-6 273	-1 517
Net cash flows from financing activities	3 748	884	14 481	3 502
Net cash flows	**346**	**81**	**9 843**	**2 380**

STATEMENT OF CASH FLOWS	Q1-Q3 2013		Q1-Q3 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	30 444	7 209	8 563	2 041
Net cash flows from investing activities	-21 103	-4 997	-20 195	-4 814
Net cash flows from financing activities	-15 929	-3 772	14 466	3 448
Net cash flows	**-6 586**	**-1 560**	**2 833**	**675**

IV. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2013

1. Basis for presentation and preparation of the financial statements

a) These financial statements cover the period from January 1 to September 30, 2013. Comparative data covers the period from January 1 to September 30, 2012 and from January 1 to December 31, 2012, and as at September 30, 2012 and December 31, 2012 (balance sheet).

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

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

2. Adopted accounting principles

a) Application of International Accounting Standards

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

The financial statements for the period from January 1 to September 30, 2013 are subsequent financial statements prepared in accordance with IAS/IFRS. Comparative data is sourced from the financial statements prepared in accordance with IAS/IFRS. IAS/IFRS were adopted on January 1, 2007.

b) Basis for preparing the consolidated financial statements

Figures in the consolidated financial statements are given in Polish zloty, which is the presentation currency and functional currency.

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 provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which they were 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 in drawing up an opening balance sheet in accordance with IAS/IFRS as at January 1, 2007 for the purposes of implementing the transition from Polish accounting standards to IAS/IFRS-compliant reporting.

c) **Principles of consolidation**

(i) Subsidiaries

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

In order to ensure appropriate 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 translation 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.
- 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 recognized in the consolidated financial statements from / to the moment of their acquisition / 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 parties 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 had not already been made to cover such liabilities.

Goodwill arising during consolidation results from the occurrence as at the acquisition date of a excess 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 is measured at purchase price or manufacture cost less depreciation and impairment at the end of the reporting period.

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Subsequent expenses

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

e) **Intangible assets**

(i) Intangible assets

The Group recognizes intangible assets only when:

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

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

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

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

R&D expenditures 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 financing costs include interest payable on debt established based on the effective interest rate, interest receivables on funds invested by the Group, due dividends, gains and losses on foreign exchange differences and gains and losses on hedging instruments, which are recognized in the statement of profit and loss.

(ii) Impairment

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

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

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

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

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

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

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

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

f) **Investments**

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

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

g) **Financial instruments**

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

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

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

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

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

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

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

- assets held to maturity,
- loans granted and receivables, and

- other financial liabilities not classified as held for trading.

Valuation may also take place:

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

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance income or costs when they arise.

Interests in other entities are valued at purchase price less impairment.

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) **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.

Impairment losses on inventory

Impairment losses on current property, plant and equipment connected with their impairment or valuation as at the end of the reporting period correspond to their own cost of purchase (IAS 2).

The Group creates impairment losses on inventory down to net recoverable values. 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 loss 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 advance payments are recognized at the ask rate of the bank used by the Group.

The Group measures advance payments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The Group 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 on hand and demand deposits. 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) Purchase of own shares

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 recognized 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. Group companies create provisions when all of the following conditions are met simultaneously:

- the companies are burdened with an existing obligation (legal or constructive) resulting from future events,
- it is probable that fulfillment of an obligation will result in necessary outflow of resources (payment),
- the amount of such obligation can be reliably estimated.

The Group creates the following provisions for liabilities:

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

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

m) **Trade and other payables**

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

- maturing in under 12 months from the end of the reporting period – classified as current payables,
- payables not classified as trade payables and which 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 using the effective interest rate).

All trade and account balances should be reconciled, and potential adjustments should be included in the accounts, including in the financial statements of the entity. In the event of discrepancies 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.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.

n) **Revenue**

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 it 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 were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

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

- the Group has transferred significant risk and benefits resulting from the right of ownership of goods for resale and products to the purchaser,
- the Group ceases to be permanently involved in managing the sale of goods for resale or products to the extent that such function is usually exercised in relation to goods for resale and products to which there is right of ownership, and it does not exercise effective control over them,
- the revenue amounts may be measured reliably,
- it is probable that the Group will achieve economic benefits from the transaction,
- costs borne and those which will be borne by the Group in connection with the transaction may be valued in a reliable manner.

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

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

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

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

o) **Costs**

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

(i) Finance lease payments

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 statement of profit and loss.

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

p) **Tax**

Mandatory encumbrances on the result include current tax and deferred tax.

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

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

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

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

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

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

q) **Foreign-currency transactions**

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.

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

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

r) **Segment reporting**

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

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

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

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

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

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

Operating costs are divided as follows:

– direct costs, which may be assigned to a given product or service, or the value of goods for resale or materials sold at purchase price,

– indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. administrative, sales and other operating costs.

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

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

Immediately before reclassification to the group of assets held for sale, valuation of assets (or all assets and liabilities constituting a group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial classification as held for sale, a fixed asset or group of assets 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 fulfils the criteria for classification to the group held for sale.

3. General description of CI Games Group operations

The CI Games Group operates in the global video game development and publishing market. The parent, CI Games S.A., is the first publicly traded company in this sector in Central and Eastern Europe and the first to emerge as an international player, recording outstanding market and financial performance. The Group's strategic goal is to build a portfolio of recognizable brands in the most popular video-game genres, leveraging its advanced know-how and experienced team.

In the gaming market, the Group operates as:

- Developer, with in-house production studios,
- Publisher of own games and licensed products, being responsible for marketing strategy and product roll outs using local distributors,
- Distributor, selling products directly to retail chains and online.

The Group is investing in expanding its management and creative talent through the hiring of developers with substantial experience in managing projects at well-respected studios throughout the world. The Group also works with leading technology providers and makes use of the latest equipment and software. The Issuer has executed agreements on game development and independent distribution with owners of the most popular gaming consoles, i.e. Sony and Microsoft. The Group produces games for current-generation hardware (PlayStation®3 and Xbox360®), new-generation equipment (Xbox One® and PlayStation®4), as well as for PCs. In order to maximize sales performance and marketing potential, CI Games collaborates with international distributors who operate in specific regional markets and are responsible for implementing promotional plans.

Through combining the above three functions, the Group may effectively control the process of game development and distribution.

4. Organizational structure of the Issuer's Group, including consolidated entities

Composition of the CI Games Group as at September 30, 2013:

- **CI Games S.A.** (formerly City Interactive S.A.) – a Warsaw-based company. Share capital of PLN 1 265 000. Group parent.
- **CI Games USA Inc**. (formerly City Interactive USA Inc.) – a company having its registered office in Delaware, USA. Share capital USD 50 000. 100% of shares held by CI Games S.A. Company subject to consolidation from Q2 2008.
- **CI Games Germany GmbH** (formerly 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 CI Games S.A. Company subject to consolidation from Q2 2008.
- **City Interactive S.R.L.** – a company having its registered office in Bucharest, Romania. 100% of shares held by CI Games S.A. This company is subject to consolidation from Q4 2011. On November 7, 2013, the company filed for bankruptcy at the VII Civil Division, Court in Bucharest.
- **Business Area Sp. z o.o.** – a company having its registered office in Warsaw, subject to consolidation from Q3 2010. Share capital PLN 5 000. 100% of shares held by CI Games S.A.
- **Business Area Spółka z ograniczoną odpowiedzialnością Spółka Jawna** (transformed from Business Area Spółka z ograniczoną odpowiedzialnością S.K.A.) – a Warsaw-based company. Share capital of PLN 1 050 000. The sole limited partner is the parent, CI Games S.A., and the sole general partner is subsidiary Business Area Sp. z o.o. The company is subject to consolidation from Q1 2013. On September 26, 2013, Business Area Spółka z ograniczoną odpowiedzialnością S.K.A. was transformed into Business Area Spółka z ograniczoną odpowiedzialnością Spółka Jawna.
- **CI Games Spółka Akcyjna Spółka Jawna** (transformed from CI Games IP Sp. z o.o.) – a Warsaw-based company. Share capital of PLN 114 092 350. On May 13, 2013, pursuant to an agreement between CI Games Cyprus Ltd. and Business Area Spółka z ograniczoną odpowiedzialnością S.K.A., a 99.99% stake held by CI Games Cyprus Ltd. was transferred to Business Area Spółka z ograniczoną odpowiedzialnością S.K.A.; a 0.01% stake is held by the Group's parent. The company is subject to consolidation from Q1 2013. On September 19, 2013, CI Games IP Sp. z o.o. was transformed into CI Games Spółka Akcyjna Spółka Jawna.
- **CI Games Cyprus Ltd.** – a company headquartered in Nicosia, Cyprus. Share capital of EUR 1 200. 100% of shares held by CI Games S.A. Company subject to consolidation from Q1 2013.
- **City Interactive Canada Inc.** – a company based in Ontario, Canada, established in October 2010. Share capital CAD 10.00. 100% of shares held by CI Games S.A. The company is not subject to consolidation with regard to the fact that its financial results are not significant for assessment of the Issuer's situation.
- **City Interactive UK Ltd**. – a company having its registered office in Manchester, UK. Founding capital of GBP 100. 100% of shares held by CI Games S.A. The company is not subject to consolidation with regard to the fact that its financial results are not significant for assessment of the Issuer's situation.

On February 6, 2013, the Issuer sold a 100% stake in City Interactive Spain S.L., a company based in Madrid, Spain.

Furthermore, throughout 2008 CI Games S.A. acquired shares in the following entities operating in South America and subsequently in 2009 opted out of their further development. Currently these entities are not subject to consolidation, as their operations have been discontinued, and the Parent has created appropriate provisions:

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

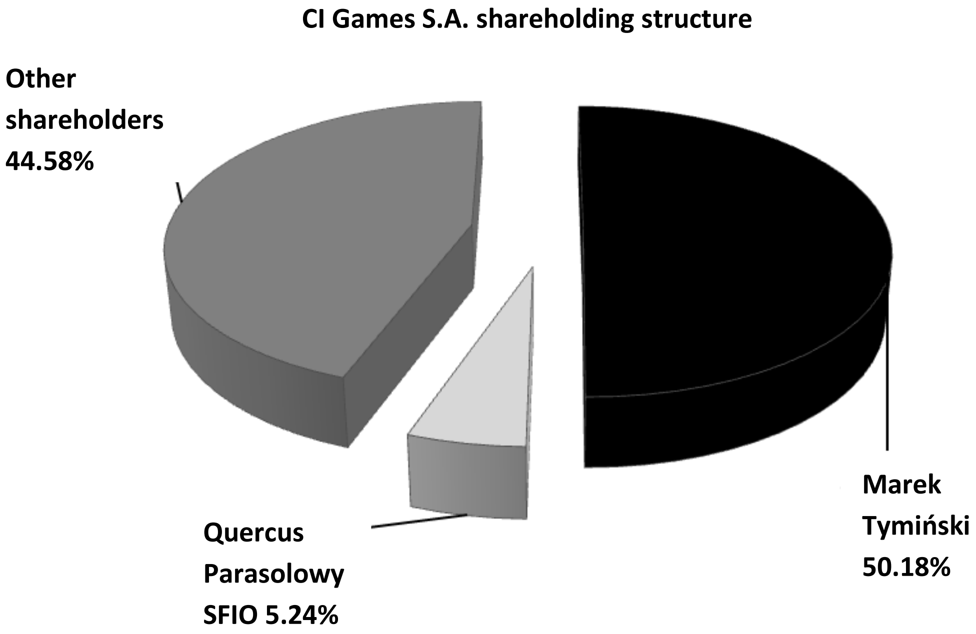
5. Indication of shareholders directly or indirectly through subsidiaries holding at least 5% of total votes at the Parent's general meeting as at the date of publishing the quarterly report, with indication of the number of shares held by such entities, their percentage in share capital, the number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

The total number of votes at the general meeting of the parent, CI Games S.A., is 12 650 000.

CI Games S.A. shareholding structure as at the publication date of this report:

Shareholder	number of shares	% in share capital	number of votes at GM	% of votes at GM
Marek Tymiński	6 347 285	50.18%	6 347 285	50.18%
Quercus Parasolowy SFIO	663 307	5.24%	663 307	5.24%
Other	5 639 408	44.58%	5 639 408	44.58%

During the period from publication of the Issuer's preceding quarterly report (i.e. during the period from August 26, 2013 to November 14, 2013), there were no changes in ownership of significant stakes.



6. Shares or rights to shares in CI Games S.A. held by management or supervisory personnel as at the date of publishing the quarterly report, together with indication of change in shareholding during the period from publication of the previous interim report, presented individually for each person

Person	Position	As at August 26, 2013 (H1 2013 report publication date)	Increase in shareholding during the period from Aug 26 to Nov 14, 2013	Decrease in shareholding during the period from Aug 26 to Nov 14, 2013	As at November 14, 2013 (Q3 2013 report publication date)
Marek Tymiński	President of the Management Board	6 347 285	-	-	6 347 285
Lech Tymiński	Member of the Supervisory Board	9 565	-	-	9 565

7. Significant achievements or set-backs in Q3 2013 and related events

- **Repayment of reverse factoring facility**

On July 15, 2013 the Company made full and timely repayment of a reverse factoring facility at Warsaw-based Alior Bank S.A. In February 2013, the bank granted a EUR 3.2 million limit to CI Games S.A. for use in EUR and USD, allocated to finance the purchase of goods, licenses and contract work.

- **Change of the Issuer's name from City Interactive S.A. to CI Games S.A.**

On August 22, 2013 the Parent's Management Board announced that it received a copy of a decision by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, regarding registration of an amendment in the Company's articles of association consisting especially of a change in the Company's name from City Interactive Spółka Akcyjna to CI Games Spółka Akcyjna. Pursuant to the updated articles of association, the Company may use the abbreviated form CI Games S.A.

- **Series E bond issue**

On September 23, 2013, CI Games S.A. issued series E bonds, their objective being the financing of expenditures connected with finishing the production, promotion and distribution of Enemy Front and Lords of the Fallen. The Company issued 5 703 ordinary bearer bonds with a total nominal value of PLN 5 703 000. The issue price per bond was PLN 1 000. Bondholders will receive a quarterly coupon calculated using a reference rate consisting of WIBOR 3M plus a 5.50% margin applied to the actual number of days during the Interest Period and assuming a 365-day year. The Redemption Date has been set as December 18, 2014, and the Issuer has the right to request early redemption, full or partial, on each Date of Early Redemption Requested by the Issuer, i.e. on the following dates: September 18, 2014, October 17, 2014 and November 18, 2014.

As at September 30, 2013, the debt to equity ratio, defined as consolidated net financial debt over equity, was a negative 0.04. Net financial debt is understood as the Group's liabilities relating to credits, loans and other interest-bearing or discounted financial instruments, less any related derivative hedges, cash and cash equivalents, available-for-sale marketable securities and restricted cash, calculated using figures from the Group's consolidated financial statements.

- **New release - Alien Rage for PCs**

The PC version of Alien Rage premiered on September 24, 2013. The game is marketed through online channels.

- **FX hedging transactions**

The table below presents all open forward contracts as at the end of the reporting period.

	Open contracts in foreign currency	Forward initial recognition in PLN	Entry price	Contract settlement date
EUR	1 000 000	4 140 000	4.1400	December 30, 2013

During the reporting period the Parent implemented a hedging policy, due to which the effect of valuation of the principal constituting effective hedging was assigned to a PLN 70 000 revaluation reserve (adjusted for deferred tax). Liabilities resulting from valuation of hedging transactions were presented in the balance sheet under "financial liabilities".

A description of events which could have a significant impact on the Issuer's future financial results may be found in points 19 and 20 of this report.

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

Third-quarter revenue was PLN 9.2 million. The principal factors contributing to the results achieved during the period were as follows: sales of Sniper: Ghost Warrior 2, the release of which took place in Q1 2013, and the release of Alien Rage for PCs, which is available online from September 24, 2013.

Console games continue to account for the largest share of the Group's sales. During the reporting period, the share of PC games increased to 25% of total sales, resulting mainly from online promotional activities regarding Sniper: Ghost Warrior 2 as well as the release of Alien Rage for PCs.

Sales structure	Q3 2013	Q1-Q3 2013	Q3 2013	Q1-Q3 2012
Console games	75%	86%	94%	90%
PC games	25%	14%	6%	10%

North America accounted for the largest share of Group sales in Q3 2013 (72% of total revenue), resulting chiefly from an increase in the share of online sales which are predominantly taking place through the US website Steam. Europe's share in Group sales in Q3 was lower, resulting from higher sales in the two preceding quarters and the anticipation of a decrease in Sniper: Ghost Warrior 2 prices, scheduled for Q4 2013.

Data in PLN thousands

Geographical structure	Q3 2013		Q1-Q3 2013		Q3 2012		Q1-Q3 2012	
	Revenue	% share	Revenue	% share	Revenue	% share	Revenue	% share
Europe	2 022	22%	47 750	47%	4 484	45%	13 182	47%
North America	6 601	72%	42 200	42%	4 834	48%	13 061	47%
Asia and Australia	582	6%	11 603	11%	733	7%	1 815	6%
TOTAL	**9 205**	**100%**	**101 553**	**100%**	**10 051**	**100%**	**28 058**	**100%**

Revenue from sale and margins in specific product segments during the reporting periods are presented below.

Data in PLN thousands

Product segment	Q3 2013				Q3 2012			
	Revenue	% share	Result	% margin	Revenue	% share	Result	% margin
Own products	5 623	61%	762	14%	9 094	90%	1 852	20%
Licenses	3 355	36%	2 780	83%	954	10%	886	93%
Other sales	227	3%	70	31%	3	0%	-228	n/a
TOTAL	**9 205**	**100%**	**3 612**	**39%**	**10 051**	**100%**	**2 510**	**25%**

Product segment	Q1-Q3 2013				Q1-Q3 2012			
	Revenue	% share	Result	% margin	Revenue	% share	Result	% margin
Own products	85 108	84%	39 852	47%	24 300	87%	4 938	20%
Licenses	15 787	15%	13 899	88%	2 633	9%	2 354	89%
Other sales	658	1%	-141	n/a	1 125	4%	-42	n/a
TOTAL	**101 553**	**100%**	**53 609**	**53%**	**28 058**	**100%**	**7 250**	**26%**

The Group’s margin, calculated as gross profit on sales over revenue, hit 39% in Q3 2013 compared to 25% in Q3 2012. The higher margin in Q3 resulted from substantial sales in high-margin online distribution.

In the reporting period, administrative expenses totaled PLN 1.7 million and did not significantly differ from average quarterly costs in 2013. Distribution costs amounted to PLN 3.2 million. During the reporting period the biggest impact on distribution costs came from game marketing and advertising.

The CI Games Group's carrying amount as at September 30, 2013 was PLN 103.50 million and did not substantially change from June 30, 2013 (an increase of PLN 3.1 million). The growth in assets came from higher expenditures on development (a PLN 6 million increase in intangible assets compared to June 30, 2013) and a PLN 2.5 million over-payment of income tax, with a simultaneous decrease in trade receivables to PLN 14.7 million. The Group's liabilities increased by PLN 3.9 million compared to June 30, 2013, resulting mainly from a PLN 5.7 million bond issue and a decrease in financial liabilities (repayment of a PLN 1.9 million reverse factoring facility).

The Group's equity as at September 30, 2013 was PLN 82.7 million, down PLN 0.8 million from June 30, 2013, owing mostly to a net loss posted in the third quarter.

As at September 30, 2013, the Group held PLN 8.8 million in cash and cash equivalents (an increase of PLN 0.4 million in comparison with June 30, 2013). During Q3 2013, the Group generated positive cash flows from operating activities, amounting to PLN 3.7 million, resulting mostly from a decrease in trade receivables. The Group also incurred PLN 7.0 million in capital expenditure comprising finance for new game development. Finance income, thanks to the series E bond issue, was a positive PLN 5.7 million.

Estimated amounts as at September 30, 2013

Data in PLN thousands

Estimates	CI Games S.A.	Group
	As at September 30, 2013	As at September 30, 2013
Receivables revaluation	2 794	2 794
Inventory impairment losses	421	421
Employee benefit provisions	87	87
Deferred income tax provision	3 376	3 376
Provision for costs and liabilities	1 890	1 890
TOTAL	**8 568**	**8 568**
Net revenue provision for returns and adjustments	2 274	2 434

9. Explanations concerning the seasonal or cyclical nature of the Issuer's business in the reporting period

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

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

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

11. Information on change in contingent liabilities or assets which have occurred since the end of the last financial year

As at September 30, 2013, the Parent had no contingent liabilities except a promissory note issued by CI Games S.A. for lessor Raiffeisen Leasing Polska in order to secure payments under leasing agreements.

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

During the period from January 1 to September 30, 2013 neither the Issuer nor any of its subsidiaries issued loan sureties or guarantees, the value of which could constitute at least 10% of the Issuer's equity.

13. Information concerning the issue, buy-back and repayment of equity and debt instruments

During Q3 2013, the parent, CI Games S.A., issued series E bonds. A detailed description of the issue may be found in point 7 of this report.

During the reporting period the Issuer did not issue, redeem or repay any other debt or equity instruments.

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

The CI Games Group did not experience organizational changes during the reporting period other than the transformation of subsidiaries described in point 4 of this report.

On November 7, 2013, Romanian subsidiary City Interactive SRL filed for bankruptcy with the Court in Bucharest (details in point 19 of this report).

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

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

16. Information concerning paid (or declared) dividends, both total and per share, with division into ordinary and preferred shares

During the reporting period the parent, CI Games S.A., neither paid out nor declared any dividends.

17. Other information which the Issuer's management believes is essential for assessment of its HR, asset or financial position, financial performance and change thereto, as well as information essential for assessing the Issuer's ability to satisfy its liabilities

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

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

On October 9, 2013, the Management Board of CI Games S.A released preliminary estimates for the Group's third-quarter consolidated net revenue, which was to exceed PLN 9 million. The Management Board confirms that the above guidance has been met.

The Issuer's management did not publish any estimates or forecasts concerning the CI Games Group's consolidated results other than those presented in this report.

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

- **General meeting**

On October 17, 2013, the Management Board of CI Games S.A. called a general meeting for November 14, 2013. The following draft resolutions were presented:

- amendment of the Company's articles of association concerning authorization for the Issuer's Management Board to increase issued share capital within authorized share capital by an amount not higher than PLN 948 750, for a period of three years from registration of this amendment in the court register of companies,

- amendment of the Company's articles of association concerning authorization for the Company's Management Board to exclude, with Supervisory Board approval, pre-emptive rights, in full or in part, in connection with the increase in issued share capital within authorized share capital,

- use of supplementary capital, in the amount equal to the share premium from issue of shares as part of the increase in issued share capital within authorized share capital.

- **Release of Alien Rage for Playstation®3 and Xbox360®**

Alien Rage for Xbox360® premiered on October 18, 2013. The Playstation®3 version was released in the US on October 22 and in Europe on October 23, 2013. The game is sold through online channels. Released in October 2013 also was the box set version for PCs.

- **Liquidation of a subsidiary in Romania**

On November 7, 2013, a Bucharest, Romania-based subsidiary, City Interactive SRL, filed for bankruptcy at the 7th Civil Division of the Court in Bucharest. The company was formed in 2011 as a studio developing World of Mercenaries. Following a decision to discontinue work on this game in Q1 2013, which came after a review of its commercial potential, the Romanian subsidiary ceased independent development operations, and the substantially reduced team in Romania supported production of the Issuer's other games. Due to a lack of economic or operational justification for maintaining a studio in Romania, the Management Board of CI Games S.A. decided to liquidate the company. The Romanian company currently employs seven people who will be invited to collaborate with CI Games S.A.

A description of events which could have a significant impact on the Issuer's future financial results may be found in point 20 of this report.

20. Indication of factors which, in the opinion of the Issuer's management, may have an impact on the company's financial results in the perspective of at least the subsequent quarter

The CI Games Group consistently implements its growth strategy aimed at releasing high quality video games on a regular basis. Currently, the quality of the game development, marketing and sales process is the decisive factor impacting product planning and development activities. The Group produces games for PCs and existing consoles and is steadily expanding game development for next-generation consoles which become available in Q4 2013 and will gradually replace the existing platforms. By releasing games for users of both new- and older-generation consoles, the Issuer aims to reach a larger target group.

Almost three years of intensive work went into development of a sequel to Sniper: Ghost Warrior 2. The game was released in the US on March 12 and in Europe on March 15, 2013. Additional downloadable content was subsequently released as add-ons to the game. To date 1.4 million copies of the game have been sold.

The second half of 2013 also saw the release of Alien Rage. The game was developed using the latest version of Unreal® Engine3 and is available online for PCs, Xbox360® and PlayStation®3. A box set version for PCs was also released in selected markets.

Another of the Issuer's key projects in the production phase with high commercial potential is Enemy Front, a first person shooter set during the Second World War. The game's release for Xbox360®, Sony PlayStation®3 and PC is planned for 2014.

An experienced team at Deck13 of Germany is currently working on development of Lords of the Fallen. The game, set to be released in 2014, will be available on Xbox One®, PlayStation®4 and PCs.

The Issuer's management believes that the current strategy will allow the CI Games Group to continue delivering strong financial performance and to strengthen its position in global markets. The management believes that the company has the necessary competences and technical capabilities to develop and release high quality games.

MANAGEMENT BOARD:

Marek Tymiński

President of the Management Board

Warsaw, November 14, 2013