CITY INTERACTIVE GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE FIRST QUARTER OF 2012

CONTENTS

I. CONSOLIDATED DATA FOR THE CITY INTERACTIVE GROUP

CONSOLIDATED BALANCE SHEET

as at March 31, 2012

PLN thousands

	ASSETS	as at Mar 31, 2012	as at Mar 31, 2011	as at Dec 31, 2011
A.	**NON-CURRENT ASSETS**	**35 480**	**17 469**	**28 779**
	Property, plant and equipment	1 742	408	1 385
	Intangible assets	31 981	14 281	25 062
	Goodwill	9	4	9
	Interests in subsidiaries and associates	18	18	18
	Deferred income tax assets	1 696	2 758	2 269
	Other non-current assets	34	-	36
B.	**CURRENT ASSETS**	**33 647**	**35 795**	**41 875**
	Inventory	4 766	4 450	4 945
	Non-current investments	1 067	902	403
	Prepayments	85	1 912	1 361
	Trade receivables	9 364	13 766	14 517
	Deferred tax receivables	857	-	858
	Cash and cash equivalents	13 926	12 148	16 700
	Other current assets	3 584	2 618	3 089
	TOTAL ASSETS	**69 127**	**53 264**	**70 654**

CONSOLIDATED BALANCE SHEET

as at March 31, 2012 (continued)

PLN thousands

	EQUITY AND LIABILITIES	as at Mar 31, 2012	as at Mar 31, 2011	as at Dec 31, 2011
A.	**EQUITY**	**58 360**	**44 101**	**57 772**
	Share capital	1 265	1 265	1 265
	Share premium	4 556	4 556	4 556
	Incentive scheme provision	-	283	-
	Revaluation reserve	534	-	-2 098
	Buy-back provision	16 000	16 000	16 000
	Exchange differences on net investments in foreign operations	- 11	10	- 10
	Retained earnings	36 016	21 987	38 061
	including profit (loss) for the period	- 2 048	1 132	16 923
	Equity attributable to the parent	**58 360**	**44 101**	**57 772**
	Equity attributable to non-controlling interests	-	-	-
B.	**LIABILITIES**	**10 766**	**9 164**	**12 882**
	Provision for pensions and similar	60	41	15
	Finance lease liabilities	22	48	29
	Deferred income tax provision	251	106	298
	Total non-current liabilities	**333**	**195**	**342**
	Borrowings including credits, loans and other debt instruments	26	109	26
	Other financial liabilities	-	-	2 954
	Income tax liabilities	22	-	46
	Trade receivables	7 612	7 070	8 327
	Other liabilities	437	566	298
	Other current provisions	276	1 224	890
	Deferred income	2 060	-	-
	Total current liabilities	**10 434**	**8 969**	**12 540**
	TOTAL EQUITY AND LIABILITIES	**69 127**	**53 264**	**70 654**

Book value (in PLN thousands)	58 360	44 101	57 772
Number of shares (in thousands)	12 650	12 650	12 650
Book value per share (in PLN)	4.61	3.49	4.57

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the period January 1 to March 31, 2012
(multiple-step format)

PLN thousands

	for the period Jan 1 - Mar 31, 2012	for the period Jan 1 - Mar 31, 2011	for the period Jan 1 - Dec 31, 2011
Continuing operations			
Net revenue from sales	**9 638**	**13 020**	**81 718**
Revenue from sale of products and services	9 104	12 696	80 350
Revenue from sale of goods for resale and materials	534	325	1 368
Cost of products, goods for resale and services sold	**7 145**	**7 775**	**43 210**
Cost of manufacture of products sold	6 794	7 553	42 192
Value of goods for resale and materials sold	351	222	1 018
Gross profit (loss) on sales	**2 494**	**5 246**	**38 508**
Other operating revenues	70	158	669
Distribution costs	1 680	2 595	10 540
Administrative expenses	1 419	1 113	5 900
Other operating costs	254	170	1 617
Profit (loss) on operating activities	**- 790**	**1 526**	**21 120**
Finance income	94	121	1 546
Finance costs	1 434	109	358
Profit (loss) before tax	**- 2 129**	**1 538**	**22 308**
Income tax	- 81	407	5 385
Profit (loss) on continuing operations	**- 2 048**	**1 132**	**16 923**
Discontinued operations	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**
NET PROFIT (LOSS)	**- 2 048**	**1 132**	**16 923**

Number of shares (in thousands)	12 650	12 650	12 650
Profit (loss) per ordinary share (in PLN)	-0.16	0.09	1.34

* The company restated its comparative data for Q1 2012. Commission due to distributors, initially included in distribution costs, is now recognized as a reduction of revenue from sales. Details of the restatement can be found in note 39 under “Changes to Accounting Principles. Restatement of Comparative Data”.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 to March 31, 2012 PLN thousands

	for the period Jan 1 - Mar 31, 2012	**for the period Jan 1 - Mar 31, 2011**	**for the period Jan 1 - Dec 31, 2011**
Net profit (loss)	**- 2 048**	**1 132**	**16 923**
Other total gross comprehensive income:	2 632	7	- 2 112
Result on translation of foreign operations	- 1	7	- 14
Hedging instrument measurement	2 633	-	- 2 098
Total comprehensive income	**584**	**1 139**	**14 811**
Total comprehensive income attributable to:			
% share attributable to the parent	*100%*	*100%*	*100%*
owners of the parent	584	1 139	14 811
non-controlling interests	-	-	-
Total	**584**	**1 139**	**14 811**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period January 1 to March 31, 2012

PLN thousands

for the period from January 1 to March 31, 2012		Share capital	Share premium	Buy-back provision	Incentive scheme provision	Revaluation of hedging instruments	Net investments in foreign operations	Retained earnings	Total equity
1.	**Balance as at January 1, 2012**	**1 265**	**4 556**	**16 000**	**-**	**- 2 098**	**- 10**	**38 064**	**57 776**
2.	Opening balance restatement	-	-	-	-	-	-	-	**-**
3.	**Balance as at January 1, 2012 after restatement**	**1 265**	**4 556**	**16 000**	**-**	**- 2 098**	**- 10**	**38 064**	**57 776**
	Changes in consolidated equity during Q1 2012								
4.	Profit (loss) for the period	-	-	-	-	-	-	- 2 048	- 2 048
5.	Measurement of hedging instruments	-	-	-	-	2 633	-	-	2 633
6.	Exchange differences on net investments in foreign operations	-	-	-	-	-	- 1	-	- 1
	Balance as at March 31, 2012	**1 265**	**4 556**	**16 000**	**-**	**534**	**- 11**	**36 016**	**58 360**

COMPARATIVE DATA for the period from January 1 to March 31, 2011		Share capital	Share premium	Buy-back provision	Incentive scheme provision	Revaluation of hedging instruments	Net investments in foreign operations	Retained earnings	Total equity
1.	**Balance as at January 1, 2011**	**1 265**	**4 556**	**16 000**	**283**	**-**	**3**	**20 855**	**42 962**
2.	Opening balance restatement	-	-	-	-	-	-	-	**-**
3.	**Balance as at January 1, 2011 after restatement**	**1 265**	**4 556**	**16 000**	**283**	**-**	**3**	**20 855**	**42 962**
	Changes in consolidated equity during Q1 2011								
4.	Profit (loss) for the period	-	-	-	-	-	-	1 132	1 132
5.	Increases, due to exchange differences	-	-	-	-	-	7	-	7
	Balance as at March 31, 2011	**1 265**	**4 556**	**16 000**	**283**	**-**	**10**	**21 987**	**44 101**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to March 31 2012 (continued)

PLN thousands

COMPARATIVE DATA for the period from January 1 to December 31, 2011		Share capital	Share premium	Buy-back provision	Incentive scheme provision	Revaluation of hedging instruments	Net investments in foreign operations	Retained earnings	Total equity
1.	**Balance as at January 1, 2011**	**1 265**	**4 556**	**16 000**	**283**	**-**	**3**	**20 855**	**42 962**
2.	Opening balance restatement	-	-	-	-	-	-	-	-
3.	**Balance as at January 1, 2011 after restatement**	**1 265**	**4 556**	**16 000**	**283**	**-**	**3**	**20 855**	**42 962**
	Changes in consolidated equity during 2011								
4.	Profit (loss) for the period	-	-	-	-	-	-	16 923	16 923
5.	Increase / decrease of capital	-	-	-	- 283	-	-	283	-
6.	Revaluation	-	-	-	-	- 2 098	-	-	- 2 098
7.	Increases, due to exchange differences	-	-	-	-	-	- 14	-	- 14
	Balance as at December 31, 2011	**1 265**	**4 556**	**16 000**	**-**	**- 2 098**	**- 10**	**38 061**	**57 772**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period January 1 to March 31, 2012 PLN thousands

(indirect method)

		for the period Jan 1 - Mar 31, 2012	for the period Oct 1 - Dec 31, 2011	for the period Jan 1 - Dec 31, 2011
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
I.	**Gross profit (loss)**	**- 2 129**	**1 538**	**22 308**
II.	**Total adjustments**	**7 556**	**2 988**	**3 184**
1.	Depreciation / amortization	828	1 580	6 194
2.	Creation (reversal) of impairment charges	-	-	157
3.	Gain (loss) on exchange differences	48	- 9	96
4.	Gain (loss) on sale of non-current assets	4	- 8	261
5.	Interest	- 3	103	85
6.	Change in receivables	5 332	2 487	3 072
7.	Change in inventories	90	747	437
8.	Change in trade and other payables	- 477	- 1 172	- 2 529
9.	Change in provisions and liabilities for employee benefits	45	28	2
10.	Measurement of financial assets	- 363	- 37	723
11.	Tax paid	- 7	- 730	- 5 312
12.	Deferred income	2 060	-	-
III.	**Net cash flows from operating activities**	**5 427**	**4 525**	**25 492**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to March 31 2012 (continued) PLN thousands

(indirect method)

		for the period Jan 1 - Mar 31, 2012	for the period Oct 1 - Dec 31, 2011	for the period Jan 1 - Dec 31, 2011
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
1.	Proceeds from sale of property, plant and equipment and intangible assets	-	15	145
2.	Repayment of borrowings	-	-	100
3.	Interest received	-	-	4
4.	Cash outflows on acquisition of property, plant and equipment and intangible assets	- 939	- 107	- 2 080
5.	Cash outflows on acquisition of financial assets	-	- 5	- 10
6.	Cash outflows on development	- 7 255	- 2 619	- 17 223
	Net cash from investing activities	**- 8 195**	**- 2 715**	**- 19 064**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
1.	Expenditures on repayment of borrowings	-	-	- 5 000
2.	Buy-back of debt securities	-	- 5 000	-
3.	Repayment of finance lease liabilities	- 6	- 52	- 111
4.	Interest	- 1	- 131	- 138
	Net cash flows from financing activities	**- 7**	**- 5 184**	**- 5 248**
D.	**TOTAL NET CASH FLOWS**	**- 2 775**	**- 3 373**	**1 179**
E.	**BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:**	**- 2 775**	**- 3 373**	**1 179**
E.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD**	**16 700**	**15 521**	**15 521**
F.	**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**	**13 926**	**12 148**	**16 700**

II. SEPARATE DATA FOR CITY INTERACTIVE S.A.

SEPARATE BALANCE SHEET

as at March 31, 2012

PLN thousands

	ASSETS	as at Mar 31, 2012	as at Mar 31, 2011	as at Dec 31, 2011
A.	**NON-CURRENT ASSETS**	**33 628**	**16 949**	**27 661**
	Property, plant and equipment	1 179	399	957
	Intangible assets	30 493	14 156	24 149
	Interests in subsidiaries and associates	287	263	308
	Deferred income tax assets	1 670	2 131	2 246
B.	**CURRENT ASSETS**	**38 256**	**36 230**	**43 469**
	Inventory	3 914	3 396	3 909
	Non-current investments	6 605	1 684	4 078
	Prepayments	67	1 412	1 049
	Trade receivables	11 356	16 354	16 857
	Deferred tax receivables	855	-	855
	Cash and cash equivalents	12 714	10 946	14 062
	Other current assets	2 745	2 438	2 660
	TOTAL ASSETS	**71 884**	**53 180**	**71 130**

SEPARATE BALANCE SHEET

as at March 31, 2012 (continued)

PLN thousands

	EQUITY AND LIABILITIES	as at Mar 31, 2012	as at Mar 31, 2011	as at Dec 31, 2011
A.	**EQUITY**	**58 995**	**44 638**	**58 596**
	Share capital	1 265	1 265	1 265
	Share premium	4 556	4 556	4 556
	Incentive scheme provision	-	283	-
	Revaluation reserve	590	37	- 2 021
	Buy-back provision	16 000	16 000	16 000
	Retained earnings	36 584	22 498	38 797
	including profit (loss) for the period	- 2 213	1 087	17 103
	Equity attributable to the parent	**58 995**	**44 638**	**58 596**
	Equity attributable to non-controlling interests	-	-	-
B.	**LIABILITIES**	**12 889**	**8 542**	**12 534**
	Provision for pensions and similar	60	41	15
	Finance lease liabilities	22	48	29
	Deferred income tax provision	243	106	290
	Non-current liabilities	**326**	**195**	**334**
	Trade receivables	9 765	6 500	8 033
	Borrowings including credits, loans and other debt instruments	27	65	26
	Financial liabilities	-	-	2 954
	Other liabilities	437	566	298
	Other current provisions	275	1 216	889
	Deferred income	2 060	-	-
	Current liabilities	**12 564**	**8 347**	**12 200**
	TOTAL EQUITY AND LIABILITIES	**71 884**	**53 180**	**71 130**

Book value (in PLN thousands)	58 995	44 638	58 596
Number of shares (in thousands)	12 650	12 650	12 650
Book value per share (in PLN)	4.66	3.53	4.63

SEPARATE STATEMENT OF PROFIT AND LOSS

for the period January 1 to March 31, 2012

(multiple-step format)

PLN thousands

	for the period Jan 1 - Mar 31, 2012	for the period Jan 1 - Mar 31, 2011	for the period Jan 1 - Dec 31, 2011
Continuing operations			
Net revenue from sales	**7 461**	**9 928**	**69 933**
Revenue from sale of products and services	6 927	9 601	68 566
Revenue from sale of goods for resale and materials	534	326	1 367
Cost of products, goods for resale and services sold	**6 095**	**6 116**	**37 449**
Cost of manufacture of products sold	5 744	5 895	36 446
Value of goods for resale and materials sold	351	221	1 003
Gross profit (loss) on sales	**1 366**	**3 812**	**32 483**
Other operating revenues	72	157	670
Distribution costs	1 084	1 440	6 554
Administrative expenses	1 110	882	4 510
Other operating costs	253	165	1 504
Profit (loss) on operating activities	**- 1 009**	**1 481**	**20 585**
Finance income	101	120	1 566
Finance costs	1 391	109	345
Profit (loss) before tax	**- 2 298**	**1 493**	**21 806**
Income tax	- 85	406	4 703
Profit (loss) on continuing operations	**- 2 213**	**1 087**	**17 103**
Discontinued operations	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**
NET PROFIT (LOSS)	**- 2 213**	**1 087**	**17 103**

Number of shares (in thousands)	12 650	12 650	12 650
Profit (loss) per ordinary share (in PLN)	- 0.17	0.09	1.35

* The Parent restated its comparative data for Q1 2012. Commission due to distributors, initially included in distribution costs, is now recognized as a reduction of revenues from sale. Details of the restatement can be found in note 39 under “Changes to Accounting Principles. Restatement of Comparative Data”.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 to March 31, 2012

PLN thousands

	for the period Jan 1 - Mar 31, 2012	for the period Jan 1 - Mar 31, 2011	for the period Jan 1 - Dec 31, 2011
Net profit (loss)	**- 2 213**	**1 087**	**17 103**
Other total gross comprehensive income:			
Measurement of financial assets	- 23	- 6	35
Measurement of hedging instruments	2 633	-	- 2 098
Other comprehensive income after tax	2 610	- 6	- 2 063
Total comprehensive income	**398**	**1 081**	**15 040**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period January 1 to March 31, 2012

PLN thousands

	for the period January 1 to March 31, 2012	Share capital	Share premium	Buy-back provision	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
1.	**Balance as at January 1, 2012**	**1 265**	**4 556**	**16 000**	**- 2 021**	**-**	**38 797**	**58 596**
2.	Opening balance restatement	-	-	-	-	-	-	-
3.	**Balance as at January 1, 2012 after restatement**	**1 265**	**4 556**	**16 000**	**- 2 021**	**-**	**38 797**	**58 596**
	Changes in equity during Q1 2012							
4.	Profit (loss) for the period	-	-	-	-	-	- 2 213	- 2 213
5.	Revaluation of hedging instruments	-	-	-	2 633	-	-	2 633
6.	Revaluation of financial assets	-	-	-	- 23	-	-	- 23
	Balance as at March 31, 2012	**1 265**	**4 556**	**16 000**	**590**	**-**	**36 584**	**58 995**

	COMPARATIVE DATA for the period from January 1 to March 31, 2011	Share capital	Share premium	Buy-back provision	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
1.	**Balance as at January 1, 2011**	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**
2.	Changes in the accounting principles (policies)	-	-	-	-	-	-	-
3.	**Balance as at January 1, 2011 after restatement**	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**
	Changes in equity during Q1 2011							
4.	Profit (loss) for the period	-	-	-	-	-	1 087	1 087
5.	Decreases due to revaluation	-	-	-	- 6	-	-	- 6
	Balance as at March 31, 2011	**1 265**	**4 556**	**16 000**	**37**	**283**	**22 498**	**44 638**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to March 31 2012 (continued)

PLN thousands

COMPARATIVE DATA for the period from January 1 to December 31, 2011		Share capital	Share premium	Buy-back provision	Revaluation reserve	Incentive scheme provision	Retained earnings	Total equity
1.	**Balance as at January 1, 2011**	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**
2.	Changes in the accounting principles (policies)	-	-	-	-	-	-	-
3.	**Balance as at January 1, 2011 after restatement**	**1 265**	**4 556**	**16 000**	**42**	**283**	**21 411**	**43 557**
	Changes in equity during 2011							
4.	Profit (loss) for the period	-	-	-	-	-	17 103	17 103
5.	Hedging instrument measurement	-	-	-	- 2 098	-	-	- 2 098
6.	Incentive scheme provision	-	-	-	-	- 283	283	-
7.	Revaluation of financial assets	-	-	-	35	-	-	35
	Balance as at December 31, 2011	**1 265**	**4 556**	**16 000**	**- 2 021**	**-**	**38 797**	**58 596**

SEPARATE STATEMENT OF CASH FLOWS

for the period January 1 to March 31, 2012

(indirect method)

PLN thousands

		for the period Jan 1 - Mar 31, 2012	for the period Oct 1 - Dec 31, 2011	for the period Jan 1 - Dec 31, 2011
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
I.	**Gross profit (loss)**	**- 2 298**	**1 493**	**21 806**
II.	**Total adjustments**	**8 791**	**3 210**	**4 422**
1.	Depreciation / amortization	782	1 576	6 120
2.	Creation (reversal) of impairment charges	-	-	157
3.	Gain (loss) on exchange differences	217	13	- 45
4.	Gain (loss) on sale of non-current assets	4	- 8	271
5.	Interest	- 34	103	64
6.	Change in receivables	6 397	3 074	2 714
7.	Change in inventories	- 5	889	376
8.	Change in trade and other payables	- 313	- 1 697	- 648
9.	Change in provisions and liabilities for employee benefits	45	28	2
10.	Tax paid	-	- 730	- 5 312
11.	Measurement of financial assets	- 363	- 37	723
12.	Deferred income	2 060	-	-
III.	**Net cash flows from operating activities**	**6 493**	**4 703**	**26 228**

SEPARATE STATEMENT OF CASH FLOWS

for the period from January 1 to March 31 2012 (continued)

PLN thousands

(indirect method)

		for the period Jan 1 - Mar 31, 2012	for the period Oct 1 - Dec 31, 2011	for the period Jan 1 - Dec 31, 2011
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
1.	Proceeds from sale of property, plant and equipment and intangible assets	-	15	145
2.	Repayment of borrowings	4	-	186
3.	Interest received	-	-	20
4.	Cash outflows on acquisition of property, plant and equipment and intangible assets	- 470	- 63	- 1 424
5.	Cash outflows on acquisition of financial assets	-	- 1	- 6
6.	Cash outflows on R&D	- 5 314	- 2 536	- 16 957
7.	Cash outflows on borrowings granted	- 2 054	- 629	- 3 523
	Net cash from investing activities	**- 7 834**	**- 3 214**	**- 21 558**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
1.	Expenditures on repayment of borrowings	-	- 5 000	- 5 000
2.	Repayment of finance lease liabilities	- 6	- 52	- 111
3.	Interest	- 1	- 131	- 138
	Net cash flows from financing activities	**- 7**	**- 5 184**	**- 5 248**
D.	**TOTAL NET CASH FLOWS**	**- 1 349**	**- 3 694**	**- 578**
E.	**BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:**	**- 1 349**	**- 3 694**	**- 578**
E.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD**	**14 062**	**14 640**	**14 640**
F.	**CASH AND CASH EQUIVALENTS AT THE END OF PERIOD**	**12 714**	**10 946**	**14 062**

III. SELECTED FINANCIAL DATA

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

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

- EURPLN as at March 31, 2012 – 4.1616
- EURPLN as at December 31, 2011 – 4.4168
- EURPLN as at March 31, 2011 – 4.0119

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.

- Q1 2012 – 4.1750
- Q1-Q4 2011 – 4.1401
- Q1 2011 – 3.9742

CONSOLIDATED DATA

CONSOLIDATED BALANCE SHEET	Mar 31, 2012		Mar 31, 2011		Dec 31, 2011	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	35 480	8 526	17 469	4 354	28 779	6 516
Current assets	33 647	8 085	35 795	8 922	41 875	9 481
Total assets	**69 127**	**16 611**	**53 264**	**13 277**	**70 654**	**15 997**
Equity	**58 360**	**14 024**	**44 101**	**10 992**	**57 772**	**13 080**
Share capital	1 265	304	1 265	315	1 265	286
Liabilities and provisions for liabilities	**10 766**	**2 587**	**9 164**	**2 284**	**12 882**	**2 917**
Non-current liabilities	333	80	195	49	342	77
Current liabilities	10 434	2 507	8 969	2 235	12 540	2 839
Total equity and liabilities	**69 127**	**16 611**	**53 264**	**13 277**	**70 654**	**15 997**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Q1 2012		Q1 2011	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	9 638	2 309	13 020	3 276
Profit (loss) from operating activities	- 790	- 189	1 526	384
Gross profit (loss)	- 2 129	- 510	1 538	387
Net profit (loss)	**- 2 048**	**- 491**	**1 132**	**285**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	- 0,16	- 0,04	0,09	0,02

CONSOLIDATED STATEMENT OF CASH FLOWS	Q1 2012		Q1 2011	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	5 427	1 300	4 525	1 139
Net cash flows from investing activities	-8 195	-1 963	-2 715	-683
Net cash flows from financing activities	-7	-2	-5 184	-1 304
Net cash flows	**-2 775**	**-665**	**-3 373**	**-849**

SEPARATE DATA

BALANCE SHEET	Mar 31, 2012		Mar 31, 2011		Dec 31, 2011	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	33 628	8 081	16 949	4 225	27 661	6 263
Current assets	38 256	9 193	36 230	9 031	43 469	9 842
Total assets	**71 884**	**17 273**	**53 180**	**13 255**	**71 130**	**16 104**
Equity	**58 995**	**14 176**	**44 638**	**11 126**	**58 596**	**13 267**
Share capital	1 265	304	1 265	315	1 265	286
Liabilities and provisions for liabilities	**12 889**	**3 097**	**8 542**	**2 129**	**12 534**	**2 838**
Non-current liabilities	326	78	195	49	334	76
Current liabilities	12 564	3 019	8 347	2 080	12 200	2 762
Total equity and liabilities	**71 884**	**17 273**	**53 180**	**13 255**	**71 130**	**16 104**

STATEMENT OF PROFIT AND LOSS	Q1 2012		Q1 2011	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	7 461	1 787	9 928	2 498
Profit (loss) from operating activities	- 1 009	- 242	1 481	373
Gross profit (loss)	- 2 298	- 550	1 493	376
Net profit (loss)	**-2 213**	**- 530**	**1 087**	**273**
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	-0,17	-0,04	0,09	0,02

STATEMENT OF CASH FLOWS	Q1 2012		Q1 2011	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	6 493	1 555	4 703	1 183
Net cash flows from investing activities	-7 834	-1 877	-3 214	-809
Net cash flows from financing activities	-7	-2	-5 184	-1 304
Net cash flows	**-1 349**	**-323**	**-3 694**	**-930**

IV. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO MARCH 31, 2012

1. Basis for presentation and preparation of the financial statements

a) These financial statements cover the period from January 1 to March 31, 2012. Comparative data covers the period from January 1 to March 31, 2011 and from January 1 to December 31, 2011, and also as at March 31, 2011 and as at December 31, 2011 (balance sheet).

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

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

2. Adopted accounting principles

a) Application of the International Accounting Standards

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

The financial statements for the period from January 1 to March 31, 2012 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 Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which these 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 City Interactive Group consolidated financial statements were drawn up applying the acquisition method as the means of settlement adopted on the date of the share purchase transaction (fully consolidated). In drawing up the financial statements, the parent combines the financial statements of the parent and subsidiaries through summarizing individual items of assets, liabilities, shares in equity, revenues and costs.

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

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

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

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

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

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

(ii) Associates, joint ventures

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

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

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

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

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

(iii) Consolidation adjustments

The balance of internal settlements between Group entities, transactions executed within the Group and all unrealized profits or losses resulting thereunder, together with Group revenues and costs, are excluded during the preparation of the consolidated financial statements. Unrealized gains 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 statement of profit and loss in the period in which they were borne. The cost of production is augmented by fees and for defined assets by the costs of external finance capitalized in accordance with the principles defined in the Group's accounting policy.

Depreciation concerning such property, plant and equipment 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.

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

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

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

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

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

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

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

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

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

Lessor liabilities arising on this account are recognized in the balance sheet under finance lease liabilities.

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

(iii) Deferred expenses

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

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

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

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

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

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

R&D expenses are recognized as costs at the moment they are borne.

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

- the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale,
- the intent to complete an intangible asset and to use or sell it,
- the capacity to use or sell an intangible asset,
- the means in which an intangible asset will create potential economic benefits. Amongst others, the Group should prove the existence of a market for products arising due to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usefulness of the intangible asset,
- the availability of appropriate technical, financial and other resources which are to serve completion of R&D works and the use or sale of the intangible asset,
- the possibility to establish outlays borne during R&D works which may be assigned to such intangible asset.

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

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

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

(ii) Impairment

At the end of each reporting period the Group reviews assets in order to confirm that there were 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 was 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 was not subject to prior estimation – in this event reversal of impairment is recorded in the revaluation reserve.

f) Investments

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

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

g) Trade and other receivables

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

h) Inventory

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

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

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

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

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

i) Cash and cash equivalents

Cash and cash equivalents include cash 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.

j) Financial instruments

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

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

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

- instruments held for trading (at fair value through profit or loss) – financial assets or liabilities which were acquired or arose 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,
- borrowings and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. At initial recognition, the Group values financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in the case of assets, or the amount received in the case of liabilities.

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

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

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

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

Measurement may also take place:

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

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

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

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.

Dividends

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

l) Provisions

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

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

The Group creates the following provisions for liabilities:

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

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

m) Liabilities

Trade and other payables are recognized at amortized cost.

n) Revenues

Revenue from sale of products and services includes sale of products manufactured by the Group to which it has exclusive license rights for their production or 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 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 ceased to be probable is recognized as costs and not as a correction of the initially recognized revenue amount.

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

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

o) Costs

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

(i) Payments for finance leases

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

(ii) Net 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.

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

p) Tax

Obligatory encumbrances on the result include current tax 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 had not been paid.

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

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

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

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

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

q) Transactions in foreign currencies

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

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

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

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

r) Segment reporting

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

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

- business – covering sales divided into products, goods for resale and services,
- geographical – covering sales divided into the following areas: Europe, North 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 were 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 assets held for sale, valuation of assets (or all assets and liabilities constituting an asset group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial recognition as held for sale, fixed assets or the group held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

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

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

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

t) Change in the accounting principles (comparative data restatement)

The City Interactive Group consolidated financial statements and the separate statements for City Interactive S.A. for the period from January 1 to March 31, 2012 retain comparability to data from the consolidated and separate financial statements for the period from January 1 to March 31, 2011, which were drawn up in accordance with IAS/IFRS.

The Parent restated its comparative data for Q1 2012. Commission due to distributors, initially included in distribution costs, is now recognized as a reduction of revenues from sale. This change has effect on comparative data in the statement of profit and loss only. An excerpt from the table with changes marked can be found below. The tables in the main part of this report contain data after restatement.

As a result of the restatement, revenues were presented at the level of payments actually received. The restatement performed in Q1 2011 amounted to PLN 361 000.

CONSOLIDATED DATA in PLN thousands

Restatement of comparative data. for the period from January 1 to March 31, 2011	**before**	**after**
Net revenue from sales	**13 020**	**13 382**
Revenue from sale of products and services	12 696	13 057
Revenue from sale of goods for resale and materials	325	325
Cost of products, goods for resale and services sold	**7 775**	**7 775**
Cost of manufacture of products sold	7 553	7 553
Value of goods for resale and materials sold	222	222
Gross profit (loss) on sales	**5 246**	**5 607**
Other operating revenues	158	158
Distribution costs	2 595	2 956
Administrative expenses	1 113	1 113
Other operating costs	170	170
Profit (loss) on operating activities	**1 526**	**1 526**

SEPARATE DATA in PLN thousands

Restatement of comparative data. for the period from January 1 to March 31, 2011	**before**	**after**
Net revenue from sales	**9 928**	**10 289**
Revenue from sale of products and services	9 601	9 963
Revenue from sale of goods for resale and materials	326	326
Cost of products, goods for resale and services sold	**6 116**	**6 116**
Cost of manufacture of products sold	5 895	5 895
Value of goods for resale and materials sold	221	221
Gross profit (loss) on sales	**3 812**	**4 173**
Other operating revenues	157	157
Distribution costs	1 440	1 802
Administrative expenses	882	882
Other operating costs	165	165
Profit (loss) on operating activities	**1 481**	**1 481**

3. General description of City Interactive S.A.'s operations

The City Interactive Group operates in the video game development and publishing market, both within Poland and abroad. Parent City Interactive 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 and generate outstanding market and financial performance. The Group is focused on developing high quality products across a wide spectrum of game genres, thus strengthening its status in the industry.

Within its business in the gaming market, the Group operates as:

- Developer – having its own development studios in which new projects are created,
- Publisher – acquiring licenses to games manufactured by external studios, being responsible for marketing and roll out strategies,
- Distributor – selling products directly to retail chains, distributor networks, internet portals and others.

Through combining these three functions, the Group can effectively control the process of creating and distributing games without needing to involve a large number of third parties in the process of introducing its products to the market.

The City Interactive Group makes good use of its main assets: an experienced team, worldwide distribution network and cost advantage linked with lower profitability thresholds in relation to other, much larger developers. The Issuer's product range covers all price segments. Games developed for Sony PlayStation®3, Xbox360® and PC have high commercial potential and are competitive in relation to others present in the market. The Group is also working intensively on supplementing the product range with games from new segments, including role-playing-games, titles for iOS platforms and online games.

4. Organizational structure of the Issuer's Group with indication of entities subject to consolidation

As at March 31, 2012 the City Interactive Group comprised the following entities:

- **City Interactive S.A.**, having its registered office in Warsaw. Share capital of PLN 1 265 000. Group parent.
- **City Interactive Germany GmbH** – a company having its registered office in Frankfurt am Main, Germany. Share capital of EUR 25 000. 100% of shares held by City Interactive S.A. Company subject to consolidation as of the second quarter of 2008.
- **City Interactive USA Inc**. – a company having its registered office in Delaware, USA. Share capital USD 50 000. 100% of shares held by City Interactive S.A. Company subject to consolidation as of the second quarter of 2008.
- **Business Area Spółka z o.o.** – a company with registered office in Warsaw, subject to consolidation as of Q3 2010. Share capital of 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. This company is subject to consolidation from Q4 2011.
- **City Interactive Canada Inc.** – a company based in Ontario, Canada, established in October 2010. Share capital of CAD 10.00. 100% of shares held by City Interactive

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

- **City Interactive Studio Ltd.** – a company based in London, UK, established in December 2010. Share capital of GBP 100.00. 100% of shares held by City Interactive S.A. Company subject to consolidation from Q1 2011.
- **City Interactive UK, Ltd**. – a company having its registered office in Manchester, UK. Founding capital of GBP 100. 100% of shares held by City Interactive S.A. This company is not subject to consolidation with regard to the fact that its financial results are insignificant for assessment of the Issuer's situation.
- **City Interactive Spain S.L.** – company having its registered office in Madrid, Spain. Share capital of EUR 3 600. 100% of shares held by City Interactive S.A. The company is subject to consolidation as of the fourth quarter of 2008, whereas on January 1, 2010, after creation of revaluation write-offs on receivables, it was excluded from consolidation.

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

- City Interactive Peru SAC (formerly UCRONICS SAC) – a company having its registered office in Lima, Peru. 99% interest. Share capital of 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% interest, 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% interest, remaining 5% held by City Interactive USA, Inc.

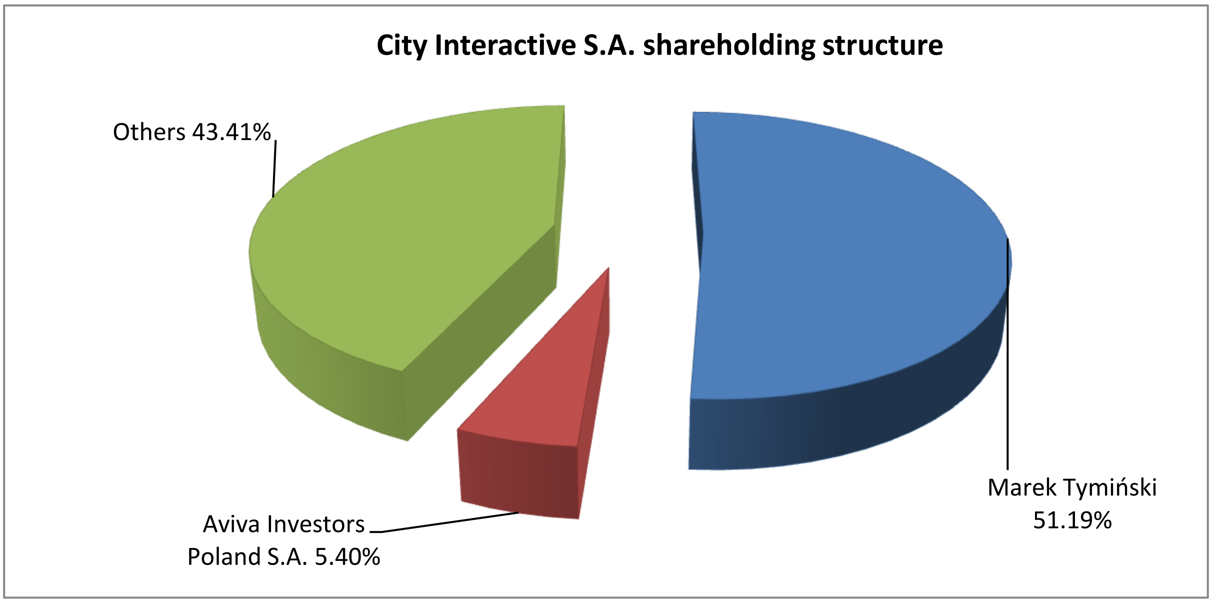
5. Indication of shareholders directly or indirectly through subsidiaries holding at least 5% of total votes at the Parent's General Meeting as at the date of publishing the quarterly report, with indication of the number of shares held by such entities, their percentage in share capital, the number 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 quarterly report

The total number of votes at the General Meeting of Parent City Interactive S.A. is 12 650 000.

During the period from publication of the Issuer's preceding quarterly report (i.e. the period from February 29 to May 15, 2012) no changes took place in the ownership structure of significant shareholdings.

City Interactive 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	6 475 794	51.19%	6 475 794	51.19%
Aviva Investors Poland S.A.	683 104	5.4%	683 104	5.4%
Others		43.41%		43.41%



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

Person	Position	As at March 31, 2012 (end of the reporting period)	Increase in shareholding during the period from March 31 to May 15, 2012	Decrease in shareholding during the period from March 31 to May 15, 2012	As at May 15, 2012 (Q1 2012 report publication date)
Marek Tymiński	President of the Management Board	6 475 794	-	-	6 475 794
Andreas Jaeger	Member of the Management Board	-	-	-	-
Lech Tymiński	Member of the Supervisory Board	9 565	-	-	9 565

7. Description of the Group's significant achievements or set-backs in Q1 2012 and events impacting its financial results

- **Development of the Sniper: Ghost Warrior iOS version moved to the Issuer's studio in Katowice, Poland**

On February 20, 2012 the Management Board of Business Area Sp. z o.o. withdrew from the production agreement with Vivid Games Sp. z o.o. The Issuer's Management decided that, through making use of the Group's production capacity, further work on the mobile version of *Sniper: Ghost Warrior* will be transferred to the Issuer's internal production studio in Katowice.

Mobile version of *Sniper: Ghost Warrior* on iOS platforms, i.e. the iPad®, iPhone® and iPod Touch®, will be produced based on Epic Games Inc.'s Unreal® Engine3 technology. The release is planned for August 21, 2012.

- **Execution of a significant agreement concerning sales of *Sniper: Ghost Warrior 2* and *Combat Wings* in Japan**

On February 23, 2012 a licensing agreement was entered into with Cyberfront Corporation, based in Tokyo, Japan, concerning sale of *Sniper: Ghost Warrior 2* on Sony Playstation®3, Xbox®360 and PC and sale of *Combat Wings* on Sony Playstation®3, Xbox®360 and PC.

- **Execution of a significant agreement concerning sales of *Sniper: Ghost Warrior 2* and *Combat Wings* in the UK, Italy, Spain and Greece**

On February 28, 2012 the Company executed a distribution agreement with Namco Bandai Partners S.A.S. concerning sales of *Sniper: Ghost Warrior 2* on Sony Playstation®3, Xbox360® and PC and sale of *Combat Wings* on Sony Playstation®3, Xbox360®, Nintendo Wii™ and PC.

- **Changes in City Interactive S.A. management**

On March 14, 2012 Member of the Management Board Michał Sokolski resigned. Also on March 14, 2012 the City Interactive S.A. Supervisory Board Andreas Jaeger appointed as Member of the Management Board, who serves as Finance and Operations Director.

- **FX hedging transactions**

Parent City Interactive S.A. hedges the Issuer's currency risk through executing forward contracts. 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	Initial price	Contract settlement date
EUR	300 000	1 315 500	4.3850	March 29, 2012
EUR	1 000 000	4 385 000	4.3850	March 29, 2012
EUR	2 245 000	9 771 812	4.3527	March 29, 2012
USD	450 000	1 444 995	3.2111	March 29, 2012
USD	1 350 000	4 334 175	3.2105	March 29, 2012
USD	2 500 000	8 015 000	3.2060	March 29, 2012
EUR	2 428 964	9 721 929	4.0025	March 29, 2012
		38 988 410		

During the reporting period the Parent implemented a hedging policy, due to which the effect of measurement of the principal constituting effective hedging was assigned to a revaluation provision (measured at PLN 534 000, adjusted for deferred tax). Receivables resulting from measurement of hedging transactions were presented in the balance sheet under "current investments".

8. Description of atypical factors and events impacting on the operating results

In Q1 2012 revenue from sales amounted to PLN 9.6 million. The principal factor impacting results achieved during the period was the lack of new game releases and the further sale of *Sniper: Ghost Warrior* at reduced prices. The Issuer also received an advance payment of PLN 2.06 million for grant of a license for distribution of the game in Japan, which was fully recognized as deferred income. A detailed description of this transaction can be found on p. 42 of this report. Had this amount been included in revenues for the first quarter of 2012, the Group would have generated a positive net result.

During the reporting period the share of console sales within the Group's total sales structure strengthened, achieving a level of 95% (compared to 83% in the first quarter of 2011).

Sales structure	Q1 2012	Q1 2011	2011
Console games	95%	83%	89%
Gry na PC	5%	17%	11%

The City Interactive Group's sales by geographical area were not subject to significant change during the reporting period. The highest share in the Group's total sales was noted in Europe (47%).

Data in PLN thousands

Geographical structure	Q1 2012		Q1 2011		2011	
	Revenues	% share	Revenues	% share	Revenues	% share
Europe	4 521	47%	7 050	54%	44 876	55%
North America	4 412	46%	5 273	41%	28 369	35%
Asia and Australia	705	7%	697	5%	8 473	10%
TOTAL	**9 638**	**100%**	**13 020**	**100%**	**81 718**	**100%**

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

Data in PLN thousands

Product segments	Q1 2012				Q1 2011			
	Revenues	% share	Result	% margin	Revenues	% share	Result	% margin
Own products	8 772	91%	2 314	26%	11 132	86%	4 161	37%
Licenses	73	1%	66	90%	918	7%	819	89%
Licensed products	7	0%	-166	n/a	481	4%	68	14%
Other sales	786	8%	280	36%	489	4%	198	41%
TOTAL	**9 638**	**100%**	**4 554**	**26%**	**13 020**	**100%**	**5 246**	**40%**

The Group's margin, calculated as gross profit on sales against revenues on sale in Q1 2012 reached 26%, vs. 40% in Q1 2011. The decrease in the compared periods results from*Sniper: Ghost Warrior* price reductions across all markets and starting in Q3 2011 sales of a limited Gold Edition of the game, the production of which was more expensive than standard versions.

As at March 31, 2012, the Group held PLN 13.9 million in bank accounts, down by PLN 2.8 million from December 31, 2011. In the first quarter of 2012 the Group generated a PLN 5.4 million cash surplus on operating activities, while incurring investment expenditures of PLN 8.2 million, including PLN 7.3 on financing research and development work on the development of new games.

Estimated amounts included in the Group's consolidated balance sheet as at March 31, 2012

Data in PLN thousands

Estimated amounts	City Interactive S.A.	Group
	As at Mar 31, 2012	As at Mar 31, 2012
Receivables impairment charges	4 950	5 079
Inventory impairment charges	93	93
Provision for pensions and similar	60	60
Deferred income tax provision	243	251
Provision for costs and liabilities	275	276
TOTAL	**5 622**	**5 759**
Net revenue provision for returns and adjustments	416	656

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

Due to the variety of revenue streams (domestic distribution, international distribution, sale of licenses) and specifics of the computer gaming industry, the Group is subject to sales revenue volatility during the financial year, determined by the release of new products. The Issuer establishes the dates for release of its games in order to select the most beneficial competitive environment and in order for the release to 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. Additional information on change in contingent liabilities or assets which occurred since the end of the last financial year

As at March 31, 2012 the company had no contingent liabilities except promissory notes issued by City Interactive S.A. for lessor Raiffeisen Leasing Polska in order to secure payments under concluded leasing agreements.

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

During the period from January 1 to March 31, 2012 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 the reporting period, parent City Interactive S.A. did not issue, redeem or repay equity or non-equity instruments.

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

In the reporting period there were no changes in the structure of the Group.

15. Information on conclusion by the Issuer or its subsidiary or one or more transactions with related entities, if these are individually or jointly significant and 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, together with calculation per share with division into ordinary and preference shares

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

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

In the opinion of the Management Board of City Interactive S.A., no information other than that included in this report will appear which could be significant for assessing the Issuer's HR, asset and financial situation (including financial result) and changes in these and for assessing the Issuer's ability to perform its 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 April 17, 2012 the Management Board of City Interactive S.A. announced that, in line with the Company's estimates, net consolidated revenues from sale generated by the City Interactive Group in the first quarter of 2012 exceeded PLN 11 million. On the date of publishing this report, the Management Board of City Interactive S.A. announced an adjustment to the Group's initial estimated revenues from sale for the first quarter of 2012, publishing a figure of PLN 9 638 000.

After consultation with the auditor it was confirmed that it is not possible to include the PLN 2 060 000 advance payment under the license agreement for sale of *Sniper: Ghost Warrior 2* on Sony Playstation®3, Xbox360® and PC from Cyberfront Corporation in Tokyo, Japan, in the Group's revenues.

This was an adjustment on an accrual basis. The amount received constitutes 50% of the guaranteed, non-refundable advance payment; the revenue is certain and will be recognized in the statement of profit and loss in the third quarter of 2012, at the moment when the Issuer transfers the completed version of *Sniper: Ghost Warrior 2* (Gold Master) to Cyberfront Corporation.

The Issuer's management did not publish any estimates or forecasts concerning the City Interactive Group's consolidated results other than those presented in this interim 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

- **Date for the global release of *Sniper: Ghost Warrior 2***

On April 19, 2012 the Management Board of City Interactive S.A. announced that the global release of *Sniper: Ghost Warrior 2* on PlayStation®3, Xbox360® and PC will take place on August 21, 2012.

- **Execution of a significant agreement concerning sales of *Sniper: Ghost Warrior 2* in Germany, Austria and Switzerland**

On April 27, 2012 the Company executed a distribution agreement with UBISOFT GmbH in Germany concerning sales of *Sniper: Ghost Warrior 2* for Sony Playstation®3, Xbox360® and PC in Germany, Austria and Switzerland.

- **Release of *Enemy Front* at the beginning of 2013. Additional content for *Sniper: Ghost Warrior 2***

On May 11, 2012 the Management Board of City Interactive S.A. announced that a decision had been taken to reschedule the release of *Enemy Front* for PlayStation®3, Xbox360® and PC to the beginning of 2013. This was caused by two factors: firstly to ensure the highest game quality, and secondly to take advantage of the personnel working on *Enemy Front* (studio in Rzeszów) to develop additional content for *Sniper: Ghost Warrior 2*, which in the form of add-ons will be on sale immediately after the release of the main game. Simultaneously, if necessary, the team at the studio in Rzeszów may provide additional support for development of *Sniper: Ghost Warrior 2*. The management believes that this decision may contribute to maximizing revenues from the sale of both *Sniper: Ghost Warrior 2* and*Enemy Front*.

A description of other events which could potentially have a significant impact on the Issuer's future financial results can be found in points 18 and 20 of these notes to the financial statements.

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

The City Interactive Group consistently pursues its development strategy aimed at regularly releasing high quality video games. Currently, quality of the game development, promotion and sales process will be the decisive factor affecting product planning and development activities. The Group is developing more and more games for new generation consoles. This is a clear move in the direction of the most important global market, where sales are based on console markets, while at the same time, heading in the same direction as the very latest video market trends, the management board has commenced activities to develop operations based on new genres and game models (role-playing game - RPG, free-to-play -

F2P) and new distribution channels (games for iOS systems, i.e. the iPad®, iPhone® and iPod Touch®, as well as online and social games), which constitutes a subsequent step in the Group's development. In the opinion of the Issuer's management, this will result in a further improvement in City Interactive S.A.'s results in subsequent quarters and years.

The City Interactive Group plans to release a subsequent game - Combat Wings, which will be mostly be in online distribution for Xbox360®, Sony PlayStation®3 and PC. The game presents spectacular dogfights from the major air battles of the Second World War. The damage system, scale of military operations and extensive range of aircraft available in the game make *Combat Wings* one of the leading titles in this market segment. This is to be a completely new brand which, as was the case with *Sniper: Ghost Warrior*, will fill a niche in the market. The games release is planned for Q2-Q3 2012.

For almost two years intensive work has been underway on the production of the sequel to *Sniper: Ghost Warrior, Sniper: Ghost Warrior 2*, The sequel is improved, based on the latest CryENGINE®3 technology and has a good chance of becoming the Issuer's all-time largest production and distribution success, and will be able to compete with the largest global titles in the First Person Shooter segment. The realism of the gameplay and story, coupled with a shooting mechanism which is improved on the previous version, make the game something completely new and a pioneering experience in tactical sniper simulation aimed at a broad consumer base. The release of *Sniper: Ghost Warrior 2*, which is planned for August 21, 2012, will undoubtedly be one of the most important factors impacting on the Group's financial results in subsequent quarters. Following the game's release additional content will be introduced, including game supplements, which will enable to generate further revenue from sales of *Sniper: Ghost Warrior 2*.

The Group is also working on a mobile version of *Sniper: Ghost Warrior* on iOS platforms, i.e. iPad® and iPhone®, which will be developed using Epic Games Inc.'s Unreal® Engine3. This release is planned for August 21, 2012.

The third quarter of 2012 will also see the release of *Alien Fear* - a science fiction-based first person shooter where the player is cast as the lone survivor of a group of marines which have come to the aid of lost space station Deep Space One. The game is produced using the latest version of Unreal® Engine3 technology and will be marketed in electronic distribution for Xbox360®, Sony PlayStation®3 and PC.

Since August 2011 the Romanian studio is working intensively on the Issuer's first free-to-play game, World of Mercenaries. This will be a modern online multiplayer shooter. Sign-ups for closed game testing commenced at the beginning of April 2012, whereas its release is planned for Q4 2012.

The Issuer's second key project in the production phase with high commercial potential is *Enemy Front*, a first person shooter set in the Second World War. Production of the game is being handled by two of the Issuer's studios in Rzeszow and Guildford in the UK. *Enemy Front* is a classic of the genre, created on the most popular topic, however with a modern approach using one of the most modern and highly advanced technologies for the creation of first person shooter games - CryENGINE®3. The game is set behind Nazi lines over several years in various historically significant locations. The game's release on Xbox360®, Sony PlayStation®3 and PC is planned for the first months of 2013. City Interactive S.A. management is counting on an equally impressive reception for the game as was met by *Sniper: Ghost Warrior*.

Furthermore, in the second half of 2011 the Issuer commenced work on a large project aimed at producing an RPG game for the Xbox360®, Sony Playstation®3 and PC. It is currently being developed mostly in Germany, by an experienced team at Deck13 Interactive GmbH along with the game's executive producer Tomasz Gop (one of the principal producers of The Witcher® 2 Assassins of Kings). Its release is planned for 2013.

The Issuer's management believes that this strategy will allow City Interactive S.A. to achieve further financial success, strengthen its position in global markets and diversify Group revenues. The management believes that the company has the necessary competences and technical capabilities to create and release high quality games.

Release plan for 2012:

Game	Platform	Date
Combat Wings	PS®3 / XBOX360® / PC	Q2/Q3 2012
Sniper: Ghost Warrior 2	PS®3 / XBOX360® / PC	August 21, 2012
Sniper: Ghost Warrior - iOS	iPad® / iPhone®	August 21, 2012
Alien Fear	PS®3 / XBOX360® / PC	Q3 2012
World of Mercenaries	Online	Q4 2012

MANAGEMENT BOARD:

Marek Tymiński

President of the Management Board

Andreas Jaeger

Member of the Management Board

Warsaw, May 15, 2012