CI GAMES GROUP

CONSOLIDATED QUARTERLY REPORT
Q3 2014

Warsaw, November 14, 2014

CONTENTS

I. CONSOLIDATED DATA FOR CI GAMES GROUP

CONSOLIDATED BALANCE SHEET

as at September 30, 2014 PLN 000s

	ASSETS	As at Sep 30, 2014	As at Jun 30, 2014	As at Sep 30, 2013	As at Dec 31, 2013
A.	**NON-CURRENT ASSETS**	**70 617**	**66 608**	**71 911**	**68 237**
	Property, plant and equipment	1 828	1 872	1 367	1 967
	Intangible assets	44 632	40 579	48 344	43 784
	Interests in subsidiaries, associates and jointly controlled entities	-	-	51	5
	Deferred income tax assets	24 157	24 157	22 149	22 479
	Other non-current assets	-	-	-	-
B.	**CURRENT ASSETS**	**18 856**	**26 160**	**31 629**	**29 760**
	Inventory	3 270	3 265	2 674	3 336
	Current investments	19	12	22	27
	Prepayments	79	186	539	473
	Trade receivables	5 113	13 948	14 695	9 527
	Income tax receivables	-	-	2 478	3 125
	Cash and cash equivalents	8 463	6 996	8 811	11 208
	Other current assets	1 911	1 753	2 410	2 064
	TOTAL ASSETS	**89 474**	**92 768**	**103 540**	**97 997**

CONSOLIDATED BALANCE SHEET

as at September 30, 2014 (continued) PLN 000s

	EQUITY AND LIABILITIES	As at Sep 30, 2014	As at Jun 30, 2014	As at Sep 30, 2013	As at Dec 31, 2013
A.	**EQUITY**	**60 447**	**67 334**	**82 698**	**80 547**
	Share capital	1 391	1 391	1 265	1 391
	Share premium	15 530	15 530	4 556	15 530
	Revaluation reserve	-	-	-70	-
	Exchange differences on translation of foreign operations	192	197	-44	22
	Buy-back provision	16 000	16 000	16 000	16 000
	Retained earnings	27 335	34 216	60 991	47 604
	including current-period earnings	-20 269	-13 387	43 101	29 713
	Equity attributable to owners of the Parent	**60 447**	**67 334**	**82 698**	**80 547**
	Equity attributable to non-controlling interests	-	-	-	-
B.	**LIABILITIES**	**29 027**	**25 434**	**20 842**	**17 450**
	Non-current liabilities	**2 647**	**2 647**	**9 165**	**1 122**
	Borrowings including credits, loans and other debt instruments	-	-	5 703	-
	Employee benefit provisions	17	17	86	33
	Finance lease liabilities	-	-	-	13
	Deferred income tax provision	2 630	2 630	3 376	1 075
	Current liabilities	**26 380**	**22 787**	**11 677**	**16 328**
	Borrowings including credits, loans and other debt instruments	10 713	9 818	-	5 720
	Tax liabilities	-4	-	252	492
	Trade payables	6 423	5 481	8 972	8 290
	Finance lease liabilities	20	26	53	25
	Financial liabilities	-	4 411	95	-
	Other liabilities	417	376	415	302
	Other current provisions	1 825	2 675	1 890	1 499
	Deferred revenue	6 986	-	-	-
	TOTAL EQUITY AND LIABILITIES	**89 474**	**92 768**	**103 540**	**97 997**

Book value (in PLN 000s)	60 447	67 334	82 698	80 547
Number of shares (in 000s)	13 914	13 914	12 650	13 914
Book value per share (in PLN)	4,34	4,84	6,54	5,79

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the period from January 1 to September 30, 2014

(multiple-step format)

PLN 000s

	for the period Jul 1 - Sep 30, 2014	for the period Jan 1 - Sep 30, 2014	for the period Jul 1 - Sep 30, 2013	for the period Jan 1 - Sep 30, 2013
Continuing operations				
Net revenue from sales	**2 083**	**27 895**	**9 205**	**101 553**
Revenue from sale of products and services	2 088	27 889	9 099	100 911
Revenue from sale of goods for resale and materials	-4	6	105	641
Cost of products, goods and services sold	**5 606**	**37 368**	**5 592**	**47 943**
Cost of manufacture of products sold	5 606	37 361	5 544	47 464
Value of goods and materials sold	-	7	49	480
Gross profit / loss on sales	**-3 523**	**-9 473**	**3 612**	**53 609**
Other operating revenue	280	584	103	513
Selling costs	1 920	6 478	3 238	16 958
Administrative expenses	1 256	3 923	1 705	5 015
Other operating expenses	666	1 062	-175	815
Profit (loss) on operating activities	**-7 086**	**-20 352**	**-1 052**	**31 334**
Finance income	160	334	1	97
Finance costs	-45	360	346	1 391
Profit (loss) before tax	**-6 882**	**-20 378**	**-1 397**	**30 041**
Income tax	-	-108	162	-13 061
Profit (loss) on continuing operations	**-6 882**	**-20 269**	**-1 559**	**43 101**
Discontinued operations	**-**	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT (LOSS)	**-6 882**	**-20 269**	**-1 559**	**43 101**

Net profit (loss) (in PLN 000s)	-6 882	-20 269	-1 559	43 101
Number of shares (in 000s)	13 914	13 914	12 650	12 650
Profit (loss) per ordinary share (in PLN)	-0,49	-1,46	-0,12	3,41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to September 30, 2014 PLN 000s

	for the period Jul 1 - Sep 30, 2014	for the period Jan 1 - Sep 30, 2014	for the period Jul 1 - Sep 30, 2013	for the period Jan 1 - Sep 30, 2013
Net profit (loss) for the year	**-6 882**	**-20 269**	**-1 559**	**43 101**
Total other comprehensive income	-5	170	779	-7
Effect of translation of foreign operations	-	-	54	62
Effect of hedging instrument measurements	-	-	724	-70
Exchange differences on translation of foreign ope	-5	170	-	-
Total comprehensive income for the year	**-6 887**	**-20 099**	**-780**	**43 094**
Total comprehensive income attributable to:				
% share attributable to the parent	*100%*	*100%*	*100%*	*100%*
owners of the parent	-6 887	-20 099	-780	43 094
non-controlling interests	-	-	-	-
Total	**-6 887**	**-20 099**	**-780**	**43 094**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2014

PLN 000s

for the period Jul 1 - Sep 30, 2014	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
Balance as at July 1, 2014	**1 391**	**15 530**	**16 000**	**197**	**-**	**34 216**	**67 334**
Changes in accounting principles	-	-	-	-	-	-	**-**
Balance as at July 1, 2014, after restatement	**1 391**	**15 530**	**16 000**	**197**	**-**	**34 216**	**67 334**
Change in equity during the period July 1 - September 30, 2014							
Profit (loss) for the period	-	-	-	-	-	- 6 882	**-6 882**
Measurement of financial assets	-	-	-	-5	-	-	**-5**
Measurement of hedging instruments	-	-	-	-	-	-	**-**
Balance as at September 30, 2014	**1 391**	**15 530**	**16 000**	**192**	**-**	**27 335**	**60 447**

for the period Jan 1 - Sep 30, 2014	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2014	**1 391**	**15 530**	**16 000**	**22**	**-**	**47 604**	**80 547**
Changes in accounting principles	-	-	-	-	-	-	**-**
Balance as at January 1, 2014, after restatement	**1 391**	**15 530**	**16 000**	**22**	**-**	**47 604**	**80 545**
Change in equity during the period January 1 - September 30, 2014							
Profit (loss) for the period	-	-	-	-	-	-20 269	**-20 269**
Measurement of financial assets	-	-	-	-	-	-	-
Measurement of hedging instruments	-	-	-	170	-	-	170
Balance as at September 30, 2014	**1 391**	**15 530**	**16 000**	**192**	**-**	**27 335**	**60 447**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2014 (continued)

PLN 000s

COMPARATIVE DATA for the period from January 1 to September 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**
Change in equity during the period July 1 - September 30, 2013							
Profit (loss) for the period	-	-	-	-	-	43 101	43 101
Measurement of financial assets	-	-	-	10	-	-	10
Measurement of hedging instruments	-	-	-	-	-70	-	-70
Balance as at September 30, 2013	**1 265**	**4 556**	**16 000**	**-44**	**-70**	**60 991**	**82 698**

COMPARATIVE DATA for the period from January 1 to December 31, 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 in 2013							
Profit (loss) for the period	-	-	-	-	-	29 713	**29 713**
Share issue	126	11 259	-	-	-	-	**11 385**
Share issue costs	-	-285	-	-	-	**-**	**-285**
Translation of foreign operations	-	-	-	76	-	-	**76**
Balance as at December 31, 2013	**1 391**	**15 530**	**16 000**	**22**	**-**	**47 604**	**80 547**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2014 PLN 000s
(indirect method)

	for the period Jul 1 - Sep 30, 2014	for the period Jan 1 - Sep 30, 2014	for the period Jul 1 - Sep 30, 2013	for the period Jan 1 - Sep 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Gross profit (loss)	**-6 882**	**-20 378**	**-1 397**	**30 461**
Total adjustments	**18 746**	**35 263**	**5 093**	**-1 378**
Depreciation	**3 011**	21 497	1 999	10 870
Impairment loss (reversal)	**-104**	5	-	-273
Gain (loss) on exchange differences	**39**	39	-712	-435
Interest	**-136**	93	117	806
Gain (loss) on sale of fixed assets	**-48**	-48	-	-4
Change in receivables	**8 052**	4 807	4 876	-9 028
Change in inventory	**-292**	65	532	-316
Change in trade and other payables	**979**	-1 752	-464	2 225
Change in employee benefit provisions and liabilities	**325**	309	66	55
Change in other current assets	**-158**	153	-50	114
Derecognition of financial assets	**-**	-	-111	9
Income tax	**-15**	3 110	-1 161	-2 674
Deferred revenue	**6 985**	6 985	-	-2 728
Other adjustments	**108**	-	-	-
Net cash flows from operating activities	**11 864**	**14 885**	**3 696**	**28 662**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2014 (continued) PLN 000s
(indirect method)

	for the period Jul 1 - Sep 30, 2014	for the period Jan 1 - Sep 30, 2014	for the period Jul 1 - Sep 30, 2013	for the period Jan 1 - Sep 30, 2013
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment and intangible assets	48	48	-	4
Interest received	-75	99	4	91
Cash outflows on acquisition of property, plant and equipment and intangible assets	-160	-540	-2	-512
Cash outflows on development work	-6 878	-21 998	-6 982	-19 960
Cash outflows on loans granted	-	-	-22	-22
Net cash from investing activities	**-7 064**	**-22 390**	**-7 001**	**-20 398**
CASH FLOWS FROM FINANCING ACTIVITIES				
Incurrence of borrowings	898	4 996	-	-
Issuance of debt securities	-	-	5 703	5 703
Other financial proceeds (factoring)	404	4 815	-	13 273
Commission on bonds	-	-	-43	-43
Payment of finance lease liabilities	-6	-18	-8	-37
Interest	212	-192	-30	-806
Borrowings granted	-26	-26	-	-
Buy-back of debt securities	-	-	-	-20 602
Other financial outflows (factoring)	-4 815	-4 815	-1 874	-13 418
Net cash flows from financing activities	**-3 333**	**4 760**	**3 749**	**-15 930**
TOTAL NET CASH FLOWS	**1 467**	**-2 745**	**445**	**-7 663**
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, including:	**1 467**	**-2 745**	**445**	**-7 663**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIO	**6 996**	**11 208**	**8 366**	**16 474**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**8 463**	**8 463**	**8 811**	**8 811**

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

SEPARATE BALANCE SHEET

as at September 30, 2014 PLN 000s

	ASSETS	As at Sep 30, 2014	As at Jun 30, 2014	As at Sep 30, 2013	As at Dec 31, 2013
A.	**NON-CURRENT ASSETS**	**74 751**	**70 689**	**75 942**	**72 087**
	Property, plant and equipment	1 409	1 420	759	1 428
	Intangible assets	44 732	40 660	48 577	43 728
	Interests in subsidiaries, associates and jointly controlled entities	4 602	4 602	4 603	4 603
	Deferred income tax assets	24 007	24 007	22 003	22 329
B.	**CURRENT ASSETS**	**15 949**	**23 404**	**28 324**	**27 135**
	Inventory	3 270	3 266	2 674	3 336
	Current investments	390	353	391	364
	Prepayments	60	162	525	408
	Trade receivables	3 766	11 627	12 457	7 985
	Income tax receivables	-	-	2 478	3 125
	Cash and cash equivalents	6 978	6 610	7 812	9 918
	Other current assets	1 485	1 386	1 988	1 999
	TOTAL ASSETS	**90 699**	**94 093**	**104 266**	**99 222**

SEPARATE BALANCE SHEET
as at September 30, 2014 (continued) PLN 000s

	EQUITY AND LIABILITIES	As at Sep 30, 2014	As at Jun 30, 2014	As at Sep 30, 2013	As at Dec 31, 2013
A.	**EQUITY**	**58 827**	**66 199**	**81 331**	**79 399**
	Share capital	1 391	1 391	1 265	1 391
	Share premium	15 530	15 530	4 556	15 530
	Revaluation reserve	-	-	-70	-
	Buy-back provision	16 000	16 000	16 000	16 000
	Retained earnings	25 906	33 278	59 579	46 478
	including current-period earnings	-20 572	-13 200	39 779	26 677
B.	**LIABILITIES**	**31 872**	**27 894**	**22 935**	**19 823**
	Non-current liabilities	**2 647**	**2 647**	**9 165**	**1 122**
	Borrowings including credits, loans and other debt instruments	-	-	5 703	-
	Employee benefit provisions	17	17	87	33
	Finance lease liabilities	-	-	0	13
	Deferred income tax provision	2 630	2 630	3 376	1 075
	Current liabilities	**29 225**	**25 247**	**13 770**	**18 701**
	Borrowings including credits, loans and other debt instruments	10 713	9 818	0	5 720
	Trade payables	9 794	8 308	11 402	11 411
	Finance lease liabilities	20	27	53	25
	Financial liabilities	-	4 411	95	-
	Other liabilities	239	306	331	286
	Other current provisions	1 474	2 377	1 889	1 258
	Deferred revenue	6 985	-	-	-
	TOTAL EQUITY AND LIABILITIES	**90 699**	**94 093**	**104 266**	**99 222**

Book value (in PLN 000s)	58 827	66 199	81 331	79 399
Number of shares (in 000s)	13 914	13 914	12 650	13 914
Book value per share (in PLN)	4,23	4,76	6,43	5,71

SEPARATE STATEMENT OF PROFIT AND LOSS

for the period from January 1 to September 30, 2014
(multiple-step format)

PLN 000s

	for the period Jul 1 - Sep 30, 2014	for the period Jan 1 - Sep 30, 2014	for the period Jul 1 - Sep 30, 2013	for the period Jan 1 - Sep 30, 2013
Continuing operations				
Net revenue from sales	**1 196**	**25 952**	**8 426**	**96 236**
Revenue from sale of products and services	1 196	25 942	8 373	95 761
Revenue from sale of goods and materials	-	10	52	476
Cost of products, goods and services sold	**5 687**	**37 598**	**5 947**	**50 741**
Cost of manufacture of products sold	5 687	37 590	5 898	50 262
Value of goods and materials sold	-	7	49	480
Gross profit / loss on sales	**-4 491**	**-11 646**	**2 478**	**45 495**
Other operating revenue	277	499	97	905
Selling costs	1 574	5 080	1 823	12 191
Administrative expenses	1 117	3 304	1 379	4 085
Other operating expenses	663	1 134	207	618
Profit (loss) on operating activities	**-7 569**	**-20 665**	**-834**	**29 506**
Finance income	155	323	9	106
Finance costs	-43	354	339	3 367
Profit (loss) before tax	**-7 371**	**-20 695**	**-1 164**	**26 246**
Income tax	-	-124	324	-13 532
Profit (loss) on continuing operations	**-7 372**	**-20 572**	**-1 488**	**39 779**
Discontinued operations	**-**	**-**	**-**	**-**
Loss on discontinued operations	**-**	**-**	**-**	**-**
NET PROFIT (LOSS)	**-7 372**	**-20 572**	**-1 488**	**39 779**

Net profit (loss) (in PLN 000s)	-7 372	-20 572	-1 488	39 779
Number of shares (in 000s)	13 914	13 914	12 650	12 650
Profit (loss) per ordinary share (in PLN)	-0,53	-1,48	-0,12	3,14

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to September 30, 2014 PLN 000s

	for the period Jul 1 - Sep 30, 2014	for the period Jan 1 - Sep 30, 2014	for the period Jul 1 - Sep 30, 2013	for the period Jan 1 - Sep 30, 2013
Net profit (loss) for the year	**-7 372**	**-20 572**	**-1 488**	**39 779**
Total other comprehensive income	**-**	**-**	**724**	**-70**
Effect of financial asset measurements	-	-	-	-
Effect of hedging instrument measurements	-	-	724	-70
Total comprehensive income for the year	**-7 372**	**-20 572**	**-764**	**39 709**
Total	**-7 372**	**-20 572**	**-764**	**39 709**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2014

PLN 000s

for the period Jul 1 - Sep 30, 2014	Share capital	Share premium	Buy-back provision	Revaluation reserve	Retained earnings	Total equity
Balance as at July 1, 2014	**1 391**	**15 530**	**16 000**	**-**	**33 278**	**66 199**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at July 1, 2014, after restatement	**1 391**	**15 530**	**16 000**	**-**	**33 278**	**66 199**
Change in equity during the period July 1 - September 30, 2014						
Profit (loss) for the period	-	-	-	-	-7 372	**-7 372**
Balance as at September 30, 2014	**1 391**	**15 530**	**16 000**	**-**	**25 906**	**58 827**

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, 2014	**1 391**	**15 530**	**16 000**	**-**	**46 478**	**79 399**
Changes in accounting principles	-	-	-	-	-	**-**
Correction of prior-period profit	-	-	-	-	-	**-**
Balance as at January 1, 2014, after restatement	**1 391**	**15 530**	**16 000**	**-**	**46 478**	**79 399**
Change in equity during the period January 1 - September 30, 2014						
Profit (loss) for the period	-	-	-	-	-20 572	**-20 572**
Balance as at September 30, 2014	**1 391**	**15 530**	**16 000**	**-**	**25 906**	**58 827**

SEPARATE STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2014 (continued)

PLN 000s

COMPARATIVE DATA for the period from January 1 to September 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**
Change in equity during the period July 1 - September 30, 2013						
Profit (loss) for the period	-	-	-	-	39 779	**39 779**
Measurement of hedging instruments	-	-	-	-70	-	**-70**
Balance as at September 30, 2013	**1 265**	**4 556**	**16 000**	**-70**	**59 580**	**81 331**

COMPARATIVE DATA for the period from January 1 to December 31, 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 in 2013						
Profit (loss) for the period	-	-	-	-	26 677	**26 677**
Share issue	126	11 259	-	-	-	**11 385**
Share issue costs	-	-285	-	-	-	**-285**
Balance as at December 31, 2013	**1 391**	**15 530**	**16 000**	**-**	**46 478**	**79 399**

SEPARATE STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2014
(indirect method) PLN 000s

	for the period Jul 1 - Sep 30, 2014	for the period Jan 1 - Sep 30, 2014	for the period Jul 1 - Sep 30, 2013	for the period Jan 1 - Sep 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Gross profit (loss)	**-7 371**	**-20 695**	**-1 164**	**26 246**
Total adjustments	**17 931**	**35 177**	**4 868**	**4 198**
Depreciation	2 975	21 344	1 956	10 739
Impairment loss (reversal)	-103	-	-	-273
Interest	-136	93	208	886
Gain (loss) on sale of fixed assets	-48	-48	10	6
Change in receivables	8 210	4 568	3 862	-4 063
Change in inventory	-251	65	532	-650
Change in trade and other payables	499	-1 449	-237	5 087
Change in employee benefit provisions and liabilities	-	-16	65	55
Change in other current assets	-99	514	-17	-
Derecognition of financial assets	-	-	-111	9
Income tax	-	3 125	-1 331	-2 478
Exclusion of investing activity costs	-	-	-	2 000
Deferred revenue	6 985	6 985	-	-2 728
In-kind contribution of an organized part of a business	-	-	-	-4 392
Other adjustments	-100	-3	-69	-
Net cash flows from operating activities	**10 560**	**14 482**	**3 704**	**30 444**

SEPARATE STATEMENT OF CASH FLOWS

for the period from January 1 to September 30, 2014 (continued) PLN 000s
(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, 2013	for the period Jan 1 - Sep 30, 2013
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment and intangible assets	48	48	-	4
Repayment of borrowings	-	-	246	636
Interest received	-69	99	9	106
Cash outflows on acquisition of property, plant and equipment and intangible assets	-161	-540	-297	-481
Acquisition of financial assets	-	-	-67	-394
Expenditures connected with loans issued	-	-	-17	-1 015
Cash outflows on development work	-6 670	-21 790	-6 982	-19 960
Net cash from investing activities	**-6 851**	**-22 182**	**-7 108**	**-21 103**
CASH FLOWS FROM FINANCING ACTIVITIES				
Incurrence of borrowings	898	4 996	-	-
Issuance of debt securities	-	-	5 703	5 703
Other financial proceeds (factoring)	404	4 815	0	13 273
Commission on bonds	-	-	-43	-43
Borrowings granted	-26	-26	-	-
Payment of finance lease liabilities	-6	-18	-9	-37
Interest	204	-192	-30	-806
Buy-back of debt securities	-	-	0	-20 602
Other financial outflows (factoring)	-4 815	-4 815	-1 874	-13 417
Net cash flows from financing activities	**-3 341**	**4 760**	**3 748**	**-15 929**
TOTAL NET CASH FLOWS	**368**	**-2 940**	**346**	**-6 586**
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, including:	**368**	**-2 940**	**346**	**-6 586**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**6 610**	**9 918**	**7 466**	**14 398**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**6 978**	**6 978**	**7 812**	**7 812**

III. FINANCIAL HIGHLIGHTS

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

Balance sheet data was translated using 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, 2014 – 4.1755

- as at December 31, 2013 – 4.1472

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.

- for Q3 2013 - 4.2415

- for Q1-Q3 2013 - 4.2231

- for Q3 2014 - 4.1841

- for Q1-Q3 2014 - 4.1803

CONSOLIDATED DATA

CONSOLIDATED BALANCE SHEET	September 30, 2014		September 30, 2013		December 31, 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Non-current assets	70 617	16 912	71 911	17 056	68 237	16 454
Current assets	18 856	4 516	31 629	7 502	29 760	7 176
Total assets	**89 474**	**21 428**	**103 540**	**24 557**	**97 997**	**23 630**
Equity	60 447	14 477	82 698	19 614	80 547	19 422
Share capital	1 391	333	1 265	300	1 391	336
Liabilities	**29 027**	**6 952**	**20 841**	**4 943**	**17 450**	**4 208**
Non-current liabilities	2 647	634	9 165	2 174	1 122	271
Current liabilities	26 380	6 318	11 677	2 769	16 328	3 937
Total equity and liabilities	**89 474**	**21 428**	**103 540**	**24 557**	**97 997**	**23 630**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Q3 2014		Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net revenue from sales	**2 083**	**498**	**9 205**	**2 170**
Profit (loss) from operating activities	-7 086	-1 693	-1 052	-248
Gross profit (loss)	-6 882	-1 645	-1 397	-329
Net profit (loss)	**-6 882**	**-1 645**	**-1 559**	**-367**
Number of shares (in 000s)	13 914	13 914	12 650	12 650
Profit (loss) per ordinary share	-0,49	-0,12	-0,12	-0,03

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	Q1-Q3 2014		Q1-Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net revenue from sales	**27 895**	**6 673**	**101 553**	**24 047**
Profit (loss) from operating activities	-20 352	-4 868	31 334	7 420
Gross profit (loss)	-20 378	-4 875	30 041	7 113
Net profit (loss)	**-20 269**	**-4 849**	**43 101**	**10 206**
Number of shares (in 000s)	13 914	13 914	12 650	12 650
Profit (loss) per ordinary share	-1,46	-0,35	3,41	0,81

CONSOLIDATED STATEMENT OF CASH FLOWS	Q3 2014		Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net cash flows from operating activities	11 864	2 836	3 696	871
Net cash flows from investing activities	-7 064	-1 688	-7 001	-1 651
Net cash flows from financing activities	-3 333	-797	3 749	884
Net cash flows	**1 467**	**351**	**444**	**105**

CONSOLIDATED STATEMENT OF CASH FLOWS	Q1-Q3 2014		Q1-Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net cash flows from operating activities	14 885	3 561	28 662	6 787
Net cash flows from investing activities	-22 390	-5 356	-20 398	-4 830
Net cash flows from financing activities	4 760	1 139	-15 930	-3 772
Net cash flows	**-2 745**	**-657**	**-7 663**	**-1 815**

SEPARATE DATA

BALANCE SHEET	September 30, 2014		September 30, 2013		December 31, 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Non-current assets	74 751	17 902	75 942	18 011	72 087	17 382
Current assets	15 949	3 820	28 324	6 718	27 135	6 543
Total assets	**90 699**	**21 722**	**104 266**	**24 729**	**99 222**	**23 925**
Equity	58 827	14 089	81 331	19 290	79 399	19 145
Share capital	1 391	333	1 265	300	1 391	336
Liabilities	**31 872**	**7 633**	**22 935**	**5 440**	**19 823**	**4 780**
Non-current liabilities	2 647	634	9 165	2 174	1 122	271
Current liabilities	29 225	6 999	13 770	3 266	18 701	4 509
Total equity and liabilities	**90 699**	**21 722**	**104 266**	**24 729**	**99 222**	**23 925**

STATEMENT OF PROFIT AND LOSS	Q3 2014		Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net revenue from sales	**1 196**	**286**	**8 426**	**1 986**
Profit (loss) from operating activities	-7 569	-1 809	-834	-197
Gross profit (loss)	-7 371	-1 762	-1 164	-274
Net profit (loss)	**-7 372**	**-1 762**	**-1 488**	**-351**
Number of shares (in 000s)	13 914	13 914	12 650	12 650
Profit (loss) per ordinary share	-0,53	-0,13	-0,12	-0,03

STATEMENT OF PROFIT AND LOSS	Q1-Q3 2014		Q1-Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net revenue from sales	**25 952**	**6 208**	**96 236**	**22 788**
Profit (loss) from operating activities	-20 665	-4 943	29 506	6 987
Gross profit (loss)	-20 695	-4 951	26 246	6 215
Net profit (loss)	**-20 572**	**-4 921**	**39 779**	**9 419**
Number of shares (in 000s)	13 914	13 914	12 650	12 650
Profit (loss) per ordinary share	-1,48	-0,35	3,14	0,74

STATEMENT OF CASH FLOWS	Q3 2014		Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net cash flows from operating activities	10 560	2 524	3 704	873
Net cash flows from investing activities	-6 851	-1 637	-7 108	-1 676
Net cash flows from financing activities	-3 341	-799	3 748	884
Net cash flows	**368**	**88**	**346**	**81**

STATEMENT OF CASH FLOWS	Q1-Q3 2014		Q1-Q3 2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net cash flows from operating activities	14 482	3 464	30 444	7 209
Net cash flows from investing activities	-22 182	-5 306	-21 103	-4 997
Net cash flows from financing activities	4 760	1 139	-15 929	-3 772
Net cash flows	**-2 940**	**-703**	**-6 586**	**-1 560**

IV. NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2014

1. Basis for presentation and preparation of the financial statements

a) The financial statements cover the period from January 1 to September 30, 2014. Comparative data covers the period from January 1 to September 30, 2013 and from January 1 to December 31, 2013, as well as at September 30, 2013, June 30, 2014 and December 31, 2013 (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), as 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 to the business conducted by the Company and effective for 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 disclosed by issuers of securities and on the terms for recognizing information required by the provisions of law of a non-member state as equivalent (Polish Journal of Laws no. 33, item 259).

The financial statements for the period from January 1 to September 30, 2014 are subsequent financial statements prepared in accordance with IAS/IFRS. Comparative data is sourced from financial statements prepared in accordance with IAS/IFRS. IAS/IFRSs were adopted on January 1, 2007.

b) Basis for preparing the consolidated financial statements

Figures in the consolidated financial statements are given in 000s Polish zloty, which is the presentation currency and functional currency.

The consolidated financial statements have been 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 that are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities that 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 preparing 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

CI Games Group's consolidated financial statements have been prepared using the acquisition method, as 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 the translation of financial statements of subsidiaries operating abroad, the aforementioned entities have been classified as "foreign operations," in accordance with IAS 21. After translating 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 translated at the closing rate;
- revenue and cost items of foreign operations were translated 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 on consolidation results from the occurrence at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.

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

(iii) Consolidation adjustments

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

d) Property, plant and equipment

(i) Own property, plant and equipment

Property, plant and equipment are fixed assets that 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 on 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 replacing 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 expenditures are systematically recognized as costs in the statement of profit and loss.

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

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

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

Intangible assets are amortized on a straight-line basis, using the following rates:

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

Expenses on development work are recognized as costs at the moment they are borne.

Costs of development 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 development works and the use or sale of the intangible asset,
- the possibility to establish outlays borne during development works which may be assigned to such intangible asset.

The costs of development works with a useful life assumed in advance are subject to amortization. Amortization charges 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 development works are verified at least as at the end of the financial year. Costs of development works are amortized during the anticipated period of achieving revenues from sale of a product, however not longer than three years.

The Group does not amortize the costs of development 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.

Borrowing 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 revenue in as far as the asset has not been subject to prior restatement – in this event reversal of impairment is recorded in the revaluation reserve.

f) Investments

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

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

g) Financial instruments

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

The Group classifies each agreement that 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 the condition that clear economic effects arise 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 measurement of financial instruments as at the end of the reporting period. The Group uses amortized costs, with consideration of the effective interest rate, to measure:

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

Measurement may also take place:

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

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

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

h) Trade and other receivables

Current trade and other receivables are measured 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.

Write-down of inventories

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

The Group creates impairment losses equity to net recoverable values of inventory. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.

Reversal of an impairment 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 that are not subject to significant change in value, may be easily exchanged for a defined amount of cash and 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 recognize provisions when all of the following conditions are met simultaneously:

– the companies have a present obligation (legal or constructive) resulting from past 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 recognizes 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 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 in application of 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 and materials includes sale of products that 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 is recognized if the following conditions are met:

– the Group has transferred significant risk and benefits resulting from the right of ownership of goods and products to the purchaser,

– the Group ceases to be permanently involved in managing the sale of goods or products to the extent that such function is usually exercised in relation to goods 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 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) 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) Borrowing costs

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

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) Taxes

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 reportable segment is a separate part of the Group which deals with the supply of defined products or services (operating 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:

- operating – covering sales divided into products, goods and services,
- types of consoles and PCs.

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 covers sale of products that 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 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.

Segment reporting – assignment to specific operating 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, measurement 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 company, 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 and generate 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 using 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 hiring developers with years of 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 platforms (PlayStation®3 and Xbox360®), the presently-debuting next-gen consoles (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, 2014:

- **CI Games S.A.** (formerly City Interactive S.A.) – a Warsaw-based company. Share capital of PLN 1 391 500. 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 Sp. z o.o. Spółka Jawna** (transformed from Business Area Sp. z o.o. S.K.A.) – a Warsaw-based company. Share capital of PLN 1 050 000. 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. 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. Share capital after the transformation amounts to PLN 113 504 883.24.
- **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.

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 SOL 2 436 650. 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 CI Games 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 13 914 999.

CI Games S.A. shareholding structure at the date on which this report was published:

	Number of shares	% in share capital	Number of votes at GM	% of votes at GM
Marek Tymiński	6 356 357	45,68%	6 356 357	45,68%
Other shareholders	7 558 642	54,32%	7 558 642	54,32%

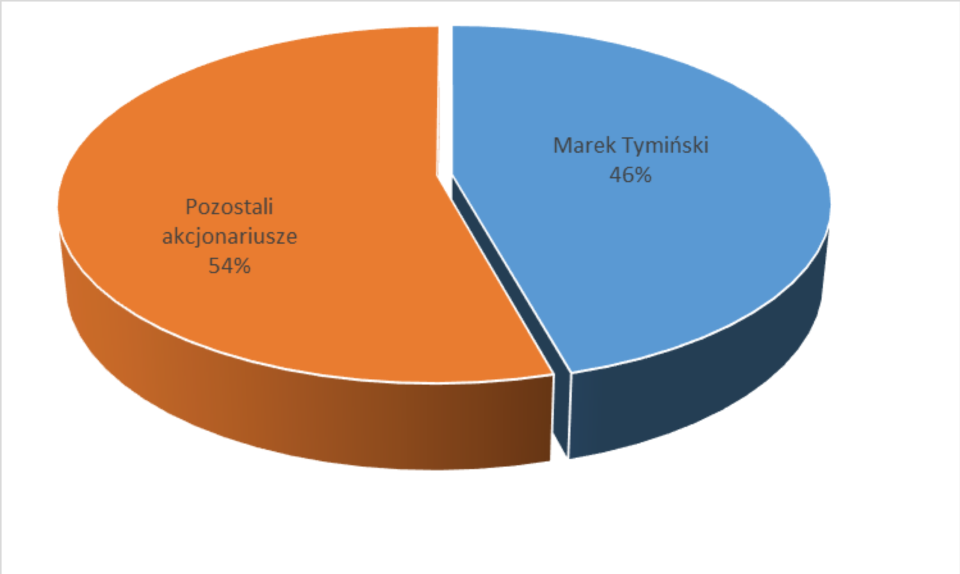
In the period from the date on which the Issuer's previous report was published (i.e. from August 29, 2014 to November 14, 2014), certain changes in the ownership of significant blocks of the Issuer's shares took place. On October 29, 2014, the Company received notification from QUERCUS TFI S.A., acting on behalf of a fund under its management - QUERCUS Parasolowy SFIO - concerning a decline in the Fund’s share in the total number of CI Games S.A.'s voting rights and a decrease to below the 5% threshold of the Company's total voting rights.

The Fund's decrease below the 5% voting rights threshold took place following a sale of shares on the regulated market on October 27, 2014.

Prior to the change, the Fund held 719 183 shares of the Company, which constituted 5.17% of the Issuer's share capital and 5.17% of voting rights at its general meeting.

As of October 27, 2014, the Fund held 692 523 shares of the Issuer, which constituted 4.98% of the Company's share capital and 4.98% of voting rights at its general meeting.

CI Games S.A. shareholding structure



6. Presentation of shareholdings in CI Games 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 interim report, presented individually for each person

Person	Position	As at August 29, 2014	Increase	Decrease	As at November 14, 2014 (report publication date)
Marek Tymiński	President of the Management Board	6 356 357	-	-	6 356 357
Lech Tymiński	Member of the Supervisory Board	9 565	-	-	9 565

7. Description of significant achievements or set-backs during the reporting period, together with key events

On June 13, 2014 Enemy Front was released for PlayStation® 3, Xbox360® and PC. In the first run, the Company sold over 300 000 copies to distributors in the U.S. and Europe.

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

The Group's net revenue from sales for the three quarters of 2014 amounted to PLN 27.9 million, denoting a 73.6 million decrease in comparison with Q1-Q3 2013. The main factor explaining the difference in the two comparative periods was excellent sales performance during H1 2013 of Sniper: Ghost Warrior 2.

Revenue for the first three quarters of 2014 was decreased by rebates and discounts connected with Enemy Front sales, amounting to approx. PLN 3 million. Despite the loss, EBITDA for the first nine months of 2014 was positive at PLN 1.1 million.

In Q1-Q3 2014, the Group posted a PLN 20.3 million loss.

CI Games Group’s balance sheet total as at September 30, 2014 was PLN 89.5 million, a 16% decrease in comparison with September 30, 2013.

Non-current assets recognized in the balance sheet as at September 30, 2014 amounted to PLN 70.6 million (accounting for 79% of the Group's total assets) and decreased by 2% in comparison with September 30, 2013.

The Group's current assets at September 30, 2014 were PLN 18.8 million, down by PLN 12.7 million from the same period last year, resulting mainly from a PLN 9.6 million decline in receivables. Cash at the end of September 2014 was PLN 8.4 million, down by PLN 0.3 million, i.e. 4%, compared with the end of September 2013.

Group equity at September 30, 2014 was PLN 60.4 million (67% of the balance sheet total), meaning a PLN 22 million (37%) decrease from September 30, 2013. The decrease in equity mainly resulted from the PLN 20.3 million loss generated in Q1-Q3 2014.

The Group's liabilities, amounting to PLN 29 million, increased by PLN 8.1 million, compared with the end of September 2013. This was chiefly the result of bond issues and a new credit facility.

Trade payables declined by PLN 2.5 million in relation to the end of September 2013.

Net cash flows from operating activities amounted to PLN 14.9 million.

Net cash flows from investing activities were negative at PLN -22.4 million. The largest impact on cash flows from investing activities came from expenditures connected with financing Enemy Front and Lords of the Fallen development.

Net cash flows from financing activities were positive (PLN 4.8 million), resulting from the use of a credit facility.

Cash and cash equivalents at the end of the reporting period amounted to approx. 8.5 million.

As at September 30, 2014 the Group did not have any open hedging transactions.

Estimated amounts at September 30, 2014

PLN 000s

Estimated amounts	CI Games S.A. At September 30, 2014	Group At September 30, 2014
Receivables impairment	2 326	2 452
Inventory impairment	80	80
Employee benefit provisions	17	17
Deferred income tax provision	2 630	2 630
Provision for costs and liabilities	1 474	1 504
TOTAL provisions and impairment	**6 528**	**6 683**
Net revenue provision for returns and adjustments	3 156	3 503

The table below presents the Company's product sales structure in the third quarter of 2014:

Sales structure	Q1-Q3 2014	Q3 2014	Q1-Q3 2013	Q3 2013
PS3	51%	57%	47%	51%
XBOX	35%	34%	39%	22%
PC	13%	9%	14%	28%
DS	0%	0%	0%	-2%
Wii	1%	0%	0%	0%

Sales structure	Q1-Q3 2014	Q3 2014	Q1-Q3 2013	Q3 2013
Console games	87%	91%	86%	75%
PC games	13%	9%	14%	25%

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, 2014, 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, 2014, 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 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

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.

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 not on market terms, atypical, exceeded the normal course of 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 situation, 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 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

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

Lords of the Fallen release

On October 28, 2014 Lords of the Fallen premiered for new-generation consoles: PlayStation®4 and XboxOne®, alongside PCs.

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 the factors that, 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 main external factors, according to the Issuer, are as follows:

Macroeconomic risk

The video game market, which is where CI Games Group operates, is highly competitive, and technology and consumer interests change rapidly. A significant factor that exerts a negative impact on operational efficiently are the macroeconomic fluctuations in specific markets. In order to minimize risk, the Group develops its operations on a global scale, independently releasing products in all of the most significant markets around the world. In recent years the entertainment industry has been developing dynamically, and it is estimated that the value of the video gaming market has already exceed that of the film industry.

Competition risk

The Group operates in a market where the leading positions are held by companies with strong, established businesses. The Group efficiently utilizes its key assets: experienced team, worldwide distribution network and cost advantage linked with lower profitability thresholds in relation to other, much larger developers. A flat organizational structure enables flexibility and short reaction time. From mid-way through 2014, the Group has been developing games for the new-generation consoles (Sony PlayStation4®, XboxOne®) and PCs, which have significant commercial potential.

Risk of change in trends

The Group operates in the new technology and virtual entertainment fields, where product life cycles are relatively short. What cannot be counted out is the risk of new solutions appearing, meaning that the products offered by the Group cease to be attractive and do not ensure the desired revenue. In order to minimize this risk a strategy has been adopted to follow trends and market a range that is proven and enjoys success amongst customers, rather than setting trends, a strategy that is a lot more expensive and risky.

CI Games Group's principal activities in this field are based on continuous monitoring of the market with regard to the development of new technologies (e.g. 3D) and entry into new segments created by new consoles, mobile devices and online.

The current project pipeline ensures diversification of CI Games' product range and mitigates market risk.

Risk of changes in legal and regulations

Frequent changes in legal and tax regulations in Poland and other markets constitute a threat to the Issuer's operations. This concerns the regulation and interpretation of regulations connected with intellectual property, capital market, labor law and social security, tax law and regulations concerning commercial law. In some countries the issue of banning video games containing elements of violence is frequently raised. There is thus a risk of changes in regulations in a country where the Group sells its products which could have a negative impact on the Group's financial performance.

At the same time the Group is aiming to mitigate this risk by working with specialist law firms around the world, as well as insuring its entire catalog against product liability.

Currency risk

Most of the Group's revenue generated in H1 2014 was in two currencies: EUR and USD. The Parent hedges currency risk through incurring liabilities in these currencies.

The risk factors directly connected with the Group's operations include:

Risk associated with loss of key employees

The Group's success is to a large extent dependent on the knowledge and experience of its employees. This is a characteristic feature of video game developers, in a business where the key assets are intangible. In this market it is difficult to seek out qualified industry specialists. The recruitment of new employees is furthermore combined with the period of their introduction to work, resulting in a temporary decrease in productivity.

Risk associated with loss of key customers

Sales operations are conducted on the basis of a developed retail network in Poland and on close cooperation with international distributors from around the world. This is a risk associated with the termination of distribution agreements or the bankruptcy of entities engaged in distribution who are formal purchasers of goods and for whom the Group is a creditor. In order to minimize the possibility of incurring losses, the Parent has subsidiaries in the most operationally significant markets such as the U.S., the U.K. and Germany, whose task is to constantly expand distribution opportunities and to work closely with distributors.

Supplier risk

One risk area related to suppliers is the introduction of titles on specific consoles and cooperation with their owners during the certification process. Non-acquisition of certification and the potential for termination of release agreements for consoles are two main elements of risk that exist in reality and may have an impact on the Group's financial results. It should however be emphasized that the Group makes specific efforts to meticulously fulfill and perform all obligations under agreements entered into between such entities and the Issuer or its subsidiaries. Payments connected with the release of games for consoles formed the main part of the Group's commercial liabilities during the reporting period and are always paid on time.

Corporate growth risk

The rising costs of game development may lead to an increase in the need for external financing. Should the need to finance additional projects arise, the Parent, CI Games S.A., has the capability to raise capital from the financial markets.

Product portfolio risk

The video game market is driven by expectations connected with the release of new products. There is a risk that some products are finished later than planned, which as a consequence has a negative impact on cash flows generated and the financial result in specific periods.

Internal factors that can cause the delay of a release include difficulties in specifying the time needed to finish production and inspect the quality of a game in order for it to fulfill all expectations relating to quality. The release of a game that does not fulfill the high standards adopted by the Group could have a negative impact not just on the anticipated revenues from sale of this specific product but could also weaken the Company's image.

An external factor capable of resulting in the decision to postpone a release is the market situation, since an important element of the decision-making process is release of a game when competition from other products is at its lowest. Amongst other external factors a significant element is supplier delays in timely preparation of ordered game components.

In many instances rescheduling of a release is connected with an element of marketing known as the "long-awaited game," which is beneficial in creating a product image.

An additional aspect is the risk of companies or external persons threatening Group companies with legal action concerning copyrights to games, their elements, trademarks or reserved names for specific products. Operations in the United States are particularly exposed to this risk since this jurisdiction is characterized by strict legislation. In order to avoid losses here, the Group hires law firms specializing in intellectual property law and registers the trademarks of its products. In submitting such an application to protect trademarks in the European Union and in other countries around the world, availability in specific markets is verified and the risk of violating third party trademarks is estimated.

Liquidity risk

The Group is exposed to liquidity risk. Protection against the risk of customer default is ensured through analyzing their financial condition and monitoring payment of receivables on an on-going basis. The Parent is also able to raise capital through bank debt or bond issues.

Main market opportunities and perspectives:

Market changes

In the fall of 2013, PlayStation®4 and XboxOne® hit the market. It is estimated that about 15 million of the new consoles have been sold, which accounts for 70% of the value of total games sales. There are about 150 million previous-generation consoles in the market (PS®3 and Xbox360®), however games for these and for PCs account for approx. 30% of total games sales. The shift in games sales to new consoles in developed markets came sooner than expected, which is the result of the "new effect" and more attractive pricing of the new consoles.

Lords of the Fallen release

The Q4 2014 results will largely be affected by the sales performance of Lords of the Fallen, which premiered on October 28, 2014.

The game, an action RPG, is being distributed in 72 countries and has received very good reviews worldwide. It is sold in Western Europe at a retail price of EUR 69.99 and in the United States for USD 59.99.

MANAGEMENT BOARD:

Marek Tymiński President of the Management Board	Adam Pieniacki Member of the Management Board

Warsaw, November 14, 2014