

ANNEX TO
THE ANNUAL CONSOLIDATED FINANCIAL
STATEMENTS
OF THE KINO POLSKA TV S.A. GROUP
FOR THE YEAR ENDED 31 DECEMBER 2013

Warsaw, March 29, 2014

The contents of the annex to the Annual Consolidated Financial Statements of the Kino Polska TV S.A. Group of (the „ Group”) for the year ended 31 December 2013:

- I. Statement of the Management Board of Kino Polska TV S.A. on the nature and subject matter of the adjustments
- II. Consolidated statement of cash flows for the year ended December 31, 2013
– after adjustments
- III. Selected financial data including basic items of the consolidated financial statements of the Group - after adjustments

I. Statement of the Management Board of Kino Polska TV S.A. on the nature and subject matter of the adjustments

The Management Board of Kino Polska TV S.A. (the „Issuer”) hereby declares that due to the necessity to make adjustments to the presentation in the consolidated statement of cash flows of the amount of expenditure for the acquisition of tangible fixed assets and intangible assets (uncorrected by the amount of the outstanding investment payables) and the lack of disclosure in the financing activities of the cost of issuing of series C shares, the Issuer, in consultation with the registered auditor drew up an annex to the annual report of the Kino Polska TV S.A. Group of for the year ended 31 December 2013 containing an adjustment to the Annual Consolidated Financial Statements of the Kino Polska TV S.A Group for the year ended 31 December 2013 in terms of the consolidated statement of cash flows and the appropriate items of the selected financial data for this period.

The Management Board of Kino Polska TV S.A. indicates that the above-described adjustments are strictly of presentational nature and shall not affect in any way the consolidated statement of comprehensive income and consolidated statement of financial position of the Kino Polska TV S.A Group for the year ended 31 December 2013.

Warsaw, March 29, 2014

Bogusław Kisielewski
President of the Management Board

Berk Uziyel
Member of the Management Board

II. Consolidated statement of cash flows for the year ended December 31, 2013 – after adjustments

	Note	12 months ended 31.12.2013	12 months ended 31.12.2012
Cash flows from operating activities			
Net profit / (loss)		18 289 727.55	13 463 177.29
Adjustments for:			
Depreciation and amortization		7 348 422.73	6 437 564.67
Impairment loss on non-current assets		1 018 114.04	-
Foreign exchange differences		39 193.46	
Interest and dividends (net)		(1 630.85)	(189 770.92)
Adjustment for acquisition of subsidiary		-	88 379.49
(Profit) / loss on investing activity		134 544.72	251 278.89
(Increase) / decrease in receivables		15 508 781.75	(11 306 817.41)
(Increase) / decrease in inventories		439 021.21	(648 757.81)
Increase / (decrease) in liabilities		(9 273 052.42)	2 687 189.25
Increase / (decrease) in prepayments and accruals		(4 571 241.07)	(180 619.25)
Increase / (decrease) in provisions		50 955.47	431 617.16
Income tax paid		(2 271 283.15)	(2 329 863.00)
Income tax as accrued		1 272 020.26	3 394 973.21
Other		4 307.50	6 978.00
Net cash flows from operating activities		27 987 881.20	12 105 329.57
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets and intangible assets		28 181.30	23 000.00
Purchase of tangible fixed assets and intangible assets		(11 375 154.29)	(6 349 949.32)
Purchase of other financial assets		-	(274 411.69)
Acquisition of a subsidiary		1 551 240.30	-
Interests received		93 008.70	334 196.25
Repayment of loans granted		31 515.07	49 500.00
Loans granted		(50 000.00)	(49 500.00)
Net cash flows from investing activities		(9 721 208.92)	(6 267 164.76)
Cash flow from financing activities			
Buyback of treasury shares		-	(386 081.32)
Repayment of finance lease		(334 933.93)	(246 441.81)
Proceeds from loans and credit		3 416 960.00	46 536.65
Repayment of loans and credits		(67 500.00)	200 000.00
Dividends paid to shareholders of the parent company		(13 821 404.00)	(13 859 000.00)
Interests paid		(88 533.57)	(144 425.33)
Cost of share issue		(50 000.00)	-
Net cash flow from financing activities		(10 945 411.50)	(14 389 411.81)
Increase in net cash and cash equivalents		7 321 260.77	(8 551 247.00)
Net foreign exchange differences		(123 833.42)	-
Cash opening balance		6 929 090.09	15 663 589.95
Cash closing balance including	22	14 126 517.44	7 112 342.95
<i>restricted cash</i>		<i>530 000.00</i>	<i>783 000.00</i>

III. Selected financial data including basic items of the consolidated financial statements of the Group – after adjustments

Selected financial data		12 months ended 31.12.2013	12 months ended 31.12.2012	12 months ended 31.12.2013	12 months ended 31.12.2012
		in PLN		in EUR	
I	Sales revenues	110 330 412.27	104 792 430.92	26 200 680.90	24 885 550.48
II	Profit from operating activities	20 567 912.64	17 302 041.14	4 884 358.76	4 108 796.93
III	Profit before tax (gross)	19 561 747.81	16 905 723.50	4 645 420.08	4 014 681.52
IV	Net profit	18 289 727.55	13 463 177.29	4 343 347.45	3 197 163.91
V	Net profit attributable to shareholders of the parent company	19 027 720.32	13 531 801.77	4 518 602.06	3 213 460.49
VI	Weighted average number of shares	13 821 404.00	13 883 518.00	13 821 404.00	13 883 518.00
VII	Number of treasury shares	-	48 596.00	-	48 596.00
VIII	Earnings per share attributable to shareholders of the parent company in PLN/EUR (basic)	1.38	0.97	0.33	0.23
IX	Net cash from operating activities	27 987 881.20	12 105 329.57	6 646 413.53	2 874 709.44
X	Net cash from investing activities	(9 721 208.92)	(6 267 164.76)	(2 308 541.12)	(1 488 293.03)
XI	Net cash from financial activities	(10 945 411.50)	(14 389 411.81)	(2 599 258.25)	(3 417 121.17)
XII	Cash and cash equivalents at the end of period	14 126 517.44	7 112 342.95	3 354 690.41	1 689 001.47
		<i>As of 31.12.2013</i>	<i>As of 31.12.2012</i>	<i>As of 31.12.2013</i>	<i>As of 31.12.2012.</i>
		in PLN		in EUR	
XIII	Non-current assets	74 436 413.73	36 373 746.17	17 948 595.13	8 770 675.68
XIV	Current asset	62 426 908.84	39 421 705.87	15 052 784.73	9 505 619.66
XV	Total assets	136 863 322.57	75 795 452.04	33 001 379.86	18 276 295.34
XVI	Liabilities and provisions	63 532 829.47	9 972 025.91	15 319 451.55	2 404 520.14
XVII	Long-term liabilities	16 316 599.05	679 703.45	3 934 365.13	163 894.54
XVIII	Short-term liabilities	47 216 230.41	9 292 322.46	11 385 086.42	2 240 625.59
XIX	Equity	73 330 493.11	65 823 426.13	17 681 928.32	15 871 775.20
XX	Share capital	1 382 140.40	1 387 000.00	333 270.74	334 442.52

The above financial data for 2013 and 2012 were converted into EUR by the following:

- Assets and liabilities - at the average exchange rate announced by the National Bank of Poland as of December 31, 2013 – PLN/EUR 4,1472;
- Items of the statement of comprehensive income and statement of cash flows - average exchange rate, calculated as an average of the rates prevailing on the last day of each month during the period announced by the National Bank of Poland in the period January 1, 2013 – December 31, 2013 – 4,2110 PLN/EUR (exactly PLN/EUR 4,210975).