

# KINO POLSKA TV S.A.

CONSOLIDATED REPORT  
FOR THE 1<sup>ST</sup> QUARTER OF 2014



# **CAPITAL GROUP OF KINO POLSKA TV S.A.**

**Consolidated quarterly report  
for IQ of 2014  
including condensed financial statements and notes concerning the operations of  
Kino Polska TV S.A. and Kino Polska TV S.A. Capital Group  
for the period of 3 months ended 31 March 2014**

## CONTENTS

<b>I. Introduction</b> .....	5
<b>II. The condensed consolidated financial statements of the Capital Group Skrócone</b> .....	7
1. The selected financial data of the condensed consolidated financial statements of the Group .....	7
2. Consolidated interim condensed statement of comprehensive income .....	8
3. Consolidated interim condensed statement of financial position j .....	9
4. Consolidated interim condensed statement of cash flows .....	10
5. Consolidated interim condensed statement of changes in equity .....	11
6. Additional notes to the condensed consolidated financial statements .....	12
<b>III. Interim Condensed Separate Financial Statements of Kino Polska TV S.A.</b> .....	41
1. The selected financial data of the condensed separate financial statements of the.....	41
2. Interim condensed statement of comprehensive income .....	42
3. Interim condensed separate statement of financial position .....	43
4. Interim condensed separate statement of cash flows .....	44
5. Interim condensed separate statement of changes in equity .....	45
6. Additional notes to the condensed separate financial statements .....	46
<b>IV. Notes to the quarterly report</b> .....	66

This report ("Report") of Kino Polska TV S.A. Capital Group (the "Capital Group" or the "Group") has been prepared in accordance with § 82 sec. 2 and § 83 sec. 1 of the Ordinance of the Minister of Finance as at 19 February 2009 on current and periodic information published by issuers of securities and the conditions for acknowledging as equivalent information required by provisions of the laws of a country that is not a Member State of the EU. (the „Ordinance”) for the IQ of the financial year 2014 covering the period of 3 months ended 31 March 2014 and includes quarterly financial information of Kino Polska TV S.A. (the „Company” or the „Issuer”) on a per-unit basis.

## **I. Introduction**

Kino Polska TV S.A. has been present in the media since June 2003 (then under the name of Kino Polska TV Sp. z o.o.) entered in the register of the National Court Register kept by the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register under the number KRS 0000363674

The decision on conversion of a limited liability company into a joint stock company was taken on July 5, 2010 (the Notarial Deed drawn up by a Notary Slawomir Ogonek, Rep. A No. 6155/2010). The transformation was registered by the District Court for the Capital City Warsaw, XIII Commercial Division of the National Court of Warsaw, on August 24, 2010 and the entry in the register of the Issuer occurred on August 25, 2010.

On April 12, 2011 Kino Polska TV S.A. was listed on the Stock Exchange in Warsaw.

The Company was incorporated for an indefinite period.

### **As at 31 March 2014, Kino Polska TV S.A. Capital Group consisted of the following entities:**

- Kino Polska TV S.A. – the parent company,
- Cyfrowe Repozytorium Filmowe Sp. z o.o. (Poland) hereinafter referred to as „CRF” or „Repozytorium” – a subsidiary,
- KPTV Media Sp. z o.o. (Poland) hereinafter referred to as „KPTV Media” – a subsidiary,
- Kino Polska Program Sp. z o.o. (Poland) – a subsidiary,
- Kino Polska Program Sp. z o.o. SKA (Poland) – a subsidiary,
- Filmbox International Ltd. (Great Britain) – a subsidiary,
- Help Film s.r.o. (the Czech Republic) – a subsidiary,
- Help Film Slovakia s.r.o. (Slovakia) – a subsidiary,
- SPI International Magyarország, Kft. (Hungary) – a subsidiary.

Moreover, in the period from 1 January to 11 March 2014, the Group also included Stopklatka S.A. ("STK") - as a subsidiary. As a result of the sale of part of the shares held by Kino Polska T.V. SA in Stopklatka S.A., which took place on 12 March 2014, the status of the company in the Group changed as a result of which, starting from 12 March 2014 Stopklatka S.A. is recognized in the consolidated financial statements of Kino Polska TV S.A. as a jointly controlled entity with Agora S.A..

Due to the fact that Filmbox International Ltd., Help Film s.r.o., Help Film Slovakia s.r.o. and SPI International Magyarország, Kft. have been taken over by Kino Polska TV S.A. on 27 November 2013, the comparative data as at 31 March 2013 and for the IQ of 2013 do not contain data and the financial results of these companies.

### **In the period covered by these financial statements, the main activities of the Group include:**

- 1) Broadcast of television channels:
  - Kino Polska Television,

- Kino Polska Muzyka,
  - Kino Polska International,
  - Stopklatka TV
  - Film channels of the FilmBox brand (inter alia: FilmBox, FilmBox Extra, FilmBox HD, FilmBox Family),
  - Thematic channels (inter alis. Fightbox, FilmBox Action, Docubox);
- 2) Production of television channels;
  - 3) Sale of advertising time;
  - 4) Distribution of licenses for the VoD and TV broadcast;
  - 5) Internet activity;
  - 6) Sale of content generated on the website Stopklatka.pl, as well as dedicated content created and aggregated to customer needs from external sources;
  - 7) Services for the remastering and archiving of works of Polish cinematograph;
  - 8) Sale of DVDs within Wydawnictwo of Kino Polska Telewizjon.

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## II. The condensed consolidated financial statements of the Capital Group

All financial data presented in this part of the Report are denominated in PLN unless otherwise specified.

### 1. The selected financial data of the condensed consolidated financial statements of the Group

Selected financial data		3 months ended 31.03.2014 (unaudited)	3 months ended 31.03.2013 (unaudited)	3 months ended 31.03.2014 (unaudited)	3 months ended 31.03.2013 (unaudited)
		in PLN		in EUR	
I	Sales revenues	24 129 329.19	25 820 875.78	5 759 614.55	6 163 382.77
II	Profit on operating activities	40 843 832.03	4 976 469.78	9 749 327.36	1 187 871.72
III	Profit before tax (gross)	40 292 564.02	5 161 116.62	9 617 740.97	1 231 946.49
IV	Net profit	40 082 791.41	4 715 899.16	9 567 668.74	1 125 674.12
V	Net profit attributable to shareholders of the parent company	39 303 678.91	4 495 070.46	9 381 696.40	1 072 962.83
VI	Weighted average value of shares	17 421 404	13 821 404	17 421 404	13 821 404
VII	Treasury shares (number)	-	48 596	-	48 596
VIII	Net profit per one share attributable to shareholders of the parent company in PLN/EUR (basic)	2.26	0.33	0.54	0.08
IX	Net cash on operating operations	4 489 404.30	12 105 329.57	1 071 610.33	2 889 513.91
X	Net cash on investing operations	(4 448 449.71)	(365 672.52)	(1 061 834.56)	(87 285.18)
XI	Net cash on financing operations	(35 802.09)	(6 154 103.49)	(8 545.88)	(1 468 970.14)
XII	Closing balance cash and cash equivalents	14 791 667.49	4 055 451.00	3 530 736.50	968 026.69
		<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
		in PLN		in EUR	
XIII	Non current assets	87 491 464.32	74 436 413.72	20 974 627.65	17 844 895.77
XIV	Current assets	67 264 732.23	62 426 908.84	16 125 604.06	14 965 816.13
XV	Total assets	154 756 196.55	136 863 322.57	37 100 231.71	32 810 711.90
XVI	Liabilities and provisions for liabilities	41 768 312.78	63 532 829.46	10 013 260.32	15 230 942.26
XVII	Non-current liabilities	2 413 410.47	16 316 599.05	578 575.14	3 911 634.04
XVIII	Current liabilities	39 354 902.31	47 216 230.41	9 434 685.18	11 319 308.23
XIX	Equity	112 987 883.77	73 330 493.11	27 086 971.39	17 579 769.64
XX	Share capital	1 982 140.40	1 382 140.40	475 185.29	331 345.24

The above financial data for the 1st Q of 2014 and 2013 were converted into EUR by the following:

- Assets and liabilities – at the average exchange rate announced by the National Bank of Poland as at 31 March 2014 – 4.1713PLN/EUR;
- 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 of 1 January – 31 March 2014 announced by the National Bank of Poland – 4.1894 PLN/EUR.

## 2. Consolidated interim condensed statement of comprehensive income

	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
<b>Continued operations</b>		
Revenue from sales of products and services	23 876 109.19	25 807 100.78
Revenue from sales of goods and materials	253 220.00	13 775.00
<b>Sales revenue</b>	<b>24 129 329.19</b>	<b>25 820 875.78</b>
Cost of products sold	(16 625 320.44)	(19 138 332.84)
Value of goods and materials sold	(267 932.16)	(10 748.27)
<b>Selling expenses</b>	<b>(16 893 252.60)</b>	<b>(19 149 081.11)</b>
<b>Profit / (loss) gross on sales</b>	<b>7 236 076.59</b>	<b>6 671 794.67</b>
Selling costs	(531 682.78)	(345 996.54)
General and administrative expenses	(1 357 614.37)	(1 339 196.45)
Other operating revenue	7 235.74	29 120.23
Other operating expenses	(593 143.39)	(39 252.13)
Profit from sale of a subsidiary*	36 500 681.02	-
Share in profit from investments accounted for under the equity method	(417 720.79)	-
<b>Profit / (loss) on operating operations</b>	<b>40 843 832.03</b>	<b>4 976 469.78</b>
Financial revenue	54 179.54	255 880.02
Financial expenses	(605 447.54)	(71 233.18)
<b>Profit/(loss) before tax</b>	<b>40 292 564.02</b>	<b>5 161 116.62</b>
Income tax	(209 772.61)	(445 217.46)
<b>Net profit / (loss) from continued operations</b>	<b>40 082 791.41</b>	<b>4 715 899.16</b>
<b>Discontinued operations</b>		
Loss on discontinued operations**	(957 369.70)	(422 050.08)
<b>Other comprehensive income</b>	<b>115 304.99</b>	<b>-</b>
Exchange differences on translation of foreign operations	115 304.99	-
<b>Total comprehensive income</b>	<b>39 240 726.71</b>	<b>4 293 849.08</b>
<b>Net profit/(loss) for the period assigned to:</b>		
- shareholders of the parent	39 303 678.91	4 293 849.08
- non-controlling interest holders	(178 257.19)	(201 221.38)
	<b>39 125 421.72</b>	<b>4 293 849.08</b>
<b>Total comprehensive income assigned to:</b>		
- shareholders of the parent	39 474 131.41	4 293 849.08
- non-controlling interest holders	(233 404.70)	(201 221.38)
	<b>39 240 726.71</b>	<b>4 293 849.08</b>
<b>Profit per share from continued operations and discontinued operations assigned to the shareholders of the parent</b>		
<b>basic:</b>		
- on continued operations	2.30	0.35
- on discontinued operations	(0.05)	(0.03)
- on profit of financial year	2.26	0.33
<b>diluted:</b>		
- from continued operations	2.30	0.34
- from discontinued operations	(0.05)	(0.03)
- from profit of financial year	2.26	0.33

\* Profit on disposal of shares of Stopklatka S.A. (on 12 March 2014 Kino Polska TV S.A. in the execution of the investment agreement dated 22 February 2013 sold 41.04% of shares held in Stopklatka S.A. a result losing control over this company) - note 6

\*\* the net result of Stopklatka S.A. until 11 March 2014



### 3. Consolidated interim condensed statement of financial position

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>	<i>Balance as at 31 March 2013 (unaudited)</i>	<i>Balance as at 31 December 2012</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6 470 632.03	6 739 564.85	7 424 682.24	7 756 619.51
Investments accounted for under the equity method	37 870 170.21	-	-	-
Long-term investment	918 764.16	953 400.00	104 878.05	104 878.05
Goodwill	1 852 237.61	6 011 373.88	6 011 373.88	6 011 373.88
Other intangible assets	39 423 899.85	56 396 156.64	21 235 029.63	22 282 796.50
Available-for-sale financial assets	1 360.00	1 400.00	-	-
Originated loans	-	-	50 078.08	-
Trade and other receivables	-	6 580.62	11 880.00	11 880.00
Prepayments	886 394.99	3 723 172.22	-	-
Deferred tax asset	68 005.48	604 765.51	100 663.71	206 198.23
<b>Non-current assets, total</b>	<b>87 491 464.32</b>	<b>74 436 413.72</b>	<b>34 938 585.59</b>	<b>36 373 746.17</b>
<b>Current assets</b>				
Inventories	611 486.36	643 932.54	1 107 876.33	1 073 880.30
Trade and other receivables	37 219 604.82	34 722 565.16	32 444 641.87	28 293 092.95
Income tax receivables	1 091 131.41	796 732.10	-	-
Prepayments	10 135 786.51	11 032 239.76	2 616 586.58	2 665 179.41
Originated loans	3 415 055.64	275 441.74	283 443.14	277 210.26
Cash and cash equivalents	14 791 667.49	14 955 997.54	4 055 451.00	7 112 342.95
<b>Current assets, total</b>	<b>67 264 732.23</b>	<b>62 426 908.84</b>	<b>40 507 998.92</b>	<b>39 421 705.87</b>
<b>TOTAL ASSETS</b>	<b>154 756 196.55</b>	<b>136 863 322.57</b>	<b>75 446 584.51</b>	<b>75 795 452.04</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to shareholders of the parent</b>				
Share capital	1 982 140.40	1 382 140.40	1 387 000.00	1 387 000.00
Share premium	38 473 207.16	35 659 543.79	35 659 543.79	35 659 543.79
Treasury shares	-	-	-	(386 081.32)
Other reserves	10 751 622.35	14 048 108.04	10 192 344.32	10 578 425.64
Retained earnings	61 991 844.22	22 688 165.31	15 539 044.35	17 954 675.45
<b>Total</b>	<b>113 198 814.13</b>	<b>73 777 957.54</b>	<b>62 777 932.46</b>	<b>65 193 563.56</b>
<b>Non-controlling interests</b>	<b>(210 930.37)</b>	<b>(447 464.43)</b>	<b>428 641.19</b>	<b>629 862.57</b>
<b>Total equity</b>	<b>112 987 883.77</b>	<b>73 330 493.11</b>	<b>63 206 573.65</b>	<b>65 823 426.13</b>
<b>Non-current liabilities</b>				
Credit facilities and loans	221 000.00	227 500.00	-	-
Trade and other liabilities	-	13 204 254.00	-	-
Provisions	-	350 000.00	-	-
Deferred income	911 102.64	899 245.77	-	-
Finance lease liabilities	33 753.92	39 102.63	30 034.32	59 353.95
Deferred tax provision	1 247 553.91	1 596 496.66	739 630.84	620 349.50
<b>Non-current liabilities total</b>	<b>2 413 410.47</b>	<b>16 316 599.05</b>	<b>769 665.16</b>	<b>679 703.45</b>
<b>Current liabilities</b>				
Credit facilities and loans	3 772 258.79	7 042 291.61	1 019 835.42	183 252.86
Trade and other liabilities	27 408 018.20	30 777 551.41	9 957 649.61	7 311 620.61
Income tax liabilities	19 647.38	33 842.00	62 775.00	817 756.00
Finance lease liabilities	50 125.67	78 648.99	266 491.69	302 716.61
Provisions	709 457.18	1 383 706.85	163 593.98	676 976.38
Deferred income	7 395 395.09	7 900 189.55	-	-
Dividend payables	-	-	-	-
<b>Current liabilities total</b>	<b>39 354 902.31</b>	<b>47 216 230.41</b>	<b>11 470 345.70</b>	<b>9 292 322.46</b>
<b>Total liabilities</b>	<b>41 768 312.78</b>	<b>53 532 829.46</b>	<b>12 240 010.86</b>	<b>9 972 025.91</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>154 756 196.55</b>	<b>136 863 322.57</b>	<b>75 446 584.51</b>	<b>75 795 452.04</b>

#### 4. Consolidated interim condensed statement of cash flows

	<u>3 months ended</u> <u>31.03.2014</u> <u>(unaudited)</u>	<u>3 months ended</u> <u>31.03.2013</u> <u>(unaudited)</u>
<b>Cash flows from operating activities</b>		
Net profit / (loss)	39 240 726.71	4 293 849.08
Adjustment by:		
Amortization/depreciation	3 210 160.85	1 717 314.78
Impairment loss on non-current assets	281 403.51	-
Exchange differences	142 930.32	-
Net interest and dividends	(63 617.06)	(7 576.70)
Share in profit of an equity accounted investee	417 720.79	-
Profit/loss on investing activities	(36 500 672.67)	-
(Increase)/decrease in receivables	(3 665 637.14)	(4 157 781.80)
(Increase)/decrease in inventories	32 446.18	(33 996.03)
(Increase)/decrease in the balance of liabilities	(695 772.20)	2 646 029.00
(Increase)/decrease in prepayments/accruals	3 733 230.48	48 592.83
Increase / (decrease) in provisions	(1 517 187.26)	(513 382.40)
Income tax paid	(333 265.00)	(799 766.00)
Income tax accrued	212 488.35	269 600.85
Other	(5 551.56)	-
<b>Net cash flows from operating activities</b>	<b><u>4 489 404.30</u></b>	<b><u>3 462 884.06</u></b>
<b>Cash flows from investing activities</b>		
Sales of property, plant and equipment and intangible assets	3 300.00	9 800.00
Acquisition of property, plant and equipment and intangible assets	(4 434 191.16)	(347 410.64)
Acquisition of other financial assets	-	-
Sale of a subsidiary, net of cash acquired**	(34 306.29)	-
Interest received	16 747.74	21 938.12
Repayment of originated loans	-	-
Originated loans	-	(50 000.00)
<b>Net cash flows from investing activities</b>	<b><u>(4 448 449.71)</u></b>	<b><u>(365 672.52)</u></b>
<b>Cash flows from financing activities</b>		
Buyback of treasury shares	-	-
Payment of finance lease liabilities	(13 250.29)	(65 544.55)
Proceeds from contracted loans/credit facilities	-	836 582.56
Repayment of loans/borrowings	(19 102.23)	-
Dividends paid to shareholders of the parent	-	(6 910 702.00)
Interest paid	(3 449.57)	(14 439.50)
Cost of issue of shares	-	-
<b>Net cash from financing activities</b>	<b><u>(35 802.09)</u></b>	<b><u>(6 154 103.49)</u></b>
Net increase in cash and cash equivalents	659 598.49	(3 056 891.95)
Net exchange differences	5 551.56	-
<b>Cash opening balance</b>	<b><u>14 126 517.44</u></b>	<b><u>7 112 342.95</u></b>
<b>Closing balance of cash, including</b>	<b><u>14 791 667.49</u></b>	<b><u>4 055 451.00</u></b>
<i>Restricted cash</i>	<i>530 000.00</i>	<i>783 000.00</i>

Kino Polska TV S.A.Capital Group  
Consolidated quarterly report for IQ of 2014

## 5. Consolidated interim condensed statement of changes in equity

	<i>Share capital</i>	<i>Share premium</i>	<i>Supplementary capital</i>	<i>Reserve capital (including treasury shares)</i>	<i>Not registered capital</i>	<i>Translation reserve</i>	<i>Retained earnings</i>	<i>Equity attributable to shareholders of the parent</i>	<i>Non-controlling/minority interests</i>	<i>Total equity</i>
<b>As at 1 January 2014</b>	<b>1 382 140.40</b>	<b>35 659 543.79</b>	<b>10 670 030.39</b>	-	<b>3 413 663.37</b>	<b>(35 585.72)</b>	<b>22 688 165.31</b>	<b>73 777 957.54</b>	<b>(447 464.43)</b>	<b>73 330 493.11</b>
Prior year error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2014 .	1 382 140.40	35 659 543.79	10 670 030.39	-	3 413 663.37	(35 585.72)	22 688 165.31	73 777 957.54	(447 464.43)	73 330 493.11
Registration of capital	600 000.00	2 813 663.37	-	-	(3 413 663.37)	-	-	0.00	-	0.00
Sale of a subsidiary	-	-	-	-	-	-	-	-	416 663.95	416 663.95
Profit (loss) for the year	-	-	-	-	-	-	39 303 678.91	39 303 678.91	(178 257.19)	39 125 421.72
Exchange differences on translation	-	-	-	-	-	117 177.68	-	117 177.68	(1 872.69)	115 304.99
<b>As at 31 March 2014 (unaudited)</b>	<b>1 982 140.40</b>	<b>38 473 207.16</b>	<b>10 670 030.39</b>	-	-	<b>81 591.96</b>	<b>61 991 844.22</b>	<b>113 198 814.13</b>	<b>(210 930.37)</b>	<b>112 987 883.77</b>

	<i>Share capital</i>	<i>Share premium</i>	<i>Supplementary capital</i>	<i>Reserve capital (including treasury shares)</i>	<i>Not registered capital</i>	<i>Translation reserve</i>	<i>Retained earnings</i>	<i>Equity attributable to shareholders of the parent</i>	<i>Non-controlling/minority interests</i>	<i>Total equity</i>
<b>As at 1 January 2013</b>	<b>1 387 000.00</b>	<b>35 659 543.79</b>	<b>5 578 425.64</b>	<b>4 613 918.68</b>	-	-	<b>17 954 675.44</b>	<b>65 193 563.55</b>	<b>629 862.57</b>	<b>65 823 426.12</b>
Prior year error adjustments	-	-	-	-	-	-	-	-	-	-
As at 1 January 2013.	1 387 000.00	35 659 543.79	5 578 425.64	4 613 918.68	-	-	17 954 675.44	65 193 563.55	629 862.57	65 823 426.12
Profit (loss) for the year	-	-	-	-	-	4 495 070.91	-	4 495 070.91	(201 221.38)	4 293 849.53
Distribution of financial profit/loss	-	-	-	-	-	-	-	-	-	-
Treasury shares for redemption	-	-	-	-	-	-	-	-	-	-
Reserve capital for buyback of treasury shares	-	-	-	-	-	-	-	-	-	-
Minority interests	-	-	-	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	(6 910 702.00)	-	(6 910 702.00)	-	(6 910 702.00)
<b>As at 31 March 2013 (unaudited)</b>	<b>1 387 000.00</b>	<b>35 659 543.79</b>	<b>5 578 425.64</b>	<b>4 613 918.68</b>	-	<b>(2 415 631.09)</b>	<b>17 954 675.44</b>	<b>62 777 932.46</b>	<b>428 641.19</b>	<b>63 206 573.65</b>

## **6. Additional notes to the condensed consolidated financial statements**

### **6.1. Statement of compliance and the general principles of drawing up**

These condensed consolidated quarterly financial statements ("consolidated financial statements") have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and the Regulation of the Minister of Finance as at 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by provisions of the laws of a country that is not a Member State of the EU. (Journal of Laws No. 33, item. 259, as amended) and present, in a true and reliable manner, the financial position of Kino Polska TV S.A. Capital Group as at 31 March 2014, the results of its operations and the cash flow statement for the period of 3 months ended 31 March 2014. The consolidated financial statements have been prepared assuming that the Group will continue to operate as a going concern in the foreseeable future. At the date of approval of these consolidated financial statements, there are no circumstances indicating a threat to the continuation of the business of the Group.

In the period covered by this report, as a result of transaction of sale of a part of shares in a subsidiary - Stopklatka S.A., which led to the loss of control by the Issuer over the company, the financial results of Stopklatka S.A. to the date of disposal were a subject of consolidation and were simultaneously presented as discontinued operations. Respectively, the comparative figures have also been restated.

Duration of Kino Polska TV S.A. and the entities included in its Capital Group is unlimited.

### **6.2. Statement of the Management Board**

These consolidated financial statements have been prepared in accordance with accounting policies described in the consolidated financial statements of the Group of Kino Polska TV S.A. for the year ended 31 December 2013. Amendments to IFRS, which entered into force on 1 January 2014, will not affect the current and the previously reported consolidated financial results and the value of consolidated shareholders' equity. The Group intends to adopt the issued but not effective until the date of publication of these condensed consolidated quarterly financial statements changes in IFRS, in accordance with the date of their entry into force. The possible impact of these changes on the future consolidated financial statements is being analysed.

### 6.3. Selected financial data

#### 6.3.1. Functional and presentation currency

Polish zloty (PLN) is used as the functional and presentation currency of the quarterly condensed consolidated financial statements and quarterly financial information.

#### 6.3.2. Exchange rate

Assets and liabilities items denominated in foreign currencies and recognized in accounting books have been converted into PLN based on average PLN exchange rates of the National Bank of Poland as at balance date.

Exchange rate valid as at the period end	Balance as at 31 March 2014 (unaudited)	Balance as at 31 December 2013	Balance as at 31 March 2013 (unaudited)	Balance as at 31 December 2012
USD	3.034400	3.012000	3.259000	3.099600
EUR	4.171300	4.147200	4.177400	4.088200
GBP	5.048500	4.982800	4.952800	5.011900
CZK	0.152000	0.151300	0.162100	0.163000
HUF	0.013586	0.013969	0.013726	0.013977

#### 6.3.3. Note 1 – Operating segments (continued operations)

Revenue by type of activity:	3 months ended 31.03.2014 (unaudited)	3 months ended 31.03.2013 (unaudited)
- TV broadcast	15 359 614.98	11 787 138.89
- Publishing activities (DVD)	25 313.32	21 647.81
- Sales of licenses	2 001 478.12	131 316.80
- Advertising	3 990 425.54	3 248 486.43
- VOD	592 851.20	983 689.61
- Other services	446 901.66	228 344.67
- Production of TV channels	1 332 951.40	9 261 508.34
- Internet operations	-	39 999.55
- Sales of contents	-	-
- Remastering and archiving	126 572.97	104 968.68
- Sales of goods and materials	253 220.00	13 775.00
<b>Total</b>	<b>24 129 329.19</b>	<b>25 820 875.78</b>

Costs by type of activity:	3 months ended 31.03.2014 (unaudited)	3 months ended 31.03.2013 (unaudited)
- Costs of TV broadcast	(11 484 614.90)	(8 975 872.93)
- Costs of publishing activities (DVD)	(15 667.25)	(79 437.23)
- Cost of sale of license	(898 735.63)	-
- Cost of advertising	(507 128.43)	(361 963.76)
- Selling costs	(531 682.78)	(345 996.54)
- VOD expenses	(366 274.60)	(696 429.58)
- Costs of production of TV channels	(1 156 669.82)	(8 456 442.43)
- Internet operations	-	-
- Sale of content	-	-

- Remastering and archiving	(290 609.98)	(517 595.90)
- Trade of rights within the group	(1 909 695.12)	-
- Other expenses	(1 365 856.32)	(1 389 787.46)
- Costs of goods and materials sold	(255 614.92)	(10 748.27)
<b>Total</b>	<b>(18 782 549.75)</b>	<b>(20 834 274.10)</b>

#### 6.3.4. Note 2 – Sale by geographical regions (continued operations)

Sales to external clients including:	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Poland	18 192 645.26	15 946 824.72
EU	5 332 988.85	9 598 112.32
Other	603 695.08	275 938.74
<b>Total</b>	<b>24 129 329.19</b>	<b>25 820 875.78</b>

#### 6.3.5. Note 3 – Operating expenses (continued operations)

	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Depreciation/amortization	(3 213 433.71)	(1 693 039.21)
Employee benefits	(2 925 730.57)	(3 312 432.22)
- Payroll expenses	(2 509 750.57)	(2 932 589.27)
- Cost of future bonuses (provisions)		106 987.24
- Costs of social insurance and other benefits	(415 980.00)	(486 830.19)
Consumption of materials and energy	(265 823.97)	(217 121.83)
External services	(12 594 567.33)	(15 027 605.85)
Taxes and charges	883 311.12	(463 788.71)
Property and personal insurance	(34 060.07)	(33 983.33)
Other expenses	(364 313.06)	(75 554.68)
Value of goods and materials sold	(267 932.16)	(10 748.27)
<b>Total expenses by type</b>	<b>(18 782 549.75)</b>	<b>(20 834 274.10)</b>
Selling costs	(531 682.78)	(345 996.54)
General and administrative expenses	(1 357 614.37)	(1 339 196.45)
Cost of products sold	(16 625 320.44)	(19 138 332.84)
Value of goods and materials sold	(267 932.16)	(10 748.27)
<b>Total cost of products, goods and materials sold, cost of sales, general and administrative expenses</b>	<b>(18 782 549.75)</b>	<b>(20 834 274.10)</b>

#### 6.3.6. Note 4 – Other operating revenue (continued operations)

Other operating revenue	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Net gain on disposal of non-financial non-current assets	-	9 800.00
Reversal of bad debt provision	3 565.18	11 013.99
Reversal of the provision for disputable liabilities	-	-
Fines and compensations	2 684.00	-
Other	986.56	8 306.24
<b>Total</b>	<b>7 235.74</b>	<b>29 120.23</b>

### 6.3.7. Note 5 – Other operating expenses (continued operations)

Other operating expenses	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Loss on disposal of non-financial non-current assets	(8.34)	-
Impairment loss on intangible assets	(281 403.51)	-
Bad debts provision	(215 610.15)	(5 768.82)
Receivables write-off	(378.51)	-
Loss on liquidation of intangible assets and property, plant and equipment	(1 804.99)	-
Donations granted	(90 000.00)	(10 000.00)
Contractual penalties	(1 006.40)	-
Settlement with ZAPA	-	-
Other	(2 931.49)	(23 483.31)
<b>total</b>	<b>(593 143.39)</b>	<b>(39 252.13)</b>

### 6.3.8. Note 6 – Profit on disposal of a subsidiary

On 12 March 2014 as a result of the agreement concluded with Agora S.A., Kino Polska TV S.A. sold almost half of the shares in Stopklatka S.A. thereby losing control over this company. This transaction was a consequence of the conclusion of the conditions of the investment agreement concluded between Kino Polska TV S.A. and Agora S.A. on 22 February 2013.

Pursuant to the investment agreement, the selling price of one share amounted to PLN 2.30. As a result, the received remuneration from Agora S.A. amounted to PLN 2 147 855.00.

The number of shares of Stopklatka S.A. left in Kino Polska TV S.A. as at 31 March 2014 amounts to 933 851, which represents 41.04% share in the share capital of the company and in the overall number of votes at the General Shareholders' Meeting. This part, together with the co-operation terms between Kino Polska TV S.A. and Agora S.A. specified in the investment agreement referred to above, and in the Statute of Stopklatka S.A. guarantees to Kino Polska TV S.A. a joint control over Stopklatka S.A. The fair value of Stopklatka S.A. shares held by Kino Polska TV S.A. as at 12 March 2014 amounted to PLN 38 287 891.00. This value was determined basing on the remaining number of shares and the market price of one share admitted to trading on the NewConnect market on 12 March 2014 - the closing price was PLN 41 per one share.

Below is the calculation result on disposal recognized in the consolidated statement of comprehensive income of the Group for IQ of 2014:

	<i>PLN</i>
PLUS The fair value of the received remuneration	2 147 855.00
PLUS The fair value of the remaining interest in the unit	38 287 891.00
PLUS The value of non-controlling interests at the date of loss of control	(416 663.95)
MINUS Net assets of the subsidiary at the date of loss of control	(640 735.24)
MINUS The goodwill of the sold unit on the date of loss of control	4 159 136.27
PLUS/MINUS Gains / (losses) previously recognized in equity relating to the disposed shares	-
<b>Gain on disposal of a subsidiary</b>	<b>36 500 681.02</b>

### 6.3.9. Note 7 – Financial revenue (continued operations)

<b>Financial revenue</b>	<b>3 months ended 31.03.2014 (unaudited)</b>	<b>3 months ended 31.03.2013 (unaudited)</b>
Interest income including::	54 163.32	28 076.69
- Bank deposits	11 079.84	21 717.25
- Interest on loans	43 083.48	6 310.96
- Trade receivables	-	48.48
Other financial revenue (including forex differences)	16.22	227 803.33
<b>total</b>	<b>54 179.54</b>	<b>255 880.02</b>

### 6.3.10. Note 8 – Financial expenses (continued operations)

<b>Financial expenses</b>	<b>3 months ended 31.03.2014 (unaudited)</b>	<b>3 months ended 31.03.2013 (unaudited)</b>
Interest expenses including:	(115 534.32)	(21 431.07)
- Credit facilities and loans	(111 752.24)	(11 250.06)
- Trade receivables	(106.71)	(1 096.92)
- Interest to State budget	(891.74)	(234.06)
- Finance lease	(2 765.49)	(6 066.01)
- Other	(18.14)	(2 784.02)
Bank fees	(8 752.97)	-
Other financial expenses (including forex differences)	(481 160.26)	(49 802.11)
<b>Total</b>	<b>(605 447.54)</b>	<b>(71 233.18)</b>

### 6.3.11. Note 9 – Equity accounted investees

Starting from 12 March 2014, this company is jointly controlled by Kino Polska TV S.A. and Agora S.A. The initial value of this investment was determined as the fair value of the share held by Kino Polska TV S.A. as at 12 March 2014 (details are presented in Note 6 above).

In accordance with the principles of the equity method, from 12 to 31 March 2014, Kino Polska TV S.A. recognized only its share of the net profit executed by Stopklatka S.A. during this period.

As at 31 March 2014 the necessity to recognize an impairment loss of the investment in Stopklatka S.A. was not indicated.).

### 6.3.12. Note 10 – Income tax (continued operations)

<b>Income tax</b>	<b>3 months ended 31.03.2014 (unaudited)</b>	<b>3 months ended 31.03.2013 (unaudited)</b>
<b>Current income tax including:</b>	<b>(21 955.33)</b>	<b>(224 054.00)</b>
- Current income tax expense	(21 955.33)	(224 054.00)
- Adjustments of current income tax pertaining to previous years	-	-
<b>Deferred income tax including:</b>	<b>(187 817.28)</b>	<b>(221 163.46)</b>
- Related to tax losses deductible in future	-	-



- Related to recognition and reversal of temporary differences	(187 817.28)	(221 163.46)
<b>Total tax charge recognized in profit/loss for the period</b>	<b>(209 772.61)</b>	<b>(445 217.46)</b>

As at 31 March 2014, the Group had unused tax losses to be utilized in the future. As at 31 March 2014, the Group decided not to recognize the assets of the deferred tax asset in respect of these losses.

### 6.3.13. Note 11 – Discontinued operations

On 12 March 2014, Kino Polska TV S.A sold almost half of the shares held in Stopklatka S.A. to Agora S.A. As a result of this transaction Kino Polska TV S.A. lost control over Stopklatka S.A. (as at 31 March 2014, the Issuer holds 41.04% of the share in the share capital of the company).

Until the transaction described above, the revenues and costs of Stopklatka S.A. are subject to full consolidation, whereby they have been presented as discontinued operations.

#### Results on the discontinued operations

	<i>For the period 01.01.2014- 11.03.2014</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Revenue from sales	234 118.46	452 995.38
Operating expenses	(1 156 112.50)	(869 399.66)
<b>Profit/(loss) on sales</b>	<b>(921 994.04)</b>	<b>(416 404.28)</b>
Other operating revenue	1 109.24	1 231.69
Other operating expenses	(417.88)	(1.71)
<b>Profit on operating activities</b>	<b>(921 302.68)</b>	<b>(415 174.30)</b>
Financial revenue	-	220.87
Financial expenses	(36 067.01)	(3 428.38)
<b>Profit/(loss) before tax</b>	<b>(957 369.70)</b>	<b>(418 381.81)</b>
Gain or loss recognised on the measurement to fair value less costs to sell	-	-
<b>Profit before tax from discontinued operations</b>	<b>(957 369.70)</b>	<b>(418 381.81)</b>
<b>Income tax:</b>	-	<b>(3 668.27)</b>
- resulting from profit / (loss) before tax	-	(3 668.27)
- resulting from the remeasurement to fair value less costs to sell	-	-
<b>Net profit attributable to discontinued operations</b>	<b>(957 369.70)</b>	<b>(422 050.08)</b>

	<i>For the period 01.01.2014- 11.03.2014</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
<b>Revenue by type of activity</b>		
- Advertising	120 657.06	367 157.95
- Other services	775.18	-
- Internet operations	25 048.95	5 139.87
- sale of content	87 637.26	80 698.01
<b>Total</b>	<b>234 118.45</b>	<b>452 995.83</b>

	<i>For the period 01.01.2014- 11.03.2014</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
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#### Costs by type of activity

- Costs of advertising	(138 927.01)	(378 422.85)
- Internet operations	(175 355.47)	(166 663.56)
- Sale of content	(239 853.36)	(193 372.80)
- Other expenses	(601 976.67)	(130 940.45)
<b>Total</b>	<b>(1 156 112.50)</b>	<b>(869 399.66)</b>

#### Sales to external clients including:

	<i>For the period 01.01.2014- 11.03.2014</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Poland	234 118.45	452 709.46
EU	-	285.92
Other	-	-
<b>Total</b>	<b>234 118.45</b>	<b>452 995.38</b>

	<i>For the period 01.01.2014- 11.03.2014</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Depreciation/amortization	(157 700.40)	(24 275.57)
Employee benefits incl.	(503 858.27)	(319 330.96)
- Payroll expenses	(460 538.99)	(286 018.98)
- costs of social insurance and other benefits	(43 319.28)	(38 532.46)
- cost of future bonuses (provisions or future retirement or jubilee liabilities)	-	5 220.48
Consumption of materials and energy	(10 110.40)	(3 185.48)
External services	(471 151.68)	(507 922.13)
Taxes and charges	(1 040.14)	(2 497.00)
Other expenses	(9 093.29)	(10 414.69)
Property and personal insurance	(2 643.90)	(1 773.83)
Value of goods and materials sold	(514.42)	-
<b>Total expenses by type</b>	<b>(1 156 112.50)</b>	<b>(869 399.66)</b>

Selling costs	(8 241.94)	-
General and administrative expenses	(162 525.65)	(147 500.45)
Cost of products sold	(984 830.49)	(738 459.21)
Value of goods and materials sold	(514.42)	-
<b>Total cost of products, goods and materials sold, cost of sales, general and administrative expenses</b>	<b>(1 156 112.50)</b>	<b>(885 959.66)</b>

	<i>For the period 01.01.2014- 11.03.2014</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Cash flows from operating activities	(1 536 052.37)	631.33
cash flows from investing activities	(333 382.10)	(208.40)
cash flows from investing activities	388 888.70	(13 624.84)
Net inflows/ outflows of cash and cash equivalents	<b>(1 480 545.77)</b>	<b>(13 201.91)</b>

### 6.3.14. Note 12 – Property, plant and equipment

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Technical equipment and machinery	Vehicles	Other fixed assets	Fixed assets under construction	TOTAL
3 months ended 31.03.2014 (unaudited)					
a) Opening balance gross value	12 707 159.82	296 125.61	915 943.79	-	13 919 229.22
b) Increases (due to	84 541.07	123 896.73	16 965.40	10 475.00	235 878.20
- Purchases	84 429.95	123 731.50	6 466.95	10 475.00	225 103.40
- Reclassification from investments	-	-	10 475.00	-	10 475.00
- Acquisition of subsidiaries	-	-	-	-	-

Kino Polska TV S.A. Capital Group  
Consolidated quarterly report for IQ of 2014

- Exchange differences	111.12	165.23	23.45		299.80
<b>c) Decreases (due to):</b>	<b>(140 107.92)</b>	<b>(9 700.00)</b>	<b>(56 875.12)</b>	<b>(10 475.00)</b>	<b>(217 158.04)</b>
- Sales	-	(9 700.00)	-	-	(9 700.00)
- Reclassification to fixed assets	-	-	-	(10 475.00)	(10 475.00)
- Liquidation	(2 475.00)	-	(1 802.31)	-	(4 277.31)
- Sale of subsidiaries	(137 632.92)	-	(54 493.82)	-	(192 126.74)
- Exchange differences	-	-	(578.99)	-	(578.99)
- Other (in-kind contribution)	-	-	-	-	-
<b>d) Closing balance gross value</b>	<b>12 651 592.97</b>	<b>410 322.34</b>	<b>876 034.07</b>	<b>-</b>	<b>13 937 949.39</b>
<b>e) Depreciation opening balance</b>	<b>(6 450 375.83)</b>	<b>(255 806.29)</b>	<b>(473 482.25)</b>	<b>-</b>	<b>(7 179 664.37)</b>
- depreciation charge	(453 869.79)	(3 023.33)	(29 659.76)	-	(486 552.88)
- Sales of fixed assets	-	6 391.66	-	-	6 391.66
- Reclassification to fixed assets	-	-	-	-	-
- Liquidation	-	-	-	-	-
- Sale of subsidiaries	137 613.92	-	54 493.82	-	192 107.74
- Exchange differences	-	(44.26)	444.75	-	400.49
- Other (in-kind contribution)	-	-	-	-	-
<b>g) Depreciation closing balance</b>	<b>(6 766 631.70)</b>	<b>(252 482.22)</b>	<b>(448 203.44)</b>	<b>-</b>	<b>(7 467 317.36)</b>
<b>h) Depreciation closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (due to):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Recognized	-	-	-	-	-
<b>Decrease (due to):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Derecognized	-	-	-	-	-
<b>i) Impairment closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>j) Net value opening balance</b>	<b>6 256 783.99</b>	<b>40 319.32</b>	<b>442 461.54</b>	<b>-</b>	<b>6 739 564.85</b>
<b>k) Net value closing balance</b>	<b>5 884 961.27</b>	<b>157 840.12</b>	<b>427 830.63</b>	<b>-</b>	<b>6 470 632.03</b>

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT in the 12 months ended 31 December 2013	Technical equipment and machinery	Vehicles	Other fixed assets	Fixed assets under construction	TOTAL
<b>a) Opening balance gross value</b>	<b>11 613 392.27</b>	<b>290 781.80</b>	<b>1 066 940.75</b>	<b>7 814.29</b>	<b>12 978 929.11</b>
<b>b) Increases (due to):</b>	<b>1 101 783.48</b>	<b>24 139.51</b>	<b>112 535.73</b>	<b>19 545.53</b>	<b>1 258 004.25</b>
- Purchase	1 101 783.48	-	78 513.58	19 545.53	1 199 842.59
- Reclassification from investments	-	-	27 359.82	-	27 359.82
- Acquisition of subsidiaries	-	24 139.51	6 660.60	-	30 800.11
- Exchange differences	-	-	1.73	-	1.73
- Other 9in -kind contribution)	-	-	-	-	-
<b>c) Decreases (due to):</b>	<b>(8 015.93)</b>	<b>(18 795.70)</b>	<b>(263 532.69)</b>	<b>(27 359.82)</b>	<b>(317 704.14)</b>
- Sales	(6 464.76)	(18 300.00)	-	-	(24 764.76)
- Reclassification to fixed assets	7 726.00	-	(7 726.00)	(27 359.82)	(27 359.82)
- Liquidation	(9 277.17)	-	(255 788.13)	-	(265 065.30)
- Exchange differences	-	(495.70)	(18.56)	-	(514.26)
- Other	-	-	-	-	-
<b>d) Closing balance gross value</b>	<b>12 707 159.82</b>	<b>296 125.61</b>	<b>915 943.79</b>	<b>-</b>	<b>13 919 229.22</b>
<b>e) Depreciation opening balance</b>	<b>(4 593 109.28)</b>	<b>(189 192.69)</b>	<b>(440 007.63)</b>	<b>-</b>	<b>(5 222 309.60)</b>
- Annual depreciation charge	(1 865 282.48)	(75 935.72)	(143 409.82)	-	(2 084 628.02)
- Sales of fixed assets	6 464.76	9 150.00	-	-	15 614.76
- Reclassification to fixed assets	(7 726.00)	-	7 726.00	-	-
- Liquidation	9 277.17	-	102 212.11	-	111 489.28
- Exchange differences	-	172.12	(2.91)	-	169.21
- Other (increase) in-kind contribution	-	-	-	-	-
<b>g) Depreciation closing balance</b>	<b>(6 450 375.83)</b>	<b>(255 806.29)</b>	<b>(473 482.25)</b>	<b>-</b>	<b>(7 179 664.37)</b>
<b>h) Impairment opening balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>) Increase (due to):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Recognized	-	-	-	-	-
<b>Decrease (due to):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Derecognized	-	-	-	-	-
<b>i) Impairment closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>j) Net value opening balance</b>	<b>7 020 282.99</b>	<b>101 589.11</b>	<b>626 933.12</b>	<b>7 814.29</b>	<b>7 756 619.51</b>
<b>k) Net value closing balance</b>	<b>6 256 783.99</b>	<b>40 319.32</b>	<b>442 461.54</b>	<b>-</b>	<b>6 739 564.85</b>

### 6.3.15. Note 13 – Goodwill

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Carrying amount of goodwill from consolidation</b>		
Stopklatka S.A.	-	4 159 136.27
Cyfrowe Repozytorium Filmowe Sp. z o.o.	1 852 237.61	1 852 237.61
Fundacja Kino Polska	-	-
KPTV Media Sp. z o.o.	-	-
Kino Polska Program Sp. z o.o. SKA	-	-
Kino Polska Program Sp. z o.o.	-	-
<b>Carrying amount total</b>	<b>1 852 237.61</b>	<b>6 011 373.88</b>

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Carrying gross amount of goodwill from consolidation, incl.:</b>	<b>1 885 567.10</b>	<b>6 044 703.37</b>
Stopklatka S.A.	-	4 159 136.27
Cyfrowe Repozytorium Filmowe Sp. z o.o.	1 852 237.61	1 852 237.61
Fundacja Kino Polska	5 000.00	5 000.00
KPTV Media Sp. z o.o.	9 442.88	9 442.88
Kino Polska Program Sp. z o.o. SKA	9 443.30	9 443.30
Kino Polska Program Sp., z o.o.	9 443.31	9 443.31
<b>Impairment losses</b>	<b>(33 329.49)</b>	<b>(33 329.49)</b>
<b>Net carrying amount total</b>	<b>1 852 237.61</b>	<b>6 011 373.88</b>

**Goodwill changes in the presented periods :**

	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
Goodwill at beginning of period	6 011 373.88	6 011 373.88
Increases in consolidation goodwill arising from purchase	-	-
Exchange differences relating to a foreign entity	-	-
Decrease in goodwill due to impairment	-	-
Decrease in goodwill due to sale	(4 159 136.27)	-
<b>Total carrying amount at end of period</b>	<b>1 852 237.61</b>	<b>6 011 373.88</b>

**6.3.16. Note 14 – Intangible assets**

MOVEMENTS IN INTANGIBLE ASSETS 3 months ended 31.03.2014. (unaudited)	R&D expenses	Goodwill	Concessions and patents acquired	Licenses with a limited useful life	Licenses with an unlimited useful life	Other intangible assets	Intangible assets under development	TOTAL
Opening balance gross value	1 510 248.51	6 044 703.37	13 028 200.00	38 786 753.18	11 793 788.41	4 057 632.38	83 600.00	75 304 925.85
Increases due to:	-	-	-	331 748.08	-	87 151.26	91 000.00	509 899.34
- Purchase	-	-	-	193 189.23	-	87 114.37	91 000.00	371 303.60
- Reclassification among asset groups	-	-	-	-	-	-	-	-
- Reclassification from R&D or investments	-	-	-	134 600.00	-	-	-	134 600.00
- Exchange differences	-	-	-	3 958.85	-	36.89	-	3 995.74
Decreases due to:	(1 510 248.51)	(4 159 136.27)	(12 945 000.00)	(1 105.00)	-	(399 549.80)	(134 600.00)	(19 149 639.58)
- Sales	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	(1 105.00)	-	-	-	(1 105.00)
- Sale of subsidiaries	(1 510 248.51)	(4 159 136.27)	(12 945 000.00)	-	-	(399 502.17)	-	(19 013 886.95)
- Reclassification among asset groups	-	-	-	-	-	-	(134 600.00)	(134 600.00)
- Exchange differences	-	-	-	-	-	(47.63)	-	(47.63)
Closing balance gross value	-	1 885 567.10	83 200.00	39 117 396.26	11 793 788.41	3 745 233.84	40 000.00	56 665 185.61
Amortization opening balance	(370 373.51)	-	(14 610.95)	(8 345 166.30)	-	(3 115 801.04)	-	(11 845 951.80)
- Amortization for the period	-	-	(2 079.93)	(2 628 322.16)	-	(81 205.35)	-	(2 711 607.44)
- Sales	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	1 105.00	-	-	-	1 105.00
- Exchange differences	-	-	-	(466.61)	-	10.74	-	(455.87)
- Sale of subsidiaries	370 373.51	-	-	-	-	130 335.48	-	500 708.99
- In-kind contribution	-	-	-	-	-	-	-	-
Amortization closing balance	-	-	(16 690.88)	(10 972 850.06)	-	(3 066 660.17)	-	(14 056 201.11)
Impairment opening balance	-	(33 329.49)	-	(1 018 114.04)	-	-	-	(1 051 443.53)

Kino Polska TV S.A. Capital Group  
Consolidated quarterly report for IQ of 2014

Increases due to:	-	-	-	(281 403.51)	-	-	-	(281 403.51)
- Recognized	-	-	-	(281 403.51)	-	-	-	(281 403.51)
Decreases due to:	-	-	-	-	-	-	-	-
- Derecognized	-	-	-	-	-	-	-	-
<b>Impairment closing balance</b>	-	(33 329.49)	-	(1 299 517.55)	-	-	-	(1 332 847.04)
<b>Net value opening balance</b>	<b>1 139 875.00</b>	<b>6 011 373.88</b>	<b>13 013 589.05</b>	<b>29 423 472.84</b>	<b>11 793 788.41</b>	<b>941 831.34</b>	<b>83 600.00</b>	<b>62 407 530.52</b>
<b>Net value closing balance</b>	<b>-</b>	<b>1 852 237.61</b>	<b>66 509.12</b>	<b>26 845 028.65</b>	<b>11 793 788.41</b>	<b>678 573.67</b>	<b>40 000.00</b>	<b>41 276 137.46</b>

MOVEMENTS IN INTANGIBLE ASSETS in the 12 months ended 31 December 2013	R&D expenses	Goodwill	Concessions and patents acquired	Licenses with a limited useful life	Licenses with an unlimited useful life	Other intangible assets	Intangible assets under development	TOTAL
<b>Opening balance gross value</b>	<b>470 685.72</b>	<b>6 044 703.37</b>	<b>53 200.00</b>	<b>14 076 421.34</b>	<b>10 217 140.41</b>	<b>3 510 682.76</b>	<b>618 600.00</b>	<b>34 991 433.60</b>
<b>Increases due to:</b>	<b>1 039 562.79</b>	-	<b>12 975 000.00</b>	<b>24 792 270.27</b>	<b>1 576 648.00</b>	<b>1 547 060.29</b>	<b>40 000.00</b>	<b>41 970 541.35</b>
- Purchase	-	-	12 975 000.00	24 402 974.36	1 648.00	1 167 059.23	40 000.00	38 586 681.59
- Reclassification among asset groups	-	-	-	-	1 575 000.00	-	-	1 575 000.00
- Reclassification from R&D or investments	1 039 562.79	-	-	104 878.05	-	380 000.00	-	1 524 440.84
- Acquisition of subsidiaries	-	-	-	284 417.86	-	1.06	-	284 418.92
- Exchange differences	-	-	-	-	-	-	-	-
- In-kind contribution	-	-	-	-	-	-	-	-
<b>Decreases due to:</b>	-	-	-	<b>(81 938.43)</b>	-	<b>(1 000 110.67)</b>	<b>(575 000.00)</b>	<b>(1 657 049.10)</b>
- Sales	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	(78 805.10)	-	-	-	(78 805.10)
- Reclassification among asset groups	-	-	-	-	-	(1 000 000.00)	(575 000.00)	(1 575 000.00)
- Exchange differences	-	-	-	(3 133.33)	-	(110.67)	-	(3 244.00)
- Other (in-kind contribution)	-	-	-	-	-	-	-	-
<b>Closing balance gross value</b>	<b>1 510 248.51</b>	<b>6 044 703.37</b>	<b>13 028 200.00</b>	<b>38 786 753.18</b>	<b>11 793 788.41</b>	<b>4 057 632.38</b>	<b>83 600.00</b>	<b>75 304 925.85</b>
<b>Amortization opening balance</b>	<b>(137 628.02)</b>	-	<b>(8 919.99)</b>	<b>(4 341 457.68)</b>	-	<b>(2 175 928.04)</b>	-	<b>(6 663 933.73)</b>
- Amortization for the period	(232 745.49)	-	(5 690.96)	(4 082 770.94)	-	(939 983.67)	-	(5 261 191.06)
- Sales	-	-	-	-	-	-	-	-
- Liquidation	-	-	-	78 805.10	-	-	-	78 805.10
- Exchange differences	-	-	-	257.22	-	110.67	-	367.89
- In-kind contribution	-	-	-	-	-	-	-	-
<b>Amortization closing balance</b>	<b>(370 373.51)</b>	-	<b>(14 610.95)</b>	<b>(8 345 166.30)</b>	-	<b>(3 115 801.04)</b>	-	<b>(11 845 951.80)</b>
<b>Impairment opening balance</b>	-	(33 329.49)	-	-	-	-	-	(33 329.49)
<b>Increases due to:</b>	-	-	-	<b>(1 018 114.04)</b>	-	-	-	<b>(1 018 114.04)</b>
- Recognized	-	-	-	(1 018 114.04)	-	-	-	(1 018 114.04)
<b>Decreases due to:</b>	-	-	-	-	-	-	-	-
- Derecognized	-	-	-	-	-	-	-	-
<b>Impairment closing balance</b>	-	(33 329.49)	-	<b>(1 018 114.04)</b>	-	-	-	<b>(1 051 443.53)</b>
<b>Net value opening balance</b>	<b>333 057.70</b>	<b>6 011 373.88</b>	<b>44 280.01</b>	<b>9 734 963.66</b>	<b>10 217 140.41</b>	<b>1 334 754.72</b>	<b>618 600.00</b>	<b>28 294 170.38</b>
<b>Net value closing balance</b>	<b>1 139 875.00</b>	<b>6 011 373.88</b>	<b>13 013 589.05</b>	<b>29 423 472.84</b>	<b>11 793 788.41</b>	<b>941 831.34</b>	<b>83 600.00</b>	<b>62 407 530.52</b>

### 6.3.17. Note 15 – Deferred tax assets and liabilities

Balance sheet item to which the temporary difference refers:	<i>Balance as at 31 March 2014 (unaudited)</i>		
	Deferred tax asset	Deferred tax provision	Net value
Intangible assets (accelerated tax amortization)	-	876 323.06	(876 323.06)
Originated loans (interest accrued)	31 723.93	15 021.62	16 702.31
Trade receivables (bad debt provision)	-	-	-
Credit facilities and loans received (interest accrued)	6 093.24	-	6 093.24
Provisions	3 296.95	6.22	3 290.73
Trade and other liabilities	28 886.07	-	28 886.07
Finance leases	-	700 378.36	(700 378.36)
Tax losses to be applied in future	151 944.05	-	151 944.05
Other	156 277.15	14 427.18	141 849.97
<b>Total</b>	<b>378 221.39</b>	<b>1 606 156.44</b>	<b>(1 227 935.05)</b>

*Balance as at 31 December 2013*

Balance sheet item to which the temporary difference refers:	Deferred tax asset	Deferred tax provision	Net value
Intangible assets (accelerated tax amortization)	-	1 199 957.00	(1 199 957.00)
Originated loans (interest accrued)	-	6 880.10	(6 880.10)
Trade receivables (bad debt provision)	71 144.42	-	71 144.42
Deferred income	-	-	-
Credit facilities and loans received (interest accrued)	6 937.61	-	6 937.61
Provisions	21 089.50	-	21 089.50
Trade and other liabilities	168 750.07	-	168 750.07
Finance leases	96 369.47	349 702.81	(253 333.34)
Tax losses to be applied in future	214 031.83	-	214 031.83
Other	26 442.61	39 956.75	(13 514.14)
<b>Total</b>	<b>604 765.51</b>	<b>1 596 496.66</b>	<b>(991 731.15)</b>

Deferred tax assets and liabilities recognized in the statement of financial position:	Balance as at 31 March 2014 (unaudited)	Balance as at 31 December 2013
Deferred income tax asset following set-off.	68 005.48	604 765.51
Provisions for deferred tax assets following set-off	1 247 553.91	1 596 496.66

### 6.3.18. Note 16 – Trade and other receivables

Non-current receivables	Balance as at 31 March 2014 (unaudited)	Balance as at 31 December 2013
<b>From related parties</b>		
Trade receivables	-	-
Other receivables	-	-
	-	-
<b>From other entities</b>		
Trade receivables	-	-
Other receivables	-	6 580.62
	-	<b>6 580.62</b>
<b>Non-current trade and other receivables</b>	<b>-</b>	<b>6 580.62</b>
Current receivables	Balance as at 31 March 2014 (unaudited)	Balance as at 31 December 2013
<b>From related parties</b>	<b>12 159 853.07</b>	<b>3 645 725.93</b>
Trade receivables	12 144 383.07	3 629 800.93
Other receivables	15 470.00	15 925.00
<b>From other entities</b>	<b>26 009 758.63</b>	<b>32 019 536.20</b>
Trade receivables	22 796 513.35	28 410 255.17
Budget receivables other than current income tax	2 940 619.08	3 304 379.62
Other receivables	272 626.20	304 901.41
<b>Total gross short-term receivables)</b>	<b>38 169 611.70</b>	<b>35 665 262.13</b>
Bad debt provision	(950 006.88)	(942 696.97)
<b>Total net short-term receivables</b>	<b>37 219 604.82</b>	<b>34 722 565.16</b>

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Receivables due to current income tax</b>		
Budget receivables due to current income tax	1 091 131.41	796 732.10
<b>Tax receivables</b>	<b>1 091 131.41</b>	<b>796 732.10</b>

### 6.3.19. Note 17 - Prepayments

<b>Prepaid expenses, including:</b>	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Extension fee (concession for STOPKLATKA TV)	-	2 912 802.00
Subscriptions	-	5 795.81
Program production costs	106 878.79	29 767.50
Production of TV programs broadcast in subsequent periods	597 155.51	660 485.09
Insurance costs	70 840.64	106 682.00
Services not yet provided	132 307.20	178 054.94
License fees	9 774 870.72	10 581 265.53
Fees related to GPW and KDPW	52 500.00	-
Fees related to preparation of the prospectus	70 000.00	50 000.00
Other prepayments	217 628.64	230 559.11
<b>Total</b>	<b>11 022 181.50</b>	<b>14 755 411.98</b>
	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Prepayments (maturity classes)</b>		
- Long-term portion	886 394.99	3 723 172.22
- Short-term portion	10 135 786.51	11 032 239.76
	<b>11 022 181.50</b>	<b>14 755 411.98</b>

### 6.3.20. Note 18 – Cash and cash equivalents

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Cash in hand and at bank	11 959 252.82	12 128 993.34
Short-term deposits	2 302 414.67	2 297 004.20
Cash in transit	-	-
Other	530 000.00	530 000.00
<b>Cash and cash equivalents total</b>	<b>14 791 667.49</b>	<b>14 955 997.54</b>
	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Structure by currency and after translation to PLN		
Amount in PLN	12 393 568.07	6 640 883.32
Amount in EUR	702 851.42	7 127 197.13
Amount in USD	506 887.26	420 841.19
Amount in GBP	198 975.92	421 830.45
Amount in HUF	439 390.70	136 644.72
Amount in CZK	549 994.12	208 600.73
<b>Cash and cash equivalents total</b>	<b>14 791 667.49</b>	<b>14 955 997.54</b>

For the purpose of the cash flow statement, the current bank overdrafts reduce the value of cash and cash equivalents.

The item "other" includes inter alia the cash blocked in the bank account as security for guarantees issued by the bank (the guarantees apply to leases of office space).

### 6.3.21. Note 19 – Share capital

SHARE CAPITAL OF KINO POLSKA TV S.A. AS AT 31 MARCH 2014						
Series	Class of shares	Preference	Restriction on subscription rights	Number of shares	Nominal value per share	Value of series/issue at nominal value
A	ordinary bearer shares	None	None	13 821 404	0.10	1 382 140.40
C	ordinary bearer shares	None	None	6 000 000	0.10	600 000.00
<b>Total</b>				<b>19 821 404</b>		<b>1 982 140.40</b>

To the best knowledge of the Issuer as at 31 March 2014, the shareholding structure of Kino Polska TV S.A, accounting for shareholders holding at least 5% of votes at the General Shareholders' Meeting of the Company is as follows:

Shareholder	Class of shares	Number of shares	Percentage interest in share capital	Number of votes at the General Meeting	Percentage interest in the total number of votes at the General Meeting
Oblio International B.V. <sup>1</sup>	Ordinary bearer shares	13 082 126	66.00%	13 082 126	66.00%
Investment funds managed by Ipopema TFI S.A. (including Total FIZ and TTL 1 Sp. z o.o.) <sup>2</sup>	Ordinary bearer shares	1 702 462	8.59%	1 702 462	8.59%
OTHER	Ordinary bearer shares	5 036 816	25.41%	5 036 816	25.41%
<b>TOTAL</b>	<b>Ordinary bearer shares</b>	<b>19 821 404</b>	<b>100%</b>	<b>19 821 404</b>	<b>100%</b>

On 19 February 2014, the Company received a decision from the District Court for the Capital City Warsaw in Warsaw, XIII Commercial Division of the National Court Register on making registered changes in the share capital of the Issuer and the amendments to the Company's Statute resulting from the issuance of 6,000,000 series C shares of Kino Polska TV S.A. of a nominal value of PLN 0.10 per one share. Having made the above changes, the share capital of the Issuer amounts to PLN 1,982,140.40 and is divided into 13,821,404 ordinary series A bearer shares and 6,000,000 series C shares. The total number of votes at the General Shareholders' Meeting of Kino Polska TV S.A. resulting from all issued shares of the Company amounts to 19,821,404.

### 6.3.22. Note 20 - Credit facilities and loans obtained

<b>Long-term loans and credit facilities</b>	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Bank credit facilities	221 000.00	227 500.00
Loans obtained	-	-
<b>Long-term loans and credit facilities</b>	<b>221 000.00</b>	<b>227 500.00</b>
<b>Short-term credit facilities and loans</b>	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Overdraft facilities		829 480.10



Bank credit facilities (other than overdrafts)	48 897.75	70 000.00
Loans obtained	3 723 361.04	6 142 811.51
<b>Total short-term credit facilities and loans</b>	<b>3 772 258.79</b>	<b>7 042 291.61</b>

As at 31 March 2014 the Group had the following open credit facilities and loans:

Financing entity	Currency	Credit/limit value	Credit value as at the end of the reporting period		Interest terms and conditions	Maturity date	Collateral
			In currency	In PLN			
Bank Polska Kasa Opieki S.A.	PLN	Up to 8 000 000.00	-	-	WIBOR 1M + 3.0%	2014-06-30	Blank promissory note, authorization to debit bank accounts, receivable assignment contract
SPI International BV Inc.	EUR	200 000.00	207 616.47	856 236.46	5% p.a.	2014-06-26	None
Oblio International BV	EUR	670 000.00	687 383.00	2 867 124.58	5% p.a.	2014-09-27	None
Magnetbank ZRt	HUF	21 250 000.00	19 845 423.00	269 897.75	2.65% quarterly	15/03/2018	Mortgage on property
<b>Total credit facilities and loans in PLN</b>				<b>3 993 258.79</b>			

In the periods included in these financial statements, no material breaches of loan agreement covenants occurred.

### 6.3.23. Note 21 – Provisions:

	Payroll provision, including termination benefits	Provision for unused annual leave	Provision for the audit/review of financial statements	Other provisions	Total
<b>As at 1 January 2014</b>	-	312 551.11	220 913.10	1 200 242.64	1 733 706.85
Recognized	-	-	-	716 074.87	716 074.87
Sale of a subsidiary	-	(48 960.00)	(7 200.00)		(56 160.00)
Applied	-	(78 506.81)	(176 992.10)	(1 429 094.02)	(1 684 592.93)
Derecognized	-	-	-	253.39	253.39
Exchange differences	-	-	119.00	56.00	175.00
<b>As at 31 March 2014</b>	-	<b>185 084.30</b>	<b>36 840.00</b>	<b>487 532.88</b>	<b>709 457.18</b>
<b>Provisions (maturity classes)</b>	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>			
Long-term portion		350 000.00			
Short-term portion	709 457.18	1 383 706.85			
<b>Total provisions</b>	<b>709 457.18</b>	<b>1 733 706.85</b>			
	Payroll provision, including termination benefits	Provision for unused annual leave	Provision for the audit/review of financial statements	Other provisions	Total
<b>As at 1 January 2013</b>	307 780.00	247 449.56	68 600.00	53 146.82	676 976.38
Recognized	67 386.60	353 112.91	253 138.10	2 869 806.35	3 543 443.96
Purchase of a subsidiary	-	0.00	5 775.00	-	5 775.00
Applied	(375 166.60)		(106 600.00)	(1 722 710.53)	(2 204 477.13)
Derecognized		(288 011.36)	-	-	(288 011.36)
<b>As at 31 December 2013</b>	-	<b>312 551.11</b>	<b>220 913.10</b>	<b>1 200 242.64</b>	<b>1 733 706.85</b>
<b>Provisions (maturity classes)</b>	<i>Balance as at 31 December 2013</i>	<i>Balance as at 31 December 2012</i>			
Long-term portion	350 000.00	-			
Short-term portion	1 383 706.85	676 976.38			
<b>Total provisions</b>	<b>1 733 706.85</b>	<b>676 976.38</b>			

### 6.3.24. Note 22 – Finance lease liabilities

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>	
<b>Finance lease liabilities</b>			
Long-term portion	33 753.92	39 102.63	
Short-term portion	50 125.67	78 648.99	
<b>Total</b>	<b>83 879.59</b>	<b>117 751.62</b>	
	<i>Balance as at 31 March 2014</i>		
	Current value	Future minimum lease payments	Interest
Up to 1 year	50 125.67	56 275.08	6 149.41
From 2-5 years	33 753.92	37 093.15	3 339.23
Over 5 years			
<b>Total</b>	<b>83 879.59</b>	<b>93 368.23</b>	<b>9 488.64</b>
	<i>Balance as at 31 December 2013</i>		
	Current value	Future minimum lease payments	Interest
Up to 1 year	78 649.00	86 366.76	7 717.76
From 2-5 years	39 102.63	43 639.00	4 536.37
Over 5 years	-	-	-
<b>Total</b>	<b>362 070.56</b>	<b>379 947.72</b>	<b>17 877.16</b>

#### Operational lease liabilities – the lessee

Since June 2012 Kino Polska TV S.A. has leased office space at Puławska 435A and subleased it to its domestic subsidiaries based on an agreement concluded with PK13 Sp. z o.o. and binding until 31 December 2018. Pursuant to this agreement, in 2013 the Group paid monthly rent of PLN 130 199.00. The rent is subject to annual revaluation due to the inflation rate.

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Up to 1 year	1 634 854.15	1 590 150.10
From 2-5 years	5 858 992.80	6 360 600.38
Over 5 years	-	-
<b>Total</b>	<b>7 493 846.95</b>	<b>7 950 750.48</b>

### 6.3.25. Note 23 – Trade and other liabilities

<b>Long-term liabilities</b>	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Liabilities to related entities</b>		
Trade liabilities	-	-
Other non-financial liabilities	-	-
<b>Liabilities to other entities</b>		
Trade liabilities	-	13 204 254.00
Other non-financial liabilities	-	-
	<b>-</b>	<b>13 204 254.00</b>
<b>Non-current trade and other liabilities</b>	<b>-</b>	<b>13 204 254.00</b>
	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Trade and other non-financial liabilities</b>		
<b>Trade liabilities to related entities</b>	<b>6 408 266.99</b>	<b>2 944 017.61</b>
Trade liabilities	6 408 266.99	2 944 017.61
Other non-financial liabilities	-	-
<b>Trade liabilities to related entities</b>	<b>20 999 751.21</b>	<b>27 833 533.80</b>
Trade liabilities	19 844 050.88	26 490 976.65
Payroll liabilities	19 179.68	119 688.60

Kino Polska TV S.A. Capital Group  
Consolidated quarterly report for IQ of 2014

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Budget liabilities other than current income tax	1 126 462.29	1 184 713.59
Deferred income		-
Other non-financial liabilities	<u>10 058.36</u>	<u>38 154.96</u>
<b>Total short-term trade and other liabilities</b>	<b><u>27 408 018.20</u></b>	<b><u>30 777 551.41</u></b>

### 6.3.23. Note 24 – Information about related parties as at 31 March 2014

Name (business name) of the entity with legal form	Registered office	Core business	Nature of relationship	Date of assuming control	Consolidation method applied	Carrying amount of shares as at 31 December 2013 in foreign currency	Carrying amount of shares as at 31 December 2013 in PLN	% of share capital held	Share in the total number of votes at the general meeting
<b>Stopklatka S.A.</b> <sup>(1)</sup>	Warsaw, Poland	Internet portal and TV operations	Jointly controlled entity	12-03-2014	The equity method	PLN 2 887 331.99	PLN 2 887 331.99	41.04%	41.04%
<b>Cyfrowe Repozytorium Filmowe Sp. z o.o.</b>	Warsaw, Poland	Digital remastering of movies	Direct subsidiary	14-12-2011	Full method	PLN 2 600 010.00	PLN 2 600 010.00	60.00%	60.00%
<b>Kino Polska Program Sp. zo.o. SKA</b>	Warsaw, Poland	Distribution of Kino Polska family channels	Direct subsidiary	23-10-2012	Full method	PLN 4 127 236.37	PLN 4 127 236.37	100.00%	100.00%
<b>Kino Polska Program Sp. zo.o.</b>	Warsaw, Poland	Management and advisory services	Direct subsidiary	23-10-2012	Full method	PLN 14 443.31	PLN 14 443.31	100.00%	100.00%
<b>KPTV Media Sp. zo.o.</b>	Warsaw, Poland	Production of TV movie channels	Direct subsidiary	23-10-2012	Full method	PLN 14 442.88	PLN 14 442.88	100.00%	100.00%
<b>Fundacja Kino Polska</b>	Warsaw, Poland	Promoting development of culture and art, including movies	Direct subsidiary	05-12-2011	Full method	PLN 5 000.00	PLN 5 000.00	100.00%	100.00%
<b>Filmbox International Ltd.</b>	London, UK	Distribution of Filmbox family channels	Direct subsidiary	01-12-2013	Full method	PLN 114 444 543.54	PLN 114 444 543.54	100.00%	100.00%
<b>SPI International Magyarorszag, Kft.</b>	Budapest, Hungary	Distribution of Filmbox family channels	Direct subsidiary	01-12-2013	Full method	£ 94 017.09	PLN 474 645.28	100.00%	100.00%
<b>Help Film s.r.o.</b>	Prague, The Czech Republic	Distribution of Filmbox family channels	Direct subsidiary	01-12-2013	Full method	£ 0.85	PLN 4.29	90.00%	90.00%
<b>Help Film Slovakia s.r.o.</b>	Bratislava, Slovakia	Distribution of Filmbox family channels	Direct subsidiary	01-12-2013	Full method	£ 0.87	PLN 4.39	100.00%	100.00%

<sup>(1)</sup> Stopklatka S.A until 11 March 2014 was a subsidiary of Kino Polska TV SA. As a result of the sale of part of the shares on 12 March 2014, this entity from that date has been classified as a jointly controlled entity.

Key financial information about subsidiaries as at 31 March 2014 and for the period from 1 January to 31 March 2014:

Name (business name) of the entity with legal form	Currency	Sales revenue	Net profit (loss)
Cyfrowe Repozytorium Filmowe Sp. z o.o.	PLN	400 682.88	(67 802.94)*
Kino Polska Program Sp. z o.o. SKA	PLN	9 210 728.38	3 103 924.02
Kino Polska Program Sp. zo.o.	PLN	30 000.00	5 587.22
KPTV Media Sp. z o.o.	PLN	4 746 380.32	460 687.06
Filmbox International Ltd.	PLN	10 169 298.99	(724 957.26)**
SPI International Magyarország, Kft.	PLN	1 113 204.35	(114 287.06)
Help Film s.r.o.	PLN	2 882 694.73	514 021.36
Help Film Slovakia s.r.o.	PLN	621 686.78	16 304.29

\* Net loss of CRF for the first 3 months of 2014 amounted to PLN 67 802.94, which is a significant improvement in the financial situation of the company as compared to the same period in 2013, when the net loss amounted to PLN 412 154.99. The main factor influencing the outcome of CRF in the IQ of 2014 was the establishment of an allowance for uncollectible accounts receivables in the amount of PLN 48 994.00.

\*\* the negative impact on the company's results had the foreign exchange losses (PLN 292 thousand)) and the adjustment of the settlement between Filmbox International Ltd. and Help Film s.r.o. (PLN 455 thousand - cost of Filmbox International Ltd., revenue Help Film s.r.o.)

#### **6.4. Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year**

In connection with meeting on 21 February 2014 of the conditions specified in the investment agreement signed in February 2013 between Kino Polska TV S.A. ("KPTV") and Agora S.A. ("Agora"), at the execution of which KPTV made to Agora an irrevocable and binding offer for the sale of 933,850 shares of Stopklatka S.A. (the "Shares") and Agora on 12 March 2014 accepted this offer, an agreement for the sale of Shares was concluded between Agora and KPTV, under which on 12 March 2014 KPTV sold to Agora S.A. of 933,850 shares of Stopklatka S.A and thus the share of KPTV in the total number of votes in Stopklatka S.A. fell below 50%.

KPTV currently holds 933,851 of ordinary bearer shares of Stopklatka S.A., representing 41.04% of the share in the share capital of the Issuer and corresponding to 933,851 votes and 41.04% of the total number of votes at the General Shareholders' Meeting of this company.

Furthermore, the Company granted a bank guarantee to the agreement signed between Media Broadcast GmbH and Filmbox International Ltd. (a 100% subsidiary of the Issuer), pursuant to which it made a commitment to Media Broadcast GmbH that in case Filmbox International Ltd. should not comply with the provisions of the agreement (especially in the financial aspect), these liabilities should be regulated by Kino Polska TV S.A. The guarantee was made to the amount of EUR 165,000.00 (say: one hundred sixty five thousand Euro). Due to the fact that the agreement between Media Broadcast GmbH and Filmbox International Ltd. ceased to have effect from 1 March 2014, the commitments of the Company under the guarantee described above also expired.

In 2013, Kino Polska TV S.A. issued guarantees for loans taken out by Stopklatka S.A. from Agora S.A. on 19 December 2013. The liabilities of Kino Polska TV S.A arising from this contract of surety expired on 13 March 2014 - the day after the acquisition by Agora S.A. of 41.04% of shares in the share capital of Stopklatka S.A.

## **6.5.. Significant achievements and failures of the Group during the reporting period and description of important events which took place in IQ of 2014**

### **6.5.1. Kino Polska TV S.A.**

#### **Changes in the composition of the Management Board of Kino Polska TV S.A.**

On 28 March 2014, Boguslaw Kisielewski was appointed the President of the Management Board of Kino Polska TV S.A, who since 2007 had held the position of a Member of the Management Board and of the General Manager. Last year, he was appointed the President of Stopklatka S.A., an entity of Kino Polska Capital Group. In cooperation with Agora S.A. he was responsible for the project of the first free-access film channel in Poland - Stopklatka TV.

Boguslaw Kisielewski succeeded Piotr Reisch, having acted as the President of the Management Board of Kino Polska TV S.A. over the past seven years. Piotr Reisch resigned from his duties as the President of the Management Board of the Company with effect from 28 March 2014, however, he will continue to engage in operations of Kino Polska TV S.A as a member of its Supervisory Board.

In connection with the development plans of the Issuer abroad, the Supervisory Board also decided to appoint Berk Uziyel the Management Board of the Company, the Managing Director of Filmbox International Ltd., responsible, inter alia, for the distribution of channels in the international market..

#### **Changes in the composition of the Supervisory Board of the Issuer**

On 28 March 2014, the Extraordinary General Shareholders' Meeting of the Company passed a resolution to remove Krzysztof Szymanski from the function of the Member of the Supervisory Board of the Company (the resolution of the Supervisory Board does not contain the reasons for this removal), and to appoint two new members to the composition of the Supervisory Board of Kino Polska TV S.A:

- Berrin Avcilar,
- Piotr Reisch.

The bios of new Members of the Supervisory Board of Kino Polska TV S.A. were included, inter alia, on the Issuer's website [www.kinopolska.pl](http://www.kinopolska.pl) in the Investor Relations tab.

The current composition of the Supervisory Board of Kino Polska TV S.A. is as follows:

- Loni Farhi – Chairman of the Supervisory Board,
- Stacey Sobel – Vice-chairman of the Supervisory Board,
- Piotr Orłowski – Member of the Supervisory Board,
- Krzysztof Rudnik – Member of the Supervisory Board,
- Leszek Stypułkowski – Member of the Supervisory Board,
- Berrin Avcilar – Member of the Supervisory Board,
- Piotr Reisch – Member of the Supervisory Board.

### **Implementation of the investment agreement**

In connection with meeting on 21 February 2014 of the conditions specified in the investment agreement signed on February 2013 between Kino Polska TV S.A. ("KPTV") and Agora S.A. ("Agora"), at the execution of which KPTV made to Agora an irrevocable and binding offer for the sale of 933,850 shares of Stopklatka S.A. (the "Shares") and Agora on 12 March 2014 accepted this offer, an agreement for the sale of Shares was concluded between Agora and KPTV, under which on 12 March 2014 KPTV sold to Agora S.A. of 933,850 shares of Stopklatka S.S. and thus the share of KPTV in the total number of votes in Stopklatka S.A. fell below 50%.

Prior to the date of the above transaction, KPTV held 1 867 701 of ordinary bearer shares of Stopklatka S.A. which accounted for 82.09% of the share in the share capital of this entity, and corresponded to 1 867 701 votes and 82.09% of the total number of votes at its General Shareholders' Meeting.

KPTV currently holds 933,851 ordinary bearer shares of Stopklatka S.A. representing 41.04% of the share in the share capital of the company and corresponds to 933,851 votes and 41.04% of the total number of votes at its General Shareholders' Meeting.

### **Registration of the change in the amount of the share capital of Kino Polska TV S.A. and amendments to the Statute of the Company in connection with the issuance of series C shares**

On 19 February 2014, the Company received the decision of the District Court for the Capital City Warsaw in Warsaw, XIII Commercial Division of the National Court Register, made on November 20, 2013 on registration of the change in the amount and structure of share capital of the Company and of the amendments to the Statute of the Company, in connection with the issuance of 6,000,000 of series C shares of Kino Polska TV S.A. of a nominal value of PLN 0.10 per one share.

Having made the above changes, the share capital of the Issuer amounts to PLN 1,982,140.40 and is divided into 13,821,404 ordinary bearer series A shares and 6,000,000 of series C shares. The total number of votes at the General Shareholders' Meeting of Kino Polska TV S.A. resulting from all issued shares of the Company amounts to 19,821,404.

In connection with the increase of the share capital of the Issuer, §8 of the Statute of Kino Polska TV S.A. was amended. The current wording of the Statute of the Company is available on the Issuer's website [www.kinopolska.pl](http://www.kinopolska.pl) in the Investor Relations tab.

### **Distribution agreement with Filmbox International Ltd.**

On 18 February 2014, a distribution agreement was concluded between the Company and Filmbox International Ltd. (the „Agreement”).

The subject of the Agreement is the provision by Filmbox International Ltd. (a subsidiary of the Company) to the Issuer of a license (exclusive on the Polish territory, and non-exclusive in other countries in the global territory) including the right to rebroadcast of the film channels of the FilmBox brand (to which Filmbox International Ltd.

holds licenses), along with the right to grant sub-licenses to cable and satellite operators or operating other broadcast and re-broadcast techniques (the "Operators").

In accordance with the provisions of the Agreement, in exchange for the acquired rights, the Company shall pay Filmbox International Ltd. of monthly license fees based on the revenues received by the Issuer from the Operators and the cash advertising revenue generated on the channels of the FilmBox brand (in accordance with a subsequent annexe to the Agreement), decreased by a fixed on market conditions margin and the cost of sales agents.

The agreement is concluded for a period of five years and after this time it shall be extended for another 5-year - long period, unless one of the parties provides the other party of the termination of this Agreement at least six months before its expiry date. In addition, each party has the option to terminate this Agreement upon a 90 days' notice.

This agreement replaced, in the above-described scope, a distribution agreement dated 30 September 2011 concluded between the Company and Cinephil France S.A.S (the Issuer informed about the conclusion of the agreement in a current report no 37/2011), to which on 18 February 2014 an annex was signed limiting its provisions only to the distribution by Kino PolskaTV S.A. of thematic channels, such as: FASHIONBOX, FIGHTBOX, DOCUBOX, FASTNFUNBOX, 360TUNEBOX, EROX, EROXXX and the application FILMBOX LIVE.

These operations are related to the acquisition by the Issuer of 100% shares in FiImbox International Ltd. (current report No. 58/2013) and are aimed at reducing the intermediation of entities outside Kino Polska TV S.A. Capital Group in activities related to distribution of television channels belonging to Filmbox International Ltd., and thus will not have adverse financial results of entities included in the Issuer's Capital Group.

#### **6.5.2. Kino Polska Program Sp. z o.o. SKA**

##### **Tripartite agreement between Kino Polska Program Sp. z o.o. SKA and ITI Neovision S.A. and Canal + Cyfrowy S.A.**

On 13 March 2014 a tripartite agreement was signed between Kino Polska Program Sp. z o.o. SKA, ITI Neovision S.A. and Canal + Cyfrowy S.A. (the „Agreement”).

This agreement was concluded, inter alia, in connection with the merger of the platforms "n" and "Cyfra +" and is a continuation of a previously existing separate agreements with ITI Neovision S.A. and Canal + Cyfrowy S.A., concerning the distribution of the Kino Polska programme.

Under this Agreement, Kino Polska Program Sp. z o.o. SKA (the "Licensor") grants to ITI Neovision S.A. and Canal + Cyfrowy S.A. a paid and non-exclusive license, including, among others, the right to include a TV program under the name "Kino Polska" (the "Program") to the programming offer of these entities, made



available both by prepaid access cards and on the basis of subscription agreements, and to distribute the Program on the Polish territory, via the platform "nc +", "n" and "Cyfra +", in analogue, digital system; via satellite (DTH), cable and IPTV systems. The Licensor also agrees to include "Kino Polska" to TV program packages offered on the Polish territory by Cyfrowy Dom Sp. z o.o.

In return for the above-mentioned rights, the Licensor is entitled to a monthly remuneration based on market terms, depending on the number of subscribers to the Program, obtained in accordance with the Agreement.

In addition, under this Agreement, Canal + Cyfrowy S.A. undertakes to the implementation of technical services necessary for the satellite distribution of the Program in return for a flat monthly fee, not departing from the commonly used market rates.

The agreement was concluded for a fixed term until 31 December 2016. At the end of this period, this Agreement will be automatically extended for successive annual periods - under the same conditions - if either party fails to submit to the other party of the termination of this Agreement, not later than 3 (three) months before the first 3-year term of the Agreement, and in the case of its extension - before the next annual period of the Agreement.

#### **Cooperation agreement with Stopklatka S.A.**

On 24 January 2014, a cooperation agreement between Stopklatka S.A. and Kino Polska Program Sp. z o.o. SKA was signed.

Under this agreement, Kino Polska Program Sp. z o.o. SKA undertakes to STK for a permanent management of acquisition of licenses for the purpose of a TV channel, Stopklatka TV, owned by STK, on non-exclusive basis, in the global territory.

By virtue of the above-described services, Kino Polska Program Sp. z o.o. SKA is entitled to remuneration based on market terms, of documented direct costs incurred by the company by acquisition of licenses on a monthly basis and to a fixed monthly flat fee.

This agreement was signed for an indefinite period. Each party may terminate the agreement with a one-month notice.

#### **6.5.5. Stopklatka S.A.**

##### **Launch of Stopklatka TV**

Undoubtedly, an important making of STK in the analysed period was the launch of Stopklatka TV - the first free-access film channel in Poland.

Stopklatka TV started broadcasting on 15 March 2014, and the telemetric analyses started on 17 March 2014. In the first two weeks, the channel reached in the ALL group (viewers aged 4 +) 0.56% of the audience share

(SHR%, average in the period 17-31 March) at the average daily reach (RCH) of more than 2 million viewers and AMR of 35 800 (on weekends - 51 400) <sup>1</sup>. It is worth noting that at that time the technical coverage of Stopklatka TV amounted to approximately 72%.

From 16 April this year, Stopklatka TV has been present in the network Vectra, and on 28 April 2014, it was included in the offer of Multimedia Polska, which extended the channels reach to 80%. Negotiations are underway with subsequent operators. In April, the average share of the channel in the audience group 4 + amounted to 0.69% with an average daily reach of approximately 2.4 million viewers. AMR in group 4 + for the period amounted to 42 500 (weekend days - 57 800). In the important for Stopklatka TV audience group 4 + receiving only the terrestrial television, the channel share in the first week of broadcasting amounted to 1.28%, and an average of 1.35% in March. Importantly, in subsequent periods it grew steadily, exceeding 2% at the end of April.<sup>2</sup> All this testifies to the fact that Stopklatka TV has very quickly become one of the most watched film and serial channels.

**The agreement with EmiTel Sp. z o.o.**

On 14 March 2014, Stopklatka S.A. entered into a cooperation agreement with EmiTel Sp. z o.o. ("EmiTel"), whose total estimated value of the expected term, amounts to PLN 61.305 thousand.

The agreement covers the provision by EmiTel for STK of a full broadcasting service in the DVB-T standard in order to distribute Stopklatka TV channel in multiplex1. The agreement was signed for a specified period from 15 March 2014 until 29 October 2023.

**Purchase of significant assets – agreement with Colgems Productions Ltd.**

On 17 February 2014, an agreement was signed to purchase the rights to films under a license agreement between Stopklatka S.A. (the "Licensee") and Colgems Productions Ltd. (the "Licensor").

The subject of this agreement is to provide by the Licensor to the Licensee the right to distribute on the territory of the Polish of the specified in the agreement film titles (the "Films", the "Titles") under free digital terrestrial TV with simultaneous rebroadcast in cable and satellite networks and IPTV.

The Licensee is entitled to utilise the acquired Titles for the purposes of Stopklatka TV channel. The term of the license to individual Films was individually set for each of them

The total amount the Licensee shall pay for all purchased films amounts to USD 352.000.00 (say: three hundred fifty-two thousand USD).

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<sup>1</sup> Spource: Nielsen Audience Measurement

<sup>2</sup> Source: Nielsen Audience Measurement

**The acquisition of significant assets – agreement with Cinephil France S.A.S.**

On 30 January 2014, Stopklatka S.A. (the "Licensee") entered into an agreement to purchase the rights to films under license from Cinephil France S.A.S. (the "Licensor").

Under this agreement, the Licensor granted to the Licensee the right to distribute on the territory of the Poland of specified in the agreement film titles (the "Films", the "Titles") under the free digital terrestrial television (exclusive rights) with simultaneous rebroadcast in cable and satellite networks and IPTV (non-exclusive rights).

The Licensee is entitled to utilise the acquired Titles for the purposes of Stopklatka TV channel and grant sub-licenses to third parties. The term of the license to individual Films was individually set for each of them

The total amount the Licensee shall pay for all purchased films amounts to USD 1,200,000.00 (say: one million two hundred thousand USD).

**The cooperation agreement with Kino Polska Program Sp. z o.o. SKA**

On 24 January 2014, a cooperation agreement between Stopklatka S.A. and Kino Polska Program Sp. z o.o. SKA was signed.

Under this agreement, Kino Polska Program Sp. z o.o. SKA undertakes to STK for a permanent management of acquisition of film licenses for the purpose of a TV channel, Stopklatka TV, owned by STK, on non-exclusive basis, in the global territory.

By virtue of the above-described services, Kino Polska Program Sp. z o.o. SKA is entitled to remuneration based on market terms, of documented direct costs of acquisition of licenses incurred by the company on a monthly basis and to a fixed monthly flat fee.

This agreement was signed for an indefinite period. Each party may terminate the agreement with a one-month notice.

**The cooperation agreement with Cyfrowym Polsatem S.A.**

On 21 January 2014, an agreement was signed between STK and Cyfrowy Polsat S.A. ("Cyfrowy Polsat").

Under the agreement, Stopklatka S.A. grants to Cyfrowy Polsat of a valid on the territory of the Republic of Poland, nonexclusive and free of charge license with the right to:

- a. distribution of a TV program Stopklatka TV (the "Program") on POLSAT CYFROWY platform, via digital system, satellite, DTH (Direct To Home) and, shall the platform ADSL by Cyfrowy Polsat be run - also for distributing of the Program on the ADSL platform, and
- b. on the website, as at the day of signing of this agreement , under the name ipla and in the form of a computer application installed or available through Web browsers, as well as player ipla (web-based

application allowing for the playback of audio-visual materials in the VOD standard) embedded in Web sites, and

- c. use the "multiroom" function, under the conditions described in the agreement and distributing of the Program to subscribers of Cyfrowy Polsat under most popular distributed program packages available.

The conclusion of the above agreement aims to increase the technical reach of the Programme, which will have a positive impact on the revenues of STK for advertising broadcast on the channel Stopklatka TV

Under this agreement, Cyfrowy Polsat S.A. undertakes to provide to the STK of technical services necessary for the satellite distribution of the Stopklatka TV channel, such as provision of space for the Channel on the transponder, operating backhaul service for the Channel's signal to the transponder, encoding of the Channel's signal. In respect of technical services, Cyfrowy Polsat shall be entitled to a monthly flat fee based on market conditions. In addition, Cyfrowy Polsat S.A. undertook to provide for STK of services in the administration of encoding cards and sale of docking devices for which it shall receive a fee depending on the amount of work performed in a given month. The Agreement was signed until 31 December 2015.

#### **The annex to the cooperation agreement as at 8 November 2012 concluded with Kino Polska TV S.A.**

On 14 January 2014, an annex was signed to the cooperation agreement concluded on November 8, 2012 between Stopklatka S.A. and Kino Polska TV S.A. (the "Agreement"). STK informed about the conclusion of the Agreement in a current EIB report No 31/2012.

In accordance with the provisions of the annex, the conditions of the agreement in terms of services provided and the form of their settlement shall be changed, namely:

1. Stopklatka S.A. undertakes to provide to Kino Polska TV S.A. of the following services:
  - IT works related to the operation of the indicated by Kino Polska TV S.A. Internet domains;
  - IT works connected with operation of the application "Codziennik";
  - other agreed by the parties of the Agreement development works.
2. Settlement of these services is based on monthly counts of man-hours of STK employees dedicated to perform these tasks.

Other conditions of the Agreement remain unchanged.

The conclusion of the above annex results in restricting of the services provided by STK to Kino Polska TV S.A., and hence, in a decrease in revenues of Stopklatka S.A. from this source.

These operations are related to the extension of STK operations on the TV industry, which since the launch of Stopklatka TV channel became the leading area of operation of this company..

#### **6.5.6. Cyfrowe Repozytorium Filmowe Sp. z o.o.**

In the IQ of 2014, CRF apart from its core business activities related to remastering of films, developing of digital masters and their archiving, the company initiated a number of measures to diversify its business by strengthening its position in the market of film distribution, thus increasing the turnover of the rights to films after digital remastering implemented within the KinoRP project.

In the IQ of 2014, CRF also began discussions related to digital remastering of feature films, from the resources of film studios and other independent producers.

In cooperation with the owners of the rights, CRF will begin in the IIQ of this year, the first digital reconstructions of feature films, among other, based on new grant programs.

All the above-mentioned projects concerning the distribution of digital prints as well as the coordination of the reconstruction processes, although they were started in the IQ of 2014, will be financially reflected in the II half of 2014.

#### **6.6. Factors and events, in particular, of an unusual nature, having a significant impact on the financial results achieved**

Factors and events, in particular, of an unusual nature, having a significant impact on the financial results achieved have been presented in the notes to this quarterly report, point 9 part IV of this part of the Report.

#### **6.7. Information about the seasonality or cyclicity of the activities of the Capital Group in the reporting period**

In Kino Polska TV S.A. Capital Group there is no phenomenon of seasonality or cyclicity of the activities, which would result in significant fluctuations in financial results during the financial year.

#### **6.8. Information on impairment loss on receivables to a net realizable value to be obtained for recognition and derecognition**

The Capital Group of the Issuer did not recognize impairment losses on receivables.

#### **6.9. Information in respect of impairment losses on financial assets, property, plant and equipment, intangible assets, or other assets, and the reversal of such records**

During the 3 months ended 31 March 2014, Kino Polska TV S.A. Capital Group wrote off the amount of PLN 215 610.51 as impairment loss of licenses of indefinite useful life owned by the Issuer. This wrote off was made due to the gradual decrease of the usefulness of selected licenses for an indefinite useful life.

In addition, the write offs of overdue or uncollectible trade receivables are kept up to date. On 31 March 2013, the balance of such write offs amounted to PLN 281 403.51 (PLN 1 018 114.04 as at 31 December 2013).

#### **6.10. Information on recognition, appliance and derecognition of provisions**

Information relating to provisions is disclosed in the notes to the condensed interim consolidated financial statements of the Group point 6.3.23. of this part of the Report.

#### **6.11. Information of provisions and deferred tax assets**

Information relating to provisions and deferred tax assets is presented in the notes to the consolidated interim condensed financial statements of the Group point 6.3.17. of this part of the Report.

#### **6.12. Information on material transactions of purchase and sale of property, plant and equipment and intangible assets**

In the analysed period, the entities of Kino Polska TV S.A. Capital Group engaged in the acquisition and sale of property, plant and equipment and intangible assets. Information on material transactions of this type are presented in point. 6.5. of this part of the Report. In addition, the tables of movements of property, plant and equipment and intangible assets are presented in points 6.3.14. and 6.3.16. respectively, of this part of the Report.

#### **6.13. Information concerning significant liability due to the purchase of property, plant and equipment**

As at 31 March 2014 the Group no significant liabilities for purchase of property, plant and equipment or intangible assets with the exception of lease liabilities and obligations arising from agreements for the purchase of such assets, including from the agreement concluded on 28 November 2013 between Kino Polska Program Sp. z o.o. SKA and Cinephil France S.A.S. regarding the purchase of rights to film licenses. The data on liabilities is presented in the notes to the consolidated interim condensed financial statements of the Group for IQ of 2014.

#### **6.14. Information on significant settlements of litigation**

In the analysed period Kino Polska TV S.A. Capital Group had no major settlements related to court cases.

#### **6.15. Indication of adjustments of prior period errors**

In the IQ of 2014, the Group did not make adjustments of prior period errors.

#### **6.16. Information on changes in economic and business conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the Group, regardless of whether those assets and liabilities are recognized at fair value or at purchase price (amortized cost)**

In the analysed period there were no changes in the economic and business conditions, with a significant impact on the fair value of financial assets and financial liabilities of the Group.

#### **6.17. Information on outstanding credits or loans or breach of the relevant provisions of the credit or loan agreement, in respect of which no action was taken up to the end of the reporting period**

The Capital Group did not report any events related to defaults on loans or credits or violation of the relevant provisions of such agreements.

**6.18. Information on entering on the part of the Issuer or its subsidiary of one or more transactions with related parties, individually or collectively if they are significant and are included on non-market terms**

The companies comprising the Issuer's Capital Group, in the period under review, did not enter into any significant transactions with related parties on terms other than market.

**6.19. Information on the change of the method (methods) for determining fair value – for financial instruments at fair value.**

In this period, there occurred no change in the method of determining the fair value of financial instruments.

**6.20. Information on changes in classification of financial assets as a result of changes to or use of the assets.**

The Capital Group did not make changes in classification of financial assets as a result of changes to or use of the assets.

**6.21. Issue, repurchases and repayments of debt and equity securities**

On 19 February 2014, the Issuer received a decision dated 3 February 2014 on making registered changes in the share capital of Kino Polska TV S.A. and the amendment to the Statute of the Company by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, resulting from the issuance of 6,000,000 of series C shares of Kino Polska TV S.A. with a par value of PLN 0.10 per one share. After completing of the above changes, the share capital of the Issuer amounts to PLN 1,982,140.40 and is divided into 13,821,404 of ordinary series A bearer shares and 6,000,000 of series C shares. The total number of votes at the General Shareholders' Meeting of Kino Polska TV S.A. resulting from all the issued shares of the Company amounts to 19,821,404.

Series C Shares of Kino Polska TV S.A. in accordance with Resolution No. 5 of the Extraordinary Shareholders' Meeting as at October 7, 2013 were offered by the Issuer to Oblio International B.V. ("Oblio") in exchange for a contribution in the form of a 100% of shares in the company Filmbox International Ltd.

**6.22. Information on dividends**

In accordance with the Code of Commercial Companies, the amount to be distributed among the shareholders may not exceed the profit for the last financial year increased by any undistributed profits from previous years and the amounts transferred from the profit of reserve capital and other reserves which may be used to pay dividends, while this amount should be reduced by accumulated losses, treasury shares and the amount that should be allocated from the profit for the last financial year for reserve capital and other reserves, and therefore, the total amount which the Issuer may allocate to the payment of dividend for 2013 amounts to PLN 6,269,693.62, which consists of the following:

1. Net profit of the Issuer for 2013 in the amount of PLN 3,458,236.10;

2. The reserve capital of the Issuer as at 31 December 2013, which according to the provisions of the law may be allocated for distribution incurred from the profits for the period 2007-2012 in the amount of PLN 2,811,457.52.

The Issuer's Management Board will recommend at the next General Shareholders' Meeting to exclude the right to the dividend for 2013 concerning the 6 million series C shares acquired by Oblio International B.V. in exchange for a 100% of shares in Filmbox International Ltd. Then the dividend for 2013 will cover 13,821,404 shares of the Issuer and the amount per share will amount to PLN 0.45 (the total amount of the dividend PLN 6,219,631.80).

In addition, the Company will recommend that the dividend to shareholders of Kino Polska TV S.A for 2014 be paid at the maximum possible amount resulting from the profit earned by the Issuer in 2014 and from the relevant provisions of the Code of Commercial Companies.

**6.23. Significant events after the end of the quarterly reporting period, not included in the financial statements, which could have a significant impact on the future financial performance of the Group**

Factors that may affect the future results of the Issuer and the Capital Group are described in point 10, Part IV of the Report.

**6.24. Other information that may affect the assessment of the financial position and financial results of the Group**

Factors that may affect the future results of the Issuer and the Capital Group are described in point 10, Part IV of the Report.



### III. Interim Condensed Separate Financial Statements of Kino Polska TV S.A.

#### 1. The selected financial data of the condensed separate financial statements of the Company

		3 months ended 31.03.2014 (unaudited)	3 months ended 31.03.2013 (unaudited)	3 months ended 31.03.2014 (unaudited)	3 months ended 31.03.2013 (unaudited)
		in PLN	in PLN	in EUR	in EUR
I	Sales revenues on continued operations	15 095 191.47	18 246 243.18	3 603 186.96	4 355 335.65
II	Profit from operating operations	108 400.57	1 287 063.24	25 874.96	307 218.99
III	Gross profit /loss before tax from continued operations	-33 197.49	1 529 510.97	-7 924.16	365 090.70
IV	Net profit/loss from continued operations	-74 432.60	1 238 853.16	-17 766.89	295 711.36
V	Weighted average value of shares	17 621 404.00	13 821 404.00	17 621 404.00	13 821 404.00
VI	Treasury shares	0.00	48 596.00	0.00	48 596.00
VII	Net profit per one share attributable to shareholders of the parent company in PLN/EUR	0.00	0.09	0.00	0.02
VIII	Net cash from operating activities	76 476.79	2 091 598.13	18 254.83	499 259.59
IX	Net cash from investing operations	1 146 056.04	-151 969.87	273 560.90	-36 274.85
X	Net cash from financing operations	-1 980 109.76	-6 140 478.65	-472 647.58	-1 465 717.92
XI	Closing balance cash and cash equivalents	4 812 224.91	2 319 886.30	1 148 666.85	553 751.44
		<b>Balance as at 31 March 2014 (unaudited)</b>	<b>Balance as at 31 December 2013</b>	<b>Balance as at 31 March 2014 (unaudited)</b>	<b>Balance as at 31 December 2013</b>
		w PLN	w PLN	w EUR	w EUR
XII	Non-current assets	185 392 522.99	189 349 081.86	44 444 782.92	45 393 302.29
XIII	Current assets	27 573 207.93	30 262 832.61	6 610 219.34	7 255 012.25
XIV	Total assets	212 965 730.92	219 611 914.47	51 055 002.26	52 648 314.55
XV	Non-current liabilities	30 127 226.00	32 370 705.60	7 222 502.82	7 760 339.85
XVI	Current liabilities	13 898 708.19	18 226 979.54	3 331 984.80	4 369 616.08
XVII	Equity	168 939 796.73	169 014 229.33	40 500 514.64	40 518 358.62
XVIII	Share capital	1 982 140.40	1 382 140.40	475 185.29	331 345.24

The above financial data for IQ of 2014 and 2013 were converted into EUR by the following:

- Assets and liabilities – at the average exchange rate announced by the National Bank of Poland as at 31 March 2014 – 4.1713 PLN/EUR;
- 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 of 1 January – 31 March 2014 announced by the National Bank of Poland – 4.1894 PLN/EUR.

## 2. Interim condensed statement of comprehensive income

	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
<b>Continued operations</b>		
Revenue from sales of products and services	15 073 885.57	18 246 243.18
Revenue from sales of goods and materials	21 305.90	-
Total sales revenue	<u>15 095 191.47</u>	<u>18 246 243.18</u>
Cost of products and services sold	(11 945 084.56)	(15 583 361.90)
Value of goods and materials sold	(31 932.16)	-
Total selling expenses	<u>(11 977 016.72)</u>	<u>(15 583 361.90)</u>
<b>Profit/(loss) on sales</b>	<b><u>3 118 174.75</u></b>	<b><u>2 662 881.28</u></b>
Selling costs	(60 100.42)	(185 108.16)
General and administrative expenses	(1 396 658.34)	(1 166 209.73)
Loss on sale of a subsidiary*	(1 043 886.19)	-
Other operating revenue	4 367.10	10 783.24
Other operating expenses	(513 496.33)	(35 283.39)
<b>Profit / (loss) on operating activities</b>	<b><u>108 400.57</u></b>	<b><u>1 287 063.24</u></b>
Financial revenue	54 220.13	263 753.93
Financial expenses	(195 818.19)	(21 306.20)
<b>Gross profit/(loss) before tax</b>	<b><u>(33 197.49)</u></b>	<b><u>1 529 510.97</u></b>
Income tax	(41 235.11)	(290 657.81)
<b>Net profit / (loss) on continued operations</b>	<b><u>(74 432.60)</u></b>	<b><u>1 238 853.16</u></b>
<b>Discontinued operations**</b>		
Profit on discontinued operations	-	<b>684 949.13</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b><u>(74 432.60)</u></b>	<b><u>1 923 802.29</u></b>
<b>Earnings/(loss) per share</b>		
– basic from the reporting period profit	(0.00)	0.09
– diluted from the reporting period profit	(0.00)	0.09
– basic on discontinued operations profit	-	0.05
– diluted on discontinued operations profit	-	0.05

\*sale of Stopklatka S.A. shares in accordance with the provisions of the Investment Agreement as at 22 February 2013 concluded between the Issuer and Agora S.A.

\*\* Discontinued operations were described in note 10.

### 3. Interim condensed separate statement of financial position

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>ASSETS</b>		
<b>Non-current assets (long-term)</b>		
Property, plant and equipment	5 442 143.34	5 642 124.99
Intangible assets	55 857 371.56	56 372 872.67
Shares and stock in subsidiaries	124 093 008.09	127 265 652.05
Trade and other receivables	-	-
Prepayments	-	-
Deferred tax asset	-	68 432.15
<b>Non-current assets, total</b>	<b>185 392 522.99</b>	<b>189 349 081.86</b>
<b>Current assets (short-term)</b>		
Inventories	278 786.89	272 775.27
Trade and other receivables	17 611 845.24	19 151 487.32
Trade and other receivables	775 655.00	775 655.00
Trade and other receivables	506 401.22	609 920.62
Originated loans	3 588 294.67	3 054 663.24
Cash and cash equivalents	4 812 224.91	6 398 331.16
<b>Current assets, total</b>	<b>27 573 207.93</b>	<b>30 262 832.61</b>
<b>TOTAL ASSETS</b>	<b>212 965 730.92</b>	<b>219 611 914.47</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 982 140.40	1 382 140.40
Share premium	148 939 543.79	35 659 543.79
(treasury shares)	-	-
Other reserves	10 670 030.39	124 550 030.39
Retained earnings / (accumulated losses)	7 348 082.15	7 422 514.75
<b>Total equity</b>	<b>168 939 796.73</b>	<b>169 014 229.33</b>
<b>Non-current liabilities</b>		
Credit facilities and loans obtained	-	-
Trade and other liabilities	-	-
Provisions	-	350 000.00
Finance lease liabilities	28 879 672.09	30 745 954.65
Deferred tax provision	1 247 553.91	1 274 750.95
<b>Non-current liabilities total</b>	<b>30 127 226.00</b>	<b>32 370 705.60</b>
<b>Current liabilities</b>		
Trade and other liabilities	6 026 766.84	9 063 594.73
Credit facilities and loans obtained	-	829 480.10
Finance lease liabilities	7 463 843.38	7 472 385.63
Dividend payables	-	-
Deferred income	-	-
Provisions	407 337.25	860 449.88
Accruals	760.72	1 069.20
<b>Current liabilities total</b>	<b>13 898 708.19</b>	<b>18 226 979.54</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>212 965 730.92</b>	<b>219 611 914.47</b>

#### 4. Interim condensed separate statement of cash flows

	<i>3 months ended 31.03.2014. (unaudited)</i>	<i>3 months ended 31.03.2013. (unaudited)</i>
<b>Cash flows from operating activities</b>		
Net profit / (loss)	(74 432.60)	1 238 853.16
Adjustment by:		
Amortization/depreciation	956 458.56	1 314 927.92
Impairment loss on assets	281 403.51	(10 462.12)
Net interest and dividends	51 064.82	-
(Profit)/loss on investing activities	1 024 797.31	-
(Increase)/decrease in receivables	1 539 642.08	(862 624.90)
(Increase)/decrease in inventories	(6 011.62)	1 484.79
Decrease/ (increase) in the balance of liabilities	(3 036 827.89)	1 602 879.65
(Increase)/decrease in prepayments/accruals	103 210.92	(115 040.15)
Change in provisions	(803 112.63)	(530 764.22)
Income tax paid	-	(799 101.00)
Income tax accrued	41 235.11	251 445.00
Other	(950.78)	-
<b>Net cash flows from operating activities</b>	<b>76 476.79</b>	<b>2 091 598.13</b>
<b>Cash flows from investing operations</b>		
Sales of property, plant and equipment and intangible assets	3 300.00	
Acquisition of property, plant and equipment and intangible assets	(525 687.66)	(173 682.05)
Sale of financial assets	2 147 855.00	
Acquisition of financial assets		
Dividends and interests received		
Interest received	11 337.27	21 712.18
Return of originated loans	9 251.43	
Originated loans	(500 000.00)	
Other		
<b>Net cash flows from investing operations</b>	<b>1 146 056.04</b>	<b>(151 969.87)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares		
Acquisition of treasury shares		
Payment of finance lease liabilities	(1 874 824.81)	(65 544.55)
Proceeds from contracted loans/credit facilities		847 017.96
Repayment of loans/borrowings		
Dividends paid		(6 910 702.00)
Other financial proceeds		
Interest paid	(105 284.95)	(11 250.06)
Other		
<b>Net cash from financing operations</b>	<b>(1 980 109.76)</b>	<b>(6 140 478.65)</b>
Net increase in cash and cash equivalents	(757 576.93)	(4 200 850.39)
Net exchange differences	950.78	-
<b>Cash opening balance</b>	<b>5 568 851.06</b>	<b>6 520 736.69</b>
<b>Closing balance cash and cash equivalents including:</b>	<b>4 812 224.91</b>	<b>2 319 886.30</b>
Restricted cash	530 000.00	783 000.00

## 5. Interim condensed separate statement of changes in equity

	<i>Share capital</i>	<i>Share premium</i>	<i>Supplementary capital</i>	<i>Reserve capital (including treasury shares)</i>	<i>Not registered capital</i>	<i>Prior period results</i>	<i>Current period results</i>	<i>Total equity</i>
<b>As at 1 January 2014</b>	<b>1 382 140.40</b>	<b>35 659 543.79</b>	<b>10 670 030.39</b>	-	<b>113 880 000.00</b>	<b>7 422 514.75</b>		<b>169 014 229.33</b>
Error adjustments	-	-	-	-	-	-	-	-
<b>As at 1 January 2014</b>	<b>1 382 140.40</b>	<b>35 659 543.79</b>	<b>10 670 030.39</b>	-	<b>113 880 000.00</b>	<b>7 422 514.75</b>	-	<b>169 014 229.33</b>
Registration of share capital	600 000.00	113 280 000.00	0.00	-	(113 880 000.00)	-	-	-
Profit (loss) for the year							(74 432.60)	(74 432.60)
<b>As at 31 March 2014 (unaudited)</b>	<b>1 982 140.40</b>	<b>148 939 543.79</b>	<b>10 670 030.39</b>	-	-	<b>7 422 514.75</b>	<b>(74 432.60)</b>	<b>168 939 796.73</b>
<b>As at 1 January 2013</b>	<b>1 387 000.00</b>	<b>35 659 543.79</b>	<b>5 578 425.64</b>	<b>4 613 918.68</b>	-	<b>18 258 509.12</b>	-	<b>65 497 397.23</b>
Error adjustments	-	-	-	-	-	-	-	-
<b>As at 1 January 2013</b>	<b>1 387 000.00</b>	<b>35 659 543.79</b>	<b>5 578 425.64</b>	<b>4 613 918.68</b>	-	<b>18 258 509.12</b>	-	<b>65 497 397.23</b>
Profit (loss) for the year	-	-	-	-	-	-	1 238 853.16	1 238 853.16
<b>As at 31 March 2013 (unaudited)</b>	<b>1 387 000.00</b>	<b>35 659 543.79</b>	<b>5 578 425.64</b>	<b>4 613 918.68</b>	-	<b>18 258 509.12</b>	<b>1 238 853.16</b>	<b>66 736 250.39</b>

## 6. Additional notes to the condensed separate financial statements

### 6.1. Statement of compliance and general principles of drawing up

These condensed separate quarterly financial statements have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and the Regulation of the Minister of Finance as at 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by provisions of the laws of a country that is not a Member State of the EU. (Journal of Laws No. 33, item. 259, as amended) and present, in a true and reliable manner, the financial position of Kino Polska TV S.A as at 31 March 2014, the results of its operations and the cash flow statement for the period of 3 months ended 31 March 2014. The separate financial statements have been prepared assuming the continuance to operate on a going concern basis in the foreseeable future. At the date of approval of these consolidated financial statements, there are no circumstances indicating a threat to the continuation of the business of the Company

The duration of Kino Polska TV S.A is unlimited.

### 6.2. Statement of the Management Board

These separate financial statements have been prepared in accordance with the requirements of IFRS as described in the separate financial statements of Kino Polska TV S.A. for the year ended 31 December 2013. Amendments to IFRS, which entered into force on 1 January 2014, will not affect the current and previously reported consolidated financial results and the value of consolidated equity.

The Company intends to adopt amendments to IFRSs issued but not effective as at the date of this quarterly condensed consolidated financial statements as of the date of their entry into force. Estimating the impact of these changes on the future separate financial statements of the Company is being analysed.

### 6.3. Selected financial data

#### 6.3.1. Functional and presentation currency

The functional and presentation currency of these condensed quarterly financial statements and quarterly financial information is Polish zloty (zł or PLN).

#### 6.3.2. Adopted exchange rates

Assets and liabilities are denominated in foreign currencies and have been translated in the books into PLN using the average exchange rates of the National Bank of Poland prevailing on the balance sheet date:

Exchange rate valid as at the period end	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>	<i>Balance as at 31 March 2013 (unaudited)</i>	<i>Balance as at 31 December 2012</i>
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USD	3.034400	3.012000	3.259000	3.099600
EUR	4.171300	4.147200	4.177400	4.088200
GBP	5.048500	4.982800	4.952800	5.011900
CZK	0.152000	0.151300	0.162100	0.163000
HUF	0.013586	0.013969	0.013726	0.013977

### 6.3.3. Note 1 - Operating segments (continued operations)

	<u>3 months ended</u> <u>31.03.2014</u> <i>(unaudited)</i>	<u>3 months ended</u> <u>31.03.2013.</u> <i>(unaudited)</i>
<b>Revenues</b>		
Sale to external customers incl.:		
- TV broadcast	6 829 823.87	7 570 120.68
- Publishing activities (DVD)	25 313.32	21 647.81
- Sales of licenses	1 123 476.89	72 500.00
- Advertising	796 917.00	548 381.13
- VOD	574 425.28	983 689.61
- Other services	856 641.13	311 138.13
- Production of TV channels	4 867 288.08	8 738 765.82
- Internet operations	-	-
- Sales of contents	-	-
- Remastering and archiving	-	-
- Sales of goods and materials	21 305.90	-
	<u>15 095 191.47</u>	<u>18 246 243.18</u>
	<u>3 months ended</u> <u>31.03.2014</u> <i>(unaudited)</i>	<u>3 months ended</u> <u>31.03.2013</u> <i>(unaudited)</i>
<b>Costs</b>		
Cost of sale to external customers incl.:		
- Cost of TV broadcast	(6 032 120.48)	(6 783 493.22)
- Cost of publishing activities	(18 661.76)	(79 437.23)
- Cost of advertising	(796 808.83)	(46 871.74)
- Selling costs	(60 100.42)	(150 551.62)
- VOD expenses	(366 274.60)	(696 429.58)
- Costs of production of TV channels	(4 311 498.64)	(7 940 039.12)
- Internet operations	-	-
- Sales of contents	-	-
- Remastering and archiving	-	-
- Other costs	(1 828 695.83)	(1 237 857.28)
- Cost of sold goods and materials	(19 614.92)	-
<b>Cost of segment total</b>	<u>(13 433 775.48)</u>	<u>(16 934 679.79)</u>

### 6.3.4. Note 2 – Sale by geographical regions (continued operations)

	<u>3 months ended</u> <u>31.03.2014</u> <i>(unaudited)</i>	<u>3 months ended</u> <u>31.03.2013</u> <i>(unaudited)</i>
<b>Sales to external clients including:</b>		
Poland	10 190 143.68	9 971 629.39
EU	4 726 335.71	8 213 221.85
Other	178 712.08	61 391.94
<b>Total</b>	<u>15 095 191.47</u>	<u>18 246 243.18</u>

### 6.3.5. Note 3 – Operating expenses (continued operations)

	<u>3 months ended</u> <u>31.03.2014</u> <i>(unaudited)</i>	<u>3 months ended</u> <u>31.03.2013</u> <i>(unaudited)</i>
	<i>PLN</i>	<i>PLN</i>
Depreciation/amortization	(956 458.56)	(1 022 755.78)
Employee benefits:	(1 584 649.25)	(1 742 668.62)
- Payroll expenses	(1 408 653.03)	(1 571 631.34)
- Costs of social insurance and other benefits	(218 235.58)	(264 056.88)
- Cost of future bonuses (provisions ) due to retirement benefits, jubilee awards and similar employee benefits	42 239.36	93 019.60

Consumption of materials and energy	(182 326.05)	(174 926.96)
External services	(10 349 186.14)	(13 838 077.99)
Taxes and charges	(25 652.50)	(57 527.20)
Property and personal insurance	(19 018.04)	(30 565.35)
Other expenses	(284 552.78)	(68 157.89)
Value of goods and materials sold	(31 932.16)	-
<b>Total expenses by type</b>	<b>(13 433 775.48)</b>	<b>(16 934 679.79)</b>
Selling costs	(60 100.42)	(185 108.16)
General and administrative expenses	(1 396 658.34)	(1 166 209.73)
Cost of products sold	(11 945 084.56)	(15 583 361.90)
Value of goods and materials sold	(31 932.16)	-
<b>Total cost of products, goods and materials sold, cost of sales, general and administrative expenses</b>	<b>(13 433 775.48)</b>	<b>(16 934 679.79)</b>

### 6.3.6. Note 4 – Other operating revenue (continued operations)

	<u>3 months ended</u> <u>31.03.2014</u> <i>(unaudited)</i>	<u>3 months ended</u> <u>31.03.2013</u> <i>(unaudited)</i>
<b>Other operating revenue</b>		
Reversal of bad debt provision	712.80	6 465.03
Materials	2 684.00	-
Other	970.30	4 318.21
<b>Total</b>	<b>4 367.10</b>	<b>10 783.24</b>

### 6.3.7. Note 5 – Other operating expenses (continued operations)

	<u>3 months ended</u> <u>31.03.2014</u> <i>(unaudited)</i>	<u>3 months ended</u> <u>31.03.2013</u> <i>(unaudited)</i>
<b>Other operating expenses</b>		
Loss on disposal of non-financial non-current assets	(8.34)	-
Impairment loss on intangible assets	(281 403.51)	-
Bad debt provision adjustment	(141 495.60)	(1 887.78)
Receivables write-off	(49.37)	-
Donations granted	(90 000.00)	(10 000.00)
Loss on sale of a subsidiary	(1 043 886.19)	-
Other	(539.51)	(23 395.61)
<b>Total</b>	<b>(1 557 382.52)</b>	<b>(35 283.39)</b>

\*sale of Stopklatka S.A. shares in accordance with the provisions of the investment agreement concluded on 22 February 2013 between Kino Polska TV S.A. and Agora S.A.

### 6.3.8. Note 6 – Loss on sale of a subsidiary

On 12 March 2014, under an agreement with Agora S.A., Kino Polska TV S.A. sold almost a half of the shares held in Stopklatka S.A. thereby losing control over this company. This transaction was a consequence of meeting of the conditions of the investment agreement concluded between Kino Polska TV S.A. and Agora S.A. on 22 February 2013.

Pursuant to the investment agreement, the selling price of one share amounted to PLN 2.30. As a result, the received salary from Agora S.A. amounted to PLN 2 147 855.00.



Number of shares remaining in Kino Polska TV S.A. as at 31 March 2014 amounts to 933 851, which translates to 41.04% of the share in the share capital and in the total number of votes at the General Shareholders' Meeting of Stopklatka S.A. This part, together with the co-operation terms and conditions between Kino Polska TV S.A. and Agora S.A. specified in the investment agreement referred to above and in the Statute of Stopklatka S.A. guarantees Kino Polska TV S.A. a joint control over this entity. Below is the calculation result on disposal recognized in the separate statement of comprehensive income for the IQ of 2014:

	<i>PLN</i>
Fair value of received remuneration	2 147 855.00
Minus: balance sheet value of the investment	<u>3 172 643.96</u>
<b>Loss on sale of a subsidiary</b>	<b><u>(1 024 788.96)</u></b>

### 6.3.9. Note 7 – Financial revenue (continued operations)

	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
<b>Financial revenue</b>		
Interest income including from:	54 220.13	38 678.62
- Bank deposits	5 588.70	14 465.60
- Interest on loans	48 631.43	24 183.57
- Trade receivables	-	29.45
Other financial revenue (including forex differences)	-	225 075.31
<b>Total</b>	<b><u>54 220.13</u></b>	<b><u>263 753.93</u></b>

### 6.3.10. Note 8 – Financial expenses (continued operations)

	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
<b>Financial expenses</b>		
Interest expenses including:	(105 620.17)	(21 306.20)
- Credit facilities and loans	-	(11 250.06)
- Trade receivables	(44.32)	(1 093.05)
- Interest to State budget	(290.90)	(113.06)
- Finance lease	(105 266.87)	(6 066.01)
- Other	(18.08)	(2 784.02)
Bank fees	(2 120.00)	-
Other financial expenses (including forex differences)	(88 078.02)	-
<b>Total</b>	<b><u>(195 818.19)</u></b>	<b><u>(21 306.20)</u></b>

### 6.3.11. Note 9 – Income tax (continued operations)

	<i>3 months ended 31.03.2014 (unaudited)</i>	<i>3 months ended 31.03.2013 (unaudited)</i>
<b>Current income tax</b>		
Current income tax expense	-	(77 911.00)
Adjustments of current income tax pertaining to previous years	-	(77 911.00)
<b>Deferred income tax including</b>	<b>(41 235.11)</b>	<b>(212 746.81)</b>
Related to recognition and reversal of temporary differences	(41 235.11)	(212 746.81)
<b>Tax charge recognized in profit/loss for the period</b>	<b><u>(41 235.11)</u></b>	<b><u>(290 657.81)</u></b>

	<u>3 months ended</u> <u>31.03.2014</u> <i>(unaudited)</i>	<u>3 months ended</u> <u>31.03.2013</u> <i>(unaudited)</i>
<b>Differences between the tax amount recognized in profit/loss and calculated at the current tax rate on profit before tax</b>		
<b>Profit before tax</b>	<b>(33 197.49)</b>	<b>1 529 510.97</b>
<b>Income tax calculated at the rate valid in w 2014 and 2013 respectively (19% in Poland)</b>	<b>6 307.52</b>	<b>(290 607.08)</b>
Effect of non-deductible expenses	(338 171.01)	(81 836.67)
Effect of non-taxable revenue	10 375.50	32 152.56
Effect of additional deductible expenses (not recognized for accounting purposes)	481 587.15	266 045.22
Effect of additional taxable revenue (not recognized for accounting purposes)	(28 745.16)	(3 033.29)
Tax losses used	-	-
Tax losses to be used in future (recognized assets)	(131 354.01)	-
Other temporary differences	(41 235.11)	(212 746.81)
Tax losses for the period	-	(631.75)
<b>Tax charge recognized in profit/loss for the period</b>	<b>(41 235.11)</b>	<b>(290 657.81)</b>

### 6.3.12. Note 10 – Discontinued operations

In 2013, the Company conducted a series of operations aimed at changing the functional structure of Kino Polska TV S.A. Capital Group. One of these operations was the contribution in kind to a subsidiary of the Issuer - Kino Polska Program Sp. z o.o. SKA - of an organized part of Kino Polska TV S.A. The in-kind contribution was a standalone branch of the Company under the name Kino Polska TV S.A - Branch Office in Warsaw (the "Branch"), which was involved in the production and broadcast of channels: Kino Polska Television, Kino Polska Muzyka and Kino Polska International and selling of advertising time.

The branch was established in October 2012. After having made the contribution in kind, the Branch was finally closed on 10 May 2013.

The scope of activities, which was transferred to Kino Polska Program Sp. z o.o. SKA in the form of the in kind contribution was an important area of operations of the Company, and therefore meets the definition of a discontinued operation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Thus, from the perspective of the separate financial statements of Kino Polska TV S.A. for 2013, in the 3 months period ended 31 March 2013, the results of discontinued operations had had to be separated.

<b>Results of discontinued operations</b>	<u>3 months ended</u> <u>31.03.2013</u> <i>(unaudited)</i>
Revenue on sales	1 999 685.47
Operating expenses	(1 195 006.44)
<b>Profit/loss on sale</b>	<b>804 679.03</b>
Other operating revenue	5 768.96
Other operating expenses	(3 881.04)
<b>Gain on operating activities</b>	<b>806 566.95</b>
Financial revenues	7 265.61
Financial expenses	(2 728.02)
<b>Profit /loss before tax</b>	<b>811 104.54</b>
Gain/loss recognised as a result of remeasuring to fair value less costs to sell	-
<b>Profit before tax on discontinued operations</b>	<b>811 104.54</b>
<b>Income tax:</b>	<b>(131 611.45)</b>
- due to profit /loss before tax	(131 611.45)
- due to remeasuring to fair value less costs to sell	-
<b>Net profit attributed to discontinued operations</b>	<b>679 493.09</b>

	<u>3 months ended</u> <u>31.03.2013</u> <u>(unaudited)</u>
<b>Revenue by type of activity</b>	
- TV broadcast	1 376 656.24
- Publishing activities (DVD)	-
- Sales of licenses	-
- Advertising	558 029.23
- VOD	-
- Other services	65 000.00
- Production of TV channels	-
- Sales of goods and materials	-
<b>Total</b>	<b><u>1 999 685.47</u></b>

	<u>3 months ended</u> <u>31.03.2013</u> <u>(unaudited)</u>
<b>Costs by type of activity</b>	
- Costs of TV broadcast	(1 064 397.35)
- Costs of publishing activities (DVD)	-
- Costs of advertising	(91 428.55)
- Selling costs	(36 868.54)
- VOD expenses	-
- Costs of production of TV channels	-
- Other expenses	(2 312.00)
- Costs of goods and materials sold	-
<b>Total</b>	<b><u>(1 195 006.44)</u></b>

	<u>3 months ended</u> <u>31.03.2013</u> <u>(unaudited)</u>
<b>Sale to external customers including:</b>	
Poland	1 938 293.53
EU	-
Other	61 391.94
<b>Total</b>	<b><u>1 999 685.47</u></b>

	<u>3 months ended</u> <u>31.03.2013</u> <u>(unaudited)</u>
Depreciation/amortization	(292 172.14)
Employee benefits:	(299 736.01)
- Payroll expenses	(256 368.78)
- Costs of social insurance and other benefits	(43 367.23)
- Cost of future bonuses (provisions) or future retirement benefits and jubilee bonuses and other	-
Consumption of materials and energy	(5 972.94)
External services	(413 503.27)
Taxes and charges	(182 232.48)
Other expenses	(1 389.60)
Property and personal insurance	
Value of goods and materials sold	
<b>Total expenses by type</b>	<b><u>(1 195 006.44)</u></b>
Selling costs	(2 312.00)
General and administrative expenses	(36 868.54)
Cost of products sold	(1 155 825.90)
Value of goods and materials sold	
<b>Total cost of products, goods and materials sold, cost of sales, general and administrative expenses</b>	<b><u>(1 195 006.44)</u></b>

	<u>3 months ended</u> <u>31.03.2013</u> <u>(unaudited)</u>
<b>Financial revenue</b>	
Interest income	7 265.61
- Bank deposits	7 246.58
- Interest on loans	
- Receivables	19.03
Other financial revenue	-

<b>Total</b>	<b>7 265.61</b>
	<i>3 months ended</i>
	<i>31.03.2013</i>
	<i>(unaudited)</i>
Interest expenses	-
- Credit facilities and loans	-
- Trade receivables	-
- Budget interests	-
- Finance lease	-
- Other	-
Bank fees	-
Other financial expenses	(2 728.02)
<b>Total</b>	<b>(2 728.02)</b>

	<i>3 months ended</i>
	<i>31.03.2013.</i>
	<i>(unaudited)</i>
<b>Other operating revenue</b>	
Net gain on disposal of non-financial non-current assets	
Reversal of bad debt provision	4 548.96
Fines and compensations	
Other	1 220.00
<b>Total</b>	<b>5 768.96</b>

	<i>3 months ended</i>
	<i>31.03.2013</i>
	<i>(unaudited)</i>
<b>Other operating expenses</b>	
Loss on disposal of non-financial non-current assets	-
Impairment loss on intangible assets	-
Impairment loss on receivables	-
Receivables write-off	(3 881.04)
<b>Total</b>	<b>(3 881.04)</b>

	<i>3 months ended</i>
	<i>31.03.2013</i>
	<i>(unaudited)</i>
<b>Income tax</b>	
Gross profit/loss (before taxation)	816 560.58
Non-tax-deductible expenses	8 404.64
Tax costs not recognized in the accounting costs	(81 277.30)
Accounting revenue not recognized in the tax	10 754.80
Taxable income not recognized in the balance sheet,	685.38
Deduction of tax (e.g. donations)	
Tax base	733 618.50
Tax in %	19%
Current income tax reported in profit and loss account	139 388.00

### 6.3.13. Note 11 – Property, plant and equipment

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings, premises and	Technical equipment and	Vehicles	Other fixed assets	Fixed assets under	TOTAL
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Kino Polska TV S.A. Capital Group  
Consolidated quarterly report for IQ of 2014

3 months ended 31.03.2014 (unaudited)	civil engineering structures	machinery	construction				
<b>a) Opening balance gross value of property, plant and equipment</b>	-	10 296 433.88	272 481.80	804 835.48	-	11 373 751.16	
<b>b) Increases (due to):</b>	-	72 308.47	123 731.50	16 480.06	10 475.00	222 995.03	
- Purchase from consolidated related entities	-	-	-	-	-	-	
- Purchase from other related entities	-	-	-	-	10 475.00	10 475.00	
- Purchase from other entities	-	72 308.47	123 731.50	6 005.06	-	202 045.03	
- Reclassification from investments	-	-	-	10 475.00	-	10 475.00	
<b>c) Decrease (due to)</b>	-	(2 475.00)	(9 700.00)	-	(10 475.00)	(22 650.00)	
- Sale to consolidated related entities	-	-	-	-	-	-	
- Sale to other related entities	-	-	(9 700.00)	-	-	(9 700.00)	
- Sale to other entities	-	-	-	-	-	-	
- Liquidation	-	(2 475.00)	-	-	-	(2 475.00)	
- Reclassification to fixed assets	-	-	-	-	(10 475.00)	(10 475.00)	
<b>d) Closing balance gross value of property, plant and equipment</b>	-	10 366 267.35	386 513.30	821 315.54	-	11 574 096.19	
<b>e) Depreciation opening balance</b>	-	(5 089 657.76)	(254 483.46)	(387 484.96)	-	(5 731 626.18)	
- Amortization	-	(376 903.52)	(3 023.33)	(26 791.48)	-	(406 718.33)	
- Sale of fixed assets	-	-	6 391.66	-	-	6 391.66	
<b>f) Depreciation closing balance</b>	-	(5 466 561.28)	(251 115.13)	(414 276.44)	-	(6 131 952.85)	
<b>g) Impairment opening balance</b>	-	-	-	-	-	-	
<b>h) Increase (due to):</b>	-	-	-	-	-	-	
- Recognized	-	-	-	-	-	-	
<b>i) Decreases (due to):</b>	-	-	-	-	-	-	
- Derecognized	-	-	-	-	-	-	
<b>j) Impairment closing balance</b>	-	-	-	-	-	-	
<b>k) Net value opening balance of property, plant and equipment</b>	-	5 206 776.12	17 998.34	417 350.52	-	5 642 124.98	
<b>l) Net value closing balance of property, plant and equipment</b>	-	4 899 706.07	135 398.17	407 039.10	-	5 442 143.34	
<b>MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT</b>							
	Land	Buildings, premises and civil engineering structures	Technical equipment and machinery	Vehicles	Other fixed assets	Fixed assets under construction	TOTAL
12 months ended 31 December 2013							
<b>Opening balance gross value</b>	-	-	11 170 295.59	290 781.80	979 128.72	7 814.29	12 448 020.40
<b>Increases due to:</b>	-	-	324 926.51	-	88 314.67	19 545.53	432 786.71
- Purchase incl. leasehold improvements	-	-	324 926.51	-	60 954.85	19 545.53	405 426.89
- Reclassification from investments	-	-	-	-	27 359.82	-	27 359.82
<b>Decreases due to:</b>	-	-	(1 198 788.22)	(18 300.00)	(262 607.90)	(27 359.82)	(1 507 055.94)
- Sale	-	-	-	(18 300.00)	-	-	(18 300.00)
- Reclassification among asset groups	-	-	7 726.00	-	(7 726.00)	(27 359.82)	(27 359.82)
- Liquidation	-	-	(9 277.17)	-	(251 294.83)	-	(260 572.00)
- Other (in-kind contribution)	-	-	(1 197 237.05)	-	(3 587.07)	-	(1 200 824.12)
<b>Closing balance gross value</b>	-	-	10 296 433.88	272 481.80	804 835.49	-	11 373 751.17
<b>Depreciation opening balance</b>	-	-	(4 236 039.13)	(189 192.69)	(375 956.52)	-	(4 801 188.34)
- Annual depreciation charge	-	-	(1 609 157.72)	(74 440.77)	(120 560.32)	-	(1 804 158.81)
- Sale of fixed assets	-	-	-	9 150.00	-	-	9 150.00
- Reclassification among asset groups	-	-	(7 726.00)	-	7 726.00	-	-
- Liquidation	-	-	9 277.17	-	97 718.81	-	106 995.98
- Other (in-kind contribution)	-	-	753 987.92	-	3 587.07	-	757 574.99
<b>Depreciation closing balance</b>	-	-	(5 089 657.76)	(254 483.46)	(387 484.96)	-	(5 731 626.18)

Kino Polska TV S.A. Capital Group  
Consolidated quarterly report for IQ of 2014

			-				
<b>Impairment opening balance</b>	-	-	-	-	-	-	-
<b>Increase due to:</b>	-	-	-	-	-	-	-
- Recognized	-	-	-	-	-	-	-
<b>Decrease due to:</b>	-	-	-	-	-	-	-
- Derecognized	-	-	-	-	-	-	-
<b>Impairment closing balance</b>	-	-	-	-	-	-	-
<b>Net value opening balance</b>	-	-	<b>6 934 256.46</b>	<b>101 589.11</b>	<b>603 172.20</b>	<b>7 814.29</b>	<b>7 646 832.06</b>
<b>Net value closing balance</b>	-	-	<b>5 206 776.12</b>	<b>17 998.34</b>	<b>417 350.53</b>	-	<b>5 642 124.99</b>

### 6.3.14. Note 12 – Intangible assets

MOVEMENTS IN INTANGIBLE ASSETS balance as at 31 March 2014	Concessions and patents acquired	Trademark	Licenses with a limited useful life	Licenses with an unlimited useful life	Other intangible assets	Intangible assets under development	TOTAL
<b>a) Opening balance gross value of intangible assets</b>	<b>83 200.00</b>	<b>40 000 000.00</b>	<b>9 017 534.31</b>	<b>11 756 140.41</b>	<b>2 090 819.75</b>	<b>83 600.00</b>	<b>63 031 294.47</b>
<b>b) Decreases (due to)</b>	-	-	<b>288 326.07</b>	-	<b>70 916.56</b>	<b>91 000.00</b>	<b>450 242.63</b>
- Purchase from consolidated related entities	-	-	-	-	-	-	-
- Purchase from other related entities	-	-	-	-	-	-	-
- Purchase from other entities	-	-	153 726.07	-	70 916.56	91 000.00	<b>315 642.63</b>
- Reclassification	-	-	134 600.00	-	-	-	<b>134 600.00</b>
<b>c) Decreases (due to)</b>	-	-	-	-	-	<b>(134 600.00)</b>	<b>(134 600.00)</b>
- Sale to consolidated related entities	-	-	-	-	-	-	-
- Sale to other entities	-	-	-	-	-	-	-
- Reclassification	-	-	-	-	-	(134 600.00)	<b>(134 600.00)</b>
<b>d) Closing balance gross value of intangible assets</b>	<b>83 200.00</b>	<b>40 000 000.00</b>	<b>9 171 260.38</b>	<b>11 756 140.41</b>	<b>2 296 336.31</b>	<b>40 000.00</b>	<b>63 346 937.10</b>
<b>e) Amortization opening balance</b>	<b>(14 694.28)</b>	-	<b>(4 000 480.35)</b>	-	<b>(1 625 133.13)</b>	-	<b>(5 640 307.76)</b>
- Amortization	(2 079.93)	-	(480 087.71)	-	(67 572.59)	-	<b>(549 740.23)</b>
- Other	-	-	-	-	-	-	-
<b>g) Amortization closing balance</b>	<b>(16 774.21)</b>	-	<b>(4 480 568.06)</b>	-	<b>(1 692 705.72)</b>	-	<b>(6 190 047.99)</b>
<b>g) Impairment opening balance</b>	-	-	<b>(1 018 114.04)</b>	-	-	-	<b>(1 018 114.04)</b>
<b>h) Increases</b>	-	-	<b>(281 403.51)</b>	-	-	-	<b>(281 403.51)</b>
- Recognized	-	-	(281 403.51)	-	-	-	<b>(281 403.51)</b>
<b>i) Decreases</b>	-	-	-	-	-	-	-
- Derecognized	-	-	-	-	-	-	-
<b>j) Impairment closing balance</b>	-	-	<b>(1 299 517.55)</b>	-	-	-	<b>(1 299 517.55)</b>
<b>k) Net value opening balance of intangible assets</b>	<b>68 505.72</b>	<b>40 000 000.00</b>	<b>3 998 939.92</b>	<b>11 756 140.41</b>	<b>465 686.62</b>	<b>83 600.00</b>	<b>56 372 872.67</b>
<b>l) Net value closing balance of intangible assets</b>	<b>66 425.79</b>	<b>40 000 000.00</b>	<b>3 391 174.77</b>	<b>11 756 140.41</b>	<b>603 630.59</b>	<b>40 000.00</b>	<b>55 857 371.56</b>

<b>MOVEMENTS IN INTANGIBLE ASSETS in the 12 months ended 31 December 2013</b>	<b>Concessions and patents acquired</b>	<b>Trademark</b>	<b>Licenses with a limited useful life</b>	<b>Licenses with an unlimited useful life</b>	<b>Other intangible assets</b>	<b>Intangible assets under development</b>	<b>TOTAL</b>
<b>Opening balance gross value</b>	<b>53 200.00</b>	<b>-</b>	<b>13 678 131.34</b>	<b>10 217 140.41</b>	<b>2 189 596.15</b>	<b>618 600.00</b>	<b>26 756 667.90</b>
<b>Increases due to:</b>	<b>30 000.00</b>	<b>40 000 000.00</b>	<b>397 648.32</b>	<b>1 575 000.00</b>	<b>1 075 909.15</b>	<b>40 000.00</b>	<b>43 118 557.47</b>
- Purchase	30 000.00	40 000 000.00	397 648.32	-	1 075 909.15	40 000.00	41 543 557.47
- Reclassification among asset groups	-	-	-	1 575 000.00	-	-	1 575 000.00
<b>Decreases due to</b>	<b>-</b>	<b>-</b>	<b>(5 058 245.35)</b>	<b>(36 000.00)</b>	<b>(1 174 685.55)</b>	<b>(575 000.00)</b>	<b>(6 843 930.90)</b>
- Liquidation	-	-	(78 805.10)	-	-	-	(78 805.10)
- Reclassification among asset groups	-	-	-	-	(1 000 000.00)	(575 000.00)	(1 575 000.00)
- other (in-kind distribution)	-	-	(4 979 440.25)	(36 000.00)	(174 685.55)	-	(5 190 125.80)
<b>Closing balance gross value</b>	<b>83 200.00</b>	<b>40 000 000.00</b>	<b>9 017 534.31</b>	<b>11 756 140.41</b>	<b>2 090 819.75</b>	<b>83 600.00</b>	<b>63 031 294.47</b>
<b>Amortization opening balance</b>	<b>(8 919.99)</b>	<b>-</b>	<b>(4 303 293.35)</b>	<b>-</b>	<b>(1 469 018.47)</b>	<b>-</b>	<b>(5 781 231.81)</b>
- Amortization (annual)	(5 690.96)	-	(2 051 725.62)	-	(329 220.43)	-	(2 386 637.01)
- Liquidation	-	-	78 805.10	-	-	-	78 805.10
- Other (in-kind contribution)	-	-	2 275 733.52	-	173 022.44	-	2 448 755.96
<b>Amortization closing balance</b>	<b>(14 610.95)</b>	<b>-</b>	<b>(4 000 480.35)</b>	<b>-</b>	<b>(1 625 216.46)</b>	<b>-</b>	<b>(5 640 307.76)</b>
<b>Impairment opening balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increases due to:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 018 114.04)</b>	<b>-</b>	<b>-</b>	<b>(1 018 114.04)</b>
- Recognized	-	-	-	(1 018 114.04)	-	-	(1 018 114.04)
<b>Decreases due to:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Derecognized	-	-	-	-	-	-	-
<b>Impairment closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 018 114.04)</b>	<b>-</b>	<b>-</b>	<b>(1 018 114.04)</b>
<b>Net value opening balance</b>	<b>44 280.01</b>	<b>-</b>	<b>9 374 837.99</b>	<b>10 217 140.41</b>	<b>720 577.68</b>	<b>618 600.00</b>	<b>20 975 436.09</b>
<b>Net value closing balance</b>	<b>68 589.05</b>	<b>40 000 000.00</b>	<b>5 017 053.96</b>	<b>10 738 026.37</b>	<b>465 603.29</b>	<b>83 600.00</b>	<b>56 372 872.67</b>



### 6.3.15. Note 13 – Financial assets

<b>Financial assets available for sale</b>	<b>Balance as at 31 March 2014 (unaudited)</b>	<b>Balance as at 31 December 2013</b>
Shares/stock in subsidiaries	124 093 008.09	127 265 652.05
Shares/stock in jointly controlled entities and associates.	-	-
Shares/stock in other companies	-	-
Debt securities	-	-
<b>Total</b>	<b>124 093 008.09</b>	<b>127 265 652.05</b>

<b>Loans originated</b>	<b>Balance as at 31 March 2014 (unaudited)</b>	<b>Balance as at 31 December 2013</b>
Loans originated to related entities	3 373 673.86	2 830 429.74
Loans originated to other entities	214 620.81	224 233.50
<b>Total</b>	<b>3 588 294.67</b>	<b>3 054 663.24</b>

<b>Loans (maturity classes)</b>	<b>Balance as at 31 March 2014 (unaudited)</b>	<b>Balance as at 31 December 2013</b>
- long term portion	-	-
- short term portion	3 588 294.67	3 054 663.24
<b>Total</b>	<b>3 588 294.67</b>	<b>3 054 663.24</b>

### 6.3.16. Note 14 – The deferred tax assets and liabilities

Company from 2014 onwards presents assets and deferred tax liabilities in the balance sheet in net amounts. Therefore, the statement of financial position for 2013 has been restated in order to maintain comparability of the financial data.

<b>Temporary differences and tax losses</b>	<b>Balance as at 31 March 2014 (unaudited)</b>		
	<b>Deferred tax asset</b>	<b>Deferred tax provision</b>	<b>Net value</b>
Tax amortization of intangible assets	-	813 623.06	(813 623.06)
Credit facilities and loans - accrued interest	-	15 021.62	(15 021.62)
Impairment loss on trade receivables	48 242.08	-	48 242.08
Deferred income	144.54	-	144.54
Provisions	-	-	-
Trade receivables	19 276.76	6.22	19 270.54
Exchange differences	11 309.04	6 245.16	5 063.88
Finance leases	-	700 378.36	(700 378.36)
Tax losses to be deducted in future	131 354.01	-	131 354.01
Other	77 394.08	-	77 394.08
<b>Total deferred tax assets /liabilities recognized in the balance sheet</b>	<b>287 720.51</b>	<b>1 535 274.42</b>	<b>(1 247 553.91)</b>

Temporary differences and tax losses	Balance as at 31 December 2013		
	Deferred tax asset	Deferred tax provision	Net value
Tax amortization of intangible assets	-	885 602.00	(885 602.00)
Credit facilities and loans - accrued interest	-	6 873.88	(6 873.88)
Impairment loss on trade receivables	21 357.92	-	21 357.92
Deferred income	-	-	-
Provisions	-	-	-
Trade receivables	21 023.48	6.22	21 017.26
Exchange differences	-	32 566.04	(32 566.04)
Finance leases	-	349 702.81	(349 702.81)
Tax losses to be deducted in future	-	-	-
Other	26 050.75	-	26 050.75
<b>Total deferred tax assets /liabilities recognized in the balance sheet</b>	<b>68 432.15</b>	<b>1 274 750.95</b>	<b>(1 206 318.80)</b>

### 6.3.17. Note 15 – Trade and other receivables

	Balance as at 31 December 2014 (unaudited)	Balance as at 31 December 2013
<b>Current receivables</b>		
<b>From related parties</b>		
- Trade receivables (incl. reserves on incomes )	8 216 571.00	9 079 191.08
- Other non-financial receivables	-	-
	<b>8 216 571.00</b>	<b>9 079 191.08</b>
<b>From other entities</b>		
- Trade receivables	8 080 190.97	8 320 288.62
- Budget receivables other than current income tax	1 355 788.86	1 618 523.54
- Other non-financial receivables	212 487.31	245 894.18
	<b>9 648 467.14</b>	<b>10 184 706.34</b>
<b>Total gross trade and other receivables</b>	<b>17 865 038.14</b>	<b>19 263 897.42</b>
Bad debt provision	(253 192.90)	(112 410.10)
<b>Current trade and other receivables net</b>	<b>17 611 845.24</b>	<b>19 151 487.32</b>
	<b>Balance as at 31 March 2014 (unaudited)</b>	<b>Balance as at 31 December 2013</b>
<b>Income tax receivables</b>	775 655.00	775 655.00

### 6.3.18. Note 16 - Prepayments

	Balance as at 31 March 2014 (unaudited)	Balance as at 31 December 2013
<b>Prepaid expenses, including</b>		
- Subscriptions	-	5 795.81
- Insurance costs	49 897.52	68 794.06
- Annual license fees	244 670.46	348 525.66
- Fees related to preparation of the prospectus	70 000.00	50 000.00
- Fees related to GPW and KDPW	52 500.01	-
- Other prepayments	89 333.23	136 805.09
<b>Total</b>	<b>506 401.22</b>	<b>609 920.62</b>
	<b>Balance as at 31 December 2014</b>	<b>Balance as at 31 December 2013</b>
<b>Prepayments (maturity classes)</b>		
Long-term portion	-	-
Short-term portion	506 401.22	609 920.62
<b>Total</b>	<b>506 401.22</b>	<b>609 920.62</b>

**6.3.19. Note 17 – Cash and cash equivalents**

	<u><i>Balance as at 31 March 2014 (unaudited)</i></u>	<u><i>Balance as at 31 December 2013</i></u>
Cash in hand and at bank	4 279 817.59	5 865 923.84
Short-term deposits	2 407.32	2 407.32
Other (e.g. cash in transit)	530 000.00	530 000.00
<b>Total</b>	<b><u><u>4 812 224.91</u></u></b>	<b><u><u>6 398 331.16</u></u></b>
	<u><i>Balance as at 31 March 2014 (unaudited)</i></u>	<u><i>Balance as at 31 December 2013</i></u>
Structure by currency and after translation to PLN:		
Amount in PLN	4 408 756.23	673 451.54
Amount in EUR	346 910.59	5 520 433.37
Amount in USD	56 558.09	204 446.25
Amount in GBP	-	-
Amount in other currencies	-	-
<b>total</b>	<b><u><u>4 812 224.91</u></u></b>	<b><u><u>6 398 331.16</u></u></b>

The item "other" includes cash blocked on a bank account as a security for guarantees issued by the bank (guarantees apply to leases agreements of space office).

For the purposes of the cash flow statement the overdrafts are deducted from the value of cash and cash equivalents.

### 6.3.20. Note 18 – Share capital

SHARE CAPITAL OF KINO POLSKA TV S.A. AS AT 31 MARCH 2014						
Series	Class of shares	Preference	Restriction on subscription rights	Number of shares	Nominal value per share	Value of series/issue at nominal value
A	ordinary bearer shares	None	None	13 821 404	0.10	1 382 140.40
C	ordinary bearer shares	None	None	6 000 000	0.10	600 000.00
<b>Total</b>				<b>19 821 404</b>		<b>1 982 140.40</b>

As at 31 March 2014, the shareholding structure of Kino Polska TV S.A. taking account of shareholders holding at least 5% of votes at the General Shareholders' Meeting of the Company is as follows:

The holder of shares	Kind of shares	Number of share	Part of share Capital (%)	Number of votes at the GMS	Part of total votes at the GMS
Oblio International B.V. <sup>1</sup>	Ordinary bearer shares	13 082 126	66.00%	13 082 126	66.00%
Investment funds managed by Ipopema TFI S.A. (including with Total FIZ andi TTL 1 Sp. z o.o.) <sup>2</sup>	Ordinary bearer shares	1 702 462	8.59%	1 702 462	8.59%
Other	Ordinary bearer shares	5 036 816	25.41%	5 036 816	25.41%
<b>TOTAL</b>	<b>Ordinary bearer shares</b>	<b>19 821 404</b>	<b>100%</b>	<b>19 821 404</b>	<b>100%</b>

On 19 February 2014, the Company received a decision on making registered changes in the share capital of the Issuer and the amendment to the Statute of the Company by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, resulting from the issuance of 6,000,000 of series C shares of Kino Polska TV S.A. with a par value of PLN 0.10 per one share.

After completing of the above changes, the share capital of the Issuer amounts to PLN 1,982,140.40 and is divided into 13,821,404 of ordinary series A bearer shares and 6,000,000 of series C shares. The total number of votes at the General Shareholders' Meeting of Kino Polska TV S.A. resulting from all the issued shares of the Company amounts to 19,821,404.

### 6.3.21. Note 19 - Credit facilities and loans obtained

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Short-term credit facilities and loans obtained</b>		
Overdraft facilities	-	829 480.10
Loans from consolidated related entities	-	-
Loans from other related entities	-	-
Loans from other entities	-	-
<b>Total</b>	<b>-</b>	<b>829 480.10</b>

<b>Credit facilities and loans (maturity classes)</b>	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Long term portion	-	-
Short term portion	-	829 480.10
<b>Total</b>	<b>-</b>	<b>829 480.10</b>

As at 31 March 2014 the Company had the following open credit facilities and loans:

Financing entity	Curren- cy	Credit/limit value	Credit value as at the end of the reporting period		Interest terms and conditions	Maturity date	Collateral
			In currency	In PLN			
Bank Polska Kasa Opieki S.A.	PLN	Up to 8 000 000.00	n.a.	-	WIBOR 1M +3.0%	30.06.2014	Blank promissory note, authorization to debit bank accounts, receivable assignment contract
<b>Total credit facilities and loans</b>		<b>8 000 000.00</b>		<b>-</b>			

As at 31 December 2013 the Company had the following open credit facilities and loans:

Financing entity	Curren- cy	Credit/limit value	Credit value as at the end of the reporting period		Interest terms and conditions	Maturity date	Collateral
			In currency	In PLN			
Bank Polska Kasa Opieki S.A.	PLN	Up to 8 000 000.00	n.a.	829 480.10	WIBOR 1M +3.0%	30.06.2014	Blank promissory note, authorization to debit bank accounts, receivable assignment contract
<b>Total credit facilities and loans</b>		<b>8 000 000.00</b>		<b>829 480.10</b>			

In the periods included in these financial statements, no material breaches of loan agreement covenants occurred.

### 6.3.22. Note 20 – Provisions

	Payroll provision	Provision for unused annual leave	Provision for the audit/review of financial statements	Other provisions	Total
<b>Balance as at 1 January 2014</b>	-	132 449.88	78 000.00	1 000 000.00	1 210 449.88
Recognized during the period	-	0.00	-	317 126.73	317 126.73
Applied	-	-	(78 000.00)	-	(78 000.00)
Derecognized	-	(42 239.36)	-	(1 000 000.00)	(1 042 239.36)
<b>Balance as at 31 March 2014 (unaudited)</b>	<b>-</b>	<b>90 210.52</b>	<b>-</b>	<b>317 126.73</b>	<b>407 337.25</b>
	Payroll provision	Provision for unused annual leave	Provision for the audit/review of financial statements	Other provisions	Total
<b>As at 1 January 2013</b>	<b>307 780.00</b>	<b>197 723.32</b>	<b>49 600.00</b>	<b>40 646.82</b>	<b>595 750.14</b>
Recognized during the period	-	132 449.88	110 000.00	1 484 148.40	1 726 598.28
Applied	(307 780.00)	-	(81 600.00)	(524 795.22)	(914 175.22)
Derecognized	-	(197 723.32)	-	-	(197 723.32)

<b>As at 31 December 2013</b>	<b>-</b>	<b>132 449.88</b>	<b>78 000.00</b>	<b>1 000 000.00</b>	<b>1 210 449.88</b>
	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>	<i>Balance as at 1 January 2013</i>		
<b>Provisions (maturity classes)</b>					
Long-term portion	-	350 000.00	-		
Short term portion	407 337.25	860 449.88	595 750.14		
<b>Total provisions</b>	<b>407 337.25</b>	<b>1 210 449.88</b>	<b>595 750.14</b>		

### 6.3.23. Note 21 – Finance lease liabilities

#### Finance lease liabilities

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
<b>Finance lease liabilities</b>		
Long-term portion	28 879 672.09	30 745 954.65
Short-term portion	7 463 843.38	7 472 385.63
<b>Total</b>	<b>36 343 515.47</b>	<b>38 218 340.28</b>

The following data relating to liabilities arising from finance lease include both liabilities under the lease agreement of the trade mark and the lease of the IT equipment..

	<i>Balance as at 31 March 2014 (unaudited)</i>		
	Current value	Future minimum lease payments	Interest
Up to 1 year	7 463 843.38	7 830 091.68	366 248.30
From 2-5 years	28 879 672.09	29 500 000.00	620 327.91
Over 5 years	-	-	-
<b>Total</b>	<b>36 343 515.47</b>	<b>37 330 091.68</b>	<b>986 576.21</b>

	<i>Balance as at 31 December 2013</i>		
	Current value	Future minimum lease payments	Interest
Up to 1 year	302 716.61	318 908.16	16 191.55
From 2-5 years	59 353.95	61 039.56	1 685.61
Over 5 years	-	-	-
<b>Total</b>	<b>362 070.56</b>	<b>379 947.72</b>	<b>17 877.16</b>

#### Finance lease

Since June 2012, Kino Polska TV S.A. has leased office space at Puławska 435A and subleased it to its domestic subsidiaries based on an agreement concluded with PK13 Sp. z o.o. and binding until 31 December 2018. Pursuant to this agreement, in 2013 the Company paid monthly rent of PLN 130 199.84. The rent is subject to annual revaluation due to inflation rate.

#### Future commitments under operating leases - the lessee

	<i>Balance as at 31 March 2014 (unaudited)</i>	<i>Balance as at 31 December 2013</i>
Up to 1 year	1 562 398.08	1 590 150.10
From 1 to 5 years	5 858 992.80	6 360 600.38
Over 5 year	-	-
<b>Total</b>	<b>7 421 390.88</b>	<b>7 950 750.48</b>

#### 6.3.24. Note 22 – Trade and other liabilities

##### Short-term liabilities

	<u>Balance as at 31 March 2014 (unaudited)</u>	<u>Balance as at 31 December 2013</u>
<b>Trade liabilities to related entities</b>	<b>3 423 729.35</b>	<b>2 851 665.09</b>
- Trade liabilities	3 423 729.35	2 851 665.09
- Other non-financial liabilities	-	-
<b>Trade liabilities to other entities</b>	<b>2 603 037.49</b>	<b>6 211 929.64</b>
- Trade liabilities	2 445 177.10	5 938 363.00
- Payroll liabilities	16 424.67	25 936.12
- Budget liabilities other than current income tax	138 974.40	224 146.13
- Other non-financial liabilities	2 461.32	23 484.39
<b>Total short-term trade and other liabilities</b>	<b>6 026 766.84</b>	<b>9 063 594.73</b>

#### 6.4. Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year

Information regarding changes in contingent liabilities of Kino Polska TV S.A. are presented in point 6.4. part II of the Report.

#### 6.5. Significant achievements or failures of the Company in the reporting period

Significant achievements of the Company in the reporting period are described in point 6.5.1. part II of the Report.

#### 6.6. Factors and events, in particular, of an unusual nature, which have a significant impact on the financial results achieved

The main factors affecting the profits earned by the Company are described in point. 9, part IV of the Report.

#### 6.7. Information about the seasonality or cyclicity of the activities of the Company in the reporting period

In the Company there is no phenomenon of seasonality or cyclicity of the activities, which would result in significant fluctuations in financial results during the financial year.

#### 6.8. Information on impairment loss on receivables to a net realizable value for recognition and derecognition

In the presented period Kino Polska TV S.A. did not recognize any impairment losses.

#### 6.9. Information in respect of impairment losses on financial assets, property, plant and equipment, intangible assets, or other assets, and the reversal of such records

During the 3 months ended 31 March 2014, Kino Polska TV S.A. wrote off the amount of PLN 218 403,51 as impairment loss of licenses of indefinite useful life owned by the Issuer. This impairment loss was made due to the gradual decrease of the usefulness of selected licenses for an indefinite useful life

In addition, the impairment losses of overdue or uncollectible trade receivables are kept up to date. On 31 March 2014, the balance of such impairment losses amounted to PLN 253 192.90 (PLN 112 410.10 as at 31 December 2013).

#### **6.10. Information on recognition, appliance and derecognition of provisions**

Information relating to provisions is disclosed in the notes to the condensed interim consolidated financial statements of the Company, point 6.3.22. of this part of the Report.

#### **6.11. Information of provisions and deferred tax assets**

Information relating to provisions and deferred tax assets is presented in the notes to the condensed separate financial statements of the Company, point 6.3.16. of this part of the Report.

#### **6.12. Information on material transactions of purchase and sale of property, plant and equipment and intangible assets**

Information on material transactions of purchase and sale of property, plant and equipment and intangible assets were described in point 6.5.1 part II of the Report. The tables of movements of property, plant and equipment and intangible assets are presented in notes to the condensed separate financial statements of Kino Polska TV S.A. in point 6.3.13. of this part of the Report, and information concerning the change in the value of the intangible assets in point 6.3.14. of this part of the Report.

#### **6.13. Information concerning significant liability due to the purchase of property, plant and equipment**

As at 31 March 2014, the Issuer had no significant liabilities for purchase of property, plant and equipment or intangible assets with the exception of lease liabilities. The information on these liabilities is described in point 6.3.23. of this part of the Report.

#### **6.14. Information on significant settlements of litigation**

In the analysed period Kino Polska TV S.A. had no major settlements related to court cases.

#### **6.15. Indication of adjustments of prior period errors**

In the analysed period Kino Polska TV S.A. not make adjustments of prior period errors.

#### **6.16. Information on changes in economic and business conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the Company, regardless of whether those assets and liabilities are recognized at fair value or at purchase price (amortized cost)**

In the analysed period there were no changes in the economic and business conditions, with a significant impact on the fair value of financial assets and financial liabilities of the Company. Noteworthy, however, is the significant increase in the share price of Stopklatka SA - a company listed on NewConnect market, following a decision of the National Broadcasting Council in connection with granting to the company of a concession to distribute the channel "Stopklatka TV" via terrestrial way in multiplex one.



**6.17. Information on outstanding credits or loans or breach of the relevant provisions of the credit or loan agreement, in respect of which no action was taken up to the end of the reporting period**

During the period there were no events related to defaults on loans or credits or violation of the relevant provisions of such agreements by the Company.

**6.18. Information on entering on the part of the Issuer or its subsidiary of one or more transactions with related parties, individually or collectively if they are significant and are included on non-market terms**

The companies comprising the Issuer's Capital Group in the period under review did not enter into any significant transactions with related parties on terms other than market.

**6.19. Information on the change of the method (methods) for determining fair value – for financial instruments at fair value.**

In this period, there occurred no change in the method of determining the fair value of financial instruments.

**6.20. Information on changes in classification of financial assets as a result of changes to or use of the assets**

Kino Polska TV S.A. did not make changes in classification of financial assets as a result of changes to or use of the assets.

**6.21. Issue, repurchases and repayments of debt and equity securities**

Information on the issue of shares of Kino Polska TV S.A. is described in point 6.21. part II of the Report.

**6.22. Information on dividends**

Information on planned dividend to shareholders of Kino Polska TV S.A. is presented in point 6.22. part II of the Report.

**6.23. Significant events after the end of the quarterly reporting period, not included in the financial statements, which could have a significant impact on the future financial performance of the Issuer**

Factors which in the opinion of the Issuer may affect the future results of the Company are described in point 10, Part IV of the Report.

**6.24. Other information that may affect the assessment of the financial position and financial results of the Issuer**

Factors that may affect the future financial results of the Company are described in point 6.5.1 Part II of the Report and in point 9 part IV of this Report.

#### **IV. Notes to quarterly report**

##### **1. The organization of the Capital Group, indicating the entities subject to consolidation**

As at the date of approval of this Report, the Issuer's Capital Group consists of the following entities:

- 1) „Kino Polska TV Spółka Akcyjna – the parent company – registered in the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, XIII Commercial Division, under KRS number 0000363674, with the share capital of PLN 1.387.000,00, separating into 13.870.000 of ordinary series A bearer shares with a nominal value of PLN 0.10 each
- 2) Cyfrowe Repozytorium Filmowe Spółka z ograniczoną odpowiedzialnością – a subsidiary company – registered in the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register under number 0000344814, with a share capital of PLN 7 500, the Issuer holds 150 shares of CRF, which constitutes for 100% of the votes at the General Shareholders' Meeting and for 100% of the share in the share capital of this company
- 3) KPTV Media spółka z ograniczoną odpowiedzialnością – a subsidiary company – registered in the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register under the number KRS 0000429756, with a share capital of PLN 5.000. The Issuer owns 100 shares with a nominal value of PLN 50 , which constitutes for 100% of votes at the General Shareholders' Meeting and for 100% of the share in the share capital of this company;
- 4) Kino Polska Program spółka z ograniczoną odpowiedzialnością – a subsidiary company – registered in the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register under the number KRS 0000422766, with a share capital of PLN 5,000. The Issuer owns 100 shares with a nominal value of PLN 50, which constitutes for 100% of votes at the General Shareholders' Meeting and for 100% of the share in the share capital of the company. This company is a sole general partner of the company referred to in point 6 below;
- 5) Kino Polska Program spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna – a subsidiary company – registered in the register of entrepreneurs maintained by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register under the number KRS 0000426208, with a share capital of PLN 4 830 500. The Issuer holds 50 000 of ordinary registered series A shares and 4 780 500 of ordinary registered shares with a nominal value of PLN 1.00 each, which constitutes for 100% of the votes at the General Shareholders' Meeting and for 100% of the share of the share capital of this company.
- 6) Filmbox International Ltd. – a subsidiary company – registered in the register of entrepreneurs maintained by Companies House under the number 06931548 in London, with a share capital of GBP 3,350,000. The

Issuer holds 3,350,000 of shares with nominal value of GBP 1 each, which constitutes for 100% of the votes at the General Shareholders' Meeting and for 100% of the share in the share capital of this company.

The company Filmbox International Ltd. is the direct shareholder in the following companies:

1. SPI International Magyarorszag, Kft, (Budapest, Hungary) – 100% of shares,
2. Help Film s.r.o. (Prague, The Czech Republic) – 90% of shares
3. Help Film Slovakia s.r.o. (Bratislava, Slovakia) – 100% of shares.

Moreover, in the period from 1 January to 11 March 2014, the Group included Stopklatka S.A. ("STK") - as a subsidiary, which as of 12 March 2014 has become a jointly controlled entity by Kino Polska TV S.A (sale of 933 850 shares to Agora S.A., in accordance with the investment agreement dated 22 February 2014).

**The condensed consolidated financial statements of Kino Polska TV S.A. Capital Group for the period of 3 months ended 31 March 2014 have covered the following entities:**

- Kino Polska TV S.A.,
- Stopklatka S.A. (as a result of the sale transaction of a part of the shares held by Kino Polska TV S.A in Stopklatka S.A., which took place on 12 March 2014, since that date Stopklatka S.A. has been recognized in the consolidated financial statements of Kino PolskaTV S.A. Group as a jointly controlled entity),
- Cyfrowe Repozytorium Filmowe Sp. z o.o.,
- KPTV Media Sp. z o.o.,
- Kino Polska Program Sp. z o.o.,
- Kino Polska Program Sp. z o.o. SKA,
- Filmbox International Ltd. (UK) – a subsidiary,
- Help Film s.r.o. (Czech Republic) – a subsidiary,
- Help Film Slovakia s.r.o. (Slovakia) – a subsidiary,
- SPI International Magyarorszag, Kft. (Hungary) – a subsidiary.

**The condensed consolidated financial statements of Kino Polska TV S.A. Capital Group for the period of 3 months ended 31 March 2013 have covered the following entities:**

- Kino Polska TV S.A.,
- Stopklatka S.A.,
- Cyfrowe Repozytorium Filmowe Sp. z o.o.,
- KPTV Media Sp. z o.o.,
- Kino Polska Program Sp. z o.o.,
- Kino Polska Program Sp. z o.o. SKA.

Due to the fact that Filmbox International Ltd., Help Film s.r.o., Help Film Slovakia s.r.o. and SPI International Magyarorszag, Ltd. were taken over by Kino Polska TV S.A. on 27 November 2013, the comparative figures as at 31 March 2013 and for the period of the IQ of 2013 do not cover data and financial results of these companies.

## **2. Indication of the consequences of the changes in the Capital Group's structure, including the results of mergers of economic entities, takeovers or sale of capital group entities, long-term investments, division, restructuring and discontinuation of operations**

On 12 March 2014 as a result of the agreement with Agora S.A., Kino Polska TV S.A. sold almost a half of the shares in Stopklatka S.A. thereby losing control over the company. This transaction was a consequence of the meeting of the conditions of the investment agreement concluded between Kino Polska TV S.A. and Agora SA on 22 February 2013.

Number of shares of Stopklatka S.A. left in Kino Polska TV S.A. as at 31 March 2014 amounts to 933 851, which represents 41.04% of the share in the share capital of the company and in the overall number of votes at the General Shareholder's Meeting. This part of share, together with the co-operation terms and conditions between Kino Polska TV S.A. and Agora SA specified in the investment agreement referred to above, and the statute of Stopklatka S.A guarantee to Kino Polska TV S.A. a joint control over Stopklatka S.A.

On 8 May 2014, the Issuer concluded an acquisition agreement to acquire 40% of shares of CRF. Prior to this transaction, Kino Polska TV S.A held 60% of share in the share capital of CRF and after its conclusion, it is the sole shareholder of the company.

## **3. The Issuer's Management Board's position concerning the possibility of fulfilling the prior published forecasts of results of the Capital Group for a given year, presented in the quarterly statements compared to the forecasted results**

In view of the results of the IQ of 2014, the Management Board of Kino Polska TV S.A. hereby upholds the EBITDA profit forecast of Kino Polska TV S.A. Capital Group for 2014 in the amount of PLN 42 million as stated in the current report no. 19/2014.

The feasibility of this forecast will be made on a quarterly basis.

The interim reports will present the position of the Management Board of the Company on the possibility of execution of that forecast in view of the results for each quarter of 2014. The potential changes in excess of at least 10% of the estimated value of the consolidated EBITDA profit of Kino Polska TV S.A. Capital Group for 2014 will be announced to the public in the form of a current report.

## **4. Shareholders holding directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Shareholder's Meeting of the Issuer as at the date of approval this quarterly report**

To the best knowledge of the Issuer, the shareholders of Kino Polska TV S.A. holding at least 5% of votes at the General Shareholders' Meeting of the Company on the date of approval of this Report are as follows:

Shareholder	Class of shares	Number of shares	Percentage interest in share capital	Number of votes at the General Meeting	Percentage interest in the total number of votes at the General Meeting
Oblio International B.V. <sup>1</sup>	Ordinary bearer shares	13 082 126	66,00%	13 082 126	66,00%
Investment funds managed by Ipopema TFI S.A. (including Total FIZ and TTL 1 Sp. z o.o.) <sup>2</sup>	Ordinary bearer shares	1 702 462	8,59%	1 702 462	8,59%
Other	Ordinary bearer shares	5 036 816	25,41%	5 036 816	25,41%
<b>TOTAL</b>	Ordinary bearer shares	<b>19 821 404</b>	<b>100%</b>	<b>19 821 404</b>	<b>100%</b>

<sup>1</sup> in accordance with the notice as at 24.02.2014

<sup>2</sup> in accordance with the notice as at 24.02.2014

**5. Specification of the ownership of the Issuer's shares or right to the shares by the individuals managing and supervising the Issuer as at the day of issuing of this quarterly report as well as indication of changes in the ownership, within the period from issuing of the previous periodical report, for each person individually**

Shareholder	Number of shares		Number of votes		Percentage interest in the total number of votes		Percentage interest in share capital	
	As at 15.05.2014	As at 19.03.2014	As at 15.05.2014	As at 19.03.2014	As at 15.05.2014	As at 19.03.2014	As at 15.05.2014	As at 19.03.2014
Piotr Reisch - Member of the Supervisory Board	542 825	542 825	542 825	542 825	2.74%	3.93%	2.74%	3.93%

To the best knowledge of the Issuer persons currently managing the Company did not hold any shares of the Issuer as at the day of approval of this Report and as at the day of approval of annual report for 2013.

**6. Indication of pending proceedings before a court, competent arbitration authority or public administration, which represent at least 10% of the equity capital of the Issuer**

Both the Issuer and other entities of the Capital Group, had no proceedings before a court, competent arbitration authority or public administration that meet the criteria specified in this section.

**7. Information on entering by the Issuer or its subsidiaries into one or more transactions with affiliated entities, if they are significant and were concluded on the terms other than market ones**

The entities comprising the Issuer's Capital Group did not enter in the reporting period in transactions on terms other than market.

**8. Information on the Issuer or their subsidiary guaranteeing a credit or loan or giving guarantee – jointly to one entity or a unit dependent on it if the overall value of existing bail bonds or guarantees constitutes at least 10 % of the Issuer`s equity capital.**

In the period covered by this report, the Issuer did not guarantee for credits or loans, or gave any guarantees to meet the above criterion.

**9. Other information which the Issuer believes is essential to evaluate its personnel, assets, financial position, financial results and their changes and information important for evaluation of the Issuer`s capacity for performing the obligations.**

**Financial results of the Capital Group**

In the period January-March 2014, the Group's net profit from continued operations amounted to PLN 39 240 thousand, while in the same period of the previous year it amounted to PLN 4 294 thousand.

Noteworthy is the fact that in the net profit of Kino Polska TV S.A Capital Group for the IQ of 2014 recognizes the result on the sale of shares of Stopklatka S.A. in the amount of PLN 36 500 681.02, which was calculated as described in Note 6 to the condensed interim consolidated financial statements of the Capital Group for the IQ of 2014.

In addition, a significant impact on the results of Kino Polska TV S.A. Group had also the fusion of nc + and the associated decline in subscribers of the platform which resulted in lower revenues derived from this counterparty (decrease of about 35%).

The Group's EBITDA for the IQ of 2014 amounted to PLN 8 309 thousand in comparison with the previous year which represents a 24% increase.<sup>3</sup>

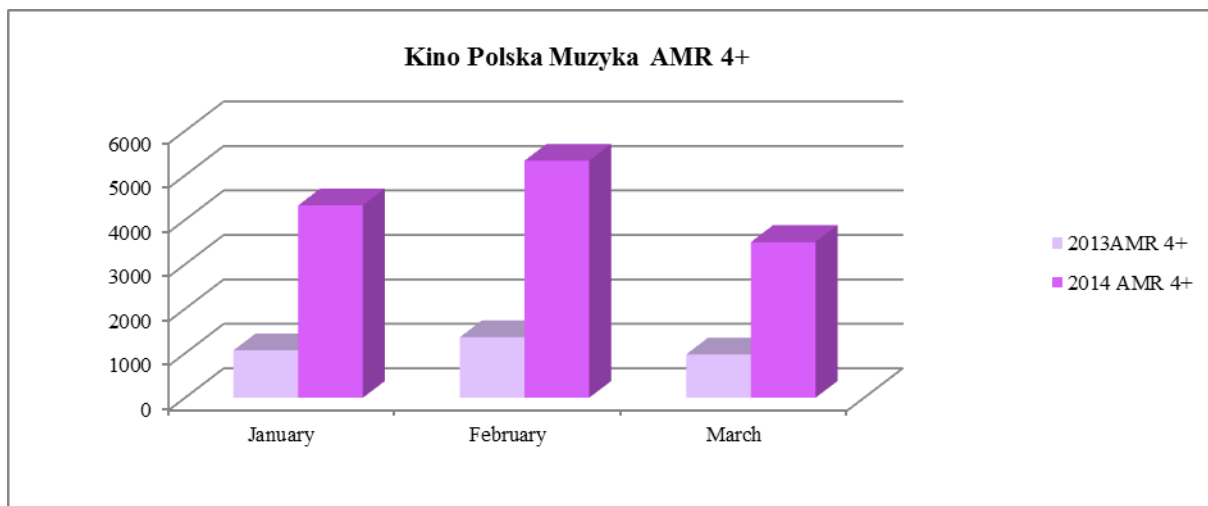
**Viewership**

The following graphs show the viewership of the channels Kino Polska Muzyka, Kino Polska Television and FilmBox (Basic) for the first three months of 2013 and 2014.

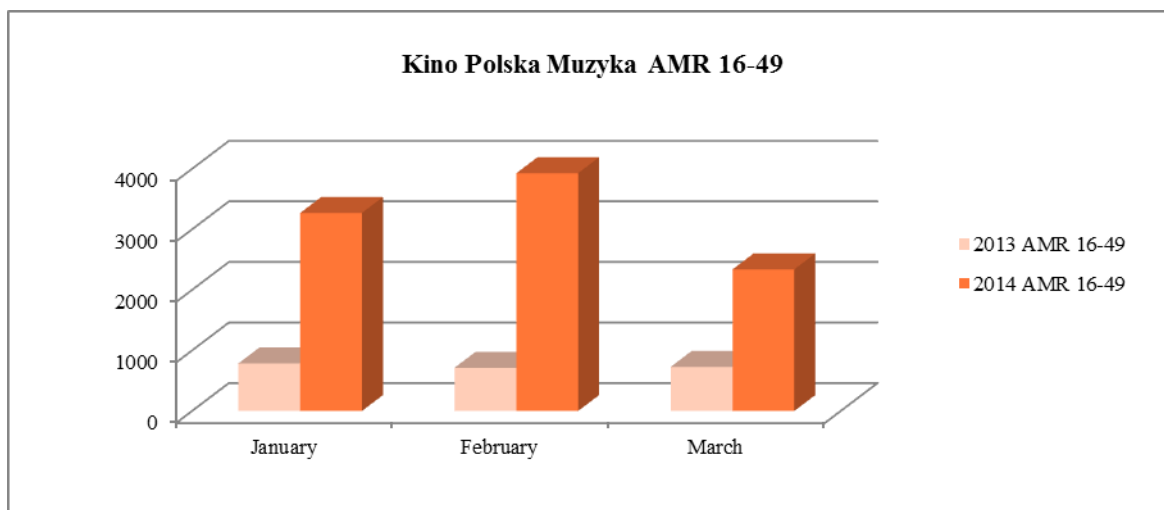
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<sup>3</sup> The method of calculation of EBITDA:  
+ Operating profit PLN 40 844 thousand.  
+ Depreciation and amortization PLN 3 213 thousand  
- Profit per STK PLN 36 083 thousand  
+ Impairment write-offs PLN 281 thousand  
+ Losses on assets PLN 0  
+ Interests received PLN 54 thousand  
= PLN 8 309 thousand

### KINO POLSKA MUZYKA

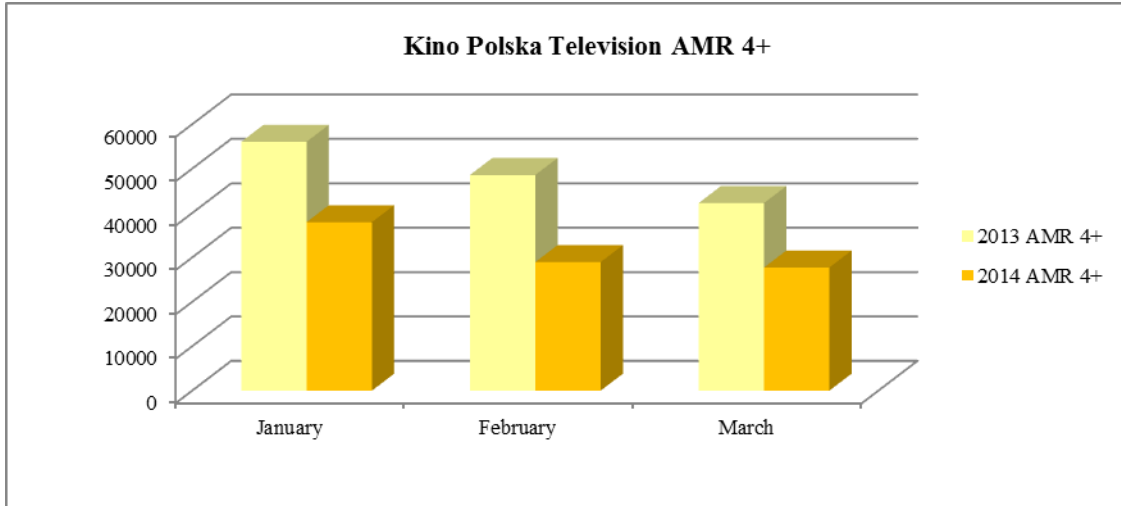


Source: Nielsen Audience Measurement, AMR, all 4+

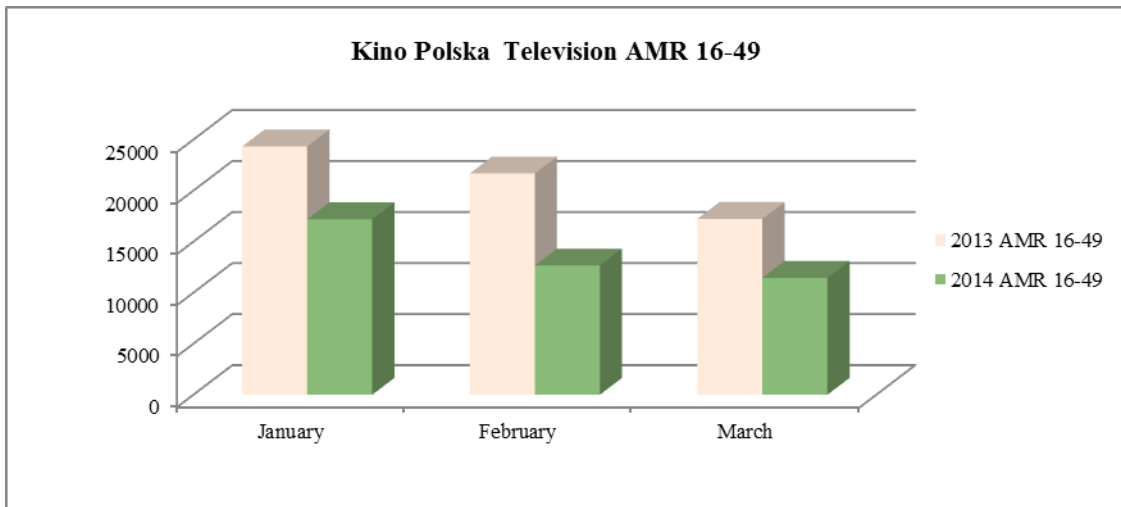


Source: Nielsen Audience Measurement, AMR, 16-49

### KINO POLSKA TELEVISION



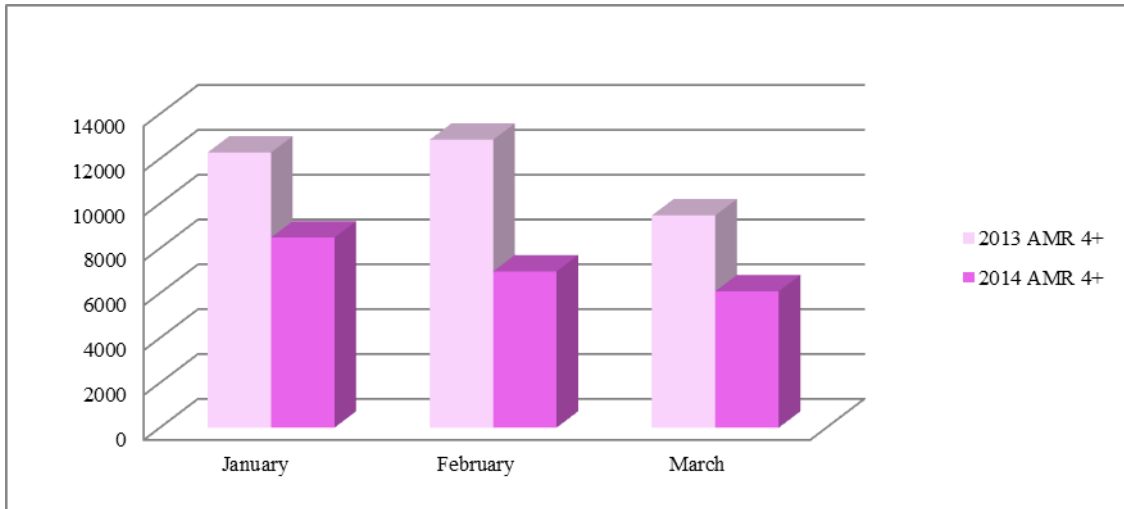
Source: Nielsen Audience Measurement, AMR, all 4+



Source: Nielsen Audience Measurement, AMR, 16-49

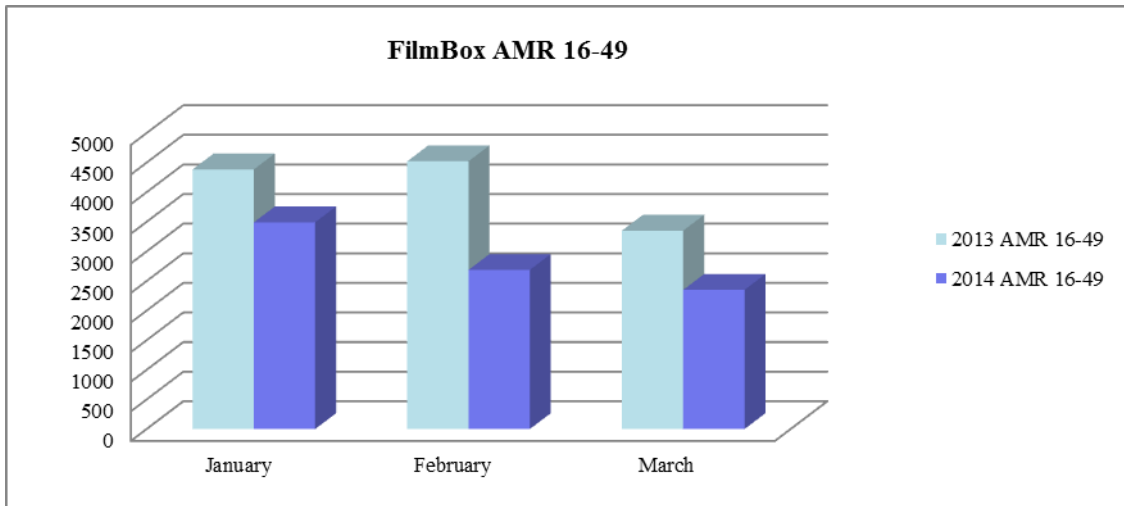


**FILMBOX (basic)**



Source: Nielsen Audience Measurement, AMR, all 4+

**FilmBox AMR 16-49**



Source: Nielsen Audience Measurement, AMR, 16-49

The average viewership of the channel Kino Polska Muzyka in the IQ of 2014 amounted to 4 386 AMR4 + representing a 286% growth compared to the same period in the previous year, in the 16-49 group, the increase in the average quarterly viewership amounted to 328%. One of the main factors affecting such significant improvement in the viewership of this channel was its introduction to the offer of Cyfrowy Polsat and nc +, as well as the extension of its distribution at the major Polish cable operators (including UPC, Vectra, Multimedia Polska).

In the IQ of 2014 the average viewership of Kino Polska Television in the group 4 + amounted to 31 536 AMR (best results were recorded in January - approx. 37 944 AMR), and in the 16-49 group, this ratio stood at 13 763 AMR, which is a decrease in results compared to the same period of the previous year (a decrease of 36% and 35% respectively). The lowest viewership level was mainly connected with the high base of the comparative period, achieved, inter alia, through the issue of popular TV series enjoyed at that time high viewing figures.

The average viewership of the FilmBox channel in the IQ of 2014 in the group 4 + amounted to 176 AMR (best results were recorded in January - approx. 8 479 AMR), while the average quarterly viewership in the group 16-49 amounted to 2 843 AMR, which compared to the same period of 2013 is a decrease of the average viewership of the channel by 38% in the group AMR 4 + and by 30% in the group AMR16-49. The results of audience and market share of the FilmBox channel were influenced mainly by specific programming offer. The programming content of the channel is currently on the defensive due to the dispersion of film offers in a number of television channels, and additionally, the availability of similar content is very broad in the non-linear sources.

The impact on the viewership of the channels from the portfolio of Kino Polska TV S.A. Group had an increase in the distribution of pay channels associated with the liberalization of prices by the distributors, which increased the availability of the film and series offer on the Polish market. The progressing media fragmentation and selectivity in viewing of the audience in 2013 had a high impact on the viewership; the audience follows the subjectively chosen content, so that the level of loyalty towards a channel is rapidly declining. The importance for the changes in the television market was also due to the digitization of terrestrial programming (analogue TV switch-off in July 2013) and the growing importance of terrestrial channels. This resulted in the share and viewership of channels distributed via cable and satellite networks.

In order to improve the results of viewership and market shares of all channels (Kino Polska Television, Kino Polska Muzyka and FilmBox) intensive promotional activities are being planned, and in the case of Kino Polska Television in the IIQ of 2014 the number of broadcasts of serials of the greatest potential was increased.

The information about viewership of Stopklatka TV channel - a joint project of Kino Polska TV S.A., Agora S.A. and Stopklatka S.A is described in point. 6.5.5. Part II of the Report.

### **Technical coverage**

The table below shows the dynamics of technical coverage of selected channels as at 31 March 2013 and 31 March 2014.

<b>CHANNEL</b>	<b>NUMBER OF ACTIVE SUBSCRIBERS as at 31.03.2013</b>	<b>NUMBER OF ACTIVE SUBSCRIBERS as at 31.03.2014</b>	<b>% Change</b>
Kino Polska Television	8 156	8 206	+1%
Kino Polska Muzyka	1 816	5 618	+209%
FilmBox Basic	4 841	5 211	+8%
FilmBox Premium	1 727	1 758	+2%

(data in thousand)

The presented above table provides information regarding the number of active subscribers with access to different channels under the services provided by cable and satellite operators in Poland.

The over 200% increase in the number of active subscribers of the channel Kino Polska Muzyka was mainly related to the introduction of this channel to the offer of Cyfrowy Polsat and nc +, as well as the extension of its distribution in the largest Polish cable operators (among other, UPC, Vectra, Multimedia Polska).

**The financial standing of the parent company - Kino Polska TV S.A.**

In the IQ of 2014, Kino Polska TV S.A. recorded a net loss in the amount of PLN 74 432.60.

The main factor affecting the performance of the Issuer was a loss sale of 41.04% of the shares of Stopklatka S.A (execution of the investment agreement dated 22 February 2013, concluded between Kino Polska TV S.A. and Agora S.A. - project Stopklatka TV) in the amount of PLN1 043 886.19 - calculation of this amount was presented in note 6 to the condensed interim separate financial statements of Kino Polska TV S.A. for the IQ of 2014

Additionally in 2013, the Issuer conducted activities related to the structural changes of Kino Polska TV S.A. Group. On 1 February 2013, the Issuer brought an in-kind contribution to the company Kino Polska Program Sp. z o.o. SKA, which is an independent branch of the Company under the name of Kino Polska TV S.A. – Branch in Warsaw, engaged in the production and broadcast of channels: Kino Polska Television, Kino Polska Muzyka and Kino Polska International and the sale of advertising time. Therefore, starting from 1 February 2013, Kino Polska Program Sp. z o.o. SKA took over the Issuer's activity in this area, as well as the related revenues and expenses. In the IIIQ of 2013, KPTV Media Sp. z o.o. concluded cooperation agreements with the company Filmbox International Ltd., whose object was the production and transmission of signals of the channels of the FilmBox brand. Under these agreements, KPTV Media Sp. z o.o. took over a significant part of the activities related to the preparation of these channels, and thus also part of the revenues and the related costs. The current activities of the Issuer in this area are complementary to the services provided by KPTV Media Sp. z o.o.

Furthermore, in accordance with the provisions of the distribution agreement concluded on 18 February 2014 between Kino Polska TV S.A and Filmbox International Ltd. (a 100% subsidiary of the Issuer), in exchange for the acquired distribution rights to the film channels of the FilmBox brand, the Company shall pay Filmbox International Ltd. monthly license fees based on the revenues received by the Issuer from the Operators and the cash advertising revenues generated on the film channels of the FilmBox brand (according to a later annex) reduced by a fixed margin based on market conditions and the cost of sales agents. This agreement replaced, in the scope described above, a distribution agreement dated 30 September 2011 entered into between the Company and Cinephil France S.A.S. to which an annex was signed as at 18 February 2014, limiting its provisions only to the distribution by Kino Polska TV S.A of the thematic channels, such as: FASHIONBOX, FIGHTBOX, DOCUBOX, FASTNFUNBOX, 360TUNEBOX, EROX, EROXXX and application FILMBOX LIVE.

Therefore, a detailed comparative analysis of the separate results of the Company's operations achieved in the IQ of 2014 with the same period last year is not recommended.

Information on the Issuer's Capital Group operations in the IQ of 2014, affecting the Group's financial results is also described in point. 6.5. Part II of the Report.

**10. Indication of factors which in the Issuer's opinion will influence the results achieved by the issuer in a period not shorter than the next quarter**

In addition to the issues presented in the II and II part of the Report, the Issuer believes that the future results of the Group will be affected by the following factors:

**Changing of the method of financing the purchase of film library from Cinephil France S.A.S.**

On 11 April 2014, an annex was signed to the agreement as at 28 November 2013 concerning the acquisition of film rights under the license agreement between a subsidiary of the Issuer, i.e. Kino Polska Program Sp. z o.o. SKA (the "Licensee") and Cinephil France S.A.S (the "Licensor"), of which the Company notified in a current report no 59/2013.

The subject of the annex is to change the method of financing of the acquired by o Polska Program Sp. z o.o. SKA licenses of a total value of USD 7,900,073.80, consisting of financing them entirely from the Licensee's own funds, payable in accordance with the following schedule:

- the amount of USD 2.900.073,80 in 2013,
- the amount of USD 3.800.000,00 in 2014,
- the amount of USD 1.200.000,00 in 2015.

The original agreement stipulated that own contribution of the Licensee would amount to USD 2,900,073.80 USD, and USD 5,000,000 would come from the assigned investment loan, however, in view of the fact that the parties had expressed their desire to split this payment into instalments, the management board of the Licensee concluded that it was not necessary to bear any additional borrowing costs by the company. Other conditions of this agreement remain unchanged.

**Agreement between Kino Polska Program Sp. z o.o. SKA and Filmbox International Ltd.**

On 11 April 2014 an agreement was signed between Kino Polska Program Sp. z o.o. SKA („KP Program”) and Filmbox International Ltd. ("Filmbox"), the subject of which is granting by Kino Polska Program Sp. z o.o SKA to Filmbox International Ltd. of non-exclusive rights to use the owned by KP Program film licenses (on the territory specified in the agreement and for the term of each license) under the programming offer of television channels owned by Filmbox, in exchange for an agreed upon market conditions monthly flat rate fee. The agreement was concluded for a period of 5 years. Each party has the right to terminate it with a 6-month period notice.

The aforementioned Agreement shall not contain provisions regarding the condition, term or contractual penalties whose maximum height may exceed 10% of its value or the equivalent of Euro 200 000.

The criterion for considering this Agreement as material is the fact that its total value in the period of next five years may exceed the amount of 10% of the equity of the Issuer.

#### **nc+ merger**

The impact on the Group's results in the coming months will also have (as in the analysed period, and in 2013), the effect of the merger of nc + and the associated outflow of a part of subscribers of the newly created platform which adversely affected the Group's revenues derived from this counterparty (a decrease of approximately 35%).

#### **Increase of the distribution of the Group's channels**

The strategic goals for the future, which will have an impact on the Group's financial results, include strengthening of its position in the foreign territory. The Issuer intends to systematically improve sales of the produced and distributed by Kino Polska TV S.A. Capital Group channels in foreign markets, on which they are currently available: in the Czech Republic, Slovakia, Bulgaria, Romania and Hungary.

The Group is in discussions with various platforms in Africa, and this year intends to widely distribute their television channels there. So far, an agreement was signed with one of the networks in Nigeria. Discussions are being held on the next agreement, which should be finalized within a few months. Quantification of the revenue from this territory is difficult to estimate due to the nature of the market. The middle class in Africa treats satellite TV as a prestigious good for which they are willing to pay more. In the view, however, that it is a young market, which is at an early stage of development; an adequate technical coverage is to be initially built so as to be able to focus on increasing revenue afterwards.

#### **Stopklatka S.A. shares**

After the execution of the Investment Agreement between Kino Polska TV S.A. and Agora S.A. (the sale by Kino Polska TV S.A. to Agora SA of 933 850 STK's shares) the number of shares Stopklatka S.A. left in Kino Polska TV S.A. as at 31 March 2014 amounts to 933 851, which translates to 41.04% of the share in the share capital and the total number of votes at the General Shareholders' Meeting of Stopklatka S.A. This share and the fact of setting in the Investment Agreement, mentioned above, and in the Statute of the company of the terms of cooperation between Kino Polska TV S.A. and Agora S.A. warrants to the Issuer a joint control over Stopklatka S.A., and hence starting from 12 March 2014, the financial results of the company will be recognized in the consolidated net profit of Kino Polska TV S.A. Group in accordance according with the Issuer's share in Stopklatka S.A.

In addition, on 28 April 2014, the Company held an Extraordinary General Shareholders' Meeting of Stopklatka S.A. ("EGM"), during which Resolution No. 4 was adopted on the increase of the share capital of this company to an amount not less than PLN 2,275,247 and not more than PLN 6,529,956 through the issue of ordinary series D bearer shares in a closed subscription with maintenance of pre-emptive rights. Detailed information on subscription for series D shares will be presented in the information memorandum of STK, the publication of which STK will inform in a current report.

Series D shares will be offered to the shareholders, holding the pre-emptive rights. The day, on which the eligible shareholders will be set the pre-emptive right (date of record) is established on 15 May 2014. The shares will be offered to existing shareholders of Stopklatka S.A in proportion to the number of shares held by them, in such a way, that for each 1 (one) share held at the end of the pre-emptive right record date, the shareholder shall be entitled to 1 (one) pre-emptive right. At the same time, 1 (one) pre-emptive right will entitle to subscribe for 1.87 of the new series D share. Fractions of shares will not be allocated. In case the number of series D shares allotted for a shareholder in respect of pre-emptive rights is not an integer, it will be rounded down to the nearest integer. Kino Polska TV S.A intends to exercise its rights to acquire the shares of Stopklatka S.A, which will have an impact on future financial expenses of the Company (purchase of shares).

**STATEMENT ON THE APPROVAL OF THE QUARTERLY REPORT OF  
KINO POLSKA TV S.A. CAPITAL GROUP**

This quarterly report of Kino Polska TV S.A. Capital Group for the period of 3 months ended 31 March 2014 was approved to be published on 15 May 2014.

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Bogusław Kisielewski

President of the Management Board

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Berk Uziyel

Member of the Management Board

Person responsible for bookkeeping:

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Jolanta Orłowska

Head Accountant