

KINO POLSKA TV S.A.

QUARTERLY CONSOLIDATED REPORT
FOR THE 1ST QUARTER OF 2012



CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR 3 MONTHS ENDED MARCH 31, 2012
DRAWN UP IN ACCORDANCE WITH INTERNATIONAL
REPORTING FINANCING STANDARDS
APPROVED BY THE EUROPEAN UNION

CAPITAL GROUP OF KINO POLSKA TV S.A.

I QUARTER 2012

May 14, 2012

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INTRODUCTION

Kino Polska TV S.A. ("the Issuer", "the Company") has been present in the media since June 2003 (then under the name Kino Polska TV Sp. z o.o., entered in the register by the District Court for the City of Warsaw, 13th Commercial Division under the number 0000363674).

The decision on conversion from a limited liability company (sp. z o.o.) into joint stock company (S.A.) was taken on July 5, 2010 (notarial deed drawn up by notary Slawomir Ogonek, Reg. A No. 6155/2010). The transformation was registered by the District Court for the City of Warsaw, 13th Commercial Division on August 24, 2010 and the Issuer's entry in the register of entrepreneurs took place on August 25, 2010.

On April 12, 2011 Kino Polska TV S.A. made a debut on the Warsaw Stock Exchange.

The Company was incorporated for an indefinite period of time.

The Capital Group of Kino Polska TV S.A. consists of the following entities:

- Kino Polska TV S.A. – the parent company; main activities of Kino Polska TV S.A. are production, distribution and television broadcast of channels on the territory of Poland, Europe, and the USA.
- Stopklatka S.A. – the subsidiary company (in 2010 Kino Polska TV S.A. acquired the majority of shares of Stopklatka S.A.). Stopklatka S.A. conducts the movie industry-leading information website www.stopklatka.pl. It is the oldest movie information service operating in Poland and placing on the top rankings in terms of viewership.
- Cyfrowe Repozytorium Filmowe Sp. z o.o. ("CRF", "Repozytorium") – the subsidiary company (in December 2011 Kino Polska TV S.A. acquired a majority of shares in Cyfrowe Repozytorium Filmowe Sp. z o.o.). Its main scope of activity is the management and supervision process of reconstruction works of Polish digital films, carried out within the KinoRP Project and archiving of the resulting digital copies of these processes, creating copies to distribution and trading rights.

The main activities of the Group included:

- 1) Broadcast of television channels:
 - Kino Polska
 - Kino Polska Muzyka
 - Kino Polska International (soon to be broadcast in the USA)
 - Channels of the FilmBox family (including FilmBox, FilmBox Extra, FilmBox HD, FilmBox Family)
- 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 reconstruction of digital works of Polish cinematography

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Capital Group of Kino Polska TV S.A.
Consolidated financial statement for 3 months ended on March 31, 2012
(Translation of document originally issued in Polish)

This report of the Kino Polska TV S.A. Capital Group ("the Capital Group or "the Group") has been drawn up in accordance with §82 section 2 and §83 sec. 1 of the Regulation of Minister of Finance of February 19, 2009 regarding current and periodic information, provided 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 (Journal of Laws of 2009, no. 33 item 259) ("Regulation") for the 1st quarter of 2012 and contains quarterly financial information about Kino Polska TV S.A.

Consolidated quarterly report of Capital Group for 1st quarter of 2012 contains:

- Condensed consolidated financial statements made as of March 31, 2012 drawn up in accordance with International Financial Reporting Standards
- Condensed individual financial statements made as of March 31, 2012 drawn up in accordance with International Financial Reporting Standards
- Additional information to the quarterly report

According to § 83 point 1 of the Regulation, Kino Polska TV S.A. does not publish the separate individual quarterly report.

*Capital Group of Kino Polska TV S.A.
Consolidated financial statement for 3 months ended on March 31, 2012
(Translation of document originally issued in Polish)*

I. Condensed consolidated financial statements of the Capital Group.

1. Selected financial data of condensed consolidated financial statements

	Selected financial date	I QUARTER cumulatively 01.01.2012- 31.03.2012	I QUARTER cumulatively 01.01.2011- 31.03.2011	I QUARTER cumulatively 01.01.2012 - 31.03.2012	I QUARTER cumulatively 01.01.2011 - 31.03.2011
		in PLN		in EUR	
I	Sales revenues	23 101 747.38	19 676 365.88	5 551 169.59	4 728 077.15
II	Operating profit	3 537 841.78	2 791 872.11	850 115.77	670 865.08
III	Gross profit	3 337 096.05	2 698 112.87	801 878.14	648 335.46
IV	Net profit	2 812 871.22	2 386 909.30	657 911.00	573 555.68
V	Net profit attributable to shareholders of the parent company	2 921 927.67	2 466 371.62	702 116.41	592 649.85
VI	Weighted average number of shares (number)	13 860 934.00	9 870 000.00	13 860 934.00	9 870 000.00
VII	Net profit per one share, attributable to shareholders of the parent company in PLN/EUR	0.21	0.25	0.05	0.06
VIII	Net cash from operating activities	(1 531 391.70)	291 203.88	(367 981.47)	69 974.02
IX	Net cash from investing activities	(536 626.03)	(1 428 106.40)	(128 947.05)	(343 162.82)
X	Net cash from financial activities	(306 559.81)	911 284.93	(73 663.93)	218 974.66
XI	Cash and cash equivalents at end of period	13 289 012.41	607 180.22	3 193 245.97	145 900.67
		As of 31.03.2012	As of 31.12.2011	As of 31.03.2012	As of 31.12.2011
XII	Fixed assets	35 755 021.12	36 614 916.10	8 591 652.52	8 798 278.57
XIII	Current assets	41 382 744.10	36 036 758.48	9 943 950.43	8 659 351.81
XIV	Total assets	77 137 765.22	72 651 674.58	18 535 602.95	17 457 630.38
XV	Liabilities and provisions for liabilities	7 802 319.19	5 862 290.22	1 874 836.41	1 408 662.59
XVI	Long-term liabilities	452 636.68	443 722.63	108 765.06	106 623.08
XVII	Short-term liabilities	7 349 682.51	5 418 567.59	1 766 071.35	1 302 039.50
XVIII	Equity	68 680 769.04	66 025 650.92	16 503 452.77	15 865 448.61
XIX	Share capital	1 387 000.00	1 387 000.00	333 285.27	333 285.27

Capital Group of Kino Polska TV S.A.
Consolidated financial statement for 3 months ended on March 31, 2012
(Translation of document originally issued in Polish)

2. Interim consolidated report of comprehensive income

CONSOLIDATED PROFIT AND LOSS ACCOUNT	<i>As of March 31, 2012</i> <i>(not audit)</i>	<i>As of March 31, 2011</i> <i>(not audit)</i>
	Note	
Continued activities		
Revenue from the sale of services	23 101 747.38	19 676 365.88
Revenue from the sales of goods for resale and materials	-	-
Sales revenues	23 101 747.38	19 676 365.88
Cost of sales	(18 252 861.89)	(14 914 607.71)
Value of sold goods and materials	-	-
Gross profit on sales	4 848 885.49	4 761 758.17
Other operating revenues	5 876.70	8 990.24
Distribution expenses	(171 278.56)	(513 030.75)
General and administrative expenses	(1 144 522.27)	(1 437 449.58)
Other operating expenses	(1 119.58)	(28 395.97)
Operating profit (loss)	3 537 841.78	2 791 872.11
Financial revenues	181 177.59	16 484.32
Financial expenses	(381 923.32)	(110 243.56)
Gross profit (loss)	3 337 096.05	2 698 112.87
Corporate income tax	(524 224.83)	(311 203.57)
Net profit / (loss) from continuing operations	2 812 871.22	2 386 909.30
Discontinued operations	-	-
Profit / (loss) for the financial year from discontinued operations	-	-
Net profit / (loss) from fiscal period	2 812 871.22	2 386 909.30
Other comprehensive income		
Exchange differences on translation of foreign units	-	-
The effects of financial assets available for sale	-	-
Hedge accounting	-	-
Effects of renovation of fixed assets	-	-
Actuarial gains and losses	-	-
Participation of associates in other total income	-	-
Income tax on other total income	-	-
Other comprehensive income (net)	2 812 871.22	2 386 909.30
Total comprehensive income	2 812 871.22	2 386 909.30
Profit / (loss) for the period	2 812 871.22	2 386 909.30
Attributable to:		
shareholders of the parent company	2 921 927.67	2 466 371.62
minority shareholders	(109 056.46)	(79 462.32)
Total comprehensive income:	2 812 871.22	2 386 909.30
Attributable to:		
shareholders of the parent company	2 821 927.67	2 466 371.62
minority shareholders	(109 056.46)	(79 462.32)
Profit (loss) per share		
- Basic earnings for the financial year	0.21	0.25
- Basic earnings from continuing operations for the financial year	0.21	0.25
- Diluted profit for the financial year	0.21	0.25
- Diluted profit from continuing operations for the financial year	0.21	0.25

Capital Group of Kino Polska TV S.A.
Consolidated financial statement for 3 months ended on March 31, 2012
(Translation of document originally issued in Polish)

3. Interim consolidated statement of financial situation

CONSOLIDATED BALANCE SHEET	<i>Note</i>	<i>As of</i> <i>31.03.2012</i> <i>(not audit)</i>	<i>As of</i> <i>31.12.2011</i>	<i>As of</i> <i>31.03.2011</i> <i>(not audit)</i>	<i>As of</i> <i>31.12.2010</i>
ASSETS					
Fixed assets					
Tangible fixed assets		7 610 420.98	7 579 840.87	3 007 924.35	2 635 672.95
Long-term investments		104 878.05	104 878.05	-	-
Goodwill		6 016 373.88	6 016 373.88	4 159 136.27	4 159 136.27
Intangible assets		21 922 529.61	22 821 469.30	11 008 123.55	10 949 490.48
Financial assets available for sale		-	-	-	-
Other financial assets (long-term)		-	-	-	-
Trade and service liabilities and other liabilities (long term)		11 880.00	11 880.00	11 880.00	11 880.00
Loans granted		-	-	150 778.19	-
Deferred tax assets		88 938.60	80 474.00	56 725.57	77 274.46
		35 755 021.12	36 614 916.10	18 394 567.93	17 833 454.16
Current assets					
Inventories		517 600.91	425 122.49	49 716.80	47 340.61
Trade and other receivables		24 828 366.54	17 463 485.88	15 605 082.58	8 295 903.07
Income tax receivable		-	-	392 121.00	324 221.55
Accruals		2 747 764.24	2 484 560.16	3 720 064.76	2 061 741.68
Derivative financial instruments		-	-	-	-
Other financial assets		-	-	460 916.03	454 875.09
Other non-financial assets		-	-	-	-
Cash and cash equivalents		13 289 012.41	15 663 589.95	607 180.22	832 797.81
		41 382 744.10	36 036 758.48	20 835 081.39	12 016 879.81
Assets classified as held for sale		-	-	-	-
TOTAL ASSETS		77 137 765.22	72 651 674.58	39 229 649.32	29 850 333.97
LIABILITIES					
Shareholders' equity (shareholders of the parent company)					
		68 680 769.04	66 025 650.92	24 271 946.68	21 805 575.06
Shareholders' equity (minority shareholders)					
		654 676.98	763 733.44	592 744.58	672 206.90
Share capital		1 387 000.00	1 387 000.00	987 000.00	987 000.00
The surplus from the sale of shares above their nominal value		35 659 543.79	35 659 543.79	-	-
Own shares purchased for redemption		(66 809.55)	-	-	-
Other capitals		15 435 182.78	15 435 182.78	6 418 097.46	6 418 097.46
Retained profits / losses not covered		16 265 852.02	13 543 924.36	16 866 849.22	14 400 477.60
		69 335 446.03	66 789 384.36	24 864 691.26	22 477 781.96
Long-term liabilities					
Interest-bearing loans and borrowings		-	-	-	-
Provisions		-	-	-	-
Other financial liabilities		307 048.19	372 452.57	236 390.83	261 804.99
Deferred tax liabilities		145 588.49	71 270.06	10 263.05	6 814.37
Accruals		-	-	-	-
		452 636.68	443 722.63	246 653.88	268 619.36
Short-term liabilities					
Trade and other liabilities		6 553 049.98	4 622 506.66	10 954 357.52	4 195 940.08
Loans and borrowings		-	136 716.21	2 894 040.51	1 895 138 93
Other financial liabilities		242 005.32	237 984.50	126 454.92	132 206.50

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Income tax liabilities	439 202.00	176 001.00	-	-
Accruals	5 750.00	25 000.00	349.00	665 463.27
Provisions	109 675.21	220 359.22	143 103.23	215 183.87
	7 349 682.51	5 418 567.59	14 118 304.18	7 103 932.65
Liabilities directly associated with assets classified as held for sale	-	-	-	-
Total liabilities	7 802 319.19	5 862 290.22	14 364 958.06	7 372 552.01
TOTAL LIABILITIES	77 137 765.22	72 651 674.58	39 229 649.32	29 850 333.97

Capital Group of Kino Polska TV S.A.
Consolidated financial statement for 3 months ended on March 31, 2012
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4. Interim consolidated statement of cash flow

	<i>Note</i>	<i>As of 31.03.2012</i> <i>(not audit)</i>	<i>As of 31.03.2011</i> <i>(not audit)</i>
Cash flow - operating activities			
Net profit(loss)		2 812 871.23	2 386 909.30
Adjustments for:			
Depreciation		1 322 871.46	663 104.50
Interest and dividends (net)		(35 328.40)	(43 739.11)
Adjustment for the acquisition of a subsidiary		-	-
(Profit) / loss on investment activity		-	-
(Increase) / Decrease in receivables		(7 629 735.41)	(7 286 872.94)
(Increase) / Decrease in inventories		(92 478.42)	(2 376.19)
(Increase) / Decrease in liabilities		2 279 500.38	6 110 173.17
Change in accruals		(267 734.77)	(1 645 460.16)
Changes in provisions		(110 684.01)	(74 695.96)
Other		189 326.35	184 161.27
Net cash provided by operating activities		(1 531 391.70)	291 203.88
Cash flow - investing activities			
Sale of tangible fixed assets and intangible assets		-	-
Purchase of tangible fixed assets and intangible assets		(629 222.31)	(1 204 279.09)
Sale of investment property		-	-
Purchase of investment property		-	-
Sales of investments in subsidiaries, associate companies and joint ventures		-	-
Purchase of investments in subsidiaries, associate companies and joint ventures		-	-
Sales of other financial assets		-	-
Purchase of other financial assets		-	-
Purchase of investments in subsidiaries, associate companies and joint ventures		-	-
Dividends		-	-
Interests received		165 227.28	17 324.52
Repayment of loans		-	(13 253.98)
Loans granted		-	(150 000.00)
Other		(72 631.00)	(77 897.85)
Net cash provided by investing activities		(536 626.03)	(1 428 106.40)
Cash flow – financing activities			
Income from issue of shares		-	-
Purchase of own shares		(66 809.55)	-
Repayment of finance lease		(73 918.43)	(31 165.74)
Revenues from loans and credits		-	998 901.58
Repayment of loans and credits		(136 716.21)	-
Dividends paid		-	-
Interests paid		(29 115.62)	(56 450.91)
Other financial revenue		-	-
Other		-	-
Net cash provided by financing activities		(306 559.81)	911 284.93
Increase / (decrease) in net cash and cash equivalents		(2 374 577.54)	(225 617.59)
Net foreign exchange differences		-	-
Cash at the beginning of the period		15 663 589.95	832 797.81
Cash at the end of the period		13 289 012.41	607 180.22
Restricted cash		325 000.00	327 349.27

5. Interim consolidated statement of changes in equity

	Share capital	Share capital of the issue of shares above nominal value	Supplementary capital	Reserve capital	Financial results from previous years	Financial results from current period	Capital of parent company	Minority capitals	Total equity
As of January 1, 2012	1 387 000.00	35 659 543.79	15 435 182.78	-	13 543 924.35	-	66 025 650.92	763 733.44	66 789 384.36
Changes in accounting policy / adjustment of errors	-	-	-	-	-	-	-	-	-
As of January 1, 2012	1 387 000.00	35 659 543.79	15 435 182.78	-	13 543 924.35	-	66 025 650.92	763 733.44	66 789 384.36
Profit / (loss) for the period	-	-	-	-	-	2 921 927.67	2 921 927.67	(109 056.46)	2 812 871.22
Division of financial results	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-	-	-
Error adjustment for the financial result from the previous years	-	-	-	-	(200 000.00)	-	(200 000.00)	-	(200 000.00)
Creation of capital	-	-	(5 000 000.00)	5 000 000.00	-	-	-	-	-
Own shares for redemption	-	-	-	(66 809.55)	-	-	(66 809.55)	-	(66 809.55)
Shares of minority shareholders	-	-	-	-	-	-	-	-	-
As of March 31, 2012	1 387 000.00	35 659 543.79	10 435 182.78	5 000 000.00	13 343 924.35	2 921 927.67	66 680 769.04	654 676.98	69 335 446.03
As of January 1, 2011	987 000.00	-	6 418 097.46	-	14 400 477.60	-	21 805 575.06	672 206.90	22 477 781.96
Changes in accounting policy/ adjustment of errors	-	-	-	-	-	-	-	-	-
As of January 1, 2011	987 000.00	-	6 418 097.46	-	14 400 477.60	-	21 805 575.06	672 206.90	22 477 781.96
Profit / (loss) net for the period	-	-	-	-	-	2 466 371.62	2 466 371.62	(79 462.32)	2 386 909.30
Division of financial results	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
As of March 31, 2011	987 000.00	-	6 418 097.46	-	14 400 477.60	2 466 371.62	24 271 946.68	592 744.58	24 864 691.26

6. Additional notes to Condensed Consolidated Financial Statements

6.1. Statement of compliance and general principles of drawing up

The hereinafter interim condensed consolidated financial statements ("the 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 dated February 19, 2009 on current and periodic reporting by issuers of securities and conditions for recognizing as equivalent information required by law of a non-member state (Journal of Laws No. 33, item. 259) and presents a thorough financial position of Capital Group Kino Polska TV S.A. as of March 31, 2012 and December 31, 2011, the results of its operations and cash flows for the 3 months ended March 31, 2012 and March 31, 2011.

The consolidated financial statements have been prepared assuming the economic activity by the Group in the foreseeable future. As of the date of approval of these financial statements, there is no evidence indicating any threat in continuing economic activity of the Group.

6.2. Statement of the Management Board

On the basis of the Minister of Finance dated February 19th, 2009, as amended, on current and periodic information published by issuers of securities and conditions for recognizing as equivalent any information required by the laws of a non-Member State, the Management Board of Kino Polska TV S.A. declares that according to its best knowledge, the consolidated financial statements and comparative figures have been prepared in accordance with the Group's accounting principles, give a true and fair financial position of the Group's finances and financial result.

The consolidated financial statements have been prepared in accordance with the accounting principles described in the consolidated financial statements of the Group Kino Polska TV S.A. for the year ended December 31, 2011. Amendments to IFRS, which entered into force on January 1, 2012 do not affect the current and the previously reported consolidated financial results and the value of the consolidated equity. The Group intends to adopt published, but not applicable as of the date of publication of this interim condensed consolidated financial statements changes in IFRS, in accordance with the date of entry into force. Estimate of the impact of these changes on the future consolidated financial statements is the subject of ongoing analysis.

6.3. Selected Financial Data

The functional currency and the presentation currency of the interim condensed consolidated financial statements and quarterly financial information is PLN.

*Capital Group of Kino Polska TV S.A.
Consolidated financial statement for 3 months ended on March 31, 2012
(Translation of document originally issued in Polish)*

The financial data entered in the accounts in foreign currencies are as of the date of the financial statements:

- Assets and liabilities - at the rate at the end of the reporting period.

Courses taken in the valuation balance sheet

Rate applicable on the last day of the period	31.03.2012	31.03.2011
USD	3.1191	2.8229
EUR	4.1616	4.0119
GBP	4.9908	4.5530
CZK	0.1678	0.1634
Average exchange rate, calculated as an arithmetic average of the last day of each month during the period	01.01.2012- 31.03.2012	01.01.2011- 31.03.2011
USD	3.1378	2.8613
EUR	4.1750	3.9742
GBP	4.9792	4.5961
CZK	0.1673	0.1628

Operating segments

Revenues

	31.03.2012	31.03.2011
Sales to external customers including:		
- broadcast activity	10 671 748.45	9 980 421.59
- publishing	514.28	59 039.65
- the sale of rights	107 285.75	128 000.03
- advertising	3 156 241.05	1 877 553.04
- VoD	747 449.23	1 102 742.66
- other services	61 579.89	338 022.79
- production of channels	8 013 322.93	5 848 688.08
- Internet activity	52 507.40	80 500.68
- sale of content	159 432.65	261 397.36
- reconstruction and archiving	131 665.75	-
- sale of goods	-	-
Total Segment Revenue	23 101 747.38	19 676 365.88

Costs

	31.03.2012	31.03.2011
Cost of sales to external customers		
- broadcasting costs	(9 228 856.93)	(7 474 955.85)
- publishing costs	(15 523.70)	(79 580.97)
- advertising cost	(954 677.44)	(1 026 475.31)
- sales cost	(171 278.56)	(455 668.90)
- VoD costs	(598 218.82)	(763 273.94)
- costs of channels production	(7 006 955.21)	(5 314 180.17)
- Internet activity costs	(24 365.20)	(64 838.09)
- sale content costs	(180 113.11)	(248 665.23)
- reconstruction and archiving costs	(244 151.48)	-
- other general and administrative costs	(1 114 522.27)	(1 437 449.58)
- cost of goods and materials sold	-	-

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Consolidated financial statement for 3 months ended on March 31, 2012
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Total segment expenses	(19 568 662.72)	(16 865 088.04)
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Information on geographical areas

01.01.2012 - 31.03.2012	Poland	Europe	USA	Total
Revenues				
Sales to external customers	14 777 120.06	8 324 627.32	-	23 101 747.38
Total segment revenue	14 777 120.06	8 324 627.32	-	23 101 747.38

	Poland	Europe	USA	Total
01.01.2011 - 31.03.2011				
Revenues				
Sales to external customers	13 719 930.89	5 955 414.24	1 020.75	19 676 365.88
Total segment revenue	13 719 930.89	5 955 414.24	1 020.75	19 676 365.88

Costs by type

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Depreciation of tangible and intangible assets	(1 322 871.46)	(663 104.50)
Employee benefit costs	(2 918 929.82)	(2 493 790.68)
Use of materials and energy	(144 153.51)	(142 835.93)
Third party services	(14 236 552.13)	(12 648 169.44)
Taxes and fees	(357 714.43)	(270 289.05)
Property and casualty insurance	(26 260.80)	(13 223.60)
Costs of research and development	-	-
Other costs, including	(387 273.37)	(633 674.84)
- Write-offs of inventories	-	-
- Other costs	(387 273.37)	(633 674.84)
- Reversal of write-downs of inventories	-	-
- Write-offs of receivables	-	-
- Reversal of impairment losses on receivables	-	-
- Exchange differences on liabilities for goods and services	-	-
- Other operating costs	-	-
Value of sold goods and materials	-	-
Total costs by type	(19 393 755.52)	(16 865 088.04)

Change in products, production of the year and accruals (+ / -)	-	-
Value of sold goods and materials,	-	-
- Write-downs of receivables	-	-
- Reversal of impairment losses on receivables	-	-
- Write-downs of inventories	-	-
- Reversal of write-downs of inventories	-	-
- Exchange differences on liabilities for goods and services	-	-
The cost of manufacturing products for own consumption (-)	-	-
Cost of sales	(171 278.56)	(513 030.75)
General and administrative costs	(1 144 522.27)	(1 437 449.58)
Manufacturing cost of products sold	(18 252 861.89)	(14 914 607.71)

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Total costs of sold products, goods and materials, sales and general and administrative costs	(19 568 662.72)	(16 865 088.04)
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Employment benefit costs

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Salary costs (+)	2 453 011.13	2 159 307.22
Costs of social insurance and other benefits (+)	465 918.69	334 483.46
Revenues from social activities (-)	-	-
Financing company welfare facilities from the Social Fund (-)	-	-
Costs of operation and maintenance of on-site welfare facilities (+)	-	-
Costs of future benefits (provisions) in respect of retirement, awards and other similar employee benefits (+ / -)	-	-
Awards from the net profit (+)	-	-
Write-offs to Social Fund net profit (+)	-	-
Total costs of employee benefits	2 918 929.82	2 493 790.68

Other operating revenue

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Net profit on disposal of fixed assets	-	-
Solution of impairment in intangible assets	-	-
Solution of impairment of fixed assets	-	-
Settlement of the cash inventory and fixed assets	-	-
Revenue from the liquidation of fixed assets and intangible assets	-	-
Revenue from rental of investment property	-	-
Revenue from the resale of services, re-invoiced payments	-	-
Release of provisions for liabilities in question	-	-
Grants received	-	-
Donations received	-	-
Cancelled commitments	-	-
Penalties and compensations received	116.20	-
Remuneration of taxpayer and social security contributions	-	-
Refund of taxes	-	-
Other	5 760.50	8 990.24
Total other operating income	5 876.70	8 990.24

Other operating costs

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Net loss on disposal of fixed assets	-	(19 659.22)
Write down of amounts due	-	-
Write down of tangible fixed assets	-	-
The write-off of the interest charges	-	(4 416.00)
Reversal of write-off for loans and interest (-)	-	-
Settlement of cash inventory and fixed assets	-	-
Loss from liquidation of fixed assets and intangible assets	-	-
Other operating expenses of investment property not generating rental revenue, including:	-	-
- Depreciation	-	-
Other operating expenses for investment properties generating rental revenue, including:	-	-
- Depreciation	-	-
Loss from the resale of services, re-invoicement of payment	-	-

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Donations given	-	-
Returns of grants	-	-
Costs related to non-utilization of assets and production capacity	-	-
Costs of discontinued operations	-	-
Expenditure of written-off fixed assets under construction	-	-
Provisions for liabilities in question	-	-
Penalties	-	(1 200.00)
Other	(1 119.58)	(3 120.75)
Total other operating costs	(1 119.58)	(28 395.97)

Financial revenue

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Revenue from interest	181 177.43	10 432.40
-bank deposits	169 285.20	5 238.21
-interest on the loan	5 572.23	-
-receivables	6 320.00	5 194.19
Dividends	-	-
Revenue from foreign exchange differences on assets and liabilities other than receivables and trade payables	-	-
Changes in long-term receivables (the effect of rolling discount)	-	-
Revenue from derivative instruments	-	-
Revenue from purchase of an subsidiary entity	-	-
Revenue on disposal of shares and other securities	-	-
Other financial income	0.16	6 051.92
Total financial revenue	181 177.59	16 484.32

Financial costs

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Interest expenses	(29 117.13)	(56 450.91)
- for credits	(10 870.59)	(43 739.11)
- for loans	-	-
- for bond issues	-	-
- from goods and services	(1.51)	(281.49)
- for net interest income budget	(5 674.23)	(989.98)
- for finance lease	(12 570.80)	(11 440.33)
- Other interest	-	-
Losses from foreign exchange differences on assets and liabilities other than receivables and trade payables	-	-
The effects of the valuation of loans received using the depreciated cost method	-	-
Changes in liabilities and long-term provisions (the effect of rolling discount)	-	-
Costs arising from derivatives	-	-
Loss on disposal of shares and other securities	-	-
Other costs	(202.06)	-
Other financial costs - foreign exchange differences	(352 604.13)	(53 792.65)
Total financial expenses	(381 923.32)	(110 243.56)

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Income tax

	01.01.2012 - 31.03.2012	01.01.2011 - 31.03.2011
Profit and loss statement		
Current tax income	(458 371.00)	(287 206.00)
Current subject to income tax	(458 371.00)	(287 206.00)
Adjustments for current income tax of previous years	-	-
Deferred income tax	(65 853.83)	(23 997.57)
Relating to origination and reversal of temporary differences	(65 853.83)	(23 997.57)
Income tax expenses recognized in the profit and loss	(524 224.83)	(311 203.57)

Provisions

	Post- employment benefits	The provision for overdue leave	The provision for legal claims, penalties, fines and compensation	Other provisions	Total
As of January 1, 2012	-	171 159.22	-	49 200.00	220 359.22
Created during the financial year				744 73	744 73
Used	-	-	-	-	-
Resolved	-	(62 228.74)	-	(49 200.00)	-
Adjustment of the discount rate	-	-	-	-	-
As of March 31, 2012	-	108 930.48	-	744.73	109 675.21

Time structure of provisions	31.03.2012	31.12.2011
part of the long-term		
part of the short-term	109 675.21	220 359.22
Total of provisions	109 675.21	220 359.22

Credits and loans

Long-term credits and loans	31.03.2012	31.12.2011
Overdrafts facilities	-	-
Bank Credits	-	-
Loans received	-	-
Other	-	-
Total of long-term credits and loans	-	-

Short-term credits and loans	31.03.2012	31.12.2011
Overdraft facilities	-	136 716.21
Bank Credits	-	-
Loans received	-	-
Other	-	-
Total of short-term credits and loans	-	136 716.21

	31.03.2012	31.12.2011
Other long-term liabilities		236 390.83
Liabilities arising from finance leases	307 048.19	236 390.83
Other non-financial liabilities	-	-
Revenue accruals	-	-

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Total other long term liabilities	307 048.19	236 390.83
	31.03.2012	31.12.2011
Other short-term financial liabilities		126 454.92
Liabilities arising from finance leases	242 005.32	126 454.92
Other non-financial liabilities	-	-
Revenue accruals	-	-
Total other short-term financial liabilities	242 005.32	126 454.92

6.4. Significant achievements or failures of the Capital Group during the reporting period

6.4.1. Kino Polska TV S.A.

In the first quarter of 2012, the Issuer decided to extend the activities on the U.S. market – on March 19, 2012 an agreement was signed between Kino Polska TV S.A. and Dish Network L.L.C. ("Dish Network", "the Platform") - a leading U.S. satellite platform, as the Company reported in the current report No. 9/2012. The subject of this agreement is the provision of broadcasting rights by the Issuer to Dish Network to channels for Kino Polska International and Kino Polska Muzyka in the territory of the United States of America. Furthermore, the agreement sets out the terms of cooperation in the area of Video on Demand service. Kino Polska International is a new station in the offer of the Issuer, addressed mainly to Polish American, having the task of continuing the mission of Television Kino Polska. Under this agreement, Dish Network will provide customers with programs of Kino Polska International and Kino Polska Muzyka in a monthly a-la-carte subscription or in any other package in the Platform's offer. Each of the two channels guarantees 12 minutes of advertising time per hour in its programming schedule, of which 2 minutes will remain available to Dish Network, and 10 subsequent minutes will be at the Company's disposal. The remuneration of Kino Polska TV S.A. under this agreement will be calculated every month based on the current number of subscribers. The agreement was signed for 3 years with a possibility of an automatic renewal for a further period of 2 years.

In this period, there also took place a registration of changes in § 6 of the Company's Statute. These changes concerned updating of the objects of the Company's activities.

Moreover, on January 17, 2012 the Management Board of Kino Polska TV SA adopted a resolution on buying its own shares, in accordance with the previously adopted rules in this resolution. These actions were the result of Resolution No. 4 of the Extraordinary General Meeting as of November 28, 2011 on the share buyback.

As a consequence, on January 18, 2012 there took place a transaction of purchase of 11 000 own shares of Kino Polska TV S.A. (at an average unit price of PLN 6.05), which represents 0.08% of the share capital of the Issuer.

A significant achievement of the Issuer in the first quarter of 2012 was also a noteworthy increase in viewership of Kino Polska.

6.4.2. Stopklatka S.A.

On March 29, 2012 was signed an agreement between Stopklatka S.A. and eo Networks S.A. to modernize and implement new features on the website Stopklatka.pl (Website). The aim of this modernization is to transfer the website into a new technology platform, the development and implementation of a new functional version and modern technological solutions adapted to the growing needs of Internet and market of complementary services and at the same time to open new perspectives for the development of the Website and the Company. The implementation of the new version of the Website is prepared according to the plan adopted by Stopklatka S.A. and its strategic shareholder – Kino Polska TV S.A. The works are financed by funds raised through the issuance of shares of Series C.

eo Networks S.A. is a Polish software house, founded in 2001. Its work focuses on designing and building innovative software, adapted to the individual needs of companies, mainly in the sectors of: technology, finance, media and telecommunications. It has implemented for the largest banks, insurance companies, media companies and public institutions. It operates in Poland and abroad, mainly in Germany (the details are described in point 6.5 in the first part of the report).

6.4.3. Cyfrowe Repozytorium Filmowe Sp. z o.o.

Digital reconstruction of classic Polish cinematography:

In the first quarter of 2012 Cyfrowe Repozytorium Filmowe Sp. z o.o. was involved in reconstruction of eleven films planned for this year, including such titles as: "Brunet wieczorową porą", "Poszukiwany, poszukiwana" by Stanislaw Bareja, "Rejs" by Marek Piwowski or "Nie lubię poniedziałku" by Tadeusz Chmielewski.

Participation of CRF in these reconstructions refers to the following steps: supervision of the restoration process, development and implementation of digital copies and preparation of promotional publications.

CRF will also participate in distribution of the reconstructed titles, in consultation with their rights holders - film studios: Kadr, Tor and Zebra.

In February of 2012 CRF finished - lasting a year - reconstruction of fifteen animated films for children, including widely appreciated series: "Przygody Koziołka Matołka," "Przygody Smoka Wawelskiego" and "Proszę słoniu.". The acceptance by the Polish Film Institute took place in early March, allowing the start by Cyfrowe Repozytorium Filmowe of discussions on models of distribution.

At the end of 2011, CRF engaged in cooperation with Educational Film Studio in Łódź ("the Studio") in the development of backup system aimed at cataloging and partial digitization of its resources, which include the leading achievements of Polish documentary filmmakers. In the first quarter of this year, the works began on the digitization and digital cleansing of first documents. Simultaneously, in a preliminary agreement with the Studio, in 2012, a total of 50 acts (nearly 5 hours) of documentary films will be subject to digitization and cleansing process, which then will be distributed by Cyfrowe Repozytorium Filmowe in consultation with the Studio.

The increase in the number of orders for the preparation of promotional publications.

In the first quarter of this year CRF recorded an increase in contracts associated with the preparation on language versions on films digitally reconstructed in the project KinoRP. In addition to increasing the company's revenue, it also increases the range of the distribution catalog of the reconstructed digital movies.

Post-production activities in the field of development and distribution of digital copies.

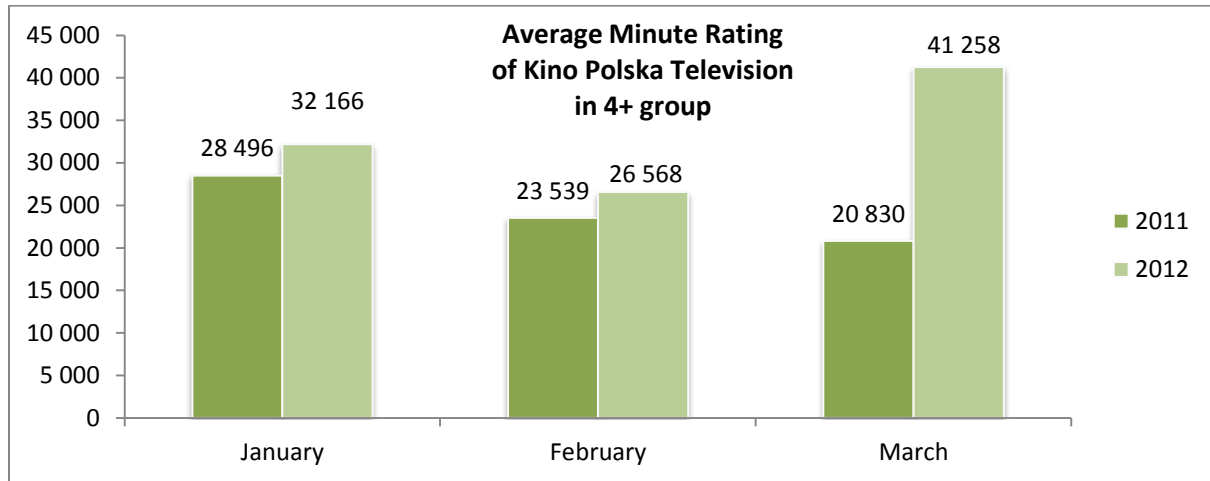
At the end of 2011, CRF began talks with external film distributors for the preparation and distribution of digital copies. In the first quarter of this year was done first services of CFR on movies from outside the KinoRP Project, which covered the design and making of the copies for the field of digital cinema, streaming HD and Blu-ray, for cinema distribution.

6.5. Factors and events, particularly unusual, having a major impact on the financial result

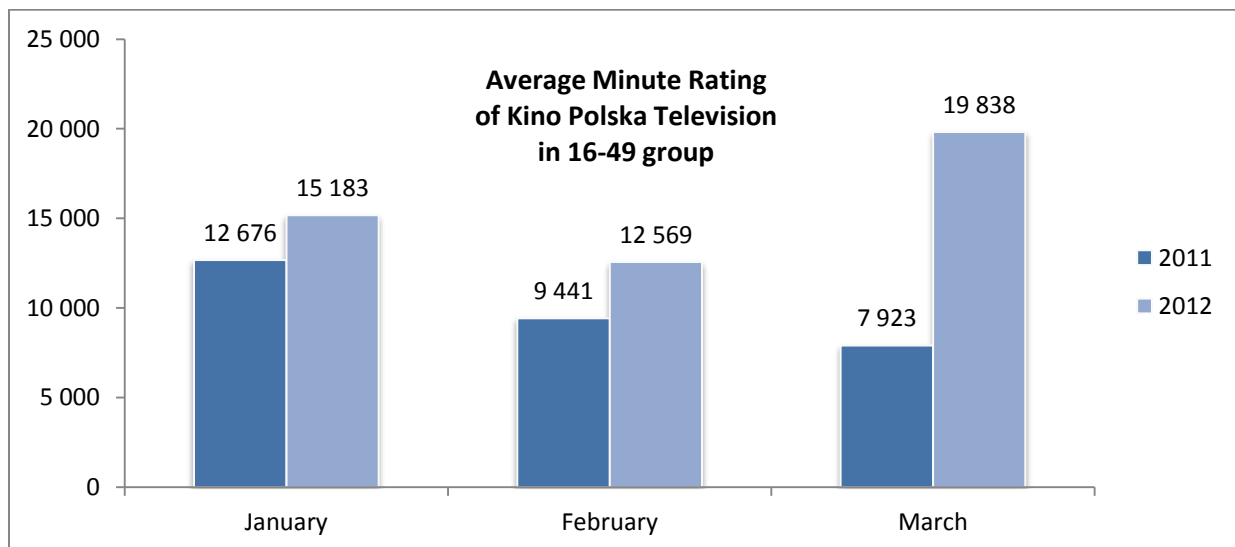
In this period there were no unusual factors or events having major impact on the financial result.

The most important factors influencing the financial results achieved by the Capital Group in the first quarter of 2012 include:

- Significant increase in the Issuer's audience of theme channels (in particular: Kino Polska Television).



Source: Nielsen Audience Measurement, AMR, all 4+



Source: Nielsen Audience Measurement, AMR, 16-49

At the end of the third quarter of 2011, the Company decided to propose a varied programming offer of Kino Polska Television by introducing new thematic strands. The refreshed in this way programming schedule was well received by the audience, as well as the comeback of iconic series

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and the introduction of reconstructed digital movies such as "Krzyżacy" by Aleksander Ford to the programming schedule.

All of these activities have produced tangible results in the increased viewership of the channel and a significant advertising revenue.

In March 2012, Kino Polska Television viewership in group 4 + reached over 40 thousand AMR¹ indicator with SHR%² equal to 0.66%, while in the previous year the rate was 0.32%. Subsequently, the station also recorded a significant increase in audience in the 16-49 group. In March, it amounted to more than 150% compared to last year's data (AMR indicator reached 19 838). The group's share while watching (SHR%), was increased by over 137% amounting to 0.76%.³

The Capital Group's advertising revenues in the first quarter of 2012 amounted to PLN 3 156 241.05. Compared to the same period last year, the increase is of 68.10%.

At the same time the viewer profile of Kino Polska Television has been rejuvenated. Up to 20.88% increased in March the participation in the audience age group 16-29, while persons in 16-49 group were up to 48.47% of all viewers.

- Expanding the technical coverage of channels produced and distributed by the Company.

The table below shows the dynamics of technical coverage of channels as of January 1, 2012 and as of March 31, 2012.

channel	NUMBER OF ACTIVE SUBSCRIBERS as of January 1, 2012	NUMBER OF ACTIVE SUBSCRIBERS as of March 31, 2012	PERCENTAGE CHANGE
KINO POLSKA TELEVISION	6 201	6 426	4%
KINO POLSKA MUZYKA	2 445	2 500	2%
FILMBOX BASIC	4 586	4 847	6%
FILMBOX PREMIUM	1 217	1 386	14%

(in thousand)

The Capital Group's revenue from the broadcast of television channels in the first quarter of 2012 amounted to PLN 10 671 748.45.

- Net loss of Stopklatka S.A in the first quarter of 2012 amounted to PLN 63.8 k. The loss by Stopklatka S.A. during the period is much lower compared to same quarter of 2011 (the net loss amounted to PLN 228.4 k). Systematically reduced net loss is the results of restructuring, aimed at cost optimization. Stopklatka S.A. aims to achieve the profitability threshold in 2012.

¹AMR - Average Minute Rating

²SHR% - market share, the average viewing time of the television station or selected program in relation to the total time spent watching television by the respondent

³ Source: Nielsen Audience Measurement

- Net loss of Cyfrowe Repozytorium Filmowe Sp. z o.o., which in the first quarter of 2012 amounted to PLN 239.2k. This company recorded an increase in costs related to investments launched with the purchase of modern technical infrastructure (increase depreciation expenses). Also, in connection with actions aimed at the development of CRF, there has been an increase in staff resources of this company.

6.6. Information about the seasonality or cyclicity activity of the Capital Group in the reporting period

In the Capital Group of Kino Polska TV S.A. there is no seasonality or cyclicity of operations.

6.7. The issue, redemption and repayment of debt and equity securities

On January 17, 2012 the Management Board of Kino Polska TV S.A. adopted a resolution about the beginning of buyback its own shares in accordance with the adopted rules in this resolution. This activities were the results of resolution number 4 of the Extraordinary General Meeting of Shareholders of Kino Polska TV S.A. of November 28, 2011.

Terms of the purchase of own shares, as of May 13, 2012

1. Pursuant to Resolution No. 4 of the Extraordinary General Shareholders Meeting of 28th November, 2011, the Management Board is authorized to purchase own shares of the Company ("Own Shares") by the Company and to take other necessary factual and legal measures to acquire Own Shares on the following terms and conditions:

a) under the agreement covered by Resolution No. 4 of the Extraordinary General Shareholders Meeting of 28th November 2011, the Management Board shall be entitled to purchase up to 1 387 000 (one million three hundred and eighty-seven thousand PLN) shares with nominal value of PLN 0.10 (ten groszy) each, which represents 10% of the share capital of the Company;

b) the total amount allocated by the Company to finance the price (remuneration) for the share buyback and acquisition costs, shall not be greater than PLN 5 000 000.00 (five million PLN), for all the acquired Own Shares;

c) share buyback will be financed from funds derived from capital reserve funds allocated for the purchase of own shares in order to redeem them, created pursuant to the provisions of sec 2;

d) the price at which the Company will purchase its own shares shall not be of a higher value from the last prices before the date of acquisition of independent turnover and from the highest current independent bid in transactions on sessions of the Warsaw Stock Exchange, and the price can not be higher than PLN 12 (twelve PLN);

e) acquisition of own shares will take place through a brokerage house on the Warsaw Stock Exchange and the Management Board is entitled to choose the brokerage house and determine the terms and conditions for the cooperation;

f) the Company may purchase its own shares in accordance with Resolution No. 4 of the Extraordinary General Shareholders Meeting of 28th November, 2011 during a period of 24 months from the date of

the decision, but not longer than until all funds allocated in the acquisition in accordance with points b) above, i.e. to pay the entire amount indicated therein by way of rates for all the acquired own shares, or to the acquisition of own shares in the number of indicated in point. a) above, depending on which of these events occurs first.

2. The Extraordinary General Shareholders Meeting has assigned the supplementary capital allotment amount of PLN 5 000 000.00 (five million PLN) and committed the Management Board to forward it to the capital reserve - "Measures for the acquisition of own shares" for the purpose of settlement of the total purchase price of shares plus the cost of acquisition of shares.

As a consequence, on January 18, 2012 Kino Polska TV S.A. acquired 11 00 its own shares, at an average unit price of 6.05 per one share.

Currently, Kino Polska TV S.A. holds a total of 11 000 own shares of Kino Polska TV S.A., which constitute for 0.08% of the Company's share Capital and for 11 000 of votes at the General Meeting of Shareholders of Kino Polska TV S.A.

On May 14, 2012, Ordinary General Shareholders Meeting of Kino Polska TV S.A. adopted a resolution which was changed provisions of sec. 1 letter d of Terms of Purchase of own shares, giving him a new following wording:

Sec. 1 letter d)

“d) The price at which the Company will purchase its own shares may not be a value higher than the prices last before the date of acquisition of independent trade and the highest current independent bid in transactions on the stock market sessions at the Warsaw Stock Exchange, where the price may not be higher than PLN 15 (fifteen PLN), respectively.”

Furthermore the Ordinary General Shareholders Meeting of the Issuer dated May 14, 2012 adopted a resolution about the change the conditions of redemption of shares, giving them a new following wording:

“In order to cancel the acquired shares, immediately after the deadline for purchasing shares in accordance with paragraph. 1 letter f) of this resolution, the Management Board shall convene a General Shareholders Meeting with the agenda covering at least the adoption of a resolution on redemption of shares and share capital reduction by cancellation of treasury shares. The Management Board is also authorized to convene General Shareholders Meetings of the Company with the agenda including adoption of a resolution on redemption of shares and share capital reduction by cancellation of treasury shares as before the deadline specified in paragraph. 1, letter f, during the process of buying its own shares.”

Before making these amendments, the conditions of redemption of own shares were defined as follows:

“In order to cancel the acquired shares, immediately after the deadline for purchasing Own Shares in accordance with § 2. 1 letter f) of the Regulations, the Management Board shall convene a General Shareholders Meeting with the agenda covering at least the adoption of the resolution on redemption of Own Shares and share capital reduction by cancellation of Own Shares.”

The full text of the Regulations of Purchasing Own Shares is available on the Issuer's website www.kinopolska.pl, in the Investor Relations / Corporate Governance.

6.8. Information about the dividend (paid or declared)

On April 4, 2012, the Management Board of Kino Polska TV S.A. passed a resolution under which decided to submit the Ordinary General Shareholders Meeting application to allocate the Company's profit for 2011 of PLN 9 002 242.86 and amount of PLN 4 856 757.14 of profit from previous years, for the payment of dividend to shareholders, after received the opinion of the Supervisory Board. The amount of the dividend per one share is PLN 1. In capital of the Company, there are no preferred shares as to dividends.

On April 13, 2012, the Company received an information that the Company's Supervisory Board passed a resolution under which issued a positive opinion on the request of the Company's Management Board on allocation of the Company's profit for 2011 and profit from previous years, for the payment of dividend to shareholders. Furthermore the Supervisory Board recommended to the Ordinary General Meeting of the Company adoption of a resolution on allocation of the profit for the year 2011 and previous years, as requested by the Management Board.

On May 14, took place the Ordinary General Shareholders Meeting of Kino Polska TV S.A., which adopted a resolution on allocation of net profit of the Company for the year ended 31.12.2011 amounting to PLN 9 002 242.86, and the amount of PLN 4 856 757.14, retained earnings to pay dividends to shareholders (the total amount of dividend is PLN 13 859 000).

The dividend is PLN 1 per one share of the Company.

The dividend will be paid to shareholders who are entitled to shares of the Company as of 29th May, 2012 (the "Dividend").

Dividend payment date was fixed for June 13, 2012.

The number of shares carrying dividend rights: 13 859 000.

Kino Polska TV S.A. currently holds 11 000 shares, which are not entitled to payment of dividend.

6.9. Significant events after the end of the reporting period that may affect the future financial results of the Issuer

A particularly important event after the reporting period that could have a positive impact on future results of the Issuer was achieved by Kino Polska Television leadership position in the group of movie channels.

In April 2012, the Kino Polska Television took first place in the rankings viewing movie channels in Poland. According to data from Nielsen Audience Measurement, in groups of 4+, it overtook the previous leader - AXN, with almost 3 000 AMR, reaching 47 518 AMR result. In the group of 16-49 Kino Polska Television in April recorded a viewership of 23 771 AMR. In comparison to the same period last year, it is an increase of 259.95%.⁴

On May 14, 2012 took place the Ordinary General Shareholders Meeting of Kino Polska TV S.A., on which were taken the following resolutions:

⁴ Source: Nielsen Audience Measurement

- Adoption of the resolutions of a sequential (election of President of the Ordinary General Shareholders Meeting, the adoption of the agenda, the election of the Scrutiny Commission),
- Adoption of the resolution approving the Management Board's report on the activities of Kino Polska TV S.A. for the year 2011,
- Adoption of the resolution approving the financial statement of Kino Polska TV S.A. in accordance with International Financial Reporting Standards for the year ended 31st December, 2011,
- Adoption of the resolution approving the Management Board's report on the activities of the Capital Group Kino Polska TV SA for the year 2011,
- Adoption of the resolution approving the consolidated financial statements of Kino Polska TV S.A. in accordance with International Financial Reporting Standards for the year ended 31st December, 2011,
- Adoption of the resolution on distribution of the profit for the year 2011 and for previous years,
- Adoption of the resolutions approving the Members of the Management Board on the performance of their duties in 2011,
- Adoption of a resolutions approving the Members of the Supervisory Board on the performance of their duties in 2011,
- Adoption of the resolution concerning amendments to the resolution of Extraordinary General Shareholders Meeting on its agreement to acquire Kino Polska TV S.A. own shares and to regulate the acquisition of own shares,
- Adoption of the resolution correcting the results of Kino Polska TV S.A. in the previous years,
- Adoption of the resolution amending the Statute,
- Resolution on the adoption of a uniform text of the Statute,

Full text of the resolutions adopted at this OGSM was published on the Issuer's website on May 14, 2012 through the current report No. 17/2012.

6.10. Contingent liabilities

The Capital Group of Kino Polska TV S.A. does not have a contingent liabilities.

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II. Condensed individual financial statement of Kino Polska TV S.A.

1. Selected financial data of condensed individual financial statement of Kino Polska TV S.A.

	Selected financial date	I QUARTER cumulatively 01.01.2012- 31.03.2012	I QUARTER cumulatively 01.01.2011- 31.03.2011	I QUARTER cumulatively 01.01.2012 - 31.03.2012	I QUARTER cumulatively 01.01.2011 - 31.03.2011
		in PLN		in EUR	
I	Sales revenues	22 321 274.33	18 730 821.49	5 363 628.01	4 500 870.22
II	Operating profit	3 835 529.69	3 021 691.38	921 647.85	726 088.86
III	Gross profit	3 657 361.19	2 916 271.90	878 835.35	700 757.38
IV	Net profit	3 145 420.56	2 615 314.93	755 820.01	628 439.77
V	Net profit attributable to shareholders of the parent company	3 145 420.56	2 615 314.93	755 820.01	628 439.77
VI	Weighted average number of shares (number)	13 860 934.00	9 870 000.00	13 860 934.00	9 870 000.00
VII	Net profit per one share, attributable to shareholders of the parent company in PLN/EUR	0.23	0.26	0.05	0.06
VIII	Net cash from operating activities	(1 415 476.22)	310 375.01	(340 127.89)	74 580.69
IX	Net cash from investing activities	(456 068.32)	(1 201 607.06)	(109 589.66)	(288 736.80)
X	Net cash from financial activities	(162 021.03)	914 128.68	(38 932.39)	219 657.99
XI	Cash and cash equivalents at end of period	12 756 593.25	378 344.68	3 065 309.80	90 913.27
		As of 31.03.2012	As of 31.12.2011	As of 31.03.2012	As of 31.12.2011
XII	Fixed assets	37 627 347.10	38 079 706.70	9 041 557.84	8 909 964.12
XIII	Current assets	38 465 632.13	32 735 923.67	9 242 991.19	7 866 186.96
XIV	Total assets	76 092 979.23	70 815 630.37	18 284 549.03	17 016 443.28
XV	Liabilities and provisions for liabilities	7 566 120.14	5 367 382.29	1 181 079.62	1 289 740.07
XVI	Long-term liabilities	449 397.52	441 063.20	107 986.72	105 984.04
XVII	Short-term liabilities	7 116 722.62	4 926 319.09	1 710 092.90	1 183 756.03
XVIII	Equity	68 526 859.09	65 448 248.08	16 466 469.41	15 726 703.21
XIX	Share capital	1 387 000.00	1 387 000.00	333 285.27	333 285.27

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2. Interim individual report of total income	<i>As of March 31, 2012</i> <i>(not audit)</i>	<i>As of March 31, 2011</i> <i>(not audit)</i>
INDIVIDUAL PROFIT AND LOSS ACCOUNT		
	Note	
Continued activities		
Revenue from the sale of services	22 321 274.33	18 730 821.49
Revenue from the sales of goods for resale and materials	-	-
Sales revenues	22 321 274.33	18 730 821.49
Cost of sales	(17 421 357.44)	(14 194 256.53)
Value of sold goods and materials	-	-
Gross profit on sales	4 899 916.89	4 536 564.96
Other operating revenues	3.17	3 045.25
Distribution expenses	(171 278.56)	(455 668.90)
General and administrative expenses	(891 993.62)	(1 038 280.94)
Other operating expenses	(1 118.19)	(23 968.99)
Operating profit (loss)	3 835 529.69	3 021 691.38
Financial revenues	195 257.28	1 945.86
Financial expenses	(373 425.78)	(107 365.34)
Gross profit (loss)	3 657 361.19	2 916 271.90
Corporate income tax	(511 940.63)	(300 956.97)
Net profit / (loss) from continuing operations	3 145 420.56	2 615 314.93
Discontinued operations	-	-
Net profit / (loss) from fiscal period	3 145 420.56	2 615 314.93
Other comprehensive income		
Exchange differences on translation of foreign units		
The effects of financial assets available for sale		
Hedge accounting	-	-
Effects of renovation of fixed assets	-	-
Actuarial gains and losses	-	-
Participation of associates in other total income	-	-
Income tax on other total income	-	-
	-	-
	-	-
Other comprehensive income (net)	3 145 420.56	2 615 314.93
Total comprehensive income	3 145 420.56	2 615 314.93
Profit / (loss) for the period	3 145 420.56	2 615 314.93
Attributable to:		
shareholders of the parent company		
minority shareholders	3 145 420.56	2 615 314.03
	-	-
Total comprehensive income:	3 145 420.56	2 615 314.93
Attributable to:		
minority shareholders		
shareholders of the parent company	3 145 420.56	2 615 314.93
Profit (loss) per share		
- Basic earnings for the financial year	0.23	0.26
- Basic earnings from continuing operations for the financial year	0.23	0.26
- Diluted profit for the financial year	0.23	0.26
- Diluted profit from continuing operations for the financial year	0.23	0.26

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3. Interim individual report of financial situation

INDIVIDUAL BALANCE SHEET	<i>Note</i>	<i>As of</i> <i>31.03.2012</i> <i>(not audit)</i>	<i>As of</i> <i>31.12.2011</i>	<i>As of</i> <i>31.03.2011</i> <i>(not audit)</i>	<i>As of</i> <i>31.12.2010</i>
ASSETS					
Fixed assets					
Tangible fixed assets		7 583 759.25	7 556 352.81	2 992 277.79	2 616 408.06
Long-term investments		-	-	-	-
Goodwill		-	-	-	-
Intangible assets		20 407 586.87	21 107 521.98	10 867 558.47	10 949 490.48
Financial assets available for sale		-	-	-	-
Other financial assets (long term)		8 478 953.75	8 278 953.75	4 000 000.00	4 000 000.00
Trade and service liabilities and other liabilities (long term)		-	-	-	-
Loans granted		1 090 000.00	1 090 000.00	150 778.19	-
Deferred tax assets		67 047.23	46 878.16	43 864.03	51 551.00
		37 627 347.10	38 079 706.70	18 054 478.48	17 617 449.54
Current assets					
Inventories		176 846.60	146 672.49	49 716.80	47 340.61
Trade and other receivables		23 908 466.21	16 089 987.70	15 181 510.17	7 891 079.56
Income tax receivable		-	-	392 121.00	284 664.98
Accruals		1 595 774.29	1 705 610.19	2 985 207.45	1 248 986.52
Derivative financial instruments		-	-	-	-
Other financial assets		27 951.78	3 493.97	-	-
Other non-financial assets		-	-	-	-
Cash and cash equivalents		12 756 593.25	14 790 159.32	378 344.68	355 448.05
		38 465 632.13	32 735 923.67	18 986 900.10	9 827 519.72
Assets classified as held for sale		-	-	-	-
TOTAL ASSETS		76 092 979.23	70 815 630.37	37 041 378.58	27 444 969.26
LIABILITIES					
Shareholders' equity (shareholders of the parent company)					
Shareholders' equity (minority shareholders)		68 526 859.09	65 448 248.08	23 001 776.36	20 386 461.43
Share capital		1 387 000.00	1 387 000.00	987 000.00	987 000.00
The surplus from the sale of shares above their nominal value		35 649 543.79	35 659 543.79	-	-
Own shares purchased for redemption		(66 809.55)	-	-	-
Other capitals		15 435 182.78	15 435 182.78	6 418 097.46	6 418 097.46
Retained profits / losses not covered		16 111 942.07	12 966 521.51	15 596 678.90	12 981 363.97
		68 526 859.09	65 448 248.08	23 001 776.36	22 477 781.96
Long-term liabilities					
Interest-bearing loans and borrowings		-	-	-	-
Provisions		-	-	-	-
Other financial liabilities		307 048.19	372 452.57	236 390.83	261 804.99
Deferred tax liabilities		142 349.33	68 610.63	7 914.78	1 850.78
Accruals		-	-	-	-
		449 397.52	441 063.20	244 305.61	263 655.77
Short-term liabilities					
Trade and other liabilities		6 348 039.67	4 345 628.32	10 648 311.95	3 929 659.49
Loans and borrowings		-	-	2 894 040.51	1 895 138.93
Other financial liabilities		242 005.32	236 059.80	126 454.92	132 206.50
Income tax liabilities		439 202.00	176 001.00	-	-
Accruals		-	-	348.00	665 463.27
Provisions		87 475.63	168 629.97	126 141.23	172 383.87
		7 116 722.62	4 926 319.09	13 795 296.61	6 794 852.06

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Liabilities directly associated with assets classified as held for sale	-	-	-	-
	-	-	-	-
Total liabilities	<u>7 566 120.14</u>	<u>5 367 382.29</u>	<u>14 039 602.22</u>	<u>7 058 507.83</u>
TOTAL LIABILITIES	<u>76 092 979.23</u>	<u>70 815 630.37</u>	<u>37 041 378.58</u>	<u>27 444 969.26</u>

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4. Interim individual report of cash flow

	<i>Note</i>	<i>As of 31.03.2012</i> <i>(not audit)</i>	<i>As of 31.03.2011</i> <i>(not audit)</i>
Cash flow - operating activities			
Net profit(loss)		3 145 420.56	2 615 314.93
Adjustments for:			
Depreciation		1 296 828.27	647 379.22
Interest and dividends(net)		(8 211.45)	(43 739.11)
Adjustment for the acquisition of a subsidiary		-	-
(Profit) / loss on investment activity		-	-
(Increase) / Decrease in receivables		(7 818 478.51)	(7 290 460.61)
(Increase) / Decrease in inventories		(30 174.11)	(2 376.19)
(Increase) / Decrease in liabilities		2 204 299.42	6 053 189.19
Change in accruals		109 835.90	(1 736 220.93)
Changes in provisions		(81 154.34)	(46 242.64)
Other		(233 842.46)	113 531.15
Net cash provided by operating activities		(1 415 476.72)	310 375.01
Cash flow - investing activities			
Sale of tangible fixed assets and intangible assets		-	-
Purchase of tangible fixed assets and intangible assets		(621 295.60)	(1 051 607.06)
Sale of investment property		-	-
Purchase of investment property		-	-
Sales of investments in subsidiaries, associate companies and joint ventures		-	-
Purchase of investments in subsidiaries, associate companies and joint ventures		-	-
Sales of other financial assets		-	-
Purchase of other financial assets		-	-
Purchase of investments in subsidiaries, associate companies and joint ventures		-	-
Dividends		-	-
Interests received		165 227.28	-
Repayment of loans		-	-
Loans granted		-	(150 000.00)
Other		-	-
Net cash provided by investing activities		(456 068.32)	(1 201 607.06)
Cash flow – financing activities			
Income from issue of shares		-	-
Purchase of own shares		(66 809.55)	-
Repayment of finance lease		(73 918.43)	(31 165.74)
Revenues from loans and credits		-	998 901.58
Repayment of loans and credits		-	-
Dividends paid		-	-
Interests paid		(21 293.05)	(53 607.16)
Other financial revenue		-	-
Other		-	-
Net cash provided by financing activities		(162 021.03)	914 128.68
Increase / (decrease) in net cash and cash equivalents		(2 033 566.07)	22 896.63
Net foreign exchange differences		-	-
Cash at the beginning of the period		14 790 159.32	355 448.05
Cash at the end of the period		12 756 593.25	378 344.68
Restricted cash		325 000.00	325 000.00

5. Interim individual statement of changes in equity

	<i>Share capital</i>	<i>Share capital of the issue of shares above nominal value</i>	<i>Supplementary capital</i>	<i>Reserve capital</i>	<i>Financial results from previous years</i>	<i>Financial results from current period</i>	<i>Capital of parent company</i>	<i>Minority capitals</i>	<i>Total equity</i>
As of January 1st, 2012	1 387 000.00	35 659 543.79	15 435 182.78	-	12 966 521.51	-	65 448 248.08	-	65 448 248.08
Changes in accounting policy / adjustment of errors	-	-	-	-	-	-	-	-	-
As of January 1st, 2012 altered	1 387 000.00	35 659 543.79	15 435 182.78	-	12 966 521.51	-	65 448 248.08	-	65 448 248.08
Profit / (loss) for the period	-	-	-	-	-	3 145 420.56	3 145 420.56	-	3 145 420.56
Division of financial results	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-	-	-
Error adjustment for the financial result from the previous years	-	-	-	-	-	-	-	-	-
Creation of capital	-	-	(5 000 000.00)	5 000 000.00	-	-	-	-	-
Own shares for redemption	-	-	-	(66 809.55)	-	-	(66 809.55)	-	(66 809.55)
Share-based payment	-	-	-	-	-	-	-	-	-
Shares of minority shareholders	-	-	-	-	-	-	-	-	-
As of March 31, 2012	1 387 000.00	35 659 543.79	10 435 182.78	4 933 190.45	12 966 521.51	3 145 420.56	68 526 859.09	-	58 526 859.09
As of January 1, 2011	987 000.00	-	6 418 097.49	-	12 981 363.97	-	20 386 461.46	-	20 386 461.46
Changes in accounting policy / adjustment of errors	-	-	-	-	-	-	-	-	-
As of January 1, 2011	987 000.00	-	6 418 097.49	-	12 981 363.97	-	20 386 461.46	-	20 386 461.46
Profit / (loss) net for the period	-	-	-	-	-	2 615 314.93	2 615 314.93	-	2 615 314.93
Division of financial results	-	-	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
As of March 31, 2011	987 000.00	-	6 418 097.46	-	12 981 363.97	2 615 314.93	23 001 776.39	-	23 001 776.39

III. Additional information to the quarterly report

1. The organization of the Capital Group with an indication of consolidated entities

The Capital Group of the Issuer consists of the following entities:

- 1) Kino Polska TV S.A. – parent company - registered in the register of entrepreneurs maintained by the District Court for the City Warsaw, XIII Commercial Division under number 0000363674, with the share capital of PLN 1 387 000, separating into 13 870 000 ordinary bearer shares with a nominal value of PLN 0.10 each;
- 2) Stopklatka S.A. – subsidiary company - registered in the register of entrepreneurs maintained by the District Court for the City Warsaw, XIII Commercial Division under number 0000332145, with the share capital of PLN 2 275 246, separating into 2 275 246 ordinary bearer shares with a nominal value of PLN 1 each. The Issuer holds a total of 1 798 286 shares of Stopklatka S.A., which constitute for 79.04% of votes at the General Meeting and for 79.04% of the share capital of Stopklatka S.A.
- 3) Cyfrowe Repozytorium Filmowe Sp. z o.o. – subsidiary company - registered in the register of entrepreneurs maintained by the District Court for the City Warsaw, XIII Commercial Division under number 0000344814, with the share capital of PLN 7 500. The Issuer holds a total of 90 shares of CRF, which constitute for 60% of votes at the General Meeting and for 60% of the share capital of this company.

The above-mentioned entities were covered by the consolidated financial statements of the Capital Group of Kino Polska TV S.A. for the period from January 1, 2012 until March 31, 2012.

2. Description of the effects of changes in the Capital Group structure, including a business combination, acquisition or sale of the entities from Capital Group, long-term investments, restructuring and discontinued operations.

In the reporting period have not occurred any changes in the structure of the Capital Group of Kino Polska TV S.A.

3. The position of the Issuer's Management Board regarding the feasibility of previously published forecasts the Capital Group for the year, in view of the results presented in the quarterly report in relation to forecast results.

The Issuer did not publish the financial results forecast of the Capital Group on 2012.

4. Shareholders.

The holdings of shares of the Issuer on the date of this quarterly report is as follows:

*Capital Group of Kino Polska TV S.A.
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The holder of shares	Kind of shares	Number of shares	Part of share capital (%)	Number of votes at the GMS	Part of total votes at the GMS (%)
SPI International Polska Sp. z o.o. ¹	ordinary bearer shares	9 037 800	65.16%	9 037 800	65.16%
Ipopema Investment Funds S.A. (Investment Funds managed by Ipopema TFI S.A. – including Total FIZ). ²	ordinary bearer shares	1 205 350	8.69%	1 205 350	8.69%
Pioneer Pekao Investment Management S.A. (within <i>asset management</i>) ³	ordinary bearer shares	1 184 793	8.54%	1 184 793	8.54%
Piotr Reisch – President of the Management Board ⁴	ordinary bearer shares	739 500	5.33 %	739 500	5.33%

¹ accordance with the notice of 06.05.2011 r.

² accordance with the notice of 27.05.2011 r.

³ accordance with the notice of 13.05.2011 r.

⁴ accordance with the notice of 13.12.2011 r.

To the best knowledge and belief of Kino Polska TV S.A. during the period of the annual report for 2011 up to now, there have been no changes in the ownership structure of large blocks of shares of the Issuer.

5. Total number and nominal value of all the Issuer's shares held by the person which are the members of the Issuer's management board and supervisory board.

Name and surname	Number of shares /Total nominal value in PLN		Number of votes		Part of total votes at the GMS (%)		Part of share capital (%)	
	As of 14.05.2012 r.	As of 19.03.2012 r.	As of 14.05.2012 r.	As of 19.03.2012 r.	As of 14.05.2012 r.	As of 19.03.2012 r.	As of 14.05.2012 r.	As of 19.03.2012 r.
Piotr Reisch	739 500	739 500	739 500	739 500	5.33%	5.33%	5.33%	5.33%
Bogusław Kisielewski	0	26 428	0	26 428	0%	0.19%	0%	0.19%

To the best knowledge of the Issuer's Management Board, the Members of the Supervisory Board of Kino Polska TV S.A. do not hold shares of the Company.

6. Indicating the proceedings pending before any state court, arbitration court and/or institution, public administration authority, whose value is at least 10% of the equity of the issuer

In the reporting period, there have been no proceedings and no proceedings are currently pending in relation to the Issuer and its Subsidiaries before public administration authorities, court or arbitration proceedings which meet the above-mentioned criteria.

7. Information on the conclusion by the Issuer or its subsidiary one or more transactions with related parties, if individually or collectively they are significant and have been concluded on terms other than market

In the reporting period the Company and its subsidiaries have not entered into any transactions with related parties on terms other than market.

8. Information about the granting by the Issuer or its subsidiary guarantees a loan or grant warranty - including a single entity or its subsidiary, if the total value of the existing deposit or guarantee is equivalent to at least 10% of the equity of the Issuer

In the period covered by this report, The Issuer has not granted credits, loans or guarantees, which meet the above criteria.

9. Other information, which in the opinion of the Issuer are important to evaluate its personnel, property, financial, financial result and their changes, and which are essential to assess the possibility of fulfillment of obligations by the Issuer.

The Management Board of Kino Polska TV S.A. informs that the Company's liabilities are regulated currently. The Issuer is not affected by the loss of liquidity. In most of the assets of the Company financed the participation of their own, with partial financing of foreign capital, which are lines of credit.

10. Factors which in the opinion of the Issuer will have an impact on the achieved by the Group results in at least the next quarter.

In the opinion of the Issuer the following factors will have an impact on the Group's financial performance over the next quarters:

- Extension of the broadcasting activity of Kino Polska TV SA at the U.S. market (signing of the agreement with Dish Network L.L.C. - the details are described in point 6.4 of the first part of the report).

- Noteworthy is the fact, that in April 2012, Kino Polska Television took first place in the rankings of movie channels in Poland. According to data from Nielsen Audience Measurement, in groups 4 +, it overtook the previous leader - AXN, with almost 3 000 AMR, reaching 47 518 AMR. In the group of 16-49, Kino Polska in April recorded a viewership of 23 771 AMR. In comparison to the same period last year, it is an increase of 259.95%.⁵
- In subsequent quarters of 2012, the Company will be working on strengthening its position in the pay television market in Poland. These activities, in particular, will involve Filmbox Premium package, which at the end of the first quarter of 2012 reached almost 1.4 million subscribers. In the opinion of the Issuer, up to the end of 2012, this number should increase to about 1.7 million. The company also plans to systematically expand technical coverage of the other stations, mostly Kino Polska Muzyka.
- The Issuer also took action to enter into a new area of distribution channels and VoD content in a new product FilmBoxLive: on mobile devices and on the so-called Smart TVs (SmartTV).
- To upgrade and implement new functionality on the website Stopklatka.pl. The aim of the modernization is to move the website to a new technology platform, to develop and implement new functional versions, as well as modern technological solutions, adapted to the needs of the growing market for Internet and complementary services, thereby opening up new prospects for the development of the website and the company. Completion of this work is scheduled for 3rd – 4th quarter of 2012
- In addition, Stopklatka S.A. also plans to implement the services within the B2B area.
- Expanding the catalog of movies after digital reconstruction. Under the Kino RP project, CRF will participate in the renovation of subsequent film titles, providing the supervision service over the process of restoration, development and implementation of digital copies and the preparation of language versions and promotional videos.
- Development of new programs for reconstruction. CRF plans to enter into another agreement to participate in the reconstruction process of digital film restoration which will constitute a part of reconstruction programs of the Polish Film Institute and the National Audiovisual Institute. In addition, it is planned to start cooperation with studios having rights to the classic animated children films, in order to implement the reconstruction of the full series of animated films - some of which have already been reconstructed - to ultimately be able to expand the distribution of animated films in complete series.
- The development of new digital distribution opportunities. CRF is actively involved as a partner in a project aimed at widening the range of new digital distribution channels. In the second quarter of 2012, CRF will take part in the new technology implemented in the field of digital film screenings in HD, which will eventually allow for optimization of theatrical distribution in the so-called "Mała cyfra" for cinema shows in HD. In addition, in collaboration with Film Studios, Kadr, Tor and Zebra, Cyfrowe Repozytorium Filmowe will participate in the creation of a joint package to distribute Polish film classic movies reconstructed during the KinoRP Project.
- Impact on revenues of CRF in the 2nd quarter of 2012 may also be associated with the development and trading of digital copies from outside of the project KinoRP, based on the development of

⁵ Source: Nielsen Audience Measurement

cooperation with film distributors in Poland. In addition, CRF is also planning to extend the reconstructed distribution of titles within the Project KinoRP outside Polish territory, mainly based on the market for European distributors.

Piotr Reisch – President of the Management Board

Bogusław Kisielewski – Member of the Management Board

Warsaw, May 14, 2012