

Current report no. 34/2014

From: **Kino Polska TV S.A.**

Issued on: 31 October 2014

Subject: **Making a decision concerning a planned merger of „Kino Polska TV” S.A. with the subsidiary – Kino Polska Program TV Sp. z o.o.**

Legal basis: Art. 56 sec. 1 point 2 of the Act on Public Offering - current and periodic information

Contents of the report:

Kino Polska TV S.A. (the "Issuer", the "Acquiring Company") hereby gives notice that on 31 October 2014 a decision was made on a planned merger (the "Merger") between Kino Polska TV S.A. with its registered office in Warsaw and its subsidiary - Kino Polska Program TV Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw (the "Target Company") formerly known as Kino Polska Program Spółka z ograniczoną odpowiedzialnością S.K.A., jointly referred to as the "Companies" resulting in the adoption of a Merger Plan between the Acquiring Company and the Target Company (the "Merger Plan") the content of which (including attachments to the Merger Plan) is attached to this report.

The aim of the Merger is to simplify the structures of Kino Polska TV S.A. Capital Group (hereinafter referred to as the "Group") as part of its business economic operations in Poland and to obtain operational and cost synergies. It is expected that the Merger will bring a number of operational benefits and financial savings, including:

- Strengthening of the market, financial and negotiation position towards suppliers of Kino Polska TV S.A. by creating a unified strong business entity whose principal activity is the broadcast and production of television channel,
- Accumulation of marketing activities in the parent entity of the Group i.e. in Kino Polska TV S.A, as well as the centralization of the functions currently implemented by two separate entities and delivering of a consistent marketing message,
- Ensuring the consolidation of the assets of the merging Companies, including fixed assets, inventories, materials, and expertise (know-how),
- Simplification of the organizational structure and the way of operation of the Group and hence the increase in the efficiency of its operations, simplification of the flow, reduction of the amount of paperwork, the elimination of mutual settlements of the merging Companies,
- Financial savings in the administrative and organizational area, thereby reducing operating costs due to the simplification of the structure of the Group.

The Merger will be held pursuant to art.492 §1 point 1) of the Code of Commercial Companies ("CCC") i.e. by transferring all assets of the Target Company to the Acquiring Company. Given the fact that the Acquiring Company holds 100% of the share in the share capital of the Target Company, the Merger will be held pursuant to art.515 §1 of the Code of Commercial Companies without the share capital increase of the Acquiring Company. The Statute of the Acquiring Company will not be amended. Pursuant to art.516 §6 of the Code of Commercial Companies, the Merger will be implemented in the so-called simplified procedure, without subjecting of the

Merger Plan to a qualified auditor. The transfer of the assets of the Target Company to the Acquiring Company will take place on the day of entering of the Merger into the Business Register maintained by the Registration Court in Warsaw kept for Kino Polska TV S.A. (the "Merger Date").

Pursuant to art.14 point 5 of the Act as at 16 February 2007 on competition and consumer protection the hereinafter Merger is not subject to notification of the intention of concentration to the President of the Office of Competition and Consumer Protection, as the companies participating in the Merger belong to the same Capital Group.

The Merger includes:

1. A company under the name of Kino Polska TV S.A. with its registered office in Warsaw, at ul. Puławska 61, 02-595 Warsaw, entered into the Register of Entrepreneurs maintained by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000363674, as the Acquiring Company in accordance with the provisions of art.492 §1 point 1) of the Code of Commercial Companies.

The core business of Kino Polska TV S.A. is the production and distribution of television channels, sale of advertising time on FilmBox Channel, distribution of video on demand (VoD) licenses, distribution of TV broadcasting licenses (sale of rights), production and sale of DVDs of Wydawnictwo DVD Telewizja Kino Polska.

2. A company under the name of Kino Polska Program TV Sp. z o.o. with its registered office in Warsaw, at ul. Puławska 435A, 02-801 Warsaw, entered into the Register of Entrepreneurs maintained by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000521453, as the Target Company in accordance with the provisions of art.492 §1 point 1) of the Code of Commercial Companies.

The core business of Kino Polska Program TV Sp. z o.o. are operations related to the production and broadcast of TV channels of Kino Polska, Kino Polska Muzyka, Kino Polska International and Kino Polska Muzyka International and sale of advertising time.

Legal basis: § 5 sec. 1 point 13 of the Regulation as at 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Dz. U. as of 2009. No. 33, item 259, later amended)

Attachments:

[1. The Merger Plan.](#)

[2. Attachment no. 1 to the Merger Plan – a Draft resolution of the Extraordinary General Shareholders' Meeting of Kino Polska Program TV Sp. z o.o. on the merger.](#)

[3. Attachment no. 2 to the Merger Plan – a Draft resolution of the Extraordinary General Shareholders' Meeting of Kino Polska TV S.A. with its registered office in Warsaw on the merger.](#)

[4. Attachment no. 3 to the Merger Plan - Statement to determine the value of assets of Kino Polska Program TV Sp. z o.o. with its registered office in Warsaw.](#)

5. Attachment no. 4 to the Merger Plan - Statement containing information on accounting condition of Kino Polska Program TV Sp. z o.o. with its registered office in Warsaw including an attachment,

6. Attachment no. 5 do the Merger Plan – Statement of the Management Board on the justification of the Merger between Kino Polska TV S.A. and Kino Polska Program TV Sp. z o.o.

Signed by:

Bogusław Kisielewski, President of the Management Board
Marcin Kowalski, Proxy