CYFROWY POLSAT S.A.

CAPITAL GROUP

Interim Consolidated Report
for the three month period ended
September 30, 2015

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REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF CYFROWY POLSAT S.A. CAPITAL GROUP FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2015

POLSAT GROUP AT A GLANCE

Polsat Group is Poland's leading multimedia group. Within the scope of our activities we provide a comprehensive array of integrated media and telecommunication services within the following areas:

- pay digital TV services offered by Cyfrowy Polsat – the largest pay TV provider in Poland and one of the leading satellite platforms in Europe. We offer our customers access to over 170 TV channels, including over 60 channels in high definition standard, as well as additional services such as PPV, VOD Home Movie Rental, TV online, catch-up TV and Multiroom. We also provide online video services through IPLA – the leader on Poland's online video market.
- mobile telecommunication services, including voice and data transmission services, which we provide mainly through our subsidiary Polkomtel – one of Poland's leading telecommunications operators;
- mobile broadband Internet, offered under two alternative brands: Cyfrowy Polsat and Plus. We provide these services in the state-of-the-art LTE technology. We offer the largest LTE coverage in Poland and our customers attain the highest data transmission speed among offers provided by national mobile network operators technologies;
- broadcasting and television production through Telewizja Polsat, leading commercial TV broadcaster on the Polish market, offering 31 popular TV channels, including 10 in HD standard.
- wholesale services to other operators, including i.a. network interconnection, national and international roaming shared access to network assets and lease of network infrastructure.

The Group operates in two business segments: segment of services to individual and business customers which relates to the provision of services to the general public and the broadcasting and television production segment.

Our vision and main strategic goals

Our strategy assumes that we will create and deliver the most attractive TV content, telecommunication products and other services for the home, residential and business customers, using state-of-the-art technologies to provide top quality multi-play services that match the changing needs of the market, while maintaining the highest possible level of customer satisfaction.

Our superior goal is to become the number one player on the Polish entertainment and telecoms markets. To achieve this objective we will continue to provide high quality products and services to all our customers as well as acquire and produce superior quality content and deliver it to Polish households and individual users.

The key elements of our strategy include:

- building the value of our customer base by increasing the number of users as well as maximizing the number of services offered to each customer while simultaneously increasing average revenue per user (ARPU) and maintaining high levels of customer satisfaction,
- maximizing revenue from produced and purchased content by expanding its distribution, maintaining the audience shares of our channels and improving our viewer profile, and
- effective management of the cost base of our integrated media and telecoms group by exploiting its inherent synergies.

DISCLAIMERS

This constitutes the quarterly Report of Cyfrowy Polsat Capital Group S.A. prepared as required by Paragraph 82 section 1 and 2 and Paragraph 87 of the Regulation of the Minister of Finance of February 19, 2009 on current and periodic information published by issuers of securities and the conditions of recognizing as equal the information required under non-member states' regulations.

Presentation of financial data and other information

References to the Company and Cyfrowy Polsat contained in this Report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group (hereafter "Report") apply to Cyfrowy Polsat S.A. and all references to the Group, Polsat Group, Capital Group, Cyfrowy Polsat Group or Cyfrowy Polsat Capital Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiaries. Expressions such as "we", "us", "our" and similar apply generally to the Group, unless from the context it is clear that they apply only to the Company. A glossary of terms used in this Report is presented at the end of this document.

Financial and operating data

This quarterly Report contains financial statements and financial information relating to the Company and the Group. In particular, this quarterly Report contains our quarterly condensed consolidated financial statements for the three and nine-month periods ended September 30, 2015 and quarterly condensed financial statements for the three and nine-month periods ended September 30, 2015. The financial statements attached to this quarterly Report have been prepared in accordance with International Accounting Standard no. 34 "Interim Financial Reporting" ("IAS 34") and are presented in millions of zlotys. The financial statements were not audited by an independent auditor.

Certain arithmetical data contained in this Report, including financial and operating information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Report may not conform exactly to the total figure given for that column or row.

Currency presentation

Unless otherwise indicated, all references to "PLN" or "zloty" in this Report are to the lawful currency of the Republic of Poland, all references to "USD" or "US dollars" are to the lawful currency of the United States and all references to "EUR" or the "euro" are to the lawful currency of the member states of the European Union that adopted the single currency in accordance with the EC Treaty, which means the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997) and includes, for this purpose, Council Regulations (EC) No. 1103/97 and No. 974/98.

Forward looking statements

This Report contains forward looking statements relating to future expectations regarding our business, financial and operating results. These statements are expressed, without limitation, through words such as "may", "will", "expect", "anticipate", "believe", "estimate" and similar words used in this Report. By their nature, forward looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by forward looking statements. We caution investors not to base investment decisions on such statements, which speak only as at the date of this Report.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of publication of this Report.

Industry and market data

In this Report we set out information relating to our business and the markets in which we and our competitors operate. The information regarding the market, its size, the market share, the market position, the growth rates and other industry data relating to our business and markets in which we operate consists of data and reports compiled by various third-party entities and our internal estimates. We obtain market and industry data relating to our business from industry data providers, including:

- Eurostat, for data relating to the Polish economy and GDP growth;

- the Polish Chamber of Electronic Communication;
- the Office of Electronic Communications (UKE);
- the Central Statistical Office of Poland (GUS);
- the Body of European Regulators for Electronic Communications (BEREC);
- the European Commission (Digital Agenda Scoreboard);
- Nielsen Audience Measurement;
- Starlink;
- IAB AdEX;
- PwC (Global entertainment and media outlook: 2014-2018);
- ZenithOptimedia;
- Megapanel PBI/Gemius;
- PMR;
- IQS;
- GFK Polonia;
- e-marketer;
- Ericsson Mobility Report; and
- operators functioning on the Polish market.

We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

Moreover, in numerous cases we have made statements in this Report regarding our industry and our position in the industry based on our own experience and our examination of market conditions. We cannot guarantee that any of these assumptions properly reflect our market position. Our internal surveys have not been verified by any independent sources.

FINANCIAL DATA OVERVIEW

The following tables set out selected consolidated financial data for the three and six-month periods ended September 30, 2015 and September 30, 2014. The selected financial data presented in the tables below is expressed in millions of PLN, unless otherwise stated. This information should be read in conjunction with our quarterly condensed consolidated financial statements for the three and nine-month periods ended September 30, 2015 and the information included in item 4 of this Report – *Operating and financial review of Polsat Group*.

Selected financial data:

- from the consolidated income statement for the three-month periods ended September 30, 2015 and September 30, 2014 have been converted into euro at a rate of PLN 4.1882 per EUR 1.00, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from July 1 to September 30, 2015;
- from the consolidated income statement and the consolidated cash flow statement for the nine month periods ended September 30, 2015 and September 30, 2014 have been converted into euro at a rate of PLN 4.1574 per EUR 1.00, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from January 1 to September 30, 2015;
- from the consolidated balance sheet data as at September 30, 2015 and December 31, 2014 have been converted into euro at a rate of PLN 4.2386 per EUR 1.00 (average exchange rate published by NBP on September 30, 2015).

Such translations shall not be viewed as a representation that such amounts expressed in zlotys actually represent such euro amounts, or could be or could have been converted into euro at the rates indicated or at any other rate.

It should be noted that data for the periods of three and nine months ended September 30, 2015 are not fully comparable to data for the periods of three and nine months ended September 30, 2014 due to the acquisition, on May 7, 2014, of 100% of shares of Metelem Holding Company Limited, the indirect parent of Polkomtel, the acquisition of 100% of shares in Radio PIN S.A. on February 27, 2015 and the acquisition of 100% of shares in Orsen Holding Ltd. on April 1, 2015. However, given that the results of Radio PIN S.A. as well as Orsen Holding Ltd. and its subsidiaries do not have a material impact on the results of the Group, they will not be subject to elimination in the analysis of the Group's financial situation.

	September 30, 2015		December 31, 2014, restated [1]	
	mPLN	mEUR	mPLN	mEUR
Consolidated balance sheet				
Cash and cash equivalents [2]	1,072.0	252.9	1,747,9	412,4
Assets	26,143.5	6,168.0	27,338,7	6,449,9
Non-current liabilities	8,183.7	1,930.8	14,093,3	3,325,0
Non-current financial liabilities	6,630.6	1,564.3	12,245,4	2,889,0
Current liabilities	7,899.8	1,863.8	4,167,2	983,2
Current financial liabilities	5,575.5	1,315.4	1,793,8	423,2
Equity	10,060.0	2,373.4	9,078,2	2,141,8
Share capital	25.6	6.0	25,6	6,0

(1) Restatement due to final purchase price allocation of Metelem

(2) Includes Cash and cash equivalents, short-term deposits and restricted cash.

	for the 9-month period ended			
	September 30, 2015		September 30, 2014	
	mPLN	mEUR	mPLN	mEUR
Consolidated cash flow statement				
Net cash flow from operating activities	2,109.8	507.5	1,321.8	317.9
Net cash flow from/(used in) investing activities	(576.3)	(138.6)	1,042.3	250.7
Net cash flow used in financial activities	(2,210.8)	(531.8)	(1,064.0	(255.9)
Free cash flow (1)	973.5	234.2	759.1	182.6
Net change in cash and cash equivalents	(677.3)	(162.9)	1,300.1	312.7

(1) Adjusted FCF – a measure of the Company's ability to generate repeatable cash flows, defined as net cash from operating activities reduced by net cash from investing activities as well as the repayment of interest on loans, borrowings, bonds, Cash Pool, finance lease and commissions, excluding one-off positions (such as for example one-off payments for the purchase or extension of validity of telecommunication licenses, the return deposit paid in connection with the 800/2600 MHz auction, acquisition of subsidiaries, net of cash acquired, fees and commissions related to the organization and drawing of new debt, a premium on premature redemption of bonds, changes in short-term deposits and any other position that the Management Board of the Company may deem a one-off or non-repeatable event). Proforma data for the nine-month period ended September 30, 2014.

	for the 3-month period ended September 30				for the 9-month period ended September 30			
	2015		2014		2015		2014	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
Consolidated income statement								
Retail revenue	1,643.3	392.4	1,710.7	408.5	4,932.5	1,186.4	3,383.0	813.7
Wholesale revenue	616.9	147.3	591.6	141.3	1,858.9	447.1	1,312.9	315.8
Sale of equipment	131.2	31.3	104.1	24.9	356.5	85.8	167.4	40.3
Other sales revenue	23.5	5.6	13.2	3.2	65.2	15.7	25.5	6.1
Revenue	2,414.9	576.5	2,419.6	577.7	7,213.1	1,735.0	4,888.8	1,175.9
Content costs	(257.3)	(61.4)	(262.4)	(62.7)	(766.8)	(184.4)	(733.9)	(176.5)
Distribution, marketing, customer relation management and retention costs	(200.1)	(47.8)	(186.8)	(44.6)	(582.5)	(140.1)	(394.4)	(94.9)
Depreciation, amortization, impairment and liquidation	(401.2)	(95.8)	(478.3)	(114.2)	(1,262.6)	(303.7)	(852.1)	(205.0)
Technical costs and cost of settlements with mobile network operators	(551.2)	(131.6)	(495.8)	(118.4)	(1,555.9)	(374.2)	(855.2)	(205.7)
Salaries and employee-related costs	(122.3)	(29.2)	(118.0)	(28.2)	(392.2)	(94.3)	(270.8)	(65.1)
Cost of equipment sold	(314.9)	(75.2)	(348.7)	(83.3)	(939.2)	(225.9)	(548.6)	(132.0)
Cost of debt collection services and bad debt allowance and receivables written off	(8.5)	(2.0)	(15.3)	(3.7)	(55.0)	(13.2)	(40.1)	(9.6)
Other costs	(44.6)	(10.6)	(87.2)	(20.8)	(154.4)	(37.1)	(156.6)	(37.7)
Total operating cost	(1,900.1)	(453.6)	(1,992.5)	(475.7)	(5,708.6)	(1,373.1)	(3,851.7)	(926.5)
Other operating income, net	14.4	3.5	4.7	1.1	36.9	8.9	11.8	2.8
Profit from operating activities	529.2	126.4	431.8	103.1	1,541.4	370.8	1,048.9	252.3
Gain/(loss) on investment activities, net	(5.2)	(1.2)	1.5	0.4	11.8	2.8	26.6	6.4
Financial costs	88.8	21.2	(384.7)	(91.9)	(394.6)	(94.9)	(766.8)	(184.4)
Share of the profit of joint venture accounted for using the equity method	0.5	0.1	0.6	0.1	1.9	0.5	2.0	0.5
Gross profit for the period	613.3	146.5	49.2	11.7	1,160.5	279.1	310.7	74.7
Income tax	(110.8)	(26.5)	(1.1)	(0.3)	(182.7)	(43.9)	(32.2)	(7.7)
Net profit for the period	502.5	120.0	48.1	11.5	977.8	235.2	278.5	67.0
Basic and diluted earnings per share in PLN (not in millions)	0.79	0.19	0.08	0.02	1.53	0.37	0.55	0.13
Weighted number of issued shares	639,546,016		639,546,016		639,546,016		505,149,164	
Other consolidated financial data								
EBIDTA (1)	930.4	222.2	910.1	217.3	2,804.0	674.5	1,901.0	457.3
EBITDA margin	38.5%	38.5%	37.6%	37.6%	38.9%	38.9%	38.9%	38.9%
Operating margin	21.9%	21.9%	17.8%	17.8%	21.4%	21.4%	21.5%	21.5%
Capital expenditures, net (2)	154.8	37.0	95.4	22.8	419.2	100.8	233.4	56.1

(1) We define EBITDA as net profit/(loss), as determined in accordance with IFRS, before depreciation and amortization (other than for programming rights), impairment charges and reversals on property, plant and equipment and intangible assets, net value of disposed property, plant and equipment and intangible assets, revenue obtained from interest, finance costs, positive/(negative) exchange rate differences, income taxes and share of net results of joint ventures. The reconciling item between EBITDA and reported operating profit/ (loss) is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets and net value of disposed property, plant and equipment and intangible assets.
We believe EBITDA serves as a useful supplementary financial indicator in measuring the profitability of media and telecommunication companies. EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of net profit/(loss), as an indicator of operating performance, as a measure of cash flow from operations under IFRS, or as an indicator of liquidity. You should note that EBITDA is not a uniform or standardized measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself our presentation and calculation of EBITDA may not be comparable to that of other companies.

(2) Capital expenditures, net represent payments for our investments in property, plant and equipment and intangible assets, reduced by income from the sale of fixed assets. It does not include expenditure on purchase of reception equipment leased to our customers, which are reflected in the cash flow from operating activities, or payments for telecommunication concessions.

1 ORGANIZATION OF CYFROWY POLSAT S.A. CAPITAL GROUP

1.1 Composition and structure of Polsat Group

The table below presents the organizational structure of Polsat Group as at September 30, 2015 compared to December 31, 2014, indicating the consolidation method.

Company name	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2015	December 31, 2014
Parent Company				
Cyfrowy Polsat S.A.	Łubinowa 4a, Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries consolidated using the full consolidation method				
Cyfrowy Polsat Trade Marks Sp. z o.o.	Łubinowa 4a, Warsaw	non-current assets and intellectual property rights management	100%	100%
Rioni 1 AB (formerly Cyfrowy Polsat Finance AB)	Stureplan 4C, 4 TR 114 35 Stockholm, Sweden	financial transactions	100%	100%
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, Warsaw	broadcasting and television production	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.	Ostrobramska 77, Warsaw	advertising activities	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, Warsaw	media	100%	100%
Nord License AS	Vollsvseien 13B, Lysaker Norway	trade of programming licenses	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	trade of programming licenses	100%	100%
Polsat Ltd.	238A King Street, London W6 0RF, UK	television broadcasting	100%	100%
Radio PIN S.A. (1)	Ostrobramska 77, Warsaw	radio broadcasting and production	100%	-
Telewizja Polsat Holdings Sp. z o.o.	Ostrobramska 77, Warsaw	holding activities	100%	100%
Media-Biznes Sp. z o.o.	Ostrobramska 77, Warsaw	television broadcasting and production	100%	100%
Polsat Brands (einfache Gesellschaft)	Alte Landstrasse 17, 8863 Buttikon, Switzerland	Intellectual property rights management	100%	100%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, Warsaw	radio and TV activities	100%	100%
Redefine Sp. z o.o. (2)	Al. Stanów Zjednoczonych 61A, Warsaw	web portals activities	-	100%
Poszkole.pl Sp. z o.o.	Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%	100%
Gery.pl Sp. z o.o.	Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%	100%
Frazpc.pl Sp. z o.o.	Stanów Zjednoczonych 61 A, Warsaw	web portals activities	100%	100%
Netshare Sp. z o.o	Stanów Zjednoczonych 61 A, Warsaw	electronic media (Internet) advertising broker	100%	100%
CPSPV1 Sp. z o.o.	Łubinowa 4a, Warsaw	technical services	100%	100%

Company name	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2015	December 31, 2014
CPSPV2 Sp. z o.o.	Łubinowa 4a, Warsaw	technical services	100%	100%
PL 2014 Sp. z o.o.	Stanów Zjednoczonych 53, Warsaw	other sport related activities	100%	100%
Metelem Holding Company Limited (3)	Chrysanthou Mylona 3 Office no. 102 CY 3030 Limassol Cyprus	holding and financial activities	100%	100%
Eileme 1 AB (publ) (3)	Stureplan 4C, 114 35 Stockholm, Sweden	holding and financial activities	100%	100%
Eileme 2 AB (publ) (3)	Stureplan 4C, 114 35 Stockholm, Sweden	holding and financial activities	100%	100%
Eileme 3 AB (publ) (3)	Stureplan 4C, 114 35 Stockholm, Sweden	holding and financial activities	100%	100%
Eileme 4 AB (publ) (3)	Stureplan 4C, 114 35 Stockholm, Sweden	holding activities	100%	100%
Polkomtel Sp. z o.o. (3)	Postępu 3, 02-676 Warsaw	telecommunication activities	100%	100%
Nordisk Polska Sp. z o.o. (3)	Postępu 3, 02-676 Warsaw	telecommunication activities	100%	100%
Polkomtel Finance AB (publ) (3)	Norrlandsgatan 18, 111 43 Stockholm, Sweden	financial activities	100%	100%
Liberty Poland S.A. (3)	Katowicka 47, 41-500 Chorzów	telecommunication activities	100%	100%
Polkomtel Business Development Sp. z o.o. (3)	Postępu 3, 02-676 Warsaw	other activities supporting financial services	100%	100%
Plus TM Management Sp. z o.o. (3)	Postępu 3, 02-676 Warsaw	intellectual property rights management and rental	100%	100%
LTE Holdings Limited (3)	Kostakis Pantelidi 1, 1010 Nicosia, Cyprus	holding activities	100%	100%
TM Rental Sp. zo.o. (3)	Postępu 3, 02-676 Warsaw	intellectual property rights rental	100%	100%
Plus TM Group Sp. z o.o. (3)	Postępu 3, 02-676 Warsaw	holding activities	100%	100%
Orsen Holding Ltd. (4)	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	-
Orsen Ltd. (4)	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	-
Grab Sarl (4)	6, rue Eugène Ruppert. L-2453 Luxembourg, Grand Duchy of Luxembourg	holding activities	100%	-
Dwa Sp. z o.o. (4)	Al. Jerozolimskie 81, Warsaw	holding activities	100%	-
Grab Investment SCSp (4)	6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg	holding activities	100%	-
IB 1 FIZAN (4)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	financial activities	(5)	-
Interphone Service Sp. z o.o. (4)	Inwestorów 8, Mielec	production of set-top boxes	100%	-
Teleaudio Dwa Spółka z ograniczoną odpowiedzialnością S.k. (4)	Al. Jerozolimskie 81, 02-001 Warsaw	provision of Premium-Rate services	100%	-
Subsidiaries consolidated using the equity method				
Polsat JimJam Ltd.	105-109 Salusbury Road London NW6 6RG, UK	television activities	50%	50%

Company name	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2015	December 31, 2014
Polski Operator Telewizyjny Sp. z o.o.	Huculska 6, Warsaw	radio communications and radio diffusion	50%	50%
New Media Ventures Sp. z o.o.	Wołoska 18, 02-675 Warsaw	maintenance of loyalty programs	49.97%	49.97%
Paszport Korzyści Sp. z o.o.	Postępu 3, 02-676 Warsaw	maintenance of loyalty programs	49%	49%

(1) Company consolidated since February 27, 2015.
(2) On June 30, 2015 Cyfrowy Polsat merged with Redefine.
(3) Company consolidated since May 7, 2014.
(4) Company consolidated since April 1, 2015.
(5) Cyfrowy Polsat owns indirectly 100% of certificates.

Additionally, the following entities were included in the consolidated financial statements for the three and nine-month periods ended September 30, 2015:

Company name	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2015	December 31, 2014
Karpacka Telewizja Kablowa Sp. z o.o. (1)	Warszawska 220, 26-600 Radom	dormant	99%	99%
Litenite Limited (2)	Kostakis Pantelidi 1, 1010 Nicosia, Cyprus	holding activities	49%	49%
Polskie Badania Internetu Sp. z o.o.	Al. Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	4.55%	4.55%

(1) Investment accounted for at cost less any accumulated impairment losses
(2) Due to restriction related to a dividend and construction of the transactions related to the acquisition, investment in Litenite Limited is accounted for as an investment in associates without equity pick-up.

Changes in the organizational structure of Polsat Group and their effects

From January 1, 2015 until the date of publication of this Report, the following changes were implemented in the structure of Polsat Group. These changes are the effect of acquisitions as well as part of the process of optimizing the structure and processes realized within the Group.

Date	Change
February 27, 2015	Acquisition by Telewizja Polsat of 100% of shares in the share capital of Radio PIN S.A.
April 1, 2015	Acquisition by Polsat Group of 100% shares in the share capital of Orsen Holding Limited.
June 30, 2015	Registration of merger of Cyfrowy Polsat S.A. and Redefine Sp. z o.o.
August 3, 2015	Registration of the transformation of Plus TM Group Sp. z o.o. S.K.A. into TM Rental Sp. z o.o.
August 5, 2015	Transfer of 100% of shares owned by Polkomtel in TM Rental Sp. z o.o. to Plus TM Group Sp. z o.o. as in-kind contribution.
August 20, 2015	Cyfrowy Polsat Finance AB changed its business name to Rioni 1 AB.

1.2 Shareholders holding material bundles of shares of Cyfrowy Polsat

The following table presents shareholders of Cyfrowy Polsat possessing – according to our best knowledge – no less than 5% of votes at the General Meeting of the Company as at the date of publication of this Report. Information included in the table is based on the information received from shareholders pursuant to Art. 69 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies.

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Reddev Investments Limited (1), including:	154,204,296	24.11%	306,709,172	37.45%
- privileged registered shares	152,504,876	23.85%	305,009,752	37.24%
- ordinary bearer shares	1,699,420	0.27%	1,699,420	0.21%
Embud Sp. z o.o. (2)	58,063,948	9.08%	58,063,948	7.09%
Karswell Limited (2)	157,988,268	24.70%	157,988,268	19.29%
Sensor Overseas Limited (3), including:	54,921,546	8.59%	81,662,921	9.97%
- privileged registered shares	26,741,375	4.18%	53,482,750	6.53%
- ordinary bearer shares	28,180,171	4.41%	28,180,171	3.44%
Others	214,367,958	33.52%	214,539,208	26.20%
Total	639,546,016	100.00%	818,963,517	100.00%

(1) Reddev Investments Limited is an indirect subsidiary of Mr. Zygmunt Solorz-Żak.
(2) Entity controlled by Mr. Zygmunt Solorz-Żak.
(3) Entity controlled by EVO Foundation with its registered seat in Vaduz, Liechtenstein.

1.3 Shares of Cyfrowy Polsat owned by Management Board and Supervisory Board members

Management Board of Cyfrowy Polsat S.A.

As at the date of publication of this Report, i.e. November 12, 2015, and as at the date of publication of the previous periodic report (interim report for the first half of 2015) on August 26, 2015, the members of the Company's Management Board did not hold, directly or indirectly, shares of the Company.

Supervisory Board of Cyfrowy Polsat S.A.

The following table presents shares controlled directly or indirectly by members of the Company's Supervisory Board as at the date of publication of this Report, i.e. November 12, 2015, and changes in their holdings since the date of publication of the previous financial report (interim report for the first half of 2015) on August 26, 2015. The information included in the table is based on information received from members of our Supervisory Board.

Supervisory Board Member	Balance as at 26.08.2015	Increases	Decreases	Balance as at 12.11.2015
Zygmunt Solorz-Żak (1) *Chairman of the Supervisory Board*	370.256.512	-	-	370.256.512

(1) Mr. Zygmunt Solorz-Żak does not hold directly any shares in the Company. Information on entities controlled by Mr. Zygmunt Solorz-Żak that hold shares in the Company is presented in item 0 hereinabove.

2 BUSINESS REVIEW OF POLSAT GROUP

Polsat Group is the largest provider of integrated multimedia services in Poland. We are the leading pay TV provider and one of the leading telecommunications operators. We are also one of Poland's leading private broadcasters in terms of both audience and advertising market shares. We offer a complete bundle of multimedia services designed for the entire family: pay TV via satellite, terrestrial and online broadcasting, mobile telephony and data transfer services, broadband Internet access in 2G/3G and state-of-the-art LTE technologies. We also provide a wide array of wholesale services to other mobile network and television operators.

We operate in two business segments: the segment of services to individual and business customers, which relates to the provision of services to the general public, and broadcasting and television production.

In the segment of services to individual and business customers we provide services including digital television transmission signal, Internet access services, mobile TV services, online TV services, mobile services, wholesale services for other telecommunications operators as well as sales of telecommunication equipment and production of set-top boxes. As at September 30, 2015 we had 5.9 million contract customers and companies from our Group provided a total of nearly 16.4 million RGUs both contract and prepaid.

Our broadcasting and television production segment consists mainly of production, acquisition and broadcasting of information, sports and entertainment programs as well as TV series and feature films broadcasted on television channel in Poland.

2.1 Segment of services to individual and business customers

Pay TV

We are the largest pay TV provider in Poland and a leading satellite platform in Europe in terms of the number of customers. Since 2006 we are the leader on the Polish market in terms of the number of active services as well as market share. As at September 30, 2015 we provided over 4.4 million active pay TV services (including 0.9 million Multiroom services).

Our offer includes mainly digital pay TV services distributed directly to end-users via satellite through set-top boxes and satellite antennas. Our programming strategy is to offer a wide range of channels that appeal to the whole family at attractive prices. At present we provide access to over 170 TV channels, including all of Poland's main terrestrial channels as well as general entertainment, sports, music, lifestyle, news/information, children's, education and movie channels. In addition, we offer our customers access to over 60 HD channels and also provide VOD/PPV, online TV, catch-up TV and Multiroom HD services.

In June 2012, we expanded our service portfolio to include the Mobile TV service in the DVB-T standard, which enables the reception of real-time television on mobile devices. We provide customers of our Mobile TV service with access to 20 encrypted channels (8 television and 12 radio channels) and to all DTT channels.

As the only operator in Poland, we offer our customers our own high-quality set-top boxes at affordable prices. In the third quarter of 2015, our set-top boxes accounted for over 90% of all the set-top boxes sold or otherwise made available to our pay TV customers. By the end of September 2015 we had manufactured a total of over 6.8 million set-top boxes including 5.2 million HD units.

Online video

The IPLA service offered by our Group is the leader of the Polish video online streaming market, both in terms of compatibility with a broad range of end-user devices (including computers, tablets, smartphones, TV sets with Internet access, set-top boxes and game consoles) and in terms of content volume. IPLA also enjoys a leading position in terms of the number of users and the average time spent by a single user on watching streamed content. According to our data, in the third quarter of 2015 the average number of unique users of the IPLA website and application was approximately 3.6 million per month.

IPLA online television offers access to 47 linear TV channels, a vast library of feature films, Poland's largest legal TV content database, comprising approximately 50,000 video materials including over 180 series and TV programs aired on over 30 TV channels, as well as around 200 hours of major sports events coverage per month. IPLA television also comprises a wide selection of content available free of charge with commercials (90% of the entire resources).

Access to IPLA resources is available to users of computers running Windows and Windows 8 through the www.ipla.tv website and dedicated applications, mobile devices powered by iOS, Android and Windows Phone, TV sets with internet connections (Samsung, LG, Sony, Panasonic, Philips, Sharp, Ikea (TV UPPLEVA), Toshiba, Thomson, TCL), set-top boxes (Cyfrowy Polsat, cable TV TOYA, Netia), game consoles (PlayStation 3) and Blu-ray.

Furthermore, as of 2009 our pay TV customers can also use our video on demand service VOD – Home Video Rental, offering paid access to new movies and hits via set-top boxes. One of our transponders is dedicated entirely to the provision of the VOD service by satellite. The service requires no additional technological solutions, it can be accessed via a TV set, and is available only to customers who have an HD set-top box.

Mobile telephony

We provide mobile telephony services mainly through our subsidiary Polkomtel, Plus network operator. Polkomtel is one of the leading Polish mobile telecommunications network operators who gained the position of market leader in terms of revenue in 2014 (according to the "Report on the telecommunications market in Poland in 2014", published by UKE in June 2015). As at September 30, 2015 we provided nearly 10.2 million active mobile telephony services.

We offer a comprehensive array of telecommunications services under the established umbrella brand "Plus" and our additional brand "Plush". Our offer includes retail services, comprising contract and prepaid voice services as well as data transmission services encompassing basic mobile broadband services, MMS, as well as a Wireless Application Protocol portal (providing multimedia, localization and social networks) and comprehensive convergent telecommunication services for large businesses.

Our retail mobile telephony offering is addressed to individual and business customers, including major corporate accounts, small and medium-sized enterprises, and the SOHO (Small Office/Home Office) segment. The offering is complemented by a range of value-added services, including entertainment, information, telemedicine and Wi-Fi Calling. Additionally, our mobile telephony offer is accompanied by a wide portfolio of handsets and smartphones, including devices which support the LTE technology.

Broadband Internet

In 2011, we were the first commercial service provider in Poland to launch an LTE-based broadband Internet access service, offering technical features and quality parameters which allows to compete effectively with fixed-line Internet services, thus meeting the increasing demand of consumers. In addition, LTE-based broadband access offers mobility, which is a feature that has been increasingly more popular among consumers. As at the end of September 2015, LTE Internet and HSPA/HSPA+ Internet covered over 91% and nearly 100% of Poland's population, respectively. According to data published by operators, that is the broadest coverage currently offered in the country. As at September 30, 2015 we provided over 1.7 million broadband Internet access services.

We offer broadband Internet in the contractual model under two alternative brands: Cyfrowy Polsat and Plus. In addition, we offer broadband Internet in the prepaid model within our "Plus Internet na Kartę" offer and as one of the elements of our prepaid offer "Plush". Our offering is complemented by a portfolio of dedicated devices (modems, routers, tablets, laptops, installation sets which allow better reception and distribution of signal via WiFi within the house, etc.), especially equipment that supports the LTE technology. Such a wide offering allows us to address the needs of customers, who are interested in using mobile broadband Internet for its mobility as well as those customers, who want to substitute fixed-line Internet access at home or in the office.

Bundled services

In keeping with the rapidly changing market environment and consumer expectations, we offer a complete and unique service package based on pay TV, mobile telephony and broadband Internet access. Those services can be combined freely on an as-needed basis. Our broad range of bundled services is offered through a diverse array of digital distribution platforms, such as television sets, mobile handsets, computers and tablets.

smartDOM

As part of our strategy of integrating modern home products and services, Cyfrowy Polsat and Polkomtel launched smartDOM (smartHOME), a joint program which enables bundling of innovative services offered by both operators to the benefit of their customers. Under the new program, customers can combine, in a flexible way, such products as satellite TV, broadband LTE Internet, telephone, electricity and banking services, and make savings for each service added to their package.

As part of the smartDOM program we offer a promotional scheme “second product for half-price, third product even for 1 zloty”. The promotion is based on a simple and flexible mechanism: a client who has one service for a determined price from the Group’s portfolio is given attractive rebates upon purchasing additional products for the whole period of the agreement.

smartFIRMA

A similar program – smartFIRMA (smartCOMPANY), which allows to combine mobile telephony, LTE Internet and fixed-line voice services, is addressed to business clients. The program also includes PlusBank products, electric energy from Plus, as well as a wide portfolio of supplementary services which support and enhance business.

Wholesale business

As part of our wholesale business, we provide services to other telecommunication operators (such as network interconnection, national and international roaming, services to MVNOs, shared access to network assets and lease of network infrastructure).

Network interconnection

Our telecommunications infrastructure used in interconnection cooperation enables us to effectively manage telecommunications traffic routing to all operators domestically and abroad.

As part of interconnection cooperation with other operators, we actively use the service of termination of calls in the network of Poland's largest fixed-line operator, Orange, while relying on a flat fee arrangement. This arrangement offers the possibility of constructing competitive retail offers for calls made from our mobile telecommunications network to Orange's fixed-line network for business and mass market subscribers and enables us to substantially reduce interconnection costs.

Shared access to network assets and lease of telecommunications infrastructure

As a consequence of significant capital expenditures in the past our subsidiary, Polkomtel, has an extensive telecommunications infrastructure, which allows to handle constantly increasing usage of telecommunication products and services. In order to optimize costs of maintenance of our infrastructure, we share access to network assets and lease components of our network infrastructure from and/or to other telecommunication providers on the Polish market. In particular, we cooperate with companies from Midas Group by providing mutual services in the scope of sharing selected base stations, lease of area on their respective network installations and transmission of traffic by the party using the network from the base station to its core network.

International roaming

Within our wholesale business we provide international roaming in services to foreign mobile operators that allow the subscribers of foreign mobile telecommunications network operators to use telecommunications services (including voice calls, text messaging and data transmission) when logged to Plus mobile network and outside their home network. We also enter into international roaming wholesale agreements in order to provide, both to our own customers and the subscribers of MVNOs, international roaming services in the networks of our roaming partners.

Cooperation with roaming partners represents a major part of sales in the wholesale segment. We develop our international roaming services by offering roaming services over our own network to subscribers of foreign operators, who are currently staying in Poland. In addition, we offer the wholesale roaming service over our own network to foreign operators under discount agreements in exchange for favorable terms offered by foreign partners for the handling of roaming traffic generated by our customers, who use roaming services abroad. This helps reduce costs of wholesale international roaming services incurred by us and enables the provision of competitive international roaming services (in terms of their price and quality) to our customers.

National roaming and virtual operators (MVNOs)

We provide wholesale access to our mobile telecommunications network based on different models of cooperation, which can be divided into two main groups: national roaming and virtual operators (MVNOs).

As part of the wholesale national roaming service, we offer voice calls, text messaging and packet data transmission services to P4, operator of Play network. P4's subscribers use the Plus mobile telecommunications network in areas not covered by the P4 network, within the scope offered by P4.

Mobile Virtual Network Operators (MVNOs) are operators that provide mobile telephony, data services and fixed-lined telephony services based on mobile networks, but do not own frequency allocations nor necessarily have all technical infrastructure required to provide telecommunications services. Their operation is typically based on the frequency allocations and the infrastructure of existing MNOs throughout the country.

As part of the cooperation with MVNOs, we provide wholesale services including voice calls, text messaging and data transmission, premium rate services, value-added services, international roaming, services provided to specific governmental authorities and agencies, hosting services on our billing platform, customer support, as well as other services, depending on the needs and selected technical model of cooperation.

2.2 Broadcasting and television production segment

Production and sale of television channels

Our portfolio comprises 31 channels, including our flagship POLSAT, available in SD and HD formats and 29 thematic channels. 10 channels are available in HD standard.

POLSAT, broadcast since December 5, 1992, was the first commercial channel in Poland to obtain the nationwide license for analogue broadcasting. POLSAT is the leader among Polish TV channels in terms of share in the commercial audience, aged 16-49, totaling 13.22% for nine-month period ended September 30, 2015. Telewizja Polsat broadcasts daily, 24/7. The channel is available via digital terrestrial TV on the second multiplex (MUX-2). Apart from terrestrial signal, POLSAT is also available in SD and HD formats from most cable networks and satellite platforms. The channel features a broad range of films (a significant share of which are produced by major American film studios), entertainment shows, news and commentaries, Polish and foreign TV series, as well as popular sporting events.

Thematic channels are television channels delivered primarily over the cable/satellite (pay) and in the terrestrial network over multiplexes (free), which broadcast themed content, such as children's programs, films, sports, lifestyle, news or weather. The table below provides an overview of thematic channels included in our portfolio as at the date of publication of this Report along with a description of their content.

Thematic channel	Description
Polsat Sport HD Polsat Sport	Sports channel broadcasting major sports events in Poland and worldwide (volleyball, athletics, football, handball, world class boxing and MMA contests), which include live broadcast. Polsat Sport HD broadcasts the content of the corresponding sports channel in HD standard.
Polsat Sport Extra HD Polsat Sport Extra	Sports channel broadcasting premium sport events, primarily the largest international tennis tournaments such as Wimbledon and handball Champions League. Polsat Sport Extra HD broadcasts the content of the corresponding sports channel in HD standard.
Polsat Sport News	Sports channel dedicated to sports news, it is an FTA channel broadcast within the DTT technology.
Polsat Film HD Polsat Film	Movie channel broadcasting movie hits, top box office productions and non-mainstream movies from a library of major US movie studios. Polsat Film HD is a version of our movie channel offering high definition broadcast.
Polsat Cafe HD Polsat Cafe	Channel dedicated to women focusing on lifestyle, fashion and gossip as well as talk-shows. Available in HD standard since October 1, 2015.
Polsat Play HD Polsat Play	Channel dedicated to men, focusing on consumer gadgets, the automotive industry, angling and cult series. Available in HD standard since October 1, 2015.
Polsat 2 HD Polsat 2	Channel broadcasting reruns of programs that premiered on our other channels, addressed to Polish communities abroad (mainly in the US).
Polsat News HD Polsat News	24-hour news channel covering primarily news from Poland and key international events, also broadcast in high definition.
CI Polsat	Criminal channel that takes its viewers to the world of crime providing the insight to criminal laboratories, police archives and courtrooms.
Polsat News 2	News channel offering debates on politics, business and world economy, as well as programs on culture, society and international affairs. Addressed to viewers interested in economics.
Polsat Jim Jam	Children's channel based exclusively on programs by Hit Entertainment, the channel is a joint venture launched by TV Polsat and ChelloZone.

Thematic channel	Description
Polsat Food Network HD Polsat Food Network	Culinary channel, based on the content library of Food Network, one of the most popular channels on American television. This is a joint venture of TV Polsat and Scripps Network Interactive. Also available in HD standard.
Polsat Viasat Explore	Channel dedicated to men. Polsat Viasat Explore operates based on cooperation with Viasat Broadcasting.
Polsat Viasat Nature	Nature channel targeted at the entire family. Polsat Viasat Nature operates based on cooperation with Viasat Broadcasting.
Polsat Viasat History	Channel offering high-quality programs on world history. Polsat Viasat History operates based on cooperation with Viasat Broadcasting.
Disco Polo Music	Music channel broadcasting disco polo, dance and feast music.
TV4 HD TV4	Nationwide entertainment channel available in DTT, the programming offer of which includes feature movies, series, entertainment programs and sports. The channel is available in digital terrestrial television. Available in HD standard since October 1, 2015.
TV6	Nationwide entertainment channel available in DTT, broadcasting popular entertainment formats in original versions, as well as series, entertainment programs and feature movies from Polsat's library. The channel is available in digital terrestrial television.
Polsat Romans	Channel dedicated to women. The programming offer includes both feature movies and popular and much-liked Polish and foreign series.
MUZO.TV	Channel broadcasting rock and pop music as well as the best video clips, both the classics and the novelties. MUZO.TV is the second music channel in Polsat's programming offer.

On October 1, 2015, a changed in the broadcasting standard applied took place and consisted in switching from compression in the MPEG 2 standard to MPEG 4, as well as switching the DVB-S modulation to DVB-S2. This change was driven by market expectations and additionally increased the efficiency of use of satellite transponder capacity.

Sales of TV channel advertising airtime and sponsoring

Within our wholesale business we sell advertising and sponsoring time on our own channels as well as third-party channels. Based on data from Starlink, we estimate that in the third quarter of 2015 we captured 27.6% of the Polish TV advertising market worth approximately PLN 803.7 million in that period. Based on the same estimates, in the first nine months of 2015 our share in the Polish TV advertising market was 26.0%, while the market was estimated at PLN 2,786.7 million in that period.

A key factor with a bearing on our revenue from advertising and sponsoring time sale is our share in the total audience. Airtime on our channels is more attractive if the demographic profile of the audience meets advertisers' requirements. In order to make our airtime more attractive, our programming offering is carefully selected and broadcast in specific parts of the day.

Sale of channel broadcasting rights

Our channels are distributed by the majority of Polish cable networks, including such operators as UPC Polska Sp. z o.o., Multimedia Polska S.A. and Vectra S.A., and by all major satellite platforms (with the exception of sports channels, which are exclusive to the Cyfrowy Polsat platform), as well as over the IPTV system. Our agreements with third-parties provide for a non-exclusive license of a specific duration to distribute our channels. The agreements also provide for monthly licensing fees, charged as the product of the contractual rate and the number of subscribers, or as fixed fees.

As a rule, agreements for the distribution of the Group's TV channels over cable and satellite networks do not include exclusivity clauses. Standard distribution agreements stipulate monthly fees for delivering the signal of the Group's channels to subscribers of a given network. The rates depend on the number of subscribers reached by our channels.

3 SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2015

3.1 Corporate events

Issue of Series A Bonds

Pursuant to the resolution of the Management Board adopted on July 2, 2015, the Company issued on July 21, 2015 1,000,000 unsecured series A bearer bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 1 billion ("Bonds", "Series A Bonds"). The issue price of one bond was equal to its nominal value and amounts to PLN 1,000. The maturity date of the bonds is July 21, 2021. The interest rate on the Bonds is floating and is based on the WIBOR rate for 6-month deposits, increased by a margin, which depends on the debt ratio. The coupon is paid biannually in January and July.

The Bonds were allotted to 52 investors in total, including the EBRD.

On the issue date, i.e. July 21, 2015, the Bonds were registered in the securities depository maintained by the National Depository for Securities. The Bonds were introduced to trading in the alternative trading system organized by the Warsaw Stock Exchange within the Catalyst market on August 12, 2015.

The Bonds are described in detail in item 4.3.5. – *Operating and financial review of Polsat Group – Review of the Group's financial situation – Liquidity and capital resources – Series A Bonds.*

Prepayment of the Refinanced CP Term Loan

On July 29, 2015, the Company made an early prepayment of a part of the Refinanced CP Term Loan under the Refinanced CP Senior Facilities Agreement of 2014 in the amount of PLN 1 billion.

Conclusion of new Senior Facilities Agreements

As part of the process of refinancing the hitherto indebtedness, the Group concluded Senior Facilities Agreements with a consortium of Polish and foreign financial institutions comprising a term facility of up to PLN 11.5 billion and a revolving facility of up to PLN 1 billion. The Company has been awarded the CP Term Facility Loan up to PLN 1.2 billion and the CP Revolving Facility Loan up to PLN 300.0 million under the CP Senior Facilities Agreement and Polkomtel has been awarded the PLK Term Facility Loan up to PLN 10.3 billion and the PLK Revolving Facility Loan up to PLN 700.0 million under the PLK Senior Facilities Agreement.

The facilities granted under the CP and PLK Senior Facilities Agreements bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin and the final repayment date for each of these facilities is September 21, 2020

The Group will use the funds acquired under the CP and PLK Senior Facilities Agreements in particular to repay the indebtedness under the Refinanced CP Senior Facilities Agreement of April 11, 2014, the Refinanced PLK Senior Facilities Agreement of June 17, 2013 and the PLK Senior Noted issued by Eileme 2 on January 26, 2012.

Pursuant to the CP Facilities Agreement the Company and its Group companies established certain collaterals for the credit facilities granted thereunder. Claims related to the PLK Facilities Agreement are secured by collaterals established by Polkomtel and other members of the Group as a security for, among other things, the claims under the Refinanced PLK Senior Facilities Agreement.

Furthermore, on September 21, 2015 the Group concluded the Amendment, Restatement and Consolidation Deed. According to the Amendment, Restatement and Consolidation Deed, upon repayment of the indebtedness under the PLK Senior Notes, planned at the end of January 2016, the indebtedness under the PLK Facilities Agreement will be refinanced using the funds made available under the CP Facilities Agreement, as amended in the Amendment, Restatement and Consolidation Deed.

A detailed description of the terms of the CP Facilities Agreement, the PLK Facilities Agreement and the Amendment, Restatement and Consolidation Deed is presented in item 4.3.5. *Liquidity and capital resources – Senior Facilities Agreements executed by the Group.*

Change of the Group's ratings

On September 22, 2015 Moody's Investors Service ("Moody's") affirmed the Company's corporate family rating at Ba3 and changed its outlook from stable to positive. Moody's justified the outlook change by, among other things, benefits associated with the refinancing of current indebtedness with a facility denominated in Polish zloty and the expected improvement of the Company's credit metrics over the medium-term.

Moreover, on September 25, 2015 Standard & Poor's Rating Services ("S&P"), among others:

- upgraded its long-term corporate credit rating on the Company from "BB" to "BB+" with a stable outlook;
- upgraded its long-term corporate credit rating from "BB" to "BB+" with a stable outlook on Metelem;
- upgraded its issue rating from "B+" to "BB-" with a stable outlook on the EUR 542.5 million and USD 500.0 million senior notes issued on January 26, 2012 by Eileme 2.

S&P justified its decision by the expected significant improvement of the Company's capital structure due to the refinancing of the existing debt of the Group. In its media release S&P emphasized in particular greater flexibility resulting from the ultimate pooling of the facilities of companies belonging to the Group, the elimination of foreign exchange risk given that the debt under the new facilities agreements will be denominated solely in Polish zloty, as well as the strengthening of the Company's credit metrics thanks to reduced interest costs to the blended level of ca. 3.6% versus ca. 6.6% currently.

Repayment of debt under the Refinanced CP and PLK Senior Facilities Agreements

On September 28, 2015 the Company repaid the total outstanding amount of the term loan and revolving facility granted under the Refinanced CP Senior Facilities Agreement of April 11, 2014, in the total amount of PLN 1,178.0 million.

Furthermore, also on September 28, 2015 Polkomtel repaid the total outstanding amount of the term loan and revolving facility granted under the Refinanced Senior Facilities Agreement of June 17, 2013, in the total amount of ca. 6.020,0 million.

Funds used to repay the indebtedness of the Group were acquired thanks to the conclusion on September 21, 2015 of new CP and PLK Senior Facilities Agreements granting loans in the total amount of PLN 12.5 billion.

Establishment of security interests related to the CP SFA

On September 28, 2015, the Company, other companies from the Group and UniCredit Bank AG, London Branch, executed and concluded certain agreements and other documents concerning the establishment of the security interests in connection with the CP Senior Facilities Agreement concluded by the Company on September 21, 2015. The aggregate book value of the assets encumbered with the said security interests in the Company's and its subsidiaries' books of account is PLN 14,846.4 million. A detailed list of established security interests is presented in item 4.3.6. – *Information on guarantees granted by the Company or subsidiaries.*

3.2 Business related events

Migration to the MPEG-4 standard

From October 2015, Cyfrowy Polsat, the leader in the area of advanced technology who applies stare-of-the-art solutions, provides pay TV services based uniquely on the MPEG-4 compression standard. The MPEG-4 standard not only ensures more efficient use of satellite transponder capacity but more importantly guarantees transmission of signal of much better quality. As a result of the switch to the MPEG-4 standard our customers will receive 16 additional channels in HD standard, which brings the total of HD channels available via our platform to over 60.

Co-operation with ADB

In September 2015 we began collaboration with ADB SA to co-develop solutions and advanced TV services. Together we will deliver innovative and competitive TV services based on ADB's newly launched ConnectedOS cloud platform and high quality set-top boxes produced by Cyfrowy Polsat. ConnectedOS is a hybrid cloud and device centric middleware platform for developing, deploying and managing connected devices and Internet of Things (IoT) applications. This solution is designed to simplify integration, streamline the market implementation of the operator's services and reduce costs of delivery of interactive television services to subscribers.

Cyfrowy Polsat will integrate ADB's innovative Connected Solutions and Personal TV software into its own manufactured set-top-boxes, thus bringing a new level of interaction and navigation to TV viewing. At the same time Cyfrowy Polsat will be the provider of set-top boxes for ADB which will use them for developing comprehensive Personal TV products for its business clients. The partnership with ADB supports our efforts to provide our customers with the most advanced TV services, which meet their growing needs related with the availability of content anytime and anywhere.

Development of telemedicine services

In September 2015 we introduced the service "Ja+Zdrowie" (I+Health) available to subscriber of the tariff "Ja+Abonament" (I+Subscription). This service offers access to medical and preventive consultations via a smartphone or tablet in the form of a video-consultation, chat or normal conversation and is the first solution of this type available on the Polish market. The medical partner of the solution is Falck Medycyna Sp. z o.o., a medical establishment recognized and esteemed on the market and a leader in medical rescue.

Wi-Fi Calling

As the first mobile operator on the Polish market, Plus offered its customers the possibility to test the service Wi-Fi Calling. Wi-Fi Calling is an innovative solution, which gives the possibility to make voice calls in places, where a Wi-Fi network is available but there is no mobile network coverage. As opposed to popular online communicators, Wi-Fi Calling allows the user to make voice calls from his or her own phone in the usual way. Wi-Fi Calling is a novelty not only in Poland but also worldwide. Until now only several operators have implemented it, including the Swiss network Swisscom and the British network EE.

Polsat Group's new production studio

In the beginning of September 2015, Telewizja Polsat finished the construction of its own state-of-the-art production studio for the production of television shows. The facility with the area of over 1,200 m^2 is located in Warsaw in the vicinity of the base for Telewizja Polsat broadcast vans and the satellite center of Cyfrowy Polsat.

Having its own production studio for execution of television shows will ensure higher independence for Telewizja Polsat and the entire Group and permanent access to the production facilities. This fits in the long-term strategy of building the Group's own technological base for TV production.

3.3 Events after the balance sheet date

New edition of the smartDOM program

In October 2015 we re-introduced the simple and flexible mechanism „second product for half off, the third for even 1 zloty" in the smartDOM program. As in the case of the first two editions, customers have the possibility to create an attractive bundle of services comprising satellite TV, mobile Internet access and mobile telephony. Including a bank account at PlusBank or electricity from Plus will allow to generate even higher savings. The promotion is available to both new and existing customers and remains valid over the entire duration of the contract.

It is sufficient to own one service from Cyfrowy Polsat's or Plus's portfolio (TV, Internet, telephone) with a subscription fee of at least PLN 49.90 or to purchase a SIM-only offer for a minimum of PLN 39.90 per month or an offer with equipment for a minimum of PLN 59.90 in order to receive a 50% discount on the second purchased service and pay as little as PLN 1 for the third purchased service.

New information portal Polsatnews.pl

In October 2015 Polsat Group launched a new information portal http://www.polsatnews.pl/. The content of Polsatnews.pl consists primarily of proprietary content created especially for the portal and informational materials from three channels: Polsat, Polsat News and Polsat News2 as well as other channels from Polsat's portfolio, including Polsat Sport. The portal, similarly as the TV channels, will offer Internet users video coverages of current domestic and international affairs, including not only political but also social and cultural events. The portal also offers archived footage, which are available thanks to cooperation with IPLA online TV.

4 OPERATING AND FINANCIAL REVIEW OF POLSAT GROUP

4.1 Operating review of the Group

In connection with the consolidation of the results of Metelem Holding Company Limited, indirectly controlling Polkomtel, started on May 7, 2014, the Company decided to adjust the method of presentation of certain operational data to the new structure and the mode of operations of our Group. The new layout of key performance indicators (KPI), relating to our segment of services to individual and business customers, comprising in particular mobile telephony services, Internet access and pay TV, is presented below.

It must be emphasized that the key performance indicators presented below for the 9-month period ended September 30, 2014 have been prepared to present the potential effect that the performance of Metelem Group, Polkomtel in particular, would have had on the Group's operating results if Metelem had been part of our Capital Group in the compared period. These key performance indicators have been prepared for illustrative purposes only and because of their nature they present a hypothetical situation rather than the actual performance of the Group for the given periods. Key performance indicators for the 3-month periods ended September 30, 2014 and 2015 are broadly comparable, given the marginal effect of Orsen Holding Ltd. acquired on April 1, 2015.

Key performance indicators relating to our broadcasting and television production segment have not been modified.

When assessing our operating results in the segment of services to individual and business customers, we analyze contract services and prepaid services separately. In the case of contract services we consider the number of unique, active services provided in the contract model (RGUs), the number of customers, churn rate and average revenue per customer (ARPU). When analyzing prepaid services we consider the number of unique, active services provided in the prepaid model (prepaid RGUs) as well as average revenue per prepaid RGU. The number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days.

The table below presents our key performance indicators for the analyzed periods.

	for the 3-month period ended September 30			for the 6 month period ended September 30		
	2015	2014	change / %	2015	2014	change / %
Total number of RGUs (contract + prepaid)	16,395,514	16,449,992	(0.3%)	16,395,514	16,449,992	(0.3%)
CONTRACT SERVICES						
Total number of RGUs, including:	12,418,707	12,230,798	1.5%	12,418,707	12,230,798	1.5%
Pay TV, including:	4,396,361	4,344,773	1.2%	4,396,361	4,344,773	1.2%
Multiroom	*901,271*	*806,064*	*11.8%*	*901,271*	*806,064*	*11.8%*
Mobile telephony	6,505,016	6,617,382	(1.7%)	6,505,016	6,617,382	(1.7%)
Internet	1,517,330	1,268,643	19.6%	1,517,330	1,268,643	19.6%
Number of customers	5,937,768	6,184,775	(4.0%)	5,937,768	6,184,775	(4.0%)
ARPU per customer [PLN]	88.1	86.5	1.8%	86.9	85.5	1.6%
Churn per customer	10.2%	8.8%	1.4 p.p.	10.2%	8.8%	1.4 p.p.
RGU saturation per customer	2.09	1.98	5.6%	2.09	1.98	5.6%
Average number of RGUs, including:	12,378,586	12,125,363	2.1%	12,382,171	12,030,983	2.9%
Pay TV, including:	4,376,405	4,301,558	1.7%	4,392,648	4,257,629	3.2%
Multiroom	*893,001*	*787,736*	*13.4%*	*878,374*	*761,324*	*15.4%*
Mobile telephony	6,508,391	6,628,199	(1.8%)	6,537,074	6,682,805	(2.2%)
Internet	1,493,790	1,195,606	24.9%	1,452,449	1,090,549	33.2%
Average number of customers	5,960,463	6,201,335	(3.9%)	6,032,450	6,239,579	(3.3%)
PREPAID SERVICES						
Total number of RGUs, including:	3,976,807	4,219,194	(5.7%)	3,976,807	4,219,194	(5.7%)
Pay TV	60,471	98,136	(38.4%)	60,471	98,136	(38.4%)
Mobile telephony	3,685,092	3,855,669	(4.4%)	3,685,092	3,855,669	(4.4%)
Internet	231,244	265,389	(12.9%)	231,244	265,389	(12.9%)
ARPU per total prepaid RGU [PLN]	19.0	18.3	3.8%	18.2	17.5	4.0%
Average number of RGUs, including:	3,970,091	4,212,274	(5.7%)	4,014,949	4,298,686	(6.6%)
Pay TV	41,313	69,522	(40.6%)	56,817	75,518	(24.8%)
Mobile telephony	3,713,656	3,893,375	(4.6%)	3,755,403	3,986,798	(5.8%)
Internet	215,122	249,377	(13.7%)	202,729	236,370	(14.2%)
TELEVISION						
Audience share	25.24%	24.14%	4.6%	24.58%	23.36%	5.2%
Advertising market share	27.6%	26.3%	5.1%	26.0%	25.2%	3.3%

4.1.1 Segment of services to individual and business customers

As at September 30, 2015, in the segment of services to individual and business customers, our Group provided a total of 16,395,514 active services, both in the contract and prepaid models, which constitutes a decrease of 0.3% compared to 16,449,992 active services provided as at September 30, 2014. This change is the net effect of a decline in the number of provided prepaid services in the analyzed period, which was partially offset by a dynamic growth of the number of broadband Internet access services provided in the contract model and a higher number of pay TV services (including Multiroom) provided in the nine months of 2015 compared to the corresponding period of the prior year.

As at September 30, 2015 the share of contract services in the total number of provided, active services was 75.7%. This indicator increased from 74.4% as at September 30, 2014.

Contract services

As at September 30, 2015 we provided contract services to a total of 5,937,768 customers, i.e. 4.0% less compared to 6,184,775 as at September 30, 2014. The main drivers behind this decrease are the merging of contracts under one common contract for the household and the outflow of single-play customers, i.e. customers with only one service.

The number of active contract services provided by us increased by 187,909, that is 1.5%, to 12,418,707 as at September 30, 2015 from 12,230,798 as at September 30, 2014. This change is primarily the effect of an increase of the number of broadband Internet access services by 248,687, i.e. 19.6%, which in turn is due to the growing number of Internet users in Poland and our strategy of actively promoting sales of services provided in the LTE/HSPA+ technologies, i.a. by actively expanding LTE coverage. The total number of pay TV services provided in the contract model increased by 1.2%, in three quarters of 2015 to 4,396,361 as at September 30, 2015 from 4,344,773 as at September 30, 2014 due to an increase by almost 100 thousand in the number of Multiroom services provided. Concurrently, the number of provided mobile telephony services decreased from 6,617,382 as at September 30, 2014 to 6,505,016 as at September 30, 2015 due to the fact that the Polish mobile telephony market is highly competitive and mature. We believe that further saturation of our customer base with integrated services, including our product smartDOM, will positively influence the growth of the number of contract RGUs provided by us in the future.

ARPU per customer increased by 1.8%, to PLN 88.1, in the third quarter of 2015 from PLN 86.5 in the third quarter of 2014. In three quarters of 2015 ARPU per customer increased by 1.6%, to PLN 86.9, compared to PLN 85.5 in the corresponding period of 2014. In line with the long-term strategic goals, our Group aims to maximize revenue per contract customer through sales of additional products and services to the joined customer bases of Cyfrowy Polsat and Polkomtel, among others within the framework of our program smartDOM, which has a positive impact on ARPU per contract customer.

Our churn rate was equal to 10.2% in the twelve-month period ended September 30, 2015 compared to 8.8% in the twelve-month period ended September 30, 2014 due among others to the fact that a larger number of contracts with our customers expired during the first half of 2015. Given that the number of contracts terminating in the second half of 2015 is significantly lower than in the first half of 2015, stabilization of the churn rate can be expected in the coming quarters.

The saturation of our customer base with multi-play services is systematically growing. As at September 30, 2015, each customer in our customer base had on average 2.09 active contract services, which constitutes an increase of 5.6% compared to 1.98 active contract services per customer as at September 30, 2014. The increase in RGU saturation per customer is the result of our marketing and sales activities aimed at maximizing the sale of products and services to one customer.

The smartDOM program records very good sales results and has a positive effect on both the level of RGU saturation per one customer and ARPU per contract customer. Since its launch in mid-February 2014 until the end of September 2015, ca. 900 thousand customers had joined the program and had bought a total of 2.7 million RGUs. RGU saturation per customer in this group was slightly above 3.0 as at September 30, 2015. Bearing in mind the long-term goal of our Group, which is to maximize revenue per contract customer through sales of additional products and services, the smartDOM program is perfectly in line with the implementation of our strategy.

Prepaid services

The number of prepaid services provided by us as at September 30, 2015 decreased by 242,387, that is 5.7%, to 3,976,807 from 4,219,194 as at September 30, 2014. This change was caused among others by a migration of part of our customers from prepaid tariffs towards the contract services segment driven by relatively more attractive terms of post-paid tariffs as well as discounts offered in the smartDOM program.

ARPU per prepaid RGU increased by 3.8% in the third quarter of 2015, to PLN 19.0 from PLN 18.3 in the third quarter of 2014. In three quarters of 2015 ARPU per prepaid RGU increased by 4.0% to PLN 18.2 from PLN 17.5 in three quarters of 2014. The increase in the level of ARPU in the prepaid segment is connected mainly with higher consumption of data on smartphones as well as higher volumes of exchanged traffic at stable retail prices in the segment.

4.1.2 Braodcasting and television production segment

We consider audience share by channel, advertising market share and technical reach when analyzing and evaluating our broadcasting and television production activities. The following tables set forth these key performance indicators for the relevant periods.

Audience shares

	3 months ended September 30			9 months ended September 30		
	2015	2014	*change [%]*	2015	2014	*change [%]*
Audience share(1) (2), including:	25.24%	24.14%	*4.56%*	24.58%	23.36%	*5.22%*
POLSAT (main channel)	12.80%	12.79%	*0.08%*	13.22%	13.17%	*0.38%*
Thematic channels(2)	12.44%	11.35%	*9.60%*	11.37%	10.19%	*11.58%*
Polsat2	1.56%	2.09%	*(25.36%)*	1.46%	1.76%	*(17.05%)*
Polsat News	0.91%	1.01%	*(9.90%)*	0.83%	0.96%	*(13.54%)*
Polsat Sport	0.75%	0.46%	*63.04%*	0.55%	0.50%	*10.00%*
Polsat Sport Extra	0.16%	0.09%	*77.78%*	0.12%	0.12%	*0.00%*
Polsat Sport News	0.60%	0.29%	*106.90%*	0.46%	0.28%	*64.29%*
Polsat Film	0.80%	0.78%	*2.56%*	0.75%	0.69%	*8.70%*
Polsat JimJam	0.12%	0.17%	*(29.41%)*	0.14%	0.20%	*(30.00%)*
Polsat Cafe	0.42%	0.42%	*0.00%*	0.41%	0.40%	*2.50%*
Polsat Play	0.64%	0.71%	*(9.86%)*	0.67%	0.65%	*3.08%*
CI Polsat	0.14%	0.11%	*27.27%*	0.12%	0.09%	*33.33%*
Polsat News 2 (3)	0.09%	0.08%	*12.5%*	0.09%	0.07%	*28.57%*
Polsat Food Network	0.12%	0.09%	*33.33%*	0.09%	0.08%	*12.50%*
Polsat Viasat Explore(4)	0.07%	0.05%	*40.00%*	0.06%	0.05%	*20.00%*
Polsat Viasat History	0.12%	0.12%	*0.00%*	0.11%	0.13%	*(15.38%)*
Polsat Viasat Nature	0.03%	0.02%	*50.00%*	0.03%	0.02%	*50.00%*
Polsat Romans	0.15%	0.13%	*15.38%*	0.14%	0.13%	7.69%
Disco Polo Music(5)	0.27%	0.24%	*12.50%*	0.27%	0.25%	8.00%
TV4	3.91%	2.79%	*40.14%*	3.58%	2.70%	*32.59%*
TV6	1.56%	1.07%	*45.79%*	1.47%	1.02%	*44.12%*
Muzo.tv(6)	0.03%	0.03%	*0.00%*	0.02%	0.03%	*(33.33%)*
Polsat Volleyball 1(7)	n/a	2.43%	*n/a*	n/a	2.43%	*n/a*
Advertising market share(8)	27.6%	26.3%	*5.1%*	*26.0%*	*25.2%*	*3.3%*

1) Nielsen Audience Measurement, All day ages 16-49 audience share.
2) When calculating the total audience share of Polsat Group and audience shares of thematic channels, we take into account the moment of including the channel into our portfolio.
3) Until June 9, 2014 the channel operated under the name "Polsat Biznes", currently it operates under "Polsat News 2".
4) Until April 29, 2014 the channel operated under the name "Polsat Viasat Explorer".
5) Channel broadcast since May 2014, data for the period of broadcasting.
6) Channel launched on September 26, 2014, data for the period of broadcasting.
7) Channel broadcast from August 30 until September 21, 2014, data for the period of broadcasting
8) Our estimates based on Starlink data.

Viewers were attracted by the fixed slots on our main channel's schedule, such as Monday's cycle Mega Hit, that gathered on average almost 1.0 million viewers in the third quarter of 2015, which translated into a 18.2% audience share, as well as new episodes of the series *First Love*, which gathered an average of over 0.78 million viewers (21.2% audience share).

The results of the third quarter were significantly influenced by novelties included in the autumn scheduling. The largest audience was gathered by the show *Our New Home,* which attracted an average of 1.12 million viewers (22.9% audience share). Another show from the autumn scheduling, *Top Chef,* gathered on average 1.0 million viewers and had an audience share of 16.9%. Another programming position in autumn was the show *Hell's Kitchen,* which attracted an average of ca. 1.0 million viewers and gained an audience share of 15.9%. Another important programming position in the autumn schedule was the continuation of the entertainment show *Must Be The Music,* which gathered on average 0.98 million viewers with an audience share of 14.2%.

It is worth mentioning that the concert *Disco under the stars*, aired on August 15, 2015, gathered an average of 1.03 million viewers, which translated into a 25.1% audience share.

The match between Poland and Germany played on September 4 in the qualifiers to the UEFA European Championships in football was a significant event in the third quarter of 2015. 2.9 million viewers watched it on Polsat channel, translating into an audience share of 44.4%, while a simultaneous airing on Polsat Sport attracted 588 thousand viewers, yielding an audience share of 8.8%. Another qualifying match between Poland and Gibraltar played on September 7 gathered an average audience of 2.5 million viewers on Polsat channel, translating into an audience share of 35.9%. 374 thousand viewers (5.4% audience share) watched the match on Polsat Sport channel.

When analyzing the nine-month period ended September 30, 2015, the most significant positions in the scheduling comprised: the Monday Mega Hit slot (1.09 million viewers and an audience share of 18.4%) and its counterpart on Tuesday with 0.89 million viewers and an audience share of 15.4%. New episodes of the series *Pierwsza Miłość* (*First Love*) gathered an audience of ca. 0.97 million gaining an audience share of 22.7%.

In the first nine months of 2015, positions in both the spring and autumn schedule played a significant role in maintaining high viewership results of our channels. *Hell's Kitchen* was an important show, with an average of 1.03 million viewers and an audience share of 16.1%. The show *Your face sounds familiar* attracted an average of 0.98 million viewers (19.7% audience share). Another spring program, *Must be the Music*, gathered an average of 0.97 million viewers and reached an audience share of 14.4%. Another key programming position was the reality show *Top Chef*, which had, on average, 0.96 million viewers with an audience share of 15.0%. *Dancing with the Stars* remained a popular show with an average audience of 0.88 million viewers and an audience share of 15.2%. The novelty of the spring scheduling, *Celebrity Splash!*, gathered on average 0.86 million viewers, which translated into an audience share of 14.2%.

The qualifying match of the UEFA European Championships in football between Poland and Ireland, aired on March 29, 2015, gathered a significant audience. On average the event had 2.84 million viewers on Polsat channel and gained a 36.9% audience share. 457 thousand viewers (5.9% audience share) watched the match on Polsat Sport channel. Moreover, the qualifying match between Poland and Georgia, played on June 13, gathered an average audience of ca. 1.5 million viewers (43.6%).

The presidential debate between Bronisław Komorowski and Andrzej Duda, aired on May 17, was a significant event attracting 1.03 million viewers which gave an audience share of 14.1%.

The results of the anniversary concert *25-lecie RMF FM* (25th Anniversary of RMF FM) are worth notice. An average of 1.2 million viewers watched the concert, which gave an audience share of 19.3%.

Both in the third quarter and the first nine months of 2015, the highest audience shares among thematic channels were recorded by TV4, Polsat2, TV6 and Polsat News. The thematic channels with the highest growth dynamics of audience shares (vs. three quarters of 2014) include Polsat Sport News, CI Polsat, Polsat Viasat Nature, TV6 and TV4.

Distribution and technical reach

Technical reach(1)	3 months ended September 30			9 months ended September 30		
	2015	2014	*Change / %*	2015	2014	*Change / %*
Polsat	99.9%	99.9%	*0.00%*	99.9%	99.8%	*0.1%*
Polsat2	61.9%	64.0%	*(3.3%)*	61.8%	64.3%	*(3.9%)*
Polsat News	55.5%	56.8%	*(2.3%)*	55.5%	56.1%	*(1.1%)*
Polsat Sport	48.2%	49.5%	*(2.6%)*	48.1%	49.8%	*(3.4%)*
Polsat Sport Extra	35.1%	35.5%	*(1.1%)*	34.9%	35.4%	*(1.4%)*
Polsat Sport News	94.2%	90.9%	*3.6%*	93.9%	89.6%	*4.8%*
Polsat Film	48.9%	51.5%	*(5.0%)*	49.6%	51.1%	*(2.9%)*
Polsat JimJam	43.3%	43.4%	*(0.2%)*	43.2%	42.8%	*0.9%*
Polsat Cafe	54.1%	55.2%	*(2.0%)*	54.0%	54.9%	*(1.6%)*
Polsat Play	46.9%	47.6%	*(1.5%)*	46.9%	47.1%	*(0.4%)*
CI Polsat	38.0%	38.3%	*(0.8%)*	37.7%	38.0%	*(0.8%)*
Polsat News 2 (2)	53.8%	55.7%	*(3.4%)*	53.9%	55.7%	*(3.2%)*
Polsat Food Network	24.2%	21.0%	*15.2%*	21.5%	21.1%	*1.9%*
Polsat Viasat Explore (3)	27.7%	25.1%	*10.4%*	26.9%	25.1%	*7.2%*
Polsat Viasat History	33.5%	34.7%	*(3.5%)*	33.6%	35.2%	*(4.5%)*
Polsat Viasat Nature	26.3%	23.8%	*10.5%*	26.0%	23.6%	*10.2%*

Technical reach[1]	3 months ended September 30			9 months ended September 30		
	2015	2014	*Change / %*	2015	2014	*Change / %*
Polsat Romans	45.7%	37.7%	*21.2%*	44.6%	37.9%	*17.7%*
Disco Polo Music [4]	44.8%	40.1%	*11.7%*	44.6%	38.3%	*16.4%*
TV4	99.9%	99.7%	*0.2%*	99.8%	99.6%	*0.2%*
TV6	93.4%	90.0%	*3.8%*	93.3%	90.0%	*3.7%*
MUZO.TV[5]	38.4%	26.4%	*45.5%*	38.4%	26.4%	*45.5%*
Polsat Volleyball[6]	n/a	27.8%	*n/a*	n/a	27.8%	*n/a*

1) Nielsen Audience Measurement, percentage of TV households able to receive a given channel; arithmetical average of monthly technical reach.
2) Until June 9, 2014 the channel operated under the name “Polsat Biznes”, currently it operates under “Polsat News 2”.
3) Until April 29, 2014 the channel operated under “Polsat Viasat Explorer”.
4) Channel broadcast since May 2014, data for the period of broadcasting.
5) Channel launched on September 26, 2014.
6) Channel broadcast from August 30 until September 21, 2014.

Thematic channels of Polsat Group are currently available on all significant cable and satellite platforms. Comparing data for both the third quarter and the nine-month period ended September 30, 2015 with corresponding periods of 2014, the highest growth dynamics in technical reach were recorded by channels launched recently – MUZO.TV, Polsat Romans and Disco Polo Music. Other stations which improved their technical reach include Polsat Viasat Nature, Polsat Viasat Explore, Polsat Sport News and TV6.

We observe a decline in the technical reach of the majority of channels distributed via cable and satellite in both in the third quarter and the first nine months of 2015. This is due to the continued impact of the process of digitization – the technical reach of channels distributed via DTT, including Polsat Group’s channels, is noticeably increasing.

Advertising and sponsoring market share

According to Starlink media house estimates, expenditures on TV advertising and sponsoring in the nine-month period ended September 30, 2015 amounted to PLN 2,786.8 million and increased year-on-year by 4.2%. Based on these data, we estimate that in the nine-month period ended September 30, 2015 our TV advertising market share increased y-o-y to 26.0% from 25.2% in the nine-month period ended September 30, 2014. In the third quarter of 2015, expenditures on TV advertising and sponsoring increased to PLN 803.7 million, which constitutes a y-o-y increase of 6.4%. In the third quarter of 2015 our market share increased to 27.6% from 26.3%.

In the first nine months of 2015, we generated 17.0% more GRPs compared to the corresponding period of 2014.

4.2 Key positions in the consolidated income statement

Following the acquisition of Metelem Holding Company Limited on May 7, 2014, the consolidated financial statements of Polsat Group consolidate the results of Metelem and its subsidiaries, including the telecommunications operator Polkomtel. In connection with the above, we have modified the presentation of operating revenue and operating costs in the consolidated income statement in order to better reflect the business model and strategy of our Group. None of the introduced modifications have affected the amounts of revenue, costs, net profit for the period, EBITDA or total equity, presented earlier.

Revenue

Revenue is derived from (i) retail revenue, (ii) wholesale revenue, (iii) sale of equipment, and (iv) other revenue sources.

Retail revenue

Retail revenue consists primarily of (i) monthly subscription fees paid by our pay digital television contract customers for programming packages, (ii) subscription fees paid by our contract customers for telecommunication services, (iii) fees for telecommunication services provided to our contract customers, which are not included in the subscription fee, (iv) payments for telecommunication services paid by our prepaid and mix customers, (v) fees for the lease of set-top boxes, (vi) activation fees, (vii) penalties, and (viii) fees for additional services. The total revenue from pay digital television and telecommunication subscription fees depends on the number of customers and the number of services provided to them, as well as on the amount of monthly subscription fees paid for our programming and telecommunication packages and the amount of additional services provided to our customers in the given period. Activation fees are collected at the moment of activation and amortized over the life of the contract.

Wholesale revenue

Our wholesale revenue comprises:

(i) advertising and sponsorship revenue;
(ii) revenue from cable and satellite operator fees;
(iii) revenue from the lease of infrastructure;
(iv) interconnect revenue;
(v) revenue from roaming;
(vi) revenue from the sale of broadcasting and signal transmission services; and
(vii) revenue from the sale of licenses, sublicenses and property rights.

Sale of equipment

Sale of equipment consists mostly of revenue from sale of set-top boxes, STB hard disk drives, antennas, Internet modems, tablets, laptops, routers, mobile handsets, smartphones and accessories to our customers when they enter into agreements with us.

Other revenue

Other revenue sources consist primarily of revenue from the lease of premises and facilities, revenue from interest on installment plan purchase and other sales revenue.

Operating costs

Operating costs consist of:

(i) content costs;
(ii) distribution, marketing, customer relation management and retention costs;
(iii) depreciation, amortization, impairment and liquidation;
(iv) technical costs and cost of settlements with mobile network operators;
(v) salaries and employee-related costs;
(vi) cost of equipment sold;
(vii) cost of debt collection services and bad debt allowance and receivables written off; and
(viii) other costs.

Content costs

Content costs consist of:

(i) programming license costs;
(ii) amortization of purchased film licenses;
(iii) costs of internal and external production and amortization of sport rights; and
(iv) other content costs.

Programming license costs include monthly license fees due to television broadcasters and distributors, license fees for materials broadcast on VOD and royalties due to collective copyright management organizations and the Polish Film Institute.

Amortization of purchased film licenses includes amortization of rights to TV programming content produced by third parties and licensed to us. Amortization is based on the estimated number of showings and the type of programming content.

Costs of internal and external production and amortization of sport rights include production costs for TV programs specifically produced by or for us, either under licenses from third parties or under our own licenses. These costs also include amortization of sport broadcasting rights. Amortization of TV production is based on the estimated number of showings and type of programming content. Amortization is based on the estimated number of showings and the type of programming content. Amortization of sport broadcasting rights is recognized in 100% on the first broadcast or on a straight-line basis over the seasons or competitions.

Distribution, marketing, customer relation management and retention cost

Distribution costs consist of (i) commissions due to our distributors and retail points of sale when they conclude sale or retention agreements with our customers for pay television and telecommunication services and (ii) costs of courier services, distribution of reception equipment and costs associated with services of our regional agents. Marketing expenses consist of expenses on TV and radio commercials, press, online and outdoor advertising, promotional activities and materials, as well as other expenses incurred to increase sales and brand recognition. Customer relation management and retention costs consist of mailing costs, call center costs and other customer relation management costs.

Depreciation, amortization, impairment and liquidation

Depreciation, amortization, impairment and liquidation costs primarily consist of (i) depreciation of network systems components and telecommunication network equipment (access and core network equipment, network management systems and software), (ii) amortization of costs of telecommunications concessions acquired by Polkomtel, (iii) depreciation of set-top boxes leased to our customers, (iv) depreciation of plant and equipment, TV and broadcasting equipment, (v) amortization of intangible assets, including customer relationships, trademarks and IT programs, (vi) non-current assets impairment allowance and (vii) net value of disposed property, plant and equipment as well as intangible assets, no longer suitable for use.

Technical costs and cost of settlements with telecommunication operators

Technical costs and cost of settlements with telecommunication operators comprise:

(i) telecommunications and IT infrastructure lease costs;
(ii) electric energy costs connected with the functioning of our telecommunications network;
(iii) telecommunication network maintenance costs and fees;
(iv) IT systems maintenance costs;
(v) payments for the lease of satellite transponder capacity;
(vi) payments for the use of conditional access system based on the number of access cards;
(vii) TV broadcasting costs (digital terrestrial transmission and DVB-T);
(viii) cost of settlements with mobile network operators and interconnection charge; and
(ix) other costs.

Salaries and employee-related costs

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts (excluding salaries and social security contributions of factory employees, which are included in the costs of manufacturing of reception equipment, salaries and social security contributions relating to employees directly involved in the production of TV programs, which are presented as part of the costs of internal TV production and salaries and social security contributions relating to employees directly involved in the production of IT software, which are capitalized on intangible assets) or project-specific contracts, managerial contracts, casual work contracts, remuneration of our Supervisory Board members, social security costs and other employee benefits.

Cost of equipment sold

Cost of equipment sold relates mostly to set-top boxes, STB hard disk drives, antennas, Internet modems, routers, tablets, laptops, mobile handsets, smartphones and accessories that we sell to our customers.

Cost of debt collection services and bad debt allowance and receivables written off

In this group of costs we present:

(i) bad debt recovery fees;
(ii) bad debt allowance and the cost of receivables written off; and
(iii) gains and losses from the sales of liabilities.

Other costs

Key items of other costs include:

(i) the cost of SMART and SIM cards provided to customers;

(ii) the cost of licenses and other current assets sold;
(iii) legal, advisory and consulting costs;
(iv) property maintenance costs;
(v) taxes and other charges;
(vi) warranty services costs;
(vii) trademark license costs;
(viii) technical and production costs, such as costs of costumes, set design, staging services, other cost which cannot be directly attributable to production and
(ix) other costs.

Other operating income/costs, net

Other operating income/costs consist of:

(i) inventory impairment write-downs/reversals; and
(ii) other operating revenue/costs, not derived in the ordinary course of business.

Gains and losses on investment activities, net

Gains and losses on investment activities include interest income on funds invested, interest expenses (other than interest expenses on borrowings), dividends income, results on the disposal of available-for-sale financial instruments, fair value gains/losses on financial instruments (other than interest rate derivatives) at fair value through profit or loss, net foreign currency gains/losses, and results on forward exchange contracts and call options, impairment losses recognized on financial assets, unwinding of the discount on provisions.

Finance costs

Finance costs comprise interest expense on borrowings (including bank loans and bonds), foreign exchange gains/losses on bonds, realization and valuation costs of hedging instruments and instruments not under hedge accounting related to finance activities, bank and other charges on borrowings as well as guarantee fees resulting from the indebtedness. Borrowing costs are recognized in profit or loss using the effective interest method.

4.3 Review of the Group's financial situation

The following review of results for the three and nine-month period ended September 30, 2015 was prepared based on the interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2015, prepared in accordance with International Accounting Standard 34 and internal analysis.

In 2014, the results of Metelem and its subsidiaries ("Metelem Group"), acquired on May 7, 2014, were consolidated since the date of acquisition. Furthermore, on February 27, 2015 we acquired shares in Radio PIN S.A. and on April 1, 2015 – shares in Orsen Holding Ltd therefore our results for the nine-month period ended September 30, 2015 are not fully comparable with the results for the corresponding period of 2014. For comparability reasons, in the following comparison of results for the nine-month period ended September 30, 2015 with results for the corresponding periods of 2014 we exclude, where possible, the effect of consolidation of the results of Metelem Group. However, given that the results of Radio PIN and Orsen Holdings Ltd. do not have a material impact on the results of the Group, they will not be subject to elimination in the analysis of the Group's financial situation.

In the six-month-period ended June 30, 2015 the Group has finalized the estimations of fair values of acquired assets, liabilities and consideration transferred, which resulted in the restatement of comparable data in our condensed interim consolidated financial statements. The depreciation, amortization, impairment and liquidation as well as income tax have not been restated in the comparable income statement due to the fact that the impact would have been immaterial.

4.3.1 Income statement analysis

Review of financial results for the 3-month period ended September 30, 2015 compared with the corresponding period of the prior year

Revenue

Our total revenue remained at a practically unchanged level and amounted to PLN 2,414.9 million in the third quarter of 2015 versus PLN 2,419.6 million in the third quarter of 2014. Factors influencing the level of revenue are described below.

mPLN	for the 3 months ended September 30		change	
	2015	2014	[mPLN]	[%]
Retail revenue	1,643.3	1,710.7	(67.4)	(3.9%)
Wholesale revenue	616.9	591.6	25.3	4.3%
Sale of equipment	131.2	104.1	27.1	26.0%
Other revenue	23.5	13.2	10.3	78.0%
Revenue	2,414.9	2,419.6	(4.7)	(0.2%)

Retail revenue

Retail revenue decreased by PLN 67.4 million, or 3.9%, to PLN 1,643.3 million in the third quarter of 2015 from PLN 1,710.7 million in the third quarter of 2014. This decrease was primarily due to lower revenue from voice services caused by a highly competitive market and a further, slight decrease in the number of mobile telephony RGUs. The decline in revenue was partially compensated by higher revenue from mobile Internet access and pay TV services.

Wholesale revenue

Wholesale revenue increased by PLN 25.3 million, or 4.3%, to PLN 616.9 million in the third quarter of 2015 from PLN 591.6 million in the third quarter of 2014. This increase was driven mainly by a significantly higher growth of the Group's advertising revenue compared to the dynamic of the TV advertising market, higher revenue from interconnection services as well as higher revenue from the lease of telecommunication infrastructure. Moreover, factors that influenced the dynamic of wholesale revenue included the recognition in the corresponding period of 2014 of revenue related to the FIVB Volleyball Men's World Championship Poland 2014 (no such revenue in the current quarter) and lower revenue from wholesale international roaming.

Sale of equipment

Revenue from the sale of equipment increased by PLN 27.1 million, or 26.0%, to PLN 131.2 million in the third quarter of 2015 from PLN 104.1 million in the third quarter of 2014. This increase was due i.a. to a growing share of installment plan sales in the total number of transactions including equipment, which translates into an increase of unit revenue per transaction.

Other revenue

Other revenue increased by PLN 10.3 million, or 78.0%, to PLN 23.5 million in the third quarter of 2015 from PLN 13.2 million in the third quarter of 2014, i.a. due to an increase in revenue from services provided to our business partners in connection with the LTE network roll-out project.

Operating costs

Our total operating costs for the third quarter of 2015 decreased by PLN 92.4 million, or 4.6%, to PLN 1,900.1 million from PLN 1,992.5 million for the third quarter of 2014. Operating costs decreased for the reasons set forth below.

mPLN	for the 3 months ended September 30		change	
	2015	2014	[mPLN]	[%]
Content costs	257.3	262.4	(5.1)	(1.9%)
Distribution, marketing, customer relation management and retention costs	200.1	186.8	13.3	7.1%
Depreciation, amortization, impairment and liquidation	401.2	478.3	(77.1)	(16.1%)
Technical costs and cost of settlements with mobile network operators	551.2	495.8	55.4	11.2%
Salaries and employee-related costs	122.3	118.0	4.3	3.6%
Cost of equipment sold	314.9	348.7	(33.8)	(9.7%)
Cost of debt collection services and bad debt allowance and receivables written off	8.5	15.3	(6.8)	(44.4%)
Other costs	44.6	87.2	(42.6)	(48.9%)
Operating costs	1,900.1	1,992.5	(92.4)	(4.6%)

Content costs

Content costs decreased by PLN 5.1 million, or 1.9%, to PLN 257.3 million in the third quarter of 2015 from PLN 262.4 million in the third quarter of 2014. This decrease was primarily the effect of lower costs of sport licenses due to costs related to the FIVB Volleyball Men's World Championship Poland 2014 recognized in the corresponding period of 2014. This decrease was partially offset by costs of licenses related to the Qualifiers to the UEFA European Championship as well as the World Cup and 2015 Volleyball men's and women's European Championships, recognized in the analyzed period, and higher costs of programming licenses resulting primarily from the depreciation of the PLN versus the USD and higher internal TV production costs on our thematic channels, in particular TV4 and TV6, related to new positions in the programming schedule and actions aimed at increasing the attractiveness of our content.

Distribution, marketing, customer relation management and retention costs

Distribution, marketing, customer relation management and retention costs increased by PLN 13.3 million, or 7.1%, to PLN 200.1 million in the third quarter of 2015 from PLN 186.8 million in the third quarter of 2014. This increase was due, among other things, to the fact that a higher amount of deferred distribution fees were charged to costs, which was partially compensated by more efficient cost control in the areas of customer service and retention within the integrated Group.

Depreciation, amortization, impairment and liquidation

Depreciation, amortization, impairment and liquidation costs decreased by PLN 77.1 million, or 16.1%, to PLN 401.2 million in the third quarter of 2015 from PLN 478.3 million in the third quarter of 2014, primarily as a result of lower costs of amortization of frequency licenses in the 1,800 MHz spectrum and depreciation of the telecommunication infrastructure.

Technical costs and cost of settlements with mobile network operators

Technical costs and cost of settlements with mobile network operators increased by PLN 55.4 million, or 11.2%, to PLN 551.2 million in the third quarter 2015 from PLN 495.8 million in the third quarter 2014. This increase was primarily due to higher costs of data transfer within our broadband Internet access service, which result from the dynamic growth of the volume of transferred data, as well as due to higher costs of traffic terminated in other networks.

Salaries and employee-related costs

Salaries and employee-related costs increased by PLN 4.3 million, or 3.6%, to PLN 122.3 million in the third quarter of 2015 from PLN 118.0 million in the third quarter of 2014, due to the acquisition of Orsen Holding Ltd. on April 1, 2015 as well as the organic growth of business.

Cost of equipment sold

Cost of equipment sold decreased by PLN 33.8 million, or 9.7%, to PLN 314.9 million in the third quarter of 2015 from PLN 348.8 million in the third quarter of 2014. This decrease was mainly driven by a lower volume of contracts for telecommunication services including equipment concluded in the third quarter of 2015.

Cost of debt collection services and bad debt allowance and receivables written off

The cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 6.8 million, or 44.4%, to PLN 8.5 million in the third quarter of 2015 from PLN 15.3 million in the third quarter of 2014, i.a. as a result of lower debt collection costs.

Other costs

Other costs decreased by PLN 42.6 million, or 48.9%, to PLN 44.6 million in the third quarter of 2015 from PLN 87.2 million in the third quarter of 2014. This change is mainly the result of the recognition in the corresponding period of 2014 of sales of marketing and broadcasting rights to the FIVB Volleyball Men's World Championship Poland 2014.

Other operating income and costs, net

Other operating income, net increased by PLN 9.7 million, or 206.4%, to PLN 14.4 million in the third quarter of 2015 from PLN 4.7 million in the third quarter of 2014.

Gains/(losses) on investment activities, net

Net losses on investment activities amounted to PLN 5.2 million in the third quarter of 2015 compared to net gains on investment activities in the amount of PLN 1.5 million in the third quarter of 2014.The decrease in net gains on investment activities was caused, among other things, by lower interest revenue from a lower level of cash, which in turn is related to significant cash outflows, comprising in particular premature repayments of the Refinanced PLK SFA and the return deposit of PLN 214.6 million paid to the Office of Electronic Communications in connection with Polkomtel's participation in the LTE auction.

Finance costs

In the third quarter of 2015 the Group recognized a profit (negative finance costs) in the amount of PLN 88.8 million, which constitutes a decrease by PLN 473.5 million, compared to finance costs at the level of PLN 384.7 million in the third quarter of 2014.The decrease in finance costs in the third quarter of 2015 was driven, among other things, by one-off, non-cash operations related to the refinancing of the Group's hitherto debt, including in particular a write-off of a significant part of the surplus on the fair valuation of the PLK Senior Notes over their book value, as at the date of acquisition of Metelem, the recognition of a provision for the premium for the premature redemption of the PLK Senior Notes, a write-off of the costs of acquisition of financing under the Refinanced CP and PLK SFAs as well as the costs of acquisition of financing under the PLK Senior Notes and a partial reversal of a discount recognized on their valuation. Furthermore, the decrease in finance costs in the analyzed period was influenced by a lower negative change of the PLN/USD exchange rate as well as lower interest costs related to the refinanced term facilities due to lower capital resulting from scheduled and premature repayments and a lower WIBOR rate than in the corresponding period of 2014.

Net profit

Net profit increased by PLN 454.4 million, or 944.7%, to PLN 502.5 million in the third quarter of 2015 from PLN 48.1 million in the third quarter of 2014. This is primarily the effect of the recognition of negative finance costs resulting from one-off, non-cash operations connected with the process of debt refinancing and a one-off increase in income tax caused mainly by a write-off of deferred tax assets.

EBITDA & EBITDA margin

EBITDA increased by PLN 20.3 million, or 2.2%, to PLN 930.4 million in the third quarter of 2015 from PLN 910.1 million in the third quarter of 2014. EBITDA margin increased to 38.5% in the third quarter of 2015 from 37.6% in the third quarter of 2014.

Employment

The average employment of permanent workers not engaged in production in Polsat Group, excluding workers who did not perform work in the reporting period due to long-term absences, was 5,014 full-time equivalents in the third quarter of 2015 and remained at a practically unchanged level compared to 5,008 full-time equivalents in the corresponding period of 2014.

Comparison of financial results for the nine-month period ended September 30, 2015 with the results for the corresponding period of 2014

Revenue

Our total revenue increased by PLN 2,324.3 million, or 47.5%, to PLN 7,213.1 million in the nine-month period ended September 30, 2015 from PLN 4,888.8 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, our total revenue increased by PLN 87.9 million, or 3.8%, to PLN 2,379.8 million in the nine-month period ended September 30, 2015 from PLN 2,291.9 million in the nine-month period ended September 30, 2014. Revenue grew for the reasons set forth below.

mPLN	results including Metelem Group	results excluding Metelem Group			
	for the 9-month period ended September 30, 2015	for the 9-month period ended September 30		change	
		2015	2014	[mPLN]	[%]
Retail revenue	4,932.5	1,459.5	1,416.7	42.8	3.0%
Wholesale revenue	1,858.9	854.5	824.3	30.2	3.7%
Sale of equipment	356.5	36.7	28.5	8.2	28.8%
Other revenue	65.2	29.1	22.4	6.7	29.9%
Revenue	7,213.1	2,379.8	2,291.9	87.9	3.8%

Retail revenue

Retail revenue increased by PLN 1,549.5 million, or 45.8%, to PLN 4,932.5 million in the nine-month period ended September 30, 2015 from PLN 3,383.0 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, retail revenue increased by PLN 42.8 million, or 3.0%, to PLN 1,459.5 million in the nine-month period ended September 30, 2015 from PLN 1,416.7 million in the nine-month period ended September 30, 2014. This increase was primarily due to higher revenue from mobile Internet services and from pay TV subscription fees related mainly to the increasing popularity of the Multiroom service.

Wholesale revenue

Wholesale revenue increased by PLN 546.0 million, or 41.6%, to PLN 1,858.9 million in the nine-month period ended September 30, 2015 from PLN 1,312.9 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, wholesale revenue increased by PLN 30.2 million, or 3.7%, to PLN 854.5 million in the nine-month period ended September 30, 2015 from PLN 824.3 million in the nine-month period ended September 30, 2014. This increase was driven mainly by a significantly higher growth of the Group's advertising revenue compared to the dynamic of the TV advertising market. Moreover, the factor that influenced the dynamic of wholesale revenue was the recognition in the corresponding period of 2014 of revenue related to the FIVB Volleyball Men's World Championship Poland 2014 (no such revenue in the analyzed period).

Sale of equipment

Revenue from the sale of equipment increased by PLN 189.1 million, or 113.0%, to PLN 356.5 million in the nine-month period ended September 30, 2015 from PLN 167.4 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, revenue from the sale of equipment increased by PLN 8.2 million, or 28.8%, to PLN 36.7 million in the nine-month period ended September 30, 2015 from PLN 28.5 million in the nine-month period ended September 30, 2014. This increase was due to increased revenue from sales of set-top boxes and television sets (in the corresponding period of 2014 the offer did not include TV sets) and was partially offset by lower revenue from the sale of laptops.

Other revenue

Other revenue increased by PLN 39.7 million, or 155.7%, to PLN 65.2 million in the nine-month period ended September 30, 2015 from PLN 25.5 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, other revenue increased by PLN 6.7 million, or 29.9%, to PLN 29.1 million in the nine-month period ended September 30, 2015 from PLN 22.4 million in the nine-month period ended September 30, 2014, i.a. due to an increase in revenue from the lease of premises and equipment.

Operating costs

Our total operating costs increased by PLN 1,856.9 million, or 48.2%, to PLN 5,708.6 million in the nine-month period ended September 30, 2015 from PLN 3,851.7 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, our total operating costs increased by PLN 48.9 million, or 2.8%, to PLN 1,773.6 million in the nine-month period ended September 30, 2015 from PLN 1,724.7 million in the nine-month period ended September 30, 2014. Revenue grew for the reasons set forth below.

mPLN	results including Metelem Group for the 9-month period ended September 30, 2015	results excluding Metelem Group			
		for the 9 month period ended September 30		change	
		2015	2014	[mPLN]	[%]
Content costs	766.8	748.5	727.2	21.3	2.9%
Distribution, marketing, customer relation management and retention costs	582.5	236.2	235.6	0.6	0.3%
Depreciation, amortization, impairment and liquidation	1,262.6	205.1	193.5	11.6	6.0%
Technical costs and cost of settlements with mobile network operators	1,555.9	302.8	242.7	60.1	24.8%
Salaries and employee-related costs	392.2	137.1	135.3	1.8	1.3%
Cost of equipment sold	939.2	47.0	39.3	7.7	19.6%
Cost of debt collection services and bad debt allowance and receivables written off	55.0	20.5	29.2	(8.7)	(29.8%)
Other costs	154.4	76.4	121.9	(45.5)	(37.3%)
Operating costs	5,708.6	1,773.6	1,724.7	48.9	2.8%

Content costs

Content costs increased by PLN 32.9 million, or 4.5%, to PLN 766.8 million in the nine-month period ended September 30, 2015 from PLN 733.9 million for nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, content costs increased by PLN 21.3 million, or 2.9%, to PLN 748.5 million in the nine-month period ended September 30, 2015 from PLN 727.2 million in the nine-month period ended September 30, 2014. This increase was caused mainly by higher costs of programming licenses resulting primarily from the depreciation of the PLN versus the USD and higher internal TV production costs and costs of amortization of film licenses resulting from the enhancement of our scheduling on our thematic channels, TV4 and TV6 in particular, as well as on the main channel. The dynamic of content costs was also influenced by lower costs of sport licenses due to costs related to the FIVB Volleyball Men's World Championship Poland 2014 recognized in the corresponding period of 2014, which was partially off-set by costs of licenses related to the Qualifiers to the UEFA European Championship, as well as the World Cup and 2015 Volleyball men's and women's European Championships recognized in the analyzed period.

Distribution, marketing, customer relation management and retention costs

Distribution, marketing, customer relation management and retention costs increased by PLN 188.1 million, or 47.7%, to PLN 582.5 million in the nine-month period ended September 30, 2015 from PLN 394.4 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, distribution, marketing, customer relation management and retention costs amounted to PLN 236.2 million in the nine-month period ended September 30, 2015 and remained at a similar level compared to PLN 235.6 million in the nine-month period ended September 30, 2014.

Depreciation, amortization, impairment and liquidation

Depreciation, amortization, impairment and liquidation costs increased by PLN 410.5 million, or 48.2%, to PLN 1,262.6 million in the nine-month period ended September 30, 2015 from PLN 852.1 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, depreciation, amortization, impairment and liquidation costs increased by PLN 11.6 million, or 6.0%, to PLN 205.1 million in the nine-month period ended September 30, 2015 from PLN 193.5 million in the nine-month period ended September 30, 2014. This increase resulted primarily from higher costs of depreciation of equipment leased to customers of our satellite platform.

Technical costs and cost of settlements with mobile network operators

Technical costs and cost of settlements with mobile network operators increased by PLN 700.7 million, or 81.9%, to PLN 1,555.9 million in the nine-month period ended September 30, 2015 from PLN 855.2 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, technical costs and cost of settlements increased by PLN 60.1 million, or 24.8%, to PLN 302.8 million in the nine-month period ended September 30, 2015 from PLN 242.7 million in the nine-month period ended September 30, 2014. This increase was primarily due to higher costs of data transfer in our broadband Internet access service, which resulted from the dynamic growth of our Internet user base since the beginning of 2015, especially in the smartDOM program, and consequently a rapidly increasing volume of transferred data.

Salaries and employee-related costs

Salaries and employee-related costs increased by PLN 121.4 million, or 44.8%, to PLN 392.2 million in the nine-month period ended September 30, 2015 from PLN 270.8 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, salaries and employee-related costs increased by PLN 1.8 million, or 1.3%, to PLN 137.1 million in the nine-month period ended September 30, 2015 from PLN 135.3 million in the nine-month period ended September 30, 2014.

Cost of equipment sold

Cost of equipment sold increased by PLN 390.6 million, or 71.2%, to PLN 939.2 million in the nine-month period ended September 30, 2015 from PLN 548.6 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, the cost of equipment sold increased by PLN 7.7 million, or 19.6%, to PLN 47.0 million in the nine-month period ended September 30, 2015 from PLN 39.3 million in the nine-month period ended September 30, 2014. This increase was mainly due to higher sales of set-top boxes and modems and sales of TV sets in the nine-month period ended September 30, 2015 (there were no sales of TV sets in the corresponding period of 2014), which was partially offset by lower sales of laptops, tablets and DTT reception equipment.

Cost of debt collection services and bad debt allowance and receivables written off

The cost of debt collection services and bad debt allowance and receivables written off increased by PLN 14.9 million, or 37.2%, to PLN 55.0 million in the nine-month period ended September 30, 2015 from PLN 40.1 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, the cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 8.7 million, or 29.8%, to PLN 20.5 million in the nine-month period ended September 30, 2015 from PLN 29.2 million in the nine-month period ended September 30, 2014, i.a. as a result of lower debt collection costs.

Other costs

Other costs decreased by PLN 2.2 million, or 1.4%, to PLN 154.4 million in the nine-month period ended September 30, 2015 from PLN 156.6 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, other costs decreased by PLN 45.5 million, or 37.3%, to PLN 76.4 million in the nine-month period ended September 30, 2015 from PLN 121.9 million in the nine-month period ended September 30, 2014. This decrease is mainly the result of the recognition in the corresponding period of 2014 of sales of marketing and broadcasting rights to the FIVB Volleyball Men's World Championship Poland 2014.

Other operating income/costs, net

Other operating income, net increased by PLN 25.1 million, or 212.7%, to PLN 36.9 million in the nine-month period ended September 30, 2015 from PLN 11.8 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, other operating income net increased by PLN 11.9 million, or 270.5%, to PLN 16.3 million in the nine-month period ended September 30, 2015 from PLN 4.4 million in the nine-month period ended September 30, 2014.

Gains/(losses) on investment activities, net

Net gains on investment activities decreased by PLN 14.8 million, or 55.6%, to PLN 11.8 million in the nine-month period ended September 30, 2015 from PLN 26.6 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, net losses on investment activities amounted to PLN 2.0 million compared to net gains on investment activities of PLN 8.2 million in the nine-month period ended September 30, 2014, which constitutes a decrease by PLN 10.2 million. This decline is mainly due to the recognition of profits from USD forward transactions in the nine-month period ended September 30, 2014.

Finance costs

Finance costs amounted to PLN 394.6 in the nine-month period ended September 30, 2015 and decreased by PLN 372.2 million, or 48.5%, compared to PLN 766.8 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, finance costs decreased by PLN 159.5 million, or 59.7%, to PLN 107.7 million in the nine-month period ended September 30, 2015 from PLN 267.2 million in the nine-month period ended September 30, 2014. The decrease in finance costs in the nine-month period ended September 30, 2015 was driven, among other things, by a one-off, non-cash operation related to the refinancing of the Company's hitherto debt, consisting in a write-off of the costs of acquisition of financing under the Refinanced CP SFA. Additionally, the decrease in the level of finance costs was caused by bank charges, incurred in the corresponding period of 2014 related to the premature redemption in May 2014 of 350 EUR Senior Notes issued in 2011 by Cyfrowy Polsat Finance and hence the lack of interest costs and foreign exchange costs related to the aforementioned notes.

Net profit

Net profit increased by PLN 699.3 million, or 251.1%, to PLN 977.8 million in the nine-month period ended September 30, 2015 from PLN 278.5 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of the results of Metelem Group, net profit increased by PLN 155.3 million, or 56.3%, to PLN 431.2 million in the nine-month period ended September 30, 2015 from PLN 275.9 million in the nine-month period ended September 30, 2014. The increase in net profit was driven mainly by higher revenue generated in the analyzed period and a strong reduction of finance costs due to one-off, non-cash operations related to the process of refinancing of the Group's hitherto debt.

EBITDA & EBITDA margin

EBITDA increased by PLN 903.0 million, or 47.5%, to PLN 2,804.0 million in the nine-month period ended September 30, 2015 from PLN 1,901.0 million in the nine-month period ended September 30, 2014. EBITDA margin amounted to 38.9% in the nine-month period ended September 30, 2015 and remained at an unchanged level year-on-year.

Excluding the effect of consolidation of the results of Metelem Group, EBITDA increased by PLN 62.5 million, or 8.2%, to PLN 827.6 million in the nine-month period ended September 30, 2015 from PLN 765.1 million in the nine-month period ended September 30, 2014. EBITDA margin increased to 34.8% in the nine-month period ended September 30, 2015 from 33.4% in the nine-month period ended September 30, 2014.

Employment

The average employment of permanent workers not engaged in production in Polsat Group, excluding workers who did not perform work in the reporting period due to long-term absences, was 5,049 full-time equivalents in the nine-month period ended September 30, 2015, as compared to 3,432 full-time equivalents in the corresponding period of 2014. The increase in average employment in the nine-month period ended September 30, 2015 was due mainly to the fact that in the corresponding period of 2014 the consolidation of Metelem Group comprised the period from May 7 until September 30, 2014, as well as to the acquisition of the companies Teleaudio Dwa and Interphone.

4.3.2 Operating segments

The Group operates in the following two segments:

- services to individual and business customers segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services and production of set-top boxes,
- broadcasting and television production segment.

The Group conducts its operating activities primarily in Poland.

The activities of the Group are grouped into segment with distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterized by different risk levels and different investment returns from those of the Group's other segments.

Services to individual and business customers segment include:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay TV services and revenues are generated mainly by pay TV subscription fees;
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from interconnection revenues, settlements with mobile network operators and subscription fees;
- mobile telecommunication prepaid services which generate revenues mainly from interconnection revenues and settlements with mobile network operators;
- providing access to broadband Internet which generates revenues mainly from traffic and subscription fees;
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services;
- online TV services (IPLA), which generate revenues mainly from subscription fees and advertising on the Internet;
- premium rate services based on SMS/IVR/MMS/WAP technologies;
- production of set-top boxes;
- sale of telecommunication and TV reception equipment.

Broadcasting and television production segment consists mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television and radio channels in Poland.

The revenues generated by the broadcasting and television production segment relate mainly to advertising and sponsorship revenues as well as revenues from cable and satellite operators.

Management evaluates the operating segments' results based on EBITDA. The EBITDA reflects the Group's ability to generate cash in a stable environment. The Group defines EBITDA as profit from operating activities increased by depreciation, amortization, impairment and liquidation. The EBITDA is not an EU IFRS measure and thus its calculations may differ among the entities.

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the nine months ended September 30, 2015:

9 months ended September 30, 2015 (unaudited) mPLN	Services to individual and business customers	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	6,411.5	801.6	-	7,213.1
Inter-segment revenues	24.0	111.1	(135.1)	-
Revenues	6,435.5	912.7	(135.1)	7,213.1
EBITDA (unaudited)	2,484.0	320.0	-	2,804.0
Depreciation, amortization, impairment and liquidation	1,233.6	29.0	-	1,262.6
Profit from operating activities	1,250.4	291.0	-	1,541.4
Acquisition of property, plant and equipment, reception equipment and other intangible assets	509,8*	24.0	-	533.8
Balance as at September 30, 2015 (unaudited)				
Assets, including:	21,836.4	4,344.4**	(37.3)	26,143.5
Investments in joint ventures	-	5.1	-	5.1

* This item also includes the acquisition of reception equipment for operating lease purposes.
**This item includes non-current assets located outside of Poland in the amount of PLN 22.3 million.

All material revenues are generated in Poland.

It should be noted that the 9 months ended September 30, 2015 is not comparable to the 9 months ended September 30, 2014 as Metelem Holding Company Limited was acquired on May 7, 2014 (allocated to the Services to individual and business customers segment), Radio PIN S.A. was acquired on February 27, 2015 (allocated to the Broadcasting and television production segment) and Orsen Holding Ltd. was acquired on April 1, 2015 (allocated to the Services to individual and business customers segment).

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 9 months ended September 30, 2014:

9 months ended September 30, 2014 (unaudited) mPLN	Services to individual and business customers	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	4,089.0	799.8	-	4,888.8
Inter-segment revenues	24.1	106.8	(130.9)	-
Revenues	4,113.1	906.6	(130.9)	4,888.8
EBITDA (unaudited)	1,610.5	290.5	-	1,901.0
Depreciation, amortization, impairment and liquidation	825.1	27.0	-	852.1
Profit/(loss) from operating activities	785.4	263.5	-	1,048.9
Acquisition of property, plant and equipment, reception equipment and other intangible assets	346.3*	34.4	-	380.7
Balance as at September 30, 2014 (unaudited)				
Assets, including:	23,333.3	4,207.5**	(59.6)	27,481.2
Investments in joint ventures	-	2.6	-	2.6

* This item also includes the acquisition of reception equipment for operating lease purposes.

**This item includes non-current assets located outside of Poland in the amount of PLN 82.1 million.

Reconciliation of EBITDA and net profit for the period:

mPLN	for the 9 months ended September 30, 2015 unaudited	September 30, 2014 unaudited
EBITDA (unaudited)	2,804.0	1,901.0
Depreciation, amortization, impairment and liquidation	(1,262.6)	(852.1)
Profit from operating activities	1,541.4	1,048.9
Other foreign exchange rate differences, net	4.5	(4.1)
Interest income	30.2	37.8
Share of the profit of joint venture accounted for using the equity method	1.9	2.0
Cumulatice catch-up	616.2	-
Interest costs	(611.5)	(504.2)
Foreign exchange differences on issued bonds	(141.9)	(172.4)
Early redemption costs	(244.8)	(82.1)
Other	(35.5)	(15.2)
Gross profit for the period	1,160.5	310.7
Income tax	(182.7)	(32.2)
Net profit for the period	977.8	278.5

4.3.3 Balance sheet analysis

As at September 30, 2015 and December 31, 2014, our balance sheet amounted to PLN 26,143.5 million and PLN 27,338.7 million, respectively.

Assets

As at September 30, 2015 and December 31, 2014, our non-current assets were PLN 22,396.3 million and PLN 23,356.1 million, respectively, and accounted for 85.7% and 85.4% of the total assets, respectively.

As at September 30, 2015 and December 31, 2014, our current assets amounted to PLN 3,747.2 million and PLN 3,982.6 million, respectively, and accounted for 14.3% and 14.6% of the total assets, respectively.

The value of reception equipment amounted to PLN 377.0 million as at September 30, 2015 and decreased by PLN 44.1 million, or 10.5%, compared to PLN 421.1 million as at December 31, 2014. This decrease in the net effect of a lower number of devices for TV reception and a higher number of internet sets and routers provided to our customers under operational leasing.

The value of other property, plant and equipment decreased by PLN 179.7 million, or 6.6%, to PLN 2,535.2 million as at September 30, 2015 from PLN 2,714.9 million as at December 31, 2014, mainly due to the recognition of depreciation of our telecommunication infrastructure.

The value of goodwill increased by PLN 21.1 million, or 0.2%, to PLN 10,606.4 million as at September 30, 2015 from PLN 10,585.3 million as at December 31, 2014 as an effect of the acquisition of Radio PIN S.A. and Orsen Holding Ltd.

The value of customer relationships decreased by PLN 464.2 million, or 10.9%, to PLN 3,791.6 million as at September 30, 2015 compared to PLN 4,255.8 million as at December 31, 2014, i.a. due to the recognition of amortization costs for nine months of 2015 as well as the final purchase price allocation of Metelem in the first half of 2015. The key component of this position is the valuation of Polkomtel's relationships with individual and business customers, who have signed term agreements with the operator as well as customers of prepaid services.

As at September 30, 2015, the value of brands was PLN 2,086.6 million and remained at a practically unchanged level compared to PLN 2,085.9 million as at December 31, 2014.

The value of other intangible assets amounted to PLN 2,464.2 million as at September 30, 2015 which constitutes a decrease of PLN 127.2 million, or 4.9%, compared to PLN 2,591.4 million as at December 31, 2014. The main reason behind this decrease is the amortization of telecommunication licenses.

The value of non-current and current programming assets increased by PLN 76.7 million, or 26.6%, to PLN 364.6 million as at September 30, 2015 from PLN 287.9 million as at December 31, 2014. The increase was mainly due to the purchase of additional film rights and incurred internal production costs related to the expansion of our scheduling which translates into higher attractiveness of our programming offer and therefore has a positive impact on the viewership results of our channels.

Investment property amounted to PLN 5.2 million as at September 30, 2015 and remained almost unchanged compared to the balance as at December 31, 2014.

The value of non-current and current deferred distribution fees increased by PLN 58.9 million, or by 26.4%, to PLN 281.6 million as at September 30, 2015 from PLN 222.7 million as at December 31, 2014 mainly due to an increase in the value of deferred distribution fees.

The value of other non-current assets amounted to PLN 232.7 million as at September 30, 2015 and increased by PLN 34.2 million, or 17.2%, compared to PLN 198.5 million as at December 31, 2014, i.a. as a result of an increase of receivables from installment plan sales of equipment.

The value of deferred tax assets amounted to PLN 107.2 million as at September 30, 2015, which constitutes a decrease of PLN 173.9 million, or 61.9%, compared to PLN 281.1 million as at December 31, 2014. This decrease is primarily the result of a write-off of deferred tax assets related to the write-off of the surplus on the fair valuation of the PLK Senior Notes, as at the date of acquisition of Metelem

The value of inventories was PLN 264.1 million as at September 30, 2015 and decreased by PLN 37.3 million, or 12.4%, from PLN 301.4 million as at December 31, 2014. This change was caused primarily by a fall in the stock of set-top boxes and components necessary for their production, as well as handsets, modems, tablets, laptops and accessories.

The value of trade and other receivables increased by PLN 246.0 million, or 16.9%, to PLN 1,699.4 million as at September 30, 2015 from PLN 1,453.4 million as at December 31, 2014, primarily due to a return deposit of PLN 214.6 million total, paid to UKE in connection with Polkomtel's participation in the auction of frequencies from the 800 and 2600 MHz bands.

The value of other current assets amounted to PLN 255.0 million as at September 30, 2015, which constitutes an increase of PLN 94.9 million, or 59.3%, compared to PLN 160.1 million as at December 31, 2014, primarily due to the purchase of a data package under certain agreements with Midas Group.

The value of cash and cash equivalents, restricted cash and short-term deposits decreased by PLN 675.9 million, or 38.7%, to PLN 1,072.0 million as at September 30, 2015 from PLN 1,747.9 million as at December 31, 2014. This changed was caused mainly by the repayment of the total outstanding debt under the Refinanced CP and PLK Senior Facilities Agreements and the drawing of new loans under the Senior Facilities Agreements of September 21, 2015 and the issue of Series A Bonds on July 21, 2015.

Equity and liabilities

Equity increased by PLN 981.8 million, or by 10.8%, to PLN 10,060.0 million as at September 30, 2015 from PLN 9,078.2 million as at December 31, 2014, primarily due to profit generated for the nine-month period ended September 30, 2015 in the amount of PLN 977.8 million.

As at September 30, 2015 and December 31, 2014 the value of our non-current liabilities amounted to PLN 8,183.7 million and PLN 14,093.3 million, which constituted 50.9% and 77.2% of the Group's total liabilities, respectively.

As at September 30, 2015 and December 31, 2014 the value of our current liabilities amounted to PLN 7,899.8 million and PLN 4,167.2 million, which constituted 49.1% and 22.8% of the Group's total liabilities, respectively.

Loans and borrowings (long and short-term) decreased by PLN 2,397.5 million, or 26.6%, to PLN 6,608.6 million as at September 30, 2015 from PLN 9,006.1 million. This change is mainly the effect of the repayment of capital and interest under the Refinanced CP SFA dated April 11, 2014 and the Refinanced PLK SFA dated June 17, 2013, and taking out the CP and PLK Term Loans under the SFA agreements dated September 21, 2015.

Senior Notes liabilities (long and short-term) increased by PLN 557.3 million or by 11.1%, to PLN 5,571.9 million as at September 30, 2015 from PLN 5,014.6 million as at December 31, 2014. The increase of this item is primarily the effect of the issue of Series A Bonds on July 21, 2015 and the recognition of a provision for the premium for the premature redemption of the PLK Senior Notes, which was partially compensated by a one-off write-off of part of the surplus on the fair valuation of the PLK Senior Notes over their nominal value and the payment of interest on the PLK Senior Notes in the nine-month period ended September 30, 2015.

Finance lease liabilities (long and short-term) amounted to PLN 25.6 million as at September 30, 2015 and increased by PLN 7.1 million, or 38.4%, from PLN 18.5 million as at December 31, 2014.

UMTS license liabilities (long and short-term) decreased by PLN 106.7 million, or 12.3%, to PLN 760.7 million as at September 30, 2015 from PLN 867.4 million as at December 31, 2014, due to the installment payment for the license made in September 2015.

Deferred income tax liabilities decreased by PLN 138.3 million, or 15.2%, to PLN 770.4 million as at September 30, 2015 from PLN 908.7 million as at December 31, 2014.

Non-current and current deferred income amounted to PLN 685.4 million as at September 30, 2015 and remained at a practically unchanged level compared to PLN 688.6 million as at December 31, 2014.

The value of other non-current liabilities and provisions amounted to PLN 133.1 million as at September 30, 2015, which constitutes a decrease of PLN 51.1 million, or 27.7%, compared to PLN 184.2 million as at December 31, 2014. This change was due, among other things, to a decrease in liabilities related to IRS/CIRS hedging instruments.

The value of trade and other payables amounted to PLN 1,431.5 million as at September 30, 2015 which constitutes a decrease of PLN 92.9 million, or 6.1%, compared to PLN 1,524.4 million as at December 31, 2014. This decrease is primarily the effect of lower liabilities towards third-parties as well as lower liabilities related to the purchase of non-current and intangible assets, and higher public liabilities.

Income tax liabilities increased by PLN 48.3 million, or 100.6%, to PLN 96.3 million as at September 30, 2015 from PLN 48.0 million as at December 31, 2014.

4.3.4 Cash flow analysis

The table below presents selected data from the consolidated cash flow statement for the nine-month periods ended September 30, 2015 and 2014.

mPLN	Data including group Metelem for the 9-month period ended September 30		Data excluding group Metelem for the 9-month period ended September 30	
	2015	2014	2015	2014
Net cash from operating activities	2,109.8	1,321.8	620.2	551.9
Net cash from/(used in) investing activities	(576.3)	1,042.3	(94.7)	(977.7)
Net cash from/(used in) financing activities	(2,210.8)	(1,064.0)	(312.5)	241.3
Net increase in cash and cash equivalents	(677.3)	1,300.1	213.0	(184.5)

Net cash from operating activities

Net cash from operating activities amounted to PLN 2,109.8 million in the nine-month period ended September 30, 2015, which constitutes an increase of PLN 788.0 million compared to PLN 1,321.8 million in the nine-month period ended September 30, 2014.

Excluding the effect of consolidation of Metelem Group, net cash from operating activities amounted to PLN 620.2 million in the nine-month period ended September 30, 2015 and increased by PLN 68.3 million compared to net cash from operating activities generated in the corresponding period of 2014. The increase in net cash from operating activities was mainly the result of higher net profit by PLN 155.4 million in the nine-month period ended September 30, 2015, amounting to PLN 431.3 million, adjusted by a series of factors, the most significant being:

- higher income tax resulting from higher gross profit and lower value of income tax paid;
- a lower increase in liabilities, provisions and deferred income in the nine-month period ended September 30, 2015 compared to an increase in liabilities, provisions and deferred income in the corresponding period of 2014;
- lower interest costs, primarily due to the lack of interest costs related to the Senior Notes in the nine-month period ended September 30, 2015;
- a lower increase of the net value of set-top boxes provided to our customers;
- lower value of programming assets sold;
- income from foreign exchange differences recognized in the nine-month period ended September 30, 2015 versus costs related to foreign exchange differences in the corresponding period of 2014, primarily due to the valuation of the Senior Notes in the nine-month period ended September 30, 2014;
- lower payments for film licenses and sport broadcasting rights combined with lower amortization costs of film licenses and sport broadcasting rights;
- a deeper decrease in inventories in the nine-month period ended September 30, 2015 compared to a decrease in inventories in the corresponding period of 2014;
- higher costs of depreciation, amortization, impairment and liquidation related to increased costs of depreciation of reception equipment leased to our customers, and
- a higher increase in receivables and other assets in the nine-month period ended September 30, 2015 compared to the corresponding period of 2014.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 576.3 million in the nine-month period ended September 30, 2015 and comprised primarily expenditures on the purchase of property, plant and equipment, as well as intangible assets in the amount of PLN 434.3 million, payment for the UMTS concession in the amount of PLN 118.7 million as well expenditures related to the acquisition of shares in Radio PIN S.A. and Orsen Holding Ltd., net of cash acquired.

Excluding the effect of consolidation of Metelem Group, net cash used in investing activities amounted to PLN 94.7 million in the nine-month period ended September 30, 2015 and comprised mainly capital expenditure on the purchase of property, plant and equipment, and intangible assets in the amount of PLN 63.9 million as well as expenditures related to the acquisition of shares Orsen Holding Ltd., net of cash acquired.

Net cash from/(used in) finance activities

Net cash used in financing activities amounted to PLN 2,210.8 million in the nine-month period ended September 30, 2015 and consisted primarily of the repayment of the CP and PLK Term Loans and of interest on loans, bonds, Cash Pool, financial leasing and paid fees, inflows from the new term facilities drawn under the SFA agreements of September 21, 2015, and inflows from the issue of Series A Bonds on July 21, 2015.

Excluding the effect of consolidation of Metelem Group, net cash used in financing activities amounted to PLN 312.5 million in the nine-month period ended September 30, 2015, mainly as a result of the repayment of the Refinanced CP Term Loan and of interest on loans, bonds, Cash Pool, financial leasing and paid fees, inflows from the new CP Term Facility drawn under the CP SFA of September 21, 2015, and inflows from the issue of Series A Bonds on July 21, 2015.

Capital expenditure on the purchase of property, plant and equipment and intangible assets, and payments for telecommunication concessions

In the nine-month period ended September 30, 2015 cash expenditures of Polsat Group on the purchase of property, plant and equipment and intangible assets amounted to PLN 434.4 million and comprised among others, the continued extension of telecommunications networks as well as the implementation of the HD-Voice technology in order to accommodate the increasing volume of data transmission and to ensure the highest quality of services expected by our customers, modernization of the intelligent network platform IN, which manages prepaid services, the acquisition of a new data warehouse, investments related to the development of our offer, sales and customer service processes, expenditures related to the construction of the new recording studio to meet the needs of TV Polsat as well as the purchase of IT software and licenses.

4.3.5 Liquidity and capital resources

We maintain cash and cash equivalents to fund the day-to-day requirements of our business. Our objective is to ensure cost-efficient access to various financing sources, including bank loans and other borrowings.

We believe that our cash balances and cash generated from our current operations, as well as means available within our revolving facilities (described below) should be sufficient to fund the future cash needs for our operational activity, development of our services, service of our debt as well as for realization of a majority of investment plans in the field of the Group's activity.

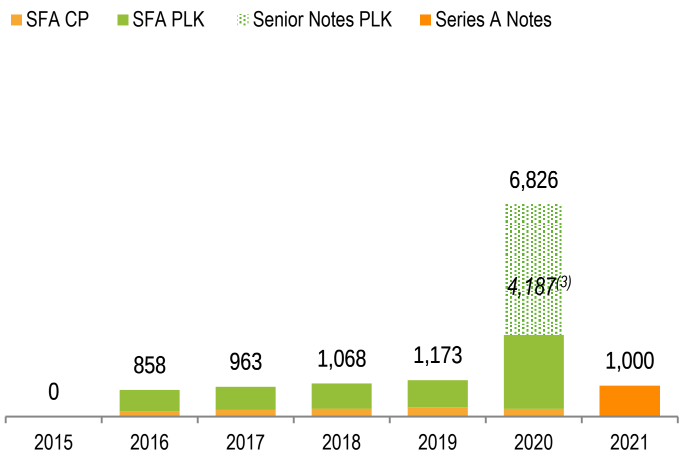
The table below presents a summary of the indebtedness of the Group as at September 30, 2015. As at September 30, 2015 we only drew part of the available PLK SFA. We plan to use remaining amount to redeem the PLK Senior Notes at the turn of January and February 2016.

	Balance value [mPLN]	Nominal value [mPLN]	Currency	Coupon / interest	Maturity date
CP Term Facility	1,187.4	1,200.0	PLN	WIBOR + margin	2020
CP Revolving Facility Loan	0.0	0.0	PLN	WIBOR + margin	2020
PLK Term Facility	5,421.3	5,500.0	PLN	WIBOR + margin	2020
PLK Revolving Facility Loan	0.0	0.0	PLN	WIBOR + margin	2020
Series A Notes	1,006.5	1,000.0	PLN	WIBOR+2.5%	2021
PLK Senior Notes (EUR) 1)	2,508.6	2,299.4	EUR	11.75%	2020
PLK Senior Notes (USD) 2)	2,056.9	1,887.7	USD	11.63%	2020
Leasing	25.7	25.7	PLN	-	-
Cash and cash equivalents 3)	1,072.0	1,072.0	PLN	-	-
Net debt	11,134.4	10,840.8			
EBITDA LTM	3,641.3	3,641.3			
Net debt / EBITDA 12M	3.06	2.98			

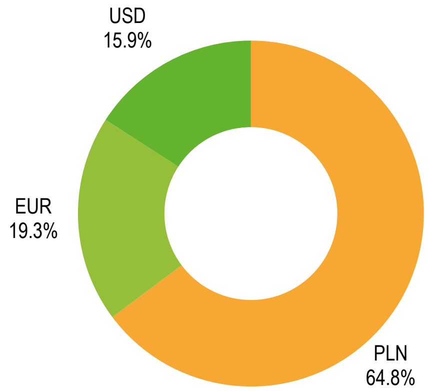
1) Equivalent of the nominal value of EUR 542.5m, translated at the average PLN/EUR foreign exchange rate of the Polish National Bank of 4. 2386 as at September 30, 2015. Balance value estimated to fair value at the moment of purchase of Metelem.
2) Equivalent of the nominal value of USD 500m, translated at the average PLN/USD foreign exchange rate of the Polish National Bank of 3.7754 as at September 30, 2015. Balance value estimated to fair value at the moment of purchase of Metelem.
3) This position comprises cash and cash equivalents, including restricted cash, as well as short-term deposits.

The graphs below present the aging balance of the Group's debt and its currency composition as at September 30, 2015, expressed in nominal values and excluding the debt under the revolving facility loans.

Debt maturing profile (1)
as at September 30, 2015 [mPLN]



Debt currency composition (1)
as at September 30, 2015



(1) Nominal value of debt, excluding the CP and PLK Revolving Facility Loans.
(2) Equivalent of the nominal value of EUR 542.5m and USD 500m PLK Senior Notes calculated at the average foreign exchange rates of the Polish National Bank as at September 30, 2015 of PLN/EUR 4.2386 and PLN/USD 3.7754, respectively. In connection with the process of refinancing, which assumes the redemption of the PLK Senior Notes at the turn of January and February of 2016, indebtedness under the PLK Senior Notes is presented as current liabilities from issued bonds in the consolidated balance sheet as at September 30, 2015.

Senior Facilities Agreements executed by the Group

CP Senior Facilities Agreement

On April 11, 2014 the Company, acting as the borrower, together with Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy entered into a Senior Facilities Agreement with a syndicate of Polish and foreign banks. The outstanding debt under this Senior Facilities Agreement was repaid in full on September 28, 2015 using funds acquired under the new Senior Facilities Agreement executed on September 21, 2015, described below.

The refinanced senior facilities agreement envisaged granting a term loan up to a maximum amount of PLN 2,500.0 million and a multicurrency revolving facility loan up to a maximum amount of the equivalent of PLN 500.0 million. The term loan bore interest at a variable rate being the sum of the WIBOR rate for an appropriate interest period and the applicable margin, whereas the revolving facility loan bore interest at a variable rate being the sum of, depending on currency of the debt, the WIBOR, EURIBOR or LIBOR rate for the appropriate interest period and the applicable margin. The margin on the term loan and the revolving facility loan depended on the level of the "total leverage" ratio in such way that the lower the ratio, the lower the margin. The term loan was being repaid in quarterly installments of variable value, starting on June 30, 2014. The maturity date for the repayment of the full amount of the term loan and revolving facility loan was April 11, 2019.

On September 21, 2015, the Company, as the borrower, along with Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy concluded a Senior Facilities Agreement with a consortium of Polish and foreign financial institutions, led by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Société Générale (Global Banking Coordinators) with the participation of PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2, BNP Paribas Fortis SA/NV, Bank Polska Kasa Opieki S.A., The Bank of Tokyo-Mitsubishi UFJ Ltd., Bank of China (Luxembourg) S.A., Credit Agricole Corporate & Investment Bank, Credit Agricole Bank Polska S.A., DNB Bank Polska S.A., DNB Bank ASA, HSBC Bank Polska S.A., HSBC Bank plc, Bank Handlowy w Warszawie S.A., CaixaBank, S.A. (Spółka Akcyjna) Oddział w Polsce, mBank S.A., Bank Millennium S.A., Raiffeisen Bank Polska S.A., Goldman Sachs Bank USA, Erste Group Bank AG, Deutsche Bank Polska S.A., and UniCredit Bank AG, London Branch, acting as the Facility Agent and the Security Agent (the "CP Facilities Agreement").

Based on the CP Facilities Agreement the Company has been awarded a Term Facility Loan up to PLN 1,200.0 million (the "CP Term Facility") and a Revolving Facility Loan up to PLN 300.0 million (the "CP Revolving Facility").

The CP Term Facility and the CP Revolving Facility bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on the CP Term Facility and the CP Revolving Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin, with the maximum margin level applicable when the net consolidated indebtedness to consolidated EBITDA ratio exceeds 3.50:1, and the minimum margin level applicable when that ratio is no higher than 1.50:1. The period of the CP Term Facility and the CP Revolving Facility is five years from the date of execution of the CP Facilities Agreement and the final repayment date for each of these facilities is September 21, 2020. The CP Term Facility and the CP Revolving Facility are to be repaid in quarterly installments of variable value.

Pursuant to the CP Facilities Agreement the Company and its Group companies established certain collaterals for the credit facilities granted thereunder. In particular, these collaterals include registered pledges on collections of movables and economic interests of variable composition comprised in the enterprise of the Company and its selected subsidiaries, registered and financial pledges on shares in the Company's subsidiaries, registered and financial pledges on receivables related to bank accounts kept for the Company or its selected subsidiaries, ordinary and registered pledges on selected trademarks, assignments of rights for security, mortgages, notarial submissions to enforcement and similar collaterals on shares or assets of the Company's subsidiaries, to be governed by foreign laws. A detailed description of established securities is presented in item 4.3.6. of this Report - *Information on guarantees granted by the Company or subsidiaries.*

When the net consolidated indebtedness to consolidated EBITDA ratio falls to or below 1.75:1, the Company will have a right to demand that the collaterals for the CP Facilities Agreement be released (save for guarantees granted on the basis of the CP Facilities Agreement). However, such released collateral will need to be re-established if the net consolidated indebtedness to consolidated EBITDA ratio again rises above 1.75:1. Additionally, if certain members of the Company's Group incur secured indebtedness, a pari passu collateral will need to be established in favor of the Security Agent (acting for, among others, the lenders under the CP Facilities Agreement).

The Company will utilize the CP Term Facility and the CP Revolving Facility in particular to:

(i) repay the indebtedness under the Refinanced CP Senior Facilities Agreement of April 11, 2014 between the Company (as the borrower) and a consortium of financial institutions, and

(ii) fund general corporate needs of the Group.

Furthermore, in accordance with the provisions of the CP Facilities Agreement the Company and other entities from the Group may incur additional facilities. The terms of such additional facilities will be established individually in separate additional facility accession deeds and their terms will have to satisfy certain criteria, depending on the net consolidated indebtedness to consolidated EBITDA ratio.

Pursuant to the CP Facilities Agreement, certain members of the Group are to grant guarantees under the English law to each of the financing parties under the CP Facilities Agreement and other finance documents executed in relation thereto. The amount of the guarantees will be equal to the amount of the facility increased by all fees and receivables contemplated in the CP Facilities Agreement or other finance documents executed in relation thereto. The guarantees secure:

(i) the timely discharge of the obligations under the CP Facilities Agreement and other finance documents executed in relation thereto,

(ii) a payment of amounts due under the CP Facilities Agreement and other finance documents executed in relation thereto; and

(iii) an indemnification of the financing parties referred to above against any liabilities, costs and losses that such financing parties may incur in relation to unenforceability, ineffectiveness or unlawfulness of any obligation secured by these guarantees. The period of the guarantees has not been specified. The guarantors will be remunerated at arm's length for granting the guarantees.

The CP Facilities Agreement provides for typical conditions precedent for the disbursement of the contemplated facilities and certain conditions subsequent for the disbursement of the contemplated facilities, also typical for this kind of transactions.

PLK Senior Facilities Agreement

On June 17, 2013, Polkomtel, Eileme 2, Eileme 3, and Eileme 4 executed a Senior Facilities Agreement with a consortium of Polish and international banks and financial institutions, including Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Powszechny Zakład Ubezpieczeń S.A.; the agreement was subsequently joined by certain subsidiaries of Polkomtel. The debt under this Senior Facilities Agreement was repaid in full on September 28, 2015 using funds acquired under the new Senior Facilities Agreement executed on September 21, 2015, described below.

The refinanced Senior Facilities Agreement provides for term loans A, B and C of up to PLN 2,650.0 million, PLN 3,300.0 million and PLN 1,700.0 million, respectively, as well as a revolving loan facility of up to PLN 300.0 million. Interest rates of the term loans and the revolving facility loan were variable rates being the sum of: the WIBOR rate for the respective interest periods (and in the case of the revolving facility loan − also EURIBOR or LIBOR, depending on the currency in which the debt under the revolving facility was contracted) and a margin. The maturity date of the loan Facility A was November 30, 2017, while those and of term loans B and C were June 24, 2018 and June 24, 2019, respectively.

On September 21, 2015, a Senior Facilities Agreement was concluded between Polkomtel as the borrower along with Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and a consortium of Polish and foreign financial institutions, led by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Société Générale (Global Banking Coordinators) with the participation of PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2, BNP Paribas Fortis SA/NV, Bank Polska Kasa Opieki S.A., The Bank of Tokyo-Mitsubishi UFJ Ltd., Bank of China (Luxembourg) S.A., Credit Agricole Corporate & Investment Bank, Credit Agricole Bank Polska S.A., DNB Bank Polska S.A., DNB Bank ASA, HSBC Bank Polska S.A., HSBC Bank plc, Bank Handlowy w Warszawie S.A., CaixaBank, S.A. (Spółka Akcyjna) Oddział w Polsce, mBank S.A., Bank Millennium S.A., Raiffeisen Bank Polska S.A., Goldman Sachs Bank USA, Erste Group Bank AG, Deutsche Bank Polska S.A., and UniCredit Bank AG, London Branch, acting as the Facility Agent and Citicorp Trustee Company Limited as the Security Agent (the “PLK Facilities Agreement”).

Based on the PLK Facilities Agreement Polkomtel has been awarded a Term Facility Loan up to PLN 10,300.0 million (the “PLK Term Facility”) and a Revolving Facility Loan up to PLN 700.0 million (the “PLK Revolving Facility”).

The PLK Term Facility and the PLK Revolving Facility bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on the PLK Term Facility and the PLK Revolving Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin, with the maximum margin level applicable when the net consolidated indebtedness to consolidated EBITDA ratio exceeds 3.50:1, and the minimum margin level applicable when that ratio is no higher than 1.50:1. The period of the PLK Term Facility and the PLK Revolving Facility is five years from the date of execution of the PLK Facilities Agreement and the final repayment date for each of these facilities is September 21, 2020. The PLK Term Facility and the PLK Revolving Facility are to be repaid in quarterly installments of variable value.

Pursuant to the Intercreditor Agreement of June 30, 2011, claims related to the PLK Facilities Agreement are secured by collaterals established by Polkomtel and other members of the Group as a security for, among other things, the claims under the Senior Facilities Agreement of June 17, 2013 concluded between Polkomtel (as the borrower) and a consortium of banks (the “Refinanced PLK Facilities Agreement”). These collaterals include, in particular, registered pledges on collections of movables and economic interests of variable composition comprised in the enterprise of Polkomtel or other members of the Group, registered and financial pledges on shares in the Group members, registered and financial pledges on receivables related to bank accounts kept for Polkomtel and members of the Group, ordinary and registered pledges on selected trademarks, assignments of rights for security, mortgages, notarial submissions to enforcement and similar collaterals on shares or assets of members of the Group, to be governed by foreign laws. A detailed description of established securities is presented in item 4.3.6. of this Report - *Information on guarantees granted by the Company or subsidiaries*

The PLK Term Facility and the PLK Revolving Facility will be utilized by Polkomtel in particular to:

(i) fully repay the outstanding debt under the Refinanced PLK Facilities Agreement;

(ii) fully repay the indebtedness under the PLK Senior Notes; and

(iii) fund general corporate needs of the Group.

Furthermore, in accordance with the provisions of the PLK Facilities Agreement, Polkomtel and other members of the Group may incur additional facilities. The terms of such additional facilities will be established individually in separate additional facility accession deeds and their terms will have to satisfy certain criteria, depending on the net consolidated indebtedness to consolidated EBITDA ratio.

Pursuant to the PLK Facilities Agreement, certain members of the Group are to grant guarantees under the English law to each of the financing parties under the PLK Facilities Agreement and other finance documents executed in relation thereto. The amount of the guarantees will be equal to the amount of the facility increased by all fees and receivables contemplated in the PLK Facilities Agreement or other finance documents executed in relation thereto. The guarantees will secure:

(i) the timely discharge of the obligations under the PLK Facilities Agreement and other finance documents executed in relation thereto,

(ii) a payment of amounts due under the PLK Facilities Agreement and other finance documents executed in relation thereto; and

(iii) an indemnification of the financing parties referred to above against any liabilities, costs and losses that such financing parties may incur in relation to unenforceability, ineffectiveness or unlawfulness of any obligation secured by these guarantees. The period of the guarantees has not been specified. The guarantors will be remunerated at arm’s length for granting the guarantees.

The PLK Facilities Agreement provides for typical conditions precedent for the disbursement of the contemplated facilities and certain conditions subsequent for the disbursement of the contemplated facilities, also typical for this kind of transactions.

Amendment, Restatement and Consolidation Deed of the CP and PLK Senior Facilities Agreements

On September 21, 2015 the Amendment, Restatement and Consolidation Deed was concluded between the Company, Polkomtel, Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and the consortium of Polish and foreign financing institutions referred to in the above point entitled *CP Senior Facilities Agreement* above (the “Amendment, Restatement and Consolidation Deed”).

According to the Amendment, Restatement and Consolidation Deed, upon repayment of the indebtedness under the PLK Senior Notes, the indebtedness under the PLK Facilities Agreement will be refinanced using the funds made available under the CP Facilities Agreement, as amended in the Amendment, Restatement and Consolidation Deed. The redemption of the PLK Senior Notes is expected to take place at the turn of January and February of 2016.

The Amendment, Restatement and Consolidation Deed amends the CP Facilities Agreement as follows:

(i) the maximum amount of the CP Term Facility will be PLN 11,500.0 million and the maximum amount of the CP Revolving Facility will be PLN 1,000.0 million;

(ii) the Company and other members of the Group will establish additional collaterals for the facilities granted on this basis. These collaterals include, in particular, registered pledges on collections of movables and economic interests of variable composition comprised in the enterprise of certain members of the Group, registered and financial pledges on shares in the Group members, registered and financial pledges on receivables related to bank accounts kept for certain members of the Group, ordinary and registered pledges on selected trademarks, assignments of rights for security, mortgages, notarial submissions to enforcement and similar collaterals on shares (interests) or assets of members of the Group, to be governed by foreign laws.

(iii) the Company will utilize the CP Term Facility and the CP Revolving Facility in particular to repay the indebtedness under the Refinanced CP Senior Facilities Agreement of April 11, 2014 and the total indebtedness under the PLK Facilities Agreements, as well as to fund general corporate needs of the Group.

PLK Senior Notes

On January 26, 2012 Eileme 2, Eileme 3, Eileme 4, Spartan (whose legal successor is Polkomtel), Ortholuck, Citibank, N.A., London Branch, Citibank, N.A., New York Branch, Citigroup Global Markets Deutschland AG, executed an Indenture on the issue of senior notes by Eileme 2 for a total nominal amount of EUR 542.5 million and USD 500.0 million, maturing in 2020, subsequently joined by selected Polkomtel subsidiaries (”PLK Senior Notes Indenture”).

On or after January 31, 2016, Eileme 2 may redeem all or a part of the PLK Senior Notes denominated in EUR and/or USD at the redemption price (expressed as percentages of principal amount) set out below plus accrued and unpaid interest on the notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on January 31 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

(i) in 2016 the redemption price is 105.875% for the PLK Senior Notes denominated in EUR and 105.813% for the PLK Senior Notes denominated in USD,

(ii) in 2017 the redemption price is 102.938% for PLK Senior Notes denominated in EUR and 102.906% for PLK Senior Notes denominated in USD and

(iii) thereafter the redemption price is 100.000% both for PLK Senior Notes denominated in EUR and PLK Senior Notes denominated in USD. Unless Eileme 2 defaults in the payment of the redemption price, interest will cease to accrue on the notes (or portions thereof) called for redemption on the applicable redemption date.

The redemption of the PLK Senior Notes is expected to take place at the turn of January and February of 2016.

Pursuant to the PLK Senior Notes Indenture, the interest on the PLK Senior Notes accrues on the assumption that a year is 360 days, or 12 months of 30 days each. The interest on the PLK Senior Notes is 11.75% (EUR tranche) and 11.625% (USD tranche) per year, paid semi-annually, in arrears, on January 31 and July 31.

To hedge future cash flows on scheduled interest payments under EUR-denominated PLK Senior Notes, Metelem and its subsidiaries executed cross currency interest rate swap (CIRS) and forward transactions.

The PLK Senior Notes Indenture restricts i.a. the right of Eileme 1 and Eileme 2 (and their subsidiaries covered by the restriction) to: (i) contract additional debt; (ii) make certain reserved payments (e.g. payments in favor of related parties as dividend or for repurchase of their shares); (iii) transfer or sell assets; (iv) execute transactions with related parties; (v) establish certain encumbrances or take actions which could materially and adversely affect the security established in favor of the PLK Senior Notes holders; (vi) impose restrictions on the right to pay the dividend, and make other payments by subsidiaries covered by the restriction; (vii) issue guarantees by subsidiaries covered by the restriction; (viii) combine with other entities.

In addition, under the PLK Senior Notes Indenture, additional obligations are binding on Eileme 2 (and its subsidiaries covered by the restriction), i.a. regarding the maintenance of corporate existence, and maintenance of the PLK Senior Notes listing on the Luxembourg Stock Exchange.

In the event of change of control (as defined in the agreement), Eileme 2 is required to make a repurchase offer for all PLK Senior Notes on the terms set forth in the PLK Senior Notes Indenture. In the event of change of control Eileme 2 will offer cash payment equal to 101% of the total nominal amount of the repurchased PLK Senior Notes, inclusive of interest, due but not paid until the repurchase date, on the repurchased PLK Senior Notes (subject to the rights of the PLK Senior Notes holders, inuring to them at the date of determining those rights, to receive interest at the relevant interest payment date).

Specified subsidiaries of Metelem issued guarantees and established a number of encumbrances over their assets in favor of the Security Agent of the PLK Senior Notes Indenture in order to secure the repayment of claims under the PLK Senior Notes Indenture (for a detailed description of established securities see item 4.3.6. of this Report - *Information on guarantees granted by the Company or subsidiaries).*

The PLK Senior Notes are listed on the Luxembourg Stock Exchange.

The PLK Senior Notes and the PLK Senior Notes Indenture are governed by the law of the state of New York in the United States of America, while any disputes arising in connection with the agreement or the PLK Senior Notes are resolved within the non-exclusive jurisdiction of the courts in Manhattan, New York.

Series A Bonds

Pursuant to the resolution of the Management Board adopted on July 2, 2015, Cyfrowy Polsat issued on July 21, 2015 1,000,000 unsecured, unsubordinated series A bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 1,000.0 million, maturing on July 21, 2021 (the "Series A Bonds" or the "Bonds"). The Bonds were issued by way of a public offering. Detailed terms and conditions of the Bonds' issuance, redemption and payment of interest are specified in the Bonds Terms.

The interest rate on the Bonds is floating and based on the WIBOR rate for six-month deposits denominated in PLN, increased by a margin whose value depends on the value of the Leverage Ratio (defined in the Bonds Terms as ratio of the net financial indebtedness to EBITDA):

(i) the margin amounts to 250 bps if the Leverage Ratio in the given period is less than or equal to 3.5:1;

(ii) the margin amounts to 250 bps + 25 bps if the Leverage Ratio in the given period is greater than 3.5:1 but less than or equal to 4.0:1;

(iii) the margin amounts to 250 bps + 75 bps if the Leverage Ratio in the given period is greater than 4.0:1.

The coupon is paid biannually on January 21 and July 21.

In accordance with the provisions of the Bonds Terms, the Company may exercise at any time an early redemption of of all or part of the Bonds, however, the early redemption may not apply to Bonds that constitute less than 10% of the total nominal value of the Series A Bonds. An early redemption shall be exercised based on the Bonds' nominal value together with the accrued interest plus an applicable premium depending on the date of redemption, specified as follows:

(i) if the early redemption occurs before or on July 21, 2016, the premium shall be equal to 3% of the nominal value of the Bonds subject to the early redemption;

(ii) if the early redemption occurs between July 21, 2016 and July 21, 2017, the premium shall be equal to 2% of the nominal value of the Bonds subject to the early redemption;

(iii) if the early redemption occurs between July 21, 2017 and July 21, 2018, the premium shall be equal to 1% of the nominal value of the Bonds subject to the early redemption;

(iv) if the early redemption occurs after July 21, 2018, the Bonds shall be redeemed according to their nominal value.

Additionally, pursuant to the Bonds Terms, the Company and its subsidiaries are obliged to maintain required levels of certain financial ratios and are subject to restrictions, with respect to (but not limited to):

(i) acquisition or taking up of shares in other companies;

(ii) extending guarantees or granting sureties, accession to debt or release from liability;

(iii) granting loans;

(iv) disposing of assets;

(v) payment of dividends or advance dividends, payment of the price for own shares, or returns of additional payments to shareholders;

(vi) incurring of financial indebtedness and

(vii) entering into composition agreements.

In the event of a breach of restrictions specified in the Bonds Terms, Bondholders are entitled to demand an early redemption of Bonds held by those Bondholders with the consent of the Meeting of Bondholders.

In the event of change of control, as defined in the Bonds Terms, cessation of business activity or insolvency by the Company, i.a. by declaring bankruptcy or liquidation of the Company, Bondholders are entitled to demand an early redemption of Bonds held by those Bondholders.

The Series A Bonds were introduced to trading in the alternative trading system on the Catalyst market managed by WSE.

The Bonds are issued under Polish law and any disputes related to the Bonds shall be resolved in proceedings at the Polish common court having jurisdiction over the registered office of the Company.

Contractual obligations

Contractual commitments to purchase programming assets

As at September 30, 2015 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	30 September 2015 (unaudited) [mPLN]	31 December 2014 [mPLN]
within one year	189.3	117.0
between 1 to 5 years	118.6	104.4
Total	307.9	221.4

The table below presents outstanding commitments to purchase programming assets from related parties not included in the consolidated financial statements:

	30 September 2015 (unaudited) [mPLN]	31 December 2014 [mPLN]
within one year	15.4	13.6
Total	15.4	13.6

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of property, plant and equipment was PLN 136.1 million as at September 30, 2015 (PLN 203.7 million as at December 31, 2014). Total amount of contractual liabilities resulting from agreements for the purchases of intangible assets as at September 30, 2015 was PLN 67.0 million (PLN 72.1 million as at December 31, 2014).

Ratings

The table below presents a summary of ratings assigned to certain companies of Polsat Group as at the date of publication of this Report.

	Moody's Investor Services			Standard & Poor's Rating Services		
	Rating / perspective	Previous rating/ perspective	Update	Rating / perspective	Previous rating/ perspective	Update
CYFROWY POLSAT						
Corporate rating	Ba3 /positive	Ba3/stable	22.09.2015	BB+/stable	BB/ CreditWatch Positive	25.09.2015
METELEM				BB+/stable	BB/ CreditWatch Positive	25.09.2015
Corporate rating	-	-	-	-	-	-
EILEME 2						
Corporate rating	Ba3/stable	B1/stable	13.05.2014	-	-	-
PLK Senior Notes (EUR 542.2m)	B2/stable	B3/stable	13.05.2014	BB-/stable	B+/ CreditWatch Positive	25.09.2015
PLK Senior Notes (USD 500m)	B2/stable	B3/stable	13.05.2014	BB-/stable	B+/ CreditWatch Positive	25.09.2015

On September 22, 2015 Moody's Investors Service affirmed the Company's corporate family rating at Ba3 and changed its outlook from stable to positive.

On September 25, 2015 Standard & Poor's Rating Services, among others:

- upgraded its long-term corporate credit rating on the Company from "BB" to "BB+" with a stable outlook;
- upgraded its long-term corporate credit rating from "BB" to "BB+" with a stable outlook on Metelem Holding Company Limited, a subsidiary of the Company, indirectly controlling Polkomtel sp. z o.o.;
- upgraded its issue rating from "B+" to "BB-" with a stable outlook on the EUR 542.5 million and USD 500.0 million senior notes issued on January 26, 2012 by Eileme 2 AB (publ), a subsidiary of the Company.

Details concerning the changes of ratings are discussed in item 3.1. – *Significant events in the third quarter of 2015 – Corporate events.*

4.3.6 Information on guarantees granted by the Company or subsidiaries

Securities related to the CP Senior Facilities Agreement

In order to secure the repayment of claims under the CP Senior Facilities Agreement of September 21, 2015, the following encumbrances over assets of the Group were established by the Group companies as at the date of publication of this Report:

(i) registered pledges over variable collections of movable property and rights comprised in the enterprises of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o.;

(ii) financial and registered pledges on shares in Cyfrowy Polsat Trade Marks sp. z o.o. (with an aggregate nominal value of PLN 615,445) and Telewizja Polsat sp. z o.o. (with an aggregate nominal value of PLN 236,946,700), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said companies; the pledged shares represent 100% of the share capital of each company and are held by the Company as a long-term capital investment. The Company holds 100% of shares in Cyfrowy Polsat Trade Marks sp. z o.o and Telewizja Polsat sp. z o.o., representing 100% of votes at the general meetings of shareholders of the said companies;

(iii) financial and registered pledges on receivables under bank account agreements of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o., governed by Polish law;

(iv) powers of attorney to bank accounts of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o., governed by Polish law;

(v) ordinary and registered pledges on protection rights to trademarks vested in Polsat Brands (einfache Gesellschaft), governed by Polish law;

(vi) assignment for security of certain property rights in Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k., governed by Polish law;

(vii) contractual joint mortgage under Polish law on the following real properties owned by the Company: (a) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00102149/9, (b) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00136943/2, (c) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00102615/7, (d) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00101039/8, (e) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00132063/1, (f) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00104992/7, (g) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100109/3, (h) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00103400/4, (i) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100110/3, (j) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00131411/9;

(viii) assignment for security of receivables under hedge agreements of the Company, governed by English law;

(ix) assignment for security of rights under insurance agreements covering the property referred to in item (i) and item (vii) above;

(x) pledge on shares in Polsat License Ltd. (with an aggregate nominal value of CHF 1,000,000), governed by the Swiss law; the pledged shares represent 100% of the company's share capital and are held by the Company as a long-term capital investment; the Company holds 100% of shares in Polsat License Ltd. representing 100% votes at the general meeting of the shareholders of this company;

(xi) assignment for security of: (a) receivables due from various debtors, (b) receivables and rights to and in bank accounts; and (c) rights under insurance agreements of Polsat License Ltd., governed by the Swiss law;

(xii) assignment for security of rights under a license agreement between Polsat Brands (einfache Gesellschaft) and Polsat License Ltd. and rights under bank account agreements, governed by the Swiss law;

(xiii) pledge on interests and property rights in Polsat Brands (einfache Gesellschaft), governed by the Swiss law; and

(xiv) statements of the Company, Cyfrowy Polsat Trade Marks sp. z o.o., Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k. and Telewizja Polsat sp. z o.o. on submission to enforcement on the basis of a notarial deed, governed by Polish law.

Securities related to the PLK Senior Facilities Agreement and PLK Senior Notes

A number of encumbrances over assets of Metelem and its subsidiaries were established by Polkomtel and its related parties in favor of Citicorp Trustee Company Limited, acting as security agent of the PLK Senior Facilities Agreement, to secure the repayment of debt under the PLK Senior Facilities Agreement and the PLK Senior Notes. As at the date of publication of this Report the following securities over assets of Metelem and its subsidiaries were established:

(i) financial and registered pledges over shares of Polkomtel, Polkomtel Business Development Sp. z o.o., Nordisk Polska Sp. z o.o., Plus TM Group, Plus TM Management, TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.), New Media Ventures Sp. z o.o. and Paszport Korzyści Sp. z o.o. and shares of Liberty Poland S.A., governed by Polish laws;

(ii) pledges over shares of LTE Holdings, Polkomtel Finance, Eileme 2, Eileme 3 and Eileme 4, governed by the laws of the companies' respective jurisdictions;

(iii) registered pledges over various objects and rights comprising corporate assets of the following companies: Polkomtel, TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.), Plus TM Group and Plus TM Management, governed by Polish laws;

(iv) registered pledges and civil-law pledges over rights to trademarks owned by Plus TM Management, governed by Polish laws;

(v) financial pledges and registered pledges over receivables under bank account agreements of the following companies: Polkomtel, Eileme 3, Eileme 4, TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.), Plus TM Group, Plus TM Management, governed by Polish laws;

(vi) pledges over receivables under bank account agreements of the following companies: Eileme 3, Eileme 4, governed by Swedish laws;

(vii) financial and registered pledges over Series D and E, as well as Series F Notes (intra-group bonds issued by Metelem subsidiaries), governed by Polish laws;

(viii) financial and registered pledges over series 1/2014 Notes, issued on July 7, 2014 by Polkomtel in favor of TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.);

(ix) financial pledges over Series 1/2015, 2/2015,3/2015 and 4/2015 Notes issued on April 30, 2015 by Plus TM Management in favor of TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.);

(x) pledges and letters of confirmation for pledges over Eileme 2 Promissory Notes and Eileme 3 Promissory Notes (intra-group bonds issued by Metelem subsidiaries), governed by Swedish laws;

(xi) authorizations to administer bank accounts of the following companies: Polkomtel, Eileme 3, Eileme 4, TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.), Plus TM Group, Plus TM Management, governed by Polish laws;

(xii) assignment by way of security of receivables under insurance contracts payable to Polkomtel, governed by Polish laws;

(xiii) assignment by way of security of Polkomtel's rights under currency and exchange rate risk hedging agreements, governed by English laws;

(xiv) assignment by way of security of the rights of Polkomtel and LTE Holdings under the Additional LTE Agreement (agreement concluded on November 9, 2011 between Spartan (whose legal successor is Polkomtel), Ortholuck, Litenite, Eileme Companies and PLK Senior Facilities Agreement Security Agent),the agreement on the option to purchase 51% of Litenite shares, pledge over those shares, and pledge over LTE Holdings shares, governed by English laws;

(xv) assignment by way of security of rights under licensing agreements executed by TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.) and of rights under licensing agreements executed by Plus TM Management, governed by Polish law;

(xvi) assignment by way of security of rights under managerial contracts executed by Plus TM Management, governed by Polish laws;

(xvii) contractual mortgage over properties owned by Polkomtel, governed by Polish laws;

(xviii) declarations by Polkomtel, Plus TM Group, TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.) and Plus TM Management on compliance with enforcement action in respect of the duty to pay, governed by Polish laws;

(xix) declarations by Eileme 3 and TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.) on compliance with enforcement action in respect of the duty to deliver Notes documents, governed by Polish laws;

(xx) declarations by Polkomtel on compliance with enforcement action in respect of the duty to deliver shares of Liberty S.A., governed by Polish laws; and

(xxi) guarantees provided by Polkomtel, Eileme 3, Eileme 4, TM Rental Sp. z o.o. (previously Plus TM Group S.K.A.), Plus TM Group and Plus TM Management under the PLK Senior Facilities Agreement and the PLK Senior Notes Indenture, governed by the respective applicable laws of the financing agreements.

5 OTHER SIGNIFICANT INFORMATION

5.1 Transactions concluded with related parties on conditions differing from market conditions

Transactions concluded in the nine-month period ended September 30, 2015 by us or our subsidiaries with entities related to Polsat Group have all been concluded on market conditions and are described in Note 18 of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2015.

5.2 Discussion of the difference of the Company's results to published forecasts

Cyfrowy Polsat had not published any financial forecasts.

5.3 Material proceedings at the court, arbitration body or public authorities

The Management of Cyfrowy Polsat believes that the provisions for litigations as at September 30, 2015 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

Proceedings before the Office of Competition and Consumer

On February 24, 2011 the President of UOKiK imposed penalty on Polkomtel in the amount of PLN 130.7 million for the alleged lack of cooperation during an inspection carried out by UOKiK in Polkomtel. Polkomtel appealed against the decision of the President of UOKiK to the Consumer and Competition Protection Court. According to management, during the inspection the Company had fully and at all times cooperated with UOKiK within the scope provided by the law. On June 18, 2014 the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 4 million (i.e. EUR 1 million). On October 20, 2015 SOKiK's verdict has been revoked and the case has been transferred for re-examination. In the Management's opinion it is more likely than not that the ultimate outcome of the proceedings will be favorable to Polkomtel.

On November 23, 2011 Polkomtel received a decision of the President of UOKiK in which UOKiK recognized the alleged agreement between Polkomtel, PTK Centertel Sp. z o.o., PTC S.A. and P4 Sp. z o.o. as a competition-restricting practice on the domestic mobile telecommunication services retail market as well as on the domestic wholesale mobile DVB-H technology services market. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 33.5 million. In the Management's opinion, no such agreement had been concluded between the parties. The Company appealed to SOKiK against the decision of the UOKiK's President regarding the penalty. Following SOKiK's verdict dated June 19, 2015 the penalty has been revoked in full. The verdict is non-binding. The President of UOKiK may appeal against the verdict.

On December 27, 2012 the President of UOKiK issued a decision ending investigations related to Polkomtel's alleged practices which infringed upon the collective interests of consumers by presenting misleading slogans in advertising campaigns. Pursuant to the decision of the President of UOKiK, Polkomtel was charged with a penalty in the amount of PLN 4.5 million. The Company appealed to SOKiK against the decision. On October 15, 2014, SOKiK issued a decision where the penalty has been reduced to PLN 1.5 million. The judgment is not final.

On December 23, 2014, the President of UOKiK issued a decision ending investigations related to Polkomtel's alleged practices which infringed upon the collective interests of consumers by including certain clauses in the terms and conditions of the online shop and including certain clauses in the equipment return policy when telecommunication agreements are terminated by the subscriber. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 8.8 million. The company appealed to SOKiK against the decision.

On December 30, 2014, the President of UOKiK issued a decision ending investigations related to Polkomtel's alleged practices which infringed upon the collective interests of consumers by not providing its telecommunication clients (who entered into a written agreement) with terms and conditions of the preferential sales offer as well as not informing about the termination of the preferential sales offer. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 6.0 million. The company appealed to SOKiK against the decision.

On December 15, 2014, Polkomtel received a claim from Orange for the total amount of PLN 21.0 million related to the actions allegedly contrary to the obligations arising under the agreement for the transfer of rights to radio frequencies. On January 13, 2015 the company filed an answer to the claim. Pursuant to the decision of the District Court in Warsaw the penalty has been lowered to PLN 9.0 million. Polkomtel may appeal against the verdict. In the Management's opinion the claim is groundless.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according the best estimates of the management board members as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

5.4 Factors that may impact our results in at least the following quarter

5.4.1 Factors related to social-economic environment

Economic situation in Poland

Macroeconomic trends in the Polish economy and the economic situation on global markets have thus far affected the operations and operating results of Polsat Group, and are expected to continue affecting them in the future. The key factors affecting our operations, in particular the demand for advertising and the spending on our services, include GDP growth, unemployment rate, changes in salaries in real terms, household consumption, and capital expenditure incurred by enterprises.

In the sluggish world economy of 2011-2013, Poland continued to record one of the highest real GDP growth rates in the EU. According to Eurostat, Poland's real GDP growth in 2011, 2012 and 2013 was 5.0%, 1.6% and 1.3%, respectively, with the corresponding figures for the EU 28 at 1.7%, -0.5% and 0.2%, respectively. Despite the Polish economy's relatively good condition, the downturn on the global markets in 2011-2013 adversely impacted the volume of advertising spending in Poland, including on TV advertising.

Based on Eurostat data, a noticeable recovery of economies both of Poland and other EU countries took place in 2014. The GDP growth for Poland in 2014 was 3.3%, while forecasted GDP growth in 2015 and 2016 is 3.3% and 3.4%, respectively. GDP growth in 28 EU countries is estimated at 1.4% in 2014, 1.8% in 2015 and 2.1% in 2016.

We believe that average consumer spending, including spending on pay TV, mobile telephony, Internet access and bundle services generally will grow in line with the overall GDP growth in Poland, and will support our future revenue growth. We expect that the economic recovery, continued in 2015-2016, will also have a positive impact on the advertising expenditures in Poland.

Situation on the pay TV market in Poland

Our revenue from subscription fees is dependent upon the number of our customers and their loyalty, pricing of our services and the penetration rate of pay TV in Poland that we consider almost saturated.

The market on which we operate is very dynamic and competitive. Strong competition and the evolving market environment (including consolidation processes on the satellite and cable TV market as well as the development of digital terrestrial television) impact promotional offerings to our new customers. In addition, due to the heavy competition, we continuously invest in customer retention programs and loyalty building.

Currently, we consider our programming packages to offer the best value-for-money on the Polish DTH market. We believe that it gives us a chance to attract a significant portion of migrating customers to our platform. Moreover, we offer pay TV services as part of our integrated offer under the smartDOM program, which has a positive impact of the loyalization of our customer base and contributes to maintaining a relatively low churn rate.

Dynamic growth of non-linear distribution of content, delivered by video on demand and OTT (over-the-top) services is a global trend. This market is still small in Poland (according to data presented by PwC, its value was estimated at ca. 7 million USD in 2013, while in Great Britain and Germany at USD 485 million and USD 134 million, respectively) and in our opinion has significant growth prospects. We consequently develop our services which provide our customers with content on demand – our VOD rental service and the leading online television in Poland, IPLA. These products are complementary to our core business in the field of pay TV and allow us to broaden our content distribution channels.

Development of advertising market in Poland

Part of our wholesale revenue comes from the sale of advertising airtime and sponsoring slots on TV channels. Demand for advertising air-time is highly correlated with the macro-economic situation. ZenithOptimedia Media House forecasts a 2.6% growth y-o-y of total net TV advertising expenditure in 2015, while in 2016 this segment will increase by 2.4%. Given that TV is a highly effective advertising medium, and given the relatively low level of advertising expenditures in Poland as a percentage of GDP and per capita in comparison to other European markets, we believe there is still a substantial growth potential for TV advertising in Poland in the long term, and the continued economic recovery in 2015-2016 will positively influence the level of advertising expenditure in Poland. It is worth noticing, that despite the growing importance of new media, it is forecasted that television will remain an attractive and popular pastime, primarily thanks to new technical opportunities, which include an increasing number of HD channels and VOD, as well as thanks to a growing number of smart-TVs.

The Internet advertising market is characterized by dynamic growth. According to the IAB AdEx report, online advertising expenditures increased at a rate of 15.7% y-o-y in the first half of 2015. The growth dynamics of this form of advertising is influenced to a significant extent by expenditures on the video advertising segment, in which we generate our revenue. In the first half of 2015 those expenditures increased by 33% and represented 8% of the total expenditures on online advertising. According to PwC forecasts (Global entertainment and media outlook: 2014-2018) the online video advertising in Poland will grow by an average 45.1% (CAGR) in the years 2013-2018. We believe that thanks to the leading position on the online video market (through IPLA internet television) we may benefit from the growth of this promising advertising market segment.

Growing importance of thematic channels

With the high penetration of the Polish market by pay TV, that provides viewers with increasingly greater selection of thematic channels, as well as a broader offer of channels available via digital terrestrial television (DTT), main general entertainment channels (FTA) have experienced a decline in audience share. What is more, Starlink data suggests that the advertising market share of thematic stations and channels broadcast via terrestrial television multiplexes is consistently growing. In order to maintain total audience share and advertising market share, we have focused on developing our thematic channels portfolio.

Fixed-mobile substitution and growth of mobile broadband Internet saturation

Substituting fixed services with their mobile counterparts is the universal trend on the telecommunication market. Both the number of fixed lines and revenues generated by fixed-line operators have been gradually decreasing along with the growing penetration of mobile services. Initially, this phenomenon had been observed in the voice services area, but currently the fixed-mobile substitution is already visible in the area of broadband Internet access.

In Poland the fixed-mobile substitution has a larger scale than in most of the EU countries. Based on the data by UKE, in 2014 the volume of voice traffic in fixed networks amounted to 10.4 billion minutes and was already almost 8 times lower than the voice traffic volume in mobile networks – which exceeded 82.6 billion minutes.

At the same time the availability of fixed-line broadband services is limited mainly to urban areas. Outside urban areas, high-quality fixed-line broadband services are offered only to a limited extent, which is due to historical underinvestment resulting i.a. from the high cost of build-out of local loops (the so called “last mile”).

High preference of Poles for mobile technology combined with improving quality of mobile data transmission as a result of implementation of the LTE/HSPA+ technology in our opinion create the opportunity for dynamic growth of the value of broadband Internet market in Poland in the next years, which we intend to utilize.

Growing demand for smartphones and data transmission

Popularity and sales of smartphones in Poland has been gradually growing. In the third quarter of 2015 nearly 90% of handsets sold by us to our telecommunication service customers were smartphones and this share is systematically growing. At the same time, we estimate that at the end of September 2015 over half of the handsets used by our customers were smartphones. This disproportion shows that the smartphones’ penetration among our mobile services customers will grow consistently in the next years.

Popularization of smartphones translates into growing sales of data transmission products in the segment of small screen devices. According to data presented in the Ericsson Mobility Report dated June 2015, the volume of transmitted data will increase 11 times in the years 2014 - 2020. We offer data transmission mainly under primary subscriptions and additional data packs. Customers who do not purchase a recurring data pack may use the data transmission in the so-called “pay-as-you-go” model (i.e. charged per every MB used).

We expect that the growing popularity and technological advancement of smartphones offered by manufacturers, combined with improving quality parameters of data transmission services provided in our mobile network and constantly extending offer of application and contents available for customers resulted in the growing demand for data transmission services.

Seasonality of advertising market

Our advertising revenue tends to be lowest during the third quarter of each calendar year due to the summer holiday period and highest during the fourth quarter of each calendar year due to the increased consumer spending during the Christmas season. In the year ended December 31, 2014, TV Polsat Group generated approximately 21.6% of advertising revenue in the first quarter, 28.0% in the second quarter, 20.7% in the third quarter and 29.7% in the fourth quarter.

Seasonality of the telecommunication market

Although our telecommunication business is not subject to significant seasonal effects, revenue from mobile telephony tends to increase during the summer period due to increased usage of roaming services by customers travelling abroad. In the first quarter of the year revenue from mobile telephony tends to be slightly lower compared to other quarters as a result of the fewer number of calendar and business days in February.

The December holiday period also has an impact on the costs level as a result of the seasonal growth in customer contract acquisition and retention transactions as well as an increase in our sales and marketing efforts resulting in higher costs of goods sold and external services costs, which typically lead to a seasonal decrease in EBITDA in the fourth quarter.

5.4.2 Factors related to the operations of the Group

Growing importance of integrated services

Growing interest in integrated services, observed among our customers base, provides us with a possibility to generate growth of average revenue per user. We carefully follow the evolution of expectations of our customers and strive to meet their growing needs by combining our pay TV, broadband Internet access and mobile television services into attractive packages.

In this context, the acquisition of Polkomtel, one of the leading mobile operators on the Polish market, is significant. Together with Polkomtel we create a unique portfolio of products which are simultaneously targeted at customers of both operators. Our programs smartDOM (addressed to individual customers) and smartFIRMA (addressed to business customers) allow our customers to combine in a flexible way products into packages, on which we offer attractive discounts. The program smartDOM, launched in mid-February 2014, yields excellent sales results. The possibility to sell additional products and services (cross-selling) to current customers of Cyfrowy Polsat and Plus network has a positive impact both on our revenue and the level of ARPU per contract client.

We strive to meet the needs of our customers by offering to every basic service a broad range of complementary services. We combine our traditional pay TV services with VOD, PPV, Multiroom, online video services and mobile television. For Internet access and mobile telephony services we offer the so-called VAS, that is value added services including, among others, info, entertainment, location-based, financial and insurance services.

Proper utilization of the potential in the area of provision to our customers of integrated and value added services, both through up-selling of single products and value added services as well as through the sale of integrated offers, among others under the smartDOM program, may significantly increase the number of services per individual customer, thus increasing the average revenue per user (ARPU).

Providing Internet access services in LTE technology

We provide broadband Internet access services in numerous available mobile technologies, including mainly HSPA/HSPA+ and the latest LTE technology. LTE Internet is considered to be the future of mobile broadband Internet and is successfully replacing the UMTS standard. Thanks to its technical characteristics and quality parameters, mobile LTE Internet often replaces fixed-line connections and satisfies increasingly demanding customers. In addition, it has the advantage of mobility, which is more desired by consumers. We strongly believe that over the long term, as the necessary radio infrastructure and LTE-enabled devices develop, the technology will revolutionize not only the broadband Internet market but also content distribution. The wide availability of our LTE Internet service constitutes a significant competitive advantage and it will help us to further increase our customer base both of stand-alone and integrated services.

We provide telecommunication services in the LTE technology based, among others, on the network infrastructure of Midas Group. On March 3, 2015, Midas Group informed that under an agreement concluded with Sferia S.A. it gained access to a telecommunications network enabling the provision of services in LTE technology based on the 800 MHz frequency band. Moreover, Midas Group invited potential holders of frequencies in the 800 MHz band – in particular Hubb Investments Sp. z o.o., NetNet Sp. z o.o. and P4 Sp. z o.o. – to cooperate in the construction of a joint LTE 800 network.

On March 24, 2015, Midas Group launched the first in Poland commercial LTE 800 network. In line with the provisions of the agreements concluded between Midas Group and Polsat Group, following the launch of services based on the 800 MHz frequencies Midas Group extended the scope of services related to data transmission provided to Polsat Group. As a result of the roll-out of the LTE 800 network, which included ca. 2890 locations at the end of September 2015, as of the third quarter of 2015 over 91% of Poles lived within the coverage of LTE Internet service offered by Plus and Cyfrowy Polsat. According to data published by operators, this is the broadest LTE coverage currently offered in our country. Midas Group announced that, bearing in mind the optimal coverage, the roll-out of the LTE 800 network may consist in the construction of over 5000 stations in total.

Thanks to the deployment and further expansion of the network based on frequencies in the 800 MHz ban, fast broadband Internet access will now be available not only to the inhabitants of big cities but also to those living in rural areas. Along with the expansion of the LTE 800 network we can expect growth of the number of customers of our services, and hence growth of revenue from telecommunication services.

New terms of provision of data transmission services

We provide telecommunication services in LTE/HSPA+ technologies, data transmission in particular, based on the network infrastructure of Midas Group. On March 3, 2015, we concluded memoranda of understanding with Midas Group (for details see item 3.2 – *Significant events – Business related events)* determining new terms of cooperation between Polsat Group and Midas Group in the scope of telecommunication services related to data transmission. In particular, a new, lower unit price of PLN 2.40 net per 1 GB was established, which will be applied to both newly ordered data packages as well as unused data packages already partially paid for under previous orders. Concurrently, we placed an order with Mobyland for the purchase of a data package of ca. 1.6 billion GB, which will satisfy our needs related to data transmission in the mid-term.

The new terms of cooperation between Polsat Group and Midas Group constitute an important element of the implementation of our strategy to provide our customers with multi-play services, of which LTE Internet access is a significant component. The commercial success of the integrated services program smartDOM and unlimited access to LTE Internet services triggered the dynamic growth rate of the number of users of mobile Internet services offered by Polsat Group, which translates into growing costs of data transmission services. In our opinion, the data package purchased from Midas Group meets our business needs over the medium term, while a lower unit price per 1 GB of data transmission allows to present a more attractive offer to customers, which may help to maintain a high dynamic of customer acquisition or improve margins generated from services in the future. At the same time, a significantly lower unit price will allow to limit the growth of incurred data transmission costs given the growing volume of used data in the coming quarters, which will be reflected in the Group's financial results.

Development of IPLA

IPLA, the leader on online video market, strengthens our position as aggregator and distributor of content and ensures an important competitive advantage. We continue to develop the service using our experience in sales of pay TV. Developing IPLA is a source of synergies in terms of costs and revenues. Costs synergies come from jointly executed content acquisition and investments in technology development, marketing activities, use of the same infrastructure as well as optimized use of back-office resources. Revenues synergies come from cross-selling and from increased attractiveness of current and new products introduced, that positively impact the customers' satisfaction level.

Mobile video traffic is the fastest growing segment of global mobile data traffic. According to estimates presented in Ericsson Mobility Report dated June 2015, mobile video traffic is expected to grow at an average annual rate of 55% between 2014 and 2020. Bearing this in mind, we believe that IPLA online television will make an increasingly significant element of our business in the future.

Attractive content of our TV channels

We offer the biggest and most versatile portfolio of TV channels on the Polish market, which places us in the leading position in terms of audience among private television groups in Poland and translates into our share in the advertising market. Our direct production covers mainly news programs, documentaries, shows and series based on international formats as well as solely created concepts. Moreover, we have contracts with major film studios, such as Sony Pictures Television International, Sony Pictures Entertainment Inc., 20th Century Fox International Television, Inc., The Walt Disney Company, Warner Bros International TV Distribution or Monolith Films Sp. z o.o., which provide access to a wide selection of the most attractive films and series. We also offer a wide selection of sports transmissions, including UEFA European Championships 2016 qualifying stage, UEFA Euro 2016 final tournament, FIFA World Championships 2018 qualifying stage, European Championships in volleyball and handball, boxing and mixed martial arts galas, World Rally Championship, Formula 1 races, Wimbledon and many others. We believe that attractive content, including content which is not available in the offer of other pay TV operators is a significant competitive advantage over other pay TV operators in Poland.

5.4.3 Factors related to the regulatory environment

International roaming in mobile networks

International roaming rates in the EU are regulated by the Regulation of the European Parliament and the Council of the European Union. The Regulation covers retail and wholesale charges for voice (outbound and inbound calls), SMS, MMS and data roaming services, by determining average wholesale rates and maximum retail charges for the services. Starting from July 1, 2014, the Regulation led to a further reduction of rates applied by the operators within the EU, as specified in the table below.

	Maximum retail prices (excluding VAT)		Average wholesale prices (settlements between operators)	
	from July 1, 2013 to June 30, 2014	from July 1, 2014	from July 1, 2013 to June 30, 2014	from July 1, 2014
Data transmission (1 MB)	45 euro cents	20 euro cents	15 euro cents	8 euro cents
Outbound voice calls (minute)	24 euro cents	19 euro cents	10 euro cents	5 euro cents
Inbound voice calls (minute)	7 euro cents	5 euro cents	10 euro cents	5 euro cents
SMS (1 SMS)	8 euro cents	6 euro cents	2 euro cents	2 euro cents

In October 2015, the European Parliament adopted the Telecommunications Single Market Regulation, which provides for the levelling of retail roaming charges with domestic charges applied within the EU (*Roam like at home)*. The EU plans to introduce roaming charges within the Union equal to domestic fees at the beginning of June 2017, which depends on the ability to establish a set of detailed regulations with respect to, among others, the level of wholesale roaming charges, the levelling of MTR rates applied in specific Member States and adopting the *Fair Usage Policy*, which would protect the interests of operators across the EU. As at the date of publication of this Report, no detailed guidelines regarding these proposals were available.

As an interim solution, another reduction of maximum retail roaming charges is to be implemented as of April 2016. The level of these charges is determined as the sum of retail fees for domestic calls increased by the maximum wholesale rate, equal to:

- 5 euro cents per minute in the case of outgoing voice calls;
- 2 euro cents per short text message;
- 5 euro cents per 1MB of data transfer;
- the average European MTR rate for incoming voice calls.

As at the date of publication of this Report, a mechanism of determining domestic retail charges has not been established. It is expected that BEREC will issue guideline on the calculation of the said charges by December 2015.

Reservation of frequencies

The national strategy for frequency allocation is prepared by the President of UKE, taking into account national and social needs as well as international agreements. As a rule, frequency reservation for provision of telecommunication services is granted based on the application and, whenever there are more interested parties than available frequency resources, licenses are awarded by way of a tender or auction procedure.

A frequency license may be amended or withdrawn if, among other things, the licensed entity does not fulfill its commitments under the license, alters use of the frequency band, or fails to utilize the frequency band within six months of the date of allocation or for a six-month period.

A frequency license is awarded for a specified term and the telecommunications operators may apply, 12 to 6 months before the end of the period of exploitation of the frequencies, for renewal of the frequency allocation for a further period. The President of UKE, acting in consultation with the President of UOKiK, may decide to refuse to extend frequency allocation if revocation of the frequency allocation follows from the necessity to ensure equal and effective competition or substantially better use of frequencies, especially if the extension of the allocation would lead to excessive frequency concentration at a single entity or within a single group. Pursuant to the law, making a reservation for frequencies for a subsequent period requires a one-time payment on behalf of the National Treasury.

As a result of switching off analogue television in 2013, certain frequency resources have become available under the so-called Digital Dividend. On October 10, 2014 the President of UKE announced the auction of 5 blocks in the 800 MHz band and 14 blocks in the 2600 MHz band. The opening bid for one block in the 800 MHz band was set at PLN 250 million and for one in the 2600 MHz band – at PLN 25 million. The auction documentation determined, i.a. detailed conditions of conducting the auction, limitations regarding joining frequency blocks by entities, who receive frequency allocations through the auction and conditions of use of allocated frequencies. Six entities submitted initial bids: Orange, P4, Hubb Investments Sp. z o.o., T-Mobile, Polkomtel and NetNet Sp. z o.o. The actual bidding in the auction began on February 10, 2015. On March 10, 2015, Polkomtel made a decision to discontinue its participation in active bidding for the spectrum blocks from the 800 MHz band and switched to the so-called passive approach.

On October 1, 2015, the minister of administration and digitization accepted an amendment to the resolution on tenders, auctions and frequency reservation competitions of July 19, 2013. The amended resolution introduced a mechanism ending an auction should it not be concluded during 115 auction days. In this situation the actual bidding ends on the 115th auction day, after which one additional round ending the process is conducted. During this round those participants, who fulfill requirements determined by the amended resolution, are entitled to submit an offer. Pursuant to the amendment of said resolution after the submission of offers by participants on the 116th auction day, the Office of Electronic Communications announced the results of the LTE auction. It must be emphasized that legal proceedings in connection with the modification of the rules ending the auction while the auction process was in progress cannot be excluded. This may be due to strong protests of the majority of parties participating in the auction, supported by numerous opinions of recognized constitutionalists as well as experts and analysts of the telecoms market, that the solution introduced by the ministry of administration and digitization is unconstitutional. There is a risk that legal proceedings may lead to challenging the results of the auction, announced by UKE, or even the cancellation of the entire auction process.

On October 19, 2015, UKE announced the results of the LTE auction, which we present in the table below.

Bidding party	Frequency blocks won	Total sum of offers [mPLN]
Frequencies from the 800 MHz band		
Orange Polska	2 blocks	3.051
NetNet Sp. z o.o.	1 block	2.053
T-Mobile Polska	1 block	2.022
P4 Sp. z o.o.	1 block	1.496
Frequencies from the 2600 MHz band		
P4 Sp. z o.o.	4 blocks	222,4
Polkomtel	4 blocks	155,7
Orange Polska	3 blocks	117,0
T-Mobile Polska	3 blocks	115,8

Source: Own analysis based on UKE

According to information published by UKE, Polkomtel placed the highest bids in the Auction for four blocks in the 2,600 MHz band for the total price of PLN 155.7 million. On October 26, 2015 Polkomtel submitted applications for reservations of frequencies, which were the subject of the LTE auction, and it intends to collect the allocated frequency reservations. Reservations for frequencies will remain valid for 15 years with a possibility of their extension.

As at the date of publication of the Report the final date of payment settlements or allocation of frequencies is not known. There is no certainty that parties, who placed the highest offers for given frequency blocks with collect reservation decisions.

5.4.4 Financial factors

Exchange rates fluctuations

Zloty (PLN) is our functional and reporting currency. Our revenue is primarily denominated in PLN, whereas a portion of our expenses, capital expenditures and debt service costs is denominated in foreign currencies, in particular USD and EUR.

Foreign exchange rate fluctuations have historically affected the level of our operating costs, finance costs, as well as the profit or loss on investing activities, and are expected to do so in the future. In particular, our exposure to foreign exchange rate fluctuations stems from our foreign currency payments for licensing fees paid to TV broadcasters, signal transmission-related charges, access to the offering of leading film and TV studios, and of other programming suppliers and producers, including sports federations, set-top box parts as well as other hardware and software, transponder capacity lease, telecommunication equipment for mobile telephony customers, UMTS license fees, telecommunication network equipment, selected leases of land for telecommunication network sites, selected office building lease agreements, international roaming and interconnect agreements and other trade obligations.

In addition, we may be exposed to currency risk in relation to the PLK Senior Notes, since movements in the exchange rate of the euro, dollar or any other currency provided for in the PLK Senior Notes Indentures against the zloty may increase the amounts expressed in Polish zloty required to service principal and interest payments under the PLK Senior Notes Indenture.

We have no control over how exchange rates will change in the future, and consequently foreign exchange rate fluctuations will continue to affect (positively or negatively) our operations and financial results. Considering our open exposure to the currency exchange risk, the Group has in place a market risk management policy and uses, inter alia, natural hedging and hedging transactions.

Refinancing of the Group's debt

On September 21, 2015, Polsat Group entered into a facility agreement with a consortium of Polish and foreign financial institutions comprising a term facility of up to PLN 11.5 billion and a revolving facility of up to PLN 1,0 billion, which, together with the Series A Bonds with the total nominal value of PLN 1,0 billion, issued in July 2015, is being used to refinance the entire indebtedness of the Group.

The new debt financing structure of the Group is characterized by better financial terms and guarantees greater flexibility of current operational and investing activities of the Group. As a result of the refinancing process we expect annual interest savings of ca. PLN 380 million which significantly increase potential for generating free cash flows.

The new Senior Facility Agreements have built-in mechanisms of bank margin reduction parallel to the decrease in the net debt to EBITDA ratio, which means that by generating cash from operating and investing activities and by maintaining a high level of EBITDA we are able to decrease interest costs and payments.

Furthermore, the new Senior Facility Agreements and the Series A Bonds are based on a floating market interest rate, therefore fluctuations of interest rates in Poland will have an effect on value of current debt costs.

Tomasz Gillner-Gorywoda
President of the Management Board

Tobias Solorz
Vice-President of the Management Board

Dariusz Działkowski
Member of the Management Board

Aneta Jaskólska
Member of the Management Board

Maciej Stec
Member of the Management Board

Tomasz Szeląg
Member of the Management Board

Warsaw, November 10, 2015

GLOSSARY

Capitalised terms used herein and not defined in this Report shall have the meaning assigned to them below, unless the context requires otherwise.

Glossary of general terms

Term	Definition
Amendment, Restatement and Consolidation Deed	Agreement concluded on September 21, 2015 between the Company, Polkomtel, Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and a consortium of Polish and foreign financing institutions, amending and consolidating the CP SFA and the PLK SFA.
Argumenol	Argumenol Investment Company Limited, a company under Cypriot law with its registered office in Nicosia, Cyprus.
ATS, WSE ATS	Alternative system of trading in debt instruments organized by the WSE within the Catalyst market.
ATS Rules	Alternative Trading System Rules governing the alternative trading system organized by the WSE, adopted by resolution no. 147/2007 of the management board of the WSE on March 1, 2007, as amended.
B2B	Business to Business, a transaction between businesses.
B2C	Business to Consumer, a transaction between a business and a consumer.
Bonds, Series A Bonds	Dematerialized, interest-bearing, senior and unsecured Series A bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Management Board's Resolution No. 01/02/07/2015 dated July 2, 2015.
Bonds Terms	Terms and conditions of Bonds issuance together with the supplement
Catalyst	Trading system of debt instruments operating on markets organized by the WSE and Bondspot, as defined in § 1 of the Catalyst Operating Rules adopted pursuant to resolution no. 59/2010 of the Management Board of WSE on January 27, 2010, as amended.
Copyright Law	Copyright and Neighboring Rights Act of February 4, 1994 (consolidated text in Journal of Laws of 2006, No. 90, item 631, as amended).
CP Finance, Cyfrowy Polsat Finance	Cyfrowy Polsat Finance AB (publ), a company under Swedish law, registered under No. 556842-4435. On August 20, 2015 the Company changed its business name to Rioni 1 AB.
CP Revolving Facility Loan	The revolving facility loan of up to PLN 300 million, issued under the CP Senior Facilities Agreement, with the maturity date of September 21, 2020.
CP Senior Facilities Agreement, CP SFA	The Senior Facilities Agreement of September 21, 2015 between the Company, Telewizja Polsat, CPTM, Polsat License Ltd. and Polsat Media Biuro Reklamy, and a syndicate of Polish and foreign banks, covering the CP Term Facility Loan and the CP Revolving Facility Loan.
CP Term Facility Loan	The term facility loan of up to PLN 1.2 billion, issued under the CP Senior Facilities Agreement of September 21, 2015, with the maturity date of September 21, 2020.
Cyfrowy Polsat, the Company	Cyfrowy Polsat Spółka Akcyjna, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000010078.
Cyfrowy Polsat Trade Marks, CPTM	Cyfrowy Polsat Trade Marks spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. 0000373011.
EBRD	European Bank for Reconstruction and Development, an international organization established by virtue of a treaty signed on May 29, 1990 in Paris, having its registered office in the United Kingdom of Great Britain and Northern Ireland.
Eileme 1	Eileme 1 AB (publ), a company under Swedish law, registered under No. 556854-5668.
Eileme 2	Eileme 2 AB (publ), a company under Swedish law, registered under No. 556854-5676.
Eileme 3	Eileme 3 AB (publ), a company under Swedish law, registered under No. 556854-5692.
Eileme 4	Eileme 4 AB (publ), a company under Swedish law, registered under No. 556854-5684.
Eileme Companies	Jointly Eileme 1, Eileme 2, Eileme 3 and Eileme 4.
Embud	Embud spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. 0000165473.

Term	Definition
Environmental Protection Law	Environmental Protection Law of April 27, 2001 (consolidated text in: Dz. U. of 2008, No. 25, item 150, as amended).
the Group, Polsat Group, Cyfrowy Polsat Group	Cyfrowy Polsat and the indirect and direct subsidiaries of the Company.
IFRS	The International Accounting Standards, International Financial Reporting Standards and the related Interpretations by the Standing Interpretations Committee and International Financial Reporting Interpretations Committee, adopted pursuant to Commission Regulation (EC) No. 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council (OJ L 320/1 of November 29, 2008, as amended), as defined in Art. 2 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (OJ L 243/1 of September 11, 2002, as amended).
Karswell	Karswell Limited, a company under Cypriot law with its registered office in Nicosia, Cyprus
KRRiT	Krajowa Rada Radiofonii i Telewizji, National Broadcasting Council.
Metelem	Metelem Holding Company Limited, a company under Cypriot law, registered under No. 286591, indirectly controlling 100% shares in Polkomtel.
Metelem Group	Metelem jointly with the following companies: Eileme 1, Eileme 2, Eileme 3, Eileme 4, Polkomtel, Nordisk Polska, Liberty Poland, Polkomtel Finance, Polkomtel Business Development, TM Rental, Plus TM Group, LTE Holdings, and Plus TM Management.
Midas Group	Midas spółka akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000025704 and the indirect and direct subsidiaries of Midas S.A.
Mobyland	Mobyland spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000269979.
NBP	Narodowy Bank Polski, the central bank of the Republic of Poland
NDS	National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych, KDPW*)
Orange, Orange Polska	Orange Polska Spółka Akcyjna, entered in the register of entrepreneurs of the National Court register under entry No. KRS 0000010681, previously operating under the name of Telekomunikacja Polska Spółka Akcyjna.
P4	P4 spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000217207.
PIK Notes Indenture	The PIK Notes Indenture of February 17, 2012, between Eileme 1, Ortholuck, Citibank, N.A., London Branch, Citibank, N.A., New York Branch, and Citigroup Global Markets Deutschland.
PIK Notes	Pay-in-kind notes with a total initial nominal amount of USD 201.0 million, maturing in 2020, issued by Eileme 1, redeemed in full in 2014.
PLK Revolving Facility Loan	The revolving facility loan of up to PLN 700 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 21, 2020.
PLK Senior Facilities Agreement, PLK SFA	The Senior Facilities Agreement of September 21, 2015 between Polkomtel, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental and Plus TM Group and a syndicate of Polish and foreign banks, covering the PLK Term Facility Loan and the PLK Revolving Facility Loan.
PLK Senior Notes Indenture	PLK Senior Notes Indenture of January 26, 2012 between Eileme 2, Eileme 3, Eileme 4, Spartan, Ortholuck, Citibank, N.A., London Branch, Citibank, N.A., New York Branch, and Citigroup Global Markets Deutschland.
PLK Senior Notes	Unsubordinated senior notes with a total nominal amount of EUR 542.5 million and USD 500.0 million, maturing in 2020, issued by Eileme 2.
PLK Term Facility Loan	The term facility loan of up to PLN 10.3 billion, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 21, 2020.
Plus Bank	Plus Bank Spółka Akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. 0000096937.
Plus TM Group	Plus TM Group spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 373023, previously operating under the name of Once 2 spółka z ograniczoną odpowiedzialnością.

Term	Definition
Plus TM Group S.K.A.	Plus TM Group spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. KRS 474497, previously operating under the name of Cinco spółka z ograniczoną odpowiedzialnością – ,l – spółka komandytowo-akcyjna. On August 3, 2015, the company was transformed into TM Rental.
Plus TM Management	Plus TM Management spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 378997.
Pola	Pola Investments Limited, a company under Cypriot law, with its registered office in Nicosia, Cyprus.
Polish Energy Law	Polish Energy Law of April 10, 1997 (consolidated text in Journal of Laws of 2012, item 1059).
Polkomtel	Polkomtel spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. 0000419430. The company was established following the transformation of Polkomtel Spółka Akcyjna, which was entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000020908.
Polkomtel Business Development	Polkomtel Business Development spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 377416.
Polkomtel Finance	Polkomtel Finance AB (publ), a company under Swedish law, registered under No. 556807-4594.
Polkomtel Group	Polkomtel jointly with the following companies: Nordisk Polska Sp. z o.o., Liberty Poland S.A., Polkomtel Finance, Polkomtel Business Development, TM Rental, Plus TM Group, LTE Holdings, and Plus TM Management.
Polsat Media Biuro Reklamy	Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. entered in the register of entrepreneurs of the National Court Register under entry No. 0000467579.
Polskie Media	Polskie Media Spółka Akcyjna, previously entered in the register of entrepreneurs of the National Court Register under entry No. 0000049216. On December 31, 2013 Polskie Media merged with Telewizja Polsat.
Redefine	Redefine spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. 0000287684. On June 30, 2015, Cyfrowy Polsat merged with Redefine.
Refinanced CP Senior Facilities Agreement	The Senior Facilities Agreement of April 11, 2014 between the Company, Telewizja Polsat, CPTM, Polsat License Ltd. and Polsat Media, and a syndicate of Polish and foreign banks, covering the CP Term Loan and the CP Revolving Facility Loan. Refinanced in full on September 21, 2015.
Refinanced CP Term Loan	The term facility loan of up to PLN 2.5 billion, issued under the Refinanced CP Senior Facilities Agreement, with maturity on April 11, 2019. Refinanced in full on September 21, 2015.
Refinanced PLK Senior Facilities Agreement	The Senior Facilities Agreement of June 17, 2013 between Eileme 2, Eileme 3, Eileme 4, Polkomtel and subsidiaries, and a syndicate of banks. Refinanced in full on September 21, 2015.
Refinanced PLK Term Loans	The Term Facility Loans A, B and C issued under the Refinanced PLK Senior Facilities Agreement of up to PLN 2.65 billion, PLN 3.3 billion and PLN 1.7 billion with maturity dates falling in years 2017, 2018 and 2019, respectively. Refinanced in full on September 21, 2015.
Shares	Shares of Cyfrowy Polsat S.A. admitted to trading on the Warsaw Stock Exchange in Warsaw S.A.
Senior Notes	Unsubordinated senior secured notes with a value of EUR 350 million, bearing interest at a rate of 7.125%, issued by Cyfrowy Polsat Finance in 2011, redeemed in full in 2014.
Sensor	Sensor Overseas Limited, a company under Cypriot law, with its registered office in Nicosia, Cyprus.
SOKiK	The District Court in Warsaw, 17th Department for Competition and Consumer Protection.
Telecommunications Law	Telecommunications Law of July 16, 2004 (Dz. U. of 2004, No. 171, item 1800, as amended).
Telewizja Polsat, TV Polsat	Telewizja Polsat spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000388899. The company was established following the transformation of Telewizja Polsat Spółka Akcyjna, which was entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000046163.
Telewizja Polsat Group, TV Polsat Group	Telewizja Polsat together with its direct and indirect subsidiaries.
TiVi Foundation	TiVi Foundation, a family foundation of Kirchstrasse 12, 9490 Vaduz, Liechtenstein.

Term	Definition
T-Mobile, T-Mobile Polska	T-Mobile Polska Spółka Akcyjna, entered in the register of entrepreneurs of the National Court register under entry No. KRS 0000391193, previously operating under the name of Polska Telefonia Cyfrowa Spółka Akcyjna.
TM Rental	TM Rental spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 567976.
UKE	The Office of Electronic Communications (Urząd Komunikacji Elektronicznej).
UOKiK	The Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów).

Technical terms

Term	Definition
2G	Second-generation cellular telecommunications networks commercially launched on the GSM standard in Europe.
3G	Third-generation cellular telecommunications networks that allow simultaneous use of voice and data services.
4G	Fourth-generation cellular telecommunications networks.
Add-on sales	Sales technique combining cross-selling and up-selling.
Advertising market share	The Group's revenue from advertising and sponsoring in the overall revenue from TV advertising in Poland (market data according to Starlink).
Audience share	Percentage of TV viewers watching a channel at a given time, expressed as the percentage of all TV viewers at a given time (based on Nielsen Audience Measurement (NAM), in the "from 16 to 49 years old" demographics throughout the day).
CAGR	Compounded Annual Growth Rate – the average annual growth rate calculated for a given value using the following formula: $$\mathrm{CAGR} = \left(\frac{\mathrm{W_{rk}}}{\mathrm{W_{rp}}}\right)^{\left(\frac{1}{\mathrm{rk-rp}}\right)} - 1$$ where: rp – start year, rk – end year, Wrp – value in start year, Wrk – value in end year.
Catch-up TV	Services providing access to view selected programming content for a certain period after it was broadcast. Cyfrowy Polsat provides such services from 2011.
CDMA	A family of mobile telecommunications standards developed by the 3rd Generation Partnership Project 2, comprising e.g. CDMAOne and CDMA2000. CDMA is mainly used for data transmission services in rural areas. Its maximum transmission speed is 3.1 MB/s. CDMA also supports direct communication between user terminals and restriction of access to selected devices, and the technology is therefore used for digital trunked communications.
Churn	Termination of the contract with Customer by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
Contract ARPU	Average monthly revenue per customer generated in a given settlement period (including interconnect revenue)
Converged (integrated) services	A package of two or more services from our pay TV, mobile telecommunications and broadband Internet access offering, provided under a single contract and for a single subscription fee.

Term	Definition
Customer	Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model.
DTH	Satellite pay TV services provided by us in Poland from 2001.
DTT	Digital Terrestrial Television.
DVB-T	Digital Video Broadcasting – Terrestrial technology.
DVR	Set-top boxes equipped with a hard drive enabling the recording of TV programs (Digital Video Recorder)
EDGE	Cellular telecommunications technology supporting faster data transmission as a backward-compatible extension of the 2G network. EDGE increases the capacity of the radio interface and ensures more convenient use of data transmission services. Its maximum design speed is nearly 1 Mb/s (Enhanced Data rates for GSM Evolution).
ERP	A family of IT systems supporting enterprise management or shared operation of a group of collaborating enterprises through data collection and enabling transactions on the collected data (enterprise resource planning).
GB	Gigabyte – a measure of digital information, comprising one billion bytes, or 1024^3 bytes, depending on the interpretation – decimal or binary, respectively.
GPRS	Mobile data transmission service for GSM users (General Packet Radio Service).
GRP	A rating point defined as the overall number of persons viewing a given advertising spot over a specific time, expressed as a percentage share of the target group. In Poland, one GRP equals 0.2 million residents in the primary target group for advertisers aged 16-49 (Gross Rating Point).
GSM	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols, in particular regarding access to voice services (Global System for Mobile Communications).
GSM-1800	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols in the 1800 MHz bands, in particular regarding access to voice services.
GSM-900	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols in the 900 MHz bands, in particular regarding access to voice services.
HD	Above-standard resolution signal (High Definition).
HSPA/HSPA+	Radio data transmission technology for wireless networks, increasing the capacity of the UMTS network (High Speed Packet Access/High Speed Packet Access Plus). It also covers the HSPA+ Dual Carrier technology (Evolved High Speed Packet Access Dual Carrier). It supports transmission speeds of up to 42 Mb/s for download and up to 5.7 Mb/s for upload.
Interconnect revenue	Wholesale revenue for terminating voice and non-voice traffic on Polkomtel's network from other network operators based on interconnect agreements as well as revenue from transit of traffic.
IPLA	Internet platform providing access to video content, operated by Redefine Group, Frazpc.pl Sp. z o.o., Gery.pl Sp. z o.o. and Netshare Sp. z o.o.
IPTV	Technology enabling transfer of a television signal over IP broadband networks (Internet Protocol Television).
IVR	A telecommunications system enabling human-computer interaction using voice or tone signals (Interactive Voice Response).
LTE	A standard for faster data transmission for wireless networks (Long Term Evolution). It supports the maximum design transmission speed of 326.4 Mb/s.
Mb/s	A unit of telecommunications channel capacity, being one million or 1024^2 bytes (Megabyte) per second, depending on the interpretation – decimal or binary, respectively.
Mobile TV	Our pay mobile TV service rendered in DVB-T technology;
MTR	A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate).
Multiroom	Our service providing access to the same range of TV channels on two television sets in one household for a single subscription fee.

Term	Definition
MUX, Multiplex	A package of TV and radio channels and additional services, simultaneously transmitted digitally to the user over a single frequency channel.
MVNO	Mobile Virtual Network Operator.
Node B	A device for wireless connection between a mobile terminal and a fixed part of the third-generation telecommunications network.
PPV	Services providing paid access to selected TV content (pay-per-view).
Prepaid ARPU	Average monthly revenue per prepaid RGU generated in a given settlement period (including interconnect revenue)
PVR	Electronic commodity hardware for digital recording of TV programs on its hard drive (Personal Video Recorder).
real users	An estimated number of persons who visit a website or open an Internet application at least once in a given month (Real Users).
RGU (Revenue Generating Unit)	Single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.
SD	Standard-resolution television signal (Standard Definition).
SMS	Service enabling the sending of short text messages over telecommunications networks (Short Message Service).
streaming	A technical process initiated by the user, enabling the replaying (of video or audio/video content) of material available on the Internet on the user's terminal device, without it being necessary to download the entire content. The process involves the sending of digital data streams, being sections of the entire content spread over time, instead of the entire material.
Technical coverage	Percentage of households in Poland capable of receiving the broadcast of a given channel by Telewizja Polsat.
UMTS	Globally-used European 3G telecommunications standard based on GSM, enabling the provision of data transmission services with a maximum speed of 384 kb/s (Universal Mobile Telecommunications System).
Usage definition (90-day for prepaid RGU)	Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days.
USSD	A protocol used in GSM networks, which enables communication between a mobile phone and a network operator's computer.
Value-added services, VAS	Services offered by telecommunications undertakings and including entertainment, news, location and financial services.
Virtual private network	Network enabling a private connection over a public network (e.g. Internet).
VOD - Home Movie Rental	Our video on demand services
VoLTE	Technology which ensures immediate call set-up, high quality of voice and the possibility to provide advanced communication services with the guarantee of quality, such as e.g. HD video streaming based on the standard phone number (*Voice over LTE*).
WCDMA	Network access technology developed by 3rd Generation Partnership Project from 1999, and used in UMTS-standard 3G networks (Wideband Code Division Multiple Access).
WiFi	A set of standards for the development of wireless computer networks.

CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for 3 and 9 months ended 30 September 2015

Prepared in accordance
with International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 10 November 2015, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed consolidated financial statements of Cyfrowy Polsat S.A. Group prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting,* as adopted by the European Union, which include:

Interim Consolidated Income Statement for the period from 1 January 2015 to 30 September 2015 showing a net profit for the period of:	PLN 977.8
Interim Consolidated Statement of Comprehensive Income for the period from 1 January 2015 to 30 September 2015 showing a total comprehensive income for the period of:	PLN 981.8
Interim Consolidated Balance Sheet as at 30 September 2015 showing total assets and total equity and liabilities of:	PLN 26,143.5
Interim Consolidated Cash Flow Statement for the period from 1 January 2015 to 30 September 2015 showing a net decrease in cash and cash equivalents amounting to:	PLN 677.3
Interim Consolidated Statement of Changes in Equity for the period from 1 January 2015 to 30 September 2015 showing an increase in equity of:	PLN 981.8

Notes to the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements have been prepared in million of Polish zloty ('PLN') except where otherwise indicated.

Tomasz Gillner-Gorywoda President of the Management Board	Tobias Solorz Vice-President of the Management Board	Tomasz Szeląg Member of the Management Board
Dariusz Działkowski Member of the Management Board	Aneta Jaskólska Member of the Management Board	Maciej Stec Member of the Management Board

Warsaw, 10 November 2015

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Consolidated Income Statement

		for the 3 months ended		for the 9 months ended	
	Note	30 September 2015 unaudited	30 September 2014 unaudited	30 September 2015 unaudited	30 September 2014 unaudited
Continuing operations					
Revenue	8	2,414.9	2,419.6	7,213.1	4,888.8
Operating costs	9	(1,900.1)	(1,992.5)	(5,708.6)	(3,851.7)
Other operating income, net		14.4	4.7	36.9	11.8
Profit from operating activities		**529.2**	**431.8**	**1,541.4**	**1,048.9**
Gain/loss on investment activities, net	10	(5.2)	1.5	11.8	26.6
Finance costs	11	88.8	(384.7)	(394.6)	(766.8)
Share of the profit of jointly controlled entity accounted for using the equity method		0.5	0.6	1.9	2.0
Gross profit for the period		**613.3**	**49.2**	**1,160.5**	**310.7**
Income tax		(110.8)	(1.1)	(182.7)	(32.2)
Net profit for the period		**502.5**	**48.1**	**977.8**	**278.5**
Net profit attributable to equity holders of the Parent		502.5	48.1	977.8	278.5
Basic and diluted earnings per share (in PLN)		**0.79**	**0.08**	**1.53**	**0.55**

Interim Consolidated Statement of Comprehensive Income

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	30 September 2014 unaudited	30 September 2015 unaudited	30 September 2014 unaudited
Net profit for the period	**502.5**	**48.1**	**977.8**	**278.5**
Items that may be reclassified subsequently to profit or loss:				
Valuation of hedging instruments	(0.5)	(11.3)	4.8	(0.2)
Income tax relating to hedge valuation	0.2	2.1	(0.8)	-
Items that may be reclassified subsequently to profit or loss	**(0.3)**	**(9.2)**	**4.0**	**(0.2)**
Other comprehensive income, net of tax	**(0.3)**	**(9.2)**	**4.0**	**(0.2)**
Total comprehensive income for the period	**502.2**	**38.9**	**981.8**	**278.3**
Total comprehensive income attributable to equity holders of the Parent	502.2	38.9	981.8	278.3

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Consolidated Balance Sheet - Assets

	Note	30 September 2015 unaudited	31 December 2014 restated*
Reception equipment		377.0	421.1
Other property, plant and equipment		2,535.2	2,714.9
Goodwill	12	10,606.4	10,585.3
Customer relationships		3,791.6	4,255.8
Brands		2,086.6	2,085.9
Other intangible assets		2,464.2	2,591.4
Non-current programming assets		109.0	135.8
Investment property		5.2	5.3
Non-current deferred distribution fees		81.2	81.0
Other non-current assets		232.7	198.5
includes derivative instruments assets		-	*1.2*
Deferred tax assets		107.2	281.1
Total non-current assets		**22,396.3**	**23,356.1**
Current programming assets		255.6	152.1
Inventories		264.1	301.4
Trade and other receivables		1,699.4	1,453.4
Income tax receivable		0.7	26.0
Current deferred distribution fees		200.4	141.7
Other current assets		255.0	160.1
includes derivative instruments assets		*3.8*	*22.2*
Cash and cash equivalents		1,059.6	1,735.3
Restricted cash		12.4	12.6
Total current assets		**3,747.2**	**3,982.6**
Total assets		**26,143.5**	**27,338.7**

* Restatement resulting from final purchase price allocation of Metelem (see note 16)

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Consolidated Balance Sheet - Equity and Liabilities

	Note	30 September 2015 unaudited	31 December 2014 restated*
Share capital		25.6	25.6
Share premium		7,174.0	7,174.0
Other reserves		(8.2)	(12.2)
Retained earnings		2,868.6	1,890.8
Equity attributable to equity holders of the Parent		**10,060.0**	**9,078.2**
Non-controlling interests		-	-
Total equity		**10,060.0**	**9,078.2**
Loans and borrowings	14	5,644.9	7,683.5
Issued bonds	15	964.4	4,550.2
Finance lease liabilities		21.3	11.7
UMTS license liabilities		645.1	750.3
Deferred tax liabilities		770.4	908.7
Deferred income		4.5	4.7
Other non-current liabilities and provisions		133.1	184.2
includes derivative instruments liabilities		*1.9*	*40.1*
Total non-current liabilities		**8,183.7**	**14,093.3**
Loans and borrowings	14	963.7	1,322.6
Issued bonds	15	4,607.5	464.4
Finance lease liabilities		4.3	6.8
UMTS license liabilities		115.6	117.1
Trade and other payables		1,431.5	1,524.4
includes derivative instruments liabilities		*57.1*	*87.0*
Income tax liability		96.3	48.0
Deferred income		680.9	683.9
Total current liabilities		**7,899.8**	**4,167.2**
Total liabilities		**16,083.5**	**18,260.5**
Total equity and liabilities		**26,143.5**	**27,338.7**

* Restatement resulting from final purchase price allocation of Metelem (see note 16)

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Consolidated Cash Flow Statement

	Note	for the 9 months ended 30 September 2015 unaudited	30 September 2014 unaudited
Net profit		**977.8**	**278.5**
Adjustments for:		**1,195.7**	**1,145.4**
Depreciation, amortization, impairment and liquidation	9	1,262.6	852.1
Payments for film licenses and sports rights		(195.4)	(224.7)
Amortization of film licenses and sports rights		149.9	162.2
Gain on sale of property, plant and equipment and intangible assets		(5.7)	(2.4)
Cost of programming rights sold		0.5	30.4
Interest expense		581.3	421.4
Change in inventories		43.3	(14.7)
Change in receivables and other assets		(349.3)	(87.6)
Change in liabilities, provisions and deferred income		(184.3)	(175.9)
Change in internal production and advance payments		(17.7)	(17.4)
Valuation of hedging instruments		4.8	(0.2)
Share of the profit of jointly controlled entity accounted for using the equity method		(1.9)	(2.0)
Foreign exchange losses, net		135.8	164.9
Income tax		182.7	32.2
Net additions of reception equipment provided under operating lease		(96.7)	(142.1)
Net loss on derivatives		37.6	55.4
Cumulative catch-up and early redemption costs		(371,4)	82.1
Other adjustments		19.6	11.7
Cash from operating activities		**2,173.5**	**1,423.9**
Income tax paid		(94.2)	(135.2)
Interest received from operating activities		30.5	33.1
Net cash from operating activities		**2,109.8**	**1,321.8**
Acquisition of property, plant and equipment		(323.2)	(180.0)
Acquisition of intangible assets		(111.1)	(57.4)
Concessions payments		(118.7)	(482.3)
Acquisition of subsidiaries, net of cash acquired		(29.5)	1,800.4
Proceeds from sale of property, plant and equipment		15.1	4.0
Short-term deposits		-	(30.0)
Granted loans		(12.1)	(20.4)
Other investing activities - derivatives		3.2	5.5
Dividends received		-	2.5
Net cash from/(used in) investing activities		**(576.3)**	**1,042.3**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Repayment of loans and borrowings	14	(9,222.2)	(747.1)
Loans and borrowings inflows	14	6,820.0	2,800.0
Bonds issue	15	1,000.0	-
Bonds repayment	15	-	(2,275.9)
Finance lease – principal repayments		(4.5)	(0.7)
Payment of interest on loans, borrowings, bonds, Cash Pool, finance lease and commissions*		(804.1)	(733.5)
Dividends paid		-	(102.9)
Payment of share issuance-related consulting costs		-	(3.9)
Net cash used in financing activities		**(2,210.8)**	**(1,064.0)**
Net increase/(decrease) in cash and cash equivalents		**(677.3)**	**1,300.1**
Cash and cash equivalents at the beginning of the period		**1,747.9****	**342.2**
Effect of exchange rate fluctuations on cash and cash equivalents		1.4	0.9
Cash and cash equivalents at the end of the period		**1,072.0*****	**1,643.2******

* Includes impact of hedging instruments, premium paid for early bonds' repayment and amount paid for costs related to new financing
** Includes restricted cash amounting to PLN 12.6
*** Includes restricted cash amounting to PLN 12.4
**** Includes restricted cash amounting to PLN 12.2

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Consolidated Statement of Changes in Equity for the 9 months ended 30 September 2015

	Share capital	Share premium	Other reserves	Retained earnings*	Equity attributable to equity holders of the Parent	Non-controlling interests	**Total equity**
Balance as at 1 January 2015 restated**	**25.6**	**7,174.0**	**(12.2)**	**1,890.8**	**9,078.2**	**-**	**9,078.2**
Total comprehensive income	-	-	4.0	977.8	981.8	-	**981.8**
Hedge valuation reserve	-	-	*4.0*	-	*4.0*	-	***4.0***
Net profit for the period	-	-	-	*977.8*	*977.8*	-	***977.8***
Balance as at 30 September 2015 unaudited	**25.6**	**7,174.0**	**(8.2)**	**2,868.6**	**10,060.0**	**-**	**10,060.0**

* The capital excluded from distribution amounts to PLN 8.5. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.
** Restatement resulting from final purchase price allocation of Metelem (see note 16)

Interim Consolidated Statement of Changes in Equity for the 9 months ended 30 September 2014

	Share capital	Share premium	Other reserves	Retained earnings*	Equity attributable to equity holders of the Parent	Non-controlling interests	**Total equity**
Balance as at 1 January 2014	**13.9**	**1,295.1**	**(9.0)**	**1,701.2**	**3,001.2**	**-**	**3,001.2**
Issue of shares	11.7	5,878.9**	-	-	5,890.6	-	**5,890.6**
Dividend declared and paid	-	-	-	(102.9)	(102.9)	-	**(102.9)**
Total comprehensive income	-	-	(0.2)	278.5	278.3	-	**278.3**
Hedge valuation reserve	-	-	*(0.2)*	-	*(0.2)*	-	***(0.2)***
Net profit for the period	-	-	-	*278.5*	*278.5*	-	***278.5***
Balance as at 30 September 2014 unaudited restated**	**25.6**	**7,174.0**	**(9.2)**	**1,876.8**	**9,067.2**	**-**	**9,067.2**

* The capital excluded from distribution amounts to PLN 8.5. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.
** Restatement resulting from final purchase price allocation of Metelem (see note 16)

Notes to the Interim Condensed Consolidated Financial Statements

1. The Parent Company

Cyfrowy Polsat S.A. ('the Company', 'Cyfrowy Polsat', 'the Parent Company', 'the Parent') was incorporated in Poland as a joint stock company. The Company's shares are traded on the Warsaw Stock Exchange. The Parent Company's registered office is located at 4a, Łubinowa Street in Warsaw.

The Parent operates in Poland as a provider of a paid digital satellite platform under the name of 'Cyfrowy Polsat' and paid digital terrestrial television as well as telecommunication services provider.

The Company was incorporated under the Notary Deed dated 30 October 1996.

The consolidated financial statements comprise the Parent, its subsidiaries ('the Group'), and the Group's interest in jointly controlled entities. The Group operates in two segments: (1) services to individual and business customers which relates to the provision of services to the general public, including digital television transmission signal, Internet access services, mobile TV services, online TV services, mobile services, production of set-top boxes; and (2) broadcasting and television production which consist mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television channel in Poland.

2. Composition of the Management Board of the Company

- Tomasz Gillner-Gorywoda	President of the Management Board,
- Tobias Solorz	Vice-President of the Management Board,
- Dariusz Działkowski	Member of the Management Board,
- Aneta Jaskólska	Member of the Management Board,
- Maciej Stec	Member of the Management Board,
- Tomasz Szeląg	Member of the Management Board.

3. Composition of the Supervisory Board of the Company

- Zygmunt Solorz-Żak	President of the Supervisory Board,
- Józef Birka	Member of the Supervisory Board (from 3 April 2015),
- Robert Gwiazdowski	Member of the Supervisory Board,
- Aleksander Myszka	Member of the Supervisory Board (from 3 April 2015),
- Andrzej Papis	Member of the Supervisory Board (until 2 April 2015),
- Leszek Reksa	Member of the Supervisory Board,
- Heronim Ruta	Member of the Supervisory Board.

4. Basis of preparation of the interim condensed consolidated financial statements

Statement of compliance

These interim condensed consolidated financial statements for the 3 and 9 months ended 30 September 2015 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements should be read together with the annual consolidated financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The Group applied the same accounting policies in the preparation of the financial data for 3 and 9 months ended 30 September 2015 and the consolidated financial statements for the year 2014, presented in the consolidated annual report, except for the EU-endorsed Standards, amendments to Standards and Interpretations which are effective for the reporting periods beginning on 1 January 2015. Standards, amendments to Standards and Interpretations which are effective for the reporting periods beginning on 1 January 2015 do not have a material impact on these interim condensed consolidated financial statements.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

5. Group structure

These interim condensed consolidated financial statements for the 9 months ended 30 September 2015 include the following entities:

			Share in voting rights (%)	
	Entity's registered office	Activity	30 September 2015	31 December 2014
Parent Company				
Cyfrowy Polsat S.A.	Łubinowa 4a, Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries accounted for using full method:				
Cyfrowy Polsat Trade Marks Sp. z o.o.	Łubinowa 4a, Warsaw	non-current assets and intellectual property rights management	100%	100%
Rioni 1 AB (formerly Cyfrowy Polsat Finance AB)	Stureplan 4C, 4 TR 114 35 Stockholm, Sweden	financial transactions	100%	100%
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, Warsaw	television broadcasting and production	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k. (formerly Polsat Media Sp. z o.o.)	Ostrobramska 77, Warsaw	advertising activities	100%	100%
Media-Biznes Sp. z o.o.	Ostrobramska 77, Warsaw	television broadcasting and production	100%	100%
Nord License AS	Vollsvseien 13B Lysaker Norway	trade of programming licences	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	trade of programming licences	100%	100%
Telewizja Polsat Holdings Sp. z o.o.	Ostrobramska 77, Warsaw	holding activities	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, Warsaw	media	100%	100%
PL 2014 Sp. z o.o.	Al. Stanów Zjednoczonych 53, Warsaw	other sport relating activities	100%	100%

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

			Share in voting rights (%)	
	Entity's registered office	Activity	30 September 2015	31 December 2014
Subsidiaries accounted for using full method (cont.)				
Polsat Brands (einfache Gesellschaft)	Alte Landstrasse 17, 8863 Buttikon, Switzerland	intellectual property rights management	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, UK	television broadcasting	100%	100%
Radio PIN S.A.*	Ostrobramska 77, Warsaw	radio broadcasting and production	100%	-
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, Warsaw	radio and TV activities	100%	100%
CPSPV1 Sp. z o.o.	Łubinowa 4a, Warsaw	technical services	100%	100%
CPSPV2 Sp. z o.o.	Łubinowa 4a, Warsaw	technical services	100%	100%
Redefine Sp. z o.o.**	Al. Stanów Zjednoczonych 61A, Warsaw	web portals activities	-	100%
Poszkole.pl Sp. z o.o.	Al. Stanów Zjednoczonych 61A, Warsaw	web portals activities	100%	100%
Gery.pl Sp. z o.o.	Al. Stanów Zjednoczonych 61A, Warsaw	web portals activities	100%	100%
Frazpc.pl Sp. z o.o.	Al. Stanów Zjednoczonych 61A, Warsaw	web portals activities	100%	100%
Netshare Sp. z o.o.	Al. Stanów Zjednoczonych 61A, Warsaw	electronic media (Internet) advertising broker	100%	100%
Metelem Holding Company Limited	Chrysanthou Mylona 3 Office no. 102 CY 3030 Limassol Cyprus	holding and financial activities	100%	100%
Eileme 1 AB (publ)	Stureplan 4C 114 35 Stockholm Sweden	holding and financial activities	100%	100%
Eileme 2 AB (publ)	Stureplan 4C 114 35 Stockholm Sweden	holding and financial activities	100%	100%
Eileme 3 AB (publ)	Stureplan 4C 114 35 Stockholm Sweden	holding and financial activities	100%	100%

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

			Share in voting rights (%)	
	Entity's registered office	Activity	30 September 2015	31 December 2014
Subsidiaries accounted for using full method (cont.)				
Eileme 4 AB (publ)	Stureplan 4C 114 35 Stockholm Sweden	holding activities	100%	100%
Polkomtel Sp. z o.o.	Postępu 3 02-676 Warsaw	telecommunication activities	100%	100%
Nordisk Polska Sp. z o.o.	Postępu 3 02-676 Warsaw	telecommunication activities	100%	100%
Polkomtel Finance AB (publ)	Norrlandsgatan 18 111 43 Stockholm Sweden	financial activities	100%	100%
Liberty Poland S.A.	Katowicka 47 41-500 Chorzów	telecommunication activities	100%	100%
Polkomtel Business Development Sp. z o.o.	Postępu 3 02-676 Warsaw	other activities supporting financial services	100%	100%
Plus TM Management Sp. z o.o.	Postępu 3 02-676 Warsaw	intelectual property rights management and rental	100%	100%
LTE Holdings Limited	Kostaki Pantelidi 1 1010, Nicosia Cyprus	holding activities	100%	100%
TM Rental Sp. z o.o. (formerly Plus TM Group Spółka z ograniczoną odpowiedzialnością Spółka Komandytowo-Akcyjna)	Postępu 3 02-676 Warsaw	intelectual property rights rental	100%	100%
Plus TM Group Sp. z o.o.	Postępu 3 02-676 Warsaw	holding activities	100%	100%

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

			Share in voting rights (%)	
	Entity's registered office	Activity	30 September 2015	31 December 2014
Subsidiaries accounted for using full method (cont.)				
Orsen Holding Ltd.***	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	-
Orsen Ltd. ***	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	-
Dwa Sp. z o.o. ***	Al. Jerozolimskie 81, Warsaw	holding activities	100%	-
Interphone Service Sp. z o.o. ***	ul. Inwestorów 8, Mielec	production of set-top boxes	100%	-
Teleaudio Dwa Sp. z o.o. s.k.***	Al. Jerozolimskie 81, Warsaw	premium rate services	100%	-
IB 1 FIZAN***	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	financial activities	****	-
Grab Sarl***	6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg	holding activities	100%	-
Grab Investment SCSp***	6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg	holding activities	100%	-

* On 27 February 2015 Telewizja Polsat Sp. z o.o. acquired 100% shares of Radio PIN S.A.

** On 30 June 2015 the Cyfrowy Polsat S.A. merged with Redefine Sp. z o.o.

*** Companies consolidated from 1 April 2015

**** Cyfrowy Polsat S.A. indirectly holds 100% of certificates.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Investments accounted for under the equity method:

			Share in voting rights (%)	
	Entity's registered office	**Activity**	**30 September 2015**	**31 December 2014**
Polsat JimJam Ltd.	105-109 Salusbury Road London NW6 6RG UK	television activities	50%	50%
Polski Operator Telewizyjny Sp. z o.o.	Huculska 6, Warsaw	radio communications and radio diffusion	50%	50%
New Media Ventures Sp. z o.o.	Wołoska 18, 02-675 Warsaw	maintenance of loyalty programs	49.97%	49.97%
Paszport Korzyści Sp. z o.o.	Postępu 3, 02-676 Warsaw	maintenance of loyalty programs	49%	49%

Additionally, the following entities were included in these interim condensed consolidated financial statements for the 9 months ended 30 September 2015:

			Share in voting rights (%)	
	Entity's registered office	**Activity**	**30 September 2015**	**31 December 2014**
Karpacka Telewizja Kablowa Sp. z o.o.*	Warszawska 220, Radom	dormant	99%	99%
Litenite Limited**	Kostakis Pantelides Avenue 1 1010, Nicosia Cyprus	holding activities	49%	49%
Polskie Badania Internetu Sp. z o.o.	Aleje Jerozolimskie 65/79, Warsaw	web portals activities	4.55%	4.55%

* Investment accounted for at cost less any accumulated impairment losses

** Due to restriction related to a dividend and construction of the transactions related to the acquisition, investment in Litenite Limited is accounted for as an investments in associates without equity pick-up

6. Approval of the Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of Cyfrowy Polsat S.A. on 10 November 2015.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

7. Information on seasonality in the Group's operations

Wholesale revenue includes *inter alia* advertising and sponsoring revenue which tends to be lowest during the third quarter of each calendar year due to the summer holidays period and highest during the second and fourth quarter of each calendar year due to the introduction of a new programming offer.

Within retail revenue category mobile revenue is a subject to slight fluctuations during the year. This revenue stream tends to increase during the summer period (caused by increased usage of roaming services). On the other hand mobile revenue tends to decrease in the first quarter of each year due to fewer number of calendar and business days.

8. Revenue

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**	**30 September 2015 unaudited**	**30 September 2014 unaudited**
Retail revenue	1,643.3	1,710.7	4,932.5	3,383.0
Wholesale revenue	616.9	591.6	1,858.9	1,312.9
Sale of equipment	131.2	104.1	356.5	167.4
Other revenue	23.5	13.2	65.2	25.5
Total	**2,414.9**	**2,419.6**	**7,213.1**	**4,888.8**

Retail revenue mainly consists of pay-TV, telecommunication services, revenue from rental of reception equipment and contractual penalties related to terminated agreements.

Wholesale revenue mainly consists of advertising and sponsorship revenue, settlements with mobile network operators, revenue from rental of infrastructure, roaming revenues, revenue from cable and satellite operator fees, sales of broadcasting and signal transmission services and sales of licenses, sublicenses and property rights.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

9. Operating costs

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	30 September 2014 unaudited	30 September 2015 unaudited	30 September 2014 unaudited
Technical costs and cost of settlements with telecommunication operators	551.2	495.8	1,555.9	855.2
Depreciation, amortization, impairment and liquidation	401.2	478.3	1,262.6	852.1
Cost of equipment sold	314.9	348.7	939.2	548.6
Content costs	257.3	262.4	766.8	733.9
Distribution, marketing, customer relation management and retention costs	200.1	186.8	582.5	394.4
Salaries and employee-related costs	122.3	118.0	392.2	270.8
Cost of debt collection services and bad debt allowance and receivables written off	8.5	15.3	55.0	40.1
Other costs	44.6	87.2	154.4	156.6
Total	**1,900.1**	**1,992.5**	**5,708.6**	**3,851.7**

a) Salaries and employee-related costs

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	30 September 2014 unaudited	30 September 2015 unaudited	30 September 2014 unaudited
Salaries	103.3	99.3	328.0	227.3
Social security contributions	14.7	14.6	53.3	35.0
Other employee-related costs	4.3	4.1	10.9	8.5
Total	**122.3**	**118.0**	**392.2**	**270.8**

10. Gain/(loss) on investment activities, net

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	30 September 2014 unaudited	30 September 2015 unaudited	30 September 2014 unaudited
Interest income	9.7	18.2	30.2	37.8
Other interest expense	(2.1)	(1.3)	(5.0)	(2.1)
Other foreign exchange gains/(losses), net	(6.8)	(8.8)	4.5	(4.1)
Other investment income	0.6	0.7	1.4	6.8
Other costs	(6.6)	(7.3)	(19.3)	(11.8)
Total	**(5.2)**	**1.5**	**11.8**	**26.6**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

11. Finance costs

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**	**30 September 2015 unaudited**	**30 September 2014 unaudited**
Interest expense on loans and borrowings	142.4	121.4	331.7	233.4
Interest expense on issued bonds	97.8	87.5	273.4	206.1
Early redemption costs	244.8	-	244.8	82.1
Cumulative catch-up	(616.2)	-	(616.2)	-
Foreign exchange differences on issued bonds	26.5	156.9	141.9	172.4
Valuation and realization of hedging instruments	2.1	(0.1)	5.7	4.5
Valuation and realization of instruments not under hedge accounting	5.3	16.1	(4.3)	58.1
Guarantee fees, bank and other charges	8.5	2.9	17.6	10.2
Total	**(88.8)**	**384.7**	**394.6**	**766.8**

12. Goodwill

Balance as at 1 January 2014	**2,602.8**
Acquisition of 100% shares of Metelem Holding Company Limited (see note 16)	7,982.5
Balance as at 31 December 2014*	**10,585.3**
Acquisition of 100% shares of Orsen Holding Limited (see note 16)	16.3
Acquisition of 100% shares of Radio PIN S.A. (see note 16)	4.8
Balance as at 30 September 2015 unaudited	**10,606.4**

* Restatement due to final purchase price allocation of Metelem (see note 16)

13. Equity

(i) Share capital

Presented below is the structure of the Company's share capital as at 30 September 2015 and 31 December 2014:

Share series	Number of shares	Nominal value of shares	Type of shares
Series A	2,500,000	0.1	preference shares (2 voting rights)
Series B	2,500,000	0.1	preference shares (2 voting rights)
Series C	7,500,000	0.3	preference shares (2 voting rights)
Series D	166,917,501	6.7	preference shares (2 voting rights)
Series D	8,082,499	0.3	ordinary bearer shares
Series E	75,000,000	3.0	ordinary bearer shares
Series F	5,825,000	0.2	ordinary bearer shares
Series H	80,027,836	3.2	ordinary bearer shares
Series I	47,260,690	1.9	ordinary bearer shares
Series J	243,932,490	9.8	ordinary bearer shares
Total	**639,546,016**	**25.6**	

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

The shareholders' structure as at 30 September 2015 was as follows:

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
Karswell Ltd. [1]	157,988,268	6.3	24.70%	157,988,268	19.29%
Reddev Investments Ltd. [2]	154,204,296	6.2	24.11%	306,709,172	37.45%
Sensor Overseas Ltd. [3]	54,921,546	2.2	8.59%	81,662,921	9.97%
Embud Sp. z o.o. [1]	58,063,948	2.3	9.08%	58,063,948	7.09%
Others	214,367,958	8.6	33.52%	214,539,208	26.20%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] Entity is controlled by Mr. Zygmunt Solorz-Żak

[2] Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz-Żak

[3] Sensor Overseas Ltd. is controlled by EVO Foundation

On 16 March 2015, Embud Sp. z o.o. acquired from Argumenol Investment Company Limited 28,415,173 ordinary series J bearer shares of the Company.

The shareholders' structure as at 31 December 2014 was as follows:

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
Karswell Ltd. [1]	157,988,268	6.3	24.70%	157,988,268	19.29%
Reddev Investments Ltd. [2]	154,204,296	6.2	24.11%	306,709,172	37.45%
Argumenol Investment Company Ltd. [1]	28,415,173	1.1	4.44%	28,415,173	3.47%
Sensor Overseas Ltd. [3]	54,921,546	2.2	8.59%	81,662,921	9.97%
Embud Sp. z o.o. [1]	29,648,775	1.2	4.64%	29,648,775	3.62%
Others	214,367,958	8.6	33.52%	214,539,208	26.20%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] As at 31 December 2014 entity was controlled by Mr. Zygmunt Solorz-Żak

[2] As at 31 December 2014 Reddev Investments Ltd. was an indirect subsidiary of Mr. Zygmunt Solorz-Żak

[3] As at 31 December 2014 Sensor Overseas Ltd. was controlled by EVO Foundation

(ii) Share premium

Share premium includes the excess of issue value over the nominal value of shares issued decreased by share issuance-related consulting costs.

(iii) Retained earnings

On 2 April 2015 the Annual General Meeting of the Company adopted resolution on distribution of profit of the Company for the financial year of 2014. Pursuant to the provisions of the resolution the net profit earned by the Company in the financial year of 2014 in the amount of PLN 177.2 is appropriated to the supplementary capital.

14. Loans and borrowings

Loans and borrowings	30 September 2015 unaudited	31 December 2014
Short-term liabilities	963.7	1,322.6
Long-term liabilities	5,644.9	7,683.5
Total	**6,608.6**	**9,006.1**

Change in loans and borrowings liabilities:

	2015	2014
Loans and borrowings as at 1 January	**9,006.1**	**485.9**
Loans and borrowings on acquisition as at 7 May 2014 (see note 16)	-	6,815.6
Loans and borrowings on acquisition as at 1 April 2015 (see note 16)	22.2	-
Term facility loan	6,700.0	2,500.0
Revolving facility loan	120.0	300.0
Repayment of capital	(9,222.2)	(747.1)
Repayment of interest and commissions	(256.4)	(246.4)*
Interest accrued	238.9	233.4
Loans and borrowings as at 30 September unaudited	**6,608.6**	**9,341.4**

* Includes amount paid for costs related to the new financing

On 13 April 2015, Polkomtel Sp. z o. o. (an indirect subsidiary of the Company) made a voluntary prepayment of part of the senior facilities term loan in the amount of PLN 600.

On 29 July 2015, the Company made a voluntary prepayment of part of the senior facilities term loan in the amount of PLN 1 billion (not in millions).

On 28 September 2015 the Company made an early repayment of the loan in the amount of PLN 1,178.0. As a result of the said early repayment the Company repaid its total indebtedness under the facilities agreement dated 11 April 2014.

On 28 September 2015 Polkomtel (Company's indirect subsidiary) made an early repayment of the loan in the amount of PLN 6,020.0. As a result of the said early repayment Polkomtel repaid its total indebtedness under the facilities agreement of 17 June 2013.

Facilities agreement between the Company and a consortium of financial institutions

On 21 September 2015, the Company, as the borrower, along with Telewizja Polsat Sp. z o.o., Cyfrowy Polsat Trade Marks Sp. z o.o., Polsat License Ltd. and Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k. concluded a Senior Facilities Agreement with a consortium of Polish and foreign financial institutions, led by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Société Générale (Global Banking Coordinators) with the participation of PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2, BNP Paribas Fortis SA/NV, Bank Polska Kasa Opieki S.A., The Bank of Tokyo-Mitsubishi UFJ Ltd., Bank of China (Luxembourg) S.A., Credit Agricole Corporate & Investment Bank, Credit Agricole Bank Polska S.A., DNB Bank Polska S.A., DNB Bank ASA, HSBC Bank Polska S.A., HSBC Bank plc, Bank

Handlowy w Warszawie S.A., CaixaBank, S.A. (Spółka Akcyjna) Oddział w Polsce, mBank S.A., Bank Millennium S.A., Raiffeisen Bank Polska S.A., Goldman Sachs Bank USA, Erste Group Bank AG, Deutsche Bank Polska S.A., and UniCredit Bank AG, London Branch, acting as the Facility Agent and the Security Agent (the "CP Facilities Agreement").

Based on the CP Facilities Agreement the Company has been awarded a Term Facility Loan up to PLN 1,200 (the "CP Term Facility") and a Revolving Facility Loan up to PLN 300 (the "CP Revolving Facility").

The CP Term Facility and the CP Revolving Facility bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on the CP Term Facility and the CP Revolving Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin. The CP Term Facility and the CP Revolving Facility are to be repaid in quarterly installments of variable value with the final repayment date for each of these facilities set at 21 September 2020.

The CP Revolving Facility as at 30 September 2015 was not utilized.

The Company used the CP Term Facility and the CP Revolving Facility in particular to:
(i) repay the indebtedness under the Senior Facilities Agreement of 11 April 2014 between the Company (as the borrower) and a consortium of financial institutions, and
(ii) fund general corporate needs of the Group.

Senior Facilities Agreement between Polkomtel sp. z o.o. ("Polkomtel") and a consortium of financial institutions

On 21 September 2015, the Senior Facilities Agreement was concluded between a Company's subsidiary – Polkomtel as the borrower along with Eileme 2 AB (publ), Eileme 3 AB (publ), Eileme 4 AB (publ), Plus TM Management Sp. z o.o., TM Rental Sp. z o.o., Plus TM Group Sp. z o.o. a consortium of Polish and foreign financial institutions, led by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Société Générale (Global Banking Coordinators) with the participation of PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2, BNP Paribas Fortis SA/NV, Bank Polska Kasa Opieki S.A., The Bank of Tokyo-Mitsubishi UFJ Ltd., Bank of China (Luxembourg) S.A., Credit Agricole Corporate & Investment Bank, Credit Agricole Bank Polska S.A., DNB Bank Polska S.A., DNB Bank ASA, HSBC Bank Polska S.A., HSBC Bank plc, Bank Handlowy w Warszawie S.A., CaixaBank, S.A. (Spółka Akcyjna) Oddział w Polsce, mBank S.A., Bank Millennium S.A., Raiffeisen Bank Polska S.A., Goldman Sachs Bank USA, Erste Group Bank AG, Deutsche Bank Polska S.A., and UniCredit Bank AG, London Branch, acting as the Facility Agent and Citicorp Trustee Company Limited as the Security Agent (the "PLK Facilities Agreement").

Based on the PLK Facilities Agreement Polkomtel has been awarded a Term Facility Loan up to PLN 10,300 (the "PLK Term Facility") and a Revolving Facility Loan up to PLN 700 (the "PLK Revolving Facility").

The PLK Term Facility and the PLK Revolving Facility bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on the PLK Term Facility and the PLK Revolving Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin. The PLK Term Facility and the PLK Revolving Facility are to be repaid in quarterly installments of variable value with the final repayment date for each of these facilities set at 21 September 2020.
The PLK Revolving Facility as at 30 September 2015 was not utilized.

The PLK Term Facility and the PLK Revolving Facility will be utilized by Polkomtel in particular to:
(i) fully repay the outstanding debt under the refinanced Polkomtel's Facilities Agreement dated 17 June 2013;
(ii) fully repay the indebtedness under the senior notes issued on 26 January 2012 by Eileme 2 AB (publ) – a Company's subsidiary („HY Notes Indebtedness"); and
(iii) fund general corporate needs of the Group.

In accordance with the provisions of the CP Facilities Agreement and PLK Facilities Agreement, the Company, Polkomtel and other members of the Group may incur additional facilities. The terms of such additional facilities will be established individually in separate additional facility accession deeds and their terms will have to satisfy certain criteria.

Claims related to the CP Facilities Agreement and the PLK Facilities Agreement are secured by collaterals established by the Company, Polkomtel and other members of the Group as a security. A detailed description of the established securities is presented in the in the Management Report in note 4.3.6.

15. Issued bonds

	30 September 2015 unaudited	31 December 2014
Short-term liabilities	4,607.5	464.4
Long-term liabilities	964.4	4,550.2
Total	**5,571.9**	**5,014.6**

Change in issued bonds:

	2015	2014
Issued bonds as at 1 January	**5,014.6**	**1,438.7**
Bonds on acquisition as at 7 May 2014 (see note 16)	-	5,528.5
Bonds issuance	1,000.0	-
Foreign exchange losses	141.9	172.4
Early redemption costs	244.8	82.1
Cumulative catch-up	(616.2)	-
Bonds redemption	-	(2,275.9)
Repayment of interest and commission	(484.7)	(410.7)*
Interest accrued	271.5	206.1
Issued bonds payable as at 30 September unaudited	**5,571.9**	**4,741.2**

* Includes settlement of the early redemption costs

On 21 July 2015, the Company registered 1,000,000 unsecured series A bearer bonds with a nominal value of PLN 1,000 each (not in millions) and a total nominal value of PLN 1,000,000,000 (not in millions) (the "Bonds") in the securities depository maintained by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.). The Bonds mature in 6 years. The redemption date for the Bonds is 21 July 2021. The interest rate is floating and is based on the WIBOR 6M rate, increased by a margin which depends on the Leverage Ratio level (defined in the terms and conditions of the Bonds' issuance).

16. Acquisition of a subsidiary

Acquisition of shares in Metelem Holding Company Limited

On 7 May 2014 the Company concluded subscription agreements concerning the acquisition of subscription warrants individually with all of Metelem's shareholders. that is the European Bank for Reconstruction and Development ("EBRD"), Karswell Limited ("Karswell"), Sensor Overseas Limited ("Sensor") and Argumenol Investment Company Limited ("Argumenol"). In these agreements the Company offered registered subscription warrants to the Metelem Shareholders and each of the shareholders accepted the offer of the Company and acquired free registered subscription warrants in such way that: (a) the EBRD acquired 47,260,690 Series I registered subscription warrants; (b) Karswell acquired 157,988,268 Series J registered subscription warrants; (c) Sensor acquired 27,880,274 Series J registered subscription warrants; and (d) Argumenol acquired 58,063,948 Series J registered subscription warrants. The subscription warrants represent rights to acquire shares of the Company in the course of a conditional share capital increase of the Company approved by the Company's Extraordinary General Meeting on 16 January 2014.

In executing the rights attached to the subscription warrants referred to above, on 7 May 2014 the shareholders of Metelem made statements on the acquisition of Series I and Series J shares, respectively, and paid up the new shares with non-cash contribution in the form of Metelem shares held by each of the shareholders. In consequence, the Company acquired the ownership of 2,000,325 shares of Metelem, representing 100% of the capital and votes in that company.

Acquired in consideration for the non-cash contribution in the form of Metelem shares were 291,193,180 ordinary bearer shares with the nominal value of PLN 0.04 (not in millions) each.

Karswell and Argumenol as at the acquisition date were controlled by Mr. Zygmunt Solorz-Żak, ultimate controlling party of the Company. Sensor was controlled by Mr. Heronim Ruta as at the acquisition date. The Group uses the purchase accounting method for entities acquired under common control.

The acquisition date is 7 May 2014, when the title to the shares of the acquired company was transferred to Cyfrowy Polsat (that day were fulfilled all conditions included in the conditional investment agreements signed on 14 November 2013 and 19 December 2013). Following the acquisition the Group assumed control over Metelem Holding Company Limited and its subsidiaries, including telecommunication operator Polkomtel Sp. z o.o. (operator of 'Plus' mobile network).

In the 6 month-period ended 30 June 2015 the Group has finalized the estimations of fair values of acquired assets, liabilities and consideration transferred, which resulted in restatement of comparable data in these condensed interim consolidated financial statements. The depreciation, amortization, impairment and liquidation as well as income tax has not been restated in the comparable income statement due to the fact that the impact would have been not material.

a) Consideration transferred

	Final value of transferred consideration
Shares I and J series issued on 7 May 2014	5,894.4*
Net settlements between Orsen Group and the Group	24.6
Total as at 7 May 2014	**5,919.0**

* restatement due to final fair value of transferred consideration (decrease by PLN 63.4)

The fair value of shares issued was established based on the closing price of PLN 20.46 (not in millions) as per the stock exchange quotation as at 7 May 2014 decreased by the value of dividend per share, which was not applicable to shares J series.

b) Reconciliation of transactional cash flow

Cash transferred	-
Cash and cash equivalents received	1,800.6
Cash increase in the period of 12 months ended 31 December 2014	**1,800.6**

c) Fair value valuation of net assets as at acquisition date

The table below presents the final fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Final fair values of assets and liabilities acquired as at 7 May 2014:

	fair value as at the acquisition date (7 May 2014)
Net assets:	
Property, plant and equipment	2,550.6
Land	26.3
Buildings	86.4
Network systems and equipment	2,109.3
Vehicles	10.9
Other fixed assets	36.0
Assets under construction	281.7
Customer relationships	4,640.1
Concessions	1,600.0
Plus brand	1,230.0
Other intangible assets	688.2
Other non-current assets	7.9
Deferred tax assets	249.5
Inventory	155.2
Trade receivables and other receivables	1,070.0
Other current assets	125.5
Cash and equivalents	1,800.6
Loans and borrowings	(6,815.6)
Issued bonds	(5,528.5)
UMTS license liabilities	(957.9)
Finance lease liabilities	(9.2)
Deferred tax liabilities	(948.8)
Other non-current liabilities and provisions	(93.9)
Trade liabilities and other liabilities	(1,311.1)
Income tax liabilities	(39.4)
Deferred income	(476.7)
Total net assets	**(2,063.5)**
Consideration transferred	5,919.0
Goodwill	**7,982.5**

Following the completion of the purchase price allocation the fair value of identified assets and liabilities has been adjusted to reflect the final valuation performed by the external expert. The adjustment includes decrease in fair value of property, plant and equipment by PLN 246.7, increase in fair value of customer relationships by PLN 110.1, increase in fair value of Plus brand by PLN 288.9, increase in deferred tax asset by PLN 46.8, increase in fair value of deferred tax liabilities by PLN 20.9. The comparable data as at 31 December 2014 have been restated to reflect the above adjustments. The Group has not restated the depreciation, amortization, impairment and liquidation as well as income tax in the comparable income statement due to the fact that the impact would have been not material.

During the purchase price allocation the Group identified and fair valued intangible assets of marketing nature, (i.e. customer relationships), key telecommunication concessions, umbrella brand 'Plus', roof tops and new towers as well as senior notes liabilities. The fair value of other items of assets and liabilities is estimated at book value as at the acquisition date.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method (MEEM). This method allows valuation of relationships with retail and wholesale customers based on an analysis of expected cash flows derived from those relationships. In order to determine the market value of the relationship, forecasted cash flows are discounted using the expected return/discount rate determined for the asset assuming a given period of economic usefulness of the relationship.

The fair value of key telecommunication concessions (900 MHz, 1800 MHz and 2100 MHz) is estimated based on the market approach and income approach (greenfield scenario).

During the purchase price allocation the Group identified an umbrella brand 'Plus'. The fair value of the brand in the amount of PLN 1.230 was estimated on the basis of relief from royalty method (income approach). The method is based on the assumption that the benefits of owning a brand are equivalent to the hypothetical costs the owner of the brand would have to incur, should the brand be licensed from another entity based on market rates. Management estimates that the brand has a definite useful life and thus the brand is amortized over 51 years, i.e. until 2065.

The fair value of telecommunication infrastructure (roof tops and new towers) is based on the replacement cost approach.

The fair value of senior notes liabilities in amount PLN 5,528.5 is estimated based on the market quotation as at the acquisition date. The book value of senior notes liabilities presented in balance sheet of Metelem group as at acquisition date was equal to PLN 4,574.1, and the difference between this amount and fair value of senior notes liabilities is a result of purchase price allocation.

The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations and the value of 'Plus' brand. Goodwill is allocated to the "Services to individual and business customers" operating segment.

The fair value of trade and other receivables is PLN 1,070 and includes trade receivables with a fair value of PLN 1,023. The gross contractual amount for trade receivables due is PLN 1,089, of which PLN 66 is expected to be uncollectible.

Acquisition-related consulting cost in the amount of PLN 5,5 have been recognized in the income statement for the 12 month period ended 31 December 2014 within the other costs category. Share issuance-related consulting costs in amount of PLN 3,9 have been recognized as a reduction of the share premium.

Acquisition of shares in Radio PIN S.A.

On 27 February 2015 Telewizja Polsat Sp. z o.o. (entity under common control) acquired 100% shares of Radio PIN S.A. for the amount of PLN 4.2. Radio PIN S.A. is broadcaster of Muzo.fm radio station.

The Group uses the purchase accounting method for entities acquired under common control.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

a) Consideration transferred

	2015
Purchase price	4.2
Total as at 27 February 2015	**4.2**

b) Reconciliation of transactional cash flow

	2015
Cash transferred	(4.2)
Cash and cash equivalents received	-
Cash decrease in the period of 9 months ended 30 September 2015	**(4.2)**

c) Provisional fair value valuation of net assets as at acquisition date

The table below presents provisional fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional fair values of assets and liabilities acquired as at 27 February 2015:

	fair value as at the acquisition date (27 February 2015)
Net assets:	
Property, plant and equipment	0.2
Other intangible assets	1.1
Other non-current assets	0.2
Trade receivables and other receivables	0.4
Loans and borrowings	(0.5)
Trade liabilities and other liabilities	(2.0)
Total net assets	**(0.6)**
Consideration transferred	4.2
Provisional value of goodwill	**4.8**

The provisional fair value of assets and liabilities is estimated at book value as at the acquisition date.

The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations. Goodwill is allocated to the "Broadcasting and television production" operating segment.

The revenue and net loss included in the interim consolidated income statement for the reporting period since 27 February 2015 contributed by the consolidation of Radio PIN S.A. amounted to PLN 0.1 and PLN 1.2, respectively. Had it been acquired on 1 January 2015 the revenue and net loss included in the interim consolidated income statement would amount to PLN 0.2 and PLN 1.7, respectively.

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Acquisition of the shares in Orsen Holding Limited

On 1 April 2015 Cyfrowy Polsat Group acquired 100% shares of Orsen Holding Limited (entity under common control) for the amount of PLN 35.0. As a result of the above mentioned acquisition Teleaudio Dwa Sp. z o.o. S.k. (the leader in Premium Rate services) and InterPhone Service Sp. z o.o. (the manufacturer of telecommunication and electronic equipment) have joined Cyfrowy Polsat Group.

The Group uses the purchase accounting method for entities acquired under common control.

a) Consideration transferred

	2015
Cash consideration	35.0
Net settlements between Orsen Group and the Group	(12.7)
Total as at 1 April 2015	**22.3**

Orsen Holding Limited and entities in which it holds shares are referred to as Orsen Group.

b) Reconciliation of transactional cash flow

	2015
Cash transferred	(35.0)
Cash and cash equivalents received	9.7
Cash decrease in the period of 9 months ended 30 September 2015	**(25.3)**

c) Provisional fair value valuation of net assets as at acquisition date

The table below presents provisional fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Provisional fair values of assets and liabilities acquired as at 1 April 2015:

	fair value as at the acquisition date (1 April 2015)
Net assets:	
Property, plant and equipment	17.5
Other intangible assets	0.3
Deferred tax assets	0.5
Inventory	6.0
Trade receivables and other receivables	14.1
Other current assets	0.1
Cash and cash equivalents	9.7
Loans and borrowings	(22.2)
Lease liabilities	(0.6)
Trade liabilities and other liabilities	(19.4)
Total net assets	**6.0**
Consideration transferred	22.3
Provisional value of goodwill	**16.3**

The provisional fair value of assets and liabilities is estimated at book value as at the acquisition date.

The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations. Goodwill is allocated to the "Services to individual and business customers" operating segment.

The revenue and net loss included in the interim consolidated income statement for the reporting period since 1 April 2015 contributed by the consolidation of Orsen Group amounted to PLN 7.4 and PLN 0,6, respectively. Had it been acquired on 1 January 2015 the revenue and net profit included in the interim consolidated income statement would have amounted to PLN 10.8 and PLN 3.8, respectively.

17. Operating segments

The Group operates in the following two segments:

1. services to individual and business customers segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services and production of set-top boxes,
2. broadcasting and television production segment.

The Group conducts its operating activities primarily in Poland.

The activities of the Group are grouped into segment with distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterized by different risk levels and different investment returns from those of the Group's other segments.
Services to individual and business customers segment includes:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees;
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from interconnection revenues, settlements with mobile network operators and subscription fees;
- mobile telecommunication prepaid services which generate revenues mainly from interconnection revenues and settlements with mobile network operators;
- providing access to broadband Internet which generates revenues mainly from traffic and subscription fees;
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services
- online TV services (IPLA) available on computers, smartphones, tablets, SmartTV, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the Internet
- Premium Rate services based on SMS/IVR/MMS/WAP technology
- production of set-top boxes
- sale of telecommunication and TV reception equipment.

Broadcasting and television production segment consists mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television and radio channels in Poland. The revenues generated by the broadcasting and television production segment relate mainly to advertising and sponsorship revenues as well as revenues from cable and satellite operators.

Management evaluates the operating segments' results based on EBITDA. The EBITDA reflects the Group's ability to generate cash in a stable environment. The Group defines EBITDA as profit from operating activities increased by depreciation, amortization, impairment and liquidation. The EBITDA is not an EU IFRS measure and thus its calculations may differ among the entities.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 9 months ended 30 September 2015:

The 9 months ended 30 September 2015 (unaudited)	Services to individual and business customers	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	6,411.5	801.6	-	7,213.1
Inter-segment revenues	24.0	111.1	(135.1)	-
Revenues	**6,435.5**	**912.7**	**(135.1)**	**7,213.1**
EBITDA (unaudited)	**2,484.0**	**320.0**	**-**	**2,804.0**
Depreciation, amortization, impairment and liquidation	1,233.6	29.0	-	1,262.6
Profit from operating activities	**1,250.4**	**291.0**	**-**	**1,541.4**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	509.8*	24.0	-	533.8
Balance as at 30 September 2015 (unaudited)				
Assets, including:	21,836.4	4,344.4**	(37.3)	**26,143.5**
Investments in joint venture	-	5.1	-	5.1

* This item also includes the acquisition of reception equipment for operating lease purposes.

** Includes non-current assets located outside of Poland in the amount of PLN 22.3.

All material revenues are generated in Poland.

It should be noted that the data for 9 months ended 30 September 2015 is not comparable to the 9 months ended 30 September 2014 as Metelem Holding Company Limited was acquired on 7 May 2014 (allocated to the Services to individual and business customers segment), Radio PIN was acquired on 27 February 2015 (allocated to the Broadcasting and television production segment) and Orsen Holding Limited was acquired on 1 April 2015 (allocated to the Services to individual and business customers segment).

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 9 months ended 30 September 2014:

The 9 months ended 30 September 2014 (unaudited)	Services to individual and business customers	Broadcasting and television production	Consolidation adjustments	Total
Revenues from sales to third parties	4,089.0	799.8	-	4,888.8
Inter-segment revenues	24.1	106.8	(130.9)	-
Revenues	**4,113.1**	**906.6**	**(130.9)**	**4,888.8**
EBITDA (unaudited)	**1,610.5**	**290.5**	**-**	**1,901.0**
Depreciation, amortization, impairment and liquidation	825.1	27.0	-	852.1
Profit from operating activities	**785.4**	**263.5**	**-**	**1,048.9**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	346.3*	34.4	-	380.7
Balance as at 30 September 2014 (unaudited)				
Assets, including:	23,333.3	4,207.5**	(59.6)	27,481.2
Investments in jointly controlled entity	-	2.6	-	2.6

* This item also includes the acquisition of reception equipment for operating lease purposes.

** Includes non-current assets located outside of Poland in the amount of PLN 82.1.

Reconciliation of EBITDA and Net profit for the period:

	for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**
EBITDA (unaudited)	**2,804.0**	**1,901.0**
Depreciation, amortization, impairment and liquidation (note 9)	(1,262.6)	(852.1)
Profit from operating activities	**1,541.4**	**1,048.9**
Other foreign exchange rate differences, net (note 10)	4.5	(4.1)
Interest income (note 10)	30.2	37.8
Share of the profit of joint venture accounted for using the equity method	1.9	2.0
Cumulative catch-up (note 11)	616.2	-
Interest costs (note 10 and 11)	(611.5)	(504.2)
Foreign exchange differences on issued bonds (note 11)	(141.9)	(172.4)
Early redemption costs (note 11)	(244.8)	(82.1)
Other	(35.5)	(15.2)
Gross profit for the period	**1,160.5**	**310.7**
Income tax	(182.7)	(32.2)
Net profit for the period	**977.8**	**278.5**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

18. Transactions with related parties

Receivables

	30 September 2015 unaudited	31 December 2014
Joint ventures	2.9	4.7
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	55.4	99.0
Total*	**58.3**	**103.7**

*Amounts presented above do not include deposits paid (30 September 2015 – PLN 3.3, 31 December 2014 – PLN 2.7)

The majority of receivables are represented by receivables resulting from agreements to share base transceiver stations and radio module and from services relating to expansion of telecommunication network.

Receivables due from related parties have not been pledged as security.

Other assets

	30 September 2015 unaudited	31 December 2014
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	197.5	107.1
Total	**197.5**	**107.1**

Other current assets comprise mainly deferred costs related to agreement with Mobyland for the provision of data transfer services.

Liabilities

	30 September 2015 unaudited	31 December 2014
Joint ventures	1.6	1.9
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	28.4	93.0
Total	**30.0**	**94.9**

The majority of liabilities as at 31 December 2014 are represented by liability resulting from data transfer services.

Loans granted

	30 September 2015 unaudited	31 December 2014
Joint ventures	40.6	29.9
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	0.2	0.5
Total	**40.8**	**30.4**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Revenues

	for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**
Subsidiaries*	1.8	9.9
Joint ventures	2.1	11.1
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	357.0	156.8
Total	**360.9**	**177.8**

*Concerns transaction with subsidiaries executed prior to their acquisition

In 9 months ended 30 September 2015 the most significant transactions include revenues from sharing base transceiver stations and radio module, services relating to expansion of telecommunication network, sale of advertisements and revenues from audiotext services. In 9 months ended 30 September 2014 the most significant transactions include revenues from sharing base transceiver stations and radio module, services relating to expansion of telecommunication network, revenues from sale of telecommunication equipment, sale of advertisements and revenues from audiotext services.

Expenses and purchases of programming assets

	for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**
Subsidiaries*	6.5	11.4
Joint ventures	4.7	4.7
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	477.0	311.0
Total	**488.2**	**327.1**

*Concerns transaction with subsidiaries executed prior to their acquisition

In 9 months ended 30 September 2015 and 30 September 2014 the most significant transactions include data transfer services, expenses for programming assets, advertising services, property rental, cost of electrical energy, telecommunication services with respect to the Group's customer call center and commission fees.

Gain on investment activities, net

	for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**
Joint ventures	1.6	0.6
Total	**1.6**	**0.6**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Finance costs

	for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**
Joint ventures	0.1	-
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	0.2	-
Total	**0.3**	**-**

The acquisitions of shares in Radio PIN S.A. and in Orsen Holding Limited were presented in note 16.

19. Litigations

Management believes that the provisions for litigations as at 30 September 2015 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

Proceedings before the Office of Competition and Consumer („UOKiK")

On 24 February 2011 the President of UOKiK imposed penalty on Polkomtel (Company's indirect subsidiary) in the amount of PLN 130.7 for the alleged lack of cooperation during an inspection carried out by UOKiK in Polkomtel. Polkomtel appealed against the decision of the President of UOKiK to the Consumer and Competition Protection Court ("SOKiK"). According to management, during the inspection the company had fully and at all times cooperated with UOKiK within the scope provided by the law. On 18 June 2014 the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 4 (i.e. EUR 1). On 20 October 2015 SOKiK's verdict has been revoked and the case has been transferred for re-examination. In management's opinion it is more likely than not that the ultimate outcome of the proceedings will be favorable to Polkomtel.

On 23 November 2011 Polkomtel (Company's indirect subsidiary) received a decision of the President of UOKiK in which UOKiK recognized the alleged agreement between Polkomtel, PTK Centertel Sp. z o.o., PTC S.A. and P4 Sp. z o.o. as a competition-restricting practice on the domestic mobile telecommunication services retail market as well as on the domestic wholesale mobile DVB-H technology services market. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 33.5. In management's opinion, no such agreement had been concluded between the parties. The company appealed to SOKiK against the decision of the UOKiK's President regarding the penalty. Following SOKiK's verdict dated 19 June 2015 the penalty has been revoked in full. The verdict is non-binding. The President of UOKiK may appeal against the verdict.

On 27 December 2012 the President of UOKiK issued a decision ending investigations related to Polkomtel's (Company's indirect subsidiary) alleged practices which infringed upon the collective interests of consumers by presenting misleading slogans in advertising campaigns. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 4.5. The company appealed to SOKiK against the decision. On 15 October 2014 SOKiK issued a decision where the penalty has been reduced to PLN 1.5. The judgment is not final.

On 23 December 2014 the President of UOKiK issued a decision ending investigations related to Polkomtel's (Company's indirect subsidiary) alleged practices which infringed upon the collective interests of consumers by including certain clauses in the terms and conditions of the online shop and including certain clauses in the equipment return policy when telecommunication agreements are terminated by the subscriber. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 8.8. The company appealed to SOKiK against the decision.

On 30 December 2014 the President of UOKiK issued a decision ending investigations related to Polkomtel's (Company's indirect subsidiary) alleged practices which infringed upon the collective interests of consumers by not providing its telecommunication clients (which entered into a written agreement) with terms and conditions of the preferential sales offer as well as not informing about the termination of the preferential sales offer. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 6.0. The company appealed to SOKiK against the decision.

On 15 December 2014 Polkomtel (Company's indirect subsidiary) received a claim from Orange for the total amount of PLN 21 related to the actions allegedly contrary to the obligations arising under the agreement for the transfer of rights to radio frequencies. On 13 January 2015 the company filed an answer to the claim. Pursuant to the decision of the District Court in Warsaw the penalty has been lowered to PLN 9.0. Polkomtel may appeal against the verdict. In management's opinion the claim is groundless.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according the best estimates of the management board members as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

20. Risk and fair value

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended as at 31 December 2014. There have been no significant changes in the risk management department or in any risk management policies since the end of year 2014.

Liquidity risk

Compared to 31 December 2014, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

Fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Presented below are fair values and carrying amounts of financial instruments.

			30 September 2015 unaudited		31 December 2014	
	Category according to IAS 39	**The level of the fair value hierarchy**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Trade and other receivables	A	2	1,815.5	1,815.5	1,562.8	1,562.8
Loans granted to third parties	A	2	2.7	2.7	0.1	0.1
Loans granted to related parties	A	2	44.0	40.8	31.7	30.4
Cash and cash equivalents and short-term deposits	A	*	1,059.6	1,059.6	1,735.3	1,735.3
Restricted cash	A	*	12.4	12.4	12.6	12.6
Loans and borrowings	C	2	(6,732.8)	(6,608.6)	(9,122.3)	(9,006.1)
Issued bonds	C	1	(5,662.4)	(5,571.9)	(4,840.8)	(5,014.6)
UMTS licence liabilities	C	2	(831.0)	(760.7)	(949.5)	(867.4)
Finance lease liabilities	C	2	(25.6)	(25.6)	(18.5)	(18.5)
Accruals	C	2	(666.6)	(666.6)	(531.7)	(531.7)
Trade and other payables and deposits	C	2	(448.4)	(448.4)	(691.3)	(691.3)
Total			**(11,432.6)**	**(11,150.8)**	**(12,811.6)**	**(12,788.4)**
Unrecognized loss				(281.8)		(23.2)

A – loans and receivables
B – derivatives
C - other
* It is assumed that the fair value of cash and cash equivalents (including restricted cash) and short-term deposits is equal to their nominal value, therefore no evaluation methods were used in order to calculate their fair value.

When determining the fair value of finance lease liabilities, forecasted cash flows from the reporting date to assumed dates of lease agreements termination were analyzed. The discount rate for each payment was calculated as a WIBOR interest rate plus a margin regarding the Group’s credit risk.

Trade and other receivables, trade and other payables and deposits comprise mainly receivables and payables which will be settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking into account the time value of money, would approximately be equal to their nominal value.

When determining the fair value of UMTS license liability, forecasted cash flows from the reporting date to September 2022 were discounted at EURIBOR market rate.

When determining the fair value of loans granted, forecasted cash flows from the reporting date to assumed dates of repayments of the loans were analyzed. The discount rate for each payment was calculated as an applicable WIBOR interest rate (for PLN loans granted), EURIBOR interest rate (for EUR loans granted) or LIBOR (for GBP loans granted) plus a margin regarding the credit risk.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

As at 30 September 2015 loans and borrowings comprised senior facilities. As at 31 December 2014 loans and borrowings comprised senior facilities and revolving facility loan. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the Group's credit risk. When determining the fair value of senior facilities as at 30 September 2015, forecasted cash flows from the reporting date to 21 September 2020 (assumed date of repayment of the loans) were analyzed. When determining the fair value of senior facilities as at 31 December 2014, forecasted cash flows from the reporting date to 30 November 2017, 22 June 2018, 24 June 2019 and 11 April 2019 (assumed dates of repayment of the loans) were analyzed. When determining the fair value of revolving facility as at 31 December 2014, forecasted cash flows from the reporting date to 31 March 2015 (assumed date of repayment of the loan) were analyzed.

The fair value of bonds as at 30 September 2015 was calculated as their last transaction price as at the balance sheet date as quoted by Bloomberg multiplied by the EUR/PLN exchange rate or the USD/PLN rate respectively as at the balance sheet date for bonds issued by Polkomtel Sp. z o.o. and as their last transaction price as at the balance sheet date as quoted by GPW Catalyst for bonds issued by Cyfrowy Polsat S.A. The fair value of bonds as at 31 December 2014 was calculated as their last transaction price as at the balance sheet date as quoted by Bloomberg multiplied by the EUR/PLN exchange rate or the USD/PLN rate respectively as at the balance sheet date.

The fair value of forwards, interest rate swaps and cross-currency interest rate swaps is determined using financial instruments valuation models, based on generally published currency exchange rates, interest rates, forward rate curves and volatility curves for foreign currencies taken from active markets. Fair value of derivatives is determined based on the discounted future cash flows from transactions, calculated based on the difference between the forward price and the transaction price.

As at 30 September 2015, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value	**30 September 2015 unaudited**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments not designated as hedging instruments:				
forward contracts		-	3.8	-
Total		**-**	**3.8**	**-**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Liabilities measured at fair value

	30 September 2015 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments:				
forward contracts		-	(1.0)	-
Interest rate swaps		-	(47.7)	-
Hedging derivative instruments:				
Interest rate swaps		-	(10.3)	-
Total		**-**	**(59.0)**	**-**

As at 31 December 2014, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	31 December 2014	Level 1	Level 2	Level3
Derivative instruments not designated as hedging instruments:				
Forwards		-	20.3	-
Cross-currency interest rate swaps		-	3.1	-
Total		**-**	**23.4**	**-**

Liabilities measured at fair value

	31 December 2014	Level 1	Level 2	Level3
Derivative instruments not designated as hedging instruments:				
Interest rate swaps		-	(15.4)	-
Hedging derivative instruments:				
Interest rate swaps		-	(105.6)	-
Cross-currency interest rate swaps		-	(6.1)	-
Total		**-**	**(127.1)**	**-**

21. Important agreements and events

Agreements for the provision of data transfer services

On 3 March 2015 two memoranda of understanding determining new terms of cooperation in the scope of telecommunication services related to data transmission were concluded:

a) PLK Memorandum – memorandum concluded between Polkomtel Sp. z o.o. ('Polkomtel'), a wholly owned subsidiary of the Company, and Mobyland Sp. z o.o ("Mobyland") under the agreement on the provision of wholesale telecommunications services concluded between Mobyland and Polkomtel on 9 March 2012, and

b) CP Memorandum - memorandum concluded between the Company and Polkomtel under the agreement on the provision of wholesale telecommunications services, concluded on 27 March 2014 ("Framework Agreement").

In accordance with the PLK Memorandum and CP Memorandum, the parties have established new terms of cooperation between Polkomtel and Mobyland, as well as between the Company and Polkomtel, in particular:

a) a new unit price per 1 GB in relation to telecommunication services related to data transmission in the net amount of PLN 2.40 (not in millions);

b) the new price is applicable to both newly ordered data packages as well as unused data packages already partially paid for under previous orders;

c) the new terms of cooperation were effective as of 1 January 2015 and the placed orders for data transmission will be valid for a period of 4 years;

d) in the event when Mobyland introduces services based on other own frequencies or frequencies to which it acquires usage rights, Mobyland will extend the scope of services related to data transmission provided to Polkomtel.

Pursuant to the PLK Memorandum, on 3 March 2015 Polkomtel placed an order with Mobyland for the purchase of a data package of 1,571.68 million GB (the "PLK Order"). The total value of the PLK Order amounts to PLN 3,772.0 (net) and the surplus payments made for the previous order placed by Polkomtel with Mobyland, in relation to the actual usage, in the amount of PLN 144.6 were credited towards payments for the PLK Order. Payments for the PLK Order will be made in favor of Mobyland according to the following schedule:

i. PLN 119.3, net – for the first quarter of 2015 in three equal monthly installments,

ii. PLN 132.0, net – for the second quarter of 2015 in three equal monthly installments,

iii. PLN 245.0, net – for the third quarter of 2015 in three equal monthly installments,

iv. PLN 354.0, net – for the fourth quarter of 2015 in three equal monthly installments,

v. PLN 989.3, net – for the year 2016 in twelve equal monthly installments,

vi. PLN 880.0, net – for the year 2017 in twelve equal monthly installments, and

vii. PLN 907.9, net – for the year 2018 in twelve equal monthly installments.

In addition, pursuant to the CP Memorandum, on 3 March 2015 the Company placed the CP Order with Polkomtel for the purchase of a subsequent data package of 600.9 million GB (the "CP Order"). The total value of the CP Order amounts to PLN 1,442.2 (net) and the surplus payments made for the previous order placed by the Company with Polkomtel, in relation to the actual usage, in the amount of PLN 19.6 were credited towards payments for the CP Order. Payments for the CP Order will be made in favor of Polkomtel according to the following schedule:

i. PLN 48.8, net – for the first quarter of 2015 in three equal monthly installments,

ii. PLN 53.9, net – for the second quarter of 2015 in three equal monthly installments,

iii. PLN 98.2, net – for the third quarter of 2015 in three equal monthly installments,

iv. PLN 140.1, net – for the fourth quarter of 2015 in three equal monthly installments,

v. PLN 385.5, net – for the year 2016 in twelve equal monthly installments,

vi. PLN 342.8, net – for the year 2017 in twelve equal monthly installments, and

vii. PLN 353.2, net – for the year 2018 in twelve equal monthly installments.

Decision to withdraw from the active bidding in the auction for 800 MHz frequency blocks

On 10 March 2015 the Company was informed by Polkomtel Sp. z.o.o. (”Polkomtel”), an indirect subsidiary of the Company, of Polkomtel's decision to discontinue active bidding in the auction for 800 MHz spectrum blocks while adopting the so-called passive bidding approach.

The PLK Memorandum and the CP Memorandum (described in detail above) assume that should Mobyland launch services using further frequencies it owns or the frequencies which it will acquire, then Mobyland will expand the scope of data transmission services provided to Polkomtel. The Midas Group (which includes Mobyland) intends to pursue a roll-out of the LTE800 network.

Listing of Series J shares

The Management Board of the Warsaw Stock Exchange (the WSE) decided that 243,932,490 Series J ordinary bearer shares of the Company shall be listed on the main WSE market as of 20 April 2015 through an ordinary listing procedure. The Company's intention was to have the Series J shares listed on the WSE after the rights related to the Series J shares were made uniform with the shares already listed on the WSE. These rights were made uniform as of 2 April 2015 as a result of the adoption by the General Meeting of the Company of a resolution regarding the distribution of 2014 net profits.

Merger of Cyfrowy Polsat and Redefine Sp. z o. o.

On 14 April 2015 the Management Board of the Company resolved to merge Cyfrowy Polsat (Taking-over Company) with Redefine Sp. z o. o. (Acquired Company), in which Cyfrowy Polsat holds 100% of share capital, and approved the merger plan. The planned merger of the two companies was concluded by transferring all the assets of the Acquired Company to the Taking-over Company as at 30 June 2015. As a result of the merger, the Acquired Company was terminated without liquidation. The aim of the merger was to optimize costs and simplify the organizational structure of the Group in line with the Group's long-term strategy.

Transformation of an entity and change of name

On 3 August 2015 a transformation of Plus TM Group spółka z ograniczoną odpowiedzialnością SKA into TM Rental Sp. z o.o. has been registered.

On 20 August 2015 Cyfrowy Polsat Finance AB has changed name to Rioni 1 AB.

Extraordinary General Meeting of the Company

On 18 August 2015 the Extraordinary General Meeting of the Company adopted a resolution whereby it gives its consent to conclude a pledge agreement and to establish registered pledge on collection of movables and rights cinstituting the organized entirety with variable composition, being the part of the Company's enterprise, to secure the payments resulting from the facilities agreements.

Amendment, Restatement and Consolidation Deed executed between the parties to the CP Facilities Agreement, PLK Facilities Agreement and certain members of the Group

On 21 September 2015 the Amendment, Restatement and Consolidation Deed was concluded between the Company, Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o., Cyfrowy Polsat Trade Marks Sp. z o.o., Polsat License Ltd. and Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k., Eileme 2 AB (publ), Eileme 3 AB (publ), Eileme 4 AB (publ), Plus TM Management Sp. z o.o., TM Rental Sp. z o.o., Plus TM Group Sp. z o.o. and the consortium of Polish and foreign financing institutions (the “Amendment, Restatement and Consolidation Deed”).

According to the Amendment, Restatement and Consolidation Deed, upon repayment of the HY Notes Indebtedness, the indebtedness under the PLK Facilities Agreement will be refinanced using the funds made available under the CP Facilities Agreement, as amended in the Amendment, Restatement and Consolidation Deed. The HY Notes Indebtedness is expected to be repaid by the end of January 2016.

The Amendment, Restatement and Consolidation Deed amends the CP Facilities Agreement as follows:
(1) the maximum amount of the CP Term Facility will be PLN 11,500, and the maximum amount of the CP Revolving Facility will be PLN 1,000;
(2) the Company and other Group members will establish additional collaterals for the facilities granted on this basis. These collaterals include, in particular, registered pledges on collections of movables and economic interests of variable composition comprised in the enterprise of certain members of the Group, registered and financial pledges on shares in the Group members, registered and financial pledges on receivables related to bank accounts kept for certain members of the Group, ordinary and registered pledges on selected trademarks, assignments of rights for security, mortgages, notarial submissions to enforcement and similar collaterals on shares (interests) or assets of members of the Group, to be governed by foreign laws.

22. Events subsequent to the reporting date

Reservation applications in the LTE frequency auction

On 19 October 2015 the Office of Electronic Communications (“UKE”) published the results of the auction for frequency licenses in the 800 MHz and 2,600 MHz bands (“Auction”). According to information published by UKE, Polkomtel Sp. z o.o., (“Polkomtel”), a wholly owned subsidiary of the Company, placed the highest bids in the Auction for four blocks in the 2,600 MHz band for the total price of PLN 155.7.

On 26 October 2015 Polkomtel submitted applications for reservations of frequencies, which were the subject of the Auction, and it intends to collect the allocated frequency reservations. Reservations for frequencies will remain valid for 15 years with a possibility of their extension.

The submission of reservation applications and subsequent receipt of allocated spectrums does not mean that Polkomtel will not seek compensation in relation to the questionable termination of the bidding process.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

23. Other disclosures

Security relating to loans and borrowings

Establishment of security for loan facilities

The Group entered into a series of agreements establishing collateral under the loan agreements. Detailed information in respect to the agreements is presented in the Management Report in note 4.3.6.

Commitments to purchase programming assets

As at 30 September 2015 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	30 September 2015 unaudited	31 December 2014
within one year	189.3	117.0
between 1 to 5 years	118.6	104.4
Total	**307.9**	**221.4**

The table below presents commitments to purchase programming assets from related parties not included in the consolidated financial statements:

	30 September 2015 unaudited	31 December 2014
within one year	15.4	13.6
Total	**15.4**	**13.6**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of property, plant and equipment was PLN 136.1 as at 30 September 2015 (PLN 203.7 as at 31 December 2014). Total amount of contractual liabilities resulting from agreements for the purchases of intangible assets as at 30 September 2015 was PLN 67.0 (PLN 72.1 as at 31 December 2014).

24. Judgments, financial estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and costs. Estimates and underlying assumptions are based on historical data and other factors considered as reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key accounting estimates and assumptions applied in preparation of these interim condensed consolidated financial statements were the same as those adopted in the preparation of consolidated financial statements for the year ended 31 December 2014.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for the 3 and 9 months ended 30 September 2015

Prepared in accordance
with International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 10 November 2015, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of Cyfrowy Polsat S.A. prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union, which include:

Interim Income Statement for the period from 1 January 2015 to 30 September 2015 showing a net profit for the period of:	PLN 392.0
Interim Statement of Comprehensive Income for the period from 1 January 2015 to 30 September 2015 showing a total comprehensive income for the period of:	PLN 396.0
Interim Balance Sheet as at 30 September 2015 showing total assets and total equity and liabilities of:	PLN 12,999.1
Interim Cash Flow Statement for the period from 1 January 2015 to 30 September 2015 showing a net increase in cash and cash equivalents amounting to:	PLN 124.9
Interim Statement of Changes in Equity for the period from 1 January 2015 to 30 September 2015 showing an increase in equity of:	PLN 505.7

Notes to the Interim Condensed Financial Statements

The interim condensed financial statements have been prepared in PLN million unless otherwise indicated.

Tomasz Gillner-Gorywoda President of the Management Board	Tobias Solorz Vice-President of the Management Board	Tomasz Szeląg Member of the Management Board	
Dariusz Działkowski Member of the Management Board	Aneta Jaskólska Member of the Management Board	Maciej Stec Member of the Management Board	Agnieszka Szatan Chief Accountant

Warsaw, 10 November 2015

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Income Statement

		for the 3 months ended		for the 9 months ended	
	Note	30 September 2015 unaudited	30 September 2014 unaudited	30 September 2015 unaudited	30 September 2014 unaudited
Revenue	7	512.7	503.7	1,545.0	1,491.0
Operating costs	8	(425.4)	(443.4)	(1,288.4)	(1,233.9)
Other operating income/(costs), net		6.2	(0.9)	15.2	1.6
Profit from operating activities		**93.5**	**59.4**	**271.8**	**258.7**
Gain/(loss) on investment activities, net	9	7.4	(5.4)	262.9	170.7
Finance costs	10	(59.6)	(32.9)	(111.3)	(280.9)
Gross profit for the period		**41.3**	**21.1**	**423.4**	**148.5**
Income tax		(7.7)	(4.2)	(31.4)	5.2
Net profit for the period		**33.6**	**16.9**	**392.0**	**153.7**
Basic and diluted earnings per share (in PLN)		**0.05**	**0.03**	**0.61**	**0.30**

Interim Statement of Comprehensive Income

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	30 September 2014 unaudited	30 September 2015 unaudited	30 September 2014 unaudited
Net profit for the period	**33.6**	**16.9**	**392.0**	**153.7**
Items that may be reclassified subsequently to profit or loss:				
Valuation of hedging instruments	(0.5)	(11.3)	4.8	(0.2)
Income tax relating to hedge valuation	0.2	2.1	(0.8)	-
Items that may be reclassified subsequently to profit or loss	**(0.3)**	**(9.2)**	**4.0**	**(0.2)**
Other comprehensive income, net of tax	**(0.3)**	**(9.2)**	**4.0**	**(0.2)**
Total comprehensive income for the period	**33.3**	**7.7**	**396.0**	**153.5**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Balance Sheet - Assets

	Note	30 September 2015 unaudited	31 December 2014 restated*
Reception equipment		378.4	421.1
Other property, plant and equipment		146.9	164.8
Goodwill	15	197.0	52.0
Other intangible assets		85.6	75.6
Investment property		11.1	1.8
Shares in subsidiaries	11	11,424.8	11,498.1
Non-current deferred distribution fees		32.5	35.1
Other non-current assets		43.6	35.3
Total non-current assets		**12,319.9**	**12,283.8**
Inventories		90.9	124.0
Trade and other receivables		272.4	260.5
Income tax receivables		-	26.0
Current deferred distribution fees		83.3	74.5
Other current assets		94.4	30.9
Cash and cash equivalents		138.2	13.3
Total current assets		**679.2**	**529.2**
Total assets		**12,999.1**	**12,813.0**

* Restatement resulting from final purchase price allocation of Metelem (see note 16 in interim condensed consolidated financial statements for the 3 and 9 months ended 30 September 2015)

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Balance Sheet - Equity and Liabilities

	Note	30 September 2015 unaudited	31 December 2014 restated*
Share capital	12	25.6	25.6
Share premium	12	7,174.0	7,174.0
Hedge valuation reserve		(8.2)	(12.2)
Retained earnings		2,697.2	2,195.5
Total equity		**9,888.6**	**9,382.9**
Loans and borrowings	13	1,029.4	1,846.2
Issued bonds	14	964.3	-
Finance lease liabilities		-	0.8
Deferred tax liabilities		98.9	97.7
Deferred income		4.5	4.7
Other non-current liabilities and provisions		13.2	18.5
includes derivative instruments (IRS) liabilities		*1.9*	*7.0*
Total non-current liabilities		**2,110.3**	**1,967.9**
Loans and borrowings	13	445.3	927.1
Issued bonds	14	42.1	-
Finance lease liabilities		-	0.8
Trade and other payables		283.7	318.2
includes derivative instruments (IRS) liabilities		*8.4*	*8.4*
Income tax liability		4.1	-
Deferred income		225.0	216.1
Total current liabilities		**1,000.2**	**1,462.2**
Total liabilities		**3,110.5**	**3,430.1**
Total equity and liabilities		**12,999.1**	**12,813.0**

* Restatement resulting from final purchase price allocation of Metelem (see note 16 in interim condensed consolidated financial statements for the 3 and 9 months ended 30 September 2015)

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Cash Flow Statement

	Note	for the 9 months ended 30 September 2015 unaudited	for the 9 months ended 30 September 2014 unaudited
Net profit		**392.0**	**153.7**
Adjustments for:		**(122.4)**	**199.6**
Depreciation, amortization, impairment and liquidation	8	173.9	163.6
Interest expense		103.2	170.2
Change in inventories		33.1	13.8
Change in receivables and other assets		(58.1)	6.7
Change in liabilities, provisions and deferred income		(46.6)	63.1
Valuation of hedging instruments		4.8	(0.2)
Foreign exchange losses, net		-	22.6
Income tax		31.4	(5.2)
Net increase in reception equipment provided under operating lease		(98.1)	(142.1)
Dividends income and share in the profits of partnerships	9	(266.8)	(166.8)
Other adjustments		0,8	73.9
Cash from operating activities		**269.6**	**353.3**
Income tax paid		(0.6)	(27.9)
Interest received from operating activities		0.8	0.9
Net cash from operating activities		**269.8**	**326.3**
Dividends received		264.6	166.8
Merger with related entities		47.2	-
Proceeds from forward instruments (USD)		-	8.1
Proceeds from sale of property, plant and equipment		0.8	0.8
Loans granted		(5.9)	(9.0)
Acquisition of property, plant and equipment		(15.9)	(26.2)
Acquisition of intangible assets		(18.5)	(27.3)
Acquisition of shares and share capital increase in subsidiaries		(34.9)	(883.7)
Net cash from/(used in) investing activities		**237.4**	**(770.5)**
Loans and borrowings inflows	13	1.320.0	2,800.0
Bonds issued		1.000.0	-
Net cash from Cash Pool with paid interest		(95.6)	218.1
Proceeds from forward instruments (EUR)		-	2.9
Other		(0.3)	(5.6)
Dividend paid		-	(102.9)
Payment of interest on loans, borrowings, bonds, finance lease and commissions*		(56.4)	(241.8)
Repayment of loans and borrowings	13	(2.550.0)	(747.1)
Bonds redemption		-	(1,472.0)
Net cash from/(used in) financing activities		**(382.3)**	**451.6**
Net increase in cash and cash equivalents		**124.9**	**7.4**
Cash and cash equivalents at the beginning of period		**13.3**	**26.1**
Effect of exchange rate fluctuations on cash and cash equivalents		-	0.1
Cash and cash equivalents at the end of period		**138.2**	**33.6**

* Includes impact of hedging instruments, premium paid for early bonds' repayment and amount paid for costs related to new financing

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Interim Statement of Changes in Equity for the 9 months ended 30 September 2015

	Note	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2015 restated**		**25.6**	**7,174.0**	**(12.2)**	**2,195.5**	**9,382.9**
Total comprehensive income		-	-	4.0	392.0	**396.0**
Hedge valuation reserve		-	-	*4.0*	-	***4.0***
Net profit for the period		-	-	-	*392.0*	***392.0***
Merger with Redefine Sp. z o.o.	15	-	-	-	109.7	**109.7**
Balance as at 30 September 2015 unaudited		**25.6**	**7,174.0**	**(8.2)**	**2,697.2**	**9,888.6**

* The capital excluded from distribution amounts to PLN 8.5. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.
** Restatement resulting from final purchase price allocation of Metelem (see note 16 in interim condensed consolidated financial statements for the 3 and 9 months ended 30 September 2015)

Interim Statement of Changes in Equity for the 9 months ended 30 September 2014

	Share capital	Share premium	Hedge valuation reserve	Retained earnings*	**Total equity**
Balance as at 1 January 2014	**13.9**	**1,295.1**	**(9.0)**	**2,121.2**	**3,421.2**
Issue of shares	11.7	5,878.9**	-	-	**5,890.6**
Dividend declared and paid	-	-	-	(102.9)	**(102.9)**
Total comprehensive income	-	-	(0.2)	153.7	**153.5**
Hedge valuation reserve	-	-	*(0.2)*	-	***(0.2)***
Net profit for the period	-	-	-	*153.7*	***153.7***
Balance as at 30 September 2014 unaudited restated**	**25.6**	**7,174.0**	**(9.2)**	**2,172.0**	**9,362.4**

* The capital excluded from distribution amounts to PLN 8.5. In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital.
** Restatement resulting from final purchase price allocation of Metelem (see note 16 in interim condensed consolidated financial statements for the 3 and 9 months ended 30 September 2015)

Notes to the Interim Condensed Financial Statements

1. The Company

Cyfrowy Polsat S.A. ('the Company', 'Cyfrowy Polsat') was incorporated in Poland as a joint stock company. The Company's shares are traded on the Warsaw Stock Exchange. The Company's registered head office is located at 4a Łubinowa Street in Warsaw.

The Company operates in Poland as a provider of a paid digital satellite platform under the name of 'Cyfrowy Polsat' and paid digital terrestrial television as well as telecommunication services provider.

The Company was incorporated under the Notary Deed dated 30 October 1996.

The Company is the Parent Company of Cyfrowy Polsat S.A. Capital Group (the 'Group'). The Group encompasses the Company, Metelem Holding Company Limited ('Metelem') and its subsidiaries and joint ventures, Telewizja Polsat Sp. z o.o. and its subsidiaries and joint ventures, Cyfrowy Polsat Trade Marks Sp. z o.o. and its subsidiaries, INFO-TV-FM Sp. z o.o., Rioni 1 AB, Orsen Holding Limited and its subsidiaries, Netshare Sp. z o.o., Gery.pl Sp. z o.o., Frazpc.pl Sp. z o.o. and Poszkole.pl Sp. z o.o.

2. Composition of the Management Board of the Company

- Tomasz Gillner-Gorywoda	President of the Management Board,
- Tobias Solorz	Vice-President of the Management Board,
- Dariusz Działkowski	Member of the Management Board,
- Aneta Jaskólska	Member of the Management Board,
- Maciej Stec	Member of the Management Board,
- Tomasz Szeląg	Member of the Management Board.

3. Composition of the Supervisory Board of the Company

- Zygmunt Solorz-Żak	President of the Supervisory Board,
- Józef Birka	Member of the Supervisory Board (from 3 April 2015),
- Robert Gwiazdowski	Member of the Supervisory Board,
- Aleksander Myszka	Member of the Supervisory Board (from 3 April 2015),
- Andrzej Papis	Member of the Supervisory Board (until 2 April 2015),
- Leszek Reksa	Member of the Supervisory Board,
- Heronim Ruta	Member of the Supervisory Board.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

4. Basis of preparation of the interim condensed financial statements

Statement of compliance

These interim condensed financial statements for the 3 and 9 months ended 30 September 2015 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting*. These interim condensed financial statements should be read together with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS EU).

The Company applied the same accounting policies in the preparation of the financial data for the 3 and 9 months ended 30 September 2015 and the financial statements for the year 2014, presented in the annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on or after 1 January 2015. Standards, amendments to Standards and Interpretations which are effective for the reporting periods beginning on 1 January 2015 do not have a material impact on these interim condensed financial statements.

The information presented in the balance sheet as at 30 September 2015 is not fully comparable with the information presented as at 31 December 2014 due to the merger of Redefine Sp. z o.o. with the Company. The merger had impact on the income statement for the period of 9 months ended 30 September 2015 as the merger was registered on 30 June 2015.

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 10 November 2015.

6. Information on seasonality in the Company's operations

Retail revenue is not directly subject to any seasonal trend.

7. Revenue

	for the 3 months ended		**for the 9 months ended**	
	30 September 2015 unaudited	**30 September 2014 unaudited**	**30 September 2015 unaudited**	**30 September 2014 unaudited**
Retail revenue	488.0	477.8	1,459.9	1,416.7
Wholesale revenue	10.1	9.5	30.9	27.9
Sale of equipment	8.8	7.8	34.2	28.5
Other revenue	5.8	8.6	20.0	17.9
Total	**512.7**	**503.7**	**1,545.0**	**1,491.0**

Retail revenue mainly consists of pay-TV, telecommunication services, revenue from rental of reception equipment and contractual penalties related to terminated agreements.

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8. Operating costs

	Note	for the 3 months ended 30 September 2015 unaudited	for the 3 months ended 30 September 2014 unaudited	for the 9 months ended 30 September 2015 unaudited	for the 9 months ended 30 September 2014 unaudited
Content costs		135.1	140.6	396.3	382.9
Technical costs and costs of settlements with telecommunication operators		88.3	75.9	244.8	187.2
Distribution, marketing, customer relation management and retention costs		72.4	81.9	231.5	237.8
Depreciation, amortization, impairment and liquidation		59.7	55.4	173.9	163.6
Salaries and employee-related costs	a	28.1	30.0	88.4	94.1
Cost of equipment sold		8.7	14.7	44.0	39.4
Cost of debt collection services, bad debt allowance and receivables written off		5.4	10.5	20.0	29.6
Other costs		27.7	34.4	89.5	99.3
Total		**425.4**	**443.4**	**1,288.4**	**1,233.9**

a) Salaries and employee-related costs

	for the 3 months ended 30 September 2015 unaudited	for the 3 months ended 30 September 2014 unaudited	for the 9 months ended 30 September 2015 unaudited	for the 9 months ended 30 September 2014 unaudited
Salaries	24.0	25.6	74.4	79.0
Social security contributions	3.1	3.6	11.7	12.2
Other employee-related costs	1.0	0.8	2.3	2.9
Total	**28.1**	**30.0**	**88.4**	**94.1**

9. Gain/(loss) on investment activities, net

	for the 3 months ended 30 September 2015 unaudited	for the 3 months ended 30 September 2014 unaudited	for the 9 months ended 30 September 2015 unaudited	for the 9 months ended 30 September 2014 unaudited
Dividends received	-	-	260.7	166.8
Share in the profits of partnerships	6.1		6.1	-
Guarantee fees from related party	-	-	-	3.3
Other	1.3	(5.4)	(3.9)	0.6
Total	**7.4**	**(5.4)**	**262.9**	**170.7**

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10. Finance costs

	for the 3 months ended		for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**	**30 September 2015 unaudited**	**30 September 2014 unaudited**
Interest expense on loans and borrowings	44.6	30.8	87.2	87.5
Interest expense on issued bonds	8.4	-	8.4	70.4
Early redemption costs	-	-	-	82.1
Foreign exchange differences on issued bonds	-	-	-	22.7
Valuation and realization of hedging instruments	2.1	(0.1)	5.7	4.5
Valuation and realization of instruments not under hedge accounting	-	-	-	4.2
Other	4.5	2.2	10.0	9.5
Total	**59.6**	**32.9**	**111.3**	**280.9**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

11. Shares in subsidiaries

Shares in subsidiaries as at 30 September 2015

	Company's registered office	Activity	Voting rights percentage	Cost and carrying amount
Metelem Holding Company Limited	Chrysanthou Mylona 3 Office no. 102 CY 3030 Limassol Cyprus	holding and financial activities	100%	6,778.0
Telewizja Polsat Sp. z o.o.	ul. Ostrobramska 77. Warsaw	broadcasting and television production	100%	3,899.0
Cyfrowy Polsat Trade Marks Sp. z o.o.	ul. Łubinowa 4a. Warsaw	non-current assets and intellectual property rights management	100%	615.4
Orsen Holding Limited	Elia Zammit Street. St. Julian's STJ 3155. Malta	holding and financial activities	99.9%	34.9
INFO-TV-FM Sp. z o.o.	ul. Łubinowa 4a. Warsaw	radio and TV activities	73.5%	29.3
Netshare Sp. z o.o.	al. Stanów Zjednoczonych 61 A. Warsaw	electronic media (Internet) advertising broker	100%	23.3
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.	ul. Ostrobramska 77. Warsaw	advertising activities	30.5%	20.3
Gery.pl Sp. z o.o.	al. Stanów Zjednoczonych 61 A. Warsaw	web portals activities	100%	15.3
Frazpc.pl Sp. z o.o.	al. Stanów Zjednoczonych 61 A. Warsaw	web portals activities	100%	6.5
Karpacka Telewizja Kablowa Sp. z o.o.	ul. Warszawska 220. Radom	dormant	99%	2.4
Rioni 1 AB (formerly Cyfrowy Polsat Finance AB)	Stureplan 4C. 4 TR 114 35 Stockholm. Sweden	financial transactions	100%	0.2
Poszkole.pl Sp. z o.o.	al. Stanów Zjednoczonych 61 A. Warsaw	web portals activities	100%	0.1
Polskie Badania Internetu Sp. z o.o.	Aleje Jerozolimskie 65/79. Warsaw	web portals activities	4.55%	0.1
			Total	**11,424.8**

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

	31 December 2014 restated*	Additions	Decreases	30 September 2015
Metelem Holding Company Limited	6,778.0	-	-	6,778.0
Telewizja Polsat Sp. z o.o.	3,899.0	-	-	3,899.0
Cyfrowy Polsat Trade Marks Sp. z o.o.	615.4	-	-	615.4
Redefine Sp. z o.o. (see note 15)	128.7	-	(128.7)	-
Orsen Holding Limited	-	34.9	-	34.9
INFO-TV-FM Sp. z o.o.	29.3	-	-	29.3
Netshare Sp. z o.o.	23.3	-	-	23.3
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k. (see note 15)	-	20.3	-	20.3
Gery.pl Sp. z o.o.	15.3	-	-	15.3
Frazpc.pl Sp. z o.o.	6.5	-	-	6.5
Karpacka Telewizja Kablowa Sp. z o.o.	2.4	-	-	2.4
Rioni 1 AB (formerly Cyfrowy Polsat Finance AB)	0.2	-	-	0.2
Poszkole.pl Sp. z o.o. (see note 15)	-	0.1	-	0.1
Polskie Badania Internetu Sp. z o.o. (see note 15)	-	0.1	-	0.1
Total	**11,498.1**	**55.4**	**(128.7)**	**11,424.8**

* Restatement due to final purchase price allocation of Metelem (see note 16 in interim condensed consolidated financial statements for the 3 and 9 months ended 30 September 2015) – decrease by PLN 63.4

On 1 April 2015 Cyfrowy Polsat acquired 99.9% shares of Orsen Holding Limited for the amount of PLN 34.9. As a result of the above mentioned acquisition Teleaudio Dwa Sp. z o.o. S.k. (the leader in Premium Rate services) and InterPhone Service Sp. z o.o. (the manufacturer of telecommunication and electronic appliances) have joined Cyfrowy Polsat Group.

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12. Equity

(i) Share capital

Presented below is the structure of the Company's share capital as at 30 September 2015 and 31 December 2014:

Share series	Number of shares	Nominal value of shares	Type of shares
Series A	2,500,000	0.1	preference shares (2 voting rights)
Series B	2,500,000	0.1	preference shares (2 voting rights)
Series C	7,500,000	0.3	preference shares (2 voting rights)
Series D	166,917,501	6.7	preference shares (2 voting rights)
Series D	8,082,499	0.3	ordinary bearer shares
Series E	75,000,000	3.0	ordinary bearer shares
Series F	5,825,000	0.2	ordinary bearer shares
Series H	80,027,836	3.2	ordinary bearer shares
Series I	47,260,690	1.9	ordinary bearer shares
Series J	243,932,490	9.8	ordinary bearer shares
Total	**639,546,016**	**25.6**	

The shareholders' structure as at 30 September 2015 was as follows:

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
Karswell Ltd. [1]	157,988,268	6.3	24.70%	157,988,268	19.29%
Reddev Investments Ltd. [2]	154,204,296	6.2	24.11%	306,709,172	37.45%
Sensor Overseas Ltd. [3]	54,921,546	2.2	8.59%	81,662,921	9.97%
Embud Sp. z o.o. [1]	58,063,948	2.3	9.08%	58,063,948	7.09%
Others	214,367,958	8.6	33.52%	214,539,208	26.20%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] Entity is controlled by Mr. Zygmunt Solorz-Żak

[2] Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz-Żak

[3] Sensor Overseas Ltd. is controlled by EVO Foundation

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

On 16 March 2015, Embud Sp. z o.o. acquired from Argumenol Investment Company Limited 28.415.173 ordinary series J bearer shares of the Company.

The shareholders' structure as at 31 December 2014 was as follows:

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
Karswell Ltd. [1]	157,988,268	6.3	24.70%	157,988,268	19.29%
Reddev Investments Ltd. [2]	154,204,296	6.2	24.11%	306,709,172	37.45%
Argumenol Investment Company Ltd. [1]	28,415,173	1.1	4.44%	28,415,173	3.47%
Sensor Overseas Ltd. [3]	54,921,546	2.2	8.59%	81,662,921	9.97%
Embud Sp. z o.o. [1]	29,648,775	1.2	4.64%	29,648,775	3.62%
Others	214,367,958	8.6	33.52%	214,539,208	26.20%
Razem	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] As at 31 December 2014 entity was controlled by Mr. Zygmunt Solorz-Żak

[2] As at 31 December 2014 Reddev Investments Ltd. was an indirect subsidiary of Mr. Zygmunt Solorz-Żak

[3] As at 31 December 2014 Sensor Overseas Ltd. was controlled by EVO Foundation

(ii) Share premium

Share premium includes the excess of issue value over the nominal value of shares issued decreased by share issuance-related consulting costs.

(iii) Retained earnings

On 2 April 2015 the Annual General Meeting of the Company adopted resolution on distribution of profit of the Company for the financial year of 2014. Pursuant to the provisions of the resolution the net profit earned by the Company in the financial year of 2014 in the amount of PLN 177.2 is appropriated to the supplementary capital.

13. Loans and borrowings

Loans and borrowings	30 September 2015 unaudited	31 December 2014
Short-term liabilities	445.3	927.1
Long-term liabilities	1,029.4	1.846.2
Total	**1,474.7**	**2.773.3**

Change in loans and borrowings liabilities:

	2015	2014
Loans and borrowings as at 1 January	**2,773.3**	**537.2**
Revolving facility loan	120.0	300.0
Repayment of capital	(2,550.0)	(747.1)
Repayment of interest and commissions	(50.2)	(93.0)*
Term facility loan	1,200.0	2,500.0
Net cash from Cash Pool	(92.6)	219.1
Interest and commissions accrued	74.2	87.5
Loans and borrowings as at 30 September unaudited	**1,474.7**	**2,803.7**

* Includes amount paid for costs related to new financing

On 29 July 2015 the Company made a voluntary prepayment of part of the Senior Facilities term loan in the amount of PLN 1 billion (not in million). Subsequently on 28 September 2015 the Company made an early repayment of the loan in the amount of PLN 1,178.0. As a result of the said early repayment the Company repaid its total indebtedness under the facilities agreement dated 11 April 2014.

Facilities agreement between the Company and a consortium of financial institutions

On 21 September 2015, the Company, as the borrower, along with Telewizja Polsat Sp. z o.o., Cyfrowy Polsat Trade Marks Sp. z o.o., Polsat License Ltd. and Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k. concluded a Senior Facilities Agreement with a consortium of Polish and foreign financial institutions, led by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Société Générale (Global Banking Coordinators) with the participation of PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2, BNP Paribas Fortis SA/NV, Bank Polska Kasa Opieki S.A., The Bank of Tokyo-Mitsubishi UFJ Ltd., Bank of China (Luxembourg) S.A., Credit Agricole Corporate & Investment Bank, Credit Agricole Bank Polska S.A., DNB Bank Polska S.A., DNB Bank ASA, HSBC Bank Polska S.A., HSBC Bank plc, Bank Handlowy w Warszawie S.A., CaixaBank, S.A. (Spółka Akcyjna) Oddział w Polsce, mBank S.A., Bank Millennium S.A., Raiffeisen Bank Polska S.A., Goldman Sachs Bank USA, Erste Group Bank AG, Deutsche Bank Polska S.A., and UniCredit Bank AG, London Branch, acting as the Facility Agent and the Security Agent (the "CP Facilities Agreement").

Based on the CP Facilities Agreement the Company has been granted a Term Facility Loan up to PLN 1,200 (the "CP Term Facility") and a Revolving Facility Loan up to PLN 300 (the "CP Revolving Facility").

The CP Term Facility and the CP Revolving Facility bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on the CP Term Facility and the CP Revolving Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin. The CP Term Facility and the CP Revolving Facility are to be repaid in quarterly installments of variable value with the final repayment date for each of these facilities set at 21 September 2020.

The CP Revolving Facility as at 30 September 2015 was not utilized.

The Company used the CP Term Facility and the CP Revolving Facility in particular to:
(i) repay the indebtedness under the Senior Facilities Agreement of 11 April 2014 between the Company (as the borrower) and a consortium of financial institutions, and
(ii) fund general corporate needs of the Group.

In accordance with the provisions of the CP Facilities Agreement, the Company may incur additional facilities. The terms of such additional facilities will be established individually in separate additional facility accession deeds and their terms will have to satisfy certain criteria.

Claims related to the CP Facilities Agreement are secured by collaterals established by the Company. A detailed description of the established securities is presented in the Management Report in note 4.3.6.

14. Issued bonds

Issued bonds	**30 September 2015 unaudited**	**31 December 2014**
Short-term liabilities	42.1	-
Long-term liabilities	964.3	-
Total	**1,006.4**	**-**

Change in issued bonds payable:

	2015	**2014**
Issued bonds payable as at 1 January	**-**	**1,434.9**
Issuance of bonds	1,000.0	-
Bonds redemption	-	(1,472.0)
Foreign exchange losses	-	22.7
Early redemption costs	-	82.1
Repayment of interest and commissions	-	(138.1)*
Interest and commissions accrued	6,4	70.4
Issued bonds payable as at 30 September unaudited	**1,006.4**	**-**

* Includes payment of the early redemption costs

On 21 July 2015, the Company registered 1.000.000 unsecured series A bearer bonds with a nominal value of PLN 1.000 each (not in millions) and a total nominal value of PLN 1.000.000.000 (not in millions) (the "Bonds") in the securities depository maintained by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.). The Bonds mature in 6 years. The redemption date for the Bonds is 21 July 2021. The interest rate is floating and is based on the WIBOR 6M rate, increased by a margin which depends on the Leverage Ratio level (defined in the terms and conditions of the Bonds' issuance).

15. The impact of merger with Redefine Sp. z o.o. on assets, equity and liabilities

On June 30, 2015 the District Court for the Capital City of Warsaw in Warsaw, XIII Business Division for the National Court Register registered the merger of the Company with Redefine Sp. z o.o. ('Redefine') seated in Warsaw.

The merger was effected by:

i. transferring to Company, as the sole shareholder of Redefine, all the assets of Redefine by the way of universal succession, and

ii. termination of Redefine without liquidation.

As a result of the merger, Cyfrowy Polsat assumed all rights and obligations of Redefine, effective on the date of the merger. Given that Company held all the shares of Redefine the merger was effected without increasing the share capital of Company.

The detailed terms of the merger are specified in the Merger Plan prepared on April 14, 2015 and made publicly available, free of charge, on the website of the Company. The merger was performed in order to optimize costs of operations and simplify the organizational structure of Cyfrowy Polsat Group.

For business combinations under common control the Company applies a method based on historical values as presented in the consolidated financial statements of the parent company (a higher-level parent), which produces consolidated financial statements. The method based on historical values, as applied by the Company, is based on the combination of balance sheets values and results of the merging companies from the date of business combination under common control (not the date of acquisition and establishing control over the merging entity by the capital group). The Company's balance sheet as at the date of business combinations under common control includes relevant assets, equity and liabilities of the merging entity as presented in the consolidated financial statements of the capital group as at the date of the merger, with appropriate eliminations. As a consequence, goodwill, trademark, other assets and liabilities (excluding deferred tax liability) presented in the historical consolidated financial statements are recognized following the merger of the entities. The value of shares held by the Company in the merging entity and the value of equity of the merging entity as at the date of establishing control by the capital group are eliminated. Following this elimination, the difference between assets and liabilities is recognized in the retained earnings. Receivables and liabilities between the Company and the merging entity are also eliminated. The Company's income statement includes financial results of the merging entity from the date of the merger.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

The merger's effects on the Company's assets and liabilities were as follows:

	Change resulting from the merger as at 30 June 2015
Shares in Redefine (see note 11)	(128.7)
Shares in subsidiaries	20.5
Other property, plant and equipment	(0.6)
Goodwill	145.0
Other intangible assets	6.4
Receivables	23.8
Other current assets	(0.7)
Cash and cash equivalents	47.2
Non-current liabilities	3.1
Current liabilities	(6.3)
Total	**109.7**

As a result of the merger, net assets of Cyfrowy Polsat increased by PLN 109.7, which was reflected in an increase in retained earnings.

16. Transactions with related parties

Receivables

	30 September 2015 unaudited	31 December 2014
Subsidiaries	36.1	35.0
Joint ventures	0.3	0.3
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	0.8	1.3
Total	**37.2**	**36.6**

A significant portion of receivables as at 30 September 2015 and as at 31 December 2014 is represented by receivables related to sale of Polkomtel Sp. z o.o. ('Polkomtel') services.

Other assets

	30 September 2015 unaudited	31 December 2014
Subsidiaries	86.1	28.9
Total	**86.1**	**28.9**

Other assets comprise mainly deferred costs related to the agreement with Polkomtel for the provision of data transfer services.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

Liabilites

	30 September 2015 unaudited	31 December 2014
Subsidiaries	59.3	63.7
Joint ventures	1.1	1.1
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	1.6	3.1
Total	**62.0**	**67.9**

A significant portion of liabilities is represented by programming licence fees, fees for using 'Cyfrowy Polsat' trade mark and liabilities resulting from purchase of set-top boxes.

Loans granted

	30 September 2015 unaudited	31 December 2014
Subsidiaries	3.3	-
Joint ventures	10.6	10.2
Total	**13.9**	**10.2**

Revenues

	for the 9 months ended	
	30 September 2015 unaudited	30 September 2014 unaudited
Subsidiaries	81.2	30.4
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	1.7	2.2
Total	**82.9**	**32.6**

The most significant transactions include revenues from sale of materials used in set-top boxes' production, accounting services rendered to subsidiaries, interconnect services, programming fees, property rental and signal broadcast services.

Expenses

	for the 9 months ended	
	30 September 2015 unaudited	30 September 2014 unaudited
Subsidiaries	347.7	198.6
Joint ventures	2.1	2.1
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	12.6	94.0
Total	**362.4**	**294.7**

The most significant transactions include data transfer services and license fees for broadcasting programs: Polsat Film HD, Polsat Romans, Polsat Sport, Polsat Sport Extra, Polsat Sport Extra HD, Polsat Film, Polsat News, Polsat Play, Polsat Cafe, Polsat Sport HD and Polsat Jim Jam.

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The Company also incurs expenses for using ’Cyfrowy Polsat‘ trade mark, purchasing advertising time, telecommunication services with respect to the Company’s customer call center and commissions for subscribers’ acquisitions.

Gain on investment activities, net

	for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**
Subsidiaries	266.8	170.1
Joint ventures	0.4	0.1
Total	**267.2**	**170.2**

Gains and losses on investment activities comprises mostly of dividends and in 2014 the income from guarantees granted by the Company in respect to settlement of bonds issued by Cyfrowy Polsat Finance AB.

Finance costs

	for the 9 months ended	
	30 September 2015 unaudited	**30 September 2014 unaudited**
Subsidiaries	3.7	155.5
Total	**3.7**	**155.5**

Finance costs comprise mostly of interest on bonds (in 2014) and also guarantee fees in respect to settlement of term facilities (including loan which was repaid as well as loan currently taken).

17. Litigations

Management believes that the provisions for litigations as at 30 September 2015 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company’s financial situation. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

18. Risk and fair value

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk. fair value interest rate risk. the risk of changes in cash flows related to interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements. These interim condensed financial statements should be read in conjunction with the Company’s annual financial statements for the year ended as at 31 December 2014. There have been no significant changes in the risk management department or in any risk management policies since the end of year 2014.

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Liquidity risk

Compared to 31 December 2014, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Fair value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Presented below are fair values and carrying amounts of financial instruments.

			30 September 2015 unaudited		31 December 2014	
	Category according to IAS 39	Level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted to non-related parties	A	2	2.7	2.6	-	-
Loans granted to related parties	A	2	13.5	13.9	10.5	10.2
Trade and other receivables	A	2	289.7	289.7	262.4	262.4
Cash and cash equivalents	A	*	138.2	138.2	13.3	13.3
Loans and borrowings	C	2	(1,489.4)	(1,474.7)	(2,831.7)	(2,773.3)
Issued bonds	C	2	(1,018.6)	(1,006.4)	-	-
Finance lease liabilities	C	2	-	-	(1.6)	(1.6)
Accruals	C	2	(139.5)	(139.5)	(115.4)	(115.4)
Trade and other payables and deposits	C	2	(112.9)	(112.9)	(169.8)	(169.8)
Total			**(2,316.3)**	**(2,289.1)**	**(2,832.3)**	**(2,774.2)**
Unrecognized loss				(27.2)		(58.1)

A – loans and receivables
B – hedges
C - other
* It is assumed that the fair value of cash and cash equivalents is equal to their nominal value, therefore no evaluation methods were used in order to calculate their fair value.

When determining the fair value of financial lease liabilities, forecasted cash flows from the reporting date to assumed date of repayment of lease agreements were analyzed. The discount rate for each payment was calculated as an applicable WIBOR interest rate plus a margin regarding the Company's credit risk.

(all cash amounts presented in text are in million with currency specification, all amounts presented in tables are in PLN million, except where otherwise stated)

When determining the fair value of loans granted, forecasted cash flows from the reporting date to assumed dates of repayments of the loans were analyzed. The discount rate for each payment was calculated as an applicable WIBOR interest rate (for PLN loans granted). EURIBOR interest rate (for EUR loans granted) or LIBOR (for GBP loans granted) plus a margin regarding the credit risk.

Trade and other receivables, accruals and trade and other payables and deposits comprise mainly receivables and payables which will be settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking the effect of time value of money into account, would approximately be equal to their nominal value.

As at 30 September 2015 loans and borrowings comprised senior facility and Cash Pool. As at 31 December 2015 loans and borrowings comprised senior facility, revolving facility loan and Cash Pool. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the Company's credit risk. When determining the fair value of senior facility as at 30 September 2015, forecasted cash flows from the reporting date to 21 September 2020 (assumed date of repayment of the loan) were analyzed. When determining the fair value of senior facility as at 31 December 2014, forecasted cash flows from the reporting date to 11 April 2019 (assumed date of repayment of the loan) were analyzed. When determining the fair value of revolving facility as at 31 December 2014, forecasted cash flows from the reporting date to 31 March 2015 (assumed date of repayment of the loan) were analyzed. The fair value of Cash Pool is set as the nominal value, which is equal to carrying amount.

The fair value of bonds as at 30 September 2015 was calculated as their last transaction price as at the balance sheet date as quoted by GPW Catalyst.

The fair value of interest rate swaps and cross-currency interest rate swaps is determined using financial instruments valuation models, based on generally published currency exchange rates, interest rates, forward rate curves and volatility curves for foreign currencies taken from active markets. Fair value of derivatives is determined based on the discounted future cash flows from transactions, calculated based on the difference between the forward price and the transaction price.

As at 30 September 2015, the Company held the following financial instruments measured at fair value:

Liabilities measured at fair value	**30 September 2015 unaudited**	**Level 1**	**Level 2**	**Level 3**
IRS		-	(10.3)	-
Total		**-**	**(10.3)**	**-**

As at 31 December 2014, the Company held the following financial instruments measured at fair value:

Liabilities measured at fair value	**31 December 2014**	**Level 1**	**Level 2**	**Level 3**
IRS		-	(15.4)	-
Total		**-**	**(15.4)**	**-**

19. Important agreements and events

Agreements for the provision of data transfer services

On 3 March 2015 two memoranda of understanding determining new terms of cooperation in the scope of telecommunication services related to data transmission were concluded:

a) PLK Memorandum – memorandum concluded between Polkomtel Sp. z o.o. ("Polkomtel"), a wholly owned subsidiary of the Company, and Mobyland Sp. z o.o ("Mobyland") under the agreement on the provision of wholesale telecommunications services concluded between Mobyland and Polkomtel on 9 March 2012. and

b) CP Memorandum - memorandum concluded between the Company and Polkomtel under the agreement on the provision of wholesale telecommunications services, concluded on 27 March 2014 ("Framework Agreement").

In accordance with the PLK Memorandum and CP Memorandum, the parties have established new terms of cooperation between Polkomtel and Mobyland. as well as between the Company and Polkomtel, in particular:

a) a new unit price per 1 GB in relation to telecommunication services related to data transmission in the net amount of PLN 2.40 (not in millions);

b) the new price will be applicable to both newly ordered data packages as well as unused data packages already partially paid for under previous orders;

c) the new terms of cooperation were effective as of 1 January 2015 and the placed orders for data transmission will be valid for a period of 4 years;

d) in the event when Mobyland introduces services based on other own frequencies or frequencies to which it acquires usage rights. Mobyland will extend the scope of services related to data transmission provided to Polkomtel.

In addition, pursuant to the CP Memorandum, on 3 March 2015 the Company placed the CP Order with Polkomtel for the purchase of a subsequent data package of 600.9 million GB (the "CP Order"). The total value of the CP Order amounts to PLN 1.442.2 (net) and the surplus payments made for the previous order placed by the Company with Polkomtel, in relation to the actual usage. in the amount of PLN 19.6 were credited towards payments for the CP Order. Payments for the CP Order will be made in favor of Polkomtel according to the following schedule:

i. PLN 48.8, net – for the first quarter of 2015 in three equal monthly installments.

ii. PLN 53.9, net – for the second quarter of 2015 in three equal monthly installments.

iii. PLN 98.2, net – for the third quarter of 2015 in three equal monthly installments.

iv. PLN 140.1, net – for the fourth quarter of 2015 in three equal monthly installments.

v. PLN 385.5, net – for the year 2016 in twelve equal monthly installments.

vi. PLN 342.8, net – for the year 2017 in twelve equal monthly installments. and

vii. PLN 353.2, net – for the year 2018 in twelve equal monthly installments.

Listing of Series J shares

The Management Board of the Warsaw Stock Exchange (the WSE) decided that 243.932.490 Series J ordinary bearer shares of the Company shall be listed on the main WSE market as of 20 April 2015 through an ordinary listing procedure. The Company's intention was to have the Series J shares listed on the WSE after the rights related to the Series J shares were made uniform with the shares already listed on the WSE. These rights were made uniform as of 2 April 2015 as a result of the adoption by the General Meeting of the Company of a resolution regarding the distribution of 2014 net profits.

Extraordinary General Meeting of the Company

On 18 August 2015 the Extraordinary General Meeting of the Company adopted a resolution whereby it gives its consent to conclude a pledge agreement and to establish registered pledge on collection of movables and rights constituting the organized entirety with variable composition, being the part of the Company's enterprise. to secure the payments resulting from the facilities agreements.

Amendment, Restatement and Consolidation Deed executed between the parties to the CP Facilities Agreement, PLK Facilities Agreement and certain members of the Group

On 21 September 2015 the Amendment, Restatement and Consolidation Deed was concluded between the Company, Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o., Cyfrowy Polsat Trade Marks Sp. z o.o., Polsat License Ltd. and Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k., Eileme 2 AB (publ), Eileme 3 AB (publ), Eileme 4 AB (publ), Plus TM Management Sp. z o.o., TM Rental Sp. z o.o., Plus TM Group Sp. z o.o. and the consortium of Polish and foreign financing institutions (the "Amendment, Restatement and Consolidation Deed").

According to the Amendment, Restatement and Consolidation Deed, upon repayment of the HY Notes Indebtedness (indebtedness under the senior notes issued on 26 January 2012 by Eileme 2 AB (publ) – a Company's indirect subsidiary), the indebtedness under the PLK Facilities Agreement (facilities agreement between Polkomtel and consortium of financial institutions dated 21 September 2015) will be refinanced using the funds made available under the CP Facilities Agreement, as amended in the Amendment, Restatement and Consolidation Deed. The HY Notes Indebtedness is expected to be repaid by the end of January 2016.

The Amendment, Restatement and Consolidation Deed amends the CP Facilities Agreement as follows:

i. the maximum amount of the CP Term Facility will be PLN 11,500, and the maximum amount of the CP Revolving Facility will be PLN 1,000;
ii. the Company and other Group members will establish additional collaterals for the facilities granted on this basis.

20. Other disclosures

Security relating to loans and borrowings

Establishment of collateral for loan facilities

The Company entered into a series of agreements establishing collateral under the SFA. Detailed information in respect to the agreements is presented in the Management Report in note 4.3.6.

Other securities

The Company provided to its subsidiary a guarantee in the amount of EUR 8.0 in respect to a programming purchase contract.

Contractual liabilities related to purchases of non-current assets

Total amount of capital commitments resulting from agreements on property construction and improvements was PLN 0.4 as at 30 September 2015 (PLN 8.4 as at 31 December 2014). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software as at 30 September 2015 was PLN 0.3 (PLN 0.3 as at 31 December 2014).

21. Judgments, financial estimates and assumptions

The preparation of interim condensed financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and costs. Estimates and underlying assumptions are based on historical data and other factors considered as reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key accounting estimates and assumptions applied in preparation on these interim condensed financial statements were the same as those adopted in the preparation of financial statements for the year ended 31 December 2014.