



OPINION
together with report

on audit of the
financial statements of

CITY INTERACTIVE S.A.

for the year ending December 31, 2010

Misters Audytor Spółka z o.o.
Warsaw, April 2011

**OPINION
OF AN INDEPENDENT STATUTORY AUDITOR
ON AUDIT OF THE FINANCIAL STATEMENTS OF**

City Interactive S.A.

**For the Shareholders, Supervisory Board and Management Board of
City Interactive S.A.**

We audited the enclosed financial statements of City Interactive S.A., having its registered office in Warsaw, ul. Żupnicza 17, which consist of the statement of financial position drawn up as at December 31, 2010, profit and loss statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the financial year January 1 to December 31, 2010 and notes to the financial statements.

The Management Board is responsible for the financial statements submitted for audit. The Management Board and members of the Supervisory Board are required to ensure that the enclosed financial statements and report on the Company's operations fulfill the requirements provided for in the Accounting Act of September 29, 1994 (Polish Journal of Laws of 2009, no. 152, item 1223 as amended), hereinafter referred to as the "Polish Accounting Act".

Our task was to audit, express a written opinion and draw up a report on whether the enclosed financial statements are compliant with the applied accounting principles (policy) and whether they reliably and clearly present all significant aspects of the financial situation, asset position and financial result of the Company and also whether the accounts constituting the basis for their preparation are maintained correctly.

We audited the financial statements in accordance with the following:

- 1) Section 7 of the Polish Accounting Act;
- 2) The national financial audit standards issued by the National Chamber of Statutory Auditors in Poland.

We planned and carried out the audit of the financial statements in such manner as to gain the rational certainty necessary for us to express an opinion on the statements. In particular, the audit covered verification of the accounting principles (policies) and significant estimates applied by the Company and examination, on a test basis, of evidence supporting the figures and disclosures in the financial statements, together with an overview of the financial statements.

We consider that the audit provided us with sufficient basis to provide an opinion.

In our opinion, the audited financial statements, in all significant aspects:

- a) give a true and fair view of all information significant for assessing the financial situation and asset position of the audited Company as at December 31, 2010, as well as its financial result for the financial year January 1 to December 31, 2010,
- b) were drawn up in accordance with International Financial Reporting Standards and associated interpretations published in the form of European Commission regulations, and where not governed by such standards then appropriate to the requirements of the Polish Accounting Act and secondary legislation issued on its basis and also pursuant to correctly maintained accounts,

- c) are compliant with the provisions of law and the provisions of the Company's articles of association which impact the content of financial statements.

The report of the City Interactive S.A. Management Board on the Company's operations includes the information referred to in art. 49, sec. 2 of the Polish Accounting Act and the Ordinance of the Minister of Finance of February 19, 2009 concerning current and periodic information provided by issuers of securities and the conditions for regarding information required by the law of a non-member state as equivalent (Polish Journal of Laws no. 33, item 259), and the information contained therein is compliant with the data sourced from the audited financial statements.

On behalf of **Misters Audytor Spółka z o.o.**

Warsaw, ul. Stępińska 22/30

Entity entered onto the list of entities

authorized to audit, no. 63

Lead statutory auditor:

Jadwiga Kaźmierczak

**President of the Management Board
Barbara Misterska-Dragan**

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**Statutory Auditor
No. 6062**

**Statutory Auditor
No. 2581
on behalf of
Misters Audytor Spółka z o.o.**

Warsaw, April 30, 2011.



REPORT

supplementary to the opinion
on audit of the
financial statements of

CITY INTERACTIVE S.A.

for the year ending
December 31, 2010

Misters Audytor Spółka z o.o.
Warsaw, April 2011

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General section of the report

I. Introduction

1. This audit was carried out pursuant to the agreement of June 30, 2010, entered into between CITY INTERACTIVE S.A. and Mistery Audytor Sp. z o.o., located in Warsaw at ul. Stepińska 22/30. The above agreement was entered into on the basis of Resolution of the Supervisory Board no. 11 of June 28, 2010, adopted in the form of a circular concerning selection of an auditor to audit the Company's financial statements for 2010.
2. Mistery Audytor Sp. z o.o. is entered into the list of entities authorized to audit financial statements, entry no. 63, by the National Chamber of Statutory Auditors.
3. The subject of the audit was the financial statements comprising:
 - 1) balance sheet drawn up as at December 31, 2010, showing both the assets and the equity and liabilities in the amount **PLN 59 601 125.54**;
 - 2) profit and loss statement for the financial year January 1, 2010 to December 31, 2010, indicating net profit of **PLN 25 823 050.62**;
 - 3) statement of comprehensive income for the period January 1, 2010 to December 31, 2010 indicating comprehensive income of **PLN 25 813 379.54**;
 - 4) statement of cash flows for the financial year January 1, 2010 to December 31, 2010 indicating an increase in cash and cash equivalents of **PLN 14 182 065.39**;
 - 5) statement of changes in equity indicating an increase in equity of **PLN 25 802 254.54**;
 - 6) notes to the financial statements.

and the accounts and financial and accounting documentation for the period January 1, 2010 to December 31, 2010, pursuant to which the financial statements were drawn up.

The Management Board's report on the Company's operations for 2010 is attached to the financial statements.

4. During the audit assessment was made of the accounts from the point of view of their observance of the provisions of law and the correct application of accounting principles.
5. On April 30, 2011 the Company's Management Board submitted a statement on the completeness, reliability and compliance of the financial statements with the accounting principles (policy) applied, together with the non-existence up to the audit completion date of events with significant impact on the level of data indicated in the financial statements for the audited year.
6. During the audit the entity facilitated access to data, information, explanations and declarations indicated by the statutory auditor as essential for audit of the financial statements.
7. Mistery Audytor Sp. z o.o. is independent of the audited Company and the scope of the work planned and carried out by us was in no way hindered. The detail of the audit of financial statements carried out by us results from the audit documentation drawn up and held by the audit entity.
8. The audit of the financial statements was conducted by Jadwiga Kaźmierczak, statutory auditor registration no. 6062. The audit was conducted at the registered office of the Company, i.e. in Warsaw, ul. Żupnicza 17, during the period March 15, 2011 to April 30, 2011.

9. The Company's financial statements for the financial year ending December 31, 2010 constitute an integral part of this report.

II. Basic information on the Company's operations

1. CITY INTERACTIVE S.A., hereinafter referred to as the Company, conducts its operations pursuant to the Company's articles of association and the Polish Commercial Companies Code. The Company's registered office is in Warsaw, ul. Żupnicza 17.
2. CITY INTERACTIVE S.A. was formed through the transformation of CITY INTERACTIVE Sp. z o.o. The transformation occurred in accordance with the provisions of Article IV, Section III of the Polish Commercial Companies Code as transformation of a spółka z ograniczoną odpowiedzialnością (limited liability company) (company being transformed) into a spółka akcyjna (joint stock company) (company resulting from transformation). The resolution concerning transformation was adopted by the General Meeting of the Company being transformed on May 16, 2007. The notarial deed was drawn up on May 16, 2007 by Notary Public Małgorzata Morelowska-Mamińska in Warsaw, ul. Boduena 4/9 (Notary's Register A no. 2682/2007).

Through the ruling of the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register of June 1, 2007, the Company was entered into the National Court Register under entry no. KRS 0000282076. The last current excerpt from the National Court Register was created on March 1, 2011.

3. The Company holds the taxpayer identification number (NIP) issued to it on March 9, 2001: 118-15-85-759, together with REGON [business identification] system classification number 017186320.
4. During the audited period the subject of the Company's operations was in accordance with the excerpt from the National Court Register (pursuant to the Polish Classification of Business Activity) and mainly covered:
 - development of electronic games, including computer games;
 - production of computer media;
 - production of sound recordings, video recordings and reproduction of computer media;
 - retail sale of electronic games, sound recordings, video recordings and computer media;
 - computer hardware and software consultancy;
 - supply of software;
 - advertising;
 - wholesale of electronic games, sound recordings, video recordings and computer media;
 - publishing activities;
 - printing activities;
 - retail sale of books, newspapers and written articles;
 - retail trade not conducted in shops;
 - data processing;
 - database activities;
 - activities connected with film and the video industry;
 - other forms of education not elsewhere classified;
 - recruitment and provision of employees;
 - commercial activity not elsewhere classified;
 - research and development activities related to technical sciences.

5. The Company's share capital as at December 31, 2010 amounted to PLN 1 265 000.00 and was divided into 12 650 000 shares of a nominal value of PLN 0.10 each. As at the end of the reporting period the level of equity amounted to PLN 43 556 832.30.

On December 31, 2010 shares in the Company were subscribed for in the following manner:

Shareholder	No. of shares	Nominal value per share in PLN	% of shares held and votes at the General Meeting
Marek Tymiński	6 480 794	648 079.40	51.23%
Minority shareholders	6 169 206	616 920.60	48.77%
Total	12 650 000	1 265 000.00	100.00%

6. The Company's financial year is a calendar year.
7. During the period January 1, 2010 to December 31, 2010 the Management Board comprised:

Name and surname	Position	
Marek Tymiński	President of the Management Board	from Jan 1, 2010 to Dec 31, 2010
Artur Winiarski	Member of the Management Board	from Jan 1, 2010 to Dec 31, 2010

Through Resolution no. 1 of the Supervisory Board of March 10, 2011 the resignation of Artur Winiarski as Member of the Company's Management Board was accepted, and through Resolution no. 2 of the Supervisory Board of March 10, 2011 Mr. Wojciech Kutak was appointed as Member of the Company's Management Board.

8. In 2010 the Company's Supervisory Board comprised:

Name and surname	Position	
Krzysztof Sroczyński	President of the Supervisory Board	from Jan 1, 2010 to Dec 31, 2010
Marek Dworak	Member of the Supervisory Board	from Jan 1, 2010 to Dec 31, 2010
Tadeusz Kistryn	Member of the Supervisory Board	from Jan 1, 2010 to Dec 31, 2010
Lech Tymiński	Member of the Supervisory Board	from Jan 1, 2010 to Dec 31, 2010
Grzegorz Leszczyński	Member of the Supervisory Board	from Jan 1, 2010 to Dec 31, 2010
Tomasz Litwiniuk	Member of the Supervisory Board	from Nov 8, 2010 to Dec 31, 2010

Through Resolution no. 9 of the Company's Extraordinary General Meeting of November 8, 2010, Mr. Tomasz Litwiniuk was appointed Member of the Supervisory Board.

Up to the date of completing the audit the composition of the Supervisory Board has not changed.

9. Employment at the Company in 2010 amounted to 133 full-time positions.
10. During the audited period the Company was not subject to external control.
11. The audited entity is the parent of the CITY INTERACTIVE S.A. Group. The Group also includes:
- CITY INTERACTIVE PERU SAC
 - CITY INTERACTIVE GERMANY GmbH
 - CITY INTERACTIVE USA Inc.

- CITY INTERACTIVE Spain S.L.
- CITY INTERACTIVE Jogos Electronicos Ltda.
- CITY INTERACTIVE MEXICO S.A., de C.V.
- CITY INTERACTIVE UK Ltd.
- BUSINESS AREA Sp. z o.o.
- CITY INTERACTIVE Canada Inc.
- CITY INTERACTIVE Studio Ltd.

The Company draws up consolidated financial statements.

III. Other information

1. The financial statements for 2009 were audited by authorized entity Mistery Audytor Sp. z o.o., having its registered office in Warsaw, entered onto the list of the National Chamber of Statutory Auditors under entry no. 63 and received an opinion without reservations.
2. On August 16, 2010 the Company's Ordinary General Meeting approved the financial statements for 2009 through resolution no. 4 and through resolution no. 5 resolved to cover the loss for 2009, amounting to PLN 12 667 978.11, from the Company's reserve capital.
3. The consolidated financial statements for 2009 were submitted to the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register on October 7, 2010 and were published in *Monitor Polski B* no. 802 of March 21, 2011.
4. The closing balance sheet for 2009 was introduced into the accounts as the opening balance for 2010.
5. The aim of the audit of the financial statements for 2010 was to express a written opinion and report on whether the financial statements are compliant with the applied accounting principles (policy) and whether they reliably and clearly present the asset position, financial situation and financial result of the audited Company.
6. The financial statements were signed by all members of the Company's Management Board. This means that the Management Board assumed responsibility for the correctness of drawing up the financial statements submitted for audit.

Analytical section of the report

I. Company financial analysis

Overview of the financial statements

Balance sheet (in PLN)

ASSETS	Dec 31, 2010	% of carrying amount	Dec 31, 2009	% of carrying amount
A. NON-CURRENT ASSETS	16 371 553.57	27.47	14 693 830.18	41.34
Property, plant and equipment	428 060.75	0.72	551 779.50	1.55
Intangible property	13 110 418.28	21.99	10 269 438.66	28.89
Interests in subsidiaries	268 098.54	0.45	260 009.52	0.73
Deferred income tax assets	2 564 976.00	4.31	3 612 602.50	10.16
B. CURRENT ASSETS	43 229 571.97	72.53	20 851 637.34	58.66
Inventories	4 285 519.51	7.19	4 284 998.11	12.05
Short-term investments	1 026 115.58	1.72	1 482 554.93	4.17
Prepayments	1 239 801.96	2.08		
Trade and other receivables	19 476 861.06	32.67	11 980 450.09	33.70
Income tax receivables			386 604.00	1.09
Cash and cash equivalents	14 639 825.01	24.57	457 759.62	1.29
Other current assets	2 561 448.85	4.30	2 259 270.59	6.36
TOTAL ASSETS	59 601 125.54	100.00	35 545 467.52	100.00

EQUITY AND LIABILITIES	Dec 31, 2010	% of carrying amount	Dec 31, 2009	% of carrying amount
A. EQUITY				
Share capital	1 265 000.00	2.12	1 265 000.00	3.56
Share premium	4 555 689.15	7.65	20 555 689.15	57.82
Revaluation provision	42 410.50	0.07	52 081.58	0.15
Capital from an incentive scheme	282 550.00	0.47	293 675.00	0.83
Provision for purchase of own shares	16 000 000.00	26.84	-	
Retained earnings	21 411 182.65	35.93	-4 411 867.97	-12.41
Total equity	43 556 832.30	73.08	17 754 577.76	49.95
B. LIABILITIES				
Provision for pensions and similar	13 530.00	0.02	9 410.17	0.03
Finance lease liabilities	54 025.65	0.09	86 851.37	0.24
Deferred income tax provision	133 881.00	0.22	146 205.01	0.41
Deferred income	-		-	
Total non-current liabilities	201 436.65	0.33	242 466.55	0.68
Borrowings including credits, loans and other debt instruments	5 022 816.44	8.42	7 064 730.86	19.88
Income tax liabilities	730 222.00	1.22	-	
Trade and other payables	9 202 072.73	15.43	8 874 368.69	24.96
Finance lease liabilities	111 155.42	0.18	178 309.34	0.50
Other current provisions	776 590.00	1.30	-	
Deferred income	-		1 431 014.32	4.03
Total current liabilities	15 842 856.59	26.58	17 548 423.21	49.36
Total liabilities	16 044 293.24	26.91	17 790 889.76	50.05
TOTAL EQUITY AND LIABILITIES	59 601 125.54	100.00	35 545 467.52	100.00

Statement of profit and loss (in PLN)	Jan 1 – Dec 31, 2010	Change 2010/2009	Jan 1 – Dec 31, 2009
Continuing operations			
Net revenue from sales	75 540 068.71	178.66%	27 108 130.97
Revenue from sale of products and services	74 869 797.46	182.55%	26 497 564.98
Revenue from sales of goods for resale and materials	670 271.25	0.98%	610 565.99
Cost of products, goods for resale and services sold	26 820 130.06	32.44%	20 249 872.50
Cost of manufacture of products sold	26 112 343.73	31.11%	19 916 511.52
Value of goods for resale and materials sold	707 786.33	112.31%	333 360.98
Gross profit (loss) on sales (A-B)	48 719 938.65	610.38%	6 858 258.47
Other operating revenues	1 049 227.79	64.92%	636 211.84
Distribution costs	8 272 045.51	20.93%	6 840 563.49
Administrative expenses	3 850 341.09	-12.37%	4 393 742.38
Other operating costs	4 780 740.90	-57.12%	11 149 246.42
Profit (loss) on operating activities	32 866 038.94	220.74%	-14 889 081.98
Finance income	53 992.23	-78.18%	247 441.42
Finance costs	1 230 112.06	37.91%	891 944.92
Profit (loss) before tax	31 689 919.11	204.00%	-15 533 585.48
Income tax	5 866 868.49	228.02%	-2 572 985.17
Profit (loss) on continuing operations	25 823 050.62	199.24%	-12 960 600.31
NET PROFIT (LOSS)	25 823 050.62	119.24%	-12 960 600.31
Net profit (loss)	25 823 050.62		-12 960 600.31
Weighted average number of ordinary shares	12 650 000		12 650 000
Profit (loss) per ordinary share (in PLN)	2.04		-1.02

Selected financial ratios

			2010	2009
A	PROFITABILITY			
	Operating profit margin			
	$\frac{\text{Profit on sales} \times 100}{\text{Revenue from sales}}$	%	43.51%	-15.06%
	Return on assets			
	$\frac{\text{Net profit} \times 100}{\text{Assets}}$	%	43.33%	-35.64%
	Return on equity			
	$\frac{\text{Net profit} \times 100}{\text{Equity}}$	%	59.28%	-70.19%
	Net sales margin			
	$\frac{\text{Net profit} \times 100}{\text{Revenue from sales of products, goods for resale and materials}}$	%	34.18%	-46.73%
	Gross sales margin			
	$\frac{\text{Gross profit} \times 100}{\text{Revenue from sales of products, goods for resale and materials}}$	%	41.95%	-56.22%
	Receivables turnover			
	$\frac{\text{Trade receivables} \times 365 \text{ days}}{\text{Revenue from sales of products, goods for resale and materials}}$	days	94	161
	Inventory turnover			
	$\frac{\text{Inventory} \times 365 \text{ days}}{\text{Cost of products, goods for resale and materials sold}}$	days	58	50
	Payables turnover			
	$\frac{\text{Trade payables} \times 365 \text{ days}}{\text{Cost of products, goods for resale and materials sold}}$	days	118	100
B	FINANCIAL			
	Debt ratio			
	$\frac{\text{Total liabilities} \times 100}{\text{Assets}}$	%	26.92%	49.23%
	Debt to equity			
	$\frac{\text{Total liabilities} \times 100}{\text{Equity}}$	%	36.84%	96.96%
	Equity to non-current assets			
	$\frac{\text{Equity} \times 100}{\text{Non-current assets}}$	%	166.05%	122.82%
	Current ratio			
	$\frac{\text{Current assets}}{\text{Current liabilities}}$		2.73	1.21

	Quick ratio			
	$\frac{\text{Current assets - inventory}}{\text{Current liabilities}}$		2.46	0.96
C	CAPITAL MARKET RATIOS			
	Earnings per share			
	$\frac{\text{Net profit}}{\text{Number of shares issued}}$	PLN	2.04	-1.01
	Net book value per share			
	$\frac{\text{Equity}}{\text{Number of shares issued}}$	PLN	3.44	1.44

Profitability of sales

The operating profit margin shows a positive value, which results from the Company achieving a PLN 32 866 000 profit on sales in 2010 – this ratio amounts to 43.51%.

In connection with the net profit of PLN 25 823 000 achieved by the Company as at December 31, 2010, the return on assets ratio (ROA) and net and gross sales margins also show positive values.

Return on equity

Return on equity, measured by the net financial result, amounted to 59.28% in 2010.

Turnover ratios

The receivables collection period for the Company during the audited year amounted to 94 days and fell in relation to the previous year by 67 days. The payables payment period increased by 18 days to 118 days. Inventory turnover amounted to 58 days and was 8 days longer than in the previous year.

Debt ratio

During the audited period the debt ratio amounted to 26.92% and decreased by 22.31 percentage points in relation to the previous year. All debt ratios concerning the debt level showed a decreasing tendency, which means an increase in the share of equity in financing for the Company's property.

Liquidity ratio

The liquidity I and II ratios amounted to 2.73 and 2.46 respectively in 2010.

The results achieved and the general financial situation of the Company do not indicate a threat to its status as a going concern in the meaning of the Polish Accounting Act.

Detailed section of the report

I. Correctness of the accounting system used and the related system of internal control

In accordance with the requirements of art. 10 of the Accounting Act of September 29, 1994 (consolidated text Polish Journal of Laws of 2009, no. 152, item 1223 as amended), the Company holds current documentation describing the accounting principles (policy) applied. These principles were introduced through Resolution no. 15 of the Company's General Meeting of Shareholders of June 23, 2008. The accounting principles resulting from International Accounting Standards and International Financial Reporting Standards were adopted from January 1, 2008 as binding within the Company.

The accounting records are maintained by ATS Spółka z o.o. at ul. Żupnicza 17 in Warsaw using the SAGE Symfonia Finanse i Księgowość Forte 2001.a accounting system.

The documentation for the data processing system fulfills the requirements of the Accounting Act.

Spot check verification of the correctness of the accounting system was performed together with the associated system of internal control. The following were subject to particular assessment:

- the correctness of documenting economic transactions,
- the correctness of computerized accounting records,
- the legitimacy and continuity of the accounting principles applied,
- the legitimacy of methods applied for securing access to data and the system for their computerized processing,
- linking of data resulting from the accounts with the financial statements,
- protection of accounting documentation, accounting records and the financial statements,
- conducting and settling the results of inventorying,
- the correctness of internal control activities.

As a result of these assessments, in connection with the results of auditing the reliability of specific financial statement items it was stated that the accounting system and related system of internal control may be recognized as correct, fulfilling the requirements of art. 24 of the Accounting Act. The aim of the audit was not to express a comprehensive opinion on the operation of these systems.

Internal control

The system of internal control covers functional control performed by authorized Company employees. Non-company accounting documents (external invoices) are included in the Company's accounts after they have been initialed by persons responsible for factual, formal and accounting control.

During the audit of the financial statements a review was conducted on the system of internal control applied by the Company and its effectiveness. The procedures applied do not indicate irregularities or significant weaknesses in the functioning of this system.

Inventories

During the period covered by the audit, the Company (in accordance with art. 26 of the Accounting Act) conducted an inventory of assets and liabilities in accordance with the Order of the President of the Management Board of CITY INTERACTIVE S.A., settled the results of the inventory and included these in the accounts.

The following items of property were established pursuant to a physical inventory:

- technical machinery and equipment as at December 16, 2010
- other intangible assets as at December 16, 2010
- stocks of materials and goods as at December 16, 2010
- stocks of finished and semi-finished products as at December 3, 2010
- petty cash as at December 31, 2010

The following were established pursuant to obtaining confirmation of balances and verification of source documents:

- cash held in bank accounts as at December 31, 2010
- bank loans as at December 31, 2010
- receivables as at December 31, 2010

The value of specific asset and liability items was established as at December 31, 2010 through comparison and verification of accounting data with the appropriate documents.

II. Information on several significant financial statement items

Plant, property and equipment – in the amount PLN 428 060.75 constitute 0.72% of the carrying amount. In 2010 the net value of plant, property and equipment in relation to the preceding year was subject to a decrease of PLN 123 718.75, mainly as a result of the planned depreciation or liquidation as a result of wear and tear. During the audited year an increase in the gross value of fixed assets was made at a total value of PLN 308 662.97, of which 59.66% was an increase in the group of technical equipment and machinery and 39.58% means of transport.

Intangible assets – in the amount PLN 13 110 418.28 constitutes 21.99% of the carrying amount and concerns:

- costs of completed research and development work (net value) – PLN 4 785 724.57
- costs of non-completed research and development work – PLN 6 542 568.95
- other intangible assets – PLN 1 782 124.76

In 2010 the net value of intangible assets increased in relation to the previous year by PLN 2 840 979.62.

Current (trade) receivables – in the amount PLN 19 476 861.06 constitute 32.67% of the carrying amount and are 62% higher in relation to the previous year. The increase in current receivables as at the end of the reporting period results mainly from the increase in sales in 2010 – 178.66% higher in relation to the previous year. These are mainly receivables for deliveries and services, including PLN 8 105 390.79 from associated entities. The level of impairment charges on trade receivables as at the end of the reporting period amounts to PLN 4 633 930.15. In 2010 revaluation write-downs on receivables amounting to PLN 1 583 696.97 were made against the Company's result.

Current payables – in the amount PLN 15 842 856.59 constitute 26.58% of the carrying amount. The largest item are payables for deliveries and services, amounting to PLN 9 202 072.73. Liabilities under loans and other debt instruments amount to PLN 5 022 816.44 and mainly concern 100 bearer bonds issued by the Company at a total nominal value of PLN 5 million. The bond maturity date was established as March 16, 2011. The bonds were bought back by the Company on March 16, 2011.

Net revenues from sale and similar – in relation to the previous year these increased by PLN 48 431 937.74 and reached a level of PLN 75 540 068.71. The Company obtains revenues mainly from sale of computer games and licenses for games – both those produced by the Company and those purchased from external suppliers.

III. Contingent liabilities and mortgages

The Company's contingent liabilities have been described in note 31 to the financial statements.

IV. Events after the end of the reporting period

In accordance with the Management Board's declaration, no significant events occurred after the end of the reporting period concerning the period from January 1 to December 31, 2010 which would not have been taken into consideration in the financial statements for such year.

V. Notes to the financial statements

The notes to the financial statements correctly describe the specific financial statement items.

VI. Report on the Company's operations

The Management Board attached a report on the Company's operations for the period from January 1 to December 31, 2010 to the financial statements. The information contained in this report contains all the issues specified in art. 49, sec. 2 of the above-mentioned Accounting Act and in the Ordinance of the Minister of Finance of February 19, 2009 on current and periodic information provided by issuers of securities (Polish Journal of Laws of 2009, no. 33, item 259), and the financial information contained in the report is compliant with data sourced from the audited financial statements.

VII. Statement of changes in equity

The statement of changes in equity correctly presents the changes which occurred in the Company's equity from January 1 to December 31, 2010. The statement indicates an increase in equity by PLN 25 802 254.54.

VIII. Statement of cash flows

The statement of cash flows for the period from January 1 to December 31, 2010 was drawn up in accordance with the requirements specified in IAS 7. The data found in the statement is correctly linked to the statement of financial position, profit and loss statement and the Company's accounts. Changes in net cash flows indicates their increase by PLN 14 182 065.39.

IX. Valuation

The principles for valuation applied by the Company have been described in the submitted financial statements. These are compliant with accounting standards (IAS 1, IAS 8) and the adopted accounting policy which the Company implements in a correct and consistent manner.

X. Presentation

The Company correctly presented the specific asset and liability items, together with revenues and costs in the financial statements. The financial statements, together with explanatory notes contain all items which are required to be presented in financial statements according to IAS/IFRS.

XI. Legal compliance

The statutory auditor received a written declaration from the Management Board in which the Management Board stated that the Company observes the provisions of law.

Misters Audytor Sp. z o.o. and the undersigned statutory auditor confirm that they are authorized to audit financial statements and fulfill the conditions specified in art. 56 of the Act on Statutory Auditors and their Self-Governance, Entities Authorized to Audit Financial Statements and Public Supervision, to express an objective and independent opinion on the financial statements of CITY INTERACTIVE S.A.

The audit of the financial statements was conducted in accordance with the national financial audit standards established by the National Chamber of Statutory Auditors and approved by the Audit Supervision Committee on March 31, 2010.

On behalf of **Misters Audytor Spółka z o.o.**
Warsaw, ul. Stepińska 22/30
Entity entered onto the list of entities
authorized to audit, no. 63

Lead statutory auditor:

Jadwiga Kaźmierczak

President of the Management Board
Barbara Misterska-Dragan

.....
Statutory Auditor
No. 6062

.....
Statutory Auditor
No. 2581
on behalf of
Misters Audytor Spółka z o.o.

Warsaw, April 30, 2011.