CI GAMES S.A.

ANNUAL FINANCIAL STATEMENTS
For the period from January 1
to 31 December 2013

Warsaw, March 21, 2014

Contents

I. Introduction to the financial statements for the period from January 1 to December 31, 2013

1. Information on the Company

Company:

a) CI Games S.A. was registered on June 1, 2007 as City Interactive S.A. through transformation from City Interactive Sp. z o.o. pursuant to a notarial deed, Notary's Register A 2682/2007 of May 16, 2007. On August 7, 2013 the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered a change of the Company's name from City Interactive S.A. to CI Games S.A. The Company's registered office is located at ul. Puławska 182 in Warsaw.

b) The Company is entered into the Register of Companies under entry no. KRS 0000282076. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register.

c) The main subject of the Company’s and Group’s operations is the development, release and distribution of computer games.

d) In accordance with the articles of association, the duration of the Company's operations is unlimited.

e) During 2013, the Company's Management Board comprised:

- Marek Tymiński — President from January 1 to December 31, 2013
- Andreas Jaeger — Member from January 1 to March 13, 2013

f) During 2013, the composition of the Company's Supervisory Board remained unchanged:

- Krzysztof Sroczyński — Chairman from January 1 to December 31, 2013
- Lech Tymiński — Member from January 1 to December 31, 2013
- Marek Dworak — Member from January 1 to December 31, 2013
- Grzegorz Leszczyński — Member from January 1 to December 31, 2013
- Tomasz Litwiniuk — Member from January 1 to December 31, 2013

g) CI Games S.A. is the parent of the Group and draws up consolidated financial statements. The following subsidiaries belong to the Group:

CI Games S.A. subsidiaries as at December 31, 2013:

- CI Games Germany GmbH – a company having its registered office in Frankfurt am Main, Germany. Share capital of EUR 25 000. 100% of shares held by CI Games S.A. Company subject to consolidation as of the second quarter of 2008.
- CI Games USA Inc. – a company having its registered office in Delaware, USA. Share capital USD 50 000. 100% of shares held by CI Games S.A.
- Business Area Spółka z o.o. – a company with registered office in Warsaw, subject to consolidation as of Q3 2010. Share capital of PLN 5 000. 100% interest held by CI Games S.A.
- City Interactive Studio S.R.L. – a company having its registered office in Bucharest, Romania. 100% of shares held by CI Games S.A. On November 7, 2013, the company filed for bankruptcy at the VII Civil Division, Court in Bucharest.

- City Interactive Canada Inc. – a company based in Ontario, Canada, established in October 2010. Share capital of CAD 10. 100% of shares held by CI Games S.A.
- CI Games Cyprus Ltd., having its registered office in Nicosia, Cyprus. 100% interest held by CI Games S.A. Share capital of EUR 1 200.
- CI Games Spółka Akcyjna Spółka Jawna (transformed from CI Games IP Sp. z o.o.) – a Warsaw-based company. Share capital of PLN 114 092 350. On May 13, 2013, pursuant to an agreement between CI Games Cyprus Ltd. and Business Area Spółka z ograniczoną odpowiedzialnością S.K.A., a 99.99% stake held by CI Games Cyprus Ltd. was transferred to Business Area Spółka z ograniczoną odpowiedzialnością S.K.A.; a 0.01% stake is held by the Group's Company. The company is subject to consolidation from Q1 2013. On August 12, 2013 an extraordinary general meeting of CI Games IP Sp. z o.o. adopted a resolution on transformation from a limited company (sp. z o.o.) to a general partnership (sp.j.). Existing shareholders in the limited company decided to participate in the general partnership. The new name of the company is CI Games S.A. spółka jawna. After the transformation, a 99.99% interest in the company is held by Business Area Spółka z ograniczoną odpowiedzialnością S.K.A. which was transformed on September 26, 2013 into Business Area Spółka z ograniczoną odpowiedzialnością Spółka Jawna.
- Business Area Spółka z ograniczoną odpowiedzialnością Spółka Jawna transformed from Business Area Spółka z ograniczoną odpowiedzialnością S.K.A., based in Warsaw, whose share capital was PLN 1 050 000. After the transformation on August 26, 2013, CI Games S.A. holds a 99.99% interest in the assets of the Company, whereas the second partner - Business Area Sp. z o.o. - holds 0.01%.
- City Interactive Spain S.L. – company having its registered office in Madrid, Spain. Share capital of EUR 3 600. The Issuer sold its interest in the company on February 6, 2013.

Furthermore, throughout 2008 CI Games S.A. acquired shares in the following entities operating in South America and subsequently in 2009 opted out of their further development:

- City Interactive Peru SAC (formerly UCRONICS SAC) – a company having its registered office in Lima, Peru. 99% share. Share capital 2 436 650 Sol.

- City Interactive Jogos Electronicos LTDA – company having its registered office in Sao Paulo, Brazil. Founding capital of BRL 100 000. 90% share, remaining 10% held by CI Games USA, Inc.

- City Interactive Mexico S.A. de C.V. – company having its registered office in Mexico City, Mexico. Founding capital of MEX 50 000. 95% share, remaining 5% held by CI Games USA, Inc.

2. Basis for presentation and preparation of the financial statements

a) These financial statements cover the period from January 1 to December 31, 2013. Comparative data covers the period from January 1 to December 31, 2012.

b) The financial statements were drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

c) The financial statements were drawn up on the assumption that the business will continue as a going concern in the foreseeable future. The Company's management is convinced that the Company is able to:

- finalize, promote and sell the games it is currently developing,
- continue to operate and pay its liabilities,
- commence development of new games in 2014.

For this reason, the Company has taken further steps towards securing financing for the development of games scheduled for release in 2014. In 2014, the Company obtained a loan for general corporate purposes with a PLN 5 million limit, and is in the process of obtaining a further approx. PLN 5 million. The Company's management believes that these funds will be sufficient for completing and releasing the scheduled games.

The Company's management further believes that revenue generated from game releases planned for 2014 will be sufficient to cover on-going operating costs, the repayment of game development-related liabilities and the commencement of new projects. The Company's management bases its cash flow estimates among others on positive game reviews by independent experts, interest expressed by major distribution networks and the fact that this is a popular game segment.

From a going-concern viewpoint, the sales of games scheduled for release in 2014 are of significance, however the Company's management believes that even if these should prove unsuccessful, the Company will still be able to raise capital for new games and operating purposes.

Given the above, the Company's management believes that there are no significant uncertainties regarding continuing operations for a period of at least 12 months from the drafting of these financial statements.

3. **Adopted accounting principles**

a) Application of International Accounting Standards

The annual financial statements are drawn up in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the European Union and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) applicable in the business conducted by the Company and binding in annual reporting periods commencing January 1, 2007, together with the requirements of the Ordinance of the Minister of Finance of February 19, 2009 concerning current and periodical information provided by issuers of securities and the terms and conditions for information required by the provisions of law of a non-member state being recognized as equivalent (Polish Journal of Laws no. 33, item 259).

The financial statements for the period from January 1 to December 31, 2013 are subsequent financial statements prepared in accordance with IAS/IFRS. Comparative data covers the period from January 1 to December 31, 2012 and is sourced from the financial statements prepared in accordance with IAS/IFRS. IAS/IFRS were adopted on January 1, 2007.

b) Basis for preparing the financial statements

Figures in the financial statements are given in PLN thousands. Figures in the notes to the financial statements are given in full PLN. Figures of less than PLN 499.49 respectively were rounded down, while in other instances figures were rounded up.

The financial statements were drawn up on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which these were made.

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted financial statements as well as in drawing up an opening balance sheet in accordance with IAS/IFRS as at January 1, 2007 for the purposes of implementing the transition from Polish accounting standards to IAS/IFRS-compliant reporting.

c) Property, plant and equipment

(i) Own property, plant and equipment

Property, plant and equipment are fixed assets which are used in the production process or in supplying goods and providing services, in order for them to be handed over to other entities for use pursuant to a rental agreement and where there is an expectation that they will be used for longer than one reporting period.

Costs borne at a later time are included in the carrying amount of an asset or are indicated as a separate asset only if it is probable that the Company will achieve future economic benefit connected with such asset and the purchase price for a given item may be measured reliably. Expenses for repair and maintenance are recognized in the statement of profit and loss in the period in which they were borne. The cost of production is augmented by fees and for defined assets by the costs of external finance capitalized in accordance with the principles defined in the Company's accounting policy.

Property, plant and equipment are measured at cost of purchase or manufacture less accumulated depreciation and accumulated impairment.

Depreciation concerning such property, plant and equipment commences at the moment they are commissioned. Each new fixed asset must, in as far as possible, be broken down into separate components and depreciated as a separate asset.

Property, plant and equipment under construction intended for production, lease or administrative purposes, as well as for undefined purposes, are presented in the balance sheet at cost of manufacture less impairment.

Profit or loss arising from disposal / liquidation or suspension of the use of fixed assets is defined as the difference between revenues from disposal and the net value of such fixed assets and are included in the statement of profit and loss.

Land – the right of perpetual usufruct of plots of land is presented at purchase price.

The Company does not amortize rights to perpetual usufruct of land. Depreciation rates were established with consideration to the period of economic usefulness of fixed assets.

Property, plant and equipment items are depreciated using the straight-line method with the following rates:

- technical equipment and machinery: 20-60%
- other fixed assets: 20%

(ii) Property, plant and equipment used under leasing agreements

Leases are classified as finance leases if in principle the terms and conditions of the agreement transfer all potential ownership benefits and risk to the lessee. All other types of leases are treated as operating leases.

Assets used pursuant to a finance lease agreement are treated as the Company's assets and are measured at fair value as of the moment of their acquisition, although at a level not exceeding the value of their current minimum lease payments.

Lessor liabilities arising on this account are recognized in the balance sheet under finance lease liabilities.

Lease payments are divided into interest and principal. Finance costs are recognized in the statement of profit and loss.

(iii) Subsequent expenses

Costs aimed at exchange of separate components of an element of property, plant and equipment borne in a subsequent period are capitalized. Other costs are capitalized only if they can reliably be measured and increase future economic benefits connected with a fixed asset. Other expenses are systematically recognized in the statement of profit and loss.

d) Intangible assets

(i) Intangible assets

The Company recognizes intangible assets only when:

a) it is probable that the future economic benefits that are attributable to the assets will flow to the Company, and
b) the purchase price or cost of production of a given asset may be measured reliably.

An intangible asset is initially valued at purchase price or cost of production. Intangible assets are subject to amortization. Amortization rates were established with consideration to the period of economic usefulness of intangible assets.

Intangible assets are amortized using the straight-line method with the following rates:

- licenses: 20%-90%
- computer software: 50%

Development expenditures are recognized as costs at the moment they are borne.

Costs of development work borne before the commencement of production or application of new technological solutions are classified as intangible assets if the Company can prove the following:

- the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale,
- the intent to complete an intangible asset and to use or sell it,
- the capacity to use or sell an intangible asset,
- the means in which an intangible asset will create potential economic benefits. Amongst others, the Company should prove the existence of a market for products arising due to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usefulness of the intangible asset,
- the availability of appropriate technical, financial and other resources which are to serve completion of development work and the use or sale of the intangible asset,
- the possibility to establish outlays borne during development work which may be assigned to such intangible asset.

The costs of development work with a useful life assumed in advance are subject to amortization. Amortization write-offs commence as of the date when a given asset is ready for use, whereas they end at the moment when a given asset is allocated for sale or ceases to be included in the accounts.

The amortization period is equal to the period of economic usefulness of a resource held. The adopted amortization period and method for the costs of development work are verified at least as at the end of the financial year. The costs of development work are amortized during the anticipated period of achieving revenues from sale of a product, however not longer than three years.

The Company does not amortize the costs of development work with an undefined useful life. Intangible assets with undefined useful life are subject to an annual impairment test, in application of the guidelines of IAS 36 "Impairment of Assets."

External financing costs (e.g. interest on loans and borrowings and exchange differences on loans and borrowings denominated in foreign currencies) which may be directly assigned to the purchase or production of assets increase the purchase or production cost of such item. Net financing costs include interest payable on debt established based on the effective interest rate, interest receivables on funds invested by the Company, due dividends, gains and losses on foreign exchange differences and gains and losses on hedging instruments, which are recognized in the statement of profit and loss.

(ii) Impairment

At the end of each reporting period the Company reviews assets in order to confirm that there were no circumstances indicating the possibility of their impairment.

In the event of such circumstance existing, the recoverable amount of a given asset is estimated in order to establish a potential impairment loss.

In a situation where an asset does not generate cash flows which are to a large extent independent of cash flows generated by other assets, analysis is carried out for the group of assets generating cash flows to which a given asset belongs.

In the case of intangible assets with a defined useful life, the impairment test is carried out both annually and in the event of circumstances indicating the possibility of impairment. The recoverable amount is established as the higher of two values: fair value less costs to sell, or its value in use. This final amount corresponds to the current value of estimated future discounted cash flows using a discount rate taking into consideration the present value of money and asset-specific risk.

If the recoverable amount is lower than the net book value of an asset (or group of assets), the book value is decreased to the recoverable amount.

Impairment loss is recognized as a cost in the period it occurred, with the exception of a situation where an asset was recognized at restated value (in this case the impairment is treated as a decrease in the previous restatement).

At the moment where the impairment is subject to subsequent reversal, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however not higher than the net value of such asset as it would have been established had impairment not been identified in previous years.

Reversal of impairment is recognized in revenues in as far as the asset was not subject to prior estimation – in this event reversal of impairment is recorded in the revaluation reserve.

e) Investments

Investments other than property, intangible and financial assets are recognized at purchase price, less impairment.
Investments recognized at historical cost expressed in a foreign currency as at the end of the reporting period are valued using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period.

f) Financial instruments

Financial assets and liabilities are recognized in the balance sheet at the moment when the Company becomes a party to a binding agreement.

The Company classifies each agreement which results in simultaneous occurrence of a financial asset with one party and a financial liability or equity instrument with the other party as a financial instrument, on condition that unambiguous economic effects result from a contract executed between two or more parties.

All assets fulfilling the definition of a financial instrument at the acquisition date are classified as one of three categories:

- instruments held for trading (at fair value through profit or loss) – financial assets or liabilities which were acquired or arose in order to generate profit achieved due to short-time price fluctuations,
- financial instruments held to maturity – financial assets with fixed or determinable payments or fixed maturity dates, which the Company has the intent and capability to hold to maturity, carried at amortized cost with application of the effective interest rate method, with the exception of loans granted by associates and own debt claims, valued using the effective interest method,
- available-for-sale financial instruments – financial assets other than loans granted and own receivables, assets held to maturity or financial assets not held for trading. Carried at fair value,
- borrowings and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. At initial recognition, the Company measures financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in the case of assets, or the amount received in the case of liabilities.

The Company includes transaction costs in the initial value of all financial assets and liabilities.

Differences in restatement and revenues achieved or costs borne appropriate to classification of a financial asset are recognized in profit or loss or the revaluation reserve as available-for-sale financial assets, respectively.

Principles for measurement of financial instruments.

The Company measures financial assets at amortized costs, as at the end of the reporting period, with consideration of the effective interest rate of:

- assets held to maturity,
- borrowings granted and receivables, and
- other financial liabilities not classified as held for trading.

Measurement may also take place:

- at the amount requiring payment if the discount effect is not significant;
- at the amount requiring payment: receivables and liabilities with short maturity period;
- at fair value: financial assets and liabilities held for trading and available-for-sale financial assets.

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance income or costs when they arise.

Interests in other entities are valued at purchase price less impairment.

g) Trade and other receivables

Current trade and other receivables are valued at repayment value in as far as the effect of charging interest is not significant. Otherwise receivables are initially recognized at fair value and subsequently valued at amortized cost in application of the effective interest rate. In accordance with the principle adopted by the Company, receivables with maturity of longer than 180 days are subject to discounting.

h) Financial liabilities

Financial liabilities held for trading, including in particular derivatives with negative fair value, which are not classified as hedging instruments are recognized at fair value, whereas gains and losses from their measurement are recognized directly through profit or loss.

Other financial liabilities are measured at amortized costs with application of the effective interest rate.

All financial liabilities are included in the accounts under the contract execution date.

The principles for measurement and presentation of financial instruments in the financial statements are as follows:

Asset or liability group	Measurement principles	Principles for recognition in the financial statements
Assets carried at fair value through profit or loss	At fair value (with the exception of assets for which fair value cannot be established)	Measurement difference recognized in profit or loss for the current reporting period in the finance income or finance costs item.
Liabilities held for trading	At fair value (with the exception of assets for which fair value cannot be established)	Measurement difference recognized in profit or loss for the current reporting period in the finance income or finance costs item.
Other financial liabilities	At amortized purchase cost in application of the internal rate of return	The measurement difference adjusts the value of the asset and is recognized in profit or loss for the current reporting period.
Borrowings granted and own receivables	At amortized purchase price in application of the internal rate of return, and in a situation where the payment deadline is not known then at purchase price (e.g. in the case of loans without an established repayment date)	The measurement difference adjusts the value of the asset and is recognized in profit or loss for the current reporting period.
Assets held to maturity	At amortized purchase cost in application of the internal rate of return	The measurement difference adjusts the value of the asset and is recognized in profit or loss for the current reporting period.
Available-for-sale financial assets	At fair value (with the exception of assets for which fair value cannot be established)	The difference between measurement and fair value is included in the revaluation reserve. In the case of debt instruments, interest is recognized directly in profit or loss.
Financial assets and liabilities held for trading and available-for-sale financial assets, the fair value of which cannot be established.	At purchase price less impairment.	An asset or liability item is recognized at purchase price until the moment such item is used (e.g. sold). Impairment is recognized in finance costs.

i) Inventory

The initial value (cost) of inventories includes all costs (acquisition, production, etc.) borne in connection with bringing inventories to their current location and condition.

The purchase price of inventories includes the purchase price increased by import duty and other taxes (not subject to subsequent refund from tax authorities), costs of transport, loading, unloading and other costs directly connected with the acquisition of inventories, decreased by discounts, rebates and other similar reductions.

Inventories are measured at initial value (purchase price or cost of production) or at net sale price depending on which is lower.

In relation to other inventories, costs are established using the first in, first out (FIFO) method.

Impairment losses on inventory

Impairment losses on current property, plant and equipment connected with their impairment or valuation as at the end of the reporting period correspond to their own cost of purchase (IAS 2).

The Company creates impairment losses equity to net recoverable values of inventory. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.

Reversal of an impairment loss on inventory resulting from an increase in the net recoverable value is recognized as a decrease in inventory recognized as cost of sales which the impairment reversal concerns.

As at the end of the reporting period inventory is valued at acquisition or purchase price, while such price may not exceed the net sales price for a given inventory item.

Foreign-currency advance payments are recognized at the ask rate of the bank used by the Company.

The Company measures advance payments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The Company inventories prepayments through the provision by contracting parties of confirmation that prepayments included in auxiliary ledgers to general ledger "supplier accounts", and provides explanations and settlement of potential variance.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Current investments which are not subject to significant change in value, which may be easily exchanged for a defined amount of cash and which constitute a part of the Company’s liquidity management policy are recognized as cash and cash equivalents for the purposes of the statement of cash flows.

k) Share capital

Share capital is recognized at the nominal value of issued and paid up shares.

(i) Buy-back

In a purchase of own shares, the payment amount, together with direct transaction costs, is recognized as a change in equity. Purchased shares are recorded as a decrease in equity.

(ii) Dividends

Dividends are recognized as a liability in the period in which they are authorized.

l) Provisions

Provisions are liabilities of uncertain time and amount. Group companies create provisions when all of the following conditions are met simultaneously:

– the companies are burdened with an existing obligation (legal or constructive) resulting from future events,

– it is probable that fulfillment of an obligation will result in necessary outflow of resources (payment),

– the amount of such obligation can be reliably estimated.

The Company creates the following provisions for liabilities:

– deferred income tax provision created in connection with the occurrence of positive differences between the book value of assets and liabilities and their tax value,
– provisions for employee benefits – provisions for pension gratuities are calculated based on own estimates, however with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,
– other provisions.

Release of unused provisions occurs as at the date on which they are acknowledged as unnecessary.

m) Trade and other payables

Trade and other payables are divided into current and non-current payables through application of the following criteria:

- maturing in under 12 months from the end of the reporting period – classified as current payables,
- payables not classified as trade payables and which do not fulfill the criteria for classification as current constitute non-current payables.

Trade payables with maturity of up to 180 days are valued as at the end of the reporting period at repayment value increased by potential interest for delay due as at the valuation date.

Trade payables within maturity of over 180 days are valued as at the end of the reporting period at amortized cost (i.e. discounted in application of the effective interest rate).

All trade and account balances should be reconciled, and potential adjustments should be included in the accounts, including in the financial statements of the entity. In the event of disagreements in agreeing a balance between the entity and the contracting party, the seller's position prevails and, after closing the year, potential adjustments are entered in the accounts for the current year.

Payables denominated in foreign currencies are valued at the current average exchange rate for a given currency on a given date established by the National Bank of Poland.

Interest for late payment of payables is not charged if the authorized entity submits a written declaration on opt-out of such interest. In other instances interest is calculated and recorded as per the principles below:

- systematically, pursuant to interest notes received,

- at estimated value, where estimation is based on historical data reflecting the amount of interest charged by specific contracting parties in relation to the level of debt.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.

The notes to the financial statements should include this fact, the occurrence of due payables and the associated risk that interest will be charged by a creditor.

n) Revenue

Revenue from sale of products and services includes sale of products manufactured by the Company to which it has exclusive license rights for their production or it purchased a license for release and distribution, together with services provided by the Company to other entities.

Revenue from sale of goods for resale and materials includes sale of products which were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Revenue from sale of products and goods for resale is recognized if the following conditions are met:

– the Company has transferred significant risk and benefits resulting from the right of ownership of goods for resale and products to the purchaser,
– the Company ceases to be permanently involved in managing the sale of goods for resale or products to the extent that such function is usually exercised in relation to goods for resale and products to which there is right of ownership, and it does not exercise effective control over them,
– the revenue amounts may be measured reliably,
– it is probable that the Company will achieve economic benefits from the transaction,
– costs borne and those which will be borne by the Company in connection with the transaction may be valued in a reliable manner.

Revenue is recognized if achievement by the Company of economic benefits connected with the executed transaction is probable.

If there is uncertainty regarding the collectability of an amount due which is already counted as revenue, then the uncollectible amount in relation to which achievement ceased to be probable is recognized as costs and not as a correction of the initially recognized revenue amount.

Revenue from sale is recognized at the fair value of payments received or due and represents receivables for products, goods for resale and services supplied under normal business activity after decrease by discounts, VAT and other sales-related taxes.

Revenue from interest is recognized cumulatively in relation to the principal amount, in accordance with the effective interest rate method on lease.

o) Costs

The Company draws up a statement of profit and loss in multiple-step format. Costs are classified in accordance with their function.

(i) Finance lease payments

Lease payments are divided into a part constituting the cost of finance and a part decreasing the liability. The part constituting the cost of finance is allocated to specific periods during the term of the lease applying the effective interest rate method.

(ii) Net financing costs

Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Company, dividends due, foreign exchange gains and losses and profit and loss concerning collateralized instruments which are recognized in the statement of profit and loss.

Interest income is recognized in the statement of profit and loss on an accrual basis applying the effective interest rate. Income from dividends is recognized in the statement of profit and loss at the moment when the Company acquires the right to receipt thereof. The part constituting the cost of finance arising in connection with finance lease fees is indicated in the statement of profit and loss applying the effective interest rate method.

p) Tax

Obligatory encumbrances on the result include current tax and deferred tax.

The current tax obligation is calculated on the basis of the tax result (basis for taxation) for a given financial year. Tax for the current and previous periods is recognized as a liability in the amount which had not been paid.

Tax profit (loss) differs from net book profit (loss) in connection with the exclusion of revenues subject to taxation and tax-deductible expenses in subsequent years and items of cost and revenue which will never be subject to taxation.

Deferred tax is calculated using the balance sheet method as tax subject to payment or refund in the future on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred income tax assets and provisions for deferred income tax are valued with application of tax rates which will be applied, according to predictions, if an asset is realized or a provision liquidated, adopting the basis as the tax rates (and tax regulations) legally in force or actually binding as at the end of the reporting period.

A deferred tax asset is subject to analysis as at the end of the reporting period, and in the event of it being expected that future tax profits will be insufficient to realize an asset or part thereof, it is written off. Deferred income tax assets and provisions for deferred income tax are not discounted.

Deferred tax is recognized in the statement of profit and loss, aside from a situation where it concerns items directly recognized in equity. In this last instance deferred tax is also settled directly in equity. The Company offsets deferred income tax assets with provisions for deferred income tax exclusively when it has an enforceable legal title to offset deferred income tax assets with provisions for deferred income tax.

q) Transactions expressed in foreign currencies

Transactions executed in foreign currencies are translated into the functional currency in application of exchange rates in force on the date of executing such transactions, in the following manner:

- in the case of selling foreign currencies and receivable repayment transactions – using the bid rate applied by the bank used by the Company;
- in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Company;

- in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

Cash items recognized at historical cost expressed in a foreign currency are recorded at the end of the reporting period using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period. Non-monetary balance sheet items recorded at historical cost expressed in a foreign currency are recorded in application of the exchange rate as at the date the transaction is executed. Non-monetary balance sheet items recorded at fair value in a foreign currency are recorded in application of the exchange rate in force during establishment of fair value.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currencies and from translation of cash assets and liabilities according to average National Bank of Poland exchange rates as at the end of the year are indicated in the statement of profit and loss, with the exception of settlement in equity fulfilling the criteria for recognition of cash flow hedges.

r) Segment reporting

A business segment is a separate part of the Company which deals with the supply of defined products or services (business segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits differently to other segments.

CI Games S.A. presents revenue from sales broken down into the following segments:

- business – covering sales divided into products, goods for resale and services,
- geographical – covering sales divided into the following areas: Europe, America and Asia and Australia.

Revenue from sale of products covers sale of products manufactured by the Company to which it has exclusive licensing rights for their production or it purchased a license for release and distribution.

Revenue from sale of services covers revenues for services provided by the Company to other entities.

Revenue from sale of goods for resale covers sale of products were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Operating costs are divided as follows:

- direct costs, which may be assigned to a given product or service, or the value of goods for resale or materials sold at purchase price,
- indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. administrative, sales and other operating costs.

Segmentation – assignment to specific business segments – concerns direct costs and such part of indirect costs as can be assigned to a given segment. The Company has one business segment.

s) Operations being discontinued and non-current assets held for sale

Immediately before reclassification to assets held for sale, valuation of assets (or all assets and liabilities constituting an asset group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial recognition as held for sale, fixed assets or the group held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

Impairment identified at initial classification as held for sale is recognized in the statement of profit and loss even in the event of value restatement. This also concerns profit and loss resulting from subsequent change in value.

Discontinued operation is a part of the Company's activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale.

Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the asset group held for sale.

4. **Changes in accounting principles (transformation of financial statements)**

In the event that the Company's accounting principles are altered, the solutions included in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" are applied.

The CI Games S.A. financial statements for the period from January 1 to December 31, 2013 retain comparability to data from the financial statements for the period from January 1 to December 31, 2012, which were drawn up in accordance with IAS/IFRS.

New standards, interpretations and changes to the applicable standards.

During the reporting period the following new or altered standards and interpretations were issued by the International Accounting Standards Board or the IFRS Interpretations Committee, but not yet entered into force:

- IFRS 13 Fair Value Measurement, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First-time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First-time Adoption of IFRS – Government Loans, endorsed by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities, endorsed by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income, endorsed by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 Employee Benefits – Improvements to Accounting for Pensions and Other Post-employment Benefits, endorsed by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013)
- Amendments to various standards: Annual Improvements to International Financial Reporting Standards, 2009–2011 Cycle - changes under the annual improvements procedure for IFRS (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) aimed mainly at clarifying irregularities and standardization of terminology, endorsed by the EU on 27 March 2013 (effective for annual periods beginning on or after 1 January 2013)
- IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013)

- Application of the above amendments to standards did not have a significant effect on the Company's existing accounting principles.

Standards and interpretations that have already been published and endorsed by the EU, but not yet entered into force:

- IFRS 10 Consolidated Financial Statements, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements, endorsed by the EU on 11 December 2012 (applicable to annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities, endorsed by the EU on 11 December 2012 (applicable to annual periods beginning on or after 1 January 2014)
- IAS 27 (as amended in 2011) Separate Financial Statements, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- IAS 28 (as amended in 2011) Investments in Associates and Joint Ventures, endorsed by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities - explanations regarding transition regulations, endorsed by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities, endorsed by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities, endorsed by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets, endorsed by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting, endorsed by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014)
- "The Company did not decide to adopt early any of the standards, interpretations or amendments that have been published, but not yet entered into force."

Standards and interpretations approved by the IASB, but not yet endorsed by the EU

- In the form endorsed by the EU, IFRS do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the standards, amendments and interpretations below which, as at March 21, 2014, had not yet been endorsed (the following effective dates concern standards in full form)
- IFRS 9 Financial Instruments and subsequent amendments (effective date not yet provided)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)

- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendments to various standards: Annual Improvements to International Financial Reporting Standards, 2010–2012 Cycle - changes under the annual improvements procedure for IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) aimed mainly at clarifying irregularities and standardization of terminology (effective for annual periods beginning on or after 1 July 2014)
- Amendments to various standards: Annual Improvements to International Financial Reporting Standards, 2011–2013 Cycle - changes under the annual improvements procedure for IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) aimed mainly at clarifying irregularities and standardization of terminology (effective for annual periods beginning on or after 1 July 2014)
- IFRIC 21 Levies (effective for annual periods beginning on or after 1 January 2014)

According to estimates, the above standards, interpretations and amendments to standards would not have had any significant impact on the financial statements, if they were applied by the Company as at the end of the reporting period.

At the same time, hedge accounting for a portfolio of financial assets and liabilities still remains outside EU-endorsed regulations, the principles for which have not been endorsed for use within the EU.

According to the Company's estimates, the application of hedge accounting for a portfolio of financial assets or liabilities in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" would not have a significant impact on the financial statements had it been adopted for use as at the end of the reporting period.

II. Selected financial data

Balance sheet data was converted according to the average exchange rate published by the National Bank of Poland as at the date of drawing up the financial statements, which as at the end of the reporting period amounted to:

as at December 31, 2012 – 4.0882
as at December 31, 2013 – 4.1472

Data in the profit and loss statement and statement of cash flows was converted into EUR according to the exchange rate established as an average of the exchange rates published by the National Bank of Poland as at the last day of each month of the year:

for 2012 EURPLN - 4.1736

for 2013 EURPLN - 4.2110

STATEMENT OF PROFIT AND LOSS	2013		2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net revenue from sales	**100 971**	**23 978**	**30 982**	**7 423**
Profit (loss) from operating activities	14 177	3 367	-20 807	-4 985
Gross profit (loss)	10 502	2 494	-22 608	-5 417
Net profit (loss)	**26 677**	**6 335**	**-18 996**	**-4 551**
Number of shares (in thousands)	13 914	13 914	12 650	12 650
Profit (loss) per ordinary share	1.92	0.46	-1.50	-0.36

STATEMENT OF CASH FLOWS	2013		2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Net cash flows from operating activities	31 145	7 396	6 956	1 667
Net cash flows from investing activities	-30 954	-7 351	-26 284	-6 298
Net cash flows from financing activities	-4 672	-1 110	19 669	4 713
Net cash flows	**-4 480**	**-1 064**	**342**	**82**

BALANCE SHEET	December 31, 2013		December 31, 2012	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	72 087	17 382	44 607	10 911
Current assets	27 135	6 543	29 046	7 105
Total assets	**99 222**	**23 925**	**73 653**	**18 016**
Equity	79 399	19 145	41 622	10 181
Share capital	1 391	336	1 265	309
Liabilities	**19 823**	**4 780**	**32 031**	**7 835**
Non-current liabilities	1 122	271	114	28
Current liabilities	18 701	4 509	31 917	7 807
Total equity and liabilities	**99 222**	**23 925**	**73 653**	**18 016**

III. CI Games S.A. financial data for the period from January 1 to December 31, 2013

BALANCE SHEET

as at December 31, 2013

PLN thousands

	ASSETS	Note	As at Dec 31, 2013	As at Dec 31, 2012
A.	**NON-CURRENT ASSETS**		**72 087**	**44 607**
	Property, plant and equipment	1	1 428	1 048
	Intangible assets	2	43 728	38 214
	Interests in subsidiaries, associates and jointly controlled entities	3	4 603	223
	Deferred income tax assets	4	22 329	5 122
B.	**CURRENT ASSETS**		**27 135**	**29 046**
	Inventory	5	3 336	2 024
	Current investments	6	364	1 717
	Advance payments	7	408	78
	Trade receivables	7	7 985	8 778
	Income tax receivables	8	3 125	-
	Cash and cash equivalents	9	9 918	14 398
	Other current assets	10	1 999	2 051
	TOTAL ASSETS		**99 222**	**73 653**

BALANCE SHEET

as at December 31, 2013 continued

PLN thousands

	EQUITY AND LIABILITIES	Note	As at Dec 31, 2013	As at Dec 31, 2012
A.	**EQUITY**		**79 399**	**41 622**
	Share capital	11	1 391	1 265
	Share premium	12	15 530	4 556
	Buy-back provision	13	16 000	16 000
	Retained earnings		46 478	19 801
	including current-period earnings		26 677	-18 996
B.	**LIABILITIES**		**19 823**	**32 031**
	Non-current liabilities		**1 122**	**114**
	Employee benefit provisions	18	33	32
	Finance lease liabilities	15,16	13	39
	Deferred income tax provision	4	1 075	43
	Current liabilities		**18 701**	**31 917**
	Borrowings including credits, loans and other debt instruments	15,17	5 720	20 602
	Trade payables	19,20	11 411	7 266
	Finance lease liabilities	15,16	25	51
	Other liabilities	21	286	285
	Other current provisions	22	1 258	984
	Deferred revenue	22a	-	2 728
	TOTAL EQUITY AND LIABILITIES		**99 222**	**73 653**

Book value (in PLN thousands)	79 399	41 622
Number of shares (in thousands)	13 914	12 650
Book value per share (in PLN)	5.71	3.29

STATEMENT OF PROFIT AND LOSS

for the period from January 1 to December 31, 2013

(multiple-step format)

PLN thousands

	Note	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Continuing operations			
Net revenue from sales	23	**100 971**	**30 982**
Revenue from sale of products and services		100 318	29 927
Revenue from sale of goods for resale and materials		654	1 055
Cost of products, goods for resale and services sold		**60 138**	**24 915**
Cost of manufacture of products sold	24	59 533	24 274
Value of goods for resale and materials sold		606	641
Gross profit (loss) on sales (A - B)		**40 833**	**6 067**
Other operating revenue	26	1 609	329
Distribution costs	24	12 717	5 849
Administrative expenses	24	5 433	4 898
Other operating expenses	27	10 115	16 457
Profit (loss) on operating activities		**14 177**	**-20 807**
Finance income	28	123	456
Finance costs	28	3 798	2 257
Profit (loss) before tax		**10 502**	**-22 608**
Income tax	29	-16 175	-3 612
Profit (loss) on continuing operations		**26 677**	**-18 996**
Discontinued operations		**-**	**-**
NET PROFIT (LOSS)		**26 677**	**-18 996**

Net profit (loss) (in PLN thousands)	26 677	-18 996
Number of shares (in thousands)	13 914	12 650
Profit (loss) per ordinary share (in PLN)	1.92	-1.50

STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2013

PLN thousands

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Net profit (loss) for the year	**26 677**	**-18 996**
Other comprehensive income	-	2 021
Effect of translation of foreign operations	-	-77
Effect of hedging instrument measurements	-	2 098
Total comprehensive income for the year	**26 677**	**-16 975**

STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2013

PLN thousands

For the period Jan 1 - Dec 31, 2013	Share capital	Share premium	Buy-back provision	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2013	**1 265**	**4 556**	**16 000**	**-**	**19 801**	**41 622**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at January 1, 2013, after restatement	**1 265**	**4 556**	**16 000**	**-**	**19 801**	**41 622**
Changes in equity in 2013						
Profit (loss) for the period	-	-	-	-	26 677	**26 677**
Share issue	126	11 259	-	-	-	**11 385**
Share issue costs	-	-285	-	-	-	**-285**
Balance as at December 31, 2013	**1 391**	**15 530**	**16 000**	**-**	**46 478**	**79 399**

STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2013 continued

PLN thousands

For the period Jan 1 - Dec 31, 2012	Share capital	Share premium	Buy-back provision	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2012	**1 265**	**4 556**	**16 000**	**-2 021**	**38 797**	**58 596**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at January 1, 2012, after restatement	**1 265**	**4 556**	**16 000**	**-2 021**	**38 797**	**58 596**
Changes in equity in 2012						
Profit (loss) for the period	-	-	-	-	-18 996	**-18 996**
Measurement of financial instruments	-	-	-	-77	-	**-77**
Measurement of hedging instruments	-	-	-	2 098	-	**2 098**
Balance as at December 31, 2012	**1 265**	**4 556**	**16 000**	**-**	**19 801**	**41 622**

STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2013 PLN thousands
(indirect method)

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross profit (loss)	**10 502**	**-22 608**
Total adjustments	**20 644**	**29 564**
Depreciation	16 564	2 308
Impairment losses	8 000	13 303
Gain (loss) on exchange differences	-	200
Interest	665	749
Gain (loss) on sale of fixed assets	-5	-8
Change in employee benefit provisions and liabilities	2	17
Change in inventory and advance payments	-1 641	1 885
Change in receivables	789	9 741
Change in current liabilities, less borrowings and taxes	4 420	-1 609
Change in prepayments	-2 728	2 728
Income taxes paid	-3 125	-
Exclusion of cost of investing activities	2 043	-
Exclusion of financial asset measurements	-	-363
In-kind contribution of an organized part of enterprise	-4 392	-
Change in other current assets	52	614
Net cash flows from operating activities	**31 145**	**6 956**

STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2013 continued

(indirect method)

PLN thousands

	For the period Jan 1 - Dec 31, 2013	For the period Jan 1 - Dec 31, 2012
Cash flows from investing activities		
Proceeds from investing activities	**715**	**9 519**
Proceeds from disposal of intangible assets and property, plant and equipment	12	20
Repayment of borrowings	572	9 430
Interest received	131	68
Expenditures on investing activities	**-31 669**	**-35 802**
Payments for intangible assets and property, plant and equipment	-1 272	-1 296
Development work	-29 134	-27 423
Acquisition of financial assets	-329	-
Expenditures connected with borrowings granted	-934	-7 084
Net cash from investing activities	**-30 954**	**-26 284**
Cash flows from financing activities		
Proceeds from financing activities	**30 194**	**19 718**
Net proceeds from issue of shares and other equity instruments	11 100	-
Other financial proceeds (factoring)	13 417	-
Issuance of debt securities	5 720	20 113
Commission on bonds	-43	-395
Expenditures on financing activities	**-34 866**	**-49**
Other financial outflows (factoring)	-13 417	-
Buy-back of debt securities	-20 602	-
Payment of finance lease liabilities	-51	-42
Interest	-796	-7
Net cash flows from financing activities	**-4 672**	**19 669**
Change in net cash and cash equivalents	**-4 480**	**342**
Exchange differences on cash and cash equivalents	**-**	**-6**
Cash and cash equivalents as at the beginning of period	**14 398**	**14 062**
Cash and cash equivalents as at the end of period	**9 918**	**14 398**

IV. Notes to the financial statements of CI Games S.A. for the period from January 1 to December 31, 2013

Note 1
Changes in property, plant and equipment by type

in PLN

	Buildings, premises, civil and marine engineering structures	Technical equipment and machinery	Means of transport	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross value as at January 1, 2013	**-**	**2 545 316**	**348 204**	**120 158**	**-**	**3 013 677**
Increases:	975 014	227 207	-	69 631	-	1 271 852
- acquisition	975 014	227 207	-	69 631	-	1 271 852
Decreases:	-	148 733	61 886	88 666	-	299 285
- sale	-	16 987	-	8 770	-	25 757
- liquidation	-	115 184	-	78 282	-	193 466
- transfer, contribution in kind	-	16 562	61 886	1 614	-	80 062
Gross value as at December 31, 2013	**975 014**	**2 623 791**	**286 318**	**101 123**	**-**	**3 986 245**
Amortization as at January 1, 2013	-	**1 683 915**	**204 964**	**77 222**	-	**1 966 102**
Increases:	99 053	657 348	79 489	16 807	-	852 697
- amortization	99 053	657 348	79 489	16 807	-	852 697
Decreases:	-	127 516	61 885	70 871	-	260 272
- sale	-	14 868	-	7 893	-	22 761
- liquidation	-	99 790	-	61 364	-	161 154
- transfer, contribution in kind	-	12 858	61 885	1 614	-	76 357
Amortization as at December 31, 2013	**99 053**	**2 213 747**	**222 568**	**23 158**	**-**	**2 558 526**
Net value						
As at January 1, 2013	-	**861 401**	**143 239**	**42 935**	**-**	**1 047 575**
As at December 31, 2013	**875 961**	**410 044**	**63 749**	**77 965**	**-**	**1 427 719**

Note 1
Changes in property, plant and equipment by type continued in PLN

	Buildings, premises, civil and marine engineering structures	Technical equipment and machinery	Means of transport	Other property, plant and equipment	Property, plant and equipment under construction	Total
Gross value as at January 1, 2012	-	**1 750 497**	**295 174**	**95 695**	**36 038**	**2 177 404**
Increases:	-	807 928	76 829	29 341	11 260	925 358
- acquisition	-	807 928	-	29 341	11 260	848 529
- leases	-	-	76 829	-	-	76 829
Decreases:	-	13 109	23 800	4 878	47 298	89 085
- sale	-	4 648	23 800	-	-	28 448
- liquidation	-	8 462	-	4 878	47 298	60 638
Gross value as at December 31, 2012	-	**2 545 316**	**348 204**	**120 158**	-	**3 013 677**
Amortization as at January 1, 2012	-	**1 033 312**	**125 567**	**61 667**	-	**1 220 545**
Increases:	-	662 942	92 091	16 287	-	771 321
- amortization	-	662 942	92 091	16 287	-	771 321
Decreases:	-	12 339	12 693	732	-	25 764
- sale	-	4 648	12 693	-	-	17 341
- liquidation	-	7 692	-	732	-	8 423
Amortization as at December 31, 2012	-	**1 683 915**	**204 964**	**77 222**	-	**1 966 102**
Net value						
As at January 1, 2012	-	**717 185**	**169 608**	**34 028**	**36 038**	**956 859**
As at December 31, 2012	-	**861 401**	**143 239**	**42 935**	-	**1 047 575**

Note 2
Changes in intangible assets by type in PLN

All of the Company's intangible assets have a defined period of use and are subject to amortization.
As at the end of the reporting period, the recoverable value of used intangible assets is higher than their non-depreciated value.
In the Management's assessment, development work recognized as intangible assets will be completed and bring the anticipated economic effects.

	Game development	Author's copyrights, related rights, licenses	Rights to press titles	Other intangible assets	Advances on intangible assets	Total
Gross value as at January 1, 2013	**60 406 564**	**6 944 189**	**51 000**	**1 712 752**	**-**	**69 114 504**
Increases:	29 727 796	-	-	141 058	-	29 868 854
- acquisition	15 333 838	-	-	141 058	-	15 474 896
- own production	14 393 958	-	-	-	-	14 393 958
Decreases:	8 000 000	6 126 703	-	-	-	14 126 703
- liquidation	-	6 126 703	-	-	-	6 126 703
- impairment charge	8 000 000	-	-	-	-	8 000 000
Gross value as at December 31, 2013	**82 134 360**	**817 486**	**51 000**	**1 853 811**	**-**	**84 856 655**
Amortization as at January 1, 2013	**23 110 104**	**6 778 513**	**51 000**	**960 842**	**-**	**30 900 459**
Increases	16 009 792	120 353	-	225 165	-	16 355 311
- amortization	16 009 792	120 353	-	225 165	-	16 355 311
Decreases:	-	6 126 703	-	-	-	6 126 703
- liquidation	-	6 126 703	-	-	-	6 126 703
Amortization as at December 31, 2013	**39 119 896**	**772 163**	**51 000**	**1 186 008**	**-**	**41 129 067**
Net value						
As at January 1, 2013	**37 296 460**	**165 674**	**-**	**751 910**	**-**	**38 214 045**
As at December 31, 2013	**43 014 463**	**45 323**	**-**	**667 803**	**-**	**43 727 589**

The amount incurred on development during the current period was PLN 29.7 million. Development work worth PLN 29.7 million was completed during the year (Sniper Ghost Warrior 2, Alien Rage). The net value of unfinished development work as at December 31, 2013 was PLN 37.1 million, with completed development work valued at PLN 5.9 million.

Note 2
Changes in intangible assets by type continued in PLN

	Game development	Author's copyrights, related rights, licenses	Rights to press titles	Other intangible assets	Advances on intangible assets	Total
Gross value as at January 1, 2012	**44 360 367**	**6 879 598**	**51 000**	**1 291 607**	**274 658**	**52 857 230**
Increases:	28 967 224	64 590	-	421 145	31 272	29 484 232
- acquisition	16 356 177	-	-	421 145	31 272	16 808 595
- own production	12 611 047	-	-	-	-	12 611 047
- transfer	-	64 590	-	-	-	64 590
Decreases:	12 921 028	-	-	-	305 931	13 226 958
- liquidation	-	-	-	-	241 340	241 340
- transfer	-	-	-	-	64 590	64 590
- impairment charge	12 921 028	-	-	-	-	12 921 028
Gross value as at December 31, 2012	**60 406 564**	**6 944 189**	**51 000**	**1 712 752**	**-**	**69 114 504**
Amortization as at January 1, 2012	**21 478 431**	**6 441 705**	**47 600**	**740 414**	**-**	**28 708 149**
Increases	1 631 673	336 809	3 400	220 428	-	2 192 310
- amortization	1 631 673	336 809	3 400	220 428	-	2 192 310
Decreases:	-	-	-	-	-	-
Amortization as at December 31, 2012	**23 110 104**	**6 778 513**	**51 000**	**960 842**	**-**	**30 900 459**
Net value						
As at January 1, 2012	**22 881 936**	**437 894**	**3 400**	**551 193**	**274 658**	**24 149 081**
As at December 31, 2012	**37 296 460**	**165 675**	**-**	**751 910**	**-**	**38 214 045**

Note 3
Interests in subsidiaries, associates and jointly controlled entities in PLN

	As at December 31, 2013	As at December 31, 2012
City Interactive Peru (PEN 5 940)	2 489 175	2 489 175
City Interactive Germany (25.000 EUR)	88 340	88 340
City Interactive USA (50.000 USD)	108 579	108 579
City Interactive Spain (EUR 3 600)	-	12 092
City Interactive Brazil (BRL 90 000)	105 751	105 751
City Interactive Mexico (MXN 47 500)	10 621	10 621
City Interactive Rumunia (RON 200; EUR 1 241.29)	5 166	5 166
City Interactive Canada (CAD 10)	30	30
Business Area Sp. z o.o.	8 794	8 794
Business Area Sp. z o.o. Sp. j.	4 384 607	-
CI Games Sp. j.	2 000	-
CI Games Cyprus (EUR 1 200)	4 999	-
Gross non-current financial assets:	**7 208 060**	**2 828 546**
Impairment	**-2 605 546**	**-2 605 546**
including: City Interactive Peru	-2 489 175	-2 489 175
City Interactive Brazil	-105 751	-105 751
City Interactive Mexico	-10 621	-10 621
Net non-current financial assets:	**4 602 514**	**223 000**

The increase in the value of investments mainly results from the acquisition of shares in MW Legal 25 Spółka z ograniczoną odpowiedzialnością 4 S.K.A. (whose name was changed during the reporting period to Business Area Spółka z ograniczoną odpowiedzialnością S.K.A., which was subsequently transformed into Business Area Spółka z ograniczoną odpowiedzialnością spółka jawna).
On March 11, 2013, the general meeting of MW Legal 25 Spółka z ograniczoną odpowiedzialnością 4 S.K.A. adopted a resolution on a capital increase through the issue of series B registered shares by way of a private placement, offering the new series B shares to CI Games S.A. in exchange for an in-kind contribution. The company's share capital was increased from PLN 50 000 to PLN 1 050 000. The issue price was set at PLN 128.9 million. The in-kind contribution comprised an organized part of CI Games S.A, branch in Warsaw. The book value of the net assets provided in exchange for the shares was PLN 4.4 million (and the fair value: PLN 128.9 million).

Note 4
Deferred income tax assets and liabilities in PLN

Deferred tax assets	As at December 31, 2013	As at December 31, 2012
Deferred income tax assets at the beginning of period	**5 121 897**	**2 246 411**
through profit or loss	**5 121 897**	**1 754 172**
increases through profit or loss	22 328 810	5 121 897
- interest	3 145	70 043
Provision for expenses	245 397	133 240
Receivables revaluation	318 557	709 168
Share impairment	474 961	495 054
Inventory impairment	15 200	116 732
Game development impairment	-	1 092 216
Exchange differences	8 949	43 699
Difference between the tax value and balance sheet value of non-current assets	-	891 240
Tax loss	2 073 718	1 430 563
Damages	-	59 810
Unpaid liabilities	617 839	-
Other	3 438	-
Provision for returns	142 500	80 132
Value of acquired trademarks	18 425 106	-
Increases/decreases through equity	-	-492 239
including measurement of financial and hedging instruments	-	-492 239
Decreases through profit or loss	5 121 897	1 754 172
Deferred income tax assets as at the end of period	**22 328 810**	**5 121 897**

Deferred income tax liabilities	as at December 31, 2013	As at December 31, 2012
Deferred income tax liabilities at the beginning of period	**43 478**	**290 194**
through profit or loss		290 194
increases through profit or loss	1 075 475	43 478
interest accrued	2 774	26 002
positive exchange differences charged	20 265	17 195
fixed asset leasing	-	281
Difference between the balance sheet value and tax value of non-current tax assets	1 052 436	-
Decreases through profit or loss	43 478	290 194
Deferred income tax liabilities as at the end of period	**1 075 475**	**43 478**

The substantial increase in deferred income tax assets results from the recognition of an asset concerning a temporary difference between the book value and tax value of trademarks belonging to subsidiaries of CI Games S.A. for which CI Games S.A. is the tax payer.

Note 5
Inventory

in PLN

	As at December 31, 2013	As at December 31, 2012
Materials	137 626	1 119 642
Finished products	3 247 456	1 358 178
Goods for resale	30 679	160 540
Total gross inventory	**3 415 761**	**2 638 359**
Impairment	-80 000	-614 377
Total net inventory	**3 335 761**	**2 023 982**

In the Management's assessment all inventory items not subject to impairment have a recoverable amount higher than their book value.

Note 5a

Aging of inventory

in PLN

	As at December 31, 2013	As at December 31, 2012
0-90 days	1 917 674	2 246 116
91-180 days	212 994	128 108
180-360 days	1 123 382	33 811
over 360 days	161 710	230 324
revaluation	-80 000	-614 377
Total	**3 335 761**	**2 023 982**

Note 6

Current investments

in PLN

	As at December 31, 2013	As at December 31, 2012
Borrowings granted	478 775	2 089 653
Impairment	-114 385	-372 944
Total	**364 390**	**1 716 709**

364 390	Total contractual amount	Repayment date	Loan and interest amount in foreign currency	Loan and interest amount in PLN
CI Games GERMANY GmbH	EUR 80 000	31.12.2014	EUR 81 255	336 982
Stephen Hart	PLN 12 800	30.11.2014	PLN 12 999	12 999
Stephen Hart	GBP 1 800	30.11.2014	GBP 879.93	4 409
Paul Robinson	PLN 10 000	31.05.2014	PLN 10 000	10 000
Total				**364 390**

Note 7
Trade and other receivables, advance payments

in PLN

	As at December 31, 2013	As at December 31, 2012
Trade receivables from related parties	4 520 636	7 617 459
Trade receivables from other entities	5 947 583	5 471 676
up to 12 months	5 947 583	5 471 676
over 12 months	-	-
Trade receivables	**10 468 219**	**13 089 135**
Trade receivables impairment	-2 483 119	-4 310 806
Total net trade receivables	**7 985 101**	**8 778 330**

Advance payments	408 020	78 366

Note 7a
Aging of trade receivables

in PLN

	As at December 31, 2013	As at December 31, 2012
not overdue	2 765 389	4 606 827
overdue	7 702 830	8 482 309
including:		
1-30 days	2 810 239	1 917 689
31-90 days	1 813 878	513 234
91-180 days	122 430	1 591 312
> 180 days	2 956 282	4 460 074
impairment	-2 483 119	-4 310 806
Total	**7 985 101**	**8 778 330**

Note 7b
Currency structure of trade receivables

	Currency	As at December 31, 2013	As at December 31, 2012
in PLN	PLN	58 555	1 293 064
in foreign currency	JPY	389 096	20 848
	CZK	-	-
	EUR	673 690	241 359
	GBP	56 846	71 790
	HUF	-	-
	USD	1 606 311	1 980 253

Note 8
Income tax receivables

in PLN

	As at December 31, 2013	As at December 31, 2012
- from legal entities	3 125 286	-
Total	**3 125 286**	**-**

Income tax liabilities

	As at December 31, 2013	As at December 31, 2012
- from natural persons	60 248	39 040
Total	**60 248**	**39 040**

Note 9
Cash and cash equivalents

in PLN

	As at December 31, 2013	As at December 31, 2012
Bank accounts (current accounts)	345 314	846 684
Short-term deposits	9 569 477	13 547 642
Cash on hand	3 284	3 831
Total	**9 918 076**	**14 398 157**

Note 9a
Cash and cash equivalents – currency structure

	Currency	As at December 31, 2013	As at December 31, 2012
in PLN	PLN	8 392 001	11 579 230
in foreign currency	EUR	85 759	466 237
	GBP	41 090	134 745
	USD	320 608	76 631

Note 10
Other current assets

in PLN

	As at December 31, 2013	As at December 31, 2012
Tax receivables (including VAT, not including corporate income tax)	1 528 535	1 746 570
Other employee settlements	58 021	11 079
Shareholder settlements	5 250	25 250
Collateral	67 290	97 030
Other settlements	997	1 108
Prepayments	338 594	169 750
including:		
Property and civil insurance	96 233	99 950
Subscriptions and installments	51 474	24 821
Other	190 887	44 979
Total	**1 998 687**	**2 050 787**

Note 11
Share capital

As at December 31, 2013, share capital comprised five share series as follows:

Series	Type of shares	Number of shares	Nominal amount of the series (in PLN)	Method of payment for shares	Registration date	Right to dividend (from date)
A	ordinary bearer shares	10 000 000	1 000 000	paid in	01.06.2007	01.01.2007
B	ordinary bearer shares	40 000	4 000	paid in	10.08.2008	01.01.2007
C	ordinary bearer shares	2 500 000	250 000	paid in	17.12.2008	01.01.2007
D	ordinary bearer shares	110 000	11 000	paid in	09.10.2009	01.01.2009
E	ordinary bearer shares	1 264 999	126 500	paid in	09.01.2014	01.01.2013
	total	13 914 999	1 391 500			

Total number of shares	13 914 999
Total share capital	1 391 500
Nominal value of one share (in PLN)	0,10

Shareholders with at least 5% of voting rights at the general meeting as at December 31, 2013, and other shareholders collectively:

Shareholder	Number of shares	Number of votes	% share in share capital
Marek Tymiński	6 356 357	45.68%	45.68%
Quercus TFI SA	846 962	6.09%	6.09%
Others	6 711 680	48.23%	48.23%
Total	13 914 999	100.00%	100.00%

On November 14, 2013, an extraordinary general meeting of CI Games S.A. changed, through a resolution, the Company's articles of association by authorizing the Company's Management Board to increase issued share capital within authorized share capital, after receiving consent from the Company's Supervisory Board, by an amount not larger than PLN 948 750.00 for a three-year period from registration in the company register of the change in the Company's articles of association.

On November 28, 2013, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, approved the change of the articles of association of CI Games S.A. resulting from resolutions of the extraordinary general meeting of CI Games S.A. of November 14, 2013.

On December 4, 2013, after receiving consent from the Supervisory Board, the Management Board of CI Games S.A. increased the Company's share capital by PLN 126 499.90 through the issue of 1 264 999 ordinary (not preferred) bearer shares series E, numbered from 0000001 to 1264999, with a nominal value of PLN 0.10 each ("Series E Shares"). The issue price per Series E Share was PLN 9.00. The Series E Shares were purchased through a proposal to purchase Series E Shares provided by the Company to individual investors and their subsequent acceptance (private placement).

The opening and closing of subscription took place on December 5, 2013 through the execution of agreements concerning purchase of Series E Shares. Given the fact that the purchase of Series E Shares occurred via a private placement, the shares were not subject to allocation in the meaning of art. 434 of the Polish Commercial Companies Code. Number of shares covered by the subscription: 1 264 999 series E shares with a nominal value of PLN 0.10 each.

Series E Share purchase agreements were executed with 99 investors. Value of the series E share offer (constituting the product of the number of shares subject to subscription and the issue price per share): PLN 11 384 991. Total cost of the Series E Share issue: PLN 284 624.78, including: placement preparation and execution PLN 284 624.78. The means of settlement in the books and recognition in the financial statements: pursuant to IAS 32, the Series E Shares were settled by reducing the issue price of the issued shares over their nominal amount. The average cost of placement per Series E Share was PLN 0.23.

On January 8, 2014, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered the increase in the Company's share capital comprising the issue of series E ordinary bearer shares by way of a private placement completed on December 5, 2013.

Note 12
Share premium

Share premium covers the share premium received from shares series B, C, D and E:

Series	Number of shares	Nominal value (in PLN)	Purchase price (in PLN)	Premium for the series (in PLN)
B	40 000	0,10	1,00	36 000
C	2 500 000	0,10	9,00	22 250 000
D	110 000	0,10	1,00	99 000
E	1 264 999	0,10	9,00	11 258 491

Excess of purchase price over nominal value of shares		33 643 491
Decrease due to C series share issue costs		-1 829 311
Decrease due to E series share issue costs		-284 625
Transfer to reserve capital		-16 000 000
	as at January 1, 2013	**4 555 689**
Changes during the reporting period:		10 973 866
	as at December 31, 2013	**15 529 555**

Note 13
Buy-back provision

The buy-back provision was created through the resolution of the Extraordinary General Meeting of CI Games S.A. of November 8, 2010 in connection with a resolution of the same date concerning authorization for purchase by the Company of its own shares. The provision was created through transfer from the Company's capital reserve, i.e. from amounts which, in accordance with art. 348, par. 1 of the Polish Commercial Companies Code, which may be allocated for distribution between shareholders.

Value of the buy-back provision as at December 31, 2013: PLN 16 000 000.

As at the date of drafting these financial statements the Issuer did not execute any buy-back transactions.

Note 14
Revaluation reserve

The Company used hedge accounting during the reporting period. The aim was to eliminate foreign exchange risk connected with anticipated foreign exchange surpluses.
Forward contracts were executed (for currency sales), constituting a hedge position in relation to the hedge position for surplus expected by the Company in the principle currencies for the Company’s revenues (USD, EUR, GBP). This surplus will arise during the settlement period for specific forward contracts.
Forward contracts are valued through comparison of the spot rate for the currency hedging the contract.

The interest is recognized as costs for the period.
The effective part of the hedge is recognized in the revaluation reserve.
The Company did not have any open derivative contracts as at December 31, 2013.

Note 15
Borrowings including credits, loans and other debt instruments in PLN

Non-current liabilities	as at December 31, 2013	as at December 31, 2012
Finance lease liabilities - non-current part	13 300	38 809
Total	**13 300**	**38 809**

Current liabilities	as at December 31, 2013	as at December 31, 2012
Debt instruments	5 719 554	20 601 976
Finance lease liabilities - current part	25 311	51 092
Total	**5 744 865**	**20 653 068**

Note 16
Finance lease liabilities in PLN

	As at December 31, 2013	As at December 31, 2012
up to 1 month	1 946	3 995
1 - 3 months	3 944	8 086
3 - 6 months	6 051	12 374
6 - 12 months	13 371	26 638
1 - 5 years	13 300	38 809
Total	**38 612**	**89 902**

Note 17
Information on loans incurred and debt security liabilities

The Company did not recognize any liabilities under bank loans during the reporting period.

The issue of CI Games S.A. series C bonds took place on September 28, 2012. The issue objective was to use the capital raised to finance expenditures connected with the release of Sniper: Ghost Warrior 2. In addition, the Issuer intended to use the bond issue proceeds to finance further development work and marketing and advertising expenses connected with new games. The Company issued 15 500 bearer shares (dematerialized, unsecured, zero-coupon) with a total par value of PLN 15.5 million. The issue price per bond was PLN 935.50. The bond redemption date was set as May 28, 2013. The bonds were redeemed in a timely manner.

On October 30, 2012 CI Games S.A. issued series D bonds as a follow-on to the series C issue of September 28, 2012. The series D issue's objective, like the series C, was primarily raising capital to finance expenditures connected with the release of Sniper: Ghost Warrior 2. In addition, the Issuer used the proceeds raised from the bond issue to finance new game development, together with marketing and advertising. The Company has issued 6000 ordinary bearer bonds (zero-coupon, dematerialized, non-interest bearing) with a total par value of PLN 6 million. The issue price per bond was PLN 935.50. The bonds were redeemed at par value in a timely manner on June 26, 2013.

On September 23, 2013, CI Games S.A. issued series E bonds, their objective being the financing of expenditures connected with finishing the production, promotion and distribution of Enemy Front and Lords of the Fallen. The Company issued 5 703 dematerialized unsecured ordinary bearer bonds with a total nominal value of PLN 5 703 000. Bondholders will receive a quarterly variable-rate coupon fixed for each Interest Period. The Reference Rate is WIBOR 3M, established at the beginning of each Interest Period at the fixing seven working days prior to the commencement of each Interest Period. A 5.50% margin will be added onto the Reference Rate. The coupon amount will be calculated based on the actual number of days in the Interest Period and assuming a 365 day year. The Redemption Date has been set as December 18, 2014, and the interest redemption dates as: December 18, 2013, March 18 2014, June 18, 2014, September 18, 2014 and December 18, 2014.

Note 18
Employee benefit provisions

Provisions for employee benefits cover costs of equivalents connected with unused annual leave as at December 31, 2013.
With regard to the low average employee age, pension provisions and the resulting insignificant level of the provision was not amortized.

Note 19
Trade payables

in PLN

Trade payables	As at December 31, 2013	As at December 31, 2012
Trade payables to related parties	4 347 972	654 398
Trade payables to other entities	7 063 469	6 611 946
up to 12 months	6 323 752	6 611 946
over 12 months	739 717	-
Total	**11 411 441**	**7 266 344**

Note 20
Aging of trade payables in PLN

	As at December 31, 2013	As at December 31, 2012
not overdue	2 132 798	2 186 869
overdue	9 278 643	5 079 475
including:		
1-30 days	2 427 896	3 201 721
31-60 days	2 228 311	328 454
61-90 days	1 070 815	198 015
91-180 days	854 079	96 493
> 180 days	2 697 541	1 254 792
Total	**11 411 441**	**7 266 344**

Note 21
Other liabilities in PLN

Other liabilities	As at December 31, 2013	As at December 31, 2012
Corporate income tax liabilities	75 254	123 360
Other liabilities	105 691	107 695
Special-purpose funds	105 542	54 115
Total	**286 487**	**285 170**

Note 22
Other short-term provisions in PLN

	As at December 31, 2013	As at December 31, 2012
Provision for audit of financial statements	26 000	25 000
Provision for non-invoiced expenses	1 232 196	959 238
Total	**1 258 196**	**984 238**

	As at December 31, 2013	As at December 31, 2012
Provision for returns - decrease of revenue and receivables	750 000	421 749
Total	**750 000**	**421 749**

Note 22a
Deferred revenue in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Japanese market	-	2 060 000
Russian market	-	505 750
Chinese market	-	162 515
Total	**-**	**2 728 265**

Deferred revenue recognized during 2012 was connected with advance licensing payments are received for Sniper: Ghost Warrior 2.

Note 23
Geographical structure in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Domestic	3 270 262	2 576 012
- including related parties	862 062	666 235
Export	97 700 904	28 405 882
- including related parties	32 988 385	8 930 810
Total	**100 971 166**	**30 981 893**

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Americas	39 110 697	17 945 708
Asia and Australia	11 875 268	10 262 932
Europe	49 985 201	2 773 253
Total	**100 971 166**	**30 981 893**

The main factor affecting revenue in 2013 was sales Sniper Ghost Warrior 2 which premiered in Q1 2013.

Note 24
Costs by nature

in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Depreciation	16 564 495	2 307 923
Use of materials and energy	727 734	569 489
Third-party services	22 271 845	8 064 186
Taxes and fees	86 371	133 641
Employee benefits	1 935 359	2 385 438
Other costs	12 108 130	4 868 438
Total costs by nature	**53 693 935**	**18 329 115**
Distribution costs	-12 716 651	-5 848 594
Administrative expenses	-5 433 378	-4 897 536
Value of products sold	23 988 611	16 690 747
Cost of manufacture of products sold	**59 532 517**	**24 273 732**

Note 25
Employee benefits

in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Remuneration	1 368 720	1 761 904
Social security	227 986	194 701
Other benefits	338 653	428 833
Total	**1 935 359**	**2 385 438**

Note 26
Other operating revenue in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Release of receivables impairment charges	780 943	11 381
Damages received	21 742	7 455
Gain on disposal of non-financial assets	5 082	4 010
Liabilities written-off	165	40 545
Re-invoicing	567 344	107 304
Inventory differences	54 387	-
Other	179 396	158 670
Total	**1 609 059**	**329 365**

Note 27
Other operating expenses in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Receivables revaluation	-	934 598
Impairment losses on inventory	-193 009	614 377
Inventory differences	170 643	89 175
Liquidation of returns	400 571	760 643
Settlements, contractual penalties, sanctions	32 044	389 551
Donations	50 000	-
Receivables written-off	5 754	213 206
Court costs	1 207	892
Impairment of intangible assets	8 000 000	12 921 028
Tax withholding	922 972	-
Other	725 002	533 620
Total	**10 115 185**	**16 457 089**

After testing Alien Rage development work for impairment, the Issuer decided to recognize a PLN 8 million impairment loss. The amount of the impairment loss was estimated based on planned future revenue from sales of this game.

Note 28
Finance income / costs

in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Interest received	123 248	456 008
Net profit on sale of financial assets	-	43
Total finance income	**123 248**	**456 052**
interest accrued	855 632	420 760
Net negative exchange differences	673 464	1 418 149
Net loss sale of financial assets	1 562 349	-
Impairment of financial assets	-1 554 415	-
Cost of investing activities (capital contribution to BA Sp. z o.o.)	2 000 000	-
Other	261 326	417 729
Total finance costs	**3 798 357**	**2 256 639**

Net finance income / costs	**-3 675 109**	**-1 800 587**

Note 29
Income tax

in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Current tax	**-**	**2 910**
Current income tax	-	-
Income tax brought forward	-	2 910
Deferred tax	**-16 174 917**	**-3 614 440**
Income tax in profit or loss	**-16 174 917**	**-3 611 530**

Note 30
Effective tax rate

in PLN

	for the period Jan 1 - Dec 31, 2013	for the period Jan 1 - Dec 31, 2012
Profit / loss before tax	10 501 666	-22 607 629
Tax, using the 19% tax rate	1 995 317	-4 295 449
Non-taxable revenue, tax value	-5 694	-3 934
Revenue/costs of general partnerships where CI Games S.A. is the tax payer	-1 315 484	-
Non-deductible costs	1 576 050	684 944
Temporary differences - trademarks	-18 425 106	-
Current-period tax	-16 174 917	-3 614 440
Prior-period tax	-	2 910
Effective tax rate	**-154%**	**-16%**

Note 31
Segment information for the period from January 1 to December 31, 2013 in PLN

	Own products	Licenses	Other sales	Total
-	**81,7%**	**17,8%**	**0,5%**	**100%**
Total segment revenue	**82 436 806**	**17 986 240**	**548 120**	**100 971 166**
Direct segment expenses, including:	**-56 196 985**	**-3 301 139**	**-640 111**	**-60 138 235**
Depreciation	-13 157 795	-2 867 429	-418 918	**-16 444 142**
Finance income / costs	-3 000 503	-654 656	-19 950	**-3 675 109**
Income tax	-13 205 834	-2 881 277	-87 805	**-16 174 917**
Net profit (loss) for the period	**21 779 805**	**4 751 965**	**144 813**	**26 676 583**
Total assets, including:	**81 008 500**	**17 674 609**	**538 624**	**99 221 732**
Intangible assets	35 895 772	7 831 817	-	**43 727 589**
Liabilities	16 184 370	3 531 141	107 609	**19 823 120**
Capital expenditures	25 563 260	5 577 447	-	**31 140 707**

Note 31
Segment information for the period from January 1 to December 31, 2012 in PLN

	Own products	Licenses	Other sales	Total
-	**82,2%**	**12,7%**	**5,1%**	**100,0%**
Total income	**25 475 397**	**3 945 122**	**1 561 375**	**30 981 893**
Direct segment expenses, including:	**-22 744 984**	**-524 375**	**-1 645 722**	**-24 915 080**
Depreciation	-1 457 527	-218 798	-443 607	**-2 119 932**
Finance income / costs	-1 480 564	-229 280	-92 544	**-1 800 587**
Income tax	-2 969 643	-459 879	-185 619	**-3 611 530**
Net profit (loss) for the period	**-15 619 870**	**-2 418 894**	**-976 330**	**-18 996 099**
Total assets	**62 229 929**	**9 636 931**	**1 821 425**	**73 652 847**
Intangible assets	33 089 762	5 124 283	0	**38 214 045**
Liabilities	26 338 195	4 078 735	1 646 286	**32 031 185**
Capital expenditures	26 331 840	4 077 751	0	**30 409 590**

Note 32
Earnings per share

Net earnings per share as at December 31, 2013 was PLN 1.92.

Note 33
2013 profit distribution
2012 loss coverage

On April 23, 2013 the Company's ordinary general meeting decided to cover the 2012 loss using future-period earnings.

Recommendation on use of 2013 profit.

The Issuer's management intends to use the 2013 profit to cover the 2012 loss and transfer the remainder to a dividend fund.

Note 34
Contingent liabilities and receivables

As at December 31, 2013, the Company did not have contingent liabilities with the exception of a bank guarantee issued by Alior Bank S.A. on April 23, 2013 for Bertie Investment Sp. z o.o. up to the amount of PLN 420 000 concerning office space lease. The guarantee is valid until April 22, 2014.

Regulations concerning tax on goods and services, corporate income tax and social security contributions are subject to frequent amendments hence there often is a lack of reference to proven legal provisions or precedents. The regulations in force also contain unclear provisions which result in differences of opinion as regards the legal interpretation of tax regulations both between various state authorities and between state authorities and companies. Tax and other settlements (e.g. duty or currency) may be subject to audit by the authorities which are given the powers to impose substantial penalties. Furthermore, it may be necessary to pay interest on such penalties. These circumstances mean that tax risk in Poland is higher than in countries with a more developed tax system.

Tax settlements may be the subject of an audit for a period of up to five years. As a result, the amounts shown in the financial statements may be subject to change at a later date, after their revision by tax authorities. The Company believes that it has created provisions suitable to the probable and measurable risks.

Note 35
On-going judicial proceedings

As at the date of drafting these financial statements the Company's Management was not aware of any significant on-going judicial proceedings involving CI Games S.A.

Note 36
Related-party transactions in PLN

All transactions were executed on market terms.

Transactions with CI Games Group companies:

	Costs	Revenue and finance income	Receivables and borrowings at incurrence	Measurement as at December 31, 2013	Receivables and borrowings after measurement as at December 31, 2013	Liabilities at incurrence	Measurement as at December 31, 2013
CI Games Germany GmbH	404 263	5 222	335 265	1 717	336 982	60 822	557
City Interactive USA Inc.	181 136	32 988 385	4 712 110	-197 451	4 514 659	-	-
City Interactive Studio S.R.L.	-	2 369	-	-	-	-	-
Business Area	-	7 259	5 977	-	5 977	-	-
Business Area Sp. z o.o. Sp. j.	2 025 010	1 299 541	-	-	-	1 546 253	-
CI Games S.A. Sp. j.	717 841	27 013	-	-	-	134 057	-
CI Games Cyprus LTD	2 116 000	-	-	-	-	2 116 000	-
City Interactive Peru	-	-	-	-	-	467 495	22 789
RAZEM	**5 444 249**	**34 329 788**	**5 053 352**	**-195 735**	**4 857 617**	**4 324 626**	**23 346**

On March 11, 2013, CI Games S.A. acquired shares in Business Area Spółka z ograniczoną odpowiedzialnością S.K.A. with a total nominal value of PLN 128.9 million in exchange for a non-cash contribution comprising an organized business unit. Additional information regarding the transaction is presented in the management report on company operations.

Transactions with companies linked to Marek Tymiński – majority shareholder in the Company, who directly or indirectly controls the following entities:

	Costs	Revenues	Receivables	Liabilities
Onimedia Sp. z o.o.	-	9 167	487	-
Premium Food Sp. z o.o.	-	300	369	-
Premium Food Restaurants S.A.	27 438	76 030	52 975	-
Tech Marek Tymiński	-	1 903	1 427	-
MT Golf	-	9 912	31 869	-
TOTAL	**27 438**	**97 312**	**87 127**	**-**

During H2 2013, Marek Tymiński sold his shares in ATS Sp. z o.o. to third persons.

Transactions with companies personally linked to Supervisory Board and Management Board members:

	Costs	Revenues	Receivables	Liabilities
KS Konsulting Krzysztof Sroczyński	5 000	-	-	-
Andreas Jaeger Consulting	135 018	-	-	-
TOTAL	**140 018**	**-**	**-**	**-**

Note 37
Cash and cash equivalents structure in PLN

	December 31, 2013	December 31, 2012	Change
Cash on hand	3 284	3 831	-547
Current accounts	9 914 792	14 394 326	-4 479 534
Other cash instruments	-	-	-
Other cash assets	-	-	-
Total	**9 918 076**	**14 398 157**	**-4 480 081**
Current financial assets classified as cash for purposes of the statement of cash flows	-	-	-
Total cash instruments for purposes of the statement of cash flows	**9 918 076**	**14 398 157**	**-4 480 081**

Note 38
Employment information (headcount)

	as at December 31, 2013	as at December 31, 2012
Game development staff	158	142
Sales and administration staff	11	16
Total employment	**169**	**158**

Note 39
Management Board and Supervisory Board Member remuneration in PLN

Remuneration paid to Management Board members during the period Jan 1 – Dec 31, 2013:

Marek Tymiński - President	403 839
Andreas Jaeger - Member	3 000

Remuneration paid to Supervisory Board members during the period Jan 1 – Dec 31, 2013:

Krzysztof Sroczyński - Chairman	42 000
Marek Dworak - Member	30 000
Grzegorz Leszczyński - Member	30 000
Lech Tymiński - Member	30 000
Tomasz Litwiniuk - Member	30 000

Note 40
Shares held by Management Board and Supervisory Board members in PLN

As at December 31, 2013, Management Board members held the following number of shares in the Company:

Marek Tymiński - President 6 356 357

As at December 31, 2013, Supervisory Board members held the following number of shares in the Company:

Lech Tymiński - Member 9 565

Nota 41
Financial instruments in PLN

Financial instrument classification	Carrying amount as at Dec 31, 2013	Carrying amount as at Dec 31, 2012
Borrowings	364 390	1 716 709
Receivables	7 985 101	8 778 330
Debt instruments	-5 719 554	-20 601 976
Cash and cash equivalents	9 918 076	14 398 157

The fair value of all financial instruments as at the end of the reporting period did not significantly differ from their respective carrying amounts.

Risks affecting financial instruments, hedging methods

Credit and cash flow risk

The Company does not currently insure trade receivables. Cooperation with contracting parties which are in a stable financial situation and constant monitoring of this situation provides security against the risk of these financial instruments being impaired. There was no significant loss of value in receivables during the settlement period. There is also no significant delay in payment of the Company’s receivables.

Foreign exchange risk

Payables and receivables resulting from current operations mainly occurred in currencies other than Polish zloty, which is the functional and presentational currency. The Issuer uses payables in currencies other than the functional currency as currency risk collateral under foreign exchange receivables. The value of the net financial surplus in specific currencies is hedged through forward contracts under the hedge accounting policy.

Forward contracts (for selling currencies) constitute a hedge position in relation to the hedge position for surplus expected by the Issuer in the principle currencies for its revenues (USD, EUR, GBP). This surplus arises during the settlement period for specific forward contracts. As at the end of the reporting period the Issuer values hedge positions with the exception of interest. Forward contracts are valued through comparison of the spot rate for the currency hedging the contract. The interest was transferred to costs for the period. The effective part of the hedge was transferred to the revaluation reserve.

During 2013, the Company entered into forward contracts, which did not remain open as at the end of the reporting period.

Sensitivity analysis in PLN

Financial instrument classification	Carrying amount as at Dec 31, 2013	Exchange rate change +/- 10% including income tax
Receivables	7 926 546	642 050
Liabilities	-6 549 206	-530 486
Cash	1 526 075	123 612
Total	**2 903 415**	**235 177***

* Effect on net profit and equity

Interest rate risk

Interest rates are dependent on the Libor and Wibor interbank rates and at the same time on interest rate risk within the economy as a whole. The Company does not use hedging instruments for this type of risk.

As at the end of the reporting period, the Company has issued fixed-rate bonds. Therefore exposure to interest rate risk is limited.

Pricing risk

The Company is protected against potential drops in the value of financial instruments and against the risk of cash flows connected with them decreasing, by operating in many countries and economies. This protects the company against fluctuations in the economic situation in one market. The group is introducing new products to its expanding portfolio – games for new consoles – thereby building its competitive advantage. Careful selection of distributors and assessment of their financial conditions has the effect of lowering pricing risk.

Risk associated with new games

The Company’s operations consist of the development of computer games. Game production requires substantial expenditures on development work and marketing activities which limits the extent to which such risk may be diversified across different products (games). As a result, this risk is concentrated in a relatively small number of games which are in development at a given time. Such a concentration of risk means that in the event that a game is not commercially successful, the company might be exposed to a substantial fall in revenue and net profit and might experience liquidity problems.

Note 37
Events after the end of the reporting period

On February 21, 2014, CI Games S.A. entered into a loan agreement with Bank Spółdzielczy w Ostrowii Mazowieckiej, having its registered office in Ostrów Mazowiecka, ul. 3-go Maja 32 (the "Bank"), concerning a current account limit on the following terms: 1) Amount of limit: PLN 5 million; 2) Use: general corporate purposes, including development and marketing of Enemy Front and Lords of the Fallen; 3) Final repayment date: March 31, 2015; 4) Interest - variable interest rate effective during interest periods, calculated using the following formula: WIBOR 1M for the previous month plus the Bank's margin of 2.99%; exposure commission (calculated annually based on the unused portion of the loan) - 0.7%; the Bank's origination commission - 1.3% of the proceeds; 5) Collateral: a) registered pledge on CI Games S.A. shares held by Marek Tymiński - President of the Management Board and principal shareholder, in the amount of 2.5 times the value of the loan; b) loan repayment guarantee from BGK under a de minimis PLD portfolio guarantee line, in the amount of 60% of the value of the loan, i.e. PLN 3 million for the loan term plus three months, i.e. until June 30, 2015; c) declaration on submission to enforcement proceedings; d) power of attorney for use of funds in the current account maintained by the Bank.

Jerzy Litwiniuk

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Person preparing the financial statements

Marek Tymiński

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President of the Management Board

Warsaw, March 21, 2014