

# **CITY INTERACTIVE GROUP**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE FIRST HALF OF 2011**



Warsaw, August 23, 2011

Warsaw,

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## 1. Information on the parent, City Interactive S.A., and on subsidiaries included in the consolidated financial statements

- a) CITY INTERACTIVE S.A. – the Parent, was registered on June 1, 2007 as a result of transforming CITY INTERACTIVE Sp. z o.o. through a notarial deed, Notary's Register A 2682/2007, dated May 16, 2007. The Company's registered office is located in Warsaw at ul. Żupnicza 17.
- 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 operations is the production, 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 the first half of 2011, the Members of the Company's Management Board were:
- |                   |           |                                  |
|-------------------|-----------|----------------------------------|
| • Marek Tymiński  | President | from January 1 to June 30, 2011  |
| • Artur Winiarski | Member    | from January 1 to March 10, 2011 |
| • Wojciech Kutak  | Member    | from March 10 to May 17, 2011    |

On August 22, 2011 Michał Sokolski was appointed to the Issuer's Management Board.

- f) During the first half of 2011 the composition of the Company's Supervisory Board remained unchanged:
- |                        |           |                                 |
|------------------------|-----------|---------------------------------|
| • Krzysztof Sroczyński | President | from January 1 to June 30, 2011 |
| • Lech Tymiński        | Member    | from January 1 to June 30, 2011 |
| • Marek Dworak         | Member    | from January 1 to June 30, 2011 |
| • Tomasz Litwiniuk     | Member    | from January 1 to June 30, 2011 |
| • Grzegorz Leszczyński | Member    | from January 1 to June 30, 2011 |

The composition of the Issuer's Supervisory Board remained unchanged up to the date on which this report was published.

- g) City Interactive is the parent of the Group and draws up consolidated financial statements. The following subsidiaries are members of the Group and are subject to consolidation:
- **City Interactive S.A.**, having its registered office in Warsaw. Share capital of PLN 1 265 000. Group parent.
  - **City Interactive Germany GmbH** – a company having its registered office in Frankfurt am Main, Germany. Share capital of EUR 25 000. 100% of shares held by City Interactive S.A. Company subject to consolidation as of the second quarter of 2008.

- **City Interactive USA Inc.** – a company having its registered office in Delaware, US. Share capital of USD 50 000. 100% of shares held by City Interactive S.A. Company subject to consolidation as of the second quarter of 2008.
- **Business Area Spółka z o.o.** – a company with registered office in Warsaw, included in consolidation from the third quarter of 2010. Share capital PLN 5 000. 100% interest held by City Interactive S.A.
- **City Interactive Studio Ltd.** – a company based in London, UK, established in December 2010. Share capital GBP 100.00. 100% interest held by City Interactive S.A. Company subject to consolidation as of the first quarter of 2011.

## 2. Basis for the presentation and preparation of the condensed consolidated financial statements

### Statement of compliance with IFRS

The condensed consolidated interim financial statements of the City Interactive S.A. Group and the condensed separate interim financial statements of City Interactive S.A. (the "condensed interim financial statements") cover the 6-month period ended June 30, 2011.

The condensed interim financial statements fulfill the requirements of International Accounting Standard IAS 34 – "*Interim Financial Reporting*" relating to interim financial statements and do not contain all information required for annual financial statements. The condensed interim financial statements should be read together with the annual financial statements (consolidated and separate respectively).

The Group's condensed consolidated interim financial statements are published together with the condensed separate interim financial statements. In order to fully understand the Issuer's results and financial position, the condensed separate interim financial statements of City Interactive S.A. should be read together with the Group's condensed consolidated interim financial statements.

Preparation of financial statements in accordance with IFRS requires the use of specific accounting estimates. It also requires the Management Board to use its own judgment in application of the accounting principles adopted by the Group. Issues where an increased level of judgment is needed, more complex issues or those where assumptions and estimates are significant from the viewpoint of financial statements have in principle remained unchanged in relation to the situation as at the end of the previous year.

The condensed consolidated interim financial statements of the City Interactive S.A. Group and the condensed separate interim financial statements of City Interactive S.A. were approved for publication by the Management Board on August 23, 2011.

### Basis for drawing up the condensed interim financial statements

The condensed interim financial statements were drawn up in application of the same accounting principles which were used during preparation of the annual financial statements for the financial year ended December 31, 2010.

Both the condensed consolidated interim financial statements of the City Interactive S.A. Group and the condensed separate interim financial statements of City Interactive S.A. were drawn up on the assumption that the business will continue as a going concern in the foreseeable future and that no events will occur posing a threat to the status of either the Group or the Parent as a going concern.

All values presented in the condensed interim financial statements are presented in Polish zloty unless otherwise indicated.

### **Changes in the accounting principles**

There were no changes in the accounting principles.

### **Significant estimates and judgments**

The EU IFRS-compliant condensed interim financial statements require the Management to use estimates and judgments which have an impact on the applied accounting principles and the assets, liabilities, revenues and expenses recorded. Estimates and judgments are systematically verified. Changes in estimates are recognized in the period in which these occurred.

Information concerning particularly significant areas subject to estimates and judgments which have an impact on the interim financial statements was not subject to change in comparison with the information presented in the annual financial statements for the year ended December 31, 2010.

### **Seasonality**

The City Interactive Group experiences variability in its revenues from sale during the financial year. This is mainly determined by the release of new products. The Issuer establishes the dates for release of its games in order to select the most beneficial competitive environment and in order for the release to achieve the highest financial result.

### 3. Selected financial data

CONSOLIDATED PROFIT AND LOSS STATEMENT	First half of 2011 period from January 1 to June 30, 2011		First half of 2010 period from January 1 to June 30, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
	<b>Net revenue from sales</b>	<b>43 228</b>	<b>10 896</b>	<b>28 883</b>
Operating profit (loss)	12 482	3 146	11 799	2 947
Gross profit (loss)	12 368	3 117	12 551	3 134
<b>Net profit (loss)</b>	<b>10 117</b>	<b>2 550</b>	<b>10 496</b>	<b>2 621</b>
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	0.80	0.20	0.83	0.21

CONSOLIDATED STATEMENT OF CASH FLOWS	First half of 2011 period from January 1 to June 30, 2011		First half of 2010 period from January 1 to June 30, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
	Net cash flows from operating activities	10 751	2 710	7 787
Net cash flows from investing activities	-7 163	-1 806	-4 877	-1 218
Net cash flows from financing activities	-5 224	-1 317	-2 419	-604
<b>Net cash flows</b>	<b>-1 637</b>	<b>-413</b>	<b>491</b>	<b>123</b>

CONSOLIDATED PROFIT AND LOSS STATEMENT	Q2 2011 period from April 1 to June 30, 2011		Q2 2010 period from April 1 to June 30, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
	<b>Net revenue from sales</b>	<b>29 847</b>	<b>7 536</b>	<b>17 457</b>
Operating profit (loss)	10 956	2 766	7 250	1 794
Gross profit (loss)	10 829	2 734	8 629	2 135
<b>Net profit (loss)</b>	<b>8 985</b>	<b>2 269</b>	<b>7 199</b>	<b>1 781</b>
Number of shares (in thousands)	12 650	12 650	12 650	12 650
Profit (loss) per ordinary share	0.71	0.18	0.57	0.14

CONSOLIDATED BALANCE SHEET	as at June 30, 2011		as at December 31, 2010	
	PLN thousands	EUR thousands	PLN thousands	EUR thousands
Non-current assets	19 565	4 908	16 789	4 239
Current assets	46 391	11 637	42 828	10 814
<b>Total assets</b>	<b>65 956</b>	<b>16 544</b>	<b>59 617</b>	<b>15 054</b>
Equity	53 086	13 316	42 962	10 848
Share capital	1 265	317	1 265	319
Liabilities and provisions for liabilities	12 869	3 228	16 656	4 206
Non-current liabilities	210	53	201	51
Current liabilities	12 659	3 175	16 454	4 155
<b>Total equity and liabilities</b>	<b>65 956</b>	<b>16 544</b>	<b>59 617</b>	<b>15 054</b>

Balance sheet figures have been converted into EUR according to the average exchange rate announced by the National Bank of Poland as at the date on which the financial statements were drawn up, which as at the end of the reporting period amounted to:

as at June 30, 2011 – PLN 3.9866,  
as at December 31, 2010 – PLN 3.9603.

Items in the profit and loss statement and statement of cash flows have been converted into EUR according to the average exchange rate, calculated as the arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each month:

for the first half of 2011 – PLN 3.9673,  
for the second quarter of 2011 – PLN 3.9604,  
for 2010 – PLN 4.0044,  
for the first half of 2010 – PLN 4.0042,  
for the second quarter of 2010 – PLN 4.0416.

#### 4. Condensed consolidated interim financial statements of the City Interactive Group

### CONSOLIDATED BALANCE SHEET drawn up as at June 30, 2011

in PLN

ASSETS	as at June 30, 2011	as at June 30, 2010	as at Dec 31, 2010
<b>A. NON-CURRENT ASSETS</b>	<b>19 564 660</b>	<b>16 041 654</b>	<b>16 789 278</b>
Property, plant and equipment	1 050 120	302 834	441 650
Intangible assets	16 274 356	12 618 757	13 111 040
Goodwill	3 794	3 794	3 794
Investment property	-	-	-
Interests in subsidiaries and associates	17 554	14 925	12 092
Non-current assets held for sale	-	-	-
Deferred income tax assets	2 218 836	3 101 344	3 220 702
Other non-current assets	-	-	-
<b>B. CURRENT ASSETS</b>	<b>46 390 878</b>	<b>30 896 572</b>	<b>42 828 163</b>
Inventory	5 628 386	4 657 835	5 244 460
Short-term investments	602 392	114 770	900 741
Advances paid	784 320	1 466 463	1 249 275
Trade receivables	22 684 388	20 941 916	17 176 979
Deferred tax receivables	-	-	32 487
Cash and cash equivalents	13 884 505	1 621 986	15 521 080
Other current assets	2 806 887	2 093 602	2 703 142
<b>TOTAL ASSETS</b>	<b>65 955 538</b>	<b>46 938 226</b>	<b>59 617 441</b>



Continued

**CONSOLIDATED BALANCE SHEET**  
drawn up as at June 30, 2011

EQUITY AND LIABILITIES	as at June 30, 2011	as at June 30, 2010	as at Dec 31, 2010
<b>A. EQUITY</b>	<b>53 086 165</b>	<b>27 707 514</b>	<b>42 961 861</b>
Share capital	1 265 000	1 265 000	1 265 000
Share premium	4 838 239	20 555 689	4 555 689
Unregistered capital	-	-	-
Exchange differences on net investments in entities operating abroad	10 502	11 372	3 419
Incentive scheme provision	-	282 550	282 550
Buyback provision	16 000 000	-	16 000 000
Retained earnings	30 972 424	5 592 903	20 855 203
<b>B. LIABILITIES</b>	<b>12 869 373</b>	<b>19 230 712</b>	<b>16 655 579</b>
<b>Non-current liabilities</b>	<b>210 328</b>	<b>265 544</b>	<b>201 443</b>
Borrowings including credits, loans and other debt instruments	-	-	-
Provision for pensions and similar	34 715	33 270	13 530
Finance lease liabilities	41 726	11 903	54 026
Other long-term provisions	-	-	-
Deferred income tax provision	133 887	220 371	133 887
<b>Current liabilities</b>	<b>12 659 045</b>	<b>18 965 168</b>	<b>16 454 136</b>
Borrowings including credits, loans and other debt instruments	39 386	5 258 086	5 133 972
Income tax liabilities	1 340 408	956 791	730 222
Trade and other payables	10 343 484	12 367 854	9 805 382
Other current provisions	935 767	382 437	784 560
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65 955 538</b>	<b>46 938 226</b>	<b>59 617 441</b>

Book value (in PLN)	53 086 165	27 707 514	42 961 862
Number of shares	12 650 000	12 650 000	12 650 000
Book value per share (in PLN)	4.20	2.19	3.40

**CONSOLIDATED PROFIT AND LOSS STATEMENT**  
**for the period from January 1 to June 30, 2011**  
**multiple-step format**

in PLN

Description	for the period Jan 1 - June 30, 2011	for the period April 1, June 30, 2011	for the period Jan 1 - June 30, 2010	for the period April 1 - June 30, 2010
<b>Continuing operations</b>				
<b>Net revenue from sales</b>	<b>43 228 441</b>	<b>29 846 683</b>	<b>28 883 289</b>	<b>17 456 883</b>
Revenue from sale of products and services	42 473 374	29 416 142	28 349 747	17 017 309
Revenue from sale of goods for resale and materials	755 067	430 541	533 542	439 574
<b>Cost of products, goods for resale and services sold</b>	<b>22 287 668</b>	<b>14 513 103</b>	<b>10 690 996</b>	<b>5 941 554</b>
Cost of manufacture of products sold	21 729 584	14 176 721	10 393 548	5 695 562
Value of goods for resale and materials sold	558 084	336 382	297 448	245 992
<b>Gross profit (loss) on sales</b>	<b>20 940 773</b>	<b>15 333 580</b>	<b>18 192 293</b>	<b>11 515 329</b>
Other operating revenues	242 019	84 387	544 607	539 311
Distribution costs	5 521 473	2 565 502	3 777 202	2 612 944
Administrative expenses	2 804 453	1 691 537	1 745 354	938 118
Other operating costs	375 327	204 939	1 415 355	1 253 850
<b>Profit (loss) on operating activities</b>	<b>12 481 539</b>	<b>10 955 989</b>	<b>11 798 989</b>	<b>7 249 728</b>
Finance income	158 887	37 427	1 164 353	1 162 787
Finance costs	272 614	164 085	412 502	-216 234
<b>Profit (loss) before tax</b>	<b>12 367 812</b>	<b>10 829 331</b>	<b>12 550 840</b>	<b>8 628 749</b>
Income tax	2 250 592	1 843 878	2 054 952	1 430 119
<b>Profit (loss) on continuing operations</b>	<b>10 117 220</b>	<b>8 985 453</b>	<b>10 495 888</b>	<b>7 198 630</b>
<b>Discontinued operations</b>				
<b>Loss on discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT (LOSS)</b>	<b>10 117 220</b>	<b>8 985 453</b>	<b>10 495 888</b>	<b>7 198 630</b>

Net profit (loss)	10 117 220	8 985 453	10 495 888	7 198 630
Weighted average number of ordinary shares	12 650 000	12 650 000	12 650 000	12 650 000
Profit per ordinary share (in PLN)	0.80	0.71	0.83	0.57

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the period from January 1 to June 30, 2011

in PLN

Description	for the period Jan 1 - June 30, 2011	for the period April 1, June 30, 2011	for the period Jan 1 - June 30, 2010	for the period April 1 - June 30, 2010
<b>Net profit (loss) for the period</b>	<b>10 117 220</b>	<b>8 985 453</b>	<b>10 495 888</b>	<b>7 198 630</b>
<b>Other total gross comprehensive income:</b>	7 083	207	-81 094	-32 526
Changes in value of investments in subsidiaries	7 083	207	-81 094	-32 526
Cash flow hedges (gross including tax)	-	-	-	-
Gain on revaluation of properties	-	-	-	-
Current losses / profits on specific pension benefit plans	-	-	-	-
Share of total other profits of associates	-	-	-	-
Income tax on elements of other total income	-	-	-	-
Other comprehensive income after tax (net, in accordance with the balance sheet)	-	-	-	-
<b>Total comprehensive income</b>	<b>10 124 303</b>	<b>8 985 660</b>	<b>10 414 794</b>	<b>7 166 104</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

in PLN

For the period from January 1 to June 30, 2011		Share capital	Share premium	Buyback provision	Capital from change in value of investments in subsidiaries	Incentive scheme provision	Retained earnings	Total equity
1.	<b>Balance as at January 1, 2011</b>	<b>1 265 000</b>	<b>4 555 689</b>	<b>16 000 000</b>	<b>3 419</b>	<b>282 550</b>	<b>20 855 203</b>	<b>42 961 861</b>
2.	Opening balance transition	-	-	-	-	-	-	-
3.	<b>Balance as at January 1, 2011 after transition</b>	<b>1 265 000</b>	<b>4 555 689</b>	<b>16 000 000</b>	<b>3 419</b>	<b>282 550</b>	<b>20 855 203</b>	<b>42 961 861</b>
Changes in equity during the first half of 2011								
4.	Profit (loss) for the period	-	-	-	-	-	10 117 220	10 117 220
5.	Acquisition / disposal of own shares	-	-	-	-	-	-	-
6.	Dividend payment to shareholders	-	-	-	-	-	-	-
7.	Share issue	-	-	-	-	-	-	-
8.	Share issue costs	-	-	-	-	-	-	-
9.	Profit distribution	-	-	-	-	-	-	-
10.	Changes in value of investments in subsidiaries	-	-	-	7 083	-	-	7 083
11.	Equity reclassification	-	282 550	-	-	-282 550	-	-
<b>Balance as at June 30, 2011</b>		<b>1 265 000</b>	<b>4 838 239</b>	<b>16 000 000</b>	<b>10 502</b>	-	<b>30 972 424</b>	<b>53 086 165</b>



Continued

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period from January 1 to June 30, 2010		Share capital	Share premium	Buyback provision	Capital from change in value of investments in subsidiaries	Incentive scheme provision	Retained earnings	Total equity
1.	<b>Balance as at January 1, 2010</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>92 465</b>	<b>293 676</b>	<b>-4 510 573</b>	<b>17 696 257</b>
2.	Opening balance transition Changes in the group subject to consolidation	-	-	-	-	-	-392 412	-392 412
3.	<b>Balance as at January 1, 2010 after transition</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>92 465</b>	<b>293 676</b>	<b>-4 902 985</b>	<b>17 303 845</b>
Changes in equity during the first half of 2010								
4.	Profit (loss) for the period	-	-	-	-	-	10 495 888	10 495 888
5.	Acquisition / disposal of own shares	-	-	-	-	-	-	-
6.	Dividend payment to shareholders	-	-	-	-	-	-	-
7.	Share issue	-	-	-	-	-	-	-
8.	Share issue costs	-	-	-	-	-	-	-
9.	Revaluation	-	-	-	-	-11 125	-	-11 125
10.	Changes in value of investments in subsidiaries	-	-	-	-81 094	-	-	-81 094
<b>Balance as at June 30, 2010</b>		<b>1 265 000</b>	<b>20 555 689</b>	-	<b>11 372</b>	<b>282 550</b>	<b>5 592 903</b>	<b>27 707 514</b>



Continued

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period from January 1 to December 31, 2010		Share capital	Share premium	Buyback provision	Capital from change in value of investments in subsidiaries	Incentive scheme provision	Retained earnings	Total equity
1.	<b>Balance as at January 1, 2010</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>92 465</b>	<b>293 676</b>	<b>-4 510 573</b>	<b>17 696 257</b>
2.	Opening balance transition. Changes in the group subject to consolidation	-	-	-	-	-	-392 411	-392 411
3.	Opening balance transition. Fundamental error	-	-	-	-	-	-891 575	-891 575
4.	<b>Balance as at January 1, 2010 after transition</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>92 465</b>	<b>293 676</b>	<b>-5 794 558</b>	<b>16 412 271</b>
Changes in equity in 2010								
5.	Profit (loss) for the period	-	-	-	-	-	26 893 210	26 893 210
6.	Creation of a buyback provision	-	-16 000 000	16 000 000	-	-	-	-
7.	Dividend payment to shareholders	-	-	-	-	-	-	-
8.	Share issue	-	-	-	-	-	-	-
9.	Corrections. Exclusion of capitalized margin	-	-	-	-	-	-243 449	-243 449
10.	Revaluation	-	-	-	-	-11 125	-	-11 125
11.	Changes in value of investments in subsidiaries	-	-	-	-89 046	-	-	-89 046
<b>Balance as at December 31, 2010</b>		<b>1 265 000</b>	<b>4 555 689</b>	<b>16 000 000</b>	<b>3 419</b>	<b>282 550</b>	<b>20 855 203</b>	<b>42 961 861</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the period from January 1 to June 30, 2011**  
**indirect method**

PLN

Description		for the period Jan 1 to June 30, 2011	for the period Jan 1 to June 30, 2010	for the period Jan 1 to Dec 31, 2010
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>I.</b>	<b>Gross profit (loss)</b>	<b>12 367 812</b>	<b>12 550 840</b>	<b>32 542 795</b>
<b>II.</b>	<b>Total adjustments</b>	<b>-1 617 021</b>	<b>-4 764 149</b>	<b>-3 771 756</b>
1.	Depreciation / amortization	3 207 273	2 657 804	5 983 514
2.	Property, plant and equipment revaluation	-	-	528 203
3.	Creation (reversal) of revaluations	-	-	1 950 624
4.	Other revaluation	-	-	-
5.	Gain (loss) on exchange differences	-50 403	264 365	142 645
6.	Gain (loss) on investing activities	-	-	-
7.	Gain (loss) on sale of fixed assets	-8 527	-	5 684
8.	Interest	98 370	348 099	612 839
9.	Exclusion of derivative instrument (forward contract) valuation	257 870	-	-360 455
10.	Change in receivables	-5 441 764	-11 508 692	-8 704 991
11.	Change in inventories	-451 274	850 475	247 735
12.	Change in trade and other payables	1 480 542	4 049 646	2 090 131
13.	Change in provisions and liabilities for employee benefits	21 185	23 860	4 120
14.	Incentive scheme	-	-11 125	-11 125
15.	Tax paid	-730 293	-	-3 698 552
16.	2008 result adjustment	-	-1 431 014	-1 431 014
17.	2009 result adjustment	-	-	-887 665
18.	Reversal of capitalized margin	-	-	-243 449
19.	Other adjustments	-	-7 567	-
<b>III.</b>	<b>Net cash flows from operating activities</b>	<b>10 750 791</b>	<b>7 786 691</b>	<b>28 771 039</b>



Continued

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the period from January 1 to June 30, 2011

Description		for the period Jan 1 to June 30, 2011	for the period Jan 1 to June 30, 2010	for the period Jan 1 to Dec 31, 2010
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
1.	Proceeds from sale of property, plant and equipment and intangible assets	15 869	-	-
2.	Proceeds from sale of financial assets	-	-	-
3.	Repayment of borrowings	-	-	-
4.	Interest received	-	-	-
5.	Proceeds from disposal of companies	-	-	-
6.	Other proceeds from financial assets	-	-	-
7.	Cash outflows on acquisition of property, plant and equipment and intangible assets	-649 452	-455 531	-1 216 462
8.	Payments for acquisition of investment property	-	-	-
9.	Payments for purchase of financial assets	-5 463	-8 794	-8 794
10.	Cash outflows on R&D	-6 524 323	-4 319 630	-9 640 747
11.	Other income / costs from borrowings granted	-	25 000	-508 738
12.	Other expenditures	-	-117 601	-117 888
<b>Net cash from investing activities</b>		<b>-7 163 369</b>	<b>-4 876 556</b>	<b>-11 492 629</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
1.	Net proceeds from issue of shares and other equity instruments	-	5 000	5 000
2.	Incurrence of borrowings	-	2 742 818	2 745 235
3.	Borrowings granted	-	-	-
4.	Expenditures on borrowings repayment	-5 000 000	-4 717 236	-4 786 644
5.	Payment of liabilities under finance lease agreements	-86 437	-99 366	-214 551
6.	Interest	-137 560	-344 834	-631 839
7.	Other finance costs	-	-5 396	-5 396
<b>Net cash from financing activities</b>		<b>-5 223 997</b>	<b>-2 419 014</b>	<b>-2 888 195</b>
<b>D. TOTAL NET CASH FLOWS</b>		<b>-1 636 575</b>	<b>491 121</b>	<b>14 390 215</b>
<b>E. BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:</b>		<b>-1 636 575</b>	<b>491 121</b>	<b>14 390 215</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>		<b>15 521 080</b>	<b>1 130 865</b>	<b>1 130 865</b>
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>13 884 505</b>	<b>1 621 986</b>	<b>15 521 080</b>





**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Note 1**

**Changes in intangible assets by type**

in PLN

	R&D expenditures	Author's copyrights, related rights, licenses, concessions	Rights to inventions, patents, trademarks, design patents and ornamental designs	Rights to press titles	Other intangible assets	Advances on intangible assets	Total
<b>Gross value as at January 1, 2011</b>	<b>27 726 265</b>	<b>6 578 031</b>	-	<b>51 000</b>	<b>1 510 856</b>	<b>418 182</b>	<b>36 284 334</b>
Increases:	6 192 159	205 789	-	-	112 704	101 815	<b>6 612 467</b>
- acquisition	6 192 159	205 789	-	-	112 704	85 792	<b>6 596 443</b>
- transfer	-	-	-	-	-	16 024	<b>16 024</b>
- leases	-	-	-	-	-	-	-
Decreases:	-	-	-	-	-	269 347	<b>269 347</b>
- sale	-	-	-	-	-	-	-
- liquidation (discontinued investment)	-	-	-	-	-	-	-
- transfer	-	-	-	-	-	269 347	-
- impairment charge	-	-	-	-	-	-	-
<b>Gross value as at June 30, 2011</b>	<b>33 918 423</b>	<b>6 783 820</b>	-	<b>51 000</b>	<b>1 623 560</b>	<b>250 651</b>	<b>42 627 454</b>
<b>Redemption as at January 1, 2011</b>	<b>16 397 971</b>	<b>5 598 989</b>	-	<b>37 400</b>	<b>1 138 934</b>	-	<b>23 173 294</b>
Increases:	2 635 379	472 149	-	5 100	67 176	-	<b>3 179 804</b>
- depreciation	2 635 379	472 149	-	5 100	67 176	-	<b>3 179 804</b>
- transfer	-	-	-	-	-	-	-
- contribution in kind	-	-	-	-	-	-	-
Decreases:	-	-	-	-	-	-	-
- liquidation	-	-	-	-	-	-	-
- transfer	-	-	-	-	-	-	-
<b>Redemption as at June 30, 2011</b>	<b>19 033 350</b>	<b>6 071 138</b>	-	<b>42 500</b>	<b>1 206 110</b>	-	<b>26 353 098</b>
<b>Net value</b>	<b>14 885 074</b>	<b>712 682</b>	-	<b>8 500</b>	<b>417 450</b>	<b>250 651</b>	<b>16 274 356</b>
<b>As at January 1, 2011</b>	<b>11 328 294</b>	<b>979 042</b>	-	<b>13 600</b>	<b>371 922</b>	<b>418 182</b>	<b>13 111 040</b>
<b>As at June 30, 2011</b>	<b>14 885 074</b>	<b>712 682</b>	-	<b>8 500</b>	<b>417 450</b>	<b>250 651</b>	<b>16 274 356</b>



## Changes in intangible assets by type – continued

	Costs of completed R&D work	Author's copyrights, related rights, licenses, concessions	Rights to inventions, patents, trademarks, design patents and ornamental designs	Rights to press titles	Other intangible assets	Advances on intangible assets	Total
<b>Gross value as at January 1, 2010</b>	<b>19 796 441</b>	<b>5 414 163</b>	-	<b>51 000</b>	<b>1 374 418</b>	<b>890 836</b>	<b>27 526 859</b>
Increases:	4 556 363	845 742	-	-	42 084	376 500	5 820 689
- acquisition	4 556 363	845 742	-	-	42 084	376 500	5 820 689
- transfer	-	-	-	-	-	-	-
- leases	-	-	-	-	-	-	-
Decreases:	-	-	-	-	-	845 742	845 742
- sale	-	-	-	-	-	-	-
- liquidation (discontinued investment)	-	-	-	-	-	-	-
- transfer	-	-	-	-	-	845 742	845 742
- impairment charge	-	-	-	-	-	-	-
<b>Gross value as at June 30, 2010</b>	<b>24 352 804</b>	<b>6 259 905</b>	-	<b>51 000</b>	<b>1 416 502</b>	<b>421 595</b>	<b>32 501 806</b>
<b>Redemption as at January 1, 2010</b>	<b>11 853 703</b>	<b>4 427 050</b>	-	<b>27 200</b>	<b>946 817</b>	-	<b>17 254 770</b>
Increases:	1 875 066	617 231	-	5 100	130 882	-	2 628 279
- depreciation	1 875 066	616 843	-	5 100	127 107	-	2 624 117
- transfer	-	-	-	-	-	-	-
opening balance correction	-	387	-	-	3 775	-	4 162
Decreases:	-	-	-	-	-	-	-
- transfer	-	-	-	-	-	-	-
<b>Redemption as at June 30, 2010</b>	<b>13 728 770</b>	<b>5 044 281</b>	-	<b>32 300</b>	<b>1 077 699</b>	-	<b>19 883 049</b>
<b>Net value</b>	<b>10 624 035</b>	<b>1 215 624</b>	-	<b>18 700</b>	<b>338 803</b>	<b>421 595</b>	<b>12 618 757</b>
<b>As at January 1, 2010</b>	<b>7 942 738</b>	<b>987 113</b>	-	<b>23 800</b>	<b>427 601</b>	<b>890 836</b>	<b>10 272 088</b>
<b>As at June 30, 2010</b>	<b>10 624 035</b>	<b>1 215 624</b>	-	<b>18 700</b>	<b>338 803</b>	<b>421 595</b>	<b>12 618 757</b>



## Changes in intangible assets by type – continued

	Costs of completed R&D work	Author's copyrights, related rights, licenses, concessions	Rights to inventions, patents, trademarks, design patents and ornamental designs	Rights to press titles	Other intangible assets	Advances on intangible assets	Total
<b>Gross value as at January 1, 2010</b>	<b>19 796 441</b>	<b>5 414 163</b>	-	<b>51 000</b>	<b>1 374 418</b>	<b>890 836</b>	<b>27 526 859</b>
Increases:	9 429 801	1 163 868	-	-	136 439	861 131	11 591 238
- acquisition	9 429 801	1 163 868	-	-	136 439	861 131	11 591 238
- transfer	-	-	-	-	-	-	-
- leases	-	-	-	-	-	-	-
Decreases:	1 499 978	-	-	-	-	1 333 785	2 833 763
- sale	-	-	-	-	-	-	-
- liquidation (discontinued investment)	-	-	-	-	-	-	-
- transfer	-	-	-	-	-	1 333 785	1 333 785
- impairment charge	1 499 978	-	-	-	-	-	1 499 978
<b>Gross value as at December 31, 2010</b>	<b>27 726 265</b>	<b>6 578 031</b>	-	<b>51 000</b>	<b>1 510 856</b>	<b>418 182</b>	<b>36 284 334</b>
<b>Redemption as at January 1, 2010</b>	<b>11 853 703</b>	<b>4 427 050</b>	-	<b>27 200</b>	<b>946 817</b>	-	<b>17 254 770</b>
Increases:	4 544 268	1 171 938	-	10 200	192 117	-	5 918 524
- depreciation	4 544 268	1 171 938	-	10 200	192 117	-	5 918 524
- transfer	-	-	-	-	-	-	-
opening balance correction	-	-	-	-	-	-	-
Decreases:	-	-	-	-	-	-	-
- transfer	-	-	-	-	-	-	-
<b>Redemption as at December 31, 2010</b>	<b>16 397 971</b>	<b>5 598 989</b>	-	<b>37 400</b>	<b>1 138 934</b>	-	<b>23 173 294</b>
<b>Net value</b>	<b>11 328 294</b>	<b>979 042</b>	-	<b>13 600</b>	<b>371 922</b>	<b>418 182</b>	<b>13 111 040</b>
<b>As at January 1, 2010</b>	<b>7 942 738</b>	<b>987 113</b>	-	<b>23 800</b>	<b>427 601</b>	<b>890 836</b>	<b>10 272 088</b>
<b>As at December 31, 2010</b>	<b>11 328 294</b>	<b>979 042</b>	-	<b>13 600</b>	<b>371 922</b>	<b>418 182</b>	<b>13 111 040</b>



**Note 2****Inventory**

Item	as at June 30, 2011	as at June 30, 2010	as at December 31, 2010
Materials	504 864	119 184	828 972
Work in progress	-	-	-
Finished goods	5 105 637	3 978 289	4 394 619
Goods for resale	110 736	560 362	113 719
<b>Total gross inventory</b>	<b>5 721 237</b>	<b>4 657 835</b>	<b>5 337 310</b>
<b>Write-down</b>	<b>-92 851</b>	<b>-</b>	<b>-92 851</b>
<b>Total net inventory</b>	<b>5 628 386</b>	<b>4 657 835</b>	<b>5 244 459</b>

**Note 3****Trade receivables and advances paid**

Item	as at June 30, 2011	as at June 30, 2010	as at December 31, 2010
Trade receivables from related parties	1 485 064	-	1 485 064
Trade receivables from other entities	25 716 074	25 406 520	20 325 845
up to 12 months	25 716 074	25 406 520	20 325 845
over 12 months	-	-	-
<b>Total net trade receivables</b>	<b>27 201 138</b>	<b>25 406 520</b>	<b>21 810 909</b>
Trade receivables revaluation	-4 516 750	-4 464 604	-4 633 930
<b>Net trade receivables</b>	<b>22 684 388</b>	<b>20 941 916</b>	<b>17 176 979</b>
Provision for returns – revenue decrease	665 102	1 000 000	1 944 615
Decrease in own costs relating to the provision for returns	-	-200 000	-200 000
<b>Total</b>	<b>665 102</b>	<b>800 000</b>	<b>1 744 615</b>

Amounts of provisions and decreases in cost (last two lines of the above note) adjust the amount of gross receivables and are recorded in net result for the period.

**Note 4****Other current provisions**

Item	as at June 30, 2011	as at June 30, 2010	as at December 31, 2010
Provision for audit of financial statements	-	12 437	30 770
Provision for non-invoiced expenses	935 767	370 000	753 790
<b>Total</b>	<b>935 767</b>	<b>382 437</b>	<b>784 560</b>

The amount for audit of financial statements for the first half of 2011 is recognized in trade payables.

**Note 5****Buyback of the Parent's own bonds**

A complete, timely buyback of series B City Interactive S.A. bonds occurred on March 16, 2011, and the Issuer fulfilled all formalities towards bondholders who had subscribed for series B bonds in a quantity of 100 (one hundred) of a nominal value per bond of: PLN 50 000 (fifty thousand Polish zloty) and a total nominal value of: PLN 5 000 000 (five million Polish zloty), which the Issuer announced in current report no. 69/2010 of September 16, 2010. The total buyback price of series B City Interactive S.A. bonds together with interest amounted to PLN 5 256 989 (five million, two hundred and fifty-six thousand, nine hundred and eighty-nine Polish zloty).

**Note 6****Allocation of the Parent's 2010 profit**

On June 20, 2011 the Ordinary General Meeting of the Issuer adopted a resolution on allocation of the company's net profit, amounting to PLN 25 823 050, to the dividend fund. This profit is presented in the balance sheet under retained earnings.

**Note 7****Contingent payables and receivables**

As at June 30, 2011 the Company did not have any significant contingent payables.

**Note 8****Events after the end of the reporting period**

Aside from the appointment of Michał Sokolski to the Issuer's Management Board, no significant events occurred after the end of the reporting period.

**Note 9****Management Board and Supervisory Board Member salaries**

Salaries paid to Members of the Management Board during the period January 1 to June 30, 2011

Marek Tymiński - President of the Management Board	150 000.00
Artur Winiarski - Member of the Management Board	9 968.00
Wojciech Kutak - Member of the Management Board	73 830.18

Salaries paid to Members of the Supervisory Board during the period January 1 to June 30, 2011

Krzysztof Sroczyński - Chairperson of the Supervisory Board	21 000.00
Marek Dworak - Member of the Supervisory Board	15 000.00
Grzegorz Leszczyński - Member of the Supervisory Board	15 000.00
Lech Tymiński - Member of the Supervisory Board	15 000.00
Tomasz Litwiniuk - Member of the Supervisory Board	15 000.00

**Note 10****Net revenue from sale of products (geographical structure)**

Revenue geographical structure	for the period from Jan 1, 2011 to June 30, 2011	for the period from April 1, 2011 to June 30, 2011	for the period from Jan 1, 2010 to June 30, 2010	for the period from April 1, 2010 to June 30, 2010
Americas	15 172 951	9 278 767	10 300 594	8 152 784
Asia and Australia	3 414 131	2 724 148	1 337 285	983 302
Europe	24 641 359	17 843 768	17 245 410	8 320 797
<b>TOTAL</b>	<b>43 228 441</b>	<b>29 846 683</b>	<b>28 883 289</b>	<b>17 456 883</b>

**Note 11****Transactions with companies personally linked to Members of the Supervisory Board and the majority shareholder**

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

	<b>costs</b>	<b>revenues</b>	<b>receivables</b>	<b>liabilities</b>
ATS Sp. z o.o.	537 000	21 600	8 856	444 965
Premium Food Sp. z o.o.	636	-	-	-
Premium Food Restaurants S.A.	4 618	-	-	2 950
Klub Rybny Sp. z o.o.	-	-	-	-
Tech Marek Tymiński	-	3 529	-	-
<b>TOTAL</b>	<b>542 254</b>	<b>25 129</b>	<b>8 856</b>	<b>447 915</b>

Transactions with companies personally linked to Members of the Supervisory Board.

	<b>costs</b>	<b>revenues</b>	<b>receivables</b>	<b>liabilities</b>
KS Konsulting Krzysztof Sroczyński	13 500	-	-	6 642
IDM S.A. (Grzegorz Leszczyński)	1 887	-	-	14 554
IDEA (Grzegorz Leszczyński)	-	-	-	-
STELING M.Dworak	24 000	-	-	-
<b>TOTAL</b>	<b>39 387</b>	-	-	<b>21 196</b>

## Note 12

### Segment information

January 1, 2011 - June 30, 2011

Segments - consolidated	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
<b>Revenues</b>	<b>91%</b>	<b>2%</b>	<b>2%</b>	<b>4%</b>	<b>1%</b>	<b>100%</b>
<b>Total segment revenues</b>	<b>39 533 607</b>	<b>706 019</b>	<b>748 004</b>	<b>1 786 584</b>	<b>454 227</b>	<b>43 228 441</b>
Segment revenues	39 533 607	706 019	748 004	1 786 584	454 227	43 228 441
<b>Total segment direct expenses</b>	<b>-20 765 580</b>	<b>-410 359</b>	<b>-653 845</b>	<b>-263 064</b>	<b>-194 820</b>	<b>-22 287 668</b>
Segment cost of sales	-18 130 202	-306 401	-543 706	0	-127 938	-19 108 247
<b>Sales margin</b>	<b>54%</b>	<b>57%</b>	<b>27%</b>	<b>100%</b>	<b>72%</b>	<b>56%</b>
Segment depreciation and amortization	-2 635 379	-103 957	-110 139	-263 064	-66 882	-3 179 421
Other segment direct expenses						
<i>Result</i>	<i>0.47</i>	<i>0.42</i>	<i>0.13</i>	<i>0.85</i>	<i>0.57</i>	<i>0.48</i>
<b>Total segment profit (loss)</b>	<b>18 768 027</b>	<b>295 660</b>	<b>94 159</b>	<b>1 523 520</b>	<b>259 407</b>	<b>20 940 773</b>

April 1, 2011 - June 30, 2011

Segments - consolidated	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
<b>Revenues</b>	<b>93%</b>	<b>2%</b>	<b>1%</b>	<b>3%</b>	<b>1%</b>	<b>100%</b>
<b>Total segment revenues</b>	<b>27 796 195</b>	<b>468 901</b>	<b>423 478</b>	<b>868 808</b>	<b>289 301</b>	<b>29 846 683</b>
Segment revenues	27 796 195	468 901	423 478	868 808	289 301	29 846 683
<b>Total segment direct expenses</b>	<b>-13 614 716</b>	<b>-241 249</b>	<b>-393 926</b>	<b>-154 983</b>	<b>-108 229</b>	<b>-14 513 103</b>
Segment cost of sales	-12 361 591	-165 216	-322 004	0	-60 769	-12 909 580
<b>Sales margin</b>	<b>56%</b>	<b>65%</b>	<b>24%</b>	<b>100%</b>	<b>79%</b>	<b>57%</b>
Segment depreciation and amortization	-1 253 125	-76 033	-71 921	-154 983	-47 460	-1 603 523
Other segment direct expenses						
<i>Result</i>	<i>0.51</i>	<i>0.49</i>	<i>0.07</i>	<i>0.82</i>	<i>0.63</i>	<i>0.51</i>
<b>Total segment profit (loss)</b>	<b>14 181 479</b>	<b>227 652</b>	<b>29 552</b>	<b>713 825</b>	<b>181 072</b>	<b>15 333 580</b>





## Segment information - continued

January 1, 2010 - June 30, 2010

Segments - consolidated	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
<b>Revenues</b>	<b>73%</b>	<b>9%</b>	<b>2%</b>	<b>13%</b>	<b>3%</b>	<b>100%</b>
<b>Total segment revenues</b>	<b>21 218 144</b>	<b>2 569 537</b>	<b>533 542</b>	<b>3 759 490</b>	<b>802 576</b>	<b>28 883 289</b>
Segment revenues	21 218 144	2 569 537	533 542	3 759 490	802 576	28 883 289
<b>Total segment direct expenses</b>	<b>-8 699 930</b>	<b>-1 229 736</b>	<b>-327 102</b>	<b>-208 942</b>	<b>-225 286</b>	<b>-10 690 996</b>
Segment cost of sales	-5 611 969	-470 085	-297 448	0	-175 581	-6 555 083
<b>Sales margin</b>	<b>74%</b>	<b>82%</b>	<b>44%</b>	<b>100%</b>	<b>78%</b>	<b>77%</b>
Segment depreciation and amortization	-1 968 441	-628 151	-2 348	-16 545	-8 632	-2 624 117
Other segment direct expenses	-1 119 520	-131 500	-27 305	-192 398	-41 073	-1 511 796
<i>Result</i>	<i>0.59</i>	<i>0.52</i>	<i>0.39</i>	<i>0.94</i>	<i>0.72</i>	<i>0.63</i>
<b>Total segment profit (loss)</b>	<b>12 518 214</b>	<b>1 339 802</b>	<b>206 441</b>	<b>3 550 546</b>	<b>577 290</b>	<b>18 192 293</b>

April 1, 2010 - June 30, 2010

Segments - consolidated	Own products	Licensed products	Goods for resale and materials	Licenses	Distribution	Total
<b>Revenues</b>	<b>71%</b>	<b>7%</b>	<b>3%</b>	<b>17%</b>	<b>3%</b>	<b>100%</b>
<b>Total segment revenues</b>	<b>12 345 050</b>	<b>1 296 217</b>	<b>439 574</b>	<b>2 889 154</b>	<b>486 888</b>	<b>17 456 883</b>
Segment revenues	12 345 050	1 296 217	439 574	2 889 154	486 888	17 456 883
<b>Total segment direct expenses</b>	<b>-4 888 409</b>	<b>-491 991</b>	<b>-272 343</b>	<b>-178 367</b>	<b>-110 444</b>	<b>-5 941 554</b>
Segment cost of sales	-3 024 468	-175 121	-245 992	0	-74 379	-3 519 960
<b>Sales margin</b>	<b>76%</b>	<b>86%</b>	<b>44%</b>	<b>100%</b>	<b>85%</b>	<b>80%</b>
Segment depreciation and amortization	-925 975	-285 879	-1 659	-10 165	-3 768	-1 227 446
Other segment direct expenses	-937 965	-30 990	-24 693	-168 203	-32 297	-1 194 148
<i>Result</i>	<i>0.6</i>	<i>0.62</i>	<i>0.38</i>	<i>0.94</i>	<i>0.77</i>	<i>0.66</i>
<b>Total segment profit (loss)</b>	<b>7 456 642</b>	<b>804 227</b>	<b>167 230</b>	<b>2 710 786</b>	<b>376 444</b>	<b>11 515 329</b>



## 5. Condensed separate interim financial statements of City Interactive S.A.

**SEPARATE BALANCE SHEET**

drawn up as at June 30, 2011

in PLN

<b>ASSETS</b>	<b>as at June 30, 2011</b>	<b>as at June 30, 2010</b>	<b>as at Dec 31, 2010</b>
<b>A. NON-CURRENT ASSETS</b>	<b>18 516 927</b>	<b>15 799 501</b>	<b>16 371 554</b>
Property, plant and equipment	563 321	277 141	428 061
Intangible assets	16 088 578	12 617 094	13 110 418
Investment property	-	-	-
Interests in subsidiaries and associates	258 606	297 094	268 099
Non-current assets held for sale	-	-	-
Deferred income tax assets	1 606 422	2 608 172	2 564 976
Other non-current assets	-	-	-
<b>B. CURRENT ASSETS</b>	<b>46 455 962</b>	<b>30 181 403</b>	<b>43 229 572</b>
Inventory	4 838 314	3 662 136	4 285 520
Short-term investments	1 571 399	250 757	1 026 116
Advances paid	751 954	1 457 092	1 239 802
Trade receivables	24 110 365	22 855 257	19 476 861
Deferred tax receivables	-	-	-
Cash and cash equivalents	12 587 823	254 173	14 639 825
Other current assets	2 596 107	1 701 988	2 561 448
<b>TOTAL ASSETS</b>	<b>64 972 889</b>	<b>45 980 904</b>	<b>59 601 126</b>



Continued

**SEPARATE BALANCE SHEET**  
drawn up as at June 30, 2011

EQUITY AND LIABILITIES	as at June 30, 2011	as at June 30, 2010	as at Dec 31, 2010
<b>A. EQUITY</b>	<b>53 141 463</b>	<b>27 856 575</b>	<b>43 556 833</b>
Share capital	1 265 000	1 265 000	1 265 000
Share premium	4 838 239	20 555 689	4 555 689
Unregistered capital	-	-	-
Revaluation provision	32 415	71 406	42 411
Incentive scheme provision	-	282 550	282 550
Buyback provision	16 000 000	-	16 000 000
Retained earnings	31 005 809	5 681 930	21 411 183
<b>B. LIABILITIES</b>	<b>11 831 426</b>	<b>18 124 329</b>	<b>16 044 293</b>
<b>Non-current liabilities</b>	<b>210 322</b>	<b>261 953</b>	<b>201 437</b>
Borrowings including credits, loans and other debt instruments	-	-	-
Provision for pensions and similar	34 715	33 270	13 530
Finance lease liabilities	41 726	11 903	54 026
Other long-term provisions	-	-	-
Deferred income tax provision	133 881	216 781	133 881
Deferred income	-	-	-
<b>Current liabilities</b>	<b>11 621 104</b>	<b>17 862 375</b>	<b>15 842 856</b>
Borrowings including credits, loans and other debt instruments	-	5 094 065	5 022 816
Income tax liabilities	1 291 967	952 962	730 222
Trade and other payables	9 359 342	11 281 327	9 202 073
Finance lease liabilities	37 018	164 021	111 155
Other current provisions	932 777	370 000	776 590
Deferred income	-	-	-
Other liabilities	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>64 972 889</b>	<b>45 980 904</b>	<b>59 601 126</b>



**SEPARATE PROFIT AND LOSS STATEMENT**  
**for the period from January 1 to June 30, 2011**  
**multiple-step format**

in PLN

Description	for the period Jan 1 - June 30, 2011	for the period April 1, June 30, 2011	for the period Jan 1 - June 30, 2010	for the period April 1 - June 30, 2010
<b>Continuing operations</b>				
<b>Net revenue from sales</b>	<b>36 794 347</b>	<b>26 505 431</b>	<b>25 379 808</b>	<b>15 255 607</b>
Revenue from sale of products and services	36 046 343	26 083 772	24 386 343	14 356 110
Revenue from sale of goods for resale and materials	748 004	421 659	993 465	899 497
<b>Cost of products, goods for resale and services sold</b>	<b>19 154 382</b>	<b>13 038 371</b>	<b>9 044 191</b>	<b>4 897 022</b>
Cost of manufacture of products sold	18 610 676	12 716 040	8 538 446	4 442 733
Value of goods for resale and materials sold	543 706	322 331	505 745	454 289
<b>Gross profit (loss) on sales</b>	<b>17 639 965</b>	<b>13 467 060</b>	<b>16 335 617</b>	<b>10 358 585</b>
Other operating revenues	245 550	88 774	547 036	541 740
Distribution costs	3 554 175	1 752 657	2 718 675	1 957 754
Administrative expenses	2 005 398	1 123 623	1 660 343	886 309
Other operating costs	371 540	206 360	1 415 082	1 254 751
<b>Profit (loss) on operating activities</b>	<b>11 954 402</b>	<b>10 473 194</b>	<b>11 088 553</b>	<b>6 801 511</b>
Finance income	165 859	45 437	1 152 885	1 146 158
Finance costs	275 041	166 515	412 222	-216 496
<b>Profit (loss) before tax</b>	<b>11 845 219</b>	<b>10 352 116</b>	<b>11 829 216</b>	<b>8 164 165</b>
Income tax	2 250 592	1 844 288	2 028 039	1 400 699
<b>Profit (loss) on continuing operations</b>	<b>9 594 627</b>	<b>8 507 828</b>	<b>9 801 177</b>	<b>6 763 466</b>
<b>Discontinued operations</b>				
Loss on discontinued operations	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>9 594 627</b>	<b>8 507 828</b>	<b>9 801 177</b>	<b>6 763 466</b>

Net profit (loss)	9 594 627	8 507 828	9 801 177	6 763 466
Weighted average number of ordinary shares	12 650 000	12 650 000	12 650 000	12 650 000
Profit (loss) per ordinary share (in PLN)	0.76	0.67	0.77	0.53



**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**  
for the period from January 1 to June 30, 2011

in PLN

DESCRIPTION	for the period Jan 1 - June 30, 2011	for the period April 1, June 30, 2011	for the period Jan 1 - June 30, 2010	for the period April 1 - June 30, 2010
<b>Net profit (loss) for the year</b>	<b>9 594 627</b>	<b>8 507 828</b>	<b>9 801 177</b>	<b>6 763 466</b>
<b>Other total gross comprehensive income:</b>	-9 995	-4 208	19 324	25 275
Result of financial asset valuations	-9 995	-4 208	19 324	25 275
Cash flow hedges (gross including tax)	-	-	-	-
Gain on revaluation of properties	-	-	-	-
Current losses / profits on specific pension plans	-	-	-	-
Share of total other profits of associates	-	-	-	-
Income tax on elements of other total income	-	-	-	-
Other comprehensive income after tax (net, in accordance with the balance sheet)	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>9 584 631</b>	<b>8 503 620</b>	<b>9 820 501</b>	<b>6 788 740</b>



## SEPARATE STATEMENT OF CHANGES IN EQUITY

in PLN

For the period from January 1 to June 30, 2011		Share capital	Share premium	Buyback provision	Revaluation provision	Incentive scheme provision	Unregistered share capital	Retained earnings	Total equity
1.	Balance as at January 1, 2011	1 265 000	4 555 689	16 000 000	42 411	282 550	0	21 411 182	43 556 832
2.	Opening balance transition	-	-	-	-	-	-	-	-
3.	Balance as at January 1, 2011 after transition	1 265 000	4 555 689	16 000 000	42 411	282 550	0	21 411 182	43 556 832
Changes in equity during the first half of 2011									
4.	Profit (loss) for the period	-	-	-	-	-	-	9 594 627	9 594 627
5.	Acquisition / disposal of own shares	-	-	-	-	-	-	-	-
6.	Dividend payment to shareholders	-	-	-	-	-	-	-	-
7.	Share issue	-	-	-	-	-	-	-	-
8.	Share issue costs	-	-	-	-	-	-	-	-
9.	Profit distribution	-	-	-	-	-	-	-	-
10.	Decreases due to revaluation	-	-	-	-9 996	-	-	-	-9 996
11.	Equity reclassification	-	282 550	-	-	-282 550	-	-	-
<b>Balance as at June 30, 2011</b>		<b>1 265 000</b>	<b>4 838 239</b>	<b>16 000 000</b>	<b>32 415</b>	<b>-</b>	<b>-</b>	<b>31 005 809</b>	<b>53 141 463</b>



Continued

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period from January 1 to June 30, 2010		Share capital	Share premium	Buyback provision	Revaluation provision	Incentive scheme provision	Unregistered share capital	Retained earnings	Total equity
1.	<b>Balance as at January 1, 2010</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>52 082</b>	<b>293 675</b>	-	<b>-4 119 247</b>	<b>18 047 199</b>
2.	Opening balance transition	-	-	-	-	-	-	-	-
3.	<b>Balance as at January 1, 2010 after transition</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>52 082</b>	<b>293 675</b>	-	<b>-4 119 247</b>	<b>18 047 199</b>
Changes in equity during the first half of 2010									
2.	Profit (loss) for the period	-	-	-	-	-	-	9 801 177	9 801 177
3.	Acquisition / disposal of own shares	-	-	-	-	-	-	-	-
4.	Dividend payment to shareholders	-	-	-	-	-	-	-	-
5.	Share issue	-	-	-	-	-	-	-	-
6.	Share issue costs	-	-	-	-	-	-	-	-
7.	Profit distribution	-	-	-	-	-	-	-	-
8.	Decreases due to revaluation	-	-	-	19 324	-11 125	-	-	8 199
9.	Prior-period result adjustment	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2010</b>		<b>1 265 000</b>	<b>20 555 689</b>	-	<b>71 406</b>	<b>282 550</b>	-	<b>5 681 930</b>	<b>27 856 575</b>



Continued

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the period from January 1 to December 31, 2010		Share capital	Share premium	Buyback provision	Revaluation provision	Incentive scheme provision	Unregistered share capital	Retained earnings	Total equity
1.	<b>Balance as at January 1, 2010</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>52 082</b>	<b>293 675</b>	-	<b>-4 119 247</b>	<b>18 047 199</b>
2.	Opening balance transition	-	-	-	-	-	-	-292 621	-292 621
3.	<b>Balance as at January 1, 2010 after transition</b>	<b>1 265 000</b>	<b>20 555 689</b>	-	<b>52 082</b>	<b>293 675</b>	-	<b>-4 411 869</b>	<b>17 754 577</b>
Changes in equity in 2010									
2.	Profit (loss) for the period	-	-	-	-	-	-	25 823 051	25 823 051
3.	Creation of provision for acquisition of own shares	-	-16 000 000	16 000 000	-	-	-	-	-
4.	Dividend payment to shareholders	-	-	-	-	-	-	-	-
5.	Share issue	-	-	-	-	-	-	-	-
6.	Share issue costs	-	-	-	-	-	-	-	-
7.	Profit distribution	-	-	-	-	-	-	-	-
8.	Decreases due to revaluation	-	-	-	-9 671	-11 125	-	-	-20 796
9.	Prior-period result adjustment	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2010</b>		<b>1 265 000</b>	<b>4 555 689</b>	<b>16 000 000</b>	<b>42 411</b>	<b>282 550</b>	-	<b>21 411 183</b>	<b>43 556 832</b>





**SEPARATE STATEMENT OF CASH FLOWS**  
for the period from January 1 to June 30, 2011  
indirect method

Description	for the period Jan 1 to June 30, 2011	for the period Jan 1 to June 30, 2010	for the period Jan 1 to Dec 31, 2010
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>I. Gross profit (loss)</b>	<b>11 845 219</b>	<b>11 829 216</b>	<b>31 689 919</b>
<b>II. Total adjustments</b>	<b>-1 376 475</b>	<b>-6 000 844</b>	<b>-4 480 229</b>
1. Depreciation / amortization	3 179 422	2 646 897	5 960 471
2. Property, plant and equipment revaluation	-	54 048	528 203
3. Creation (reversal) of revaluations	-	-	1 950 624
4. Other revaluation	-	-47 191	-
5. Gain (loss) on exchange differences	40 661	111 223	122 234
6. Gain (loss) on investing activities	-	-	-
7. Gain (loss) on sale of fixed assets	-8 527	-	5 684
8. Interest	98 370	348 099	612 839
9. Exclusion of derivative instrument (forward contract) valuation	257 870	-	-360 455
10. Change in receivables	-4 059 382	-11 298 775	-8 312 974
11. Change in inventories	-552 795	622 862	-521
12. Change in trade and other payables	377 014	2 980 272	442 860
13. Change in provisions and liabilities for employee benefits	21 185	23 860	4 120
14. Incentive scheme	-	-11 125	-11 125
15. Tax paid	-730 293	-	-3 698 552
16. 2008 result adjustment	-	-1 431 014	-1 431 014
17. 2009 result adjustment	-	-	-292 621
<b>III. Net cash flows from operating activities</b>	<b>10 468 743</b>	<b>5 828 372</b>	<b>27 209 690</b>

Continued

## SEPARATE STATEMENT OF CASH FLOWS

Description		for the period Jan 1 to June 30, 2011	for the period Jan 1 to June 30, 2010	for the period Jan 1 to Dec 31, 2010
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
1.	Proceeds from sale of property, plant and equipment and intangible assets	15 869	-	-
2.	Proceeds from sale of financial assets	-	-	-
3.	Repayment of borrowings	-	1 292 413	1 276 770
4.	Interest received	-	-	20 621
5.	Proceeds from disposal of companies	-	-	-
6.	Other proceeds from financial assets	-	-	-
7.	Cash outflows on acquisition of subsidiaries	-	- 8 794	-
8.	Cash outflows on acquisition of property, plant and equipment and intangible assets	-150 961	-454 333	-1 212 322
9.	Payments for acquisition of investment property	-	-	-
10.	Payments for purchase of financial assets	-502	-	-8 794,00
11.	Cash outflows on R&D	-6 333 713	-4 319 630	-9 640 747
12.	Other income / costs from borrowings granted	-827 441	-	-449 653
13.	Other expenditures	-	-117 601	-117 888
<b>Net cash from investing activities</b>		<b>-7 296 749</b>	<b>-3 607 945</b>	<b>-10 132 014</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
1.	Net proceeds from issue of shares and other equity instruments	-	-	-
2.	Incurrence of borrowings	-	2 742 818	2 742 818
3.	Borrowings granted	-	-	-
4.	Expenditures on borrowings repayment	-5 000 000	-4 717 236	-4 786 641
5.	Payment of liabilities under finance lease agreements	-86 437	-99 366	-214 551
6.	Interest	-137 560	-344 834	-631 839
7.	Other finance costs	-	-5 396	-5 396
<b>Net cash from financing activities</b>		<b>-5 223 997</b>	<b>-2 424 014</b>	<b>-2 895 611</b>
<b>D. TOTAL NET CASH FLOWS</b>		<b>-2 052 002</b>	<b>-203 587</b>	<b>14 182 065</b>
<b>E. BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:</b>		<b>-2 052 002</b>	<b>-203 587</b>	<b>14 182 065</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>		<b>14 639 825</b>	<b>457 760</b>	<b>457 760</b>
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>12 587 823</b>	<b>254 173</b>	<b>14 639 825</b>



## NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

### Note 1

#### Transactions with subsidiaries and associates as at June 30, 2011

Transactions with CITY INTERACTIVE S.A. group companies included in the consolidated financial statements:

No liabilities as at the end of the reporting period.

	Expenses	Revenues	Receivables on date of incurrence	Valuation as at June 30, 2011	Receivables after balance sheet valuation as at June 30, 2011
City Interactive Germany GmbH	280 182	4 698	795 314	-8 344	786 970
City Interactive USA Inc.	2 391 576	7 577 722	10 695 412	-415 674	10 279 738
City Interactive Studio UK	-	2 501	383 131	-23 439	359 692
Business Area	-	-5 956	400 885	-	400 885
<b>TOTAL</b>	<b>2 671 752</b>	<b>7 578 965</b>	<b>12 274 743</b>	<b>-424 018</b>	<b>11 827 286</b>

#### Person drawing up the financial statements:

Artur Winiarski

#### CITY INTERACTIVE S.A. MANAGEMENT BOARD:

Marek Tymiński

President of the Management Board

Michał Sokolski

Member of the Management Board

Warsaw, August 23, 2011

