MULTIMEDIA POLSKA S.A. GROUP

Condensed consolidated interim financial statements for the three months ended 30 September 2006 prepared in accordance with the International Financial Reporting Standards

CONSOLIDATED INTERIM INCOME STATEMENTS

(in PLN)

	1 Jan - 30 Sep 2006	1 Jan - 30 Sep 2005	Q3 2006	Q3 2005
	unaudited	unaudited	unaudited	unaudited
Continuing operations				
Subscriber-generated and interoperator revenues	276 259 865	164 777 933	92 647 835	55 792 307
Other sales revenue	5 222 553	12 666 375	2 122 834	4 915 985
Sales revenue	281 482 418	177 444 308	94 770 669	60 708 291
Depreciation and amortisation	70 569 797	36 565 095	24 555 039	12 512 440
Materials	7 064 421	4 923 745	2 766 043	1 712 151
External services	92 093 164	62 734 302	29 276 740	19 914 743
Taxes and charges	12 213 382	6 268 904	3 940 838	863 560
Payroll	28 725 530	22 094 499	10 390 249	8 899 053
Other employee benefits	3 694 958	3 513 844	1 244 576	1 232 738
Other expenses	2 252 034	2 095 933	720 864	804 198
Value of goods and materials sold	40 725	-	38 225	-
Operating expenses	216 654 012	138 196 322	72 932 575	45 938 883
Profit/(loss)	**64 828 406**	**39 247 986**	**21 838 094**	**14 769 408**
Other operating income	14 003 752	1 450 675	12 591 849	1 258 581
Other operating costs	5 173 938	3 162 873	755 484	1 997 992
Operating profit	**73 658 220**	**37 535 788**	**33 674 459**	**14 029 997**
Finance income	3 875 026	353 309	926 756	264 981
Finance costs	21 396 000	13 257 713	8 489 622	3 660 881
Share of profit of associate	-	(142)	-	(421)
Profit/(loss) before tax	**56 137 246**	**24 631 242**	**26 111 593**	**10 634 234**
Income tax expense	10 515 942	3 356 694	6 099 852	653 558
Profit/(loss) for the year from continuing operations	**45 621 304**	**21 274 548**	**20 011 741**	**9 980 676**
Discontinued operations				
Loss for the year from discontinued operations	-	-	-	-
Profit/(loss) for the year	**45 621 304**	**21 274 548**	**20 011 741**	**9 980 676**
Attributable to:				
Equity holders of the parent	45 621 304	21 274 406	20 011 741	9 980 813
Minority interest	-	142	-	(137)
	45 621 304	21 274 548	20 011 741	9 980 676
Earnings per share for the year	0,33	0,30	0,15	0,14
			-	-

CONSOLIDATED INTERIM BALANCE SHEETS

(in PLN)

	30 Sep 2006	31 Dec 2005
	unaudited	
ASSETS		
Non-current assets		
Property, plant and equipment	631 831 690	602 251 513
Investment properties		-
Goodwill	4 796 498	4 796 498
Intangible assets	15 492 615	18 029 736
Financial assets	5 750	11 417
Prepayments and deferred costs	535 076	603 559
Deferred tax asset	6 230 588	6 316 403
	658 892 217	632 009 126
Current assets		
Inventories	923 886	578 036
Trade and other receivables	45 696 787	32 796 069
Prepayments and deferred costs	6 085 777	1 417 240
Cash and cash equivalents	103 792 111	12 549 741
	156 498 561	47 341 086
TOTAL ASSETS	**815 390 777**	**679 350 212**
EQUITY AND LIABILITIES		
Equity (attributable to equity holders of the parent)		
Share capital, including:	136 912 273	136 912 273
not registered as at the balance sheet date	-	32 869 899
Share premium	37 499 091	37 499 091
Treasury shares		
Exchange differences from translation		
Other reserves	21 381 241	3 460 828
Retained earnings	53 409 504	25 708 613
	249 202 109	203 580 805
Minority interest	**-**	**-**
Total equity	**249 202 109**	**203 580 805**
Non-current liabilities		
Interest-bearing loans and borrowings, finance lease liabilities	489 800 967	389 620 380
Other non-current liabilities	3 311 002	3 311 002
Provisions	1 583 133	249 410
Deferred income tax liabilities	9 284 775	9 944 163
	503 979 877	403 124 955
Current liabilities		
Interest-bearing loans and borrowings, other liabilities	14 068 768	11 488 180
SWAP contracts		2 275 373
Trade and other payables	25 917 543	47 746 392
Income tax payable	2 157 813	255 041
Accruals	15 114 234	3 978 737
Deferred income	4 950 433	6 900 729
	62 208 791	72 644 452
Total liabilities	**566 188 668**	**475 769 407**
TOTAL EQUITY AND LIABILITIES	**815 390 777**	**679 350 212**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in PLN)

		Attributable to equity holders of the parent						
unaudited	**Notes**	Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interest	Total equity
At 1 January 2005		**71 836 500**	**18 816 034**	**48 553 874**	**(14 227 877)**	**124 978 531**	**20 717**	**124 999 248**
Profit or (loss) for the year		-	-	-	21 274 406	21 274 406	142	21 274 548
Profit or (loss) for the year recognised directly in equity		-	-	-	-	-	-	-
Profit distribution		-	-	-	-	-	-	-
Other		-	-	-	-	-	(20 859)	(20 859)
								-
At 30 September 2005		**71 836 500**	**18 816 034**	**48 553 874**	**7 046 529**	**146 252 937**	**(0)**	**146 252 937**
At 1 January 2006		**136 912 273**	**37 499 091**	**3 460 828**	**25 708 613**	**203 580 805**	**-**	**203 580 805**
Profit or (loss) for the year		-	-	-	45 621 304	45 621 304	-	45 621 304
Profit or (loss) for the year recognised directly in equity		-	-	-	-	-	-	-
Profit distribution		-	-	17 920 413	(17 920 413)	-	-	-
Other		-	-	-	-	-	-	-
								-
At 30 September 2006		**136 912 273**	**37 499 091**	**21 381 241**	**53 409 504**	**249 202 109**	**-**	**249 202 109**
		136 912 273	37 499 091	21 381 241	53 409 504			45 621 304

CONSOLIDATED INTERIM CASH FLOW STATEMENTS

(in PLN)

	1 Jan - 30 Sep 2006	1 Jan - 30 Sep 2005	Q3 2006	Q3 2005
	unaudited	unaudited	unaudited	unaudited
Cash flows from operating activities				
Net Profit	**45 621 304**	**21 274 549**	**20 011 741**	**9 980 676**
Adjustments for:	**59 836 152**	**83 852 054**	**12 106 897**	**49 067 467**
Depreciation and amortisation	70 569 797	36 565 095	24 555 039	12 512 440
Interest and dividends, net	17 797 977	7 413 238	7 054 598	2 337 615
Foreign exchange gains/(losses)	1 994	3 695 991	(19)	(302 240)
Investment income	552 217	393 901	24 738	13 833
Change in inventories	(345 850)	(99 338)	(66 913)	(163 846)
Change in receivables	(8 085 113)	(2 189 217)	(6 083 874)	(4 529 750)
Change in current payables except bank loans and borrowings	(12 162 869)	36 440 185	(8 735 070)	37 428 006
Change in accruals and prepayments	(7 925 801)	(295 446)	(2 411 122)	(446 530)
Change in provisions	(908 798)	(2 186 116)	(282 814)	(3 282 665)
Other adjustments, including	342 598	4 113 761	(1 947 666)	5 500 604
- liquidation of fixed assets	57 340	392 601	(111 427)	235 090
- revaluation of tangible assets (revaluation allowance or reversal)	2 424 740	2 713 365	(60 193)	4 339 489
- income from valuation of investment inventory	(4 404)	-	(4 404)	-
- financial items (fees and commissions)	-	1 007 505	(2 025 269)	926 025
- goodwill / negative goodwill	-	-	-	-
- futures valuation	(2 097 769)	-	326 270	-
- other	(37 309)	290	(72 643)	0
Net cash flows from operating activities	**105 457 455**	**105 126 603**	**32 118 637**	**59 048 143**
			-	-
Cash flows from investing activities			-	-
Proceeds from sale of property, plant and equipment and intangibles	1 041 068	297 712	(13 568)	99 525
Purchase of property, plant and equipment and intangibles	(103 040 931)	(54 866 046)	(39 168 668)	(25 321 728)
Acquisition of subsidiary, net of cash acquired	-	-	-	-
Interest received	5 600	11 777	4 440	3 558
Repayment of loans granted	65 506	25 596	21 506	23 526
Granting of loans	-	(65 299 246)	-	(65 299 246)
Other	(91 904 400)	(0)	(91 904 400)	(0)
Net cash flows from investing activities	**(193 833 157)**	**(119 830 208)**	**(131 060 690)**	**(90 494 366)**
			-	-
Cash flows from financing activities			-	-
Proceeds from issue of shares	-	-	-	-
Payment of finance lease liabilities	-	-	-	-
Proceeds from borrowings/loans	103 323 635	27 668 792	102 274 729	27 668 792
Repayment of borrowings/loans	-	(5 191 436)	-	2 202 930
Dividends paid to equity holders of the parent	-	-	-	-
Dividends paid to minority interests	-	-	-	-
Interest and fees paid	(16 642 376)	(6 674 974)	(6 990 834)	(2 105 986)
Net cash flows from financing activities	**86 681 259**	**15 802 382**	**95 283 895**	**27 765 736**
			-	-
Net change in cash and cash equivalents	(1 694 442)	1 098 777	(3 658 157)	(3 680 486)
Cash and cash equivalents at the beginning of the period	**12 484 372**	**728 445**	**14 448 087**	**5 507 709**
Cash and cash equivalents at the end of the period	**10 789 930**	**1 827 222**	**10 789 930**	**1 827 222**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Multimedia Polska S.A. Group

The Multimedia Polska S.A. Group (the "Group") is composed of Multimedia Polska Spółka Akcyjna (the "Company" or "MMP") and the following subsidiaries:

	Name	Address	Business activity	Share in capital		
				2005	2004	2003
1	Tele Top Grupa Multimedia Polska Sp. z o.o.	Gdynia, ul.T.Wendy 7/9	- film and video production	99.9%	99.9%	99.9%
2	Multimedia Polska - Zachód Sp. z o.o.	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100.0%	100.0%	n/a
3	Multimedia Polska - Mielec Sp. z o.o	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100.0%	100.0%	n/a
4	Multimedia Polska - Wschód S.A.	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100.0%	100.0%	n/a
5	Multimedia Polska - Konin S.A.	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100.0%	100.0%	n/a
6	Multimedia Polska - Dębica S.A.	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100.0%	100.0%	n/a
7	Multimedia Polska - Brzesko S.A.	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100.0%	100.0%	n/a
8	Multimedia Polska - Południe S.A.	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100.0%	100.0%	n/a

Multimedia Polska Spółka Akcyjna of Gdynia (the "Company" or the "Parent Company") is the parent company of the Group. Multimedia Polska Sp. z o.o. was incorporated by virtue of Notarial Deed of 21 June 1991. On 1 August 2005, pursuant to a ruling of the District Court for Gdansk-Północ, VIII Economic Department, the Company changed its legal form from a limited liability company (*spółka z ograniczoną odpowiedzialnością*) into a joint stock company (*spółka akcyjna*) and since then has been operating under the trading name of MULTIMEDIA POLSKA S.A. The Company is registered with the National Court Register kept by the District Court for Gdansk-Północ, VIII Economic Department of the National Court Register, under entry no. 0000238931. The Company has been assigned industry identification number REGON 190007345. The Company's registered office is located in Gdynia, at 7/9 Tadeusza Wendy Street.

The Group's main activity is the provision of a wide range of telecommunication services, particularly radio, television, Internet and telephony over cable television systems.

The term of operation of the Company and the other Group entities is unlimited.

The condensed consolidated interim financial statements of the Group cover the period from 1 July to 30 September 2006 and the period from 1 January to 30 September 2006.

2. Accounting Policies

2.1. Basis of Preparation of the Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements for the period 1 January – 30 September 2006 have been prepared in accordance with the International Financial Reporting Standards applicable for interim financial reporting and endorsed by the European Union (IAS 34 *Interim Financial Reporting*).

The condensed consolidated interim financial statements do not include all information and disclosures required in the case of annual financial statements and should be read jointly with the historical consolidated financial information on the Company for the years 2003–2005, which was presented in the Prospectus.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The condensed consolidated interim financial statements are presented in Polish zloty ("PLN") unless otherwise indicated.

The condensed consolidated interim financial statements of the Group have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future for at least 12 months following the balance sheet date. As at the date of authorisation of the consolidated financial statements, the Parent Company's Management Board is not aware of any facts or circumstances that would indicate a threat to the continued operation of the Group.

2.2. Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and IFRS endorsed by the European Union. IFRSs comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). As at the date on which these condensed consolidated interim financial statements were approved for publication, given the current process of implementation of IFRS in the European Union and the scope of the Group's activities, in terms of the Group's accounting policies there is no difference between IFRSs applied by the Group and IFRSs endorsed by the European Union.

The Group companies keep their books of accounts in accordance with accounting policies specified in the Accounting Act dated 29 September 1994 ("the Accounting Act") and the regulations issued on its basis ("Polish Accounting Standards"). The condensed consolidated interim financial statements include a number of adjustments not included in the books of account of the Group companies, which were made to reconcile the financial statements of those companies to be in conformity with IFRS.

2.3. Summary of Key Accounting Policies

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with the policies applied in the preparation of the historical consolidated financial information for the years 2003-2005 contained in the Prospectus, and differ from them only inasmuch as the following amendments to standards effective for annual periods beginning on or after 1 January 2006 have been applied:

- IAS 39 *Financial Instruments" – Recognition and Measurement* ("IAS 39") – the amendment which alters the accounting for financial guarantee contracts by expanding the scope of IAS 39 to include financial guarantees issued. It applies to the disclosure of financial guarantee contracts by the guarantor. According to the amended version of IAS 39, financial guarantee contracts are measured at fair value at the time of their initial recognition and are usually revalued to the higher of: the value determined on the basis of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, or the initially recognised value reduced, where applicable, by accumulated amortization, disclosed in accordance with IAS 18 *Revenue*;
- IAS 39 – the amendment relating to hedge accounting for forecast intragroup transactions which alters IAS 39 so as to allow foreign exchange risk associated with a highly probable intragroup transaction to qualify as a hedged item in cash-flow hedge accounting, provided however that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign exchange risk has an impact on the financial statements;

- IAS 19 *Employee Benefits* – the amendment which provides for an alternative approach to the disclosure of actuarial gains and losses, which may be carried under equity. It also imposes additional requirements with respect to certain multi-employer plans. Additionally, the amendment introduces new disclosure requirements. However, since the Group has no intention to change the accounting principles governing the disclosure of actuarial gains and losses nor does it participate in any multi-employer plan, the application of the amended version of IAS 19 will affect solely the scope of disclosure.
- IAS 39 – *Fair Value Measurement Option* – the amendment which limits the applicability of the option of measurement of financial instruments at fair value through profit or loss. Given the fact that the Group treated only financial instruments held for trading as financial instruments measured at fair value through profit or loss, the amendment to IAS 39 did not affect the disclosure of its assets and liabilities or their values.
- IFRS 6 *Exploration for and Evaluation of Mineral Resources* – the standard which applies only to entities operating in the mining industry and therefore is not applicable to the Group.
- Interpretation IFRIC 4 *Determining whether an Arrangement Contains a Lease* – the interpretation introduces an obligation to evaluate the substance of arrangements which are not in the legal form of a lease but under which the right of disposal with respect to assets may arise. Following an analysis of the existing arrangements, the Management Board concluded that the interpretation is not applicable to the Group.
- Interpretation IFRIC 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* – the interpretation is not applicable to the Group's business or to transactions executed by the Group.
- Interpretation IFRIC 6 *Liabilities Arising form Participating in the Electrical and Electronic Equipment Market* – the interpretation is not applicable to the Group's business or to transactions executed by the Group.

The application of the aforementioned amendments to standards did not affect the Company's operating result or its financial standing.

The International Accounting Standards Board issued the following standards and interpretations which are due to take effect in future:

- Amendment to IAS 1 *Presentation of Financial Statements, Capital Disclosures* (becomes effective as of 1 January 2007)
- IFRS 7 *Financial Instruments; Disclosures* (becomes effective as of 1 Januaryt2007)
- Interpretation IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* (becomes effective as of 1 March 2006)
- Interpretation IFRIC 8 *Scope of IFRS 2* (becomes effective as of 1 May 2006)
- Interpretation IFRIC 9 *Reassessment of Embedded Derivatives* (becomes effective as of 1 June 2006)
- Interpretation IFRIC 10 *Interim Financial Reporting and Impairment Losses* (becomes effective as of 1 November 2006)

The Management Board expects that the implementation of the standards and interpretations listed above will not have a material effect on the accounting policies applied by the Group.

3. Seasonal or Cyclical Factors Affecting the Group's Activities in the Interim Period

The Group's activities are not subject to any major seasonal or cyclical trends.

4. Selected Items of Assets, Liabilities, Equity, Net Profit and Cash Flows, Including Items of Non-Recurring Nature, Size or Extent

4.1. Effects of Changes in the Group Structure in the Interim Period, Including Business Combinations, Acquisition or Disposal of Subsidiaries and Non-Current Investments, Restructuring, and Discontinuation of Operations after a Business Combination

As at 30 September 2006, the Group's share in the total vote at its subsidiaries was equal to the share in these subsidiaries' equity.

The Group's financial performance for the period 1 January – 30 September 2005 is markedly different from that reported in the corresponding period of 2006 due to the fact that the companies enumerated under numbers 2 – 8 of the table in section 1 above were acquired by Multimedia Polska S.A. in the period from 29 November to 30 December 2005. These acquisitions did not affect the consolidated income statement for the period 1 January – 30 September 2005 but have a significant bearing on the financial performance in 2006.

For a comparison of the financial information included in the income statements, see Notes 4.2–4.8 below.

On 14 June 2006 Multimedia Polska S.A. merged with three of its subsidiaries:

1. Lubelska Telewizja Kablowa S.A.
2. TeleNet Polska Sp. z o.o.
3. Multimedia Polska Centrum S.A.

As at the moment of the acquisition of control, Multimedia Polska S.A. carried out valuations of the assets, liabilities and contingent liabilities of these subsidiaries, as well as a calculation of goodwill. Having acquired the control, Multimedia Polska proceeded with consolidating the subsidiaries. The combination did not have any effect on the consolidated financial statements. It was performed in accordance with Art. 492.2 of the Commercial Companies Code, by transferring the entire assets of the acquired companies to the acquirer, i.e. Multimedia Polska S.A. As of the merger date, Multimedia Polska S.A. came to hold all the rights and obligations of the acquired companies. The combination was the final stage of the consolidation of the acquired companies with Multimedia Polska S.A. It did not result in any increase of the share capital or amendment to the Statutes of Multimedia Polska S.A.

In Q2 2006 the Group took further steps required under the Commercial Companies Code with respect to the merger of Multimedia Polska S.A.'s subsidiaries. The merger of four companies, namely Multimedia Polska – Wschód S.A., Multimedia Polska – Konin S.A., Multimedia Polska – Dębica S.A., Multimedia Polska – Brzesko S.A., into Multimedia Polska – Południe S.A. is aimed at streamlining the structure of the Group by consolidating subsidiaries, excluding mutual settlements, and reducing operating expenses.

4.2. Revenues and Financial Results

4.2.1 Sales Revenues

	Jan 1 - Sep 30 2006	Jan 1 - Sep 30 2005
	unaudited	unaudited
Subscriber-generated and interoperator revenues	276 259 865	164 777 933
Cable television	129 408 324	123 388 671
Internet	54 471 285	37 192 775
Telephony	91 318 122	3 165 628
subscriber-generated	76 303 538	3 165 628
interoperator	15 014 584	-
Other	1 062 134	1 030 859
Other sales revenues	5 222 553	12 666 376
Sales to unrelated parties	5 222 553	94 238
Sales to related parties	-	12 572 138
Sales revenues	**281 482 418**	**177 444 309**

Other sales revenues comprise revenues from telecom infrastructure lease and lease of other fixed assets, TV productions, commercials, sale of licences and materials. Multimedia Polska S.A. leases telecom infrastructure to the TeleNet Group while also providing maintenance and management services to the TeleNet Group companies, which have been Multimedia Polska S.A.'s subsidiaries since December 2005.

4.2.2. Other Operating Income

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005
	unaudited	unaudited
Compensation received	135 598	119 977
Revenue from revaluation, reversal of valuation allowances for other assets	20 165	187 164
VAT adjustment	538 134	-
	13 309 855	1 143 534
Other	**14 003 752**	**1 450 675**

In July 2006 Multimedia Polska Mielec received a one-off compensation of PLN 12m.

4.2.3. Other Operating Costs

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005
	unaudited	unaudited
Loss on disposal of property, plant and equipment	552 217	385 770
Valuation allowances for and write-downs of uncollectible receivables	839 380	608 820
Valuation allowances for other non-current assets	2 524 021	205 438
Other	1 258 320	1 962 844
	5 173 938	**3 162 873**

In the first half of 2006, the Company's Management Board decided to terminate certain investment projects. Therefore, the Company computed a valuation allowance for other non-current assets, including fixed assets under construction and investment inventories. The allowance decreased the value of fixed assets under construction and was charged to other operating costs.

4.2.4. Finance Income

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005
	unaudited	unaudited
Bank interest received	1 268 979	69 162
Valuation of forward contracts	2 097 769	-
Foreign exchange gains	131 520	209 264
Fees and interest accrued on loans granted	8 324	10 096
Other	368 434	64 787
	3 875 026	**353 309**

4.2.5. Finance Costs

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005
	unaudited	unaudited
Fees and interest on bank loans paid	19 237 614	5 431 840
Interest on other liabilities	203 560	1 361 958
Finance charges payable under finance leases	681 165	828 760
Foreign exchange losses	-	4 622 376
Other	1 273 661	1 012 779
	21 396 000	**13 257 713**

4.2.6. Employee Benefits Expense

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005
	unaudited	unaudited
Wages and salaries	28 725 530	22 094 499
Social security costs	2 953 195	2 715 834
Other	741 763	798 010
	32 420 488	**25 608 343**

4.3. EBITDA

The basic measure of profit in the telecommunications industry is EBITDA (earnings before interest, taxes, depreciation and amortisation). This measure reflects the Company's ability to generate cash on an ongoing basis in a comparable environment. The Company defines EBITDA as operating profit adjusted by depreciation and other costs and income resulting from a change in the value of non-current assets. In the calculation of EBITDA the Company disregards one-off events not directly related to its current operations, such as profit/loss on sale of non-current assets or revaluation of non-current assets. EBITDA is not defined in IFRS and may be calculated by different entities in different ways.

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005	Q3 2006	Q3 2005
	unaudited	unaudited	unaudited	unaudited
Operating profit	**73 658 220**	**37 535 788**	**33 674 459**	**14 029 997**
Depreciation and amortisation	70 569 797	36 565 095	24 555 039	12 512 440
EBIDTA	**144 228 017**	**74 100 883**	**58 229 498**	**26 542 437**
Other adjustments related to non-current assets, including:	3 076 237	591 208	(125 107)	53 629
- Disposal of fixed assets	552 217	385 770	24 738	5 702
- Impairment, valuation and liquidation of fixed assets	2 524 020	205 438	(149 845)	47 927
- Compensation received (one-off event)	(12 010 501)		(12 010 501)	-
Adjusted EBIDTA	**135 293 753**	**74 692 091**	**46 093 889**	**26 596 066**

4.4. Income Tax

Major components of income tax expense are as follows:

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005
	unaudited	unaudited
Consolidated income statement		
Current income tax		
Current income tax charge	11 025 887	3 581 508
Deferred income tax		
Relating to origination and reversal of temporary differences	(509 945)	(224 814)
Income tax expense reported in consolidated income statement	10 515 942	3 356 694

4.5. Earnings per Share

Basic earnings per share is computed as the quotient of the net profit for a given accounting period attributable to holders of the Parent Company's ordinary shares and the weighted average number of outstanding shares in that period. As there are no instruments with potentially dilutive effect on the Company shares, the Company does not present diluted earnings per share.

The data relating to earnings and shares which served as the basis for computation of basic earnings per share are presented below:

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005	Q3 2006	Q3 2005
	unaudited	unaudited	unaudited	unaudited
Net profit on continued operations	45 621 304	21 274 406	20 011 741	9 980 676
Weighted average number of outstanding ordinary shares (determined using the share exchange ratio) used to calculate basic earnings per share	136 912 273	71 836 500	136 912 273	71 836 500
Earning per share (determined using the share exchange ratio)	0.33	0.30	0.15	0.14

4.6. Dividends Paid and Declared

Pursuant to a resolution adopted by the Shareholders Meeting held on 29 June 2006, there were no distributions from the Multimedia Polska S.A.'s 2005 profit in the form of dividend payments. In accordance with Art. 396.1 of the Commercial Companies Code, reserve capital must be created to cover potential losses, to which at least 8% of profit for the current financial year must be transferred until the amount of the reserve capital reaches the minimum level of one-third of the share capital. Dividends may only be distributed based on the net profit/(loss) as reported in the statutory non-consolidated annual financial statements. The Management Board points out that the Company's ability to pay out dividends is limited under certain provisions of a loan agreement.

4.7. Cash in the Consolidated Cash Flow Statement

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	1 Jan – 30 Sep 2006	1 Jan – 30 Sep 2005
	unaudited	unaudited
Cash in hand and cash at banks	16 248 393	8 573 225
Short-term deposits	-	-
Other cash	43 160	14 004
Current account loan	(5 501 624)	(6 760 007)
	10 789 929	**1 827 222**

4.8. Property, Plant and Equipment, and Intangible Assets

In the period of nine months ended 30 September 2006, the Company acquired items of property, plant and equipment, as well as intangible assets worth in aggregate PLN 101 million (in the corresponding period of 2005: PLN 50.7 million).

In the period of nine months ended 30 September 2006, the Company disposed of items of property, plant and equipment with the aggregate net value of PLN 961 thousand (in the corresponding period of 2005: PLN 236 thousand), reporting a net loss on disposal in the amount of PLN 552 thousand (in the corresponding period of 2005: PLN 385 thousand).

4.9. Issued Capital and Reserves

Share capital

On 24 January 2006 a share capital increase at Multimedia Polska S.A. was registered. The increase had been resolved upon by the Extraordinary General Shareholders Meeting held on 22 December 2005. By virtue of the resolution, the Company's share capital was increased from PLN 104,042,374 to PLN 136,912,273 by way of an issue of ordinary registered series E shares, with a nominal value of PLN 1.00 each. Under the subscription agreement dated 30 December 2005, the newly issued shares were fully paid for with a contribution of shares in the share capitals of four companies: Multimedia Polska – Brzesko S.A., Multimedia Polska – Południe S.A., Multimedia Polska – Wschód S.A. and Multimedia Polska – Dębica S.A. In spite of the fact that the share capital increase was registered in 2006, because the court's decision was issued prior to the date of the Company's financial statements for 2005, in its 2005 financial statements the Company disclosed the increased capital.

Other capital

Pursuant to a resolution adopted by the Shareholders Meeting held on 29 June 2006, the 2005 profit of Multimedia Polska Sp. z o.o. was allocated in full to reserve capital.

The Company did not create any other reserve capitals for the purpose of covering specific losses or expenses.

4.10. Issue, Redemption and Repayment of Debt and Equity Securities

On 17 August 2006, the Extraordinary Shareholders Meeting of Multimedia Polska S.A. adopted a resolution concerning share capital increase, whereby the share capital was to be increased by an amount from PLN 1 to PLN 44,087,728 through the issue of from 1 to 44,087,728 ordinary bearer series F shares with a nominal value of PLN 1 per share. In November 2006, following a global offering the capital was increased by 20,787,728 series F shares.

In Q3 2006 the Company did not issue, redeem or repay debt securities.

4.11. Interest-Bearing Loans and Borrowings

On 20 June 2006, Multimedia Polska S.A. concluded an agreement with ABN AMRO Bank B.V. and Bank BPH S.A. which supplements and amends the loan agreement of 7 September 2005. Under the concluded agreement the loan amount was increased to PLN 550m. In July 2006, the Company made a drawdown of Tranche C of PLN 100m to purchase Tri Media bonds and make a prepayment to ABN AMRO Ventures.

5. Court Proceedings

As at 30 September 2006, no court, arbitration or administrative proceedings were pending which would concern any claims or liabilities of Multimedia Polska S.A. or its subsidiaries and whose value would exceed 10% of Multimedia Polska S.A.'s equity.

6. Changes in the Composition of the Management Board and Supervisory Board

Changes in the composition of the Management Board

As at 30 September 2005, the following persons served on the Management Board:

Arkadiusz Dorynek – Vice-President
Wojciech Kamieniecki – Vice-President
Andrzej Strehlau – Member

On 9 November 2005, Mr Andrzej Rogowski was appointed President of the Management Board of Multimedia Polska S.A.

On 29 November 2005, Mr Wojciech Kamieniecki and Mr Andrzej Strehlau were removed from their respective positions of Vice President and Member of the Board.

As at 30 September 2006, the Management Board was composed of the following persons:
Andrzej Rogowski – President
Arkadiusz Dorynek – Vice-President

Changes in the composition of the Supervisory Board

As at 30 September 2005, the following persons served on the Supervisory Board:

Ygal Ozechov – Chairman
Tomek Ulatowski – Vice-Chairman
Machiel Papousek – Member
Zbigniew Piotrowski – Member
Andrzej Rogowski – Member

On 9 November 2005, Mr Anthony Doran was appointed to serve on the Supervisory Board.

On 9 November 2006, Mr Andrzej Rogowski resigned from the position of Supervisory Board Member.

On 30 May 2006, Mr Zbigniew Piotrowski, Supervisory Board Member, died.

On 22 May 2006, Mr Machiel Papousek was removed from the Supervisory Board and Mr Vikram Pant was appointed in his place.

Mr Konrad Jaskóła and Mr Gabriel Wujek were appointed to serve on the Supervisory Board on 29 June 2006 and on 28 July 2006, respectively.

On 28 July 2006, Mr Anthony Doran resigned from the position of Supervisory Board Member.

As at 30 September 2006, the Supervisory Board of Multimedia Polska S.A. was composed of the following persons:

Ygal Ozechov – Co-chairman
Tomek Ulatowski – Co-chairman
Vikram Pant – Member
Konrad Jaskóła – Member
Gabriel Wujek – Member

7. Related Party Disclosures

Intercompany Transactions

The transactions concluded by the Group with its shareholders during the nine months ended 30 September 2006 are discussed below.

On 11 July 2006 the Group purchased a bond (the "Bond") from its shareholder – Tri Media Holdings Limited, for the amount of approx. PLN 91.9m. The nominal value of the Bond is approx. PLN 93.8m. The Bond bears interest at 3M WIBOR plus a margin of 1% per annum, and the interest is compounded on a daily basis. The interest is payable on the Final Redemption Date of the Bond, i.e. 30 June 2011 or on the date of any earlier obligatory or voluntary redemption. The Bond will be subject to obligatory redemption for example if the Company Shares are sold in a public offering – the Issuer of the Bond will redeem the part of the Bond which remains outstanding on the public offering settlement date together with any interest accrued by that date.

On 11 July 2006 the Company and ABN AMRO Ventures B.V., its shareholder, entered into a preliminary agreement providing for the purchase by the Company of 8,245,623 of its own shares with the purpose of their retirement. As a prepayment for the shares, the Company paid to ABN AMRO Ventures B.V. PLN 6,095,600. ABN AMRO Ventures B.V. undertook to return that amount together with any accrued interest, calculated at 3M WIBOR plus a margin of 1% per annum, if all shares in the share capital of Multimedia Polska S.A. held by ABN AMRO Ventures B.V. are sold in the Public Offering.

On 3 July 2006 Multimedia Polska S.A. concluded agreements with its subsidiaries operating in the telecommunications sector, providing for business management and business management consultancy as well as the provision of business administration services. Under each of the agreements Multimedia Polska S.A. undertook separately with respect to each subsidiary to provide – against payment and on the terms detailed in the agreements – services consisting in the management of a part of an enterprise as defined in Art. 7 of the Commercial Companies Code and to assist the companies with business management consultancy and services related to the operation of telecommunications networks. The agreements were concluded for indefinite terms and may be terminated at a six months' notice. Multimedia Polska S.A. undertook with respect to each subsidiary to bear the entire responsibility for any of its actions or omissions which constitute a breach of the agreement. Should any loss be caused to any of the subsidiaries, Multimedia Polska S.A. will be obliged to cover its full amount.
The monthly fees payable to Multimedia Polska S.A. for the provision of the services consisting in the management of a part of an enterprise, business management consultancy services and services related to the operation of a telecommunications network to each particular subsidiary are as follows:
- for the services provided to Multimedia Polska - Zachód Sp. z o.o. – PLN 470,000,
- for the services provided to Multimedia Polska - Konin S.A. – PLN 103,000,
- for the services provided to Multimedia Polska – Wschód S.A. – PLN 227,000,
- for the services provided to Multimedia Polska – Dębica S.A. – PLN 358,000,
- for the services provided to Multimedia Polska – Brzesko S.A. – PLN 270,000,
- for the services provided to Multimedia Polska – Południe S.A. – PLN 280,000,
- for the services provided to Multimedia Polska – Mielec Sp. z o.o. – PLN 238,000.

The monthly fees payable to Multimedia Polska S.A. will be subject to review on a monthly basis with reference to the actual costs incurred by Multimedia Polska S.A. in connection with the provision of the services in the period.

In the period from 1 July to 30 September 2006 Multimedia Polska S.A. concluded loan agreements with some of its subsidiaries (Multimedia Polska S.A. acting as the borrower). The loans were to be used for Multimedia Polska S.A.'s business needs. Each of the loans bears interest at 1M WIBOR quoted on the first day of the given month plus a margin of 1.7% per annum. The loans were granted to Multimedia Polska S.A. for the period of one year from the respective dates of the agreements, but the borrower has the right to prepay the loans.

On 5 July 2006 Multimedia Polska – Konin S.A. lent Multimedia Polska S.A. PLN 2,000,000. On 15 September 2006 Multimedia Polska – Dębica S.A. lent Multimedia Polska S.A. PLN 2,000,000, and on 3 July 2006 – PLN 3,000,000. On 24 August 2006 Multimedia Polska – Wschód S.A. lent Multimedia Polska S.A. PLN 5,000.000, and on 25 September 2006 – PLN 2,000,000. On 26 July 2006 Multimedia Polska – Brzesko S.A. lent Multimedia Polska S.A. PLN 1,500,000. As at 30 September 2006 Multimedia Polska S.A.'s total liabilities under the loans contracted from its subsidiaries amounted to PLN 22,300,000, exclusive of interest.

8. Events after the Balance Sheet Date

As at 9 November 2006, the date of these condensed consolidated interim financial statements, no events had occurred since the balance sheet date that were not, but should have been disclosed in the financial statements for the period from 1 January 2006 to 30 September 2006.

8.1 Share Capital Increase

As a result of a share capital increase made on 17 August 2006, the Company issued 20,787,728 ordinary bearer series F shares with a nominal value of PLN 1 each. Of these 5,834,230 shares were offered in a public offering and 14,953,498 in an international offering. On 8 November 2006, the Management Board allocated shares in both offerings. Detailed information regarding the allocation of shares will be published on dates stipulated in the Ordinance of the Minister of Finance regarding regulatory notices and financial reports filed by issuers of publicly traded securities. The issue price was set at PLN 12 per share. The Company is expecting to earn approximately PLN 231.5 million in profits from the issue of series F shares.

On 10 November 2006, the Management Board of Multimedia Polska S.A. made a declaration regarding an increase of the Company's share capital as a result of the new share issue by PLN 20,787,728. The share capital of the Company following the increase is PLN 157,700,000. The share capital structure is as follows:

- 63,590,876 series A bearer shares
- 8,245,623 series C bearer shares
- 32,205,874 series D bearer shares
- 32,869,899 series E bearer shares, and
- 20,787,728 series F bearer shares.

8.2 Redemption of Series B Share

In view of the fact that conditions stipulated in the Statues of the Company to automatically redeem 1 series B share with a nominal value of PLN 1 were fulfilled, the Management of Multimedia Polska S.A. passed a resolution dated 10 November 2006 regarding the redemption of the share in exchange for a remuneration of PLN 1.43 calculated according to par. 10 point 2 of the Company's Statutes. In the same resolution, the Management reduced the Company's share capital by PLN 1 to PLN 136,912,272.

8.3 Redemption of Bond by Shareholder

In connection with the sale of Shares in a Public Offering, the condition for an obligatory redemption of a Bond by Tri Media Holdings Limited, a shareholder of Multimedia Polska S.A., has been fulfilled. The Company acquired the Bond on 11 July 2006. As per the provisions of the Bond, the Bond was redeemed on 10 November 2006 for a total consideration of PLN 95,410,949.82, comprising the Bond's nominal value and accrued interest.

9 Shareholders Entitled to Exercise at Least 5% of Total Voting Rights at the General Shareholders Meeting, Either Directly or Indirectly through Subsidiaries, as at the Date of Publication of the Quarterly Report; Changes in the Ownership Structure in the Period from the Submission of the Previous Quarterly Financial Report

The parent company's share capital ownership structure as at 14 November 2006, the date of submission of this quarterly report for the third quarter of 2006, was as follows:

Shareholder	Number of shares held	Number of votes at the General Shareholders Meeting	Percentage of votes at the General Shareholders Meeting	Nominal value of shares held (in PLN)	Percentage held in share capital
Tri Media Holdings Ltd (1)(2)	26,945,741	26,945,741	17.1%	PLN 26,945,741	17.1%
Emerita B.V. (1)	15,781,292	15,781,292	10 %	PLN 15,781,292	10 %
UNP Holdings B.V. (1)	45,439,617	45,439,617	28.8%	PLN 45,439,617	28.8%
Bank Austria Creditanstalt AG	19,904,265	19,904,265	12.62%	PLN 19,904,265	12.62%
Other shareholders	49,629,085	49,629,085	31.48%	PLN 49,629,085	31.48%

(1) Subsidiaries of EVL.

The parent company's share capital ownership structure as at 20 October 2006, the date of publication of the Prospectus, was as follows:

Shareholder	Number of shares held	Number of votes at the General Shareholders Meeting	Percentage of votes at the General Shareholders Meeting	Nominal value of shares held (in PLN)	Percentage held in share capital
Tri Media Holdings Limited (1)(2)	63,539,031	63,539,031	46.41	PLN 63,539,031	46.41
Emerita B.V.(1)	15,781,292	15,781,292	11.53	PLN 15,781,292	11.53
UNP Holdings B.V. (1)	45,439,617	45,439,617	33.18	PLN 45,439,617	33.18
ABN AMRO Ventures B.V.	8,515,943	8,515,943	6.22	PLN 8,515,943	6.22
Other shareholders	3,636,390	3,636,390	2.66	PLN 3,636,390	2.66
TOTAL	**136,912,273**	**136,912,273**	**100%**	**PLN 136,912,273**	**100%**

(1) Entities directly or indirectly controlled by EVL.
(2) 2.765.628 shares are held indirectly through Biscoden Trading & Investments Limited, a subsidiary of Tri Media Holdings.

10 Statement of Changes in Ownership of Multimedia Polska S.A.'s Shares or Rights to Shares (Options) Held by Members of the Management Board and the Supervisory Board, According to Information Available to Multimedia Polska S.A. in the Period from the Publication of the Prospectus to the Date of this Quarterly Report

Name of Director	As at 20 October 2006	Increase	Decrease	As at 14 November 2006
Andrzej Rogowski	1,451,270	0	636,555	814,715

11 Information on Guarantees or Loan Collaterals Given by the Company or Its Subsidiaries to Other Entity or Its Subsidiary, Where the Amount of the Guarantee or Collateral Accounts for 10% or More of the Issuer's Equity

Neither the Company nor any of its subsidiaries gave loan collaterals or guarantees to any other entity or its subsidiary in the third quarter of 2006.

On 20 June 2006, pursuant to an amendment agreement to the existing facility agreement, the value of the contingent liability of each subsidiary of Multimedia Polska S.A. resulting from a loan repayment guarantee regarding the repayment of the PLN 550,000,000 facility by Multimedia Polska S.A. was PLN 68,333,333.34. The repayment guarantee was given to ABN AMRO Bank N.V., Bank BPH SA and Calyon S.A. (Polish Branch) for the period to 7 March 2013. Each guarantor has joint and several liability with other guarantors.

12 Management's Comments Regarding Previously Published Financial Forecasts

The Group does not publish forecasts of financial results.

13 Factors which May Affect the Group's Operations in the Following Quarter

Going forward, the Group expects that more of its customers will subscribe for bundled offerings, which may help to reduce the Group's churn rate and provide an important source of future revenue growth. While the Group's average sales revenue per RGU is expected to continue to decline for telephony and Internet services, the Group expects that the effect of these decreases on sales revenues may be more than offset as a result of rapid growth of the number of its Internet customers and increasing popularity of bundled services.

14 Concise Description of Major Achievements or Failures of the Issuer's Group in the Period Covered by These Condensed Consolidated Interim Financial Statements, Together with a List of Key Events Contributing to the Achievements/Failures

On 3 August 2006, the Group entered into a settlement agreement with Telekomunikacja Polska S.A. (TPSA), which ended negotiations concerning the Decision issued by the President of URTiP. The settlement guarantees that 12 interconnection points will be built between Multimedia Polska Group and TPSA at the level of all TPSA's transit exchanges. The settlement agreement also includes some framework provisions which will be introduced to all agreements between TPSA and the Group companies and will allow to keep the existing agreements in place, pursuant to which no local traffic is charged for until June 2007. The settlement also contains confidential arrangements regarding compensation to be paid to the Multimedia Group to cover all costs incurred during the negotiations regarding the implementation of the Decision.

Other operating achievements, including operating statistics regarding subscriber numbers, are discussed in "Directors' Report for the Three and Nine Months Ended 30 September 2006".

15 Foreign Exchange Rates

The table "Selected financial information" contains items of the income statement and the cash flow statement for 9 months ended 30 September 2006 and 30 September 2005, and items of the balance sheet as at 30 September 2006 and 30 December 2005 translated using the following rates:

	30 September 2006	31 December 2005	30 September 2005
Balance sheet	3.9835	3.8598	n/a
Income statement, cash flow statement	3.9102	n/a	4.0608

MULTIMEDIA POLSKA S.A.

Condensed non-consolidated interim financial statements for the three months ended 30 September 2006

INTERIM INCOME STATEMENTS

(in PLN)

MMP S.A.	1 Jan - 30 Sep 2006	1 Jan - 30 Sep 2005	Q3 2006	Q3 2005
	unaudited	unaudited	unaudited	unaudited
Continuing operations				
Subscriber-generated and interoperator revenues	197 925 274	164 777 932	67 402 735	55 792 306
Other sales revenue	22 749 808	12 437 334	9 509 802	4 802 291
Sales revenue	220 675 082	177 215 266	76 912 537	60 594 597
Depreciation and amortisation	45 036 484	26 457 385	14 553 362	9 119 240
Materials	5 785 884	4 911 992	2 416 875	1 705 535
External services	78 585 921	80 772 143	26 754 221	25 882 007
Taxes and charges	7 552 073	6 159 663	2 365 458	814 181
Payroll	28 204 475	21 561 530	10 238 476	8 677 905
Other employee benefits	3 651 610	3 486 709	1 231 297	1 222 613
Other expenses	1 871 517	2 052 425	593 750	790 431
Value of goods and materials sold	38 225	-	38 225	-
Operating expenses	170 726 189	145 401 847	58 191 664	48 211 912
Profit/(loss)	**49 948 893**	**31 813 419**	**18 720 873**	**12 382 685**
Other operating income	3 205 435	5 190 799	470 703	1 258 273
Other operating costs	3 907 677	6 312 968	608 682	1 842 870
Operating profit	**49 246 651**	**30 691 250**	**18 582 894**	**11 798 088**
Finance income	5 931 535	7 865 717	1 386 157	2 187 735
Finance costs	21 787 820	18 932 860	8 696 749	5 108 943
Share of profit of associate	-	-	-	-
Profit/(loss) before tax	**33 390 366**	**20 402 332**	**11 272 302**	**9 106 418**
Income tax expense	8 114 503	2 542 879	3 818 911	348 532
Profit/(loss) for the year from continuing operations	**25 275 863**	**17 859 453**	**7 453 391**	**8 757 886**
Discontinued operations				
Loss for the year from discontinued operations	-	-	-	-
Profit/(loss) for the year	**25 275 863**	**17 859 453**	**7 453 391**	**8 757 886**
Attributable to:				
Equity holders of the parent	25 275 863	17 859 453	7 453 391	8 757 886
Minority interest	-	-	-	-
	25 275 863	17 859 453	7 453 391	8 757 886
Earnings per share for the year	0,18	0,25	0,13	0,13

INTERIM BALANCE SHEETS

(in PLN)

	30 Sep 2006	31 Dec 2005
	unaudited	
ASSETS		
Non-current assets		
Property, plant and equipment	392 384 247	307 334 604
Investment properties		
Goodwill	4 796 498	4 796 498
Intangible assets	30 730 213	16 618 716
Financial assets	196 958 493	213 526 193
Prepayments and deferred costs	484 068	522 816
Deferred tax asset	5 322 347	5 074 622
	630 675 866	547 873 449
Current assets		
Inventories	923 886	578 036
Trade and other receivables	30 153 958	21 051 108
Prepayments and deferred costs	5 711 625	799 573
Cash and cash equivalents	135 892 155	89 577 083
	172 681 624	112 005 800
TOTAL ASSETS	**803 357 490**	**659 879 249**
EQUITY AND LIABILITIES		
Equity (attributable to equity holders of the parent)		
Share capital, including:	136 912 273	136 912 273
not registered as at the balance sheet date	-	-
Share premium	37 499 091	37 499 091
Treasury shares		
Exchange differences from translation		
Other reserves	21 381 241	3 460 827
Retained earnings	31 906 352	29 826 353
	227 698 957	207 698 544
Minority interest	**-**	**-**
Total equity	**227 698 957**	**207 698 544**
Non-current liabilities		
Interest-bearing loans and borrowings, finance lease liabilities	489 718 586	388 881 997
Other non-current liabilities	1	0
Provisions	1 894 389	378 971
Deferred income tax liabilities	8 343 329	8 257 917
Current liabilities		
Interest-bearing loans and borrowings, other liabilities	13 580 222	11 395 295
SWAP contracts		
Trade and other payables	44 611 345	25 351 879
Income tax payable	2 052 886	255 041
Accruals	14 446 424	16 436 558
Deferred income	1 011 352	1 223 047
	75 702 229	54 661 820
Total liabilities	**575 658 534**	**452 180 705**
TOTAL EQUITY AND LIABILITIES	**803 357 491**	**659 879 249**

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in PLN)

	Attributable to equity holders of the parent						
unaudited	Share capital	Share premium	Other reserves	Retained earnings	Total	Minority interest	Total equity
At 1 January 2005	**71 836 500**	**18 816 034**	**48 553 874**	**(14 227 877)**	**124 978 531**	**20 717**	**124 999 248**
Profit or (loss) for the year	-	-	-	21 274 406	21 274 406	142	21 274 548
Profit or (loss) for the year recognised directly in equity	-	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-	-
Other	-	-	-	-	-	(20 859)	(20 859)
At 30 September 2005	**71 836 500**	**18 816 034**	**48 553 874**	**7 046 529**	**146 252 937**	**(0)-**	**146 252 937**
At 1 January 2006	**136 912 273**	**37 499 091**	**3 460 828**	**25 708 613**	**203 580 805**	**-**	**203 580 805**
Profit or (loss) for the year	-	-	-	45 621 304	45 621 304	-	45 621 304
Profit or (loss) for the year recognised directly in equity	-	-	-	-	-	-	-
Profit distribution	-	-	17 920 413	(17 920 413)	-	-	-
Other	-	-	-		-	-	- -
At 30 September 2006	**136 912 273**	**37 499 091**	**21 381 241**	**53 409 504**	**249 202 109**	**-**	**249 202 109**
	136 912 273	37 499 091	21 381 241	53 409 504			45 621 304

INTERIM CASH FLOW STATEMENTS

(in PLN)

	1 Jan - 30 Sep 2006	1 Jan - 30 Sep 2005	Q3 2006	Q3 2005
	unaudited	unaudited	unaudited	unaudited
Cash flows from operating activities				
Net profit	**25 275 862**	**17 859 453**	**7 453 389**	**8 757 884**
Adjustments for:	**39 006 282**	**74 605 782**	**1 873 862**	**46 769 221**
Depreciation and amortisation	45 036 484	26 457 385	14 553 362	9 667 927
Interest and dividends, net	15 840 276	5 569 237	6 670 179	1 858 110
Foreign exchange gains/(losses)	(40 303)	3 695 991	39 393	(302 240)
Investment income (loss)	557 588	128 532	(35 455)	17 317
Change in inventories	160 570	871 593	(66 913)	2 270 923
Change in receivables	(4 834 037)	2 217 440	(14 917 928)	(1 085 942)
Change in current payables except bank loans and borrowings	(7 544 442)	35 988 441	247 994	38 328 072
Change in accruals and prepayments	(7 770 830)	(394 466)	(2 679 810)	(462 573)
Change in provisions	(276 006)	(1 961 302)	(195 275)	(3 282 665)
Other adjustments, including	(2 123 018)	2 032 931	(1 741 685)	(239 708)
- liquidation of fixed assets	-	253 287	-	95 776
- revaluation of tangible assets (revaluation allowance or reversal)	1 010	891 678	-	(1 241 950)
- income from valuation of investment inventory	(4 404)	-	(4 404)	-
- financial items (fees and commissions)	-	1 007 505	(2 025 269)	926 025
- goodwill / negative goodwill	-	-	-	-
- futures valuation	(2 097 769)	-	326 270	-
- other	(21 855)	(119 539)	(38 282)	(19 559)
Net cash flows from operating activities	**64 282 144**	**92 465 235**	**9 327 251**	**55 527 106**
Cash flows from investing activities			**-**	**-**
Proceeds from sale of property, plant and equipment and intangibles	948 011	228 569	(320 865)	99 526
Purchase of property, plant and equipment and intangibles	(97 339 356)	(51 299 068)	(38 372 809)	(22 311 550)
Acquisition of subsidiary, net of cash acquired	-	-	-	-
Interest received	5 600	11 378	4 440	3 387
Repayment of loans granted	65 506	20 216	21 506	20 216
Granting of loans	-	(57 999 246)	-	(57 999 246)
Other	(68 316 345)	1 831 714	(108 120 747)	(6 821 866)
Net cash flows from investing activities	**(164 636 584)**	**(107 206 438)**	**(146 788 475)**	**(87 009 534)**
Cash flows from financing activities			**-**	**-**
Proceeds from issue of shares	-	-	-	-
Payment of finance lease liabilities	-	-	-	-
Proceeds from borrowings/loans	116 059 176	27 668 792	115 010 270	27 668 792
Repayment of borrowings/loans	-	(5 191 436)	29 226 133	2 202 930
Dividends paid to equity holders of the parent	-	-	-	-
Dividends paid to minority interests	-	-	-	-
Interest and fees paid	(16 251 874)	(6 660 852)	(6 611 251)	(2 101 940)
Net cash flows from financing activities	**99 807 302**	**15 816 504**	**137 625 152**	**27 769 782**
Net change in cash and cash equivalents	(547 138)	1 075 301	163 928	(3 712 646)
Cash and cash equivalents at the beginning of the period	**3 471 875**	**133 744**	**2 760 810**	**4 921 691**
Cash and cash equivalents at the end of the period	**2 924 737**	**1 209 045**	**2 924 737**	**1 209 045**

MULTIMEDIA POLSKA S.A. GROUP

Directors’ Report for the Three and the Nine Months Ended
30 September 2006

Introduction

The following discussion of the Group's results for the three and nine months ended 30 September 2006 was prepared on the basis of condensed consolidated interim financial statements for the three months ended 30 September 2006, prepared in accordance with the IFRS. The financial statements present consolidated data of the Company's Group, i.e. Multimedia Polska S.A. Group, for Q3 2006 and Q3 2005, and cumulative data for the first nine months of 2006 and 2005. When analysing these data, one should take into account the fact that in Q3 2005 and the period 1 January – 30 September 2005, the TeleNet Group's companies were not part of the Company's Group, as they were acquired in a series of transactions in November and December 2005 (see p. 48 of the Prospectus, chapter "Operating and Financial Review"). The data for 2005 disclosed in the financial statements is not *pro forma* data and does not include the results of the TeleNet Group.

As at 30 September 2006, the Group had 767,808 RGUs, including 463,993 cable TV RGUs, 127,473 broadband Internet access RGUs, 149,143 voice RGUs, 22,091 premium channels RGUs and 5,108 other RGUs comprising indirect voice services.

As at 30 September 2006, the Group had over 127,700 subscribers who used more than one service, including nearly 27,000 Triple Play subscribers.

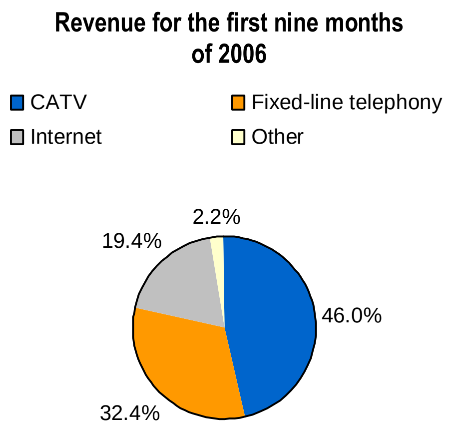
In Q3 2006, the Group recorded a net increase in RGUs of 21,455 (including churn), comprising:

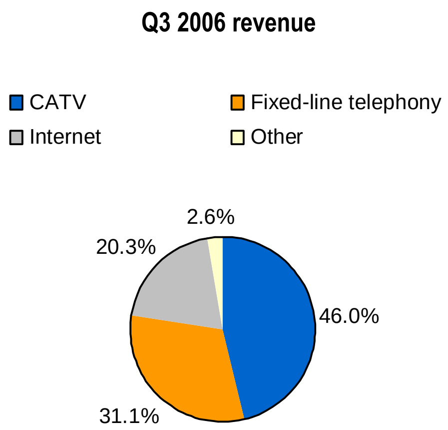
7,610 RGUs	CATV
10,571 RGUs	broadband Internet
2,957 RGUs	voice services (addition of 4,238 VoIP RGUs with a concurrent loss of 1,281 PSTN RGUs)
76 RGUs	premium channels
241 RGUs	indirect voice services

The Group expects that a larger percentage of customers will use bundled services in the future, which may reduce the churn rate and create an important source of future revenue growth. Furthermore, it is expected that the average revenues per RGU will continue to decrease in the case of voice and broadband Internet access services, although this decrease may be cushioned by a strong increase in the number of customers using broadband Internet and bundled services. Furthermore, the cable TV revenue is expected to rise as a result of the launch of digital cable TV by cable networks in 2007.

Sales Revenue

The structure of revenue generated by the Group comprises CATV, Internet, fixed-line telephone and other revenue. The shares of individual revenue groups in the total sales revenue for the nine months of 2006 were as follows: 46% – CATV services, 19.4% – Internet access, 32.4% – fixed-line telephone and 2.2% – other services. In Q3 2006, the Group's revenue on CATV, Internet access, fixed-line telephone and other revenues represented 46.0%, 20.3%, 31.1% and 2.6% of the total sales revenue, respectively. Over the first three quarters of 2006, the structure of the Group's revenue did not change significantly.





A year-on-year comparison of the Group's performance in the first nine months of the year reveals that the Group recorded an increase in sales revenue of PLN 104.0m, or 59%, from PLN 177.5m in 2005 to PLN 281.5m in 2006. The key factors contributing to the growth were an increase in voice revenue following the inclusion of the TeleNet Group's businesses in the 2006 revenue (approximately PLN 80m), and a larger base of broadband Internet and VoIP subscribers (growth of PLN 10.5m and PLN 8.0m, respectively).

A comparison of Q3 performance in 2006 and 2005 shows that the Group recorded an increase in sales revenue of PLN 34.1m, or 56%, from PLN 60.7m in 2005 to PLN 94.8m in 2006.

CA TV

The structure of the revenue on CATV services is presented in the table below.

(PLN '000)	Q3 2005	Q3 2006	Nine months of 2005	Nine months of 2006
Subscription fee for standard TV packages(1)	40,149.2	42,161.9	119,969.6	125,260.6
Subscription fee for premium channels	1,159.3	1,410.8	3,419.1	4,147.7
Total CATV revenue	**41,308.5**	**43,572.8**	**123,388.7**	**129,408.3**

(1) Subscription fee comprise re-broadcasting of television programming and maintenance of the cable network and the connection.

The table below shows selected consolidated operating and financial data concerning CA TV services.

	Q3 2005	Q3 2006	Nine months of 2005	Nine months of 2006
Homes passed ('000), including both existing and potential subscribers	659	671	659	671
Revenue Generating Units (RGU) ('000)[(1)]	444	464	444	464
Premium channels (RGU) ('000)	22	22	22	22
Average monthly revenue per RGU [(2)]	30.15	30.50	29.99	30.53

(1) CA TV RGUs do not include premium channel subscribers.
(2) Revenue on CA TV services, exclusive of premium channels, for a given period divided by the number of months and the average number of RGUs for a specific service in the period (the average number of RGUs may differ from the number of RGUs as at the end of period specified above).

A year-on-year comparison of the Group's results for the first nine months of the year reveals that the Group reported growth in CA TV revenue of PLN 6.0m, or 5%, from PLN 123.4m in 2005 to PLN 129.4m in 2006. The rise in CA TV revenue was driven by an increase in the number of CA TV RGUs (up by 4.5%) and migration of subscribers to higher-level service packages, which entails higher subscription fees.

A comparison of Q3 results in 2006 and 2005 shows that the Group recorded an increase in CA TV revenue of PLN 2.3m, or 5%, from PLN 41.3m in 2005 to PLN 43.6m in 2006.

Internet

The table below shows the structure of Internet access revenue.

(PLN '000)	**Q3 2005**	**Q3 2006**	**Nine months of 2005**	**Nine months of 2006**
Broadband Internet access	12,791.3	19,130.7	37,192.8	54,065.3
Other Internet access (including dial-up)	-	110.2	-	406.0
Total Internet access revenue	**12,791.3**	**19,240.9**	**37,192.8**	**54,471.3**

The table below shows selected consolidated operating and financial data concerning broadband Internet access.

	Q3 2005	Q3 2006	Nine months of 2005	Nine months of 2006
Homes passed ('000), including both existing and potential subscribers (only CA TV networks)	514	568	514	568
Homes passed ('000), including both existing and potential subscribers (only PSTN)	-	181	-	181
Revenue Generating Units (RGU) ('000)	77	127	77	127
Average monthly revenue per RGU [(1)]	55.55	52.19	58.69	53.22

(3) Revenue on broadband Internet access services for a given period divided by the number of months and the average number of RGUs for a specific service in the period (the average number of RGUs may differ from the number of RGUs as at the end of period specified above).

The Group recorded an increase in the revenue on Internet access services of PLN 17.3m, or 46%, from PLN 37.2m in the first nine months of 2005 to PLN 54.5m in 2006. The revenue growth was attributable mainly to a 46% rise in the number of broadband Internet access RGUs (of which 40% was attributable to organic growth and 6% resulted from the acquisition of the TeleNet Group's companies). The positive impact of the increased RGU base was somewhat offset by a reduction of the price of the service. The monthly average revenue per user (ARPU) declined by 9%.

A comparison of Q3 results in 2006 and 2005 shows that the Group recorded an increase in Internet access revenue of PLN 6.5m, or 50%, from PLN 12.8m in 2005 to PLN 19.2m in 2006. ARPU decline was slightly reduced, to 6%.

Voice Services

The table below shows the structure of fixed-line telephone revenue.

(PLN '000)	Q3 2005	Q3 2006	Nine months of 2005	Nine months of 2006
Subscription fee	692.2	11,944.7	1,608.8	34,522.3
Traffic (including value-added services)	656.0	12,189.8	1,556.8	39,539.1
Wholesale interconnect charges	-	4,588.5	-	14,879.3
Other (including indirect services and coin boxes)	-	778.1	-	2,377.4
Total voice revenue	**1,348.1**	**29,501.0**	**3,165.6**	**91,318.1**

The table below shows selected consolidated operating and financial data concerning fixed-line telephone services.

	Q3 2005	Q3 2006	Nine months of 2005	Nine months of 2006
Homes passed ('000), including both existing and potential subscribers (only CA TV networks)	514	568	514	568
Homes passed ('000), including both existing and potential subscribers (only PSTN)	180	181	180	181
Revenue Generating Units (RGU) ('000)	12	149	12	149
Average monthly revenue per RGU (1)	41.91	54.74	42.89	57.51

(1) Revenue on fixed-line telephone services for a given period divided by the number of months and the average number of RGUs for a specific service in the period (the average number of RGUs may differ from the number of RGUs as at the end of period specified above).

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in fixed-line telephone revenue of PLN 88.2m, from PLN 3.2m in 2005 to PLN 91.3m in 2006. The key growth driver, responsible for approximately 90% of the increase, was the acquisition of the TeleNet Group's companies in November and December 2005. The increase in ARPU, as recorded in Q3 2005 and Q3 2006 and in the first nine months of 2005 and 2006, followed from the fact that in 2005 the Multimedia Group provided only VoIP voice services, while in 2006, after the acquisition of the TeleNet Group, it has also provided these services through PSTN networks. The prices of voice services over PSTN networks are still higher than those in CA TV networks, which is reflected in the growth of combined ARPU for both network types in 2006.

A comparison of Q3 results in 2006 and 2005 shows that the Group recorded growth in voice revenue of PLN 22.9m, from PLN 1.3m in 2005 to PLN 24.2m in 2006.

Other Revenue

Other revenue, which includes lease income, licence fees, revenue on services provided to subsidiaries and associates, revenue on TV production and other revenue on subscription and interconnection sales (change of package, maintenance, re-connection fees etc.), declined by PLN 7.4m, or 54%, from PLN 13.7m in the first nine months of 2005 to PLN 6.3m in the corresponding period in 2006. This decrease was caused by the acquisition of the TeleNet Group, as a result of which no management fees were recorded in 2006 (PLN 10.2m in the first nine months of 2005). At the same time, the lease income grew by PLN 2.8m.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded a decline in other revenue of PLN 2.8m, or 53%, from PLN 5.3m in 2005 to PLN 2.5m in 2006.

Operating Expenses

Depreciation and Amortisation

A year-on-year comparison of the results for the first nine months of the year reveals that the Group recorded an increase in depreciation and amortisation of PLN 34.0m, or 93%, from PLN 36.6m in 2005 to PLN 70.6m in 2006. The increase is primarily attributable to the disclosure of depreciation and amortisation of the TeleNet Group's companies in 2006.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in depreciation and amortisation of PLN 12.0m, or 96%, from PLN 12.5m in 2005 to PLN 24.5m in 2006.

Materials

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in the cost of materials end energy used of PLN 2.1m, or 43%, from PLN 4.9m in 2005 to PLN 7.0m in 2006. The increase is primarily attributable to the disclosure of materials and energy costs of the TeleNet Group's companies in 2006.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in the cost of materials and energy used of PLN 1.1m, or 62%, from PLN 1.7m in 2005 to PLN 2.8m in 2006.

External Services

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in the cost of external services of PLN 29.4m, or 47%, from PLN 62.7m in 2005 to PLN 92.1m in 2006. The increase is primarily attributable to the disclosure of the cost of external services of the TeleNet Group's companies in 2006, the largest items of which are interconnect services (related to the provision of voice services) and lease of infrastructure.

The table below sets forth the structure of external services.

(PLN '000)	**Q3 2005**	**Q3 2006**	**Nine months of 2005**	**Nine months of 2006**
Interconnect	686.32	5,581.40	1,609.62	15,945.70
Lease of infrastructure	5,708.41	8,865.46	20,884.41	28,171.66
Marketing and customer service	2,175.61	3,193.55	8,314.51	12,280.75
Programming and copyrights	7,215.37	7,098.36	21,516.97	22,672.46
Other	4,128.99	4,538.00	10,408.79	13,022.60
Total	**19,914.70**	**29,276.76**	**62,734.30**	**92,093.16**

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in the cost of external services of PLN 9.4m, or 47%, from PLN 19.9m in 2005 to PLN 29.3m in 2006.

Taxes and Charges

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in taxes and charges of PLN 5.9m, or 95%, from PLN 6.3m in 2005 to PLN 12.2m in 2006. The increase is primarily attributable to the disclosure of taxes and charges of the TeleNet Group's companies in 2006. The item which grew the most was real estate tax (up by PLN 4.7m).

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in taxes and charges of PLN 3.0m, from PLN 0.9m in 2005 to PLN 3.9m in 2006.

Payroll

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in payroll costs of PLN 6.6m, or 30%, from PLN 22.1m in 2005 to PLN 28.7m in 2006. The increase is attributable to the taking over of the TeleNet Group's employees in March 2005: the higher headcount contributed to the increase in payroll costs over a part of the nine-month period in 2005 and the entire first three quarters of 2006.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in the costs of payroll of PLN 1.5m, or 17%, from PLN 8.9m in 2005 to PLN 10.4m in 2006. The increase is attributable entirely to the creation of a provision for payroll connected with the task bonuses awarded.

Other Employee Benefits

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in the cost of other employee benefits of PLN 0.2m, or 5%, from PLN 3.5m in 2005 to PLN 3.7m in 2006. The increase is attributable to the taking over of the employees of the TeleNet Group in March 2005.

A comparison of the Q3 results in 2006 and 2005 shows no significant increase in the Group's costs of other employee benefits: they rose by a mere PLN 0.01m, or 1%, from PLN 1.23m in 2005 to PLN 1.25m in 2006.

Other Operating Income

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in other operating income of PLN 12.6m, from PLN 1.4m in 2005 to PLN 14.0m in 2006. The increase is mainly attributable to a non-recurring event, namely the receipt of compensation in the amount of PLN 12.0m.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in other operating income of PLN 11.3m, from PLN 1.3m in 2005 to PLN 12.6m in 2006.

Other Operating Costs

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in other operating costs of PLN 2.0m, or 64%, from PLN 3.2m in 2005 to PLN 5.2m in 2006, mainly owing to an increase in valuation allowances for tangible assets.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded a decrease in other operating costs of PLN 1.2m, or 62%, from PLN 2.0m in 2005 to PLN 0.8m in 2006.

Operating Profit

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in operating profit of PLN 36.1m, or 96%, from PLN 37.5m in 2005 to PLN 73.7m in 2006. The increase is attributable to the following factors:

- disclosure of the TeleNet Group companies' revenue of approximately PLN 80m in the consolidated financial statements for the first nine months of 2006,
- growth of the base of customers using broadband Internet provided over cable networks, with the resulting PLN 10.5m increase in revenue,
- growth of the base of customers using voice services provided over cable networks (VoIP), with the resulting increase in revenue of nearly PLN 8.0m,
- decrease in variable costs of transmission capacity lease for the provision of Internet services, from 29% in 2005 to below 18% in 2006,
- non-recurring event: received compensation of PLN 12.0m.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in operating profit of PLN 19.6m, or 140%, from PLN 14.0m in 2005 to PLN 33.7m in 2006.

EBITDA and Adjusted EBITDA

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in EBITDA of PLN 70.1m, or 95%, from PLN 74.1m in 2005 to PLN 144.2m in 2006. The increase is attributable to the same factors which contributed to the increase in operating profit, as described above.

Over the same periods the Group recorded an increase in adjusted EBITDA of PLN 60.6m, or 81%, from PLN 74.7m for the first nine months of 2005 to PLN 135.3m for the corresponding period of 2006. Adjusted EBITDA margin increased from 42.1% for the first nine months of 2005 to 48.1% for the first nine months of 2006. In line with the formula adopted by the Company, adjusted EBITDA is computed as EBITDA less/plus results of non-recurring events. For detailed information on EBITDA computation see part "Selected Historical Financial

Highlights" of the Prospectus. Adjustments to non-current assets totalled PLN 3.1m, while the adjustment relating to the compensation received totalled -PLN 12.0m (a negative value).

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in EBITDA of PLN 31.7m, or 119%, from PLN 26.5m in 2005 to PLN 58.2m in 2006, while adjusted EBITDA increased by PLN 19.5m, or 73%, from PLN 26.6m in 2005 to PLN 46.1m in 2006. Adjusted EBITDA margin increased from 43.9% in Q3 2005 to 48.6% in Q3 2006.

Finance Income

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in finance income of PLN 3.5m, from PLN 353 thousand in 2005 to PLN 3.9m in 2006. The factors contributing to the increase included an increase of PLN 1.5m in interest received on cash and investments.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in finance income of PLN 0.6m, from PLN 0.3m in 2005 to PLN 0.9m in 2006.

Finance Costs

A year-on year-comparison of the results for the first nine months of the year reveals that the Group recorded an increase in finance costs of PLN 8.1m, or 61%, from PLN 13.3m in 2005 to PLN 21.4m in 2006. The increase is mainly attributable to higher long-term debt (a PLN 13.9m increase in interest on long-term loans). On the other hand, in 2006 the Group had no outstanding debt denominated in foreign currencies; consequently, in 2006, the Group did not record any material foreign exchange losses, which in 2005 amounted to approximately PLN 5.8m.

A comparison of the Q3 results in 2006 and 2005 shows that the Group recorded an increase in finance costs of PLN 4.8m, from PLN 3.7m in 2005 to PLN 8.5m in 2006.