

MULTIMEDIA POLSKA GROUP

Quarterly report for the three months
ended 31 March 2007

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1. Multimedia Polska Group

The consolidated financial statements for the first quarter of 2007 were prepared for Multimedia Polska S.A. and the following entities of Multimedia Polska Group: Tele - Top Grupa Multimedia Polska Sp. z o.o., Multimedia Polska - Zachód Sp. z o.o., Multimedia Polska - Mielec Sp. z o.o., Multimedia Polska - Południe S.A., Automatic Serwis Sp. z o.o. and Telewizja Kablowa Brodnica Sp. z o.o.

As at the balance sheet date and as at the date of this report, Multimedia Polska 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	
				31 March 2007	31 December 2006
1	Tele Top Grupa Multimedia Polska Sp. z o.o.	Gdynia, ul. T. Wendy 7/9	film and video production	99.90%	99.90%
2	Multimedia Polska - Zachód Sp. z o.o.	Gdynia, ul. T. Wendy 7/9	voice, data and other telecommunications services	100.00%	100.00%
3	Multimedia Polska - Południe S.A.	Gdynia, ul. T. Wendy 7/9	voice, data and other telecommunications services	100.00%	100.00%
4	Automatic Serwis Sp. z o.o.	Brodnica, Wyspia skiego 10A	voice, data and other telecommunications services	100.00%	0%

Automatic Serwis sp. z o.o. owns 240 of shares of Telewizja Kablowa Brodnica sp. z o.o., with its registered office in Brodnica, ul. Witosa 12, representing 94.12 % of the share capital of the company.

Basic information regarding the Group's parent company – Multimedia Polska S.A. – is given below:

Headquarters: 81-341 Gdynia, ul. Tadeusza Wendy 7/9
 KRS: 0000238931
 District Court for Gdańsk-Północ VIII Economic Division of the National Court Register
 NIP: 586-10-44-881
 REGON: 190007345

The Company was incorporated by virtue of Notarial Deed of 21 June 1991 as a limited liability company (*spółka z ograniczoną odpowiedzialnością*) and on 1 August 2005, pursuant to a ruling of the District Court for Gdansk-Północ, VIII Economic Division, it changed its legal form from a limited liability company (*spółka z ograniczoną odpowiedzialnością*) into a joint stock company (*spółka akcyjna*).

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

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

The structure of Multimedia Polska Group changed as compared to the structure presented in the report for the fourth quarter 2006 as a result of the following events:

- 1) On 19 February 2007, Multimedia Polska S.A. acquired 100% shares of Automatic Serwis Sp. z o.o. with its registered office in Brodnica, entered in the register of entrepreneurs held by the District Court of Toruń, VII Economic Division of the National Court Register, under no. 0000086484 (the "Shares"). The acquisition was a realisation of one of the purposes of the public offering and an important element of the Company's strategy set forth in the prospectus, which includes active participation in the consolidation of cable television operators through mergers and acquisitions. On 30 March 2007, the Management Board of Multimedia Polska S.A. resolved to merge Multimedia Polska S.A. with Automatic Serwis Sp. z o.o., its 100% subsidiary. In accordance with the merger plan adopted on 30 March 2007, the merger will be effected in accordance with Art. 492 § 1.1 and Art. 516 § 6 of the Commercial Companies Code by transferring all assets of Automatic Serwis Sp. z o.o. to Multimedia Polska S.A.

- 2) On 30 March 2007, the District Court for Gdańsk – Północ of Gdańsk, VIII Economic Division of the National Court Register, registered the merger of Multimedia Polska S.A. (the acquirer) with Multimedia Polska – Mielec Sp. z o.o. (the acquiree, a company wholly owned by Multimedia Polska S.A.). In accordance with the merger plan adopted on 29 December 2006 and Resolution no 4 of the Extraordinary General Meeting of Multimedia Polska S.A. dated 15 March 2007, the merger was performed according to the simplified procedure in compliance with Art. 492 § 1.1 and Art. 516 § 6 of the Commercial Companies Code by transferring all assets of Multimedia Polska – Mielec Sp. z o.o. to Multimedia Polska S.A. The merger was carried out without increasing the share capital of Multimedia Polska S.A. and, consequently, no shares in the Acquirer were delivered to the shareholders of the Acquiree. As from the date of the merger, Multimedia Polska S.A. assumed all rights and obligations of Multimedia Polska - Mielec Sp. z o.o.

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

2.1. 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

On 30 March 2007, Multimedia Polska S.A. merged with Multimedia Polska – Mielec Sp. z o.o. The combination did not have any effect on the consolidated financial statements. In accordance with the merger plan adopted on 29 December 2006 and Resolution no 4 of the Extraordinary General Meeting of Multimedia Polska S.A. dated 15 March 2007, the merger was performed according to the simplified procedure in compliance with Art. 492 § 1.1 in conjunction with Art. 516 § 6 of the Commercial Companies Code by transferring all assets of Multimedia Polska – Mielec Sp. z o.o. to Multimedia Polska S.A. The merger was carried out without increasing the share capital of Multimedia Polska S.A. and, consequently, no shares in the Acquirer were delivered to the shareholders of the Acquiree. As from the date of the merger, Multimedia Polska S.A. assumed all rights and obligations of Multimedia Polska - Mielec Sp. z o.o. The combination was aimed at streamlining the structure of the Group by consolidating subsidiaries, excluding mutual settlements, and reducing operating expenses.

On 30 March 2007, the Management Board of Multimedia Polska S.A. resolved to merge Multimedia Polska S.A. with Automatic Serwis Sp. z o.o., a 100% subsidiary of Multimedia Polska S.A. According to the merger plan adopted on 30 March 2007, the combination will be performed in accordance with Art. 492.1.1 in conjunction with Art. 516.6 of the Commercial Companies Code by transferring the entire assets of Automatic Serwis Sp. z o.o. to Multimedia Polska S.A. Due to the fact that Multimedia Polska S.A. holds 100% shares in Automatic Serwis Sp. z o.o., the combination will not result in any increase of the share capital or amendments to the statutes of the Company; the shares of the Acquirer will not be issued to the shareholders of the Acquiree. The combination is aimed at reducing operating costs of subsidiaries, streamlining the management structure and reporting within the Group.

Multimedia Polska Group has been consolidating the results of its 100% subsidiary, Automatic Serwis Sp. z o.o., as from 19 February 2007.

2.2. Dividends Paid and Declared

No dividend payments were made to the shareholders of Multimedia Polska S.A. in the reporting period.

Decisions regarding any future dividend payments will depend on the Company's financial condition, including results of operations, the need for capital expenditures, availability of capital reserves and other matters that management may consider relevant. The Company's senior credit facility, extended pursuant to an agreement dated 7 September 2005, restricts the Company from declaring or paying dividends under certain conditions.

2.3. Issued Capital and Reserves

2.3.1 Share capital

The Company's share capital as at 31 March 2007 and as at the date of this report is presented in the table below:

Series	Type	Number of shares	Nominal value per 1 share (PLN)	Votes at general meetings
A	ordinary bearer shares	63,590,876	1.00	63,590,876
C	ordinary bearer shares	8,245,623	1.00	8,245,623
D	ordinary bearer shares	32,205,874	1.00	32,205,874
E	ordinary bearer shares	32,869,899	1.00	32,869,899
F	ordinary bearer shares	20,787,728	1.00	20,787,728
Total		157,700,000		157,700,000

The data provided above did not change as compared to the previous quarterly report for Q4 2006.

2.3.2 Other capital

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

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

2.4. Interest-Bearing Loans and Borrowings

2.4.1 Senior Credit Facility Agreement for PLN 550,000,000

Multimedia Polska S.A. as the borrower, and Tele -Top Grupa Multimedia Polska Sp. z o.o., Multimedia Polska – Mielec Sp. z o.o., Multimedia Polska – Zachod Sp. z o.o. and Multimedia Polska – Poludnie S.A., as guarantors, entered on 7 September 2005 into a senior credit facility agreement. The Lenders are ABN AMRO Bank and Bank BPH S.A. (as Original Lenders) together with Bank Millenium SA, Calyon SA (branch in Poland) and BNP Paribas (branch in Poland). The agreement was subsequently restated and amended twice: (i) by an amendment agreement dated 27 December 2005 and (ii) by an amendment agreement dated 20 June 2006.

The senior credit facility consists of three tranches: (i) tranche A of up to PLN 320,000,000; (ii) tranche B of up to PLN 130,000,000; and (iii) tranche C of up to PLN 100,000,000.

In accordance with the credit facility agreement, draw-downs in each interest period bear interest at a rate per annum equal to (i) WIBOR on three-month deposits in PLN plus (ii) a margin of 0.85%, provided that the margin is adjusted, i.e., appropriately reduced (to 0.65%) or increased (to no more than 0.90% respectively), depending on a margin adjustment procedure based on the ratio of our Net Consolidated Debt to Annual EBITDA after the expiration of the six month period beginning on the date of the first utilization of the proceeds from the senior credit facility. For details on our senior credit facility agreement please refer to our International Offering Circular (pp. 158-164).

The senior credit facility provides for the following security: (i) a transfer of receivables to which the Company and the guarantors are entitled under the insurance agreements as well as insurance policies issued on their basis, (ii) a registered pledge over the pool of all present and future assets, rights and claims each time in the possession of both the Company and the guarantors (except for rights and claims under insurance agreements and bank account agreements); in accordance with the amendment agreements referred to above, the maximum amount of security was increased to PLN 825,000,000 and was entered into the pledge register based on court decisions announced on 10 October 2006, (iii) a registered pledge on the Company's and the guarantors' rights and claims under certain bank accounts. In addition, on 22 December 2006, the Company made an appropriate declaration before notary public Hanna Waro ska of the Notary Public's Office in Gdynia declaring that a joined capped mortgage on the Company's real property and rights equivalent to real property had been established for the benefit of the Lenders to secure all present and future rights and claims under the senior credit facility.

On 10 January 2007, the Company repaid PLN 100,000,000 of the credit facility.

2.4.2 Overdraft

The Company is a party to an agreement with Bank BPH S.A., Corporate Center in Krakow, concluded on 29 January 2002 (as amended) under which an overdraft facility in the amount of up to PLN 8,000,000 was made available to the Company on 25 May 2002.

The facility bears interest at a floating rate equal to WIBOR for 1 month deposits increased by a margin of 1.5%. The Company is required to pay the bank commission charge of 0.15% per month of the amount of the unutilized facility.

The overdraft is secured by (i) transfer of the ownership of the cable television network in Darlowo and Przasnysz together with certain studio equipment valued at PLN 6,700,000 (as of valuation made on 25 May 2006), (ii) capped mortgages on real property located in Malbork and identified in the Land and Mortgage Register No. 17064, maintained by the District Court of Malbork, (iii) capped mortgage on the share in perpetual usufruct and the ownership of a building constituting separate real property amounting to 6544/10,000 parts of the real estate located in Gdynia, identified in the Land and Mortgage Register No. 30830, (iv) capped mortgage on the real property located in Plock, identified in the Land and Mortgage Register No. 75068 (v) assignment of rights from insurance policies relating to the encumbered real property and transferred television networks, (vi) a blank promissory note together with a declaration, (vii) a power of attorney on all accounts held at the bank, and (viii) a declaration on submission to enforcement of judgment up to the amount of PLN 16,000,000.

2.5. Court Proceedings

As at 31 March 2007 and as at the date of this report, 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.

3. Operating and Financial Review and Prospects

The following discussion and analysis of the Group's results for the three months ended 31 March 2007 has been prepared on the basis of condensed consolidated interim financial statements for the three months ended 31 March 2007 prepared in accordance with IFRS. The financial statements present consolidated data of the Issuer's Group, i.e. Multimedia Polska Group, for the first quarter of 2007 and the first quarter of 2006. The following analysis also includes results for the fourth quarter of 2006 in order to better illustrate the quarter-on-quarter change.

As at 31 March 2007, our Group had 861,750 revenue generating units (RGUs), including 506,400 cable TV RGUs (of which 2,513 IPTV RGUs), 166,249 broadband Internet RGUs, 156,453 voice RGUs, 24,529 premium channels RGUs, 7,409 other RGUs comprising indirect voice services, and 710 payphones.

As at 31 March 2007, we had over 169,000 subscribers who have subscribed for more than one service, including over 36,600 Triple Play subscribers.

In the first quarter of 2007, we recorded a net increase in RGUs of 54,669 (after churn), including:

- 29,080 CATV RGUs (an increase of 31,241 RGUs as a result of the acquisition of Automatic Serwis and an organic decrease of 2,161 RGUs recorded in connection with price increases introduced at the start of 2007)
- 773 IPTV RGUs
- 20,937 broadband Internet RGUs (of which 13,586 was organic growth and 7,351 RGUs were added as a result of the acquisition of Automatic Serwis)
- 2,469 voice RGUs (addition of 4,389 VoIP RGUs and disconnection of 1,920 PSTN RGUs)
- 856 premium channels RGUs (of which 492 was organic growth and 364 RGUs were added as a result of the acquisition of Automatic Serwis), and
- 554 indirect voice RGUs

We expect that the upward trend in the number of customers subscribing for bundled offerings will continue, which may help to reduce our churn rate and provide an important source of revenue growth. While our average revenue per RGU is expected to continue to decline for our telephony services and our broadband Internet services, we expect that the effect of these decreases on our revenues may be more than offset as a result of rapid growth of the number of our broadband Internet customers and increasing popularity of bundled services. We also expect our cable television revenues to increase in the coming quarters as a result of the introduction of digital television offering addressed to cable customers in mid-April 2007.

The disconnection rate (churn), calculated as the ratio of disconnections to the number of RGUs for the service at the beginning of the period, in the first quarter of 2007 was 3.10% (monthly average of 1.0%) as compared to 2.45% in the fourth quarter of 2006 (monthly average of 0.8%). This increase in the churn rate is believed to be temporary and directly related to the increase in the pricing of our cable television service implemented at the beginning of 2007. However, due to service bundling, which considerably increases customer loyalty, disconnections were mostly recorded in the single play segment. Our historical observations indicate that in the quarter following the one in which a price increase had been implemented, a significant proportion of customers return to our networks.

In line with our strategy to deliver more services to the current subscriber base, the ratio of RGUs per subscriber went up from 1.40 in the fourth quarter of 2006 to 1.43 in the first quarter of 2007. The average revenue per unique subscriber (ARPU/HC) was PLN 54.54 in the first quarter of 2007, up 1.5% from the preceding quarter.

3.1. Sales Revenue

Our sales revenues consist of cable television, broadband Internet, fixed-line telephony and other revenues. The shares of revenues from individual services as a percentage of total revenues are presented in the table below. Our revenue mix quarter-on-quarter remained stable.

	<u>Q1 2006</u>	<u>Q4 2006</u>	<u>Q1 2007</u>
Cable television	48.2%	46.2%	48.4%
Internet	17.0%	20.6%	20.5%
Telephony	32.7%	30.5%	28.7%
Other	2.1%	2.7%	2.4%

Comparing the Group's results for the first three months year-on-year, sales revenues increased by PLN 7.7m, or 8.3%, from PLN 92.3m in the first quarter of 2006 to PLN 99.9m in the first quarter of 2007. The principal sources of the sales revenue growth were the increase in the number of broadband Internet subscribers (revenue growth of PLN 4.8m) and an increase in the number of subscribers and prices of cable television (revenue growth of PLN 3.9m, including IPTV and premium channels, of which PLN 1.4m was attributable to the acquisition of Automatic Serwis).

The continued downward trend in the PSTN business was offset by the dynamic growth in the number of VoIP subscribers; however, our revenues generated on voice services in aggregate decreased by PLN 1.5m as a result of a decrease in wholesale interconnection revenues.

Comparing our results quarter-on-quarter, sales revenues increased by PLN 4.2m, or 4.3%, from PLN 95.8m in the fourth quarter of 2006 to PLN 99.9m in the first quarter of 2007.

3.1.1 Cable Television

The following table sets forth the components of our cable television revenues.

(PLN '000)	<u>Q1 2006</u>	<u>Q4 2006</u>	<u>Q1 2007</u>
Subscription fees for regular television packages ⁽¹⁾ and IPTV	43,159.5	42,836.2	46,890.2
Subscription fees for premium channel packages	1,340.3	1,399.7	1,475.7
Total cable television revenues	<u>44,499.8</u>	<u>44,235.9</u>	<u>48,365.9</u>

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

The following table sets forth selected consolidated operational and financial data for our cable television business.

	Q1 2006	Q4 2006	Q1 2007
Homes passed by cable networks (in thousands), including both existing and potential subscribers	665	691	732
Homes passed by PSTN networks (in thousands), including both existing and potential subscribers of IPTV	40	50	50
Revenue Generating Units (RGU) (in thousands) ⁽¹⁾	453	477	506
Premium channel RGUs (in thousands)	22	24	25
ARPU (PLN/RGU/Month) ⁽²⁾	30.63	30.34	31.80

(1) Cable television RGUs excluding premium channel subscriptions.

(2) Sales revenue recognized for the period for television services (excluding premium channels) divided by the number of months in the period and divided by the average number of RGUs for such service for the period (which average number of RGUs may vary from the number of RGUs for the period end).

Comparing our results for the first three months year-on-year, cable television revenues including IPTV and premium channel revenues increased by PLN 3.9m, or 8.7%, from PLN 44.5m in the first quarter of 2006 to PLN 48.4m in the first quarter of 2007. The growth in cable television revenues was driven by a 11.2% growth in CATV RGUs, primarily attributable to the acquisition of 31,241 RGUs of Automatic Serwis Sp. z o.o. and a price increase implemented in the first quarter of 2007, as well as migration of customers to higher packages in analogue cable TV which resulted in higher subscriber fees paid to the Company. Our digital television service (IPTV) introduced in the second quarter of 2006 generated revenues of PLN 183 thousand in the first quarter of 2007; as at the end of the first quarter 2007, the Group had some 2,500 subscribers of the service.

Comparing our results quarter-on-quarter, cable television revenues increased by PLN 4.1m, or 9.3%, from PLN 44.2m in the fourth quarter of 2006 to PLN 48.4m in the first quarter of 2007.

Churn on cable television in the first quarter of 2007 was at a level of 2.5% (monthly average of 0.8%) as compared to 1.5% (monthly average of 0.5%) in the fourth quarter of 2006. The increase in our churn rate was primarily the result of an increase in subscription fees introduced at the beginning of the first quarter of 2007. Management believes that the churn rate is effectively being kept under control thanks to service bundling, which makes for increased loyalty of double and triple play subscribers. Disconnections were mostly recorded in the single play segment.

3.1.2 Broadband Internet

The following table sets forth the components of our Internet sales revenue.

(PLN '000)	Q1 2006	Q4 2006	Q1 2007
Broadband Internet	15,626.4	19,623.7	20,456.1
Other Internet access (including dial-up)	65.3	123.9	15.8
Total Internet revenues	15,691.7	19,747.6	20,471.9

The following table sets forth selected consolidated operational and financial data for our broadband Internet business.

	Q1 2006	Q4 2006	Q1 2007
Homes passed by cable networks (in thousands), including both existing and potential subscribers	528	609	640
Homes passed by PSTN networks (in thousands), including both existing and potential subscribers	180	181	181
Revenue Generating Units (RGU) (in thousands)	109	145	166
ARPU (PLN/RGU/Month) ⁽¹⁾	55.37	47.96	43.77

(1) Sales revenues recognized for the period for broadband Internet divided by the number of months in the period and divided by the average number of RGUs for such service for the period (which average number of RGUs may vary from the number of RGUs for the period end).

Sales revenues generated by our broadband Internet business grew by PLN 4.8m, or 30.5% from PLN 15.7m in the first quarter of 2006 to PLN 20.5m in the first quarter of 2007. This resulted principally from a dynamic

increase in the number of our broadband Internet RGUs (up nearly 53%). The positive effect of the increase in RGUs on sales revenues was partially offset by lower prices charged for broadband Internet services and discounts we offered on the service. Our discounted offerings were aimed at attracting new customers and reducing churn. As a result, ARPU dropped by 21.0% as compared to the first quarter of 2006.

Comparing our results quarter-on-quarter, Internet revenues increased by PLN 0.7m, or 3.7%, from PLN 19.7m in the fourth quarter of 2006 to PLN 20.5m in the first quarter of 2007.

We continue to reduce churn rates with respect to our Internet business. The churn rate in the first quarter of 2007 was 3.5% (monthly average of 1.16%) against 3.7% in the fourth quarter of 2006 (monthly average of 1.22%).

3.1.3 Telephony

The following table sets forth the components of our telephony sales revenues.

(PLN '000)	Q1 2006	Q4 2006	Q1 2007
Line rental fees	11,009.7	10,876.0	12,514.8
Usage fees (including additional services)	13,417.5	13,837.7	11,877.9
Interconnection (wholesale)	5,198.2	3,631.3	3,594.3
Other (including indirect services and payphones)	577.1	878.6	669.4
Total telephony revenues	30,202.5	29,223.6	28,656.4

The following table sets forth selected consolidated operational and financial data for our telephony business.

	Q1 2006	Q4 2006	Q1 2007
Homes passed by cable networks (in thousands), including both existing and potential subscribers	313	425	441
Homes passed by PSTN networks (in thousands), including both existing and potential subscribers	180	181	181
Revenue Generating Units (RGU) (in thousands)	143	154	156
ARPU (PLN/RGU/Month) ⁽¹⁾	58.63	54.70	52.38

(1) Sales revenues recognized for the period for telephony services divided by the number of months in the period and divided by the average number of RGUs for such service for the period (which average number of RGUs may vary from the number of RGUs for the period end).

Comparing our results for the first three months year-on-year, telephony revenues decreased by PLN 1.5m, or 5.1% from PLN 30.2m in the first quarter of 2006 to PLN 28.7m in the first quarter of 2007.

Our telephony business consists of services provided using two distinct technologies: VoIP provided over cable networks and traditional telephony provided over PSTN networks. Our results in the telephony business are influenced by two contradictory trends – dynamic growth in VoIP telephony on the one hand, and a declining trend in PSTN telephony on the other.

As regards VoIP telephony, we have seen a PLN 3.1m growth in revenues (increase of 115%) from PLN 2.7m in the first quarter of 2006 to PLN 5.7m in the first quarter of 2007, mainly driven by RGU growth of 20,500, or 73.3%, from 27,900 in the first quarter of 2006 to 48,400 at the end of the first quarter of 2007. Our ARPU in this business segment has been stable at PLN 41.35 in the first quarter of 2007 and PLN 41.07 in the first quarter of 2006.

In the PSTN business, we recorded a PLN 3.1m, or 14.2%, decline in revenues in the first quarter of 2007. Our revenues decreased from PLN 21.8m in the first quarter of 2006 to PLN 18.7m in the first quarter of 2007 as a result of a decrease in pricing and in our subscriber base. Our PSTN RGUs were down 7,300, or 6.3%, from 115,300 in the first quarter of 2006 to 108,000 RGUs in the first quarter of 2007. ARPU on the service went down 8.4% from PLN 62.31 in the first quarter of 2006 to PLN 57.06 in the first quarter of 2007.

Our wholesale interconnection revenues amounted to PLN 3.6m in the first quarter of 2007. They were PLN 1.6m, or 30.9%, lower compared to the first quarter of 2006 when they amounted to PLN 5.2m. The decrease in wholesale interconnection revenues was primarily attributable to a decrease in the pricing of wholesale mobile voice call termination.

Comparing our results quarter-on-quarter, telephone revenues slightly decreased by PLN 0.6m, or 1.9%, from PLN 29.2 in the fourth quarter of 2006 to PLN 28.7m in the first quarter of 2007.

In the telephony business, the churn rate increased from 3.1% (monthly average of 1.03%) in the fourth quarter of 2006 to 3.3% (monthly average of 1.08%) in the first quarter of 2007.

3.1.4 Other Revenue

Other revenue, including lease income, licence fees, revenue on TV productions and other subscriber-generated and interoperator revenues (migrations between packages, service, re-connection fees etc.), increased by PLN 0.6m, or 31.1%, from PLN 1.9m in the first quarter of 2006 to PLN 2.5m for the same period of 2007. The main reason behind the increase were higher revenues generated by Multimedia Polska Group on line and duct leases and, to a lesser extent, the lease of bandwidth, network and premises.

Comparing our results quarter-on-quarter, other revenues slightly decreased by PLN 0.1m, or 5.3%, from PLN 2.6m in the fourth quarter of 2006 to PLN 2.5m in the first quarter of 2007.

3.2. Operating Expenses

Comparing our results for the first three months year-on-year, operating expenses increased by PLN 0.9m, or 1.8%, from PLN 49.7m in the first quarter of 2006 to PLN 50.6m in the first quarter of 2007. The increase in operating expenses was slight, while it is worth noting that there was a significant reduction in operating expenses per RGU, from PLN 22.7 in the first quarter of 2006 to PLN 19.6 in the first quarter of 2007, a decrease of 13.5%. The largest increases were recorded in network maintenance costs (PLN 2.1m), programming and copyrights (PLN 1.1m), materials and energy (PLN 1.0m) and taxes and charges (PLN 0.7m).

The increase in network maintenance costs was primarily a result of an increase in the cost of leasing fibre optic cables and telecom infrastructure (PLN 1.1m) associated with the expansion of our VoIP services, an increase in network overhaul costs (PLN 0.8m) and technical premises leasing costs (PLN 0.4m). In the table below, costs connected with the lease of fibre optic cables for our Internet services are presented as a separate component – “Bandwidth”.

The increase in programming and copyright costs is a direct result of the higher number of cable television RGUs.

The increase in the costs of materials and energy is largely attributable to higher expenditure on materials for office modernisation (PLN 0.4m) and higher costs of energy for offices (PLN 0.4m).

Taxes and charges increased due to higher real estate tax and perpetual usufruct fees (PLN 0.5m).

The largest decreases in operating expenses were recorded in sales and marketing (PLN 1.8m), bandwidth (PLN 1.5m) and interconnect (PLN 0.9m). The costs of leasing fibre optic cables for Internet (bandwidth) were reduced as a result of our renegotiations of existing agreements, finalised in April 2006, providing for more favourable tariff terms, which were not yet effective in the first quarter of 2006.

The decrease in sales and marketing expenses is primarily the result of our restructuring of the sales network commission system. In addition, we did not run any large marketing campaigns in the first quarter of 2007, which would entail a seasonal increase in marketing expenses. Such campaigns are planned for the coming quarters.

The decrease in interconnection costs is attributable to three factors: a decrease in the pricing of wholesale mobile voice call termination, expansion of our own telecom infrastructure by building new interconnection points with other operators and lower volume of traffic generated on our networks.

The other components of our operating expenses remained relatively stable in the first quarter of 2007 as compared to the first quarter of 2006.

The following table provides information on the components of our operating expenses.

(PLN '000)	Q1 2006	Q4 2006	Q1 2007
Programming and copyrights	10,378.5	8,281.5	11,503.6
Bandwidth	3,711.1	2,436.1	2,172.3
Interconnect	5,014.3	5,249.2	4,149.4
Network costs	5,913.7	8,927.1	8,049.2
Sales and marketing	5,844.7	4,921.6	4,081.8
Payroll and benefits	10,807.9	8,137.2	11,559.9
Taxes and charges	2,026.0	3,982.2	2,710.7
Professional services	1,247.7	552.5	1,044.9
Energy and materials	1,811.6	3,615.2	2,852.9
Other expenses	3,011.6	3,139.2	2,515.1
Total	49,767.0	49,241.9	50,639.7

Comparing our results quarter-on-quarter, operating expenses increased by PLN 1.4m, or 2.8%, from PLN 49.3m in the fourth quarter of 2006 to PLN 50.6m in the first quarter of 2007.

3.3. Other Operating Income

Other operating income was slightly down by PLN 0.2m or, 13.5%, from PLN 1.3m in the first quarter of 2006 to PLN 1.1m in the first quarter of 2007. The largest component of other operating income in 2007 was the reversal of write-downs of receivables from our subscribers (PLN 0.7m).

In the first quarter of 2007, we recorded a decrease in other operating income of PLN 2.9m from PLN 4.0m in the fourth quarter of 2006 to PLN 1.1m in the first quarter of 2007. The decrease in other operating income resulted from the fact that there was a reversal of allowances, including real estate tax allowances of approximately PLN 2.8m, in the fourth quarter of 2006, which was not recorded in the first quarter of 2007.

3.4. Other Operating Expenses

Other operating expenses were down compared to the first quarter of 2006 by PLN 0.2m, or 19.7%, from PLN 1.1m to PLN 0.9m in the first quarter of 2007. The decrease was due to lower recorded losses on disposal and liquidation of property, plant and equipment.

In the first quarter of 2007, we recorded a decrease in other operating expenses of PLN 4.1m from PLN 5.0m in the fourth quarter of 2006 to PLN 0.9m in the first quarter of 2007. Other operating expenses were considerably higher in the fourth quarter of 2006 because of the revaluation of operating inventory and liquidation of fixed assets in the amount of PLN 5.7m, approximately. Those write-downs in the first quarter of 2007 amounted only to approximately PLN 0.2m.

3.5. Operating Profit

Comparing our results for the first three months year-on-year, operating profit increased by PLN 3.8m, or 18.9%, from PLN 20.0m in the first quarter of 2006 to PLN 23.8m in the first quarter of 2007. The components of the increase recorded for the first three months of 2007 as compared to the same period of 2006 are presented below:

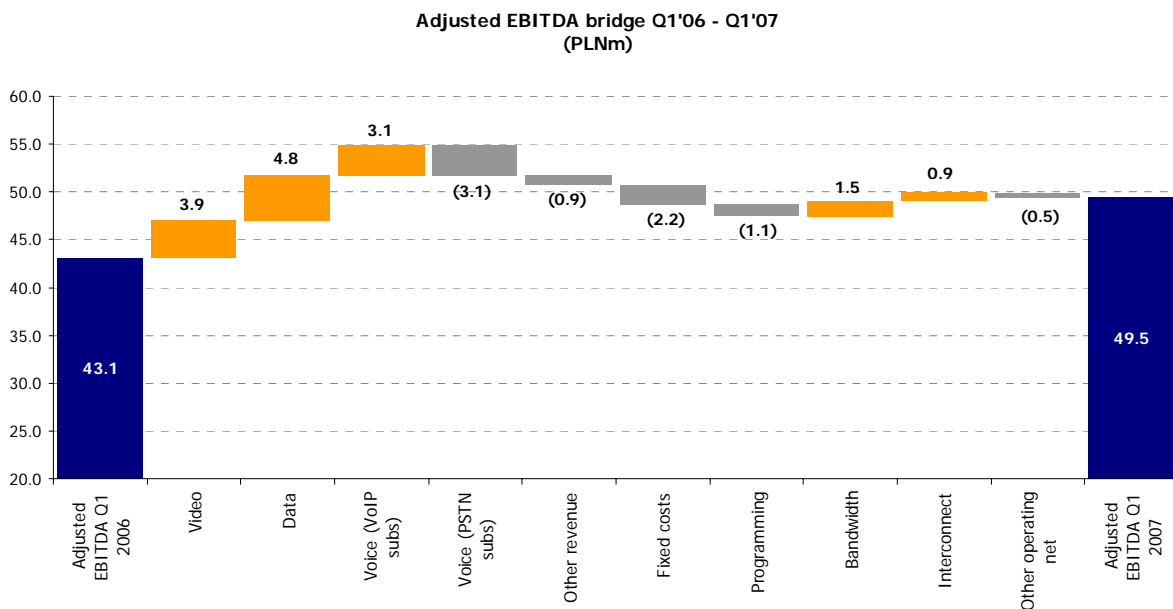
- + PLN 3.9m increase in cable television revenues resulting from a larger subscriber base and higher prices of the service,
- + PLN 4.8m increase in Internet revenues resulting from a larger subscriber base, despite price reductions,
- + PLN 3.1m increase in voice revenues generated by our VoIP subscribers due to service bundling,
- PLN 3.1m decrease in voice revenues generated by our PSTN subscribers as a result of a decrease in subscriber base and in the pricing of the service,
- PLN 0.9m decrease in other voice revenues including direct voice, interconnect and revenues from other operators and other revenues (e.g. leases etc.),
- PLN 2.2m increase in fixed costs,
- PLN 1.1m increase in programming costs,
- + PLN 1.5m decrease in costs connected with the lease of bandwidth for Internet,
- + PLN 0.9m decrease in interconnection costs,
- + PLN 0.1m increase per saldo of other operating income/ expenses, and
- PLN 3.1m increase in depreciation and amortisation.

Comparing our results quarter-on-quarter, operating profit decreased by PLN 2.5m, or 9.6%, from PLN 26.4m in the fourth quarter of 2006 to PLN 23.8m in the first quarter of 2007. The decrease was directly attributable to an increase in depreciation and amortisation of PLN 6.5m in the first quarter of 2007.

3.6. EBITDA and Adjusted EBITDA

Comparing our results for the first three months year-on-year, EBITDA increased by PLN 6.9m, or 16.1%, from PLN 42.6m in the first quarter of 2006 to PLN 49.5m in the first quarter of 2007. The increase is attributable to the same factors which contributed to the increase in operating profit, as described above, except depreciation and amortisation.

In the same periods, Adjusted EBITDA increased by PLN 6.3m, or 14.7%, from PLN 43.1m for the first three months of 2006 to PLN 49.5m for the first three months of 2007. Adjusted EBITDA margin was up from 46.7% for the first quarter of 2006 to 49.5% for the first quarter of 2007. When calculating Adjusted EBITDA, as defined and measured by us, we excluded non-recurring events. For details on our method of measuring EBITDA please refer to our International Offering Circular – Operating and Financial Review and Prospects (pp. 50-52). Adjustments to EBITDA in the first quarter of 2007 were insignificant and amounted to PLN 0.01m. The reconciliation of Adjusted EBITDA to EBITDA is presented in note 8 to the financial statements.



Comparing our results quarter-on-quarter, EBITDA increased by PLN 3.9m, or 8.6%, from PLN 45.5m in the fourth quarter of 2006 to PLN 49.5 in the first quarter of 2007 while Adjusted EBITDA increased by PLN 2.1m, or 4.3%, from PLN 47.4m in the fourth quarter of 2006 to PLN 49.5m in the first quarter of 2007. Adjusted EBITDA margin remained unchanged at 49.5%. Management believes that Adjusted EBITDA permits a more complete and comparable analysis of our financial results.

3.7. Finance Income

Comparing our results for the first three months year-on-year, finance income increased by PLN 1.9m from PLN 0.2m in the first quarter of 2006 to PLN 2.1m in the first quarter of 2007. The increase of finance income was related to a significant increase in interest received, associated with the considerably higher balance of cash held in bank deposits (proceeds from the public offering) in the first quarter of 2007 as compared to the first quarter of 2006.

Comparing our results quarter-on-quarter, finance income decreased by PLN 2.5m from PLN 4.5m in the fourth quarter of 2006 to PLN 2.1m in the first quarter of 2007. The decrease was related to the fact that in the fourth quarter of 2006 the Company recorded a one-off gain on investments in financial instruments in transactions with related parties and received interest accrued thereon. This situation did not occur in the first quarter of 2007.

3.8. Finance Costs

Comparing our results for the first three months year-on-year, finance costs increased by PLN 1.7m, or 26.4%, from PLN 6.5m in the first quarter of 2006 to PLN 8.3m in the first quarter of 2007. Comparing our results quarter-

on-quarter, finance costs increased by PLN 2.1m from PLN 6.1m in the fourth quarter of 2006 to PLN 8.3m in the first quarter of 2007. Finance costs were higher in the first quarter of 2007 because they included a fee paid by Multimedia Polska S.A. in relation to the senior credit facility connected with the repayment of PLN 100m tranche of the facility in January 2007 and also because of re-assessment of the remaining loan liabilities.

3.9. Capital Expenditure

3.9.1 Growth Capital Expenditure

We spent approximately PLN 92.5m on capital expenditure in the first quarter of 2007, including PLN 54.5m on the acquisition of Automatic Serwis and PLN 38.0m on network-related projects, such as network upgrades and expansion, new connections and the purchase of additional equipment and devices necessary for the proper operation of the network.

Our expenditure on growth projects, i.e. projects generating direct revenue increases in a given year or the coming years, accounted for approximately 90% of our network-related capital expenditure. The main growth projects comprise:

- expenditures related to subscriber acquisition, including installation costs and CPE (customer premises equipment) costs,
- expenditures related to network upgrades for broadband Internet and VoIP telephony, as well as digital television,
- expenditures related to the purchase of network devices for our telephony and broadband Internet services, as well as digital television services, necessitated by the growth of our subscriber base and introducing the services over a larger percentage of our networks, and
- expenditures related to bringing the acquired networks to our standards.

As a result of network upgrades completed in the first quarter of 2007, we upgraded 31,000 homes passed (HP) for broadband Internet and 15,000 HPs for voice services. Consequently, at the end of the first quarter of 2007, 93% of Multimedia's cable HPs (excluding Automatic Serwis) were Internet-ready and 64% were telephony-ready.

We also constructed 1,200 new homes passed in the first quarter of 2007.

As a result of the acquisition of Automatic Serwis and the construction of new homes passed, the cable networks of Multimedia Polska Group passed by 732,000 homes as at the end of the first quarter of 2007, an increase of 41,000 HPs as compared to 2006 year-end.

No capital expenditure was incurred on increasing the number of PSTN homes passed in the first quarter of 2007. As a result, our PSTN homes passed remained unchanged at approximately 181,000 at the end of the quarter.

3.9.2 Other Capital Expenditure

Other capital expenditure, not directly related to network expansion or subscriber activations, included:

- purchases of measurement instruments for the purpose of network upgrades and introduction of new services,
- purchases of constant voltage power supply systems for working telecommunications systems, and
- purchases of vehicles for network maintenance personnel in order to replace used vehicles.

3.10. Employment

As at 31 March 2007, Multimedia Polska Group had 1,024 employees in total. We employed 531 employees in our regions (including our network service and customer care personnel, sale managers, regional directors etc.) and 493 employees in our head offices. Employment levels were up by 27, or 2.7%, as compared to 2006 year-end. The slight increase in headcount was associated with further expansion of our Call Centre and the employment of some employees of the acquired company Automatic Serwis.

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

4.1. Changes in the Composition of the Management Board

As at the balance sheet date, 31 March 2007, and as at the date of this report, the Management Board was composed of the following persons:

Name	Position
Andrzej Rogowski	President
Arkadiusz Dorynek	Vice-President

The composition of the Management Board did not change compared to information presented in the report for Q4 2006.

4.2. Changes in the Composition of the Supervisory Board

As at the balance sheet date, 31 December 2006, the Supervisory Board was composed of the following persons:

Name	Position
Ygal Ozechov	Co-Chairman of the Supervisory Board
Tomek Ulatowski	Co-Chairman of the Supervisory Board
Vikram Pant	Member of the Supervisory Board
Konrad Jaskóła	Member of the Supervisory Board
Gabriel Wujek	Member of the Supervisory Board

On 4 January 2007, Mr Vikram Pant resigned from the position of Supervisory Board Member.

On 5 February 2007, Mr David C. Seidman was appointed by the General Shareholders' Meeting to fill in the vacancy in the Supervisory Board.

Following these changes, as at the balance sheet date and the date of this report, the Supervisory Board of Multimedia Polska S.A. is composed of the following persons:

Name	Position
Ygal Ozechov	Co-Chairman of the Supervisory Board
Tomek Ulatowski	Co-Chairman of the Supervisory Board
David C. Seidman	Member of the Supervisory Board
Konrad Jaskóła	Member of the Supervisory Board
Gabriel Wujek	Member of the Supervisory Board

5. Related Party Transactions

Agreements on Business Management and Advisory Services

On 3 July 2006, Multimedia Polska S.A. concluded agreements with its subsidiaries operating in the telecommunications sector (listed below), providing for business management and business management advisory services 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 advise the companies with respect to business management and telecom network operation. 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.

In view of the fact that on 27 December 2006 Multimedia Polska – Południe S.A. merged with Multimedia Polska – Brzesko S.A., Multimedia Polska – D bica S.A., Multimedia Polska – Konin S.A. and Multimedia Polska – Wschód S.A. the agreements on business management, advisory services and business administration entered into between the companies named above and Multimedia Polska S.A. were legally transferred to Multimedia Polska – Południe S.A. As a result, the amount of remuneration payable by Multimedia Polska – Południe S.A. was changed and is currently the total sum of remuneration payable by the merged companies.

On 14 March 2007, the Management Board of Multimedia Polska S.A. entered into an Agreement on business management, advisory services and business administration with its 100% subsidiary Automatic Serwis Sp. z o.o. with registered office in Brodnica. The terms and conditions of the agreement are the same as those stipulated in the agreements concluded with the entities of Multimedia Polska Group discussed above.

The monthly fees payable to Multimedia Polska S.A. for the provision of the services to each subsidiary are as follows:

Subsidiary	Remuneration to Multimedia Polska S.A. (PLN)
Multimedia Polska - Zachód Sp. z o.o.	470,000*
Multimedia Polska – Południe S.A.	1,238,000*
Multimedia Polska – Mielec Sp. z o.o.	238,000*
Automatic Serwis Sp. z o.o.	200,000*

* The monthly fees payable to Multimedia Polska S.A. are subject to monthly review based on actual costs incurred by Multimedia Polska S.A. in connection with the provision of the services in the period.

6. Other Information Relevant for the Assessment of the Situation of the Group

6.1. Interconnection Agreements with Telekomunikacja Polska S.A.

Pursuant to the provisions of an out-of-court settlement between Multimedia Polska Group and Telekomunikacja Polska S.A. reached on 3 August 2006 and regulating (i) obligations of the parties following from the 30 July 2003 decision no DRT-WWM-0752-12/02/03 of the President of the UKE regarding the conditions applicable to the interconnection of Multimedia Polska Mielec Sp. z o.o.'s network with the network of TPSA and the technical conditions and principles governing pricing of bilateral services, and (ii) final terms of interconnection agreements between companies of Multimedia Group and TPSA, Multimedia Polska - Zachód Sp. z o.o. and Multimedia Polska - Południe S.A. entered into interconnection agreements with TPSA on 28 February 2007.

As regards the interconnection agreement entered into between Multimedia Polska S.A. and TPSA on 8 August 2006, Multimedia Polska S.A. applied to the President of the UKE to initiate administrative proceedings, which commenced on 11 April 2007, in order to obtain a decision amending the agreement as far as the scope of definitions and interconnection fees and tariffs are concerned so that the amendments reflect the reference offer of TPSA as approved by the decisions of the President of the UKE issued on 4 July and 24 August 2006.

The Agreements set forth the terms and conditions of cooperation between the parties in respect of the interconnection of Multimedia's public switched telephone network and TPSA's public switched telephone network in order to provide telecommunications services; they also set forth the technical details and conditions of the interconnection and maintenance of the interconnection point as well as details of charges and tariffs.

6.2. Ducts Access Agreement

On 1 January 2007, all hitherto binding ducts access agreements concluded with Telekomunikacja Polska S.A. in the period from January to April 2006 were replaced by new agreements concluded on the new terms and conditions offered by the "REFERENCE INFRASTRUCTURE ACCESS OFFER FOR CABLE DUCTS OF TELEKOMUNIKACJA POLSKA S.A." (ROI) implemented by the President of the UKE.

6.3. Choice of Independent Auditor

On 22 February 2007, the Supervisory Board of Multimedia Polska S.A. acting in accordance with § 25.2(g) of the Company's Statutes passed resolution no 4/02/2007 appointing Ernst & Young Sp. z o.o. with their registered office in Warsaw, at Rondo ONZ 1, registered in the register of auditors under no 130, as auditors of the standalone and consolidated financial statements of Multimedia Polska S.A. and Multimedia Polska Group, respectively, for the year 2006. On 19 April 2007, the Supervisory Board acting in accordance with § 23.2(g) and § 25.4 of the Company's Statutes in a written ballot passed another resolution and appointed Ernst & Young Audit Sp. z o.o. to audit the standalone and consolidated financial statements of the Company for the year ended 31 December 2007 and to review the standalone and consolidated financial statements of the Company for the six months ended 30 June 2007.

Ernst & Young Audit Sp. z o.o. previously provided its services to the Company in the same respect.

6.4. Amendments to the Company's Statutes Registered by the Court

On 30 March 2007, the Management Board of Multimedia Polska S.A. was informed that on 26 March 2007 the District Court for Gdańsk – Północ of Gdańsk, VIII Economic Division of the National Court Register, registered amendments to the Company's Statutes introduced pursuant to a resolution of the Extraordinary General Meeting of Multimedia Polska S.A. held on 5 February 2007.

Given the scope of the amendments, the General Meeting resolved to produce a consolidated text of the Statutes.

The amendments to the Statutes of Multimedia Polska S.A. involved, amongst other things, a deletion of provisions granting special powers to particular shareholders and regulations regarding restrictions pertaining to the disposal of registered shares of the Company.

6.5. Declaration regarding Corporate Governance

On 26 January 2007, the Management Board of Multimedia Polska S.A. published its annual declaration concerning observance of "Best Practices in Public Companies 2005", thus fulfilling its obligations following from § 29 of the Rules of the Warsaw Stock Exchange.

7. 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

Information provided in the table below is prepared based on current reports submitted to the Warsaw Stock Exchange, which reflect all information provided by shareholders in accordance with Art. 69.1.2. of the Act on public offering and the terms for introduction of financial instruments to organised trading and on public companies.

The Company's shareholding structure as at 31 March 2007 and as at the date of this report was as follows:

Shareholder	Number of shares held	Number of votes at the General Shareholders' Meeting	Percentage of votes at the General Shareholders' Meeting	Percentage held in share capital
Tri Media Holdings Ltd ⁽¹⁾ ⁽²⁾	26,945,741	26,945,741	17.09%	17.09%
Emerita B.V. ⁽¹⁾	15,781,292	15,781,292	10.00%	10.00%
UNP Holdings B.V. ⁽¹⁾	45,439,617	45,439,617	28.81%	28.81%
Other shareholders	69,533,350	69,533,350	44.10%	44.10%
TOTAL	157,700,000	157,700,000	100.00%	100.00%

(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.

The data provided above did not change as compared to the previous quarterly report for Q4 2006.

8. 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 Submission of the Previous Quarterly Financial Report to the Date of this Quarterly Report

8.1. Management Board

The information provided below regarding the number of shares held by the Management Board members is based on information provided by them in accordance with Art. 160.1 of the Act on trading in financial instruments.

Name	As at 31 December 2006	As at 31 March 2007	As at 15 May 2007
Andrzej Rogowski – President	1,485,585*	1,485,585*	1,485,585*
Arkadiusz Dorynek – Vice President	0	0	0

* Includes 670,870 shares held indirectly through a subsidiary, Kalberri Limited.

8.2. Supervisory Board

The Company is not aware of any member of the Supervisory Board holding shares of Multimedia Polska S.A. The Company has not received any information from any Supervisory Board member regarding any acquisition of shares in accordance with Art. 160.1 of the Act on trading in financial instruments.

9. 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 Company's Equity

In the first quarter of 2007, neither the Company nor any of its subsidiaries gave loan collaterals or guarantees to any other entity or subsidiary where the amount of the collateral or guarantee would account for 10% or more of Multimedia Polska's equity.

10. Events after the Balance Sheet Date

As at the date of this quarterly report, no events had occurred since the balance sheet date that were not, but should have been disclosed in the books of account for the given period.

10.1. Choice of Independent Auditor

On 19 April 2007, the Supervisory Board of Multimedia Polska S.A. passed, by written ballot, a resolution appointing Ernst & Young Audit Sp. z o.o. with registered office in Warsaw, at Rondo ONZ 1, and registered in the register of auditors held by the National Chamber of Statutory Auditors under no 130, as independent auditors of the Company authorised to perform the following:

- audit of the standalone financial statements of the Company for the year ended 31 December 2007;
- audit of the consolidated financial statements of the Company for the year ended 31 December 2007;
- review of the standalone financial statements of the Company for the six months ended 30 June 2007; and
- review of the consolidated financial statements of the Company for the six months ended 30 June 2007.

Ernst & Young Audit Sp. z o.o. previously provided its services to the Company in the same respect.

10.2. Convocation of Extraordinary General Meeting

The Management Board of Multimedia Polska S.A. convened the Extraordinary General Meeting for 25 May 2007 at 11h00; the agenda of the meeting includes adoption of the resolution concerning the merger of Multimedia Polska S.A. with Automatic Serwis Sp. z o.o. The EGM will be held in the Management Board's offices in Warsaw at Emilii Plater 53, floor 16.

11. Management's Comments regarding Previously Published Financial Forecasts

The Group does not publish forecasts of financial results.

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

We expect that the upward trend in the number of customers subscribing for bundled offerings will continue, which may help to reduce our churn rate and provide an important source of revenue growth. While our average revenue per RGU is expected to continue to decline for our telephony services and our broadband Internet services, we expect that the effect of these decreases on our revenues may be more than offset as a result of rapid growth of the number of our broadband Internet customers and increasing popularity of bundled services. Management also expects that our RGU per unique subscriber, currently at the level of 1.43, will continue to

increase going forward. We also expect our cable television revenues to increase in the coming quarters as a result of the introduction of our digital television offering addressed to cable customers in mid-April 2007.

13. Foreign Exchange Rates

The table "Selected Financial Information" contains items of the income statement and the cash flow statement for 3 months ended 31 March 2007 and 31 March 2006, and items of the balance sheet as at 31 March 2007 and 31 December 2006 translated using the following EUR/PLN exchange rates:

	31 March 2007	31 March 2006	31 December 2006
Balance sheet ⁽¹⁾	3.8695	n/a	3.8312
Income statement, cash flow statement ⁽²⁾	3.8856	3.8348	n/a

(1) Average exchange rate published by the National Bank of Poland for the given day.

(2) Average of average daily exchange rates for the reference period.



MULTIMEDIA POLSKA S.A. GROUP

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31ST 2007
AND FOR THE THREE MONTHS
ENDED MARCH 31ST 2007

PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS

Gdynia, May 14th 2007

MULTIMEDIA POLSKA S.A.GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

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The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

CONSOLIDATED INTERIM INCOME STATEMENTS
(in PLN)

	Note	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Sales of services		97 931 017	90 781 423
Other revenue		2 031 524	1 495 614
Total Revenue		99 962 541	92 277 037
Depreciation and amortisation	7.1	25 642 100	22 559 014
Materials		2 852 902	1 811 632
External services		30 497 463	33 032 899
Taxes and charges		4 934 710	3 548 597
Payroll	7.6	10 059 414	9 369 220
Other employee benefits	7.6	1 500 440	1 438 636
Other expenses		780 331	563 501
Value of goods and materials sold		14 427	2 500
Operating expenses		76 281 786	72 326 000
Profit on sales		23 680 755	19 951 037
Other operating income	7.2	1 085 340	1 255 426
Other operating expenses	7.3	934 033	1 163 651
Operating profit		23 832 062	20 042 812
Finance income	7.4	2 070 569	181 995
Finance costs	7.5	8 262 823	6 536 108
Share of profit of associate			
Profit/(loss) before tax		17 639 808	13 688 699
Income tax expense	9	1 174 318	2 499 513
Profit/(loss) for the year		16 465 490	11 189 186
Attributable to:			
Equity holders of the parent		16 465 490	11 189 186
Minority interest		-	-
		16 465 490	11 189 186

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

CONSOLIDATED INTERIM BALANCE SHEETS
(in PLN)

	year ended 31 March 2007	year ended 31 December 2006
ASSETS		
Non-current assets		
Property, plant and equipment	645 377 417	649 337 075
Intangible assets	59 883 074	22 420 195
Financial assets	645 510	5 750
Prepayments and deferred costs	438 192	1 343 473
Deferred tax asset	<u>5 369 602</u>	<u>5 681 070</u>
	711 713 795	678 787 563
Current assets		
Inventories	648 501	285 415
Trade and other receivables	43 284 124	58 963 961
<i>incl. taxes</i>	<i>19 154 506</i>	<i>24 709 312</i>
Prepayments and deferred costs	9 752 201	877 815
Cash and cash equivalents	<u>208 639 604</u>	<u>346 808 396</u>
	262 324 430	406 935 587
TOTAL ASSETS	<u>974 038 225</u>	<u>1 085 723 150</u>
EQUITY AND LIABILITIES		
Equity (attributable to equity holders of the parent)		
Equity	157 700 000	157 700 000
Share premium	237 233 392	237 233 392
Other reserves	21 381 240	21 381 241
Retained earnings	<u>77 859 876</u>	<u>75 935 773</u>
	494 174 508	492 250 406
Minority interest		
Total equity	<u>494 174 508</u>	<u>492 250 406</u>
Non-current liabilities		
Interest-bearing loans and borrowings	399 181 489	496 553 939
Interest Rate Swap (IRS) contracts	210 329	2 069 369
Provisions	2 290 111	2 211 664
Deferred income tax liabilities	<u>9 312 072</u>	<u>12 842 501</u>
	410 994 001	513 677 473
Current liabilities		
Interest-bearing loans and borrowings	8 745 681	8 450 759
Interest Rate Swap (IRS) contracts	1 509 912	2 065 505
Trade and other payables	43 737 749	47 585 772
Income tax payable	-	5 802 635
Accruals	13 859 301	9 910 882
Deferred income	<u>1 017 073</u>	<u>5 979 719</u>
	68 869 716	79 795 271
TOTAL LIABILITIES	<u>479 863 717</u>	<u>593 472 745</u>
TOTAL EQUITY AND LIABILITIES	<u>974 038 225</u>	<u>1 085 723 150</u>

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

CONSOLIDATED INTERIM CASH-FLOW STATEMENTS
(in PLN)

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Cash flows from operating activities		
Profit before taxation	17 639 808	13 688 698
Adjustments for:	37 485 111	21 956 445
Depreciation and amortisation	25 642 100	23 096 771
Interest and dividends, net	3 148 650	5 762 236
Foreign exchange gains/(losses)	-	826
Investment income	(13 531)	532 850
Change in inventories	(363 085)	(830 815)
Change in trade and other receivables	15 621 777	(8 959 941)
Change in current payables except bank loans	4 741 974	(2 105 303)
Change in accruals and prepayments	(9 743 931)	6 597 793
Change in provisions	(3 425 683)	(74 683)
Income tax paid	(1 174 318)	(2 499 513)
Other adjustments, including	3 051 158	436 224
- liquidation of fixed assets	-	-
- revaluation of tangible assets	-	-
- income from valuation of investment inventory	-	-
- financial items (fees and commissions)	2 898 830	98 967
- goodwill / negative goodwill	-	-
- valuation of Swap Contracts	114 291	-
- other	38 037	337 257
Cash flows from operating activities	55 124 919	35 645 144
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	71 590	70 205
Purchase of property, plant and equipment and intangibles	(38 055 123)	(21 498 133)
Acquisition of subsidiary, net of cash acquired	(54 458 127)	-
Interest received	131	(756)
Repayment of loans granted	-	10 150
Granting of loan	-	-
Other	(14 620)	-
Cash flows from investing activities	(92 456 149)	(21 418 534)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Payment of finance lease liabilities	(30 189)	(398 566)
Proceeds from borrowings	-	-
Repayment of borrowings	(100 000 000)	-
Dividends paid to equity holders of the parent	-	-
Interest and fees paid	(866 778)	(3 499 477)
Cash flows from financing activities	(100 896 966)	(3 898 043)
Net change in cash and cash equivalents	(138 228 197)	10 328 567
Cash and cash equivalents at the beginning of the period	345 248 758	10 238 772
Cash and cash equivalents at the end of the period	207 020 561	20 567 339

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(in PLN)

	Attributable to equity holders of the parent				Total	Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings			
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	-	-	-	11 189 186	11 189 186	-	11 189 186
Profit or (loss) influence directly on equity	-	-	-	7 550 831	7 550 831	-	7 550 831
Loss coverage	-	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-	-
At 31 March 2006	136 912 273	37 499 091	3 460 828	44 448 631	222 320 822	-	222 320 822
At 1 January 2007	157 700 000	237 233 392	21 381 241	75 935 773	492 250 406	-	492 250 406
Profit or (loss) for the year	-	-	-	16 465 490	16 465 490	-	16 465 490
Profit or (loss) influence directly on equity	-	-	-	(14 541 388)	(14 541 388)	-	(14 541 388)
Loss coverage	-	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-	-
At 31 March 2007	157 700 000	237 233 392	21 381 241	77 859 874	494 174 508	-	494 174 508

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

The Multimedia Polska S.A. Group (the "Group") is composed of Multimedia Polska Spółka Akcyjna (the "Company" or "MMP") and its subsidiaries (see Note 2). These condensed consolidated interim financial statements of the Group cover the periods of the three months ended March 31st 2007.

Multimedia Polska Spółka Akcyjna of Gdynia (the "Company" or the "Parent Company") is the parent company of the Group. The Company is registered with the National Court Register kept by the District Court for Gdańsk, 16th 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 term of operation of the Company and the other Group entities is unlimited.

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

2. Composition of the Group

The Group comprises Multimedia Polska S.A. and the following subsidiaries:

Name	Address	Business activity	Share in capital	
			03.2007	12.2006
1 Tele Top Grupa Multimedia Polska Sp.z o.o. (TOP)	Gdynia, ul.T.Wendy 7/9	- film and video production	99,9%	99,9%
2 Multimedia Polska - Zachód Sp. z o.o. (TNZ)	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100,0%	100,0%
3 Multimedia Polska - Południe S.A. (TNPD)	Gdynia, ul.T.Wendy 7/9	- voice, data and other telecommunications services	100,0%	100,0%
4 Automatic Serwis Sp. z o.o.	Brodnica, ul. Wyspiańskiego 10 A	- cable television - voice and internet	100,0%	n/a

Automatic Serwis sp. z o.o. owns 240 of shares of Telewizja Kablowa Brodnica sp. z o.o., headquartered in Brodnica, ul. Witosa 12, representing 94,12 % of the share capital of the company.

As at March 31st 2007, the Group's share in the total vote at its subsidiaries was equal to the share in these subsidiaries' equity.

3. Mergers and acquisitions

On February 19th 2007, the Company acquired 100% of shares in Automatic Serwis Sp. z o.o. of Brodnica, entered in the Register of Entrepreneurs kept by the District Court of Toruń, 7th Economic Department of the National Court Register, under entry No. 0000086484 ("the Shares"). The acquisition of Automatic Serwis Sp. z o.o. was in line with Multimedia Polska S.A.'s issue objectives and the strategy defined in the issue prospectus, which includes active participation in the cable television market consolidation by way of acquisitions and takeovers of other operators. The acquisition is accounted for using the purchase method.

The fair value of identifiable assets and liabilities of Automatic Serwis as of the day of acquisition is presented below:

MULTIMEDIA POLSKA S.A.GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

	Fair value	Book value
Property, plant and equipment	16 324 897	815 364
Cash and cash equivalents	5 430 850	5 430 850
Trade receivables	527 084	527 084
Inventories	320 151	320 151
Trade payables	(1 407 636)	(1 407 636)
Deferred income tax liabilities	(68 171)	(68 171)
Other provisions	(162 648)	(162 648)
Net assets	20 964 527	5 454 994
Goodwill on acquisition	36 223 076	
Consideration	57 187 603	

The purchase price amounting to PLN 57 187 603 includes cash payment of PLN 54 052 085, contingent liability amounting to PLN 2 400 000 and expenses related to the acquisition amounting to PLN 735 518.

Cash outflow related to the acquisition:

Net cash acquired with the subsidiary	5 430 850
Cash paid	(54 052 085)
Acquisition expenses	(735 517)
Net cash outflow	(49 356 752)

Moreover, on March 30th 2007, the Management Board of Multimedia Polska S.A. resolved to merge Multimedia Polska S.A. and Automatic Serwis Sp. z o.o. (a wholly-owned subsidiary of Multimedia Polska S.A.). In accordance with the merger plan of March 30th 2007, the merger will be effected under Art. 492.1.1 in conjunction with Art. 516.6 of the Polish Commercial Companies Code, by way of transfer of all assets of Automatic Serwis Sp. z o.o. to Multimedia Polska S.A.

On March 30th 2007, the District Court Gdańsk – Północ of Gdańsk, 8th Economic Department of the National Court Register, registered the merger of Multimedia Polska S.A. (as the Acquiring Company) and Multimedia Polska – Mielec Sp. z o.o. (as the Acquired Company, a wholly-owned subsidiary of Multimedia Polska S.A.). In accordance with the merger plan of December 29th 2006, and based on Resolution No. 4 of the Company's Extraordinary General Shareholders Meeting dated March 15th 2007, the merger was effected according to the simplified procedure of mergers of companies, as defined in Art. 492.1.1 in conjunction with Art. 516.6 of the Polish Commercial Companies Code, by way of transfer of all assets of Multimedia Polska – Mielec Sp. z o.o. to Multimedia Polska S.A. The transfer was effected without increasing the share capital of Multimedia Polska S.A., and therefore no Acquiring Company shares were delivered to the shareholders of the Acquired Company. As at the merger date, Multimedia Polska S.A. assumed all the rights and obligations of Multimedia Polska – Mielec Sp. z o.o. The objective of the merger was to streamline the structure of the Multimedia Polska Group by consolidating its subsidiaries, to eliminate inter-company settlements and reduce operating expenses.

4. Approval of the Condensed Consolidated Financial Statements for Publication

These condensed consolidated interim financial statements were approved for publication by the Management Board on May 14th 2007.

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

These condensed consolidated interim financial statements for the period January 1st – March 31st 2007 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*).

These 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.

These 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.

These condensed consolidated interim financial statements are presented in Polish zloty (“PLN”) unless otherwise indicated.

These 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.

6. Accounting Policies

6.1. 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”). These 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.

7. Income and Expenses

7.1. Sales Revenues

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Subscriber-generated and interoperator revenues	97 931 017	90 781 423
CATV	48 355 616	44 499 830
Internet	20 471 925	15 691 675
Telephony	28 656 440	30 202 465
subscriber generated	25 016 625	25 004 229
interoperator	3 639 815	5 198 236
Other	447 036	387 453
Other revenue	2 031 524	1 495 614
Sales to unrelated parties	2 031 524	1 495 614
sales to related parties	-	-
Total revenues	99 962 541	92 277 037

Other sales revenues comprise revenues from telecom infrastructure lease and lease of other fixed assets, TV productions, commercials, sale of licences and materials.

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for the three months ended March 31st 2007

7.2. Other Operating Income

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Profit on disposal of property, plant and equipment	13 531	-
Compensation received	47 144	-
Income recognized on revaluation and reversal of impairment	-	20 165
VAT adjustment	-	-
Other including one off compensation	<u>1 024 665</u>	<u>1 235 261</u>
	<u>1 085 340</u>	<u>1 255 426</u>

7.3. Other Operating Costs

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Loss on disposal of property, plant and equipment	-	552 058
Receivables impairment and bad debt write-off	741 873	229 162
Other non current assets impairment	594	10 271
Other	<u>191 566</u>	<u>372 160</u>
	<u>934 033</u>	<u>1 163 651</u>

7.4. Finance Income

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Interest received	1 882 886	87 754
Interest Rates Swap contracts change in value	-	-
Foreign exchange gains	79 730	-
Fees and interest on loans granted	908	1 017
Other	<u>107 045</u>	<u>93 224</u>
	<u>2 070 569</u>	<u>181 995</u>

7.5. Finance Costs

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Interest and fess on bank loans	8 002 245	5 463 654
Interest on other liabilities	103 108	32 218
Finance charges payable under finance leases	36 983	398 566
Interest Rates Swap contracts change in value	114 291	-
Foreign exchange losses	-	104 648
Other	<u>6 197</u>	<u>537 022</u>
	<u>8 262 823</u>	<u>6 536 108</u>

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
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7.6. Employee Benefits Expense

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Wages and salaries	10 059 414	9 369 220
Social security costs	1 237 283	1 272 264
Other	263 157	166 372
	<u>11 559 854</u>	<u>10 807 856</u>

8. 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.

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Operating profit	<u>23 832 062</u>	<u>20 042 812</u>
Depreciation and amortisation	25 642 100	22 559 014
EBITDA	49 474 162	42 601 826
Other adjustments related to fixed assets, including:		
- profit / loss on assets disposal	(12 937)	523 966
- impairment, valuation and liquidation of fixed assets	(13 531)	532 850
	594	(8 884)
Adjusted EBITDA	49 461 225	43 125 792

9. Income Tax

Major components of income tax expense are as follows:

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Consolidated income statement		
<i>Current income tax</i>		
Current income tax charge	1 702 295	2 676 196
<i>Deferred income tax</i>		
Related to origination and reversal of temporary differences	(527 977)	(176 683)
Income tax expense reported in Consolidated Income Statement	1 174 318	2 499 513

10. 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:

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Net profit on continued operations	16 465 490	11 189 186
Weighted average number of outstanding shares used to calculate EPS	157 700 000	136 912 273
Earnings per share	0,10	0,08

There were no other transactions related to ordinary shares or potential ordinary shares in the period between the balance-sheet date and the date of preparation of this consolidated financial information.

11. Cash in the Consolidated Cash Flow Statement

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

Cash Flow	31 March 2007	31 December 2006
Cash in bank	8 766 794	234 261 829
Short term deposit	199 054 968	11 869 973
Other cash	800 045	100 673 477
Overdraft facility	(1 601 247)	(1 556 522)
	<u>207 020 561</u>	<u>345 248 758</u>

12. Non-current assets

In the period of the three months ended March 31st 2007 and March 31st 2006, the Group acquired and disposed of property, plant and equipment, as well as intangible assets, in the amounts presented in the table below:

	for three months ended Mar. 31, 2007	for twelve months ended Dec. 31, 2006
Purchases of non current assets	38 055 123	143 264 007
Disposal of non current assets	71 590	1 083 191
Value of disposed assets	58 059	1 621 352
Profit / (loss) on disposed assets	13 531	(538 161)

13. Share Capital

As at March 31st 2007 and as at the date of this report, the Company's share capital amounts to PLN 157,700,000.

The Company's share capital, comprising 157,000,000, shares is divided into:

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

14. Interest-Bearing Loans and Borrowings

On January 10th 2007, the Company repaid PLN 100,000,000 of Tranche C loan.

15. Contingent Liabilities

As at March 31st 2007, 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.

16. Related Party Transactions

Multimedia Polska S.A. is a party to management, advisory and service agreements executed with its subsidiaries executed on July 3rd 2006. Based on these agreements, in exchange for the fee, Multimedia Polska S.A. provides business management and network operation services to its subsidiaries on terms and conditions specified in the agreements.

On March 14th 2007 Multimedia Polska S.A. executed similar agreement with Automatic Service sp. z o.o. its wholly owned subsidiary.

The following table presents value of related party transactions with each subsidiary during the three months ended March 31st 2007.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

	Revenue from related party	Purchases from related party	Receivables from related party	Payables to related party	Receivables from related party due to loans granted	Payables to related party due to loans received
Tele Top Grupa Multimedia Polska Sp.z o.o.	2 045	-	18 348	1 135		
Multimedia Polska - Zachód Sp. z o.o.	2 712 131	3 263 567	2 917 414	2 189 038	29 021 422	
Multimedia Polska - Południe SA	7 771 751	5 407 710	8 490 642	1 943 396		17 094 231
Automatic -Serwis Sp. z o.o.	131 105	-	159 948	-	-	-
	<u>10 485 927</u>	<u>8 671 277</u>	<u>11 426 404</u>	<u>4 133 569</u>	<u>29 021 422</u>	<u>17 094 231</u>

In January 2007 both Multimedia Polska S.A. and Multimedia Polska Zachód sp. z o.o. made payments of PLN 7,8 million each representing repayments of mutual liabilities on outstanding intercompany loans. During three months ended March 31st, 2007 Multimedia Polska S.A. did not grant nor received any intercompany loans.

17. Events after the Balance Sheet Date

As at May 10th 2007, the date of this financial information, no events had occurred since the balance sheet date that were not, but should have been disclosed in the financial statements prepared as at March 31st 2007.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

18. Condensed Interim Financial Statements of Multimedia Polska S.A.

**NON-CONSOLIDATED INTERIM INCOME STATEMENTS
(in PLN)**

	Note	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Sales of services		79 983 429	59 247 625
Other revenue		9 132 445	8 347 789
Total Revenue		89 115 874	67 595 413
Depreciation and amortisation	7.1	18 569 701	13 840 483
Materials		2 621 256	1 276 758
External services		34 053 739	25 211 634
Taxes and charges		3 114 204	1 685 751
Payroll	7.6	8 156 533	9 010 478
Other employee benefits	7.6	1 483 633	1 396 892
Other expenses		716 891	419 743
Value of goods and materials sold		14 427	-
Operating expenses		68 730 384	52 841 740
Profit on sales		20 385 490	14 753 674
Other operating income	7.2	1 034 353	1 336 719
Other operating expenses	7.3	835 528	1 344 328
Operating profit		20 584 315	14 746 065
Finance income	7.4	2 329 781	1 151 596
Finance costs	7.5	8 473 694	5 675 536
Share of profit of associate			
Profit/(loss) before tax		14 440 402	10 222 124
Income tax expense	9	1 534 989	2 226 729
Profit/(loss) for the year		12 905 412	7 995 395
Attributable to:			
Equity holders of the parent		12 905 412	7 995 395
Minority interest		-	-
		12 905 412	7 995 395

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

NON-CONSOLIDATED INTERIM BALANCE SHEETS
(in PLN)

	year ended 31 March 2007	year ended 31 December 2006
ASSETS		
Non-current assets		
Property, plant and equipment	395 481 899	382 128 118
Intangible assets	22 864 490	22 129 655
Financial assets	246 073 944	201 882 893
Prepayments and deferred costs	391 514	1 289 961
Deferred tax asset	<u>4 812 141</u>	<u>4 629 698</u>
	669 623 988	612 060 325
Current assets		
Inventories	13 212 581	14 347 321
Trade and other receivables	48 181 216	60 807 188
<i>incl. taxes</i>	<i>16 885 064</i>	<i>19 782 834</i>
Prepayments and deferred costs	4 335 394	838 475
Cash and cash equivalents	<u>220 038 853</u>	<u>368 474 039</u>
	285 768 044	444 467 023
TOTAL ASSETS	<u>955 392 032</u>	<u>1 056 527 348</u>
EQUITY AND LIABILITIES		
Equity (attributable to equity holders of the parent)		
Equity	157 700 000	157 700 000
Share premium	237 233 392	237 233 392
Other reserves	21 381 240	21 381 240
Retained earnings	<u>54 039 597</u>	<u>32 750 036</u>
	470 354 230	449 064 669
Minority interest		
Total equity	<u>470 354 230</u>	<u>449 064 669</u>
Non-current liabilities		
Interest-bearing loans and borrowings	399 177 625	496 553 939
Other non-current liabilities	210 329	2 065 505
Provisions	2 238 605	2 160 158
Deferred income tax liabilities	<u>9 106 655</u>	<u>11 749 993</u>
	410 733 214	512 529 595
Current liabilities		
Interest-bearing loans and borrowings	8 745 681	8 450 759
Interest Rate Swap (IRS) contracts	1 509 912	2 065 505
Trade and other payables	51 286 379	65 745 868
Income tax payable	-	5 802 635
Accruals	12 021 809	10 822 499
Deferred income	<u>740 806</u>	<u>2 045 818</u>
	74 304 587	94 933 083
TOTAL LIABILITIES	<u>485 037 802</u>	<u>607 462 679</u>
TOTAL EQUITY AND LIABILITIES	<u>955 392 032</u>	<u>1 056 527 348</u>

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

**NON-CONSOLIDATED INTERIM CASH FLOW STATEMENTS
(in PLN)**

	for three months ended Mar. 31, 2007	for three months ended Mar. 31, 2006
Cash flows from operating activities		
Profit before taxation	14 440 401	10 222 124
Adjustments for:	35 296 935	11 604 343
Depreciation and amortisation	18 569 701	13 840 483
Interest and dividends, net	3 158 971	4 342 096
Foreign exchange gains/(losses)	-	826
Investment income	(68 468)	480 937
Change in inventories	(5 763)	(324 396)
Change in trade and other receivables	23 362 044	(5 966 133)
Change in current payables except bank loans	(3 888 292)	(1 588 309)
Change in accruals and prepayments	(4 116 091)	3 123 284
Change in provisions	(3 096 261)	(176 683)
Income tax paid	(1 534 989)	(2 226 729)
Other adjustments, including	2 916 083	98 967
- liquidation of fixed assets	-	98 967
- revaluation of tangible assets	-	-
- income from valuation of investment inventory	-	-
- financial items (fees and commissions)	2 898 830	-
- goodwill / negative goodwill	-	-
- evaluation of Swap Contracts	114 291	-
- other	(97 037)	-
Cash flows from operating activities	49 737 336	21 826 467
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	116 612	2 192 093
Purchase of property, plant and equipment and intangibles	(36 047 233)	(10 093 453)
Acquisition of subsidiary, net of cash acquired	(54 458 127)	-
Interest received	131	-
Repayment of loans granted	7 428 096	-
Granting of loan	-	-
Other	(14 620)	(1 103 694)
Cash flows from investing activities	(82 975 141)	(9 005 054)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Proceeds from borrowings	44 724	-
Repayment of borrowings	(106 800 000)	-
Dividends paid to equity holders of the parent	-	-
Interest and fees paid	(1 025 430)	(3 499 477)
Cash flows from financing activities	(107 810 895)	(3 592 034)
Net change in cash and cash equivalents	(141 048 698)	9 229 379
Cash and cash equivalents at the beginning of the period	330 464 882	(466 724)
Cash and cash equivalents at the end of the period	189 416 183	8 762 656

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.

MULTIMEDIA POLSKA S.A. GROUP
Condensed consolidated interim financial statements
for the three months ended March 31st 2007

**NON-CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(in PLN)**

	Attributable to equity holders of the parent				Total	Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings			
At 1 January 2006	136 912 273	37 499 091	3 460 828	17 920 413	195 792 605	-	195 792 605
Profit or (loss) for the year	-	-	-	7 995 395	7 995 395	-	7 995 395
Profit or (loss) influence directly on equity	-	-	-	8 697 998	8 697 998	-	8 697 998
Loss coverage	-	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-	-
At 31 March 2006	136 912 273	37 499 091	3 460 828	34 613 806	212 485 998	-	212 485 998
At 1 January 2007	157 700 000	237 233 392	21 381 240	32 750 035	449 064 668	-	449 064 668
Profit or (loss) for the year	-	-	-	12 905 412	12 905 412	-	12 905 412
Profit or (loss) influence directly on equity	-	-	-	8 384 149	8 384 149	-	8 384 149
Profit distribution	-	-	-	-	-	-	-
Loss coverage	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
At 31 March 2007	157 700 000	237 233 392	21 381 240	54 039 596	470 354 230	-	470 354 229

The notes to the condensed consolidated interim financial statements attached on pages 6 to 18 are an integral part of these financial statements.