MULTIMEDIA POLSKA GROUP

Quarterly report for the three and twelve months
ended 31 December 2006

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1. Multimedia Polska Group

The 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 December 2006	**30 September 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 - Mielec Sp. z o.o.	Gdynia, ul. T. Wendy 7/9	voice, data and other telecommunications services	100.00%	100.00%
4	Multimedia Polska - Południe S.A.	Gdynia, ul. T. Wendy 7/9	voice, data and other telecommunications services	100.00%	100.00%

All the subsidiaries listed above are consolidated with Multimedia Polska S.A.

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 telecommunication services, particularly radio, television, Internet and telephony over cable television systems.

The structure of the Multimedia Polska Group changed as compared to the structure presented in the report for the third quarter 2006 as a result of mergers with the following 100% subsidiaries of Multimedia Polska S.A.
- Multimedia Polska - Brzesko S.A. with headquarters in Gdynia,
- Multimedia Polska - Dębica S.A. with headquarters in Gdynia,
- Multimedia Polska - Konin S.A. with headquarters in Gdynia,
- Multimedia Polska - Wschód S.A. with headquarters in Gdynia

with Multimedia Polska - Południe S.A. with headquarters in Gdynia, also 100% subsidiary of Multimedia Polska S.A.

The merger was performed by way of transferring the entire assets of the companies listed above to Multimedia Polska – Południe S.A. and increasing the share capital of the acquirer from PLN 31,537,710 to PLN 176,942,900. The increase of the share capital of Multimedia Polska – Południe S.A. became effective upon registration by the District Court for Gdansk-Północ, VIII Economic Division of the National Court Register on 27 December 2006. As at the balance sheet date and as at the date of this report, the share capital of Multimedia Polska – Południe S.A. was PLN 176,942,900 and was divided into 70,777,160 shares with a nominal value of PLN 2.50 each. Both before the share capital increase and following the registration of the share capital increase, Multimedia Polska S.A. held 100% shares in Multimedia Polska – Południe S.A. carrying 100% votes at the general meetings of Multimedia Polska – Południe S.A.

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

The financial result of the Group for the period from 1 January to 31 December 2005 is significantly different from the financial result for the period from 1 January to 31 December 2006 due to the fact that the following subsidiaries:

- Multimedia Polska - Zachód Sp. z o.o.
- Multimedia Polska - Mielec Sp. z o.o.
- Multimedia Polska - Wschód S.A.
- Multimedia Polska - Konin S.A.
- Multimedia Polska - Dębica S.A.
- Multimedia Polska - Brzesko S.A.
- Multimedia Polska - Południe S.A.

became part of the Multimedia Polska Capital Group in the period between 29 November and 31 December 2005. The business combination had little material effect on the consolidated income statement of the Group in the period from 1 January to 31 December 2005, but significantly impacted the Group's result in 2006.

For a comparison of the financial information included in the income statements for 2006 to 2005 pro forma – for better comparability of data – see note 10 below.

On 27 December 2006 the following subsidiaries of Multimedia Polska S.A. were merged with Multimedia Polska - Południe S.A. (also a subsidiary of Multimedia Polska S.A.):

- Multimedia Polska - Brzesko S.A. with headquarters in Gdynia,
- Multimedia Polska - Dębica S.A. with headquarters in Gdynia,
- Multimedia Polska - Konin S.A. with headquarters in Gdynia,
- Multimedia Polska - Wschód S.A. with headquarters in Gdynia.

The combination did not have any effect on the consolidated financial statements. It was performed in accordance with Art. 492.1 of the Commercial Companies Code by transferring the entire assets of the acquirees to the acquirer Multimedia Polska – Południe S.A. As of the merger date, the acquirer came to hold all the rights and obligations of the acquirees. The combination resulted in an increase of the share capital of Multimedia Polska – Południe S.A. from PLN 31,537,710 to PLN 176,942,900 and was aimed at streamlining the structure of the Group by consolidating subsidiaries, excluding mutual settlements, and reducing operating expenses.

On 29 December 2006, the Management Board of Multimedia Polska S.A. resolved to merge Multimedia Polska S.A. (Acquirer) with Multimedia Polska – Mielec Sp. z o.o. (Acquiree). According to the merger plan agreed upon by the Management Boards of both companies, 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 Multimedia Polska – Mielec Sp. z o.o. to Multimedia Polska S.A. Due to the fact that Multimedia Polska S.A. holds 100% shares in Multimedia Polska – Mielec Sp. z o.o., the combination will not result in any increase of the share capital or amendments to the statutes of the Company; thus, 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.

2.2. Dividends Paid and Declared

Pursuant to a resolution adopted by the General Shareholders Meeting held on 29 June 2006, there were no distributions from the Company's 2005 profit in the form of dividend payments. 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 PLN 550 million senior credit facility 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 December 2006 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**

This data is current as of the date of publication of this report.

As of the date of the previous quarterly report (Q3 2006), the Company's share capital was PLN 136,912,273 and was divided into 136,912,273 shares with a nominal value of PLN 1.00 each.

On 10 November 2006, in connection with all conditions stipulated in the Company's Statutes regarding automatic redemption of 1 series B share with a nominal value of PLN 1.00 being met, the Management Board of Multimedia Polska S.A. adopted a resolution redeeming the share and decreasing the share capital by PLN 1.00 to PLN 136,912,272.

On 10 November 2006, pursuant to a resolution adopted by the Extraordinary General Shareholders Meeting on 17 August 2006 authorising the Management Board of Multimedia Polska S.A. to increase the Company's share capital by an amount between PLN 1 and PLN 44,087,728 by way of an issue of between 1 and 44,087,728 ordinary registered series F shares with a nominal value of PLN 1.00 each and in connection with the Company's public offering, which resulted in subscriptions for 20,787,728 series F shares, the Management Board of Multimedia Polska S.A. made a declaration to increase the Company's share capital by PLN 20,787,728 by way of an issue of 20,787,728 series F shares. The issue was registered on 11 December 2006 by the District Court for Gdansk-Północ, VIII Economic Division of the National Court Register.

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

The Company, as the borrower, and Tele-Top Grupa Multimedia Polska, 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 agreement was subsequently restated and amended on 27 December 2005 and 20 June 2006.

In accordance with the amendments, the maximum amount of security has been increased to PLN 825,000,000. The increase in the maximum security was entered into relevant pledge registers on the basis of court decisions effected on 10 October 2006.

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 was made available to the Company on 25 May 2002 in the amount of up to PLN 8,000,000.

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 December 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.

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

3.1. Changes in the Composition of the Management Board

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

Andrzej Rogowski – President
Arkadiusz Dorynek – Vice-President

The composition of the Management Board did not change compared to information presented in the report for Q3 2006.

3.2. 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:

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

The composition of the Supervisory Board did not change compared to information presented in the report for Q3 2006.

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 date of publication of this report for Q4 2006, the Supervisory Board of Multimedia Polska S.A. is composed of the following persons:

Ygal Ozechov – Co-chairman
Tomek Ulatowski – Co-chairman
Gabriel Wujek – Member

Konrad Jaskóła – Member
David C. Seidman – Member

4. Related Party Disclosures. Intercompany Transactions

4.1. Prepayment of Bond by Issuer

On 11 July 2006, the Company acquired a senior bond (the ''Bond'') issued by one of its shareholders TRI MEDIA HOLDINGS Limited for a total consideration of PLN 91.9 thousand. The face amount of the Bond was PLN 93.8 thousand. Interest at the rate of 3 months WIBOR plus a margin of 1% per annum was to accrue on the face amount of the Bond on a daily basis. The Bond was subject to mandatory prepayment in the event of the listing of the Company's shares. When the shares were listed, TRI MEDIA HOLDINGS Limited prepaid the entire face amount of the Bond with interest accrued thereon in the amount of PLN 95,411 thousand on 10 November 2006.

4.2. Repayment of Advance Payment Made by the Company on Account of Voluntary Redemption Consideration

On 11 July 2006, the Company entered into a preliminary agreement with one of its shareholders ABN AMRO Ventures B.V. regarding the acquisition by the Company of 8,245,623 of its own shares for redemption. In connection with the Company's obligations to acquire the shares from ABN AMRO Ventures B.V., the Company paid ABN AMRO the amount of PLN 6,095,600 as an advance payment on account of any future voluntary redemption consideration. ABN AMRO Ventures B.V. agreed to return the advance payment to the Company, together with interest accruing at the rate of 3 months WIBOR plus a margin of 1% per annum in the event ABN AMRO Ventures B.V. shall sell all the shares of Multimedia Polska S.A. in the Public Offering.

In November 2006, ABN AMRO Ventures B.V. returned to the Company the amount of PLN 6,095,600 together with interest accrued, hence fulfilling the conditions of the agreement entered into on 11 July 2006.

4.3. 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, 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 – Dębica 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.

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.*
Multimedia Polska – Zachód Sp. z o.o.	PLN 470,000
Multimedia Polska – Południe S.A.	PLN 280,000
Multimedia Polska – Mielec Sp. z o.o.	PLN 238,000

* 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. The costs comprise costs recorded and attributable to each subsidiary in the books of account of Multimedia Polska S.A. Margin of 3.5% and an applicable VAT rate should be added.

4.4. Other Intragroup Agreements

4.4.1 Loan Agreements

In the reporting period, from 30 September 2006 to 31 December 2006, the companies of the Multimedia Group concluded two loan agreements for a total of PLN 2,500 thousand to finance ongoing operations. 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 based on a 365 day year. The loans were granted for the period of one year from the respective dates of the agreements, but the borrower has the right to prepay the loans.

Parties		**Value**	**Maturity**
Lender	**Borrower**		
MMP Brzesko S.A.	MMP S.A.	2,000,000.00	26.10.2007
MMP Brzesko S.A.	MMP Południe S.A.	500,000.00	08.12.2007*

* The Companies were merged pursuant to the decision of the District Court for Gdansk-Polnoc, VIII Economic Division of the National Court Register.

5. 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 in the reporting year.

5.1. Acquisition of Shares of Automatic Serwis Sp. z o.o.

On 19 February 2007, Multimedia Polska S.A. entered into a share purchase agreement with Mr Miroslaw Knocinski to acquire 7,424 shares of Automatic Serwis Sp. z o.o. with registered office in Brodnica.

The Shares purchased by Multimedia Polska S.A. constitute 100% of the share capital of Automatic Serwis Sp. z o.o. and were purchased for the total consideration of PLN 56,452,085.49.

The amount quoted above is the equivalent of the Price of Shares (PLN 52,000,000) plus (i) the net of cash in hand and at bank held by Automatic Serwis Sp. z o.o. and its liabilities, and (ii) the equivalent of an additional liability of PLN 2,400,000 potentially payable by the Company under tax liabilities in case of an unfavourable judgement of tax authorities against the Company.

The transactions was financed with the Company's existing cash.

The acquisition of Automatic Serwis Sp. z o.o. is 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 include inter alia active participation in the consolidation of cable television operators through mergers and acquisitions.

The cable networks acquired in the transaction with Automatic Serwis Sp. z o.o. cover approximately 40,000 homes passed, 31,000 cable television subscribers and 7,300 Internet subscribers.

The networks have been largely upgraded to provide Internet services and will not require any significant capital expenditure. As the acquired networks are in the proximity of the Company's locations, their integration with the networks of Multimedia Polska S.A. may be completed in under a 1 year.

5.2. Repayment of a Portion of the Credit Facility

On 10 January 2007, the Company repaid PLN 100,000,000 of indebtedness outstanding under the senior credit facility agreement dated 7 September 2005, restated and amended on 27 December 2005 and 20 June 2006. The Company was granted a loan of up to PLN 550,000,000 under the Agreement.

5.3. Extraordinary General Meeting of Multimedia Polska S.A.

An Extraordinary General Meeting of Multimedia Polska S.A. was held on 5 February 2007. The General Meeting passed the following resolutions:

- appointing Mr David C. Seidman to fill in the vacancy in the Supervisory Board, and

- amending the Company's Statutes so as to reflect the fact that currently all the Company's shares are bearer shares and that ABN AMRO Ventures B.V., previously provided special privileges in the Statutes, ceased to be the shareholder of Multimedia Polska S.A.

5.4. Selection of 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 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.

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

5.5. Declaration regarding Corporate Governance

On 26 January 2006, 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.

6. 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 December 2006 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.

On 15 November 2006, the Company was notified by Bank BPH S.A. acting on behalf of Bank Austria Creditanstalt AG with headquarters in Vienna, Austria ("BACA") that following a transaction concluded on 15 November and as at that date BACA held 1,107,552 shares of Multimedia Polska constituting 0.8% of the share capital of the Company and carrying 1,107,552 (0.8%) of total voting rights exercisable at general meetings, as well as 587,568 rights to series F shares.

Bank BPH S.A. also informed the Company that prior to the transfer of shares and rights to series F shares of Multimedia Polska S.A. referred to above, BACA held 13,006,762 Shares constituting 9.5% of the Company's share capital and carrying 13,006,762 (9.5%) of total voting rights exercisable at general meetings of the Company and 6,897,503 series F rights to shares. Provided that the Company's share capital increase made by way of issue of series F shares is registered by the court and that the shares are registered by the National Depository for Securities (KDPW S.A.), the number of Shares and RTSs held by BACA will represent a 12.62% shareholding in the Company carrying 19.904.265 (12.62%) voting rights exercisable at general meetings.

Following the registration by the court of the Company's share capital increase made by way of issue of series F shares and the registration of the shares by the National Depository for Securities (KDPW S.A.), the number of shares held by BACA as at the date of notification to the Company of the transaction represented a 1.08% shareholding in the Company carrying 1.695.120 (1.08%) of total voting rights exercisable at general meetings.

7. 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

7.1. Management Board

The table below provides information regarding ownership of shares by members of the Management Board as at 1 March 2007, the date of this quarterly report, and showing changes from 14 November 2006, the date of the previous quarterly report. The information is prepared based on information provided by members of the Board in accordance with Art. 160.1 of the Act on trading in financial instruments.

Name	As at 14 November 2006	Increase	Decrease	As at 1 March 2007
Andrzej Rogowski – President	814.715	0	0	814.715
Arkadiusz Dorynek – Vice President	0	0	0	0

7.2. 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.

8. 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 fourth quarter of 2006, 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.

9. Management's Comments Regarding Previously Published Financial Forecasts

The Group does not publish forecasts of financial results.

10. Factors Important for Proper Overview of the Issuer's Current Position

The following discussion and analysis of the Group's results for the three and twelve months ended 31 December 2006 was prepared on the basis of condensed consolidated interim financial statements for the three and twelve months ended 31 December 2006 prepared in accordance with IFRS. The financial statements present consolidated data of the Issuer's Group, i.e. Multimedia Polska Group, for Q4 2006 and Q4 2005, and cumulative data for the twelve months of 2006 and the twelve months of 2005. When analysing these data it should be noted that in Q4 2005 the TeleNet Group companies were not part of the Issuer's Group, as they were acquired in a series of steps in November and December 2005 (see p. 48 of the Prospectus – Operating and Financial Review). However, all data provided below for the full year 2005 is presented on a pro forma basis, including the results of the TeleNet Group, unless explicitly otherwise stated. Comparing 2005 pro forma results to 2006 results is the best possible way of comparing the Group's financial and operational results.

As at 31 December 2006, our Group had 807,081 revenue generating units (RGUs), including 476,547 cable TV RGUs (including 1,740 IPTV RGUs), 145,312 broadband Internet RGUs, 153,984 voice RGUs, 23,673 premium channels RGUs, 6,855 other RGUs comprising indirect voice services, and 710 payphones.

As at 31 December 2006, we had over 146,000 subscribers who have subscribed for more than one service, including nearly 32,500 Triple Play subscribers.

In Q4 2006, we recorded a net increase in RGUs of 37,747 (after churn), including:

- 10,814 CATV RGUs
- 924 IPTV RGUs
- 17,839 broadband Internet RGUs
- 4,841 voice RGUs (addition of 6,672 VoIP RGUs and disconnection of 1,831 PSTN RGUs)
- 1,582 premium channels RGUs, and
- 1,747 indirect voice RGUs

Going forward, we expect that more of our customers will subscribe for bundled offerings, which may help to reduce our churn rate and provide an important source of future 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 after we begin offering digital television to our cable customers in 2007.

It has been our strategic focus in 2006 to control negative disconnection trends (churn), calculated as the ratio of disconnections to the number or RGUs for the service at the beginning of the period. In 2006, the Group succeeded in reducing the churn rate from 13.71% in 2005 (1.1% per month) to 10.86% in 2006 on an annual basis (0.9% per month).

Also in line with our strategy to deliver more services to the current subscriber base, the ratio of RGUs per subscriber went up from 1.29 in 2005 to 1.40 in 2006. The average revenue per unique subscriber (ARPU/HC) was PLN 52.92 in 2006, up 6.3% from 2005.

10.1. Sales Revenue

Our sales revenues consist of cable television, broadband Internet, fixed-line telephony and other revenues. For the twelve months ended 31 December 2006, our cable television, broadband Internet, fixed-line telephony and other revenues contributed approximately 46.0%, 19.7%, 31.9% and 2.4%, respectively, to our total revenue. In Q4 2006, our cable television, broadband Internet, fixed-line telephony and other revenues contributed 46.2%, 20.6%, 30.5% and 2.8%, respectively, to our total revenue. Our revenue mix remained stable over 2006.

	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Cable television	46.0%	46.2%	46.5%	46.0%
Internet	20.3%	20.6%	16.6%	19.7%
Telephony	31.1%	30.5%	34.9%	31.9%
Other	2.6%	2.7%	2.0%	2.4%

Comparing the Group's results for twelve months year-on-year, sales revenues increased by PLN 21.3m, or 6% from PLN 356.0m in 2005 (pro forma) to PLN 377.3m in 2006. The principal sources of the sales revenue growth were subscriber growth in the broadband Internet business (revenue growth of PLN 15.1m), VoIP telephony (revenue growth of PLN 11.0m) and the cable television business (revenue growth of PLN 8.2m, including IPTV and premium channels). This result was negatively impacted by a decrease of PLN 16.3m in traditional PSTN telephony revenues. The decrease in PSTN business was largely offset by the dynamic subscriber growth in the VoIP business as outlined above.

Comparing our results quarter-on-quarter, sales revenues increased by PLN 1.0m, or 1.1%, from PLN 94.8m in Q3 2006 to PLN 95.8m in Q4 2006.

10.1.1 Cable Television

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

(PLN '000)	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Subscription fees for regular television packages(1) and IPTV	42,161.9	42,836.2	160,696.7	168,096.8
Subscription fees for premium channel packages	1,410.8	1,399.7	4,728.1	5,547.4
Total cable television revenues	43,572.8	44,235.9	165,424.8	173,644.2

(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.

	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Homes passed by cable networks (in thousands), including both existing and potential subscribers	671	691	663	691
Homes passed by PSTN networks (in thousands), including both existing and potential subscribers of IPTV	50	50	0	50
Revenue Generating Units (RGU) (in thousands)(1)	464	477	451	477
Premium channel RGUs (in thousands)	22	24	22	24
ARPU (PLN/RGU/Month)(2)	30.50	30.34	30.08	30.21

(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 twelve months year-on-year, cable television revenues including IPTV and premium channel revenues increased by PLN 8.2m, or 5.0% from PLN 165.4m in 2005 (pro forma) to PLN 173.6m in 2006. The growth in cable television revenues was driven by a 5.3% growth in CATV RGUs and the launch of IPTV (Internet Protocol TV delivered over PSTN networks), which gave the Company an additional base of 1,700 RGUs in 2006 generating PLN 131,500 revenues for the year, as well as customer migration to higher packages in analogue cable TV which resulted in higher subscriber fees paid to the Company.

Thanks to service bundling – with cable television as the base service – and our customer loyalty efforts, we have succeeded in reducing churn on cable television by over 22%. The average monthly churn rate was 0.73% in 2005 and only 0.57% in 2006.

Comparing our results quarter-on-quarter, cable television revenues increased by PLN 0.7m, or 1.5%, from PLN 43.5m in Q3 2006 to PLN 44.2m in Q4 2006.

10.1.2 Broadband Internet

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

(PLN '000)	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Broadband Internet	19,130.7	19,623.7	58,895.4	73,689.0
Other Internet access (including dial-up)	110.2	123.9	268.3	529.9
Total Internet revenues	19,240.9	19,747.6	59,163.7	74.218.9

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

	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Homes passed by cable networks (in thousands), including both existing and potential subscribers	568	609	523	609
Homes passed by PSTN networks (in thousands), including both existing and potential subscribers	181	181	180	181
Revenue Generating Units (RGU) (in thousands	127	145	98	145
ARPU (PLN/RGU/Month)(1)	52.19	47.96	63.44	50.54

(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 15.1m, or 25.4% from PLN 59.2m in 2005 to PLN 74.2m in 2006. This resulted principally from the fact that we almost doubled the number of our broadband Internet RGUs (48.7%). 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 20%.

One of our key operational achievements of 2006 was a notable reduction in churn rates with respect to our Internet business. The actual number of disconnections dropped from 20,100 to 18,300 year-on-year with a significantly larger subscriber base. As a result, we reduced the annual churn rate from 35.4% in 2005 (monthly average of 3.0%) to 18.7% in 2006 (monthly average of 1.6%).

Comparing our results quarter-on-quarter, Internet revenues increased by PLN 0.5m, or 2.6%, from PLN 19.2 in Q3 2006 to PLN 19.7m in Q4 2006.

10.1.3 Telephony

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

(PLN ‘000)	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Line rental fees	11,944.7	10,876.0	42,365.3	45,398.3
Usage fees (including additional services)	12,189.8	13,837.7	61,684.4	53,376.8
Interconnection (wholesale)	4,588.5	3,631.3	16,587.5	18,510.6
Other (including indirect services and payphones)	778.1	878.6	3,782.8	3,256.0
Total telephony revenues	29,501.0	29,223.6	124,420.0	120,541.8

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

	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Homes passed by cable networks (in thousands), including both existing and potential subscribers	360	425	300	425
Homes passed by PSTN networks (in thousands), including both existing and potential subscribers	181	181	180	181
Revenue Generating Units (RGU) (in thousands	149	154	138	154
ARPU (PLN/RGU/Month)(1)	54.74	54.70	65.32	56.82

(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 twelve months year-on-year, telephony revenues decreased by PLN 5.2m, or 5.0% from PLN 104.8m in 2005 (pro forma) to PLN 99.6m in 2006.

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. Comparing 2006 and 2005 results in VoIP, we have seen a PLN 11.0m growth in revenues. Our revenues from the service tripled over 2005 and were up from PLN 5.2m in 2005 to PLN 16.2m in 2006 mainly driven by RGU growth of 23,300, or 112.7%, from 20,700 in 2005 to 44,000 in 2006. Our ARPU in VoIP business increased by 8.3% year-on-year from PLN 38.54 to PLN 41.73.

In the PSTN business, we recorded a 16.3% decline in revenues in 2006. Our revenues decreased from PLN 99.6m in 2005 to PLN 83.4m in 2006 as a result of a decrease in pricing and in our subscriber base. Our PSTN RGUs were down 7,500 or 6.4% from 117,400 in 2005 to 109,900 RGUs in 2006. ARPU on the service went down 9.8% from PLN 67.78 in 2005 to PLN 61.12 in 2006.

We managed to slightly reduce churn on our PSTN telephony service by 7.6% compared to 2005. Annual churn was 11.1% in 2005 (monthly rate of 0.92%) and 10.2% in 2006 (monthly rate of 0.85%).

Our wholesale interconnection revenues amounted to PLN 18.5m in 2006. They were 11.6% higher compared to 2005 when they amounted to PLN 16.6m.

Comparing our results quarter-on-quarter, telephone revenues increased by PLN 0.6m from PLN 24.2 in Q3 2006 to PLN 24.8m in Q4 2006.

10.1.4 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 1.9m, or 26.5%, from PLN 7.0m in the twelve months of 2005 to PLN 8.9m for the same period of 2006. The main reason behind the increase were higher revenues generated by the Multimedia Polska Group on line leases and, to a lesser extent, the lease of ducts and bandwidth.

Comparing our results quarter-on-quarter, other revenues increased by PLN 0.1m or 6.1% from PLN 2.5m in Q3 2006 to PLN 2.6m in Q4 2006.

10.2. Operating Expenses

Comparing our results for twelve months year-on-year, operating expenses decreased by PLN 1.5m, or 0.8% from PLN 196.8m in 2005 to PLN 195.3m in 2006. The decrease is primarily a result of our strategy for 2006 of applying a strict cost control policy. The decrease of total operating expenses was attributable to a PLN 1.0m decrease in payroll and benefits, PLN 1.6m in professional services, PLN 5.1m in bandwidth costs and PLN 5.8m in other expenses. 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.

Although telephony revenues decreased in 2006 as a result of a shrinking PSTN subscriber base and a decrease in pricing, the Group recorded an increase in interconnection costs of PLN 2.3m (12.3%) from PLN 18.9m in 2005 to PLN 21.2m in 2006. The reasons for the increase were twofold: a growth in the overall subscriber base (PSTN and VoIP) on the one hand and an increase in traffic generated by them on the other.

The largest increase in operating expenses was recorded in network costs, which were up by PLN 4.6m (17.8%) from PLN 25.9m in 2005 to PLN 30.5m in 2006. The increase was primarily attributable to a PLN 3.8m increase in the lease of fibre optic cables for our telephony services due to the growing take-up of our VoIP services. In the table below, costs connected with the lease of fibre optic cables for our Internet services are presented as a separate component – “Bandwidth”.

Our sales and marketing expenses increased by PLN 3.3m (24.4%) from PLN 13.8m in 2005 to PLN 17.2m in 2006. The increase in this cost category is directly related to higher costs of sales connected with commissions paid out to our sale representatives due to a considerable increase in new contracts (RGUs).

“Other expenses” consist of other services provided to the Group connected with network maintenance, transportation, printing of subscriber bills, phone calls, mail services, bank services etc., other expenses such as travel or insurance, and debt collection expenses. Other operating expenses were reduced principally as a result of a significant drop in network maintenance expenses of PLN 3.6m due to the take-over by MMP of telecom network maintenance services from subcontractors in July 2006.

The remaining components of our operating expenses, other than those discussed above, remained relatively stable in 2006 as compared to 2005.

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

(PLN '000)	Q3 2006	Q4 2006	12 mos 2005	12 mos 2006
Programming and copyrights	8,729.1	8,281.5	36,010.1	36,312.8
Bandwidth	2,703.3	2,436.1	16,348.6	11,196.8
Interconnect	5,581.4	5,249.2	18,880.0	21,194.9
Network costs	7,129.3	8,927.1	25,930.6	30,546.2
Sales and marketing	4,545.9	4,921.6	13,827.1	17,202.3
Payroll and benefits	11,634.8	8,137.2	41,576.6	40,557.7
Taxes and charges	2,310.0	3,982.2	10,345.9	10,836.7
Professional services	168.4	552.5	5,508.6	3,943.9
Energy and materials	2,766.0	3,615.2	9,640.3	10,679.6
Other expenses	2,809.2	3,139.2	18,685.2	12,855.2
Total	48,377.5	49,241.9	196,753.0	195,326.1

Comparing our results quarter-on-quarter, operating expenses increased by PLN 0.9m or 1.8% from PLN 48.4m in Q3 2006 to PLN 49.3m in Q4 2006.

10.3. Other Operating Income

Other operating income was up by PLN 9.4m or 22.4% from PLN 7.7m in 2005 to PLN 17.1m in 2006. The increase in other operating income was a result of a one-off compensation received by us in the amount of PLN 12.0m.

In Q4 2006 we recorded an decrease in other operating income of PLN 8.6m from PLN 12.6m in Q3 2006 to PLN 4.0m in Q4 2006. Other operating income of PLN 4.0m in Q4 2006 was primarily a result of the reversal of allowances, including real estate tax allowances.

10.4. Other Operating Expenses

Other operating expenses were down compared to 2005 by PLN 9.6m or 49.2% from PLN 18.9m in 2005 to PLN 9.3m in 2006. Other operating expenses were considerably higher in 2005 because of write-downs of fixed assets amounting to PLN 13.3m. Those write-downs in 2006 were only PLN 4.4m.

In Q4 2006 we recorded an increase in other operating expenses of PLN 4.2m from PLN 0.8m in Q3 2006 to PLN 5.0m in Q4 2006. This increase was due to revaluation of operating inventory and disposal of fixed assets.

10.5. Operating Profit

Comparing our results for twelve months year-on-year, operating profit increased by PLN 30.2m, or 43.4% from PLN 69.8m in 2005 to PLN 100.0m in 2006. The components of the increase recorded for the twelve months of 2006 as compared to the twelve months of 2005 are presented below:

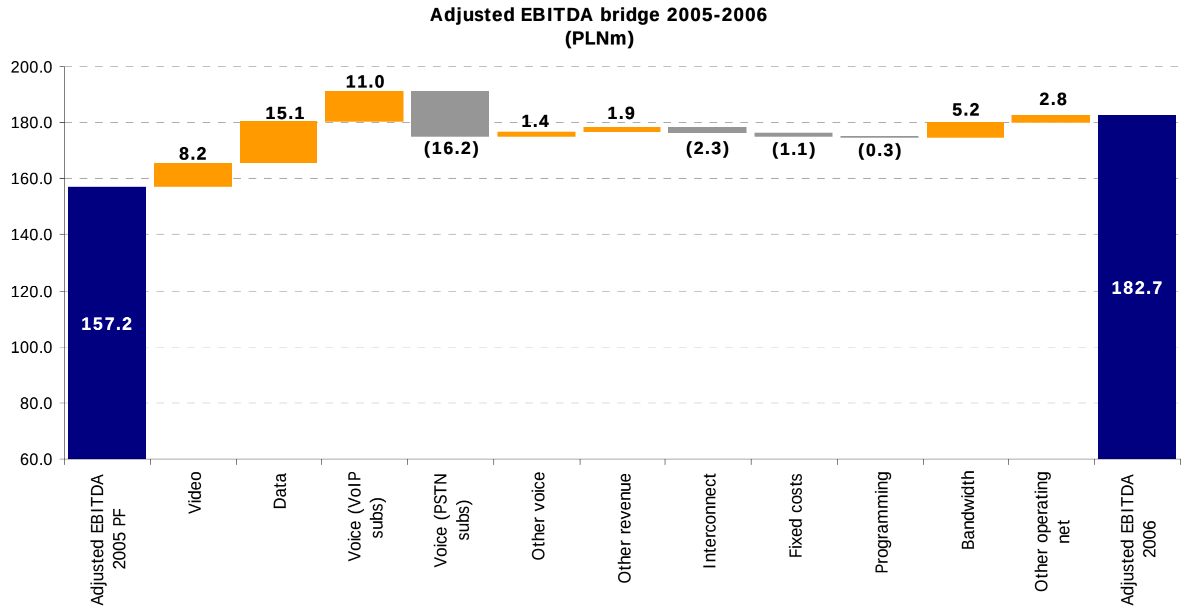
+ PLN 8.2m increase in cable television revenues resulting from a larger subscriber base,
+ PLN 15.1m increase in Internet revenues resulting from a larger subscriber base, despite price reductions,
+ PLN 11.0m increase in voice revenues generated by our VoIP subscribers thanks to the bundling of services,
- PLN 16.2m 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 1.4m per saldo increase in other voice revenues including direct voice, interconnect and revenues from other operators,
+ PLN 1.9m increase in other revenues, including leases,
- PLN 2.3m increase in interconnection costs,
- PLN 1.1m increase in fixed costs,
- PLN 0.3m increase in programming costs,
+ PLN 5.2m decrease in variable costs connected with the lease of bandwidth for Internet,
+ PLN 19.0m increase per saldo of other operating income/expenses due to the one-off compensation of PLN 12.0m and significantly lower asset impairment charges.
- PLN 11.5m increase in depreciation and amortisation.

Comparing our results quarter-on-quarter, operating profit decreased by PLN 7.3m or 21.7% from PLN 33.7m in Q3 2006 to PLN 26.4m in Q4 2006.

10.6. EBITDA and Adjusted EBITDA

Comparing our results for twelve months year-on-year, EBITDA increased by PLN 41.7m or 28.2% from PLN 148.0m in 2005 to PLN 189.8m in 2006. 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 25.5m, or 16.2%, from PLN 157.2m for the twelve months of 2005 to PLN 182.7m for the twelve months of 2006. Adjusted EBITDA margin was up from 44.2% for the twelve months of 2005 to 48.4% for the twelve months of 2006. 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). EBITDA was adjusted by fixed asset adjustments of PLN 4.95m (in plus) and an adjustment for the one-off compensation of PLN 12.0m (in minus). The reconciliation of Adjusted EBITDA to EBITDA is presented in note 8 to the financial statements.



Comparing our results quarter-on-quarter, EBITDA decreased by PLN 12.7m or 21.8% from PLN 58.2m in Q3 2006 to PLN 45.5m in Q4 2006 while Adjusted EBITDA increased by PLN 1.3m or 2.9% from PLN 46.1m in 2005 to PLN 47.4m in 2006. Adjusted EBITDA margin was up from 48.6% in Q3 2006 to 49.5% in Q4 2006. Our EBITDA in Q3 2006 was higher due to the aforementioned compensation received in the third quarter, which was a non-recurring event and did not occur in Q4 2006. Management believes that Adjusted EBITDA permits a more complete and comparable analysis of our financial results.

10.7. Finance Income

Comparing our results for twelve months year-on-year, finance income decreased by PLN 23.5m from PLN 31.9m in 2005 to PLN 8.4m in 2006. The decrease was primarily a result of a decrease in “other finance income”. “Other finance income” was higher in 2005 due to the cancellation of shareholder loans with accrued interest, which did not occur in 2006.

Comparing our results quarter-on-quarter, finance income increased by PLN 3.6m from PLN 0.9m in Q3 2006 to PLN 4.5m in Q4 2006. The increase was related to proceeds received from investments in financial instruments in transactions with related parties and interest accrued thereon.

10.8. Finance Costs

Comparing our results for twelve months year-on-year, finance costs decreased by PLN 9.0m or 24.6% from PLN 36.5m in 2005 to PLN 27.5m in 2006. The decrease was primarily a result of lower interest (by approx. PLN 2.0m) and lower fees and charges related to our senior credit facility.

Comparing our results quarter-on-quarter, finance costs decreased by PLN 2.4m from PLN 8.5m in Q3 2006 to PLN 6.1m in Q4 2006 (adjustment of fees related to the senior credit facility).

10.9. Capital Expenditure

10.9.1 Growth Capital Expenditure

We spent approximately PLN 143m on capital expenditure in 2006. Our expenditure on growth projects, i.e. projects generating direct revenue increases in a given year or the coming years, accounted for approximately 70% of our total capital expenditure. The main growth projects comprise:
- expenditures related to network upgrades for broadband Internet and VoIP telephony,
- expenditures related to the purchase of network devices for our telephony and broadband Internet services, as well as IPTV services, necessitated by the growth of our subscriber base and introducing the services over a larger percentage of our networks, and
- expenditures related to subscriber acquisition, including installation costs and CPE (customer premises equipment) costs.

As a result of the network upgrades completed in 2006, we upgraded 85,000 homes passed (HP) for broadband Internet and 128,000 HPs for voice services. Consequently, at the end of 2006, 88% of our total HPs were Internet-ready and 62% were telephony-ready.

Another important component of our 2006 capital expenditure budget, accounting for 10% of the total budget, were expenditures connected with acquisitions of other cable operators and upgrading their networks to MMP standards. In a series of acquisitions in 2006 we acquired twelve cable and Internet operators, adding 13,400 new HPs, 11,500 cable television subscribers and 2,700 Internet subscribers, as well as 240 telephony subscribers.

In 2006, we built 14,500 new HPs accounting for 4% of our total capital expenditure for the year.

The above-mentioned acquisitions and the construction of new homes passed gave us a total of 691,000 cable television homes passed at the end of 2006, a growth of 28,000 homes passed.

No capital expenditure was incurred on increasing the number of PSTN homes passed in 2006.

10.9.2 Other Capital Expenditure

Other capital expenditure not directly related to network expansion or subscriber activations accounted for approximately 30% of total capital expenditure and included:
- expenditures related to upgrades and improvements in information technology and purchases of new systems with a view to reduce operating expenses and streamline internal processes,
- expenditures related to upgrading head-end systems to number portability, and
- expenditures related to the expansion of our backbone network into new areas and to carry higher volumes of Internet traffic.

10.10. Employment

As at 31 December 2006, Multimedia Polska Group had 997 employees in total. We employed 534 employees in our regions (including our network service and customer care personnel, sale managers, regional directors etc.) and 463 employees in our head offices. Employment levels were up by 117 or 13.3% as compared to 2005 due to the expansion of our Call Centre responsible for both customer care and sales. In addition, our headcount increased due to the take over of telecom network services in mid-2006.

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

Going forward, we expect that more of our customers will subscribe for bundled offerings, which may help to reduce our churn rate and provide an important source of future 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 1.40, will continue to increase going forward. Another factor that is expected to have a significant effect on the RGU/HC rate is digital television over cable networks which we intend to launch in 2007. Our customers will be offered digital television packages and additional services, such as video-on-demand etc.

12. Foreign Exchange Rates

The table "Selected Financial Information" contains items of the income statement and the cash flow statement for 12 months ended 31 December 2006 and 30 December 2005, and items of the balance sheet as at 31 December 2006 and 31 December 2005 translated using the following rates:

	31 December 2006	31 December 2005
Balance sheet(1)	3.8312	3.8598
Income statement, cash flow statement(2)	3.8959	4.0234

(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 31 DECEMBER 2006
AND FOR THE THREE AND TWELVE MONTHS
ENDED 31 DECEMBER 2006

PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS

Gdynia, February 28th, 2007

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CONSOLIDATED INTERIM INCOME STATEMENTS

(in PLN)

	Note	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Sales of services		93 610 024	369 869 889	61 685 814	226 463 747
Other revenue		2 202 314	7 424 867	5 851 530	18 517 905
Total Revenue		95 812 338	377 294 756	67 537 344	244 981 652
Depreciation and amortisation	7.1	19 167 898	89 737 695	13 546 863	50 111 958
Materials		3 615 208	10 679 629	2 296 181	7 219 926
External services		31 602 203	123 695 368	30 918 523	93 652 825
Taxes and charges		4 910 631	17 124 013	3 005 296	9 274 200
Payroll	7.6	6 944 537	35 670 067	9 312 740	31 407 239
Other employee benefits	7.6	1 192 655	4 887 613	1 330 167	4 844 011
Other expenses		940 835	3 192 869	565 647	2 661 580
Value of goods and materials sold		35 810	76 535	148 686	148 686
Operating expenses		68 409 777	285 063 789	61 124 103	199 320 425
Profit on sales		27 402 561	92 230 967	6 413 241	45 661 227
Other operating income	7.2	3 959 531	17 123 903	1 312 934	1 699 436
Other operating expenses	7.3	4 985 349	9 319 907	1 564 220	3 662 920
Operating profit		26 376 744	100 034 964	6 161 955	43 697 743
Finance income	7.4	4 547 798	8 422 824	1 213 964	1 567 273
Finance costs	7.5	6 133 924	27 529 924	6 765 483	20 023 196
Share of profit of associate				142	
Profit/(loss) before tax		24 790 618	80 927 864	610 578	25 241 820
Income tax expense	9	1 775 403	12 291 345	(412 940)	2 943 754
Profit/(loss) for the year		23 015 215	68 636 519	1 023 518	22 298 066
Attributable to:					
Equity holders of the parent		23 015 215	68 636 519	1 025 549	22 299 955
Minority interest		-	-	(2 031)	(1 889)
		23 015 215	68 636 519	1 023 518	22 298 066
Earnings per share for the year	12	0,15	0,49	0,01	0,30

CONSOLIDATED INTERIM BALANCE SHEETS
(in PLN)

	year ended 31 December 2006	year ended 31 December 2005
ASSETS		
Non-current assets		
Property, plant and equipment	649 337 075	602 251 513
Intangible assets	22 420 195	22 826 234
Financial assets	5 750	11 417
Prepayments and deferred costs	1 343 473	603 559
Deferred tax asset	5 681 070	6 316 403
	678 787 563	632 009 126
Current assets		
Inventories	285 415	578 036
Trade and other receivables	58 963 961	32 796 069
taxes	*24 709 312*	*3 655 050*
Prepayments and deferred costs	877 815	1 417 240
Cash and cash equivalents	346 808 396	12 428 798
	406 935 587	47 220 143
TOTAL ASSETS	1 085 723 150	679 229 269
EQUITY AND LIABILITIES		
Equity (attributable to equity holders of the parent)		
Equity	157 700 000	136 912 273
	-	32 869 899
Share premium	237 233 392	37 499 091
Other reserves	21 381 240	3 460 827
Retained earnings	75 935 773	25 708 614
	492 250 406	203 580 805
Minority interest		
Total equity	492 250 406	203 580 805
Non-current liabilities		
Interest-bearing loans and borrowings	496 553 939	389 620 380
Other non-current liabilities	2 069 369	3 311 002
Provisions	2 211 664	249 410
Deferred income tax liabilities	12 842 501	9 944 163
	513 677 473	403 124 955
Current liabilities		
Interest-bearing loans and borrowings	8 450 759	11 367 237
Interest Rate Swap (IRS) contracts	2 065 505	2 275 373
Trade and other payables	47 585 772	47 746 392
Income tax payable	5 802 635	255 041
Accruals	9 910 882	3 978 737
Deferred income	5 979 719	6 900 729
	79 795 271	72 523 509
TOTAL LIABILITIES	593 472 745	475 648 464
TOTAL EQUITY AND LIABILITIES	1 085 723 150	679 229 269

CONSOLIDATED INTERIM CASH FLOW STATEMENTS

(in PLN)

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Cash flows from operating activities				
Profit before taxation	24 790 618	80 927 864	610 435	25 241 820
Adjustments for:	36 915 832	86 236 042	(15 523 208)	64 972 152
Depreciation and amortisation	19 167 898	89 737 695	13 546 863	50 111 958
Interest and dividends, net	2 451 010	20 248 987	3 472 434	10 885 672
Foreign exchange gains/(losses)	(4 594)	(2 600)	628 452	4 324 443
Investment income	(1 889 656)	(1 337 439)	179 441	573 342
Change in trade and other receivables	638 471	292 621	179 217	79 879
Change in inventories	(18 196 930)	(26 282 043)	(1 734 785)	(3 924 002)
Change in current payables except bank loans	14 994 979	2 832 110	(33 787 433)	2 652 752
Change in accruals and prepayments	29 732 201	21 806 400	2 971 483	2 676 037
Change in provisions	9 512 068	8 603 270	2 333 526	147 410
Income tax paid	(1 775 403)	(12 291 345)	(1 114 344)	(4 471 038)
Other adjustments, including	(17 714 212)	(17 371 614)	(2 198 062)	1 915 699
- liquidation of fixed assets	1 144 165	1 201 505	698 174	1 090 775
- revaluation of tangible assets	(2 381 624)	43 116	(3 345 541)	(632 176)
- income from valuation of investment inventory	(12 015 991)	(12 020 395)	-	-
- financial items (fees and commissions)	2 086 003	2 086 003	626 516	1 634 021
- goodwill / negative goodwill	-	-	(633 491)	(633 491)
- evaluation of Swap Contracts	3 239 258	1 141 489	-	-
- other	(9 786 023)	(9 823 332)	(176 982)	456 570
Cash flows from operating activities	61 706 451	167 163 906	(14 912 631)	90 213 972
Cash flows from investing activities	-	-	-	-
Proceeds from sale of property, plant and equipment and intangibles	(926 917)	114 151	(124 763)	172 949
Purchase of property, plant and equipment and intangibles	(40 223 076)	(143 264 007)	(22 865 651)	(77 731 697)
Acquisition of subsidiary, net of cash acquired	(741 803)	(741 803)	(107 638 423)	(107 638 423)
Interest received	(2 981)	2 619	18 157	29 934
Repayment of loans granted	13 000	78 506	57 827	83 423
Granting of loan	-	-	65 299 246	-
Other	95 410 950	3 506 550	-	-
Cash flows from investing activities	53 529 173	(140 303 984)	(65 253 606)	(185 083 814)
Cash flows from financing activities	-	-	-	-
Proceeds from issue of shares	220 522 029	220 522 029	-	-
Payment of finance lease liabilities	-	-	-	-
Proceeds from borrowings	9 932 389	110 000 000	367 310 136	394 978 928
Repayment of borrowings	-	-	(230 216 623)	(234 720 760)
Dividends paid to equity holders of the parent	-	-	(27 456 511)	(27 456 511)
Interest and fees paid	(5 729 588)	(22 371 964)	(14 313 212)	(20 988 186)
Cash flows from financing activities	224 724 829	308 150 065	95 323 790	111 813 471
Net change in cash and cash equivalents	339 960 453	335 009 986	15 157 553	16 943 629
Cash and cash equivalents at the beginning of the period	5 288 306	10 238 772	(4 918 781)	(6 704 857)
Cash and cash equivalents at the end of the period	345 248 758	345 248 758	10 238 772	10 238 772

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in PLN)

	Attributable to equity holders of the parent					Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
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	-	-	-	22 299 955	22 299 955	(1 889)	22 298 066
Issue of shares	65 075 773	18 683 057	-	-	83 758 830	-	83 758 830
Loss coverage	-	-	(53 748 424)	53 748 424	-	-	-
Profit distribution	-	-	8 655 378	(8 655 378)	-	-	-
Dividend payment	-	-	-	(27 456 511)	(27 456 511)	-	(27 456 511)
Minority interest share	-	-	-	-	-	(18 828)	(18 828)
At 31 December 2005	136 912 273	37 499 091	3 460 828	25 708 613	203 580 805	-	203 580 805
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	-	-	-	68 636 519	68 636 519	-	68 636 519
Issue of shares	20 787 728	199 734 301	-	-	220 522 029	-	220 522 029
Remission of golden share	(1)	-	-	-	-	-	-
Loss coverage	-	-	17 920 413	(18 927 132)	(1 006 719)	-	(1 006 719)
Profit distribution	-	-	-	1 006 719	1 006 719	-	1 006 719
Other	-	-	-	(633 491)	(633 491)	-	(633 491)
Exeptions from BS of Telenet Group	-	-	-	144 545	144 545	-	144 545
At 31 December 2006	157 700 000	237 233 392	21 381 241	75 935 773	492 250 406	-	492 250 406

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 and twelve months ended 31 December 2006.

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		
				Dec 2006	2005	Dec 2005
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%	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%	100.0%
3	Multimedia Polska - Mielec Sp. z o.o (TNM)	Gdynia, ul.T.Wendy 7/9	voice, data and other telecommunications services	100.0%	100.0%	100.0%
4	Multimedia Polska - Południe S.A. (TNPD)	Gdynia, ul.T.Wendy 7/9	voice, data and other telecommunications services	100.0%	100.0%	100.0%

All subsidiaries are consolidated with Multimedia Polska S.A.

As at 31 December 2006, the Group's share in the total vote at its subsidiaries was equal to the share in these subsidiaries' equity.

The companies of the TeleNet Group were acquired by Multimedia Polska S.A. in the period from 29 November to 30 December 2005. Given the time at which Multimedia took over control of these companies, their impact on the Group's consolidated income statement for the period 1 January – 31 December 2005 was not material. For a comparison of the financial information included in the income statements, see Notes 7–10 below. The consolidated balance sheet as at the end of 2005 accounts for the effect of acquisition of the TeleNet Group.

3. Mergers and Business Reorganization

The Group's financial performance for the period 1 January – 31 December 2005 is markedly different from that reported for the corresponding period of 2006 due to the fact that the companies of the Telnet Group 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 – 31 December 2005 but have a significant bearing on the financial performance in 2006.

On 27 December 2006 the following companies:

- Multimedia Polska - Wschód S.A.,
- Multimedia Polska - Konin S.A.,
- Multimedia Polska - Dębica S.A.
- Multimedia Polska - Brzesko S.A.

were merged into Multimedia Polska - Południe S.A.

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 28 February 2006.

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

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

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 Revenue*

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Subscriber-generated and interoperator revenues	93 610 024	369 869 889	61 685 814	226 463 747
CATV	44 235 847	173 644 171	42 036 114	165 424 784
Internet	19 747 639	74 218 924	13 912 331	51 105 106
Telephony	29 223 643	120 541 765	5 392 115	8 557 743
subscriber generated	25 547 162	101 850 700	4 284 489	7 450 117
interoperator	3 676 481	18 691 065	1 107 626	1 107 626
Other	402 895	1 465 029	345 255	1 376 114
Other revenue	2 202 314	7 424 867	5 851 530	18 517 905
Sales to unrelated parties	2 202 314	7 424 867	1 406 331	1 500 569
sales to related parties	-	-	4 445 199	17 017 336
Total revenues	95 812 338	377 294 756	67 537 344	244 981 652

Other sales revenues comprise revenues from telecom infrastructure lease and lease of other fixed assets, TV productions, commercials, sale of licences and materials. In the period 2003–2005, Multimedia Polska S.A. leased 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.

7.2. Other Operating Income

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Compensation received	144 671	280 269	-	-
Income recognized on revaluation and reversal of impairement	969 949	990 114	445 012	632 176
VAT adjustement	-	-	633 491	633 491
Other including one off compensation	2 844 911	15 853 520	234 431	433 769
	3 959 531	17 123 903	1 312 934	1 699 436
	-	-	-	-

7.3. Other Operating Costs

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Loss on disposal of property, plant and equipment	(14 056)	538 161	179 441	565 211
Receivables impairement and bad debt write-off	(687 076)	152 304	365 849	974 669
Other non current assets impairement	1 888 029	4 412 050	982 244	1 187 682
Other non current assets impairement	3 798 452	4 217 392	36 686	935 358
	4 985 349	9 319 907	1 564 220	3 662 920
	-	-	-	-

In 2006 the Company 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.

7.4. Finance Income

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Interest received	642 299	1 911 278	241 926	311 088
Interest Rates Swap contracts change in value	162 771	2 260 540	-	-
Foreign exchange gains	(46 115)	85 405	-	-
Fees and interest on loans granted	(2 151)	6 173	1 171 372	1 181 468
Other	3 790 994	4 159 428	9 929	74 716
	4 547 798	8 422 824	1 213 964	1 567 273
	-	-	-	-

7.5. Finance Costs

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Interest and fess on bank loans	3 256 139	22 493 753	5 020 656	10 452 496
Interest on other liabilities	70 779	274 339	970 808	2 332 766
Finance charges payable under finance leases	122 684	803 849	186 819	1 015 579
Interest Rates Swap contracts change in value	-	-	2 275 373	2 275 373
Foreign exchange losses	-	-	(665 571)	3 747 541
Other	2 684 322	3 957 983	(813 338)	199 441
	6 133 924	27 529 924	6 765 483	20 023 196
	-	-	-	-

7.6. Employee Benefits Expense

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Wages and salaries	6 944 537	35 670 067	9 312 740	31 407 239
Social security costs	936 365	3 889 560	938 361	3 654 195
Other	256 290	998 053	391 806	1 189 816
	8 137 192	40 557 680	10 642 907	36 251 250
	-	-	-	-

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.

	Note	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Operating profit		26 376 744	100 034 964	6 161 955	43 697 743
Depreciation and amortisation		19 167 898	89 737 695	13 546 863	50 111 958
		-	-	-	-
EBITDA		45 544 642	189 772 659	19 708 818	93 809 701
		-	-	-	-
Other adjustments related to fixed assets, including:		1 873 974	4 950 211	(103 982)	487 226
- profit / loss on assets disposal		(14 056)	538 161	179 441	565 211
- impairment, valuation and liquidation of fixed assets		1 888 030	4 412 050	350 068	555 506
Compensation received (one-off item)		(9 893)	(12 020 395)	-	-
Adjusted EBITDA		47 408 723	182 702 475	19 604 836	94 296 927

9. Income Tax

Major components of income tax expense are as follows:

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Consolidated income statement				
Current income tax				
Current income tax charge	(2 123 667)	8 902 220	889 530	4 471 038
Deferred income tax				
Related to origination and reversal of temporary differences	3 899 070	3 389 126	(1 302 470)	(1 527 284)
Income tax expense reported in Consolidated Income Stetement	1 775 403	12 291 345	(412 940)	2 943 754

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 Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Net profit on continued operations	23 015 215	68 636 519	1 023 518	22 299 955
Weighted average number of autstanding shares used to calculate EPS	148 887 811	139 930 765	84 153 694	74 941 108
Earnings per share	0,15	0,49	0,01	0,30

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 consolidated cash flow statement, cash and cash equivalents comprise the following:

	31 December 2006	31 December 2005
Cash in bank	234 261 829	7 134 561
Short term deposit	11 869 973	5 269 504
Other cash	100 673 477	12 695
Overdraft facility	(1 556 522)	(2 177 988)
	345 248 758	10 238 772

12. Non-current assets

In the period of three and twelve months ended 31 December 2006 and 31 December 2005, the Group acquired and disposed of non- current assets, in the amounts presented in the table below:

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Purchases of non current assets	40 223 076	143 264 007	22 865 651	77 731 697
Disposal of non current assets	127 527	1 083 191	7 893	181 985
Value of disposed assets	108 100	1 621 352	202 938	654 936
profit / (loss) on disposed assets	19 427	(538 161)	(195 045)	(472 951)

13. Share Capital

As part of the Public Offering of ordinary bearer shares, carried out in October and November 2006, the Company issued 20,787,728 Series F ordinary bearer shares with a nominal value of PLN 1 and issue price of PLN 12 per share. Following the share capital increase by way of Series F Shares issue, 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 bearer shares
- 8,245,623 Series C bearer shares
- 32,205,874 Series D bearer shares
- 32,869,899 Series E bearer shares
- 20,787,728 Series F bearer shares

The first trading of the company's shares took place on November 13th, 2006 on the Warsaw Stock Exchange.

14. Interest-Bearing Loans and Borrowings

In accordance with the objectives of the issue of Series F Shares, on 23 November 2006 the Company transferred PLN 100,000,000 to the account of Security Agent (ABN AMRO) in order to repay PLN 100,000,000 representing Tranche C. In accordance with the loan agreement, the amount was delivered to the lenders by the Facility Agent as at the last day of the interest period, i.e. on 10 January 2007.

15. Contingent Liabilities

As at 31 December 2006, provisions for liabilities created in connection with disputed claims amount to PLN 1.1m. As at 31 December 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.

16. Related Party Transactions

Transactions with related undertakings from outside the Group.

As a result of the closing of the Public Offering, the condition for an obligatory redemption by Tri Media Holdings Limited, a shareholder of Multimedia Polska S.A., of a bond acquired by the Company on 11 July 2006, and return of ABN AMRO Ventures' prepayment, has been fulfilled. As per the terms and conditions 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.

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. The amount of PLN 6,095,600 together with interest of PLN 97,342 was returned on 15 November 2006.

17. Events after the Balance Sheet Date

As at 28 February 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 31 December 2006.

On 19 February 2007 the Group acquired Automatic Serwis Sp. z o.o. The value of the transaction was PLN 56.5m and included shares in the company as well as the company's positive cash balance in the amount of PLN 4.5m. The acquired company provides cable television services to 31 thousand subscribers and Internet services to 7.3 thousand subscribers.

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

NON-CONSOLIDATED INTERIM INCOME STATEMENTS (in PLN)

	Note	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Sales of services		69 958 656	267 883 930	55 506 205	220 284 137
Other revenue		9 536 004	32 285 812	8 228 093	20 665 427
Total Revenue		79 494 660	300 169 742	63 734 298	240 949 564
Depreciation and amortisation	7.1	17 343 498	62 379 982	19 591 976	46 049 361
Materials		3 432 341	9 218 225	2 184 954	7 096 946
External services		29 907 260	108 493 181	11 991 809	92 763 952
Taxes and charges		2 176 579	9 728 652	2 809 241	8 968 904
Payroll	7.6	6 777 730	34 982 205	9 229 372	30 790 902
Other employee benefits	7.6	1 183 025	4 834 635	1 302 557	4 789 266
Other expenses		810 404	2 681 921	737 064	2 789 489
Value of goods and materials sold		35 810	74 035	-	-
Operating expenses		61 666 647	232 392 836	47 846 973	193 248 819
Profit on sales		17 828 013	67 776 906	15 887 326	47 700 745
Other operating income	7.2	16 056 219	18 501 838	327 467	4 458 043
Other operating expenses	7.3	18 767 137	21 914 998	910 698	6 163 444
Operating profit		15 117 095	64 363 746	15 304 094	45 995 344
Finance income	7.4	4 814 604	10 746 139	144 507	1 562 925
Finance costs	7.5	5 823 087	27 610 907	9 032 925	22 060 149
Share of profit of associate				-	
Profit/(loss) before tax		14 108 612	47 498 978	5 095 789	25 498 120
Income tax expense	9	2 967 284	11 081 787	701 719	3 244 598
Profit/(loss) for the year		11 141 328	36 417 191	4 394 070	22 253 522
Attributable to:					
Equity holders of the parent		11 141 328	36 417 191	4 394 070	22 253 522
Minority interest		-	-	-	-
		11 141 328	36 417 191	4 394 070	22 253 522
Earnings per share for the year	12	0,08	0,26	0,05	0,30

NON-CONSOLIDATED INTERIM BALANCE SHEETS

(in PLN)

	year ended 31 December 2006	year ended 31 December 2005
ASSETS		
Non-current assets		
Property, plant and equipment	382 128 118	305 938 830
Intangible assets	22 129 655	8 358 357
Financial assets	201 882 893	213 526 193
Prepayments and deferred costs	1 289 961	522 816
Deferred tax asset	4 629 698	5 074 622
Current assets		
Inventories	14 347 321	1 084 456
Trade and other receivables	60 807 188	21 051 108
taxes	*19 782 834*	*5 098 705*
Prepayments and deferred costs	838 475	799 573
Cash and cash equivalents	368 474 039	89 577 083
	444 467 023	112 512 220
TOTAL ASSETS	1 056 527 348	645 933 038
EQUITY AND LIABILITIES		
Equity (attributable to equity holders of the parent)		
Equity	157 700 000	136 912 273
Share premium	237 233 392	37 499 091
Other reserves	21 381 240	3 460 827
Retained earnings	32 750 036	17 920 413
Minority interest		
Total equity	449 064 669	195 792 604
Non-current liabilities		
Interest-bearing loans and borrowings	496 553 939	388 881 997
Other non-current liabilities	2 065 505	-
Provisions	2 160 158	378 971
Deferred income tax liabilities	11 749 993	6 217 646
	512 529 595	395 478 614
Current liabilities		
Interest-bearing loans and borrowings	8 450 759	11 395 295
Interest Rate Swap (IRS) contracts	2 065 505	2 275 373
Trade and other payables	65 745 868	23 076 506
Income tax payable	5 802 635	255 041
Accruals	10 822 500	16 436 558
Deferred income	2 045 818	1 223 047
	94 933 084	54 661 820
TOTAL LIABILITIES	607 462 679	450 140 434
TOTAL EQUITY AND LIABILITIES	1 056 527 348	645 933 038

NON-CONSOLIDATED INTERIM CASH FLOW STATEMENTS

(in PLN)

	for three months ended Dec. 31, 2006	for twelve months ended Dec. 31, 2006	for three months ended Dec. 31, 2005	for twelve months ended Dec. 31, 2005
Cash flows from operating activities				
Profit before taxation	14 108 613	47 498 979	5 095 788	25 498 120
Adjustments for:	5 418 776	36 310 555	(8 878 300)	63 184 603
Depreciation and amortisation	17 343 498	62 379 982	20 143 205	46 600 590
Interest and dividends, net	2 291 245	18 131 521	5 298 982	10 868 219
Foreign exchange gains/(losses)	(4 594)	(44 897)	628 452	4 324 443
Investment income	(1 910 718)	(1 353 130)	266 924	395 456
Change in trade and other receivables	(13 423 435)	(13 262 865)	(1 298 134)	(426 541)
Change in inventories	(32 093 435)	(36 927 472)	(6 633 958)	(4 416 518)
Change in current payables except bank loans	1 530 354	(6 014 088)	(32 172 246)	3 816 195
Change in accruals and prepayments	30 909 412	23 138 582	553 835	159 369
Change in provisions	9 361 006	9 085 000	3 393 084	1 431 782
Income tax paid	(2 967 284)	(11 081 787)	(701 719)	(3 244 598)
Other adjustments, including	(5 617 273)	(7 740 291)	1 643 275	3 676 206
- liquidation of fixed assets	971 690	971 690	269 938	523 225
- revaluation of tangible assets	(868 544)	(867 534)	(1 523 854)	(632 176)
- income from valuation of investment inventory	4 404	-	-	-
- financial items (fees and commissions)	2 086 003	2 086 003	626 516	1 634 021
- goodwill / negative goodwill	-	-	-	-
- evaluation of Swap Contracts	3 239 258	1 141 489	-	-
- other	(11 050 082)	(11 071 937)	2 270 675	2 151 136
Cash flows from operating activities	19 527 389	83 809 533	(3 782 512)	88 682 723
Cash flows from investing activities	-	-	-	-
Proceeds from sale of property, plant and equipment and intangibles	118 681	1 066 692	95 371	323 940
Purchase of property, plant and equipment and intangibles	(11 537 286)	(108 876 642)	(25 017 943)	(76 317 011)
Acquisition of subsidiary, net of cash acquired	-	-	(289 195 663)	(289 195 663)
Interest received	3 503 569	3 509 169	(11 378)	-
Repayment of loans granted	13 000	78 506	(20 216)	-
Granting of loan	-	-	(29 394 962)	(87 394 208)
Other	92 794 437	24 478 092	85 680 188	87 511 902
Cash flows from investing activities	84 892 401	(79 744 183)	(257 864 602)	(365 071 040)
Cash flows from financing activities	-	-	-	-
Proceeds from issue of shares	220 522 029	220 522 029	83 758 830	83 758 830
Proceeds from borrowings	13 770 583	128 260 613	367 310 136	394 978 928
Repayment of borrowings	-	-	(142 591 343)	(147 326 552)
Dividends paid to equity holders of the parent	-	-	(27 456 512)	(27 456 512)
Interest and fees paid	(5 664 513)	(21 916 387)	(14 309 881)	(20 970 733)
Cash flows from financing activities	228 628 099	326 866 255	266 711 230	282 983 961
Net change in cash and cash equivalents	333 047 889	330 931 605	5 064 115	6 595 643
Cash and cash equivalents at the beginning of the period	(2 583 007)	(466 723)	(5 530 838)	(7 062 366)
Cash and cash equivalents at the end of the period	330 464 882	330 464 882	(466 723)	(466 723)

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in PLN)

	Attributable to equity holders of the parent					Minority interest	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
At 1 January 2005	71 836 500	18 816 034	48 553 874	(21 969 643)	117 236 765	-	117 236 765
Profit or (loss) for the year	-	-	-	22 253 522	22 253 522	-	22 253 522
Issue of shares	65 075 773	18 683 057	-	-	83 758 830	-	83 758 830
Loss coverage	-	-	(53 748 424)	53 748 424	-	-	-
Profit distribution	-	-	8 655 378	(8 655 378)	-	-	-
Dividend payment	-	-	-	(27 456 512)	(27 456 512)	-	(27 456 512)
Minority interest share	-	-	-	-	-	-	-
At 31 December 2005	136 912 273	37 499 091	3 460 828	17 920 413	195 792 605	-	195 792 605
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	-	-	-	36 417 192	36 417 192	-	36 417 192
Profit or (loss) influence directly on equity	-	-	-	(3 667 156)	(3 667 156)	-	(3 667 157)
Issue of shares	20 787 728	199 734 301	-	-	220 522 029	-	220 522 029
Remission of golden share	(1)	-	-	-	-	-	-
Profit distribution	-	-	17 920 413	(18 927 132)	(1 006 719)	-	(1 006 719)
Loss coverage	-	-	-	1 006 719	1 006 719	-	1 006 719
Other	-	-	-	-	-	-	-
At 31 December 2006	157 700 000	237 233 392	21 381 240	32 750 035	449 064 668	-	449 064 668