CPD S.A.



HALF YEAR REPORT 2015

CPD S.A.

HALF YEAR REPORT FOR 6 MONTHS ENDED 30 JUNE 2015

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the H1 2015 report of CPD S.A. published on 27 August 2015.

In Poland statutory accounts must be prepared and presented in accordance with Polish legislation and in accordance with the accounting principles and practices generally used in Poland. The accompanying translated financial statements have not been reclassified or adjusted in any way to conform to accounting principles generally accepted in countries other than in Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable.

In the event of any discrepancy in interpreting the terminology, the Polish version is binding.

CONTENTS

I. OPERATING REPORT

1. INFORMATION OF CPD CAPITAL GROUP

CPD Group started its activities in Poland in 1999 from the foundation of Celtic Asset Management Sp. z o.o. In subsequent years, 1999-2005, the activities of the company focused on building and managing a real estate portfolio for external institutions in Poland, Czech Republic, Lithuania, Romania, Hungary and Germany. In 2005, Celtic Asset Management Sp. z o.o started development activity in cooperation with several funds managed by Laxey Partners. In 2007, the consolidation of the group under the name Celtic Property Developments SA (BVI) was performed and in 2008 the listing of the company Celtic Property Developments SA (BVI) began on a deregulated market (Freiverkehr) in Frankfurt. In the period from 2005 to 2010, the Company operated and managed projects mainly in Poland. In the same time, the Group has conducted and managed projects also in Montenegro, Hungary, Italy, Belgium, the United Kingdom, the Netherlands, Germany and Spain. International experience and practical knowledge of experts and project managers of Celtic Group contributed to the creation of a strong and stable capital group, which debuted on the Warsaw Stock Exchange on 23 December 2010. 17th of September the Company has changed the name for CPD S.A.

Today, CPD S.A. is the holding company controlling a group of 37 subsidiaries, focusing on activities in the office and residential segments. Current Group's plans focus on the residential development, mainly through the implementation of its leading project in the Warsaw's district of Ursus.

2. CAPITAL GROUP'S STRUCTURE

As of the day of publication hereof, the CPD Group (hereinafter referred to as "the Group", "CPD Group") was composed of a dominant entity – CPD S.A. (hereinafter referred to as "the Company") and 38 subsidiaries. Development activities of the Group are conducted via investment companies, direct subsidiaries of Buffy No1 Holdings Ltd (Cyprus) and Lakia Enterprises Ltd (Cyprus). Dominant entity - CPD S.A. - coordinates and supervises the activities of subsidiaries and at the same time is the decision making centre with regard to the strategic planning. CPD S.A. performs actions aiming at optimising the operating costs of the whole Group, designs investment and marketing policies and serves as the coordinator of this activity.

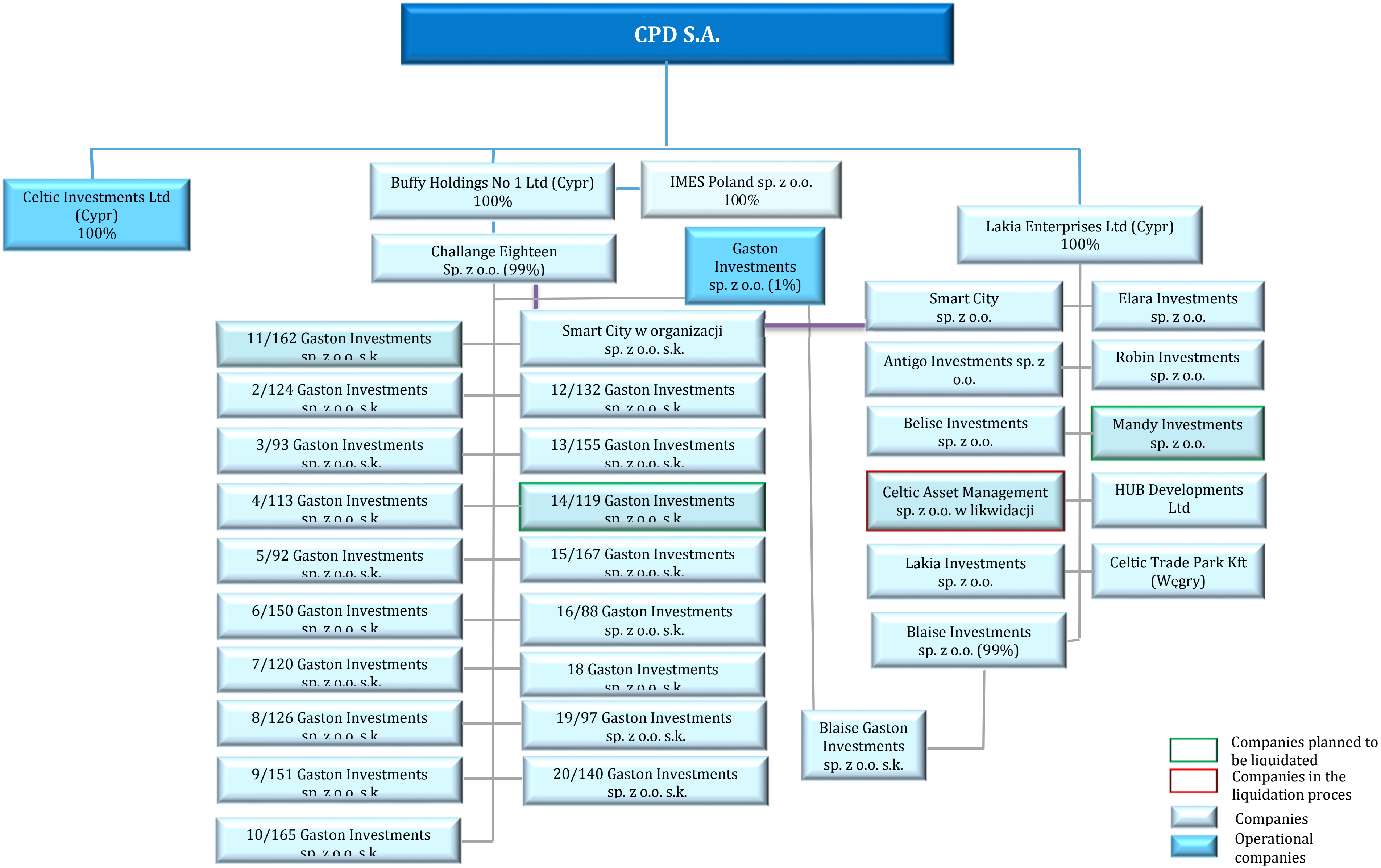
During the reporting period, the following changes occurred in the CPD Group structure:

At the date of report publication, the following changes in CPD Group's structure took place:

- On 30 January 2015, IMES sp z o.o. company was acquired.
- On 27 February 2015, sale of Geatan Investments sp z o.o. company was completed.

All Group companies are subject to consolidation according to the full consolidation method.

CPD Group's structure as on 30 June 2015.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	6 months period		
	From 01.01.2015 to 30.06.2015 (PLN ths.)	From 01.01.2014 to 30.06.2014 (PLN ths.)	*Change (%)* %
Revenue	9 046	7 219	*25,3%*
Cost of sales	-1 026	-1 260	*-18,6%*
Gross profit	**8 020**	**5 959**	***34,6%***
Administrative expenses - property related	*-4 759*	*-5 190*	*-8,3%*
Other administrative expenses	*-6 169*	*-3 792*	*62,7%*
Selling and marketing costs	*-141*	*-133*	*6,0%*
Other income	*2 291*	*16*	*14218,8%*
Gain (loss) on revaluation of investment properties	*-650*	*-2 772*	*-76,6%*
Share of profit of joint ventures	*-83*	*0*	-
Gain (loss) on disposal of subsidiaries	*6*	*0*	-
Profit (loss) from operations	**-1 485**	**-5 912**	***-74,9%***
Finance income	6 867	156	*4301,9%*
Finance costs	-7 504	-3 790	*98,0%*
Profit (loss) before tax	**-2 122**	**-9 546**	***-77,8%***
Income tax	1 274	244	*422,1%*
Profit (loss) for the period	**-848**	**-9 302**	***-90,9%***
Earnings per share (PLN)	-0,03	-0,27	*-90,4%*
Diluted earnings per share (PLN)	-0,10	-0,27	*-62,7%*

In the first half of 2015 CPD Group SA recorded a net loss of PLN 0.8 million, an improvement in net result of PLN 8.5 million compared to the same period last year.

Among the factors that positively influenced the improvement of the Group's results in the first half of 2015 compared to the first half of 2014, the main role was played by financial income in the amount of PLN 6.9 million, as well as other income in the amount of PLN 2.3 million. Also the increase in sales revenue of PLN 1.8 million contributed to a significant improvement in the Group's net result in terms of semi-annual.

In turn, the main factor with negative impact on the Group's net result in the first half of 2015 compared to the first half of 2014 was the increase in financial expenses by PLN 3.7 million and other administrative expenses by 2.4 million PLN.

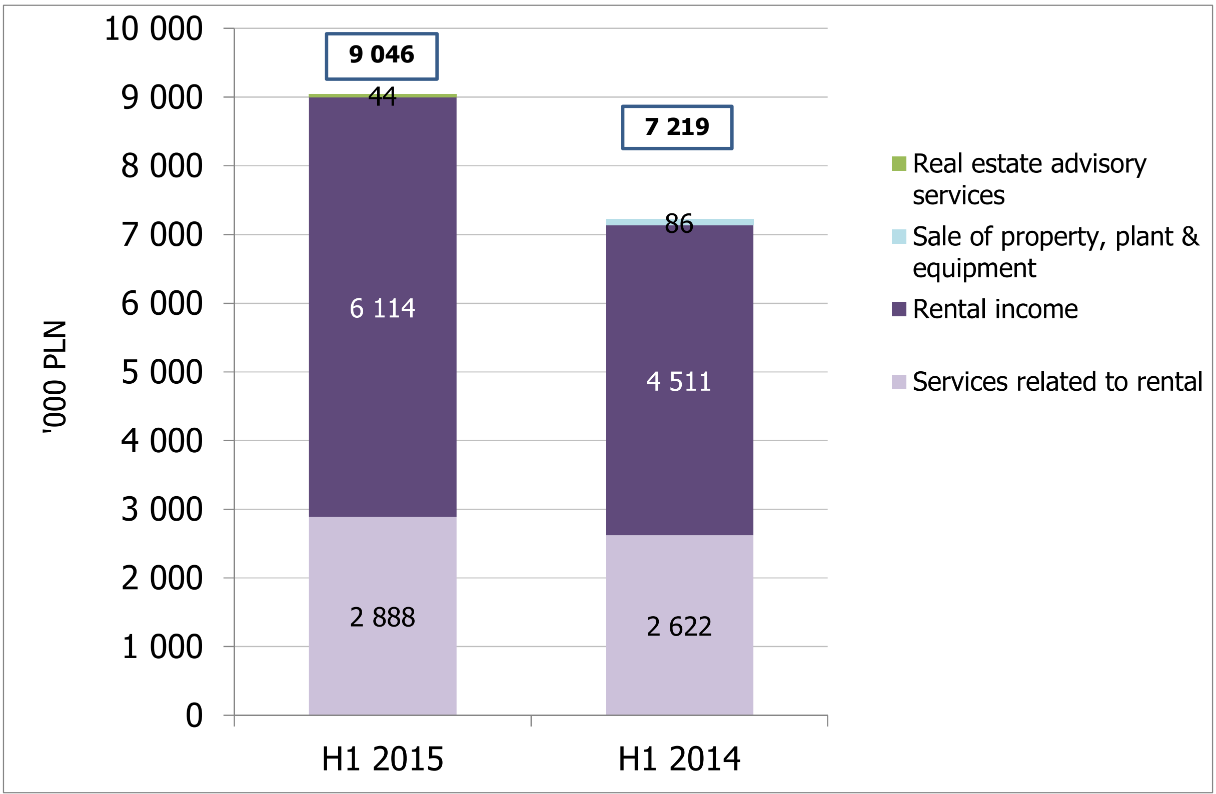
Financial income comprised mainly revaluation of convertible bonds (decrease in liabilities of PLN 5 million) and foreign exchange gains in the amount of PLN 1.7 million (a significant portion of the Group's debt is denominated in euros, which in the first half depreciated against zloty).

Sales revenues in the first half of 2015 amounted to 9 million PLN. The largest, 68 % share in this amount represented rental income. With respect to the value for the first half rental income amounted to PLN 6.1 million to PLN 4.5 million in 2014. The increase in rental income is due to a very good coefficient of stay 3 office buildings - building Aquarius 31A Połczyńska Street, Solar building at 7B Cybernetyki Street and the Iris building 9 Cybernetyki Street. All the office buildings are located in Warsaw.

The increase in sales revenue of 1.8 million (25%) combined with a significant decline in cost of sales (19%) have contributed to a significant increase in profit on sales (up 35%).

In the first half of 2015 the Group has not recorded any revenues from the sale of inventory.

The chart below shows the structure of sales revenues in the first half of 2015 and 2014.

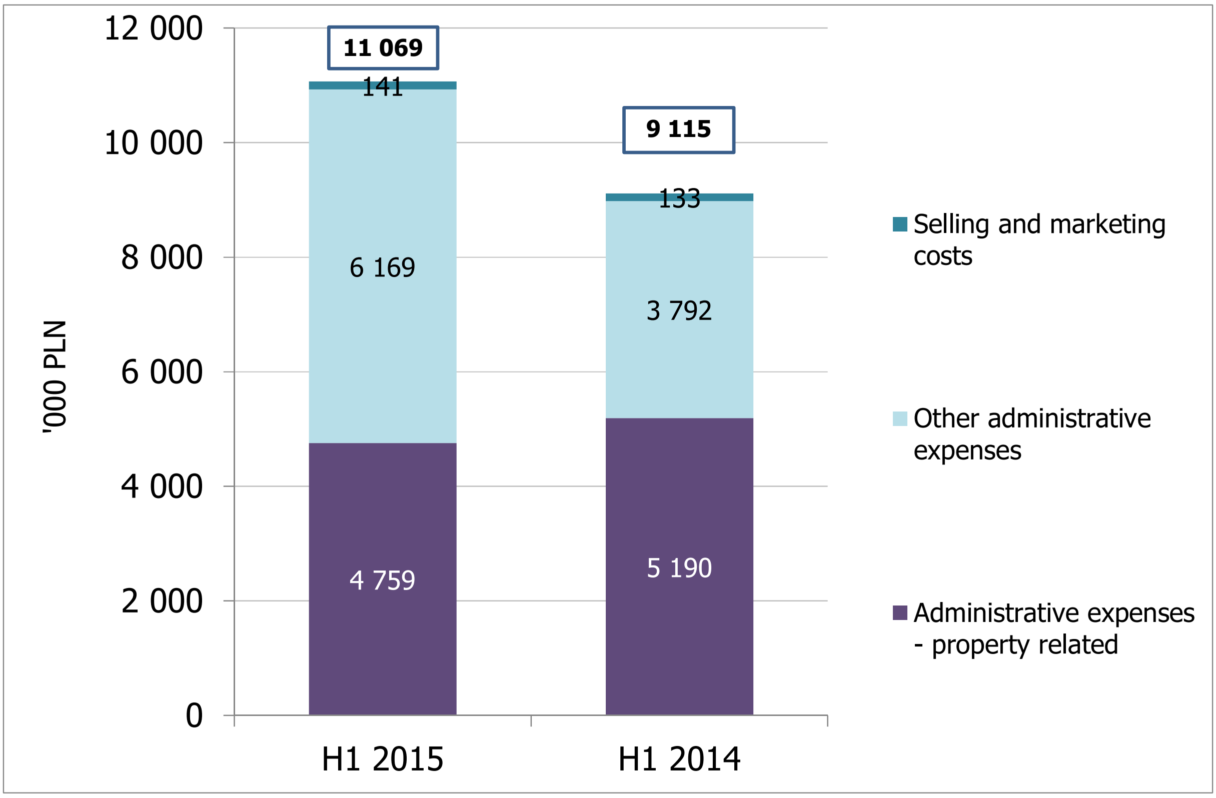


Other income related mainly to reversing part of the accrual for property tax costs and recovering overpaid property tax.

The increase in financial expenses in the amount of PLN 3.7 million related to the increase in the balance of the Group's debt (bank loans and issued bonds).

In terms of half-year also other administrative expenses (an increase of 2.4 million PLN) have risen. This increase was mainly the result of higher costs of advisory services (an increase of 2 million PLN).

The chart below shows the structure of the Group's operating expenses in the first half of 2015 and 2014.


12 000
10 000
8 000
6 000
4 000
2 000
0
'000 PLN
11 069
141
6 169
4 759
9 115
133
3 792
5 190
H1 2015
H1 2014
Selling and marketing costs
Other administrative expenses
Administrative expenses - property related

Selected items of the consolidated statement of financial position

	As at:		Change
	30.06.2015 (PLN ths.)	31.12.2014 (PLN ths.)	(%)
TOTAL ASSETS	**659 093**	**621 056**	**6,1%**
Non-current assets, including:	**606 073**	**585 907**	**3,4%**
Investment properties	*588 917*	*581 386*	*1,3%*
Investment in joint ventures	*15 375*	*0*	*-*
Bonds	*0*	*3 430*	*-100,0%*
Current assets, including:	**53 020**	**35 149**	**50,8%**
Bonds	*3 549*	*0*	*-*
Inventory	*6 472*	*6 525*	*-0,8%*
Trade and other receivables	*18 357*	*9 854*	*86,3%*
Cash and cash equivalents	*24 642*	*18 770*	*31,3%*
TOTAL EQUITY AND LIABILITIES	**659 093**	**621 056**	**6,1%**
Equity, including:	**403 665**	**404 493**	**-0,2%**
Share capital	*3 286*	*3 286*	*0,0%*
Reserve capital	*987*	*987*	*0,0%*
Fair value of capital element at inception date	*-27 909*	*-27 909*	*0,0%*
Translation reserve	*-5 281*	*-5 301*	*-0,4%*
Retained earnings	*432 582*	*433 430*	*-0,2%*
Total liabilities, including:	**255 428**	**216 563**	**17,9%**
Non-current liabilities	*234 962*	*129 240*	*81,8%*
Current liabilities	*20 466*	*87 323*	*-76,6%*

At the end of June 2015 the value of total assets of the Group increased significantly compared to the end of 2014. First of all, the value of investment properties has increased (increase of PLN 7.5 million), which resulted mainly from the purchase of shares of the company IMES Poland holding property in Ursus. Also the value of the current assets has risen (an increase of PLN 17.9 million), as a result of the increase in cash, trade receivables and prepaid expenses.

At the end of June 2015 the equity amounted to PLN 403.7 million, which accounted for 61% of the total assets of the Group, while liabilities constituted 39% of total assets. These indicators have changed slightly in comparison to the end of 2014 (65% and 35% respectively).

In the first half of 2015 the value of liabilities has risen significantly. This was mainly due to the increase in long-term liabilities resulting from the issuance of bonds in January 2015, which resulted in purchasing the company IMES Poland. In addition, the progressive process of commercialization of the IRIS office building was connected with the necessity of incurring subsequent tranches of the loan at the bank BZ WBK in order to finance the construction works to equip office space.

The following table shows the share of each category of liabilities in the balance sheet sum.

	30.06.2015	31.12.2014
Liabilities to total assets	**38,8%**	**34,9%**
Non-current liabilities to total assets	**35,6%**	**20,8%**
Borrowings including finance leases	22,8%	11,5%
Convertible bonds	8,4%	3,9%
Embedded derivative	2,1%	3,0%
Deferred income tax liabilities	2,0%	2,2%
Trade and other payables	0,3%	0,2%
Current liabilities to total assets	**3,1%**	**14,1%**
Borrowings including finance leases	0,3%	11,5%
Trade and other payables	2,8%	2,5%
Income tax liabilities	0,0%	0,0%

Also the structure of liabilities changed compared to the end of 2014. The share of long-term debt in total assets increased from 20.8% at the end of December 2014 to 35.6% at the end of June 2015. This change is a result of the reclassification of the loan taken out in BZ WBK with short-term and long-term bonds issued in January 2015. The share of short-term debt fell from 14.1% as at 31 December 2014 to 3.1% at the end of June 2015, mainly due to the reclassification of a loan granted by BZ WBK, as described above.

4. IMPORTANT EVENTS IN THE REPORTING PERIOD

- ### Iris Project at Cybernetyki 9 street in Warsaw

Building Iris is a six-storey office building with a total leasable area of approximately 14.3 thousand sq.m. with 233 parking places and is the final stage of the office and residential project located at the intersection of Cybernetics and Progress in Warsaw. At the end of the half of 2015, the building is almost let in 94%.

- ### Commercial lease of the Solar building at Cybernetyki 7B street in Warsaw

This eight-storey B+ office building with an area of 5,792 sq. m. was built in 1998 and upgraded by the Group in 2008. The building is currently leased, among others, to such tenants as Berlin Chemie, Akzo Nobel, ZPUE S.A. and Medicover. As of the date of this report, the building is let in 86%.

- **COMMERCIAL LEASE OF THE AQUARIUS BUILDING AT POŁCZYŃSKA 31A STREET IN WARSAW**

Aquarius Office Park comprises: a five-storey B class office building with a total area of 5,211 sq. m., land plot for development with a valid building permit decision for an A class office building of approx. 2,500 sq. m., and land plot for development of approximately 10,000 sq. m. designated for a complex of office and warehouse buildings. The office building is currently leased to: VB Leasing, Betacom S.A., Fly Away Travel. As of the date of this report, the building is let in 84%.

- **SALE OF SHARES OF SUBSIDIARY**

As a result of the continuation of the consolidation processes and optimize the cost of real estate portfolio management, launched at the beginning of 2012, the Group has initiated the process of selling shares of Gaetan Investments, which ended on February 27, 2015 year.

At the date of this report these activities were not reflected in the company's registration documents. The Company does not conduct any operations or investing in the current year.

- **PURCHASE AGREEMENT**

30 January 2015. CPD belonging to the group of companies:

(1) Buffy Holdings No. 1 Limited, based in Nicosia, Cyprus,

(2) Challenge Eighteen limited liability company with its registered office in Warsaw

signed with the company

I.M.E.S. - INDUSTRIA MECCANICA E stampaggio S.P.A. based in Sumirago, Italy

a sales agreement for Buffy Holdings No. 1 Limited, 100% of the shares of IMES POLAND Sp. Z oo.

The Company has acquired the right of perpetual usufruct, consisting of plot No. 98, No. rpm. Reg. No. 2-09-09, with an area of 69 457 sq. m. and located near the street Gierdziejewskiego in Warsaw (Warsaw district - Ursus). In accordance with the provisions of the Local Development Plan, the property allows you to build about 80 000 sq. m. of residential and commercial. Purchase of the above assets play an important part in the strategy of the Group CPS SA because it is a strategic complement to the portfolio of building land with great potential residential service in the district of Ursus. With this transaction, the Company controlled area of over 57 hectares, of which 80% are residential areas - service. Through this transaction, the Company has become a major investor in one of the most attractive investment areas in Warsaw.

Pursuant to the Agreement, the Subsidiary Buyer guarantees payment:

- Full price adjusted in accordance with the conditions set out in the Agreement;

- Contractual penalties resulting from the events specified in the Agreement;

- Any payments under the guarantees and false representation of the Buyer under the Contract.

- **APROOVAL OF UOKIK**

On February 2015 issued by the President of the Office of Competition and Consumer Protection after antitrust proceedings initiated upon Challange Eighteen sp. with its registered office in Warsaw (the "Subsidiary"), Smart City sp. with its registered office in Warsaw and Unidevelopment SA with its registered office in Warsaw, the President of the Office of Competition and Consumer Protection approved for concentration, involving the establishment of a joint venture Smart City sp. in the organization of a limited partnership with its registered office in Warsaw by the Subsidiary, Smart City sp. with its registered office in Warsaw and Unidevelopment SA with its registered office in Warsaw.

In this way, fulfilled the condition precedent of the Investment Agreement of 10 September 2014 for accession Unidevelopment SA Smart City company o.o limited partnership with its registered office in Warsaw.

- **ACCESSION UNIDEVELOPMENT SA TO LIMITED PARTNERSHIPS**

On 9 March 2015, the Memorandum of Association of Smart City w organizacji sp. z o.o. sp.k. was annexed, and under this annex Unidevelopment S.A. joined the Limited Partnership as a Limited Partner, made the first portion of their contribution, and committed to make the remaining portion of financial contribution until the date stipulated in the investment agreement of 10 September 2014.

- **SIGNING OF THE ANNEX TO AGREEMENT BY A SUBSIDIARY WITH BANK ZACHODNI WBK**

May 31, 2015, the Company signed an annex to the credit agreement dated 12 August 2011, which the parties are: Bank Zachodni WBK SA and a subsidiary of the Issuer: Belise Investments sp. z o.o. as a borrower. The loan was granted in connection with the performance by the Borrower office building IRIS located at Cybernetyki 7b Street, in Warsaw.

The Annex was signed in connection with the maturity of the existing loan.

By virtue of the above-mentioned Annex, the following changes:

1) Investment Loan to an amount of EUR 18,500,000.00 was granted to refinance the debt by making a conversion and / or refinancing or financing the costs of letting surface finish and / or payment of dividends;

2) Date of full repayment of the Loan together with interest and other costs, the parties agreed on 31 May 2021.

3) Conversion means the use of funds made available under Tranche B by converting the amount of debt as part of Tranche A in the amount of debt under tranche B and the launch of an additional tranche for a maximum amount of EUR 1,500,000.

Other significant provisions resulting from the Agreement remain unchanged.

Detailed conditions of the agreement do not differ from the market and commonly used in this type of contract.

At the same time, CPD SA and Lakia Enterprises Limited, with its registered office in Nicosia (Cyprus), in order to secure the repayment of the Loan, in relation to the Annex, surrendered to enforcement. More than this, the Company signed an Annex to the Agreement surety.

- **ORDINARY GENERAL MEETING OF CPD SA**

On June 17, 2015. At the registered office of the Company held the Annual General Meeting of the CPD SA The Annual General Meeting adopted resolutions:

1) on the appointment of the chairman of the annual general meeting,
2) on the adoption of the agenda,
3) Report on the board of the CPD SA for the period from 1 January to 31 December 2014,
4) approving the financial statements of the CPD SA for the period from 1 January to 31 December 2014,
5) on the allocation of profit CPD SA for the year 2014
6) on the approval of the management accounts of the Group's operations CPD SA for the financial year 2014
7) on the approval of the consolidated financial statements of the CPD SA for the financial year 2014
8) on the granting of a member of the management board, which acts as the Chairman of the Board - Mrs. Elżbieta Wiczkowska - the discharge of her duties during the function from 1 January to 31 December 2014,
9) on the granting of a member of the Management Board, Mr. Colin Kingsnorth - the discharge of his duties in the period from 1 January to 31 December 2014,
10) on the granting of a member of the board, Mr. Piotr Turchoński - the discharge of his duties in the period from 1 January to 31 December 2014,
11) on the granting of a member of the board, Ms. Iwona Makarewicz - discharge of duties in the period from 1 January to 31 December 2014,
12) on the granting of a member of the supervisory board, which acts as the Chairman of the Board - Ms. Marzena Bielecka - the discharge of her duties during the function: from 1 January to 31 December 2014,
13) concerning the award of a member of the supervisory board, which acts as the vice-chairman of the supervisory board - Mr. Wieslaw Oleś - the discharge of his duties during the function from 1 January to 31 December 2014,
14) on the granting of a member of the supervisory board, Mr Mirosław Gronicki - the discharge of his duties in the period from 1 January to 31 December 2014,
15) on the granting of a member of the supervisory board, Mr. Wieslaw Rozłucki - the discharge of his duties in the period from 1 January to 31 December 2014,
16) on the granting of a member of the supervisory board, Mr. Andrew Pegge - the discharge of his duties in the period from 1 January to 31 December 2014,
17) concerning the determination of remuneration for the members of the supervisory board,
18) on the changes in the composition of the supervisory board of CPD SA

• CHOICE OF AUDITOR

The Supervisory Board adopted a resolution appointing PricewaterhouseCoopers sp. z o.o. with its registered office in Warsaw, Al. Armii Ludowej 14, entered the list of entities authorized to audit financial statements, on the auditor authorized to:

- Explore the consolidated financial statements of the CPD SA for the financial year ended 31 December 2015,
- Examine the separate financial statements of the CPD SA for the financial year ended 31 December 2015,
- Review of the interim consolidated financial statements CPD SA as at 30 June 2015
- Review of the interim financial statements of the CPD SA on 30 June 2015 year.

The agreement with PricewaterhouseCoopers Sp. z o. o.. It will be concluded for the period necessary to carry out the work indicated therein.

• APPOINTMENT OF BOARD MEMBERS

June 17, 2015, the Supervisory Board, determined the number of members of the Board of the Company for four persons and appointed to the Management Board of the third joint term of office:

1) Mrs. Elżbieta Wiczkowska,
2) Ms. Iwona Makarewicz,
3) Mr. Colin Kingsnorth,
4) Mr. John Purcell

In addition, the Supervisory Board appointed Mrs. Elżbieta Wiczkowska Chairman of the Board.

• CHANGES IN THE SUPERVISORY BOARD

- Marzena Bielecka, acting as Chairman of the Supervisory Board, resigned from her position as member of the Supervisory Board on the date of the General Meeting of CPD SA of 17 June 2015 year.
- 17 June 2015. Ordinary General Meeting of Shareholders appointed Mr. Michael Haxby as Member of the Supervisory Board since 17 June 2015 year.

5. FACTORS AND EVENTS OF UNUSUAL NATURE

In the reporting period there were no factors or events of unusual nature.

6. SEASONALITY AND PERIODICITY OF THE GROUP ACTIVITIES

The CPD's Group activities are not subject to seasonality or periodicity.

7. WRITE-DOWNS OF INVENTORIES TO FAIR VALUES

When determining the recoverable amount of inventory management considers property valuation prepared by independent valuers at 31 December 2014, taking into account possible changes in the value dictated by changes in the real estate market. In the first half of 2015 state of write-downs on inventories increased by 0.07 million PLN.

8. WRITE-DOWNS OF INVESTMENT PROPERTIES TO FAIR VALUES

In the first half of 2015 Group recorded a negative result from the revaluation of investment property to fair value in the amount of PLN 0.65 million, mainly due to incurring significant capital expenditure on IRIS project in the first half of 2015 in the absence of revaluation of the office for the day June 30, 2015. In the same period 2014 years the Group's loss from the revaluation of investment property to fair value amounted to PLN 2.77 million.

9. CREATION, INCREASE, UTILISATION AND REVERSEAL OF PROVISIONS

In the first half of 2015 value of accruals increased by PLN 0.06 million. Increased provision for property tax costs and the costs of perpetual usufruct.

10. DEFFERED TAX ASSETS AND LIABILITIES

With respect to deferred tax assets, the recoverable amount is determined based on the probability of realizing the assets in the future, taking into account the business plans of individual companies included in the consolidation. This value is determined based on management's estimates. As at 30 June 2015 the Group disclosed in the balance sheet deferred tax assets in the amount of PLN 0.77 million.

As at 30 June 2015 deferred tax liability amounted to 12.98 million PLN.

11. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT

During the reporting period the Group did not make any significant acquisition or disposal of property, plant or equipment.

12. IMPORTANT COMMITMENTS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

Not occurred.

13. IMPORTANT SETTLEMENTS OF LAWSUITS

Not occurred.

14. PREVIOUS PERIODS ERRORS' CORRECTION

Not occurred.

15. CHANGES IN THE ECONOMIC SITUATION AND BUSINESS CONDITIONS AFFECTING THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES OF THE COMPANY

During the first half of 2015, there not occurred changes in the economic situation which could affect the fair value of the Group's assets and liabilities.

16. DEFAULTS ON THE LOAN OR CREDIT OR THE LOAN OR CREDIT AGREEMENT INFRINGEMENT FOR WHICH ANY REMEDIAL ACTION HAVE BEEN TAKEN TO THE END OF THE REPORTING PERIOD

Not occurred.

17. TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS

During the reporting period, the Company did not concluded transactions with related parties on terms other than the market.

18. INFORMATION ON THE CHANGES IN THE APPROACH USED TO DETERMINE THE FAIR VALUE OF FINANCIAL INSTRUMENTS

During the reporting period the Group did not make any changes in the approach used to determine the fair value of financial instruments.

19. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS

During the reporting period the Group did not make any changes in the classification of financial assets.

20. ISSUANCE, REDEMPTION AND REPAYMENT OF NON-STOCK AND EQUITY SECURITIES

On 13 of January, 2015, the Company issued a total of 30,000 covered bonds series B Bonds was carried out in the manner specified in Art. 9 Section 3 of the Act on Bonds, ie. within the framework of a private placement.

The bonds were issued on the following conditions:

- The Issuer did not specify the purpose of issuing the meaning of the Act on Bonds, also did not specify the project to be financed from the issuance of the Bonds.

- The issued bonds are bearer bonds series B with a nominal value of PLN 1,000 each, protected, not having the form of a document.
- The total nominal value of all issued Bonds is not more than 30,000,000 PLN.
- The nominal value of one bond equals PLN 1,000. The issue price of one Bond is equal to its nominal value and amounts to PLN 1,000.
- Bonds will be redeemed by the Company on the date falling four years after the date of issue of the Bonds, ie. On January 13, 2019 years (the "Redemption Date") - except for cases of early early redemption of the Bonds in the event of breaches by the Issuer conditions under which The bonds were issued or at the request of the Issuer.
- The bonds bear interest at a fixed interest rate of 9.1% per annum.
- If the Issuer to redeem the bonds earlier in the event of infringement cases at the request of the Bondholder or at the request of the Issuer of the Bonds will be redeemed on the Redemption Date and will be made by payment of an amount equal to the nominal value of the Bonds, plus accrued and unpaid interest on the Bonds.

9 of February 2015 The agreement was concluded for the establishment of a registered pledge on shares of Blaise Investments Sp. z o.o., between Lakia Enterprises Limited and Matczuk Wieczorek & Partners Law Firm Advocates and Legal Advisers Sp. J. Acting in his own name but on behalf of the bondholders holding bonds Series B.

Registered pledge was established on 100 shares in the capital of Blaise Investmetns sp. z o.o., with a nominal value of 50 PLN each, representing 100% of the share capital of the company. The nominal value package of 1,000 shares is 50,000 PLN.

Registered pledge was established up to the amount of 45,000,000 PLN

21. INFORMATION RELATED TO DIVIDEND

In the reporting period the Company did not pay or declare dividend.

22. EVENTS AFTER THE DATE OF PREPARATION OF FINANCIAL STATEMENTS

Not occurred.

23. CHANGES RELATED TO CONDITIONAL LIABILITIES OR ASSETS

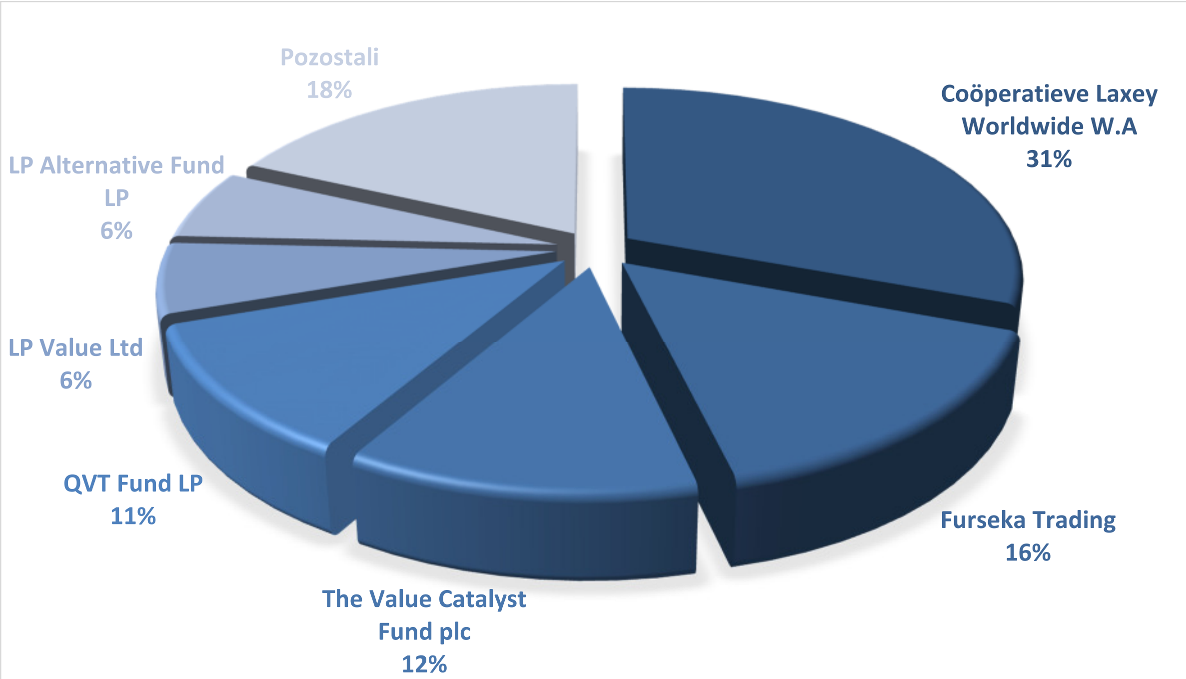
During the reporting period the Group did not make any material changes related to conditional liabilities or assets.

24. THE MANAGEMENT BOARD'S POSITION ON THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS

Neither CPD Group nor its dominant entity – CPD S.A. – published any forecasts of financial results.

25. SHAREHOLDERS ENTITLED TO AT LEAST 5% OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS

Shareholding structure of CPD S.A.



According to the Company's information, shareholders who own, either directly or indirectly through subsidiaries at least 5 % of the total voting power at the General Meeting of Shareholders (number of shares on the basis of notices of shareholders pursuant to art. 69 of the Act on Public Offering or the information contained in the prospectus).

Shareholder	Amount of shares	Type of shares	Amount of votes	As % of total numer of shares	As % of total numer of votes
Coöperatieve Laxey Worldwide W.A	10 082 930	Na okaziciela	10 082 930	30.68 %	30.68 %
Furseka Trading	5 137 222	Na okaziciela	5 137 222	15.63 %	15.63 %
The Value Catalyst Fund plc	3 975 449	Na okaziciela	3 975 449	12.10 %	12.10 %
QVT Fund LP	3 701 131	Na okaziciela	3 701 131	11.26 %	11.26 %
LP Value Ltd	2 005 763	Na okaziciela	2 005 763	6.10 %	6.10 %
LP Alternative Fund LP	2 003 981	Na okaziciela	2 003 981	6.10 %	6.10 %
Pozostali	5 956 727	Na okaziciela	5 956 727	18.13 %	18.13 %

26. THE COMPANY'S SHARES HELD BY THE MANAGING AND SUPERVISING PARTIES

The table below presents the Company's shares held by the members of the Management Board performing functions in the Company's Management Board as at the date of this report, according to the Company's information:

Name	Function	No. of shares	Nominal value of shares (PLN)	As % of total no. of shares	As % of total no. of votes
Elżbieta Wiczkowska	President	42 498	4250	0,13%	0,13%
Iwona Makarewicz	Member	4 734	473	0,01%	0,01%
TOTAL		**47 232**	**4 723**	**0,14%**	**0,14%**

The Company has no information on the fact of holding the Company's shares by other persons being members of the managing or supervising bodies.

27. COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS FOR A VALUE HIGHER THAN 10% OF THE COMPANY'S EQUITY

As at the date of this report, neither CPD S.A. nor any of its subsidiaries was a party to proceedings pending at courts, bodies competent for arbitration proceedings or a public administration body, the total value of which would exceed 10% of equities of CPD S.A.

28. MAJOR LOAN AGREEMENTS, LOAN WARRANTIES AND GUARANTEES GRANTED

As at 30 June 2015. The Group presents in the consolidated financial statements liabilities from loans taken out in the following banks:

- The liability for the loan granted by the bank mBank Mortgage SA in the amount of PLN 42 418 thousand. PLN;
- The liability for the loan granted by Bank Zachodni WBK SA in the amount of 77 745 PLN

Credit agreements with mBank Hipoteczny SA were signed on 18 June 2014 and amount to a total maximum amount of credit of EUR 10.3 million. The final repayment is due in June 2029.

The loan was granted on market terms and is secured by, inter alia, through the establishment of a mortgage on investment property owned by companies Robin Investments sp. z o.o and Lakia Investments sp. z o.o. and the establishment of registered pledge on shares in the share capital of these companies.

With regard to the loan granted by Bank Zachodni WBK in connection with the fulfillment of the conditions to convert the loan and thus to change the date of the final repayment on 29 May 2015. Has signed an annex to the credit agreement dated August 12, 2011. Concluded between Belise Investments and Bank Zachodni WBK SA By virtue of the above-mentioned annex, the following changes:

- Investment loan (up to the amount of EUR 18,500,000.00) was granted to refinance the debt by making a conversion and / or refinancing or financing the costs of letting surface finish and / or payment of dividends;
- The deadline for full repayment of the Loan together with interest and other costs, the parties agreed on 31 May 2021.

Other significant provisions under the Agreement remain unchanged. At the same time, CPD SA and Lakia Enterprises Limited, with its registered office in Nicosia (Cyprus) surrendered execution in order to secure the repayment of the loan. Moreover, the company Belise Investments signed an annex to the contract of guarantee.

29. THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

At 30 June 2015, the composition of the Supervisory Board of the Company was as follows:

- Mr. Wiesław Oleś – Vice President of the Supervisory Board
- Mr. Andrew Pegge – Secretary of the Supervisory Board
- Mr. Mirosław Gronicki – Member of the Supervisory Board (Supervisory Board member meeting the requirements of independent member of the Supervisory Board)
- Mr. Wiesław Rozłucki - Member of the Supervisory Board (Supervisory Board member meeting the requirements of independent member of the Supervisory Board)
- Mr. Michael Haxbey - Member of the Supervisory Board (Supervisory Board member meeting the requirements of independent member of the Supervisory Board)

At 30 June 2015, the composition of the Management Board of the Company was as follows:

- Mrs. Elżbieta Wiczkowska – President of the Management Board;
- Mr. John Purcell – Member of the Management Board;
- Ms. Iwona Makarewicz – Member of the Management Board
- Mr. Colin Kingsnorth - Member of the Management Board.

The composition of the Management Board of CPD S.A. at the end of H1 2015 did change in comparison to the end of the year 2014 because of resignation of Mr. Piotr Turchonski and appointment of Mr. John Purcell.

30. OTHER IMPORTANT INFORMATION

No other except those mentioned above.

31. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

The most important factors that will influence the results of the next quarters are:

- Obtaining permits and administrative decisions associated with the startup of construction projects for the different stages of the project Smart City. Commercialization projects IRIS, Solar and Aqarius;
- The situation on the financial markets which may affect, among others, the valuation of the Group's portfolio of real estate, mortgage interest rates and the terms of granting housing loans to individual customers.

- The situation in the currency markets which may affect, among other things, the valuation of properties in the portfolio of the Group.

II. MANAGEMENT BOARD STATEMENT

The Management Board of CPD S.A. ("The Company") confirms that to the best of its knowledge condensed interim consolidated financial statements of the Group CPD S.A. ("The Group") and condensed interim financial statements of the Company for the period of 6 months ended 30 June 2015 as well as comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair financial and asset situation of the Group and its financial results and that the half-year report of activities of the Group includes the true situation of the achievements and the situation of the Group including principal threats and risks.

The Management of CPD S.A. confirms that the entity authorized to audit financial statements, which has reviewed Group's condensed interim consolidated financial statements and the Company's condensed interim financial statements was selected in accordance with the law, that entity as well as the auditor who has carried out the review fulfilled the conditions required by law to issue an independent and unbiased review report, in accordance with applicable regulations and professional standards.

Warsaw, 27 August, 2015

Elżbieta Wiczkowska

President of the Management Board

Colin Kingsnorth

Member of the Management Board

Iwona Makarewicz

Member of the Management Board

John Purcell

Member of the Management Board

III. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR H1 FY2015 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements

for the period of months ended 30 June 2015

and the condensed financial statements of CPD S.A.
for the period of months ended 30 June 2015

prepared in accordance with the International Financial Reporting Standards
approved by the European Union concerning the interim reporting

(unaudited financial data)

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the 6 month period ended 2015-06-30 *(unaudited)*	2014-06-30 *(unaudited)*
Revenues	14	9 046	7 219
Cost of sales	15	(1 026)	(1 260)
including: the cost of the sale of inventory and services		*(956)*	*(1 221)*
the change in inventory value impairment		*(70)*	*0*
PROFIT ON SALES		**8 020**	**5 959**
Administrative costs property related	16	(4 759)	(5 190)
Administrative expenses-other	17	(6 169)	(3 792)
Selling and marketing expenses		(141)	(133)
Other income	18	2 291	16
Net (loss)/ gain from fair value adjustments on investment properties	4	(650)	(2 772)
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method		(83)	0
Result from sales of subsidiaries		6	0
OPERATING RESULT		**(1 485)**	**(5 912)**
Financial income	19	6 867	156
Financial costs	19	(7 504)	(3 790)
PROFIT (LOSS) BEFORE INCOME TAX		**(2 122)**	**(9 546)**
Income tax	21	1 274	244
PROFIT (LOSS) FOR THE PERIOD		**(848)**	**(9 302)**
Currency translation adjustment		20	(175)
TOTAL COMPREHENSIVE INCOME		**(828)**	**(9 477)**
BASIC EARNINGS PER SHARE	25	(0,03)	(0,27)
DILUTED EARNINGS PER SHARE		(0,10)	(0,27)

Total comprehensive income is attributable to the shareholders of the parent company.

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	30-06-2015 *(unaudited)*	31-12-2014
ASSETS			
Non-current assets			
Investment properties	4	588 917	581 386
Property, plant and equipment		932	914
Intangible assets, excluding goodwill		76	92
Investments in joint ventures accounted for using the equity method		15 375	0
Long-term bonds		0	3 430
Deferred tax assets	13	773	85
Non-current assets		**606 073**	**585 907**
Current assets			
Inventories	6	6 472	6 525
Trade receivables and other receivables	5	18 357	9 854
- receivables and loans		*10 926*	*4 851*
- prepayments		*7 431*	*5 003*
Short-term bonds		3 549	0
Cash and cash equivalents	7	24 642	18 770
Current assets		**53 020**	**35 149**
Total assets		**659 093**	**621 056**

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position - cont.

	Note	30-06-2015	31-12-2014
		(unaudited)	
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	3 286	3 286
Embedded element at inception date		(27 909)	(27 909)
Reserve capital		987	987
Translation reserve		(5 281)	(5 301)
Retained earnings		432 582	433 430
Total equity		**403 665**	**404 493**
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	2 044	1 494
Borrowings, including financial leasing	11	150 447	71 484
Bonds issued	12	55 675	24 065
Derevatives	12	13 818	18 815
Deferred tax liabilities	13	12 978	13 382
Non-current liabilities		**234 962**	**129 240**
Current liabilities			
Trade payables and other liabilities	10	18 671	15 830
Current income tax liabilities		76	0
Borrowings, including financial leasing	11	1 719	71 493
Current liabilities		**20 466**	**87 323**
Total liabilities		**255 428**	**216 563**
Total Equity and liabilities		**659 093**	**621 056**

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Note	Share capital	Own shares	Embedded element at inception date	Translation reserve	Accumulated profit (loss)		Total equity
						Reserve capital	Retained earnings	
Balance as at 01-01-2014		**3 460**	**(12 300)**	**0**	**(3 847)**	**987**	**341 062**	**329 362**
Transactions with owners								
		3 460	**(12 300)**	**0**	**(3 847)**	**987**	**341 062**	**329 362**
Comprehensive income								
Currency translation adjustment		0	0	0	(175)	0	0	(175)
Profit (loss) for the period		0	0		0	0	(9 302)	(9 302)
		0	0		(175)	0	(9 302)	(9 477)
Balance as at 30-06-2014 /unaudited		**3 460**	**(12 300)**	**0**	**(4 022)**	**987**	**331 760**	**319 885**
Balance as at 01-01-2015		**3 286**	**0**	**(27 909)**	**(5 301)**	**987**	**433 430**	**404 493**
Transactions with owners								
		0	0	0	0	0	0	0
Comprehensive income								
Currency translation adjustment		0	0		20	0	0	20
Profit (loss) for the period		0	0		0	0	(848)	(848)
		0	0	0	20	0	(848)	(828)
Balance as at 30-06-2015 /unaudited		**3 286**	**0**	**(27 909)**	**(5 281)**	**987**	**432 582**	**403 665**

The Group does not have the minority shareholders. All the equity is attributable to the shareholders of the parent company.

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of cash flows

	Nota	For the 6 month period ended 2015-06-30 (unaudited)	2014-06-30 (unaudited)
Cash flow from operating activities			
Cash generated from operations	22	(3 997)	(5 693)
Interest paid		(1 378)	(429)
Income tax paid		0	0
Net cash generated from investing activities		**(5 375)**	**(6 122)**
Cash flows from investing activities			
Capital expenditure on investments property		(3 888)	(3 254)
Purchase of property, plant and equipment		(107)	(111)
Acquisition of shares in related party		(23 059)	0
Loan repayments received		20	0
Cash and cash equivalents received in way of shares acquisition		939	0
Interest received		44	44
Net cash used in investing activities		**(26 051)**	**(3 321)**
Cash flows from financing activities			
Proceeds from borrowings		7 746	5 820
Proceeds from issue of bonds		29 552	0
Repayment of borrowings		0	(1 003)
Net cash used in financing activities		**37 298**	**4 817**
Net (decrease)/increase in cash and cash equivalents		**5 872**	**(4 625)**
Cash and cash equivalents at beginning of the year		**18 770**	**11 981**
Cash and cash equivalents at the end of the period		**24 642**	**7 356**

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

Notes to the interim condensed consolidated financial statements

1 General information

Celtic Property Developments S.A. ("Company", "CPD") with its registered office in Warsaw (02-667), Cybernetyki 7B, was established on the basis of statute on 26 February 2007 (as Celtic Development Corporation S.A., then on 22 February 2008 the Company changed its name to Poen S.A.). On 23 March 2007 District Court in Cracow, XI Business Department of the National Court Register entered the Company into the Register of Businesses with the KRS number 0000277147. The company shares are listed on Warsaw Stock Exchange.

On 2 September 2010 Extraordinary Shareholders Meeting passed a resolution about changing the company name from POEN S.A. to Celtic Property Developments S.A.

On 29 May 2014 Extraordinary Shareholders Meeting passed a resolution about changing the name of the company from Celtic Property Developments S.A. to CPD S.A. The change was registered in National Court Register on 17 September 2014

To August 2010 the Company shares were quoted on the OTC market in Frankfurt. 20 December 2010, the combined company's shares are admitted to trading on a stock exchange in Warsaw, and the first listing took place three days later.

With effect from 1 January 2010, the currency of the presentation of consolidated financial statements is PLN (previously €).

Information about Capital Group

On the balance sheet date the CPD capital group consists of CPD S.A. as a parent entity and 37 subsidiary companies.
Changes in the structure of the group from 1 January to 30 June 2014 were presented in the 2.2 note.

2 The accounting principles

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ending 31 December 2014, drawn up in accordance with IFRS adopted for application within the European Union.

Accounting principles are consistent with the principles applied in the annual consolidated financial statements for the year ended 31 December 2014.

These interim condensed consolidated financial statements of the CPD were prepared in accordance with IFRS adopted by the European Union - IAS 34 Interim Financial Reporting. On the day of approval of these interim cpndensed financial statemets there are no differences between IFRS adopted by the European Union and those applied by the Group.

On 30 June 2015 the consolidated financial statements were prepared on the going-concern basis in the foreseeable future.

2.1 Basis of preparation

The new and amended standards and interpretations applied:

In these interim condensed consolidated financial statements for the first time the following new and amended standards and interpretations, which came into force on 1 January 2015, were applied:

IFRIC 21 "Levies"

The interpretation of IFRIC 21 was issued on 20 May 2013 and is effective for annual periods beginning on or after 17 June 2014.

The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in annual and interim financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

Application of the standard has no impact on these consolidated financial statements.

Amendments to IFRSs 2011-2013

In December 2013, the International Accounting Standards Board published “Improvements to IFRSs 2011-2013”, which amend 4 standards. The improvements include changes to presentation, recognition and measurement, as well as terminology and editorial changes. The changes are effective in the EU for annual periods starting on 1 February 2015.

The Group adopts the amendments to IFRSs from 1 January 2015.

Notes to the interim condensed consolidated financial statements

Accounting standards, changes and interpretation, which have not come into force yet:

The following new accounting standards, changes to current standards and interoretations, which have not come into force in 2015 and which the Group decided not earliy adopt, were published already:

IFRS 9 "Financial Instruments: Classification and Measurement and Hedge Accounting"

IFRS 9 replaces IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018.
The standard introduces one model with only two classification categories for financial assets: those to be measured at fair value, and those to be measured at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
IFRS 9 introduces a new model for recognition of impairment – the model of expected credit losses.
Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
Hedge accounting requirements were amended to align accounting more closely with risk management.

The Group will adopt IFRS 9 on its approval by the EU.

At the date of preparation of these interim condensed consolidated financial statements, IFRS 9 was not yet approved by the European Union.

Defined benefit plans: Employee contributions – Amendments to IAS 19

Amendments to IAS 19 "Employee contributions" were issued in November 2013 by the International Accounting Standards Board and are effective in the EU for annual periods beginning on or after 1 February 2015.
The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contribution is independent of the number of years of service.

The Group is going to adopt the amendments to IAS 19 on 1 January 2016.

Amendments to IFRSs 2010-2012

In December 2013, the International Accounting Standards Board published "Improvements to IFRSs 2010-2012", which amend 7 standards. The improvements include changes to presentation, recognition and measurement, as well as terminology and editorial changes. The changes are effective in the EU for annual periods starting on 1 February 2015.

The Group is going to adopt the amendments to IFRSs on 1 January 2016.

IFRS 14 "Regulatory Deferral Accounts"

IFRS 14 is effective for annual periods beginning on or after 1 January 2016. The standard allows an entity which is a first-time adopter of IFRSs to continue to account for regulatory deferral account balances in accordance with its previous accounting policy. To improve comparability with the entities that already use IFRSs and do not report such balances, in accordance with the published IFRS 14 regulatory deferral account balances should be presented separately in the statement of financial position and statement of
profit or loss and other comprehensive income.

The Group is going to adopt the amendments to IFRSs on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, IFRS 14 was not yet approved by the European Union.

Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendment requires that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.
The amendment is effective for annual periods beginning on or after 1 January 2016.

The Group is going to adopt the amendment on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, the amendment was not yet approved by the European Union.

Amendments to IAS 16 and IAS 38 – Depreciation and Amortisation

The amendment clarifies that the revenue-based method should not be used to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.
The amendment is effective for annual periods beginning on or after 1 January 2016.

The Group is going to adopt the amendment on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, the amendment was not yet approved by the European Union.

Notes to the interim condensed consolidated financial statements

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 was published by the International Accounting Standards Board on 28 May 2014 and is effective for the annual periods commencing on or after 1 January 2017.

IFRS 15 provides principles to be applied to all contracts resulting in revenues. The fundamental principal of the new standard is to recognise revenues at the time of transfer of goods or services to the customer in the amount of the transaction price. Any good or service sold in a package that is separately identifiable within the package should be recognised separately. Furthermore, any discounts regarding transaction price should as a rule be allocated to specific parts of the package. Where revenue is variable, variable amounts are only included in revenue if, and to the extent that, it is highly probable that a significant revenue reversal will not occur in the future as a result of re-estimation. Moreover, under IFRS 15, the costs incurred to obtain and secure a contract with a customer should be capitalised and accounted for over the period of consumption of benefits from the contract.

The Group is going to adopt the amendment on 1 January 2017.

At the date of preparation of these interim condensed consolidated financial statements, IFRS 15 was not yet approved by the European Union.

Amendments to IAS 16 and IAS 41 for bearer plants

The amendments require that bearer plants, such as grape vines, rubber trees and oil palms (i.e. which yield crops over many years and are not intended for sale as seedlings or for harvest) should be accounted for in accordance with the requirements of IAS 16 “Property, Plant and Equipment” because their cultivation is similar to manufacturing. Consequently, the amendments include such plants within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.
The amendments were published on 30 June 2014 and are effective for the annual periods commencing on or after 1 January 2016.

The Group is going to adopt the amendment on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, the amendment was not yet approved by the European Union.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as one of alternative methods.
The amendments were published on 12 August 2014 and are effective for the annual periods commencing on or after 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, IAS 27 was not yet approved by the European Union.

Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between investor and its associated companies or joint ventures

The amendments are solving a problem of current incoherency between IFRS 10 and IAS 28. The accounting recognistion depends on the fact if sold non-monetary assets or contributed to associated entities or joint venture are a business.
In the case when non-monetary assets are a business, an investor will present full profit or loss on the transaction. If assets are not a business, an investor recognizes profit or loss in exception to the part constituting shares of other investors.
The amendments were published on 11 September 2014 and are effective for the annual periods commencing on or after 1 January 2016.

The Group is going to adopt the amendment on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, the amendment was not yet approved by the European Union.

Improvements to IFRSs 2012-2014

In September 2014, the International Accounting Standards Board published “Improvements to IFRSs 2012-2014”, which amend 4 standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016.

The Group is going to adopt the amendment on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, the amendment was not yet approved by the European Union.

Amendments to IAS 1

On 18 December 2014, as part of Disclosure Initiative, the International Accounting Standards Board published amendments to IAS 1. The amendment is designed to clarify the concept of materiality and explain that if an entity decides that certain information is immaterial, it should not include it in the financial statements, even if its inclusion is as a rule required by another IFRS. The amended IAS 1 clarifies that items presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated depending on their materiality. Also, additional guidance is introduced on presentation of subtotals in these statements. The amendments are effective for annual periods beginning on or after 1 January 2016.

The Group is going to adopt the amendment on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, the amendment was not yet approved by the European Union.

Amendments to IFRS 10, IFRS 12 and IAS 28 concerning exception of investment entity from consolidation

On 18 December 2014, the International Accounting Standards Board published the amendment of limited scope. The amendment to IFRS 10, IFRS 12 and IAS 28 published as "Investment entities: exemptions from preparing consolidated financial statements" precises requirements concerning investment entities and launches some convenience.

The standard explains that an entity should evaluate all its subsidiary companies, which are investment entities at fair value through profit or loss. Furthermore, it has been clarified that the exemption from preparing consolidated financial statements in the case the parent company at a higher level prepares publicly available financial statements, applies regardless of the fact whether the subsidiaries are consolidated or valued at fair value based on the financial result in accordance with IFRS 10 in the financial statements of the parent company on the highest level or a higher level.

The amendments are effective for annual periods beginning on or after 1 January 2016.

The Group is going to adopt the amendment on 1 January 2016.

At the date of preparation of these interim condensed consolidated financial statements, the amendment was not yet approved by the European Union.

2.2 Changes in the Group structure

As of the day of publication hereof, the CPD Group (hereinafter referred to as “the Group”, “CPD Group”) was composed of a dominant entity – CPD S.A. (hereinafter referred to as “the Company”) and 36 subsidiaries.

During the reporting period, the following changes occurred in the CPD Group structure:

- on 30 January 2015 Buffy Holdings No 1 Ltd, the subsidiary company, acquired 100% of shares in IMES Poland Sp. z o.o.

- on 27 February 2015, sale of Geatan Investments sp z o.o. company was completed

- on 9 March 2015 Unidevelopment S.A. joined the Smart City Spółka z ograniczoną odpowiedzialmością sp.k. as a general partner, realising resolutions of investment agreement dated 10 September 2014 concerning realization of joint venture

The investment agreement was concluded on 10 September 2014 between Unidevelopment S.A., Unibep S.A., CPD S.A., subsidiary companies, i.e. Smart City Spółka z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd and concerns realization of joint venture, involved with constraction of the complex of residential buildings with services and accompaning infrastructure, on the real estate owned by Smart City Spółka z ograniczoną odpowiedzialnością Sp. k., wherein the part of the plt will be separated and passed or sold to Warsaw, the capital city, or to other entity for public roads and education.

All the Group companies are a subject to full consolidation, except for Smart City Spółka z ograniczoną odpowiedzialnością Sp. k.

Due to the fact that the investment agreement refers to the part of real estate owned by Smart City Sp. Z o.o. Sp. K. (the rest part of plot will stay under full control of the Group), to the moment of its sale the board of the Group decided about separating of all assets, liabilities and equity from the entity constituting a joint venture and recognizing as a separate entity, in accordance with IFRS 10.

The board is aware that on the balance sheet date of this consolidated financial statements, the condition arising from IFRS 10 is fulfilled. However, taking into account the board plans aiming at ground separation to happen in the near future - before there will be crucial investment process liabilites and the Board decided to apply such approach.

3 Significant accounting estimates and judgments

When making these condensed financial statements, the Management Board evaluated significant accounting estimates and judgments that affect the accounting principles used and amounts included in the financial statements made for 6 months ended 30 June 2015.

These significant estimates and judgments result from the experience gained to date and other factors, including predictions as to future events which seem reasonable. By definition, accounting estimates obtained in such a way rarely correspond to actual results.

The accounting estimates and judgments assumed when making these interim condensed financial statements have not changed and are the same as for the financial statements for the year ended 31 December 2014, except for the evaluation and accounting policies used to settle of a joint venture transaction in the first half of 2015.

Estimates and assumptions which involve a significant risk of the necessity to adjust the balance sheet value of assets and liabilities within the next financial year are discussed below.

Determining the fair value of investment properties

The fair value of investment properties recognized in the balance sheet is determined on the basis of valuations prepared each year by independent property appraisers from Savills Sp. z o.o. in accordance with the Practice Statements of the Royal Institution of Chartered Surveyors’ (RICS) Appraisal and Valuation Standards (the "Red Book") published in February 2003 and valid from 1 May 2003. Fees for the valuation are not connected with the value of properties or the result of the valuation. Considering market conditions as at the balance sheet date, the Management Board reviewed and confirmed the assumptions made by property appraisers, constituting the basis for the valuation models used.

Notes to the interim condensed consolidated financial statements

The comparative approach by means of comparison of pairs was applied to value undeveloped lands and developed lands with tenement houses with residential units located thereon. The comparative approach consists in determining the value of a property assuming that this value corresponds to prices obtained for similar properties on the market. The value of properties is adjusted according to features that distinguish such properties and is determined taking into consideration changes of prices over time. The comparative method is used if the prices of properties that are similar to the valued property are known.

The valuation of a land on which the construction of residential and commercial buildings is planned was based on the following assumptions:

- the floor space of apartments planned to be built was 521,097 sq. m,
- the floor space of commercial premises planned to be built in the ground floor of residential buildings was 50,075 sq. m,
- the floor space of offices planned to be built was 17,680 sq. m; the planned rental rate of office space – EUR 11 for sq. m; capitalization rate – 7.70%.

The comparative approach by means of comparison of pairs was applied to value lands on which the construction for public purposes was planned. The income-based valuation approach (investment method) was used to value income generating properties. The income-based valuation approach consists in determining the value of a property assuming that the price that a buyer will pay for it depends on the expected income obtained by him in connection with this property and that he will not pay more for it than for any other property that he could buy which is characterized by the same yield and level of risk.

The value of the property was determined on the basis of average transaction prices for properties similar to the valued property adjusted by transaction features considered by potential market participants and related to e.g. location, size of the plot and its legal situation. The valuation reflects the diversification of individual properties and the expected possibilities of development in accordance with planning arrangements included in the local spatial development plan. The variable having the greatest influence on the valuation result is the price of one square meter.

As regards properties yielding income from rents, the value of which can be determined on the basis of the analysis of the evolution of market rates for rental or lease, their market value was determined by means of the investment method. Using the simple capitalization method, the value of the property is determined as the ratio of the stable annual profit flow that can be obtained from the valued property to the capitalization rate.

Future net operating income was estimated separately for each investment property on the basis of rental agreements, contracted income (or in case of IRIS properties – partially based on market conditions for a given property determined by an independent property appraiser) and expected costs of the property's functioning as at the balance sheet date. The floor spaces assumed for calculation were based on valid construction documentation. Due to the fact that most rental agreements concluded by the Group are in EUR, the valuation of investment properties was prepared in EUR and then translated into PLN using the average rate of exchange of the National Bank of Poland as at the balance sheet date.

Capitalization rates were estimated by independent property appraisers separately for each significant investment property, considering the location and the type of property.

The capitalization rate is verified by external property appraisers at least once a year and net operating income is updated on the basis of valid rental agreements.

Capitalization rates from the range 7.70%-9.25% were used for the purposes of the valuation assumed in the financial statements as at 30 June 2015.

In the first half-year of 2015, the Group recorded a loss on the revaluation of investment properties to their fair values, which amounted to PLN 650,000, in consequence of the fluctuation of the rates of exchange and investment expenditure not reflected in the increase of these fair values.

During the period, the methods of valuation of investment properties did not change.

During the period, there were no changes in the levels of valuation of investment properties.

Accounting recognition of Smart City Sp. z o. o. Sp. k.

According to the information included in note 2.2 "Changes in the structure of the Group", on 10 September 2014, an investment agreement was signed by CPD S.A. and its subsidiaries (Smart City Spółka z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd), of the one part, and entities not associated with the Group, i.e. Unidevelopment S.A. and Unibep S.A., of the other part. The agreement stipulates a joint venture consisting in the construction of a complex of multiple dwelling units with services and related infrastructure at a property belonging to Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.

At the same time, the parties stipulated in the investment agreement that a part of lands (and all related costs and income) belonging to Smart City would be excluded from this joint venture and would remain under the exclusive control of CPD Group. The lands not included in the joint venture include areas which according to the local spatial development plan are destined for the construction of public roads and for educational purposes.

Joint control over Smart City was established on 9 March 2015, when Unidevelopment S.A. – in compliance with the provisions of the investment agreement – entered the limited partnership Smart City Spółka z ograniczoną odpowiedzialnością sp.k. as the limited partner.

In order to settle the above-mentioned transaction in these financial statements, the Management Board of the Company – in conformity with the provisions of IFRS 10 – decided to adopt the following approach regarding the investment in Smart City:

- assets and liabilities under the investment agreement were recognized as the joint venture and were settled in the consolidated financial statements in accordance with the equity method.
- land destined for roads and educational purposes as well as related liabilities (excluded from the investment agreement) were treated as a separate investment controlled in full by CPD Group and were recognized in accordance with the full method in the consolidated financial statements.

The Group decided to adopt this approach due to the fact that, pursuant to the provisions of the investment agreement, it maintained the control over this separated part of the land, which means that all decisions regarding this part of the land will be made by CPD Group, and all future income and costs connected with it will also be attributable to the Group.

However, as at the date of the preparation of these financial statements, these two separate elements of the investment, i.e. lands for the joint venture and lands for roads and educational purposes, did not constitute separate investments form the legal point of view. Any future liabilities related to these two separate investments will not be allocated to the investment in connection with which they arose – in the light of legal regulations, liabilities incurred in connection with one investment can be satisfied from the other investment. However, according to plans, the Management Board of the Group will strive to separate lands destined for roads and educational purposes so that the obligation of legal separation is met in the foreseeable future, before important liabilities connected with the planned development investment on the jointly controlled land arise.

Notes to the interim condensed consolidated financial statements

Determining the fair value of embedded derivative instruments

On 26 September 2014, the Company issued bonds for its current shareholders. Financial data on these issued bonds are presented in note 12 (inn in the individual statements) to the financial statements. The bonds were issued with an embedded derivative instrument consisting in the possibility of converting the bonds into shares at the fixed rate of PLN 4.38 for one share. Since the bonds were issued in another currency (EUR) than the Company's functional currency (PLN), the embedded derivative instruments included also a currency CAP, i.e. the conversion of the value of obtained shares according to the rate of exchange as at the conversion date, however not higher than EUR 1 = PLN 4.1272.

The fair value of the embedded derivative instrument was estimated within level 2 by combining two methods: binominal tree method in the part concerning the development of the exchange rate of the shares and Monte Carlo method for the needs of analyzing the variability of the exchange rate.

Assumptions for the valuation model:
- adjustment of discounting curve due to the issuer's credit risk – 8%,
- variability of the price of the issuer's shares – 48% – this value was calculated on the basis of historical price quotes of CPD S.A.'s shares,
- fixed rate of conversion of bonds to shares – PLN 4.38,
- restriction on the exchange rate EUR 1 = PLN 4.1272,
- possibility of converting bonds to shares in the period from 26 September 2015 until 5 days before the bonds redemption date, i.e. 22 September 2017.

During the period, the methods of valuation of embedded derivative instruments did not change.

During the period, there were no changes in the levels of valuation of embedded derivative instruments.

As at 30 June 2015, the value of the liability due to the embedded derivative instrument was PLN 13.8 million and it constituted the difference between the valuation of bonds in accordance with the fair value model described above and the value of bonds without the embedded derivative instrument determined in accordance with amortized cost by applying the effective interest rate method.

Balance sheet valuation of shares in subsidiaries and loans granted to subsidiaries (concerns the individual financial statements)

As at the balance sheet date, the Company analyzed the loss of value of shares in subsidiaries by comparing the book value of shares and their recoverable amount. The recoverable amount constitutes the higher of the two amounts: the fair value of assets less the costs of sale or the use value. In the Company's opinion, no grounds exist to recognize that the use value differs significantly from the fair value as at the balance sheet date. In consequence, the analysis of the loss of the shares' value was based on the fair value.

In the case of shares in Buffy Holdings No 1 Ltd and Lakia Enterprises Ltd, their fair value was estimated based on net assets of these companies, constituting an approximate value of future cash flows available for shareholders related to the shares held by them. The value of these cash flows was estimated, among others, based on the fair value of properties belonging to the subsidiaries.

In the case of shares in Celtic Investments Limited, the operating activity of which was suspended as at 30 June 2015 and which did not have any significant assets, the fair value of these assets was estimated based on the net assets of this company.

At the same time, as at the balance sheet date, the Company analyzed the possibility of recovering receivables due to loans granted to its subsidiaries. The Company impaired the value of loans granted to its subsidiaries if the value of their net assets was negative as at 30 June 2015. In the Company's opinion, due to the negative value of net assets of these subsidiaries, there is a substantial risk that these companies will not be able to pay the loans in full.

Tax settlements/deferred tax and activation of tax losses

In connection with the fact that the companies subject to consolidation reside in various fiscal jurisdictions, which complicates transactions between them and results in ambiguities in the interpretation of the provisions of law, tax settlements, including the determination of the right or obligation to include as well as the way of including separate transactions in the tax bill of individual Group entities, could require extremely thorough consideration. In complicated cases, the decision of the Management Board is based on opinions of specialist tax advisers.

Income tax for interim periods is calculated using the tax rate reflecting the total foreseeable annual profit or loss. The difference between the income tax expenses and the tax rate of 19% results primarily from unrecognized deferred income tax assets due to tax losses and the surplus of positive temporary differences over negative temporary differences in the subsidiaries in which recognizing deferred income tax assets for the full financial year is not planned. As at each balance sheet date, the Management Board analyses the possibility of recovering tax losses based on business plans of individual companies forming part of the Group and tax forecasts for these entities, and based on this, decisions on activating or not tax losses for previous years are made.

3.1 Managing financial risk

Financial risk factors

CPD Group is exposed to the following financial risks in connection with its business activity: market risk (including the risk of changes in exchange rates, risk of the change of goodwill or cash flows in consequence of a change of interest rates), credit risk and liquidity risk.

CPD Group's financial risks were presented in the consolidated financial statements for the year ended 31 December 2014. In the first half-year of 2015, there were no important changes in CPD Group's policy related to the management of financial risk.

Liquidity risk

In the first half-year of 2015, the liquidity of CPD Group changed primarily due to signing an annex to the loan agreement with BZ WBK Bank on 29 May 2015. Pursuant to the provisions of this annex, the construction loan presented as at 31 December 2014 in short-term liabilities in the amount of PLN 70,608,000 was converted into a long-term investment loan with the final repayment date in 2021. Details of the current terms and conditions of the loan can be found in note 11 to these financial statements.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

4 Investment properties

	2015-01-01-2015-06-30	2014-01-01-2014-06-30
At the beginning of the reporting period	**581 386**	**442 793**
Capital expenditure	3 888	3 254
Transfer of a plot on which a road will be constructed to the City	(5 818)	0
Acquisition	23 990	0
Disposal of investment property in corse of joint venture (note 8)	(16 620)	0
Net (loss)/ gain from fair value adjustments on investment properties	(650)	(2 772)
Change of capitalised financial liabilities	2 741	(7)
At the end of the reporting period	**588 917**	**443 268**

In January 2015 the Group aquired 100% shares in IMES Poland Sp. z o.o. owning investment property, located in Warsaw, in Ursus district.

On 10 September 2014 CPD SA and its subsidiaries Smart City spółka z ograniczoną odpowiedzialnością sp.k., Lakia Enterprises Ltd concluded joint venture agreement with Unibep S.A. and Unidevelopment S.A. aimed at construction of residencial complex with services and accompanying infrastructure. On 9 March 2015 Unidevelopment SA joined Smart City spółka z ograniczoną odpowiedzialnością sp.k. as a limited partner (komandytariusz). As a consequence The Group has determined assets and liabilities related to the joint venture, including land of PLN 16.620 thousand.

Inventment property outlays, amounting to PLN 3.888 thousand in the first half of 2015, consisted mainly of tenant fitouts in newly commercilised Iris building.

	For the 6 month period ended	
Direct operating costs for investment properties:	2015-06-30	2014-06-30
- rent income bearing	2 006	1 968
- other	54	69
	2 060	**2 037**

5 Trade receivables and other receivables

	30-06-2015	31-12-2014
Trade receivables	7 515	803
Receivables from the state budget	3 077	3 723
Receivables from related parties	19	0
Deferred income	0	(307)
Prepaid expenses	7 431	5 310
Other receivables	315	325
Short-term receivables	**18 357**	**9 854**
Long-term receivables	0	0
Total receivables	**18 357**	**9 854**

Prepaid expenses relate mainly to annual property tax and perpetual usufruct.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

6 Inventories

	30-06-2015	31-12-2014
At the beginning of the reporting period	**6 525**	**7 773**
Capital expenditure	70	19
Impairment loss	(70)	(1 172)
Exchange differences	(53)	(95)
At the end of the reporting period	**6 472**	**6 525**

In the first two quarters 2015 the Group did not carry any sale of inventory.

7 Cash and cash equivalents

	30-06-2015	31-12-2014
Cash at bank and on hand	18 609	16 366
Restricted cash	3 154	774
Short-term bank deposits	2 879	1 630
	24 642	**18 770**

Restricted cash means the funds transferred as a result of the implementation of the credit agreement with mBank Hipoteczny.

8 Joint ventures

On 10 September 2014 CPD SA and its subsidiaries Smart City spółka z ograniczoną odpowiedzialnością sp.k., Lakia Enterprises Ltd concluded joint venture agreement with Unibep S.A. and Unidevelopment S.A. aimed at construction of residencial complex with services and accompanying infrastructure. Smart City spółka z ograniczoną odpowiedzialnością sp.k. contributed land to the joint venture. Part of the land is to be transferred to the City of Warsaw or other entity for public roads and educational infrastructure.

On 9 March 2015 Unidevelopment SA joined Smart City spółka z ograniczoną odpowiedzialnością sp.k. as a limited partner (komandytariusz).

The below table summarizes the carrying amounts of the Group major investments in joint ventures:

	30-06-2015	31-12-2014
Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	15 375	0

	30-06-2015
Opening balance as at 1 January	**0**
Group's share in net assets as at the date of starting joint venture	15 472
Group's share of the net profit or loss of the joint ventures presented in theses interim condensed consolidated financial statements	(83)
Other adjustments	(14)
Closing balance as at 30 June	**15 375**

Notes to the interim condensed consolidated financial statements

Condensed financial information of individually material joint ventures of the Group as at 30 June 2015 and for the period from 1 January to 30 June is presented in the below table:

	Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.
Financial information coming from statement of financial position	
Total non-current assets	**0**
Total current assets, including:	**30 905**
Inventory	17 258
Trade receivables and other receivables	13 578
Cash and cash equivalents	**69**
Total assets	**30 905**
Total current liabilities, including:	**141**
Trade payables and other liabilties	141
Total non-current liabilities	
Total liaabilities	**141**
Net assets	**30 764**
% held by the Group	***50%***
Group share of net assets of the joint venture	15 382
Purchase price allocation adjustments	0
Consolidated adjustments	(7)
Loan granted	0
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	**15 375**

In connection with the fact that the new investment agreement entered into force, the Group recognized a loss on the joint venture in Smart City Spółka z ograniczoną odpowiedzialnością Sp.k. in the amount of PLN 972,000, which was included in note 19.

9 Share capital

	Number of shares		**Value of shares**	
	30-06-2015	**31-12-2014**	**30-06-2015**	**31-12-2014**
Ordinary shares (in thousands)	32 863	32 863	3 286	3 286

As of the date of theses financial statements share capital amounts to PLN 3.286 thousand. There have been no changes in share capital since the end of the year until the date of these financial statements.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

10 Trade payables and other liabilities

Non-current liabilities

	30-06-2015	31-12-2014
Deposits of tenants	2 044	1 494

Current liabilities

	30-06-2015	31-12-2014
Trade payables	615	827
Payables to related parties	18	0
Social security and other taxes	3 225	284
Deposits of tenants	0	138
Other liabilities	487	372
Deposits of tenants	192	132
Accrued expense	14 134	14 077
	18 671	**15 830**

Accruals are consistent with 2014 year end and comprise maily of potential tax exposures.

11 Borrowings, including financial leasing

	30-06-2015	30-06-2014
Non-current		
Bank loans	118 443	42 221
Financial leasing	32 004	29 263
	150 447	**71 484**
Current		
Bank loans	1 719	71 493
	1 719	**71 493**
Total borrowings	**152 166**	**142 977**

As of 30 June 2015 bank credits consist of:
- payable of PLN 42.418 thousand to mBank Hipoteczny S.A. (PLN 40.699 thousand being long-term and PLN 1.719 thousand short-term),
- payable of PLN 77.745 thousand to Bank Zachodni BZ WBK.

Regarding the loan granted by HSBC Bank on 18 June 2014 to finance two investment properties, the subsidiaries Robin Investments Sp. z o.o. and Lakia Investments Sp. z o.o. (owners of these properties) signed an agreement with mBank Hipoteczny S.A. to refinance the loan. Earlier, i.e. on 29 May 2014, an annex to the loan agreement with HSBC was signed, pursuant to which the final loan repayment date was 27 June 2014. The actual refinancing (incurring the liability in mBank Hipoteczny and repaying the debt owed to HSBC took place on 1 July 2014).
The loan agreements with mBank Hipoteczny S.A. signed on 18 June 2014 amount to the maximum total loan amount of EUR 10.3 million. The final loan repayment period is June 2029.
The loan was granted in accordance with market terms and is secured, among others, by a mortgage on investment properties belonging to Robin Investments Sp. z o.o. and Lakia Investments Sp. z o.o. and a registered pledge established on the shares of these companies.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

In accordance with the terms and conditions of the loan agreement concluded with Bank Zachodni WBK on 12 August 2012 (including annexes), the final repayment period of the investment loan granted to the subsidiary Belise Investments Sp. z o.o. falls on one of the following dates:
- in the case of obtaining the consent to convert the construction loan into the investment loan, the final repayment of the loan will take place on 12 August 2019 on the latest; otherwise,
- the final repayment date is 31 December 2014.
Regarding the VAT Loan (credit facility within the agreement with BZ WBK), its final repayment date was 31 December 2014.

As at 31 December 2014, the balance of the liability due to the loan granted by BZ WBK S.A. in the amount of PLN 70,608,000 was presented in short-term liabilities, because in accordance with valid agreements, its repayment falls within the period of 12 months from the balance sheet date for which the consolidated financial statements were made.

To meet the conditions permitting to convert the loan and, thus, to change the final loan repayment date from 29 May 2015, an annex was signed to the loan agreement of 12 August 2014 concluded by Belise Investments and Bank Zachodni WBK S.A. The above-mentioned annex introduces the following changes:

- investment loan up to the value of EUR 18,500,000.00 was granted to refinance the debt by conversion and/or refinancing or to finance the costs of finishing the rental space and/or to pay the Dividend;

- the parties agreed that the date of the final repayment of the Loan with interest and other costs would be 31 May 2021;

- conversion means using the funds made available within Advance B by converting the Debt Amount within Advance A to the Debt Amount within Advance B and activating an additional advance up to the maximum amount of EUR 1,500,000.

The remaining significant provisions of the agreement remain unchanged.

At the same time, in order to secure the repayment of the Loan under the concluded annex, CPD S.A. and Lakia Enterprises Limited, situated in Nicosia, Cyprus, submitted themselves to the enforcement procedure. Moreover, the Company signed an annex to the guarantee agreement.

12 Bonds issued

	30-06-2015	31-12-2014
a/ Bonds A		
Fair value of covertible bonds issued on 26 Sept, 2014	22 966	22 966
Capital part	27 909	27 909
Debt part on the intial recognition date of Sept 26, 2014	**50 875**	**50 875**
Cost of accrued interest	1 757	623
Valuation as at June 30, 2015	103	476
Valuation of the embedded derivatives	(14 091)	(9 094)
Derivative as at June 30, 2015	**38 644**	**42 880**
b/ Bonds B		
Nominal value of bonds issued Jan 13, 2015 (*)	29 552	0
Cost of accrued interest	1 256	0
Wycena metodą efektywnej stopy procentowej	41	0
Fair value as at June 30, 2015	**30 849**	**0**

(*) The nominal value of bonds issued on 13 January 2015 (PLN 30,000,000) was decreased by the costs of the issue of bonds, which amount to PLN 448,000. The costs of the issue of bonds included the cost of handling the issue of bonds by an investment house, which amounted to PLN 425,000, and the costs of legal services.

On 26 September 2014, the Management Board of the Company passed a resolution on the allocation of Advance I of series A convertible bonds and the Company issued convertible bonds within Advance I. The redemption of bonds within Advance I falls on 26 September 2017. The issue of bonds within Advance I was carried out in the form of a private placement, in accordance with the provisions of Section 9(3) of the Bonds Act, pursuant to Resolution No. 3/IX/2014 of the Issuer's Management Board on the issue of series D bearer bonds within a bond issue program.

(All amounts in PLN thousands unless otherwise stated)

The nominal value of one bond is EUR 50,000 (fifty thousand euros). The issuing price of one bond is EUR 50,000. The bonds bear interest according to the fixed interest rate of 10% (ten percent) per year from the Bond Issue Date. The bonds will be purchased by the Company on a day falling 3 years after the Issue Date, i.e. on 27 September 2017 – except in the event of early repurchase in Case of Breach of the terms and conditions of the issue of Bonds by the Issuer.

Embedded derivative instrument results from:
a) the right to convert bonds to shares by bond holder at a fixed rate in the period from 26 September 2015 until 5 days before the redemption date, i.e. 22 September 2017;
b) cap currency option concerning the translation of the liability into shares as at the conversion date at the EUR/PLN rate from that day, however not higher than EUR 1 = PLN 4.1272.
The method of valuation of the embedded derivative instrument is described in note 4.

On 13 January 2015, the Company issued 30,000 series B covered bonds ("Bonds") in total. Bonds were issued in accordance with the provisions of Section 9(3) of the Bonds Act, i.e. in the form of a private offer.
The Bonds were issued in accordance with the following terms and conditions:

The issuer did not specify the purpose of the issue within the meaning of the Bonds Act or the undertaking to be financed from the issue of the Bonds.
The issued Bonds are series B covered, bearer bonds with the nominal value of PLN 1,000 each and do not have the form of an instrument.
The total nominal value of all issued bonds is maximum PLN 30,000,000.

The nominal value of one Bond is PLN 1,000. The issuing price of one Bond corresponds to its nominal value, i.e. PLN 1,000.
If the Issuer does not repurchase the Bonds earlier in case of a breach at the request of the Bond Holder or at the request of the Issuer, the Bonds will be repurchased on the Redemption Date by paying the amount equal to the nominal value of Bonds plus due and unpaid interest on the Bonds.
On 9 February 2015, an agreement on the establishment of a registered pledge on Blaise Investments sp. z o.o.'s shares was concluded by Lakia Enterprises Limited and Matczuk Wieczorek i Wspólnicy Kancelarii Adwokatów i Radców Prawnych sp. j., acting on their own behalf, but for the account of bond holders holding series B bonds.
The registered pledge was established on 100 shares in the share capital of Blaise Investmetns sp. z o.o. with the nominal value of PLN 50 each, constituting 100% of the share capital of this company. The nominal value of the package of 1,000 shares is PLN 50,000.
The registered pledge was established up to the amount of PLN 45,000,000.

13 Deferred income taxes

	30-06-2015	31-12-2014
Deferred tax assets	**773**	**85**
Deferred tax liabilities	**12 978**	**13 382**

Expiry of tax losses

	2 015 zł	2016-2017	2018-2019	Total
- Losses on which deferred tax was recognized	1 046	5 377	9 296	15 719
- Losses on which deferred tax was not recognized	8 543	161 299	21 355	191 197

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

14 Revenue by nature

	For the 6 month period ended	
	30-06-2015	30-06-2014
Rent income	6 114	4 511
Real estate advisory services	0	86
Property related services	44	0
Accounting services	2 888	2 622
	9 046	**7 219**

Rent revenues are earned by office properties in Warsaw: Aquarius (Połczyńska St.), Soliaris and Iris (both Cybernetyki St.). Increase in the first half of 2015 as compared to similar prior year period is driven mainly by Iris building, completed in 2012 and gaining increasing number of tenants over time.

In the first two quarters of 2015 the Group did not recognise any income on sale of inventory.

15 Cost of sales

	For the 6 month period ended	
	30-06-2015	30-06-2014
Cost of inventories sold	0	14
Cost of fixed assets sold	0	39
Change of inventory impairment write downs	70	0
The cost of services rendered	956	1 207
	1 026	**1 260**

16 Administrative costs property related

	For the 6 month period ended	
	30-06-2015	30-06-2014
Personnel costs	573	689
Property maintenance	2 060	2 033
Property taxes	1 538	1 528
Perpetual usufruct	484	851
Depreciation of fixed assets and intangible assets	104	89
	4 759	**5 190**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

17 Administrative expenses-other

	For the 6 month period ended 30-06-2015	30-06-2014
Advisory services	4 157	2 204
Transportation	28	23
Taxes	300	41
Office maintenance	960	1 064
Other services	387	265
Cost related for non deductible VAT	141	169
Impairment write offs	196	26
	6 169	**3 792**

In the group of administrative costs in the first half-year of 2015, the Group registered an increase in the costs of advisory services of PLN 1,953,000 compared with the same period in 2014. Such higher costs of advisory services are the consequence of the commercialization of Iris building and an increase of the costs of legal services related to lawyers' fees in connection with the Group companies' claims due to property tax.

18 Other income

	For the 6 month period ended 30-06-2015	30-06-2014
Provision released	1 088	0
Other	1 203	16
	2 291	**16**

In the first half-year of 2015, the Group received PLN 1,189,000 from the City in connection with Blaise Investments Sp. z o.o.'s claims due to property tax. In connection with this, other income was recognized in the amount of PLN 1,189,000. The provision for the costs of property tax amounting to PLN 1,088 established in Blaise Investments Sp. z o.o. was released in connection with the positive resolution of the dispute with the City.

19 Financial income and expenses

	For the 6 month period ended 30-06-2015	30-06-2014
Interest expense:		
- Bank loans	(1 624)	(1 513)
- Interest from financial leases	(1 233)	(826)
- Other interest	(2 671)	(459)
Net exchange differences	0	(494)
Other financial Costs	(502)	(23)
Result of changing subsidiary into joint venture	(972)	0
Impairments		(319)
Financial costs	**(7 504)**	**(3 790)**
Interest income:		
- Bank interest	51	34
- interest from unrelated parties	119	122
- Received dividends	0	0
Derrivatives valuation	4 997	0
Net exchange differences	1 700	0
Financial income	**6 867**	**156**

Notes to the interim condensed consolidated financial statements

In the first two quarters of 2015 the Group recognised a gain on revalution of the embedded derivatives amounting to PLN 4.997 thousand.

In the first two quarters of 2015 the Group recognised unrealised exchange gains on valuation of bank loans granted by BZ WBK and mBank Hipoteczny in EUR.

20 Acquisition of shares in related party

On 30 January 2015 the Group's companies Buffy Holdings No. 1 Limited and Challange Eighteen Sp. z o.o. concluded a share purchase agreement with I.M.E.S. – INDUSTRIA MECCANICA E STAMPAGGIO S.P.A., on the basis of which Buffy acquited 100% of the shares of IMES POLAND Sp. z o.o. with its registered office in Warsaw. IMES posesses the right of perpetual usufruct, consisting of plot No. 98, No. rpm. Reg. No. 2-09-09, with an area of 69 457 m2 and situated near Gierdziejewskiego str. in Warsaw (Warsaw district - Ursus). In accordance with the provisions of the Local Master Plan, the property allows you to build about 80 000 m2 residential and service.

As a result of the acquisition of the shares CPD Group acquired the group of assets which does not constitute a business combination within the meaning of IFRS 3. Due to this fact, the individual identifiable assets belonging to the subsidiary were recognised and measured based on an allocation of the overall cost of the transaction with reference to their relative fair values at the time of the acquisition:

in thousand PLN	**Carrying amount as at the date of acquisition**	**Allocation of the overall cost of transation of acquisition**
Investment property	1 939	23 990
Trade and other receivables	836	836
Cash and cash equivalents	939	939
Trade and other payables	-3 177	-2 706
Net assets	**537**	**23 059**
Cost of acquisition of shares in subsidiary		23 059

21 Income tax

	For the 6 month period ended	
	30-06-2015	**30-06-2014**
Current income tax	0	778
Prior years current income tax adjustments	(183)	0
Deferred taxes	(1 091)	(1 022)
	(1 274)	**(244)**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

22 Cash flow from operating activities

	For the 6 month period ended	
	30-06-2015	30-06-2014
Profit/loss before tax	(2 122)	(9 546)
Adjustments for:		
- depreciation of tangible fixed assets	89	102
- amortisation of intangible assets	15	0
– currency translation adjustments	73	(175)
- gains (losses) on revaluation to fair value of investment property	650	2 772
– loss on fixed assets sale	0	39
– gain on sale of shares	(6)	0
– share of the profit or loss of the joint venture	83	0
– loss on change the subsidiary into joint venture	972	0
– profit on bargain purchase	0	0
– result on embedded derivatives	(4 997)	0
– interest expenses	4 160	1 516
– interest income	(119)	(181)
– foreign exchange gains /losses	(2 064)	606
– inventory impairment	70	(10)
– result on bonds revaluation using efective rate method	41	0
– other adjustments	183	3
Changes in working capital		
- changes in receivables	(1 456)	(1 603)
- changes in inventories	(70)	0
- change in trade liabilities and other	501	784
	(3 997)	**(5 693)**

23 Related party transactions

CPD S.A, does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor.

CPD Group also includes transactions with key management personnel and other related parties, controlled by key staff of the Group.

These interim condensed consolidated financial statements include the following balances resulting from transactions with related parties:

	For the 6 month period ended	
(a)) Transactions with key management personnel	30-06-2015	30-06-2014
The cost of the salaries of members of the Board of Directors	90	120
The cost of the salaries of the members of the Supervisory Board	159	119
The cost of services rendered by the members of the Board of Directors	996	708
Total receivables	0	0

(b) Transactions with the other related parties		
Revenues		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	69	0
Vigo Investments Sp. z o.o..	0	3
Wolf Investments Sp. z o.o..	3	0
Laxey Cooperative	6	0
Costs		
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	20	10
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	0	0
Payables		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	18	0

24 Basic and diluted earnings per share

	For the 6 month period ended	
	30-06-2015	**30-06-2014**
Profit attributable to shareholders of the company	(848)	(9 302)
Ordinary shares (in thousands)	32 863	34 595
Earnings per share in PLN	(0,03)	(0,27)
Diluted profit /(loss) attributable to shareholders of the company	(4 279)	(9 302)
Ordinary shares (in thousands)	42 654	34 595
Dilted earnings per share in PLN	(0,10)	(0,27)

The issuance of bonds convertible into shares by CPD contributed to the dilution of loss. The amount of adjustments of the result was affected by the amount of interest (PLN 529 ths), valuation of bonds as at the balance sheet date (PLN -952 ths) and the valuation of the embedded derivative instrument (PLN -1.872 ths). These amounts will be reduced by the income tax to be paid in the future.

The weigthed average number of shares was adjusted due to the possible exercise of right to convert bonds convertible into shares (not more than 9.791.360 shares). The weighten average number of shares amonuted to 35 277 ths.

25 Contingent liabilities

In the first quarter of 2015 there were no significant changes in contingent liabilities.

26 Segment reporting

In accordance with IFRS 8, the Group CPD is and it shall be considered by the Board of Directors as a single operating segment.

Therefore, both revenue and profit segment are equal revenue and profits of the group mentioned in the report of the CPD total revenue.

27 Seasons of activity and unusual events

The activity of the Group of the CPD is not seasonal or cyclical. In the current interim period there was no unusual events.

28 Events after the end of the reporting period

CPD SA repaid PLN 1.354 thousand of interest on B-series bonds for the first interest period on 9 July 2015.

The Group subsidiaries Lakia Investments Sp. z o.o. oraz Robin Investments Sp. z o.o. repaid bank credit instalments of EUR 31 thousand and 24 thousand respectively on 20 July 2015.

Except of the above there were no other significant post balance sheet events.

(All amounts in PLN thousands unless otherwise stated)

II Interim financial information of the parent

29 Interim financial information of the parent company

29.1 Condensed statement of comprehensive income

	Note	For the 6 month period ended 2015-06-30 (unaudited)	2014-06-30 (unaudited)
Revenues		264	298
Administrative costs	29.12	(996)	(937)
Selling and marketing expenses		(76)	(82)
Impairment gain/loss on investments in subsidiaries		(11 986)	(16 694)
Interest income on loans		7 704	9 190
OPERATING RESULT		**(5 090)**	**(8 225)**
Financial income	29.13	5 631	554
Financial costs	29.13	(2 528)	(130)
PROFIT (LOSS) BEFORE INCOME TAX		**(1 987)**	**(7 801)**
Income tax		0	0
PROFIT (LOSS) FOR THE PERIOD		**(1 987)**	**(7 801)**
BASIC EARNINGS PER SHARE (PLN)		(0,06)	(0,23)
DILUTED EARNINGS PER SHARE (PLN)		(0,13)	(0,23)

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

29.2 Condensed statement of financial position

ASSETS	Note	30-06-2015 (unaudited)	31-12-2014
Non-current assets			
Property, plant and equipment		4	6
Intangible assets, excluding goodwill		5	7
Long-term receivables	29.7	467 700	443 516
Bonds	29.6	0	3 430
		467 709	446 959
Current assets			
Trade receivables and other receivables	29.8	668	104
Bonds	29.6	3 549	0
Cash and cash equivalents		11 771	12 071
		15 988	12 175
Total assets		**483 697**	**459 134**
EQUITY			
Share capital		3 286	3 286
Reserve capital		987	987
Fair value of capital element at inception date		(27 909)	(27 909)
Share premium		796 643	796 643
Retained earnings		(373 848)	(371 861)
Total equity		**399 159**	**401 146**
LIABILITIES			
Non-current liabilities			
Bonds issued	29.10	55 675	24 065
Derivative financial instruments		13 818	18 815
Loans and borrowings, including finance leases	29.11	12 813	12 769
		82 306	55 649
Current liabilities			
Trade payables and other liabilities		2 232	2 338
		2 232	2 338
Liabilities		**84 538**	**57 987**
Total liabilities		**483 697**	**459 134**

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(All amounts in PLN thousands unless otherwise stated)

29.3 Condensed statement of changes in equity

							Skumulowane zyski (straty)	
	Share capital	Element wbudowany w dniu początkowego ujęcia	Share premium	Supplementary capital	Other Reserves	Own shares	Retained earnings	Total
Balance as at 01-01-2014	**3 460**	**0**	**796 643**	**0**	**987**	**(12 300)**	**(475 391)**	**313 398**
Own shares	0	0	0		0	0	0	0
	0	0	0	0	0	0	0	0
Comprehensive income								
Profit (loss) for the period	0	0	0	0	0	0	(7 801)	(7 801)
	0	0	0	0	0	0	(7 801)	(7 801)
Balance as at 30/06/2014 /unaudited	**3 460**	**0**	**796 643**	**0**	**987**	**(12 300)**	**(483 192)**	**305 597**
Balance as at 01-01-2015	**3 286**	**(27 909)**	**796 643**	**0**	**987**	**0**	**(371 861)**	**401 146**
Profit (loss) for the period	0	0	0	0	0	0	(1 987)	(1 987)
	0	0	0	0	0	0	(1 987)	(1 987)
Balance as at 30/06/2014 / unaudited	**3 286**	**(27 909)**	**796 643**	**0**	**987**	**0**	**(373 848)**	**399 159**

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Board Member

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Board Member

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Board Member

(All amounts in PLN thousands unless otherwise stated)

29.4 Condensed statement of cash flows

	Note	For the 6 month period ended 2015-06-30 (unaudited)	2014-06-30 (unaudited)
Cash flow from operating activities			
Cash generated from operations	29.14	(994)	(94)
Net cash generated from investing activities		**(994)**	**(94)**
Cash flows from investing activities			
Loans granted		(45 256)	(11 958)
Loan repayments received		14 884	5 154
Interest received		1 596	490
Net cash used in investing activities		**(28 776)**	**(6 315)**
Cash flows from financing activities			
Loans received		0	2 500
Loan repayments received		(82)	(372)
Proceeds from issuance of bonds		29 552	0
Net cash used in financing activities		**29 470**	**2 128**
Net (decrease)/increase in cash and cash equivalents		**(300)**	**(4 279)**
Cash and cash equivalents at the beginning of year		**12 071**	**6 355**
Cash and cash equivalents at the end of the period		**11 771**	**2 076**

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.5 Shares in subsidiaries

Name	Country	Share	30-06-2015	31-12-2014
Buffy Holdings No1 Ltd	Cyprus	100%	184 000	184 000
Impairment, the value of the shares Buffy Holdings			(184 000)	(184 000)
Celtic Investments Ltd	Cyprus	100%	48 000	48 000
Impairment, the value of the shares Celtic Investments Ltd			(48 000)	(48 000)
Lakia Enterprises Ltd	Cyprus	100%	105 000	105 000
Impairment, the value of the shares Lakia Enterprises Ltd			(105 000)	(105 000)
			0	**0**

29.6 Bonds

On March 18, 2013. the company acquired bonds issued by the company Bolzanus Limited registered in in Cyprus (bonds- 3 thousand PLN, interest on June 30 30 czerwca 2015 - 549 thousand PLN). Bond interest rate is 8% per annum. Maturity date falls on day 17 February 2016.

29.7 Long-term receivables

	30-06-2015	31-12-2014
Long-term loans with related parties:		
- loans	483 451	453 478
- interest	85 696	79 819
- impairment on loans	(101 447)	(89 781)
	467 700	**443 516**

Details of the loans granted to related parties

Related party	**Principal amount**	**Accrued interest**	**Interest Rate**	**Margin**	**Maturity**
2/124 Gaston Investments	2 857	349	3M WIBOR	1,55%	on demand
3/93 Gaston Investments	2 584	303	3M WIBOR	1,55%	on demand
4/113 Gaston Investments	5 524	937	3M WIBOR	1,55%	on demand
Impairment on 4/113 Gaston Investments loan	0	0			
5/92 Gaston Investments	3 103	356	3M WIBOR	1,55%	on demand
6/150 Gaston Investments	2 287	301	3M WIBOR	1,55%	on demand
7/120 Gaston Investments	1 507	201	3M WIBOR	1,55%	on demand
8/126 Gaston Investments	4 507	525	3M WIBOR	1,55%	on demand
9/151 Gaston Investments	959	131	3M WIBOR	1,55%	on demand
10/165 Gaston Investments	1 861	144	3M WIBOR	1,55%	on demand
11/162 Gaston Investments	1 129	131	3M WIBOR	1,55%	on demand
12/132 Gaston Investments	3 141	396	3M WIBOR	1,55%	on demand
13/155 Gaston Investments	3 011	355	3M WIBOR	1,55%	on demand
15/167 Gaston Investments	1 671	159	3M WIBOR	1,55%	on demand
16/88 Gaston Investments	429	71	3M WIBOR	1,55%	on demand
18 Gaston Investments	2 994	278	3M WIBOR	1,55%	on demand
19/97 Gaston Investments	488	70	3M WIBOR	1,55%	on demand
20/140 Gaston Investments	573	83	3M WIBOR	1,55%	on demand
Antigo Investments	4 930	531	3M WIBOR	1,55%	on demand
Impairment on Antigo Investments loan	0	(263)			
Blaise Gaston Investments	5 626	642	3M WIBOR	1,55%	on demand
Blaise Investments	24 122	4 837	3M WIBOR	1,55%	on demand

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.7 Long-term receivables - cont.

Belise Investments	13 295	6 205	3M WIBOR	1,55%	on demand
Buffy Holdings No 1 Ltd	161 824	30 892	3M WIBOR	0,75%	on demand
Impairment on Buffy Holdings loan	*(37 217)*	*(30 892)*			
Celtic Asset Management	15	0	3M WIBOR	1,55%	on demand
Celtic Investments Ltd	1 748	40	3M LIBOR	0,75%	on demand
Impairment on CIL loan	(1 599)	(33)			
Challange 18	164 885	30 943	3M WIBOR	1,55%	on demand
Elara Investments	3 277	96	3M WIBOR	1,55%	on demand
Impairment on Elara Investments loan	*(2 845)*	*(42)*			
Gaston investments	8 957	309	3M WIBOR	1,55%	on demand
Impairment on Gaston Investments loan	*(3 112)*	*(309)*			
HUB Developments	2 384	235	3M WIBOR	1,55%	on demand
Impairment on HUB loan	*0*	*(110)*			
Lakia Enterprises Limited	50 996	6 157	3M WIBOR	1,55%	on demand
Impairment on Lakia Enterprises loan	*(18 868)*	*(6 157)*			
IMES	*2 763*	*20*	3M WIBOR	1,55%	26.03.2020
Smart City	4	0	3M WIBOR	1,55%	on demand
	419 810	**47 890**			

According to the intention of the Board, granted loans will be repaid in the period from 3 to 5 years.
The maximum credit risk associated with loans and trade receivables is equal to their carrying value.
Granted loans are not secured.

29.8 Trade receivables and other receivables

	30-06-2015	31-12-2014
Trade receivables from related parties	158	74
Trade receivables from other parties	7	0
Short-term loans (related party):	307	0
- loan	15 998	15 961
- interest	4 636	4 366
- Impairment	(20 328)	(20 328)
Input VAT surplus	74	9
Other receivables from other parties	61	16
Accrued costs	37	5
Other receivables	24	0
Short-term receivables	**668**	**104**

Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	Interest Rate	Margin	Maturity
Mandy Investments	15 998	4 636	3M WIBOR	1,55%	on demand
Impairment on Mandy Investments loan	*(15 961)*	(4 366)			

Notes to the interim condensed consolidated financial statements

29.9 Earnings per share

	30/06/2015	30/06/2014
Profit attributable to the shareholders in the parent company	(1 987)	(7 801)
Weighted average number of ordinary shares (in '000)	32 863	34 307
Earnings per share	-0,06	(0,23)
Diluted profit attributable to shareholders	(5 418)	(7 801)
Weighted average number of ordinary shares (in '000)	42 654	34 307
Diluted earnings per share	-0,13	(0,23)

The issuance of bonds convertible into shares by CPD contributed to the dilution of profit. The amount of adjustment of the result was affected by the amount of interest (PLN 1.134 ths), valuation of bonds as at the balance sheet date (PLN -373 ths) and the valuation of the embedded derivative instrument (PLN -4.997 ths). These amounts will be reduced by the income tax to be paid in the future.

The weighted average number of shares was adjusted due to the possible exercise of right to convert bonds convertible into shares (not more than 9.791.360 shares). The weighted average number of shares amounted to 37.718 ths.

29.10 Bonds issued

	30 June 2015	31 December 2014
a) Bonds A series		
Face value of convertible bonds issued on 26 September 2014	22 966	22 966
Capital part	27 909	27 909
Debt part on the initial recognition date of 26 September 2014	**50 875**	**50 875**
Cost of accrued interest	1 757	623
Valuation at the reporting date	103	476
Valuation of the embedded derivative	(14 091)	(9 094)
Derivative as at 30 June 2015	**38 644**	**42 880**

Bondholder	30 June 2015	31 December 2014
Weyerhaeuser Company Master Retirement Trust	1	0
Laxey Investors Limited	0	1
LP Alternative LP by Laxey Partners (GP3) as General Partner	7	7
Laxey Partners Ltd	1	1
LP Value Ltd	7	7
Laxey Universal Value LP By Laxey Partners (GP2) as General Partner	1	1
The Value Catalyst Fund Limited	13	13
QVT Fund LP	17	17
Quintessence Fund LP	3	3
Lars E Bader	7	7
Co-op	33	33
Furseka	17	17
Broadmeadow	3	3

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.10 Bonds issued - cont.

The Management Board adopted the resolution on allocation of Tranche I of A-series convertible bonds on 26 September 2014. The Company therefore issued Tranche I convertible bonds. The date of repurchase of Tranche I bonds falls on 26 September 2017. The issuance of Tranche I bonds was a non-public one as per Art. 9 (3) of the Act on Bonds pursuant to the resolution of Issuer's Management Board No. 3/IX/2014 on issuance of D-series bearer's bonds as a part of the bond issuance scheme.

The face value of one bond amounts to EUR 50,000 (say EUR fifty thousand). The issuance price of one bond amounts to EUR 50,000. The bonds bear interest at a fixed rate of 10% (ten per cent) per annum from the Bond Issuance Date. The Company will repurchase the bonds on the day falling 3 years after the issuance date, i.e. 27 September 2017, subject to early repurchase cases, if an Event of Breach of terms of issuance of bonds by the Issuer occurs.

The embedded derivative results from:
a) holder's right to convert the bonds into shares at a fixed rate
in the period from 26 September 2015 to 5 days before the repurchase date, i.e. 22 September 2017;
b) currency cap option concerning translation of the liability into shares on the conversion date at the EUR/PLN exchange rate of the same day
not exceeding, however, EUR 1 = PLN 4.1272.

	30 June 2015	31 December 2014
b) Bonds B series		
Nominal value	30 000	0
Cost of accrued interest	1 256	0
Valuation of the embedded derivative	(407)	0
Derivative as at 30 June 2015	**30 849**	**0**

On January 13, 2015, the Company issued a total of 30,000 covered bonds series B Bonds was carried out in the manner specified in Art. 9 Section 3 of the Act on Bonds, ie. Within the framework of a private placement.
The bonds were issued on the following conditions:
• The Issuer did not specify the purpose of issuing the meaning of the Act on Bonds, also did not specify the project to be financed from the issuance of the Bonds.
• The issued bonds are bearer bonds series B with a nominal value of PLN 1,000 each, protected, not having the form of a document.
• The total nominal value of all issued Bonds is not more than 30,000,000 PLN.
• The nominal value of one bond equals PLN 1,000. The issue price of one Bond is equal to its nominal value and amounts to PLN 1,000.
• Bonds will be redeemed by the Company on the date falling four years after the date of issue of the Bonds, ie. On January 13, 2019 years (the "Redemption Date") - except for cases of early early redemption of the Bonds in the event of breaches by the Issuer conditions under which The bonds were issued or at the request of the Issuer.
• The bonds bear interest at a fixed interest rate of 9.1% per annum.
• If the Issuer to redeem the bonds earlier in the event of infringement cases at the request of the Bondholder or at the request of the Issuer of the Bonds will be redeemed on the Redemption Date and will be made by payment of an amount equal to the nominal value of the Bonds, plus accrued and unpaid interest on the Bonds.

February 9, 2015 r. The agreement was concluded for the establishment of a registered pledge on shares of Blaise Investments Sp. Z oo, between Lakia Enterprises Limited and Matczuk Wieczorek & Partners Law Firm Advocates and Legal Advisers Sp. J. Acting in his own name but on behalf of the bondholders holding bonds Series B.
Registered pledge was established on 100 shares in the capital of Blaise Investments sp. z o.o., with a nominal value of 50 zł each, representing 100% of the share capital of the company. The nominal value package of 1,000 shares is 50,000 zł.
Registered pledge was established up to the amount of 45,000,000 zł According to a valuation performed by an expert valuer on 26 January 2015.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.11 Borrowings, including financial leasing

	30-06-2015	31-12-2014
Loans from related parties	12 813	12 769
	12 813	**12 769**

Loan commitments as at 30 June 2015 relate to a loan received from the subsidiary Lakia Enterprises (principal 7 771 thousand PLN, interest 1 766 thousand PLN) and loans received from a subsidiary Lakia Investments (principal 3 159 thousand PLN , interest: 117 thousand PLN). The interest rate on the loan from a subsidiary Lakia Enterprises is Wibor 3M + margin 0.50%, of the subsidiary Lakia Investments is Wibor 3M + margin 1.55%.

29.12 Administrative costs

	01-01-2015 - 30-06-2015	01-01-2014 -30-06-2014
Consultancy services	185	96
Remuneration	491	529
Auditor's fee	1	29
Non-deductible VAT	70	80
Other services:	249	203
- Transport	27	22
- Taxes	8	3
- Office supplies	165	163
- Other costs	49	4
	996	**937**

29.13 Financial income and expenses

	01-01-2015 - 30-06-2015	01-01-2014 -30-06-2014
Interest income:		
- Bank interest	38	13
-Interest of the unrelated parties	119	0
Financial income from the valuation of the embedded derivative	4 997	0
Valuation of bonds at amortized cost	(41)	0
Other financial income	0	536
Net exchange differences	518	5
Financial income	**5 631**	**554**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.13 Financial income and expenses - cont.

Interest expense:		
-Interest from unrelated parties	1 257	0
-Interest from related parties	1 271	128
- Other expenses	0	2
Financial costs	**2 528**	**130**

The result from financial activities is influenced mainly by the cost of interest on loans and bonds granted to related parties (1 271 thous. PLN) and income from the valuation of the embedded derivative (4 997 thous. PLN).

29.14 Cash flow from operating activities

	01-01-2015 - 30-06-2015	**01-01-2014 -30-06-2014**
Profit/loss before tax	(1 987)	(7 801)
Adjustments for:		
– valuation of bonds	(5 288)	220
– depreciation of tangible assets	4	4
– interest costs	2 516	128
– interest income	(7 863)	(9 323)
– impairment on shares	0	7 643
– imapirment on loans	11 986	9 046
Changes in equity:		
- changes in receivables	(256)	43
- change in trade liabilities and other	(106)	(54)
	(994)	**(94)**

29.15 Related party transactions

CPD S.A. does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor.

CPD also concludes transactions with key managers and other affiliates controlled by the key managers of the Group.

These interim condensed consolidated financial statements include the following balances resulting from transactions with related parties:

a)Transactions with key management personnel	**01-01-2015 - 30-06-2015**	**01-01-2014 -30-06-2014**
Remuneration of members of the Supervisory Board	159	119
The cost of the salaries of the members of the Board	90	120
b) Transactions with significant investor		
receivables from the members of the Board	0	16
Loan granted to Laxey Worldwide W.A.	321	319
Impairment on Laxey Worldwide W.A. loan	*(321)*	*(319)*

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.15 Related party transactions - cont.

	01-01-2015 - 30-06-2015	01-01-2014 -30-06-2014
c) Transactions with subsidiaries		
Revenue		
Smart City Spółka Komandytowa (previously 1/95 Gaston Investments)	0	60
2/124 Gaston Investments	47	40
3/93 Gaston Investments	41	39
4/113 Gaston Investments	91	111
5/92 Gaston Investments	51	47
6/150 Gaston Investments	38	32
7/120 Gaston Investments	24	24
8/126 Gaston Investments	72	68
9/151 Gaston Investments	16	15
10/165 Gaston Investments	21	20
11/162 Gaston Investments	18	17
12/132 Gaston Investments	51	49
13/155 Gaston Investments	49	49
14/119 Gaston Investments	0	0
15/167 Gaston Investments	27	25
16/88 Gaston Investments	7	6
18 Gaston Investments	49	39
19/97 Gaston Investments	8	8
20/140 Gaston Investments	9	9
Blaise Gaston Investments	83	69
Blaise Investments	422	528
Belise Investments	439	621
Buffy Holdings No1 Ltd	2 054	2 363
Celtic Asset Management	0	23
Celtic Investments Ltd	7	9
Challange 18	2 787	2 956
East Europe Property Financing AB	0	67
Elara Investments	55	66
Gaetan Investments	0	191
Gaston Investments	423	114
Hub Developments	40	37
Lakia Enterprises Ltd	667	389
Mandy Investments	270	281
Robin Investments	0	40
Antigo	81	97
Smart City Sp. z o.o.	0	0
IMES	20	0
Costs		
Lakia Investments	53	4
Lakia Enterprises Ltd	91	125

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.15 Related party transactions - cont.

	30-06-2015	31-12-2014
Liabilities		
Lakia Investments	3 276	3 223
Lakia Enterprises Ltd	9 537	9 546
Receivables		
Smart City Spółka Komandytowa (previously 1/95 Gaston Investments)	0	20
2/124 Gaston Investments	3 206	2 528
3/93 Gaston Investments	2 887	2 151
4/113 Gaston Investments	6 461	6 117
5/92 Gaston Investments	3 458	2 672
6/150 Gaston Investments	2 588	2 244
7/120 Gaston Investments	1 708	1 388
8/126 Gaston Investments	5 031	4 149
9/151 Gaston Investments	1 091	901
10/165 Gaston Investments	2 005	1 122
11/162 Gaston Investments	1 260	967
12/132 Gaston Investments	3 537	2 824
13/155 Gaston Investments	3 365	2 786
15/167 Gaston Investments	1 830	1 393
16/88 Gaston Investments	500	420
18 Gaston Investments	3 273	2 629
19/97 Gaston Investments	558	465
20/140 Gaston Investments	655	533
Antigo Investments	5 462	5 180
Impairment on Antigo Investments loan	(263)	(263)
Blaise Gaston Investments	6 268	4 237
Blaise Investments	28 959	29 493
Belise Investments	19 500	39 435
Impairment on Belise Investments loan	0	(6 237)
Buffy Holdings No1 Ltd	192 716	166 809
Odpis na pozyczkę Buffy Holdings No1 Ltd	(68 109)	(59 213)
Celtic Asset Management	15	0
Celtic Investments Ltd	1 787	1 768
Impairment on Celtic Investments Ltd loan	(1 632)	(1 632)
Challange 18	195 828	197 390
Elara Investments	3 373	3 252
Odpis na pozyczkę Elara Investments	(2 887)	(2 887)
Gaston Investments	9 291	8 965
Impairment on Gaston Investments loan	(3 421)	(3 879)
Hub Developments	2 619	2 648
Odpis na pozyczkę HUB Investments	*(110)*	*(110)*
Lakia Enterprises Ltd	57 153	38 486
Impairment on Lakia Enterprises Ltd loan	(25 025)	(15 233)
Mandy Investments	20 634	20 328
Impairment on Mandy Investments loan	(20 328)	(20 328)
Smart City Sp. z o.o.	4	0
IMES	2 783	0

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.15 Related party transactions - cont.

d) Transactions with other related parties	01-01-2015 - 30-06-2015	01-01-2014 -30-06-2014
Costs		
Kancelaria Radców Prawnych Oleś&Rodzynkiewicz sp. komandytowa	21	10

29.16 Share capital

At the reporting date share capital amounted to 3.286 thousand PLN. Until the date of this report, there were no changes in the share capital.

Warsaw, 28 August 2015

Independent registered auditor's report
on the review of the interim condensed consolidated financial statements
for the period from 1 January to 30 June 2015

To the Shareholders and the Supervisory Board of CPD S.A.

We have reviewed the accompanying interim condensed consolidated financial statements of CPD S.A. (hereinafter called "the Group"), having CPD S.A., Cybernetyki 7B Street, Warsaw as its Parent Company (hereinafter called "the Parent Company") comprising the condensed consolidated statement of financial position as at 30 June 2015, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period from 1 January to 30 June 2015 and explanatory notes.

The Parent Company's Management Board is responsible for the preparation of interim condensed consolidated financial statements which comply with the International Financial Reporting Standards adopted by the European Union concerning interim reporting (IAS 34). Our responsibility was to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the requirements of the national standards of auditing issued by the National Chamber of Registered Auditors. These standards require us to plan and perform the review to obtain moderate assurance that the interim condensed consolidated financial statements are free of material misstatements. We conducted the review mainly by analysing the data in the consolidated financial statements, inspecting the consolidation documentation, and making use of information obtained from the Parent Company's Management Board and persons responsible for financial and accounting matters in the Group.

The scope and methodology of the review of interim condensed consolidated financial statements is significantly different from the scope of an audit aimed at expressing an opinion on compliance of the consolidated financial statements with the applicable accounting policies and their fairness and clarity, therefore we cannot express an opinion on the attached consolidated financial statements.

Translation note:
This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent registered auditor's report
on the review of the interim condensed consolidated financial statements
for the period from 1 January to 30 June 2015

To the Shareholders and the Supervisory Board of CPD S.A. (cont.)

As of 30 June 2015 the Group presented in its interim condensed consolidated financial statements within a position of "Investment Properties" a plot of land at the carrying value of PLN 23,990 thousand. The land was acquired in January 2015 through purchase of 100% shares in the entity Imes Sp. z o. o. In the consolidated financial statements the transaction was accounted for as a purchase of group of assets and resulted in recognition of the acquired assets at a purchase price, with plot of land recognised at the amount of PLN 23,990 thousand.
Interim data received during our review as well as the data related to the fair value, estimated by the external valuer, of similar plots of land possessed by the Group in this location that are the basis of the valuation of these properties in the consolidated financial statements is an indication that the fair value of the purchased plot of land could differ from its carrying amount.
The Group has not performed valuation of the plot of land to its fair value as at 30 June 2015. During our review we have not obtained appropriate documentation regarding the fair value of the purchased land as at the balance sheet date. Consequently, we were unable to perform the procedures to verify correctness of the valuation of the plot of land in the consolidated financial statements as of 30 June 2015.

Based on our review, except for the possible effects of the matter described in the above paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Conducting the review on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Piotr Wyszogrodzki

Key Registered Auditor
No. 90091

Warsaw, 27 August 2015

Translation note:
This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent registered auditor's report on the review of the interim condensed financial statements for the period from 1 January to 30 June 2015

To the Shareholders and the Supervisory Board of CPD S.A.

We have reviewed the accompanying interim condensed financial statements of CPD S.A. (hereinafter called *the Company*), with its registered office in Warsaw, Cybernetyki 7B Street, comprising the condensed statement of financial position as at 30 June 2015, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows for the period from 1 January to 30 June 2015 and selected explanatory notes.

The Company's Management Board is responsible for the preparation of interim condensed financial statements which comply with the International Financial Reporting Standards adopted by the European Union concerning interim reporting (IAS 34). Our responsibility was to issue a report on these interim condensed financial statements based on our review.

We conducted our review in accordance with the requirements of the national standards of auditing issued by the National Chamber of Registered Auditors. These standards require us to plan and perform the review to obtain moderate assurance that the interim condensed financial statements are free of material misstatements. We conducted the review mainly by analysing the data in the financial statements, inspecting the accounting records, and making use of information obtained from the Company's Management Board and persons responsible for financial and accounting matters in the Company.

The scope and methodology of the review of interim condensed financial statements is significantly different from the scope of an audit aimed at expressing an opinion on compliance of the financial statements with the applicable accounting policies and their fairness and clarity, therefore we cannot express an opinion on the attached financial statements.

Translation note:
This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

pwc

Independent registered auditor's report
on the review of the interim condensed financial statements
for the period from 1 January to 30 June 2015

To the Shareholders and the Supervisory Board of CPD S.A. (cont.)

In the interim condensed financial statements as of 30 June 2015 the Company recognised the updated value of impairment write offs related to the loans granted to subsidiaries. In line with the applied accounting policies, the analysis of the recoverability of the loans is based on net assets of the subsidiaries. In the same time net assets are highly dependent on the fair value of the investment properties possessed by these subsidiaries.
With respect to the plot of land acquired in January 2015 by one of the subsidiaries within CPD S.A. Group - Buffy Holdings No. 1 Limited, the valuation to fair value was not performed as of 30 June 2015 and the land was recognized at the acquisition price of PLN 23,990 thousand.
During our review we have not obtained appropriate documentation regarding the fair value of the purchased land as at the balance sheet date. Consequently, we were unable to perform the procedures to verify correctness of the value of the impairment write offs related to the loans granted to Buffy Holdings No. 1 Limited (total net loans receivables from this subsidiary amounted to PLN 24.607 thousand) with respect to the element of the write off that basis on the fair value of the purchased land. In particular we were unable to assess if the write offs recognized in previous years should not be partially reversed.

Based on our review, except for the possible effects of the matter described in the above paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Conducting the review on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Piotr Wyszogrodzki

Key Registered Auditor
No. 90091

Warsaw, 27 August 2015

Translation note:
This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.