



HALF YEAR REPORT FOR 1 HALF OF 2013

Condensed, interim, consolidated financial statement
for the period ended 30 th of June 2013



CELTIC PROPERTY DEVELOPMENTS S.A.

HALF YEAR REPORT FOR 6 MONTHS ENDED 30 JUNE 2013

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the H1 2013 report of CELTIC PROPERTY DEVELOPMENTS S.A. published on 29 August 2013.

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.

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I. OPERATING REPORT**1. INFORMATION OF CELTIC CAPITAL GROUP**

Celtic Capital Group started operations in Poland in 1999 when Celtic Asset Management Sp. z o.o. was established by the current members of the Management Board – Mr Andrew Shepherd and Aled Rhys Jones. In the following years, 1999-2005, the company's operations were focused on building real estate portfolio and managing it for third parties in Poland, Czech Republic, Lithuania, Romania, Hungary and Germany. In 2005, Celtic Asset Management Sp. z o.o. began real estate development operations as a part of cooperation with several funds managed by Laxey Partners. In 2007, capital group was consolidated under the name of Celtic Property Development SA (BVI) and in 2008 Celtic Property Developments SA (BVI) was listed on the stock exchanges on an unregulated free market (Freiverkehr) in Frankfurt. Between 2005 and 2010, the group's most important market was Poland. At the same time, the group conducted and managed projects also in Montenegro, Hungary, Italy, Belgium, the United Kingdom, the Netherlands, Germany and Spain. International experience and practical industrial knowledge of Celtic Group's experts and managers contributed to a strong and stable Capital Group which on 23 December 2010 entered the listing at the Warsaw Stock Exchange.

Currently, Celtic Property Developments S.A. is a holding company controlling a group of 38 subsidiaries focused on conducting real estate management projects in the residential and office buildings segment. The main operating market of Celtic Capital Group is Warsaw, and for its project conducted abroad Celtic Group runs an office in Budapest. The office building segment has played the key role in Celtic Capital Group's operations to date. Current plans of the Group are focused on development of the residential building operations, mainly by delivery of its flag project in Ursus, a district of Warsaw.

2. CAPITAL GROUP'S STRUCTURE

As on 30 June 2013, Celtic Capital Group (hereinafter "the Group", "Celtic Group", "Capital Group") comprised the dominant entity Celtic Property Developments S.A. (hereinafter "the Company", "the Issuer") and 38 subsidiaries. The Group's real estate development operations are conducted through investment companies directly controlled by Buffy Holdings No1 Ltd (Cyprus) and Lokia Enterprises Ltd (Cyprus). The dominant entity – Celtic Property Developments S.A. – coordinates and supervises activities of individual subsidiaries, and is also the centre of decisions concerning development strategy. Celtic Property Developments S.A. takes measures to streamline the Capital Group's operating costs, shapes the Group's investment and marketing policy and fulfills the coordinating role in these operations.

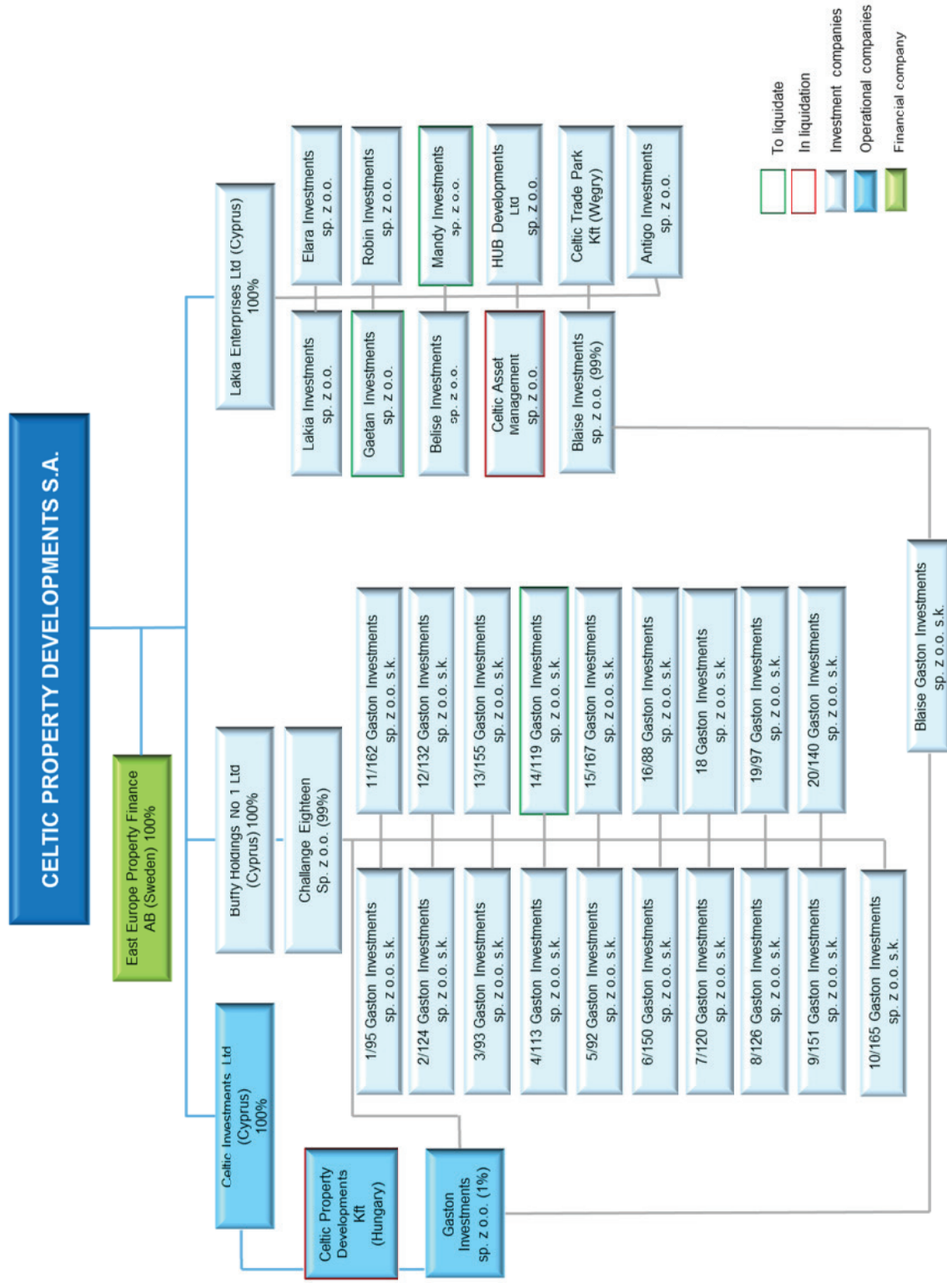
On May 15 the Company started the liquidation of Celtic Asset management Sp. z o.o.

All companies within the Group are subject to full consolidation.

Celtic Group's structure as on 30 June 2013 is presented on the chart below.

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Celtic Group's structure as on 30 June 2013.



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3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	6 months period		Change (%)
	From 01.01.2013	From 01.01.2012	
	to 30.06.2013 (PLN ths.)	to 30.06.2012 (PLN ths.)	
Revenue	7 838	10 457	-25,0%
Costs of sales	-8 659	-10 922	-20,7%
Profit on sales	-821	-465	76,6%
Administrative expenses - property related	-6 116	-12 128	-49,6%
Administrative expenses - other	-4 194	-6 862	-38,9%
Selling and marketing expenses	-50	-960	-94,8%
Net loss on sale of investment property	-2 182	-33 356	-93,5%
Other income	355	578	-38,6%
Net gain (loss) from fair value adjustments on investment property	4 680	-28 153	-116,6%
Gain/ (loss) on sale of subsidiaries	0	-9 795	-100,0%
Impairment of goodwill	0	-22 138	-100,0%
Exchange movement on assets held for sale	1 350	0	-
Operating result	-6 978	-113 279	-93,8%
Finance income	256	9 012	-97,2%
Finance costs	-7 271	-3 007	141,8%
Profit (loss) before income tax	-13 993	-107 274	-87,0%
Income tax	-3 017	2 301	-231,1%
Net profit (loss)	-17 010	-104 973	-83,8%
Earnings per share (PLN)	-0,50	-3,08	-83,9%

At the end of H1 2013, Celtic Group recorded a net result increase year-on-year by PLN 88.0mn. In H1 2013, one of the the main factors positively affecting the Group's result in comparison with H1 2012 was net gain from fair value adjustments on investment property in the amount of PLN 4.7mn caused by the arisen exchange rate differences. In H1 2012 the Group recorded net loss from fair value adjustments on investment property in the amount of PLN 28.2mn due to write-down of several investment properties to their net realizable sales value. In H1 2012 the Group also recorded a decrease in loss on sale of investment property in the amount of PLN 31.2mn. The loss recorded in 2013 resulted from sale of investment property located at Jana Kazimierza 12/14. In H1 2012 the loss resulted from sale of investment property that belonged to subsidiary 4/113 Gaston Investments Sp. z o.o. SK. Furthermore, there were no impairment of goodwill and no sale of subsidiaries in 2013 (in 2012 4 subsidiaries were sold, which generated a loss in the total amount of PLN 9.8mn. The reduction of costs of salaries by PLN 6mn and the reduction of other administration costs by PLN 2.7mn also had a positive effect on the Group's financial result. Moreover, Celtic Group recorded a fall in costs of sales in the amount of PLN 2.3mn and a positive exchange movement on assets held for sale in the amount of PLN 1.3mn. A decrease in selling and marketing expenses in the amount of PLN 0.9mn also had a positive impact on the Group's financial result.

On the other hand, the main factor with adverse effect on the result was the reduction of financial revenues by PLN 8.8mn mainly due to the fact that in H1 2013 the Group did not have a revenue from dividend from companies in which it still used to hold minority shares in 2012. Due to very bad financial forecasts for 2013 and the following years, the Group does not anticipate any proceeds from them in the future and ended operations of these entities. In addition to this, the Group's financial result was significantly affected by financial costs increase by PLN 4.3mn resulting primarily from negative exchange rate differences. Moreover, revenue dropped by PLN 2.6mn.

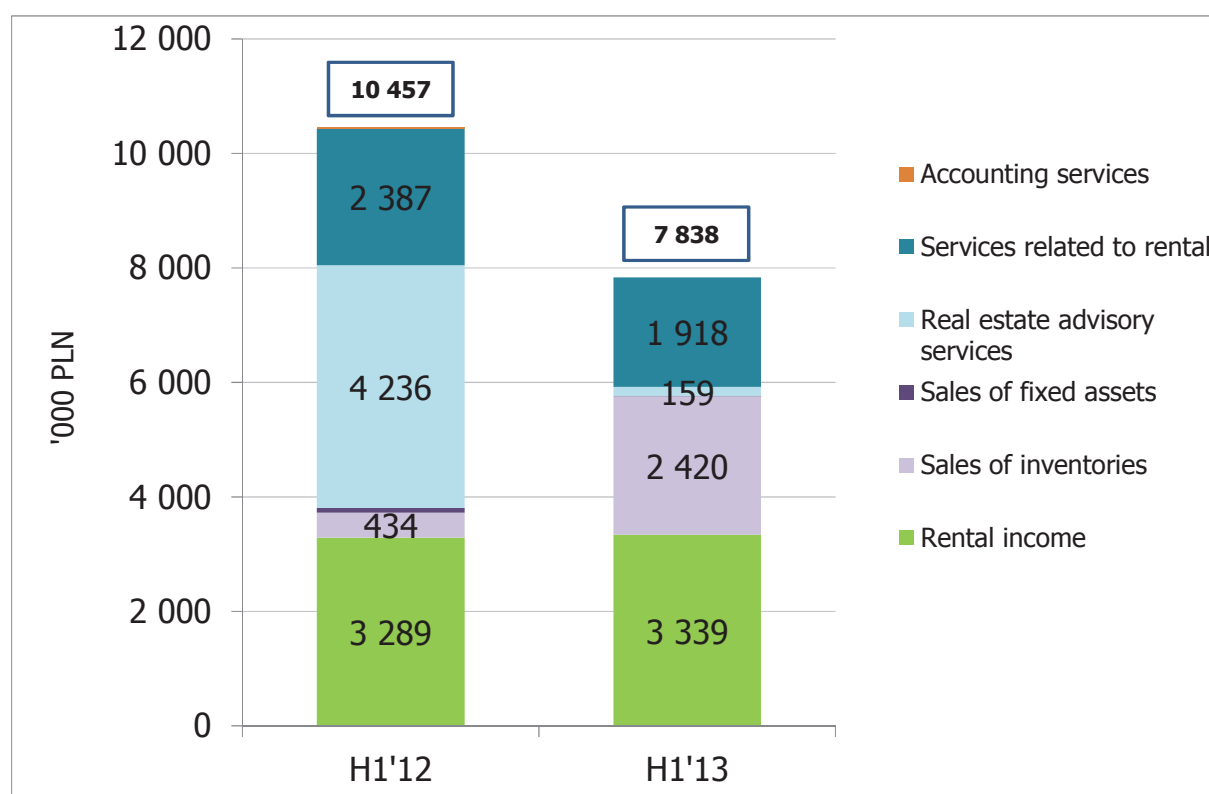
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In H1 2013, the Group recorded a drop of sales revenue by PLN 2.6mn year on year. Also the structure of sales revenue changed. The largest share in sales revenue were lease revenue (43% in H1 2013 versus 31% in H1 2012). The level of lease revenue in H1 2013 increased slightly year on year. Lease revenue was generated primarily by 2 office buildings located in Warsaw - Aquarius building (at Połczyńska 31A street) and Solar building (Cybernetyki 7B street). As at 30 June 2013, these buildings had 98% (Aquarius) and 96% (Solar) occupancy. Iris office building is currently under commercialization and lease revenue will have a positive effect on the Group's results in the second half of 2013. At the same time, there was a decrease in the share of revenue for advisory services. In H1 2012, 41% of the Group's revenue was generated by advisory services related to real estate. In 2013, this share decreased to 2% due to expiry of the contract with Spazio Industriale NV.

Sales of building plots, located mainly in Magdalenka, comprised 31% of sales revenue in H1 2013 and amounted to PLN 2.4mn, compared to PLN 0.4mn in H1 2012. The sales resulted from abandoning some projects and, consequently, inventory is being sold out regularly to release capital.

The chart below presents the Group's revenue structure in H1 2012 and H1 2013.



Initiated in 2011 and has consistently continued in the next years activities aimed at reducing operating costs were significantly reflected in the results of the Group for the first half of 2013. In H1 2013, the Group recorded a negative operating result in the amount of PLN 7mn which is a PLN 106.3mn improvement year on year. Reduction of real property administration costs (by PLN 6mn) had a positive effect on the Group's financial result. Lower administrative costs resulted from reduced employment costs (reduction by PLN 6.3mn compared to H1 2012). Reduction of costs in these categories resulted from actions being part of the Group's strategy and initiated in 2011 and continued in 2012 and 2013, among others by headcount reduction, reduction in salaries and moving the head

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office to the building at Cybernetyki 7B being part of the Group's real estate portfolio, and streamlining the remaining operating costs.

H1 2013 yielded a negative result on inventory sales in the amount of PLN 1.7mn and this loss was PLN 1.6mn higher than in the previous year. Revenue on inventory sales increased by PLN 2mn year on year while the cost of inventory sold rose by PLN 3.6mn.

A positive result on valuation of investment properties and assets for sales amounting to PLN 6mn (H1 2012: loss of PLN 28.2mn) resulting from the change of EUR/PLN exchange rate, had a positive effect on the Group's financial result.

As a result of the above-mentioned changes, the Group's net loss decreased by PLN 88.0mn year on year – from PLN 105mn in H1 2012 to PLN 17mn in H1 2013.

Selected items of the balance sheet

	As at:		Change (%)
	30.06.2013 (PLN ths.)	31.12.2012 (PLN ths.)	
TOTAL ASSETS	502 157	521 851	-3,8%
Non-current assets, including:	431 996	439 174	-1,6%
Investment properties	427 598	438 017	-2,4%
Bonds	3 069	0	-
Current assets excluding assets held for sale:	45 917	59 783	-23,2%
Inventory	11 931	15 496	-23,0%
Trade and other receivables	11 449	17 186	-33,4%
Cash and cash equivalents	22 536	27 101	-16,8%
Assets held for sale	24 244	22 894	5,9%
TOTAL EQUITY AND LIABILITIES	502 157	521 851	-3,8%
Equity, including:	353 630	383 621	-7,8%
Share capital	3 431	3 431	0,0%
Own shares	-12 300	0	-
Supplementary capital	0	0	-
Reserve capital	4 399	4 399	0,0%
Translation reserve	-4 614	-3 933	17,3%
Retained earnings/(accumulated losses)	362 714	379 724	-4,5%
Total liabilities, including:	148 527	138 230	7,4%
Non-current liabilities	87 025	121 908	-28,6%
Current liabilities	61 502	16 322	276,8%

At the end of H1 2013, value of the Group's total assets did not change considerably compared to the value at the end of 2012. The value of current assets dropped substantially (a decrease of 23%), mainly due to a drop in receivables of PLN 5.7mn, reduction of cash level by PLN 4.6mn and a decrease in inventory of PLN 3.6mn. Cash level dropped due to purchase of own shares in the amount of PLN 12.3mn, repayment of borrowings from HSBC (principal and interest) in the total amount of PLN 6.1mn and purchase of bonds in the amount of PLN 3mn. The most important cash inflows included proceeds from sale of investment property located at Jana Kazimierza in the net amount of PLN 13.1 mn, proceeds from borrowings from BZ WBK in the amount of PLN 3.5mn and proceeds from sale of plots (mainly in Łazy) in the net amount of PLN 2.1mn.

In H1 2013, structure of the Group's liabilities changed significantly. This was a result of reclassification of the liability towards HSBC Bank for the loan received, from long-term to short-term. At the end of H1 2013, value of the Group's equities was PLN 353.6mn, comprising 70% of the

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Group's total assets while liabilities accounted for 30% of total assets. These indicators slightly rose compared to their level at the end of 2012 (74% and 26% respectively).

The table below presents shares of individual liabilities categories in the balance sheet amount.

	30.06.2013	31.12.2012
Liabilities to total assets	29,6%	26,5%
Non-current liabilities to total assets	17,3%	23,4%
Borrowings including finance leases to total assets	14,4%	21,3%
Income tax liabilities to total assets	2,7%	2,0%
Trade and other payables to total assets	0,2%	0,1%
Current liabilities to total assets	12,2%	3,1%
Borrowings including finance leases to total assets	8,6%	0,4%
Income tax liabilities to total assets	3,5%	2,6%
Trade and other payables to total assets	0,1%	0,1%

Structure of liabilities changed compared to the end of 2012. The share of long-term liabilities in the balance sheet amount decreased from 23.4% at 31 December 2012 to 17.3% at the end of H1 2013. This change resulted from reclassification of the loan granted by HSBC from a long-term to a short-term liability. The share of short-term liabilities increased from 3.1% at 31 December 2012 to 12.2% at 30 June 2013.

4. IMPORTANT EVENTS IN THE REPORTING PERIOD

• IRIS PROJECT AT CYBERNETYKI 9 STREET IN WARSAW – COMMERCIAL LEASE

Construction works in the project began in Q4 FY2011. IRIS is a four storey office building with a total leasable area of around 14,300 sq m with 233 parking lots, being the final stage of an office and residential project located on the corner of Cybernetyki and Postępu streets in Warsaw. Construction works - with Eiffage Budownictwo Mitex S.A. as the main contractor – ended in Q3 FY2012, while in October 2012 the company obtained the occupancy permit for the building. In December 2012 the first tenants – Saint-Gobain Group companies – moved into the building. The Group is actively striving to put the project into business use.

As of the date of this report, the building is leased in 68%.

• 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 Beko S.A., Berlin Chemie, Akzo Nobel, Liqui Moly Polska, ZPUE S.A. and Bard Poland. As of the date of this report, the building is leased in 96%. Since September 2011, also Celtic Group's offices are housed in this building.

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• 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, Veolia Eurolines. As of the date of this report, the building is leased in 98%.

• SALES OF LAND PLOTS IN MAGDALENKA

In Q1 FY2013, the Company sold 8 land plots for one-family housing, with a total area of 11,668 sq m. In the second quarter further 10 plots has been sold.

• SELECTION OF THE AUDITOR

At the meeting of 19 March 2013, the Supervisory Board approved a resolution to choose PricewaterhouseCoopers Sp. z o.o. with registered office in Warsaw, at Al. Armii Ludowej 14, entered on the list of entities authorized to audit financial statements under the number 144, as the auditor authorized to:

- 1) audit the consolidated financial statements of Celtic Property Developments S.A. for the financial year ending on 31 December 2013;
- 2) audit the individual financial statement of Celtic Property Developments S.A. for the financial year ending on 31 December 2013;
- 3) review the interim consolidated financial statements of Celtic Property Developments S.A. of 30 June 2013;
- 4) review the interim individual financial statement of Celtic Property Developments S.A. of 30 June 2013;

• APPOINTMENT OF THE MEMBER OF THE MANAGEMENT BOARD

Mr Andrew Pegge was appointed Member of the Company's Management Board of the second term on 10 January 2013. Mr Andrew Pegge's term of office shall expire on 21 July 2015. Mr Andrew Pegge has a higher education, graduated from the Sussex University (UK); completed a post-graduate course on Marketing at the Chartered Institute of Marketing (UK) and an MBA course in Finance at the City University Business School (UK). Mr Andrew Pegge also holds the title of a Chartered Financial Analyst (CFA) granted by AIMR (Association for Investment Management Research - the United States).

• SALE OF JANA KAZIMIERZA PLOT

June 6 2013, Mandy Investments, a subsidiary of the Company, has signed an agreement to sell the property located on Jana Kazimierza 12/14 Street. The property is located in an area of 8.707 sq m. The plot has zoning plan that allows the construction of a residential building, with a service, an underground garage and technical infrastructure. The attractiveness of the project is a good location and close proximity to the city center and major transport routes (bypass of Warsaw, east-west highway) as well as the proximity of the new settlements.

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• ORDINARY GENERAL MEETING OF CELTIC PROPERTY DEVELOPMENTS S.A.

The Annual General Meeting of Celtic Property Developments SA was held on July 1, 2013 (resumed after the break ordered on June 12, 2013) in the Company's headquarters. The Annual General Meeting adopted following resolutions:

- 1) approval of the activity report of Management Board of the Celtic Property Developments S.A for the financial year 2012;
- 2) approval of the financial statements of the Celtic Property Developments S.A. for the financial year 2012;
- 3) approval of cover the loss by the Celtic Property Developments S.A. for the year 2012.
- 4) further existence of the Celtic Property Developments S.A.
- 5) approval of the activity report of Management Board of the Celtic Property Developments S.A. Capital Group for the financial year 2012.
- 6) approval of the Financial Statements of Celtic Property Developments S.A. Capital Group for the financial year 2012.
- 7) grant a vote of acceptance to two Members of Management Board of Celtic Property Developments S.A. in 2012 and did not grant a vote of acceptance to two other Members of Management Board of Celtic Property Developments S.A. in 2012.
- 8) grant a vote of acceptance to a Members of the Supervisory Board of Celtic Property Developments S.A. in 2012.
- 9) redemption of shares of Celtic Property Developments SA
- 10) reduction of the share capital of Celtic Property Developments SA
- 11) amendment of the Articles of Association

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

7. WRITE-DOWNS OF INVENTORIES TO FAIR VALUES

In determining the recoverable inventory management considers property valuations prepared by independent appraiser as at 31.12.2012, including changes dictated by changes in the value of the real estate market. In the first half of 2013, the balance of inventory write-downs decreased by PLN 0.2 million was primarily due to the sale of inventory - the parcels located in Nowa Piasecznica and Jaktorów.

8. WRITE-DOWNS OF INVESTMENT PROPERTIES TO FAIR VALUES

In the first half of 2013, the Group recorded a positive result from the revaluation of investment property to fair value in the amount of PLN 4.7 million resulting from fluctuations in exchange rates, particularly the Euro. In the same period of 2012 the Group's loss from the revaluation of investment property to fair value amounted to PLN 28.2 million. This loss was due among other things to the fact that as at 30 June 2012, a number of investment properties were valued at the net realizable sales value - property belonging to the company 14/119 Gaston Investments Sp. of o.o. sk (write-down in the amount of PLN 11.7 million), an office building owned by the company Lakia Investments Sp. z o.o. (write-down of PLN 4.3 million), an office building owned by the company Robin Investments Sp. z o.o. (write-down of PLN 3.8 million), the property company owned by Mandy Investments Sp. z o.o. (write-down of PLN 3.9 million) and property belonging to the company HUB Developments Ltd Sp. z o.o. (write-down of PLN 0.9 million).

9. CREATION, INCREASE, UTILISATION AND REVERSEAL OF PROVISIONS

In the first half of 2013, the value of accrued expenses increased by PLN 1.9 million. Provision for property tax and perpetual usufruct cost were increased.

10. PROVISIONS AND DEFERRED TAX ASSETS

In respect of the deferred tax asset, its recoverable amount is determined based on the probability of the asset realization in the future taking into account the business plans of individual companies included in the consolidation. This value is determined on the basis of estimates of the Management Board. The CPD Group did not recognize any deferred tax assets in the balance sheet as at 30 June 2013.

On June 30, 2013 Group's deferred tax liabilities totaled PLN 13.6 million PLN. Significant changes in deferred tax liabilities in the period from the beginning of the year to June 30, 2013 resulted mainly from valuation corrections to the fair value of investment properties.

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 2013, 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

• ISSUE OF D SERIES SHARES, INCREASE OF THE SHARE CAPITAL WITHIN THE AUTHORIZED SHARE CAPITAL

On 8 January 2013, the District Court in the capital city of Warsaw, 13th Commercial Division of the National Court Register recorded an increase of share capital resulting from the actions taken under the resolution of the Management Board of 15 October 2012 to increase the Company's share capital within the authorized share capital (hereinafter "the Resolution"). Under the Resolution, the Company's share capital was increased from PLN 3,423,146.60 to PLN 3,430,748.80, i.e. by PLN 7,602.20 by way of an issue within the authorized share capital limit of 76,022 D series ordinary bearer shares with a nominal value of PLN 0.10 (10/100 zlotys) per share (hereinafter "D series shares"). The Management Board was authorized to increase the Company's share capital in this manner pursuant to §4a of the Company's Articles of Association.

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Share capital increase by way of the issue of D series shares was conducted upon consent of the Supervisory Board, with the subscription right refused to the existing shareholders in the form of private issue addressed at the selected advisors of the Management Board.

The Management Board decided that the issue price of one D series share shall be equal to its nominal value and shall amount to PLN 0.10 (10/100 zlotys) per share, to which the Company's Supervisory Board consented. D series shares were paid up in full with a cash contribution by bank transfer to the Company's bank account. Proceeds from the issue of D series shares were used to finance the Company's day-to-day operations.

Therefore, the share capital of Celtic Property Developments S.A. was increased on 8 January 2013 by 7,602.20 to PLN 3,430,748.80 and was divided into 34,307,488 shares representing 100% of votes at the General Meeting of Shareholders.

On 7 March 2013, D series shares were floated to trading on a parallel market of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A. [GPW S.A.]) under the resolution no. 255/2013 of the Management Board of GPW S.A. of 5 March 2013.

Pursuant to the resolution of the Management Board of KDPW (the National Depository for Securities) no. 155/13 of 25 February 2013, on 7 March 2013 the National Depository recorded 76,022 D series ordinary bearer shares identified by the following ISIN code: PLCELPD00013.

- **ISSUE OF F SERIES SHARES, INCREASE OF THE SHARE CAPITAL WITHIN THE AUTHORIZED SHARE CAPITAL**

On 20 March 2013, the Company's Management Board adopted resolution no. 13/III/2013 to increase the Company's share capital within the authorized share capital.

Under the above resolution, the Company's share capital will be increased from PLN 3,430,748.80 (three million four hundred thirty thousand seven hundred forty eight 80/100 zlotys) to PLN 3,450,682.10 (three million four hundred fifty thousand six hundred eighty two 10/100 zlotys), i.e. by PLN 19,933.30 (nineteen thousand nine hundred thirty three 30/100 zlotys) by way of an issue within the authorized share capital limit of 199,333.00 (one hundred ninety nine thousand three hundred thirty three) F series ordinary bearer shares with a nominal value of PLN 0.10 (10/100 zlotys) per share (hereinafter "F series shares").

The Company's share capital increase by the issue of F series shares shall take place within the authorized share capital under the above-mentioned resolution no. 13/III/2013 of the Management Board.

Share capital increase by way of the issue of F series shares shall be conducted upon consent of the Supervisory Board, with the subscription right refused to the existing shareholders in the form of private issue addressed at the selected cooperators of the Management Board.

- **RESOLUTIONS OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO ISSUE SERIES B SUBSCRIPTION WARRANTS WITH THE RIGHT TO TAKE UP E SERIES SHARE OF THE COMPANY AND TO CONDITIONALLY INCREASE THE COMPANY'S SHARE CAPITAL**

On 10 January 2013, the Extraordinary General Meeting of Shareholders of Celtic Property Developments S.A. adopted resolution no. 3 to issue B series subscription warrants with the right to take up E series shares and to refuse entirely the existing shareholders the subscription right to B series subscription warrants and resolution no. 4 to conditionally increase the Company's share capital with exclusion of E series shares subscription right, to amend the Company's

Articles, to refuse entirely the existing shareholders the subscription right to E series shares, to dematerialize E series shares and to apply for admission and floating of E series shares to trading on regulated market.

Under resolution no. 3, the Company issued 88,776 series B registered subscription warrants (hereinafter: "B series subscription warrants") with the right to take up not more than 88,776 E series ordinary bearer shares in total with a nominal value of PLN 0.10 (say: 10/100 zlotys) per share and a total nominal value of not more than PLN 8,877.60.

The subscription warrants were issued during one issuing process and were first offered on 8 May 2013 solely to the following Members of the Company's Management Board:

- Andrew Morrison Shepherd – 36,483 subscription warrants;
- Aled Rhys Jones – 36,483 subscription warrants;
- Elżbieta Wiczowska – 15,810 subscription warrants

who at the time of making statements on taking up the subscription warrants held functions on the Company's Management Board. The subscription warrants were on offer for 14 days of the date on which the Company's was served the decision of the competent registration court on entering the amendment to the Company's articles on conditional increase of the share capital to the Company's registration entry.

The issue of subscription warrants and E series shares was conducted outside public offering referred to in Article 3 item 3 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws No. 184, item 1539 as amended) because of the fact that the number of persons to whom the proposal to purchase subscription warrants was addressed was not larger than 99.

Subscription warrants were issued free of charge and the issue price of one E series share taken up by exercising the rights under the subscription warrants was determined as equivalent to its nominal value, that is PLN 0.10 (say: 10/100 zlotys). Each subscription warrant authorized to take up one E series share, and the right to take up E series shares was exercised in the manner defined in Article 451 of the Code of Commercial Companies, i.e. by written statements provided on forms prepared by the Company. On 8 May 2013, the authorized persons holding subscription warrants took up E series shares.

Subscription right for B series subscription warrants and E series shares by the existing shareholders was entirely excluded. This exclusion, according to the Shareholders, is economically reasonable and is in the best interests of the Company and its Shareholders.

Under resolution no. 4 of the General Meeting of Shareholders of 10 January 2013, the Company's share capital was conditionally increased by not more than PLN 8,877.60. The conditional increase of share capital was conducted by the issue of not more than 88,776 E series ordinary bearer shares with a nominal value of PLN 0.10 (say: 10/100 zlotys) per share and a total nominal value of not more than PLN 8,877.60. The conditional increase of the share capital under this Resolution is meant to enable holders of B series subscription warrants to take up Shares.

On 25 April 2013, the Company received a decision from the District Court in the capital city of Warsaw, 13th Commercial Division of the National Court Register of 19 April 2013 which was an addition to the decision of this Court of 7 February 2013. Under this decision, conditional increase of share capital by PLN 8,877.60 was recorded in the National Court Register.

In relation to the recording of the conditional share capital increase referred to above, also an amendment of the Articles of Association of Celtic Property Developments S.A. consisting in deletion

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of the former §4b paragraph and addition of §4c to the Company's Articles was recorded in the following wording: "Under resolution no. 4 of the Extraordinary General Meeting of Shareholders of 10 January 2013, the Company's share capital was conditionally increased by not more than PLN 8,877.60 (say: eight thousand eight hundred seventy seven 60/100 zlotys) by the issue of not more than 88,776 (say: eighty eight thousand seven hundred seventy six) E series ordinary bearer shares with a nominal value of PLN 0.10 (say: 10/100 zlotys) per share and a total nominal value of not more than PLN 8,877.60 (say: eight thousand eight hundred seventy seven 60/100 zlotys)."

According to the resolution No. 448/13, the Board of the National Depository decided to accept the deposit of securities 88,776 (eighty-eight thousand seven hundred seventy-six) ordinary bearer shares of series E shares with a nominal value of 0.10 zł (ten groszy) each, and to give them the code PLCELPD00013, subject to a decision by the operator of a regulated market for these shares to trading on the same regulated market on which the other shares PLCELPD00013 coded have been introduced.

• BUY BACK

On 27 March 2013, the Company invited its shareholders to make offer of sales of its shares on terms defined in the Invitation to Make Sales Offers. Full content of the Invitation to Make Sales Offers was announced to the public at the Company's website (www.celtic.pl). In relation to the announced Invitation, the Company proposed to buy back not more than 1,732,394 ordinary bearer shares identified with the ISIN code PLCELPD00013 ("Shares") for PLN 7.10 each. In the period of accepting sales offers for Shares, between 3 and 9 April 2013, 39 sales offers were received amounting in total to 15,575,542 shares of the Company.

The invitation was issued under the resolution of the Extraordinary General Meeting of Shareholders of 10 August 2012 to buy back the Company's shares for redemption, which authorized the Management Board to purchase a total of not more than 11,541,891 (say: eleven million five hundred forty one thousand eight hundred ninety one) of the Company's shares with a nominal value of PLN 0.10 (10/100 zlotys) per share and a total nominal value of not more than PLN 1,154,189.10 (say: one million one hundred fifty four thousand one hundred eighty nine 10/100 zlotys). These shares may be purchased on a regulated market (during an exchange day and in transactions outside trading sessions) and outside the regulated market. The shares will be bought back by the Company pursuant to Article 362 § 1 item 5 of the Code of Commercial Companies for redemption, for a price not lower than the nominal value of shares and not higher than PLN 15.89 (say: fifteen 89/100 zlotys) per share. Moreover, the General Meeting of Shareholders authorized the Company's Management Board to determine detailed terms of purchase for the Shares in the extent not stipulated in the resolution and to any actual and legal actions aimed at execution of the resolution, including signing a contract with an investment company. To redeem the Shares upon buying back all or part of the Shares, the Company's Management Board shall convene the General Meeting of the Company's Shareholders with the agenda including at least adoption of resolutions to redeem the Company's shares, reduce the Company's share capital and amend the Company's Articles of Association.

Recommendation of the Management Board to adopt a resolution to buy back the Company's shares for redemption was justified by contraction at the Warsaw Stock Exchange, as a part of the global trend on capital markets, resulting in reduction of the market price of Celtic Property Development S.A.'s shares. According to the Company's Management Board, this valuation diverges from the foundation of the Company's long-term goodwill increase. Concentration of part of the shares is, therefore, best for the interest of all of the Company's shareholders. The Company's Supervisory Board gave a positive opinion on the above-mentioned draft resolution of the Extraordinary General

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Meeting of the Company's Shareholders, by passing a relevant resolution adopting draft resolutions of the General Meeting.

On 11 April 2013, the Company decided to accept the 1,732,394 of shares offered resulting in their purchase.

The purchase price of one share was PLN 7.10. All the shares bought back are ordinary shares with a nominal value of PLN 0.10 per share. Own shares comprise 5.05% of the Company's share capital and 5.05% of the total number of votes in the Company, although according to the applicable regulations the Company cannot exercise the voting right on its own shares.

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

• E SERIES SHARES

The Management Board of the Warsaw Stock Exchange (the WSE) on the basis of the Company's request dated on 25 June 2013 published in Current Report No. 27/2013, adopted Resolution No. 745/2013 dated on 3 July 2013 concerning the admission and introduction to trading on the WSE 88.776 series E common bearer shares of Celtic Property Developments SA with nominal value of 0,10 zł each.

WSE Management Board decided on 5 July, in an ordinary procedure to introduce Company shares to stock exchange trading on a regulated market under condition that the National Depository for Securities will register these shares with the code PLCELPD00013 on 5 July 2013.

16 July 2013, the Company received information about enrolling series E shares in the accounts of persons authorized and the creation of rights of such shares in accordance with Art. 452 of the Code of Commercial Companies, as a result, the share capital of the Company.

Accordingly, the share capital of Celtic Property Developments SA was increased by the amount of 8 877.60 PLN up to 3.439.626,4 PLN (in words: three million four hundred thirty nine thousand six hundred twenty-six and forty cents). The increased share capital of Celtic Property Developments SA is divided into 34.396.264,40 (in words: thirty four million three hundred ninety six thousand two hundred sixty four and forty groszy) shares with a nominal value of PLN 0.10 (ten groszy) each, representing 100% of the votes at the General Meeting of the Company.

• LIQUIDATION OF CELTIC PROPERTY DEVELOPMENTS KFT HUNGARY

On July 18 the Company completed the liquidation of Celtic Property Developments Kft in Hungary. Liquidation of the company is a continuation of the work of consolidation and optimize the cost of managing the portfolio, launched in early 2012.

• LIQUIDATION OF CELTIC GROUP COMPANIES

On 5 July 2013, the Board adopted Resolution No. 3/VII/2013 on the Liquidation of companies:

- ❖ Mandy Investments Sp. z o.o. - in connection with the sale on June 6, the only real estate owned by the company, located at Street Jana Kazimierza 12/14;
- ❖ 14/119 Gaston Investments limited partnership - in connection with the sale of real estate;
- ❖ Gaetan Investments Sp. z o.o. - in connection with the forthcoming finalization of the sale of all parcels owned by company

• URSUS PROJECT - APPROVAL PROCESS OF SPATIAL DEVELOPMENT PLAN FOR AREAS AFTER FORMER INDUSTRIAL TRACTOR PLANTS URSUS

On 10 July 2013, Commission for Spatial Planning [Komisja Ładu Przestrzennego] for the Capital City of Warsaw, gave a positive recommendation for the draft resolution of the Council of the Capital City of Warsaw amending the resolution concerning the commencement of preparation of the spatial development plan for the land formerly owned by ZPC Ursus

Next day, i.e. on 11 July 2013, LXI Session of the Council of the Capital City of Warsaw was held (term in office 2010-2014). Councilors adopted a resolution no LXI/1668/2012 amending the resolution concerning the preparation of the local spatial development plan for the post-industrial land in the area of Orłów Piastowskich street (print no 1808).

That means that the Councilors decided to divide the area of the local Spatial development plan into three parts: main part constituting over 95% of the area of the Plan and two remaining parts with plots of land whose owners' actions resulted in the annulment of the Study of Spatial Development Conditions and Directions. The first step would be enacted and part of the Plan, while the two other parts will be adopted later, after the necessary changes Study.

This Resolution of Warsaw is a milestone in the development of the enactment of the Local Plan. Currently, the designers of the Plan, in connection with its distribution, proceed to the correction. After adjusting the draft Plan will be submitted for the approval of the Ursus district, then the spatial order of the Commission that the final destination of the vote in the City Council. After the adoption of the Plan requires the approval of the Governor of Mazowieckie yet.

• SALES OF LAND PLOTS IN MAGDALENKA

Last land plot of 979 sq m has been sold on July 22. At the date of this report two plots with an area of 58 m² and 30 m² remaining, on which there are transformer stations. These plots will be transferred for free to PGE Distribution SA.

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.

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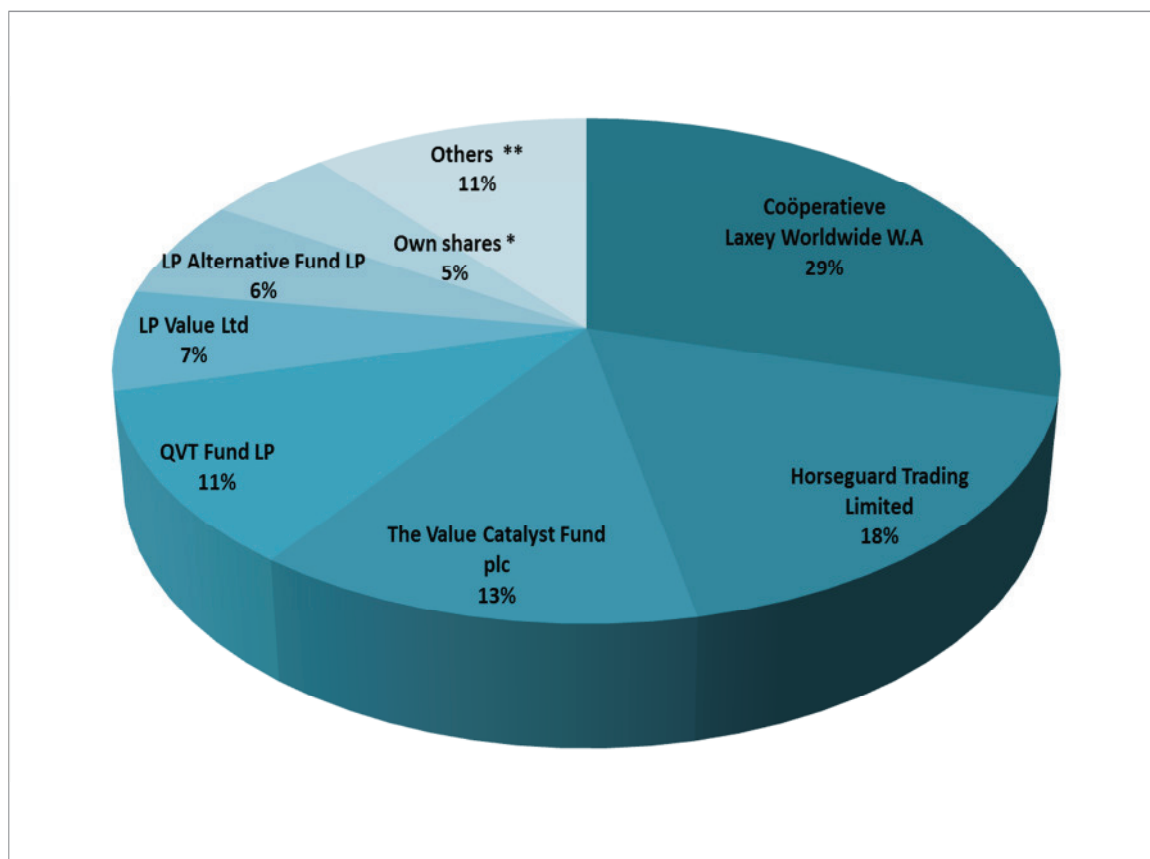
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24. THE MANAGEMENT BOARD'S POSITION ON THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS

Neither Celtic Group nor its dominant entity – Celtic Property Developments 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 Celtic Property Developments 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).

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	Shareholders	Type of shares	Numebr of shares	As % of total number of shares
1	COOPERATIEVE LAXEY WORLDWIDE W.A.	Na okaziciela	10 082 930	29,31%
2	HORSEGUARD TRADING LIMITED	Na okaziciela	6 020 615	17,50%
3	THE VALUE CATALYST FUND LIMITED	Na okaziciela	4 490 475	13,06%
4	QVT FUND LP	Na okaziciela	3 843 635	11,17%
5	LP VALUE LIMITED	Na okaziciela	2 198 450	6,39%
6	LPALTERNATIVE L.P.	Na okaziciela	2 193 931	6,38%
7	Own Shares *	Na okaziciela	1 732 394	5,04%
8	Othersi**	Na okaziciela	3 833 834	11,15%
	TOATAL		34 396 264	100%

* On April 15, 2013, the Company acquired in the transaction 1,732,394 shares buy-back of own redemption. The Company, in accordance with applicable law, may not exercise the voting rights of the shares.

** Shareholders, none of which holds 5% or more shares (votes).

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:

Shareholder		Number of shares owned	Nominal value of the owned shares	Shares as % of total number of shares	Votes as % of total number of votes
Andrew Morrison Shepherd	President of the Management Board	91 402	9 140	0,27%	0,27%
Aled Rhys Jones	Member of the Management Board	91 402	9 140	0,27%	0,27%
Elżbieta Wiczowska	Member of the Management Board	42 498	4 250	0,12%	0,12%
TOTAL		225 302	22 530	0,66%	0,66%

*Total number of shares after share capital increase, i.e. 34,396,264 shares.

In comparison to the previous reporting period, following the adoption on 10 January 2013, the Extraordinary General Meeting of Celtic Property Developments SA Resolution No. 3 on the issuance of series B subscription warrants with the right to subscribe for shares of Series E and deprivation existing shareholders pre-emptive rights of subscription warrants of series B, and Resolution No. 4 on

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the conditional increase of the share capital of the Company excluding the subscription rights of series E and then take on 5 July 2013 and registered in securities accounts on 16 July 2013, series E shares in exercise of the series B warrants:

- the number of the Company's shares owned by Mr Andrew Morrison Shepherd increased by 36,483 shares;
- the number of the Company's shares owned by Mr Aled Rhys Jones increased by 36,483 shares;
- the number of the Company's shares owned by Ms Elżbieta Wiczowska increased by 15,810 shares.

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 Celtic Property Developments 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 Celtic Property Developments S.A.

28. MAJOR LOAN AGREEMENTS, LOAN WARRANTIES AND GUARANTEES GRANTED

As at 30 June 2013, the Group presented in the consolidated financial statements, loan liabilities incurred in the following banks:

- Loans granted by HSBC bank in the amount of 42 902 thousand. PLN;
- Loans granted by the Bank of the West BZ WBK in the amount of 50 299 thousand. PLN

In accordance with the terms of the credit agreement with HSBC Bank, the Group is obliged to repay the entire loan until March 27, 2014. Therefore, the entire loan, as repayable within 12 months from the balance sheet date in the amount of 42 902 thousand PLN, has been presented as a current liability.

At the time of preparing these consolidated financial statements the Group considered various scenarios in connection with the falling in March 2014, the total repayment of a loan, such as the extension of the maturity date of the current funding for the next year, the sales of one or more property and repayment of the loan in accordance with the current schedule .

In the opinion of the Board, the risk that none of the above options will not be able to achieve and as a result the loan will be placed in foreclosure is minimal.

On 29 March and 27 June, the Company paid the obligatory installment of EUR 94,000 for loan agreement of 21 December 2006 concluded by the following parties: HSBC bank (HSBC Bank Plc and HSBC Bank Polska S.A.) and the Issuer's subsidiaries: Blaise Investments sp. z o.o., Devin Investments sp. o.o., Lakia Investments sp. z o.o., Mandy Investments sp. z o.o., Robin Investments sp. z o.o. (hereinafter "Subsidiaries", "Borrowers") as borrowers and Celtic Property Developments S.A., Blaise Investments sp. z o.o., Devin Investments sp. o.o., Lakia Investments sp. z o.o., Mandy Investments sp. z o.o., Robin Investments sp. z o.o as guarantors.

Additionally Company repaid extra part of the loan of 870.000 EUR what was required by HSBC bank and allowed the Company to sale Jana Kazimierza plot.

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In the reporting period there were no changes of warranties and guarantees granted in relation to another major loan agreement signed on 12 August 2011 between Bank Zachodni WBK S.A. and Blaise Investments sp. z o.o. subsidiary as the borrower and Celtic Property Developments S.A., Blaise Investments sp. z o.o., Devin Investments sp. o.o., Lokia Investments sp. z o.o., Mandy Investments sp. z o.o., Robin Investments sp. z o.o. as guarantors for funding of the IRIS project.

29. THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

At 30 June 2013, the composition of the Supervisory Board of the Company was as follows:

- Mrs. Marzena Bielecka – President of the Supervisory Board (Supervisory Board member meeting the requirements of independent member of the Supervisory Board)
- Mr. Wiesław Oleś – Vice President of the Supervisory Board
- Mr. Colin Kingsnorth – 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)

The above composition of the Supervisory Board of the 2nd term was appointed by the Ordinary General Meeting held on 24 May, 2012. The term of office of the Supervisory Board expires 24 May, 2015.

At 30 June 2013, the composition of the Management Board of the Company was as follows:

- Mr. Andrew Morrison Shepherd – President of the Management Board;
- Mr. Aled Rhys Jones – Member of the Management Board;
- Mrs. Elżbieta Wiczowska – Member of the Management Board
- Mr. Andrew Pegge - Member of the Management Board.

The composition of the Management Board of Celtic Property Developments S.A. at the end of H1 2013 did change in comparison to the end of the year 2012. Mr Andrew Pegge was appointed Member of the Company's Management Board of the second term on 10 January 2013.

30. OTHER IMPORTANT INFORMATION

No other except those mentioned above.

31. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

The most important factors which will affect results of the following quarters are:

- adoption of the local zoning plan for land in Ursus by the Warsaw authorities which will let the Group commence construction works under the Ursus project;
- renting IRIS building
- situation on financial markets which may affect valuation of the Group's real property portfolio.

II. MANAGEMENT BOARD STATEMENT

The Management Board of Celtic Property Developments S.A. ("The Company") confirms that to the best of its knowledge condensed interim consolidated financial statements of the Group Celtic Property Developments S.A. ("The Group") and condensed interim financial statements of the Company for the period of 6 months ended 30 June 2013 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 Celtic Property Developments 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, 29 August, 2013

Andrew Morrison Shepherd

President of the Management Board

Aled Rhys Jones

Member of the Management Board

Elżbieta Donata Wiczowska

Member of the Management Board

Andrew Pegge

Member of the Management Board

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**III. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT
FOR H1 FY2013 ALONG WITH CONDENSED FINANCIAL
STATEMENTS OF CELTIC PROPERTY DEVELOPMENTS S.A.**

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements

for the period of months ended 30 June 2013

and the condensed financial statements of CELTIC PROPERTY DEVELOPMENTS S.A.
for the period of months ended 30 June 2013

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

(unaudited financial data)

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

		For the 6 month period ended	
	Note	2013-06-30	2012-06-30
		(unaudited)	(unaudited)
Revenues	12	7 838	10 457
Cost of sales	13	(8 659)	(10 922)
PROFIT ON SALES		(821)	(465)
Administrative costs property related	14	(6 116)	(12 128)
Administrative expenses-other	15	(4 194)	(6 862)
Selling and marketing expenses		(50)	(960)
Result on disposal of investment properties		(2 182)	(33 356)
Other income	16	355	578
Net (loss)/ gain from fair value adjustments on properties for sale	4	4 680	(28 153)
Net (loss)/ gain from fair value adjustments on investment properties		1 350	0
Result from sales of subsidiaries		0	(9 795)
Odpis aktualizujący wartości firmy		0	(22 138)
OPERATING RESULT		(6 978)	(113 279)
Financial income	17	256	9 012
Financial costs	17	(7 271)	(3 007)
PROFIT (LOSS) BEFORE INCOME TAX		(13 993)	(107 274)
Income tax	18	(3 017)	2 301
PROFIT (LOSS) FOR THE PERIOD		(17 010)	(104 973)
Currency translation adjustment		(681)	(1 542)
TOTAL COMPREHENSIVE INCOME		(17 691)	(106 515)
DILUTED EARNINGS PER SHARE	22	(0,50)	(3,08)

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

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Andrew Pegge
Board Member

Elżbieta Donata Wiczowska
Board Member

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



CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	2013-06-30 (unaudited)	2012-12-31
ASSETS			
Non-current assets			
Investment properties	4	427 598	438 016
Property, plant and equipment	0	918	978
Intangible assets, excluding goodwill	0	121	137
Long term financial assets in other entities	0	54	35
Bonds		3 069	0
Deferred tax assets	11	0	8
Long-term receivables	5	236	0
		431 996	439 174
Current assets			
Inventories	6	11 931	15 496
Trade receivables and other receivables	5	11 449	17 186
Cash and cash equivalents	7	22 536	27 101
Current assets excluding assets included in disposal groups classified as held for sale		45 917	59 783
Assets of a disposal group classified as held for sale	26	24 244	22 894
		70 161	82 677
Total assets		502 157	521 851

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	2013-06-30 (unaudited)	2012-12-31
EQUITY			
Equity attributable to owners of the parent company			
Share capital	8	3 431	3 431
Treasury shares		(12 300)	0
Reserve capital		4 399	4 399
Translation reserve		(4 614)	(3 933)
Retained earnings		362 714	379 724
Total equity		353 630	383 621
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	9	951	466
Borrowings, including financial leasing	10	72 469	111 015
Deferred tax liabilities	11	13 605	10 427
		87 025	121 908
Current liabilities			
Trade payables and other liabilities	9	17 826	13 804
Current income tax liabilities		265	376
Borrowings, including financial leasing	10	43 411	2 142
		61 502	16 322
Total liabilities		148 527	138 230
Total Equity and liabilities		502 157	521 851

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Andrew Pegge
Board Member

Elżbieta Donata Wiczowska
Board Member

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

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Note	Share capital	Treasury shares	Translation reserve	Supplementary capital	Accumulated profit (loss) Reserve capital	Retained earnings	Total equity
Balance as at 01-01-2012		3 407	0	(2 694)	1 161	23 078	518 329	543 281
<u>Transactions with owners</u>								
The adoption of emission at subscription warrants		0	0	0	0	1 387	0	1 387
Coverage of losses for 2011		0	0	0	(1 161)	(23 078)	24 239	0
		0	0	0	(1 161)	(21 691)	24 239	1 387
<u>Comprehensive income</u>								
Currency translation adjustment		0	0	(1 542)	0	0	0	(1 542)
Profit (loss) for the period		0	0	0	0	0	(104 973)	(104 973)
		0	0	(1 542)	0	0	(104 973)	(106 515)
Balance as at 30-06-2012 /unaudited		3 407	0	(4 236)	0	1 387	437 595	438 153
<u>Balance as at 01-01-2013</u>								
		3 431	0	(3 933)	0	4 399	379 724	383 621
<u>Transactions with owners</u>								
Treasury shares		0	(12 300)	0	0	0	0	(12 300)
		0	(12 300)	0	0	0	0	(12 300)
<u>Comprehensive income</u>								
Currency translation adjustment		0	0	(681)	0	0	0	(681)
Profit (loss) for the period		0	0	0	0	0	(17 010)	(17 010)
		0	0	(681)	0	0	(17 010)	(17 691)
Balance as at 30-06-2013 /unaudited		3 431	(12 300)	(4 614)	0	4 399	362 714	353 630

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

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Elżbieta Donata Wiczowska
Board Member

Andrew Pegge
Board Member

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



CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of cash flows

For the 6 month period ended

	Nota	2013-06-30 (unaudited)	2012-06-30 (unaudited)
Cash flow from operating activities			
Cash generated from operations	19	2 725	(16 166)
Interest paid		(1 329)	(1 096)
Income tax paid		(120)	119
Net cash generated from investing activities		1 276	(17 143)
Cash flows from investing activities			
Capital expenditure on investments property		(2 173)	(1 301)
Purchase of property, plant and equipment		(257)	(239)
Income from sale of subsidiaries		0	0
Income from sale of investment property		0	0
Net cash used in investing activities		10 700	37 714
Cash flows from financing activities			
Proceeds from borrowings		3 493	20 090
Bonds purchase		(3 000)	0
Treasury shares purchase		(12 300)	0
Repayment of borrowings		(4 734)	(5 948)
Net cash used in financing activities		(16 541)	14 142
Net (decrease)/increase in cash and cash equivalents		(4 565)	34 713
Cash and cash equivalents at beginning of the year		27 101	16 249
Cash and cash equivalents at the end of the period		22 536	50 962

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CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended on 31 March 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

1 General information

Celtic Property Developments S.A. ("Company", "CPD") with its registered office in Warsaw (02-677), Cybernetyki 7B str, was established on the basis of statute on 23 February 2007 (as Celtic Development Corporation S.A., then on 22 February 2008 the Company changed its name to Poen S.A.) and 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's shares are quoted on the Warsaw Stock Exchange.

On 2 September 2010 the General Shareholder's Meeting adopted a resolution changing the Company's name from Poen S.A. to Celtic Property Developments S.A.

Until August 2010, the Company's shares had been quoted at the OTC market in Frankfurt. On 20 December 2010, the combined company's shares are admitted to trading on the stock exchange in Warsaw, and the first listing took place 3 days later.

As of 1 January 2010, the currency of the presentation of consolidated financial statements is Polish Zloty (previously EUR).

Information on the Capital Group

As at the balance sheet date, CPD capital group comprised the dominant entity CPD S.A. and 38 subsidiaries. No changes in the Group's structure took place between 1 January and 30 June 2013. On May 15 the Company started the liquidation of Celtic Asset management Sp. z o.o. Liquidations of the Group's companies, both completed and planned, after the balance sheet date have been described in note 27.

2 The accounting principles

These condensed consolidated financial statements should be read jointly with the annual consolidated financial statements for the financial year ended on 31 December 2012, prepared according to the IFRS adopted in the European Union.

2.1 Basis of preparation

These interim condensed consolidated financial statements of the CPD group were prepared in accordance with international accounting standard approved by the EU-IAS 34 Interim financial reporting.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended on 31 March 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

New and amended standards and interpretations used:

In these interim condensed consolidated financial statements, the following newly published and amended standards or interpretations which entered into force on 1 January 2013 have been used for the first time:

IFRS 13 "Valuation at fair value"

IFRS 13 was published by the International Accounting Standards Board in May 2011 and applies to annual periods beginning on or after January 1, 2013 or after that date. The new standard is intended to improve consistency and reduce complexity through the formulation of a precise definition of fair value and concentrating in one standard requirements for fair value and the disclosure of relevant information.

Its effect on the financial statements has been described in note 3.

Amendments to IAS 12 "Recovery of the carrying amount of assets"

Amendments to IAS 12 "Income Tax" concerning recovery of the carrying value of assets were published by the International Accounting Standards Board in December 2010 and apply to annual periods beginning on or after 1 January 2012 (obligatory application in the European Union since 1 January 2013).. The changes relate to the valuation of the liabilities and deferred tax assets from investment property measured at fair value in accordance with IAS 40 "investment property" and introduce a rebuttable presumption that the value of the property investment can be recovered completely by selling. This presumption can be rebutted when the investment property is held in business model, which is designed to exploit substantially all economic benefits represented by an investment in time and not at the time of sale. SIC-21 "tax-recovery of revalued assets, which are not subject to depreciation" referring to the similar questions relating to the assets not subject to depreciation, which are valued in accordance with the model to update the values set out in IAS 16 "property, plant and equipment" was included in the IAS 12 after the exclusion of the guidelines on investment property measured at fair value.

Application of this standard had no effect on these financial statements.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended on 31 March 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment to IFRS 1)

This amendment does not apply to the Group's financial statements.

Presentation of other comprehensive income items – amendments to IAS 1

Amendments to IAS 1 "Presentation of Financial Statements" concerning presentation of other comprehensive income items were published by the International Accounting Standards Board in June 2011 and apply to annual periods beginning on or after 1 July 2012. The amendments require entities to divided items presented under other comprehensive income into two groups based on whether they can be presented in the financial result in the future. In addition to this, the title of the statement of comprehensive income has been changed to "the statement of financial result and other comprehensive income". Application of this standard had no effect on these financial statements.

Amendments to IAS 19 "Employee Benefits"

Amendments to IAS 19 "Employee Benefits" were published by the International Accounting Standards Board in June 2011 and applies to annual periods beginning on or after 1 January 2013. The amendments introduce new requirements in terms of recognition and valuation of the cost of specific benefit programmes and termination benefits, and change the required disclosures applying to all employee benefits.

These amendments do not apply to the Group's financial statements.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended on 31 March 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

Disclosures – Offsetting Financial Assets and Financial Liabilities – amendments to IFRS 7

Amendments to IFRS 7 on disclosures – offsetting financial assets and financial liabilities were published by the International Accounting Standards Board in December 2011 and apply to annual periods beginning on or after 1 January 2013. The changes introduce the obligation of new disclosures which will allow the users of financial statements to assess the effects or potential effects of agreements allowing net settlement of accounts, including the rights to offsetting.

Application of this standard had no effect on these financial statements.

Government Loans – Amendments to IFRS 1

Amendments to IFRS 1 “First-time Adoption of the IFRS” on government loans were published by the International Accounting Standards Board in March 2012 and apply to annual periods beginning on or after 1 January 2013. The amendments, concerning government credits and loans received by an entity on preference terms (below-market interest rate) release the first-time adopters of IFRS from the obligation of full retrospective recognition of these transactions in their accounting books. The amendments introduce the exemption allowed to other entities for the first-time adopters of IFRSs in their financial statements. Application of this standard had no effect on these financial statements.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

This interpretation does not apply to the Group.

Amendments to IFRSs 2009-2011

In May 2012, the International Accounting Standards Board published “Amendments to IFRSs 2009-2011” which amend 6 standards. The amendments relate to presentation, recognition and valuation, and contain changes of definitions and editing changes. These amendments will apply to annual periods beginning on 1 January 2013.

Application of this standard had no effect on these financial statements.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended on 31 March 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

Published standards and interpretations not yet applicable and not previously used by the Group / Standards and interpretations issued in 2013 after the date of publication of the FY2012 financial statements. In 2013, after the date of publication of the annual financial statements, i.e. after 21 March 2013, the following new standards and interpretations were published. The company has decided not to advance them before their date of entry into force:

IFRIC 21 "Levies"

IFRIC 21 was published by the International Accounting Standards Board in May 2013 and applies to annual periods beginning on or after 1 January 2014. This interpretation explains when to recognise a liability for a levy other than income tax. The obligating event is an activity defined in the legislation that triggers the payment of a levy. The fact that the entity will be a going concern for another period or prepares financial statements according to the going concern principle does not create an obligation to recognize a liability. The same principles of recognizing a liability apply to annual and interim statements. Application of this interpretation to liabilities under the right of issue is optional.

The Group will commence to apply IFRIC 21 as of 1 January 2014.

As of the date of these consolidated financial statements, IFRIC 21 had not yet been approved by the European Union.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

Amendments to IAS 36 "Impairment of Non-Financial Assets" concerning disclosures of recoverable amount were published by the International Accounting Standards Board in May 2013 and apply to annual periods beginning on or after 1 January 2014. The changes remove the requirement to disclose the recoverable value if the cash-generating unit contains the company's goodwill or intangible assets with an unspecified time of use and no impairment loss has been found.

The Group will commence to apply IAS 36 as of 1 January 2014.

As of the date of these consolidated financial statements, amendments to IAS 36 had not yet been approved by the European Union.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

Amendments to IAS 39 "Financial Instruments" were published by the International Accounting Standards Board in June 2013 and apply to annual periods beginning on or after 1 January 2014.

These changes allow continuation of hedging accounting if a derivative designated as a hedge instrument is novated (i.e. the parties agreed to replace the original counterpart with a new one) as a result of clearing the instrument with a central clearing house as a consequence of legal regulations, provided that strictly defined conditions are met.

The Group will commence to apply amendments to IAS 39 as of 1 January 2014.

As of the date of these consolidated financial statements, amendments to IAS 39 had not yet been approved by the European Union.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended on 31 March 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

CPD Group has a number of subsidiaries of different locations and functions. The Board had to make a professional judgement in determining the functional currency of the parent, which is the most reliably represents the economic effects of the transactions, events and circumstances. When determining the functional currency, the Board considered the currency, which have an impact on sales prices, costs, currency of financing, currency of cash flows, reporting and budgeting. The Board considered the functional currencies of shareholders, their country of origin, as well as the currency of dividends, expected returns and the current, past and planned markets in which the CPD Group operates. The Board has chosen Euro as the functional currency of the parent entity.

3 Significant changes in accounting estimates

Determination of the fair value of investment property

The fair value of investment property presented in the balance sheet is determined on the basis of the valuation prepared annually by independent valuers 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, in force since 1 May 2003. Fees for valuation are not linked to the value of real estate and the result of the valuation. Taking into account the specificities of the market at the balance sheet date, the Board has reviewed and confirmed the assumptions of experts on which the valuation models used were based.

The properties which generate significant revenues from rent (Aquarius, Cybernetyki 7b, IRIS) were valued by the discounted cash flow method. Land not intended for development (Ursus) was valued by the comparative method.

Description of the key assumptions adopted in valuation of real property by discounted cash flow method.

Future net operating income were estimated for each investment property separately based on the lease agreements, contracted revenue (or for IRIS property partly based on market conditions for this property determined by an independent appraiser) and expected property operating costs applicable at the balance sheet date. Usable areas adopted in the calculations were derived from the binding construction documents. As most of the lease agreements made by the Group is denominated in EUR, appraisals of investment properties were made in EUR and translated into PLN at the average exchange rate of the National Bank of Poland as at the balance sheet date.

Capitalization rates were estimated by independent appraisers for each major investment property separately, taking into account its location and type.

The capitalization rate is reviewed at least on an annual basis by third-party appraisers and net operating income is updated based on the existing lease agreements.

For purposes of valuations adopted in the financial statements of 30 June 2013, capitalization rates of 7.25% to 8% and discount rates of 7.5% to 9% were used.

In the first half of 2013, the Group noted a loss from re-measurement of investment properties to the fair value amounting to PLN 4.680 thousand PLN and investment properties classified as at 30 June 2013 as "assets for sales" in the amount of PLN 1.350 thousands PLN resulting from fluctuations in foreign exchange rates and capital expenditures not reflected in the fair value increase.

Description of the key assumptions adopted in valuation of real property by comparative method.

Land not intended for development (Ursus) was valued by the comparative method. Value of the properties was determined on the basis of average selling prices of properties similar to that subject to valuation, adjusted by transaction characteristics taken into consideration by potential market players and related, for instance, to location, plot size and legal status. In the present valuation in particular, properties located in Ursus were appraised taking into account the current spatial planning situation (no zoning plan, land use study in force, existing surroundings). In the designed zoning plan, many properties had similar intended use and development possibilities, and thus could have had a similar market value. The valuation reflects diversification of individual properties and the anticipated possibilities of development when no spatial planning arrangements are made in the local zoning plan.

Recoverable amounts of assets

For the purposes of evaluating impairment of assets on the balance sheet date, the Management Board shall take into account the recoverable amounts and sales prices possible for individual assets.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended on 31 March 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

When determining the value of recoverable inventories, the Management Board takes into account valuations of real properties made by independent appraisers and adopted in the financial statements of 30.06.2013, taking into consideration any changes of value due to changes on the real property market. In the case of inventories available for immediate sale (Koszykowa, Antigo), the appraiser estimated fair value by the comparative method. For properties being part of inventories, and located in Hungary, the Board estimated their value on the basis of possible selling prices.

Another important category the valuation of which was significantly affected by the Board's estimates in the current period were deferred income tax assets. Their recoverable value is determined based on probability of asset realization in the future, taking into account business plans of individual companies subject to consolidation. Due to the lack of reasonable certainty as to the future realization, value of an unidentified deferred income tax asset was PLN 13 mln as at the balance sheet date.

Tax accounts

In view of the fact that companies subject to consolidation are subject to several tax jurisdictions, of the degree of complexity of activities and uncertainties in the interpretation of the regulations, tax settlement, including the establishment of the right or obligation to, and how to recognize individual transactions in the income tax of individual units of the Group may require a significant degree of judgement. In more complicated questions, judgement of the Board of Directors is supported by the opinions of specialised tax consultants.

Goodwill impairment

The company's goodwill arose in 2007 when it purchased a group of entities comprising also entities providing administration services.

Estimation of goodwill impairment in relation to the cash-generating unit to which the goodwill was allocated requires performance of significant assessments and estimations such as the amount and time of future cash flows, forecast sales and profitability of the existing and new projects, future capital expenditures, growth indexes and discount rates, reflecting current market conditions, to determine fair value for each CPD Group's project. The total recoverable amount is compared with the balance sheet value containing goodwill.

By the end of 2012, CPD Group has been conducting annual tests to establish whether there is an impairment of goodwill. Goodwill was assigned to a cash-generating unit, i.e. the entire CPD Group, according to the expectation that all units within the CPD Group will benefit from merger of the units.

Calculation of cash flows is based on a significant assumption as to the amount of the privileged dividend and other flows resulting from the signed investment portfolio management agreement. In the 1st half of 2012, the Group received a dividend of PLN 8.4 mln for this. At the same time, the existing agreement on the basis of which cash flows for dividend were estimated expired in December 2011 and was replaced by another agreement with amended terms which still provided for compensation for investment portfolio management in the years 2012-2013. Throughout 2012, Celtic Group failed to generate additional revenue under the agreement signed and according to the Board's estimates no future cash flows under this agreement are anticipated. As at 30 June 2012, the Board – based on the anticipated future cash flows generated by the investment portfolio management agreement – estimated the recoverable goodwill amount at zero and decided to create a goodwill write-down of PLN 22.1 mln. As a consequence, as at 30 June 2012 the goodwill amounted to zero.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

4 Investment properties

	2013-01-01- 2013-06-30	2012-01-01- 30-06-2012
At the beginning of the year	438 017	534 404
Purchase		
Capital expenditure	2 173	1 301
Disposal	(15 100)	(37 750)
Fair Value of properties disposed of in course of sale of subsidiary	0	(40 860)
Change in the balance of capitalized financial liability resulting from disposal of investment properties	(2 084)	0
Transfer to Assets held for Sale	0	(2 200)
Net gain/(loss) from fair value adjustments on investment properties	4 599	(28 153)
Change in Balance of Capitalised Liability (RPU)	(7)	(5 667)
	427 598	421 075

June 2013 r, within framework of sale transaction, Mandy Investments Sp. z o.o. has sold the property located at Jana Kazimierza 12/14 Street.

	The period of six months ended	
	2013-06-30	2012-06-30
Direct operating expenses of investment properties:		
- generating income from rents	1 835	1 720
- others	85	1 055
	1 920	2 775

5 Trade receivables and other receivables

	30-06-2013	31-12-2012
Trade receivables	5 147	6 990
Short term Loans	75	92
Receivables from the state budget	0	4 190
Receivables from related parties	53	73
Deferred income	1 501	665
Prepaid expenses	4 263	4 255
Other receivables	410	921
Short-term receivables	11 449	17 186
Long-term receivables	236	0
Total receivables	11 685	17 186

At the beginning of 2013 the Group received payment in the amount of PLN 2.3 million from the sale of land 14/119 of Maddy Investments Sp. z o.o.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

6 Inventories

	30-06-2013	31-12-2012
At the beginning of the year	15 496	66 283
Purchases	0	4 811
Capital expenditure	162	30 984
Purchase of property as a result of the acquisition of a subsidiary	0	2 199
Disposal	(4 124)	(555)
Transfer to Investment Property	0	(75 976)
Sale of course of disposal of subsidiary	0	(7 490)
Write-downs	240	(3 716)
Foreign exchange gains/ (losses)	157	(1 044)
	11 931	15 496

Plots in Magdalenka have been sold by Gaetan Investments Sp. o.o. and a plots in Jaktorów and Now Piasecznica has been sold by Antigo Investments Sp. o.o. in the first half of 2013.

7 Cash and cash equivalents

	30-06-2013	31-12-2012
Cash at bank and on hand	20 753	21 479
Short term bank deposits	1 783	5 622
	22 536	27 101

8 Share capital

	Number of shares		Value of shares	
	30-06-2013	31-12-2012	30-06-2013	31-12-2012
Ordinary shares (in thousands)	34 307	34 307	3 431	3 431

On March 20, 2013, the Management Board with the approval of the Supervisory Board, resolved to increase the share capital within the capital. Based on the resolution of the capital will be increased from PLN 3,430,748.80 to 3,450,682.10, ie the amount of 19,933.30 by issuing 199,333 shares of Series F ordinary nominal value of 0.10 (ten groszy) each. The capital increase has not been registered in the National Court at the balance sheet date.

On 27 March 2013, the CPD SA invited its shareholders to tender to sell its shares on the terms set out in the Invitation to Tender Sale. On April 11, 2013, the Company has decided to accept all offers of Shares sale and make them proportional reduction carried out in accordance with the principles set out in the Invitation. As a result of the settlement on 15 April 2013, the Company acquired, through a brokerage house UniCredit CAIB Poland SA with its registered seat in Warsaw, 1 732 394 Company shares, PLN 7.10 per share, for a total value of 12 299 997,40 PLN.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

9 Trade payables and other liabilities

Non-current liabilities

	30-06-2013	31-12-2012
Deposits of tenants	951	466

Current liabilities

	30-06-2013	31-12-2012
Trade payables	1 848	990
Social securities and other taxes	2 383	702
Deposits of tenants	0	90
Other liabilities	61	365
Accruals and deferred income	13 534	11 657
	17 826	13 804

In the first half of 2013 in connection with sales of plots in Magdalenka, Jaktorów and Nowa Piasecznica Group recognized in the statement of liability for VAT.

10 Borrowings, including financial leasing

	30-06-2013	31-12-2012
Non-current		
Bank loans	50 184	86 897
Loans due to unrelated parties	258	
Financial leasing	22 027	24 118
	72 469	111 015
Current		
Bank loans	43 031	1 813
Loans due to related parties	4	0
Loans due to unrelated parties	376	329
	43 411	2 142
Total borrowings	115 880	113 157

As at 30 June 2013, the Group presented in the consolidated financial statements, loan liabilities incurred in the following banks:

- Loans granted by HSBC bank in the amount of 42 902 thousand. PLN;
- Loans granted by the Bank of the West BZ WBK in the amount of 50 299 thousand. PLN

In accordance with the terms of the credit agreement with HSBC Bank, the Group is obliged to repay the entire loan until March 27, 2014. Therefore, the entire loan as repayable within 12 months from the balance sheet date in the amount of 42 902 thousand. PLN has been presented as a current liability.

At the time of preparing these consolidated financial statements, the Group is considering different scenarios in relation to falling in March 2014, the total repayment of a loan, such as the extension of the maturity date of the current funding for the next year, the sales of one or more property and repayment of the loan in accordance with the current schedule.

In the opinion of the Board, the risk that none of the above options will not be able to achieve and as a result the loan will be placed in foreclosure, it is very limited.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

11 Deferred income taxes

	30-06-2013	31-12-2012		
Deferred tax assets	0	8		
Deferred tax liabilities	13 605	10 427		
Tax losses expiry as at 30.06.2012				
	2012	2013-2014	2015-2016	Total
- recognized deferred tax	129	3 077	8 458	11 664
- not recognized deferred tax	15 245	26 173	22 701	64 119

12 Revenue by nature

	The period of six months ended	
	30-06-2013	30-06-2012
Rent income	3 339	3 289
Sale of inventories	2 420	434
Sale of fixed assets	2	88
Real estate advisory services	159	4 236
Services relating to rental	1 918	2 387
Accounting services	0	23
	7 838	10 457

13 Cost of sales

	The period of six months ended	
	30-06-2013	30-06-2012
Cost of inventories sold	4 132	555
Cost of fixed assets sold	38	110
Changes in impairment write-downs of inventories	(240)	6 363
Cost of services provided	4 729	3 894
	8 659	10 922

14 Administrative costs property related

	The period of six months ended	
	30-06-2013	30-06-2012
Employee expenses	1 358	7 629
Property maintenance	1 914	1 523
Real estate tax	1 522	1 234
Perpetual usufruct	1 205	1 515
Depreciation and amortization	117	227
	6 116	12 128

In the first half of 2013, the Company had a significantly lower labor costs due to a reduction in salaries and bonuses for the Board, as decided by the Supervisory Board resolution.



CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

15 Administrative expenses-other

	The period of six months ended	
	30-06-2013	30-06-2012
Advisory services	1 233	2 577
Transportation	(41)	284
Taxes	102	132
Office maintenance	1 807	2 196
Other services	804	1 185
Costs of not deductible VAT	273	301
Impairment write-down in respect of receivables	16	187
	4 194	6 862

16 Other income

	The period of six months ended	
	30-06-2013	30-06-2012
Rebilled surplus	0	53
Other income	355	525
	355	578

17 Financial income and expenses

	The period of six months ended	
	30-06-2013	30-06-2012
Interest expense:		
- Bank loans	(1 722)	(1 096)
- Interest from financial leases	(725)	(1 075)
- Other interest	(90)	(117)
- Other	(54)	(711)
Net exchange differences	(4 661)	0
Other financial cost	(19)	(8)
Impairment	(0)	
Koszty finansowe	(7 271)	(3 007)
Interest income:		
- Bank interest	180	124
- interest from related parties	2	0
- interest from unrelated parties	74	0
- Received dividends	0	8 468
Net exchange differences	0	420
Financial income	256	9 012

In the first half of 2013, the Group reported a loss of unrealized foreign exchange gains on the valuation of loans HSBC and BZ WBK granted in EUR.

In 2012, in connection with the management of the project Spazio Industriale Group received privileged dividend of PLN 8.4 million, which explains the significant decrease in financial income in the first half of 2013

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

18 Income tax

	The period of six months ended	
	30-06-2013	30-06-2012
Current income tax	0	18
Deferred taxes	3 017	(2 319)
	3 017	(2 301)

19 Cash flow from operating activities

	The period of six months ended	
	30-06-2013	30-06-2012
Profit/loss before tax	(13 993)	(107 274)
Adjustments for:		
- depreciation of tangible fixed assets	120	227
- currency translation adjustments	(681)	(2 277)
'- revaluation of investment properties to fair value	(4 599)	28 153
- gains/(losses) on disposal of subsidiaries	0	9 795
- gains/(losses) on disposal of investment properties	2 182	33 356
- interest costs	2 382	1 056
- exchange gains/ (losses)	3 496	0
- inventory impairment	(240)	6 362
- goodwill impairment	0	22 138
- costs of warrants granted	0	1 387
- other adjustments		(302)
Changes in working capital		
- changes in receivables	5 501	(388)
- changes in inventories	3 805	(5 217)
- change in trade liabilities and other	4 752	(3 182)
	2 725	(16 166)

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

20 Related party transactions

Celtic Property Developments SA is not immediate parent or ultimate parent undertaking. Laxey cooperative Worldwide W. A. is a major investor.

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

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

	The period of six months ended	
	30-06-2013	30-06-2012
a) Transactions with key management personnel		
Remuneration of the Management Board members	120	393
Remuneration of the Supervisory Board members	97	125
Cost of services provided by the Management Board members	96	697
Value of warrants for the board members	0	1 387
Total receivables	16	9

b) Transactions with the other related parties

Revenues

<i>Vigo Investments Sp. z o.o..</i>	3	4
<i>Prada Investments Sp. z o.o.</i>	3	12
<i>Laxey Cooperative</i>	3	994

Costs

<i>Kancelaria Radców Prawnych Oleś i Rodzynekiewicz</i>	47	16
<i>Sterling Corporate Services Sp. z o. o.</i>	1 242	729

Receivables

<i>Kancelaria Radców Prawnych Oleś i Rodzynekiewicz</i>	0	0
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Liabilities

<i>Vigo Investments Sp. z o.o..</i>	51	2
<i>Antigo Investments Sp. z o.o.</i>	0	2
<i>Prada Investments Sp. z o.o.</i>	2	14
<i>Prada Investments Sp. z o.o.</i>	0	71
Doubtful debts cover by the bad debt provision		
<i>Braslink Ltd</i>	0	0

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

21 Payment of dividends

During the reporting period CPD did not pay nor declare dividends.

22 Earnings per share

	The period of six months ended	
	2013-06-30	2012-06-30
Profit attributable to shareholders of the company	(17 010)	(104 973)
Ordinary shares (in thousands)	34 307	34 068
Earnings per share in PLN	(0,50)	(3,08)

Diluted earnings per share does not differ from the basic earnings per share.

23 Contingent liabilities

In the first 6 months of 2013 there were no significant changes in contingent liabilities.

24 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.

25 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.

26 Assets and liabilities held for sale

Assets	30-06-2013	31-12-2012
Investment property "Aquarius"	24 244	22 894
Assets held for sale	24 244	22 894

The property was valued at 30.06.2013 at the current bid price on that day the EUR.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2013

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

27 Events after the end of the reporting period

On July 1, the General Assembly adopted a resolution on redemption of own shares purchased and reduce the share capital by the amount of PLN 173 239.4.

On July 5, 2013, the Board of CPD SA I made the decision to liquidate the following Group companies: Mandy Investments Sp. z o.o. 14/119 Gaston Investments partnership and Gaetan Investments Sp. z o.o. in connection with the sale of property belonging to those entities.

On July 18 the Company completed the liquidation of Celtic Property Developments Kft in Hungary.

On 12 August 2013, the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register registered an increase of the share capital of CPD SA, of PLN 8 878.

