



HALF YEAR REPORT FOR 1 HALF OF 2011

Condensed, interim, consolidated financial statement
for the period ended 30 th of June 2011



CELTIC PROPERTY DEVELOPMENTS S.A.

HALF-YEAR REPORT FOR 6 MONTHS ENDED JUNE 30, 2011

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I. MANAGEMENT REPORT OF THE CAPITAL GROUP ACTIVITIES IN THE FIRST HALF OF THE YEAR 2011

1. THE GROUP'S HISTORY AND PROFILE OF ACTIVITY

Celtic Capital Group started its activities in Poland in 1999 when Mr. Andrew Shepherd and Mr. Aled Rhys Jones, current Company's board members, established Celtic Asset Management sp. z o.o. Between 1999 and 2005 company's activities focused mainly on building and managing real estate portfolios for the benefit of external stakeholders including properties located in Poland, the Czech Republic, Lithuania, Romania, Hungary and in Germany. Since 2005 Celtic Asset Management Sp. z o.o. started the development activities in cooperation with several funds managed by Laxey Partners Ltd. In 2007, the consolidation of the group under the name of Celtic Property Developments SA (BVI) was performed and in 2008 Celtic Property Developments SA (BVI) was listed on the open unregulated market (Freiverkehr) in Frankfurt. In the period from 2005 to 2010, the company operated and managed projects mainly in Poland, but also in Montenegro, Hungary, Italy, Belgium, Great Britain, the Netherlands, Germany and Spain. International experience and know-how of Company's professionals and managers resulted in a strong and stable capital group, which on 23 December 2010, debuted on the Warsaw Stock Exchange.

Currently Celtic Property Developments S.A. is a holding company controlling a group of 44 subsidiaries concentrating on the management of development projects in the residential and office market segments. The Company's activity consists in the purchase of land, on which it constructs apartments or offices, and in purchase of existing real estate properties with a potential for creation of additional value by change of their intended usage, increase of their standard or optimization of their area. The Group has offices in Warsaw, London, Milan, Budapest and in Montenegro. The Group's main market is Warsaw. It also possesses commercial and residential properties in Montenegro and Hungary. The primary role in the activities of the Group has been the office segment. Current Group's plans focus on residential development through the realization of its key project in Ursus district of Warsaw.

In addition to the development activities the Group provides also the asset management services for commercial real estate portfolios of external entities. Currently Celtic Group manages commercial properties of the total value of over 700 mln EUR in Italy and Great Britain.

2. THE GROUP'S STRUCTURE

As per June 30, 2011, Celtic Capital Group (Celtic Group, Group) includes a parent company Celtic Property Developments S.A. (Company, Issuer) and 44 subsidiaries.

Celtic Property Developments S.A. directly controls 4 entities responsible for different segments of Celtic Group activities:

- **Celtic Investments Ltd (Cyprus)** – the company holds shares in operational companies acting in Poland, Great Britain, Hungary and Italy;
- **Buffy Holdings No1 Ltd (Cyprus)** – the company holds shares in the investment companies involved in the Ursus project;
- **Lakia Enterprises Ltd (Cyprus)** – the company holds shares in investment companies involved in investment projects in Poland, Hungary and in Montenegro;
- **East Europe Property Finance AB (Sweden)** – the company is responsible for financial operations of the Group.

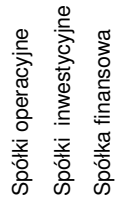
Group's development activities are realized by investment companies, being directly dependent of Buffy Holdings No1 Ltd (Cyprus) and Lakia Enterprises Ltd (Cyprus). Dominating company Celtic Property Developments S.A. co-ordinates and supervises activities of subsidiaries, being in the same time strategic decisions taking center. Celtic Property Developments S.A. undertakes initiatives focusing on the Group's operational costs optimization and creates and co-ordinates Group's investment and marketing activities.

They were not substantial changes registered during the reporting period having significant impact on Group activities or results. On June 1st, 2011 the Extraordinary Meeting of Shareholders of Darvest Investments Sp. z o.o. (Issuer's subsidiary) adopted a resolution on dissolution and opening of liquidation procedure of Darvest Investments Sp. z o.o. The motion for registration of the opening of the liquidation proceedings of Darvest Investments Sp. z o.o. was filed with the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register on June 16, 2011. The liquidation of the subsidiary company Darvest Investments sp. z o.o. is a part of restructuring activities in order to simplify Celtic Capital Group organizational structure.

Celtic Capital Group structure as at June 30, 2011 is presented below. All the companies are consolidated according to the full consolidation method.

HALF-YEAR REPORT FOR 6 MONTHS ENDED JUNE 30, 2011

**CELTIC PROPERTY
DEVELOPMENTS S.A.**



3. ACCOUNTING PRINCIPLES APPLIED IN THE FINANCIAL STATEMENTS

Accounting principles applied to the condensed interim consolidated financial statements with the condensed financial statements of Celtic Property Developments S.A. for the period of 6 months ended 30 June, 2011 are consistent with the principles applied in the annual consolidated financial statements and annual financial statements of Celtic Property Developments S.A. for the year ended 31 December 2010.

4. SELECTED FINANCIAL INFORMATION

SELECTED ITEMS OF THE CONSOLIDATED STATEMENT COMPREHENSIVE INCOME

	For the 6 months period ended			For the 6 months period ended	
	30/06/2011 (ths. PLN)	30/06/2010 (ths. PLN)	Change (%)	30/06/2011 (ths. EUR)	30/06/2010 (ths. EUR)
Revenues	19 292	28 624	-32,6%	4 863	7 148
Costs of sales	-10 466	-22 426	-53,3%	-2 638	-5 601
Profit on sales	8 826	6 198	42,4%	2 225	1 548
Operational costs, including:	-23 924	-24 571	-2,6%	-6 030	-6 136
<i>Administrative costs property related</i>	-15 857	-13 907	14,0%	-3 997	-3 473
<i>Administrative expenses - other</i>	-7 128	-10 263	-30,5%	-1 797	-2 563
Operating result	-17 857	-19 493	-8,4%	-4 501	-4 868
Profit (loss) before income tax	-20 438	-27 730	-26,3%	-5 152	-6 925
Total comprehensive income	-22 727	66 974	-133,9%	-5 729	16 726
Diluted earnings per share	-0,67 PLN	1,93 PLN	-134,4%	-0,17 EUR	0,48 EUR

Celtic Group closed the first half of the year 2011 with negative result before tax amounting to PLN 20.4 mln. This result was by 7.3 mln PLN better than in H1 2010, which was achieved mainly through higher by 2.6 mln PLN profit on sales and lower by 5.4 mln PLN financial costs.

Similarly as in H1 2010, the most important part of revenues (46%) was generated by revenues from advisory services regarding real estate portfolios management generated by Group entities in Great Britain and in Italy. Revenues from advisory services were by PLN 4.7 mln lower than in H1 2010, which was principally due to the depreciation trend of the Polish złoty versus GBP and EUR – currencies in which revenues from advisory services are denominated. Regarding this segment of activity, the Group actively prospects the market to gain new mandates as well in Poland as in other European countries.

The following position in the revenues structure, in the amount of PLN 6.4 mln and representing 1/3 of total Group's revenues, was generated by sales of inventories in Koszykowa and Magdalenka projects.

Comparing to the H1 2010, revenues from rent decreased to the amount PLN 2.7 mln and represented 13.9% of total Group's revenues. Decrease in rent revenue by 58.9% was due mainly to sale of the Mokotów Plaza in July 2010.

Lower sales revenues were compensated by lower sales costs representing 54.3% of sales revenues in H1 2011 instead of 78.3% in H1 2010. Lower sales costs allowed to achieve higher margin and resulted in sales profit by 42.4% higher than in H1 2010.

Group operating result was negative and amounted to PLN 17.9 mln. Group's operating result was most significantly impacted by administrative costs (property related and other) which amounted to PLN 23.0 mln. The Group is actively realizing the policy of costs' monitoring and optimization on the group level as well as on the subsidiaries levels.

As already mentioned above, Group's financial costs were lower by PLN 5.4 mln comparing to the H1 2010, which was mainly due to the disposal of the bank loan with BZ WBK S.A. resulting from the sale of Mokotów Plaza in July 2010 and to lower foreign exchange losses. Following these changes, the Group's result before income tax improved from negative result of PLN 27.7 mln in H1 2010 to PLN 20.4 mln in H1 2011.

Considering the impact of the income tax in the amount of PLN 2.3 mln, net Group's results as per end of H1 2011 was negative and amounted to PLN 22.7 mln comparing to positive result of PLN 67.0 mln achieved one year earlier. The difference results from the Ursus project restructuring. Following the land contribution by the subsidiary Challenge Eighteen Sp. z o.o. to the newly created partnership companies, the tax value of property has increased. At the same time commitments from deferred tax regarding the contributed land have been reduced.

SELECTED ITEMS OF CONSOLIDATED BALANCE SHEET

	As per:		Change (%)	As per:	
	30/06/2011	31/12/2010		30/06/2011	31/12/2010
	(ths. PLN)	(ths. PLN)		(ths. EUR)	(ths. EUR)
Total assets	935 180	951 755	-1,7%	234 581	240 324
Non-current assets, including:	815 203	813 579	0,2%	204 486	205 434
<i>Investment properties</i>	755 191	754 216	0,1%	189 432	190 444
Current assets, including:	119 977	138 176	-13,2%	30 095	34 890
<i>Inventories</i>	70 695	76 298	-7,3%	17 733	19 266
<i>Trade receivables and other receivables</i>	19 074	23 046	-17,2%	4 785	5 819
<i>Income tax receivables</i>	967	1 526	-36,6%	243	385
<i>Cash and cash equivalents</i>	29 241	37 306	-21,6%	7 335	9 420
Total equity and liabilities	935 180	951 755	-1,7%	234 581	240 324
Share capital	3 406	3 483	-2,2%	854	879
Equity	803 139	825 478	-2,7%	201 460	208 438
Non-current liabilities	56 688	103 756	-45,4%	14 220	26 199
Current liabilities	75 353	22 521	234,6%	18 902	5 687

total assets as of June 30, 2011 were by PLN 16.6 mln lower than at the end of 2010, which results mainly from changes in the value of current assets, accompanied by an insubstantial increase in the value of investment properties. With regard to current assets the Group recorded a decrease in the value of stock, resulting from sales of apartments in Koszykowa project and plots in Magdalenka project. Also the level of receivables declined, both trade and tax related. Cash balance dropped as well. These changes did not affect the structure of the Group's assets considerably.

The share capital of Celtic Property Developments S.A. as at June 30, 2011 was composed of 34.068 thousand shares of a nominal value of PLN 0.10 each. On September 20, 2010 the Extraordinary General Meeting of Shareholders approved a resolution to redeem 765.043 shares of B series. At the same time the Extraordinary General Meeting of Shareholders adopted a resolution to decrease the share capital of Celtic Property Developments S.A. from PLN 3.483.329,50 to PLN 3.406.825,20, that is by PLN 76.504,30. On January 14, 2011 the redemption of B series shares was registered in KRS.

DEBT RATIOS

	30 JUNE 2011	31 DECEMBER 2010
DEBT RATIO	0,14	0,13
LONG TERM DEBT RATIO	0,06	0,11
SHORT TERM DEBT RATIO	0,08	0,02

With regard to liabilities, the Celtic Group consistently maintained a low debt ratio financing its operations mainly by its own resources. The debt ratio as of June 30, 2011 did not change substantially in comparison with December 31, 2010. However, the structure of liabilities changed. It resulted from the reclassification of the loan agreement with HSBC from long-term to short-term liabilities with regard to repayment dates in December 2011 and March 2012. Currently the Group conducts talks with HSBC with a view to signing a new loan agreement.

In the reporting period the Group's cash balance declined from PLN 37.3 mln as at December 31, 2010 to PLN 29.2 mln as at June 30, 2011. The decrease resulted mainly from investment outlay on currently conducted investment projects.

5. THE GROUP'S OPERATIONS AND SUBSTANTIAL EVENTS IN THE REPORTING PERIOD

In the first half of 2011 the Group continued its activities in scope of conducting and sales of its own development projects (commercial and residential ones) and in scope of real estate asset management for the benefit of institutional entities. The Group's projects were realized in Poland, Hungary and Montenegro and they were in various stages of completion.

• URSUS PROJEKT

In the second half of 2006 the Group purchased from its own resources over 58 hectares of land that previously belonged to ZPC Ursus factory, with the aim to create a multifunctional urban project. The land is located in the area included in the local zoning plan, which comprises an area of about 220 hectares, also including post-industrial area located in the proximity of Orłów Piastowskich Street in Ursus.

In October 2006 the Council of Warsaw approved the Study of Conditions and Directions for the Urban Development of Warsaw, which covers the whole area of Warsaw, including Ursus. For the part of the land previously belonging to ZPC Ursus, the purpose was changed from industrial to residential, commercial and multifunctional while for the remaining part industrial purpose was maintained.

Also in October 2006 the Council of Warsaw approved a resolution to commence works on the local zoning plan of post-industrial area located in the proximity of Orłów Piastowskich Street including the area that previously belonged to ZPC Ursus. The first publication of the plan's project and a public discussion took place in November 2009.

As a result of the remarks submitted, the plan was amended and its second publication took place in May 2011. The deadline for submitting remarks on the second version of the plan's project expired on July 21, 2011. On July 13, 2011 the Council of Ursus District approved the main stipulations of the plan, submitting several remarks and communicating the resolution to the President of Warsaw, the Chairman of the Council of Warsaw and the Director of Bureau of Architecture and Zoning Planning of Warsaw. As of the date of submission of this report, the further works regarding the approval of the zoning plan by Warsaw authorities are underway.

The project of the plan includes the construction of the modern urban space, in which apart from the residential area for about 25.000 Warsaw citizens there will be room for many companies, craft workshops and service providers, including the companies that currently operate in Ursus. It is estimated that in the newly built office-commercial buildings about 20.000 new jobs will be created. The plan also accounts for the area needed for schools, nurseries, kindergartens, parks, green areas and bicycle routes vital for the proper functioning of the newly created urban area.

In this area the Celtic Group intends to create a multifunctional urban project with a predominance of the residential function. The complex of multi-family residential buildings will offer apartments measuring mainly up to 60 square meters. Together with residential buildings, an office and educational areas, adjusted to the needs of the local community will be created. The offer will be primarily directed to young working people and families looking for their first apartment in the Warsaw agglomeration. The proximity of the city centre (9 km), convenient access to means of public transport (3 suburban train stations located in the

investment area and a dense network of bus routes) altogether with relatively low prices determine the attractiveness of the project for prospective buyers. An undoubted advantage for future habitants will also result from the consistent urban-architecture concept, realized by one developer, which will assure the consistency of functionality and aesthetics.

Complex implementation of the project is scheduled for the period of several years. Current market trends indicate a high demand for small flats available at relatively low prices. The Ursus project is designed in a way that its products perfectly match market needs. Therefore the company expects a large demand for the flats offered.

The Group is currently conducting complex demolition works in Ursus, with the aim of arranging the area and preparing it for planned development. In the first stage of the project a residential complex will be developed altogether with commercial functions and underground parking lots.

The approval of the zoning plan by the Council of Warsaw will enable the Group to start construction works of the first stage of the project. The Group intends to begin the investment in the second half of 2012, taking into account the fact that a possible delay in approval of the plan may result in a delay in commencing the construction works.

- **IRIS PROJEKT, 9 CYBERNETYKI STREET, WARSAW, MOKOTÓW DISTRICT**

The realization of IRIS building is the final stage of the office-apartment project measuring over 50.000 square meters (in the office part), located at the crossing of Cybernetyki and Postępu Streets. The project comprises: Cybernetyki Office Park (buildings: Helion, Luminar, Cybernetyki and Iris), Mokotów Plaza and Mozaika residential complex.

The IRIS project includes the development of a six storey office building of the total lease area of about 13.470 square meters and the total storage area of about 679 square meters, altogether with 233 parking lots. The completion of the building and its occupation permit is planned for the Q4 2012.

The construction and the fit-out phases will be financed by an investment loan up to EUR 20.1 mln and a revolving VAT loan up to PLN 2.0 mln. These loans were given to a subsidiary Belise Investments Sp. z o.o (company responsible for the realization of the IRIS project) based on the loan agreement concluded on August 12, 2011 between Belise Investments sp. z o.o and Bank Zachodni BZ WBK S.A. The agreement has been described in article 11 *Events after the date of preparation of the condensed interim consolidated financial statement* of this document.

- **THE COMPLETION AND SALE OF MOKOTÓW PLAZA PROJECT, 6 POSTĘPU STREET, WARSAW, MOKOTÓW DISTRICT**

The investment began in December 2008. Mokotów Plaza is a high class, five storey building of leasing area of 15 290 square meters located at 6 Postępu Street. In July 2010 the building was sold to Spanish investment fund Azora Europe for PLN 38.6 mln. Following the full lease of the available space in March 2011, all Group obligations towards the purchaser were fulfilled.

- **AQUARIUS PROJECT, 31A POŁCZYŃSKA STREET, WARSAW, WOLA DISTRICT**

The Aquarius Office Park consists of a five storey B class office building of 5 184 square meters, investment land with a valid building permit for the construction of A class office building measuring 2 500 square meters as well as investment land measuring about 10 000 square meters designated for the construction of an office-warehouse complex. The office building is currently leased to such companies as VB Leasing, Betacom S.A., Fly Away Travel and Veolia Eurolines.

- **CYBERNETYKI 7B PROJECT, WARSAW, MOKOTÓW DISTRICT**

The eight storey office building of 5 792 square meters of B+ class was built in 1998 and refurbished in 2008 by the Group. The building is currently leased to such companies as Beko S.A., Berlin Chemie, Akzo Nobel, Liqui Moly Polska, ZPUE S.A. and Bard Poland.

- **KOSZYKOWA 69 PROJECT, WARSAW, CENTRAL DISTRICT**

In January 2007 the Group purchased a four-storey tenement house (Ludwik Szanser's tenement house), located in Koszykowa Street, in the centre of Warsaw. The building was renovated and expanded at the cost of PLN 3.5 mln. The historical characteristics of the building were retained. In 2010 the Group commenced the sale of high standard residential and commercial premises. As of June 30, 2011, a total of 10 out of 14 available apartments have been sold.

- **MAGDALENKA**

The Group owns land area measuring 51 859 square meters in Magdalenka, which is divided into plots designated for single-family housing. As of June 30, 2011, a total of 22% of available plots have been sold.

- **ŁOPUSZAŃSKA 22, WARSZAWA, WŁOCHY DISTRICT**

The Group owns land area of 4,5 ha, as well as the valid WZiZT for the project located at 22 Łopuszańska Street. The Project assumes development of a business park offering about 66 000 square meters of office space in several stages, as well as 2 400 parking lots. The first investment stage involves the construction of the building, which will offer about 29 000 square meters of gross rental area. Currently some of the existing buildings are leased. Demolition works are underway in the other part of the location. The construction of the business park is planned to start at the beginning of 2012.

- **JANA KAZIMIERZA 12/14, WARSZAWA, WOLA DISTRICT**

This property is located near the expressway to Poznań, in proximity of Servier and Cefarm headquarters and Citibank Handlowy operations center. The property measuring 8 707 square meters includes a building that will be demolished. The current building conditions enable a construction of an office building measuring about 20 700 square meters. The lowest floor of the building is designated to be a commercial area. Good communication network and the proximity of the city centre and major transport routes (Warsaw bypass, East-West highway) as well as the low supply of modern office space in this location account for the project's attractiveness. Design works to optimize the project prepared in previous years are already underway.

- **WOLBÓRZ, MASOVIAN VOIVODESHIP, PIOTRKÓW COUNTY (POLAND)**

The land area of 99 594 square meters is located in Wolbórz, close to Auchan Distribution Centre and E67 road from Warsaw to Cracow and Katowice. In accordance with the applicable zoning decision there is a possibility to construct a logistics and distribution centre measuring 32 700 square meters. The Group intends to sell the undeveloped land with construction project to final investor.

- **ALSONEMEDI (HUNGARY)**

In 2009 the Group purchased land near Budapest measuring 42 495 square meters to develop warehouse space. The real estate is situated in a logistically good location: 20 km south of Budapest and in proximity to main roads. The company plans to construct a warehouse complex offering 9 794 square meters of warehouse space and 1 576 square meters of office space. At the moment the company is putting effort to lengthen the validity period of construction permit in order to increase elasticity of the beginning of the project.

- **MONTENEGRO**

The Group owns real estate in Montenegro, which was purchased in order to take advantage of the growing tourist industry in that country. The total surface of the land owned by the Company amounts to about 85.000 square meters. The total surface of residential and commercial real estate located in Zagora, Risan, Dobrota and Trivat amounts to about 850 square meters.

- **PORTFOLIO MANAGEMENT AND ADVISORY ACTIVITIES**

At the end of the first half of 2011 the real estate portfolio management commissioned by other institutions and realized by the Celtic Group included almost 400 properties located in Italy and Great Britain. These properties measure altogether over 1.0 mln square meters and their aggregate value amounts to over EUR 700 mln. In Italy the Celtic Group manages a portfolio of about 370 properties under agreement with Spazio Industriale Fund. The Celtic Group has also been given mandate to sell the properties under real estate portfolio management agreements.

In the first half-year of 2011 the following events took place:

- **REGISTRATION OF CAPITAL DECREASE**

January 14, 2011 the District Court for City of Warsaw in Warsaw, XII Commercial Division of National Court Register registered the decrease of the Company's capital. According to the decision the Company's equity was decreased from PLN 3.483.329,50 to the amount of PLN 3.406.825,20. The above reduction was made on the basis of the resolution of the Extraordinary General Meeting adopted on September 20, 2010 as a consequence of the redemption of shares acquired by the Company. Following the registration the Company's equity amounts to PLN 3.406.825,20 and is composed of 34.068.252 B series Shares at nominal value of 0,10 PLN each, authorizing 34.068.252 votes at a General Meeting of the Company.

- **RESIGNATION OF A MEMBER OF THE SUPERVISORY BOARD**

On February 4, 2011 the Company received the resignation of Mr. Krzysztof Cichocki from the function of the Supervisory Board Member with effect from the day prior to the completion of the General Meeting of the Company.

- **EXTRAORDINARY GENERAL MEETING**

In relation to the resignation of Mr. Cichocki from the function of Supervisory Board Member the Extraordinary General Meeting was held on March 3, 2011 at the Company's registered Office to adopt the resolution regarding changes in the Supervisory Board structure as well as the remuneration of the Supervisory Board members. At the Extraordinary General Meeting Mr. Wiesław Rozłucki was appointed a member of the Supervisory Board. The term of office of Mr. Wiesław Rozłucki expires on February 23, 2012.

- **SELECTION OF THE AUDITOR**

On April 13, 2011 the Supervisory Board selected PricewaterhouseCoopers Sp. z o.o., with its seat in Warsaw at 14 Al. Armii Ludowej, as the auditor authorized to examine the stand alone financial statement of Celtic Property Developments S.A., the consolidated financial statement of the Celtic Group for financial year ended December 31, 2011, as well as reviews of interim reporting as of June 30, 2011. PricewaterhouseCoopers Sp. z o.o. also conducted the examination of the Company's financial statements and the Celtic Capital Group's consolidated statements in past years. The agreement with PricewaterhouseCoopers Sp. z o.o. will be conducted for a period necessary for the implementation of the works designated in the agreement.

- **ANNUAL GENERAL MEETING**

At the Annual General Meeting held in the Company's headquarters on June 6, 2011 the following resolutions were approved:

1. The approval of the Financial Statement and the Management Board Report on the Company's operations for the year ended 2010;
2. The approval of the Consolidated Financial Statement and the Management Board Report on the Capital Group's operations for the year ended 2010;
3. The acknowledgement of the fulfillment of duties performed in 2010 by members of the Management Board;
4. The acknowledgement of the fulfillment of duties performed in 2010 by members of the Supervisory Board;

The split of the net profit of Celtic Property Developments S.A. for the year ended 31 December 2010 of PLN 23.563 ths. in the following way: PLN 480 ths. to cover the losses from previous years, PLN 1.161 ths. for the supplementary capital and PLN 21.922 ths. for the reserve capital.

6. MAIN RISK FACTORS AND THREATS FOR THE GROUP'S OPERATIONS IN THE SECOND HALF OF 2011

According to the Management Board the most important risk factors that may influence the operations of the Company and the Group in the second half of 2011 include:

- **RISK RELATED TO THE MACROECONOMIC SITUATION OF THE MARKETS ON WHICH THE COMPANY AND ITS CAPITAL GROUP OPERATE**

The overall macroeconomic situation of Poland and other markets on which the Company and its Capital Group operate, including such factors as: GDP growth rate, inflation and interest rate levels, level of investments in the economy and unemployment rate have direct influence on the level of wealth and purchasing power of people and the financial standing of companies. Consequently, these factors affect also the demand for products and services offered by the Company and its Capital Group and may influence their financial performance.

As a result of the latest economic crisis the economic growth rate slowed down in many countries, including Poland. While the latest forecasts of the National Bank of Poland for 2011-2012 assume that the growth of the Polish GDP will attain 4.0% and 3.2%, respectively, we cannot rule out the possibility that the GDP growth rate in these years will be lower. If the GDP growth rate slows down, the demand for products offered by the Company and its Capital Group may drop, which in turn may result in a drop in prices of residential and commercial real estate and adversely affect the Company's and its Capital Group's financial condition.

- **RISK RELATED TO THE PROCESS OF OBTAINING ADMINISTRATIVE DECISIONS, THE POSSIBILITY OF APPEAL AND THE LACK OF MASTER PLANS**

The developer's business activity conducted by the Company and its Capital Group triggers the necessity of obtaining numerous administrative decisions enabling implementation of building projects such as decisions on the investment location, zoning and development decisions (if there is no master plan for a given area), building permits, occupancy certificates for the newly built investments, environmental decisions.

The obligation to obtain the above administrative decisions triggers the risk of inability to complete or delay in completing the building projects implementation if the decisions are not obtained or the relevant procedures are protracted.

Moreover, the Company cannot rule out the possibility that the decisions already reached will be appealed against by the parties to the administrative procedures or repealed, which would adversely affect the ability to further conduct or complete the current building projects and, consequently, the business operations, financial position and the results of the Group.

Furthermore, there is also the risk of inability to implement building projects within the areas where master plans were not adopted and where the chances to obtain a zoning decision are prevented or hindered to a great extent.

- **RISK RELATED TO CHANGES IN DEVELOPMENT COSTS**

During the implementation of the development project the costs of the project may increase. This increase may result from: changes introduced in the building design, increased material

costs, increased labour costs, sub-contractor costs, land/facility use fees, taxes and other administrative fees. Consequently, the Company may fail to achieve the expected return on investment, which in turn may result in financial results worse than planned. The Company endeavours to mitigate the above risk through striving to enter into contracts with general contractors and subcontractors providing for lump sum fees. The increased labour and material costs may also adversely impact the profitability of future development projects.

- **RISK RELATED TO CHANGES IN THE SELLING PRICES OF FLATS AND LEASE RENT RATES**

The Company's profitability depends largely on the level of the prices of flats and on rental rates for office space in the cities where the Company operates or intends to operate as a developer, as well as on market yields for the purchase of commercial real estate. Should the prices of flats or lease rates drop, the Company will not be able to guarantee that it will be able to sell apartments or offices at expected prices. If, in turn, the capitalization rates applied for commercial real estate valuation increase, the Company may be unable to sell the commercial real estate at the expected price, which may have a negative effect on the Group's business operations and its financial results.

- **RISK RELATED TO CONSTRUCTION CONTRACTS**

The Group uses services of specialized construction contractors, who often employ subcontractors, in order to implement its development projects. The Company cannot rule out the possibility of non-performance or improper performance of the obligations of such contractors and subcontractors, which may adversely affect the performance of construction projects and, consequently, the business operations, financial standing and results of the Group.

Moreover, taking into account the joint liability of the investor and the contractor for payment of fees to subcontractors, the Company may not rule out the possibility of the contractor's incapacity to pay those fees and, therefore, the occurrence of liability on the part of the Company or its subsidiary, acting as the investor. The above risk is limited by allocating individual projects to individual companies. Additionally, the payment for services provided by the general contractor is dependent on its timely payments to subcontractors. The Company monitors payments made by the general contractors to their subcontractors on a daily basis.

- **RISK RELATED TO LEASE AGREEMENTS**

The value of real estate to be leased depends on the time left to the lapse of the lease agreements' term and on the financial standing of the lessees. If the Company and its Group's members are not able to prolong, on favorable conditions, the agreements which are due to expire in the near future, or gain and maintain appropriate lessees of good financial standing and willing to enter into long-term lease agreements, this may adversely affect the market value of the real estate portfolio. The financial situation of a lessee may deteriorate in the short or long term, which in turn may lead the lessee to bankruptcy or inability to pay its liabilities resulting from the lease agreement. If any of the above factors occurs, it may have a negative effect on the Company's financial performance.

- **DEFAULT RISK**

Development projects are usually financed by debt financing to a substantial extent. On the one hand the Company and its Capital Group are exposed to interest rate risk and higher finance costs. On the other hand, if the demand for the Company's products decreases extremely, the Company may be unable to service the debt. Consequently if the loan agreements are breached, there is the risk of the lender taking over the Group's assets that secure the repayment of the loans. The Company cannot rule out the possibility of limited access to debt financing or substantial rise in its cost due to changes in banks' lending policies either. This may hinder the Company's opportunities to begin new projects and considerably affect its future financial performance.

- **CURRENCY RISK**

The debt of the Group denominated in foreign currencies amounted to PLN 51,5 mln as of June 30, 2011. Also in the future the Company and its Capital Group do not rule out the possibility of taking out any further foreign currency loans, denominated mainly in euro. Therefore the Group is exposed to the risk of depreciation of Polish zloty against the currencies in which the loans were and will be taken out, which may adversely affect the Company's financial performance. This risk is partially mitigated by the fact that receivables resulting from the lease and sale of office projects are settled in foreign currencies.

- **RISK RELATED TO THE GROUP'S PROSPECTIVE CUSTOMERS' ACCESS TO LOANS**

The regulations regarding giving mortgage loans issued by the Financial Supervision Commission over last 12 months (so-called T-recommendation issued in August 2010 and the amendment of S-recommendation issued in January 2011) may substantially limit the accessibility of loans designated to finance the purchase of the real estate. As a result they may cause a drop in demand for apartments and houses and consequently reduce the demand for the Group's development projects.

A decrease in demand for houses and apartments may also stem from changes in the government program called „Rodzina na Swoim”, which is designed to support the purchase of houses/apartments by Polish families. These changes come into effect on August 31, 2011. They limit the availability of houses both on primary and secondary market and introduce age limits for buyers. The amendment also enables the purchase of houses by single people. The program expires at the end of 2012.

Given the popularity of foreign currency mortgage loans, the significant risk for the Company may also result from the deteriorating value of Polish zloty against foreign currencies, especially euro and Swiss franc. The depreciation of PLN exchange rate may prevent prospective buyers from taking out loans in foreign currencies. The above circumstances and events may adversely affect the Company's operations and its financial performance.

- **INTEREST RATE RISK**

Interest rate risk is the risk resulting from changes in market interest rates. As far as the Group is concerned, interest rate risk is linked to its long-term bank loans. Loans with variable rates expose the Group to the risk of fluctuations in the future cash flows. Celtic Group does not hedge interest rate risk. The Group's management continuously observes changes in interest rates and act appropriately.

7. FACTORS AND EVENTS OF UNUSUAL NATURE

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

8. SEASONALITY AND PERIODICITY OF THE GROUP'S ACTIVITY

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

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

The Company did not issue, redeem or repay any securities in the reporting period.

10. INFORMATION RELATED TO DIVIDENDS PAID

In the reporting period the company did not pay or declare any dividends.

11. EVENTS AFTER THE DATE OF PREPARATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENT

On August 12, 2011 a loan agreement was concluded between the Company's subsidiary Belise Investments Sp. z o.o. as borrower, Celtic Property Developments S.A., Lokia Enterprises Ltd. and East Europe Property Financing A.B. as guarantors and the Bank Zachodni WBK S.A.

Belise Investments Sp. z o.o. realizes the project of the office building IRIS located at 9 Cybernetyki Street in Warsaw. Subject to the terms of the agreement, the Bank made available an investment loan up to EUR 20.141.000, with the aim of financing or refinancing part of the Project's costs or fit-out costs and a revolving VAT loan up to PLN 2.100.000, made available towards financing or partial refinancing the VAT tax, which is due because of the realization of the Project. The final repayment of the investment loan will take place no later than on August 12 2019. The outstanding amounts will be repaid in EUR in accordance with the repayment schedule. The subsidiary will pay interest based on the variable 1M EURIBOR deposit interest rate increased by the Bank's margin. The final repayment of the VAT loan will take place no later than on August 12, 2014. The subsidiary will pay interest based on the variable 1M WIBOR deposit interest rate increased by the Bank's margin. The loan is secured mainly by the contractual mortgage established by the borrower for the Bank on the right of perpetual usufruct of land and on the ownership rights of buildings which are located on this land, situated in Warsaw, at 9 Cybernetyki Street.

12. CHANGES RELATED TO CONTINGENT LIABILITIES OR CONTINGENT ASSETS

In the reporting period there were no substantial changes with regard to contingent liabilities or contingent assets.

13. FACTORS AFFECTING NEXT QUARTER RESULTS

The most important factors that will influence the results of the next quarter include:

- The issue of Master Plan for the Ursus site by City of Warsaw authorities, which will allow the company to commence construction works in Ursus project;
- Commencing the realization of IRIS project at 9 Cybernetyki Street;
- Further development of asset management activities by means of acquiring new contracts in Poland and abroad.

14. THE MANAGEMENT BOARD'S POSITION ON THE IMPLEMENTATION OF THE PREVIOUSLY PUBLISHED FORECASTS

Neither the Celtic Property Developments Capital Group nor its holding company Celtic Property Developments S.A. published any forecasts of financial statements.

15. MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AS OF JUNE 30, 2011

Members of the Management Board of CELTIC PROPERTY DEVELOPMENTS S.A. as of June 30, 2011:

Andrew Morrison Shepherd – Chairman of the Management Board
Aled Rhys Jones – Member of the Management Board
Elżbieta Donata Wiczowska - Member of the Management Board
Christopher Bruce – Member of the Management Board.

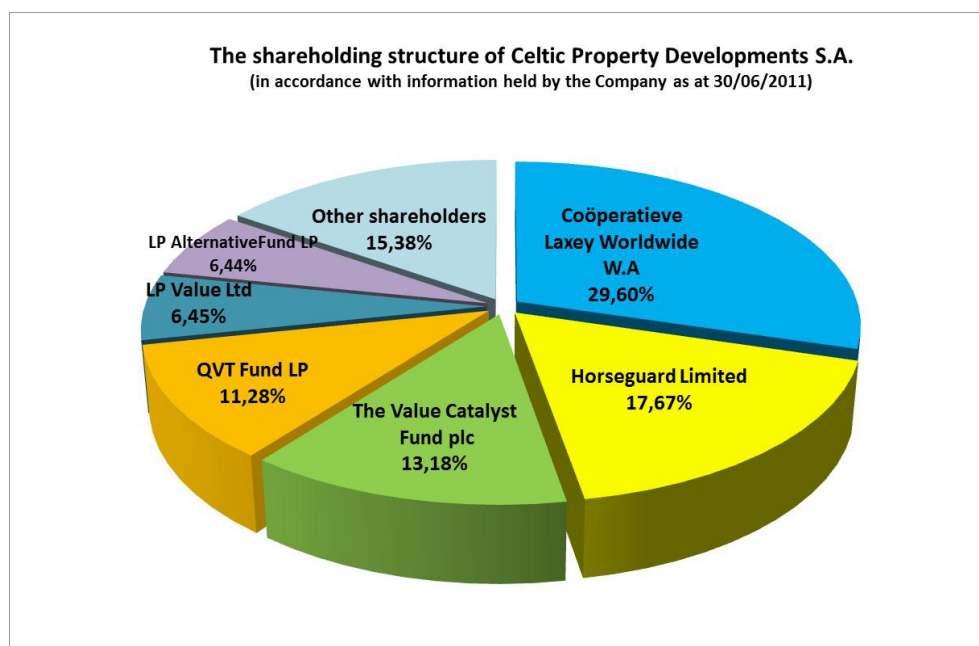
Members of the Supervisory Board as of June 30, 2011:

Marzena Beata Bielecka – Chairman of the Supervisory Board
Wiesław Piotr Oleś – Vice-Chairman of the Supervisory Board
Colin Kingsnorth – Member of the Supervisory Board
Mirosław Jerzy Gronicki – Member of the Supervisory Board
Wiesław Rozłucki – Member of the Supervisory Board.

16. SHAREHOLDERS HOLDING AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING

In accordance with the information held by the company as of June 30, 2011, the shareholders who directly or indirectly through subsidiaries hold at least 5% of the total number of votes at the general meeting are listed below:

Shareholder	Number of shares	Shares in votes in %	Number of shares in % of total shares
Coöperatieve Laxey Worldwide W.A	10 082 930	29,60%	29,60%
Horseguard Limited	6 020 615	17,67%	17,67%
The Value Catalyst Fund plc	4 490 475	13,18%	13,18%
QVT Fund LP	3 843 635	11,28%	11,28%
LP Value Ltd	2 198 450	6,45%	6,45%
LP Alternative Fund LP	2 193 930	6,44%	6,44%



17. STATEMENT OF SHARES OWNERSHIP BY THE MANAGEMENT AND THE SUPERVISORY BOARD

Mr. Christopher Bruce, a Board Member of the Company, owns 38.899 shares of the Company of B Series (shares account for 0.11% of share capital and give 0.11% of the votes at the General Meeting of the Company), which constitutes an increase of 950 shares in comparison with the previous state.

The Company has no information that the other members of the Management Board or the Supervisory Board are in possession of the Company's shares.

18. PENDING COURTS, ARBITRATION AUTHORITY OR PUBLIC AUTHORITY PROCEEDINGS ABOVE 10% OF EQUITY

Neither the Company nor any of its subsidiaries is a party to any pending courts or arbitration authority proceedings or public authority proceedings, which altogether would have a combined value of more than 10% of the Company's equity.

19. TRANSACTIONS WITH RELATED PARTIES

Transactions with subsidiaries have been described in the explanatory note nr 20 to the Condensed consolidated half-year financial statement for the period ended June 30, 2011. In the reporting period the Company did not enter into any transactions with subsidiaries on conditions other than market conditions.

20. GUARANTEES GIVEN

In the reporting period neither the Company nor its subsidiaries held any substantial contingent liabilities, whose estimated aggregate value would exceed 10% of the Company's equity.

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21. OTHER INFORMATION

There was no other information apart from the above mentioned.

II. STATEMENTS OF THE MANAGEMENT BOARD

Warsaw, 30 August, 2011

The Management Board of Celtic Property Developments S.A. ("The Company") confirms that to the best of its knowledge the condensed interim consolidated financial statements for the period of 6 months ended 30 June, 2011 of the Group Celtic Property Developments S.A. ("The Group"), the condensed interim financial statements of the Company for the period of 6 months ended 30 June, 2011 and 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 half-year report of activities of the Group includes the true situation of the achievements and the situation of the Group including the description of 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.

ANDREW MORRISON SHEPHERD

PRESIDENT OF THE BOARD

ALED RHYS JONES

MEMBER OF THE BOARD

CHRISTOPHER BRUCE

MEMBER OF THE BOARD

ELŻBIETA DONATA WICZKOWSKA

MEMBER OF THE BOARD

**III. AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 6
MONTHS ENDED 30 JUNE, 2011**

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's opinion and report of the above-mentioned Polish Company. 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 report has 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.

Independent registered auditor's report on the review of the condensed consolidated interim financial statements for the period from 1 January to 30 June 2011

To the Shareholders and the Supervisory Board of Celtic Property Developments S.A.

We have reviewed the accompanying condensed consolidated interim financial statements of Celtic Property Developments S.A. Group (hereinafter called the Group), of which Celtic Property Developments S.A. is the parent company (hereinafter called "the Parent Company"), with its registered office in Warsaw, Rondo ONZ 1 Street, comprising the condensed consolidated statement of financial position as at 30 June 2011, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period from 1 January to 30 June 2011 and additional information on the adopted accounting policies and other explanatory notes.

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

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

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

Based on our review we have not identified anything that would allow us to state that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

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

Wojciech Maj
Key Registered Auditor
No. 6128
Warsaw, 30 August 2011

**IV. AUDITORS' REVIEW REPORT ON THE CONDENSED INTERIM
FINANCIAL STATEMENTS OF THE CELTIC PROPERTY DEVELOPMENTS
S.A. FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE, 2011**

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the registered auditor's opinion and report of the above-mentioned Polish Company. 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 report has 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.

Independent registered auditor's report on the review of the condensed interim financial statements for the period from 1 January to 30 June 2011

To the Shareholders and the Supervisory Board of Celtic Property Developments S.A.

We have reviewed the accompanying condensed interim financial statements of Celtic Property Developments S.A. (hereinafter called *the Company*), with its registered office in Warsaw, Rondo ONZ 1 Street, comprising the condensed statement of financial position as at 30 June 2011, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows for the period from 1 January to 30 June 2011 and additional information on the adopted accounting policies and other explanatory notes.

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

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

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

Based on our review we have not identified anything that would allow us to state that the interim condensed financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

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

Wojciech Maj
Key Registered Auditor
No. 6128
Warsaw, 30 August 2011

**V. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS WITH
CONDENSED INTERIM FINANCIAL STATEMENTS OF CELTIC PROPERTY
DEVELOPMENTS S.A. FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE,
2011**

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements

for the period of 6 months ended 30 June 2011

and the condensed financial statements of CELTIC PROPERTY DEVELOPMENTS S.A.
for the period of 6 months ended 30 June 2011

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 2011

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CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 6 months ended 30 June 2011

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the 6 month period ended	
		30 June 2011	30 June 2010
		(unaudited)	(unaudited)
Revenues	12	19 292	28 624
Cost of sales	13	(10 466)	(22 426)
PROFIT ON SALES		8 826	6 198
Administrative costs property related	14	(15 857)	(13 907)
Administrative expenses-other	15	(7 128)	(10 263)
Selling and marketing expenses		(939)	(401)
Other income	16	249	3 165
Net (loss)/ gain from fair value adjustments on investment properties	4	(3 008)	(4 283)
Result from sales of subsidiaries		0	(2)
TOTAL EXPENDITURE		(26 683)	(25 691)
OPERATING RESULT		(17 857)	(19 493)
Financial income	17	541	269
Financial costs	17	(3 122)	(8 506)
PROFIT (LOSS) BEFORE INCOME TAX		(20 438)	(27 730)
Income tax	18	(2 289)	94 704
PROFIT (LOSS) FOR THE PERIOD		(22 727)	66 974
Currency translation adjustment		388	4 493
TOTAL COMPREHENSIVE INCOME		(22 339)	71 467
DILUTED EARNINGS PER SHARE	22	(0.67)	1.93

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

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
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 2011

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	30/6/2011 (unaudited)	31/12/2010
ASSETS			
Non-current assets			
Investment properties	4	755 191	754 216
Property, plant and equipment		1 020	1 067
Intangible assets, excluding goodwill		193	321
Available-for-sale financial assets		34	34
Goodwill		49 833	49 504
Deferred tax assets	11	8 892	7 884
Long-term receivables		40	553
		815 203	813 579
Current assets			
Inventories	6	70 695	76 298
Trade receivables and other receivables	5	19 074	23 046
Income tax receivables		967	1 526
Cash and cash equivalents	7	29 241	37 306
		119 977	138 176
Total assets		935 180	951 755
EQUITY			
Equity attributable to owners of the parent company			
Share capital	8	3 406	3 483
Supplementary capital		1 161	0
Reserve capital		21 922	0
Translation reserve		(8 558)	(8 946)
Retained earnings		785 208	830 941
Total equity		803 139	825 478
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	9	261	134
Borrowings, including financial leasing	10	28 662	78 173
Deferred tax liabilities	11	27 765	25 449
		56 688	103 756
Current liabilities			
Trade payables and other liabilities	9	22 392	18 725
Current income tax liabilities		1 378	712
Borrowings, including financial leasing	10	51 583	3 084
		75 353	22 521
Total liabilities		132 041	126 277
Total Equity and liabilities		935 180	951 755

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
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 2011

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Note	Share capital of CPD Plc	Share capital of POEN SA	Translation reserve	Supplementary capital	Accumulated profit (loss) Reserve capital	Retained earnings	Total equity
Balance as at 1/1/2010		1 197 085	0	58 125	0	0	(480 320)	774 890
<u>Transactions with owners</u>								
Disposal of own shares		3 478	0	0	0	0	0	3 478
		1 200 563	0	58 125	0	0	(480 320)	778 368
<u>Comprehensive income</u>								
Currency translation adjustment		0	0	4 493	0	0	0	4 493
Profit (loss) for the period		0	0	0	0	0	66 974	66 974
		0	0	4 493	0	0	66 974	71 467
Balance as at 30/6/2010 /unaudited	8	1 200 563	0	62 618	0	0	(413 346)	849 835
<u>Balance as at 1/1/2011</u>								
		0	3 483	(8 946)	0	0	830 941	825 478
<u>Transactions with owners</u>								
2010 profit allocation		0	0	0	1 161	21 922	(23 083)	0
Shares cancelled		0	(77)	0	0	0	77	0
		0	(77)	0	1 161	21 922	(23 006)	0
<u>Comprehensive income</u>								
Currency translation adjustment		0	0	388	0	0	0	388
Profit (loss) for the period		0	0	0	0	0	(22 727)	(22 727)
		0	0	388	0	0	(22 727)	(22 339)
Balance as at 30/6/2011 /unaudited		0	3 406	(8 558)	1 161	21 922	785 208	803 139

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

Christopher Bruce
Board Member

Elzbieta 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 2011

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of cash flows

	Nota	For the 6 month period ended	
		30 June 2011 (unaudited)	30 June 2010 (unaudited)
Cash flow from operating activities			
Cash generated from operations	19	(1 751)	(6 271)
Interest paid		(1 197)	(1 934)
Income tax paid		262	(261)
Net cash generated from investing activities		(2 686)	(8 466)
Cash flows from investing activities			
Capital expenditure on investments property		(3 991)	(6 434)
Purchase of property, plant and equipment		(65)	(169)
Acquisition of available-for-sale financial assets		0	(36)
Net cash used in investing activities		(4 056)	(6 639)
Cash flows from financing activities			
Proceeds from borrowings		172	959
Repayment of borrowings		(1 495)	(1 483)
Net cash used in financing activities		(1 323)	(524)
Net (decrease)/increase in cash and cash equivalents		(8 065)	(15 629)
Cash and cash equivalents at beginning of the year		37 306	50 116
Cash and cash equivalents at the end of the period	0	29 241	34 487

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
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 2011

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

1 General information

Information on Celtic Property Developments S.A. (current parent Company)

Celtic Property Developments S.A. ("Company", "CPD") with its registered office in Warsaw (00-124), Rondo ONZ 1, 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.). 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.

Information on Celtic Property Developments Plc (previous parent Company - before merger)

Celtic Property Developments Plc ("CPD Plc") was created on December 20, 1990 in Jersey as The East Europe Development Fund Limited. On October 24, 2006, the headquarters of the Company was transferred to the British Virgin Islands, and on November 1, 2007, the company name was changed to Celtic Property Developments S.A. in February 2010, the company's headquarters was relocated to Cyprus under the name Celtic Property Developments Plc. 23 August 2010 National Judicial Register registered the acquisition of Celtic Property Developments Plc by its existing 100% subsidiary POEN S.A.. in exchange for the issuance of shares to existing shareholders Celtic Property Developments Plc., as a result, POEN S.A. became the parent group and its structure remained the same in relation to the parent of the group prior to the merger. The combined entity on September 2, 2010, was renamed Celtic Property Developments S.A.

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

2 The accounting principles

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ending 31 December 2010, drawn up in accordance with IFRS adopted for application within the European Union.

Accounting principles are consistent with the principles applied in the annual consolidated financial statements for the year ended 31 December 2010.

2.1 Basis of preparation

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

The following new and amended standards and interpretations in 2011 and applied by the company did not affect this interim condensed financial statements:

Amendments to IFRS 1 "First-time adoption of the IFRS"

"The amendments to IFRS 1 'Limited exemption from the presentation of comparative information in accordance with IFRS 7 for enterprises applying IFRS for the first time' has been published by the international accounting standards on January 28, 2010 and are valid for annual periods beginning on or after 1 July 2010 or after that date.

Amendments to IAS 32 "classification of rights issues "

The amendments to IAS 32 "classification of rights issues" have been published by the international accounting standards on October 8, 2009 and are valid for annual periods beginning on or after February 1, 2010 or after that date.

Amendments to IFRIC 14 "payments on the minimum funding requirements"

Amendments to the interpretation IFRIC 14 has been issued by the Committee. The interpretation of the international financial reporting on 26 November 2009 and are valid for annual periods beginning on or after 1 January 2011 or after that date. This interpretation provides guidance on the recognition of early payment of contributions to cover the minimum requirements for the financing as an asset in the paying entity.

IFRIC 19 "Extinguishing financial liabilities with equity instruments"

Interpretation of IFRIC 19 was delivered by the Committee. The interpretation of the international financial reporting on November 26, 2009 and is valid for annual periods beginning on or after 1 July 2010 or after that date. This interpretation clarifies the accounting rules applied in a situation where, as a result of the renegotiation of the terms of its debt obligation is regulated through the issuance of equity instruments focused on the creditor. Interpretation requires a valuation of equity instruments at fair value and recognised gain or loss equal to the difference between the accounting value of the obligations and the fair value of the equity instrument.

Notes to the interim condensed consolidated financial statements

Amendments to IFRS 2010

The Council of International accounting standards published May 6, 2010 amendment to IFRS 2010 ", which change 7 standards. Revisions include changes in the presentation, recognising and valuing and terminological changes are made and editing. Most changes apply for annual periods beginning on or after 1 January 2011.

With effect from 1 January 2011, amendments to **IAS 24 "related party transactions"** were already applied by the CPD Group in the consolidated financial statements for the year ending 31 December 2010.

In these consolidated financial statements the Group CPD has decided not to advance the following published standards or interpretations before their date of entry into force:

IFRS 9 "Financial instruments"

IFRS 9 "financial instruments" was published by the international accounting standards on November 12, 2009 and is valid for annual periods beginning on or after 1 January 2013 or after that date.

Standard makes one model for only two categories of classification: depreciated cost and fair value. Approach IFRS 9 is based on the business model used by the entity for the management of assets and contractual characteristics of financial assets. IFRS 9 also requires the use of one method for estimating impairment of assets.

The group will apply IFRS 9 from 1 January 2013 at the date of preparation of the present financial statements, IFRS 9 is not yet approved by the European Union.

IFRS 7 "Transfers of financial assets"

Changes require the disclosure of additional information about the risks arising from the transfer of financial assets. Include the requirement of disclosure, according to the nature of assets, the carrying amount and description of the risks and benefits of financial assets transferred to another entity, but which is still in the balance sheet. Disclosure of information is also required to enable a user to know the amount of possible related obligations and the relationship between the financial assets and the relevant obligation. In the case where financial assets have been removed from the balance sheet, but the body is still vulnerable to certain risks and can obtain some advantages of the transferred asset is required in addition to the disclosure of information to understand the consequences of such risks.

IFRS 10 "Consolidated financial statements"

IFRS 10 was published by the Board of the international accounting standards in May 2011 and shall be applicable for annual periods beginning on or after 1 January 2013 or after that date.

The new standard replaces the guidance on the inspection and consolidation contained in IAS 27 "consolidated and separate financial statements" and in interpretation SIC-12 consolidation-special purpose entities ". IFRS 10 redefines checks in such a way that for all the units were subject to the same criteria for the establishment of control. The amended definition is accompanied by extensive guidance on the application.

The group will apply IFRS 10 from 1 January 2013.

At the date of preparation of this consolidated financial statements, IFRS 10 has not yet been authorized by the European Union.

IFRS 11 "Joint ventures"

"IFRS 11 was published by the Board of the international accounting standards in May 2011 and shall be applicable for annual periods beginning on or after 1 January 2013 or after that date.

The new standard replaces IAS 31 "interests in joint ventures" and the interpretation SIC-13 jointly controlled entities-non-monetary contributions by venturers. Changes in definitions restrict the number of types of joint ventures to two: joint operations and joint ventures. At the same time avoiding the traditional choice of proportionate consolidation in respect of units under common control. All participants in the joint ventures they now have an obligation to their consolidation under the equity method.

The group will apply IFRS 11 from 1 January 2013. At the date of preparation of this consolidated financial statements, IFRS 11 has not yet been approved by the European Union.

IFRS 12 "Disclosure of involvement in other units "

IFRS 12 was published by the Board of the international accounting standards in May 2011 and applies to annual periods beginning on or after January 1, 2013 or after that date.

New standard applies to individuals who have participated in the subsidiary, joint venture, an associate or unconsolidated structure. The Standard replaces the requirements for the disclosure of the information currently contained in IAS 28 investments in associates.

CELTIC PROPERTY DEVELOPMENTS S.A.

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Notes to the interim condensed consolidated financial statements

IFRS 12 requires that entities disclose information that will help users of financial statements to assess the nature, risks and financial impact of investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. To this end, the new standard requires disclosure of information on many areas, including significant judgements and assumptions adopted in determining whether an entity has control or joint control of, or significant influence over, another entity; comprehensive information about the importance of non-controlling interest in the group operations and cash flows of the Group; summary financial information of subsidiaries with significant non-controlling interest as well as detailed information about the shares in the unconsolidated structured entities.

The group will apply IFRS 12 from 1 January 2013. At the date of preparation of this consolidated financial statements, IFRS 12 has not yet been approved by the European Union.

IFRS 13 "Valuation at fair value"

IFRS 13 was published by the Board of the international accounting standards 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.

The group applies the amendments to IFRS 13 from 1 January 2013. At the date of preparation of this consolidated financial statements, IFRS 13 has not yet been approved by the European Union.

Amendments to IAS 11 "Presentation of financial statements"

Amendments to IAS 1 "presentation of financial statements" have been published by the international accounting standards in June 2011 and are valid for annual periods beginning on or after 1 July 2012 or after that date.

Changes require that individuals share positions presented in other comprehensive income into two groups based on whether the future will be able to be included in the financial result. In addition, changed the title of the report of the total revenue on the "report on the financial result and the rest of the total revenue." The group applies the changes to IAS 1 after 1 July 2012.

The group applies the changes to IAS 1, after July 1, 2012. At the date of the report of the present consolidated financial statements, an amendment to IAS 1 have not yet been approved by the European Union.

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

Amendments to IAS 12 "recovery of the carrying amount of assets" have been published by the international accounting standards in December 2010 and are valid for annual periods beginning on or after 1 January 2012 or after that date.

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.

The group applies the amendments to IAS 12 from 1 January 2012. At the date of preparation of this consolidated financial statements, IFRS 12 has not yet been approved by the European Union.

Amendments to IAS 19 "Employee benefits"

Amendments to IAS 19 "employee benefits" was published by the Board of the international accounting standards in June 2011 and are valid for annual periods beginning on or after January 1, 2013 or after that date.

Changes to introduce new requirements for recognising and measuring the costs of the programmes referred to the benefits and benefits in respect of the termination, which also changes the required disclosure for all employee benefits.

The group applies the changes to IAS 19 as from 1 January 2013. At the date of the report of the present consolidated financial statements, an amendment to IAS 19 have not yet been approved by the European Union.

Amendments to IFRS 1 ' severe hyperinflation and the withdrawal of fixed dates for adopting IFRSS for the first time "

This amendment does not apply to the financial statements of the group.

Notes to the interim condensed consolidated financial statements

3 Significant changes in accounting estimates

Determination of the fair value of investment property

Shown in the balance sheet of the fair value of investment property 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 as a result of the valuation. Taking into account the specificities of the market at the balance sheet date, the Board has reviewed and confirmed the assumption experts representing the basis for the models used.

The properties which generate significant revenues from rent (Aquarius, Cybernetyki 7b) were valued by the discounted cash flow method. Land not intended for development (Wolbórz, part of the Ursus property) was valued by the comparative method, and the fair value of the other investment properties was determined based on the residual method with or without phasing of construction projects planned for the individual plots.

Depending on the circumstances, the rates of current and future rents and sale prices of apartments resulted from rental agreements signed or market conditions determined by an independent expert. Usable areas used in the calculations resulted from the existing construction documents or, in their absence, from the binding or announced spatial planning conditions. The costs of construction project execution used in the residual method resulted from the adopted budgets or, in their absence, from the estimated cost efficiency ratios determined by the expert for comparable market projects.

For valuation purposes capitalization rates of 7.25% to 8% and discount rates of 7.5% to 8% were used.

For the purposes of the evaluation were interest capitalisation in the range of 7.25%-8% and the discount rate in the range of 7,5%-8%.

In the first half of 2011, the group reported a loss on revaluation of investment property to fair values amounting to 3 million. In the same period of the year 2010, the group loss on revaluation of investment property to fair values amounted to 4 million.

Assessment of the recovery value of assets

For the purposes of the evaluation on the balance sheet date, impairment of assets, the Management Board shall take into account the value of recoverables and can obtain the sales prices for individual assets.

In the case of properties classified as inventory, with the exception of real estate in Hungary and in Montenegro, which has estimated the value of the Management Board on the basis of achievable sales prices, fair values are determined on the basis of the independent experts ' quotes, based on similar principles as in the case of investment property. But in the case of the stock available for immediate sale Koszykowa, Magdalenka, Wilanów) valuer determined the fair value based on the comparative method, while the draft Iris (Mokotów Plaza II) residual method. Changes in the current period of inventory impairment losses are described in note 6.

The second important category, on the valuation of which have a significant impact in the current period, the Board of Directors estimates were deferred tax assets. The recoverable amount is determined on the basis of the likelihood of the implementation of the assets in the future, taking into account the business plans of each of the companies included in the consolidation. Due to a lack of reasonable certainty as to the future implementation, the value of unrecognized deferred tax assets and liabilities at the balance sheet date amounted to 8 mln PLN.

Tax accounts

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

CELTIC PROPERTY DEVELOPMENTS S.A.

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4 Investment properties

	1/1/2011 - 30/6/2011	1/1/2010 - 31/12/2010
At the beginning of the reporting period	754 216	861 876
Capital expenditure	3 991	8 787
Disposal	0	(131 050)
Net (loss)/ gain from fair value adjustments on investment properties	(3 008)	16 077
Change of capitalised financial liabilities	(8)	(1 474)
At the end of the reporting period	755 191	754 216
For the 6 month period ended		
	30 June 2011	30 June 2010
Direct operating costs for investment properties:		
- rent income bearing	1 650	2 487
- other	2 759	2 222
	4 409	4 709

5 Trade receivables and other receivables

	30/6/2011	31/12/2010
Trade receivables	9 996	7 880
Short-term loans	45	0
Receivables from the state budget	3 030	673
Receivables from related parties	484	3 844
Deferred income	0	160
Prepaid expenses	5 513	4 869
Other receivables	6	5 620
Short-term receivables	19 074	23 046
Long-term receivables	40	553
Total receivables	19 114	23 599

6 Inventories

	30/6/2011	31/12/2010
At the beginning of the reporting period	76 298	93 298
Capital expenditure	1 817	1 350
Disposal	(8 348)	(9 674)
Transfer to other receivables	0	(2 038)
Transfer from other receivables	1 222	0
Impairment loss	(450)	(5 721)
Exchange differences	156	(917)
At the end of the reporting period	70 695	76 298

Inventory impairment as at 30.06.2011 was estimated on the basis of sales margins, realised on sale of inventory in the first two quarters 2011.

In 2010 the cost of the roads transferred by the subsidiary to the public has been classified as other receivables. In the year 2011 the cost of transferred parcels, decreased by the amount of compensation was rebokod to inventory as increasing the value of the remaining unsold plots.

CELTIC PROPERTY DEVELOPMENTS S.A.

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Notes to the interim condensed consolidated financial statements

7 Cash and cash equivalents

	30/6/2011	31/12/2010
Cash at bank and on hand	16 728	25 319
Cash and cash equivalents with restricted availability for use	12 128	9 374
Short-term bank deposits	385	2 613
	29 241	37 306

Restricted cash means the funds transferred as a result of the implementation of the credit agreement with HSBC as well as cash retained on the basis of a contract of sale of one of the properties.

8 Share capital

	Number of shares		Value of shares	
	30/6/2011	31/12/2010	30/6/2011	31/12/2010
Ordinary shares (in thousands)	34 068	34 833	3 406	3 483

On 14 January 2011 KRS registered the cancellation of 765.043 series B shares and the share capital decrease by 77kPLN, with reference to Extraordinary Shareholders Meeting resolution taken on 20 September 2010. The proceeds on shares cancellation, at value of EUR 6 per share was paid in 2010.

On 23 August 2010, the National Court Register recorded cross-border merger of former parent Company of CPD Plc (Acquired Company) and CPD S.A. (Acquiring Company) by transfer of all assets and liabilities of the Acquired Company to the Acquirer in exchange for newly issued shares of Acquiring Company. The merger was processed based on the Merger Plan, which assumed the acquisition of CPD Plc by its 100% subsidiary - CPD S.A. As a result of the merger: (i) existing shareholders of CPD Plc became 100% shareholders of CPD S.A., furthermore (ii) CPD S.A. purchased from CPD Plc (by the general succession) its own shares with a purpose of redemption. Exchange ratio of CPD Plc shares to shares of CPD S.A., was determined at a level that did not cause changes in the ownership structure of CPD S.A.

9 Trade payables and other liabilities

Non-current liabilities

	30/6/2011	31/12/2010
Deposits of tenants	261	134

Current liabilities

	30/6/2011	31/12/2010
Trade payables	2 893	2 093
Payables to related parties	0	49
Social security and other taxes	3 752	237
Deposits of tenants	286	400
Other liabilities	2 206	1 933
Accrued expense	13 255	14 013
	22 392	18 725

Increase in social security and other taxes in the first half of 2011 is mainly caused by the recognition of the property tax liability amounting to 1.4 million PLN, and VAT in the amount of 1.1 million.

CELTIC PROPERTY DEVELOPMENTS S.A.

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10 Borrowings, including financial leasing

	30/6/2011	30/6/2010
Non-current		
Bank loans	0	49 504
Financial leasing	28 662	28 669
	28 662	78 173
Current		
Bank loans	51 350	3 017
Loans from unrelated parties	61	67
	51 411	3 084
Total borrowings	80 073	81 257

The change of bank borrowings in the first quarter of 2011 results from reclassification of HSBC loan from non-current to current liabilities. The Group is obliged to repay the total facility credit in the following tranches: by 27 June 2011: EUR 375.000, by 27 December 2011: EUR 375.000, the remaining amount by 27 March 2012.

The group conducts negotiations with HSBC to sign a new loan agreement.

11 Deferred income taxes

	30/6/2011	31/12/2010		
Deferred tax assets	8 892	7 884		
Deferred tax liabilities	27 765	25 449		
Expiry of tax losses				
	2011	2012-2013	2014-2015	Total
- Losses on which deferred tax was recognized	47	10 204	19 773	30 024
- Losses on which deferred tax was not recognized	6 897	23 945	10 881	41 723

12 Revenue by nature

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Rent income	2 676	6 518
Sales of inventories	6 376	5 797
Real estate advisory services	8 921	13 625
Property related services	1 296	2 662
Accounting services	23	22
	19 292	28 624

13 Cost of sales

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Cost of inventories sold	8 348	6 576
Change of inventory impairment write downs	450	11 063
The cost of services rendered	1 668	4 787
	10 466	22 426

CELTIC PROPERTY DEVELOPMENTS S.A.

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14 Administrative costs property related

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Personnel costs	9 102	7 795
Property maintenance	1 587	2 949
Property taxes	3 151	1 801
Perpetual usufruct	1 766	1 111
Depreciation of fixed assets and intangible assets	251	251
	15 857	13 907

15 Administrative expenses-other

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Consultancy services	1 278	1 745
Audit fees	155	72
Transportation	671	429
Taxes	0	2 312
Office maintenance	2 336	1 724
Other services	740	574
Cost related for non deductible VAT	162	3 226
Impairment write offs	1 786	181
	7 128	10 263

16 Other income

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Decrease of liabilities from profit share on inventory sale	0	2 318
Payables written back	106	7
Other	143	840
	249	3 165

17 Financial income and expenses

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Interest expense:		
- Bank loans	(1 193)	(2 048)
- Interest from financial leases	(1 075)	(1 130)
- Other interest	(771)	(1 185)
Net exchange differences	(74)	(4 143)
Other financial Costs	(9)	0
Financial costs	(3 122)	(8 506)
Interest income:		
- Bank interest	124	197
- interest from unrelated parties	417	72
Financial income	541	269

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18 Income tax

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Current income tax	964	1 237
Deferred taxes	1 325	(95 941)
	2 289	(94 704)

The amount of PLN 80.3 million was credited to profit in 2010 mainly due to the fact that in 2010 a subsidiary Challenge Eighteen Sp. z o.o., which was the owner of land in Ursus, decided to contribute the land in kind to 20 newly-formed special purpose companies operating in the form of limited partnerships. As a result of making the contribution in kind, the tax value of the property increased, and the initially recognized deferred tax liabilities in respect of the land contributed in kind decreased.

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19 Cash flow from operating activities

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Profit/loss before tax	(20 438)	(27 730)
Adjustments for:		
- depreciation of tangible fixed assets	251	251
- currency translation adjustments	(125)	3 124
- gains (losses) on revaluation to fair value of investment property	3 008	4 285
- interest costs	1 173	1 952
- exchange differences	342	1 178
- inventory impairment	450	11 063
Changes in working capital	0	0
- changes in receivables	4 485	(5 097)
- changes in inventories	5 309	5 541
- change in trade liabilities and other	3 794	(838)
	(1 751)	(6 271)

20 Related party transactions

Celtic Property Developments SA does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor.

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

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

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
(a) Transactions with key management personnel		
The cost of the salaries of members of the Board of Directors	0	44
The cost of the salaries of the members of the Supervisory Board	220	0
The cost of services rendered by the members of the Board of Directors	1 607	784
Total receivables	16	19
(b) Transactions with the other related parties		
Revenues		
<i>Braslink Ltd</i>	7	33
<i>Vigo Investments Sp. z o.o..</i>	5	3
<i>Antigo Investments Sp. z o.o.</i>	3	3
<i>Prada Investments Sp. z o.o.</i>	3	1
<i>Quant Investments Sp. z o.o.</i>	3	1
Costs		
<i>Kancelaria Radców Prawnych Oleś i Rodzynkiewicz</i>	78	40
<i>Experior Sp. z o. o.</i>	0	20

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	30/6/2011	31/12/2010
Receivables		
<i>Palladian Finance</i>	304	302
<i>Vigo Investments Sp. z o.o.</i>	2	0
<i>Antigo Investments Sp. z o.o.</i>	2	0
<i>Prada Investments Sp. z o.o.</i>	175	0
<i>Quant Investments Sp. z o.o.</i>	2	0
<i>Braslink Ltd</i>	0	3 500
Doubtful debts cover by the bad debt provision		
<i>Braslink Ltd</i>	1 254	0

21 Payment of dividends

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

22 Earnings per share

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Profit attributable to shareholders of the company	(22 727)	66 974
Ordinary shares (in thousands)	34 139	34 619
Earnings per share in PLN	(0.67)	1.93

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

23 Contingent liabilities

In the first quarter of 2011 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 Events after the end of the reporting period

On 12 August 2011 was signed loan agreement between Belise investments Sp. z o.o. as borrower and the guarantors, which are Lakia Enterprises Ltd and East Europe Property Financing AB, and Bank Zachodni WBK S.A. Under the agreement the borrower has been granted an investment credit to the amount of EUR 20.141.000 with a view to financing or refinancing costs of development of lease spaces in the IRIS building and revolving credit of VAT to the amount of 2.100.000 PLN.

The final repayment of the investment facility will be made not later than 12 August 2019, VAT credit no later than 12 August 2014.

As collateral the mortgage has been established on perpetual usufruct of the property and ownership of the buildings, located in Warsaw, Cybernetyki 9.

1 June 2011 has started winding-up subsidiary Darvest Investments SP. z o.o.



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II Interim financial statements of the parent

27 Interim financial information of the parent

27.1 Condensed statement of comprehensive income

	Note	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
		(unaudited)	(unaudited)
Revenues		800	1
Administrative costs	27.9	(2 518)	(657)
Cost of sales		(122)	0
OPERATING RESULT		(1 840)	(656)
Financial income	27.10	16 076	0
Financial costs	27.10	(297)	(7)
PROFIT (LOSS) BEFORE INCOME TAX		13 939	(663)
Income tax		(2 360)	0
PROFIT (LOSS) FOR THE PERIOD		11 579	(663)
TOTAL COMPREHENSIVE INCOME		11 579	(663)
DILUTED EARNINGS PER SHARE		(0.51)	(0.01)

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
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.

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(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

27.2 Condensed statement of financial position

ASSETS	Note	30/6/2011 (unaudited)	1/1/2010 - 31/12/2010
Non-current assets			
Tangible assets		7	0
Long-term receivables		512 164	499 688
Shares in subsidiaries	27.5	337 000	337 000
		849 171	836 688
Current assets			
Trade receivables and other receivables	27.7	3 569	3 774
Cash and cash equivalents		783	163
		4 352	3 937
Total assets		853 523	840 625
EQUITY			
Share capital		3 406	3 483
Share premium	27.12	796 643	796 643
Supplementary capital		1 161	0
Reserve capital		21 922	0
Retained earnings		11 656	23 083
Total equity		834 788	823 209
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities		3 837	1 478
		3 837	1 478
Current liabilities			
Trade payables and other liabilities		2 655	2 514
Borrowings, including financial leasing	27.8	12 243	13 424
		14 898	15 938
Total liabilities		853 523	840 625

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

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Notes to the interim condensed consolidated financial statements

27.3 Condensed statement of changes in equity

		Accumulated profit (loss)					
	Note	Share capital	Share premium	Supple- mentary capital	Reserve capital	Retained earnings	Total
Balance as at 1/1/2010		500	0	500	0	(480)	20
Comprehensive income							
Profit (loss) for the period		0	0	0	0	(663)	(663)
		0	0	0	0	(663)	(663)
Balance as at 30/6/2010 /unaudited		500	0	500	0	(1 143)	(643)
Balance as at 01/1/2011		3 483	796 643	0	0	23 083	823 209
Transactions with owners							
2010 profit distribution		0	0	1 161	21 922	(23 083)	0
Shares cancelled		(77)	0	0	0	77	0
		(77)	0	1 161	21 922	(23 006)	0
Comprehensive income							
Profit (loss) for the period				0	0	11 579	11 579
		0	0	0	0	11 579	11 579
Balance as at 30/06/2011 /unaudited		3 406	796 643	1 161	21 922	11 656	834 788

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
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.

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(All amounts in PLN thousands unless otherwise stated)

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27.4 Condensed statement of cash flows

	Note	1/1/2011 - 30/6/2011 (unaudited)	1/1/2010 - 30/6/2010 (unaudited)
Cash flow from operating activities			
Cash generated from operations	27.11	1 506	(615)
Interest paid		0	0
Net cash generated from investing activities		1 506	(615)
Cash flows from investing activities			
Loans		(401)	0
Loan repayments received		871	0
Interest received		27	0
Net cash used in investing activities		497	0
Cash flows from financing activities			
Issuance of bills of Exchange		0	650
Repayment of loans		(1 383)	0
Net cash used in financing activities		(1 383)	650
Net (decrease)/increase in cash and cash equivalents		620	(109)
Cash and cash equivalents at beginning of year		163	170
Cash and cash equivalents at the end of the period		783	61

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
Board Member

Elżbieta Donata Wiczowska
Board Member

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The accounting principles are consistent with the principles of applied respectively in the annual financial statements for the year ended 31 December 2010.

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

These financial statements should be read in conjunction with the summary of consolidated financial statements for the first half of 2011.

On 23 August 2010, the National Court Register recorded cross-border merger of former parent Company of CPD Plc (Acquired Company) and CPD S.A. (Acquiring Company) by transfer of all assets and liabilities of the Acquired Company to the Acquirer in exchange for newly issued shares of Acquiring Company. The merger was processed based on the Merger Plan, which assumed the acquisition of CPD Plc by its 100% subsidiary - CPD S.A. As a result of the merger: (i) existing shareholders of CPD Plc became 100% shareholders of CPD S.A., furthermore (ii) CPD S.A. purchased from CPD Plc (by the general succession) its own shares with a purpose of redemption. Exchange ratio of CPD Plc shares to shares of CPD S.A., was determined at a level that did not cause changes in the ownership structure of CPD S.A.

27.5 Shares in subsidiaries

			30/6/2011	31/12/2010
Name	Country	Share		
Buffy Holdings No1 Ltd	Cypr	100%	184 000	184 000
Celtic Investments Ltd	Cypr	100%	48 000	48 000
Lakia Enterprises Ltd	Cypr	100%	105 000	105 000
East Europe Property Financing AB	Szwecja	100%	601	601
Impairment, the value of the shares-East Europe Property Financing AB			(601)	(601)
			337 000	337 000

27.6 Long-term receivables

	30/6/2011	31/12/2010
Long-term loans with related parties		
- loans	475 510	475 650
- interest	36 654	24 038
	512 164	499 688

Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
Buffy Holdings No 1 Ltd	137 474	7 027	3M WIBOR	0.75%	on demand
East Europe Property Financing AB	332 083	28 654	3M WIBOR	1.55%	on demand
Celtic Investments Ltd	5 953	974	3M LIBOR	0.75%	on demand
	475 510	36 654			

In accordance with the intention of Board Members the loans will be repaid over a period of from 3 to 5 years.

CELTIC PROPERTY DEVELOPMENTS S.A.

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27.7 Trade receivables and other receivables

	30/6/2011	31/12/2010
Trade receivables from related parties	777	61
Surplus of input VAT over output	19	202
Other receivables from related parties	1 402	660
Other receivables from other parties	1 222	2 833
Prepaid expenses	149	18
Short-term receivables	3 569	3 774

27.8 Borrowings, including financial leasing

	30/6/2011	31/3/2011
Loans from related parties	12 243	13 424
	12 243	13 424

Borrowings in total comprise of loan received from Lakia Enterprises Ltd.

27.9 Administrative costs

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Consultancy services	225	491
Remuneration	1 393	0
Remuneration of the auditor	64	(6)
Non-deductable VAT	45	116
Costs of guarantees	1 244	0
Cover of guarantees costs	(1 244)	0
Other services	791	56
	2 518	657

There were no labour costs in the comparative period as the Company did not have any employees or pay any remuneration to the board members or the supervisory board.

27.10 Financial income and expenses

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Interest income:		
-Interest from related parties	12 934	0
-Interest of the unrelated parties	8	0
Received dividends	3 134	0
Financial income	16 076	0
Interest expense:		
-Interest from related parties	279	0
Net exchange differences	17	0
Financial costs	297	0

The result from financial activities is influenced mainly by interest from loans to related bodies as well as the dividends received from Lakia Enterprises Ltd. As the loans were acquired by the Company by merger with CPD Plc in 2010, no interest income was earned in the comparative period.

CELTIC PROPERTY DEVELOPMENTS S.A.

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(All amounts in PLN thousands unless otherwise stated)

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27.11 Cash flow from operating activities

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
Profit/loss before tax	13 939	(663)
Adjustments for:		
– acquisition of fixed assets	(7)	0
– exchange differences	(39)	0
– interest costs	(12 731)	0
- changes in receivables	70	0
- change in trade liabilities and other	274	48
	1 506	(615)

27.12 Related party transactions

Celtic Property Developments SA does not have a direct or ultimate parent. Coöperatieve Laxey Worldwide W.A. is a major investor.

The CPD also contains transactions with key management staff, subsidiaries and other affiliated, controlled by key staff of the Steering Group.

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

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
a) Transactions with key management personnel		
Remuneration of members of the Supervisory Board	220	0
Receivables from the Board Members	16	0
b) Transactions with subsidiaries		
Revenue		
<i>Buffy Holdings No1 Ltd</i>	3 289	0
<i>Celtic Investments Ltd</i>	60	0
<i>Lakia Enterprises Ltd</i>	436	0
<i>East Europe Property Financing AB</i>	9 534	0
<i>Celtic Asset Management Sp. z o.o.</i>	850	0
<i>Celtic Property Developments KFT</i>	3	0
<i>Tenth Planet doo</i>	40	0
Costs		
<i>Lakia Enterprises Ltd</i>	279	0
<i>Celtic Asset Management Sp. z o.o.</i>	233	3
Liabilities		
<i>Lakia Enterprises Ltd</i>	12 243	0
<i>Celtic Asset Management Sp. z o.o.</i>	0	2
Receivables		
<i>Buffy Holdings No1 Ltd</i>	144 500	0
<i>Celtic Investments Ltd</i>	6 927	0
<i>East Europe Property Financing AB</i>	360 737	0
<i>Celtic Asset Management Sp. z o.o.</i>	777	0

CELTIC PROPERTY DEVELOPMENTS S.A.

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(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements

	1/1/2011 - 30/6/2011	1/1/2010 - 30/6/2010
c) Transactions with other related parties		
Costs		
<i>Experior</i>	0	20
<i>Kancelaria Radców Prawnych Oleś&Rodzynkiewicz sp. komandytowa</i>	21	40
Doubtful debts		
<i>Braslink Ltd</i>	625	0

27.11 Share capital

The company has only one class of shares of common stock with full voting rights and fully paid.

On 20 September 2010, the Extraordinary General Shareholders' Meeting passed a resolution on the redemption of 765,043 series B treasury shares with PLN 0.10 par value each. At the same time, the Extraordinary General Shareholders' Meeting decided to decrease the share capital of CPD S.A. from PLN 3,483,329.50 to PLN 3,406,825.20, i.e. by PLN 76,504.30.

The redemption of series B shares described above involved compensation of EUR 6 per share. The total amount of compensation paid to the Company's shareholders by the balance sheet date was PLN 17,967 thousand. The compensation paid to the shareholders of PLN 17,967 thousand was recognized in consolidated retained earnings/(accumulated losses). On 14 January 2011, the redemption of B series shares was registered in the National Court Register.

Warsaw, 30 August 2011

