CPD S.A.

QUARTERLY REPORT FOR I QUARTER OF 2015

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QUATERLY REPORT FOR 1st QUARTER 2015

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the 1Q 2015 report of CPD S.A. published on 14 May 2015.

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

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

CONTENTS

I. OPERATING REPORT

1. INFORMATION OF CPD CAPITAL GROUP

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

Today, CPD S.A. is the holding company controlling a group of 38 subsidiaries, focusing on activities in the office and residential segments. Current Group's plans focus on the residential development, mainly through the implementation of its leading project in the Warsaw's district of Ursus.

2. CAPITAL GROUP'S STRUCTURE

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

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

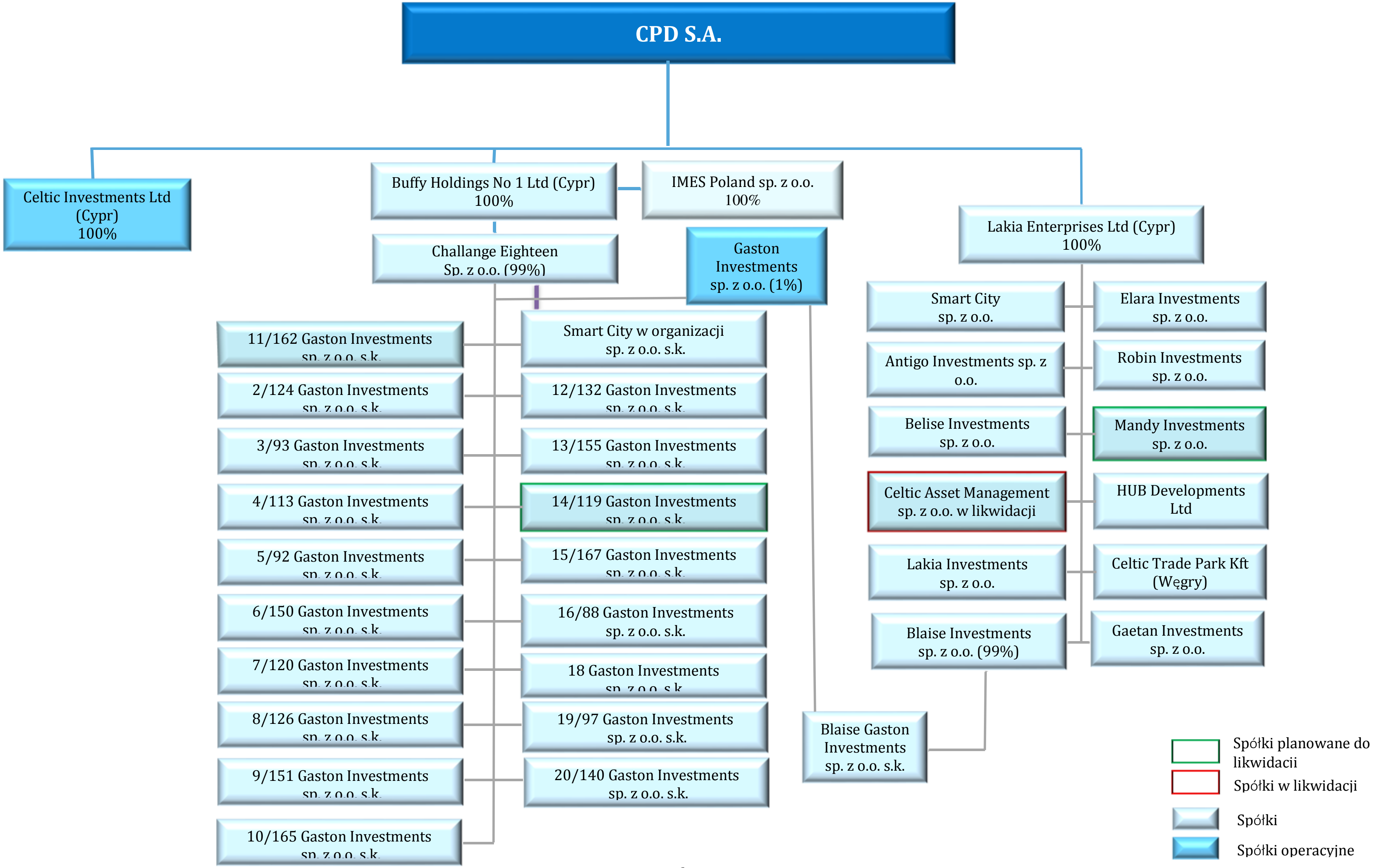
At the date of report publication, the following changes in CPD Group's structure took place:

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

The above changes are compliant with the Group's strategy, which is oriented towards concentration of actions on the Ursus project, sales of inactive projects from the portfolio, and simplification of the Group's structure, and optimisation of its operation costs.

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

CPD Group's structure as on 31 March 2015.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	3 months period		
	From 01.01.2015 to 31.03.2015 (PLN ths.)	From 01.01.2014 to 31.03.2014 (PLN ths.)	*Change (%)* %
Revenue	4 672	3 945	*18,4%*
Cost of sales	-556	-570	*-2,5%*
Gross profit	**4 116**	**3 375**	***22,0%***
Administrative expenses - property related	*-3 335*	*-2 726*	*22,3%*
Other administrative expenses	*-2 821*	*-2 625*	*7,5%*
Selling and marketing costs	*-56*	*-35*	*60,0%*
Other income	*2 582*	*5*	*51540,0%*
Gain (loss) on revaluation of investment properties	*-8 901*	*-878*	*913,8%*
Profit (loss) from operations	**-8 415**	**-2 884**	***191,8%***
Finance income	39 109	82	*47593,9%*
Finance costs	-3 665	-2 235	*64,0%*
Profit (loss) before tax	**27 029**	**-5 037**	***-636,6%***
Income tax	1 687	-278	*-706,8%*
Profit (loss) for the period	**28 716**	**-5 315**	***-640,3%***
Earnings per share (PLN)	0,87	-0,15	*-668,8%*
Diluted earnings per share (PLN)	0,76	-0,15	*-595,5%*

In the first quarter of 2015 years CPD Group SA recorded a net profit of PLN 28.7 million, an improvement of net result by PLN 34.0 million compared to the same period of 2014.

Among the factors that positively influenced the improvement of the Group's results in the first quarter of 2015 compared to the first quarter 2014, the major role played by financial income in the amount of PLN 39.1 million and other revenues in the amount of PLN 2.6 million. Also the increase in sales revenue of PLN 0.7 million contributed to a significant improvement in the net result of the Group on a quarterly basis.

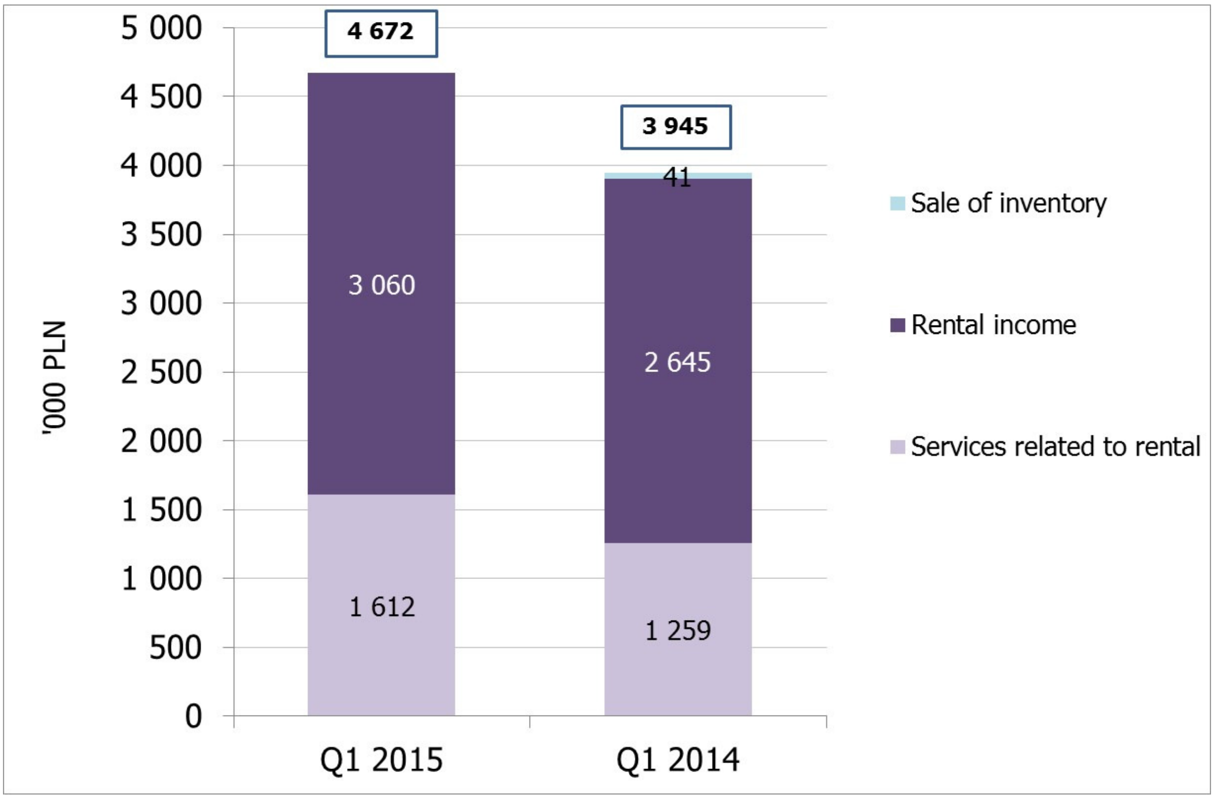
On the other hand, the main negative factor on the net result in the first quarter of 2015 compared to the first quarter 2014 was a negative result of revaluation of investment property in the amount of PLN 8.9 million. Also, an increase in financial costs by PLN 1.4 million had a negative impact on the financial results of the Group.

Financial income mainly included the profit of PLN 32 million due to the acquisition of 100% of the share capital of the company IMES Poland Sp. with o.o at a bargain price and foreign exchange gains in the amount of PLN 5 million (a significant portion of the Group's debt is denominated in euros, which in the first quarter significantly depreciated against the buck).

Sales revenues in the first quarter of 2015. Amounted to € 4.7 million PLN. The largest, 65-percent share in this amount represented rental income. With respect to the value for the first quarter rental income amounted to PLN 3.1m to PLN 2.6 million in 2014. Rental income was generated by 3 office buildings in Warsaw - the building Połczyńska Aquarius Street 31A, building Solar Street Cybernetics 7B and Iris Street building Cybernetics 9. The increase is the result of gradual increase in the level of lease in Iris building.

The increase in sales revenues of 0.7 million combined with a slight decrease in cost of sales contributed to a significant increase in profit on sales (an increase of 22%).

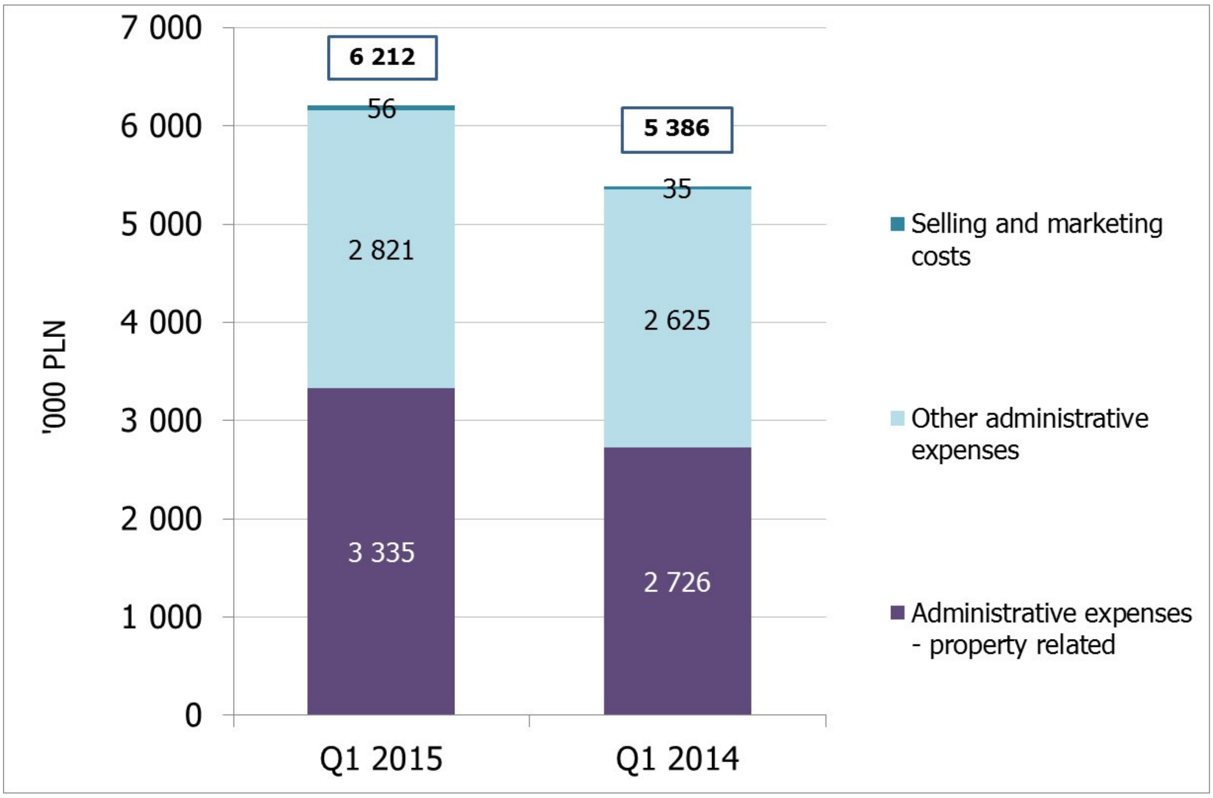
In the first quarter of 2015. The Group has not recorded any revenues from the sale of stocks or of advisory activity.



In the first quarter of 2015. Group recognized negative revaluation of investment property in the amount of PLN 8.9 million. The decrease in value was mainly office buildings and mainly concerned the significant strengthening of the zloty against the euro in the first quarter of 2015 years (office buildings are measured in EUR).

The negative impact on the final amount of the Group's net profit had while an increase in financial expenses in the amount of PLN 1.4 million related to the increase in the balance of the Group's debt under bank loans and issued bonds.

On a quarterly basis also increased property maintenance costs (an increase of 0.6 million PLN). This increase was driven among other things, the progressive commercialization of the office building IRIS and an increase in maintenance costs of the building and the costs generated by the tenants.



Selected items of the consolidated statement of financial position

		As at: 31.03.2015 (PLN ths.)	As at: 31.12.2014 (PLN ths.)	*Change (%)*
TOTAL ASSETS		**684 264**	**621 056**	**10,2%**
Non-current assets, including:		**622 682**	**585 907**	***6,3%***
	Investment properties	*617 418*	*581 386*	*6,2%*
	Bonds	*3 489*	*3 430*	*1,7%*
Current assets, including:		**61 581**	**35 149**	***75,2%***
	Inventory	*23 635*	*6 525*	*262,2%*
	Trade and other receivables	*12 012*	*9 854*	*21,9%*
	Cash and cash equivalents	*25 934*	*18 770*	*38,2%*
TOTAL EQUITY AND LIABILITIES		**684 264**	**621 056**	***10,2%***
Equity, including:		**433 677**	**404 493**	***7,2%***
	Share capital	*3 286*	*3 286*	*0,0%*
	Reserve capital	*987*	*987*	*0,0%*
	Fair value of capital element at inception date	*-27 909*	*-27 909*	*0,0%*
	Translation reserve	*-4 833*	*-5 301*	*-8,8%*
	Retained earnings	*462 146*	*433 430*	*6,6%*
Total liabilities, including:		**250 587**	**216 563**	***15,7%***

Non-current liabilities	*157 768*	*129 240*	*22,1%*
Current liabilities	*92 819*	*87 323*	*6,3%*

At the end of March 2015. Value of total assets of the Group increased significantly compared to the end of 2014. First of all, increased value of investment property (increase of 36 million PLN), which was the result of purchase of shares in a company holding real estate in Ursus. Also increased the value of the assets (an increase of PLN 26.4 million), including as a result of the increase in value of inventories being the result of the start of residential investment in the Ursus district and the reclassification of part of the investment property stocks.

At the end of March 2015. Equity amounted to PLN 433.7 million, which accounted for 63% of the total assets of the Group, while liabilities accounted for 37% of total assets. These indicators have changed slightly in comparison to the end of 2014. (respectively 65% and 35%).

In the first quarter of 2015 years it has significantly increased the value of liabilities. This was mainly due to the issuance of bonds in January 2015 year and the ongoing process of commercialization of the IRIS office building, which necessitated the borrowing of subsequent tranches of the loan at the bank BZ WBK in order to finance the construction works to equip office space.

	31.03.2015	31.12.2014
Liabilities to total assets	**36,6%**	**34,9%**
Non-current liabilities to total assets	**23,1%**	**20,8%**
Borrowings including finance leases	10,6%	11,5%
Convertible bonds	7,9%	3,9%
Embedded derivative	2,5%	3,0%
Deferred income tax liabilities	1,8%	2,2%
Trade and other payables	0,3%	0,2%
Current liabilities to total assets	**13,6%**	**14,1%**
Borrowings including finance leases	10,3%	11,5%
Trade and other payables	3,2%	2,5%
Income tax liabilities	0,0%	0,0%

Changed compared to the end of 2014 was also the structure of liabilities. The share of long-term debt in total assets increased from 20.8% at the end of December 2014. To 23.1% at the end of March 2015. This change is the result of, inter alia, the issue of bonds in January 2015 year. The share of short-term debt fell while 14.1% as at 31 December 2014. To 13.6% on 31 March 2015.

4. IMPORTANT EVENTS IN THE REPORTING PERIOD

- ### IRIS PROJECT AT CYBERNETYKI 9 STREET IN WARSAW – COMMERCIAL LEASE

Iris is a six-storey building office building with a total leasable area of approx. 14,3 thous. m2 with 233 parking places and is the final stage of the project office and residential located at the intersection of Cybernetics and Progress in Warsaw. At the date of this report are still under active efforts to commercialize 100% of the building. At the date of this report the building is 94 % leased. Issues are currently being finalized documentation to make the conversion of the construction loan granted by BZ WBK the investment credit granted by the bank.

- ### COMMERCIAL LEASE OF THE SOLAR BUILDING AT CYBERNETYKI 7B STREET IN WARSAW

The eight storey B+ class office building of 5,792 sqm of was built in 1998 and refurbished by the Group in 2008. The building is currently leased to such companies as Beko S.A., Berlin Chemie, Akzo Nobel, ZPUE S.A.. On 31 December 2014, the building was leased in 93,5 %.

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

The Aquarius Office Park consists of a five storey B class office building of 5,211 sqm, an investment site with a valid building permit for the construction of an A class office building of ca 2,500 sqm as well as an investment site of approx. 10,000 sqm intended for the construction of an office and warehouse complex. The office building is currently leased to such companies as VB Leasing, Betacom S.A., Fly Away Travel. On 31 December 2014, the building was leased in 86 %.

- ### SALE OF SHARES OF SUBSIDIARY

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

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

- ### PURCHASE AGREEMENT

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

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

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

signed with the company

I.M.E.S. - INDUSTRIA MECCANICA E stampaggio S.P.A. based in Sumirago, Italy a sales agreement for Buffy Holdings No. 1 Limited, 100% of the shares of IMES POLAND Sp. Z oo.

The Company has acquired the right of perpetual usufruct, consisting of plot No. 98, No. rpm. Reg. No. 2-09-09, with an area of 69 457 m2 and located near the street Gierdziejewskiego in Warsaw (Warsaw district - Ursus). In accordance with the provisions of the Local Development Plan, the property allows you to build about 80 000 m2 of residential and commercial. Purchase of the above assets play an important part in the strategy of the Group CPS SA because it is a strategic complement to the portfolio of building land with great potential residential- service in the district of Ursus. With this transaction, the Company controlled area of over 57 hectares, of which 80% are residential areas - service. Through this transaction, the Company has become a major investor in one of the most attractive investment areas in Warsaw.

Pursuant to the Agreement, the Subsidiary Buyer guarantees payment:

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

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

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

- **APPROVAL OF UOKIK**

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

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

- **ACCESSION UNIDEVELOPMENT SA TO LIMITED PARTNERSHIPS**

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

5. FACTORS AND EVENTS OF UNUSUAL NATURE

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

6. SEASONALITY AND PERIODICITY OF THE GROUP ACTIVITIES

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

7. WRITE-DOWNS OF INVENTORIES TO FAIR VALUES

When determining the recoverable amount of inventory management considers property valuation prepared by independent experts as of 31.12.2014., Taking into account possible changes in the value dictated by changes in the real estate market. In the first quarter of 2015. State of write-downs on inventories did not change.

8. WRITE-DOWNS OF INVESTMENT PROPERTIES TO FAIR VALUES

In the first quarter of 2015. The Group recorded a negative result of revaluation of investment property to fair value in the amount of PLN 8.9 million resulting primarily from fluctuations in the euro exchange rate (office buildings Aquarius Solar and Iris are priced in Euro). In the corresponding period of 2014 years negative Group result from the revaluation of investment property to fair value amounted to PLN 0.9 million.

9. CREATION, INCREASE, UTILISATION AND REVERSEAL OF PROVISIONS

In the first quarter of 2015. Value accruals rose by 0.5 million PLN. This increase resulted primarily from an increase in the provision for property tax costs and the costs of perpetual usufruct.

10. PROVISIONS AND DEFFERED TAX ASSETS

With respect to deferred tax assets, the recoverable amount is determined based on the probability of realizing the assets in the future, taking into account the business plans of individual companies included in the consolidation. This value is determined based on management's estimates. As at 31 March 2015. Group showed a balance of deferred tax assets in the amount of PLN 0.8 million.

As at 31 March 2015. Payable by the Group deferred tax amounted to PLN 12.4 million. The value of these liabilities declined in the first quarter by PLN 1 million.

11. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT

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

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

Not occurred.

13. IMPORTANT SETTLEMENTS OF LAWSUITS

Not occurred.

14. PREVIOUS PERIODS ERRORS' CORRECTION

Not occurred.

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

During the first quarter of 2015, no changes occurred in the economic situation which could affect the fair value of the Group's assets and liabilities.

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

Not occurred.

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

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

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

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

19. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS

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

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

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

The bonds were issued on the following conditions:

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

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

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

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

According to a valuation performed by the auditor on January 26, 2015. The object of pledge valued at 494,300 zł.

21. INFORMATION RELATED TO DIVIDEND

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

22. EVENTS AFTER THE DATE OF PREPARATION OF FINANCIAL STATEMENTS

Not occurred.

23. CHANGES RELATED TO CONDITIONAL LIABILITIES OR ASSETS

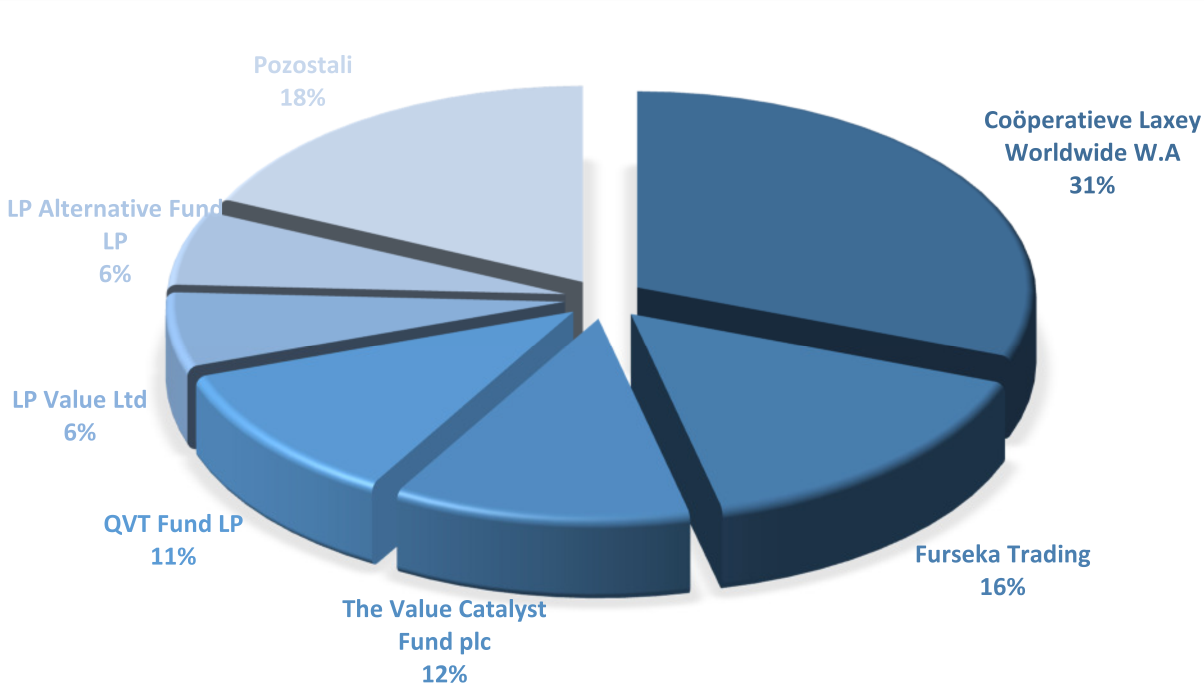
During the reporting period the Group did not make any material changes related to conditional liabilities or assets.

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

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

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

Shareholding structure of CPD S.A.



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

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

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

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

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

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

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

28. MAJOR LOAN AGREEMENTS, LOAN WARRANTIES AND GUARANTEES GRANTED

As at 31 March 2015. CPD Group in the consolidated financial statements shows the following liabilities from bank loans:

- Liabilities to the bank mBank Mortgage SA in the amount of PLN 41 340 thousand (of which 1 267 thousand PLN presented as part of short-term and PLN 40 073 thousand, presented as part of the long-term);
- Liabilities to Bank Zachodni WBK SA in the amount of PLN 69 513 thousand (fully presented as a current liability).

The credit agreement with Bank Zachodni WBK SA It was signed on August 12, 2011. Parties in the credit agreement were a subsidiary of the Group CPD - Belise Investments Sp. with o.o as the borrower and the guarantors, which are CPD SA, Lakia Enterprises Ltd and East Europe Property Financing AB (the entity was sold outside the Group CPD and is not a party to the loan agreement). Pursuant to the loan agreement was awarded an investment credit to the amount of EUR 20,141,000 to finance or refinance part of the cost of finishing the building lease area of IRIS, and a revolving credit of VAT to the amount of 2,100,000 PLN.

Under the terms of the contract (including the signed annexes) the final repayment of the construction loan coincided in one of the following dates:

- In the case of a conversion of the construction loan for the investment, the final repayment of the loan will be made not later than 12 August 2019., In the opposite case

- The final repayment expired on 31 December 2014.

Among other conditions for obtaining conversion of the loan and thus the date of final repayment of the loan in August 2019. Was achieving specified in the credit agreement debt service coverage ratio and an appropriate level of the lease. At the balance sheet date and the date of preparation of these consolidated financial statements, both conditions are met. Preparations are underway in order to gather all the documents required to convert the loan and thus change the date of the final repayment of the loan.

As at 31 March 2015. Balance of the debt obligation received from BZ WBK in the amount of PLN 69 513 thousand was presented under current liabilities, since under existing agreements, the repayment falls within a period of 12 months from the balance sheet, which have been prepared consolidated financial statements.

On 18 June 2014 Lakia subsidiaries and Robin Investments Investments entered into loan agreements with mBank Mortgage. The loan was granted above to refinance a loan with HSBC Bank Poland in 2006, which was used to finance the investment office located at Cybernetics 7b and Połczyńska 31a. Mortgage loan mBank was launched on 1 July 2014. Involvement Lakii Investments at the balance sheet amounted to EUR 5,695,374.94 and EUR 4,410,343.78 Robin Investments. In accordance with the applicable terms and conditions of the loan agreement with mBank Mortgage, these companies are obliged to repay the entire loan until June 20, 2029.

29. THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

At 31 March 2015, the composition of the Supervisory Board of the Company was as follows:

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

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

At 31 March 2015, the composition of the Management Board of the Company was as follows:

- Mrs. Elżbieta Wiczkowska – President of the Management Board;
- Mrs. Iwona Makarewicz – Member of the Management Board

- Mr. Colin Kingsnorth – Member of the Management Board

30. OTHER IMPORTANT INFORMATION

No other except those mentioned above.

31. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

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

- The situation on the financial markets which may affect the valuation of properties in the portfolio of the Group.
- Start and conducting construction works in the project Smart City Ursus;
- Commercialisation of the project IRIS;
- The economic trend in the housing market, which the Company operates,
- The state of global financial markets and their impact on the Polish economy and national banking system,
- Availability of mortgages, and in particular their attractiveness to potential customers,
- Timely, compliant with schedules, completion of the first phase of the project Smart City Ursus
- The availability of external financing (loans, bonds) for real estate development entities,
- Changes in the legal and tax regulations that may influence in an uncontrollable manner the market demand for products offered by the Company;
- Maintaining a stable political situation and creating a positive economic climate by the government and local authorities,
- The economic situation affecting the receiving regular income from the rental of offices,
- Selling expenses and general and administrative
- Quarterly revaluation at fair value of the Group's properties,
- Valuation of liabilities arising from bonds.

II. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2015 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A.

CPD S.A.

Condensed interim consolidated financial statements

for the period of 3 months ended 31 March 2015

prepared in accordance with the International Financial Reporting Standards

(unaudited financial data)

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2015

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the 3 month period ended 31/03/2015 (unaudited)	31/03/2014 (unaudited)
Revenue	13	4 672	3 945
Cost of sales	14	(556)	(570)
PROFIT ON SALES		**4 116**	**3 375**
Administrative costs property related	15	(3 335)	(2 726)
Administrative expenses-other	16	(2 821)	(2 625)
Selling and marketing expenses		(56)	(35)
Other income	17	2 582	5
Net gain/(loss) from fair value adjustments on investment properties	4	(8 901)	(878)
OPERATING RESULT		**(8 415)**	**(2 884)**
Financial income	18	39 109	82
Financial costs	18	(3 665)	(2 235)
PROFIT (LOSS) BEFORE INCOME TAX		**27 029**	**(5 037)**
Income tax	19	1 687	(278)
PROFIT (LOSS) FOR THE PERIOD		**28 716**	**(5 315)**
Currency translation adjustment		468	(210)
TOTAL COMPREHENSIVE INCOME		**29 184**	**(5 525)**
BASIC EARNINGS PER SHARE (PLN)	23	0,87	(0,15)
DILUTED EARNINGS PER SHARE (PLN)		0,76	(0,15)

Group has no minority shareholders. Entire equity is attributable to shareholders of the Group.

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	31/03/2015 *(unaudited)*	31/12/2014
ASSETS			
Non-current assets			
Investment properties	4	617 418	581 386
Property, plant and equipment		933	914
Intangible assets, excluding goodwill		84	92
Deferred income tax assets	12	758	85
Bonds		3 489	3 430
Non-current assets		**622 682**	**585 907**
Current assets			
Inventory		23 635	6 525
Trade and other receivables		12 012	9 854
Cash and cash equivalents		25 934	18 770
		61 581	**35 149**
Total assets		**684 264**	**621 056**

(All amounts in PLN thousands unless otherwise stated)

Consolidated statement of financial position - cont.

	Note	31/03/2015	31/12/2014
		(unaudited)	
EQUITY			
Capital and reserves attributable to the parent Company's equity holders			
Share capital		3 286	3 286
Other reserves		987	987
Fair Value of capital element an inception date		(27 909)	(27 909)
Translation reserve		(4 833)	(5 301)
Retained earnings/(accumulated losses)		462 146	433 430
Total equity		**433 677**	**404 493**
LIABILITIES			
Non-current liabilities			
Trade and other payables	9	1 818	1 494
Borrowings, including finance leases	10	72 423	71 484
Bonds Issued	11	54 218	24 065
Derivative financial instruments		16 942	18 815
Deferred income tax liabilities	12	12 367	13 382
		157 768	**129 240**
Current liabilities			
Trade and other payables	9	21 772	15 830
Current income tax liabilities		267	0
Borrowings, including finance leases	10	70 780	71 493
		92 819	**87 323**
Total liabilities		**250 587**	**216 563**
Total equity and liabilities		**684 264**	**621 056**

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Consolidated statement of changes in equity

	Share capital CPD SA	Fair value of capital element an inception date	Own shares	Translation reserve	Supplementary capital	Reserve capital	Retained earnings	Total
Balance at 01/01/2014	**3 460**	**0**	**(12 300)**	**(3 847)**	**0**	**987**	**341 062**	**329 362**
Currency translation differences	0	0	0	(210)	0	0	0	(210)
Profit (loss) for the period	0	0	0	0	0	0	(5 315)	(5 315)
	0	0	0	(210)	0	0	(5 315)	(5 525)
Balance at 31/03/2014 /unaudited	**3 460**	**0**	**(12 300)**	**(4 057)**	**0**	**987**	**335 747**	**323 837**
Balance at 01/01/2014	**3 460**	**0**	**(12 300)**	**(3 847)**	**0**	**987**	**341 062**	**329 362**
Decrease of capital by redemption of shares	(174)	0	12 300	0	0	0	(12 126)	0
Takover of bonds	0	(27 909)	0	0	0	0	0	(27 909)
Currency translation differences	0	0	0	(1 454)	0	0	0	(1 454)
Profit (loss) for the period	0	0	0	0	0	0	104 494	104 494
	0	0	0	(1 454)	0	0	104 494	103 040
Balance at 31/12/2014	**3 286**	**(27 909)**	**0**	**(5 301)**	**0**	**987**	**433 430**	**404 493**
Balance at 01/01/2015	**3 286**	**(27 909)**	**0**	**(5 301)**	**0**	**987**	**433 430**	**404 493**
Currency translation differences	0	0	0	468	0	0	0	468
Profit (loss) for the period	0	0	0	0	0	0	28 716	28 716
	0	0	0	468	0	0	28 716	29 184
Balance at 31/03/2015 /unaudited	**3 286**	**(27 909)**	**0**	**(4 833)**	**0**	**987**	**462 146**	**433 677**

Group has no minority shareholders. Entire equity is attributable to shareholders of the Group.

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of cash flows

	Note	For the 3 month period ended 31/03/2015 (unaudited)	31/03/2014 (niebadane)
Cash flow from operating activities			
Cash generated from operations	20	34 492	(1 798)
Interest paid		(352)	(387)
Income tax paid		0	0
PROFIT ON SALES		**34 140**	**(2 185)**
Cash flows from investing activities			
Property investment		(56 150)	0
Capital expenditure on investment property		(2 315)	(1 726)
Inerest received		31	34
Purchases of property, plant and equipment		(74)	(63)
Net cash used in investing activities		**(58 508)**	**(1 755)**
Cash flows from financing activities			
Received borrowings		1 532	44 162
Repayments of borrowings		0	(45 333)
Proceeds from issuance of bonds		30 000	0
Net cash used in financing activities		**31 532**	**(1 171)**
Net (decrease)/increase in cash and cash equivalents		**7 164**	**(5 111)**
Cash and cash equivalents at beginning of the year		**18 770**	**11 981**
Cash and cash equivalents at end of the year	**7**	**25 934**	**6 870**

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

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

1 General Information

Celtic Property Developments S.A. (the "Company", "CPD") with its registered office in Warsaw (02-677), ul. Cybernetyki 7B, was established on the basis of the Articles of Association 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. The Company's shares are quoted on the Warsaw Stock Exchange.

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

On 29 May 2014 the Extraordinary General Shareholder's Meeting adopted a resolution changing the Company's name from Celtic Property Developments S.A. to CPD S.A. The change was recorded in the National Court Register on 17 September 2014.

The currency of presentation of the consolidated financial statements is PLN (previously EUR).

Accounting principles

The accounting policies are consistent with those applied properly in the annual consolidated financial statements for the year ended 31 December 2014.

2.1 Basis of preparation

These interim condensed consolidated financial statements CPD has been prepared in accordance with International Accounting Standards adopted by the EU - IAS 34 Interim Financial Reporting.

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

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

IFRS 9 replaces IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018.

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

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

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

Defined benefit plans: Employee contributions – Amendments to IAS 19

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

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

Amendments to IFRSs 2010-2012

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

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

IFRS 14 "Regulatory Deferral Accounts"

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

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

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

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

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

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

Amendments to IAS 16 and IAS 38 – Depreciation and Amortisation

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

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

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

IFRS 15 "Revenue from Contracts with Customers"

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

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

The Group is going to adopt IFRS 15 on 1 January 2017.

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

Amendments to IAS 16 and IAS 41 for bearer plants

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

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

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

Amendments to IAS 27 – Equity Method in Separate Financial Statements

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

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

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

Improvements to IFRSs 2012-2014

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

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

At the date of preparation of these condensed financial statements, the amendments to IFRS were not yet approved by the European Union.

Amendments to IAS 1

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

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

At the date of preparation of these consolidated financial statements, the amendments to IFRS were not yet approved by the European Union.

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

Amendments to IFRSs 2011-2013

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

The Group uses the provisions of this standard in these consolidated financial statements.

IFRIC 21 "Levies"

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

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

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

3 Significant changes in accounting estimates

Determining the fair value of embedded derivatives

The company issued bonds designed for the existing shareholders on 26 September 2014. Financial details of the bonds issued are provided in note 14 (and in the stand-alone FS) to these financial statements. The bonds issued involved an embedded derivative instrument, namely, the option of conversion of the bonds into shares at a fixed rate of PLN 4.38 per share. As the bonds were issued in a currency (EUR) different that the functional currency of the company (PLN), the embedded derivative involved a currency cap , namely, conversion of value of shares received at the conversion date rate not exceeding, however, EUR 1 = PLN 4.1272.

The fair value of the embedded derivative was estimated at level 1 using a combination of two approaches: binomial trees in the share price variation part and the Monte Carlo approach adopted for the purposes of analysis of volatility of exchange rates.

Assumptions underlying the pricing model include:
- adjustment of the issuer credit risk discount curve: 8%;
- volatility of issuer share price: 65% based on historic quotations of shares of CPD S.A.;
- fixed bond-to-share conversion rate: PLN 4.38;
- exchange rate cap: EUR 1 = PLN 4.1272;
- opportunity to convert bonds to shares from 26 September 2015 to the day falling 5 days before the maturity date, i.e. 22 September 2017.

Calculation of Fair Value of Investment Class Real Properties

The fair value of investment class real properties recognized in the balance sheet is calculated based on pricing established annually by Savills Sp. z o.o. - third party experts - as per Practice Statements of the Royal Institution of Chartered Surveyors’ (RICS) Appraisal and Valuation Standards (the 'Red Book') published in February 2003 and valid as of 1 May 2003. Pricing fees are not related to the value of the real properties or the outcome of pricing. Bearing in mind the market environment as at the balance sheet date, the Management Board reviewed and approved experts' assumptions underlying the pricing approaches applied.

CPD Group distinguishes the following classes of assets included in its real property portfolio:

(i) non-developed land or land developed with tenement houses disclosed as inventory in the consolidated financial statements and priced at acquisition price or at cost not exceeding their net sale price; these mainly include land in Jaktorów, Czosnów, Lesznowola and Nowa Piasecznica as well as tenement houses in Warsaw and Łódź;
the Group has those real properties valued annually at fair value as at the balance sheet date and decides to make impairment write-offs; details of changes in inventory made during the year are provided in note 8;
(ii) investment class real properties featuring significant rent income (3 office buildings in Warsaw);
(iii) investment class land in the district of Ursus in Warsaw designed for development with houses and shops as per the local zoning plan in force;
(iv) investment class land in the district of Ursus in Warsaw designed for development with houses and shops as per the local zoning plan in force and investment class land in Wolbórz.
The real property classes listed in paragraphs (ii)-(iv) are shown in the financial statement under the 'Investment Class Real Properties' header and priced at fair value. Fair value changes are recognized in the result under the 'Investment Class Real Property Valuation Result' header.

The Group valued individual real property classes using the following approaches:
Non-developed land and land developed with tenement houses were valued using the comparative method (comparison in pairs). The comparative method consists in finding out the value of a real property assuming that such value is equal to prices obtained for similar properties traded in the market. The value of real properties is adjusted according to their differentiating features and stated taking into account volatility of prices in time. The comparative method is used, if prices of real properties similar to the property valued are known.

The land to be developed with houses and shops was valued based on the following assumptions:

- the useful area of apartments to be built amounts to 521,097 sq.m.;

- the useful area of shops to be built on ground floors of the houses amounts to 50,075 sq.m.;

- the useful area of offices to be built amounts to 17,680 sq.m.; the assumed rent for the office space to amount to EUR 11 per sq.m. and the capitalization rate to be 7.70%.

The land to be developed with houses and shops was valued using the comparative method (comparison in pairs). The income approach (investment method) was applied to properties generating income. The income approach consists in defining the value of a real property based on the assumption that the buyer will pay the price depending on the anticipated income to be earned on the same real property provided that such price will not exceed that of another property featuring the same profitability and risk that it could buy.

The value of the real properties was calculated based on the average transaction prices of real properties similar to the property valued adjusted by transaction features considered by potential market actors including without limitation situation as well as size and legal status of the land. The valuation reflects diversity of properties and their anticipated use as per provisions of the zoning plan. The price per square meter is the variable affecting the valuation result the most.

The investment method was applied to the real property generating rent income that can be defined based on the analysis of rental or lease market rates in order to determine its market value. When direct capitalization is used, the value of a real property is the quotient of a stable yearly income flow obtainable from the real property valued and the capitalization rate.

(All amounts in PLN thousands unless otherwise stated)

Net future operating income were estimated separately for each investment class property based on rental agreements existing as at the balance sheet date, contracted income (or, in the case of IRIS property, partly based on the market conditions for a given property as established by a third party expert) and the expected cost of operation of the properties. Useful areas underlying the calculations are based on construction documents in force. As most rentals concluded by the Group are expressed in EUR, the investment class properties were valued in EUR and values were then translated into PLN using the NBP average rate as at the balance sheet date.
Capitalization rates were estimated by third party experts separately for each major investment class property taking into account situation and type of the property. The capitalization rate is reviewed at least annually by third party property experts and the net operating income is updated based on rentals in force.

The table below includes information about methods used for and assumptions underlying the valuations of the investment class properties at fair value along with information about major unnoticeable entry data - 31 December 2014.

Real Property Class	valuation method / fair value valuation level	capitalization rate	anticipated rent rates per sq.m.	discount rate
office buildings	income method / level 3	7,7% - 9,25%	9,26-11,50	n/d
Land in Ursus designed for housing, commercial and public purposes	residual method / level 3 and comparative method / level 2	N/A	N/A	7,00%

The table below includes information about methods used for and assumptions underlying the valuations of the investment class properties at fair value along with information about major unnoticeable entry data - 31 December 2013.

Real Property Class	valuation method / fair value valuation level	capitalization rate	anticipated rent rates per sq.m.	discount rate
office buildings	investment method / level 3	7,7% - 9,25%	9,93-11,50	N/A
Land in Ursus designed for housing, commercial and public purposes	comparative approach / level 2	N/A	N/A	N/A

In 2014, the Group changed the method of valuation of investment class properties situated in Ursus compared to the preceding year. As the zoning plan covering the area was adopted in July 2014, the Group shifted from the comparative method to the mixed approach (residual method) as far as the land to be built-up with houses and shops. The use of the said method resulted in valuation of that part of the property as the difference between the value of the real property after the completion of the project (as per Group plans concerning implementation of housing projects based on the purpose of each plot of land as per the zoning plan adopted) and the average cost of implementation taking into account investor's earnings on the market of similar real properties. The shift in the valuation method caused the movement of that property class from level 2 to level 3 where entry data underlying valuation of the asset group are based on unnoticeable data.
The effect of the valuation method on the fair value of real properties as at 31 December 2014 is described in note 4 'Investment Class Real Properties.'

Assessment of the recoverability of asset values

For the purposes of assessing impairment of assets at the balance sheet date, the Board takes into account recoverable amounts and possible selling price for individual assets.

Tax settlements

Due to the fact that subject to consolidation companies are subject to a number of tax jurisdictions, the degree of complexity of transactions conducted and ambiguities in the interpretation of regulations, tax settlements, including determination of right or obligation and how to take into account individual transactions tax bill of each group entity may require substantial dose of judgment . For more complex issues of the board's judgment is supported by the opinions of specialized tax advisors.

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

4 Investment Class Real Properties

	01/01/2015 - 31/03/2015	01/01/2014 - 31/12/2014
Balance at the beginning of the year	**581 386**	**442 793**
Acquisition	56 150	0
Capital expenditures	2 315	16 547
Transfer to the inventory	(16 620)	0
Movement in capitalized financial liability	3 088	7 236
Transfer of road plots of land in Ursus to the municipality of Warsaw	0	41 485
Net profit/(loss) from revaluation of investment class properties to fair value	(8 901)	114 810
including the effect of valuation of transfer of plots of land in Ursus as at 31 December 2014	0	(41 485)
Balance at the end of the quarter	**617 418**	**581 386**

5 Trade Receivables and Other Receivables

	31/03/2015	31/12/2014
Trade receivables	950	803
Other receivables		325
Public law liabilities	2 248	3 723
Deferred income	(386)	(307)
Prepayments and accruals	9 200	5 310
Total Trade and Other Receivables	**12 012**	**9 854**

6 Inventory

	31/03/2015	31/12/2014
At the beginning of the year	**6 525**	**7 773**
Capital expenditures	461	19
Transfer from investment property	16 620	0
Revaluation allowance	0	(1 172)
Exchange rate differences	30	(95)
As at the balance sheet date	**23 635**	**6 525**

7 Cash and Cash Equivalents

	31/03/2015	31/12/2014
Cash at hand and in banks	20 972	16 366
Short-term bank deposits	2 690	1 630
	25 934	**18 770**

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

8 Share Capital

	Number of shares		Value of shares	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Ordinary shares (in '000)	32 863	32 863	3 286	3 286

9 Trade Payables and Other Payables

Non-current Trade Payables and Other Payables

	31/03/2015	31/12/2014
Tenants' deposits	1 818	1 494

Current Trade Payables and Other Payables

	31/03/2015	31/12/2014
Trade payables	1 528	827
Tax payables	3 721	284
Tenants' deposits	135	138
Other payables	1 764	504
Prepayments and accruals	14 624	14 077
	21 772	**15 830**

10 Credits and loans including financial leases

	31/03/2015	31/12/2014
Non-current		
Bank loans	40 073	42 221
Financial lease liabilities	32 350	29 263
	72 423	**71 484**
Current		
Bank loans	70 780	71 493
	70 780	**71 493**
Kredyty i pożyczki razem	**143 203**	**142 977**

Według stanu na 31 marca 2015 r. Grupa CPD w skonsolidowanym sprawozdaniu finansowym wykazuje następujące zobowiązania z tytułu kredytów bankowych:
- zobowiązania wobec banku mBank Hipoteczny S.A. w kwocie 41 340 tys PLN (z czego 1 267 tys PLN prezentowane jako część krotkoterminowa oraz 40 073 tys PLN prezentowane jako część dlugoterminowa);
- zobowiązania wobec Banku Zachodniego WBK S.A. w kwocie 69 513 tys PLN (w całości prezentowany jako zobowiązanie krótkoterminowe).

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

10 Kredyty i pożyczki, w tym leasing finansowy - cd

The agreement with Bank Zachodni WBK S.A. was signed on 12 August 2011. The parties included Belise Investments Sp. z o.o., a CPD Group subsidiary, as the borrower and guarantors including CPD S.A., Lakia Enterprises Ltd and East Europe Property Financing AB (this business has been sold outside CPD Group and is not a party to the discussed credit agreement). An investment credit of up to EUR 20,141,000 was extended under the agreement in order to finance or refinance a part of costs of finishing of IRIS rental space along with a renewable VAT credit of up to PLN 2,100,000.
The final repayment of the construction credit fell on one of the following dates as per the terms of the agreement including annexes signed:
- if the construction credit is converted into investment one, the credit will be finally repaid on 12 August 2019 at the latest; otherwise,
- the final repayment date was 31 December 2014.
The VAT credit (credit facility under the agreement with BZ WBK) was finally repaid on 31 December 2014.

Conditions for conversion of the credit and, therefore, postponement of the final repayment date until August 2019 included without limitation achievement of the debt coverage ratio determined in the credit agreement and a proper amount of space rented out. The expected debt coverage ratio was achieved as at the balance sheet data and the date of these consolidated financial statements while the space rental ratio was not. The credit may therefore be converted at the current space rental level upon approval from the bank. Preparatory works designed to collect all documents allowing the conversion of the credit and, therefore, postponement of the final repayment date until August 2019 are underway. The relevant agreement has not been signed by the date hereof; the bank is, therefore, in theory authorized to terminate the agreement and request repayment of the entire debt. Based on the current discussions with the bank the Management Board believes that the conversion of the credit is the most probable solution based on current ratios bearing in mind that the proper debt service ratio has been reached and the current Belise rental ratio is close to the requirements (there is a 1.5% difference). Based on the credit history of CPD Group, past relationships with BZ WBK and the real ability to obtain refinancing of the credit from another bank bearing in mind current rations reached by Belise Investments sp z o.o. the Management Board believes that the risk of Group's inability to repay credit liabilities to BZ WBK is strongly limited.

The balance of liability under the credit obtained from BZ WBK S.A. amounting to PLN 70,608,000 as at 31 December 2014 was disclosed under the current liabilities header as it is repayable within 12 months from the balance sheet date concerned by the consolidated financial statements under the agreements currently in force.

Lakia Investments and Robin Investments, subsidiaries, concluded credit agreements with mBank Hipoteczny on 18 June 2014. The above credit was extended in order to refinance the credit taken from HSBC Bank Polska in 2006 and allocated to the financing of office projects at Cybernetyki 7b and Połczyńska 31a. The mBank Hipoteczny credit was made available on 1 July 2014. Lakia Investments exposure amounted to EUR 5,695,374.94 and that of Robin Investments amounted to EUR 4,410,343.78 as at the balance sheet date. The said companies are obliged to repay the entire credit by 20 June 2029 as per the terms of the credit agreement with mBank Hipoteczny.

Finance lease liabilities relate to the perpetual usufruct right (PUR) and have been recognized as a result of increase in fair value of an investment class real property for accounting purposes (note 4).

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

11 Bonds Issued

Face value of convertible bonds issued on 26 September 2014	22 966
Capital part	27 909
Debt part on the initial recognition date of 26 September 2014	**50 875**
Cost of accrued interest	623
Valuation as at 31 December 2014	476
Valuation of the embedded derivative	(9 094)
Derivative as at 31 December 2014	**42 880**
Cost of accrued interest in the period	529
Valuation as at 31 March 2015	(952)
Valuation of the embedded derivative	(1 873)
Derivative as at 31 March 2015	**40 584**

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

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

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

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

11 Bonds Issued - cd

On January 13, 2015, the Company issued a total of 30,000 covered bonds series B Bonds was carried out in the manner specified in Art. 9 Section 3 of the Act on Bonds, ie. Within the framework of a private placement.
The bonds were issued on the following conditions:
• The Issuer did not specify the purpose of issuing the meaning of the Act on Bonds, also did not specify the project to be financed from the issuance of the Bonds.
• The issued bonds are bearer bonds series B with a nominal value of PLN 1,000 each, protected, not having the form of a document.
• The total nominal value of all issued Bonds is not more than 30,000,000 PLN.
• The nominal value of one bond equals PLN 1,000. The issue price of one Bond is equal to its nominal value and amounts to PLN 1,000.
• Bonds will be redeemed by the Company on the date falling four years after the date of issue of the Bonds, ie. On January 13, 2019 years (the "Redemption Date") - except for cases of early early redemption of the Bonds in the event of breaches by the Issuer conditions under which The bonds were issued or at the request of the Issuer.
• The bonds bear interest at a fixed interest rate of 9.1% per annum.
• If the Issuer to redeem the bonds earlier in the event of infringement cases at the request of the Bondholder or at the request of the Issuer of the Bonds will be redeemed on the Redemption Date and will be made by payment of an amount equal to the nominal value of the Bonds, plus accrued and unpaid interest on the Bonds.
February 9, 2015 r. The agreement was concluded for the establishment of a registered pledge on shares of Blaise Investments Sp. Z oo, between Lakia Enterprises Limited and Matczuk Wieczorek & Partners Law Firm Advocates and Legal Advisers Sp. J. Acting in his own name but on behalf of the bondholders holding bonds Series B.
Registered pledge was established on 100 shares in the capital of Blaise Investmetns sp. Z oo, with a nominal value of 50 zł each, representing 100% of the share capital of the company. The nominal value package of 1,000 shares is 50,000 zł.
Registered pledge was established up to the amount of 45,000,000 zł According to a valuation performed by an expert valuer on 26 January 2015. The object of pledge valued at 494,300 zł.

12 Deferred Income Tax

	31/03/2015	31/12/2014
Deferred Income Tax Assets	**758**	**85**
Deferred Income Tax Liabilities	**12 367**	**13 395**

13 Revenues

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Rental revenues	3 060	2 645
Sale of inventory	0	41
Real property consulting services	0	0
Rental-related services	1 612	1 259
	4 672	**3 945**

14 Cost of sales

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
	0	0
Change in inventory write-downs	0	0
Cost of services provided	556	570
	556	**570**

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

15 Administrative costs property related

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Personnel costs	439	382
Maintenance of the real properties	1 421	1 122
Real property taxes	986	764
Perpetual usufruct	437	415
Depreciation of tangible non-current assets and intangible assets	52	43
	3 335	**2 726**

16 Other Administrative Costs

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Consulting services	1 951	1 112
Auditor's fee	111	0
Transport	8	19
Taxes	26	18
Maintenance of the office	392	1 270
Other services	74	70
Costs of non-deducted VAT	113	105
Receivable impairment write-offs	146	31
	2 821	**2 625**

In the group of administrative costs in 2015 the Group recorded an increase in the cost of advisory services in respect of 2014 of 839 thousand. PLN. Increasing costs of consulting services is a consequence of the optimization of personnel costs and the cost of maintaining the office and order some of the tasks performed by office workers in previous years to external entities.

17 Other income

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Release of provisions	1 857	0
Income - reinvoices	0	5
Income - other	705	0
	2 582	**5**

18 Financial Income and Costs

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Cost of interest:		
- bank loans	(1 653)	(911)
- Arrangement fee	(112)	(122)
- financial lease interest	(612)	(413)
- Interests on bonds	(1 139)	0
- other interests	(134)	(42)
- Other	(15)	(20)
Net exchange rate differences	0	(727)
Financial costs	**(3 665)**	**(2 235)**

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

18 Financial Income and Costs - cd

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Interest income:		
- bank interest	114	34
- Interest from unrelated parties	0	48
- Interests on bonds	59	0
Profit on a bargain purchase	32 048	0
The revaluation of bonds	1 872	0
Other financial income	26	0
Net exchange rate differences	4 990	0
Financial income	**39 109**	**82**

19 Income Tax

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Deferred tax	(1 687)	278
	(1 687)	**278**

20 Cash flow from operating activities

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Profit (loss) before tax	27 029	(5 037)
Adjustments for:		
- depreciation of tangible non-current assets	63	43
- profit/loss from exchange rate differences	(5 721)	4 917
- revaluation of investment class real properties to fair value	8 901	878
- cost of interest	2 085	914
- impairment of inventory	0	(10)
- other adjustments: interest income	(90)	(93)
Changes in working capital:		
– change in receivables	(2 831)	(4 342)
– change in inventory	(461)	0
– change in trade payables and other payables	5 517	932
	34 492	**(1 798)**

21 Transactions with related parties

CPD SA does not have immediate parent or ultimate parent undertaking. Coöperatieve Laxey Worldwide W. A. is a major investor.

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the consolidated financial statements

21 Transactions with related parties - cd

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

a) Transactions with key managers	**01/01/2015 - 31/03/2015**	**01/01/2014 - 31/03/2014**
Cost of remuneration of members of the Management Board	45	60
Cost of work and services provided by members of the Management Board	568	480
Cost of remuneration of members of the Supervisory Board	60	60
Total receivables	0	16
b) Transactions with other affiliates managed by key managers		
Costs		
Kancelaria Oleś i Rodzynkiewicz	20	51

22 Payment of Dividend

In the period covered by this interim report were not paid or declared any dividends.

23 Basic and Diluted Earnings per Share

	01/01/2015 - 31/03/2015	**01/01/2014 - 31/03/2014**
Profit attributable to the shareholders in the parent company	28 716	(5 315)
Weighted average number of ordinary shares (in '000)	32 863	34 595
Earnings per share	0,87	(0,15)
Diluted profit attributable to shareholders	26 856	(5 315)
Weighted average number of ordinary shares (in '000)	35 277	34 595
Diluted earnings per share	0,76	(0,15)

The issuance of bonds convertible into shares by CPD contributed to the dilution of profit. The amount of adjustment of the result was affected by the amount of interest (PLN 529 ths), valuation of bonds as at the balance sheet date (PLN -952 ths) and the valuation of the embedded derivative instrument (PLN -1.873 ths). These amounts will be reduced by the income tax to be paid in the future.

The weighted average number of shares was adjusted due to the possible exercise of right to convert bonds convertible into shares (not more than 9,791,360 shares). The weighted average number of shares amounted to 35 277 ths.

24 Contingent liabilities

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

25 Operating segments

As defined in IFRS 8, the Group CPD is recognized by the Board as one operating segment.

Accordingly, both the revenues and segment earnings are equal to revenues and profits CPD Group disclosed in the statement of comprehensive income.

26 Seasonality and unusual events

CPD Group activity is not seasonal or cyclic. In the current interim period, there were no unusual events.

27 Events after the reporting period

After the reporting period, there were no other significant events that go beyond the current business of the Group.

(All amounts in PLN thousands unless otherwise stated)

28 Interim financial information of the parent company

28.1 Condensed statement of comprehensive income

	Nota	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
		(unaudited)	*(unaudited)*
Revenues		134	148
Cost of sales		0	0
Administrative costs	28.14	(925)	(464)
Marketing costs		(37)	(43)
Interest income on loans		4 050	4 585
OPERATING RESULT		**3 222**	**4 226**
Financial income	28.15	3 033	297
Financial costs	28.15	(1 209)	(70)
PROFIT (LOSS) BEFORE INCOME TAX		**5 046**	**4 453**
Income tax		0	0
PROFIT (LOSS) FOR THE PERIOD		**5 046**	**4 453**
BASIC EARNINGS PER SHARE (PLN)	28.12	0,15	0,13
DILUTED EARNINGS PER SHARE (PLN)	28.12	0,09	0,13

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

28.2 Condensed statement of financial position

ASSETS	Note	31/03/2015	31/12/2014
Non-current assets			
Property, plant and equipment		4	6
Intangible assets, excluding goodwill		6	7
Long-term receivables	28.7	475 987	443 516
Shares in subsidiaries	28.5	0	0
Bonds	28.6	3 489	3 430
		479 486	446 959
Current assets			
Trade receivables and other receivables	28.8	534	104
Cash and cash equivalents		12 423	12 071
		12 957	12 175
Total assets		492 443	459 134
EQUITY			
Share capital	28.10	3 286	3 286
Other Reserves		987	987
Element wbudowany w dniu początkowego ujęcia		(27 909)	(27 909)
Kapitał z nadwyżki ceny emisyjnej nad wartością nominalną akcji		796 643	796 643
Retained earnings		(366 833)	(371 861)
Total equity		406 174	401 146
LIABILITIES			
Non-current liabilities			
Bonds Issued	28.13	54 218	24 065
Derivative financial instruments	28.13	16 942	18 815
Borrowings, including finance leases	28.11	12 847	12 769
		84 007	55 649
Current liabilities			
Trade payables and other liabilities		2 262	2 338
		2 262	2 338
Total liabilities		86 269	57 987
Total equity		492 443	459 134

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

28.3 Condensed statement of changes in equity

	Skumulowane zyski / straty								
	Note	Share capital	Element wbudowany w dniu początkowego ujęcia	Own shares	Kapitał z nadwyżki ceny emisyjnej nad wartością nominalną akcji	Supplementary capital	Reserve capital	Zobowiązania z tytułu odroczonego podatku dochodowego	Total
Balance at 01/01/2014		**3 460**	**0**	**(12 300)**	**796 643**	**0**	**987**	**(475 391)**	**313 398**
Profit (loss) for the period		0	0	0	0	0	0	4 453	4 453
		0	0	0	0	0	0	4 453	4 453
Balance at 31/03/2014 /unaudited		**3 460**	**0**	**(12 300)**	**796 643**	**0**	**987**	**(470 938)**	**317 851**
Balance at 01/01/2014		**3 460**	**0**	**(12 300)**	**796 643**	**0**	**987**	**(475 391)**	**313 398**
Decrease of capital by redemption of shares		(174)	0	12 300	0	0	0	(12 126)	0
Takover of bonds		0	(27 909)	0	0	0	0	0	(27 909)
		(174)	(27 909)	12 300	0	0	0	(12 126)	(27 909)
Profit (loss) for the period		0			0	0	0	115 656	115 656
		0			0	0	0	115 656	115 656
Balance at 31/12/2014		**3 286**	**(27 909)**	**0**	**796 643**	**0**	**986**	**(371 861)**	**401 145**
Balance at 01/01/2015		**3 286**	**(27 909)**	**0**	**796 643**	**0**	**986**	**(371 861)**	**401 145**
Correction to prior year								(18)	(18)
Profit (loss) for the period		0	0	0	0	0	0	5 046	5 046
		0	0	0	0	0	0	5 028	5 028
Balance at 31/03/2015 /unaudited		**3 286**	**(27 909)**	**0**	**796 643**	**0**	**986**	**(366 833)**	**406 173**

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

28.4 Condensed statement of cash flows

	Note	01/01/2015 - 31/03/2015 *(unaudited)*	01/01/2014 - 31/03/2014 *(unaudited)*
Cash generated from operations			
Cash generated from operations	28.16	(1 014)	(777)
Net cash generated from operating activities		**(1 014)**	**(777)**
Cash flows from investing activities			
Loans		(37 520)	(9 616)
Loan repayments received		8 854	3 624
Interest received		32	487
Net cash generated from investing activities		**(28 634)**	**(5 504)**
Cash flows from financing activities			
Proceeds from issuance of bonds		30 000	0
Net cash used in financing activities		**30 000**	**0**
Net (decrease)/increase in cash and cash equivalents		**352**	**(6 281)**
Cash and cash equivalents at beginning of year		**12 071**	**6 355**
Cash and cash equivalents at the end of the period		**12 423**	**74**

Elżbieta Donata Wiczkowska
Chairman of the Board

Colin Kingsnorth
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

28.5 Shares in subsidiaries

Name	Country	Sare	31/03/2015	31/12/2014
Buffy Holdings No1 Ltd	Cypr	100%	184 000	184 000
Impairment on shares			(184 000)	(184 000)
Celtic Investments Ltd	Cypr	100%	48 000	48 000
Impairment on shares			(48 000)	(48 000)
Lakia Enterprises Ltd	Cypr	100%	105 000	105 000
Impairment on shares			(105 000)	(105 000)
			0	**0**

28.6 Bonds

On 18 March 2013 the Company purchased bonds issued by the Company Bolzanus Limited based in Cyprus (bonds - 3 million PLN., Interest on March 31, 2015 - 489 thousand. PLN.). The bond interest rate is 8% per annum. Maturity date falls on February 17, 2016.

28.7 Long-term receivables

	31/03/2015	31/12/2014
Long-term loans to related parties, including:		
-principal	482 039	453 478
- interests	83 717	79 819
Impairment on loans	(89 768)	(89 781)
	475 987	**443 516**

Loans granted to related parties

Related party	Currency	Principal	Accrued interests	Interest	Margin	Maturity date
Smart City Sp.K.	PLN	20	0	3M WIBOR	1,55%	on demand
2/124 Gaston Investments	PLN	2 857	326	3M WIBOR	1,55%	on demand
3/93 Gaston Investments	PLN	2 501	283	3M WIBOR	1,55%	on demand
4/113 Gaston Investments	PLN	5 398	893	3M WIBOR	1,55%	on demand
5/92 Gaston Investments	PLN	3 093	331	3M WIBOR	1,55%	on demand
6/150 Gaston Investments	PLN	2 287	283	3M WIBOR	1,55%	on demand
7/120 Gaston Investments	PLN	1 461	189	3M WIBOR	1,55%	on demand
8/126 Gaston Investments	PLN	4 304	489	3M WIBOR	1,55%	on demand
9/151 Gaston Investments	PLN	937	124	3M WIBOR	1,55%	on demand
10/165 Gaston Investments	PLN	1 270	134	3M WIBOR	1,55%	on demand
11/162 Gaston Investments	PLN	1 113	122	3M WIBOR	1,55%	on demand
12/132 Gaston Investments	PLN	3 109	371	3M WIBOR	1,55%	on demand
13/155 Gaston Investments	PLN	2 941	331	3M WIBOR	1,55%	on demand
15/167 Gaston Investments	PLN	1 660	145	3M WIBOR	1,55%	on demand
16/88 Gaston Investments	PLN	402	67	3M WIBOR	1,55%	on demand
18 Gaston Investments	PLN	2 994	254	3M WIBOR	1,55%	on demand
19/97 Gaston Investments	PLN	478	66	3M WIBOR	1,55%	on demand
20/140 Gaston Investments	PLN	535	78	3M WIBOR	1,55%	on demand
Antigo Investments	PLN	4 804	492	3M WIBOR	1,55%	on demand
Impairment on loan granted to Antigo			*(263)*			
Blaise Gaston Investments	PLN	5 021	599	3M WIBOR	1,55%	on demand
Blaise Investments	PLN	25 217	4 638	3M WIBOR	1,55%	on demand
Belise Investments	PLN	32 771	7 301	3M WIBOR	1,55%	on demand
Impairment on loan granted to Belise			*(6 238)*			
Buffy Holdings No 1 Ltd	PLN	160 591	29 925	3M WIBOR	0,75%	on demand
Impairment on loan granted to Buffy Holdings	PLN	*(30 375)*	*(28 838)*			on demand

(All amounts in PLN thousands unless otherwise stated)

28.7 Należności długoterminowe - cd

Celtic Asset Management	PLN	8	0	3M WIBOR	1,55%	on demand
Celtic Investments Ltd	EUR	1 689	35	3M LIBOR	0,75%	on demand
Impairment on loan granted to Celtic Investments Ltd		(1 599)	(33)			
Challange 18	PLN	163 334	29 637	3M WIBOR	1,55%	on demand
Smart City Sp. z o.o.	PLN	4	0	3M WIBOR	1,55%	on demand
Elara Investments	PLN	3 245	70	3M WIBOR	1,55%	on demand
Impairment on loan granted to Elara Investments		*(2 845)*	*(42)*			on demand
Gaston Investments	PLN	10 052	531	3M WIBOR	1,55%	on demand
Impairment on loan granted to Gaston Investments	PLN	*(3 426)*	*(453)*			
HUB Developments	PLN	2 371	216	3M WIBOR	1,55%	on demand
Impairment on loan granted to HUB Developments			*(110)*		1,55%	on demand
Lakia Enterprises Limited	PLN	32 996	5 783	3M WIBOR	1,55%	on demand
Impairment on loan granted to Lakia Enterprises		*(9 743)*	*(5 490)*			
IMES		*2 263*	*1*	3M WIBOR	1,55%	26.03.2020
		433 738	**42 250**			

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

28.8 Trade receivables and other receivables

	31/03/2015	31/12/2014
Trade receivables from related parties	165	74
Short-term loans to related parties, including:	166	0
- principal	15 985	15 961
- interests	4 508	4 366
- impairment on loans	(20 328)	(20 328)
The surplus of input VAT due	73	9
Other receivables from non related parties	76	16
Accrued expenses	54	5
short-term receivables	**534**	**104**

Loans granted to related parties

Related party	Currency	Principal	Accrued interests	Interest	Margin	Maturity date
Mandy Investments	PLN	15 985	4 508	3M WIBOR	1,55%	on demand
Impairment on loan granted to Mandy Investments		*(15 961)*	(4 366)			

(All amounts in PLN thousands unless otherwise stated)

28.9 Odroczony podatek dochodowy

Zobowiązania z tytułu odroczonego podatku dochodowego

Balance at 1 January 2014	**15 237**
Accrued interest on loans	3 002
Accrued interest on bonds	82
Exchange differences	45
Balance at 31 December 2014 - before compensation	**18 366**
Compensation of deferred income tax	(18 366)
Balance at 31 December 2014 - after compensation	**0**
Accrued interest on loans	13 564
Accrued interest on bonds	11
Exchange differences	57
Balance at 31 March 2015 - before compensation	**16 761**
Compensation of deferred income tax	(16 761)
Balance at 31 March 2015 - after compensation	**0**

Aktywa z tytułu odroczonego podatku dochodowego

Balance at 1 January 2014	**15 237**
Impairment on loans	2 552
Accrued interest on loan received	334
Uninvoiced costs	21
Holiday reserve	18
Accrued interest on bonds	119
Exchange differences	85
Balance at 31 December 2014 - before compensation	**18 366**
Compensation of deferred income tax	(18 366)
Balance at 31 December 2014 - after compensation	**0**
Impairment on loans	13 374
Uninvoiced costs	6
Accrued interest on loan received	15
Accrued interest on bonds	209
Exchange differences	13
Holiday reserve	15
Balance at 31 March 2015 - before compensation	**16 761**
Compensation of deferred income tax	(16 761)
Balance at 31 March 2015 - after compensation	**0**

28.10 Kapitał podstawowy

	Amount of shares		**Value of shares**	
	31/03/2015	**31/12/2014**	**31/03/2015**	**31/12/2014**
Shares (in ths)	32 863	34 833	3 286	3 483

At the reporting date share capital amounted to 3,286 tys.PLN. Until the date of this report there were no changes in the share capital.

28.11 Borrowings, including finance leases

	31/03/2015	**31/12/2014**
Loans from related parties	12 847	12 769
	12 847	**12 769**

Loan commitments as at 31 March 2015 relate to a loan received from the subsidiary Lakia Enterprises (principal 7 853 thousand PLN, interest 1 743 thousand PLN) and loans received from a subsidiary Lakia Investments (principal 3 159 thousand PLN , interest: 92 thousand PLN). The interest rate on the loan from a subsidiary Lakia Enterprises is Wibor 3M + margin 0.50%, of the subsidiary Lakia Investments is Wibor 3M + margin 1.55%.

Loans from related parties will be repaid in the period from 1 to 3 years.

Borrowings are not secured.

28.12 Basic and Diluted Earnings per Share

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Profit attributable to the shareholders in the parent company	5 046	4 453
Weighted average number of ordinary shares (in '000)	32 863	34 307
Earnings per share	0,15	0,13
Diluted profit attributable to shareholders	3 186	4 453
Weighted average number of ordinary shares (in '000)	35 277	34 307
Diluted earnings per share	0,09	0,13

The issuance of bonds convertible into shares by CPD contributed to the dilution of profit. The amount of adjustment of the result was affected by the amount of interest (PLN 529 ths), valuation of bonds as at the balance sheet date (PLN -952 ths) and the valuation of the embedded derivative instrument (PLN -1.873 ths). These amounts will be reduced by the income tax to be paid in the future.

The weighted average number of shares was adjusted due to the possible exercise of right to convert bonds convertible into shares (not more than 9,791,360 shares). The weighted average number of shares amounted to 35 277 ths.

28.13 Bonds issued

Face value of convertible bonds issued on 26 September 2014	22 966
Capital part	27 909
Debt part on the initial recognition date of 26 September 2014	**50 875**
Cost of accrued interest	623
Valuation as at 31 December 2014	476
Valuation of the embedded derivative	(9 094)
Derivative as at 31 December 2014	**42 880**
Cost of accrued interest in the period	529
Valuation as at 31 March 2015	(952)
Valuation of the embedded derivative	(1 873)
Derivative as at 31 March 2015	**40 584**

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

(All amounts in PLN thousands unless otherwise stated)

28.13 Bonds issued - cd

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

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

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

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

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

February 9, 2015 r. The agreement was concluded for the establishment of a registered pledge on shares of Blaise Investments Sp. Z oo, between Lakia Enterprises Limited and Matczuk Wieczorek & Partners Law Firm Advocates and Legal Advisers Sp. J. Acting in his own name but on behalf of the bondholders holding bonds Series B.
Registered pledge was established on 100 shares in the capital of Blaise Investmetns sp. Z oo, with a nominal value of 50 zł each, representing 100% of the share capital of the company. The nominal value package of 1,000 shares is 50,000 zł.
Registered pledge was established up to the amount of 45,000,000 zł According to a valuation performed by an expert valuer on 26 January 2015. The object of pledge valued at 494,300 zł.

28.14 Administrative costs

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Consulting services	518	50
Remuneration	240	231
Auditor's fee	1	0
Costs of non-deducted VAT	70	57
Other services	96	126
	925	**464**

In the group of administrative costs in 2015 the Group recorded an increase in the cost of advisory services in respect of 2014 of 468 thousand. PLN. Increasing costs of consulting services is a consequence of the optimization of personnel costs and the cost of maintaining the office and order some of the tasks performed by office workers in previous years to external entities.

(All amounts in PLN thousands unless otherwise stated)

28.15 Financial Income and Costs

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Interest income:		
- Interest frpm non related prties	59	19
- Bank interest	23	59
Other financial income	0	210
Financial income from the valuation of the embedded derivative	1 872	0
Net exchange differences	1 079	9
Finnacial income	**3 033**	**297**
interest cost:		
- Interest - related parties	78	62
- Interest - non related parties	1 139	8
Other financial cost	(8)	0
Financial cost	**1 209**	**70**

28.16 Cash flow from operating activities

	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Profit (loss) before tax	5 046	4 453
Adjustments for:		
- profit/loss from exchange rate differences	(2 774)	(114)
- depreciation of tangible non-current assets	3	1
- cost of interest	1 183	62
- other adjustments: interest income	(4 132)	(4 656)
– change in receivables	(264)	(476)
– change in trade payables and other payables	(76)	(47)
	(1 014)	**(777)**

28.17 Transactions with related parties

CPD SA does not have immediate parent or ultimate parent undertaking. Coöperatieve Laxey Worldwide W. A. is a major investor.

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

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

a) Transactions with key managers	01/01/2015 - 31/03/2015	01/01/2014 - 31/03/2014
Cost of remuneration of members of the Supervisory Board	60	60
Cost of remuneration of members of the Management Board	45	60
b) Transactions with a major investor		
Laxey - loan	312	0
Impairment on loan Laxey	(312)	0
b) Transactions with related parties		
Income		
Smart City Sp.k.	0	29
2/124 Gaston Investments	24	19
3/93 Gaston Investments	20	19
4/113 Gaston Investments	47	55
5/92 Gaston Investments	26	23
6/150 Gaston Investments	19	15
7/120 Gaston Investments	12	11
8/126 Gaston Investments	37	32
9/151 Gaston Investments	8	7
10/165 Gaston Investments	11	9

(All amounts in PLN thousands unless otherwise stated)

28.17 Transakcje z jednostkami powiązanymi - cd

11/162 Gaston Investments	9	8
12/132 Gaston Investments	26	23
13/155 Gaston Investments	25	23
14/119 Gaston Investments	0	0
15/167 Gaston Investments	14	12
16/88 Gaston Investments	3	3
18 Gaston Investments	25	18
19/97 Gaston Investments	4	4
20/140 Gaston Investments	5	5
Antigo Investments	43	48
Blaise Gaston Investments	40	33
Blaise Investments	224	262
Belise Investments	291	308
Buffy Holdings No1 Ltd	1 088	1 173
Celtic Asset Management	0	11
Celtic Investments Ltd	3	4
Challange 18	1 481	1 227
East Europe Property Financing AB	0	89
Elara Investments	29	32
Gaetan Investments	0	114
Gaston Investments	78	69
Hub Developments	21	22
IMES	1	0
Lakia Enterprises Ltd	294	232
Mandy investments	142	167
Robin Investments	0	24
Costs		
Lakia Enterprises Ltd	50	62
Lakia Investments	28	0
Payables		
Lakia Enterprises Ltd	9 596	9 546
Lakia Investments	3 251	3 223
Receivables		
Smart City Sp.k.	20	20
2/124 Gaston Investments	3 183	2 528
3/93 Gaston Investments	2 784	2 151
4/113 Gaston Investments	6 291	6 117
5/92 Gaston Investments	3 424	2 672
6/150 Gaston Investments	2 570	2 244
7/120 Gaston Investments	1 650	1 388
8/126 Gaston Investments	4 793	4 149
9/151 Gaston Investments	1 061	901
10/165 Gaston Investments	1 404	1 122
11/162 Gaston Investments	1 235	967
12/132 Gaston Investments	3 480	2 824
13/155 Gaston Investments	3 271	2 786
15/167 Gaston Investments	1 805	1 393
16/88 Gaston Investments	469	420
18 Gaston Investments	3 249	2 629
19/97 Gaston Investments	544	465
20/140 Gaston Investments	613	533
Antigo investments	5 297	5 180
Impairment on loan granted to Antigo Investments	(263)	(263)
Blaise Gaston Investments	5 620	4 237

(All amounts in PLN thousands unless otherwise stated)

28.17 Transakcje z jednostkami powiązanymi - cd

Blaise Investments	29 855	29 493
Belise Investments	40 072	39 435
Impairment on loan granted to Belise	(6 238)	(6 237)
Buffy Holdings No1 Ltd	190 516	166 809
Impairment on loan granted to Buffy Holdings No1 Ltd	(59 213)	(59 213)
Celtic Asset Management	8	0
Celtic Investments Ltd	1 724	1 768
Impairment on loan granted to Celtic Investments Ltd	(1 632)	(1 632)
Challange 18	192 971	197 390
Smart City sp.z o.o.	4	0
Elara Investments	3 315	3 252
Impairment on loan granted to Elara Investments	(2 887)	(2 887)
Gaston Investments	10 583	8 965
Impairment on loan granted to Gaston Investments	(3 879)	(3 879)
Hub Developments	2 587	2 648
Odpis na pożyczkę HUB Developments	(110)	(110)
Lakia Enterprises Ltd	38 779	38 486
Impairment on loan granted to Lakia Enterprises Ltd	(15 233)	(15 233)
Mandy investments	20 494	20 328
Impairment on loan granted to Mandy Investments	(20 328)	(20 328)
IMES	2 264	0

c) Transactions with other related parties

Costs		
Kancelaria Radców Prawnych Oleś&Rodzynkiewicz sp. komandytowa	20	130