I QUARTER REPORT 2013

Celtic

CELTIC PROPERTY DEVELOPMENTS S.A.

QUARTERLY REPORT FOR Q1 FY2013

CONTENTS

I. OPERATING REPORT

1. INFORMATION OF CELTIC CAPITAL GROUP

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

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

Apart from the real estate development operations, Celtic Capital Group provides advisory services in management of commercial real estate portfolio of third party investors.

2. CAPITAL GROUP'S STRUCTURE

As at 31 March 2013, Celtic Capital Group (hereinafter "the Group", "Celtic Group", "Capital Group") comprised the dominant entity Celtic Property Developments S.A. (hereinafter "the Company", "the Issuer") and 38 subsidiaries. The Group's real estate development operations are conducted through investment companies directly controlled by Buffy Holdings No1 Ltd (Cyprus) and Lakia Enterprises Ltd (Cyprus). The dominant entity – Celtic Property Developments S.A. – coordinates and supervises activities of individual subsidiaries, and is also the centre of decisions concerning development strategy. Celtic Property Developments S.A. takes measures to streamline the Capital Group's operating costs, shapes the Group's investment and marketing policy and fulfills the coordinating role in these operations.

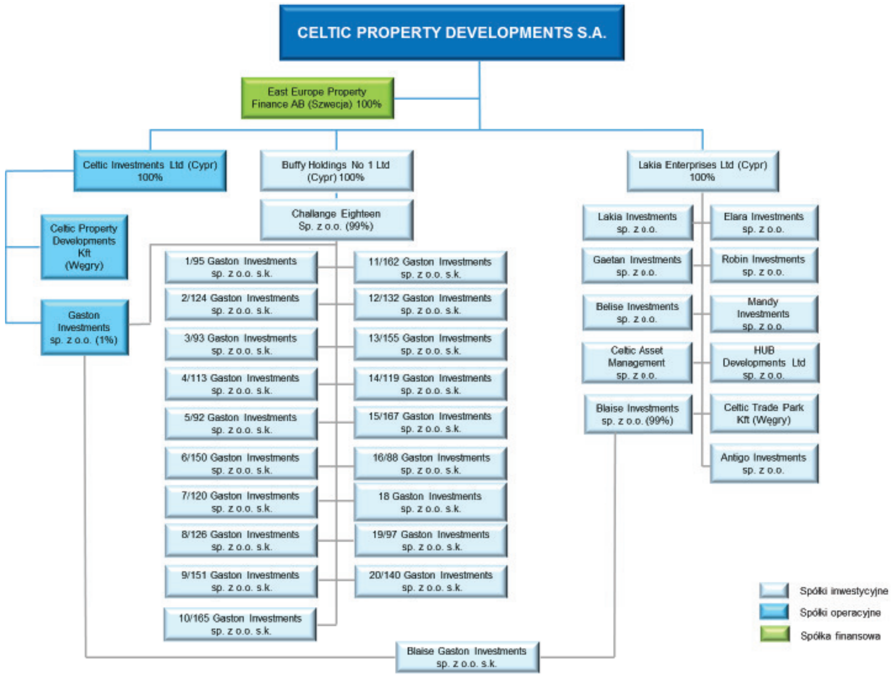
In the reporting period there were no changes which could affect Celtic Group's operations, results or its capital structure.

The Group is currently liquidating Celtic Property Developments Kft company in Hungary. This company's liquidation is a continuation of works aimed at consolidation and optimisation of real estate portfolio management costs, which commenced early in 2012. The liquidation should be completed in Q2 this year.

All companies within the Group are subject to full consolidation.

Celtic Group's structure as at 31 March 2013 is presented on the chart below.

Celtic Group's structure as at 31 March 2013.



Key:

Cypr – Cyprus; Szwecja – Sweden; Spółki inwestycyjne – investment companies; Spółki operacyjne – operating companies; Spółka finansowa – financial company

3. SELECTED FINANCIAL DATA

Selected items of the consolidated income statement

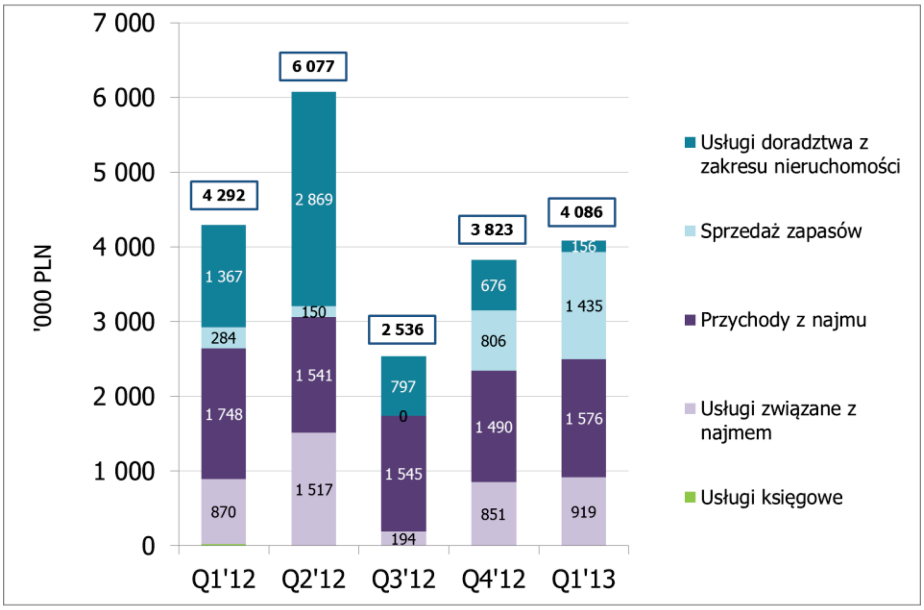
	3-month period		
	From 01.01.2013 to 31.03.2013 (in PLN k)	From 01.01.2012 to 31.03.2012 (in PLN k)	*Change (%)*
Sales revenue	4 086	4 292	*-4.8%*
Sales cost	-3 868	-1 676	*130.8%*
Result on sales	**218**	**2 616**	***-91.7%***
Operating expenses, of which:	**-2 904**	**-14 234**	*-79.6%*
Real property maintenance administration costs	-3 183	-6 482	*-50.9%*
Other administrative costs	-2 692	-2 761	*-2.5%*
Sales and marketing costs	-43	-297	*-85.5%*
Other revenues	109	14	*678.6%*
Result on valuation of real properties for investment	2 406	-4 708	*-151.1%*
Valuation of assets for sale	499	0	-
Operating result	**-2 686**	**-11 618**	***-76.9%***
Financial revenue	156	9 638	*-98.4%*
Financial costs	-2 581	-1 894	*36.3%*
Result before taxation	**-5 111**	**-3 874**	***31.9%***
Income tax	-477	1 268	*-137.6%*
Net result	**-5 588**	**-2 606**	***114.4%***
Net profit (loss) per share (PLN)	-0.16	-0.08	*112.9%*

At the end of Q1 FY2013, Celtic Group recorded a net result decrease year-on-year by PLN 3.0mn. In Q1 2012, the main factors positively affecting the Group's result were the reduction of real property administration costs by PLN 3.3mn and increased result of valuation of investment real properties and assets for sale in the total amount of PLN 2.9mn, as a result of the arisen exchange rate differences. On the other hand, the main factor with adverse effect on the result was the reduction of financial revenues by PLN 9.5mn mainly due to the fact that in Q1 Fy2013 the Group did not have a revenue from dividend from companies in which it still used to hold minority shares in 2012.

Due to very bad financial forecasts for 2013 and the following years, the Group does not anticipate any proceeds from them in the future and ended operations of these entities. In addition to this, the Group's financial result was significantly affected by sales costs increase by PLN 2.2mn resulting from the sales of land plots being a balance sheet item of the Group presented under inventory, and financial costs increase by PLN 0.7mn resulting primarily from negative exchange rate differences.

In Q1 FY2013, the Group recorded a drop of sales revenue by PLN 0.2mn (4.8%) year on year. Also the structure of sales revenue changed. The largest share in sales revenue were lease revenue (39% in Q1 FY2013 versus 41% in Q1 FY2012). The level of lease revenue in Q1 FY2013 dropped slightly year on year. Lease revenue was generated primarily by 2 office buildings located in Warsaw - Aquarius building (at Połczyńska 31A street) and Solar building (Cybernetyki 7B street). As at 31 March 2013, these buildings had 98% (Aquarius) and 97% (Solar) occupancy. Iris office building is currently under commercialization and lease revenue will have a positive effect on the Group's results in the second half of 2013. At the same time, there was a decrease in the share of revenue for advisory services. In Q1 FY2012, 32% of the Group's revenue was generated by advisory services related to real estate. In 2013, this share decreased to 4% due to expiry of the contract with Spazio Industriale NV. Sales of building plots, located mainly in Magdalenka, comprised 35% of sales revenue in Q1 FY2013 and amounted to PLN 1.4mn, compared to PLN 0.3mn in Q1 FY2012. The sales resulted from abandoning some projects and, consequently, inventory is being sold out regularly to release capital.

The chart below presents the Group's revenue structure in 2012 and Q1 2013.



Key: Usługi doradztwa z zakresu nieruchomości – Real estate advisory services; Sprzedaż zapasów – Sales of inventories; Przychody z najmu – Revenue on lease; Usługi związane z najmem – Lease-related services; Usługi księgowe – Accounting services

In Q1 FY2013, the Group recorded a negative operating result in the amount of PLN 2.6mn which is a PLN 8.9mn increase year on year. Reduction of real property administration costs (by PLN 3.3mn) had the greatest positive effect on the Group's financial result. Lower administrative costs resulted from reduced employment costs (reduction by PLN 3.4mn compared to Q1 FY2012). Reduction of costs in these categories resulted from actions being part of the Group's strategy and initiated in 2011 and continued in 2012 and 2013, such as headcount reduction, moving the head office to the building at Cybernetyki 7B being part of the Group's real estate portfolio, and streamlining the remaining operating costs.

Q1 FY2013 yielded a negative result on inventory sales in the amount of PLN 0.7mn and this loss was PLN 0.6mn higher than in the previous year. Revenue on inventory sales increased by PLN 1.1mn year on year while the cost of inventory sold increased by PLN 1.7mn. A positive result on valuation of investment properties and assets for sales amounting to PLN 2.9mn (Q1 FY2012: loss of PLN 4.7mn) resulting from the change of EUR/PLN exchange rate, had a positive effect on the Group's financial result.

As a result of the above-mentioned changes, the Group's net loss increased by PLN 3.0mn year on year – from PLN 2.6mn in Q1 FY2012 to PLN 5.6mn in Q1 FY2013.

Selected items of the consolidated balance sheet

	As at: 31.03.2013 (in PLN k)	31.12.2012 (in PLN k)	Change (%)
Total assets	**521 838**	**521 851**	***0.0%***
Fixed assets, of which:	445 015	439 174	*1.3%*
Real properties for investment	*440 514*	*438 017*	*0.6%*
Goodwill	*0*	*0*	-
Current assets, of which:	76 823	82 677	*-7.1%*
Inventories	*13 222*	*15 496*	*-14.7%*
Trade receivables and other receivables	*15 152*	*17 186*	*-11.8%*
Tax receivables	*0*	*0*	-
Cash and cash equivalents	*25 056*	*27 101*	*-7.5%*
Assets for sale	*23 393*	*22 894*	*2.2%*
Total liabilities	**521 838**	**521 851**	***0.0%***
Total equities, of which:	377 999	383 621	*-1.5%*
Share capital	*3 431*	*3 431*	*0.0%*
Supplementary capital	*0*	*0*	-
Reserve capital	*4 399*	*4 399*	*0.0%*
Capital from foreign currency conversion	*-3 967*	*-3 933*	*0.9%*
Cumulated profits from previous years	*374 136*	*379 724*	*-1.5%*
Total payables, of which:	143 839	138 230	*4.1%*
Long-term payables	*83 010*	*121 908*	*-31.9%*
Short-term payables	*60 829*	*16 322*	*272.7%*

At the end of Q1 FY2013, value of the Group's total assets did not change compared to the value at the end of FY2012. The value of current assets (7%) dropped slightly, mainly due to inventory reduction by PLN 2.3mn caused by their sales and to reduction of capital level by PLN 2.0mn.

In Q1 FY2013, structure of the Group's liabilities changed significantly. This was a result of reclassification of the liability towards HSBC Bank for the loan received, from long-term to short-term. At the end of Q1 FY2013, value of the Group's equities was PLN 378mn, comprising 72% of the Group's total assets while liabilities comprised 28% of total assets. These indicators remained similar to their level at the end of 2012.

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

	31.03.2013	31.12.2012
Total payables share in the balance sheet sum	**27.6%**	**26.5%**
Long-term payables share in the balance sheet sum, of which:	**15.9%**	**23.4%**
Credits and loans, including payables under finance lease	13.6%	21.3%
Payables under deferred income tax	2.2%	2.0%
Trade payables	0.1%	0.1%
Short-term payables share in the balance sheet sum, of which:	**11.7%**	**3.1%**
Credits and loans, including payables under finance lease	8.7%	0.4%
Trade payables	2.9%	2.6%
Payables under deferred income tax	0.0%	0.1%

Structure of liabilities changed compared to the end of 2012. The share of long-term liabilities in the balance sheet amount decrease from 23.4% at 31 December 2012 to 15.9% at the end of Q1 FY2013. This change resulted from reclassification of the loan granted by HSBC from a long-term to a short-term liability. The share of short-term liabilities increased from 3.1% at 31 December 2012 to 11.7% at 31 March 2013.

4. MAJOR EVENTS DURING THE REPORTING PERIOD

- ### URSUS PROJECT – PROCESS OF APPROVING ZONING PLAN FOR POST-INDUSTRIAL AREAS OF THE TRACTOR MANUFACTURING SITE IN URSUS

As at the date of this report, Warsaw city authorities failed to finish the works to approve *The zoning plan for post-industrial areas around Orłów Piastowskich street* in Ursus. Consequently, Celtic Group failed to commence delivery of the Ursus project. Negotiations are still pending with Warsaw authorities on provisions of the contract under which the Company would voluntarily give the city around 16.5ha of land located in the Ursus district, including 4.8ha of land for social functions and 11.6ha for road functions. Adoption of the Zoning Plan by the City Council of Warsaw is key to commencement of the entire project and first stage construction works. The prolonged process of the plan adoption directly affects postponement of the investment project start and the time of recognition of revenue from the project. According to the new Plan version, the Group will be allowed to deliver its investment plans consisting in construction 740,000 sq m of floor space.

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

Construction works in the project began in Q4 FY2011. IRIS is a four storey office building with a total leasable area of around 14,300 sq m with 233 parking lots, being the final stage of an office and residential project located on the corner of Cybernetyki and Postępu streets in Warsaw.

Construction works - with Eiffage Budownictwo Mitex S.A. as the main contractor – ended in Q3 FY2012, while in October 2012 the company obtained the occupancy permit for the building. In December 2012 the first tenants – Saint-Gobain Group companies – moved into the building. The Group is actively striving to put the project into business use.

In Q1 FY2013, office and storage areas of approximately 750 sq m in total were leased to 4 companies. In addition to this, two lease contracts were signed in April for a total area of around 1,000 sq m. Current negotiations with further tenants are expected to end in June 2013.

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

This eight-storey B+ office building with an area of 5,792 sq m was built in 1998 and upgraded by the Group in 2008. The building is currently leased, among others, to such tenants as Beko S.A., Berlin Chemie, Akzo Nobel, Liqui Moly Polska, ZPUE S.A. and Bard Poland. As of the date of this report, the building is leased in 96%. Since September 2011, also Celtic Group's offices are housed in this building.

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

Aquarius Office Park comprises: a five-storey B class office building with a total area of 5,211 sq m, land plot for development with a valid building permit decision for an A class office building of approx. 2,500 sq m, and land plot for development of approximately 10,000 sq m designated for a complex of office and warehouse buildings. The office building is currently leased to: VB Leasing, Betacom S.A., Fly Away Travel, Veolia Eurolines. As of the date of this report, the building is leased in 98%.

- **SALES OF LAND PLOTS IN MAGDALENKA**

In Q1 FY2013, the Company sold 8 land plots for one-family housing, with a total area of 11,668 sq m. On 5th of April, a contract of sales for another land plot of 1,022 sq m was finalised. As at the date of this report, 11 land plots with a total area of 11,564 sq m remain to be sold.

- **SELECTION OF THE AUDITOR**

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

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

- review the interim individual financial statement of Celtic Property Developments S.A. of 30 June 2013;

- **APPOINTMENT OF THE MEMBER OF THE MANAGEMENT BOARD**

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

5. UNTYPICAL FACTORS AND EVENTS

In the reporting period no untypical factors and events occurred.

6. SEASONALITY AND CYCLICITY OF OPERATIONS

Seasonal and cyclic factors do not affect Celtic Group's operations.

7. WRITE-DOWNS OF INVENTORIES TO NET REALISABLE VALUE

When determining the value of recoverable inventories, the Management Board takes into account valuations of real properties made by independent appraisers as at 31.12.2012, taking into consideration any changes of value due to changes on the real property market. In Q1 FY2013, the amount of inventory write-down decreased by PLN 0.3mn as a result of the sales of inventories – land plots located in Nowa Piasecznica and Jaktorowo.

8. ASSET IMPAIRMENT WRITE-OFFS

In Q1 FY2013, the Group recorded a positive result on overvaluation of real properties for investment to fair value in the amount of PLN 2.4mn resulting from exchange rate fluctuations, in particular of the EUR exchange rate. In similar period in 2012, the Group's loss due to overvaluation of real properties for investment to fair value amounted to PLN 4.7mn and resulted also from exchange rate differences resulting from exchange rate fluctuations, in particular of the EUR exchange rate.

9. ESTABLISHMENT, INCREASE, USE AND DISSOLUTION OF RESERVE PROVISIONS

In Q1 FY2013, the value of accrued liabilities increased by PLN 0.5mn. Provisions for real property tax and perpetual usufruct costs were increased.

10. DEFERRED INCOME TAX PROVISIONS AND ASSETS

In terms of deferred income tax assets, their recoverable value is determined based on probability of asset realization in the future, taking into account business plans of individual companies subject to consolidation. This value, therefore, is based on the Management Board's estimations. Deferred income tax assets presented in the balance sheet as at 31 March 2013 amounted to PLN 0.4mn.

As at 31 March 2013, the Group's deferred income tax liabilities amounted to PLN 11.4mn. Significant changes of deferred income tax liabilities in Q1 FY2013 were mainly due to adjusted valuations of real properties for investment to fair value.

11. PURCHASE AND SALES OF TANGIBLE FIXED ASSETS

In the reporting period the Group did not conclude any major transactions to buy or sell fixed assets.

12. MAJOR LIABILITIES RELATED TO PURCHASE OF TANGIBLE FIXED ASSETS

None.

13. MAJOR SETTLEMENTS RELATED TO COURT LITIGATIONS

None.

14. CORRECTION OF PRIOR PERIOD ERRORS

None.

15. CHANGES IN ECONOMIC SITUATION AND BUSINESS ENVIRONMENT AFFECTING FAIR VALUE OF THE ISSUER'S ASSETS AND FINANCIAL LIABILITIES

In Q1 FY2013, no changes in economic situation and business environment affecting fair value of the Group's assets and financial liabilities occurred.

16. INFORMATION ON UNPAID CREDIT OR LOAN, OR ON INFRINGEMENT OF KEY TERMS OF THE LOAN CONTRACT ON WHICH NO REMEDIES HAVE BEEN UNDERTAKEN BY THE END OF THE REPORTING PERIOD

None.

17. TRANSACTIONS WITH AFFILIATED ENTITIES ON NON-MARKET CONDITIONS

In Q1 FY2013, the Company concluded no transactions with affiliated entities on non-market conditions. Transactions with affiliated entities are described in Explanatory Note 21 to the Consolidated Financial Statements.

18. INFORMATION ON THE CHANGE OF FINANCIAL INSTRUMENTS' FAIR VALUE DETERMINATION METHOD

In the reporting period, the Group made no changes in the financial instruments' fair value determination method.

19. CHANGES IN CLASSIFICATION OF FINANCIAL ASSETS

In the reporting period, the Group made no changes in classification of financial instruments.

20. ISSUE, REDEMPTION AND REPAYMENT OF NON-SHAREHOLDING AND EQUITY SECURITIES

- **ISSUE OF D SERIES SHARES, INCREASE OF THE SHARE CAPITAL WITHIN THE AUTHORISED SHARE CAPITAL**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Andrew Morrison Shepherd – 36,483 subscription warrants;

- Aled Rhys Jones – 36,483 subscription warrants;
- Elżbieta Wiczkowska – 15,810 subscription warrants

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

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

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

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

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

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

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

- **BUY BACK**

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

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

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

On 11 April 2013, the Company decided to accept all offers of sales of the Shares and to reduce them proportionally, which was conducted on terms defined in the Invitation. As the sales offers involved a greater number of shares than the 1,732,394 shares proposed by the Company, each sales offer was reduced on average by 88.88% which means that the Company purchased on average 11.12% of the Shares offered for sale.

As a result of settlement of the transaction on 15 April 2013, the Company bought back via UniCredit CAIB Poland S.A. with registered office in Warsaw 1,732,394 of the Company's shares. The number of shares in the Shares Sales Offers amounted to 15,575,542. The reduction rate was 88.88%.

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

21. INFORMATION ON THE DIVIDEND

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

22. EVENTS AFTER THE DATE OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- On 15 April 2013, the Company completed the buy back started on 10 August 2012 by buying back 1,732,394 own shares via UniCredit CAIB Poland S.A. with registered office in Warsaw. The buy back process is described in detail in item 20 of this report.
- On 25 April 2013, the Company received a decision from the District Court in the capital city of Warsaw, 13th Commercial Division of the National Court Register of 19 April 2013 which was an addition to the decision of this Court of 7 February 2013. Under this decision, conditional increase of share capital by up to PLN 8,877.60 was recorded in the National Court Register. The process of issuing B series subscription warrants with the right to take up E series shares and to refusing entirely the existing shareholders the subscription right to B series subscription warrants and processes of increasing the Company's share capital with exclusion of E series shares subscription right, amending the Company's Articles, refusing entirely the existing shareholders the subscription right to E series shares, dematerializing E series shares and applying for admission and floating of C series shares to trading on regulated market are described in detail in item 20 of this report.
- On 26 April 2013, Mandy Investments Sp. z o.o., the Company's subsidiary, signed an initial sales contract for a real property located at Jana Kazimierza 12/14 street in Warsaw. The property's area is 8,707 sq m. Current land development conditions allow construction of a building with a total floorage of around 20,700 sq m. The project is also attractive owing to good transport connections of this location and the proximity of the city centre and major traffic routes (the Warsaw ring road, East-West motorway) as well as to low supply of modern office spaces in this part of the city. The final contract is anticipated to be signed in the first half of 2013.

- On 9 May 2013, the Company commenced liquidation of Celtic Asset Management Sp. z o.o.

23. CHANGES OF CONDITIONAL LIABILITIES OR ASSETS

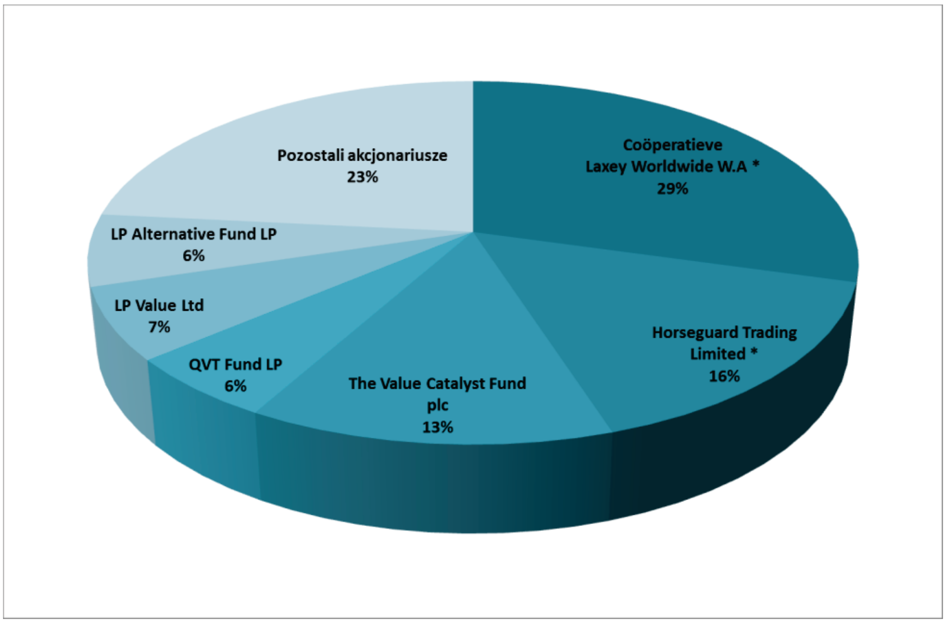
In the reporting period, Celtic Group recorded no major changes in conditional liabilities.

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

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

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

Shareholding structure of Celtic Property Developments S.A.



Key: Pozostali akcjonariusze – The remaining shareholders

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 include:

Shareholder	Number of shares held	Number of votes	Shareholding according to the number of votes	Shareholding according to the no. of shares
Coöperatieve Laxey Worldwide W.A *	10 082 930	10 082 930	29.39%	29.39%
Horseguard Trading Limited *	5 363 821	5 363 821	15.63%	15.63%
The Value Catalyst Fund plc	4 490 475	4 490 475	13.09%	13.09%
QVT Fund LP	3 843 635	3 843 635	11.20%	11.20%
LP Value Ltd	2 198 450	2 198 450	6.41%	6.41%
LP Alternative Fund LP	2 196 668	2 196 668	6.40%	6.40%
The remaining shareholders	6 131 509	6 131 509	17.87%	17.87%
TOTAL	34 307 488	34 307 488	100.00%	100.00%

**Shareholders who failed to appear at the Extraordinary General Meeting of Shareholders on 10 January 2013*

The above data concerning shareholding were based on the list of shareholders who attended the Extraordinary General Meeting of Shareholders on 10 January 2013.

In Q2 FY2013, the Company bought back its shares, as described in more detail in the "Issue, redemption and payment of non-shareholding and equity securities". The above list does not take into account shareholding structure changes which might have resulted from the buy back.

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

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

Shareholder	Function	No. of shares held as at the date of this report	Nominal value of shares held (PLN)	As % of the total no. of shares*	As % of the total no. of votes*
Andrew Morrison Shepherd	President of the Board	54 919	5 492	0.16%	0.16%
Aled Rhys Jones	Member of the Board	54 919	5 492	0.16%	0.16%
Elżbieta Wiczkowska	Member of the Board	26 688	2 669	0.08%	0.08%
TOTAL		**136 526**	**13 653**	**0.40%**	**0.40%**

*Total number of shares after share capital increase, i.e. 34,307,488 shares.

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

Moreover, on 10 January 2013, the Extraordinary General Meeting of Shareholders of Celtic Property Developments S.A. adopted resolution no. 3 to issue B series subscription warrants with the right to take up E series shares and to refuse entirely the existing shareholders the subscription right to B series subscription warrants and resolution no. 4 to conditionally increase the Company's share capital with exclusion of E series shares subscription right, to amend the Company's Articles, to refuse entirely the existing shareholders the subscription right to E series shares, to dematerialise E series shares and to apply for admission and floating of C series shares to trading on regulated market.

Under the abover resolutions, the Company issued 88,776 B series subscription warrants with the right to take up a total of 88.776,88 E series ordinary bearer shares in total with a nominal value of PLN 0.10 (say: 10/100 zlotys) per share and a total nominal value of PLN 8,877.60. The subscription warrants were issued during one issuing process and were offered solely to the following Members of the Company's Management Board:

- Andrew Morrison Shepherd - 36.483 subscription warrants;
- Aled Rhys Jones - 36.483 subscription warrants;
- Elżbieta Wiczkowska – 15,810 subscription warrants.

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

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

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

28. MAJOR LOAN AGREEMENTS, LOAN WARRANTIES AND GUARANTEES GRANTED

In Q1 FY2013, no changes in loan agreements, loan warranties and guarantees occurred. On 29 March 2013, the Company paid the obligatory instalment of EUR 94,000 for loan agreement of 21 December 2006 concluded by the following parties: HSBC bank (HSBC Bank Plc and HSBC Bank Polska S.A.) and the Issuer's subsidiaries: Blaise Investments sp. z o.o., Devin Investments sp. o.o., Lakia Investments sp. z o.o., Mandy Investments sp. z o.o., Robin Investments sp. z o.o. (hereinafter "Subsidiaries", "Borrowers") as borrowers and Celtic Property Developments S.A., Blaise Investments sp. z o.o., Devin Investments sp. o.o., Lakia Investments sp. z o.o., Mandy Investments sp. z o.o., Robin Investments sp. z o.o as guarantors.

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

29. OTHER IMPORTANT INFORMATION

No other except those mentioned above.

30. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

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

- adoption of the local zoning plan for land in Ursus by the Warsaw authorities which will let the Group commence construction works under the Ursus project;
- putting the IRIS project to business use;
- sales of real properties owned by the Celtic Group, according to the Group's strategy adopted in 2011, and continued in 2012 and Q1 2013.
- situation on financial markets which may affect valuation of the Group's real property portfolio.

II. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR Q1 FY2013 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CELTIC PROPERTY DEVELOPMENTS S.A.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements

for the period of 3 months ended 31 March 2013

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 2013

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the 3 month period ended 31 March 2013	31 March 2012
		(unaudited)	*(unaudited)*
Revenues	13	4 086	4 292
Cost of sales	14	(3 868)	(1 676)
PROFIT ON SALES		**218**	**2 616**
Administrative costs property related	15	(3 183)	(6 482)
Administrative expenses-other	16	(2 692)	(2 761)
Selling and marketing expenses		(43)	(297)
Other income	17	109	14
Net gain/(loss) from fair value adjustments on investment properties	4	2 406	(4 708)
Exchange movement on Assets held for Sale		499	0
OPERATING RESULT		**(2 686)**	**(11 618)**
Financial income	18	156	9 638
Financial costs	18	(2 581)	(1 894)
PROFIT (LOSS) BEFORE INCOME TAX		**(5 111)**	**(3 874)**
Income tax		(477)	(1 268)
PROFIT (LOSS) FOR THE PERIOD		**(5 588)**	**(5 142)**
Currency translation adjustment		(34)	(22)
TOTAL COMPREHENSIVE INCOME		**(5 622)**	**(5 164)**
DILUTED EARNINGS PER SHARE	23	(.16)	(.08)

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Andrew Pegge
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	31/03/2013 *(unaudited)*	31/12/2012
ASSETS			
Non-current assets			
Investment properties	4	440 514	438 017
Property, plant and equipment		956	977
Intangible assets, excluding goodwill		128	138
Other investment holdings		3 035	34
Deferred tax assets	12	382	8
		445 015	**439 174**
Current assets			
Inventories	7	13 222	15 496
Trade receivables and other receivables	6	15 152	17 186
Cash and cash equivalents	8	25 056	27 101
		53 430	**59 783**
Assets held for sale	27	23 393	22 894
		76 823	**82 677**
Total assets		**521 838**	**521 851**

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position - cont.

	Note	31/03/2013	31/12/2012
		(unaudited)	
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	3 431	3 431
Other reserves		4 399	4 399
Translation reserve		(3 967)	(3 933)
Retained earnings		374 136	379 724
Total equity		**377 999**	**383 621**
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	469	466
Borrowings, including financial leasing	11	71 177	111 015
Deferred tax liabilities	12	11 364	10 427
		83 010	**121 908**
Current liabilities			
Trade payables and other liabilities	10	15 140	13 804
Current income tax liabilities		90	376
Borrowings, including financial leasing	11	45 599	2 142
		60 829	**16 322**
Total liabilities		**143 839**	**138 230**
Total Equity and liabilities		**521 838**	**521 851**

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Andrew Pegge
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Share capital of CPD S.A.	Translation reserve	Supplementary capital	Reserve capital	Retained earnings	Total equity
Balance as at 1/1/2012	**3 407**	**(2 694)**	**1 161**	**23 078**	**518 329**	**543 281**
Transactions with owners						
Shares cancelled	0	0	0	694	0	694
	0	**0**	**0**	**694**	**0**	**694**
Comprehensive income						
Currency translation adjustment	0	(22)	0	0	0	(22)
Profit (loss) for the period	0	0	0	0	(2 606)	(2 606)
	0	(22)	0	0	(2 606)	(2 628)
Balance as at 31/03/2012 /unaudited	**3 407**	**(2 716)**	**1 161**	**23 772**	**515 723**	**541 347**
Balance as at 1/1/2012	**3 407**	**(2 694)**	**1 161**	**23 078**	**518 329**	**543 281**
Transactions with owners						
2011 Profit allocation	0	0	(1 161)	(23 078)	24 239	0
Shares cancelled	24	0	0	0	0	24
Reserve for issue of share warrants	0	0	0	4 399	0	4 399
	24	0	(1 161)	(18 679)	24 239	4 423
Comprehensive income						
Currency translation adjustment	0	(1 239)	0	0	0	(1 239)
Profit (loss) for the period	0	0	0	0	(162 844)	(162 844)
	0	(1 239)	0	0	(162 844)	(164 083)
Balance as at 31/12/2012	**3 431**	**(3 933)**	**0**	**4 399**	**379 724**	**383 621**
Balance as at 1/1/2013	**3 431**	**(3 933)**	**0**	**4 399**	**379 724**	**383 621**
Comprehensive income						
Currency translation adjustment	0	(34)	0	0	0	(34)
Profit (loss) for the period	0	0	0	0	(5 588)	(5 588)
	0	(34)	0	0	(5 588)	(5 622)
Balance as at31/03/2013 /unaudited	**3 431**	**(3 967)**	**0**	**4 399**	**374 136**	**377 999**

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

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Andrew Pegge
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of cash flows

	Note	For the 3 month period ended	
		31 March 2013	31 March 2012
		(unaudited)	*(unaudited)*
Cash flow from operating activities			
Cash generated from operations	20	(898)	(754)
Interest paid		(843)	(573)
Income tax paid		11	120
Net cash generated from investing activities		**(1 730)**	**(1 207)**
Cash flows from investing activities			
Purchase of Investment bonds		(3 000)	0
Capital expenditure on investment properties		(98)	(906)
Purchase of property, plant and equipment		51	(168)
Net cash used in investing activities		**(3 047)**	**(1 074)**
Cash flows from financing activities			
Proceeds from borrowings		3 170	8 080
Repayments of borrowings		(438)	(750)
Net cash used in financing activities		**2 732**	**7 330**
Net (decrease)/increase in cash and cash equivalents		**(2 045)**	**5 049**
Cash and cash equivalents at beginning of year		**27 101**	**16 249**
Cash and cash equivalents at the end of the period	8	**25 056**	**21 298**

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Andrew Pegge
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

Notes to the interim condensed consolidated financial statements

1 General information

Celtic Property Developments S.A. ("Company", "CPD") with its registered office in Warsaw (02-677), Cybernetyki 7B str, was established on the basis of statute on 23 February 2007 (as Celtic Development Corporation S.A., then on 22 February 2008 the Company changed its name to Poen S.A.). On 23 March 2007 District Court in Cracow, XI Business Department of the National Court Register entered the Company into the Register of Businesses with the KRS number 0000277147. The Company's shares are quoted on the Warsaw Stock Exchange.

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

On 20 December 2010, the combined company's shares are admitted to trading on the stock exchange in Warsaw, and the first listing took place three days later.

The currency of the presentation of consolidated financial statements is Polish Zloty.

2 The accounting principles

Accounting principles are consistent with the principles applied in the annual consolidated financial statements for the year ended 31 December 2012.

2.1 Basis of preparation

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

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

IFRS 10 "Consolidated financial statements"

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

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

The group will apply IFRS 10 from 1 January 2014.

IFRS 11 "Joint ventures"

IFRS 11 was published by the Board of the international accounting standards in May 2011 and shall be applicable for annual periods beginning on or after 1 January 2013 or after that date.
The new standard replaces IAS 31 "interests in joint ventures" and the interpretation SIC-13 jointly controlled entities-non-monetary contributions by venturers. Changes in definitions restrict the number of types of joint ventures to two: joint operations and joint ventures. At the same time avoiding the traditional choice of proportionate consolidation in respect of units under common control. All participants in the joint ventures they now have an obligation to their consolidation under the equity method.

The group will apply IFRS 11 from 1 January 2014.

Notes to the interim condensed consolidated financial statements

2.1 Basis of preparation - cont.

IFRS 12 "Disclosure of involvement in other units "

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

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

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

The group will apply IFRS 12 from 1 January 2014.

The amended IAS 28 „Investments in associates and joint ventures”

Amended IAS 28 "Investments in associates and joint ventures" was published by the international accounting standards board in May 2011 and applies to periods of annual starting on January 1, 2013 or after this date.

Amendments to IAS 28 resulted from the IASB project on joint ventures. The Board decided to include rules on the recognition of joint ventures, equity method to IAS 28, because this method is applicable to both joint ventures and associates. Apart from this exception, the rest of the guideline has not changed.

The company will applies the changes to IAS 28 from 1 January 2014. The company is in the analysis of the impact of this standard for financial statements.

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

The following standards have been adopted for the period from 1st January 2013.

IFRS 13 "Valuation at fair value"

IFRS 13 was published by the Board of the international accounting standards in May 2011 and applies to annual periods beginning on or after January 1, 2013 or after that date.

The new standard is intended to improve consistency and reduce complexity through the formulation of a precise definition of fair value and concentrating in one standard requirements for fair value and the disclosure of relevant information.

The group has applied the amendments to IFRS 13 from 1 January 2013.

Notes to the interim condensed consolidated financial statements

2.1 Basis of preparation - cont.

Amendments to IAS 1 "Presentation of financial statements"

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

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

The group has applied the changes to IAS 1, from January 1, 2013.

IFRS 7 "transfers of financial assets"

The amendments to IFRS 7 "Transfer of financial assets" were published by the International Accounting Standards Board in October 2010 and are valid for periods of annual starting on July 1, 2011, or after that date.

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

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

Amendments to IAS 12 "Recovery of the carrying amount of assets" have been published by the International Accounting Standards Board in December 2010 and are valid for annual periods beginning on or after 1 January 2012 or after that date.

The changes relate to the valuation of the liabilities and deferred tax assets from investment property measured at fair value in accordance with IAS 40 "investment property" and introduce a refutable presumption that the value of the property investment can be recovered completely by selling. This presumption can be rebutted when the investment property is held in business model, which is designed to exploit substantially all economic benefits represented by an investment in time and not at the time of sale. SIC-21 "tax-recovery of revalued assets, which are not subject to depreciation" referring to the similar questions relating to the assets not subject to depreciation, which are valued in accordance with the model to update the values set out in IAS 16 "property, plant and equipment" was included in the IAS 12 after the exclusion of the guidelines on investment property measured at fair value.

The group has applied the amendments to IAS 12 from 1 January 2012.

Amendments to IAS 19 "Employee benefits"

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

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

The group has applied the changes to IAS 19 as from 1 January 2013.

3 Significant changes in accounting estimates

Determination of the fair value of investment property

Shown in the balance sheet of the fair value of investment property is determined on the basis of the valuation prepared annually by independent valuers Savills SP. z o.o., in accordance with the Practice Statements of the Royal Institution of Chartered Surveyors ' (RICS) Appraisal and Valuation Standards (the "Red Book") published in February 2003.in force since 1 May 2003 fees for valuation are not linked to the value of real estate and as a result of the valuation. Taking into account the specificities of the market at the balance sheet date, the Board has reviewed and confirmed the assumption experts representing the basis for the models used.

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

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

For valuation purposes capitalization rates of 7.25% to 8% and discount rates of 7.5% to 9% were used.

In the first quarter of 2013, the Group noted a gain from re-measurement of investment properties to the fair value amounting to PLN 2.4 milion (2012: Loss of PLN 4.7 million) resulting from fluctuations in foreign exchange rates and capital expenditures not reflected in the fair value increase.

3 Significant changes in accounting estimates - cont.

Assessment of the recovery value of assets

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

Tax accounts

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

4 Investment properties

	1/1/2013 - 31/03/2013	1/1/2012 - 31/12/2012
At the beginning of the reporting period	**438 017**	**534 404**
Capital expenditure	98	2 688
Disposal	0	(51 607)
Fair Value of properties disposed of in course of sale of subsidiary	0	(40 860)
Change in value of Capitalised Liability resulting from sale of investment property	0	(5 660)
Change in value of Capitalised Liability resulting from transfers to Inventory	0	3 081
Change in Balance of Capitallised Liability (RPU)	(7)	(6)
Transfers from Inventory	0	75 976
Expropriation of Land	0	(1 396)
Net gain/(loss) from fair value adjustments on investment properties	2 406	(55 709)
Transfer to Assets held for Sale	0	(22 894)
At the end of the reporting period	**440 514**	**438 017**

5 Goodwill

	1/1/2013 - 31/03/2013	1/1/2012 - 31/12/2012
At the beginning of the reporting period	**0**	**22 967**
Foreign exchange gains (losses)	0	(795)
Impairment write down	0	(22 172)
At the end of the reporting period	**0**	**0**

6 Trade receivables and other receivables

	31/03/2013	31/12/2012
Trade receivables	5 401	7 930
Short term Loans	94	73
Receivables from the state budget	1 737	4 190
Receivables from related parties	27	73
Deferred income	(37)	665
Prepaid expenses	7 930	4 255
Short-term receivables	**15 152**	**17 186**

Notes to the interim condensed consolidated financial statements

7 Inventories

	31/03/2013	31/12/2012
At the beginning of the reporting period	**15 496**	**66 283**
Purchases	0	7 010
Capital expenditure	0	30 984
Disposal	(2 406)	(8 045)
Transfer to Investment Property	0	(75 976)
Revaluation of Inventory	300	(3 716)
Foreign exchange gains/ (losses)	(168)	(1 044)
At the end of the reporting period	**13 222**	**15 496**

8 Cash and cash equivalents

	31/03/2013	31/12/2012
Cash at bank and on hand	24 193	21 480
Short term bank deposits	863	5 621
	25 056	**27 101**

9 Share capital

	Number of shares		Value of shares	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Ordinary shares (in thousands)	34 307	34 307	3 431	3 431

On 20 March 2013 the Management Board, with the consent of the Supervisory Board, resolved to increase the share capital of the company. Based on the resolution, the capital will be increased from EUR 3,430,748.80 to 3,450,682.10. The Company will issue 199,333 shares of Series F ordinary nominal value of 0.10 (ten cents) each. The capital will increase by an amount of 19,933.30. At this interim report date the capital increase has not been registered.

10 Trade payables and other liabilities

Non-current liabilities

	31/03/2013	31/12/2012
Deposits of tenants	469	466

Current liabilities

	31/03/2013	31/12/2012
Trade payables	518	990
Social securities and other taxes	1 859	702
Deposits of tenants	91	90
Other liabilities	531	365
Accrued expense	12 141	11 657
	15 140	**13 804**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

11 Borrowings, including financial leasing

	31/03/2013	31/12/2012
Non-current		
Bank loans	47 066	86 897
Financial leasing	24 111	24 118
	71 177	**111 015**
Current		
Bank loans	45 560	1 813
Loans from unrelated parties	39	329
	45 599	**2 142**
Total borrowings	**116 776**	**113 157**

On 29 March 2012 an annex to the loan agreement with HSBC was signed, on the basis of which the Group undertakes to fully repay the credit in the following instalments: 8 repayments amounting to €104.000 by June 27, 2012, 27 September 2012, December 23, 2012, 27 March 2013, 27 June 2013, 27 September 2013 and December 23, 2013, and €11.772.000 by 27 March 2014.

12 Deferred income taxes

	31/03/2013	31/12/2012
Deferred tax assets	**382**	**8**
Deferred tax liabilities	**11 364**	**10 427**

13 Revenue by nature

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Rent income	1 576	1 748
Sales of inventories	1 435	284
Real estate advisory services	156	1 367
Services relating to rental	919	870
Accounting services	0	23
	4 086	**4 292**

14 Cost of sales

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Cost of inventories sold	2 406	374
Changes in impairment write-downs of inventories	(300)	85
Cost of services provided	1 762	1 217
	3 868	**1 676**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

15 Administrative costs property related

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Employee expenses	729	4 105
Property maintenance	874	792
Real estate tax	765	636
Perpetual usufruct	733	822
Depreciation and amortization	82	127
	3 183	**6 482**

16 Administrative expenses-other

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Advisory services	815	592
Audit fees	11	12
Transportation	46	144
Taxes	7	89
Office maintenance	971	927
Other services	42	578
Costs of not deductible VAT	179	201
Impairment write-down in respect of receivables	621	218
	2 692	**2 761**

17 Other income

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Rebilled surplus	62	0
Other income	47	14
	109	**14**

18 Financial income and expenses

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Interest expense:		
- Bank loans	(843)	(580)
- Bank facility arrangement fee	(24)	(711)
- Interest from financial leases	(452)	(537)
- Other interest	(12)	(31)
- Other	(13)	(35)
Net exchange differences	(1 237)	0
Financial costs	**(2 581)**	**(1 894)**
Interest income:		
- Bank interest	147	62
- interest from unrelated parties	9	0
- Received dividends	0	8 468
Net exchange differences	0	1 108
Financial income	**156**	**9 638**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

19 Income tax

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Current income tax	11	(7)
Deferred taxes	466	(1 261)
	477	**(1 268)**

20 Cash flow from operating activities

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Profit/loss before tax	(5 111)	(3 874)
Adjustments for:		
- depreciation of tangible fixed assets	82	127
– currency translation adjustments	1 237	(1 307)
- (gains) losses on revaluation to fair value of investment property	(2 406)	4 708
- (gains) losses on revaluation of assets held for Sale	(499)	0
– interest costs	452	544
– inventory impairment	(300)	85
- costs of warrants granted	0	694
– other adjustments	0	(2)
Changes in working capital		
- changes in receivables	2 034	5 293
- changes in inventories	2 274	(5 895)
- change in trade liabilities and other	1 339	(1 127)
	(898)	**(754)**

21 Related party transactions

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

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

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

(a)) Transactions with key management personnel	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Remuneration of the Management Board members	60	60
Salaries and Cost of services provided by the Management Board members	143	406
Value of warrants for the board members	0	694
Remuneration of the Supervisory Board members	48	66
Total receivables	16	16

Notes to the interim condensed consolidated financial statements

21 Related party transactions - cont.

		1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
(b) Transactions with the other related parties			
Revenues			
Vigo Investments Sp. z o.o..	*- rental services*	1	3
Wolf Investments Sp. z o.o..	*- rental services*	1	1
Prada Investments Sp. z o.o.	*- rental and accounting services*	1	11
Costs			
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz		2	3
Wolf Investments Sp. z o.o..	*- rental paid*	35	32
Receivables			
Vigo Investments Sp. z o.o..	*- trade receivables*	2	6
Prada Investments Sp. z o.o.	*- trade receivables*	2	22
Prada Investments Sp. z o.o.	*- loans*	0	69
Doubtful debts cover by the bad debt provision			
Braslink Ltd		0	1 210

22 Payment of dividends

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

23 Earnings per share

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Profit attributable to shareholders of the company	(5 588)	(2 606)
Ordinary shares (in thousands)	34 307	34 307
Earnings per share in PLN	(0.16)	(0.08)

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

24 Contingent liabilities

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

25 Segment reporting

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

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

26 Seasons of activity and unusual events

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

27 Assets and liabilities held for sale

Assets held for sale	31/03/2013	31/03/2012
Investment property "Aquarius"	23 393	22 894
	23 393	**22 894**

28 Events after the end of the reporting period

On 27th March 2013 the company announced a buy back of shares. The acquisition proposed was for 1,732,394 ordinary shares making up 5.05% of the capital of the company. At the closing of the offer on 9th April 2013 the buy back was fully subscribed and 1,732,394 shares were purchased by the company for cancellation. The price paid by the compnay was PLN 7.10 per shares with a total consideration of PLN 12,300,000.

After the end of the reporting period there were no other significant events.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29 Interim financial information of the parent

29.1 Condensed statement of comprehensive income

	Notes	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
		(unaudited)	*(unaudited)*
Revenues		249	326
Administrative costs	29.11	(673)	(1 597)
Cost of sales		(37)	(94)
Interest income on loans		6 251	7 599
OPERATING RESULT		**5 790**	**6 234**
Financial income	29.12	463	209
Financial costs	29.12	(90)	(428)
PROFIT (LOSS) BEFORE INCOME TAX		**6 163**	**6 015**
Income tax		0	0
PROFIT (LOSS) FOR THE PERIOD		**6 163**	**6 015**
DILUTED EARNINGS PER SHARE		0.18	0.18

29.2 Condensed statement of financial position

ASSETS	**Notes**	**31/03/2013**	**31/12/2012**
Non-current assets			
Property, plant and equipment		10	12
Intangible assets, excluding goodwill		12	13
Long-term receivables	29.7	341 758	334 809
Shares in subsidiaries	29.5	9 912	9 826
Bonds		3 009	0
		354 701	**344 660**
Current assets			
Trade receivables and other receivables	29.8	23 221	23 139
Cash and cash equivalents		13 891	17 874
		37 112	**41 013**
Total assets		**391 813**	**385 673**
EQUITY			
Share capital		3 431	3 431
Other Reserves		4 399	4 399
Share premium		796 643	796 643
Retained earnings		(425 359)	(431 522)
Total equity		**379 114**	**372 951**
LIABILITIES			
Non-current liabilities			
Liabilities from deferred tax	29.9	0	0
		0	**0**
Current liabilities			
Trade payables and other liabilities		3 598	3 711
Borrowings, including financial leasing	29.10	9 101	9 011
		12 699	**12 722**
Total liabilities		**391 813**	**385 673**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.3 Condensed statement of changes in equity

	Notes	Share capital	Share premium	Supplementary capital	Reserve capital	Retained earnings	Total
Balance as at 1/1/2012		3 407	796 643	23 078	23 078	(280 128)	544 161
Reserve for issue of share warrants							
Shares cancelled		0	0	0	694	0	694
		0	0	0	694	0	694
Comprehensive income							
Profit (loss) for the period		0	0	0	0	6 015	6 015
		0	0	0	0	6 015	6 015
Balance as at 31/3/2012 /unaudited		3 407	796 643	23 078	23 772	(274 113)	550 870
Balance as at 1/1/2012		3 407	796 643	23 078	23 078	(280 128)	544 161
2011 Profit allocation		0	0	(1 161)	(23 078)	24 239	0
Capital increase		24	0	0	0	0	24
Reserve for issue of share warrants		0	0	0	2 370	0	2 370
Conversion of liability to Board of Advisors-to-equity		0	0	0	2 038	0	2 038
The costs incurred in connection with the issuance of new shares		0	0		(9)	0	(9)
		24	0	(1 161)	(18 678)	24 239	4 423
Comprehensive income							
Profit (loss) for the period		0	0	0	0	(175 633)	(175 633)
		0	0	0	0	(175 633)	(175 633)
Balance as at 31/12/2012		3 431	796 643	21 917	4 400	(431 522)	372 951
Balance as at 1/01/2013		3 431	796 643	21 917	4 400	(431 522)	372 951
Comprehensive income							
Profit (loss) for the period				0	0	6 163	6 163
		0	0	0	0	6 163	6 163
/unaudited		3 431	796 643	21 917	4 400	(425 359)	379 114

29.4 Condensed statement of cash flows

	Nota	1/1/2013 - 31/03/2013 *(unaudited)*	1/1/2012 - 31/03/2012 *(unaudited)*
Cash flow from operating activities			
Cash generated from operations	29.14	(383)	(1 031)
Net cash generated from investing activities		(383)	(1 031)
Cash flows from investing activities			
Bonds		(3 000)	0
Payment of capital subsidiary		(86)	
Loans		(10 942)	(1 670)
Loan repayments received		8 943	4 425
Interest received		1 484	522
Net cash used in investing activities		(3 600)	3 277
Cash flows from financing activities			
Repayment of loans		0	(88)
Net cash used in financing activities		0	(88)
Net (decrease)/increase in cash and cash equivalents		(3 983)	2 158
Cash and cash equivalents at beginning of year		17 874	1 025
Cash and cash equivalents at the end of the period		13 891	3 183

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.5 Shares in subsidiaries

Name	Country	Share	31/03/2013	31/12/2012
Buffy Holdings No1 Ltd	Cypr	100%	184 000	184 000
Impairment, the value of the shares Buffy Holdings			(184 000)	(184 000)
Celtic Investments Ltd	Cypr	100%	48 000	48 000
Impairment, the value of the shares Celtic Investments			(48 000)	(48 000)
Lakia Enterprises Ltd	Cypr	100%	105 000	105 000
Impairment, the value of the shares Lakia Enterprises Ltd			(95 174)	(95 174)
East Europe Property Financing AB	Szwecja	100%	601	601
Impairment, the value of the shares-East Europe Property Financing AB			(601)	(601)
Experior Sp.z o.o.S.k-a			86	0
			9 912	**9 826**

29.6 Bonds

On March 18, 2013. the company acquired bonds issued by the company Bolzanus Limited registered in in Cyprus (bonds-3 million PLN, interest on March 31, 2013-9 thousand. zł.). Bond interest rate is 8% per annum. Maturity date falls on day 17 February 2016.

29.7 Long-term receivables

	31/03/2013	31/12/2012*
Long-term loans with related parties		
- loans	423 128	420 488
- interest	71 771	67 462
	(153 141)	(153 141)
	341 758	**334 809**

Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
1/95 Gaston Investments	2 369	235	3M WIBOR	1.55%	on demand
2/124 Gaston Investments	1 627	165	3M WIBOR	1.55%	on demand
3/93 Gaston Investments	1 581	131	3M WIBOR	1.55%	on demand
4/113 Gaston Investments	5 168	452	3M WIBOR	1.55%	on demand
Provision against debts of 4/113 Gaston	(1 266)				
5/92 Gaston Investments	1 892	146	3M WIBOR	1.55%	on demand
6/150 Gaston Investments	1 163	154	3M WIBOR	1.55%	on demand
7/120 Gaston Investments	933	96	3M WIBOR	1.55%	on demand
8/126 Gaston Investments	2 346	224	3M WIBOR	1.55%	on demand
9/151 Gaston Investments	611	64	3M WIBOR	1.55%	on demand
10/165 Gaston Investments	731	58	3M WIBOR	1.55%	on demand
11/162 Gaston Investments	622	57	3M WIBOR	1.55%	on demand
12/132 Gaston Investments	1 797	183	3M WIBOR	1.55%	on demand
13/155 Gaston Investments	1 578	148	3M WIBOR	1.55%	on demand
14/119 Gaston Investments	0	0	3M WIBOR	1.55%	on demand
15/167 Gaston Investments	923	49	3M WIBOR	1.55%	on demand
16/88 Gaston Investments	297	40	3M WIBOR	1.55%	on demand
18 Gaston Investments	1 371	100	3M WIBOR	1.55%	on demand

(All amounts in PLN thousands unless otherwise stated)

19/97 Gaston Investments	315	35	3M WIBOR	1.55%	on demand
20/140 Gaston Investments	374	42	3M WIBOR	1.55%	on demand
Antigo Investments	4 884	126	3M WIBOR	1.55%	on demand
Provision against debts of Antigo	(490)				
Blaise Gaston Investments	2 533	330	3M WIBOR	1.55%	on demand
Blaise Investments	24 885	4 586	3M WIBOR	1.55%	on demand
Belise Investments	28 506	5 066	3M WIBOR	1.55%	on demand
Buffy Holdings No 1 Ltd	137 837	20 414	3M WIBOR	0.75%	on demand
Provision against debts of Buffy Holdings	(139 892)				
Celtic Asset Management	1 383	257	3M WIBOR	1.55%	on demand
Provision against debts of CAM	(1 380)				
Celtic Investments Ltd	1 157	6	3M LIBOR	0.75%	on demand
Challange 18	160 169	32 278	3M WIBOR	1.55%	on demand
EEPF	6 367	1 220	3M WIBOR	0.75%	on demand
Provision against debts of EEPF	(7 498)				
Elara Investments	3 168	606	3M WIBOR	1.55%	on demand
Provision against debts of Elara Investments	(2 615)				
Gaston Investments	2 565	497	3M WIBOR	1.55%	on demand
HUB Developments	1 858	345	3M WIBOR	0.00%	on demand
Lakia Enterprises Limited	22 116	3 658	3M WIBOR	1.55%	on demand
	269 986	**71 770**			

On May 1, 2012 in accordance with the contract of acquisition debt the company took over all loans granted by the company East Europe Property Financing AB other related parties. Amount of the acquired loans totalled 389.875 PLN plus interest in the amount of PLN 46.650. The proportion of debt in accordance with what was settled to the principal and interest in individual Companies was the ratio of the amount of interest to the loan amount (46.650/389.875) and amounted to 11,97%.

29.8 Trade receivables and other receivables

		31/03/2013	31/12/2012
Trade receivables from related parties		728	575
- loan	43 687		44 323
- interest	8 405		7 946
- Impairment	(29 796)		(29 796)
Short-term loans:		22 296	22 473
Surplus of input VAT over output		2	1
Other receivables from related parties		16	16
Other receivables from other parties		60	60
Accrued costs		119	14
Short-term receivables		**23 221**	**23 139**

(All amounts in PLN thousands unless otherwise stated)

Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
Gaetan Investments	PLN	11 785	2 273	3M WIBOR	0
Provision against debts of Gaetan Investments		*(11 279)*			
Mandy Investments	PLN	27 875	5 330	3M WIBOR	on demand
Provision against debts of Mandy Investments		*(18 477)*			
Robin Investments	PLN	4 027	802	3M WIBOR	on demand
Provision against debts of Robin Investments		(41)			

29.9 Deferred income tax

Deferred tax liabilities

As at January 1, 2012	**7 000**
Accrued interest on loans	5 323
As at December 31, 2012 - before compensation	**12 323**
Compensation of the deferred tax asset	(12 323)
As at December 31, 2012 - after compensation	**0**
Accrued interest on loans	6 956
Exchange differences	1
As at March 31, 2013 - before compensation	**12 280**
Compensation of the deferred tax asset	(12 280)
As at March 31, 2013 - after compensation	**0**

Deferred tax assets

As at January 1, 2012	**7 000**
Impairment of loans	5 054
Accrued interest on borrowings	109
Exchange differences	160
As at December 31, 2012 - before compensation	**12 323**
Compensation of deferred tax provision	(12 323)
As at December 31, 2012 - after compensation	**0**
Impairment of loans	6 689
Reserves for costs	6
Accrued interest on borrowings	237
Exchange differences	2
Holiday provisions	23
As at March 31, 2013 - before compensation	**12 280**
Compensation of deferred tax provision	(12 280)
As at March 31, 2013 - after compensation	**0**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.10 Borrowings, including financial leasing

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

29.11 Administrative costs

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Consultancy services	97	27
Remuneration		
-the cost of wages	306	734
-the cost of salaries in shares	0	694
Remuneration of the auditor	3	(10)
VAT	97	91
Other services	170	61
	673	**1 597**

29.12 Financial income and expenses

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Interest income:		
-Interest of the unrelated parties	85	1
Other financial income	209	208
Net exchange differences	169	0
Financial income	**463**	**209**
Interest expense:		
-Interest from related parties	90	156
Net exchange differences	0	272
Financial costs	**90**	**428**

29.13 Cash flow from operating activities

	1/1/2013 - 31/03/2013	1/1/2012 - 31/03/2012
Profit/loss before tax	6 163	6 015
Adjustments for:		
– exchange differences	(184)	360
– depreciation of tangible assets	3	1
– interest costs	90	156
– interest income	(6 260)	(7 569)
– not paid compensation in the form of warrants	0	694
Changes in equity:		
- changes in receivables	(82)	(280)
- change in trade liabilities and other	(113)	(408)
	(383)	**(1 031)**

29.14 Related party transactions

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

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

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

a)Transactions with key management personnel	**1/1/2013 - 31/03/2013**	**1/1/2012 - 31/03/2012**
Remuneration of members of the Supervisory Board	49	66
The cost of the salaries of the members of the Board	60	60
The value of the warrants granted to the members of the Board	0	694
Receivables from the Board Members	16	16
b) Transactions with subsidiaries		
Revenue		
1/95 Gaston Investments	26	0
2/124 Gaston Investments	21	0
3/93 Gaston Investments	16	0
4/113 Gaston Investments	63	0
5/92 Gaston Investments	18	0
6/150 Gaston Investments	15	0
7/120 Gaston Investments	11	0
8/126 Gaston Investments	28	0
9/151 Gaston Investments	7	0
10/165 Gaston Investments	10	0
11/162 Gaston Investments	8	0
12/132 Gaston Investments	25	0
13/155 Gaston Investments	20	0
14/119 Gaston Investments	21	0
15/167 Gaston Investments	9	0
16/88 Gaston Investments	4	0
18 Gaston Investments	16	0
19/97 Gaston Investments	4	0
20/140 Gaston Investments	5	0
Antigo Investments	68	0
Blaise Gaston Investments	29	0
Blaise Investments	348	0
Belise Investments	608	0
Buffy Holdings No1 Ltd	1 658	1 969
Celtic Asset Management	19	250
Celtic Investments Ltd	2	38
Challange 18	2 277	0
East Europe Property Financing AB	89	0
Elara Investments	44	0
Gaetan Investments	172	0
Gaston Investments	36	0
Hub Developments	26	0
Lakia Enterprises Ltd	310	5 587
Mandy investments	389	0
Robin Investments	56	0
Costs		
Celtic Asset Management	0	26
Lakia Enterprises Ltd	90	156

(All amounts in PLN thousands unless otherwise stated)

	31/03/2013	31/12/2012
Liabilities		
Lakia Enterprises Ltd	9 101	9 011
Receivables		
1/95 Gaston Investments	2 603	1 402
2/124 Gaston Investments	1 793	1 382
3/93 Gaston Investments	1 712	803
4/113 Gaston Investments	5 620	4 240
Provision against loan to 4/113 Gaston Investments	(1 266)	(1 266)
5/92 Gaston Investments	2 038	851
6/150 Gaston Investments	1 317	1 071
7/120 Gaston Investments	1 030	816
8/126 Gaston Investments	2 570	1 762
9/151 Gaston Investments	675	491
10/165 Gaston Investments	789	608
11/162 Gaston Investments	679	507
12/132 Gaston Investments	1 981	1 632
13/155 Gaston Investments	1 726	1 381
14/119 Gaston Investments	0	1 319
15/167 Gaston Investments	972	473
16/88 Gaston Investments	337	286
18 Gaston Investments	1 472	1 093
19/97 Gaston Investments	350	294
20/140 Gaston Investments	416	362
Antigo investments Sp zoo	5 010	4 942
Provision against loan to Antigo Investments	(490)	(490)
Blaise Gaston Investments Sp zoo	2 863	2 145
Blaise Investments Sp zoo	29 471	29 101
Belise Investments Sp zoo	33 993	33 379
Buffy Holdings No1 Ltd	158 251	156 520
Provision against loan to Buffy Holdings No1 Ltd	(139 892)	(139 892)
Celtic Asset Management Sp zoo	1 640	1 907
Provision against loan to Celtic Asset management	(1 380)	(1 380)
Celtic Investments Ltd	1 163	740
Challange 18 Sp zoo	192 446	197 091
East Europe Property Financing AB	7 587	7 498
Provision against loan to EEPF	(7 498)	(7 498)
Elara Investments Sp zoo	3 774	3 690
Provision against loan to Elara Investments	(2 615)	(2 615)
Gaetan Investments Sp zoo	14 058	14 860
Odpis na pozyczkę Gaetan Investments	(11 279)	(11 279)
Gaston Investments Sp zoo	3 062	3 109
Hub Developments	2 203	2 165
Lakia Enterprises Ltd	25 774	25 465
Mandy investments	33 205	32 637
Provision against loan to Mandy Investments	(18 477)	(18 477)
Robin Investments Sp zoo	4 829	4 773
Provision against loan to Robin Investments	(41)	(41)

29.15 Share capital

On January, 8 2013 the share capital increase by the amount of PLN 7.602,20 was registered by the National Court.

On August 10, 2012, the Extraordinary General Meeting of the Company passed a resolution to purchase the Company's shares for redemption. The general meeting of the company authorized the Executive Board to acquire from the shareholders of the company not later than 31 December 2013, a total of not more than 11.541.891 shares, with a nominal value of PLN 0.10 each and the total nominal value no higher than PLN 1.154.189,10. Shares may be purchased on the regulated market (during the trading session and transactions outside the session), and outside the regulated market. The shares will be acquired by the Company in accordance with Article. 362 § 1 point 5 of Code of Commercial Companies for redemption, at a price not lower than the nominal value of the shares and not more than PLN 15.89 per share. In addition, the General Meeting authorized the Board to determine the detailed conditions for the acquisition of the Shares not covered in the resolution, and to make any factual and legal efforts to implement the resolution, including a contract with an investment company. In order to redeem shares, the acquisition of all or part of the shares of the Company Board shall convene a General Meeting of the Company with an agenda including at least take a resolution on cancellation of shares and reduction of share capital and amendment to the Articles of the Company.

On April 11, 2013, the Company has decided to accept all offers of Shares and make them proportional reduction carried out in accordance with the principles set out in the Invitation. Because the offers amounted to more than the number of shares offered by the Company of 1,732,394 shares, each offer will be reduced by an average of 88.88%, which means that the Company will acquire an average of 11.12% Shares offered for sale. On April 11, 2013, the Company has decided to accept all offers of Shares and make them proportional reduction carried out in accordance with the principles set out in the Invitation. Because the offers amounted to more than the number of shares offered by the Company of 1,732,394 shares, each offer will be reduced by an average of 88.88%, which means that the Company will acquire an average of 11.12% Shares offered for sale.

On April 15, 2013 the Company, as a result of announced by the Company on March 27, 2013, the Invitation to Submit Proposals for Sales of Shares of the Company (the Company Current Report No. 14/2013 of 27 March 2013), purchased through a brokerage house UniCredit CAIB Poland SA with its registered seat in Warsaw, 1 732 394 shares of the Company. Number of shares under the Share Purchase Bids was 15 575 542. The reduction rate was 88.88%.

On 20 March 2013 the Management Board adopted resolution to increase the share capital within the authorized capital.
On the basis of the Resolution, the share capital of the Company will be increased from the amount of 3,430,748.80 zł up to 3,450,682.10 zł, for the amount 19,933.30 zł by the issue in the authorized capital of 199,333 series F ordinary bearer shares with a nominal value of 0,10 zł per share.

Share capital increase through the issuance of Series F Shares shall be made with the consent of the Supervisory Board, excluding the subscription rights of the existing shareholders, in form of a private issuance, addressed to a selected, cooperating with the Company other company.
The Management Board decided that the issue price per Series F Share will be equal to its nominal value and amount to 0,10 zł (ten cents) per share, which the Supervisory Board agreed. Series F Shares will be fully paid in cash by bank transfer to the bank account of the Company within seven (7) days from the date of acceptance of the offer to acquire Series F Shares.