



# QUARTERLY REPORT FOR THE I QUARTER 2011

Condensed interim consolidated financial statements  
for the period ended 31 th of March 2011



CELTIC PROPERTY DEVELOPMENTS S.A.

**Condensed interim consolidated financial statements**  
for the period of 3 months ended 31 March 2011

prepared in accordance with the International Financial Reporting Standards

(unaudited financial data)

# CELTIC PROPERTY DEVELOPMENTS S.A.

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Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

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# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Condensed consolidated statement of comprehensive income

	Note	For the 3 month period ended	
		31 March 2011 <i>(unaudited)</i>	31 March 2010 <i>(unaudited)</i>
Revenues	12	10 466	12 679
Cost of sales	13	(6 128)	(8 054)
<b>PROFIT ON SALES</b>		<b>4 338</b>	<b>4 625</b>
Administrative costs property related	14	(9 075)	(6 763)
Administrative expenses-other	15	(4 432)	(2 321)
Selling and marketing expenses		( 383)	( 185)
Other income	16	175	152
Net (loss)/ gain from fair value adjustments on investment properties	4	( 162)	(15 216)
Result from sales of subsidiaries		0	( 2)
<b>TOTAL EXPENDITURE</b>		<b>(13 877)</b>	<b>(24 335)</b>
<b>OPERATING RESULT</b>		<b>(9 539)</b>	<b>(19 710)</b>
Financial income	17	150	24 935
Financial costs	17	(1 827)	(1 747)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>(11 216)</b>	<b>3 478</b>
Income tax	18	(1 349)	13 729
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>(12 565)</b>	<b>17 207</b>
Currency translation adjustment		275	(20 540)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(12 290)</b>	<b>(3 333)</b>
<b>DILUTED EARNINGS PER SHARE</b>	22	-0.37	0.49

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

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Condensed consolidated statement of financial position

	Note	31/3/2011 (unaudited)	31/12/2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	4	756 136	754 216
Property, plant and equipment		1 055	1 067
Intangible assets, excluding goodwill		260	321
Available-for-sale financial assets		35	34
Goodwill		50 149	49 504
Deferred tax assets	11	8 909	7 884
Long-term receivables		593	553
		<b>817 137</b>	<b>813 579</b>
<b>Current assets</b>			
Inventories	6	73 103	76 298
Trade receivables and other receivables	5	19 973	23 046
Income tax receivables		1 199	1 526
Cash and cash equivalents	7	33 607	37 306
		<b>127 882</b>	<b>138 176</b>
<b>Total assets</b>		<b>945 019</b>	<b>951 755</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent company</b>			
Share capital	8	3 406	3 483
Translation reserve		(8 671)	(8 946)
Retained earnings		818 453	830 941
<b>Total equity</b>		<b>813 188</b>	<b>825 478</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade payables and other liabilities	9	134	134
Borrowings, including financial leasing	10	28 662	78 173
Deferred tax liabilities	11	27 136	25 449
		<b>55 932</b>	<b>103 756</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	9	21 574	18 725
Current income tax liabilities		1 055	712
Borrowings, including financial leasing	10	53 270	3 084
		<b>75 899</b>	<b>22 521</b>
<b>Total liabilities</b>		<b>131 831</b>	<b>126 277</b>
<b>Total Equity and liabilities</b>		<b>945 019</b>	<b>951 755</b>

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

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Condensed consolidated statement of changes in equity

	Share capital of CPD Plc	Share capital of POEN SA	Translation reserve	Retained earnings	Total equity
<b>Balance as at 1/1/2010</b>	<b>1 197 085</b>	<b>0</b>	<b>58 125</b>	<b>(480 320)</b>	<b>774 890</b>
<u>Comprehensive income</u>					
Currency translation adjustment	0	0	(20 540)	0	(20 540)
Profit (loss) for the period	0	0	0	17 207	17 207
	0	0	(20 540)	17 207	(3 333)
<b>Balance as at 31/3/2010 /unaudited</b>	<b>1 197 085</b>	<b>0</b>	<b>37 585</b>	<b>( 463 113)</b>	<b>771 557</b>
<b>Balance as at 1/1/2010</b>	<b>1 197 085</b>	<b>0</b>	<b>58 125</b>	<b>(480 320)</b>	<b>774 890</b>
<u>Transactions with owners</u>					
Disposal of own shares	3 478	0	0	0	3 478
Proceeds from shares issued	0	3 483	0	0	3 483
Acquisition of own shares as a result of merger	0	500	0	0	500
Shares cancelled	0	( 500)	0	(17 967)	(18 467)
Transborder merger	(1 200 563)	0	(50 301)	1 247 381	(3 483)
	(1 197 085)	3 483	(50 301)	1 229 414	(14 489)
<u>Comprehensive income</u>					
Currency translation adjustment	0	0	(16 770)	0	(16 770)
Profit (loss) for the period	0	0	0	81 847	81 847
	0	0	(16 770)	81 847	65 077
<b>Balance as at 31/12/2010</b>	<b>0</b>	<b>3 483</b>	<b>(8 946)</b>	<b>830 941</b>	<b>825 478</b>
<b>Balance as at 1/1/2011</b>	<b>0</b>	<b>3 483</b>	<b>(8 946)</b>	<b>830 941</b>	<b>825 478</b>
<u>Transactions with owners</u>					
Shares cancelled	0	( 77)	0	77	0
	0	( 77)	0	77	0
<u>Comprehensive income</u>					
Currency translation adjustment	0	0	275	0	275
Profit (loss) for the period	0	0	0	(12 565)	(12 565)
	0	0	275	(12 565)	(12 290)
<b>Balance as at 31/3/2011 /unaudited</b>	<b>0</b>	<b>3 406</b>	<b>(8 671)</b>	<b>818 453</b>	<b>813 188</b>

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

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

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated)

## Condensed consolidated statement of cash flows

	For the 3 month period ended	
Nota	31 March 2011	31 March 2010
	(unaudited)	(unaudited)
<b>Cash flow from operating activities</b>		
Cash generated from operations	19	(1 519)
Interest paid		( 47)
Income tax paid		( 5)
<b>Net cash generated from investing activities</b>		<b>(1 571)</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on investments property		(2 090)
Purchase of property, plant and equipment		( 38)
Proceeds from the sale of subsidiaries		0
Acquisition of available-for-sale financial assets		0
Loan repayments received		0
<b>Net cash used in investing activities</b>		<b>(2 128)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		0
<b>Net cash used in financing activities</b>		<b>0</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3 699)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>37 306</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>33 607</b>

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

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 1 General information

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

On 9 June 2008, the company's shares were quoted on the OTC market in Frankfurt. 20 December 2010, the combined company's shares are admitted to trading on a stock exchange in Warsaw, and the first listing took place three days later.

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

### 2 The accounting principles

Accounting principles are consistent with the principles applied in the annual consolidated financial statements for the year ended 31 December 2010 and in relation to the data of the parent contained in the notes on the annual financial statements for the year ended 31 December 2009.

#### 2.1 Basis of preparation

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

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

#### **Amendments to IFRS 1, "First-time adoption of the IFRS"**

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

#### **Amendments to IAS 32 "classification of rights issues "**

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

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

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

#### **IFRIC 19 "Extinguishing financial liabilities with equity instruments"**

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



# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### Amendments to IFRS 2010

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

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

**In this consolidated Group CPD not decided to advance the following published standards or interpretations before their date of entry into force:**

### IFRS 9 "financial instruments"

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

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

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

### IFRS 7 "transfers of financial assets"

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

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

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

The changes relate to the valuation of the liabilities and deferred tax assets from investment property measured at fair value in accordance with IAS 40 "investment property" and introduce a rebuttable presumption that the value of the property investment can be recovered completely by selling. This presumption can be rebutted when the investment property is held in business model, which is designed to exploit substantially all economic benefits represented by an investment in time and not at the time of sale. SIC-21 "tax-recovery of revalued assets, which are not subject to depreciation" referring to the similar questions relating to the assets not subject to depreciation, which are valued in accordance with the model to update the values set out in IAS 16 "property, plant and equipment" was included in the IAS 12 after the exclusion of the guidelines on investment property measured at fair value. The group applies the amendments to IAS 12 from 1 January 2012.

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

Amendments to IFRS 1 ' Severe hyperinflation and the withdrawal of fixed dates for adopting IFRSS for the first time "has been published by the international accounting standards in December 2010 and are valid for annual periods beginning on or after 1 July 2011 or after that date.

Amendment concerning the severe hyperinflationary creates additional exemption in the case where the person who was under the influence of major hyperinflationary, again starting or first intends to prepare its financial statements in accordance with IFRS. Exemption allows the operator to choose the valuation of assets and liabilities at fair value and use that fair value as deemed cost of those assets and liabilities in the balance sheet is opened in its first report on the financial situation in conformity with IFRS.

## Notes to the interim condensed consolidated financial statements

The IASB has changed the IFRS 1 to exclude references to fixed dates for one exception and one exemption in respect of the assets and financial liabilities. The first amendment requires entities applying IFRSs for the first time under prospective application, the requirements for removal from the balance sheet in accordance with IFRS as from the date of transition to IFRSs, rather than from 1 January 2004, the second amendment concerns the financial assets or liabilities at fair value at initial recognition. When fair value is determined by using valuation techniques with the absence of an active market, and allows you to apply guidelines forwards from the date of transition to IFRSs, not from 25 October 2002, from 1 January 2004, this means that entities applying IFRSs for the first time do not need to determine the fair value of financial assets and financial liabilities prior to the date of transition to IFRS. These changes were also IFRS 9.

The group will adopt the amendments to IAS from 1 January 2012.

### 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.

Properties, in which there are significant income from rents (Aquarius, Viterra) were valued using discounted cash flows. Land not built on (Wolbórz, part of the property Ursus) have been measured by the reference, in contrast, the fair value of other property investment was based on the method of residue (residual) with fazowaniem or without bevel angles investment projects planned for the individual parcels.

Depending on the circumstances, the rates of current and future rents and sales prices of the dwellings stem from rental agreements or market conditions to be determined by an independent valuer. Adopted for calculation surfaces performance resulted from existing documents, construction, and in the absence of applicable or announced conditions for town and country planning. Used in the method the residual costs of implementation of investment projects resulted from the adopted budgets and, in the case of their absence from the set by the valuer estimated coefficients kosztocłonności for comparable projects.

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

In the first quarter of 2011, the Group noted a slight loss from revaluation of real estate investment to fair values amounting to EUR 0.2 million in 2010, the profit of the Group of revaluation of real estate investment to fair values amounted to PLN 16.1 million, of which, in the first quarter there was a loss of EUR 15.2 million resulting from fluctuations in foreign exchange rates and investment nieodzwoiercedlonych growth the fair values.

#### 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.

W przypadku nieruchomości stanowiących zapasy, z wyjątkiem nieruchomości na Węgrzech i w Czarnogórze, których wartość oszacował zarząd na podstawie możliwych do uzyskania cen sprzedaży, wartości godziwe ustalane są na podstawie wycen niezależnego rzeczoznawcy, w oparciu o podobne zasady jak w przypadku nieruchomości inwestycyjnych. Przy czym w przypadku zapasów dostępnych do natychmiastowej sprzedaży (Koszykowa, Magdalenka, Wilanów) rzeczoznawca ustalił wartość godziwą w oparciu o metodę porównawczą, natomiast projektu Iris (Mokotów Plaza II) metodę rezydualną. Zmiany w bieżącym okresie odpisów aktualizujących wartość zapasów zostały opisane w nocie 6.

The second important category, on the valuation of which have a significant impact in the current period, the Board of Directors estimates were deferred tax assets. The recoverable amount is determined on the basis of the likelihood of the implementation of the assets in the future, taking into account the business plans of each of the companies included in the consolidation. Due to a lack of reasonable certainty as to the future implementation, the value of unrecognized deferred tax assets and liabilities at the balance sheet date amounted to 5.9 mln PLN.

# CELTIC PROPERTY DEVELOPMENTS S.A.

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Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### **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.

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated)

## Notes to the interim condensed consolidated financial statements

### 4 Investment properties

	1/1/2011 - 31/3/2011	1/1/2010 - 31/12/2010
<b>At the beginning of the reporting period</b>	<b>754 216</b>	<b>861 876</b>
Capital expenditure	2 090	8 787
Disposal	0	(131 050)
Net (loss)/ gain from fair value adjustments on investment properties	( 162)	16 077
Change of capitalised financial liabilities	( 8)	(1 474)
<b>At the end of the reporting period</b>	<b>756 136</b>	<b>754 216</b>

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Direct operating costs for investment properties:		
- rent income bearing	779	1 186
- other	2 182	1 068
	<b>2 961</b>	<b>2 254</b>

### 5 Trade receivables and other receivables

	31/3/2011	31/12/2010
Trade receivables	8 080	7 880
Surplus of input VAT over output	2 498	673
Receivables from related parties	1 568	3 844
Deferred income	77	160
Prepaid expenses	7 743	4 869
Other receivables	7	5 620
<b>Short-term receivables</b>	<b>19 973</b>	<b>23 046</b>
Long-term receivables	593	553
<b>Total receivables</b>	<b>20 566</b>	<b>23 599</b>

### 6 Inventories

	31/3/2011	31/12/2010
<b>At the beginning of the reporting period</b>	<b>76 298</b>	<b>93 298</b>
Capital expenditure	1 523	1 350
Disposal	(4 633)	(9 674)
Transfer to other receivables	0	(2 038)
Impairment loss	( 391)	(5 721)
Exchange differences	306	( 917)
<b>At the end of the reporting period</b>	<b>73 103</b>	<b>76 298</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated)

## Notes to the interim condensed consolidated financial statements

### 7 Cash and cash equivalents

	31/3/2011	31/12/2010
Cash at bank and on hand	23 431	25 319
Cash on escrow account	9 496	9 374
Short-term bank deposits	680	2 613
	<b>33 607</b>	<b>37 306</b>

### 8 Share capital

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

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

### 9 Trade payables and other liabilities

#### Non-current liabilities

	31/3/2011	31/12/2010
Deposits of tenants	134	134

#### Current liabilities

	31/3/2011	31/12/2010
Trade payables	1 967	2 093
Payables to related parties		49
Social securities and other taxes	2 463	237
Deposits of tenants	365	400
Other liabilities	2 706	1 933
Accrued expense	14 073	14 013
	<b>21 574</b>	<b>18 725</b>

### 10 Borrowings, including financial leasing

	31/3/2011	31/3/2010
<b>Non-current</b>		
Bank loans	0	49 504
Financial leasing	28 662	28 669
	<b>28 662</b>	<b>78 173</b>
<b>Current</b>		
Bank loans	53 203	3 017
Loans from not related parties	67	67
	<b>53 270</b>	<b>3 084</b>
<b>Total borrowings</b>	<b>81 932</b>	<b>81 257</b>

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

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 11 Deferred income taxes

	31/3/2011	31/12/2010
<b>Deferred tax assets</b>	<b>8 909</b>	<b>7 884</b>
<b>Deferred tax liabilities</b>	<b>27 136</b>	<b>25 449</b>

### 12 Revenue by nature

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Rent income	1 322	3 223
Sales of inventories	3 552	5 652
Advising services from the scope of real estate	4 915	2 559
Property related services	666	1 234
Accounting services	11	11
	<b>10 466</b>	<b>12 679</b>

### 13 Cost of sales

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Cost of inventories sales	4 632	6 500
Change of inventory impairment write downs	391	0
The cost of services rendered	1 105	1 554
	<b>6 128</b>	<b>8 054</b>

### 14 Administrative costs property related

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Personnel costs	4 899	3 819
Property maintenance	801	1 474
Property taxes	2 435	882
Perpetual usufruct	813	468
Depreciation of fixed assets and intangible assets	127	120
	<b>9 075</b>	<b>6 763</b>

### 15 Administrative expenses-other

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Consultancy services	937	1 016
Audit fees	143	43
Transportation	237	136
Taxes	22	46
Office maintenance	1 142	880
Other services	553	178
Cost related for non deductible VAT	78	( 164)
Impairment write offs	1 320	186
	<b>4 432</b>	<b>2 321</b>

The main article of the other administrative costs for the period 1 January 2011-31 March 2011 concerns write-down of receivables from related parties.

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated)

## Notes to the interim condensed consolidated financial statements

### 16 Other income

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Payables written back	53	0
Other	122	152
	<b>175</b>	<b>152</b>

### 17 Financial income and expenses

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Interest expense:		
- Loans from related parties		
- Bank loans	( 560)	(1 005)
- Interest from financial leases	( 538)	( 565)
- Other interest	( 720)	( 177)
- Other	( 9)	0
<b>Financial costs</b>	<b>(1 827)</b>	<b>(1 747)</b>
Interest income:		
- Bank interest	63	106
- interest from unrelated parties	7	70
Net exchange differences	80	24 759
<b>Financial income</b>	<b>150</b>	<b>24 935</b>

### 18 Income tax

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Current income tax	676	809
Deferred taxes	673	(14 538)
	<b>1 349</b>	<b>(13 729)</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated)

## Notes to the interim condensed consolidated financial statements

### 19 Cash flow from operating activities

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Profit/loss before tax	(11 216)	3 478
Adjustments for:		
- depreciation of tangible fixed assets	127	134
- currency translation adjustments	( 703)	(16 378)
- gains (losses) on revaluation to fair value of investment property	162	15 216
- interest costs	48	0
- exchange differences	684	(9 475)
- inventory impairment	391	0
- other adjustments	( 4)	( 5)
Changes in working capital		
- changes in receivables	3 033	(9 112)
- changes in inventories	3 110	5 662
- change in trade liabilities and other	2 849	2 141
	<b>(1 519)</b>	<b>(8 339)</b>

### 20 Related party transactions

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

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

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

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
(a) Transactions with key management personnel		
The cost of the salaries of members of the Board of Directors	0	44
The cost of the salaries of the members of the Supervisory Board	154	0
The cost of services rendered by the members of the Board of Directors	829	784
Total receivables	66	0
Total liabilities	71	0
(b) Transactions with the other related parties		
Revenues		
<i>Braslink Ltd</i>	7	33
<i>Vigo Investments Sp. z o.o.</i>	3	3
<i>Antigo Investments Sp. z o.o.</i>	1	3
<i>Prada Investments Sp. z o.o.</i>	1	1
<i>Quant Investments Sp. z o.o.</i>	1	1
Costs		
<i>Kancelaria Radców Prawnych Oleś i Rodzynkiewicz</i>	21	40
<i>Experior Sp. z o. o.</i>	0	20



# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated)

## Notes to the interim condensed consolidated financial statements

### Receivables

<i>Palladian Finance</i>	308	295
<i>Vigo Investments Sp. z o.o.</i>	2	4
<i>Antigo Investments Sp. z o.o.</i>	0	2
<i>Prada Investments Sp. z o.o.</i>	0	2
<i>Quant Investments Sp. z o.o.</i>	0	2
<i>Braslink Ltd</i>	1 258	3 302

### 21 Payment of dividends

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

### 22 Earnings per share

	<u>1/1/2011 - 31/3/2011</u>	<u>1/1/2010 - 31/3/2010</u>
Profit attributable to shareholders of the company	(12 565)	17 207
Ordinary shares (in thousands)	34 068	34 833
Earnings per share in PLN	<u>-0.37</u>	<u>0.49</u>

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

### 23 Contingent liabilities

In the first quarter of 2011 there were no significant changes in contingent liabilities.

### 24 Segment reporting

In accordance with IFRS 8, the Group CPD is and it shall be considered by the Board of Directors as a single operating segment. Therefore, both revenue and profit segment are equal revenue and profits of the group mentioned in the report of the CPD total revenue.

### 25 Seasons of activity and unusual events

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

### 26 Events after the end of the reporting period

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

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 27 Interim financial information of the parent

#### 27.1 Condensed statement of comprehensive income

	Notes	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
		(unaudited)	(unaudited)
Revenues		350	0
Administrative costs	27.9	(1 681)	( 291)
Cost of sales		( 96)	0
<b>OPERATING RESULT</b>		<b>(1 427)</b>	<b>( 291)</b>
Financial income	27.10	9 534	0
Financial costs	27.10	( 139)	( 1)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>7 968</b>	<b>( 292)</b>
Income tax		(1 238)	0
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>6 730</b>	<b>( 292)</b>
<b>DILUTED EARNINGS PER SHARE</b>		-0.54	-0.02

#### 27.2 Condensed statement of financial position

ASSETS	Nota	31/3/2011	31/12/2010
<b>Non-current assets</b>			
Long-term receivables		505 987	499 688
Shares in subsidiaries	27.5	337 000	337 000
		<b>842 987</b>	<b>836 688</b>
<b>Current assets</b>			
Trade receivables and other receivables	27.7	3 683	3 774
Cash and cash equivalents		1 740	163
		<b>5 423</b>	<b>3 937</b>
<b>Total assets</b>		<b>848 410</b>	<b>840 625</b>
<b>EQUITY</b>			
Share capital		3 406	3 483
Share premium	27.12	796 643	796 643
Retained earnings		29 890	23 083
<b>Total equity</b>		<b>829 939</b>	<b>823 209</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade payables and other liabilities		2 716	1 478
		<b>2 716</b>	<b>1 478</b>
<b>Current liabilities</b>			
Trade payables and other liabilities		2 771	2 514
Borrowings, including financial leasing	27.8	12 984	13 424
		<b>15 755</b>	<b>15 938</b>
<b>Total liabilities</b>		<b>848 410</b>	<b>840 625</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 27.3 Condensed statement of changes in equity

Notes	Share capital	Share premium	Retained earnings	Total
<b>Balance as at 1/1/2010</b>	<b>500</b>	<b>0</b>	<b>( 480)</b>	<b>20</b>
<u>Comprehensive income</u>				
Profit (loss) for the period	0	0	( 292)	( 292)
	0	0	( 292)	( 292)
<b>Balance as at 31/3/2010 /unaudited</b>	<b>500</b>	<b>0</b>	<b>( 172)</b>	<b>( 172)</b>
Proceeds from shares issued	3 483	0	0	3 483
Shares cancelled	( 500)	(17 967)	0	(18 467)
Acquisition Of Celtic Property Developments Plc	0	814 610	0	814 610
	2 983	796 643	0	799 626
<u>Comprehensive income</u>				
Profit (loss) for the period	0	0	23 855	23 855
	0	0	23 855	23 855
<b>Balance as at 31/12/2010</b>	<b>3 483</b>	<b>796 643</b>	<b>23 083</b>	<b>823 209</b>
<b>Balance as at 31/1/2011</b>	<b>3 483</b>	<b>796 643</b>	<b>23 083</b>	<b>823 209</b>
<u>Transactions with owners</u>				
Shares cancelled	( 77)	0	77	0
	( 77)	0	77	0
<u>Comprehensive income</u>				
Profit (loss) for the period			6 730	6 730
	0	0	6 730	6 730
<b>Balance as at 31/3/2011 /unaudited</b>	<b>3 406</b>	<b>796 643</b>	<b>29 890</b>	<b>829 939</b>

### 27.4 Condensed statement of cash flows

Nota	1/1/2011 - 31/3/2011 (unaudited)	1/1/2010 - 31/3/2010 (unaudited)
<b>Cash flow from operating activities</b>		
Cash generated from operations	2 081	( 359)
Interest paid	0	0
<b>Net cash generated from investing activities</b>	<b>2 081</b>	<b>( 359)</b>
<b>Cash flows from investing activities</b>		
Loans	( 452)	0
Loan repayments received	473	0
Interest received	27	0
<b>Net cash used in investing activities</b>	<b>48</b>	<b>0</b>
<b>Cash flows from financing activities</b>		
Loans	0	250
Repayment of loans	( 552)	0
<b>Net cash used in financing activities</b>	<b>( 552)</b>	<b>250</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1 577</b>	<b>( 109)</b>
Cash and cash equivalents at beginning of year	163	170
<b>Cash and cash equivalents at the end of the period</b>	<b>1 740</b>	<b>61</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 27.5 Shares in subsidiaries

Name	Country	Share	31/3/2011	31/12/2010
Buffy Holdings No1 Ltd	Cypr	100%	184 000	184 000
Celtic Investments Ltd	Cypr	100%	48 000	48 000
Lakia Enterprises Ltd	Cypr	100%	105 000	105 000
East Europe Property Financing AB	Szwecja	100%	601	601
Impairment, the value of the shares-East Europe Property Financing AB			( 601)	( 601)
			<b>337 000</b>	<b>337 000</b>

### 27.6 Long-term receivables

	31/3/2011	31/12/2010*
Long-term loans with related parties		
- loans	475 691	475 650
- interest	30 296	24 038
	<b>505 987</b>	<b>499 688</b>

#### Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
Buffy Holdings No 1 Ltd	137 438	5 330	3M WIBOR	0.75%	na żądanie
East Europe Property Financing AB	327 656	23 735	3M WIBOR	1.55%	na żądanie
Celtic Property Developments Kft	278	9	3M WIBOR	0.75%	na żądanie
Tenth Planet d.o.o.	1 007	13	3M LIBOR		na żądanie
Tenth Planet d.o.o.	3 321	258	stałe		na żądanie
Celtic Investments Ltd	5 991	951	3M LIBOR	0.75%	na żądanie
	<b>475 691</b>	<b>30 296</b>			

\*) loan repayable on demand were quarterly report for the period from 1 October 2010 to 31 December 2010, Shown under the heading of receivables.

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

### 27.7 Trade receivables and other receivables

	31/3/2011	31/12/2010
Trade receivables from related parties	431	61
Surplus of input VAT over output	204	202
Other receivables from related parties	1 056	660
Other receivables from other parties	1 891	2 833
Accrued costs	102	18
<b>Short-term receivables</b>	<b>3 683</b>	<b>3 774</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 27.8 Borrowings, including financial leasing

	31/3/2011	31/12/2010
Loans from related parties	12 984	13 424
	<b>12 984</b>	<b>13 424</b>

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

### 27.9 Administrative costs

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Consultancy services	126	220
Remuneration	749	0
Remuneration of the auditor	64	48
VAT	50	0
Costs of guarantees	479	703
Cover of guarantees costs	( 479)	( 703)
Other services	686	23
	<b>1 675</b>	<b>291</b>

### 27.10 Financial income and expenses

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Interest income:		
-Interest from related parties	6 285	0
-Interest of the unrelated parties	3	0
Received dividends	3 134	0
Net exchange differences	112	0
<b>Financial income</b>	<b>9 534</b>	<b>0</b>
Interest expense:		
-Interest from related parties	139	1
<b>Financial costs</b>	<b>139</b>	<b>1</b>

The result from financial activities is influenced mainly by interest from loans to related bodies as well as the dividends received from Lokia Enterprises Ltd.

### 27.11 Cash flow from operating activities

	1/1/2011 - 31/3/2011	1/1/2010 - 31/3/2010
Profit/loss before tax	7 968	( 292)
Adjustments for:		
- exchange differences	( 62)	0
- interest costs	(6 173)	0
- changes in receivables	91	0
- change in trade liabilities and other	257	( 67)
	<b>2 081</b>	<b>( 359)</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 3 months ended 31 March 2011

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 27.12 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:

	<b>1/1/2011 - 31/3/2011</b>	<b>1/1/2010 - 31/3/2010</b>
<b>a) Transactions with key management personnel</b>		
Remuneration of members of the Supervisory Board	154	0
Receivables from the Board Members	16	0
Liabilities due to the Supervisory Board Members	65	0
<b>b) Transactions with subsidiaries</b>		
Revenue		
<i>Buffy Holdings No1 Ltd</i>	1 592	0
<i>Celtic Investments Ltd</i>	37	0
<i>Lakia Enterprises Ltd</i>	3 613	0
<i>East Europe Property Financing AB</i>	4 614	0
<i>Celtic Asset Management Sp. z o.o.</i>	350	0
<i>Celtic Property Developments KFT</i>	3	0
<i>Tenth Planet doo</i>	40	0
Costs		
<i>Lakia Enterprises Ltd</i>	139	0
<i>Celtic Asset Management Sp. z o.o.</i>	125	1
Liabilities		
<i>Celtic Investments Ltd</i>	1	0
<i>Lakia Enterprises Ltd</i>	12 984	0
<i>Celtic Asset Management Sp. z o.o.</i>	149	2
Receivables		
<i>Buffy Holdings No1 Ltd</i>	142 768	0
<i>Celtic Investments Ltd</i>	6 942	0
<i>East Europe Property Financing AB</i>	351 391	0
<i>Celtic Asset Management Sp. z o.o.</i>	431	0
<i>Celtic Property Developments KFT</i>	287	0
<i>Tenth Planet doo</i>	4 599	0
<b>c) Transactions with other related party</b>		
Costs		
<i>Experior</i>	0	20
<i>Kancelaria Radców Prawnych Oleś&amp;Rodzynekiewicz sp. komandytowa</i>	21	40
Receivables		
<i>Braslink Ltd</i>	625	0

# CELTIC PROPERTY DEVELOPMENTS S.A.

QUARTERLY REPORT FOR I QUARTER 2011

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## INFORMATION ABOUT CAPITAL GROUP

The origins of the Celtic Group derive from 1999 when Mr. Andrew Shepherd and Mr Aled Rhys Jones established Celtic Asset Management sp. z o.o. in Poland. Between 1999-2005 the company's activities focused mainly on building and managing portfolios of real estates for the benefit of third parties. This included properties located in Poland, the Czech Republic, Lithuania, Romania, Hungary and in Germany, in Berlin, Düsseldorf and Dortmund. From 2005 Celtic Asset Management Sp. z o.o. commenced investment and development activity on behalf of several funds managed by Laxey Partners Ltd. In 2007, the consolidation of the group under the name of Celtic Property Developments SA (BVI) was performed and in 2008 Celtic Property Developments SA (BVI) was listed on the open unregulated market (Freiverkehr) in Frankfurt. In the period from 2005 to 2010, the company operated and managed projects mainly in Poland, but also in Montenegro, Hungary, Italy, Belgium, Great Britain, the Netherlands, Germany and Spain. Further restructuring and careful cash management in a difficult market has left a strong and stable group, which on 23 December 2010, debuted on the stock exchange in Warsaw with capitalization at 817,6 mln PLN.

Currently Celtic Property Developments S.A. is a holding company controlling a group of 44 subsidiaries whose activities are concentrated on the management of development projects in the office and residential segment. The Company's activity consists of the purchase of land, on which it constructs apartments or offices, and in purchase of existing real estate properties with a potential for creation of additional value by change of their intended usage, increase of their standard or optimisation of their area. The Group has offices in Warsaw, London, Milan and Budapest. The main market, in which the Company operates is Warsaw. In addition, the Company has commercial and housing properties in Montenegro and Hungary. The primary concentration of the activities of the group has been the office segment of the market, however, at present, the Company is changing concentration of its activities to housing development. This is mainly through the implementation of its leading project in Warsaw's district of Ursus. In addition to the developers activities the Company still provides the asset management services for commercial real estate portfolio of external entities. Currently the Group manages 265 commercial properties in Belgium, Spain, the Netherlands, Germany, Great Britain, and Italy with a total area of 1,9 million m<sup>2</sup> and the value of ca. 670 million euro. Asset management allows the group to generate important cash flows.

## **SUBSTANCIAL EVENTS IN THE REPORTING PERIOD**

- Capital decrease registration
- Resignation of Supervisory Board Member
- Extraordinary General Meeting
- Leasing of Mokotów Plaza
- Selection of the auditor

## **KEY FINANCIAL INFORMATION RELATING TO LAST QUARTER**

- Decrease of the stock value comparing to last year due to 21% sales of Koszykowa 69 project
- Sales at level of 4,3 mln PLN
- Result of the quarter – 12 565 mln PLN
- Switch of HSBC bank financing classification from long term to short term on the statement of financial position



## 1. SUBSTANCIAL EVENTS OF THE REPORTING PERIOD

### ▪ REGISTRATION OF CAPITAL DECREASE

On 28 January 2011 the Management Board received a decision of District Court for City of Warsaw in Warsaw, XII Commercial Division of National Court Register from January 14th, 2011 of decrease of Company's capital. According to the decision the company's equity was decreased from 3.483.329,50 PLN to the amount of 3.406.825,20 PLN. Above reduction was made on the basis of resolution no. 11 of the Extraordinary General Meeting adopted on 20 September 2010 as a consequence of shares for redemption acquired by the Company. Following the registration the Company's equity amounts to 3.406.825,20 PLN and divides into 34.068.252 of B series Shares at nominal value of 0,10 PLN each, authorizing to 34.068.252 (in words: thirty four million and sixty eight thousand two hundred and fifty two) of votes at a General Meeting of the Company.

### ▪ RESIGNATION OF A MEMBER OF A SUPERVISORY BOARD

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

### ▪ EXTRAORDINARY GENERAL MEETING

In relation to the resignation of Mr Cichocki from the function of Supervisory Board Member on 3 March 2011 at the Company's registered Office Extraordinary General Meeting was held to adopt the resolution regarding changes in the supervisory board as well as remuneration of the Supervisory Board members. At the Extraordinary General Meeting Mr Wiesław Rozłucki was appointed a member of a Supervisory Board. The term of office of Mr Wiesław Rozłucki expires on February 23, 2012. Mr Rozłucki has higher education, is a graduate of the Warsaw School of Economics (former SGPiS). He holds also the title of doctor in the field of economic geography. He studied at the London School of Economics. Mr Rozłucki was President of the Board of Directors of the stock exchange in Warsaw, as well as the Chairman of the Supervisory Board of KDPW S.A. For the period 2006-2010 he was a member of the supervisory boards of PKN Orlen and Polimex-Mostostal. Currently he is a member of the supervisory boards of public companies: TP S.A., Bank BPH, TVN, Wasko; The Supervisory Board of the capital market Education Foundation, as well as set up in 2001, the Committee of good practices.

### ▪ LEASING OF MOKOTÓW PLAZA

On 10 March 2011 the last free space in the Mokotów Plaza office building was let. Thus the Groups obligations regarding the Purchaser were fulfilled. In August 2010 the building was acquired by Spanish investment fund Azora Europe. Mokotów Plaza is high class, five storey building of leasing area of 15 290 m<sup>2</sup> located by Postępu 6 street. The investment at Warsaw's Służewiec begun in December 2008.

### ▪ SELECTION OF THE AUDITOR

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

## 2. FACTORS AND EVENTS OF UNUSUAL NATURE

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

## 3. EXPLANATIONS OF THE SEASONALITY OF ACTIVITIES.

The Group's activities are not subject to seasonality.

## 4. ISSUANCE, REDEMPTION AND REPAYMENT OF NON STOCK AND EQUITY SECURITIES

The Company did not issue any securities, made redemption, nor repaid any securities in the reporting period.

## 5. INFORMATION RELATING TO PAID DIVIDEND

In the reporting period the Company did not pay or declare a dividend payment for current period.

## 6. EVENTS AFTER THE DATE OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

### ▪ PROPOSAL OF THE MANAGEMENT BOARD ON THE ALLOCATION OF PROFITS FOR YEAR 2010

On 13 May 2011 the Supervisory Board resolved to agree with the Management Board proposal on allocation of profit for financial year 2010. The Management Board recommends the allocation of a profit of 23 563 000.00 (in words: twenty three million, five hundred and sixty three thousand) PLN gained by the Company during the year 2010: 480 000. (four hundred and eighty thousand) PLN to cover prior years losses, 1 161 000 (one million, one hundred and sixty one thousand) PLN to spare capital of the Company, 21 922 000 (twenty one million, nine hundred and twenty two thousand) PLN to the reserve capital. Due to current year planned commencement of the Group's investment in Ursus the Company do not plan to pay dividend.

## 7. CHANGES RELATING TO CONTINGENT LIABILITIES OR CONTINGENT ASSETS

In the reporting period the Company had no contingent liabilities or contingent assets .

## 8. OBJECTIVES AND POLICIES OF RISK MANAGEMNET

The activities conducted by the CPD group are subject to various types of financial risks: market risks (including: risk of changes in currency exchange rate, the risk of changes in fair values or cash flows as a result of changes in interest rates), credit risk and liquidity. Financial risks are related to the following financial instruments: credits and loans, trade receivables, cash and cash equivalents, trade payables and other liabilities. The overall programme of Celtic Property Developments for Group risk management focuses on the unpredictability of financial markets, seeking to minimize the potential adverse effects on the financial results of CPD Group.

**9. SELECTED FINANCIAL DATA**

Financial data for 1 quarter of 2011 in thousands:

Net Sales (Products, Goods, Materials)	<b>10 466</b>
Operating Profit and Loss	<b>-9 539</b>
Gross Profit (Loss)	<b>-11 216</b>
Net Profit (Loss)	<b>-12 565</b>
Total Assets	<b>945 019</b>
Long-Term Liabilities	<b>55 932</b>
Current Liabilities	<b>75 899</b>
Shareholders' Equity	<b>813 188</b>
Share Capital	<b>3 406</b>
Shares Number	<b>34 068</b>

In the first quarter of 2011 the Company achieved a net profit in the amount of 4,3 mln PLN, which is comparable to the result of the same period in the amount of 4,6 mln PLN. The major share in revenues, which amounted to the level of 10,5 mln PLN were associated with the services related to asset management provided by branches in Italy, Great Britain and Cyprus in the amount of 4,9 mln PLN, followed by revenues of inventory sales in the amount of 3,6 mln PLN and rental revenues in the amount of 1,3 mln PLN. Whereas costs related to the sales amounted to 6,1 mln PLN.

The major impact on the level of operating result, which amounted to 9,5 mln PLN, had the administrative costs related to maintenance of properties in the amount of 9,1 mln PLN and administrative cost related to the activities of a Group in the amount of 4,4 mln PLN. The financial costs on the level of 1,8 mln PLN created a negative result of a Group before taxation at the level of 11,2 mln PLN. After taking into account an income tax in the amount of 1,3 mln PLN for a current period the Group reached a negative net results at a level of 12,6 mln PLN.

In the first quarter 21% of Koszykowa 69 project was sold, and at the end of current period 10% of Magdalenka project had been sold. As a consequence the value of inventory lowered as in previous year. The fixed assets reached the level of 945 mln PLN. Furthermore the main changes to Group's liabilities are related to the classification of the liabilities due to HSBC under the Bank facility agreement, which has a repayment date March 2012. Consequently, the Group's obligations in respect thereof, in the amount of PLN 53,3 million were reclassified from long-term commitments to short-term liabilities.

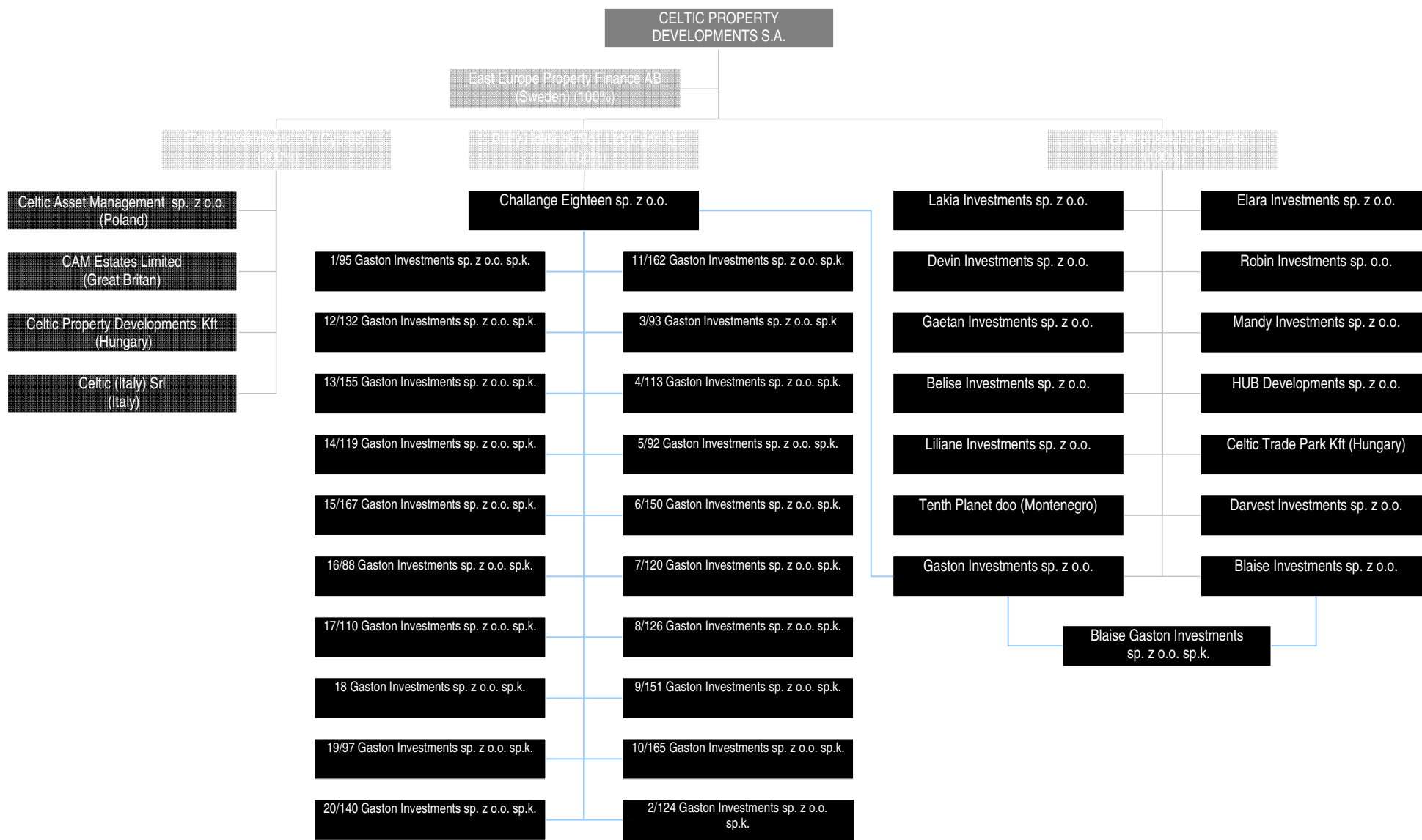
The share capital presented in the statement of comprehensive income as at 31 March 2011, covers 34,068,252 shares with a nominal value of PLN 0,10 each.

On 20 September 2010 Extraordinary General Meeting passed a resolution of redemption of its 765,043 own shares of series B with nominal value of PLN 0,10 each. Simultaneously an Extraordinary General Meeting passed a resolution reducing the share capital of the CPD SA Company from PLN 3,483,329.50 to 3,406,825.20 PLN, i.e. the amount of PLN 76,504.30. On 14 January 2011, the redemption of B shares has been registered in the Register of Companies.

# CELTIC PROPERTY DEVELOPMENTS S.A.

QUARTERLY REPORT FOR I QUARTER 2011

The structure of the Company. Consolidation is subject to all the companies of the group shown in the structure below.



# CELTIC PROPERTY DEVELOPMENTS S.A.

QUARTERLY REPORT FOR I QUARTER 2011

## 10. CHANGES TO THE CAPITAL STRUCTURE AND ITS IMPACT

- There was no changes to the Groups Capital from the last reporting period.

## 11. MANAGEMENT BOARD POSITION ON THE IMPLEMENTATION OF THE PREVIOUSLY PUBLISHED FORECASTS

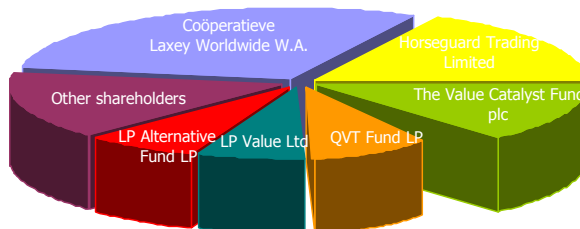
- The Company did not publish any forecasts of financial statements.

## 12. STRUCTURE OF OWNERSHIP AND SIGNIFICANT SHARE HOLDINGS

- In accordance with the information held by the company, the Shareholders who, directly or indirectly through subsidiaries held at least 5% of the total number of votes at a general meeting as of 13 May 2011 are:

Shareholder*	Number of votes	Shares in votes in %	Shares according to number in %
Coöperatieve Laxey Worldwide W.A	10 082 930	29.60 %	29.60%
Horseguard Limited	6 020 615	17.67 %	17.67%
The Value Catalyst Fund plc	4 490 475	13.18 %	13.18%
QVT Fund LP	3 843 635	5.56 %	5.56%
LP Value Ltd	2 198 450	6.45 %	6.45%
LP Alternative Fund LP	2 193 931	6.44 %	6.44%

\*official information



These figures have not changed since the last reporting period.

## 13. STATEMENT OF SHARES OWNERSHIP BY MANAGEMENT AND SUPERVISORY BOARD

- Mr. Christopher Bruce, a board member of the Company owns 37.949 shares of the Company of B Series (shares represents 0.11% of share capital and gives 0.11% of the votes at the General Meeting of the Company) what constitutes a change to the previous state of 499 shares. The Company has no information that the other member of the management board or supervisory board was in possession of the Company Shares, these figures have not changed since the last reporting period.

## 14. PROCEEDINGS ABOVE 10% OF EQUITY

# CELTIC PROPERTY DEVELOPMENTS S.A.

QUARTERLY REPORT FOR I QUARTER 2011

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- Neither the issuer nor any dependent entity is a party to any pending courts or arbitration authority proceedings or a public authority, which have a combined value of more than 10% of the equity of the issuer.

## **15. TRANSACTIONS WITH SUBSIDIARIES ON CONDITIONS OTHER THAN MARKET**

- In the reporting period the Company has not entered into any transactions with subsidiaries on conditions other than market conditions.

## **16. SECURITY AGREEMENTS, GUARANTEES**

- In the period covered by this report, there were no significant contingent liabilities of the issuer or its subsidiaries whose total value exceeds the estimated 10% of the equity of the issuer.

## **17. OTHER SUBSTANTIAL INFORMATION**

- There have been no substantial information apart from the abovementioned.

## **18. FACTORS AFFECTING THE RESULT OF THE NEXT QUARTER**

- Beginning of IRIS project,
  - signing of the financial agreement for property construction,
  - selection of a general contractor,
  - commercialisation
- Continuation of sales of the Koszykowa 69 i Magdalenka Project.

