QUARTERLY REPORT FOR THE III QUARTER 2011

Condensed interim consolidated financial statements
for the period ended 30 September 2011

Celtic

CONTENTS

I. REPORT ON THE COMPANY ACTIVITIES

1. CELTIC GROUP'S HISTORY AND PROFILE OF ACTIVITY

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

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

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

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2. THE GROUP'S STRUCTURE

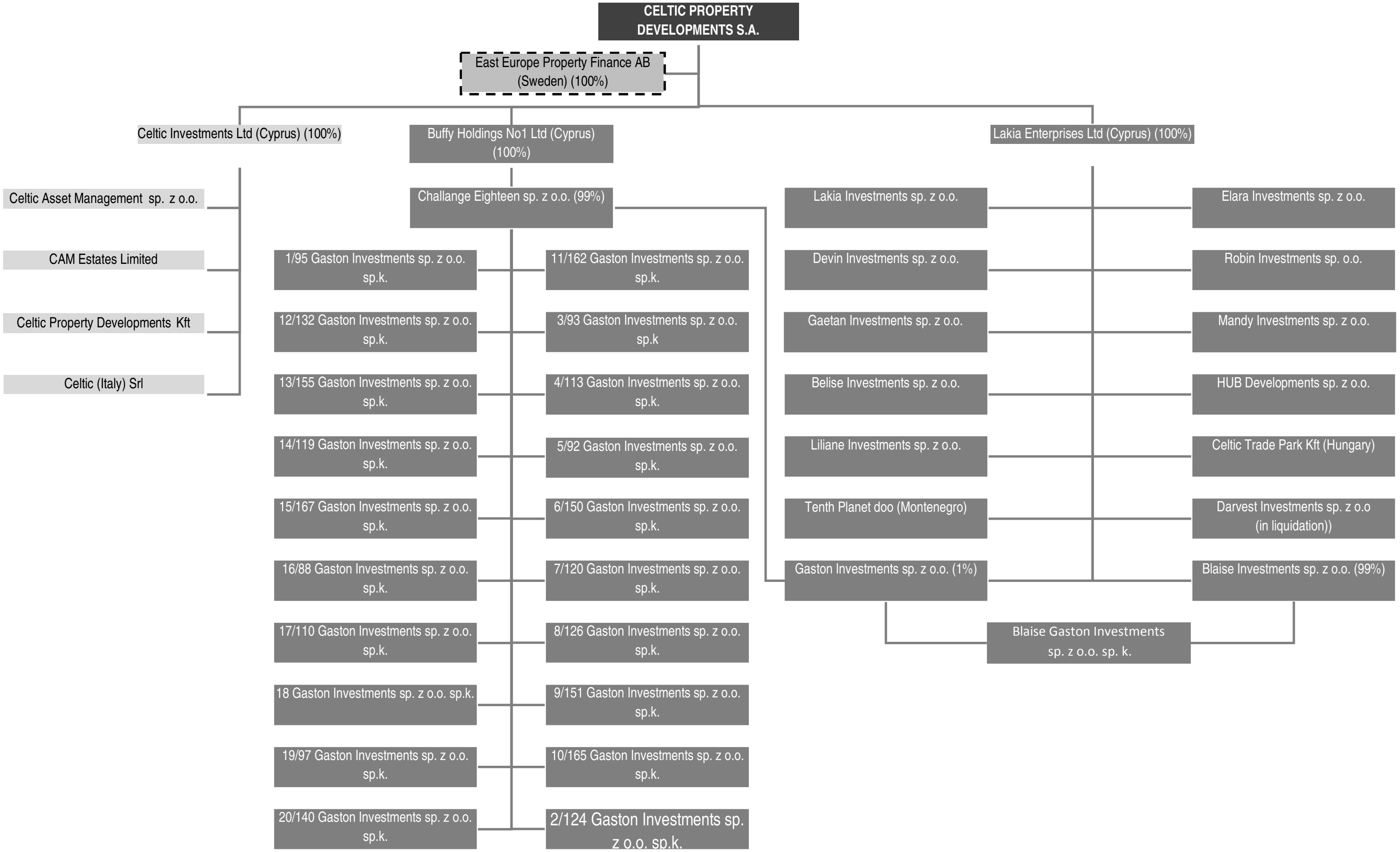
As of September 30, 2011, Celtic Capital Group (Celtic Group, Group) included the parent company Celtic Property Developments S.A. (Company, Issuer) and 44 subsidiaries.

No significant changes in the Group's capital structure having an impact on Group activities or results were registered during the reporting period.

In the 3rd quarter the liquidation procedure of Darvest Investments sp. z o.o. was continued. The motion for registration of the opening of the liquidation proceedings of Darvest Investments Sp. z o.o. was filed with the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register on June 16, 2011.

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

Structure of the Group as of September 30, 2011.



Operational companies
Investment companies
Financing companies

3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	For the 9 months period			For the 3 months period		
	From 01.01.2011 to 30.09.2011 (PLN ths.)	**From 01.01.2010 to 30.09.2010** (PLN ths.)	*Change (%)*	**From 01.07.2011 to 30.09.2011** (PLN ths.)	**From 01.07.2010 to 30.09.2010** (PLN ths.)	*Change (%)*
Revenues	32 338	35 754	*-9,6%*	13 046	7 130	*83,0%*
Costs of sales	-32 070	-25 599	*25,3%*	-21 604	-3 173	*580,9%*
Profit on sales	**268**	**10 155**	*-97,4%*	**-8 558**	**3 957**	-
Operational costs, including:	**-23 761**	**-57 558**	*-58,7%*	**-11 174**	**-9 920**	*12,6%*
Administrative costs property related	-22 160	-21 095	*5,0%*	-6 303	-7 188	*-12,3%*
Administrative expenses - other	-11 999	-12 995	*-7,7%*	-4 871	-2 732	*78,3%*
Net (loss)/ gain from fair value adjustments on investment properties	11 662	-19 895	-	14 670	-15 612	-
Operating result	**-23 493**	**-47 403**	*-50,4%*	**-5 636**	**-27 910**	*-79,8%*
Profit (loss) before income tax	**-25 465**	**-31 892**	*-20,2%*	**-5 027**	**-4 162**	*20,8%*
Total comprehensive income	**-27 008**	**51 580**	-	**-4 281**	**-15 394**	*-72,2%*
Diluted earnings per share (PLN)	-0,79	1,48	-	-0,13	-0,44	*-71,6%*

As per end of the 3Q 2011, Celtic Group registered an improvement of the before-tax result compared to the similar period of the previous year by 6.4 mln PLN, closing 9 months of 2011 with a negative result before tax of PLN 25.5 mln. The principal factor which had a positive impact on the Group's result was the net gain from fair value adjustments on investments properties amounting to PLN 11.7 mln, which was influenced mainly by the euro appreciation against Polish złoty reflected in the foreign currencies gains.

In the 3Q 2011, Celtic Group registered an increase in revenues by 47.8% compared to the 2Q 2011. The increase was mainly from sales of inventories in the Koszykowa and Magdalenka projects as well as in Montenegro. Year-to-date revenues at the end of 3Q 2011 were 9.6% lower than in the previous year, which was influenced mainly by lower revenues from leasing, asset management and advisory activities.

Following the sales in the Koszykowa and Magdalenka projects, the structure of revenues changed. For the first 9 months of 2011, the most important part of revenues, i.e. near 45%, has been generated by sales of properties classified as inventory on the balance sheet. Over 36% of Group revenues was generated by advisory services, provided by subsidiaries in Great Britain and in Italy. Revenues from advisory services amounted to PLN 11.8 mln and were PLN 4.7 mln lower than in the previous year.

During the 3Q 2011 the Group registered further stabilization of revenues from leasing activities, which on the year to date basis amounted to PLN 4.1 mln, which represented 12.6% of the total Group revenues. Decrease of lease revenues by 53.4% compared to the previous year was mainly from the sale of the Mokotów Plaza building in July 2010.

After 9 months of 2011, the Group registered profit on sales of PLN 0.3 mln. Sales result was the most affected by the cost of inventories sold which included a write-down on the value of PLN 6.6 mln on real estate classified as inventory.

On the level of operating result, Celtic Group has registered a negative result of PLN 23.5 mln. The most significant impact was from property related administrative costs amounting to PLN 22.1 mln on the year to date basis. The operational result was positively impacted by the gain from fair value adjustments on investments properties, which at the end of the 3Q 2011 on the year-to-date basis amounted to PLN 11.7 mln.

In case of the financial revenues and financial costs, on the year to date basis they were affected by the foreign exchanges differences, related to Group international activities. Foreign exchange differences caused by the instability of financial markets resulted in the increase of the financial costs by PLN 1.4 mln on the year to date basis comparing to the similar period in the previous year.

Following the above mentioned factors, the negative pre-tax result improved by PLN 6.4 mln from PLN 31.9 mln PLN at the end of the 3Q 2010 to PLN 25.5 mln the year later.

Considering the impact of the income tax in the amount of PLN 1.5 mln, net Group's result at the end of 3Q 2011 on the year-to-date basis was negative and amounted to PLN 27.0 mln compared to the positive result of PLN 51.6 mln achieved one year earlier. The difference is a result of the Ursus project restructuring. Following the land contribution by the subsidiary Challange Eighteen Sp. z o.o. to the newly created partnership companies, the tax value of property has increased. At the same time commitments from deferred tax regarding the contributed land have been reduced.

Selected items of the consolidated balance sheet

	30.09.2011 (PLN ths.)	**31.12.2010** (PLN ths.)	*Change* *(%)*
Total assets	**936 920**	**951 755**	***-1,6%***
Non-current assets, including:	839 740	813 579	*3,2%*
Investment properties	771 058	754 216	*2,2%*
Current assets, including:	97 180	138 176	*-29,7%*
Inventories	53 839	76 298	*-29,4%*
Trade receivables and other receivables	14 012	23 046	*-39,2%*
Income tax receivables	1 084	1 526	*-29,0%*
Cash and cash equivalents	28 245	37 306	*-24,3%*
Total equity and liabilities	**936 920**	**951 755**	***-1,6%***
Share capital	3 406	3 483	*-2,2%*
Equity	804 358	825 478	*-2,6%*
Non-current assets	59 558	103 756	*-42,6%*
Current assets	73 004	22 521	*224,2%*

The Group total assets as of September 30, 2011 were by PLN 14.8 mln lower than at the end of 2010. The Group registered a decrease in the value of inventories by PLN 22.5 mln compared to the end of 2010, as a result of sales in Koszykowa and Magdalenka projects as well as in Montenegro. The decrease in the level of inventories was also due to the write-down on the value of inventories of PLN 6.6 mln.

The value of the investment properties increased by PLN 16.8 mln due to the net gain from fair value adjustments on investments properties amounting to PLN 11.7 mln.

Compared to the end of 2010, the level of receivables declined, both trade and tax related. Cash balance also dropped. These changes did not significantly affect the structure of the Group's balance sheet.

Group's liabilities ratios

	30.09.2011	31.12.2010
Total liabilities to total assets	**0,14**	**0,13**
Borrowings, including financial leasing	**0,09**	**0,11**
Non-current	0,03	0,08
Current	0,03	0,03
Commercial and other liabilities	**0,08**	**0,02**
Non-current	0,06	0,003
Current	0,02	0,02
Deffered tax liabilities	**0,08**	**0,02**
Non-current	0,06	0,003
Current	0,02	0,02

With regard to liabilities, the Celtic Group consistently maintains a low debt ratio and finances its operations mainly by its own resources. As at the end of September 2011, debt to assets ratio was at the level of 14% and did not change substantially in comparison with December 31, 2010. Borrowings, including financial leasing were the most important position in Group's liabilities structure. 1/3 of the item *Borrowings, including financial leasing* was due to the liabilities related to the perpetual usufruct amounting to PLN 28.7 mln. The remaining 2/3 or PLN 56.9 mln was from banking loans. Liabilities from banking loans at the end of September 2011 do not include the liability from the loan agreement signed with Bank Zachodni WBK S.A. on 12 August, 2011 with regard to the Iris project, as the payment of the first tranche had not yet taken place.

With regard to the end of 2010, the structure of liabilities changed. It resulted from the reclassification of the loan agreement with HSBC from long-term to short-term liabilities with regard to repayment dates in December 2011 and March 2012.

In the reporting period the Group's cash balance declined from PLN 37.3 mln as at December 31, 2010 to PLN 28.2 mln as at September 30, 2011. The decrease resulted mainly from investment outlay on currently conducted investment projects. Compared to the end of June 2011, cash level remained practically unchanged.

4. SUBSTANTIAL EVENTS IN REPORTING PERIOD

In the 3Q 2011 the Group continued its activities in management and sales of its own development projects (commercial and residential) in Poland, Hungary and Montenegro and in real estate asset management and advisory services for the benefit of institutional entities in Italy and Great Britain. The list below includes the most important events regarding the Group's projects:

- **Project URSUS – continuation of works on the Master Plan**

The land of approx. 220 ha including the site of former ZPC Ursus factory situated in the area of Orłów Piastowskich is the subject of the pending local zoning plan. The first publication of the project of the zoning plan and a public discussion took place in November 2009. As a result of the remarks submitted, the plan was amended and its second publication took place in May 2011. On July 13, 2011 the Council of Ursus District approved the main stipulations of the plan, submitting several remarks and communicating the resolution to the President of Warsaw and the Director of Bureau of Architecture and Zoning Planning of Warsaw. As of the date of submission of this report, the further works regarding the approval of the zoning plan by Warsaw authorities were underway.

Celtic Group owns over 58 ha of land affected by the local zoning plan, purchased in 2006 with the aim to create a multifunctional urban project with a predominance of residential space.

During the 3Q 2011, Celtic Group continued project works in Ursus as well as demolition works, with the aim of arranging the area and preparing it for the first stage of the project.

The Celtic Group is conscious of its role in such a complex project involving the revitalization of the former ZPC Ursus site so undertook a number of initiatives exceeding typical investor and developer's requirements. In July 2011, the Group signed The Pact for Culture in Ursus with district authorities and Arsus Dom Kultury management. The Pact supports cultural development of Ursus district via several initiatives. Principal initiatives include maintaining the non-commercial rates for the lease of the Dom Kultury building situated on Group's land for the next 5 years, the creation of the virtual museum of Ursus including the history of the Mechanical Plant in Ursus, the support and promotion of cultural events as well as cooperation with social organizations focusing on cultural integration in Ursus district.

The Celtic Group has also declared to district authorities the intention to dedicate approx. 20 ha of land for city and public benefit i.e. roads and schools. The value of this land according to the forecast of financial results of the zoning plan in Ursus, commissioned by the City of Warsaw, is estimated at PLN 68 mln. The proposition presented to the district authorities is valid until the end of this year.

The approval of the zoning plan by the Council of Warsaw is the key element to initialize the project and to start construction works. The Group intends to begin the investment in the second half of 2012, recognizing that a possible delay in approval of the plan may result in a delay in commencing the construction works.

- **Projekt IRIS, ul. Cybernetyki 9, Warszawa, Mokotów – loan agreement and start of the realization works**

The IRIS project includes the development of a six-storey office building with a total leasable area of approx. 14.280 square meters, altogether with 233 parking spaces. The completion of the building and its occupation permit is planned for the Q4 2012.

The construction and the fit-out phases will be financed by the Company's own resources, an investment loan up to EUR 20.1 mln and a revolving VAT loan up to PLN 2.0 mln. These loans were given to a subsidiary Belise Investments Sp. z o.o (the company responsible for the realization of the IRIS project) based on the loan agreement concluded on August 12, 2011 between Belise Investments sp. z o.o as the borrower, Celtic Property Developments S.A., Lakia Enterprises Ltd and East Europe Property Financing A.B as guarantors and the Bank BZ WBK S.A. The final repayment of the Investment Loan will take place no later than on August 12 2019. The final repayment of the VAT Loan will take place no later than on August 12, 2014.

During the 3Q 2011, preliminary works preparing the site for construction works executed by Eiffage were continued. The Group also started intensive activities to commercialize the building.

- **Koszykowa 69 - project completed and sold**

The real estate includes a four-storey tenement house (Ludwik Szanser's tenement house) and outbuilding. They are located in a prestigious area of Warsaw city center, at Koszykowa Street. The building was renovated and expanded by the Group with respect to its historical characteristics. The building offers 14 apartments and commercial areas. As at the day of the report publication, sales agreements were signed for all residential and commercial premises.

- **Portfolio management and advisory activities**

At the end of the 3Q of 2011 the real estate portfolio management commissioned by other institutions and realized by the Celtic Group included over 250 properties located in Italy and Great Britain, offering altogether over 1.0 mln square meters for leasing with an aggregate value of approx. EUR 700 mln. In Italy the Celtic Group manages a portfolio of properties under agreement with the Spazio Industriale Fund. The Celtic Group has also been given a mandate to sell the properties under real estate portfolio management agreements

Additionally, in the 3Q 2011, the following events took place:

- **Change of the Company address**

Starting from September 28, 2011 the Company address and headquarters changed. The new Company's headquarters is at Cybernetyki 7b street in Warsaw, which is a part of the Cybernetyki Office Park. The building is a part of the Company real estate portfolio and is also leased to other tenants. As at the report publication date, the Company had not received confirmation of the address change from the National Court Register.

- **Liquidation procedure of the subsidiary Darvest Investments sp. z o.o.**

In the 3Q 2011 the liquidation procedure of the subsidiary company Darvest Investments sp. z o.o. was continued. The motion for registration of the opening of the liquidation procedure of Darvest Investments Sp. z o.o. was filed with the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register on June 16, 2011. The liquidation of the subsidiary company Darvest Investments sp. z o.o. is a part of restructuring activities in order to simplify the Celtic Capital Group organizational structure.

5. FACTORS AND EVENTS OF UNUSUAL NATURE

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

6. SEASONALITY OF THE GROUP'S ACTIVITY

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

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

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

8. INFORMATION RELATED TO DIVIDEND PAID

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

9. EVENTS AFTER THE DATE OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

No significant events were registered after 30 September, 2011.

10. CHANGES RELATED TO CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

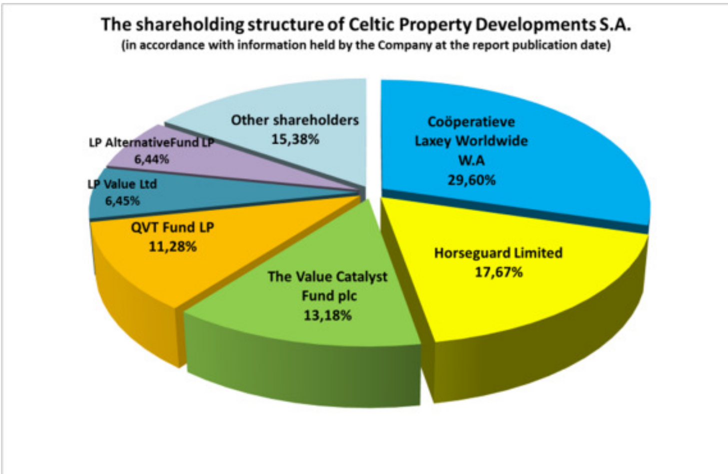
11. THE MANAGEMENT BOARD'S POSITION ON THE IMPLEMENTATION OF THE PREVIOUSLY PUBLISHED FORECASTS

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

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

In accordance with the information held by the Company as at the report publication date, the shareholders who directly or indirectly through subsidiaries hold at least 5% of the total number of votes at the general meeting are:

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



There was no change in comparison with the previous statement.

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

Mr. Christopher Bruce, a Management Board Member of the Company, owns 38.899 shares of the Company of B Series (shares account for 0.11% of share capital and give 0.11% of the votes at the General Meeting of the Company). There was no change in comparison with the previous statement.

14. PROCEEDINGS ABOVE 10% OF EQUITY

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

15. TRANSACTIONS WITH RELATED PARTIES ON OTHER THAN MARKET CONDITIONS

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

16. GUARANTEES GIVEN

With respect to the loan which was allowed by Bank Zachodni WBK S.A. (the Bank) to the Company's subsidiary Belise Investment sp. z o.o. for the realization of the IRIS project, at 9, Cybernetyki street in Warsaw, Celtic Property Developments S.A. has guaranteed in favor of the Bank Zachodni WBK S.A. and for the period ending no later than 12 August 2022, the following:

a) All payments which are required (or may be required) to cover all costs overrun over the amounts defined in the loan agreement, up to the amount of EUR 20.666.000;

b) All payments which are required (or may be required) to cover debt service and other obligations under loan agreement, up to the amount of EUR 20.666.000;

c) All payments which are required (or may be required) to cover the debt service ratio at the level no lower than 100% (i.e. income from lease agreements should cover the costs of debt service), up to the amount of EUR 20.666.000.

The amount of guarantee, calculated in Polish zloty, according to the average exchange rate published by the National Bank of Poland on August 12, 2011 (1 EUR = 4,1509 PLN), amounted to PLN 85.782.499 PLN and exceeded the value of 10% of the Company equity of PLN 804.358 ths. as at 30 September 2011.

17. OTHER SUBSTANTIAL INFORMATION

There was no other information apart from the above mentioned.

18. FACTORS AFFECTING NEXT QUARTER RESULTS

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

- The issue of Master Plan for the district of Ursus by City of Warsaw authorities, which will allow the Company to start construction works in Ursus project;
- Realization of the Iris building at Cybernetyki 9 in Warsaw according to project schedule;
- Signature of new lease agreements for buildings being in the Celtic Group portfolio;
- Further development of asset management activities by means of acquiring new contracts in Poland and abroad;
- Situation on the financial markets which may have an impact on the valuation of the Group's real estate portfolio.

I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2011 WITH CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF CELTIC PROPERTY DEVELOPMENTS S.A.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements

for the period of 9 months ended 30 September 2011

and the condensed financial statements of CELTIC PROPERTY DEVELOPMENTS S.A.
for the period of 9 months ended 30 September 2011

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

(unaudited financial data)

Celtic

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the period 1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
		(unaudited)	*(unaudited)*	*(unaudited)*	
Revenues	12	13 046	7 130	32 338	35 754
Cost of sales	13	(21 604)	(3 173)	(32 070)	(25 599)
PROFIT ON SALES		**(8 558)**	**3 957**	**268**	**10 155**
Administrative costs property related	14	(6 303)	(7 188)	(22 160)	(21 095)
Administrative expenses-other	15	(4 871)	(2 732)	(11 999)	(12 995)
Selling and marketing expenses		(576)	(214)	(1 515)	(615)
Other income	16	2	(750)	251	2 415
Net (loss)/ gain from fair value adjustments on investment properties	4	14 670	(15 612)	11 662	(19 895)
Result from sales of subsidiaries		0	(5 371)	0	(5 373)
TOTAL EXPENDITURE		*2 922*	*(31 867)*	*(23 761)*	*(57 558)*
OPERATING RESULT		**(5 636)**	**(27 910)**	**(23 493)**	**(47 403)**
Financial income	17	4 495	24 973	5 036	21 099
Financial costs	17	(3 886)	(1 225)	(7 008)	(5 588)
PROFIT (LOSS) BEFORE INCOME TAX		**(5 027)**	**(4 162)**	**(25 465)**	**(31 892)**
Income tax	18	746	(11 232)	(1 543)	83 472
PROFIT (LOSS) FOR THE PERIOD		**(4 281)**	**(15 394)**	**(27 008)**	**51 580**
Currency translation adjustment		5 500	(21 263)	5 888	(16 770)
TOTAL COMPREHENSIVE INCOME		**1 219**	**(36 657)**	**(21 120)**	**34 810**
DILUTED EARNINGS PER SHARE	22	-0.13	-0.44	-0.79	1.48

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

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	As at 30/9/2011 *(unaudited)*	As at 31/12/2010
ASSETS			
Non-current assets			
Investment properties	4	771 058	754 216
Property, plant and equipment		1 043	1 067
Intangible assets, excluding goodwill		162	321
Available-for-sale financial assets		38	34
Goodwill		55 140	49 504
Deferred tax assets	11	12 254	7 884
Long-term receivables		45	553
		839 740	**813 579**
Current assets			
Inventories	6	53 839	76 298
Trade receivables and other receivables	5	14 012	23 046
Income tax receivables		1 084	1 526
Cash and cash equivalents	7	28 245	37 306
		97 180	**138 176**
Total assets		**936 920**	**951 755**

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	As at 30/9/2011	As at 31/12/2010
EQUITY		*(unaudited)*	
Equity attributable to owners of the parent company			
Share capital	8	3 406	3 483
Supplementary capital		1 161	0
Reserve capital		21 922	0
Translation reserve		(3 058)	(8 946)
Retained earnings		780 927	830 941
Total equity		**804 358**	**825 478**
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	9	290	134
Borrowings, including financial leasing	10	28 662	78 173
Deferred tax liabilities	11	30 606	25 449
		59 558	**103 756**
Current liabilities			
Trade payables and other liabilities	9	15 144	18 725
Current income tax liabilities		964	712
Borrowings, including financial leasing	10	56 896	3 084
		73 004	**22 521**
Total liabilities		**132 562**	**126 277**
Total Equity and liabilities		**936 920**	**951 755**

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
Board Member

Elżbieta Donata Wiczkowska
Board Member

The notes are an integral pasrt 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 Plc	Share capital of POEN SA	Translation reserve	Accumulated profit (loss) Supplementary capital	Accumulated profit (loss) Reserve capital	Accumulated profit (loss) Retained earnings	Total equity
Balance as at 1/1/2010	**1 197 085**	**0**	**58 125**	**0**	**0**	**(480 320)**	**774 890**
Disposal of own shares	3 478	0	0	0	0	0	3 478
Proceeds from shares issued	0	3 483	0	0	0	0	3 483
Acquisition of own shares as a result of merger	0	500	0	0	0	0	500
Shares cancelled	0	(500)	0	0	0	0	(500)
Crossborder merger	(1 200 563)	0	(50 301)	0	0	1 247 381	(3 483)
	(1 197 085)	**3 483**	**(50 301)**	**0**	**0**	**1 247 381**	**3 478**
Comprehensive income							
Currency translation adjustment	0	0	(16 003)	0	0	0	(16 003)
Profit (loss) for the period	0	0	0	0	0	51 580	51 580
	0	0	(16 003)	0	0	51 580	35 577
Balance as at 30/9/2010 /unaudited	**0**	**3 483**	**(8 179)**	**0**	**0**	**818 641**	**813 945**
Balance as at 1/1/2010	**1 197 085**	**0**	**58 125**	**0**	**0**	**(480 320)**	**774 890**
Transactions with owners							
Disposal of own shares	3 478	0	0	0	0	0	3 478
Proceeds from shares issued	0	3 483	0	0	0	0	3 483
Acquisition of own shares as a result of merger	0	500	0	0	0	0	500
Shares cancelLed	0	(500)	0	0	0	(17 967)	(18 467)
Crossborder merger	(1 200 563)	0	(50 301)	0	0	1 247 381	(3 483)
	(1 197 085)	3 483	(50 301)			1 229 414	(14 489)
Comprehensive income							
Currency translation adjustment	0	0	(16 770)	0	0	0	(16 770)
Profit (loss) for the period	0	0	0	0	0	81 847	81 847
	0	0	(16 770)			81 847	65 077
Balance as at 31/12/2010	**0**	**3 483**	**(8 946)**	**0**	**0**	**830 941**	**825 478**

(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	Accumulated profit (loss) Supplementary capital	Reserve capital	Retained earnings	Total equity
Balance as at 1/1/2011	**0**	**3 483**	**(8 946)**	**0**	**0**	**830 941**	**825 478**
Transactions with owners							
2010 profit allocation	0		0	1 161	21 922	(23 083)	0
Shares cancelled	0	(77)	0	0	0	77	0
	0	(77)	0	1 161	21 922	(23 006)	0
Comprehensive income							
Currency translation adjustment	0	0	5 888	0	0	0	5 888
Profit (loss) for the period	0	0	0	0	0	(27 008)	(27 008)
	0	0	5 888	0	0	(27 008)	(21 120)
Balance as at 30/9/2011 /unaudited	**0**	**3 406**	**(3 058)**	**1 161**	**21 922**	**780 927**	**804 358**

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

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Christopher Bruce
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of cash flows

	Note	For the 9 month period ended As at 30/9/2011 *(unaudited)*	30/09/2010 *(unaudited)*
Cash flow from operating activities			
Cash generated from operations	19	(984)	(35 522)
Interest paid		(1 220)	(15)
Income tax paid		(96)	(576)
Net cash generated from investing activities		**(2 300)**	**(36 113)**
Cash flows from investing activities			
Capital expenditure on investments property		(5 188)	(8 382)
Purchase of property, plant and equipment		(120)	(249)
Proceeds from the sale of subsidiaries		0	43 990
Acquisition of available-for-sale financial assets		0	(34)
Net cash used in investing activities		**(5 308)**	**35 325**
Cash flows from financing activities			
Proceeds from borrowings		42	0
Repayment of borrowings		(1 495)	(1 483)
Shares cancelled		0	0
Net cash used in financing activities		**(1 453)**	**(1 483)**
Net (decrease)/increase in cash and cash equivalents		**(9 061)**	**(2 271)**
Cash and cash equivalents at beginning of year		**37 306**	**50 119**
Cash and cash equivalents at the end of the period	**7**	**28 245**	**47 848**

Andrew Morrison Shepherd
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Board Member

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Notes to the interim condensed consolidated financial statements

1 General information

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

Celtic Property Developments S.A. ("Company", "CPD") with its registered office in Warsaw (02-677), Cybernetyki 7B, 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.

On 28 September 2011, the company changed its legal address at Cybernetyki 7b, 02-677 Warsaw. The previous address was Warsaw (00-125), Rondo ONZ 1. As at 30 September 2011 address change has not yet been entered in the register of entrepreneurs of the national register.

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

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

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

2 The accounting principles

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"

Notes to the interim condensed consolidated financial statements

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.

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.

IFRS 10 "Consolidated financial statements"

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

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

The group will apply IFRS 10 from 1 January 2013.

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

IFRS 11 "Joint ventures"

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

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

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

Notes to the interim condensed consolidated financial statements

IFRS 12 "Disclosure of involvement in other units "

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

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

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 2013. At the date of preparation of this consolidated financial statements, IFRS 12 has not yet been approved by the European Union.

IFRS 13 "Valuation at fair value"

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

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

Amendments to IAS 11 "Presentation of financial statements"

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

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

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

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

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

The changes relate to the valuation of the liabilities and deferred tax assets from investment property measured at fair value in accordance with IAS 40 "investment property" and introduce a 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 applies 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 applies the changes to IAS 19 as from 1 January 2013. At the date of the report of the present consolidated financial statements, an amendment to IAS 19 have not yet been approved by the European Union.

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

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

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 kosztochłonności 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 third quarter of 2011, the Group noted a profit on revaluation of real estate investment to fair values amounting to EUR 14.6 million, while in the third quarter of 2010 a loss from revaluation of real estate investment was EUR 15.6 million.

Assessment of the recovery value of assets

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

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

Tax accounts

In view of the fact that the consolidation of the company are subject to tax in several 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

	1/1/2011 - 30/9/2011	1/1/2010 - 31/12/2010
At the beginning of the reporting period	**754 216**	**861 876**
Capital expenditure	5 188	8 787
Disposal	0	(131 050)
Net (loss)/ gain from fair value adjustments on investment properties	11 662	16 077
Change of capitalised financial liabilities	(8)	(1 474)
At the end of the reporting period	**771 058**	**754 216**

Since 28 September 2011 a part of the office building located in Warsaw, Cybernetyki 7B is being occupied for the administrative purposes of the Group. For the purposes of these condensed financial statements the property has been classified as investment property, as in the management judgement the portion used for the administrative purposes is insignificant and it could not be sold separately.

Direct operating costs for investment properties:	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
- rent income bearing	789	723	2 437	3 210
- other	578	1 029	3 337	3 251
	1 367	**1 752**	**5 774**	**6 461**

5 Trade receivables and other receivables

	30/9/2011	31/12/2010
Trade receivables	4 038	7 880
Surplus of input VAT over output	2 307	673
Receivables from related parties	4 220	3 844
Deferred income	11	160
Prepaid expenses	3 432	4 869
Other receivables	4	5 620
Short-term receivables	**14 012**	**23 046**
Long-term receivables	45	553
Total receivables	**14 057**	**23 599**

6 Inventories

	30/9/2011	31/12/2010
At the beginning of the reporting period	**76 298**	**93 298**
Capital expenditure	2 386	1 350
Disposal	(20 897)	(9 674)
Transfer to other receivables	0	(2 038)
Transfer from other receivables	1 222	0
Impairment loss	(6 603)	(5 721)
Exchange differences	1 433	(917)
At the end of the reporting period	**53 839**	**76 298**

Notes to the interim condensed consolidated financial statements

6 Inventories

Inventory impairment as at 30.09.2011 was estimated on the basis of sales margins, realised on sale of inventory in the first three quarters 2011.

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

7 Cash and cash equivalents

	30/9/2011	31/12/2010
Cash at bank and on hand	23 844	25 319
Restricted cash	2 978	9 374
Short-term bank deposits	1 423	2 613
	28 245	**37 306**

Restricted cash means the funds transferred as a result of the implementation of the credit agreement with HSBC.

8 Share capital

	Number of shares		Value of shares	
	30/9/2011	31/12/2010	30/9/2011	31/12/2010
Ordinary shares (in thousands)	34 068	34 833	3 406	3 483

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

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

9 Trade payables and other liabilities

Non-current liabilities

	30/9/2011	31/12/2010
Deposits of tenants	290	134

Current liabilities

	30/9/2011	31/12/2010
Trade payables	1 292	2 093
Payables to related parties	0	49
Social securities and other taxes	2 018	237
Deposits of tenants	249	400
Other liabilities	2 094	1 933
Accrued expense	9 491	14 013
	15 144	**18 725**

10 Borrowings, including financial leasing

	30/9/2011	30/9/2010
Non-current		
Bank loans	0	49 504
Financial leasing	28 662	28 669
	28 662	**78 173**
Current		
Bank loans	56 794	3 017
Loans from not related parties	98	67
	56 896	**3 084**
Total borrowings	**85 558**	**81 257**

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

On 12 August 2011 was signed loan agreement between its subsidiary Belise investments SP. z o.o. as borrower and the guarantor, which are CPD SA, Lakia Enterprises Ltd and East Europe Property Financing AB, and the West Bank WBK S.A. under the agreement the borrower has been granted investment credits up to an amount of EUR 20.141.000, to finance or refinance part of the costs of the design surface of the IRIS building rentaland revolving credit of VAT to the amount of PLN 1.890.000.

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

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

11 Deferred income taxes

	30/9/2011	31/12/2010
Deferred tax assets	**12 254**	**7 884**
Deferred tax liabilities	**30 606**	**25 449**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

12 Revenue by nature

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 31/12/2010
Rent income	1 563	2 386	4 080	8 904
Sales of inventories	7 847	898	13 910	6 695
Advising services from the scope of real estate	2 865	2 905	11 787	16 530
Property related services	734	929	2 501	3 591
Accounting services	37	12	60	34
	13 046	**7 130**	**32 338**	**35 754**

13 Cost of sales

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Cost of inventories sales	12 549	999	20 897	7 575
Change of inventory impairment write downs	6 153	790	6 603	11 853
The cost of services rendered	2 902	1 384	4 570	6 171
	21 604	**3 173**	**32 070**	**25 599**

14 Administrative costs property related

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Personnel costs	3 807	4 837	12 909	12 632
Property maintenance	776	883	2 363	3 832
Property taxes	716	788	3 867	2 589
Perpetual usufruct	870	557	2 636	1 668
Depreciation of fixed assets and intangible assets	134	123	385	374
	6 303	**7 188**	**22 160**	**21 095**

15 Administrative expenses-other

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Consultancy services	1 544	861	2 822	2 606
Audit fees	129	(2)	284	70
Transportation	162	189	833	618
Taxes	0	206	0	2 518
Office maintenance	1 133	897	3 469	2 621
Other services	1 792	139	2 532	713
Cost related for non deductible VAT	146	399	308	3 625
Impairment write offs	(35)	43	1 751	224
	4 871	**2 732**	**11 999**	**12 995**

The main article of the other administrative costs for the period 1 January 2011-30 September 2011 concerns deferred income release.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

16 Other income

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Profit share provision decrease	0	(2 317)	0	1
Payables written back	1	2	107	9
Negative goodwill from the acquisition of a subsidiary	0	426	0	426
Other	1	1 139	144	1 979
	2	**(750)**	**251**	**2 415**

17 Financial income and expenses

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Interest expense:				
- Loans from related parties				
- Bank loans	(680)	(566)	(1 873)	(2 614)
- Interest from financial leases	(538)	(546)	(1 613)	(1 676)
- Other interest	(46)	83	(817)	(1 102)
- Other	(49)	(196)	(58)	(196)
Financial costs	**(3 886)**	**(1 225)**	**(7 008)**	**(5 588)**
Interest income:				
- Bank interest	108	32	232	229
- interest from unrelated parties	240	2 907	657	2 979
Net exchange differences	0	22 034	0	17 891
Financial income	**4 495**	**24 973**	**5 036**	**21 099**

18 Income tax

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Current income tax	(173)	51	791	1 288
Deferred taxes	(573)	11 181	752	(84 760)
	(746)	**11 232**	**1 543**	**(83 472)**

(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 - 30/9/2011	1/1/2010 - 30/9/2010
Profit/loss before tax	(25 465)	(31 892)
Adjustments for:		
- depreciation of tangible fixed assets	385	375
– currency translation adjustments	(1 228)	(14 597)
- gains (losses) on revaluation to fair value of investment property	(11 662)	19 895
– result on sales of subsidiary	0	5 374
– interest costs	1 173	15
– exchange differences	5 803	(1 779)
– inventory impairment	6 603	11 853
- deferred income tax on a sold entity	0	(10 174)
– other adjustments	0	184
Changes in working capital		
- changes in receivables	9 546	(25 469)
- changes in inventories	17 289	6 002
- change in trade liabilities and other	(3 428)	4 690
	(984)	**(35 522)**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

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:

(a)) Transactions with key management personnel	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
The cost of the salaries of members of the Board of Directors	0	4	0	48
The cost of the salaries of the members of the Supervisory Board	66	0	286	0
The cost of services rendered by the members of the Board of Directors	814	787	2 421	1 571

	30/9/2011	31/12/2010
Total receivables	66	72
Total liabilities	71	0

(b) Transactions with the other related parties

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Revenues				
Braslink Ltd	0	33	7	66
Vigo Investments Sp. z o.o..	4	1	9	4
CEPM Sp. z o.o..	15	9	18	12
Antigo Investments Sp. z o.o.	10	1	13	4
Prada Investments Sp. z o.o.	10	1	13	2
Quant Investments Sp. z o.o.	9	1	12	2
Costs				
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	12	129	90	169
Laxey Partners	164	0	164	0
Experior Sp. z o. o.	0	20	0	40

	30/9/2011	31/12/2010
Payables		
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	0	49
Receivables		
Palladian Finance	338	302
Vigo Investments Sp. z o.o..	2	0
Antigo Investments Sp. z o.o.	9	0
Prada Investments Sp. z o.o.	87	0
Quant Investments Sp. z o.o.	13	0
CEPM Sp. z o.o..	6	0
Braslink Ltd	0	3 470
Doubtful debts cover by the bad debt provision		
Braslink Ltd	1 321	0

Notes to the interim condensed consolidated financial statements

21 Payment of dividends

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

22 Earnings per share

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Profit attributable to shareholders of the company	(4 281)	(15 394)	(27 008)	51 580
Ordinary shares (in thousands)	34 068	34 833	34 068	34 833
Earnings per share in PLN	-0.13	-0.44	-0.79	1.48

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

23 Contingent liabilities

In the third 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

26 Events after the end of the reporting period

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

(All amounts in PLN thousands unless otherwise stated)

II Condensed Interim financial statements of the parent company

27 Interim financial information of the parent

27.1 Condensed statement of comprehensive income

	Notes	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011 *(unaudited)*	1/1/2010 - 30/9/2010 *(unaudited)*
Revenues		328	0	1 128	1
Administrative costs	27.9	(1 059)	(770)	(3 573)	(1 428)
Cost of sales		(42)	0	(164)	0
OPERATING RESULT		(773)	(770)	(2 609)	(1 427)
Financial income	27.10	7 932	2 604	23 992	2 604
Financial costs	27.10	(151)	(65)	(430)	(71)
PROFIT (LOSS) BEFORE INCOME TAX		7 008	1 769	20 953	1 106
Income tax		(1 321)	(398)	(3 682)	(398)
PROFIT (LOSS) FOR THE PERIOD		5 687	1 371	17 271	708
DILUTED EARNINGS PER SHARE		0.17	0.04	0.51	0.02

27.2 Condensed statement of financial position

ASSETS	**Notes**	**30/9/2011**	**30/6/2011**
Non-current assets			
Property, plant and equipment		6	0
Long-term receivables		516 799	499 688
Shares in subsidiaries	27.5	337 000	337 000
		853 805	836 688
Current assets			
Trade receivables and other receivables	27.7	4 183	3 763
Cash and cash equivalents		3 177	163
		7 360	3 926
Total assets		**861 165**	**840 614**
EQUITY			
Share capital		3 406	3 483
Supplementary capital		1 161	0
Reserve capital		21 922	0
Share premium		796 643	796 643
Retained earnings		17 348	23 083
Total equity		**840 480**	**823 209**
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities		5 157	1 478
		5 157	1 478
Current liabilities			
Trade payables and other liabilities		3 134	2 503
Borrowings, including financial leasing	27.8	12 394	13 424
		15 528	15 927
Total liabilities		**861 165**	**840 614**

(All amounts in PLN thousands unless otherwise stated)

27.3 Condensed statement of changes in equity

	Notes	Share capital	Share premium	Supple-mentary capital	Reserve capital	Retained earnings	Total
Balance as at 01/01/2010		**500**	**0**	**0**	**0**	**(480)**	**20**
Comprehensive income							
Profit (loss) for the period		0	0	0	0	708	708
Proceeds from shares issued		3 483	0	0	0	0	3 483
Shares cancelled		(500)	0	0	0	0	(500)
Acquisition Of Celtic Property Developments Plc			814 610				814 610
		2 983	814 610	0	0	708	818 301
Balance as at 30/09/2010 /unaudited		**3 483**	**814 610**	**3 483**	**814 610**	**228**	**818 321**
Balance as at 01/01/2010		**500**	**0**	**0**	**0**	**(480)**	**20**
Proceeds from shares issued		3 483	0			0	3 483
Shares cancelled		(500)	(17 967)			0	(18 467)
Acquisition Of Celtic Property Developments		0	814 610			0	814 610
		2 983	796 643	0	0	0	799 626
Comprehensive income							
Profit (loss) for the period		0	0			23 563	23 563
		0	0			23 563	23 563
Balance as at 31/12/2010		**3 483**	**796 643**	**0**	**0**	**23 083**	**823 209**
Balance as at 01/01/2011		**3 483**	**796 643**	**0**	**0**	**23 083**	**823 209**
Transactions with owners							
Shares cancelled		(77)	0	0	0	77	0
		(77)	0	0	0	77	0
Comprehensive income							
Profit (loss) for the period				0	0	17 271	17 271
		0	0	0	0	17 271	17 271
Balance as at 30/9/2011 /unaudited		**3 406**	**796 643**	**0**	**0**	**40 431**	**840 480**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

27.4 Condensed statement of cash flows

	Notes	1/1/2011 - 30/9/2011 *(unaudited)*	1/1/2010 - 30/9/2010 *(unaudited)*
Cash flow from operating activities			
Cash generated from operations	27.11	1 608	(739)
Interest paid		(76)	0
Net cash generated from investing activities		**1 532**	**(739)**
Cash flows from investing activities			
Purchase of fixed assets		(10)	0
Loans		(1 657)	446
Cash received as a result of the merger		0	820
Loan repayments received		3 945	0
Interest received		587	24
Net cash used in investing activities		**2 865**	**1 290**
Cash flows from financing activities			
Loans		0	0
Repayment of loans		(1 383)	0
Net cash used in financing activities		**(1 383)**	**0**
Net (decrease)/increase in cash and cash equivalents		**3 014**	**551**
Cash and cash equivalents at beginning of year		**163**	**170**
Cash and cash equivalents at the end of the period		**3 177**	**721**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

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

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

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

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

27.5 Shares in subsidiaries

Name	Country	Share	30/9/2011	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)
			337 000	**337 000**

27.6 Long-term receivables

	30/9/2011	31/12/2010*
Long-term loans with related parties		
- loans	473 255	475 650
- interest	43 544	24 038
	516 799	**499 688**

Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
Buffy Holdings No 1 Ltd	137 483	8 915	3M WIBOR	0.75%	on demand
East Europe Property Financing AB	332 583	34 089	3M WIBOR	1.55%	on demand
Celtic Investments Ltd	3 189	483	3M LIBOR	0.75%	on demand
	473 255	**43 488**			

*) 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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

27.7 Trade receivables and other receivables

	30/9/2011	31/12/2010
Trade receivables from related parties	519	61
Short-term loans with related parties	698	0
Surplus of input VAT over output	148	191
Other receivables from related parties	625	660
Other receivables from other parties	1 999	2 833
Accrued costs	194	18
Short-term receivables	**4 183**	**3 763**

27.8 Borrowings, including financial leasing

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

27.9 Administrative costs

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Consultancy services	45	518	270	1 009
Remuneration	652	103	2 042	103
Remuneration of the auditor	162	(2)	226	(8)
VAT	32	110	77	226
Costs of guarantees	0	177	1 244	177
Cover of guarantees costs	0	(177)	(1 244)	(177)
Other services	168	41	958	98
	1 059	**770**	**3 573**	**1 428**

27.10 Financial income and expenses

	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Interest income:				
-Interest from related parties	7 379	2 604	20 313	2 604
-Interest of the unrelated parties	1	0	9	0
Received dividends	0	0	3 134	0
Net exchange differences	552	0	536	0
Financial income	**7 932**	**2 604**	**23 992**	**2 604**
Interest expense:				
- Odsetki od jednostek niepowiązanych	0	0	1	0
-Interest from related parties	151	65	429	71
Financial costs	**151**	**65**	**430**	**71**

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

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

27.11 Cash flow from operating activities

	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Profit/loss before tax	20 953	1 106
Adjustments for:		
– depreciation	4	0
– exchange differences	(357)	(2)
– interest costs	(19 903)	(2 542)
- changes in receivables	279	(200)
- change in trade liabilities and other	632	899
	1 608	**(739)**

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:

a)Transactions with key management personnel	1/7/2011 - 30/9/2011	1/7/2010 - 30/9/2010	1/1/2011 - 30/9/2011	1/1/2010 - 30/9/2010
Remuneration of members of the Supervisory Board	66	0	286	0
Receivables from the Board Members	16	16	16	16
b) Transactions with subsidiaries				
Revenue				
Buffy Holdings No1 Ltd	1 889	2 151	5 177	2 151
Celtic Investments Ltd	26	96	86	96
Lakia Enterprises Ltd	0	391	3 563	391
East Europe Property Financing AB	5 435	14 331	14 969	14 331
Celtic Asset Management Sp. z o.o.	250	0	1 050	0
Celtic Property Developments KFT	0	4	3	4
Tenth Planet doo	0	96	49	96
Belise Investments Sp. z o.o.	78	0	78	0
Costs				
Lakia Enterprises Ltd	151	462	429	462
Celtic Asset Management Sp. z o.o.	36	23	207	1

Liabilities	30/9/2011	31/12/2010
Celtic Investments Ltd	0	9
Lakia Enterprises Ltd	12 393	13 424
Receivables		
Buffy Holdings No1 Ltd	146 398	141 091
Celtic Investments Ltd	3 672	6 828
East Europe Property Financing AB	366 672	347 277
Celtic Asset Management Sp. z o.o.	1 121	61

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

Celtic Property Developments KFT	0	205
Tenth Planet doo	4 599	4 287
Belise Investments Sp. z o.o.	95	0

c)Transactions with other related party	**1/7/2011 - 30/9/2011**	**1/7/2010 - 30/9/2010**	**1/1/2011 - 30/9/2011**	**1/1/2010 - 30/9/2010**
Costs				
Experior	0	20	0	60
Kancelaria Radców Prawnych Oleś&Rodzynkiewicz sp. komandytowa	12	129	90	245
Liabilities			**30/9/2011**	**31/12/2010**
Experior			0	0
Kancelaria Radców Prawnych Oleś&Rodzynkiewicz sp. komandytowa			0	49
Receivables				
Braslink Ltd			625	625

27.13 Share capital

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

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

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

Celtic