QUARTERLY REPORT FOR THE 3rd QUARTER 2012

Condensed interim consolidated financial statements
for the period ended 30 September 2012

Celtic

CELTIC PROPERTY DEVELOPMENTS S.A.

QUARTERLY REPORT FOR THE 3rd QUARTER 2012

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the 3rd quarter 2012 r. report of CELTIC PROPERTY DEVELOPMENTS S.A. published on November 14, 2012.

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

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

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I. ACTIVITIES REPORT

1. CELTIC GROUP HISTORY AND PROFILE OF ACTIVITY

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

Today, Celtic Property Developments S.A. is the holding company controlling a group of 39 subsidiaries, focusing on the development projects in the office and residential segments. The main market of Celtic Group's activities is Warsaw. The Group has also its offices in Milan and Budapest. The office segment has been played the primary role in Celtic Group operations, however current Group's plans focus on the residential development, mainly through the implementation of its leading project in the Warsaw's district of Ursus.

Together with development activities, Celtic Group provides consultancy services for the management of commercial premises belonging to external entities and institutions. The Group currently manages commercial real estate portfolio with a total value of over EUR 350 million in Italy.

2. CELTIC GROUP STRUCTURE

At 30 September 2012, the Celtic Group (hereinafter the Group, Celtic Group) was composed of a dominant entity – Celtic Property Developments S.A. (hereinafter the Company) and 39 subsidiaries. From the beginning of the year 2012 to 30 September 2012, the following changes have occurred in the structure of the Celtic Group:

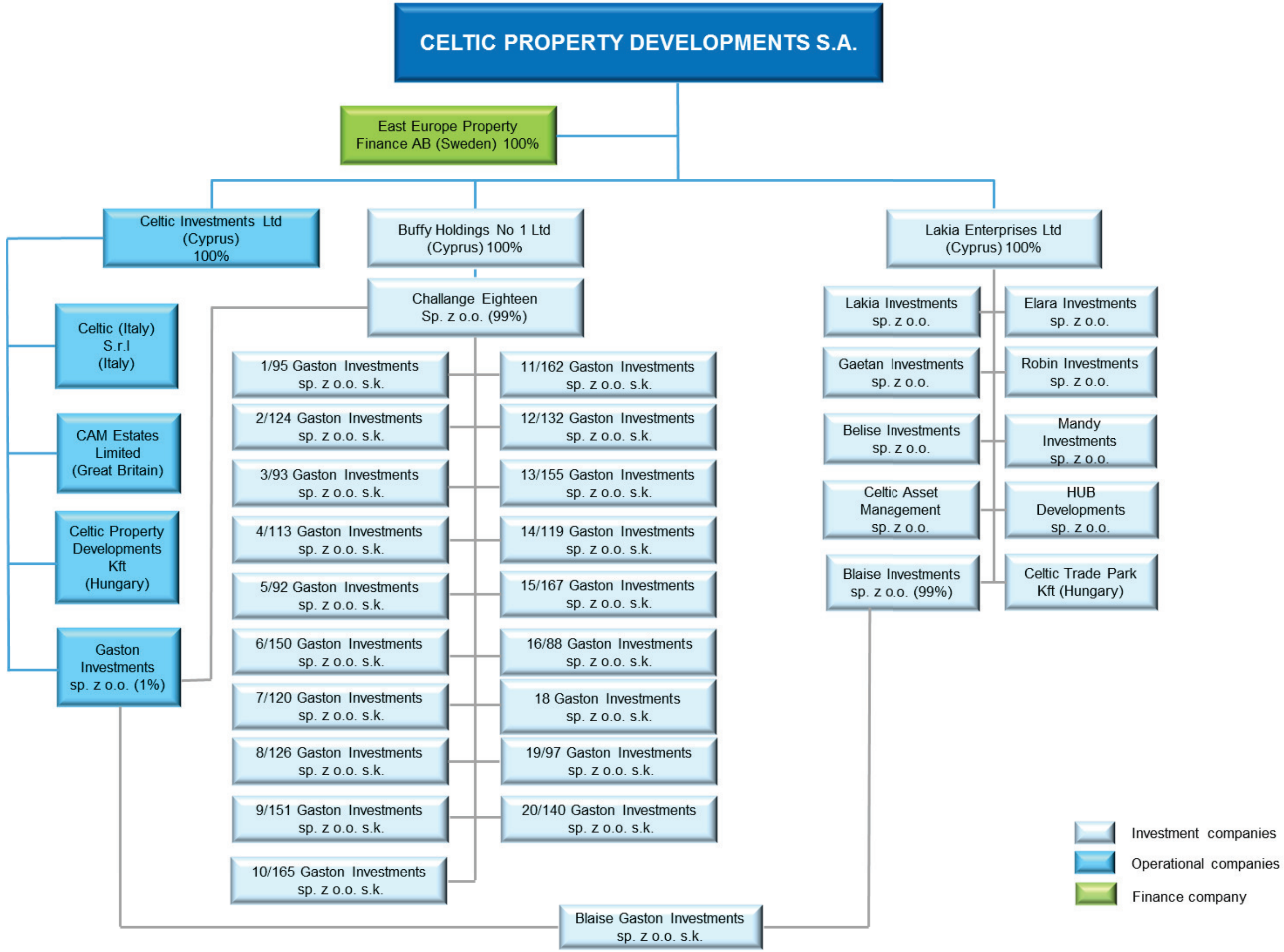
- Sale transactions concluded in May 2012:
  - sale of all shares in 17/110 Gaston Investments Sp. z o.o. sp.k.;
  - sale of all shares in Devin Investments Sp. z o.o.,
  - sale of all shares in KMA sp. z o.o;
  - sale of all shares in Tenth Planet d.o.o, based in Kotor, Montenegro Republic;
- In June 2012 *Darvest Investments Sp. z o.o. in liquidation* was removed from the national Court Register, following the completion of the liquidation process;
- In June 2012, the Board of Directors of CAM Estates Limited, based in the United Kingdom, has taken a resolution on the company's dissolution as the project realized by the company was completed. Appropriate notice was published in London Gazette, Issue 823670 on July 10, 2012. The company was dissolved on 23 October 2012, which was confirmed by an appropriate entry to Companies House register in the United Kingdom;

- In August 2012, an application for the liquidation of Celtic Property Developments Kft, based in Budapest, Hungary was filled in Budapest Court of Registry (*Fővárosi Törvényszék Cégbírósága*). On the day of the report publication was the liquidation procedure was continued.

Sales agreements are an integral part of the realization of the Group strategy adopted in 4Q 2011, focusing on the Ursus project realization and sale of other projects from the Group’s portfolio. Liquidation of operational companies in Hungary and the United Kingdom aims primarily to simplify the Group structure and reduce operational costs.

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

Celtic Group structure as on 30 September 2012.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	3 months period			9 months period		
	From 01.07.2012 to 30.09.2012 (PLN ths.)	From 01.07.2011 to 30.09.2011 (PLN ths.)	Change (%)	From 01.07.2012 to 30.09.2012 (PLN ths.)	From 01.07.2011 to 30.09.2011 (PLN ths.)	Change (%)
Revenues	3 028	13 046	-76,8%	13 485	32 338	-58,3%
Costs of sales	-2 966	-21 604	-86,3%	-13 888	-32 070	-56,7%
Profit on sales	**62**	**-8 558**	**-**	**-403**	**268**	**-**
Operational costs, including:	-7 395	2 922	-353,1%	**-120 209**	**-23 761**	***405,9%***
Administrative expenses - property related	*-3 980*	*-6 303*	*-36,9%*	*-16 108*	*-22 160*	*-27,3%*
Administrative expenses - other	*-2 957*	*-4 871*	*-39,3%*	*-9 819*	*-11 999*	*-18,2%*
Selling and marketing costs	*-195*	*-576*	*-66,1%*	*-1 155*	*-1 515*	*-23,8%*
Gain/ (loss) on disposal of investment property	*6*	-	-	*-33 350*	-	-
Other income	*904*	*2*	*45100,0%*	*1 482*	*251*	*490,4%*
Gain (loss) from fair value adjustments on investment property	*-1 124*	*14 670*	*-107,7%*	*-29 277*	*11 662*	*-351,0%*
Gain/ (loss) on sale of subsidiares	*-49*	-	-	*-9 844*	-	-
Impairment of goodwill	-	-	-	*-22 138*	-	-
Operating result	**-7 333**	**-5 636**	***30,1%***	**-120 612**	**-23 493**	***413,4%***
Finance income	480	4 495	-89,3%	9 492	5 036	88,5%
Finance costs	-940	-3 886	-75,8%	-3 947	-7 008	-43,7%
Profit (loss) before income tax	**-7 793**	**-5 027**	***55,0%***	**-115 067**	**-25 465**	***351,9%***
Income tax	620	746	-16,9%	2 921	-1 543	-
Net profit (loss)	**-7 173**	**-4 281**	***67,6%***	**-112 146**	**-27 008**	***315,2%***
Diluted earnings per share (PLN)	-0,21	-0,13	*61,5%*	-3,29	-0,79	*314,8%*

Celtic Group closed the third quarter of 2012 with a negative net result of PLN 7.2 million. This result was by about PLN 2.9 million lower than in the same period of the last year, which was caused mainly by lower revenue from sales and by the negative result of the valuation of investment properties. Reduction of total administrative costs (property related and other) by PLN 4.2 million had a positive impact on the 3rd quarter Group result.

Total Group sales revenues for the 3rd quarter 2012 amounted to PLN 3.0 million. The biggest share in the revenues structure (over 50% of total revenues) represented income from rent, which compared to the 3Q 2011 were higher by 10.0%. With regard to year-to-date values, the revenues from rent for 9 months of 2012 amounted to PLN 4.8 million comparing to PLN 4.0 million in the same period of previous year. The income from rent is generated mainly by two office buildings in Warsaw – Aquarius on 31A Połczyńska street and Solar on Cybernetyki 7B street. On 30 September 2012, the buildings were rented respectively in 100% and 91%.

Following the finalization of sales of Group's finished projects in 2011, in the 3rd quarter 2012 the Group did not registered revenues from inventories' sales, which lowered total revenues by PLN 8.0 million comparing to 3rd quarter 2011. Additionally, termination of some advisory projects realized by the Group's companies in United Kingdom and in Italy, has lowered revenues from advisory activities by PLN 2.1 million comparing to 3rd quarter 2011. The above mentioned changes have resulted in a decrease of sales revenues by PLN 10.1 million. When considering year-to-date results – total sales revenues were lower by PLN 18.9 million when comparing to the last year figures for the same period.

In connection with previously mentioned finalization of sales of Group projects in H2 2011 and use up of existing inventories, the Group has registered a significant drop - by PLN 18.6 million on the quarterly basis when comparing to previous year – in Group's sales costs.

In the 3rd quarter of 2012, the Group recognized the negative result from the valuation of investment properties in the amount of PLN 1.1 million resulting from current exchange differences. In the same period of 2011 the result from the valuation of investment properties of the Group was positive and amounted to PLN 14.7 million, which resulted mainly from fluctuations in currency exchange rates, with special reference to the Euro.

In the 3rd quarter of 2012, the Group has significantly lowered the total administrative costs (related to the property and other) by the amount of over PLN 4.2 million compared to the same period last year. A decrease in administrative costs is mainly the effect of reduction of personnel costs by PLN 1.6 million as a consequence of reducing employment in companies of the Group. On the year-to-date basis, the Group has reduced its total administrative costs by more than PLN 8.1 million comparing to the same period last year.

Following the above changes, the Group quarterly operating loss totaled PLN 7.3 million and was higher by PLN 1.7 million when compared to the 3rd quarter of 2011. Comparing to the 2nd quarter of the current year, the Group operating loss decreased from PLN 101.7 million to PLN 7.3 million. This difference resulted from the recognition in the 2nd quarter of 2012 of the negative result from the sale of property in Ursus amounting to PLN 33.3 million, from recognition of loss on revaluation of investment properties to fair values amounting to PLN 29.2 million, from impairment of the goodwill amounting to PLN 22.1 million as well as from the negative result from the sale of shares in subsidiaries in the amount of PLN 9.8 million.

In terms of the year-to-date figures, Group's financial activities net balance of PLN 5.5 million has positively impacted the final amount of the Group's net result. The Group's financial income for three quarters of 2012 was higher from the last year by PLN 4.5 million as a consequence of the dividends received from a subsidiary in the 1st quarter of 2012. With respect to the financial costs, the Group recorded their decrease by PLN 3.0 million comparing to the 3rd quarter of 2011. The difference was due mainly to fluctuations in currency exchange rate, with special reference to the Euro.

Changes in the structure of administrative and operational costs are the result of actions initiated in 2011 and realized within the Group strategy, focusing on the Ursus project realization and sale of the remaining projects from the Group's portfolio and aiming to simplify the Group's organizational structure.

Selected items of the consolidated balance sheet

	As at:		
	30.09.2012 (PLN ths.)	**31.12.2011** (PLN ths.)	***Change*** *(%)*
Total assets	**566 152**	**677 608**	***-16,4%***
Non-current assets, including:	422 447	560 844	*-24,7%*
Investment properties	*418 921*	*534 404*	*-21,6%*
Current assets, including:	143 705	116 764	*23,1%*
Inventories	*78 301*	*66 283*	*18,1%*
Trade receivables and other receivables	*22 871*	*23 233*	*-1,6%*
Income tax receivables	*124*	*128*	*-3,1%*
Cash and cash equivalents	*42 409*	*16 249*	*161,0%*
Assets held for sale	-	10 871	-
Total equity and liabilities	**566 152**	**677 608**	***-16,4%***
Equity, including:	431 509	543 281	*-20,6%*
Share capital	*3 423*	*3 407*	*0,5%*
Supplementary capital	-	*1 161*	-
Reserve capital	*1 977*	*23 078*	*-91,4%*
Translation reserve	*-4 313*	*-2 694*	*60,1%*
Retained earnings/(accumulated losses)	*430 422*	*518 329*	*-17,0%*
Total liabilities, including:	134 643	134 327	*0,2%*
Non-current liabilities	*116 497*	*52 467*	*122,0%*
Current liabilities	*18 146*	*79 901*	*-77,3%*
Liabilities directly associated with assets held for sale	-	*1 959*	-

As on September 30, 2012 the value of the Group's assets decreased by PLN 111.5 million compared to the end of 2011. This change resulted mainly from the sale of investment properties or sales of properties realized within sales of shares in subsidiaries. The value of investment properties were affected mainly by fluctuations of the exchange rates (in particular Euro) as well as the revaluation of the value of the properties to the fair values, made at the end of H1 2012 as a result of the revision of the properties values conducted by the Management Board and their revaluation to the level of sales prices possible to obtain.

In relation to the state at the end of the year 2011, the value of the Group's assets at the end of September 2012 increased by PLN 26.9 million. This increase is due to the increase in cash resulting from sales of properties and shares in subsidiaries.

As on September 30, 2012 the structure of Group's liabilities did not significantly change compared to the end of the year 2011. Group's equity amounted to PLN 431.5 million and accounted for 76.2% of the balance sheet total (80.2% at the end of the year 2011), while the liabilities represented respectively 23.8% of the balance sheet total (19.8% at the end of the year 2011).

The following table shows the contribution of individual categories of liabilities in the balance sheet total.

	30.09.2012	31.12.2011
Liabilities to the balance sheet (BS) total	**23,8%**	**19,8%**
Non-current liabilities to the BS total	**20,6%**	**7,7%**
Borrowings including finance leases to the BS total	18,3%	5,1%
Income tax liabilities to the BS total	2,2%	2,5%
Trade and other payables to the BS total	0,1%	0,1%
Current liabilities to the BS total	**3,2%**	**11,8%**
Borrowings including finance leases to the BS total	0,5%	8,4%
Income tax liabilities to the BS total	2,7%	3,3%
Trade and other payables to the BS total	0,1%	0,1%
Other liabilities to the BS total	**-**	**0,3%**

The structure of liabilities has changed compared to the end of the year 2011. The share of long-term liabilities in the overall balance sheet total rose from 7.7% at December 31, 2011 to 20.6% at the end of the 3rd quarter 2012. This change results from the drawdowns of successive tranches of the construction credit granted to the Group by Bank Zachodni WBK S.A. for the realization of the office building IRIS as well as of the reclassification from short to long-term of liabilities regarding the loan granted by the HSBC Bank due to the annex to the credit agreement signed 29 March 2012. On the basis of this annex the Group has commit to repay the loan in equal installments of EUR 94.000 each payable at 23 December 2012, 27 March 2013, 27 June 2013, 27 September 2013 and 23 December 2013 as well as of the total repayment of EUR 10,592,000.00 to 27 March 2014. The above mentioned amounts of the loan installments and of the total repayment take into account the decrease of the loan burden by the part allowable to Devin Investments sp. z o.o which was sold in May 2012. The payment scheduled for 27 September 2012 took place in due time.

4. IMPORTANT EVENTS IN THE REPORTING PERIOD

- **COMPLETION OF THE CONSTRUCTION AND OCCUPANCY PERMIT FOR IRIS BUILDING AT CYBERNETYKI 9 STREET, WARSAW**

  The IRIS project includes the development of a six-storey office building of the total lease area of about 14.3 ths. sqm altogether with 233 parking lots. The construction and the fit-out phases will be financed by an investment loan up to EUR 20.1 million and a revolving VAT loan up to PLN 2.0 million. These loans were given to a subsidiary Belise Investments Sp. z o.o (company responsible for the realization of the IRIS project) based on the loan agreement concluded on 12 August 2011 between Belise Investments sp. z o.o and Bank Zachodni BZ WBK S.A.

In the 3rd quarter of 2012 the construction works realized by Eiffage Budownictwo Mitex S.A. were completed. On 17 October, 2012 the company has obtained occupation permit.

Inside the building work the fit-out works for tenants were continued. The fit-out for the first tenant– the companies from Saint-Gobain Group – was completed as the tenant moves in in December. As on the day of the report publication, the IRIS building was leased in 42% while for the remaining surface the Group is conducting negotiations with potential tenants.

- **URSUS PROJECT**

    - **Master Plan for the postindustrial area of former ZPC Ursus factory in the area of Orłów Piastowskich Street (Plan).** On the day of the report publication, Warsaw City's authorities did not succeed to close works on the approval of the Plan*.* As a consequence, Celtic Group did not start the Ursus project. Adoption of the Master Plan by the Capital City Warsaw Council is a key element to initialize the project and start construction works of the first stage. Further delays in Master Plan adoption directly translate into delays to start the investment process and to recognize the revenues from the project. According to the new version of the Plan, the Group will be able to realize investment plans to build over 740 ths. sqm of usable area.
    - **Sale of the plot on former ZPC Ursus plant area.** In July 2012, the Group sold the parcel No. 119 from the precincts 2-09-09, belonging to the Company's subsidiary 14/119 Gaston Investments Sp. z o.o. S.k., to a strategic investor. This is a continuation of actions taken in H1 2012, in which period the Group sold the plot No. 113 to the same investor. The investor intends to carry out activities related to water and sewage management on the revitalized area of former ZPC Ursus.
    - **Discontinuance and termination of proceedings of the District Prosecutor Office in Warsaw regarding the gratuitous transfer of the land for the City of Warsaw.** On September 11, 2012 the District Prosecutor Office in Warsaw has discontinued proceedings regarding the proposition presented on June 28, 2011 to councilors and members of the board of Ursus district by Company's representatives during the meeting of the Spatial and Municipal Economy Commission of Ursus district. The proposition consisted in the gratuitous transfer of land to the City of Warsaw for the purpose of realization of public roads and public function objects, lease of the House of Culture "Arsus" for a symbolic amount and completion of public function objects under public-private partnership. The proceedings were terminated in the absence of evidence of criminal. The above procedure was carried out towards physical persons, therefore, the Company was not its participant.
    - **Gratuitous transfer of land to the Capital City of Warsaw for the realization of roads and public function objects.** On 17 October, 2012 a further meeting was held with the authorities of City of Warsaw being the continuation of discussions on the gratuitous transfer of land for roads and public function objects.

- **EXTRAORDINARY GENERAL MEETING – RESOLUTION ON THE ACQUISITION OF THE COMPANY'S SHARES FOR THE PURPOSE OF REDEMPTION**

On 10 August 2012 the Extraordinary General Meeting of the Company adopted the resolution on acquisition of the Company shares for the purpose of redemption, which is described in the Section 20 of this report: *ISSUANCE, REDEMPTON AND REPAYMENT OF NON-STOCK AND EQUITY SECURITIES.*

- **CHOICE OF THE AUDITOR**

At its meeting on 12 July 2012 the Supervisory Board has taken a resolution on selection of PricewaterhouseCoopers Sp. z o.o. based in Warsaw, al. Armii Ludowej 14, entered on the list of entities authorized to audit accounts under the number 144, as the auditor entitled to:

- Audit the consolidated financial statements of Celtic Property Developments S.A for the financial year ending on 31 December 2012;
- Audit the stand-alone financial statements of Celtic Property Developments S.A. for the financial year ending on 31 December 2012;
- Review the interim consolidated financial statements of Celtic Property Developments S.A. as of 30 June 2012;
- Review the interim stand-alone financial statements of Celtic Property Developments S.A. as of 30 June 2012.

- **RESIGNATION OF THE MANAGEMENT BOARD MEMBER**

On 13 July 2012 Mr. Christopher Bruce, Member of the Management Board of Celtic Property Developments S.A., has resigned from his function with effect from 13 July 2012.

- **ISSUE OF C SERIES SHARES, SHARE CAPITAL INCREASE AND INTRODUCTION OF C SERIES SHARES IN TRADING**

The Company's share capital increase occurred on 31 July 2012 as result of the registration of C series shares on securities accounts of entitled persons and of the creation of rights from these shares according to art. 452 of the Code of Commercial Companies. Company's share capital increase is described in Section 20 *ISSUANCE, REDEMPTION AND REPAYMENT OF NON-STOCK AND EQUITY SECURITIES* of this report. On 31 July 2012, C series shares were introduced to the listing on the parallel market of the Warsaw Stock Exchange on the basis of the resolution No 739/2012 of the WSE Management Board from 27 July, 2012.

5. FACTORS AND EVENTS OF UNUSUAL NATURE

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

6. SEASONALITY AND PERIODICITY OF THE GROUP ACTIVITIES

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

7. WRITE-DOWNS OF INVENTORIES TO FAIR VALUES

When fixing the value of the recoverable items the Management Board takes in consideration property valuation prepared by independent property valuers at 31.12.2011 and the changes of values occurring following changes on the real estate market. In the 3rd quarter of 2012, the impairment of stocks rose by 1.5 million PLN (PLN 7.9 million on YTD basis as at September 30, 2012) which was due to exchange rate fluctuations, in particular the Euro.

8. WRITE-DOWNS OF INVESTMENT PROPERTIES TO FAIR VALUES

In the 3rd quarter of 2012, the Group recorded the loss from revaluation of investment properties to their fair values in the amount of PLN 1.1 million, which resulted from fluctuations in exchange rates, in particular the Euro. In the same period of 2011 the Group had a profit from the revaluation of investment properties to fair values amounting to PLN 14.7 million, which was also due to exchange rates fluctuations, in particular the Euro.

9. CREATION, INCREASE, UTILISATION AND REVERSEAL OF PROVISIONS

Changes in reserves occurred in the 3rd quarter of 2012 were not relevant to the Group result.

10. PROVISIONS AND DEFFERED TAXES ASSETS

In respect of the deferred tax asset, its recoverable amount is determined based on the probability of the asset realization in the future taking into account the business plans of individual companies included in the consolidation. This value is determined on the basis of estimates of the Management Board. Deferred tax assets recognized in the balance sheet at 30 September 2012 amounted to PLN 2.1 million. Due to the lack of reasonable certainty as to the future realization, the value of the unrecognized deferred tax assets at the balance sheet date of 30 September 2012, amounted to PLN 12.3 million.

On September 30, 2012 Group's deferred tax liabilities totaled PLN 12.7 million PLN. Significant changes in deferred tax liabilities in the period from the beginning of the year to September 30, 2012 result mainly from valuation corrections to the fair value of investment property and were also associated with the disposal of the subsidiary.

11. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT

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

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

Not occured.

13. IMPORTANT SETTLEMENTS OF LAWSUITS

Not occured.

14. PREVIOUS PERIODS ERRORS' CORRECTION

Not occured.

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

During the 3rd quarter of 2012, there not occurred changes in the economic situation which could affect the fair value of the Group's assets and liabilities.

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

Not occured.

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

During the reporting period, the Company did not concluded transactions with related parties on terms other than the market. Transactions with related parties are described in the explanatory note No. 22 to the Interim Condensed Consolidated financial statements

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

During the reporting period the Group did not make any changes in the method of determination of the fair value of financial instruments.

19. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS

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

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

- **SHARE CAPITAL INCREASE FOLLOWING THE ISSUE OF THE C SERIES SHARES**

  On 24 May 2012 the Ordinary General Meeting of Shareholders adopted resolution No. 22 on the issue of subscription warrants series A with the right to take up the Company's Series C shares and deprivation of current shareholders of the pre-emption right with respect to subscription A series warrants and resolution no. 23 On the conditional increase of the Company's share capital with the exclusion of the pre-emption right with respect to shares Series C, amendment to the Company Statute, deprivation of current shareholders of the pre-emption right with respect to the shares Series C, dematerialization of the shares Series C and application to admit and introduce the shares Series C to the regulated market.

  On the basis of the resolution No. 22 the Company has issued 163.214 registered A series subscription warrants (hereinafter: „Subscription Warrants"), with the right to take-up in total 163.214 Company's ordinary bearer shares Series C, with the nominal value of 0.10 PLN (ten groszy) each and total nominal value of PLN 16.321,40. Subscription Warrants were offered only to the entitled persons i.e. to the Management Board's members, who performed their functions at the day of presenting the declaration of taking-up Subscription Warrants:

  - Mr. Andrew Morrison Shepherd, President of the Management Board, was offered 54.919 Subscription Warrants;
  - Mr. Aled Rhys Jones, Member of the Management Board, was offered 54.919 Subscription Warrants;
  - Mr. Christopher Bruce, Member of the Management Board, was offered 26.688 Subscription Warrants;
  - Mrs. Elżbieta Wiczkowska, Member of the Management Board, was offered 26.688 Subscription Warrants.

  Subscription Warrants were issued free of charge and the issue price of one C series share taken-up in the execution of rights from Subscription Warrant was established as equivalent of its nominal value i.e. 0.10 PLN (ten groszy). Each Subscription Warrant gave the right to take-up one C series share and the right to take-up C series shares has been realized in the manner specified in Art. 451 of the Code of Commercial Companies i.e. by way of written statements submitted on forms prepared by the Company. The issue of Subscription Warrants was carried out without a public offer referred to in Art. 3.3 of the Act of 29 July 2005 on Public Offering and Conditions for the Introduction of Financial Instruments to the Organized Trading System, and on Public Companies (Journal of Laws No. 184, section 1539 with further changes) due to the fact that the number of persons to whom the proposal to acquire Subscription Warrants was addressed did not exceed 99 persons.

On 19 June 2012 the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register has registered the conditional Company's share capital increase by the amount not higher than PLN 16,321.40. The conditional share capital increase was executed through the issue of up to 163,214 Company's ordinary bearer shares Series C, with the nominal value of 0.10 zlotys (ten groszy) each and was carried out to enable entitled persons holding the Subscription Warrants series A to exercise their rights to take up no more than 163,214 C series shares.

Subscription Warrants were offered to entitled persons on 12 July 2012. The same day entitled persons have took up all subscription warrants and then have executed their rights and took up 163,214 C series shares. Following this the subscription warrants have expired.

The Company's share capital increase occurred on 31 July 2012 as result of the registration of C series shares on securities accounts of entitled persons and of the creation of rights from these shares according to art. 452 of the Code of Commercial Companies. As a result of the increase, the share capital of the Celtic Property Developments S.A. are divided into 34,231,466 shares with a nominal value of PLN 0.10 (ten groszy) each, representing 100% of the votes at Company general meeting. On 31 July 2012, C series shares were introduced to the listing on the parallel market of the Warsaw Stock Exchange S.A. on the basis of the resolution No 739/2012 of the WSE Management Board from 27 July 2012.

- **EXTRAORDINARY GENERAL MEETING – RESOLUTION ON THE ACQUISITION OF THE COMPANY'S SHARES FOR THE PURPOSE OF REDEMPTION**

On 10 August 2012 the Extraordinary General Meeting adopted the resolution on the acquisition of the Company's shares for the purpose of redemption. The EGM have authorized the Company's Management Board to purchase from Company's shareholders up to 11,541,891 of Company's shares, with the nominal value of 0.10 PLN (ten groszy) each and total nominal value up to PLN 1,154,189.10. The Shares could be purchased on the regulated market (during a stock exchange session or outside session) as well as outside of the regulated market.

The Shares shall be purchased by the Company pursuant to Art. 362 § 1 point 5) of C.C.C. for the purpose of redemption, for the price no lower than its nominal value and no higher than PLN 15.89 for one share. In the purpose of redemption of shares, immediately after the finalization of their purchase procedure, the Company's Management Board shall convene the General Meeting with the agenda including at least the adoption of resolutions on the redemption of the Company's shares, on the decrease of the Company's share capital and amendments to the Company's statute. The Company's Management Board is authorized to purchase shares for the purpose of redemption no later than by the 31 December 2013.

The rationale of the Management Board with regard to the resolution on the acquisition of Company's shares in the purpose of redemption is the current unfavourable situation on the Stock Exchange, being a part of worldwide trends on capital markets and resulting in a decrease of the market price of shares of Celtic Property Developments S.A. In the Management Board's opinion, this valuation diverges from the fundaments of the Company's value increase in long term perspective. Shares' buy-back is then optimal from the perspective of interests of all Company's shareholders.

On October 15, 2012 the Management Board has adopted the resolution on the Company's share capital increase within authorized share capital through the issue of 76.022 series D ordinary bearer shares addressed to selected Management Board advisors, as described in the Section 22 of this report *EVENTS AFTER THE DATE OF PREPARATION OF FINANCIAL STATEMENTS.*

Except the above described, Company did not proceeded to issuance, redemption and repayment of other non-stock and equity securities.

21. INFORMATION RELATED TO DIVIDEND

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

22. EVENTS AFTER THE DATE OF PREPARATION OF FINANCIAL STATEMENTS

- **DISSOLUTION AND LIQUIDATION OF CAM ESTATES LIMITED, A SUBSIDIARY BASED IN THE UNITED KINGDOM**

On October 23, 2012 CAM Estates Limited – a subsidiary based in the United Kindgom was dissolved which was confirmed by an appropriate entry in Companies House register in the United Kingdom. The Board of Directors has adopted in June 2012 the resolution on the company's dissolution as the project which has been realized by the company was finalized. Appropriate notice was published in London Gazette, Issue 823670 on July 10, 2012.

- **MANAGEMENT BOARD RESOLUTION ON THE SHARE CAPITAL INCREASE WITHIN AUTHORIZED SHARE CAPITAL – D SERIES SHARES ISSUE**

On October 15, 2012 the Management Board has adopted the resolution on the Company's share capital increase within authorized share capital (the "Resolution").

On the basis of the Resolution, the Company's share capital shall be increased by the amount of PLN 7,602.20 from the amount of PLN 3,423,146.60 to the amount of PLN 3,430,748.80, through the issue within the limits of Company's authorized capital of 76,022 ordinary bearer D series shares with a nominal value of PLN 0.10 (ten groszy) each share (hereinafter "D series Shares"). The Management Board is authorized to carry out the increase of the Company's share capital in this way on the basis of § 4(a) of the Company's Statute.

The increase of the Company's share capital through the issue of D series Shares is made with the consent of the Supervisory Board, with entire exclusion of pre-emptive rights of existing shareholders, in the form of the private offer addressed to selected advisors to the Management Board.

The Management Board decided that the issue price of one D series Share will be equal to its nominal value of the amount of PLN 0.10 (ten groszy) per share, on what the Company's Supervisory Board agreed. D series Shares will be entirely covered with monetary contribution in the form of a wire transfer to the Company's bank account within 7 (seven) days from the date of acceptance of the offer to subscribe for D series shares.

Furthermore, in accordance with the mandate contained in resolution No. 7 of the Extraordinary General Meeting of the Company dated September 2, 2010, immediately after the registration of the share capital increase by the issue of D series shares, the Company will take actual and legal steps to introduce D series shares to trading on the Warsaw Stock Exchange.

- **ACQUISITION OF THE COMPANY ANTIGO INVESTMENTS SP. Z O.O.**

  In October 2012, Lakia Enterprises Ltd., a subsidiary of Celtic Property Developments S.A., acquired from the company POLAG BV based in the Netherlands 100% of shares in the company Antigo Investments Ltd., which is the owner of the property in Łódź (land and building) and plots in Czosnów, New Piasecznica and Jaktorów. POLAG BV and Antigo Investments Ltd. are related parties to Celtic Property Developments S.A.

23. CHANGES RELATED TO CONTINGENTS ASSETS AND LIABILITIES

During the reporting period there were not substantial changes with regard to contingent liabilities or assets.

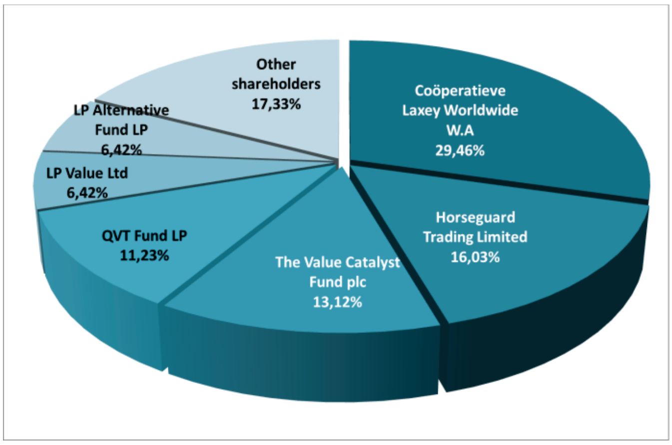
24. THE MANAGEMENT BOARD POSITIONS REGARDING PUBLISHED FINANCIAL FORECASTS

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

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

Following the increase of Company's share capital on July 31, 2012 by the amount of PLN 16,321.40, through the issue of 163.214 C series shares, on the day of report publication the Company's share capital amounts to PLN 3,423,146.60 and includes a total of PLN 34.231.466 bearer ordinary shares series B and C.

The following graph and table present the shareholding structure at the report publication date, taking into account the increase of the Company's share capital.



In accordance with the information held by the Company, the shareholders who hold directly or indirectly through subsidiaries at least 5% of the total number of votes at the Company's General Meeting of shareholders on the day of the report publication were:

Shareholders	Number of shares	Number of votes	As % of total number of shares	As % of total number of votes
Coöperatieve Laxey Worldwide W.A	10 082 930	10 082 930	29,46%	29,46%
Horseguard Trading Limited	5 487 266	5 487 266	16,03%	16,03%
The Value Catalyst Fund plc	4 490 475	4 490 475	13,12%	13,12%
QVT Fund LP	3 843 635	3 843 635	11,23%	11,23%
LP Value Ltd	2 198 450	2 198 450	6,42%	6,42%
LP Alternative Fund LP	2 196 668	2 196 668	6,42%	6,42%

Compared to the status published in the report for the H1 2012, the number of shares held by Horseguard Trading Ltd decreased by 488.462 shares and his share in total number of shares and votes decreased to 16.03% (change by 1.43%).

26. COMPANY'S SHARES OWNED BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

The following table presents the status of the holding of Company's shares by members of the Management Board at the date of report publication and according to the information held by the Company.

Shareholder		Number of shares owned	As % of total number of shares*	As % of total number of votes*
Andrew Morrison Shepherd	Chairman of the MB	54 919	0,16%	0,16%
Aled Rhys Jones	Member of the MB	54 919	0,16%	0,16%
Elżbieta Wiczkowska	Member of the MB	26 688	0,08%	0,08%
TOTAL		**136 526**	**0,40%**	**0,40%**

*Total number of shares after capital increase: 34.231.466 shares.

Comparing to the previous reporting period, the number of shares hold by the above mentioned persons did not change.

27. COURT, ARBITRAGE AND ADMINISTRATIVE PROCEEDINGS WITH VALUE ABOVE 10% OF THE COMPANY'S EQUITY

At the report publication date Celtic Property Developments S.A. nor any of its subsidiaries are not party in proceedings in the court, the authority competent for arbitration or a public authority, with total value being higher than 10% of the Company's equity.

28. SIGNIFICANT LOAN AGREEMENTS AND GUARANTEES GIVEN

In the 3rd quarter 2012 there were not changes in credit or loan agreements or credit/ loans guaranties. On 27 September of 2012 the mandatory installment of 94,000.00 EUR has been paid with regard to the loan agreement of 21 December 2006 where the parties were: the Bank HSBC (HSBC Bank Plc and HSBC Bank Poland S.A.) and Company's subsidiaries: Blaise Investments Sp. z o.o., Devin Investments Sp. o.o., Lakia Investments Sp. z o.o., Mandy Investments SP. z o.o., Robin Investments Ltd. as borrowers and Celtic Property Developments S.A., Blaise Investments Sp. z o.o., Devin Investments Sp. o.o., Lakia Investments Sp. z o.o., Mandy Investments SP. z o.o., Robin Investments Sp. z o.o. as guarantors.

29. OTHER IMPORTANT INFORMATION

Not occurred except disclosed in this report.

30. FACTORS HAVING IMPACT ON THE NEXT QUARTERS RESULTS

Amongst the most important factors which shall have an impact on the Group's results in the incoming quarters are:

- Enacting of the Master Plan for Ursus by authorities of Capital City of Warsaw, which will enable the Group to begin construction work in Ursus project;
- Commercialization of IRIS project;
- Sale of real estate held by Celtic Group, in accordance with the strategy adopted in 4Q 2011;
- Continuation of activities in asset management;
- General economic situation with special focus on financial markets, which may affect evaluation of the Group properties portfolio.

II. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2012 AND INTERIM CONDENSED FINANCIAL STATEMENTS OF CELTIC PROPERTY DEVELOPMENTS S.A. FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2012.

CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements

for the period of 9 months ended 30 September 2012

and the condensed financial statements of CELTIC PROPERTY DEVELOPMENTS S.A.
for the period of 9 months ended 30 September 2012

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

(unaudited financial data)

Celtic

Page

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the period 1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
		(unaudited)	*(unaudited)*	*(unaudited)*	
Revenues	13	3 028	13 046	13 485	32 338
Cost of sales	14	(2 966)	(21 604)	(13 888)	(32 070)
PROFIT/(LOSS) ON SALES		**62**	**(8 558)**	**(403)**	**268**
Administrative costs property related	15	(3 980)	(6 303)	(16 108)	(22 160)
Administrative expenses-other	16	(2 957)	(4 871)	(9 819)	(11 999)
Selling and marketing expenses		(195)	(576)	(1 155)	(1 515)
Result from sales of investment properties		6	0	(33 350)	0
Other income	17	904	2	1 482	251
Net (loss)/ gain from fair value adjustments on investment properties	4	(1 124)	14 670	(29 277)	11 662
Result from sales of subsidiaries		(49)	0	(9 844)	0
Goodwill write off		0	0	(22 138)	0
TOTAL EXPENDITURE		*(7 395)*	*2 922*	*(98 071)*	*(23 761)*
OPERATING RESULT		**(7 333)**	**(5 636)**	**(120 612)**	**(23 493)**
Financial income	18	480	4 495	9 492	5 036
Financial costs	18	(940)	(3 886)	(3 947)	(7 008)
(LOSS) BEFORE INCOME TAX		**(7 793)**	**(5 027)**	**(115 067)**	**(25 465)**
Income tax	20	620	746	2 921	(1 543)
(LOSS) FOR THE PERIOD		**(7 173)**	**(4 281)**	**(112 146)**	**(27 008)**
Currency translation adjustment		(77)	5 500	(1 619)	5 888
TOTAL COMPREHENSIVE INCOME		**(7 250)**	**1 219**	**(113 765)**	**(21 120)**
DILUTED EARNINGS PER SHARE	24	-0.21	-0.13	-3.29	-0.79

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

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Elżbieta Donata Wiczkowska
Board Member

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	As at 30/9/2012 *(unaudited)*	As at 31/12/2011
ASSETS			
Non-current assets			
Investment properties	4	418 921	534 404
Property, plant and equipment		1 322	1 032
Intangible assets, excluding goodwill		69	95
Available-for-sale financial assets		35	37
Goodwill		0	22 967
Deferred tax assets	12	2 085	2 264
Long-term receivables		15	45
		422 447	560 844
Current assets			
Inventories	7	78 301	66 283
Trade receivables and other receivables	6	22 871	23 233
Income tax receivables		124	128
Cash and cash equivalents	8	42 409	16 249
		143 705	105 893
Assets held for sale	27	0	10 871
		143 705	116 764
Total assets		566 152	677 608

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	As at 30/9/2012	As at 31/12/2011
EQUITY		*(unaudited)*	
Equity attributable to owners of the parent company			
Share capital	9	3 423	3 407
Supplementary capital		0	1 161
Reserve capital		1 977	23 078
Translation reserve		(4 313)	(2 694)
Retained earnings		430 422	518 329
Total equity		**431 509**	**543 281**
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	468	638
Borrowings, including financial leasing	11	103 324	34 608
Deferred tax liabilities	12	12 705	17 221
		116 497	**52 467**
Current liabilities			
Trade payables and other liabilities	10	15 130	22 627
Current income tax liabilities		385	672
Borrowings, including financial leasing	11	2 631	56 602
		18 146	**79 901**
Liabilities directly associated with assets held for sale		**0**	**1 959**
Total liabilities		**134 643**	**134 327**
Total Equity and liabilities		**566 152**	**677 608**

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

			Accumulated profit (loss)			
	Share capital	Translation reserve	Supplementary capital	Reserve capital	Retained earnings	Total equity
Balance as at 1/1/2011	**3 483**	**(8 946)**	**0**	**0**	**830 941**	**825 478**
2010 profit allocation	0	0	1 161	21 922	(23 083)	0
Shares cancelled	(76)	0	0	0	76	0
	(76)	**0**	**1 161**	**21 922**	**(23 007)**	**0**
Comprehensive income						
Currency translation adjustment	0	5 888	0	0	0	5 888
Profit (loss) for the period	0	0	0	0	(27 008)	(27 008)
	0	5 888	0	0	(27 008)	(21 120)
Balance as at 30/9/2011 /unaudited	**3 407**	**(3 058)**	**1 161**	**21 922**	**780 926**	**804 358**
Balance as at 1/1/2011	**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	(76)	0	0	0	76	0
Reserve for issue of share warrants	0	0	0	1 156	0	1 156
Interim dividend	0	0	0	0	(3 407)	(3 407)
	(76)	0	1 161	23 078	(26 414)	(2 251)
Comprehensive income						
Currency translation adjustment	0	6 252	0	0	0	6 252
Profit (loss) for the period	0	0	0	0	(286 198)	(286 198)
	0	6 252			(286 198)	(279 946)
Balance as at 31/12/2011	**3 407**	**(2 694)**	**1 161**	**23 078**	**518 329**	**543 281**

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Share capital	Translation reserve	Accumulated profit (loss) Supplementary capital	Reserve capital	Retained earnings	Total equity
Balance as at 1/1/2012	**3 407**	**(2 694)**	**1 161**	**23 078**	**518 329**	**543 281**
Transactions with owners						
2011 loss cover	0	0	(1 161)	(23 078)	24 239	0
Reserve for issue of share warrants	0	0	0	1 977	0	1 977
Capital increase	16	0	0	0	0	16
	16	0	(1 161)	(21 101)	24 239	1 993
Comprehensive income						
Currency translation adjustment	0	(1 619)	0	0	0	(1 619)
Profit (loss) for the period	0	0	0	0	(112 146)	(112 146)
	0	(1 619)	0	0	(112 146)	(113 765)
Balance as at 30/9/2012 /unaudited	**3 423**	**(4 313)**	**0**	**1 977**	**430 422**	**431 509**

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

Elżbieta Donata Wiczkowska
Board Member

The notes are an integral parts 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 30/9/2012 *(unaudited)*	30/09/2011 *(unaudited)*
Cash flow from operating activities			
Cash generated from operations	21	(40 623)	(983)
Interest paid		(1 580)	(1 220)
Income tax paid		(261)	(96)
Net cash generated from operating activities		**(42 464)**	**(2 299)**
Cash flows from investing activities			
Capital expenditure on investment property		(1 638)	(5 188)
Purchase of property, plant and equipment		51	(120)
Proceeds from the sale of subsidiaries		39 254	0
Proceeds from the sale of investment properties		6 574	0
Net cash used in investing activities		**44 241**	**(5 308)**
Cash flows from financing activities			
Proceeds from borrowings		37 113	42
Repayment of borrowings		(12 746)	(1 495)
Capital increase		16	0
Net cash used in financing activities		**24 383**	**(1 453)**
Net (decrease)/increase in cash and cash equivalents		**26 160**	**(9 061)**
Cash and cash equivalents at beginning of year		**16 249**	**37 306**
Cash and cash equivalents at the end of the period	**8**	**42 409**	**28 245**

Andrew Morrison Shepherd
Chairman of the Board

Aled Rhys Jones
Board Member

Elżbieta Donata Wiczkowska
Board Member

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

Notes to the interim condensed consolidated financial statements

1 General information

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

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

From June 2008 to August 2010 the shares of the Company were listed on stock exchange in Frankfurt, on the over -the -counter market. On 20 December 2010 the combine entity shares the shares were admitted to trading on the parallel market on Warsaw Stock Exchnage, three days late they were introduced to the continuous trading system.

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

Information about Capital Group

As at balance sheet date CPD Group comprised CPD S.A. as a parent entity and 39 subsidiaries. In the first half of 2012 four subsidiaries were disposed: Devin Investments Sp. z o.o., 17/110 Gaston Investments Sp. z o.o. S.k., Tenth Planet Sp. z o.o., KMA Sp. z o.o., and the disolussion of one of the subsidiaries - Darvest Investments Sp. z o.o. w likwidacji was terminated.

On 7 August 2012. in the District Court in Budapest was requested to sign the liquidation of subsidiary company Celtic Property Developments Kft based in Budapest. In October 2012, the liquidation of subsidiary company CAM Estates Ltd was completed. On 16 October 2012, the subsidiary Lakia Enterprises Ltd purchased a stake in Antigo Investments SP. z o.o.

2 The accounting principles

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ending 31 December 2011, drawn up in accordance with IFRS adopted for application within the European Union.

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, "Significant hyperinflation and removal of fixed dates"

Amendents to IFRS 1 published on December 20, 2010 and apply to annual periods beginning on or after July 1, 2011. Changes made to a fixed date "1 January 2004" as the date of application of the IFRSS for the first time and change it to "the day of the application of IFRS for the first time" in order to eliminate the need to transform the transactions that took place before the date of transition to IFRS unit. In addition, the standard shall be added to the application of IFRS in the hints that follow after significant periods of hyperinflation, that full compliance with IFRSs.

The group will apply the revised IFRS 1 from the date of entry into force laid down by the European Commission.

Amended IFRS 1 has no effect on the financial statements of the group.

IFRS 7 "Transfers of financial assets"

The amendments to IFRS 7 "transfers of financial assets" have been published by the international accounting standards on October 2010 and are valid for annual periods beginning on or after July 1, 2011 or after that date.

Notes to the interim condensed consolidated financial statements

The amendments to IFRS 7 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.

The Group has applied the changes to IFRS 7 from 1 January 2012. Amendment of this standard has not affected the interim condensed consolidated financial statements.

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

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 originally issued in November 2009, reissued in October 2010, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. IFRS 9 applies to annual periods beginning on or after 1 January 2015.

The Standard introduces one model, providing for only two categories of the classification of financial assets: valued at fair value and valued at amortised cost. The classification is made at the moment of the initial recognition and is dependent on the model of enterprise's management of financial instruments and the characteristics of the contractual cash flows of these instruments.

Most of the requirements of IAS 39 for the classification and measurement of financial liabilities was transferred to IFRS 9 in unchange manner. A key change is the requirement imposed on the unit of presentation in other total income effects of own credit risk valuation of financial liabilities designated at fair value through profit or loss.

The group will apply IFRS 9 from 1 January 2015, The date of this financial statements, IFRS 9 has not yet been approved by the European Union.

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.

Notes to the interim condensed consolidated financial statements

IFRS 11 "Joint ventures"

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

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

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

IFRS 12 "Disclosure of involvement in other units "

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

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

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 1 "Presentation of financial statements"

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

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

The group applies the changes to IAS 1, after January 1, 2013. 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 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 from 1 January 2013, the group is in the analysis of the impacts of this standard on the interim condensed consolidated financial statements. On the day of the drawing up of this report on the interim condensed consolidated financial statements, amendments to IAS 19 have not yet been approved by the European Union.

Amendments to IAS 27 "Separate financial statements "

The amended IAS 27 "Separate financial statements" was published by the Board of the international accounting standards in May 2011 and applies to annual periods beginning on or after 1 January 2013 or after this date. IAS 27 was amended in connection with the publication of the IFRS 10 consolidated financial statements ". The purpose of the amended IAS 27 is to define the requirements for the recognition and presentation of investments in subsidiaries, joint ventures and associates in a situation where the body shall draw up separate financial statements. Guidelines on control and consolidated accounts were replaced by IFRS 10.

The group will apply the changes to IAS 27 from 1 January 2013. The company is in the process of analysis of the impact of changes of this standard for financial statements. On the day of the drawing up of this financial report, changes to IAS 27 have not yet approved by the European Union.

Amendments to IAS 28 "Investments in associates and joint ventures"

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

Amendments to IAS 28 resulted from the IASB project on joint ventures. The Council decided to include rules on the recognition of joint ventures under the equity method to IAS 28, because this method is applicable to both joint ventures and associates. Apart from this exception, the other guidance had not changed.

The company applies the change to IAS 28 from 1 January 2013. the company is in the process of analysis of the impact of changes of this standard for financial statements. On the day of the drawing up of this financial report, amendments to IAS 28 have not yet been approved by the European Union.

Other changes do not concern the interim condensed consolidated financial statements of the group.

Amendments to IAS 32 "Offsetting financial assets and liabilities"

The amendments to IAS 32 were published on 16 December 2011 and are applicable to annual periods beginning on or after January 1, 2014. The changes are a reaction to the existing inconsistencies in the application of the criteria to accommodate existing in IAS 32.

The group will apply the revised IAS from January 1, 2013.

On the day of the drawing up of this report it is not possible to estimate the financial impact of the amended standard.

Amendment to IFRS 1

Changes in IFRS 1 published on 13 March 2012 and apply to annual periods beginning on or after 1 January 2013. The purpose of the changes is to allow the exemption of applying IFRS for the first time from full retrospective application of IFRS in the case of all such use of government loans bearing interest below market rates.

The group will apply the revised IFRS 1 from 1 January 2013.

Amended IFRS 1 will have no impact on 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, 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, the charges are not related to the value of real estate valuation and result valuation. Taking into account the considerations of the market at the balance sheet date, the Board has reviewed and has recognized the decline in real estate values in relation to the evaluation carried out by the experts at December 31, 2012.

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

Notes to the interim condensed consolidated financial statements

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

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

In the third quarter of 2012, the Group noted a loss on revaluation of investment property to the fair values amounting to PLN 1.1 million, while in the third quarter of 2011 a loss from revaluation of investment property was PLN 14.7 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.
When determining the value of the recoverable items, the Board shall take into account the valuation of real estate made by independent valuers at 31.12.2011., taking into account possible changes in values dictated by changes in the real estate market. In the case of real estate, teh value of property located in Hungary, has estimated the value of the Management Board on the realiseable sales prices. But in the case of properties available for immediate sale (Koszykowa, Magdalenka) the valuer determined the fair value based on the comparative method, while for the project Iris (Mokotów Plaza II) residual method was used. Changes in the current period impairment value of inventories are described in note 7.

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 12,3 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.

Impairment of goodwill

Significant amount of judgment is required to estimate impairment of intangible assets. Also, to determine the fair value of each CPD Group project it is necessary to estimate the amount and timing of future cash flows, forecasted sales and profitability of the existing and new projects, future capital expenditure, growth ratios and discount rates which reflect the current market conditions. The total recoverable amount is compared with the carrying amount, which includes goodwill. The CPD Group performs annual testing to assess whether goodwill is impaired or not, in accordance with the accounting policy described in Note 2.10. Goodwill is assigned to a cash-generating unit, which comprises the whole CPD Group, because it is expected that all CPD Group entities will benefit from business combination. The goodwill was generated in 2007 on the acquisition of a group of entities, which included providers of management services.

Cash flow calculation is based on a valid assumption concerning the amount of preference dividend resulting from the contract portfolio management. In the first half of 2012 the Group received a dividend in the amount of PLN 8.4 mln. In 2012 a renewed contract was signed on the changed conditions, which, however, still provides for remuneration for the management of the investment portfolio in the years 2012-2013. However, the consequences of the deterioration of the real estate market in the mid 2012, the Group cannot be certain of further significant cash flow from this source and recognize the write down of goodwill to zero.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

4 Investment properties

	1/1/2012 - 30/9/2012	1/1/2011 - 31/12/2011
At the beginning of the reporting period	**534 404**	**754 216**
Capital expenditure	1 666	5 684
Disposal	(39 950)	0
Disposal of property in course of sales of subsidiary	(40 860)	0
Reclassification to other receivables	(1 396)	0
Transfer to assets held for sale	0	(8 820)
Net (loss)/ gain from fair value adjustments on investment properties	(29 277)	(214 710)
Change of capitalised financial liabilities	(5 666)	(1 966)
At the end of the reporting period	**418 921**	**534 404**

In May 2012 investment property in Warsaw, Łopuszańska str, has been disposed as a result of sales of shares in a subsidiary Devin Investments Sp. z o.o. In May 2012, the subsidiary 4/113 Gaston Investments Sp. z o.o. Sp.k. disposed its investment property located in Ursus, Warsaw.

In July 2012, a subsidiary 14/119 Gaston Investments Sp. z o.o. Sk disposed its property in Warsaw, in the District of Urus, classified as assets held for sale in the interim consolidated financial statements at 30 June 2012.

Direct operating costs for investment properties:	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
- rent income bearing	901	789	2 621	2 437
- other	161	578	1 216	3 337
	1 062	**1 367**	**3 837**	**5 774**

5 Goodwill

Goodwill is a result from the business combination transaction, which took place in 2007. Goodwill originated in EUR and it is translated into PLN at every balance sheet date at the exchange rate as at the balance sheet date. Foreign exchange differences on such translation are recognized in equity under foreign exchange differences on translation.
An assessment of the recoverable amount of goodwill performed by the CPD Management Board as at the first half of 2012 showed an impairment in amount of PLN 22.3 mln.

	1/1/2012 - 30/9/2012	1/1/2011 - 31/12/2011
Opening balance	**22 967**	**49 504**
Foreign exchange gains (losses)	(829)	5 720
Impairment write down	(22 138)	(32 257)
At the end of the reporting period	**0**	**22 967**

Notes to the interim condensed consolidated financial statements

6 Trade receivables and other receivables

	30/9/2012	31/12/2011
Trade receivables	6 192	3 380
Short-term loans	88	0
Surplus of input VAT over output	4 642	6 416
Receivables from related parties	36	2 103
Deferred income	200	198
Prepaid expenses	7 203	5 471
Other receivables	4 510	5 665
Short-term receivables	**22 871**	**23 233**
Long-term receivables	15	45
Total receivables	**22 886**	**23 278**

7 Inventories

	30/9/2012	31/12/2011
At the beginning of the reporting period	**66 283**	**76 298**
Capital expenditure	28 505	10 080
Disposal	(555)	(24 071)
Transfer to other receivables	0	1 222
Disposal in course of sale of subsidiary	(7 491)	0
Reversed write-downs	0	8 109
Impairment loss	(7 899)	(7 249)
Exchange differences	(542)	1 894
At the end of the reporting period	**78 301**	**66 283**

Capital expenditure incurred in the first three quarters of 2012 was due to the continued development of the IRIS project in Warsaw.

Write-down of inventories as at September 30, 2012 has been estimated on the basis of sales margin possible to achieve. In the current reporting period the Group recognised an impairment loss of PLN 3,2 mln on IRIS, PLN 2,2 mln on Koszykowa, PLN 1,4 mln on Magdalenka and PLN 1,1 mln on a property located in Hungary.

In May 2012, as a result of the sale of shares in subsidiary Tenth Planet d.o.o., properties located in Montenegro have been disposed of with an equivalent value of PLN 7.5 mln.

8 Cash and cash equivalents

	30/9/2012	31/12/2011
Cash at bank and on hand	27 393	16 098
Short-term bank deposits	15 016	151
	42 409	**16 249**

9 Share capital

	Number of shares		Value of shares	
	30/9/2012	31/12/2011	30/9/2012	31/12/2011
Ordinary shares (in thousands)	34 231	34 068	3 423	3 407

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

On 12 July, 2012 A series subscription warrants were offered to entitled persons, according to the resolution No. 22 of the Annual General Meeting of CELTIC PROPERTY DEVELOPMENTS S.A. held on 24 May 2012. The entitled persons took-up all offered subscription warrants. Afterwards the entitled persons have exercised rights from subscription warrants and took-up 163.214 C series bearer shares of the Company of the nominal value 10 gr (ten groszy) each. The entitled persons were the persons who were performing a function in the Management Board of the Company's Management Board on 12 July 2012 and owned A series subscription warrants, entitling to take-up in total up to 163.214 C series shares. Following the take-up of C series shares, the subscription warrants have lost their validity.

The C series shares issue was done on the basis of the resolution No. 23 of the Annual General Meeting of CELTIC PROPERTY DEVELOPMENTS S.A. held on 24 May 2012, on: conditional shares capital increase with exclusion of the pre-emption right with respect to C series shares, amendments to Company's statute, deprivation of current shareholders of the pre-emption right with respect to C series shares, dematerialization of the C series shares and application to admit and introduce the C series shares to the regulated market, communicated by the Company by the current report No.12/2012. The conditional share capital increase by the amount not higher than 16.321,40 PLN was registered by the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register on 19 June 2012.

On 31 July 2012 the Company's share capital was increased as a result of the registration of C series shares on the securities accounts of entitled persons, by the amount of PLN 16.321,40, to total amount of PLN 3.423.146,60.

On 15 October 2012, company management has made a resolution on increase of the share capital of the company within the target, from the amount of PLN 3.423.146,60 to the amount of PLN 3.430.748,80, by emissions of 76.022 ordinary shares to bearer D series with a nominal value of PLN 0.10 each share.

The increase of the share capital through the issuance of series D Shares will be made with the consent of the Supervisory Board, excluding warrants to existing shareholders, in the form of private issue to the former Board of advisors.

On the day of signing this condensed consolidated financial statements share capital increase mentioned above has not been registered.

10 Trade payables and other liabilities

Non-current liabilities

	30/9/2012	31/12/2011
Deposits of tenants	468	638

Current liabilities

	30/9/2012	31/12/2011
Trade payables	3 962	7 382
Payables to related parties	0	8
Social securities and other taxes	330	2 984
Deposits of tenants	81	90
Other liabilities	1 721	2 153
Accrued expense	9 036	10 010
	15 130	**22 627**

11 Borrowings, including financial leasing

	30/9/2012	30/9/2011
Non-current		
Bank loans	82 287	7 905
Financial leasing	21 037	26 703
	103 324	**34 608**
Current		
Bank loans	2 562	56 512
Loans from not related parties	69	90
	2 631	**56 602**
Total borrowings	**105 955**	**91 210**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

The change of bank borrowings in the reporting period ended 30/09/2012 results mainly from drawing new tranches in the framework of the investments loan granted to the Group by BZ WBK, decrease in liabilities owed to HSBC, in the part of its subsidiary, whose shares were disposed in May 2012, as well as reclassification of HSBC credit from current to non-current liabilities.On March 26, 2012 an annex to the credit agreement was signed with HSBC, on the base of which the Group undertakes to repay the whole credit in the following instalments: 94.000 € to December 23, 2012, 27 March 2013, 27 June 2013, September 27, 2013 and December 23, 2013, and 10.592.000 € to 27 March 2014.

12 Deferred income taxes

	30/9/2012	31/12/2011
Deferred tax assets	**2 085**	**2 264**
Deferred tax liabilities	**12 705**	**17 221**

Expiry of tax losses as at 30/09/2012

	2012	2013-2014	2015-2016	Total
- Losses on which deferred tax was recognized	129	3 077	8 458	**11 664**
- Losses on which deferred tax was not recognized	14 979	26 093	23 711	**64 783**

In respect of the deferred tax assets, its recoverable value is determined based on the probability of realization of the assets in the future, taking into account the business plans of the individual companies included in the consolidation. This value is determined on the basis of estimates of the Board. Deferred tax assets recognised in the balance sheet at 30 September 2012 amounted to PLN 2,1 million. in turn, due to the lack of reasonable certainty as to the future, the value of the unrecognized deferred tax assets at the balance sheet date 30 September 2012 amounted to 12.3 million PLN per day September 30, 2012. the commitments of the Group deferred tax amounted to PLN 12,7 million. Significant changes to deferred tax liabilities in the period 01/01-30/09/2012 formed mainly on adjustments of the valuation to fair value of investment property, as well as have been associated with the disposal of the subsidiary.

13 Revenue by nature

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 31/12/2011
Rent income	1 545	1 563	4 834	4 080
Sales of inventories	0	7 847	434	13 910
Sales of fixed assets	492	0	580	0
Advising services from the scope of real estate	797	2 865	5 033	11 787
Property related services	194	734	2 581	2 501
Accounting services	0	37	23	60
	3 028	**13 046**	**13 485**	**32 338**

14 Cost of sales

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Cost of inventories sales	0	12 549	555	20 897
Cost of fixed assets sold	364	0	474	0
Change of inventory impairment write downs	1 536	6 153	7 899	6 603
The cost of services rendered	1 066	2 902	4 960	4 570
	2 966	**21 604**	**13 888**	**32 070**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

15 Administrative costs property related

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Personnel costs	2 167	3 807	9 796	12 909
Property maintenance	701	776	2 224	2 363
Property taxes	393	716	1 627	3 867
Perpetual usufruct	667	870	2 182	2 636
Depreciation of fixed assets and intangible assets	52	134	279	385
	3 980	**6 303**	**16 108**	**22 160**

16 Administrative expenses-other

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Consultancy services	806	1 544	3 383	2 822
Audit fees	(95)	129	76	284
Transportation	115	162	399	833
Taxes	24	0	156	0
Office maintenance	1 197	1 133	3 393	3 469
Other services	374	1 792	1 388	2 532
Cost related for non deductible VAT	281	146	582	308
Impairment write offs	255	(35)	442	1 751
	2 957	**4 871**	**9 819**	**11 999**

17 Other income

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Profit share provision decrease	0	0	0	0
Payables written back	264	1	317	107
Negative goodwill from the acquisition of a subsidiary	0	0	0	0
Other	252	1	777	144
	904	**2**	**1 482**	**251**

18 Financial income and expenses

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Interest expense:				
- Loans from related parties				
- Bank loans	(484)	(680)	(1 580)	(1 873)
- Interest from financial leases	(395)	(538)	(1 470)	(1 613)
- Other interest	(61)	(46)	(178)	(817)
- Other	0	(49)	(711)	(58)
Financial costs	**(940)**	**(3 886)**	**(3 939)**	**(4 361)**
Interest income:				
- Bank interest	193	108	317	232
- interest from unrelated parties	12	240	12	657
- Received dividends	0	4 147	8 468	4 147
Net exchange differences	275	0	695	0
Financial income	**480**	**4 495**	**9 492**	**5 036**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

Fluctuations in the results of financial activities arise largely from the substantial volatility in foreign exchange rates (EUR).

In connection with the management of Spazio Industriale project in the first half of 2012, the Group received a preference dividend in the amount of PLN 8.4 mln.

19 Loss on investment properties disposal

On 23 May 2012 the Group Celtic sold one of the plots located in Ursus, Warsaw for the price of PLN 4.4 mln, providing the loss on this transaction in the amount of PLN 33.3 mln (PLN 37.7 mlm book value of land amounted to PLN). Ultimately, the intention of the group is selling the extracted portion of plots, on which there are and will be built elements of water and sewage infrastructure. Once the process is complete, the unused part of the plots will be transferred back to the Group. On the day of conclusion of the transaction, it was not possible to subdivide the plots owing to the lack of existing space zoning plane - the act constituting the legal basis for the Division of the land. Concluded the transaction shall be entered in the strategy of the Group and its aspiration to secure water and sewage for the sites of Ursus.

On 2 July 2012, group disposed of a plot of land, located in the Ursus district of Warsaw, for a price of PLN 2.2 million. At the value that was shown in the consolidated Group Financial Statements as at 31 December 2011.

20 Income tax

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Current income tax	(39)	(173)	(21)	791
Deferred taxes	(581)	(575)	(2 900)	752
	(620)	**(748)**	**(2 921)**	**1 543**

21 Cash flow from operating activities

	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Profit/loss before tax	(115 067)	(25 465)
Adjustments for:		
- depreciation of tangible fixed assets	277	385
– currency translation adjustments	(459)	(1 228)
- losses (gains) on revaluation to fair value of investment property	29 277	(11 662)
– result on sales of subsidiary	9 844	0
– losses on disposal of investment property	33 350	0
– interest costs	1 539	1 173
– exchange differences	(3 914)	5 803
– inventory impairment	7 899	6 603
– impairment of goodwill	22 138	0
- the cost of subscription warrants granted	1 977	0
- deferred income tax on a sold entity	0	0
– other adjustments	250	0
Changes in working capital		
- changes in receivables	391	9 546
- changes in inventories	(20 459)	17 289
- change in trade liabilities and other	(7 666)	(3 428)
	(40 623)	**(983)**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

22 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	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
The cost of the salaries of members of the Board of Directors	163	0	556	0
The cost of the salaries of the members of the Supervisory Board	48	66	173	286
The cost of services rendered by the members of the Board of Directors	282	814	979	2 421
The value of the warrants granted to the members of the Management Board	590	0	1 977	0

	30/9/2012	31/12/2011
Total receivables	9	16
Total liabilities	0	0

(b) Transactions with the other related parties

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Revenues				
Braslink Ltd	0	0	0	7
Vigo Investments Sp. z o.o..	1	4	5	9
CEPM Sp. z o.o..	0	15	0	18
Antigo Investments Sp. z o.o.	1	10	13	13
Prada Investments Sp. z o.o.	1	10	13	13
Quant Investments Sp. z o.o.	0	9	0	12
Costs				
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	42	12	58	90
Laxey Partners	36	164	82	164

	30/9/2012	31/12/2011
Payables		
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	0	49
Receivables		
Palladian Finance	0	342
Vigo Investments Sp. z o.o..	3	3
Antigo Investments Sp. z o.o.	2	9
Prada Investments Sp. z o.o.	16	9
Quant Investments Sp. z o.o.	0	6
Spazio Investments N.V.	6	1 660
Doubtful debts cover by the bad debt provision		
Braslink Ltd	1 250	1 250

Notes to the interim condensed consolidated financial statements

23 Payment of dividends

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

24 Earnings per share

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Profit attributable to shareholders of the company	(7 173)	(4 281)	(112 146)	(27 008)
Ordinary shares (in thousands)	34 177	34 068	34 104	34 068
Earnings per share in PLN	-0.21	-0.13	-3.29	-0.79

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

25 Contingent liabilities

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

26 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.

27 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

28 Events after the end of the reporting period

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

On October 16, 2012 the subsidiary Lakia Enterprises Ltd purchased the shares in the Polish company Antigo Investments SP. z o.o.

In October 2012, has completed the liquidation of the company CAM Estates Ltd, with seat in UK.

On 15 October 2012, company management has made a resolution on the capital increase the company's share in the capital. On the basis of the resolution, the share capital of the company will be increased with the amount of PLN 3.423.146, 60 to PLN 3.430.748,80 (the amount of emission - PLN 7.602,20) in the way of emissions within the target 76.022 capital ordinary shares with a nominal value of series D bearer 0,10 PLN each action.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

II Condensed Interim financial statements of the parent company

29 Interim financial information of the parent

29.1 Condensed statement of comprehensive income

	Notes	1/7/2012 - 30/9/2012 (unaudited)	1/7/2011 - 30/9/2011 (unaudited)	1/1/2012 - 30/9/2012 (unaudited)	1/1/2011 - 30/9/2011 (unaudited)
Revenues		100	328	3 081	1 128
Administrative costs	29.10	(740)	(1 059)	(6 671)	(3 573)
Sales and marketing costs		0	(42)	(512)	(164)
Dividend received from related parties		0	0	0	3 134
An impairment of investments in subsidiaries		0	0	(121 981)	0
Interest income		7 332	7 379	22 282	20 313
Other income	29.11	647	0	647	0
OPERATING RESULT		7 339	6 606	(103 154)	20 838
Financial income	29.12	346	553	772	545
Financial costs	29.12	(1 266)	(151)	(2 360)	(430)
TAX		6 419	7 008	(104 742)	20 953
Income tax	0	0	(1 321)	0	(3 682)
PROFIT (LOSS) FOR THE PERIOD		6 419	5 687	(104 742)	17 271
DILUTED EARNINGS PER SHARE		0.19	0.17	(3.07)	0.51

29.2 Condensed statement of financial position

ASSETS	Notes	30/9/2012	30/6/2012
Non-current assets			
Property, plant and equipment		4	6
Long-term receivables	29.6	374 738	479 816
Shares in subsidiaries	29.5	27 272	76 887
		402 028	556 709
Current assets			
Trade receivables and other receivables	29.8	3 634	4 344
Income tax receivables		0	0
Cash and cash equivalents		31 648	1 025
		35 282	5 369
Total assets		437 310	562 078
EQUITY			
Share capital		3 423	3 407
Supplementary capital		0	1 161
Reserve capital		1 977	23 078
Share premium		796 643	796 643
Retained earnings		(360 631)	(280 128)
Total equity		441 412	544 161
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	29.13	0	0
		0	0
Current liabilities			
Trade payables and other liabilities		4 103	5 415
Borrowings, including financial leasing	29.9	12 884	12 502
		16 987	17 917
Total liabilities		458 399	562 078

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.3 Condensed statement of changes in equity

	Notes	Share capital	Share premium	Supple-mentary capital	Reserve capital	Retained earnings	Total
Balance as at 01/01/2011		**3 483**	**796 643**	**0**	**0**	**23 083**	**823 209**
Transactions with owners							
2010 profit allocation		0	0	1 161	21 922	(23 083)	0
Shares cancelled		(77)	0	0	0	77	0
		(77)	0	1 161	21 922	(23 006)	0
Comprehensive income							
Profit (loss) for the period		0	0	0	0	17 271	17 271
		(154)	0	2 322	43 844	(28 741)	17 271
Balance as at 30/09/2011 /unaudited		**3 329**	**796 643**	**3 329**	**796 643**	**(5 658)**	**840 480**
Balance as at 01/01/2011		**3 483**	**796 643**	**0**	**0**	**23 083**	**823 209**
Transactions with owners							
2010 profit allocation		0	0	1 161	21 922	(23 083)	0
Shares cancelled		(76)	0	0	0	76	0
Interim dividend payment		0	0	0	0	(3 407)	(3 407)
Reserve for issue of share warrants		0	0	0	1 156	0	1 156
		(76)	0	1 161	23 078	(26 414)	(2 251)
Comprehensive income							
Profit (loss) for the period		0	0	0	0	(276 797)	(276 797)
		0	0			(276 797)	(276 797)
Balance as at 31/12/2011		**3 407**	**796 643**	**1 161**	**23 078**	**(280 128)**	**544 161**
Balance as at 01/01/2012		**3 407**	**796 643**	**1 161**	**23 078**	**(280 128)**	**544 161**
Transactions with owners							
2011 loss cover		0	0	(1 161)	(23 078)	24 239	0
Capital increase		16	0	0	0	0	0
Reserve for issue of share warrants		0	0	0	1 977	0	1 977
		16	0	(1 161)	(21 101)	24 239	1 993
Comprehensive income							
Profit (loss) for the period		0	0	0	0	(104 742)	(104 742)
		0	0	0	0	(104 742)	(104 742)
Balance as at 30/9/2011 /unaudited		**3 423**	**796 643**	**0**	**1 977**	**(360 631)**	**441 412**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.4 Condensed statement of cash flows

	Notes	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
		(unaudited)	*(unaudited)*
Cash flow from operating activities			
Cash generated from operations	29.14	(3 377)	1 608
Interest paid		(76)	(76)
Net cash generated from investing activities		**(3 453)**	**1 532**
Cash flows from investing activities			
Purchase of fixed assets		(15)	(10)
Loans		(9 323)	(1 657)
Cash received as a result of the merger		0	0
Loan repayments received		39 537	3 945
Interest received		3 965	587
Net cash used in investing activities		**34 164**	**2 865**
Cash flows from financing activities			
Loans		0	0
Repayment of loans		(88)	(1 383)
Net cash used in financing activities		**(88)**	**(1 383)**
Net (decrease)/increase in cash and cash equivalents		**30 623**	**3 014**
Cash and cash equivalents at beginning of year		**1 025**	**163**
Cash and cash equivalents at the end of the period		**31 648**	**3 177**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.5 Shares in subsidiaries

Name	Country	Share	30/9/2012	31/12/2011
Buffy Holdings No1 Ltd	Cypr	100%	184 000	184 000
Impairment of the shares			(184 000)	(184 000)
Celtic Investments Ltd	Cypr	100%	48 000	48 000
Impairment of the shares			(48 000)	(25 033)
Lakia Enterprises Ltd	Cypr	100%	105 000	105 000
Impairment of the shares			(77 728)	(51 080)
East Europe Property Financing AB	Szwecja	100%	601	601
Impairment of the shares			(601)	(601)
			27 272	**76 887**

29.6 Long-term receivables

	30/9/2012	31/12/2011*
Long-term loans with related parties		
- loans	313 648	356 863
- interest	60 101	50 587
Long-term loans with other parties (Maddy Investments Sp. z o.o..):		
- loans	851	0
- interest	139	0
	374 738	**407 450**

Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
1/95 Gaston Investments	1 172	190	3M WIBOR	1.55%	on demand
2/124 Gaston Investments	1 126	124	3M WIBOR	1.55%	on demand
6/150 Gaston Investments	900	124	3M WIBOR	1.55%	on demand
7/120 Gaston Investments	703	73	3M WIBOR	1.55%	on demand
8/126 Gaston Investments	1 392	172	3M WIBOR	1.55%	on demand
9/151 Gaston Investments	417	50	3M WIBOR	1.55%	on demand
10/165 Gaston Investments	537	39	3M WIBOR	1.55%	on demand
11/162 Gaston Investments	441	41	3M WIBOR	1.55%	on demand
12/132 Gaston Investments	1 455	135	3M WIBOR	1.55%	on demand
13/155 Gaston Investments	1 015	109	3M WIBOR	1.55%	on demand
14/119 Gaston Investments	1 149	137	3M WIBOR	1.55%	on demand
15/167 Gaston Investments	246	35	3M WIBOR	1.55%	on demand
16/88 Gaston Investments	233	32	3M WIBOR	1.55%	on demand
18 Gaston Investments	810	68	3M WIBOR	1.55%	on demand
19/97 Gaston Investments	252	27	3M WIBOR	1.55%	on demand
20/140 Gaston Investments	313	32	3M WIBOR	1.55%	on demand
Blaise Gaston Investments	1 782	272	3M WIBOR	1.55%	on demand
Blaise Investments	23 587	3 850	3M WIBOR	1.55%	on demand
Belise Investments	25 843	4 225	3M WIBOR	1.55%	on demand
Buffy Holdings No 1 Ltd	137 679	16 787	3M WIBOR	0.75%	on demand
Impairment of loan	(82 588)				
Celtic Asset Management	1 383	215	3M WIBOR	1.55%	on demand
Celtic Investments Ltd	740	2	3M LIBOR	0.75%	on demand

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

29.6 Long-term receivables

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
Challange 18	165 941	28 444	3M WIBOR	1.55%	on demand
East Europe Property Financing AB	9 557	1 542	3M WIBOR	1.55%	on demand
Impairment of loan	(9 557)	(1 382)			
Elara Investments	3 128	511	3M WIBOR	0.75%	on demand
Impairment of loan	(2 895)				
Gaetan Investments	0	0	3M WIBOR	1.55%	on demand
Impairment of loan	0				
Gaston Investments	2 565	419	3M WIBOR	1.55%	on demand
HUB Developments	1 813	289	3M WIBOR	1.55%	on demand
Impairment of loan	(710)				
Lakia Enterprises Limited	18 410	2 988	3M WIBOR	1.55%	on demand
	313 648	**60 101**			

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

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

29.7 Impairment of investments in subsidiaries

Status of the impairment of loans at 31.12.2011	**260,713**
Impairment for the period of 01/01/12-30/09/12	49,615
Status of the impairment of loans at 30.06.2012	**310,328**
Status of the impairment of shares at 31.12.2011	**55,026**
Impairment for the period of 01/01/12-30/09/12	72,366
Status of the impairment of shares at 30.06.2012	**127,392**
Total	**121,981**

29.8 Trade receivables and other receivables

	30/9/2012	31/12/2011
Trade receivables from related parties	867	345
Short-term loans with related parties	21 158	0
in the form of private issue to the former Board of advisors.	44 123	0
- interest	7 226	0
- impairment	(30 260)	0
Short-term loans with other parties	69	705
- loans	61	0
- interest	8	0
Public-legal duties	6	183
Other receivables from related parties	625	641
Other receivables from other parties	2 019	1 983
Accrued costs	48	487
	3 634	**4 344**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

Details of the loans granted to related parties

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
Gaetan Investments	12 565	2 054	3M WIBOR	1.55%	on demand
Impairment of loan	*(11 141)*	*0*			
Mandy Investments	27 532	4 491	3M WIBOR	1.55%	on demand
Impairment of loan	*(19 061)*	*0*			
Robin Investments	4 027	680	3M WIBOR	1.55%	on demand
Impairment of loan	(58)	0			

29.9 Borrowings, including financial leasing

	30/9/2012	30/6/2012
Loans from related parties	12 884	12 502
	12 884	**12 502**

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

29.10 Administrative costs

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Consultancy services	112	45	2 783	270
Remuneration	439	652	3 203	2 042
Remuneration of the auditor	(78)	162	62	226
Non-deductable VAT	41	32	153	77
Costs of guarantees	0	0	0	1 244
Cover of guarantees costs	0	0	0	(1 244)
Other services	226	168	470	958
	740	**1 059**	**6 671**	**3 573**

29.11 Other income

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Reverse reserves - Supervisory Committee	383	0	383	0
Write off of liability - Supervisory Committee	264	0	264	0
	647	**0**	**647**	**0**

29.12 Financial income and expenses

	1/7/2012 - 30/9/2012	1/7/2011 - 30/9/2011	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Interest income:				
-Interest from related parties	7 332	7 350	22 282	20 313
-Interest of the unrelated parties	142	1	144	0
Received dividends	0	0	0	0
Net exchange differences	0	552	0	536
Financial income	**7 678**	**7 903**	**23 056**	**20 849**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

Interest expense:				
- Interest from other parties	0	0	0	1
- Interest from related parties	161	151	471	429
Exchange differences	1 105	0	1 880	0
Write off of loan	0	0	9	0
Financial costs	**1 266**	**151**	**2 360**	**430**

29.13 Deferred income tax

Deferred tax liabilities

As at January 1, 2011	**1 689**
Accrued interest on loans	5 254
Exchange differences	57
As at December 31, 2011 - before compensation	**7 000**
Compensation of the deferred tax asset	(7 000)
As at December 31, 2011 - after compensation	**0**
Accrued interest on loans	3 785
As at September 30, 2012 - before compensation	**10 785**
Compensation of the deferred tax asset	(10 785)
As at September 30, 2012 - after compensation	**0**

Deferred tax assets

As at January 1, 2011	**211**
Impairment of loans - part of the activated	6 348
Reserves for costs	308
Accrued interest on borrowings	111
Exchange differences	22
As at December 31, 2011 - before compensation	**7 000**
Compensation of deferred tax provision	(7 000)
As at December 31, 2011 - after compensation	**0**
Impairment of loans - part of the activated	3 375
Accrued interest on borrowings	239
Exchange differences	150
Holiday reserve	21
As at September 30, 2012 - before compensation	**10 785**
Compensation of deferred tax provision	(10 785)
As at September 30, 2012 - after compensation	**0**

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Notes to the interim condensed consolidated financial statements

29.14 Cash flow from operating activities

	1/1/2012 - 30/9/2012	1/1/2011 - 30/9/2011
Profit/loss before tax	(104 742)	20 953
Adjustments for:		
– exchange differences	(380)	(357)
– depreciation	2	4
– write off of loan	9	0
– interest costs	471	429
– interest income	(22 426)	(20 332)
– impairment of shares	49 615	0
– impairment of loans	72 366	0
– unpaid remuneration in warrants	1 977	0
– write off of liabilities	264	0
Changes in working capital		
- changes in receivables	779	279
- change in trade liabilities and other	(1 312)	632
	(3 377)	**1 608**

29.15 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	**1/7/2012 - 30/9/2012**	**1/7/2011 - 30/9/2011**	**1/1/2012 - 30/9/2012**	**1/1/2011 - 30/9/2011**
Remuneration of members of the Supervisory Board	48	66	173	286
Remuneration of members of the Board of Directors	637	0	2 144	0
Receivables from the Board Members	9	16	9	16
b) Transactions with subsidiaries				
Revenue				
1/95 Gaston Investments	20	0	32	0
2/124 Gaston Investments	15	0	22	0
3/93 Gaston Investments	11	0	18	0
4/113 Gaston Investments	51	0	71	0
5/92 Gaston Investments	12	0	20	0
6/150 Gaston Investments	14	0	22	0
7/120 Gaston Investments	12	0	18	0
8/126 Gaston Investments	12	0	33	0
9/151 Gaston Investments	7	0	11	0
10/165 Gaston Investments	7	0	9	0
11/162 Gaston Investments	7	0	10	0
12/132 Gaston Investments	21	0	[illegible]	[illegible]

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

13/155 Gaston Investments	14	0	21	0
14/119 Gaston Investments	17	0	26	0
15/167 Gaston Investments	4	0	6	0
16/88 Gaston Investments	4	0	6	0
18 Gaston Investments	8	0	13	0
19/97 Gaston Investments	4	0	7	0
20/140 Gaston Investments	5	0	8	0
Blaise Gaston Investments	30	0	48	0
Blaise Investments	397	0	648	0
Belise Investments	639	78	1 417	78
Buffy Holdings No1 Ltd	2 041	1 889	5 961	5 177
Celtic Asset Management	123	0	490	0
Celtic Investments Ltd	2	26	41	86
Challange 18	2 794	0	4 642	0
Celtic Property Developments KFT	0	0	0	3
East Europe Property Financing AB	161	5 435	7 742	14 969
Elara Investments	53	0	86	0
Gaetan Investments	212	0	346	0
Gaston Investments	43	0	71	0
Hub Developments	30	0	49	0
Maddy Investments Sp. z o.o.	0	250	0	1 050
Lakia Enterprises Ltd	310	0	603	3 563
Tenth Planet doo	0	0	0	49
Mandy investments	464	0	758	0
Robin Investments	71	0	120	0
Costs				
Celtic Asset Management	12	0	50	0
Celtic Investments Ltd	0	0	1 530	0
Lakia Enterprises Ltd	161	151	471	429

Liabilities	30/9/2012	31/12/2011
Celtic Asset Management Sp. z o.o.	3	0
Celtic Investments Ltd	0	1
CAM Estates	0	0
Lakia Enterprises Ltd	12 884	12 984
Receivables		
1/95 Gaston Investments	1 361	0
2/124 Gaston Investments	1 250	0
4/113 Gaston Investments	3 759	0
6/150 Gaston Investments	1 024	0
7/120 Gaston Investments	777	0
8/126 Gaston Investments	1 564	0
9/151 Gaston Investments	467	0
10/165 Gaston Investments	576	0
11/162 Gaston Investments	483	0
12/132 Gaston Investments	1 590	0
13/155 Gaston Investments	1 124	0
14/119 Gaston Investments	1 287	0
15/167 Gaston Investments	281	0
16/88 Gaston Investments		

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

18 Gaston Investments	878	0
19/97 Gaston Investments	278	0
20/140 Gaston Investments	345	0
Blaise Gaston Investments	2 054	0
Blaise Investments	27 437	0
Belise Investments	30 616	95
Buffy Holdings No1 Ltd	154 466	142 768
Impairment of loan	(82 588)	0
Celtic Asset Management	2 115	0
Celtic Investments Ltd	743	6 942
Lakia Enterprises Ltd	21 398	0
Celtic Property Developments KFT	0	287
Challange 18	194 385	0
East Europe Property Financing AB	11 100	351 391
Impairment of loan	(10 939)	(12 500)
Elara Investments	3 639	0
Impairment of loan	(2 895)	0
Gaetan Investments	14 619	0
Impairment of loan	(11 141)	0
Gaston Investments	2 985	0
Hub Developments	2 103	0
Impairment of loan	(710)	0
KMA Sp. z o.o.	0	0
Lakia Enterprises Ltd	21 398	0
Mandy investments	32 024	0
Impairment of loan	(19 061)	0
Robin Investments	4 707	0
Impairment of loan	(58)	0

c)Transactions with other related party	**1/7/2012 - 30/9/2012**	**1/7/2011 - 30/9/2011**	**1/1/2012 - 30/9/2012**	**1/1/2011 - 30/9/2011**
Costs				
Kancelaria Radców Prawnych Oleś&Rodzynkiewicz sp. komandytowa	42	12	58	90
			0	49
Doubtful debts cover by the bad debt provision				
Braslink Ltd	625	625	625	625

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Notes to the interim condensed consolidated financial statements

29.16 Share capital

On July 31, 2012 in accordance with the resolution of the Board of the KDPW no 556/12 of 27 July 2012, in the National Depository has registration 163.214 bearer common shares series C Company ISIN code: PLCELPD00013. As a result of the Save Action series (C) on the accounts of the persons entitled and of the rights of these actions there is an increase in the share capital. Series C shares was carried out on the basis of resolution No 23 shareholders meeting of 24 may 2012, conditional increase of the share capital of the Company, which has been registered by the District Court for Warsaw in Warsaw, XIII Economic Department of the national court register on June 19, 2012, as the company has informed the current report No. 18/2012.
In view of the above, the share capital of Celtic Property Developments S.A. was increased amount to EUR 3.423.146, 40 PLN 16.321, 60 PLN (in words: three million four hundred twenty-three thousand one hundred forty-six 60/100 PLN). The company increased the share capital is divided into 34.231.466 (in words: thirty-four million two hundred thirty-one thousand four hundred sixty-six) shares of common stock with a nominal value of PLN 0.10 bearer each, representing 100% of the votes at a general meeting of the company.

On 15 October 2012, company management has made a resolution on the capital increase the company's share in the capital. On the basis of the resolution, the share capital of the company will be increased with the amount of PLN 3.423.146, 60 to PLN 3.430.748, 80 (the amount of emission - PLN 7.602,20) within target capital 76.022 bearer common shares series D with a nominal value of PLN 0.10 each action. The increase of the share capital through the issue of Shares of series D is made by the consent of the Supervisory Board, with no offer to existing shareholders, in the form of a private offer to the former Board of advisers. On the day of the signing of this condensed financial statements the increase in share capital has not been registered.