



## III QUARTER REPORT 2013

**CELTIC PROPERTY DEVELOPMENTS S.A.**

**REPORT FOR 3<sup>rd</sup> QUARTER 2013**

**TRANSLATORS' EXPLANATORY NOTE**

The following document is a free translation of the 3Q 2013 report of CELTIC PROPERTY DEVELOPMENTS S.A. published on 14 November 2013.

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. OPERATING REPORT**

### **1. INFORMATION OF CELTIC CAPITAL GROUP**

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

Currently, Celtic Property Developments S.A. is a holding company controlling a group of 37 subsidiaries focused on conducting real estate management projects in the residential and office buildings segment. The office building segment has played the key role in Celtic Capital Group's operations to date. Current plans of the Group are focused on development of the residential building operations, mainly by delivery of its flag project in Ursus, a district of Warsaw.

**2. CAPITAL GROUP'S STRUCTURE**

As on 30 September 2013, Celtic Capital Group (hereinafter "the Group", "Celtic Group", "Capital Group") comprised the dominant entity Celtic Property Developments S.A. (hereinafter "the Company", "the Issuer") and 37 subsidiaries. The Group's real estate development operations are conducted through investment companies directly controlled by Buffy Holdings No1 Ltd (Cyprus) and Lakia Enterprises Ltd (Cyprus). The dominant entity – Celtic Property Developments S.A. – coordinates and supervises activities of individual subsidiaries, and is also the centre of decisions concerning development strategy. Celtic Property Developments S.A. takes measures to streamline the Capital Group's operating costs, shapes the Group's investment and marketing policy and fulfills the coordinating role in these operations.

Liquidation of Celtic Asset Management Sp. o.o., started on May 15, 2013 is in the process.

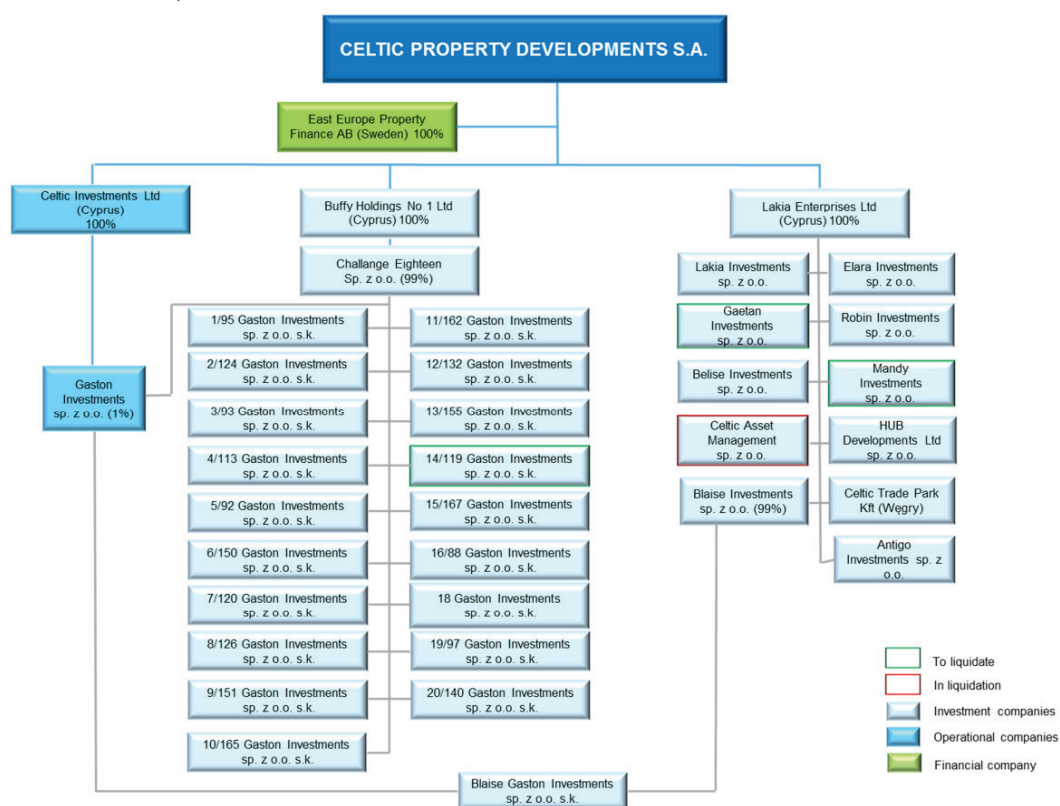
Company completed the liquidation of Celtic Property Developments Kft (Hungary) on July 22, 2013.

All companies within the Group are subject to full consolidation.

Celtic Group's structure as on 30 September 2013 is presented on the chart below.

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Celtic Group's structure as on 30 September 2013.





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### 3. SELECTED FINANCIAL DATA

#### Selected items of the consolidated statement of comprehensive income

	3 months period			9 months period		
	From 01.07.2013 to 30.09.2013 (PLN ths.)	From 01.07.2012 to 30.09.2012 (PLN ths.)	Change (%)	From 01.01.2013 to 30.09.2013 (PLN ths.)	From 01.01.2012 to 30.09.2012 (PLN ths.)	Change (%)
Revenue	4 521	3 028	49,3%	12 358	13 485	-8,4%
Costs of sales	-3 093	-2 966	4,3%	-11 752	-13 888	-15,4%
<b>Profit on sales</b>	<b>1 428</b>	<b>62</b>	<b>2203,2%</b>	<b>606</b>	<b>-403</b>	<b>-250,4%</b>
Administrative expenses - property related	-2 905	-3 980	-27,0%	-9 021	-16 108	-44,0%
Administrative expenses - other	-3 331	-2 957	12,6%	-7 525	-9 819	-23,4%
Selling and marketing expenses	-103	-195	-47,2%	-153	-1 155	-86,8%
Net loss on sale of investment property	399	6	6550,0%	-1 783	-33 350	-94,7%
Other income	59	904	-93,5%	414	1 482	-72,1%
Net gain (loss) from fair value adjustments on investment property	-3 476	-1 124	209,3%	1 204	-29 277	-104,1%
Gain/ (loss) on sale of subsidiaries	-1	-49	-98,0%	-1	-9 844	-100,0%
Impairment of goodwill	0	0	-	0	-22 138	-100,0%
Exchange movement on assets held for sale	-632	0	-	717	0	-
<b>Operating result</b>	<b>-8 562</b>	<b>-7 333</b>	<b>16,8%</b>	<b>-15 542</b>	<b>-120 612</b>	<b>-87,1%</b>
Finance income	2 244	480	367,5%	327	9 492	-96,6%
Finance costs	-1 154	-940	22,7%	-6 251	-3 947	58,4%
<b>Profit (loss) before income tax</b>	<b>-7 472</b>	<b>-7 793</b>	<b>-4,1%</b>	<b>-21 466</b>	<b>-115 067</b>	<b>-81,3%</b>
Income tax	888	620	43,2%	-2 129	2 921	-172,9%
<b>Net profit (loss)</b>	<b>-6 584</b>	<b>-7 173</b>	<b>-8,2%</b>	<b>-23 595</b>	<b>-112 146</b>	<b>-79,0%</b>
Earnings per share (PLN)	-0,19	-0,21	-8,2%	-0,68	-3,29	-79,3%

The third quarter of 2013, the Group Celtic closed the negative net result of PLN 6.6 million. This loss was by PLN 0,6 million lower than in the same period last year. Among the factors that positively influenced the improvement of the Group's results in the third quarter of 2013, compared to the same period last year, the major role was played by increase of financial income of PLN 1,8 million due to foreign exchange. Other factors were , increased of sales by 1,5 million PLN due to increased rental income and reduce of overall administrative costs (property maintenance and other) by 0,7 million PLN .

The main factors having a negative impact on net income, compared to the same period last year was primarily an increase in loss on valuation of investment properties by PLN 2,4 million, a decrease in other revenues of PLN 0,8 million and a negative result from the valuation of property held for sale in the amount of PLN 0,6 million

The Group's revenue for the third quarter of 2013 amounted to 4,5 million PLN .The largest, a 57-percent share of this amount represented rental income which, in comparison to the third quarter of last year, increased by 66%. For the first 9 months of 2013, rental income amounted to PLN 5,9 million comparing to PLN 4,8 million in the same period last year. Rental income was generated by three office buildings in Warsaw - Aquarius Połczyńska 31A, Solar - Cybernetyki 7B and Iris Cybernetyki 9. As of September 30, 2013, the buildings were leased, respectively in 95 %, 96 % and 68 %.

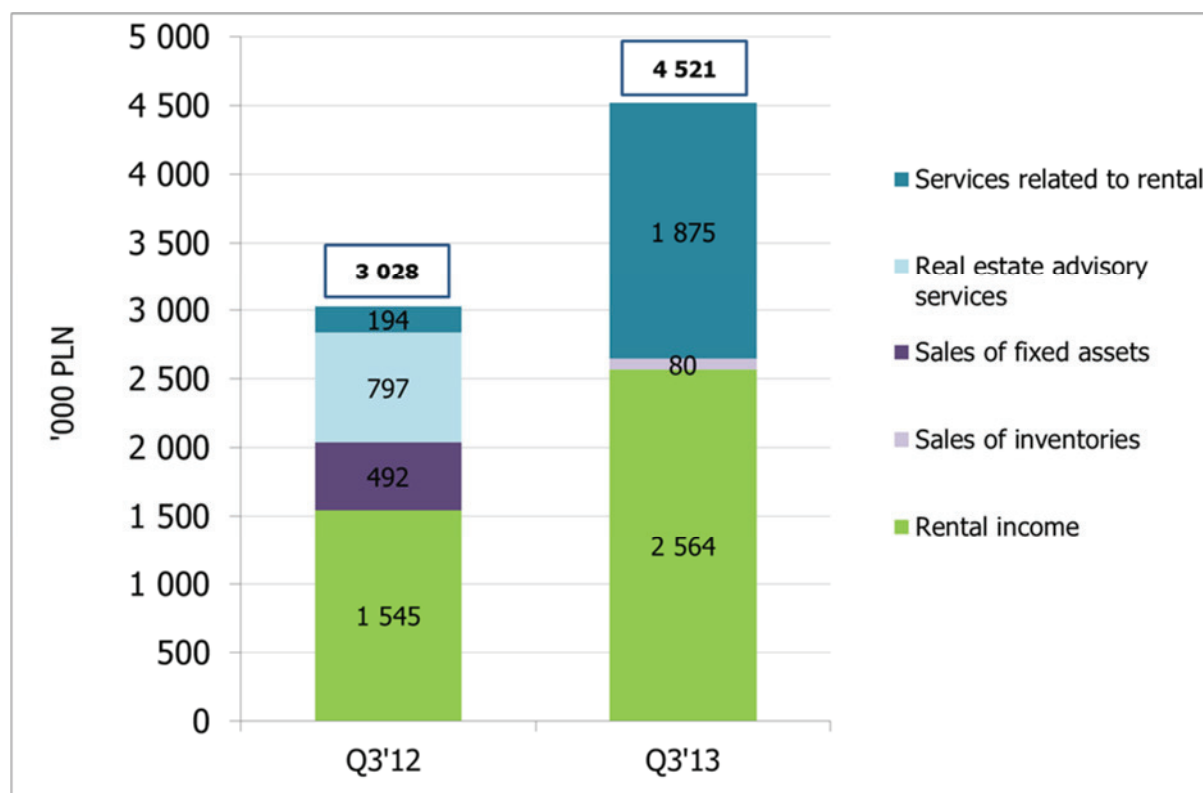


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The third quarter of 2013, the Group did not record significant revenue from the sale of stocks. The completion of consulting projects undertaken by the Group in the UK and Italy decreased revenues by PLN 0,8 million comparing to the third quarter of 2012,

The following chart provides a breakdown of revenues in the third quarter of 2012 and 2013.



In the third quarter of 2013 the Group recorded a negative result on valuation of investment property in the amount of PLN 3,5 million. Also in the third quarter of 2012, the result was negative and amounted to PLN 1,1 million.

In the third quarter of 2013, the Group has significantly reduced the total administrative costs (costs of property maintenance and other administrative costs) by the amount of PLN 0,7 million compared to the same period last year. Reduction of administrative costs is mainly the effect of lowering labor costs by 1,6 million PLN, which is a result of employment reduction in the Group. Cumulatively, the Group reduced the total administrative costs by 7,1 million PLN comparing to the same period last year.

As a result of these changes, quarterly operating loss of the Group amounted to PLN 8,6 million and was higher by PLN 1,2 million compared to the third quarter of 2012. The positive impact on the final amount of the Group's quarterly net income, had a positive result from financing activities in the amount of PLN 1,1 million. In the same period of 2012, the result was negative and amounted to PLN 0,5 million. Group financial income was higher than last year by 1,8 million PLN as a result of foreign exchange gains. With regard to the financial costs, the Group recorded an increase by PLN 0,2 million

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compared to the third quarter of 2012. The difference is primarily due to an increase in bank loans interest.

On a cumulative basis, at the end of September 2013, the Group recorded an improvement in Celtic net profit by PLN 88,6 million compared to the same period last year. The main factors which have a positive impact on the Group's results were primarily due to improvement of investment property in the amount of PLN 30,5 million and the improvement of the result on disposal of investment properties of PLN 31,6 million. Positive impact on the Group's results was the fact that in previous periods, goodwill was written off in full and there was no need to make any write down in the current period, (improved by 22,1 million PLN). Also the lack of sales subsidiaries in a period of 9 months of 2013 has a positive impact (and improvement of the result by 9,8 million PLN ). Decrease of administrative expenses of maintaining the property by PLN 7,1 million, decrease in other administrative expenses by PLN 2,3 million and a decrease in cost of sales by PLN 2,1 million also contributed to the improvement of the Group's result. Also, a positive result from the valuation of investment property held for sale in the amount of PLN 0,7 million and reduced sales and marketing costs by PLN 1 million, improved financial performance of the Group for the nine months of 2013.

The main factors having a negative impact on the results for the nine months 2013 years were primarily financial income decrease by the amount of PLN 9,2 million (primarily due to the fact that in a period of nine months of 2013, the Group did not record the dividend income of companies in which it holds a minority interest, in the same period of 2012, received the dividend amounted to PLN 8,5 million) and an increase in financial expenses of PLN 2,3mn. Also, a decrease in sales revenue of PLN 1,1 million had a negative impact on the Group's results.

### Selected items of the balance sheet

	As at:		Change (%)
	30.09.2013 (PLN ths.)	31.12.2012 (PLN ths.)	
<b>TOTAL ASSETS</b>	<b>492 957</b>	<b>521 851</b>	<b>-5,5%</b>
<b>Non-current assets, including:</b>	<b>428 589</b>	<b>439 174</b>	<b>-2,4%</b>
Investment properties	424 424	438 017	-3,1%
Bonds	3 130	0	-
<b>Current assets excluding assets held for sale:</b>	<b>40 757</b>	<b>59 783</b>	<b>-31,8%</b>
Inventory	11 668	15 496	-24,7%
Trade and other receivables	13 109	17 186	-23,7%
Cash and cash equivalents	15 980	27 101	-41,0%
<b>Assets held for sale</b>	<b>23 611</b>	<b>22 894</b>	<b>3,1%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>492 957</b>	<b>521 851</b>	<b>-5,5%</b>
<b>Equity, including:</b>	<b>347 198</b>	<b>383 621</b>	<b>-9,5%</b>
Share capital	3 460	3 431	0,8%
Own shares	-12 300	0	-
Supplementary capital	0	0	-
Reserve capital	0	4 399	-100,0%
Translation reserve	-4 490	-3 933	14,2%
Retained earnings/(accumulated losses)	360 528	379 724	-5,1%
<b>Total liabilities, including:</b>	<b>145 759</b>	<b>138 230</b>	<b>5,4%</b>
Non-current liabilities	36 131	121 908	-70,4%
Current liabilities	109 628	16 322	571,7%

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At the end of September 2013, the value of the total assets of the Group has not changed much compared to the end of 2012. Decreased current assets (about 32%) was mainly due to lower balances of trade receivables by PLN 4,1 million, cash by PLN 11,1 million and inventories by 3,8 million PLN. Cash and cash equivalents decreased mainly due to the acquisition of its own shares for cancellation (PLN 12,3 million) and the purchase of bonds (3 million PLN). The largest cash inflows during the nine months of 2013 include the proceeds from the sale of investment property located on the Jana Kazimierza in the amount of PLN 13,1 million net.

At the end of September 2013, the equity amounted to PLN 347,2 million, representing 70 % of the total assets of the Group, while liabilities accounted for 30% of total assets. These ratios have increased slightly compared to the end of 2012 (74% and 26%).

The following table shows the share of each category of liabilities in the balance sheet

	30.09.2013	31.12.2012
<b>Liabilities to total assets</b>	<b>29,6%</b>	<b>26,5%</b>
<b>Non-current liabilities to total assets</b>	<b>7,3%</b>	<b>23,4%</b>
Borrowings including finance leases to total assets	4,6%	21,3%
Income tax liabilities to total assets	2,6%	2,0%
Trade and other payables to total assets	0,2%	0,1%
<b>Current liabilities to total assets</b>	<b>22,2%</b>	<b>3,1%</b>
Borrowings including finance leases to total assets	19,1%	0,4%
Income tax liabilities to total assets	3,0%	2,6%
Trade and other payables to total assets	0,1%	0,1%

The structure of liabilities in relation to the end of 2012 has changed. The share of long-term debt to total assets down from 23,4% as at 31 December 2012 to 7,3% at the end of September 2013. This change is due to the reclassification of long-term debt to short-term loans granted by banks HSBC Bank Poland and BZ WBK. The share of short-term debt, however, grew from 3,1% as at 31 December 2012 to 22,2% as at 30 September 2013.

#### 4. IMPORTANT EVENTS IN THE REPORTING PERIOD

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

Construction works in the project began in Q4 FY2011. IRIS is a four storey office building with a total leasable area of around 14,300 sq m with 233 parking lots, being the final stage of an office and residential project located on the corner of Cybernetyki and Postępu streets in Warsaw. Construction works - with Eiffage Budownictwo Mitex S.A. as the main contractor – ended in Q3 FY2012, while in October 2012 the company obtained the occupancy permit for the building. In December 2012 the first tenants – Saint-Gobain Group companies – moved into the building. The Group is actively striving to put the project into business use.

As of the date of this report, the building is leased in 68%.

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

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

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

Aquarius Office Park comprises: a five-storey B class office building with a total area of 5,211 sq m, land plot for development with a valid building permit decision for an A class office building of approx. 2,500 sq m, and land plot for development of approximately 10,000 sq m designated for a complex of office and warehouse buildings. The office building is currently leased to: VB Leasing, Betacom S.A., Fly Away Travel, Veolia Eurolines. As of the date of this report, the building is leased in 95%.

- **SALES OF LAND PLOTS IN MAGDALENKA**

Last plot of 979 sq.m has been sold on July 22. As of September 30 this year, the company still holds two plots of 58 m<sup>2</sup> and 30 m<sup>2</sup>, where the transformer stations are located. These plots should be sold by end of this year.

- **CELTIC PROPERTY DEVELOPMENTS KFT (HUNGARY)**

Company completed the liquidation of Celtic Property Developments in Hungary Kft on July 18.

Liquidation of the company was a continuation of the work of consolidation and optimize the cost of managing the portfolio, launched in early 2012.

- **LIQUIDATION OF CELTIC GROUP COMPANIES**

On 5 July 2013, the Board adopted Resolution No. 3/VII/2013 on the liquidation of companies:

- Mandy Investments Sp. z o.o. - in connection with the sale on June 6, the only real estate owned by the company, located at Street Jana Kazimierza 12/14;
- 14/119 Gaston Investments limited partnership - in connection with the sale of real estate;

- Gaetan Investments Sp. z o.o. - in connection with the forthcoming finalization of the sale of all parcels owned by company

- **URSUS PROJECT - APPROVAL PROCESS OF SPATIAL DEVELOPMENT PLAN FOR AREAS AFTER FORMER INDUSTRIAL TRACTOR PLANTS URSUS**

On 10 July 2013, Commission for Spatial Planning [Komisja Ładu Przestrzennego] for the Capital City of Warsaw, gave a positive recommendation for the draft resolution of the Council of the Capital City of Warsaw amending the resolution concerning the commencement of preparation of the spatial development plan for the land formerly owned by ZPC Ursus

Next day, i.e. on 11 July 2013, LXI Session of the Council of the Capital City of Warsaw was held (term in office 2010-2014). Councilors adopted a resolution no LXI/1668/2012 amending the resolution concerning the preparation of the local spatial development plan for the post-industrial land in the area of Orłów Piastowskich street (print no 1808).

That means that the Councilors decided to divide the area of the local Spatial development plan into three parts: main part constituting over 95% of the area of the Plan and two remaining parts with plots of land whose owners' actions resulted in the annulment of the Study of Spatial Development Conditions and Directions. The first step would be enacted and part of the Plan, while the two other parts will be adopted later, after the necessary changes Study.

This Resolution of Warsaw is a milestone in the development of the enactment of the Local Plan. Currently, the designers of the Plan, in connection with its distribution, proceed to the correction. After adjusting the draft Plan will be submitted for the approval of the Ursus district, then the spatial order of the Commission that the final destination of the vote in the City Council. After the adoption of the Plan requires the approval of the Governor of Mazowieckie yet.

- **RESIGNATION OF BOARD MEMBERS**

On 17 September 2013, the Company received the resignation of two board members. Mr. Andrew Shepherd, who was the CEO of the Company, resigned with effect from 17 September 2013, Mr Andrew Shepherd did not give reasons for the resignation. In addition, resigned Mr. Aled Rhys Jones, the member of the Board of the Company. The resignation was made effective as of September 17, 2013. Mr. Aled Rhys Jones did not give reasons for the resignation.

On 24 September 2013, the Company received the resignation of Mr. Andrew Pegge from the function. Mr. Andrew Pegge, resigned effective at the end of day of September 24, 2013. Mr. Andrew Pegge did not give reasons for the cancellation.

Following the resignation of the above, two people of the Board have left, what ensured proper representation and conducting the Company's affairs in accordance with the provisions of the Articles of Association of the Company.

- **NOTICES OF SHAREHOLDERS OF CHANGE IN THE TOTAL NUMBER OF VOTES ON AUGUST 30, 2013.**

The Company received the following notice on August 30:

Notice of Furseka Trading and Investments Limited, made on the basis of Art. 69 section 1 item 1) of the Act, to change the share in the total number of votes at the General Meeting of Shareholders. According to the notification, the change was due to the conclusion of non-session package transaction on 6 August 2013, and settled on 30 August 2013, at a price of PLN 2,60 (two zloty sixty groszy) per share.

As a result of transaction Furseka Trading and Investments Limited has acquired 5 137 222 shares of the Company representing 15% of the share capital of the company. Each share had one vote at the General Meeting of Shareholders. Furseka Trading and Investments Limited now holds 5 137 222 shares of Celtic Property Developments SA representing 15% of the share capital of the company and is entitled to 5 137 222 votes at the General Meeting of Shareholders, which represents 15 % of the total number of votes. Before the mentioned above transaction, Furseka Trading and Investments Limited did not hold any Company shares.

Notice of Horseguard Trading Limited, made on the basis of Art. 69 section.2 item 2) of the Act, about change in shareholding of voting rights at the General Meeting of Shareholders. According to the notification, the change was due to the conclusion of the non-session package transaction on 6 August 2013, and settled on 30 August 2013, at a price of PLN 2,60 (two zloty sixty groszy) per share, Horseguard Trading Limited has sold 5 137 222 shares of the Company representing 15% of the share capital of the company. Each share had one vote at the General Meeting of Shareholders. Horseguard Trading Limited currently holds no shares in the Company directly. According to the notification, before the mentioned above transaction Horseguard Trading Limited held directly 5 137 222 shares of the Company representing 15% of the share capital of the company and was entitled to 5 137 222 votes at the General Meeting of Shareholders, which accounted for 15% of total votes. The shares were sold to a subsidiary of Horseguard Trading Limited, within the meaning of Art. 3 paragraphs. 1 Section 39 of the Act of 29 September 1994 on accounting, in view of the art. 87 paragraph. 5 Section 1 of the Act, a company Furseka Trading and Investments Limited, with its registered office in Thasou 3 DADLAW House, 1520 Nicosia, Cyprus, registered under number HE 314364, therefore Horseguard Trading Limited through a subsidiary of the Company holds 5 137 222 shares representing 15% of the share capital of the Company and its



indirect entitled to 5 137 222 votes at the General Meeting of Shareholders, which represents 15% of the total number of votes.

- **NOTICES OF SHAREHOLDERS OF CHANGE IN THE TOTAL NUMBER OF VOTES ON SEPTEMBER 12, 2013.**

On September 12, 2013, the following notice of Horseguard Trading Limited, made on the basis of Art. 69, act no 1 section 2) and act no 2 section 1) of the Act, about change the of the total number of votes at the Company has been delivered.

According to the announcement, there was a change in shareholding of the total votes in the company of Celtic Property Developments SA, ie reduction in shareholding of 15% in the total number of votes to 0% of the total votes, or change about 15% of the total number of votes. Reducing the current share of Horseguard Trading Limited, based in Nicosia, Cyprus, the total number of voting rights in the Company, as a result of transferring 100 % of the shares of Furseka Trading and Investments Limited, which took place on 9 September 2013.

Prior to this transaction Horseguard Trading Limited, based in Nicosia held indirectly through Furseka Trading and Investments Limited – 5 137 222 ordinary shares, representing 15% of the share capital and conferring the right to 5 137 222 votes, representing 15% of the total number of votes at the General Meeting of Shareholders.

As a result of the sale of share Furseka Trading and Investments Limited on 9 September 2013, Horseguard Trading Limited of Nicosia has not directly or indirectly any shares of the Company. Horseguard Trading Limited, based in Nicosia also has no subsidiaries holding shares of the Company, and is not a person referred to in Art. 87 paragraph . 1 point 3 . c

- **RESIGNATION OF THE MEMBER OF SUPERVISORY BOARD**

On 24 September 2013, the Company received the resignation of a member of the Supervisory Board. The content that follows the resignation is lodged, provided the appointment of Mr. Colin Kingsnorth to the Management Board.

Mr. Colin Kingsnorth, who is already a member of the Supervisory Board, resigned effective at the moment of the start of the General Meeting of the Company.

The reason for the cancellation is the candidacy of Mr. Colin Kingsnorth to the function in the Management Board. The mandate of Mr Colin Kingsnorth as a member of the Supervisory Board expires at the condition of his appointment to the Management Board at the start of the exercise of his mandate as a member of the Board.

On 25 September 2013, the Company received a document from Mr. Colin Kingsnorth detailing his resignation. The contents of the statement shows that the resignation from the position in the Supervisory Board shall be deposited with effect from the start of the General Meeting of



Shareholders, which will include the agenda item concerning changes in the composition of the Supervisory Board.

- **PROXY RESIGNATION**

On 25 September 2013, the Company received the resignation of Piotr Turchoński to act as a proxy of the Company.

- **APPOINTMENT OF BOARD MEMBERS**

25 September, 2013, the Supervisory Board of the Company, adopted Resolution No. 2/IX/2013 appointing Ms. Iwona Makarewicz, Mr. Piotr Turchoński and Mr. Colin Kingsnorth to act as members of the Board Members of the current term.

The Supervisory Board appointed the President of the Board Ms. Elżbieta Wiczowska. Mr. Piotr Turchoński and Ms. Iwona Makarewicz were appointed Members of the Management Board, with effect from 25 September 2013.

Mr. Colin Kingsnorth starts carry out his mandate from the start of the next General Meeting, whose agenda will include a section on changes in the composition of the Supervisory Board. As a result of the changes, the composition of the Board of the Company as at 25 September 2013 are as follows:

- 1) Mrs. Elżbieta Wiczowska - President;
- 2) Ms. Iwona Makarewicz - Member of the Board;
- 3) Mr. Piotr Turchoński - Member of the Board

## **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**

In determining the recoverable inventory, management considers property valuations prepared by independent appraiser as at 31.12.2012, including changes dictated by changes in the value of the real estate market. In the first quarter of 2013, the balance of inventory write-downs increased by PLN 0,02 million.

**8. WRITE-DOWNS OF INVESTMENT PROPERTIES TO FAIR VALUES**

In the III of 2013, the Group recorded a negative result from the revaluation of investment property to fair value in the amount of PLN 3,5 million resulting from fluctuations in euro exchange rates (Solar and Iris buildings are value in EUR). In the same period of 2012 the Group's loss from the revaluation of investment property to fair value amounted to PLN 1,1 million.

**9. CREATION, INCREASE, UTILISATION AND REVERSEAL OF PROVISIONS**

In the III of 2013, the value of accrued expenses increased by PLN 1,6 million mainly due to provision for property tax and perpetual usufruct cost increase.

**10. PROVISIONS AND DEFFERED TAX 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. The CPD Group did not recognize any deferred tax assets in the balance sheet as at 30 September 2013.

On September 30, 2013 Group's deferred tax liabilities amount to PLN 12,7 million. The value of these liabilities declined in the third quarter by 0.9 million PLN.

**11. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT**

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

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

Not occurred.

**13. IMPORTANT SETTLEMENTS OF LAWSUITS**

Not occurred.

**14. PREVIOUS PERIODS ERRORS' CORRECTION**

Not occurred.

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

During the III Q of 2013, no changes occurred in the economic situation which could affect the fair value of the Group's assets and liabilities.

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

Not occurred.

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

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

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

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

**19. CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS**

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

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

**• ISSUE OF F SERIES SHARES, INCREASE OF THE SHARE CAPITAL WITHIN THE AUTHORIZED SHARE CAPITAL**

On September 13, 2013, the District Court of Warsaw, XIII Commercial Division of the National Court Register, registered the increase of the share capital of the Company. The increase of the share capital of the Company through the issuance of Series F, takes place within the limits of the authorized capital on the basis described by Board Resolution No. 13/III/2013. Share capital increase through the issuance of Series F shall be made with the consent of the Supervisory Board, excluding the subscription rights of the existing shareholders, in the form of a private placement.

## **CELTIC PROPERTY DEVELOPMENTS S.A.**

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The share capital of the Company was increased from PLN 3 439 626,40 zł (court mistakenly registered the amount of 3 439 626,00 zł) to 3 459 559,70 zł, ie the amount of 19 933,30 zł through the issuance of 199 333 shares of common bearer F nominal value of 0,10 zł (ten groszy) per share (the "series F Shares").

After registration of the increase, the share capital amounts to PLN 3 459 559,70 and is divided into 34 595 597 shares of common bearer B, C, D, E and F with a nominal value of PLN 0,10 (ten groszy) per share, corresponding to 34 595 597 votes at the general meeting of the Company.

### **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**

#### **• EXTRAORDINARY GENERAL MEETING**

24 October 2013 the Extraordinary General Meeting of the Company appointed Mr. Andrew Pegge as a member of the Supervisory Board of the current term from 24 October 2013.

Mr. Andrew Pegge has a university degree, is a graduate of Sussex University (UK), he completed postgraduate studies in Marketing at The Chartered Institute of Marketing (UK) and MBA in Finance at the City University Business School (United Kingdom). Andrew holds CFA - Licensed Financial Analyst (Chartered Financial Analyst) obtained in the AIMR (Association for Investment Management Research - United States).

According to the resolution of the Supervisory Board no. 2/IX/2013 of 25 September 2013, the date of commencement of the General Meeting of the Company, Mr. Colin Kingsnorth begins his term of being a member of the Management Board.

#### **• CHANGE OF SHAREHOLDER GASTON INVESTMENTS**

On October 15, the Company entered into a transaction which results in changes of shareholders and their respective shares in Gaston investments Sp. z o.o. So far, 100% of the shares in Gaston Investments with a total nominal value of PLN 50 000, of the Company was held by Celtic Investments Limited, with its registered office in Nicosia, Cyprus, a subsidiary of Celtic Property Developments SA. As a result of the transaction, 100% of the shares in Gaston Investments Sp. z o.o., with a total nominal value of PLN 50 000, the Company is owned by Lakia Enterprises Ltd.

### **23. CHANGES RELATED TO CONDITIONAL LIABILITIES OR ASSETS**

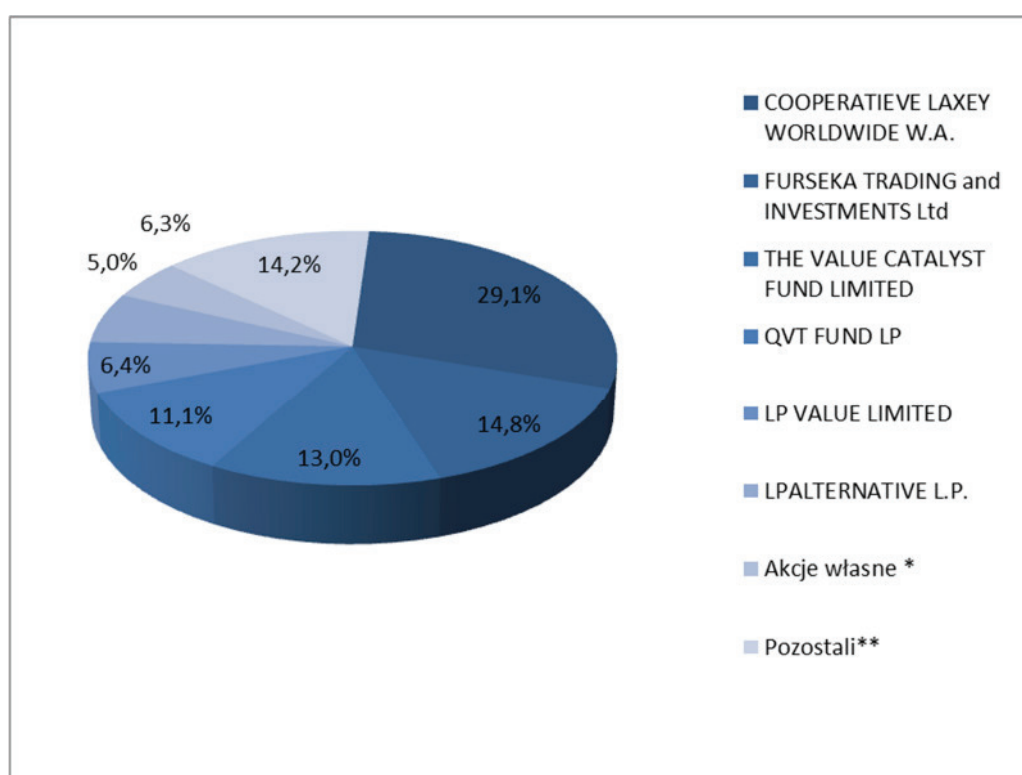
During the reporting period the Group did not make any material changes related to conditional liabilities or assets.

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

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

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

**Shareholding structure of Celtic Property Developments S.A.**



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

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	Shareholders	Type of shares	Numebr of shares	As % of total number of shares
1	COOPERATIEVE LAXEY WORLDWIDE W.A.	Na okaziciela	10 082 930	29,15%
2	FURSEKA TRADING and INVESTMENTS Ltd	Na okaziciela	5 137 222	14,85%
3	THE VALUE CATALYST FUND LIMITED	Na okaziciela	4 490 475	12,98%
4	QVT FUND LP	Na okaziciela	3 843 635	11,11%
5	LP VALUE LIMITED	Na okaziciela	2 198 450	6,35%
6	LPALTERNATIVE L.P.	Na okaziciela	2 193 931	6,34%
7	Akcje własne *	Na okaziciela	1 732 394	5,01%
8	Pozostali**	Na okaziciela	4 916 560	14,21%
	<b>TOOTAL</b>		<b>34 595 597</b>	<b>100%</b>

\* On April 15, 2013, the Company acquired in the transaction 1,732,394 shares buy-back of own redemption. The Company, in accordance with applicable law, may not exercise the voting rights of the shares.

\*\* Shareholders, none of which holds 5% or more shares (votes).

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

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

Shareholder		Number of shares owned	Nominal value of the owned shares	Shares as % of total number of shares	Votes as % of total number of votes
<b>Elżbieta Wiczowska</b>	President of the Management Board	42 498	4 250	0,12%	0,12%
<b>Iwona Makarewicz</b>	Member of the Management Board	4 734	473	0,01%	0,01%
<b>TOTAL</b>		<b>47 232</b>	<b>4 723</b>	<b>0,14%</b>	<b>0,14%</b>

\*Total number of shares after share capital increase, i.e. 34 595 597 shares.

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

As at the date of this report, neither Celtic Property Developments S.A. nor any of its subsidiaries was a party to proceedings pending at courts, bodies competent for arbitration proceedings or a public

administration body, the total value of which would exceed 10% of equities of Celtic Property Developments S.A.

## **28. MAJOR LOAN AGREEMENTS, LOAN WARRANTIES AND GUARANTEES GRANTED**

As at 30 September 2013, the Group presented in the consolidated financial statements, loan liabilities incurred in the following banks:

- Loans granted by HSBC bank in the amount of 41 387 thousand. PLN;
- Loans granted by the Bank of the West BZ WBK in the amount of 52 579 thousand. PLN

In accordance with the terms of the credit agreement with HSBC Bank, the Group is obliged to repay the entire loan until March 27, 2014. Therefore, the entire loan, as repayable within 12 months from the balance sheet date in the amount of 41 387 thousand PLN, has been presented as a current liability.

On 29 September, the Company paid the obligatory installment of EUR 94,000 for loan agreement of 21 December 2006 concluded by the following parties: HSBC bank (HSBC Bank Plc and HSBC Bank Polska S.A.) and the Issuer's subsidiaries: Blaise Investments sp. z o.o., Devin Investments sp. o.o., Lakia Investments sp. z o.o., Mandy Investments sp. z o.o., Robin Investments sp. z o.o. (hereinafter "Subsidiaries", "Borrowers") as borrowers and Celtic Property Developments S.A., Blaise Investments sp. z o.o., Devin Investments sp. o.o., Lakia Investments sp. z o.o., Mandy Investments sp. z o.o., Robin Investments sp. z o.o. as guarantors.

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

## **29. THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD**

At 30 September 2013, the composition of the Supervisory Board of the Company was as follows:

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



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

At 30 September 2013, the composition of the Management Board of the Company was as follows:

- Mrs. Elżbieta Wiczowska – President of the Management Board;
- Mr. Piotr Turchoński – Member of the Management Board;
- Mrs. Iwona Makarewicz – Member of the Management Board

**30. OTHER IMPORTANT INFORMATION**

No other except those mentioned above.

**31. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS**

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

- adoption of the local zoning plan for land in Ursus by the Warsaw authorities which will let the Group commence construction works under the Ursus project;
- renting IRIS building
- situation on financial markets which may affect valuation of the Group's real property portfolio.

## **CELTIC PROPERTY DEVELOPMENTS S.A.**

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### **II. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2013 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CELTIC PROPERTY DEVELOPMENTS S.A.**

## CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2013

(All amounts in PLN thousands unless otherwise stated )

### Notes to the interim condensed consolidated financial statements

#### 29.4 Condensed statement of cash flows

	Notes	01/01/2013 - 30/9/2013 (unaudited)	1/1/2012 - 30/9/2012 (unaudited)
<b>Cash flow from operating activities</b>			
Cash generated from operations	29.14	706	(3 377)
Interest paid		0	( 76)
<b>Net cash generated from investing activities</b>		<b>706</b>	<b>(3 453)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		0	( 15)
Loans		(18 911)	(9 323)
Cash received as a result of the merger		0	0
Loan repayments received		15 276	39 537
Bonds		(3 000)	0
Interest received		865	3 965
<b>Net cash used in investing activities</b>		<b>( 5 770)</b>	<b>34 164</b>
<b>Cash flows from financing activities</b>			
Own shares		(12 300)	0
Loans		0	0
Capital increase		29	0
Repayment of loans		0	( 88)
<b>Net cash used in financing activities</b>		<b>( 12 271)</b>	<b>( 88)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>( 17 336)</b>	<b>30 623</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>17 874</b>	<b>1 025</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>538</b>	<b>31 648</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2013

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

The accounting principles are consistent with the principles of applied respectively in the annual financial statements for the year ended 31 December 2012.

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

These financial statements should be read in conjunction with the summary of consolidated financial statements for the first half of 2013.

### 29.5 Shares in subsidiaries

Name	Country	Share	30/9/2013	31/12/2012
Buffy Holdings No1 Ltd	Cypr	100%	184 000	184 000
Impairment, the value of the shares- Buffy Holdings No1 Ltd			(184 000)	(184 000)
Celtic Investments Ltd	Cypr	100%	48 000	48 000
Impairment, the value of the shares- Celtic Investments Ltd			(48 000)	(48 000)
Lakia Enterprises Ltd	Cypr	100%	105 000	105 000
Impairment, the value of the shares- Lakia Enterprises Ltd			(97 199)	(95 174)
East Europe Property Financing AB	Szwecja	100%	601	601
Impairment, the value of the shares-East Europe Property Financing AB			( 601)	( 601)
			<b>7 801</b>	<b>9 826</b>

### 29.6 Long-term receivables

	30/9/2013	31/12/2012
Long-term loans with related parties		
- loans	278 552	420 488
- interest	69 312	67 462
	<b>347 864</b>	<b>487 950</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2013

(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
1/95 Gaston Investments	2 402	290	3M WIBOR	1,55%	on demand
2/124 Gaston Investments	1 627	203	3M WIBOR	1,55%	on demand
3/93 Gaston Investments	1 611	168	3M WIBOR	1,55%	on demand
4/113 Gaston Investments	5 242	573	3M WIBOR	1,55%	on demand
Impairment on loan - 4/113 Gaston Investments	(1 442)				on demand
5/92 Gaston Investments	1 892	190	3M WIBOR	1,55%	on demand
6/150 Gaston Investments	1 297	181	3M WIBOR	1,55%	on demand
7/120 Gaston Investments	963	118	3M WIBOR	1,55%	on demand
8/126 Gaston Investments	2 792	282	3M WIBOR	1,55%	on demand
9/151 Gaston Investments	613	78	3M WIBOR	1,55%	on demand
10/165 Gaston Investments	775	75	3M WIBOR	1,55%	on demand
11/162 Gaston Investments	654	72	3M WIBOR	1,55%	on demand
12/132 Gaston Investments	1 954	226	3M WIBOR	1,55%	on demand
13/155 Gaston Investments	1 943	186	3M WIBOR	1,55%	on demand
14/119 Gaston Investments	0	0	3M WIBOR	1,55%	on demand
15/167 Gaston Investments	927	71	3M WIBOR	1,55%	on demand
16/88 Gaston Investments	305	47	3M WIBOR	1,55%	on demand
18 Gaston Investments	1 503	133	3M WIBOR	1,55%	on demand
19/97 Gaston Investments	335	42	3M WIBOR	1,55%	on demand
20/140 Gaston Investments	390	51	3M WIBOR	1,55%	on demand
Antigo Investments	4 336	211	3M WIBOR	1,55%	on demand
Impairment on loan - Antigo Investments	( 490)				on demand
Blaise Gaston Investments	2 610	390	3M WIBOR	1,55%	on demand
Blaise Investments	24 994	5 162	3M WIBOR	1,55%	on demand
Belise Investments	29 433	5 729	3M WIBOR	1,55%	on demand
Buffy Holdings No 1 Ltd	137 906	23 043	3M WIBOR	0,75%	on demand
Impairment on loan - Buffy Holdings	(137 906)	(10 019)			on demand
Celtic Asset Management	1 383	289	3M WIBOR	1,55%	on demand
Impairment on loan - Celtic Asset Management	(1 383)	( 289)			on demand
Celtic Investments Ltd	1 690	13	3M LIBOR	0,75%	on demand
Challange 18	162 859	36 002	3M WIBOR	1,55%	on demand
East Europe Property Financing AB	6 367	1 367	3M WIBOR	1,55%	on demand
Impairment on loan - EEPF	(6 367)	(1 367)			on demand
Elara Investments	3 339	681	3M WIBOR	0,75%	on demand
Impairment on loan - Elara Investments	(2 615)				on demand
Gaston Investments	2 565	556	3M WIBOR	1,55%	on demand
HUB Developments	1 931	389	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	22 116	4 169	3M WIBOR	1,55%	on demand
	<b>278 552</b>	<b>69 312</b>			

In accordance with the intention of Board Members the loans will be repaid over a period of from 2 to 5 years



# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2013

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 29.8 Trade receivables and other receivables

	30/9/2013	31/12/2012
Trade receivables from related parties	212	575
Short-term loans with related parties	13 574	22 473
- loan	39 691	44 323
- interest	9 015	7 946
- impairment	(35 132)	(29 796)
Surplus of input VAT over output	3	1
Należności z tytułu pozostałych podatków	0	0
Other receivables from related parties	0	16
Other receivables from other parties	61	60
Accrued costs	56	14
<b>Short-term receivables</b>	<b>13 906</b>	<b>23 139</b>

#### Dane dotyczące pożyczek udzielonych jednostkom powiązanym

Related party	Principal amount	Accrued interest	The Interest Rate	Margin	Maturity
Gaetan Investments	10 869	2 347	3M WIBOR	1,55%	on demand
<i>Impairment on loan - Gaetan Investments</i>	<i>(10 869)</i>	<i>(2 239)</i>			
Mandy Investments	25 625	5 957	3M WIBOR	1,55%	on demand
<i>Impairment on loan - Mandy Investments</i>	<i>(21 983)</i>	<i>0</i>			
Robin Investments	3 197	711	3M WIBOR	1,55%	on demand
<i>Impairment on loan - Robin Investments</i>	<i>( 41)</i>	<i>0</i>			

### 29.9 Borrowings, including financial leasing

	30/9/2013	31/12/2012
Borrowings - related party	9 241	9 011
	<b>9 241</b>	<b>9 869</b>

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

### 29.10 Administrative costs

	1/7/2013 - 30/9/2013	1/7/2012 - 30/9/2012	01/01/2013 - 30/9/2013	1/1/2012 - 30/9/2012
Consultancy services	152	112	367	2 783
Remuneration	270	439	870	3 203
Remuneration of the auditor	102	( 78)	105	62
VAT	40	41	169	153
Other services	134	226	504	470
	<b>698</b>	<b>740</b>	<b>2 015</b>	<b>6 671</b>



# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2013

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 29.11 Other income

	30/9/2013	30/9/2012	30/9/2013	30/9/2012
Reversal of accrual - Management Board Consultants	0	383	0	383
Liability write-off - Management Board Consultants	0	264	0	264
	0	647	0	647

### 29.12 Financial income and expenses

	1/7/2013 - 30/9/2013	1/7/2012 - 30/9/2012	01/01/2013 - 30/9/2013	1/1/2012 - 30/9/2012
Interest income:				
-Interest on bank deposits	2	142	83	143
-Other financial income	162	204	788	629
-Net exchange differences	0	0	171	0
<b>Financial income</b>	<b>164</b>	<b>346</b>	<b>1 042</b>	<b>772</b>
Interest expense:				
-Interest from related parties	64	161	230	471
- Other financial expense	0	0	19	0
-Net exchange differences	55	1 105	0	1 880
- Impairment on shares	83	0	16 098	0
Write-off - loans granted	0	0	0	9
<b>Financial costs</b>	<b>202</b>	<b>1 266</b>	<b>16 347</b>	<b>2 360</b>

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



# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2013

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 29.13 Deffered tax

#### Deferred tax liabilities

<b>Balance as at 1/1/2012</b>	<b>7 000</b>
Accrued interest on loans	5 323
Exchange differences	0
<b>Balance as at 31/12/2012 - before compensation</b>	<b>12 323</b>
Compensation of deferred tax asset	(12 323)
<b>Balance as at 31/12/2012 - after compensation</b>	<b>0</b>
Accrued interest on loans	1 591
<b>Balance as at 30/09/2013 - before compensation</b>	<b>13 914</b>
Compensation of deferred tax asset	(13 914)
<b>Balance as at 30/09/2013 - after compensation</b>	<b>0</b>

#### Deferred tax assets

<b>Balance as at 1/1/2012</b>	<b>7 000</b>
Impairment of loans	5 054
Accrued interest on borrowings	109
Exchange differences	160
<b>Balance as at 31/12/2012 - before compensation</b>	<b>12 323</b>
Compensation of deferred tax provision	(12 323)
<b>Balance as at 31/12/2012 - after compensation</b>	<b>0</b>
Impairment of loans	1 553
Reserves for costs	21
Accrued interest on borrowings	155
Exchange differences	( 158)
Holiday provision	20
<b>Balance as at 30/09/2013 - before compensation</b>	<b>13 914</b>
Compensation of deferred tax provision	(13 914)
<b>Balance as at 30/09/2013 - after compensation</b>	<b>0</b>

# CELTIC PROPERTY DEVELOPMENTS S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2013

(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

### 29.14 Cash flow from operating activities

	01/01/2013 - 30/9/2013	1/1/2012 - 30/9/2012
Profit/loss before tax	( 230)	(104 742)
Adjustments for:		
– depreciation	5	2
– exchange differences	21	( 380)
– loans write-off	0	9
– interest costs	230	471
– interest income	(15 609)	(22 426)
– impairment of shares	2 025	49 615
– impairment of loans	14 073	72 366
– not paid compensation in the form of warrants	0	1 977
– liabilities write-off	0	264
- changes in receivables	334	779
- change in trade liabilities and other	( 143)	(1 312)
	<b>706</b>	<b>(3 377)</b>

### 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	1/7/2013 - 30/9/2013	1/7/2012 - 30/9/2012	01/01/2013 - 30/9/2013	1/1/2012 - 30/9/2012
Remuneration of members of the Supervisory Board	48	48	145	173
Remuneration of members of the Board Members	57	637	177	2 144
Receivables from the Board Members	0	9	16	9

# CELTIC PROPERTY DEVELOPMENTS S.A.

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(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

	1/7/2013 - 30/9/2013	1/7/2012 - 30/9/2012	01/01/2013 - 30/9/2013	1/1/2012 - 30/9/2012
<b>b) Transactions with subsidiaries</b>				
Revenue				
1/95 Gaston Investments	26	20	81	32
2/124 Gaston Investments	18	15	59	22
3/93 Gaston Investments	17	11	53	18
4/113 Gaston Investments	56	51	184	71
5/92 Gaston Investments	20	12	62	20
6/150 Gaston Investments	13	14	42	22
7/120 Gaston Investments	10	12	33	18
8/126 Gaston Investments	28	12	86	33
9/151 Gaston Investments	7	7	21	11
10/165 Gaston Investments	8	7	27	9
11/162 Gaston Investments	7	7	23	10
12/132 Gaston Investments	20	21	67	29
13/155 Gaston Investments	19	14	58	21
14/119 Gaston Investments	0	17	21	26
15/167 Gaston Investments	10	4	31	6
16/88 Gaston Investments	3	4	11	6
18 Gaston Investments	15	8	49	13
19/97 Gaston Investments	4	4	12	7
20/140 Gaston Investments	4	5	14	8
Blaise Gaston Investments	28	30	89	48
Blaise Investments	269	397	924	648
Belise Investments	527	639	1 704	1 417
Buffy Holdings No1 Ltd	1 206	2 041	4 287	5 961
Celtic Asset Management	15	123	51	490
Celtic Investments Ltd	4	2	9	41
Challange 18	1 744	2 794	6 002	4 642
Antigo Investments	48	0	177	0
East Europe Property Financing AB	69	161	236	7 742
Elara Investments	35	53	119	86
Gaetan Investments	117	212	434	346
Gaston Investments	277	43	844	71
Hub Developments	21	30	70	49
Lakia Investments	0	0	0	0
Lakia Enterprises Ltd	238	310	820	603
Mandy investments	294	464	1 027	758
Robin Investments	36	71	135	120
Costs				
Celtic Asset Management	0	12	0	50
Gaston Investments	4	0	12	0
Celtic Investments Ltd	0	0	0	1530
Lakia Enterprises Ltd	64	161	230	471
Liabilities			30/9/2013	31/12/2012
Celtic Investments Ltd			0	1
Lakia Enterprises Ltd			9 241	9 011



# CELTIC PROPERTY DEVELOPMENTS S.A.

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(All amounts in PLN thousands unless otherwise stated )

## Notes to the interim condensed consolidated financial statements

Receivables	30/9/2013	31/12/2012
<i>1/95 Gaston Investments</i>	2 692	1 402
<i>2/124 Gaston Investments</i>	1 830	1 382
<i>3/93 Gaston Investments</i>	1 779	803
<i>4/113 Gaston Investments</i>	5 815	4 240
<i>Impairment on loan - 4/113 Gaston Investments</i>	(1 442)	(1 266)
<i>5/92 Gaston Investments</i>	2 082	851
<i>6/150 Gaston Investments</i>	1 479	1 071
<i>7/120 Gaston Investments</i>	1 082	816
<i>8/126 Gaston Investments</i>	3 074	1 762
<i>9/151 Gaston Investments</i>	691	491
<i>10/165 Gaston Investments</i>	850	608
<i>11/162 Gaston Investments</i>	726	507
<i>12/132 Gaston Investments</i>	2 179	1 632
<i>13/155 Gaston Investments</i>	2 129	1 381
<i>14/119 Gaston Investments</i>	0	1 319
<i>15/167 Gaston Investments</i>	998	473
<i>16/88 Gaston Investments</i>	352	286
<i>18 Gaston Investments</i>	1 636	1 093
<i>19/97 Gaston Investments</i>	377	294
<i>20/140 Gaston Investments</i>	440	362
<i>Antigo Investments</i>	4 547	4 942
<i>Impairment on loan - Antigo Investments</i>	( 490)	( 490)
<i>Blaise Gaston Investments</i>	3 000	2 145
<i>Blaise Investments</i>	30 156	29 101
<i>Belise Investments</i>	35 374	33 379
<i>Buffy Holdings No1 Ltd</i>	160 949	156 520
<i>Impairment on loan - Buffy Holdings No1 Ltd</i>	(147 925)	(139 892)
<i>Celtic Asset Management</i>	1 672	1 907
<i>Impairment on loan - Celtic Asset Management</i>	(1 672)	(1 380)
<i>Celtic Investments Ltd</i>	1 703	740
<i>Lakia Enterprises Ltd</i>	26 285	25 465
<i>Challange 18</i>	198 861	197 091
<i>East Europe Property Financing AB</i>	7 734	7 498
<i>Impairment on loan - EEPF</i>	(7 734)	(7 498)
<i>Elara Investments</i>	4 020	3 690
<i>Impairment on loan - Elara Investments</i>	(2 615)	(2 615)
<i>Gaetan Investments</i>	13 215	14 860
<i>Impairment on loan - Gaetan Investments</i>	(13 108)	(11 279)
<i>Gaston Investments</i>	3 122	3 109
<i>Hub Developments</i>	2 321	2 165
<i>Mandy investments</i>	31 583	32 637
<i>Impairment on loan - Mandy Investments</i>	(21 983)	(18 477)
<i>Robin Investments</i>	3 907	4 773
<i>Impairment on loan - Robin Investments</i>	( 41)	( 41)

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	1/7/2013 - 30/9/2013	1/7/2012 - 30/9/2012	01/01/2013 - 30/9/2013	1/1/2012 - 30/9/2012
<b>c) Transactions with other related party</b>				
Costs				
<i>Kancelaria Radców Prawnych     Oleś&amp;Rodzynekiewicz sp. komandytowa</i>	0	42	47	58
Receivables				
<i>Braslink Ltd</i>	0	625	0	625

### 27.13 Share capital

On March 27, 2013, the CPD SA invited its shareholders to tender to sell its shares on the terms set out in the Invitation to

On August 12, 2013 share capital increase by the amount of 8.878 PLN was registered by the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register.

On September 19, 2013 the Company's share capital was increased as a result of the registration of F series shares, by the amount of 19.933,30 PLN, to total amount of PLN 3.459.559,70.