HALF YEAR REPORT
FOR I HALF OF 2019

CPD S.A.

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TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the H1 2019 report of CPD S.A. published on 27 September 2019.

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.

CONTENTS

I. OPERATING REPORT

1. INFORMATION OF CPD CAPITAL GROUP

CPD Group started its activities in Poland in 1999 from the foundation of Celtic Asset Management Sp. z o.o. In subsequent years, 1999-2005, the activities of the company focused on building and managing a real estate portfolio for external institutions in Poland, Czech Republic, Lithuania, Romania, Hungary and Germany. In 2005, Celtic Asset Management Sp. z o.o started development activity 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. In 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 Celtic Group contributed to the creation of a strong and stable capital group, which debuted on the Warsaw Stock Exchange on 23 December 2010. 17th of September the Company has changed the name for CPD S.A.

Today, CPD S.A. is a holding company controlling a group of 26 subsidiaries and two half controlled companies, focusing on activities in the office and residential segments. Current Group plans focus on the residential development of its project in the Warsaw's district of Ursus through joint ventures and sales of plots to other developers.

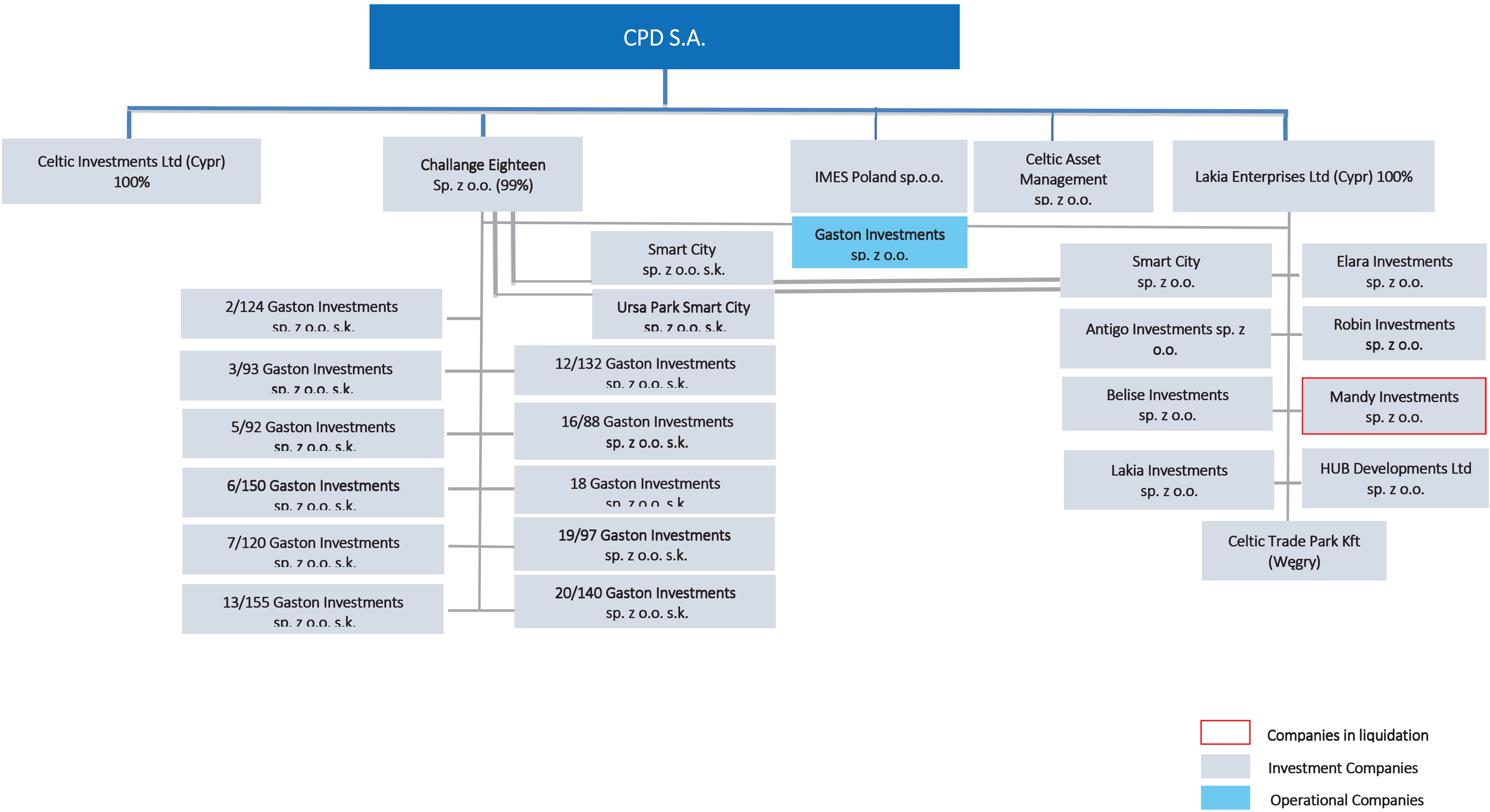
2. CAPITAL GROUP'S STRUCTURE

As of the day of publication hereof, the CPD Group (hereinafter referred to as "the Group", "CPD Group") was composed of a dominant entity – CPD S.A. (hereinafter referred to as "the Company") and 26 subsidiaries and two jointly controlled. Development activities of the Group are conducted via investment companies, direct subsidiaries of Challange Eighteen sp. z o.o. and Lakia Enterprises Ltd (Cyprus). Dominant entity - CPD S.A. - coordinates and supervises the activities of subsidiaries and at the same time is the decision making centre with regard to the strategic planning. CPD S.A. performs actions aiming at optimising the operating costs of the whole Group, designs investment and marketing policies and serves as the coordinator of this activity.

During the reporting period, there were no changes in the CPD Group structure.

All Group companies are consolidated according to the full method, except for two Group companies - Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa and Ursa Park Smart City spółka z ograniczoną odpowiedzialnością spółka komandytowa, which is reconciled with the equity method in accordance to IFRS – International financial Reporting Standards.

CPD Group's structure as on 30 June 2019.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	6 months period		
	From 01.01.2019 to 30.06.2019 (PLN ths.)	From 01.01.2018 to 30.06.2018 (PLN ths.)	*Change* (%)
Revenue	9 968	12 519	*-20,4%*
Cost of sales	-1 366	-3 794	*-64,0%*
Gross profit	**8 602**	**8 725**	***-1,4%***
Administrative expenses - property related	*-5 036*	*-3 772*	*33,5%*
Other administrative expenses	*-3 495*	*-3 380*	*3,4%*
Selling and marketing costs	*-116*	*-197*	*-41,1%*
Gain (loss) on disposal of investment properties	*0*	*-9 335*	*-100,0%*
Other income	*2 338*	*1 987*	*17,7%*
Gain (loss) on revaluation of investment properties	*-2 604*	*6 801*	*-138,3%*
Gain (loss) on revaluation of assets held for sale	*25 834*	*0*	-
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	*10 911*	*203*	*5274,9%*
Impairment of receivables	*-193*	*-95*	*103,2%*
Gain (loss) on disposal of subsidiaries	0	19 478	*-100,0%*
Profit from operations	**36 241**	**20 415**	***77,5%***
Finance income	1 448	729	*98,6%*
Finance costs	-2 126	-7 165	*-70,3%*
Profit before tax	**35 563**	**13 979**	***154,4%***
Income tax	2 671	4 552	*-41,3%*
Profit for the period	**38 234**	**18 531**	***106,3%***

Earnings per share (PLN)	1,56	0,47	*231,1%*
Diluted earnings per share (PLN)	1,56	0,47	*231,1%*

In the first half of 2019 CPD SA Group generated a net profit of PLN 38.2 mln, which means that the net result improved by PLN 19.7 mln in comparison with the first half of 2018.

There were several factors that had a positive impact on CPD Group's financial results in the first half of 2019 in comparison with the first half of 2018. First of all, the gain on revaluation of assets held for sale amounted to PLN 25.8 mln. Secondly, the share in the profit of the joint-venture increased by PLN 10.7 mln. What is more, finance costs dropped by PLN 5 mln.

The gain on revaluation of assets held for sale resulted from the revaluation of several properties mainly due to the signing of preliminary sale agreements of 10 plots and receiving offers for 5 plots. The share in the profit of the joint-venture went up because the jointly-controlled company handed over a substantial number of apartments and shops to the buyers in the first half of 2019. The drop in finance costs stemmed from fluctuations in EUR/PLN foreign exchange rate. The fluctuations in the first half of 2019 were more favorable than in the first half of 2018.

On the other hand, an increase in operating costs in the amount of PLN 1.3 mln was the main factor that had a negative impact on CPD Group's financial results in the first half of 2019 in comparison with the first half of 2018. The CPD SA management board carried out a detailed analysis of existing property, plant and equipment and decided to write off a few fixed assets.

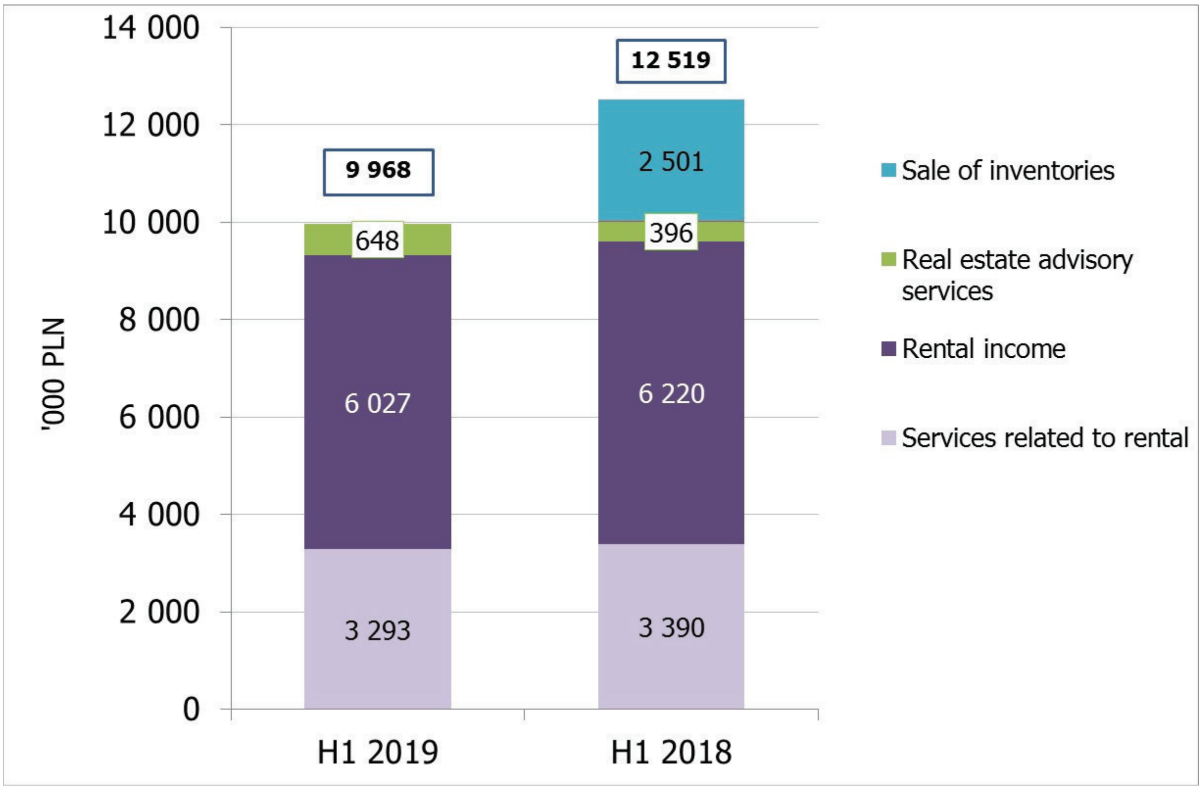
The following table shows the selected items of the consolidated statement of comprehensive income translated into euro. The figures for 2019 assumed an fx rate published by the National Bank of Poland as at June 28, 2019, i.e. 4.2520. The figures for 2018 assumed an fx rate published by the National Bank of Poland as at June 29, 2018, i.e. 4.3616.

	6 months period		
	From 01.01.2019 to 30.06.2019 (EUR ths.)	**From 01.01.2018 to 30.06.2018** (EUR ths.)	***Change*** *(%)*
Revenue	2 344	2 870	*-18,3%*
Cost of sales	-321	-870	*-63,1%*
Gross profit	**2 023**	**2 000**	***1,1%***
Administrative expenses - property related	*-1 184*	*-865*	*37,0%*
Other administrative expenses	*-822*	*-775*	*6,1%*
Selling and marketing costs	*-27*	*-45*	*-39,6%*
Gain (loss) on disposal of investment properties	*0*	*-2 140*	*-100,0%*
Other income	*550*	*456*	*20,7%*
Gain (loss) on revaluation of investment properties	*-612*	*1 559*	*-139,3%*
Gain (loss) on revaluation of assets held for sale	*6 076*	*0*	*-*
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	*2 566*	*47*	*5413,4%*
Impairment of receivables	*-45*	*-22*	*108,4%*
Gain (loss) on disposal of subsidiaries	0	4 466	*-100,0%*

Profit from operations	**8 523**	**4 681**	***82,1%***
Finance income	341	167	*103,7%*
Finance costs	-500	-1 643	*-69,6%*
Profit before tax	**8 364**	**3 205**	***161,0%***
Income tax	628	1 044	*-39,8%*
Profit for the period	**8 992**	**4 249**	***111,6%***

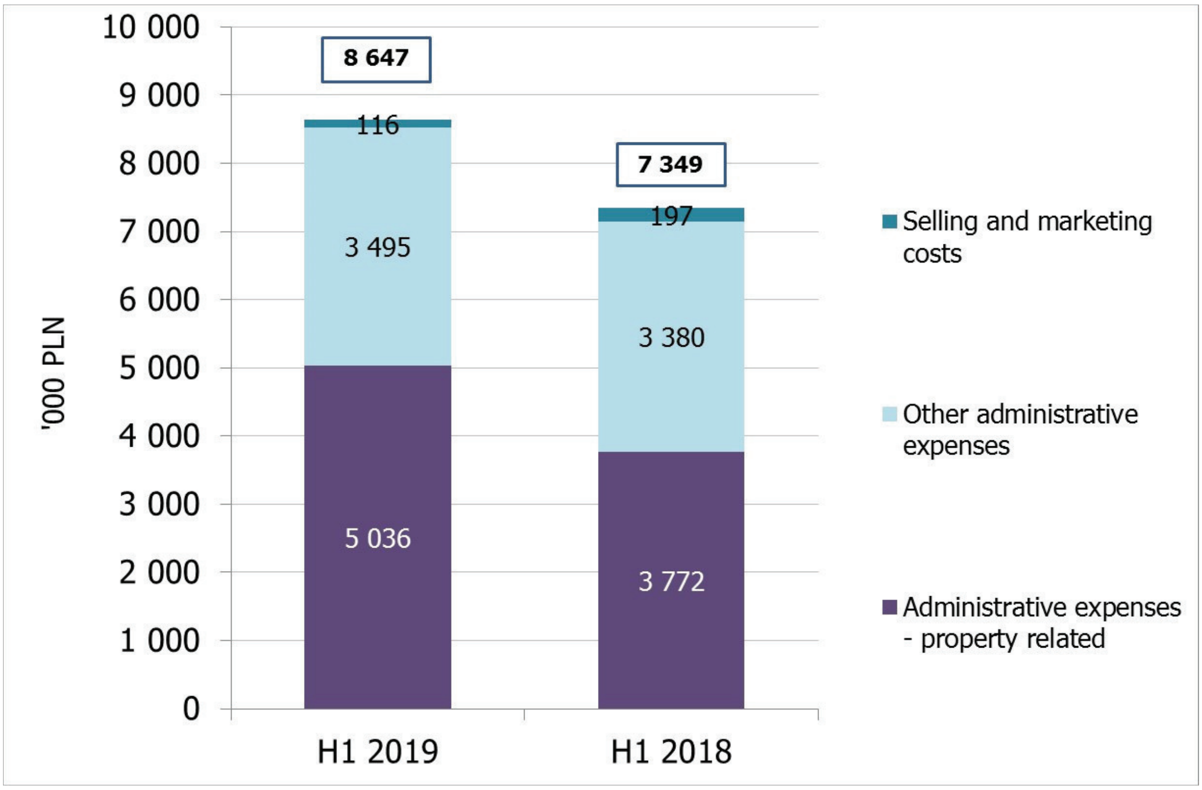
Earnings per share (PLN)	0,37	0,11	*231,1%*
Diluted earnings per share (PLN)	0,37	0,11	*231,1%*

The following chart shows the structure of revenue in the first half of 2019 and 2018:



The revenue declined because the Group did not sell any inventories in the first half of 2019.

The following chart shows the structure of operating costs in the first half of 2019 and 2018:



There was a considerable increase in the value of operating costs compared to the first half of 2018 as a result of writing off a few fixed assets in the first half of 2019.

Selected items of the consolidated statement of financial position

		As at:		Change
		30.06.2019	31.12.2018	
		(PLN ths.)	(PLN ths.)	(%)
TOTAL ASSETS		**563 637**	**582 768**	***-3,3%***
Non-current assets, including:		**134 987**	**256 574**	***-47,4%***
	Investment properties	*104 321*	*218 311*	*-52,2%*
	Investments in joint ventures accounted for using the equity method	*29 982*	*37 201*	*-19,4%*
Current assets, including:		**428 650**	**326 194**	***31,4%***
	Assets held for sale	*355 369*	*212 893*	*66,9%*
	Inventory	*2 876*	*2 915*	*-1,3%*
	Trade and other receivables	*10 393*	*7 981*	*30,2%*
	Cash and cash equivalents	*60 012*	*102 405*	*-41,4%*
TOTAL EQUITY AND LIABILITIES		**563 637**	**582 768**	***-3,3%***
Equity, including:		**322 063**	**326 879**	***-1,5%***
	Share capital	*2 637*	*3 935*	*-33,0%*
	Reserve capital	*987*	*987*	*0,0%*
	Own shares for redemption	*-43 010*	*-160 110*	*-73,1%*
	Fair value of capital element at inception date	*-27 909*	*-27 909*	*0,0%*

	Translation reserve	*-5 560*	*-5 520*	*0,7%*
	Retained earnings	*394 918*	*515 496*	*-23,4%*
Total liabilities, including:		**241 574**	**255 889**	***-5,6%***
	Non-current liabilities	*84 261*	*99 186*	*-15,0%*
	Current liabilities	*157 313*	*156 703*	*0,4%*

At the end of June 2019 the value of assets was 3% lower compared to December 2018. This decline resulted mainly from a buyback of shares in the amount of PLN 43 mln.

The value of current assets went up by 31% due to the reclassification of numerous investment properties into assets held for sale. The balance of cash dropped by PLN 42.4 mln due to the buyback of shares.

At the end of June 2019 the value of equity amounted to PLN 322 mln, which accounted for 57% of total assets. Total liabilities accounted for 43% of total assets. These ratios changed slightly in comparison with December 2018, when they amounted to 56% and 44% respectively.

The value of liabilities fell by around 6% in the first half of 2019 as a consequence of, among other things, a drop in deferred tax liability and the settlement of a substantial part of trade liabilities.

The following table shows the selected items of the consolidated statement of financial position translated into euro. The figures for 2019 assumed an fx rate published by the National Bank of Poland as at June 28, 2019, i.e. 4.2520. The figures for 2018 assumed an fx rate published by the National Bank of Poland as at December 31, 2018, i.e. 4.30.

		As at:		Change
		30.06.2019	31.12.2018	
		(EUR ths.)	(EUR ths.)	(%)
TOTAL ASSETS		**132 558**	**135 527**	***-2,2%***
Non-current assets, including:		**31 747**	**59 668**	***-46,8%***
	Investment properties	*24 535*	*50 770*	*-51,7%*
	Investments in joint ventures accounted for using the equity method	*7 051*	*8 651*	*-18,5%*
Current assets, including:		**100 811**	**75 859**	***32,9%***
	Assets held for sale	*83 577*	*49 510*	*68,8%*
	Inventory	*676*	*678*	*-0,2%*
	Trade and other receivables	*2 444*	*1 856*	*31,7%*
	Cash and cash equivalents	*14 114*	*23 815*	*-40,7%*
TOTAL EQUITY AND LIABILITIES		**132 558**	**135 527**	***-2,2%***
Equity, including:		**75 744**	**76 018**	***-0,4%***
	Share capital	*620*	*915*	*-32,2%*
	Reserve capital	*232*	*230*	*1,1%*
	Own shares for redemption	*-10 115*	*-37 235*	*-72,8%*
	Fair value of capital element at inception date	*-6 564*	*-6 490*	*1,1%*
	Translation reserve	*-1 308*	*-1 284*	*1,9%*
	Retained earnings	*92 878*	*119 883*	*-22,5%*

Total liabilities, including:		**56 814**	**59 509**	***-4,5%***
	Non-current liabilities	*19 817*	*23 067*	*-14,1%*
	Current liabilities	*36 997*	*36 443*	*1,5%*

The following table shows the structure of liabilities as at June 2019 and December 2018:

	30.06.2019	31.12.2018
Liabilities to total assets	**42,9%**	**43,9%**
Non-current liabilities to total assets	**14,9%**	**17,0%**
Borrowings including finance leases	11,5%	13,3%
Deferred income tax liabilities	2,9%	3,3%
Trade and other payables	0,6%	0,4%
Current liabilities to total assets	**27,9%**	**26,9%**
Borrowings including finance leases	0,8%	0,8%
Trade and other payables	16,4%	17,4%
Payables linked to assets held for sale	10,6%	8,7%

The structure of liabilities also changed in comparison with December 2018. The share of non-current liabilities in total assets went down from 17% as at December 31, 2018 to 14.9% as at June 30, 2019 mainly as a result of reclassification of finance leases related to assets held for sale into short-term liabilities. The share of current liabilities in total assets grew from 26.9% to 27.9%.

4. IMPORTANT EVENTS IN THE REPORTING PERIOD

- **REGISTRATION OF SHARE REDEMPTION, REDUCTION OF SHARE CAPITAL AND CHANGE IN THE STATUTE**

8 February 2019 the Company received the decision of the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register issued on 25 January 2019 on registration by the court of amendments to the Issuer's Articles of Association in connection with the contents of resolutions adopted by the Extraordinary General Meeting of the Company on 14 September 2018, including the following amendments to the Issuer's Articles of Association:

1. Changes in relation to the content of resolution No. 5 of the Extraordinary General Meeting of the Company of September 14, 2018 on decreasing equity of CPD S.A. and amending the Company Statute:

   a. par. 4.1 of the Company Statute was amended as follows:

   „1. The Company's equity shall amount to zł 2,637,113.10 (two million six hundred thirty seven thousand one hundred thirteen zlotys ten groszys) and shall be divided into 26,371,131 (twenty six million three hundred seventy one thousand one hundred thirty one zlotys) stocks of AA series of nominal value zł 0.10 (ten groszys) each."

   - par. 4d of the Company Statute was deleted.

2. Changes in relation to the content of resolution No. 6 of the Extraordinary General Meeting of the Company of September 14, 2018 on amending the Company Statute:

a. par. 10.5 of the Company Statute was amended as follows:

„5. Since acquisition by the Company of the status of a public company, competence of the Supervisory Board shall include granting consent to execution by the Company of any significant agreement with any stockholder holding of at least 5% of total number of votes in the Company or with any affiliate within the meaning of international accounting standards adopted under the regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. No consent shall be required for typical transactions performed on arm's length basis within the framework of operating activity carried on by the Company with entities in the Company's capital group."

- par. 11.2.7) of the Company Statute was amended as follows:

„7) in the event of acquisition by the Company of the status of a listed company and as long as the Company remains listed – preparing and presenting to the Ordinary General Meeting: (i) evaluation of the Company's situation with consideration of the evaluation of the internal inspection system, risk management, compliance and internal audit function; (ii) report on the Supervisory Board's activity; (iii) evaluation of fulfilment of the Company's information requirements concerning application of the corporate governance rules; (iv) evaluation of rationality of the Company's sponsoring and charity policy; (v) examination of and opinion on any issues to become subject matters of resolutions of the General Meeting;"

c. the current content of the par.11.3, par.11.4, par. 11.5 and par. 11.6 of the Company Statute has been deleted, and par. 11.3, 11.4 was amended as follows:

„3. The Supervisory Board shall appoint the Audit Committee if provisions of law impose such an obligation thereon.
4. If stocks of the Company are traded on a regulated market, the Supervisory Board may adopt a resolution on appointment of the Audit Committee even without such a statutory obligation."

d. par. 12.2 of the Company Statute was amended as follows:

„2. The Independent Members shall fulfil the independence criteria provided in: (i) Attachment II to the Recommendation of the European Commission of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board; (ii) the guidelines included in the document „Best Practice of Companies Listed at GPW 2016"; or (iii) other regulations concerning independence criteria required from independent members of supervisory boards of public companies, in force on the day of appointment of the Independent Member."

e. par. 12.3 and 12.4 of the Company Statute are deleted and the existing par. 12.5 of the Company Statute shall be renumbered as par 12.3 of the Company Statute.

The above amendments to the Statute became effective from the date of their registration in the register of entrepreneurs, which took place on January 25, 2019.

The Management Board of the Company informs that in connection with the content of Resolution No. 4 of September 14, 2018, the Extraordinary General Meeting of the Company regarding the redemption own stocks redeemed a total of 12,982,892 (in words: twelve million nine hundred and eighty two thousand eight hundred and ninety two) own shares marked with ISIN code PLCELPD00013 entitling to exercise 12.982.892 votes (in words: twelve million nine hundred and eighty two thousand eight hundred ninety two).

At the same time, due to the change of par. 4. 1 of the Company's Statute, the definition of a series of shares in the Company was changed to simplify their naming in such a way that all shares of the Company received a uniform designation as the "AA" series.

In connection with the above, the Company's share capital amounts to PLN 2,637,113.10 (in words: two million six hundred and thirty seven thousand three hundred twenty zlotys and thirty groszys) and is divided into 26,371,131 (twenty six million three hundred seventy one thousand one hundred and thirty one) stocks of AA series of nominal value zł 0.10 (ten groszy) each, which entitle to 26.371.131 votes.

- **THE WITHDRAWAL OF REDEEMED SHARES IN THE KDPW S.A. (NATIONAL SECURITIES DEPOSITORY S.A.)**

20 February 2019 Management Board of National Securities Depository S.A. adopted Resolution no. 95/2019, as a result of considered application of Company, regarding the withdrawal of 12,982,892 shares of the Company, in connection with redemption of shares.
The redemption of 12,982,892 shares on the basis of Resolution No. 4 and 5 of the Extraordinary General Meeting of 14 September 2018, and amending the Issuer's Articles of Association was registered on 25 January 2019 by District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register Court.

- **RESOLVING THE EXTRAORDINARY GENERAL MEETING ON THE PLANNED BUYS OF OWN SHARES FOR REDEMPTION**

On 28 February 2019, an Extraordinary General Meeting was held which authorized the Management Board of the Company to purchase from the Company's Shareholders a total of no more than 8,700,000 shares of the company for redemption not later than 31 January 2021.

- **INFORMATION ON THE INVITATION TO SUBMIT PROPOSALS FOR THE SALES OF THE CPD S.A. SHARES**

4 March 2019 Management Board of the Company invited the Company's shareholders to submit Share Sale Offers on the terms specified in the Invitation to Place Sale Offers.

The full text of the Invitation to submit Sale Offers has been made public on the website of CPD S.A. (www.cpdsa.pl).

- **INFORMATION ON ACCEPTANCE OF OFFERS TO SELL THE SHARES**

In connection with Invitation to Submit Proposals for Sales of Shares of the Company announced on 4 March 2019, the pursuant to which the Company proposed to acquire up to 3 305 886 shares of ordinary bearer shares ISIN code PLCELPD00013, for the period for receipt of Offers to Sell the Shares held from 11 to 19 March 2019, accepted 51 valid offers amounting to a total of 19 944 601 shares of the Company.

On 20 March 2019, the Company has decided to accept all valid offers of Shares and make them reduction carried out in accordance with the principles set out in the Invitation. Because the Offers amounted to more than the number of shares offered by the Company of 3 305 886 shares, each offer was executed in part – the offer was reduced in accordance with the principles described in the Invitation and Offers to be reduced on average by approximately 83,42%.

Acquisition of Shares by the Company, took place as soon as the settlement ie 22 March 2019.

- **SHARE BUYBACK**

As a result of the buyback transaction dated on 22 March 2019, being a result of announced Invitation to Submit Proposals for Sales of Shares of the Company dated on 4 March 2019, the Company purchased through a brokerage house Pekao Investment Banking S.A. with its registered seat in Warsaw, 3 305 886 own shares.

The shares were acquired pursuant to Resolution No. 3 of the Extraordinary General Meeting of CPD of 28 February 2019 on acquisition of the shares of the Company for the purpose of redemption, pursuant to art. 362 § 1 point 5) Code of Commercial Companies.

The purchase price per share was 13,01 zł.

All the purchased shares are ordinary shares with a nominal value of 0.10 zł each. The purchased own shares of CPD S.A. (number of the 3 305 886 shares) represented 12,54 % of the Company's share capital and represented 3 305 886 votes at the General Meeting of the Company (12,54 % of voting rights at the General Meeting of the Company).

5. FACTORS AND EVENTS OF UNUSUAL NATURE HAVING AN IMPORTANT INFLUENCE ON FINANCIAL STATEMENT

In the reporting period there were no factors or events of unusual nature having an important influence on financial statement

6. ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group did not sold non-current assets:

7. 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.

8. EVENTS AFTER THE DATE OF PREPARATION OF FINANCIAL STATEMENTS

- **CONCLUSION OF THE AGREEMENT FOR THE PERFORMANCE OF CONSTRUCTION WORKS AND THE AMENDED TO THE INVESTMENT AGREEMENT**

On 16 July 2019 subsidiary of CPD SA has signed the contract with the company Unibep S.A. (the Contractor) for construction works in general contracting system at Dyrekcyjna, Quo Vadis and 47KD-D streets in Warsaw (the Contract) within the framework of URSA HOME project (the Investment). The Investment is a joint construction venture consisting in joint realization by the companies from the Company's capital group and members of Unibep capital group (Unibed Group) of the complex of blocks of flats with shops and ancillary infrastructure (the Investor Agreement). Amendment of the investment contract for realization of joint construction ventures was notified by the Company i.a. in the current reports No. 39/2018 and 40/2018.

The principal is URSA PARK Smart City Sp. z o.o. spółka komandytowa with the corporate seat in Warsaw, in which the limited partner is the Issuer's subsidiary Challange Eighteen Sp. z o.o. and the unlimited partner is the Issuer's subsidiary Smart City Sp. z o.o. (the Principal). The subject matter of the contract is realization of the Project 2 within the meaning of the Investment Agreement, i.e. residential estate consisting in construction of 3 blocks of flats with underground garage and land arrangement. The works will be carried out in two stages. The erected blocks of 7 over-ground levels will contain in total 341 flats, 17 shops and 342 parking places.

The 1st stage is expected to start in 3rd quarter of 2019 and to end in 4th quarter of 202. The 2nd stage expected to start in 3rd quarter of 2019 and to end in 1st quarter of 2021.

The fee for completion of the 1 stage amounts to ca. zł 41,3 million net and for completion of the 2nd stage ca. zł 43,50 million net.

The contract provides for a possibility to charge contractual penalties by the Contractor to the Principal for waiver of the contract caused by the Principal's fault at 10% for a given stage. The provision on contractual penalties does not prevent the Contractor from claiming compensation higher than the contractual penalties on common terms.

Other contractual provisions, including security of proper implementation of the Contract and the possibility of waiver, do not differ from typical provisions of such contracts.

The Management Board of CPD also announces the execution on 16 July 2019 of an annex to the Investment Contract (as consolidated to include earlier annexes on 26/10/2018) concerning the joint realization with Unibep group of the Ursa multi-residential investment – Ursa Home Project The annex changes the expected fee of the General Contractor for its construction works in Ursa Home Project and increases the share in profit of CPD's subsidiary for participation in the company that handles the investment.

- **CONCLUSION OF A FINAL SALE AGREEMENT RIGHTS TO PERPETUAL USUFRUCT OF A REAL ESTATE OWNED BY A SUBSIDIARY OF THE ISSUER IMES POLAND SP. Z O.O.**

18 September 2019 the subsidiary company of the Issuer ie. IMES Poland sp. z o.o., with its registered office in Warsaw concluded a final agreement for sale of the right of perpetual usufruct of the real property consisting of plot No. 98/2, 2-09-09 with an area of 6,5203 m2, located in Warsaw, Ursus District, near Gierdziejewski Street to Ronson Development – City 3 sp. z o.o. sp. k..

The Agreement was concluded as the implementation of preliminary and conditional purchase agreements.

- **CHANGES IN THE MANAGEMENT BOARD**

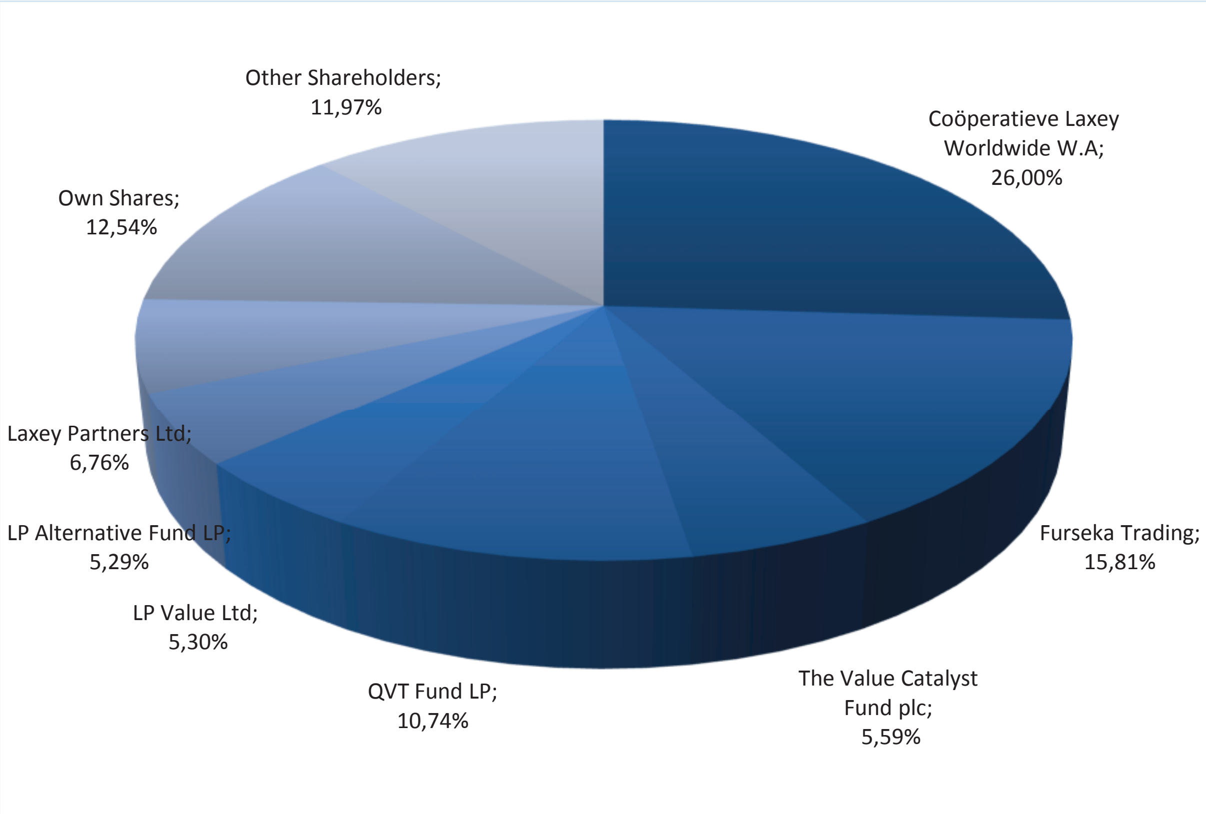
Mrs. Elżbieta Wiczkowska submitted her resignation from the function of the President of the Company's Management Board on 23 of September 2019. The resignation took effect on the day of the meeting of the Supervisory Board of CPD S.A. i.e 23 of September 2019. Furthermore, Mrs Wiczkowska remains in the composition of the Management Board as a Member.

23 September 2019, the Supervisory Board adopted the resolution regarding the appointment Mr. Colin Kingsnorth, member of the Management Board of CPD S.A. to act as the President of the Management Board.

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

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

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



According to the Company's information, shareholders who own, either directly or indirectly through subsidiaries at least 5 % of the total voting power at the General Meeting of Shareholders (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).

Shareholder	Amount of shares	Type of shares	Amount of votes	As % of total numer of shares	As % of total numer of votes
Coöperatieve Laxey Worldwide W.A	6 857 277	Bearer Shares	6 857 277	29.73 %	26.00 %
Furseka Trading	4 169 667	Bearer Shares	4 169 667	18.08 %	15.81 %
The Value Catalyst Fund plc	1 475 434	Bearer Shares	1 475 434	6.40 %	5.59 %

QVT Fund LP	2 831 755	Bearer Shares	2 831 755	12.28 %	10.74 %
LP Value Ltd	1 396 538	Bearer Shares	1 396 538	6.05 %	5.30 %
LP Alternative Fund LP	1 395 508	Bearer Shares	1 395 508	6.05 %	5.29 %
Laxey Partners Ltd	1 782 969	Bearer Shares	1 782 969	7,73 %	6,76 %
Other	3 156 097	Bearer Shares	3 156 097	13.68 %	11.97 %
Own Shares	3 305 886	Bearer Shares	0 %	0 %	12.54 %

* 25 January 2019 Registry Court for the Capital City of Warsaw Of Warsaw in Warsaw, 13th Commercial Division registered the decrease in the share capital of the Company in connection with the redemption of own shares, made on the basis of the resolutions of the EGM of 14 September 2018.

** 22 March 2019 the Company acquired 3,305,886 shares (representing 12.54 % of the Company's share capital) as a result of the sale of the Company's shares.

*** On July 30, 2019, the Company received notifications pursuant to art. 69 of the Act on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies of July 29, 2005 (Journal of Laws No. 184, item 1539, as amended) from The Value Catalyst Fund, Laxey Partners Limited and Laxey Group Limited

Compared to the status presented in the consolidated quarterly report for the first quarter of 2019, published on May 30, 2019, there were no other changes in the ownership structure of significant blocks of the Company's shares.

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

The following description presents the status of the Company's shares held by members of the Management Board performing their functions in the Company's Management Board as at the date of publication of this report, according to information held by the Company:

Name	Function	No. of shares	Nominal value of shares (PLN)	As % of total no. of shares	As % of total no. of votes
Elżbieta Wiczkowska	President	37 060	3706	0,14%*	0,16%*
Iwona Makarewicz	Member	4 734	473	0,02%	0,02%
Colin Kingsnorth	Member	0	0	0	0
John Purcell	Member	0	0	0	0
Total		**41 794**	**4 179**	**0,16%**	**0,18%**

* The total number of shares amounting to 26 371 131 and the total number of votes of 23 065 245 was used for the calculation.

On 26 of March 2019, the Company received a notification from Mrs. Elżbieta Wiczkowska regarding a change in the number of shares held in connection with the purchase of own shares of CPD S.A. ended March 22, 2019. As a result of the transaction, as at the date of publication of this report, the number of shares held is 37 060.

Compared to the state presented in the consolidated quarterly report for the first quarter of 2019, published on 30 of May 2019, there were no changes in the statement of shares held by managing and supervising persons.

12. IMPORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

- On 9 November 2017, the Challange Eighteen company from CPD Group received the result of the tax audit. In the opinion of the tax authorities, the Company did not pay withholding tax due from interest on a loan contracted from EEPF AB (which belonged then to the Group). The amount of arrears includes overdue tax in the amount of PLN 9.113 thousand. PLN, plus interest. In the management's opinion, this claim is unjustified. However, it can not be ruled out that it is necessary to pay this amount in the event of tax proceedings and decisions issued by tax authorities. Based on the risk analysis, the Management Board decided not to recognize a liability in this respect.

- On 6 February 2019, Celtic Investments Limited, with its registered office in Cyprus, belonging to the Group, was instituted tax and customs control. The scope of control covers the reliability of the tax bases declared and the correctness of calculating and paying corporate income tax for 2016 by Blaise Investments sp. o.o., which as a result of a cross-border merger, completed 31 December 2017 was taken over by Celtic Investments Limited. The deadline for completing customs and tax control was set no later than 6 September 2019. The inspection has not been completed and the Company was informed about the new date of its completion and it is 31 December 2019.

13. MAJOR LOAN AGREEMENTS, LOAN GUARANTEES AND GUARANTEES GRANTED

As of 30 June 2019, CPD SA guaranteed to Santander Bank Polska SA payable and due amounts that are required (or may be required) to cover debt service or any other payments due to be paid to Bank Santander by the subsidiary Belise Investments sp. z o.o. based on a payment request up to a maximum of EUR 20,666,000.

On 30 June 2019, the balance of the guaranteed loan was EUR 15.355.000.

The guarantee period ends on the day on which Bank Santander considers that the secured claims have been irrevocably, unconditionally and fully repaid and satisfied, but in any case no later than August 12, 2022.

The remuneration of CPD SA for the guarantee granted is EUR 200,000 per year.

14. THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

At 30 June 2019, the composition of the Management Board of the Company was as follows:

- Mrs. Elżbieta Wiczkowska – President of the Management Board;
- Mrs. Iwona Makarewicz – Member of the Management Board
- Mr. Colin Kingsnorth – Member of the Management Board
- Mr. John Purcell - Member of the Management Board

In comparison to the previous year the composition of the Management Board of CPD S.A. changed as follows:

- On 23 September 2019 Ms. Elzbieta Wiczkowska resigned from the position of the Management Board President;
- On 23 September 2019 Mr. Colin Kingsnorth was selected the President of the Management Board.

At 30 June 2019, the composition of the Supervisory Board of the Company was as follows:

- Mr. Andrew Pegge – President of Supervisory Board
- Mr. Michael Haxbey – Vice President of Supervisory Board
- Mr. Wiesław Oleś – Secretary of Supervisory Board
- Mr. Mirosław Gronicki - Supervisory Board Member
- Ms. Gabriela Gryger - Supervisory Board Member
- Mr. Alfonso Kalinauskas - Supervisory Board Member

At 30 June 2019, the composition of the Audit Committee of the Company was as follows:

- Mr. Alfonso Kalinauskas - Chairman of the Audit Committee
- Mr. Mirosław Gronicki - Member of the Audit Committee
- Mr. Andrew Pegge - Member of the Audit Committee.

15. OTHER IMPORTANT INFORMATION

No other except those mentioned above.

16. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

The most important factors that will influence the results of the next quarters are:

- The situation on the financial markets which may affect the valuation of properties in the portfolio of the Group.
- Start and conducting construction works in the following phase of the project Smart City Ursus;
- Commercialization of the project IRIS;
- The economic trend in the housing market, which the Company operates,
- The state of global financial markets and their impact on the Polish economy and national banking system,
- Availability of mortgages, and in particular their attractiveness to potential customers,
- Timely, compliant with schedules, completion of the following phase of the project Smart City Ursus
- The availability of external financing (loans, bonds) for real estate development entities,
- Changes in the legal and tax regulations that may influence in an uncontrollable manner the market demand for products offered by the Company;

- Maintaining a stable political situation and creating a positive economic climate by the government and local authorities,
- The economic situation affecting the receiving regular income from the rental of offices,
- Selling expenses and general and administrative
- Quarterly revaluation at fair value of the Group's properties and receivables,
- An increase in prices of construction works observed on the development market.

II. MANAGEMENT BOARD STATEMENT

The Management Board of CPD S.A. ("The Company") confirms that to the best of its knowledge condensed interim consolidated financial statements of the Group CPD S.A. ("The Group") and condensed interim financial statements of the Company for the period of 6 months ended 30 June 2019 as well as comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair financial and asset situation of the Group and its financial results and that the half-year report of activities of the Group includes the true situation of the achievements and the situation of the Group including principal threats and risks.

The Management of CPD S.A. confirms that the entity authorized to audit and review financial statements, which has reviewed Group's condensed interim consolidated financial statements and the Company's condensed interim financial statements was selected in accordance with the law, that entity as well as the auditor who has carried out the review fulfilled the conditions required by law to issue an independent and unbiased review report, in accordance with applicable regulations and professional standards.

Warsaw, 27 September 2019

COLIN KINGSNORTH
PRESIDENT OF THE MANAGEMENT BOARD

ELŻBIETA WICZKOWSKA
MEMBER OF THE MANAGEMENT BOARD

IWONA MAKAREWICZ
MEMBER OF THE MANAGEMENT BOARD

JOHN PURCELL
MEMBER OF THE MANAGEMENT BOARD

III. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR H1 FY 2019 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A.

CPD S.A.

Condensed interim consolidated financial statements

for the period of 6 months ended 30 June 2019

and the condensed financial statements of CPD S.A.
for the period of 6 months ended 30 June 2019

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

CPD S.A.

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Note	For the 6 month period ended 30-06-2019	For the 6 month period ended 30-06-2018	For the 3 month period ended 30-06-2019	For the 3 month period ended 30-06-2018
				(not reviewed by an auditor)	
Revenues	13	9 968	12 519	5 093	5 025
Cost of sales, including:	14	(1 366)	(3 794)	(968)	(677)
cost of inventories sold		*(5)*	*(2 513)*	*(5)*	*(7)*
cost of the services sold		*(1 361)*	*(1 281)*	*(963)*	*(670)*
PROFIT ON SALES		**8 602**	**8 725**	**4 125**	**4 348**
Administrative costs property related	15	(5 036)	(3 772)	(2 819)	(2 013)
Administrative expenses-other	16	(3 495)	(3 380)	(1 426)	(1 925)
Selling and marketing expenses		(116)	(197)	(54)	(124)
Net profit (loss) from sale of investment property		0	(9 335)	0	0
Other income	17	2 338	1 987	1 215	1 849
Net profit (loss) from fair value adjustments on investment properties	4	(2 604)	6 801	(3 064)	5 587
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	8	10 911	203	6 195	(101)
Receivables valuation allowances		(193)	(95)	(110)	13
Net profit (loss) from assets held for sale valuation		25 834	0	26 578	0
Result from sales of subsidiaries	18	0	19 478	0	(839)
OPERATING RESULT		**36 241**	**20 415**	**30 640**	**6 795**
Financial income	19	1 448	729	1 019	363
Financial costs	19	(2 126)	(7 165)	(985)	(5 020)
RESULT BEFORE INCOME TAX		**35 563**	**13 979**	**30 674**	**2 138**
Income tax	20	2 671	4 552	3 707	5 588
RESULT OF THE PERIOD		**38 234**	**18 531**	**34 381**	**7 726**
Currency translation adjustment		(40)	(104)	1	(63)
TOTAL COMPREHENSIVE INCOME		**38 194**	**18 427**	**34 382**	**7 663**
Result attributable to:					
Equity holders of the Group		**38 234**	**18 531**	**34 381**	**7 726**
Minority interest		0	0	0	0
TOTAL COMPREHENSIVE INCOME					
Equity holders of the Group, including:		**38 194**	**18 427**	**34 382**	**7 663**
- continued operations		38 194	18 427	34 382	7 663
BASIC EARNINGS PER SHARE (PLN)	24	1,56	0,47	1,49	0,20
DILUTED EARNINGS PER SHARE (PLN)	24	1,56	0,47	1,49	0,20

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczkowska
Board Member

Iwona Makarewicz
Board Member

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

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	30-06-2019	31-12-2018
ASSETS			
Non-current assets			
Investment properties	4	104 321	218 311
Property, plant and equipment		427	512
Investments in joint ventures accounted for using the equity method	8	29 982	37 201
Long-term receivables	5	257	550
		134 987	**256 574**
Current assets			
Inventories	6	2 876	2 915
Trade receivables and other receivables	5	10 393	7 981
- receivables and loans		*5 334*	*4 915*
- prepayments		*5 059*	*3 066*
Cash and cash equivalents	7	60 012	102 405
Current assets excluding assets held for sales		**73 281**	**113 301**
Assets held for sale	28	355 369	212 893
Current assets		**428 650**	**326 194**
Total assets		**563 637**	**582 768**

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position - cont.

	Note	30-06-2019	31-12-2018
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	2 637	3 935
Own shares for redemption	9	(43 010)	(160 110)
Other reserves		987	987
Embedded value at inception date		(27 909)	(27 909)
Translation reserve		(5 560)	(5 520)
Retained earnings		394 918	515 496
Total equity		**322 063**	**326 879**
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	3 182	2 305
Borrowings, including financial leasing	11	64 624	77 489
Deferred tax liabilities	12	16 455	19 392
Non-current liabilities		**84 261**	**99 186**
Current liabilities			
Trade payables and other liabilities	10	92 675	101 244
Borrowings, including financial leasing	11	4 653	4 893
Current liabilities excluding liabilities held for sale		**97 328**	**106 137**
Liabilities related to assets held for sale	28	59 985	50 566
Current liabilities		**157 313**	**156 703**
Total liabilities		**241 574**	**255 889**
Total Equity and liabilities		**563 637**	**582 768**

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczkowska
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Share capital	Own shares for redemption	Embedded element at inception date	Translation reserve	Reserve capital	Retained earnings	Total equity
Balance as at 01-01-2018	**3 935**	**(17 199)**	**(27 909)**	**(5 458)**	**987**	**517 363**	**471 719**
Transactions with owners							
Shares acquisition for redemption	0	(142 911)	0	0	0	0	(142 911)
	0	(142 911)	0	0	0	0	(142 911)
Comprehensive income							
Currency translation adjustment	0	0	0	(104)	0	0	(104)
Result of the period	0	0	0	0	0	18 531	18 531
	0	0	0	(104)	0	18 531	18 427
Balance as at 30-06-2018	**3 935**	**(160 110)**	**(27 909)**	**(5 562)**	**987**	**535 894**	**347 235**
Balance as at 01-01-2019	**3 935**	**(160 110)**	**(27 909)**	**(5 520)**	**987**	**515 496**	**326 879**
Transactions with owners							
Share capital reduction	(1 298)	160 110	0	0	0	(158 812)	0
Shares acquisition for redemption	0	(43 010)	0	0	0	0	(43 010)
	(1 298)	117 100	0	0	0	(158 812)	(43 010)
Comprehensive income							
Currency translation adjustment	0	0	0	(40)	0	0	(40)
Result of the period	0	0	0	0	0	38 234	38 234
	0	0	0	(40)	0	38 234	38 194
Balance as at 30-06-2019	**2 637**	**(43 010)**	**(27 909)**	**(5 560)**	**987**	**394 918**	**322 063**

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

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczkowska
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of cash flows

	Note	For the 6 month period ended 30-06-2019	30-06-2018
Cash flow from operating activities			
Cash generated from operations	21	(8 996)	(37 843)
Interest paid		(1 106)	(1 132)
Net cash from operating activities		**(10 102)**	**(38 975)**
Cash flows from investing activities			
Capital expenditure on investments property		(1 564)	(293)
Capital expenditure on assets held for sale		(3 683)	0
Purchase of property, plant and equipment		(51)	(6)
Proceeds from the sale of investment property		0	7 000
Loan repayments received		319	0
Proceeds from the sale of subsidiaries		0	92 000
Interest received		248	726
Reduction of joint venture contributions		18 129	3 000
Net cash from investing activities		**13 398**	**102 427**
Cash flows from financing activities			
Own shares acquisition		(43 010)	(142 911)
Repayment of borrowings		(2 679)	(2 591)
Net cash from financing activities		**(45 689)**	**(145 502)**
Net (decrease)/increase in cash and cash equivalents		**(42 393)**	**(82 050)**
Cash and cash equivalents at beginning of the year		**102 405**	**143 303**
Cash and cash equivalents at the end of the period		**60 012**	**61 253**

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczkowska
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

1 General information

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

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.

On May 29, 2014 the Extraordinary General Shareholder's Meeting adopted a resolution changing the Company's name from Celtic Property Developments S.A.. to CPD S.A. The change of name was registered in the National Court Register on September 17, 2014.

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

Information about the Capital Group

As at balance sheet date CPD Group comprised CPD S.A. as a parent entity, 27 subsidiaries and 2 under common control.

2 The accounting principles

The accounting principles in these interim consolidated financial statements are consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2018, except for the application of the following new or revised standards and interpretations applicable for annual periods beginning on or after 1 January 2019.

The interim consolidated financial statements as at 30 June 2019 has been prepared under going concern assumption in the foreseeable future.

2.1 Basis of preparation

These interim condensed consolidated financial statements of the CPD group were prepared in accordance with international accounting standard approved by the EU-IAS 34 Interim financial reporting and in accordance with all applicable the application of IFRS adopted by the European Union.

The following new standards, interpretations and amendments which came into force in 2019 and description of the impact of applying the amendments:

IFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019.

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use as asset at the start of the lease and, if lease payments are made over time, also obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IRFS 16 estimated the classification of leases as either operating leases or finance leases as is required: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating or finance leases, and to account for two types of leases differently.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

2.1 Basis of preparation - cont.

The effect of IFRS 16 on the Group's consolidated financial statements:

The Management Board of CPD S.A. has conducted the analysis evaluating the impact of the introduction of the IFRS 16 at the accounting rules (policy) applied by the Group with regards to the operations of the Group and its financial results. As a result it has been determined that the Group is primarily a leesee of the perpetual usufruct right of land held by the Group.

For the above mentioned rights the Group as lessee recognised and recognize a right-of-use asset at an amount equal to the lease liabilities. Lease liabilities will be measured at the present value of future unavoidable lease payments, discounted at the incremental borrowing rate of the Group.

The Management Board analised the lease agreements and identified one lease contract for office space falling within the scope of the new standard, to which CPD S.A. is a party, so far classified as operating leasing. The Board of Directors of CPD S. A. has analysed the contract and concluded that, in the absence of an unrevocable term of leasing, the application of IFRS 16 will not affect the accounting of the leasing contract.

Implementation of IFRS 16 does not significantly affect the financial data of the Group.

New standards and interpretations that have been published, and, have not yet entered into force

The following standards, amendments to existing standards and interpretations have not been adopted by the European Union or are not applicable on 1 January 2019 year:

Amendments to IAS 28 Investments in Associates and Joint Ventures – the measurement of long-term investments being a part of amendments resulting from the review of IFRS 2014-2016 (issued on 8 December 2016) – not approved by the UE as at the date of approval of these financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments - effective for annual periods beginning on or after 1 January 2019.

Amendments to IFRS 9: prepayment features with negative compensation - published on 12 October 2017, effective for annual periods beginning on or after 1 January 2019.

Amendments to IAS 28 Investments in Associates and Joint Ventures - published on 12 October 2017 and are effective for annual periods beginning on or after 1 January 2019.

Amendments to IAS 19 Employee Benefits – amendments to defined benefit plans (issued on 7 February 2018) – not approved by the EU as at the date of approval of these financial statements,

Amendments to IFRS 3 Business Combinations – the measurement of interests in a joint venture at the time of control acquisition, as part of amendments resulting from the review of IFRS 2015-2017 – not approved by the EU as at the date of approval of these financial statements,

Amendments to IFRS 11 Joint Arrangements – no measurement in a joint venture at the time of joint control acquisition, as part of amendments resulting from the review of IFRS 2015-2017 – not approved by the EU as at the date of approval of these financial statements.

Amendments to IFRS 12 Income Taxes – accounting for tax consequences of dividend payment, as part of amendments resulting from the review of IFRS 2015-2017 – not approved by the EU as at the date of approval of these financial statements,

Amendments to IAS 23 Borrowing Costs – qualification of obligations assumed directly to acquire a qualifying asset in the situation when efforts necessary to get the asset ready for its intended use or sale are completed, as part of amendments resulting from the review of IFRS 2015-2017 – not approved by the EU as at the date of approval of these financial statements,

Amendments to IFRS 3 Business Combinations – the definition of a business – not approved by the EU as at the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2020,

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

2.1 Basis of preparation - cont.

IFRS 17 Insurance Contracts, issued by the International Accounting Standards Board on 18 May 2017, is effective for annual periods beginning on or after 1 January 2021.

The Group intends to adopt the above new IFRS published by the International Accounting Standards Board, but not applicable as at the date of publication of these financial statements, according to their respective effective dates.

The Management Board is verifying effect of the above standards on the Group's financial position, operating results or the scope of information presented in the financial statements and no significant changes are expected.

2.2 Changes in Group structure

There were no changes in the structure of the Group during the period covered by these condensed interim financial statements.

3 Significant changes in accounting estimates

While preparing these condensed consolidated financial statements the Board has made an assessment of the significant estimates and judgments, which have an impact on the accounting principles applied and the amounts recognised in the financial statements for a period of 6 months ended 30 June 2019.

Major estimates and judgments are based on past experience and other factors including anticipation of future events that seem reasonable in a given case. Accounting estimates and judgments are assessed on a regular basis.

The Management Board makes estimates and adopts assumptions concerning the future. Accounting estimates so obtained will seldom match actual results by their very nature. Estimates and assumptions involving significant risk of a major adjustment of the carrying value of assets and liabilities during the following financial year being required are discussed below.

Major estimates and judgments adopted for the purpose of preparation of these condensed consolidated interim financial statements are consistent with the those applied in the annual consolidated financial statements for the period ended 31 December 2018.

Determination of the fair value of investment properties

The fair value of investment class real properties recognized in the balance sheet is calculated based on pricing established annually by Savills Sp. z o.o. - third party experts - as per Professional Standards of the Royal Institution of Chartered Surveyors' (RICS) published in July 2017 (the Red Book). Pricing fees are not related to the value of the real properties or the outcome of pricing. Bearing in mind the market environment as at the balance sheet date, the Management Board reviewed and approved experts' assumptions underlying the pricing approaches applied.

Non-developed land and land developed with tenement houses were valued using the comparative method (comparison in pairs). The comparative method consists in finding out the value of a real property assuming that such value is equal to prices obtained for similar properties traded in the market. The value of real properties is adjusted according to their differentiating features and stated taking into account volatility of prices in time. The comparative method is used, if prices of real properties similar to the property valued are known. Price per square meter is the variable of the most significant impact on the valuation result.

The land to be developed with houses and shops was valued based on the following assumptions:
- the useful area of apartments to be built amounts to 454,147 sq.m.;
- the useful area of shops to be built on ground floors of the houses amounts to 41,428 sq.m.;
- the useful area of offices to be built amounts to 39,758 sq.m.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

3 Significant changes in accounting estimates - cont.

The income approach (investment method) was applied to properties generating income. The income approach defines the value of a real property based on the assumption that the buyer will pay the price depending on the anticipated income to be earned on the same real property provided that such price will not exceed that of another property featuring the same profitability and risk that it could buy.

Assuming rental or lease market rates can be defined market value of the real property generating rent income is determined based on direct capitalization, as the quotient of a stable yearly income flow obtainable from the real property valued and the capitalization rate.

Net future operating income were estimated separately for each investment class property based on rental agreements existing as at the balance sheet date, contracted income and the expected cost of operation of the properties. Useful areas underlying the calculations are based on construction documents in force. As most rentals concluded by the Group are expressed in EUR, the investment class properties were valued in EUR and values were then translated into PLN using the NBP average rate as at the balance sheet date.

Capitalization rates were estimated by third party experts separately for each major investment class property taking into account situation and type of the property. The capitalization rates are determined at least annually by third party property experts and the net operating income is based on rentals in force.

Capitalization rates from the range 7.75%-9% were used for the purposes of the valuation assumed in the financial statements as at 30 June 2019.

In the first half of 2019, the Group recorded loss on the revaluation of investment properties to their fair values, which amounted to PLN 2.604 thousand, resulting mainly from the fluctuation of the rates of exchange.

During the period, the methods of valuation of investment properties did not change.
During the period, there were no changes in the levels of valuation of investment properties.

Accounting treatment of joint ventures

On 10 September 2014, an investment agreement was signed by CPD S.A. and its subsidiaries (Smart City Spółka z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd), of the one part, and entities not associated with the Group, i.e. Unidevelopment S.A. and Unibep S.A., of the other part. The agreement stipulates a joint venture consisting in the construction of a complex of multiple residential units with services and related infrastructure at a property belonging to Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.

At the same time, the parties stipulated in the investment agreement that a part of lands (and all related costs and income) belonging to Smart City would be 100% controlled by CPD Group. These plots, according to the local spatial development plan, are destinated for the construction of public roads and for educational purposes.

Joint control over Smart City was established on 9 March 2015, when Unidevelopment S.A. – in compliance with the provisions of the investment agreement – entered the limited partnership Smart City Spółka z ograniczoną odpowiedzialnością sp.k. as the limited partner.

On 22 February 2017 next investment agreement was signed by CPD S.A. and its subsidiaries (Challange Eighteen Sp. z o.o., 4/113 Gaston Investments z ograniczoną odpowiedzialnością Sp.k., Lakia Enterprises Ltd), of the one part, and entities not associated with the Group, i.e. Unidevelopment S.A. and Unibep S.A., of the other part. The agreement stipulates a joint venture created for construction of a complex of multiple residential units with services and related infrastructure at a property belonging to 4/113 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k.

The investment agreement stipulated that the joint venture will be realised on a part of land owned by 4/113 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k. while other plots belonging to the subsidiary (and all related costs and income) would be 100% controlled by CPD Group.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

3 Significant changes in accounting estimates - cont.

Following the stipulations of the investment agreement Unidevelopment SA became a limited partner in 4/113 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k. on 2 August 2017, thus turning the subsidiary into joint venture. At the same time Gaston Investments transferred all general partner rights and obligations to Smart City Sp. z o.o., resulting in change in the name of the company into Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp. k.

On 26 October 2018 the investment agreement was amended.

According to the amended the parties agreed joint construction on a property owned by URSA Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k. Complex of multiple residential units with services and related infrastructure called URSA Home of estimated 21 thousand meters of usable area (PUM\PUU) will be constructed on the part of the land of 1,36 ha excluded so far from the investment agreement.

Moreover future realisation of another two complexes, two stages each was included in the investment agreement. The usable area of both complexes is estimated to total to 40 thousand meters.

In order to account for the above-mentioned transaction in these financial statements, the Management Board of the Company – in conformity with the provisions of IFRS 10 – decided to adopt the following approach regarding the investment in Smart City and Ursa Park:

- assets and liabilities under the investment agreement were recognized as the joint venture and were valued in the consolidated financial statements according to the equity method and the joint venture partners have equal 50% share in profits, assets and liabilities,

- land excluded by the investment agreement from the joint ventures as well as related assets and liabilities were included in the joint ventures accounted for based on the equity method, with CPD group entitled to 100% of profits, assets and liabilities related to these plots, while Unidevelopment Group has no respective rights.

Further details of the valuation of the joint ventures were presented in Note 8.

Determination of fair value of derivatives

In February 2016 Belise Investments Sp. z o.o., the Group subsidiary, concluded interest rate swap (IRS) contract. The value of the contract corresponds to 80% of the BZ WBK borrowings. The contract is settled in monthly periods based on EURIBOR 1M.
IRS transaction is valued by bank BZ WBK in fair value. The result of the valuation is recognised as financial costs and revenues, in the statement of comprehensive income.

Balance sheet valuation of shares in subsidiaries and loans granted to subsidiaries (concerns the individual financial statements)

As at the balance sheet date, the Company analysed the impairment indicators regarding shares in subsidiaries by comparing the book value of shares and their recoverable amount. The recoverable amount is established by the higher of the two amounts: the fair value of assets less the costs of sale or the value in use. In the Company's opinion the value in use is similar to the fair value as at the balance sheet date. In consequence, the analysis of impairment of shares' value was based on the fair value.

In case of investment in Challange Eighteen Sp. z o.o., IMES Poland Sp. z o.o. and Lakia Enterprises Ltd, their fair value was estimated based on net assets of these companies, constituting an approximate value of future cash flows available for shareholders related to the shares held by them. The value of these cash flows was estimated, among others, based on either book value (not lower than fair value) or based on fair value of properties owned by subsidiaries.

With respect to shares in Celtic Investments Ltd, the operating activity of which was suspended as at the balance sheet date and which did not have any significant assets, the fair value of these assets was estimated based on the net assets of this company.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

3 Significant changes in accounting estimates - cont.

Based on the analysis performed no impairment indicators where identified with respect to shares in Challange Eighteen Sp. z o.o. and IMES Poland Sp. z o.o. With respect to shares in Lakia Enterprises Ltd and Celtic Investments Ltd which are written down in full no indicators of impairment reversal were observed.

At the same time, as at the balance sheet date, the Company analysed the possibility of recovering receivables from loans granted to its subsidiaries. The Company impairs the value of loans granted to its subsidiaries if the value of their net assets was negative as at 30 June 2019. In the Company's opinion, due to the negative value of net assets of these subsidiaries, there is a substantial risk that these companies will not be able to repay the loans in full.

Tax settlements/deferred tax and activation of tax losses

In connection with the fact that the companies subject to consolidation reside in various fiscal jurisdictions, which complicates transactions between them and results in ambiguities in the interpretation of the provisions of law, tax settlements, including the determination of the right or obligation to include as well as the way of including separate transactions in the tax bill of individual Group entities, could require extremely thorough consideration. In complicated cases, the decision of the Management Board is based on opinions of specialised tax advisers.

Income tax for interim periods is calculated using the tax rate reflecting the total foreseeable annual profit or loss. The difference between the income tax expenses and the tax rate of 19% results primarily from unrecognized deferred income tax assets due to tax losses and the surplus of positive temporary differences over negative temporary differences in the subsidiaries in which recognizing deferred income tax assets for the full financial year is not planned. As at each balance sheet date, the Management Board analyses the possibility of recovering tax losses based on business plans of individual companies forming part of the Group and tax forecasts for these entities, and based on this, decisions on activating or not tax losses for previous years are made.

3.1 Managing financial risk

Financial risk factors

CPD Group is exposed to the following financial risks in connection with its business activity: market risk (including the risk of changes in exchange rates, risk of the change of goodwill or cash flows in consequence of a change of interest rates), credit risk and liquidity risk.

Risk of changes in interest rates

The Group's exposure to the risk caused by changes in interest rates relates primarily to the fact that the cash flows are subject to change as a result of changes in market interest rates. The Group partly finances its operations and investment of foreign capital with interest-bearing variable rate. In connection with the current debt level, the Group is exposed to the risk of changes in interest rates in terms of the obligations arising from the issue of debt securities and credit on the nature of the supported products.

Within the Group, only Belise Investments hedges the risk of fluctuations in cash flows resulting from variable interest rate (EURIBOR) debt by IRS transaction.

Other financial risks CPD Group have been presented in the consolidated financial statements for the year ended 31 December 2018.

Liquidity risk

In the first half of 2019 there were no significant changes to the level of liquidity risk. The details of the current borrowings were presented the consolidated financial statements for the year ended 31 December 2018.

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

4 Investment properties

	01-01-2019 30-06-2019	01-01-2018 31-12-2018
At the beginning of the reporting period	**218 311**	**471 715**
Capital expenditure	1 564	4 019
Disposal of investment property	0	(3 227)
Investment properties in disposed subsidiaries	0	(10 000)
Transfer of road plots to City of Warsaw	0	(11 400)
Capitalised financial liabilities in disposed investment properties	0	(4 781)
Transfer of capitalised financial liabilities to assets held for sale	(10 735)	(13 444)
Change of capitalised financial liabilities	(6)	(716)
Transfer to inventories	(442)	0
Transfer of investment property to assets held for sale	(101 767)	(199 449)
Net profit (loss) from fair value adjustments on investment properties	(2 604)	(14 406)
At the end of the reporting period	**104 321**	**218 311**

The lower balance of investment properties as at June 30, 2019 is mainly a result of from transfer of the following Ursus plots 150/3, 161/2, 120/6, 120/13, 120/7, 120/8, 120/12, 160, 97, 140, 132/2, 134, 147, 155/2, 158/2 to asssets held for sale.

Direct operating costs for investment properties:	For the 6 month period ended 30-06-2019	 30-06-2018
- generating rent income	2 280	2 325
- other	429	152
	2 709	**2 477**

5 Trade receivables and other receivables

	30-06-2019	31-12-2018
Trade receivables	1 361	1 258
Receivables from the state	3 778	3 136
Receivables from related parties	141	521
Prepaid expenses	5 059	3 066
Other receivables	54	0
Short-term receivables	**10 393**	**7 981**
Long-term receivables	257	550
Total receivables	**10 650**	**8 531**

Prepaid expenses relate mainly to settlement of annual costs of property tax and perpetual land usufruct.

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

6 Inventories

	30-06-2019	31-12-2018
At the beginning of the reporting period	**2 915**	**5 421**
Disposal	0	(2 451)
Change in impairment	0	(24)
Exchange differences	(39)	(31)
At the end of the reporting period	**2 876**	**2 915**

7 Cash and cash equivalents

	30-06-2019	31-12-2018
Cash at bank and on hand	33 053	39 746
Restricted cash	3 580	3 400
Short-term bank deposits	23 379	59 259
	60 012	**102 405**

Restricted cash relates to the funds transferred as a result of the implementation of the credit agreement with mBank Hipoteczny, VAT accounts within split payment mechanism as well as cash blocked on the accounts owned by the subsidiaries participating in cross-border merger.

Cash and cash equivalents for the purposes of the cash flow statement include cash in hand and on the bank accounts as well as short-term bank deposits.

8 Joint ventures

The below table summarizes the carrying amounts of the Group major investments in joint ventures:

		30-06-2019	31-12-2018
a)	Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	1 327	1 620
b)	Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	28 655	35 581
		29 982	**37 201**

a) <u>Smart City Spółka z ograniczoną odpowiedzialnością sp.k.</u>

	30-06-2019	31-12-2018
Opening balance as at 1 January	**1 620**	**16 486**
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	604	(13 057)
Group's share in reduction of joint venture contributions	0	(3 700)
Group's share in joint venture contributions	0	1 890
Group's share in profit distributions	(900)	0
Other adjustments	3	1
Closing balance	**1 327**	**1 620**

b) <u>Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.</u>

Opening balance as at 1 January	**35 581**	**46 586**
Group's share of the net profit or loss of the joint ventures presented in theses interim consolidated financial statements	4 290	9 212
Group's share in joint venture contributions	2 000	1 250
Group's share in reduction of joint venture contributions	(6 014)	(9 707)
Group's share in declared joint venture contributions	0	10 375
Group's share in profit distributions	(7 201)	(6 255)
Change in Group's property rights to the joint venture	0	(15 880)
Other adjustments	(1)	0
Closing balance	**28 655**	**35 581**

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

8 Joint ventures - cont.

Condensed financial information of individually material joint ventures of the Group is presented in the below table:

a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

Financial information from statement of financial position	30-06-2019	31-12-2018
Total non-current assets, including:	**10**	**18**
Fixed assets	10	18
Total current assets, including:	**2 754**	**4 658**
Inventory	1 617	3 412
Trade receivables and other receivables	371	430
Cash and cash equivalents	766	816
Total assets	**2 764**	**4 676**
Total current liabilities, including:	**110**	**1 432**
Trade payables and other liabilities	110	1 432
Net assets	**2 654**	**3 244**
% held by the Group	***50%***	***50%***
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	**1 327**	**1 622**

Financial information from statement of comprehensive income	30-06-2019	31-12-2018
Revenue	2 525	7 399
Interest cost	0	(1)
Result from continued operations	1 208	1 529

b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.

	30-06-2019	31-12-2018
Total non-current assets, including	**18 700**	**18 758**
Intangible assets	0	58
Investment property	18 700	18 700
Total current assets, including:	**88 397**	**101 879**
Inventory	47 285	56 057
Trade receivables and other receivables	29 756	26 746
Cash and cash equivalents	11 356	19 076
Total assets	**107 097**	**120 637**
Total current liabilities, including:	**49 787**	**49 476**
Trade payables and other liabilities	49 787	49 476
Total liabilities	**49 787**	**49 476**
Net assets	**57 310**	**71 161**
% held by the Group	***50%***	***50%***
Carrying amount of investment in joint venture presented in the consolidated financial statements	**28 655**	**35 581**

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

8 Joint ventures - cont.

Financial information from statement of comprehensive income	30-06-2019	31-12-2018
Revenue	32 157	217
Result from continued operations	8 580	(1 263)

9 Share capital

	Number of shares (in thousands)		Value of shares	
	30-06-2019	**31-12-2018**	**30-06-2019**	**31-12-2018**
Ordinary shares series B	0	32 336	0	3 233
Ordinary shares series C	0	163	0	16
Ordinary shares series D	0	76	0	8
Ordinary shares series E	0	89	0	9
Ordinary shares series F	0	199	0	20
Ordinary shares series G	0	6 491	0	649
Ordinary shares series AA	26 371	0	2 637	0
Total	**26 371**	**39 354**	**2 637**	**3 935**

As of the date of these condensed consolidated financial statements share capital amounts to PLN 2.637 thousand. There have been no changes in share capital from the balance sheet date until the date of these consolidated financial statements. The shares issued are not priviledged. Each of the issued shares has a nominal value of PLN 0,10 and has been fully paid.

On 25 January 2019 the National Court Register registered reduction of the share capital and amendement of CPD SA statute, resulting from Extraordinary Shareholders' Meeting resolutions of 14 September 2018. Since 25 January 2019 the share capital of CPD amounts to PLN 2.637.113,10 and splits into 26.371.131 ordinary shares of series AA.

On 28 February 2019 General Shareholders' Meeting entitled CPD SA Management Board to acquire 8.700.000 own shares for redemption until 31 January 2021.

On 22 March CPD SA bought 3.305.886 own shares. The stake consists of ordinary shares of PLN 0,10 each. The shares represent 12,54% of CPD SA share capital and entitle to 12,54% of votes on the General Shareholders' Meeting. However basedon the relevant regulations the Company is prevented from executing voting rights from own shares.

10 Trade payables and other liabilities

Non-current liabilities

	30-06-2019	31-12-2018
Tenant deposits	3 182	2 305

Current liabilities

	30-06-2019	31-12-2018
Trade payables	1 245	6 624
Payables to related parties	119	0
Output VAT and other tax payables	9 525	9 157
Tenant deposits	(509)	334
Other liabilities	250	571
Received prepayments	77 168	76 819
Accrued expense	4 877	7 739
	92 675	**101 244**

Accrued expenses relate mainly to provisions for potential tax risks and has decreased as compared to the end of 2018 due to expiry or realisation of part of the risks.

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

10 Trade payables and other liabilities - cont.

Received prepayments result from the preliminary agreements to sell plot owned by 2/124 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k., 3/93 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k., 5/92 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k., 6/150 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k., 7/120 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k., 18 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k., 19/97 Gaston Investments Spółka z ograniczoną odpowiedzialnością Sp.k., 20/140 Gaston Investments Spółka z ograniczoną odpowiedzialnością sp.k., and IMES Polska Sp. z o.o. as well as received deferred revenues from services auxiliary to sales of investment properties.

11 Borrowings, including financial leasing

	30-06-2019	31-12-2018
Non-current		
Bank loans	60 909	63 115
IRS derivative	367	283
Financial leasing	3 348	14 091
	64 624	**77 489**

	30-06-2019	31-12-2018
Current		
Bank loans	4 305	4 581
IRS derivative	348	312
	4 653	**4 893**
Total borrowings	**69 277**	**82 382**

As of 30 June 2019 bank credits consist of the payable of PLN 65 214 thousand to Santander Bank Polska SA (PLN 60 909 thousand being long-term and PLN 4 305 thousand as short-term).

On August 12, 2011 the subsidiary Belise Investments Sp. o.o. entered into with a bank loan agreement with Santander Bank Polska SA to finance or refinance part of the cost of finishing the surface of the office building IRIS. According to the annex to the credit agreement signed in May 2015 deadline for full repayment of the Loan, together with interest and other costs, follows on the date of May 31, 2021.

The loan is secured by mortgage on the property owned by Belise Investments Sp. o.o., registered pledge on the shares of the company, guarantee by Lakia Enterprises and CPD SA s well as security deposits.

In February 2016 Belise Investments entered into a swap transaction rate (IRS), in order to hedge the streams of interest payments, for an amount corresponding to 80% of the loan.

The value of hedging derivative (IRS) as at the balance sheet date was estimated at PLN 715 thousand.

On 18 June 2014 the subsidiaries Lakia Investments and Robin Investments entered into loan agreements with mBank Hipoteczny. The above mentioned loan was granted to refinance a loan with HSBC Bank Poland from 2006, which was used to finance the office investments located in Cybernetics 7b and Połczyńska 31a. Mortgage credit in the mBank was launched on 1 July 2014. As at balance sheet date Lakia's involvement amounted to EUR 4 806 thousand, and Robin's - EUR 3 702 thousand. According to the terms and conditions of the loan agreement with mBank Hipoteczny, the companies are obliged to repay the entire loan until June 20, 2029.

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

11 Borrowings, including financial leasing - cont.

The loan was granted on market terms is secured by mortgage on the properties owned by Robin Investments Sp. o.o. and Lakia Investments Sp. o.o. and registered pledge on the shares of these companies, guarantee by Lakia Enterprises and security deposits.

During 2017 Lakia Investments reported noncompliance with one of credit facility covenants, which entitles the bank to request repayment of the whole loan amount. Until the moment of preparation of these interim condensed consolidated financial statements the bank has not issued such a request. As a result the whole amount of Lakia Investments and Robin Investments loans have been presented as short term liability.These loans are being serviced in full on a timely basis.

As at both 30 June 2019 and 31 December 2018 both Lakia Investments and Robin Investments loans were presented as liabilities of the group held for sale, following transfer of both companies' investment properties to assets held for sale. The payable to mBank Hipoteczny amounted to PLN 35 798 thousand as at 30 June 2019.

The bank loans bear floating interest at the following rates:
- Santander Bank Polska SA EURIBOR 1M + 2,15% margin
- mBanku Hipoteczny SA EURIBOR 6M + 2,80% margin.

12 Deferred income taxes

	30-06-2019	31-12-2018
Deferred tax assets before offset	**9 219**	**9 022**
Offset against deferred tax liability	(9 219)	(9 022)
Deferred tax assets	**0**	**0**
Deferred income tax liabilities before offset	**25 674**	**28 414**
Offset against deferred tax asset	(9 219)	(9 022)
Deferred income tax liabilities after offset	**16 455**	**19 392**

13 Revenue by nature

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
Rent income	6 027	6 220	2 349	2 999
Sales of inventories	0	2 501	0	0
Real estate advisory services	648	396	429	217
Rent related services	3 293	3 390	2 315	1 806
Accounting services	0	12	0	3
	9 968	**12 519**	**5 093**	**5 025**

Rent revenues are earned by office properties in Warsaw: Aquarius (Połczynska St.), Solar and Iris (both Cybernetyki St.).

14 Cost of sales, including:

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
Cost of inventories sold	5	2 513	5	0
The cost of services rendered	1 361	1 281	963	670
	1 366	**3 794**	**968**	**670**

The costs of the services consisted mainly of costs of services related to the maintenance of leased office buildings and other services re-invoiced to tenants.

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

15 Administrative costs property related

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	**30-06-2018**	**30-06-2019**	**30-06-2018**
Personnel costs	718	780	397	402
Property maintenance	2 310	2 348	1 058	1 127
Property taxes	672	449	335	366
Perpetual usufruct	1 200	77	941	60
Depreciation of fixed assets and intangible assets	136	118	88	58
	5 036	**3 772**	**2 819**	**2 013**

16 Administrative expenses-other

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	**30-06-2018**	**30-06-2019**	**30-06-2018**
Consultancy services	1 687	2 104	739	1 359
Legal services	346	444	186	107
Audit fees	48	116	42	109
Transportation	73	5	65	3
Taxes	47	110	17	7
Office maintenance	368	373	230	238
Other services	173	112	75	51
Non deductible VAT	108	116	72	51
Liquidation of investment property and assets held for sale elements	645	0	0	0
	3 495	**3 380**	**1 426**	**1 925**

17 Other income

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	**30-06-2018**	**30-06-2019**	**30-06-2018**
Provision released	2 230	1 829	1 127	1 829
Other	108	158	88	20
	2 338	**1 987**	**1 215**	**1 849**

18 Result from sales of subsidiaries

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	**30-06-2018**	**30-06-2019**	**30-06-2018**
Revenues from subsidiary disposal	0	92 000	0	0
Cost of subsidiary disposed	0	(72 522)	0	(839)
Result on sales of subsidiary	**0**	**19 478**	**0**	**(839)**

The following subsidiaries have been sold in 2018: 8/126 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k., 9/151 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k., 10/165 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k., 15/167 Gaston Investments spółka z ograniczoną odpowiedzialnością sp.k. and Bolzanus Ltd.

None of the disposed subsidiaries qualifies as discontinued operations.

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

19 Financial income and expenses

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	**30-06-2018**	**30-06-2019**	**30-06-2018**
Interest expense:				
- Bank loans	(1 146)	(1 132)	(594)	(573)
- Interest from financial leases	(528)	(1 149)	(264)	(530)
- Other interest	(452)	(161)	(218)	(160)
- Interest on loans from related parties	0	(16)	0	(16)
- Other	0	(53)	7	(25)
Revaluation of derivatives (IRS)	0	(119)	21	(104)
Valuation of amortized cost	0	(53)	29	(24)
Net exchange differences	0	(4 482)	34	(3 588)
Financial costs	**(2 126)**	**(7 165)**	**(985)**	**(5 020)**
Interest income:				
- Bank interest	248	729	115	363
Other financial income	68	0	(228)	0
Net exchange differences	986	0	986	0
Valuation of amortized cost	146	0	146	0
Financial income	**1 448**	**729**	**1 019**	**363**

20 Income tax

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	**30-06-2018**	**30-06-2019**	**30-06-2018**
Tax on current year income	266	169	266	169
Deferred taxes	(2 937)	(4 721)	(3 973)	(5 757)
	(2 671)	**(4 552)**	**(3 707)**	**(5 588)**

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

21 Cash flow from operating activities

	For the 6 month period ended 2019-06-30	30-06-2018
Profit/loss before tax	35 563	13 979
Adjustments for:		
- depreciation of tangible fixed assets	136	110
- currency translation adjustments	(1)	(64)
- revaluation to fair value of investment property	2 604	(6 801)
- revaluation of assets held for sale	(26 297)	0
- result on PPE sale	0	16
- result on subsidiaries disposal	0	(19 478)
- share in net profit or loss of the joint venture	(10 911)	(203)
- result on sale of investment property	0	9 335
– interest costs	1 113	1 134
– interest income	(248)	(729)
– exchange differences	(1 146)	4 809
– result on derivatives revaluation	120	117
– other adjustments	175	(108)
Changes in working capital		
- changes in receivables	(2 412)	(18 121)
- changes in inventories	0	2 497
- change in trade and other liabilities	(7 692)	(24 336)
	(8 996)	**(37 843)**

22 Related party transactions

CPD S.A. does not have a direct nor ultimate parent. Coöperatieve Laxey Worldwide W.A. is a major investor.

CPD Group also concludes 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:

	For the 6 month period ended 2019-06-30	30-06-2018
(a) Transactions with key management personnel		
The cost of the salaries of members of the Board of Directors	132	130
The cost of the salaries of the members of the Supervisory Board	276	313
The cost of services rendered by the members of the Board of Directors	2 121	489
Total payables	503	0
(b) Transactions with the other related parties		
Revenues		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	83	29
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	288	314
Costs		
Laxey Cooperative *(loan interest)*	0	16
Laxey Partners (UK) Ltd	45	0
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	1	24

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

22 Related party transactions - contd.

	30-06-2019	31-12-2018
Payables		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	0	65
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	141	455
Receivables		
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	9	0
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	110	0
Kancelaria Radców Prawnych Oleś i Rodzynkiewicz	0	55

23 Payment of dividends

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

24 Earnings per share

	For the 6 month period ended		For the 3 month period ended	
	30-06-2019	30-06-2018	30-06-2019	30-06-2018
Profit attributable to the shareholders of the parent company	38 234	18 531	34 381	7 726
Weighted average number of ordinary shares (in '000) *	24 526	39 354	23 065	39 354
Earnings per share	1,56	0,47	1,49	0,20
Diluted profit attributable to shareholders	38 234	18 531	34 381	7 726
Weighted average number of ordinary shares (in '000) *	24 526	39 354	23 065	39 354
Diluted earnings per share	1,56	0,47	1,49	0,20

) Weighted average number of ordinary shares includes the number of shares acquired for redemption.

24 Earnings per share - cont.

	30-06-2019		31-12-2018	
	after share capital reduction	actual	after share capital reduction	actual
Net assets at book value	322 063	322 063	326 879	326 879
Number of ordinary shares (in '000)	23 065	26 371	26 371	39 354
Net assets per share	13,96	12,21	12,40	8,31

25 Contingent liabilities

As at the balance sheet date there were no other changes in contingent liabilities as compard to the prior year end.

26 Segment reporting

In accordance with a definition in IFRS 8, the CPD Group represents one operating segment and is recognized by the Management Board as such.

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

(All amounts in PLN thousands unless otherwise stated, the 3-months perios have not been a subject to audit revision)

Notes to the interim condensed consolidated financial statements

27 Seasons of activity and unusual events

The activity of the Group of the CPD is not seasonal or cyclical. There were no unusual events in the current interim period.

28 Assets held for sale and liabilities related thereto

The Group determined the following assets and liabilities included in the disposal group classified as held for sale:

Assets	**30-06-2019**	**31-12-2018**
Investment properties	331 196	199 449
Capitalised financial liabilities	24 173	13 444
	355 369	**212 893**
Liabilities		
Borrowings, including financial leasing	59 985	50 566
Net assets held for sale	**59 985**	**50 566**
	295 384	**162 327**

29 Events after the end of the reporting period

On 1 August 2019 CPD SA as a sole shareholder of Challange Eighteen resolved on dividend payout of PLN 22,4 million.

On 18 September 2019 the subsidiary company of the Issuer ie. IMES Poland sp. z o.o., concluded a final agreement for sale of the right of perpetual usufruct of the real property consisting of plot No. 98/2, 2-09-09 with an area of 65,203 m2, located in Warsaw, Ursus District, near Gierdziejewski Street to Ronson Development – City 3 sp. z o.o. sp. k.

There were no other significant post balance sheet events.

(All amounts in PLN thousands unless otherwise stated)

30 Interim financial information of the parent

These interim condensed financial statements of CPD S.A. were prepared in accordance with International Accounting Standard approved by the European Union - IAS 34 Interim financial reporting and in accordance with all applicable IFRS adopted by the European Union.
The accounting principles applied in these interim condensed financial statements are consistent with those applied in the annual financial statements for the year ended 31 December 2018, except for the application of the new or revised standards and interpretations applicable for annual periods beginning on 1 January 2019. In particular, with respect to first time application of IFRS 16 *Leases*, the Company's Management Board analysed agreements the Company is a party to and identified one rental agreement in scope of new standard. As, according to agreement identified, there is no enforceable lease period that is binding both parties of the agreement, the Company's Management Board concluded the application of IFRS 16 will have no impact on the accounting results.
Other information required by IAS 34 is presented in note 2.1 to the consolidated condensed financial statements of CPD Group in note 2.1.

30.1 Condensed statement of comprehensive income

	Note	1/1/2019-30/6/2019	1/1/2018-30/6/2018	1/4/2019-30/6/2019	1/4/2018-30/6/2018
		(unaudited)	*(unaudited)*	*(unaudited, unreviewed)*	*(unaudited, unreviewed)*
Administrative costs	30.11	(1 002)	(1 331)	(618)	(860)
Marketing costs		(3)	(5)	(2)	(1)
Fair value adjustment on loans granted	30.12	4 480	1 857	1 034	(10 783)
Other operating income		0	1 829	0	1 829
Other operating costs		(60)	0	(60)	0
OPERATING RESULT		**3 415**	**2 350**	**354**	**(9 815)**
Financial income	30.12	559	1 312	426	1 009
Financial costs	30.12	(242)	(194)	(141)	(97)
PROFIT (LOSS) BEFORE INCOME TAX		**3 732**	**3 468**	**639**	**(8 903)**
Income tax		37	(685)	(2 187)	(457)
PROFIT (LOSS) FOR THE PERIOD		**3 769**	**2 783**	**(1 548)**	**(9 360)**
OTHER COMPREHENSIVE INCOME		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3 769**	**2 783**	**(1 548)**	**(9 360)**
BASIC EARNINGS PER SHARE	30.10	0,15	0,07	(0,07)	(0,24)
DILUTED EARNINGS PER SHARE	30.10	0,15	0,07	(0,07)	(0,24)

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczkowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

30.2 Condensed statement of financial position

ASSETS	Note	30/6/2019 (unaudited)	31/12/2018
Non-current assets			
Long-term receivables	30.6	114 978	120 239
Shares in subsidiaries	30.5	28 801	28 091
		143 779	148 330
Current assets			
Trade receivables and other receivables, including:	30.7	1 549	914
- receivables and loans		1 518	911
- prepayments		31	3
Cash and cash equivalents		600	35 952
		2 149	36 866
Total assets		145 928	185 196
EQUITY			
Share capital	30.8	2 637	3 935
Treasury shares for redemption		(43 010)	(160 110)
Share premium		677 034	835 846
Embedded value at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(491 987)	(495 756)
Total equity		117 752	156 993
LIABILITIES			
Non-current liabilities			
Borrowings	30.9	11 761	11 665
Deferred tax liabilities		10 451	10 487
		22 212	22 152
Current liabilities			
Borrowings	30.9	5 698	5 880
Trade payables and other payables		266	171
		5 964	6 051
Total liabilities		145 928	185 196

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Board Member

(All amounts in PLN thousands unless otherwise stated)

30.3 Condensed statement of changes in equity

	Note	Share capital	Treasury shares for redemption	Share premium	Embedded value at inception date	Other reserves	Retained earnings	Total
As of 1/1/2018		**3 935**	**(17 199)**	**835 846**	**(27 909)**	**987**	**(327 982)**	**467 678**
IFRS 9 first time adoption		0	0	0	0	0	(15 540)	(15 540)
Treasury shares aquisition		0	(142 911)	0	0	0	0	(142 911)
		0	(142 911)	0	0	0	(15 540)	(15 540)
Comprehensive income:								
Profit (loss) for the period		0	0	0	0	0	2 783	2 783
		0	0	0	0	0	2 783	2 783
As of 30/06/2018/unaudited		**3 935**	**(160 110)**	**835 846**	**(27 909)**	**987**	**(340 739)**	**312 010**
As of 1/1/2018		**3 935**	**(17 199)**	**835 846**	**(27 909)**	**987**	**(327 982)**	**467 678**
IFRS 9 first time adoption		0	0	0	0	0	(15 540)	(15 540)
Treasury shares aquisition		0	(142 911)	0	0	0	0	(142 911)
Merger with Buffy		0	0	0	0	0	(172 979)	(172 979)
		0	(142 911)	0	0	0	(188 519)	(331 430)
Comprehensive income:								
Profit (loss) for the period		0	0	0	0	0	20 745	20 745
		0	0	0	0	0	20 745	20 745
As of 31/12/2018		**3 935**	**(160 110)**	**835 846**	**(27 909)**	**987**	**(495 756)**	**156 993**
As of 1/1/2019		**3 935**	**(160 110)**	**835 846**	**(27 909)**	**987**	**(495 756)**	**156 993**
Treasury shares redemption	30.8	(1 298)	160 110	(158 812)	0	0	0	0
Treasury shares aquisition		0	(43 010)	0	0	0	0	(43 010)
		(1 298)	117 100	(158 812)	0	0	0	(43 010)
Comprehensive income:								
Profit (loss) for the period		0	0	0	0	0	3 769	3 769
		0	0	0	0	0	3 769	3 769
As of 30/06/2019/unaudited		**2 637**	**(43 010)**	**677 034**	**(27 909)**	**987**	**(491 987)**	**117 752**

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Board Member

(All amounts in PLN thousands unless otherwise stated)

30.4 Condensed statement of cash flows

	Note	1/1/2019-30/6/2019	1/1/2018-30/6/2018	1/4/2019-30/6/2019	1/4/2018-30/6/2018
		(unaudited)	*(unaudited)*	*(unaudited, unreviewed)*	*(unaudited, unreviewed)*
Cash flow from operating activities					
Cash generated from operations	30.13	(454)	(692)	(24)	(519)
Net cash generated from investing activities		(454)	(692)	(24)	(519)
Cash flows from investing activities					
Loans granted		(1 870)	(2 592)	(1 063)	(775)
Loan repayments received		10 957	87 391	1 421	50 875
Interest received		23	2 211	9	285
Net cash used in investing activities		9 110	87 010	367	50 385
Cash flows from financing activities					
Treasury shares aquisition		(43 010)	(142 911)	0	(142 911)
Repayment of loans		(998)	0	(998)	0
Net cash used in financing activities		(44 008)	(142 911)	(998)	(142 911)
Net (decrease)/increase in cash and cash equivalents		(35 352)	(56 593)	(655)	(93 045)
Cash and cash equivalents at beginning of year		35 952	69 721	1 255	106 173
Cash and cash equivalents at the end of the period		600	13 128	600	13 128

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Board Member

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Board Member

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Board Member

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements

30.5 Shares in subsidiaries

Name	Country	Share	30/6/2019	31/12/2018
Buffy Holdings No1 Ltd	Cyprus	100%	-	-
Impairment			-	-
Celtic Investments Ltd	Cyprus	100%	48 000	48 000
Impairment			(48 000)	(48 000)
Lakia Enterprises Ltd	Cyprus	100%	105 000	105 000
Impairment			(105 000)	(105 000)
Celtic Asset Managenent (*)	Poland	100%	0	0
Challenge Eighteen sp. z o.o.	Poland	100%	5 032	5 032
Imes Poland sp. z o.o.	Poland	100%	23 769	23 059
			28 801	**28 091**

(*) The value of shares in Celtic Asset Management is 1 PLN.

Under the Share Purchase Agreement signed in January 2015 regarding the aqusition of shares in Imes Poland sp. z o.o., the aquisiton price included fixed (known at the time the contract was concluded) and conditinal component. Conditional payments may have been triggered by the following circumstances: 1) reimbursement of VAT, which in case received, was supposed to cover demolition costs that the seller originally incurred, and 2) obtaining favorable tax rulings regarding the lack or decrease of obligation in real estate property tax. During 2018 Imes Poland Sp. z o.o. was granted the refund of overpaid real estate tax for the year 2009 in the amount of PLN 710 thousand, hence the obligation appeared to increase the purchase price of shares by the value of the return.

30.6 Long-term receivables

	30/6/2019	31/12/2018
Long-term loans with related parties, including:		
- loans	170 397	179 816
- fair value adjustment	(55 419)	(59 820)
	114 978	**119 996**
Long-term loans to other parties, including:		
- loans	6	6
- fair value adjustment	(6)	0
	0	**6**

Details of the loans granted to related parties 30.06.2019

Related party	Currency of the loan	Fair value of loans granted	Interest Rate	Margin	Maturity
2/124 Gaston Investments	PLN	4 070	3M WIBOR	1,55%	on demand
3/93 Gaston Investments	PLN	3 820	3M WIBOR	1,55%	on demand
5/92 Gaston Investments	PLN	6 286	3M WIBOR	1,55%	on demand
6/150 Gaston Investments	PLN	2 021	3M WIBOR	1,55%	on demand
7/120 Gaston Investments	PLN	2 093	3M WIBOR	1,55%	on demand
12/132 Gaston Investments	PLN	3 822	3M WIBOR	1,55%	on demand
13/155 Gaston Investments	PLN	4 706	3M WIBOR	1,55%	on demand
19/97 Gaston Investments	PLN	825	3M WIBOR	1,55%	on demand
20/140 Gaston Investments	PLN	976	3M WIBOR	1,55%	on demand

(All amounts in PLN thousands unless otherwise stated)

30.6 Long-term receivables - continued

Belise Investments	PLN	14 746	3M WIBOR	1,55%	on demand
Challange 18	PLN	44 502	3M WIBOR	1,55%	on demand
Elara Investments	PLN	635	3M WIBOR	1,55%	on demand
Gaston Investments	PLN	250	3M WIBOR	1,55%	on demand
HUB Developments	PLN	1 351	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	24 873	3M WIBOR	1,55%	on demand
		114 978			

Details of the loans granted to other parties 30.06.2019

Other party	Currency of the loan	Fair value of loans granted	Interest Rate	Maturity
Dobalin	PLN	0	8%	on demand
		0		

In accordance with the intention of the Board the loans will be repaid over a period of from 3 to 5 years. The maximum value of the credit risk associated with the loans is equal to their carrying amount. Loans are not secured.

The remaining loan balance as of 31 December 2018 amounting to PLN 237 thousand was related to loan granted to Company's significant investor Coöperatieve Laxey Worldwide W.A. During 2019 the loan was reclassified to short-term assets and later repaid.

Notes to the interim condensed financial statements

30.7 Trade receivables and other receivables

	30/6/2019	31/12/2018
Trade receivables from related parties	0	0
Short-term loans with related parties, including:	630	0
- loans	24 209	22 163
- fair value adjustment	(23 579)	(22 163)
VAT receivables	0	0
Other tax receivables	0	0
Other receivables from related parties	850	801
Other receivables from other parties	38	110
Prepayments	31	3
Other receivables	0	0
Short-term receivables	**1 549**	**914**

Details of the loans granted to related parties 30.06.2019

Related party	Currency of the loan	Fair value of loans granted	Interest Rate	Margin	Maturity
Mandy Investments	PLN	0	3M WIBOR	1,55%	on demand
Celtic Asset Management	PLN	630	3M WIBOR	1,55%	on demand

30.8 Share capital

	The number of shares (in thousands)		Value of shares	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
Ordinary shares (in thousands)	26 371	39 354	2 637	3 935

As of 31 December 2018 the share capital amounted to PLN 3 935 thousand. During the period of 3 months ended 31 March 2019 12 982 892 treasury shares were redeemed (entitling to same number of voting rights, shares code: ISIN PLCELPD00013). The redemption was the result of the resolution of the Extraordinary General Meeting dated 14 September 2018, regarding the redemption of Company's treasury shares. Share capital as at 31 March 2019 and as at the date of these financial statements amounts to PLN 2 637 thousand.
All shares issued by the Company are ordinary shares. The Company's Articles of Association do not grant special rights to the Company's shares, including preference for voting rights or appointing members of the Company's governing bodies. The Company's shareholders do not hold any shares granting special control rights.

30.9 Borrowings

	30/6/2019	31/12/2018
Bank borrowings	0	0
Loans from related parties	17 459	17 545
- long-term	11 761	11 665
- short-term	5 698	5 880
	17 459	**17 545**

Loan payables as of 30 June 2019 and 31 December 2018 relate to a loan from a subsidiary Lakia Enterprises (interest rate on the loan is 3M WIBOR + margin 0.50%), loan from a subsidiary Lakia Investments (interest rate on the loan is 3M WIBOR + margin 1.55%) and loan from the subsidiary Robin Investments (interest rate on the loan is 3M WIBOR + margin 1.55%). As at 30 June 2019 loan balances are as follows: Lakia Enterprises: PLN 10 027 thousand (capital: PLN 7 616 thousand , interest: PLN 2 411 thousand, during the period PLN 14 thousand was repaid); Lakia Investments is PLN 5 698 thousand (capital: PLN 5 024 thousand, interest: PLN 674 thousand, during the period PLN 235 thousand of capital and PLN 31 thousand of interest was repaid); Robin Investments: PLN 1 734 thousand PLN (capital: PLN 1 600 thousand, interest PLN 134 thousand).
In addition during the period of 6 months ended 30 June 2019 the Company was granted with a new loan from subsidiary Imes Poland Sp. z o.o. (interest rate on the loan is 3M WIBOR + margin 1.55%). The loan amounted to PLN 710 thousand and was fully repaid on 17 May 2019.

Loans from related parties will be repaid in the period from 1 to 3 years.

The loans are not secured.

30.10 Earnings (loss) per share

	1/1/2019-30/6/2019	1/1/2018-30/6/2018	1/4/2019-30/6/2019	1/4/2018-30/6/2018
Profit attributable to the shareholders	3 769	2 783	(1 548)	(9 360)
Weighted average number of ordinary shares (in '000)	24 526	39 354	23 065	39 354
Earnings per share (in PLN)	0,15	0,07	(0,07)	(0,24)
Diluted profit attributable to shareholders	3 769	2 783	(1 548)	(9 360)
Weighted average number of ordinary shares (in '000)	24 526	39 354	23 065	39 354
Diluted earnings per share (in PLN)	0,15	0,07	(0,07)	(0,24)

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements

30.11 Administrative costs

	1/1/2019-30/6/2019	1/1/2018-30/6/2018	1/4/2019-30/6/2019	1/4/2018-30/6/2018
Advisory services	149	493	107	349
Salaries	514	480	234	251
Auditor's remuneration	40	82	34	75
Costs of non deductible VAT	87	93	69	36
Other services	212	183	174	149
	1 002	**1 331**	**618**	**860**

30.12 Financial income and expenses and fair value adjustment on loans granted

	1/1/2019-30/6/2019	1/1/2018-30/6/2018	1/1/2018-30/6/2018	1/1/2018-30/6/2018
Fair value adjustment on loans granted	4 480	1 857	1 034	(10 783)

Since 1 January 2018, the Company applies IFRS 9 "Financial Instruments" for the purpose of loans granted presentation and valuation. As a result of the application of the standard the method of valuation of loans granted changed. The Company used to recognize loans granted under amortized cost method, while since 1 January 2018 loans are measured at fair value through profit and loss. The company presents the cumulative effect of interest income on loans granted and the effect of revaluation in one line of the statement of comprehensive income as a fair value adjustment on loans granted. More information on the application of IFRS 9 for the first time is presented in the Company's annual report for the year ended 31 December 2018.

	1/1/2019-30/6/2019	1/1/2018-30/6/2018	1/4/2019-30/6/2019	1/4/2018-30/6/2018
Interest income:				
- Bank interest	66	534	1	260
- From other unrelated entities	0	198	0	198
Other financial income	493	436	425	436
Net exchange differences	0	144	0	115
Financial income	**559**	**1 312**	**426**	**1 009**
Interest costs:				
- Interest from related parties	203	194	101	97
Net exchange differences	39	0	40	0
Other financial costs	0	0	0	0
Financial costs	**242**	**194**	**141**	**97**

30.13 Cash flow from operating activities

	1/1/2019-30/6/2019	1/1/2018-30/6/2018	1/1/2018-30/6/2018	1/1/2018-30/6/2018
Profit/loss before tax	3 732	3 468	639	(8 903)
Adjustments for:				
- exchange differences	0	(144)	0	(115)
- depreciation	0	0	0	0
- interest costs	203	194	101	97
- interest income	0	(198)	0	(198)
- fair value adjustment on loans granted	(4 480)	(1 857)	(1 034)	10 783
Changes in working capital:				
- changes in trade receivables and other	(5)	(39)	121	(285)
- changes in provisions	0	(1 829)	0	(1 829)
- changes in trade liabilities and other	96	(287)	149	(69)
	(454)	**(692)**	**(24)**	**(519)**

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements

30.14 Related party transactions

CPD S.A. does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a significant investor.

Futhermore CPD S.A. enters into transactions with key management, subsidiaries and other affiliated parties either controlled by key staff of CPD Group or affiliated through relationship of Supervisory Board Members.

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

a)Transactions with key management personnel	**1/1/2019-30/6/2019**	**1/1/2018-30/6/2018**
Remuneration of members of the Supervisory Board	276	313
Remuneration of members of the Board of Directors	120	120

b) Transactions with major investor	**30/6/2019**	**31/12/2018**
Laxey - loans	0	329
Laxey - fair value adjustment	0	(92)

The loan was repaid after balance sheet date in April 2019.

c) Transactions with subsidiaries

Revenues - mainly related to loans granted	**1/1/2019-30/6/2019**	**1/1/2018-30/6/2018**
2/124 Gaston Investments	71	64
3/93 Gaston Investments	65	59
Ursa Park Smart City	68	0
5/92 Gaston Investments	119	91
6/150 Gaston Investments	32	26
7/120 Gaston Investments	35	29
8/126 Gaston Investments	0	20
9/151 Gaston Investments	0	7
10/165 Gaston Investments	0	11
12/132 Gaston Investments	69	58
13/155 Gaston Investments	80	69
15/167 Gaston Investments	0	10
16/88 Gaston Investments	12	12
18 Gaston Investments	19	24
19/97 Gaston Investments	14	12
20/140 Gaston Investments	17	14
Antigo Investments	38	45
Belise Investments	635	646
Buffy Holdings No1 Ltd	0	1 914
Celtic Asset Management	17	17
Celtic Investments Ltd	4	4
Challange 18	510	1 737
Elara Investments	50	49
Gaston Investments	100	116
Hub Developments	40	41
Lakia Enterprises Ltd	424	416
Mandy investments	263	260

(All amounts in PLN thousands unless otherwise stated)

30.14 Related party transactions - continued

Costs - mainly related to loans received	1/1/2019-30/6/2019	1/1/2018-30/6/2018
Lakia Enterprises Ltd	84	85
Lakia Investments	84	84
Robin Investments	26	3
Gaston Investments	0	26

Liabilities - mainly related to loans received	30/6/2019	31/12/2018
Lakia Enterprises Ltd	10 027	9 957
Lakia Investments	5 698	5 880
Robin Investments	1 734	1 708
Gaston Investments	2	2

Receivables - mainly related to loans granted	30/6/2019	31/12/2018
2/124 Gaston Investments	4 070	3 932
3/93 Gaston Investments	3 820	3 690
Ursa Park Smart City	0	359
5/92 Gaston Investments	6 286	6 073
6/150 Gaston Investments	2 021	1 831
7/120 Gaston Investments	2 093	1 925
12/132 Gaston Investments	3 822	3 453
13/155 Gaston Investments	4 706	4 322
19/97 Gaston Investments	825	752
20/140 Gaston Investments	976	899
Belise Investments	15 597	14 671
Celtic Asset Management	0	630
Challange 18	44 502	51 165
Elara Investments	635	635
Gaston Investments	250	250
Hub Developments	1 351	1 351
Lakia Enterprises Ltd	24 873	24 846

d)Transactions with other related party

Costs	1/1/2019-30/6/2019	1/1/2018-30/6/2018
Kancelaria Radców Prawnych Oleś&Rodzynkiewicz sp. komandytowa	3	32

30.15 Events after balance sheet date

On 1 August 2019, the Extraordinary Shareholders Meeting of Challenge Eighteen Sp. z o.o., a subsidiary of CPD S.A., declared dividend payment amounting to PLN 22 427 328,69.

Report on Review of the Condensed Interim Consolidated Financial Statements

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For the Shareholders of CPD S.A

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of a Group (the Group), in which the parent entity is CPD S.A (the Parent) with its registered office in Warsaw Cybernetyki 7B street, which comprise condensed consolidated statement of comprehensive income for the period from January 1, 2019 to June 30, 2019, condensed consolidated statement of financial position as of June 30, 2019, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows from January 1, 2019 to June 30, and notes to the interim condensed consolidated financial statements.

The Management Board of the Parent is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements *based on our review.*

Scope of Review

We conducted our review in accordance with National Standard on Review Engagements 2410 consistent with International Standard on Review Engagements 2410 *Review of Interim Information Performed by the Independent Auditor of the Entity* adopted by the National Council of Statutory Auditors' resolution No. 3436/52e/2019 of April 8, 2019. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with National Standards on Auditing consistent with International Standards on Auditing adopted by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Jan Letkiewicz

Statutory Auditor No. 9530
Key Audit Partner performing the review on behalf of

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, September 27, 2019.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.

Report on Review of the Condensed Interim Financial Statements

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For the Shareholders of CDP S.A.

Introduction

We have reviewed the accompanying interim financial statements of parent company CDP S.A (the Company) with its registered office in Warsaw, Cybernetyki 7B Street, which comprise condensed statement of comprehensive income for the period from January 1, 2019 to June 30, 2019, condensed statement of financial position as of June 30, 2019, condensed statement of changes in equity, condensed statement of cash flows from January 1, 2019 to June 30, and notes to the interim condensed financial statements.

The Management Board of the Company is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with National Standard on Review Engagements 2410 consistent with International Standard on Review Engagements 2410 *Review of Interim Information Performed by the Independent Auditor of the Entity* adopted by the National Council of Statutory Auditors' resolution No. 3436/52e/2019 of April 8, 2019. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with National Standards on Auditing consistent with International Standards on Auditing adopted by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Jan Letkiewicz

Statutory Auditor No. 9530
Key Audit Partner performing the review on behalf of
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
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