

QUARTERLY REPORT FOR III QUARTER OF 2019



CPD S.A.

QUATERLY REPORT FOR 3rd QUARTER 2019

TRANSLATORS' EXPLANATORY NOTE

The following document is a free translation of the 3Q 2019 report of CPD S.A. published on 28 November 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.....	3
1.	INFORMATION OF CPD CAPITAL GROUP	3
2.	CAPITAL GROUP'S STRUCTURE.....	4
3.	SELECTED FINANCIAL DATA.....	6
4.	IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY IN REPORTING PERIOD.....	15
5.	FACTORS AND EVENTS OF UNUSUAL NATURE HAVING AN IMPORTANT INFLUENCE ON FINANCIAL STATEMENT	19
6.	ACQUISITION AND SALE OF PROPERTY, PLANT AND EQUIPMENT.....	19
7.	TRANSACTIONS WITH RELATED PARTIES CONCLUDED ON OTHER THAN MARKET CONDITIONS	19
8.	THE MANAGEMENT BOARD'S POSITION ON THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS	20
9.	SHAREHOLDERS ENTITLED TO AT LEAST 5% OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS	20
10.	THE COMPANY'S SHARES HELD BY THE MANAGING AND SUPERVISORY PARTIES.....	21
11.	IMORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS.....	22
12.	LOAN GUARANTEES	22
13.	THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD.....	22
14.	OTHER IMPORTANT INFORMATION	23
15.	FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS	23
II.	INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2019 ALONG WITH CONDENSED FINANCIAL STATEMENTS OF CPD S.A.	25

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 conducted and managed projects 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 2010 the Company changed its name to CPD S.A.

Today, CPD S.A. is the holding company controlling a group of 26 subsidiaries and two jointly controlled companies, focusing on activities in the office and residential segments. The Group's current plans focus on residential development, mainly through the implementation of its leading project in the Warsaw district of Ursus.

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 Challenge 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.

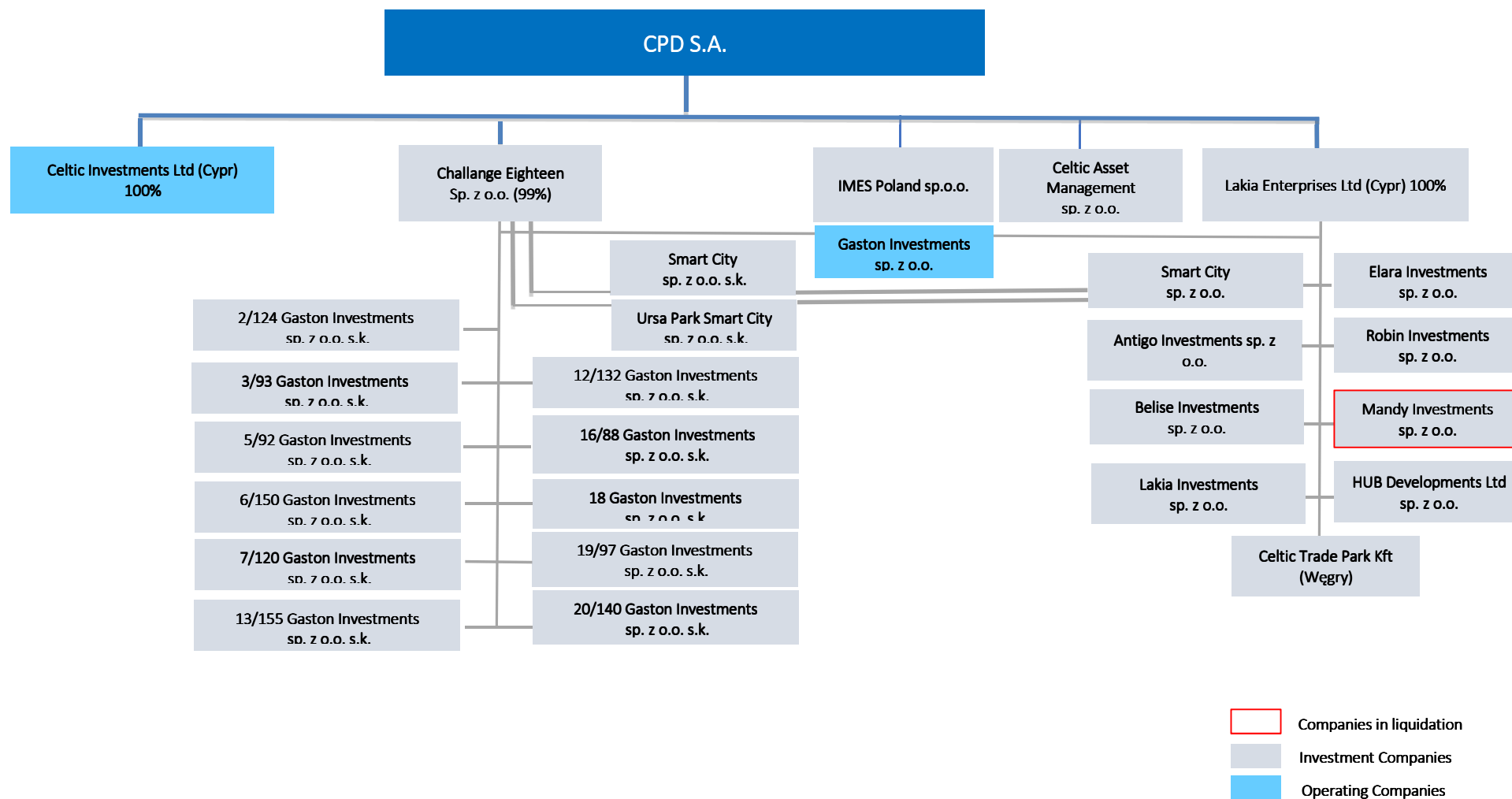
During the reporting period, there were no changes in the CPD Group structure.

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 are reconciled using the equity method in accordance to IFRS – International Financial Reporting Standards.

CPD S.A.

QUARTERLY REPORT FOR 3rd QUARTER 2019

CPD Group's structure as on 30 of September 2019.



3. SELECTED FINANCIAL DATA

Selected items of the consolidated statement of comprehensive income

	3 months period		Change (%)
	From 01.07.2019 to 30.09.2019	From 01.07.2018 to 30.09.2018	
	(PLN ths.)	(PLN ths.)	
Revenue	34 719	4 457	679,0%
Cost of sales	-2 782	-525	429,9%
Gross profit	31 937	3 932	712,2%
Administrative expenses - property related	-3 214	-1 896	69,5%
Other administrative expenses	-913	-1 706	-46,5%
Selling and marketing costs	-41	-386	-89,4%
Gain (loss) on disposal of investment properties	0	102	-100,0%
Other income	12	1 098	-98,9%
Gain (loss) on revaluation of investment properties	2 427	-4 309	-156,3%
Gain (loss) on revaluation of assets held for sale	781	0	-
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	5 986	-848	-805,9%
Impairment of receivables	-34	-38	-10,5%
Gain (loss) on disposal of subsidiaries	0	18 422	-100,0%
Profit from operations	36 941	14 371	157,1%
Finance income	-842	210	-501,0%
Finance costs	-2 554	805	-417,3%
Profit before tax	33 545	15 386	118,0%
Income tax	-4 970	-178	2692,1%
Profit for the period	28 575	15 208	87,9%

Description of financial results for the period from July 1, 2019 to September 30, 2019

In the third quarter of 2019 the net profit of CPD SA Group amounted to PLN 28.6 mln, which means that the net result improved considerably in comparison with the third quarter of 2018. Gross profit amounted to PLN 31.9 mln. It improved by 712% in comparison with the third quarter of 2018.

There were several factors that had a positive impact on CPD Group's financial results in the third quarter of 2019 in comparison with the third quarter of 2018. First of all, operating revenue increased by PLN 30.3 mln. Secondly, the gain on revaluation of investment properties amounted to PLN 2.4 mln. What is more, the share in the profit of the joint-venture improved by PLN 6.8 mln.

The rise in operating revenue stemmed from the rendering of services leading to the sale of land property rights located in Warsaw in the Ursus district. The gain on revaluation of investment properties resulted from the revaluation of one office building as a result of fluctuations in EUR/PLN foreign exchange rate. 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 third quarter of 2019.

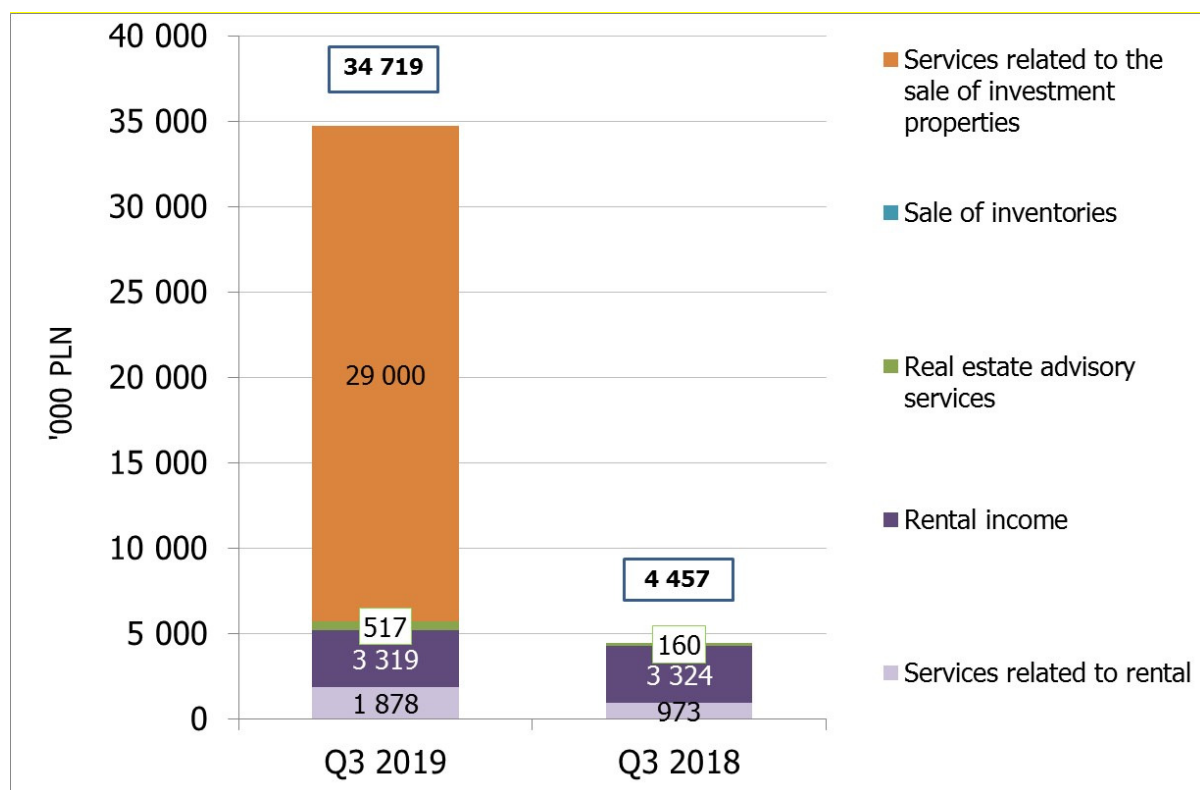
On the other hand, a growth in finance costs of PLN 3.4 mln resulting from fluctuations in EUR/PLN foreign exchange rate was the main factor that had a negative impact on CPD Group's financial results in the third quarter of 2019 in comparison with the third quarter of 2018. An increase in total operating costs including administrative, selling and marketing costs in the amount of PLN 0.2 mln (around 5%) was another factor that had a negative impact on CPD Group's financial results in the third quarter of 2019 in comparison with the third quarter of 2018.

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 September 30, 2019, i.e. 4.3736. The figures for 2018 assumed an fx rate published by the National Bank of Poland as at September 28, 2018, i.e. 4.2714.

	3 months period		Change (%)
	From 01.07.2019 to 30.09.2019	From 01.07.2018 to 30.09.2018	
	(EUR ths.)	(EUR ths.)	
Revenue	7 938	1 043	660,8%
Cost of sales	-636	-123	417,5%
Gross profit	7 302	921	693,3%
Administrative expenses - property related	-735	-444	65,6%
Other administrative expenses	-209	-399	-47,7%
Selling and marketing costs	-9	-90	-89,6%
Gain (loss) on disposal of investment properties	0	24	-100,0%
Other income	3	257	-98,9%
Gain (loss) on revaluation of investment properties	555	-1 009	-155,0%
Gain (loss) on revaluation of assets held for sale	179	0	-
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	1 369	-199	-789,4%

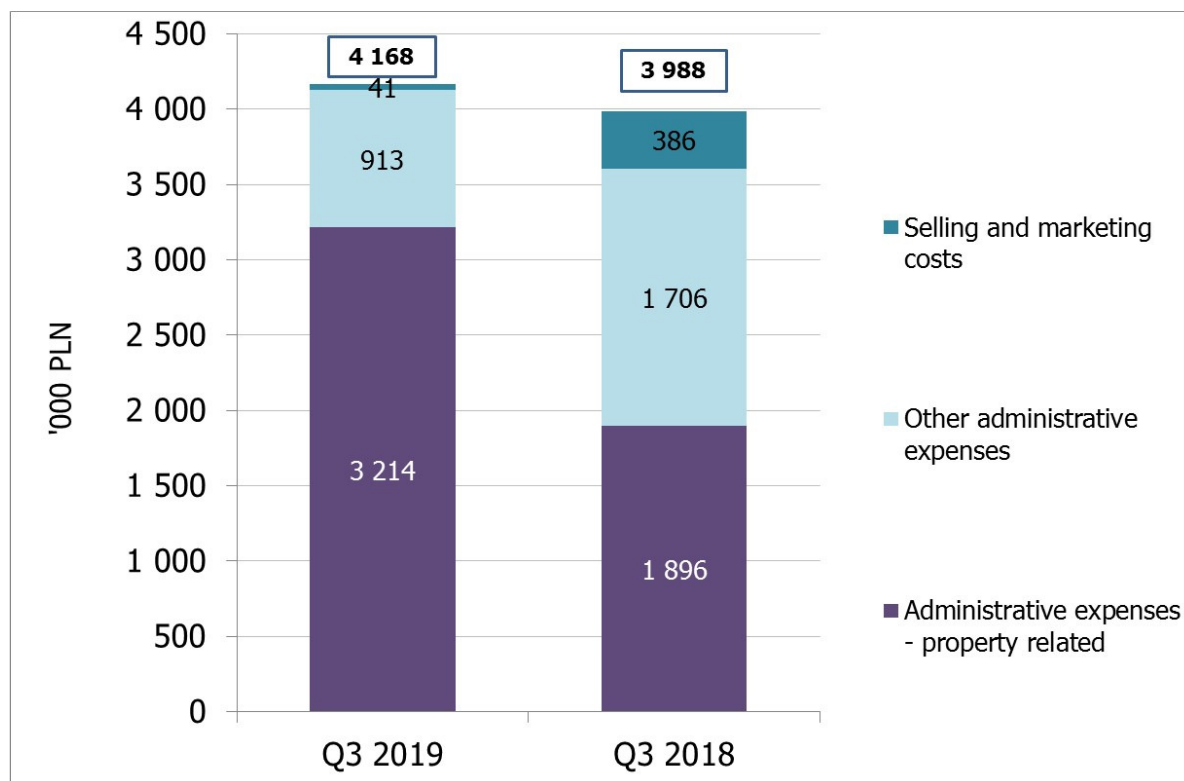
Impairment of receivables	-8	-9	-12,6%
Gain (loss) on disposal of subsidiaries	0	4 313	-100,0%
Profit from operations	8 446	3 364	151,0%
Finance income	-193	49	-491,6%
Finance costs	-584	188	-409,9%
Profit before tax	7 670	3 602	112,9%
Income tax	-1 136	-42	2626,9%
Profit for the period	6 534	3 560	83,5%

The following chart shows the structure of revenue in the third quarter of 2019 and 2018:



The increase in operating revenue stemmed from the rendering of services leading to the sale of land property rights located in Warsaw in the Ursus district.

The following chart shows the structure of operating costs in the third quarter of 2019 and 2018:



The value of operating costs rose as a result of, among other factors, higher staff and perpetual usufruct costs.

Selected items of the consolidated statement of comprehensive income

	9 months period		Change (%)
	From 01.01.2019 to 30.09.2019	From 01.01.2018 to 30.09.2018	
	(PLN ths.)	(PLN ths.)	
Revenue	44 687	16 976	163,2%
Cost of sales	-4 148	-4 319	-4,0%
Gross profit	40 539	12 657	220,3%
Administrative expenses - property related	-8 250	-5 668	45,6%
Other administrative expenses	-4 408	-5 086	-13,3%
Selling and marketing costs	-157	-583	-73,1%
Gain (loss) on disposal of investment properties	0	-9 233	-100,0%
Other income	2 350	3 085	-23,8%
Gain (loss) on revaluation of investment properties	-177	2 492	-107,1%
Gain (loss) on revaluation of assets held for sale	26 615	0	-
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	16 897	-645	-2719,7%
Impairment of receivables	-227	-133	70,7%
Gain (loss) on disposal of subsidiaries	0	18 422	-100,0%
Profit from operations	73 182	15 308	378,1%
Finance income	606	939	-35,5%
Finance costs	-4 680	-6 360	-26,4%
Profit before tax	69 108	9 887	599,0%
Income tax	-2 299	4 374	-152,6%
Profit for the period	66 809	14 261	368,5%

Description of financial results for the period from January 1, 2019 to September 30, 2019

In the first 9 months of 2019 CPD SA Group generated a net profit of PLN 66.8 mln, which means that the net result improved considerably in comparison with the first 9 months of 2018. Gross profit amounted to PLN 40.5 mln. It improved by 220% in comparison with the analogous period of 9 months in 2018.

There were several factors that had a positive impact on CPD Group's financial results in the first 9 months of 2019 in comparison with the first 9 months of 2018. First of all, operating revenue increased by PLN 27.7 mln. Secondly, the gain on revaluation of assets held for sale amounted to PLN 26.6 mln. Thirdly, the share in the profit of the joint-venture increased by PLN 17.5 mln. What is more, finance costs dropped by PLN 1.7 mln.

The rise in operating revenue stemmed from the rendering of services leading to the sale of land property rights located in Warsaw in the Ursus district.

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 9 months of 2019. The drop in

CPD S.A.**QUARTERLY REPORT FOR 3rd QUARTER 2019**

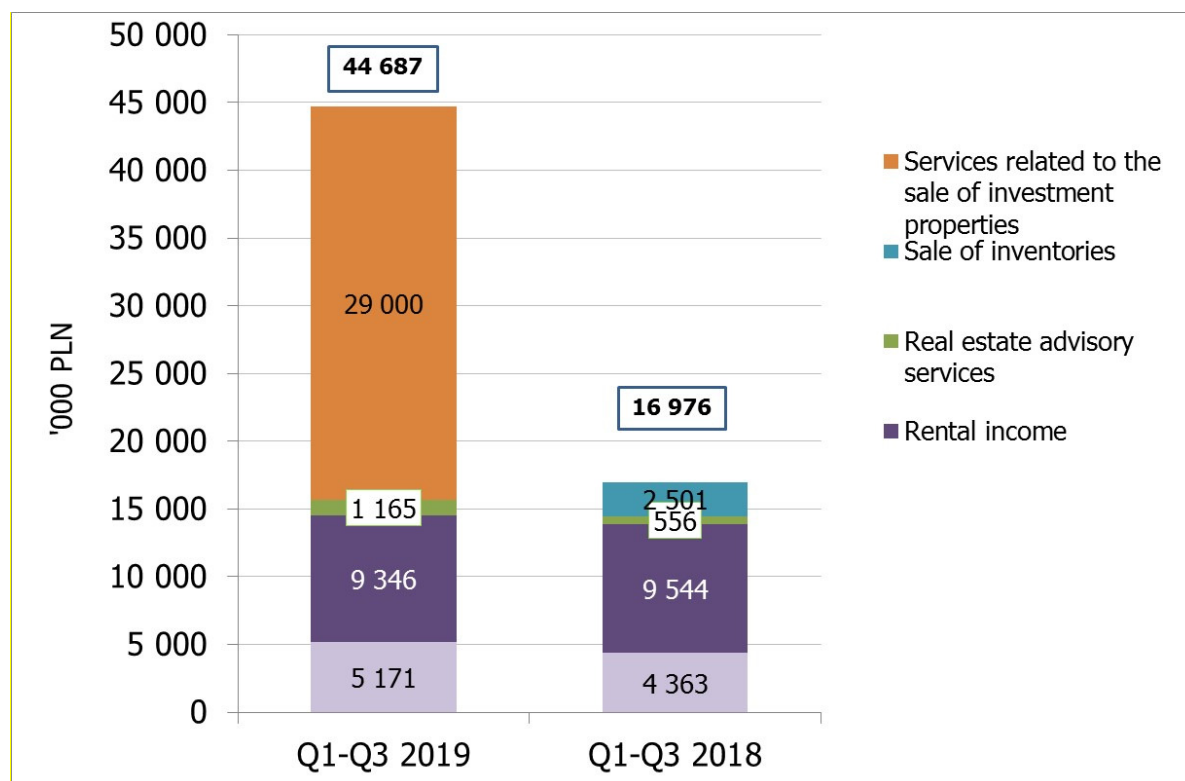
finance costs stemmed from fluctuations in EUR/PLN foreign exchange rate. The fluctuations in the first 9 months of 2019 were more favorable than in the analogous period of 9 months in 2018.

On the other hand, a growth in total operating costs including administrative, selling and marketing costs in the amount of PLN 1.5 mln was the main factor that had a negative impact on CPD Group's financial results in the first 9 months of 2019 in comparison with the first 9 months of 2018. The value of operating costs rose as a result of, among other factors, higher staff and perpetual usufruct costs. A fall in finance income in the amount of PLN 0.3 mln was another factor that had a negative impact on CPD Group's financial results. The decline resulted from lower interest income.

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 September 30, 2019, i.e. 4.3736. The figures for 2018 assumed an fx rate published by the National Bank of Poland as at September 28, 2018, i.e. 4.2714.

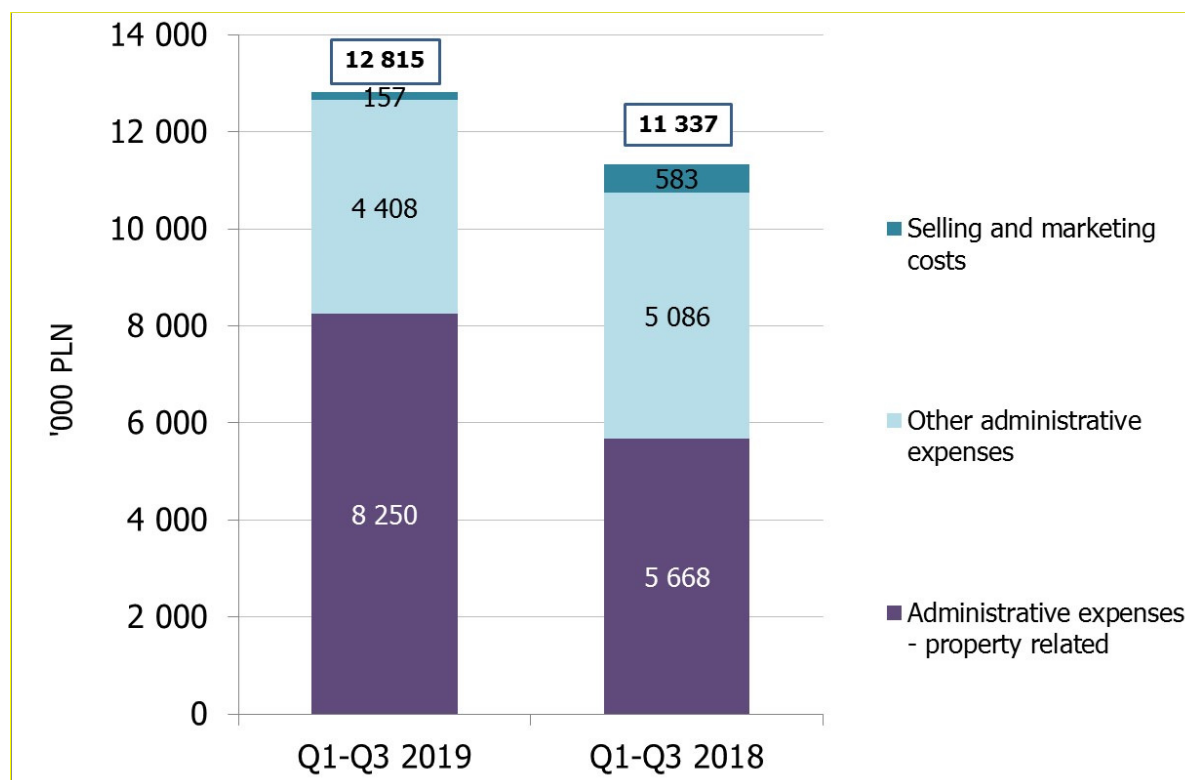
	9 months period		Change (%)
	From 01.01.2019 to 30.09.2019	From 01.01.2018 to 30.09.2018	
	(EUR ths.)	(EUR ths.)	
Revenue	10 217	3 974	157,1%
Cost of sales	-948	-1 011	-6,2%
Gross profit	9 269	2 963	212,8%
Administrative expenses - property related	-1 886	-1 327	42,2%
Other administrative expenses	-1 008	-1 191	-15,4%
Selling and marketing costs	-36	-136	-73,7%
Gain (loss) on disposal of investment properties	0	-2 162	-100,0%
Other income	537	722	-25,6%
Gain (loss) on revaluation of investment properties	-40	583	-106,9%
Gain (loss) on revaluation of assets held for sale	6 085	0	-
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method	3 863	-151	-2658,5%
Impairment of receivables	-52	-31	66,7%
Gain (loss) on disposal of subsidiaries	0	4 313	-100,0%
Profit from operations	16 733	3 584	366,9%
Finance income	139	220	-37,0%
Finance costs	-1 070	-1 489	-28,1%
Profit before tax	15 801	2 315	582,6%
Income tax	-526	1 024	-151,3%
Profit for the period	15 276	3 339	357,5%

The following chart shows the structure of revenue in the first 9 months of 2019 and 2018:



The increase in operating revenue stemmed from the rendering of services leading to the sale of land property rights located in Warsaw in the Ursus district.

The following chart shows the structure of operating costs in the first 9 months of 2019 and 2018:



The value of operating costs rose as a result of, among other factors, higher staff and perpetual usufruct costs.

Selected items of the consolidated statement of financial position

	As at:		Change (%)
	30.09.2019 (PLN ths.)	31.12.2018 (PLN ths.)	
TOTAL ASSETS	529 558	582 768	-9,1%
Non-current assets, including:	142 397	256 574	- 44,5%
<i>Investment properties</i>	<i>107 155</i>	<i>218 311</i>	<i>-50,9%</i>
<i>Investments in joint ventures accounted for using the equity method</i>	<i>34 568</i>	<i>37 201</i>	<i>-7,1%</i>
Current assets, including:	387 161	326 194	18,7%
<i>Assets held for sale</i>	<i>317 295</i>	<i>212 893</i>	<i>49,0%</i>
<i>Inventory</i>	<i>2 859</i>	<i>2 915</i>	<i>-1,9%</i>
<i>Trade and other receivables</i>	<i>6 381</i>	<i>7 981</i>	<i>-20,0%</i>
<i>Cash and cash equivalents</i>	<i>60 626</i>	<i>102 405</i>	<i>-40,8%</i>
TOTAL EQUITY AND LIABILITIES	529 558	582 768	-9,1%
Equity, including:	350 485	326 879	7,2%
<i>Share capital</i>	<i>2 637</i>	<i>3 935</i>	<i>-33,0%</i>
<i>Reserve capital</i>	<i>987</i>	<i>987</i>	<i>0,0%</i>
<i>Own shares for redemption</i>	<i>-43 010</i>	<i>-160 110</i>	<i>-73,1%</i>
<i>Fair value of capital element at inception date</i>	<i>-27 909</i>	<i>-27 909</i>	<i>0,0%</i>
<i>Translation reserve</i>	<i>-5 713</i>	<i>-5 520</i>	<i>3,5%</i>
<i>Retained earnings</i>	<i>423 493</i>	<i>515 496</i>	<i>-17,8%</i>
Total liabilities, including:	179 073	255 889	- 30,0%
<i>Non-current liabilities</i>	<i>86 200</i>	<i>99 186</i>	<i>-13,1%</i>
<i>Current liabilities</i>	<i>92 873</i>	<i>156 703</i>	<i>-40,7%</i>

At the end of September 2019 the value of assets was 9% lower compared to December 2018. This decline resulted mainly from a buyback of shares in the amount of PLN 43 mln.

CPD S.A.**QUARTERLY REPORT FOR 3rd QUARTER 2019**

The value of current assets went up by 18.7% due to the reclassification of numerous investment properties into assets held for sale. The balance of cash dropped by PLN 41.8 mln due to the buyback of shares.

At the end of September 2019 the value of equity amounted to PLN 350 mln, which accounted for 66% of total assets. Total liabilities accounted for 34% of total assets. These ratios changed significantly in comparison with December 2018, when they amounted to 56% and 44% respectively.

The value of liabilities fell by 30% in the first 9 months of 2019 as a consequence of, among other things, a drop in received prepayments in the amount of PLN 64.4 mln. This decline resulted from two things. First of all, IMES Poland Sp. z o.o. sold its plot of land located in Warsaw in the Ursus district as a result of signing a final sale agreement. It received payment for the plot in previous reporting periods. What is more, the CPD Group recognized revenue resulting from the rendering of services leading to the sale of this plot, for which it received money in previous reporting periods.

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 September 30, 2019, i.e. 4.3736. 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 (%)
	30.09.2019 (EUR ths.)	31.12.2018 (EUR ths.)	
TOTAL ASSETS	121 081	135 527	10,7%
Non-current assets, including:	32 558	59 668	45,4%
<i>Investment properties</i>	24 500	50 770	-51,7%
<i>Investments in joint ventures accounted for using the equity method</i>	7 904	8 651	-8,6%
Current assets, including:	88 522	75 859	16,7%
<i>Assets held for sale</i>	72 548	49 510	46,5%
<i>Inventory</i>	654	678	-3,6%
<i>Trade and other receivables</i>	1 459	1 856	-21,4%
<i>Cash and cash equivalents</i>	13 862	23 815	-41,8%
TOTAL EQUITY AND LIABILITIES	121 081	135 527	10,7%
Equity, including:	80 137	76 018	5,4%
<i>Share capital</i>	603	915	-34,1%
<i>Reserve capital</i>	226	230	-1,7%
<i>Own shares for redemption</i>	-9 834	-37 235	-73,6%
<i>Fair value of capital element at inception date</i>	-6 381	-6 490	-1,7%
<i>Translation reserve</i>	-1 306	-1 284	1,8%
<i>Retained earnings</i>	96 829	119 883	-19,2%
Total liabilities, including:	40 944	59 509	31,2%
<i>Non-current liabilities</i>	19 709	23 067	-14,6%
<i>Current liabilities</i>	21 235	36 443	-41,7%

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

	30.09.2019	31.12.2018
Liabilities to total assets	33,8%	43,9%
Non-current liabilities to total assets	16,3%	17,0%
Borrowings including finance leases	12,4%	13,3%
Deferred income tax liabilities	3,4%	3,3%
Trade and other payables	0,5%	0,4%
Current liabilities to total assets	17,5%	26,9%
Borrowings including finance leases	0,9%	0,8%
Trade and other payables	5,8%	17,4%
Payables linked to assets held for sale	10,8%	8,7%

The structure of liabilities also changed significantly in comparison with December 2018. The share of non-current liabilities in total assets went down from 17% as at December 31, 2018 to 16.3% as at September 30, 2019. The share of current liabilities in total assets decreased from 26.9% to 17.5%.

4. IMPORTANT ACHIEVEMENTS, FAILURES, AND THE MOST IMPORTANT EVENTS CONCERNING THE COMPANY IN 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 groszy) and shall be divided into 26,371,131 (twenty six million three hundred seventy one thousand one hundred thirty one zloty) stocks of AA series of nominal value zł 0.10 (ten groszy) each.”
 - b. 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.”

b. 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 groszy) 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.

- **RESOLUTION ADOPTED BY THE EXTRAORDINARY GENERAL MEETING ON THE PLANNED BUYBACK 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 reduce them 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.

- **BUYBACK OF THE COMPANY'S OWN SHARES**

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 bought back through a brokerage house Pekao Investment Banking S.A. with its registered seat in Warsaw, 3 305 886 of its 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).

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

16 July 2019 by a subsidiary of CPD S.A. as the ordering party signed a contract for construction works in general contracting system with the company Unibep S.A. 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 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 Challenge 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. 41,3 million pln net and for completion of the 2nd stage ca. 43,50 million pln 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 further informs of execution on 16 July 2019 of the annex to the investment contract (single text on 26/10/2018) concerning joint realization with Unibep group of Ursa

construction investment. The annex changes the expected fee of the Contractor for its construction works in Ursa Home investment 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 FOR THE RIGHTS TO PERPETUAL USUFRUCT OF REAL ESTATE OWNED BY A SUBSIDIARY OF THE ISSUER, IMES POLAND SP. Z O.O.**

18 September 2019 a subsidiary of the Issuer i.e. IMES Poland sp. z o.o., with its registered office in Warsaw concluded a final agreement for the sale of the right of perpetual usufruct to 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..

- **CHANGES IN THE MANAGEMENT BOARD**

Mrs. Elżbieta Wiczowska 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 Wiczowska remains in the composition of the Management Board as a Member.

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

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 make any significant acquisition or disposal of property, plant or equipment.

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

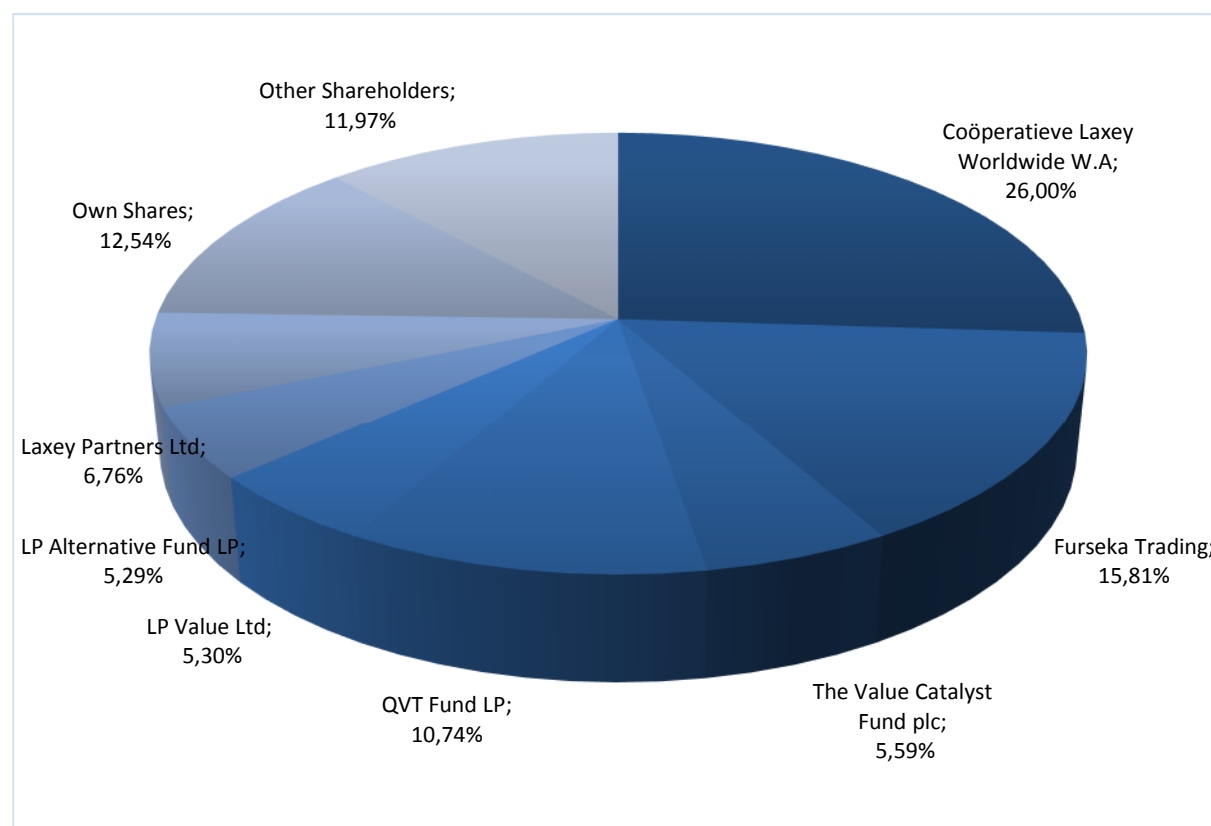
During the reporting period, the Company did not conclude transactions with related parties on terms other than the market.

8. 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.

9. 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 number of shares	As % of total number 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 %

CPD S.A.**QUARTERLY REPORT FOR 3rd QUARTER 2019**

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 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.
- *** 30 July 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 29 July 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 half year report for the first half of 2019, published on 27 September 2019, there were no other changes in the ownership structure of significant blocks of the Company's shares.

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

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

Name	Function	No. of owned shares	Value of owned shares (PLN)	% of total no. of shares	% of total no. of votes
Elżbieta Wiczowska	Member	42 498	4250	0,13%	0,13%
Iwona Makarewicz	Member	4 734	473	0,01%	0,01%
Colin Kingsnorth	Member	0	0	0	0
John Purcell	President	0	0	0	0
TOTAL		47 232	4 723	0,14%	0,14%

* 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.

26 March 2019, the Company received a notification from Mrs. Elżbieta Wiczowska regarding a change in the number of shares held in connection with the purchase of own shares of CPD S.A. ended 22 March 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 half year report for the first half of 2019, published on 27 September 2019, there were no changes in the statement of shares held by managing and supervising persons.

The Company has no information regarding the fact of holding shares in the Company by other persons being members of the management or supervisory bodies.

11. IMPORTANT COURT, ADMINISTRATIVE AND ARBITRATION PROCEEDINGS

- On 9 November 2017, the Challenge 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 plus interest. In the management's opinion, this claim is unjustified. However, it cannot 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 risk analysis, the Management Board decided not to recognize a liability in this respect.
- On 6 February 2019, a tax and customs audit was launched in Celtic Investments Limited, with its registered office in Cyprus, belonging to the Group. The scope of this audit covers the accuracy of the taxable amounts 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 this customs and tax audit was set no later than 6 June 2019. However, the customs and tax audit was not completed by this date and the Company has been notified of a new deadline of 31 December 2019.

12. LOAN GUARANTEES

As at 30 September 2019 CPD S.A. was a guarantor of the loan granted by Santander Bank Polska to Belise Investments Sp. z o.o. (a related company). The guarantee covers the repayment of the debt up to 20,666,000 EUR.

As at 30 September 2019 the outstanding loan balance amounted to 15,170,000 EUR.

The term of the guarantee will end when Santander Bank Polska SA recognizes that the debt has been irrevocably, unconditionally and fully repaid and met, but in no case later than 12 August 2022.

CPD SA's remuneration for the guarantee amounts to 200,000 EUR per year.

13. THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

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

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

14. OTHER IMPORTANT INFORMATION

Nothing other than the information provided above.

15. FACTORS AFFECTING RESULTS OF THE FOLLOWING QUARTERS

The most important factors which will affect results of the following 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,

CPD S.A.QUARTERLY REPORT FOR 3rd QUARTER 2019

- 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.

CPD S.A.QUARTERLY REPORT FOR 3rd QUARTER 2019

**II. INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30
SEPTEMBER 2019 ALONG WITH CONDENSED FINANCIAL
STATEMENTS OF CPD S.A.**

CPD S.A.

Condensed interim consolidated financial statements
for the period of 9 months ended 30 September 2019
and the condensed financial statements of CPD S.A.
for the period of 9 months ended 30 September 2019

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

(unaudited financial data)

	Page
I Interim consolidated financial statements	4
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of changes in equity	7
Condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial statements	9
1 General information	9
2 The accounting principles	9
2.1 Basis of preparation	9
2.2 Changes in the Group structure	11
3 Significant accounting estimates and judgments	11
3.1 Managing financial risk	14
4 Investment properties	16
5 Trade receivables and other receivables	16
6 Inventories	17
7 Cash and cash equivalents	17
8 Joint ventures	17
9 Share capital	19
10 Trade payables and other liabilities	20
11 Borrowings, including financial leasing	21
12 Deferred income taxes	22
13 Revenue by nature	22
14 Cost of sales	22
15 Administrative costs property related	22
16 Administrative expenses-other	23
17 Other income	23
18 Result from sales of subsidiaries	23
19 Financial income and expenses	24
20 Income tax	24
21 Cash generated from operations	25
22 Related party transactions	25
23 Payment of dividends	26
24 Earnings per share	26
25 Contingent liabilities	27
26 Segment reporting	27
27 Seasons of activity and unusual events	27
28 Assets and liabilities held for sale	27
29 Events after the end of the reporting period	27
II Interim financial statements of the parent company	28
30 Interim financial information of the parent	28
30.1 Condensed statement of comprehensive income	28
30.2 Condensed statement of financial position	29
30.3 Condensed statement of changes in equity	30
30.4 Condensed statement of cash flows	31
30.5 Shares in subsidiaries	32
30.6 Long-term receivables	32
30.7 Trade receivables and other receivables	34
30.8 Share capital	34
30.9 Borrowings	35
30.10 Earnings per share	35
30.11 Administrative costs	35

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2019

	Page
30.12 Financial income and expenses and fair value adjustment on loans granted	36
30.13 Cash flow from operating activities	36
30.14 Related party transactions	37

Condensed consolidated statement of comprehensive income

		For the period			
	Note	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
		<i>(unaudited)</i>			
Revenues	13	34 719	4 457	44 687	16 976
Cost of sales	14	(2 782)	(525)	(4 148)	(4 319)
PROFIT ON SALES		31 937	3 932	40 539	12 657
Administrative costs property related	15	(3 214)	(1 896)	(8 250)	(5 668)
Administrative expenses-other	16	(913)	(1 706)	(4 408)	(5 086)
Selling and marketing expenses		(41)	(386)	(157)	(583)
Net loss from sale of investment property		0	102	0	(9 233)
Other income	17	12	1 098	2 350	3 085
Net (loss)/ gain from fair value adjustments on investment properties	4	2 427	(4 309)	(177)	2 492
Post-tax share of the profit or loss of the joint-venture accounted for using the equity method		5 986	(848)	16 897	(645)
Receivables valuation allowances		(34)	(38)	(227)	(133)
Valuation of assets held for sale		781	0	26 615	0
Result from sales of subsidiaries	18	0	18 422	0	18 422
OPERATING RESULT		36 941	14 371	73 182	15 308
Financial income	19	(842)	210	606	939
Financial costs	19	(2 554)	805	(4 680)	(6 360)
PROFIT (LOSS) BEFORE INCOME TAX		33 545	15 386	69 108	9 887
Income tax	20	(4 970)	(178)	(2 299)	4 374
PROFIT (LOSS) FOR THE PERIOD		28 575	15 208	66 809	14 261
Currency translation adjustment		(153)	(4)	(193)	(43)
TOTAL COMPREHENSIVE INCOME		28 422	15 204	66 616	14 218
Profit (Loss) attributable to:					
Equity holders of the Group		28 575	15 208	66 809	14 261
Minority interest		0	0	0	0
TOTAL COMPREHENSIVE INCOME					
Equity holders of the Group, including:		28 422	15 204	66 616	14 218
- continued activities		28 422	15 204	66 616	14 218
- discontinued activities		0	0	0	0
BASIC EARNINGS PER SHARE	24	1,23	0,39	2,47	0,38
DILUTED EARNINGS PER SHARE	24	1,23	0,08	2,47	(0,02)

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

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

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2019

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of financial position

	Note	30.09.2019 (unaudited)	31.12.2018
ASSETS			
Non-current assets			
Investment properties	4	107 155	218 311
Property, plant and equipment		411	512
Investments in joint ventures accounted for using the equity method	8	34 568	37 201
Long-term receivables		263	550
Non-current assets		142 397	256 574
Current assets			
Inventories	6	2 859	2 915
Trade receivables and other receivables	5	6 381	7 981
- receivables and loans		2 779	4 915
- prepayments		3 602	3 066
Cash and cash equivalents	7	60 626	102 405
Current assets excluding assets held for sales		69 866	113 301
Assets held for sales	28	317 295	212 893
Current assets		387 161	326 194
Total assets		529 558	582 768

Condensed consolidated statement of financial position - continuation

	Note	30.09.2019 (unaudited)	31.12.2018
EQUITY			
Equity attributable to owners of the parent company			
Share capital	9	2 637	3 935
Own shares for redemption		(43 010)	(160 110)
Reserve capital		987	987
Embedded element at inception date		(27 909)	(27 909)
Translation reserve		(5 713)	(5 520)
Retained earnings		423 493	515 496
Total equity		350 485	326 879
LIABILITIES			
Non-current liabilities			
Trade payables and other liabilities	10	2 801	2 305
Borrowings, including financial leasing	11	65 526	77 489
Deferred tax liabilities	12	17 873	19 392
Non-current liabilities		86 200	99 186
Current liabilities			
Trade payables and other liabilities	10	30 697	101 244
Borrowings, including financial leasing	11	4 777	4 893
Current liabilities excluding liabilities held for sale		35 474	106 137
Liabilities classified as held for sale	28	57 399	50 566
Current liabilities		92 873	156 703
Total liabilities		179 073	255 889
Total Equity and liabilities		529 558	582 768

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

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

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2019

(All amounts in PLN thousands unless otherwise stated)

Condensed consolidated statement of changes in equity

	Share capital	Embedded element at inception date	Own shares for redemption	Translation reserve	Accumulated profit (loss) Reserve capital	Retained earnings	Total equity
Balance as at 01.01.2018	3 935	(27 909)	(17 199)	(5 458)	987	517 363	471 719
<u>Transactions with owners</u>							
Shares acquisition for redemption	0	0	(142 911)	0	0	0	(142 911)
<u>Comprehensive income</u>							
Currency translation adjustment	0	0	0	(57)	0	0	(57)
Profit (loss) for the period	0	0	0	0	0	14 261	14 261
	0	0	0	(57)	0	14 261	14 204

Balance as at 30.09.2018 /unaudited	3 935	(27 909)	(160 110)	(5 515)	987	531 624	343 012
--	--------------	------------------	-------------------	-----------------	------------	----------------	----------------

Balance as at 01.01.2019	3 935	(27 909)	(160 110)	(5 520)	987	515 496	326 879
<u>Transactions with owners</u>							
Shares acquisition for redemption	0	0	(43 010)	0	0	(158 812)	(201 822)
Share capital reduction	(1 298)	0	160 110	0	0	0	158 812
	(1 298)	0	117 100	0	0	(158 812)	(43 010)
<u>Comprehensive income</u>							
Currency translation adjustment	0	0	0	(193)	0	0	(193)
Profit (loss) for the period	0	0	0	0	0	66 809	66 809
	0	0	0	(193)	0	66 809	66 616

Balance as at 30.09.2019 /unaudited	2 637	(27 909)	(43 010)	(5 713)	987	423 493	350 485
--	--------------	-----------------	-----------------	----------------	------------	----------------	----------------

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 Wiczowska
Board Member

Iwona Makarewicz
Board Member

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

Condensed consolidated statement of cash flows

		For the 9 month period ended	
	Nota	2019-09-30	2018-09-30
		(unaudited)	(unaudited)
Cash flow from operating activities			
Cash generated from operations	21	(4 550)	(6 934)
Interest paid		(1 648)	(1 416)
Income tax paid		(2 731)	0
Net cash generated from operating activities		(8 929)	(8 350)
Cash flows from investing activities			
Capital expenditure on investments property		(1 972)	(1 273)
Capital expenditure on assets held for sale		(3 727)	0
Purchase of property, plant and equipment		(91)	(6)
Proceeds from disposal of subsidiaries		0	82 000
Interest received		362	901
Proceeds from the sale of investment property		0	7 135
Joint ventures profit distribution		0	3 000
Proceeds from joint ventures contribution withdrawal		19 529	12 080
Net cash used in investing activities		14 101	103 837
Cash flows from financing activities			
Own shares acquisition		(43 010)	(142 911)
Repayment of borrowings		(3 941)	(3 922)
Net cash used in financing activities		(46 951)	(146 833)
Net (decrease)/increase in cash and cash equivalents		(41 779)	(51 346)
Cash and cash equivalents at beginning of the year		102 405	143 303
Cash and cash equivalents at the end of the period	7	60 626	91 957

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczowska
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)

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 September 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, IFRS 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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

2.1 Basis of preparation - cont.

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.

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 lessee 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 analysed 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 irrevocable 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,

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

2.1 Basis of preparation - cont.

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,

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 9 months ended 30 September 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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

3 Significant changes in accounting estimates - cont.

Non-developed land was 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 income approach (investment method) was applied to property 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 rate of 8% was used for the purposes of the valuation assumed in the interim consolidated financial statements as at 30 September 2019.

In the three quarters of 2019, the Group recorded loss on the revaluation of investment properties to their fair values, which amounted to PLN 177 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 destined for the construction of public roads and for educational purposes.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

3 Significant changes in accounting estimates - cont.

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 (Challenge 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.

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 (PUMPUU) 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 Santander Bank borrowings. The contract is settled in monthly periods based on EURIBOR 1M.

IRS transaction is valued by bank Santander Bank in fair value. The result of the valuation is recognised as financial costs and revenues, in the statement of comprehensive income.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

3 Significant changes in accounting estimates - cont.

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 Challenge 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.

Based on the analysis performed no impairment indicators were identified with respect to shares in Challenge 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 September 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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**3.1 Managing financial risk - cont.*****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

Decrease of cash balance as compared to 31 December 2019 resulted mainly from spending cash surpluses for acquisition of own shares.

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)

Notes to the interim condensed consolidated financial statements
4 Investment properties

	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
At the beginning of the reporting period	218 311	471 715
Capital expenditure	1 972	4 019
Transfer of the plot for the road construction to the City	0	(11 400)
Disposal of investment property	0	(3 227)
Investment properties in disposed subsidiaries	0	(10 000)
Capitalised financial liabilities related to disposed properties	0	(4 781)
Transfer of capitalised financial liabilities to liabilities held for sale	(10 735)	(13 444)
Liquidation	(443)	0
Transfer of investment property to assets held for sale	(101 767)	(199 449)
Net (loss)/ gain from fair value adjustments on investment properties	(177)	(14 406)
Change in capitalised financial liabilities	(6)	(716)
At the end of the reporting period	107 155	218 311

The decrease of value of investment properties during three quarters of 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 assets held for sale.

Direct operating costs for investment properties:

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
- rent income bearing	1 574	1 104	3 854	3 429
- other	1 599	82	2 028	234
	3 173	1 186	5 882	3 663

5 Trade receivables and other receivables

	30.09.2019	31.12.2018
Trade receivables	1 137	1 258
Receivables from the state budget	1 502	3 136
Receivables from related parties	92	521
Prepaid expenses and accrued revenue	3 602	3 066
Other receivables	48	0
Short-term receivables	6 381	7 981
Long-term receivables	263	550
Total receivables	6 644	8 531

Prepaid expenses and accrued revenue relate mainly to time settlement of annual property tax and perpetual usufruct as well as revenue allocation due to rent free periods in office property rent agreements.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements
6 Inventories

	30.09.2019	31.12.2018
At the beginning of the reporting period	2 915	5 421
Disposal	0	(2 451)
Impairment loss	0	(24)
Exchange differences	(56)	(31)
At the end of the reporting period	2 859	2 915

The Group disposed property in Łódź during 2018.

7 Cash and cash equivalents

	30.09.2019	31.12.2018
Cash at bank and on hand	9 603	39 746
Restricted cash	3 462	3 400
Short-term bank deposits	47 561	59 259
	60 626	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 accounts and in hand and short-term bank deposits.

8 Joint ventures

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

	30.09.2019	31.12.2018
a) Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	1 427	1 620
b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.	33 141	35 581
	34 568	37 201

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

	30.09.2019	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	707	(13 057)
Withdrawal of the joint venture contribution	0	(3 700)
Joint venture contribution	0	1 890
Joint venture profit distribution	(900)	0
Other adjustments	0	1
Closing balance	1 427	1 620
- including net assets not covered by the investment agreement with the Group's 100% rights	0	0

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements
8 Joint ventures - cont.

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

	30.09.2019	31.12.2018
Opening balance as at 1 January	35 581	46 586
Group's share in joint venture contributions	2 000	1 250
Withdrawal of the joint venture contribution	(6 014)	(9 707)
Group's share in declared joint venture contributions	0	10 375
Group's share in profit distributions	(8 601)	(6 255)
Change in Group's property rights to the joint venture	0	(15 880)
Group's share of the net profit or loss of the joint ventures presented in these interim condensed consolidated financial statements	10 177	9 212
Other adjustments	(2)	0
Closing balance	33 141	35 581

Condensed financial information of individually material joint ventures of the Group as at 30 September 2019 and for the period from 01 January 2019 to 30 September 2019 is presented in the below table:

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

	30.09.2019	31.12.2018
<i>Financial information coming from statement of financial position</i>		
Total non-current assets	10	18
Fixed assets	10	18
Total current assets, including:	4 449	4 658
Inventory	1 201	3 412
Trade receivables and other receivables	266	430
Cash and cash equivalents	2 982	816
Total assets	4 459	4 676
Total current liabilities, including:	1 605	1 432
Trade payables and other liabilities	1 605	1 432
Total liabilities	1 605	1 432
Net assets	2 854	3 244
% held by the Group	50%	50%
Group share of net assets of the joint venture	1 427	1 620
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	1 427	1 620

Financial information from statement of comprehensive income

	01-01-2019- 30.09.2019	01-01-2018- 30.09.2018
Revenue	3 218	216
Interest cost	0	(124)
Result from continued operations	1 408	(370)

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**8 Joint ventures - cont.****b) Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością sp.k.***Financial information coming from statement of financial position***Total non-current assets**

Fixed assets

Investment properties

Total current assets, including:

Inventory

Trade receivables and other receivables

Cash and cash equivalents

Total assets**Total current liabilities, including:**

Trade payables and other liabilities

Total non-current liabilities**Total liabilities****Net assets****% held by the Group - with regards to investment property**

Group share of net assets of the joint venture

% held by the Group

Group share of net assets of the joint venture

Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements*Financial information from statement of comprehensive income*

Revenue

Interest income

Interest cost

Result from continued operations

	30.09.2019	31.12.2018
Total non-current assets	18 700	18 758
Fixed assets	0	58
Investment properties	18 700	18 700
Total current assets, including:	66 869	101 879
Inventory	30 827	56 057
Trade receivables and other receivables	29 328	26 746
Cash and cash equivalents	6 714	19 076
Total assets	85 569	120 637
Total current liabilities, including:	19 287	49 476
Trade payables and other liabilities	19 287	49 476
Total non-current liabilities	0	0
Total liabilities	19 287	49 476
Net assets	66 282	71 161
% held by the Group - with regards to investment property	100%	100%
Group share of net assets of the joint venture	0	0
% held by the Group	50%	50%
Group share of net assets of the joint venture	33 141	35 581
Carrying amount of investment in joint venture presented in the interim condensed consolidated financial statements	33 141	35 581
	01-01-2019- 30.09.2019	01-01-2018- 30.09.2018
Revenue	75 026	276
Interest income	0	1
Interest cost	(3)	(3)
Result from continued operations	20 353	(1 974)

9 Share capital

	Number of shares (thousands)		Value of shares	
	30.09.2019	31.12.2018	30.09.2019	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



(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**9 Share capital - cont.**

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 privileged. 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 amendment 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 based on the relevant regulations the Company is prevented from executing voting rights from own shares.

10 Trade payables and other liabilities**Non-current liabilities**

	30.09.2019	31.12.2018
Tenant deposits	2 801	2 305

Current liabilities

	30.09.2019	31.12.2018
Trade payables	601	6 624
Output VAT and other tax payables	11 970	9 157
Deposits of tenants	0	334
Received prepayments	12 418	76 819
Accrued expense	4 612	7 739
Other liabilities	1 096	571
	30 697	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.

The decline in the value of the payments received in respect of 31 December 2018 is due to the conclusion of the final contract for the sale of the parcel belonging to IMES Poland Sp. z o.o., as well as the implementation of the revenues received in previous years for the provision of services related to Investment property sales transactions.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements
11 Borrowings, including financial leasing

	30.09.2019	31.12.2018
Non-current		
Bank loans	61 871	63 115
IRS derivative	306	283
Financial leasing	3 349	14 091
	65 526	77 489
Current		
Bank loans	4 391	4 581
IRS derivative	386	312
	4 777	4 893
Total borrowings	70 303	82 382

As of 30 September 2019 bank credits consist of the payable of PLN 66 262 thousand to Santander Bank Polska SA (PLN 61 871 thousand being long-term and PLN 4 391 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 as 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 692 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.

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 September 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 36 655 thousand as at 30 September 2019.

The bank loans bear floating interest at the following rates:

- Santander Bank Polska SA EURIBOR 1M + 2,15% margin
- mBank Hipoteczny SA EURIBOR 6M + 2,80% margin.

Finance lease liabilities relate to the right to perpetual usufruct and are recognized due to the increase in the fair value of investment property for accounting purposes.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements
12 Deferred income taxes

	30.09.2019	31.12.2018
Deferred tax assets before offset	14 916	9 022
Offset against deferred tax liability	(14 916)	(9 022)
Deferred tax assets	0	0
Deferred income tax liabilities before offset	32 789	28 414
Offset against deferred tax asset	(14 916)	(9 022)
Deferred income tax liabilities after offset	17 873	19 392

13 Revenue by nature

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Rent income	3 319	3 324	9 346	9 544
Sales of inventories	0	0	0	2 501
Income from auxiliary services related to disposed properties	29 000	0	29 000	0
Real estate advisory services	517	160	1 165	556
Rent related services	1 878	973	5 171	4 363
Accounting services	5	0	5	12
	34 719	4 457	44 687	16 976

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

14 Cost of sales

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Cost of inventories sold	5	6	10	2 519
The cost of services rendered	2 777	519	4 138	1 800
	2 782	525	4 148	4 319

The costs of the services performed comprised mainly of the costs of maintenance of the leased office buildings and other services recharged to the tenants, as well as the costs of providing services related to the sale of investment properties.

15 Administrative costs property related

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Personnel costs	1 203	312	1 921	1 092
Property maintenance	1 110	712	3 420	3 509
Property taxes	336	781	1 008	781
Perpetual usufruct	510	40	1 710	117
Depreciation of fixed assets and intangible assets	55	51	191	169
	3 214	1 896	8 250	5 668



(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements**16 Administrative expenses-other**

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Advisory services	189	1 151	1 876	3 255
Legal services	146	138	492	582
Audit fees	64	14	112	130
Transportation	39	5	112	10
Taxes	26	25	73	135
Office maintenance	241	255	609	628
Other services	172	95	345	207
Cost related for non deductible VAT	36	23	144	139
Liquidation of investment property and assets held for sale elements	0	0	645	0
	913	1 706	4 408	5 086

17 Other income

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Provision released	0	1 103	2 230	2 932
Other	12	(5)	120	153
	12	1 098	2 350	3 085

18 Result from sales of subsidiaries

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Revenues from subsidiary disposal	0	0	0	92 000
Cost of subsidiary disposed	0	(1 056)	0	(73 578)
Result on sales of subsidiary	0	(1 056)	0	18 422

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)

Notes to the interim condensed consolidated financial statements
19 Financial income and expenses

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Interest expense:				
- Bank loans	(544)	(242)	(1 690)	(1 374)
- Interest from financial leases	(58)	(517)	(586)	(1 666)
- Other interest expense	(213)	(226)	(665)	(387)
- Interest on loans from related parties	0	0	0	(16)
Net exchange differences	(1 625)	2 046	(1 625)	(2 436)
Revaluation of derivatives (IRS)	(98)	119	(98)	0
Amortised cost valuation	0	(18)	0	(71)
Financial costs	(2 554)	805	(4 680)	(6 360)
Interest income:				
- Bank interest	114	172	362	901
Amortised cost valuation	30	0	176	0
Revaluation of derivatives (IRS)	0	38	0	38
Net exchange differences	(986)	0	0	0
Other financial income	0	0	68	0
Financial income	(842)	210	606	939

20 Income tax

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Current income tax	3 552	115	3 818	284
Deferred taxes	1 418	63	(1 519)	(4 658)
	4 970	178	2 299	(4 374)

CPD S.A.

Condensed interim consolidated financial statements for the period of 9 months ended 30 September 2019

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements

21 Cash generated from operations

	For the 9 month period ended	
	2019-09-30	2018-09-30
Profit (loss) before tax	69 108	9 887
Adjustments for:		
- depreciation of tangible fixed assets	192	162
- amortisation of intangible assets	0	2
- currency translation adjustments	(137)	2
- gains (losses) on revaluation to fair value of investment property	177	(2 492)
- gains (losses) on sale of investment property	0	9 233
- result on fixed assets sale	0	15
- gain on subsidiaries disposal	0	(18 422)
- result on revaluation of assets held for sale	(27 079)	0
- share in the profit or loss of the joint venture	(16 897)	645
- interest expenses	1 640	1 409
- interest income	(365)	(904)
- exchange differences	1 747	2 725
- result on IRS revaluation	97	(155)
- other adjustments	464	(245)
Changes in working capital		
- changes in receivables	1 890	(637)
- change in trade and other liabilities	(35 387)	(8 159)
	(4 550)	(6 934)

22 Related party transactions

CPD S.A. does not have a direct parent or parent senior. Coöperatieve Laxey Worldwide W.A. is a major investor. CPD Group also includes transactions with key management personnel and other related parties, controlled by key staff of the Group.

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

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
(a) Transactions with key management personnel				
The cost of the salaries of members of the Board of Directors	66	72	198	202
The cost of the salaries of the members of the Supervisory Board	138	124	414	437
The cost of services rendered by the members of the Board of Directors	388	245	2 509	734
			2019-09-30	31.12.2018
Total receivables			0	19
Total payables			10	37
Total accruals			891	0

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed consolidated financial statements
22 Related party transactions - cont.
(b) Transactions with the other related parties

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Revenues				
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	58	4	87	33
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.	179	177	493	491
Costs				
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz	0	1	1	25
Laxey Partners (UK) Ltd	0	0	45	0
			2019-09-30	31.12.2018
Payables				
Kancelaria Radców Prawnych Oleś i Rodzyńkiewicz			0	55
Receivables				
Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			1	65
Ursa Park Smart City Spółka z ograniczoną odpowiedzialnością Sp.k.			91	455

23 Payment of dividends

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

24 Earnings per share

	01-07-2019- 2019-09-30	01-07-2018- 2018-09-30	01-01-2019- 2019-09-30	01-01-2018- 2018-09-30
Profit (loss) attributable to shareholders of the company	28 575	15 208	66 809	14 261
Ordinary shares (in thousands) *	23 318	39 354	27 001	37 118
Earnings per share in PLN	1,23	0,39	2,47	0,38
Diluted profit /(loss) attributable to shareholders of the company	28 575	3 021	66 809	(949)
Ordinary shares (in thousands) *	23 318	39 354	27 001	39 354
Diluted earnings per share in PLN	1,23	0,08	2,47	(0,02)

*) Weighted average number of ordinary shares accounts for shares acquired for redemption

Losses were diluted in prior years due to bonds convertible into shares issued by CPD SA. Following the conversion current year losses are not diluted any more. Weighted average number of shares reflects timing of subsequent portions of the conversion.

	2019-09-30		31.12.2018	
	after share capital reduction	actual	after share capital reduction	actual
Net assets at book value	350 485	350 485	326 879	326 879
Number of ordinary shares (in '000)	23 065	26 371	26 371	39 354
Net assets per share	15,20	13,29	12 40	8.31



Notes to the interim condensed consolidated financial statements**25 Contingent liabilities**

As at the balance sheet date there were no significant changes in contingent liabilities.

26 Segment reporting

In accordance with IFRS 8, the Group CPD is and it shall be considered by the Board of Directors as a single operating segment.

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

27 Seasons of activity and unusual events

The activity of the Group of the CPD is not seasonal nor cyclical. In the current interim period there was no unusual events.

28 Assets and liabilities held for sale

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

	30.09.2019	31.12.2018
Assets		
Investment properties	296 272	199 449
Capitalised financial liabilities	21 023	13 444
	317 295	212 893
Liabilities		
Borrowings, including financial leasing	57 399	50 566
Net assets of the group held for sale	259 896	162 327

29 Events after the end of the reporting period

On 30 October 2019 the subsidiaries 2/124 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. and 3/93 Gaston Investments spółka z ograniczoną odpowiedzialnością sp. k. concluded conditional agreements of perpetual usufruct rights for plots located in Ursus, Warsaw.

There were no other reportable 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 - 30/9/2019	1/1/2018 - 30/9/2018	1/7/2019- 30/9/2019	1/7/2018- 30/9/2018
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Administrative costs	30.11	(2 416)	(1 721)	(1 414)	(390)
Marketing costs		(10)	(5)	(7)	0
Fair value adjustment on loans granted	30.12	6 432	11 506	1 952	9 649
Other operating income		0	1 829	0	0
Other operating costs		(60)	0	0	0
OPERATING RESULT		3 946	11 609	531	9 259
Financial income	30.12	23 051	1 278	22 531	41
Financial costs	30.12	(299)	(293)	(96)	(174)
PROFIT (LOSS) BEFORE INCOME TAX		26 698	12 594	22 966	9 126
Income tax		39	(1 079)	2	(394)
PROFIT (LOSS) FOR THE PERIOD		26 737	11 515	22 968	8 732
OTHER COMPREHENSIVE INCOME		0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		26 737	11 515	22 968	8 732
BASIC EARNINGS PER SHARE	30.10	1,11	0,29	1,00	0,22
DILUTED EARNINGS PER SHARE	30.10	1,11	0,29	1,00	0,22

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
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

	Note	30/9/2019 (unaudited)	31/12/2018
ASSETS			
Non-current assets			
Long-term receivables	30.6	116 690	120 239
Shares in subsidiaries	30.5	28 801	28 091
		145 491	148 330
Current assets			
Trade receivables and other receivables, including:	30.7	1 605	914
- receivables and loans		1 588	911
- prepayments		17	3
Cash and cash equivalents		22 327	35 952
		23 932	36 866
Total assets		169 423	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 element at inception date		(27 909)	(27 909)
Other reserves		987	987
Retained earnings		(469 019)	(495 756)
Total equity		140 720	156 993
LIABILITIES			
Non-current liabilities			
Borrowings	30.9	11 756	11 665
Deferred tax liabilities		10 448	10 487
		22 204	22 152
Current liabilities			
Borrowings	30.9	5 464	5 880
Trade payables and other payables		1 035	171
		6 499	6 051
Total liabilities		169 423	185 196

Colin Kingsnorth
Chairman of the Board

John Purcell
Board Member

Elżbieta Donata Wiczowska
Board Member

Iwona Makarewicz
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 element 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)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	11 515	11 515
		0	0	0	0	0	11 515	11 515
As of 30/09/2018/unaudited		3 935	(160 110)	835 846	(27 909)	987	(332 007)	320 742
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)
<u>Comprehensive income:</u>								
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)
<u>Comprehensive income:</u>								
Profit (loss) for the period		0	0	0	0	0	26 737	26 737
		0	0	0	0	0	26 737	26 737
As of 30/09/2019/unaudited		2 637	(43 010)	677 034	(27 909)	987	(469 019)	140 720

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
Board Member

(All amounts in PLN thousands unless otherwise stated)

30.4 Condensed statement of cash flows

	Note	1/1/2019 - 30/9/2019 (unaudited)	1/1/2018 - 30/9/2018 (unaudited)	1/7/2019- 30/9/2019 (unaudited)	1/7/2018- 30/9/2018 (unaudited)
Cash flow from operating activities					
Cash generated from operations	30.13	21 414	(914)	21 868	(222)
Net cash generated from investing activities		21 414	(914)	21 868	(222)
Cash flows from investing activities					
Loans granted		(2 410)	(4 408)	(540)	(1 816)
Loan repayments received		11 687	107 580	730	20 189
Interest received		27	2 263	4	52
Net cash used in investing activities		9 304	105 435	194	18 425
Cash flows from financing activities					
Treasury shares aquisition		(43 010)	(142 911)	0	0
Repayment of loans		(1 333)	0	(335)	0
Net cash used in financing activities		(44 343)	(142 911)	(335)	0
Net (decrease)/increase in cash and cash equivalents		(13 625)	(38 390)	21 727	18 203
Cash and cash equivalents at beginning of year		35 952	69 721	600	13 128
Cash and cash equivalents at the end of the period		22 327	31 331	22 327	31 331

Colin Kingsnorth
Chairman of the Board

Elżbieta Donata Wiczowska
Board Member

John Purcell
Board Member

Iwona Makarewicz
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	30/9/2019	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 Management (*)	Poland	100%	0	0
Challange 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 acquisition of shares in Imes Poland sp. z o.o., the acquisition price included fixed (known at the time the contract was concluded) and conditional 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

	30/9/2019	31/12/2018
Long-term loans with related parties, including:		
- loans	171 102	179 816
- fair value adjustment	(54 412)	(59 820)
	116 690	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 30.09.2019

Related party	Currency of the loan	Fair value of loans granted	Interest Rate	Margin	Maturity
2/124 Gaston Investments	PLN	4 141	3M WIBOR	1,55%	on demand
3/93 Gaston Investments	PLN	3 887	3M WIBOR	1,55%	on demand
5/92 Gaston Investments	PLN	6 395	3M WIBOR	1,55%	on demand
6/150 Gaston Investments	PLN	2 056	3M WIBOR	1,55%	on demand
7/120 Gaston Investments	PLN	2 130	3M WIBOR	1,55%	on demand
12/132 Gaston Investments	PLN	4 048	3M WIBOR	1,55%	on demand
13/155 Gaston Investments	PLN	5 014	3M WIBOR	1,55%	on demand
19/97 Gaston Investments	PLN	840	3M WIBOR	1,55%	on demand
20/140 Gaston Investments	PLN	1 030	3M WIBOR	1,55%	on demand

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**30.6 Long-term receivables - continued**

Belise Investments	PLN	15 007	3M WIBOR	1,55%	on demand
Challange 18	PLN	44 633	3M WIBOR	1,55%	on demand
Elara Investments	PLN	692	3M WIBOR	1,55%	on demand
Gaston Investments	PLN	0	3M WIBOR	1,55%	on demand
HUB Developments	PLN	1 432	3M WIBOR	1,55%	on demand
Lakia Enterprises Limited	PLN	25 384	3M WIBOR	1,55%	on demand
		116 690			

Details of the loans granted to other parties 30.09.2019

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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**30.7 Trade receivables and other receivables**

	30/9/2019	31/12/2018
Trade receivables from related parties	0	0
Short-term loans with related parties, including:	676	0
- loans	24 399	22 163
- fair value adjustment	(23 723)	(22 163)
VAT receivables	0	0
Other tax receivables	0	0
Other receivables from related parties	875	801
Other receivables from other parties	37	110
Prepayments	17	3
Short-term receivables	1 605	914

Details of the loans granted to related parties 30.09.2019

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	676	3M WIBOR	1,55%	on demand

30.8 Share capital

	The number of shares (in thousands)		Value of shares	
	30/9/2019	31/12/2018	30/9/2019	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 9 months ended 30 September 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 30 September 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.

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**30.9 Borrowings**

	30/9/2019	31/12/2018
Bank borrowings	0	0
Loans from related parties	17 220	17 545
- long-term	11 756	11 665
- short-term	5 464	5 880
	17 220	17 545

Loan payables as of 30 September 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 September 2019 loan balances are as follows: Lakia Enterprises: PLN 10 010 thousand (capital: PLN 7 556 thousand, interest: PLN 2 454 thousand, during the period PLN 74 thousand of capital was repaid); Lakia Investments is PLN 5 464 thousand (capital: PLN 4 782 thousand, interest: PLN 682 thousand, during the period PLN 477 thousand of capital and PLN 64 thousand of interest was repaid); Robin Investments: PLN 1 747 thousand (capital: PLN 1 600 thousand, interest PLN 147 thousand).

In addition 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 together with interest accrued 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 - 30/9/2019	1/1/2018 - 30/9/2018	1/7/2019- 30/9/2019	1/7/2018- 30/9/2018
Profit attributable to the shareholders	26 737	11 515	22 968	8 732
Weighted average number of ordinary shares (in '000)	24 034	39 354	23 065	39 354
Earnings per share (in PLN)	1,11	0,29	1,00	0,22
Diluted profit attributable to shareholders	26 737	11 515	22 968	8 732
Weighted average number of ordinary shares (in '000)	24 034	39 354	23 065	39 354
Diluted earnings per share (in PLN)	1,11	0,29	1,00	0,22

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**30.11 Administrative costs**

	1/1/2019 - 30/9/2019	1/1/2018 - 30/9/2018	1/7/2019- 30/9/2019	1/7/2018- 30/9/2018
Advisory services	215	519	66	26
Salaries	1 555	679	1 041	199
Auditor's remuneration	104	82	64	0
Costs of non deductible VAT	121	111	34	18
Other services	421	330	209	147
	2 416	1 721	1 414	390

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

	1/1/2019 - 30/9/2019	1/1/2018 - 30/9/2018	1/1/2018 - 30/9/2018	1/1/2018 - 30/9/2018
Fair value adjustment on loans granted	6 432	11 506	1 952	9 649

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 - 30/9/2019	1/1/2018 - 30/9/2018	1/7/2019- 30/9/2019	1/7/2018- 30/9/2018
Interest income:				
- Bank interest	85	575	19	41
- From other unrelated entities	0	198	0	0
Dividends received	22 427	0	22 427	0
Other financial income	493	436	0	0
Net exchange differences	46	69	85	0
Financial income	23 051	1 278	22 531	41

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.

Interest costs:				
- Interest from related parties	299	293	96	99
Net exchange differences	0	0	0	0
Other financial costs	0	0	0	75
Financial costs	299	293	96	174

30.13 Cash flow from operating activities

	1/1/2019 - 30/9/2019	1/1/2018 - 30/9/2018	1/1/2018 - 30/9/2018	1/1/2018 - 30/9/2018
Profit/loss before tax	26 698	12 594	22 966	9 126
Adjustments for:				
- exchange differences	0	(69)	0	75
- interest costs	299	293	96	99
- interest income	0	(8 139)	0	(7 941)
- fair value adjustment on loans granted	(6 432)	(3 942)	(1 952)	(2 085)
Changes in working capital:				
- changes in trade receivables and other	(15)	423	(10)	462
- changes in provisions	0	(1 829)	0	0
- changes in trade liabilities and other	864	(245)	768	42
	21 414	(914)	21 868	(222)

(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 - 30/9/2019	1/1/2018 - 30/9/2018
Remuneration of members of the Supervisory Board	414	437
Remuneration of members of the Board of Directors	1 071	180

b) Transactions with major investor

	30/9/2019	31/12/2018
Laxey - loans	0	329
Laxey - fair value adjustment	0	(92)

The loan was repaid in April 2019.

c) Transactions with subsidiaries

	1/1/2019 - 30/9/2019	1/1/2018 - 30/9/2018
Revenues - mainly related to loans granted		
<i>2/124 Gaston Investments</i>	107	98
<i>3/93 Gaston Investments</i>	98	90
<i>Ursa Park Smart City</i>	68	0
<i>5/92 Gaston Investments</i>	180	139
<i>6/150 Gaston Investments</i>	49	41
<i>7/120 Gaston Investments</i>	53	44
<i>8/126 Gaston Investments</i>	0	20
<i>9/151 Gaston Investments</i>	0	7
<i>10/165 Gaston Investments</i>	0	11
<i>12/132 Gaston Investments</i>	106	89
<i>13/155 Gaston Investments</i>	122	105
<i>15/167 Gaston Investments</i>	0	10
<i>16/88 Gaston Investments</i>	19	19
<i>18 Gaston Investments</i>	29	33
<i>19/97 Gaston Investments</i>	21	18
<i>20/140 Gaston Investments</i>	26	22
<i>Antigo Investments</i>	56	65
<i>Belise Investments</i>	742	752
<i>Buffy Holdings No1 Ltd</i>	0	2 884
<i>Celtic Asset Management</i>	26	25
<i>Celtic Investments Ltd</i>	6	6
<i>Challange Eighteen</i>	736	2 200
<i>Elara Investments</i>	76	74
<i>Gaston Investments</i>	150	168
<i>Hub Developments</i>	61	62
<i>Lakia Enterprises Ltd</i>	641	628
<i>Mandy Investments</i>	401	392

(All amounts in PLN thousands unless otherwise stated)

Notes to the interim condensed financial statements**30.14 Related party transactions - continued**

Costs - mainly related to loans received	1/1/2019 - 30/9/2019	1/1/2018 - 30/9/2018
<i>Lakia Enterprises Ltd</i>	127	128
<i>Lakia Investments</i>	125	126
<i>Robin Investments</i>	39	39
<i>Imes Poland</i>	8	0
<i>Gaston Investments</i>	0	4
Liabilities - mainly related to loans received	30/9/2019	31/12/2018
<i>Lakia Enterprises Ltd</i>	10 010	9 957
<i>Lakia Investments</i>	5 464	5 880
<i>Robin Investments</i>	1 747	1 708
<i>Gaston Investments</i>	2	2
Receivables - mainly related to loans granted	30/9/2019	31/12/2018
<i>2/124 Gaston Investments</i>	4 141	3 932
<i>3/93 Gaston Investments</i>	3 887	3 690
<i>Ursa Park Smart City</i>	0	359
<i>5/92 Gaston Investments</i>	6 395	6 073
<i>6/150 Gaston Investments</i>	2 056	1 831
<i>7/120 Gaston Investments</i>	2 130	1 925
<i>12/132 Gaston Investments</i>	4 048	3 453
<i>13/155 Gaston Investments</i>	5 014	4 322
<i>19/97 Gaston Investments</i>	840	752
<i>20/140 Gaston Investments</i>	1 030	899
<i>Belise Investments</i>	15 882	14 671
<i>Celtic Asset Management</i>	676	630
<i>Challange Eighteen</i>	44 633	51 165
<i>Elara Investments</i>	692	635
<i>Gaston Investments</i>	0	250
<i>Hub Developments</i>	1 432	1 351
<i>Lakia Enterprises Ltd</i>	25 384	24 846
d) Transactions with other related party		
Costs	1/1/2019 - 30/9/2019	1/1/2018 - 30/9/2018
<i>Kancelaria Radców Prawnych Oleś&Rodzyńkiewicz sp. komandytowa</i>	3	25