FINANCIAL STATEMENT OF CD PROJEKT S.A. IN THE FISCAL YEAR 2014

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General information

I. Entity

Name:	CD PROJEKT S.A.
Legal status:	Joint-stock company
Headquarters:	Jagiellońska 74, 03-301 Warsaw
Country of registration:	Poland
Principal scope of activity:	CD PROJEKT S.A. is the holding company of the CD PROJEKT Capital Group which focuses on videogame development as well as videogame and motion picture distribution
Keeper of records:	District Court for the City of Warsaw in Warsaw – Poland; 13th Commercial Department of the National Court Register (Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego)
Statistical Identification Number (REGON):	492707333

II. Duration of the entity

The duration of CD PROJEKT S.A. is perpetual.

III. Reporting periods

This separate financial statement covers the period between 1 January and 31 December 2014 inclusive. Comparative data is valid for 31 December 2013 in the statement of financial position and for the period between 1 January 2013 and 31 December 2013 in the profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity.

IV. Composition of the governing bodies of the entity as of 31 December 2014

Management Board

President of the Board	Adam Kiciński
Vice President of the Board	Marcin Iwiński
Vice President of the Board	Piotr Nielubowicz
Board Member	Adam Badowski
Board Member	Michał Nowakowski

Changes in Management Board composition

No changes in the composition of the Management Board occurred during the reporting period.

Supervisory Board

Chairwoman of the Board	Katarzyna Szwarc
Deputy Chairman of the Board	Cezary Iwański
Board Memebr	Grzegorz Kujawski

(all figures quoted in PLN thousands unless stated otherwise)

Board Member	Maciej Majewski
Board Member	Piotr Pągowski

Changes in Supervisory Board Composition

No changes in the composition of the Supervisory Board occurred during the reporting period.

V. Licensed auditors

PKF Consult sp. z o.o.,
Orzycka 6/1B
02-695 Warsaw

In Current Report no. 9/2014 of 6 May 2014 the Management Board of CD PROJEKT S.A. disclosed that in accordance with the applicable legislation and the professional code of conduct the responsible body, i.e. the Supervisory Board, selected a licensed auditor to perform an audit of individual and consolidated financial statements of CD PROJEKT S.A. for the year 2014. The entity selected for this purpose is PKF Consult Sp. z o.o.

VI. Regulated market listing

General information

Stock exchange	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) Książęca 4 00-498 Warsaw – Poland
Ticker symbol	CDR
Sector	IT

Depository and settlement system

Depository and settlement system	National Deposit for Securities (Krajowy Depozyt Papierów Wartościowych S.A.; KDPW) Książęca 4 00-498 Warsaw – Poland

Investor relations

Investor relations	gielda@cdprojekt.com

VII. Shareholders who control, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders as of the publication date of this statement

The shareholder structure is determined on the basis of formal notices issued by shareholders who control at least 5% of the total number of votes at the General Meeting of Shareholders of the parent entity. As of the publication date of this statement the following shareholders controlled at least 5% of votes at the General Meeting:

	No. of shares	Percentage share in share capital	No. of votes at the GM	Percentage share in total number of votes at the GM
Marcin Iwiński	*12 607 501*	*13.28%*	*12 607 501*	*13.28%*
Michał Kiciński (1)	*12 281 616*	*12.93%*	*12 281 616*	*12.93%*
Piotr Nielubowicz	*5 985 197*	*6.30%*	*5 985 197*	*6.30%*
PKO TFI S.A. (2)	9 000 000	9.48%	9 000 000	9.48%
AVIVA OFE (3)	4 940 000	5.20%	4 940 000	5.20%
Amplico PTE S.A. (4)	5 003 719	5.27%	5 003 719	5.27%
Other shareholders	45 131 967	47.53%	45 131 967	47.53%

(1) As disclosed in Current Report No. 2/2015 of 23 February 2015.
(2) As disclosed in Current Report No. 19/2011 of 25 February 2011.
(3) As disclosed in Current Report No. 25/2012 of 6 September 2012.
(4) As disclosed in Current Report No. 20/2013 of 11 September 2013.

Changes in shareholder structure

In Current Report No. 2/2015 of 23 February 2015 the Company disclosed that it had received notice from Mr. Piotr Nielubowicz, acting on behalf of himself as well as the remaining parties to the agreement disclosed in Current Report No. 54/2010 of 2 September 2010, namely Mr. Marcin Iwiński, Mr. Michał Kiciński and Mr. Adam Kiciński, to the effect that the agreement existing between the parties and concerning joint purchases of Company shares and acting in concert at General Meetings of Shareholders of the Company had been dissolved on 23 February 2015. As stated by parties to the dissolved agreement, the agreement itself was a consequence of the merger between the CDP Investment Capital Group and OPTIMUS S.A. carried out in 2009-2010, whereas the current overriding concern of those parties who retain executive positions at the Company is to jointly act in the best interests of the Company and its Capital Group by discharging their executive duties.

VIII. Changes in stock ownership by members of the Management Board and the Supervisory Board throughout 2014 and up until the publication date of this statement

Changes in stock ownership by members of the Management Board

	as of 31 Dec 2014	reduction	increase	as of 01 Jan 2014
Marcin Iwiński	*12 607 501*	-	-	*12 607 501*
Piotr Nielubowicz	*5 985 197*	-	-	*5 985 197*
Adam Kiciński	*3 122 481*	-	-	*3 122 481*
Michał Nowakowski	*1 149*	-	-	*1 149*
Adam Badowski	-	-	-	-

(all figures quoted in PLN thousands unless stated otherwise)

	as of 19 Mar 2015	reduction	increase	as of 01 Jan 2014
Marcin Iwiński	*12 607 501*	-	-	*12 607 501*
Piotr Nielubowicz	*5 985 197*	-	-	*5 985 197*
Adam Kiciński	*3 122 481*	-	-	*3 122 481*
Michał Nowakowski	*1 149*	-	-	*1 149*
Adam Badowski	-	-	-	-

Changes in stock ownership by members of the Supervisory Board

	as of 31 Dec 2014	reduction	increase	as of 01 Jan 2014
Katarzyna Szwarc	*10*	-	-	*10*
Cezary Iwański	-	-	-	-
Grzegorz Kujawski	-	-	-	-
Maciej Majewski	-	-	-	-
Piotr Pągowski	-	-	-	-

	as of 19 Mar 2015	reduction	increase	as of 01 Jan 2014
Katarzyna Szwarc	*10*	-	-	*10*
Cezary Iwański	-	-	-	-
Grzegorz Kujawski	-	-	-	-
Maciej Majewski	-	-	-	-
Piotr Pągowski	-	-	-	-

IX. Subsidiaries - structure of the Capital Group

CD PROJEKT S.A.

GOG Ltd.

GOG Poland sp. z o.o.

Brand Projekt sp. z o.o.

CD PROJEKT Inc.

CD PROJEKT Brands S.A.

(all figures quoted in PLN thousands unless stated otherwise)

On 4 August 2014 a company named CD PROJEKT Inc. was incorporated under US law in Venice, California. This company is wholly owned by CD PROJEKT S.A.

On 27 August 2014 the District Court for the City of Warsaw, 13th Commercial Department of the National Court Registry performed registration of CD PROJEKT Brands S.A. with a share capital of 200 thousand PLN. On the day of its incorporation CD PROJEKT Brands S.A. was wholly owned by CD PROJEKT S.A. As disclosed in Current Report No. 21/2014, on 19 December 2014 all shares of CD PROJEKT Brands S.A. were sold to Brand Projekt sp. z o.o., which is directly owned by CD PROJEKT S.A.

In Current Report No. 19/2014 of 26 November 2014 the Management Board of CD PROJEKT S.A. disclosed that it had sold 457 shares of cdp.pl sp. z o.o. back to cdp.pl sp. z o.o. for redemption. As a result of this transaction CD PROJEKT S.A.'s share in cdp.pl sp. z o.o.'s share capital was reduced to 8.29%. Accordingly, cdp.pl sp. z o.o. ceased to operate as a subsidiary of CD PROJEKT S.A. and its financial results are excluded from consolidation within the CD PROJEKT Capital Group.

X. Validation of published estimates

The Company did not publish any estimates referring to the reporting period.

XI. Selected financial highlights

The official PLN/EUR exchange rates published by the National Bank of Poland and valid for the reporting period are as follows:

Reporting period	Average rate *	Minimum rate	Peak rate	Rate as of the final day of the reporting period
01 Jan 2014 – 31 Dec 2014	*4.1893*	*4.0998*	*4.3138*	*4.2623*
01 Jan 2013 – 31 Dec 2013	*4.2110*	*4.0671*	*4.3432*	*4.1472*

** Average value of exchange rates on the final day of each month belonging to the reporting period.*

Selected items from the statement of financial position, profit and loss account and statement of cash flows for the reporting period, as well as the corresponding comparative data have been converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland.

Assets and liabilities listed in the profit and loss account and statement of cash flows have been converted into EUR by applying the average value of exchange rates for the final day of each month belonging to the reporting period, as published by NBP.

thousands	PLN		EUR	
	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013	01.01.2014 - 31.12.2014	01 Jan 2014 - 31 Dec 2014
Net revenues from sales of products, goods and materials	*34 455*	*27 071*	*8 225*	*6 429*
Sales costs	*17 683*	*6 991*	*4 221*	*1 660*
Profit (loss) from continuing operations	*(1 287)*	*4 278*	*(307)*	*1 016*
Gross profit (loss)	*(13 416)*	*19 433*	*(3 202)*	*4 615*
Net profit (loss) attributable to equity holders of parent entity	*(12 407)*	*18 298*	*(2 962)*	*4 345*
Net cash flows from continuing operations	*(17 588)*	*12 393*	*(4 198)*	*2 943*
Net cash flows from investment activities	*9 595*	*782*	*2 290*	*186*
Net cash flows from financial activities	*938*	*(5 349)*	*224*	*(1 270)*
Aggregate net cash flows	*(7 055)*	*7 827*	*(1 684)*	*1 859*
Stock volume (in thousands)	*94 950*	*94 950*	*94 950*	*94 950*
Net profit (loss) per ordinary share (PLN/EUR)	*(0.13)*	*0.20*	*(0.03)*	*0.05*
Diluted profit (loss) per ordinary share (PLN/EUR)	*(0.13)*	*0.20*	*(0.03)*	*0.05*

Book value per share (PLN/EUR)	*1.50*	*1.63*	*0.35*	*0.39*
Diluted book value per share (PLN/EUR)	*1.50*	*1.63*	*0.35*	*0.39*
Declared or paid out dividend per share (PLN/EUR)	*0.00*	*0.00*	*0.00*	*0.00*

thousands	PLN		EUR	
	31 Dec 2014	31 Dec 2013	31.12.2014	31 Dec 2014
Total assets	*208 818*	*186 028*	*48 992*	*44 856*
Liabilities and provisions for liabilities (less accrued charges)	*65 549*	*30 973*	*15 379*	*7 468*
Long-term liabilities	*2 363*	*4 936*	*554*	*1 190*
Short-term liabilities	*64 191*	*27 147*	*15 060*	*6 546*
Equity	*142 264*	*153 945*	*33 377*	*37 120*
Share capital	*94 950*	*94 950*	*22 277*	*22 895*

XII. Statement of the Management Board

Pursuant to the directive of the Finance Minister of 19 February 2009 regarding the publication of periodic and current reports by issuers of securities, the Management Board of the Company hereby states that, to the best of its knowledge, this consolidated financial statement and comparative data contained herein have been prepared in accordance with all accounting regulations applicable to CD PROJEKT S.A. and that they constitute a true, unbiased and clear description of the finances and assets of the Company as well as its current profit and loss balance.

This separate financial statement has been prepared in accordance with accounting practices consistent with the International Financial Reporting Standards as legislated by the European Union. Where such practices are not applicable the statement conforms to the Accounting Act of 29 September 1994 (Journal of Laws of the Republic of Poland, 2013, item no. 330 with subsequent changes) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 19 February 2009 regarding the publication of periodic and current reports by issuers of securities (Journal of Laws of the Republic of Poland, No. 2014/33).

XIII. Approval of financial statement

This separate financial statement of CD PROJEKT S.A. was approved for publication by the Management Board of the Company on 19 March 2015.

(all figures quoted in PLN thousands unless stated otherwise)

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Separate financial statement of CD PROJEKT S.A.

I. Profit and loss account

PLN thousands	Note	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013*
Sales revenues	*1,2*	**34 455**	**27 071**
Revenues from sales of products	-	*22 298*	*23 208*
Revenues from sales of services	-	*2 570*	*3 489*
Revenues from sales of goods and materials	-	*9 587*	*374*
Cost of products, goods and materials sold	*3*	**17 683**	**7 461**
Cost of products and services sold	-	*8 740*	*7 254*
Value of goods and materials sold	-	*8 943*	*207*
Gross profit (loss) from sales	**-**	**16 772**	**19 610**
Other operating revenues	*4*	*7 260*	*1 609*
Selling costs	*3*	*14 661*	*7 775*
General and administrative costs	*3*	*9 179*	*8 398*
Other operating expenses	*4*	*1 479*	*768*
Operating profit (loss)	**-**	**(1 287)**	**4 278**
Financial revenues	*5*	*10 954*	*15 860*
Financial expenses	*5*	*23 083*	*705*
Profit (loss) before tax	**-**	**(13 416)**	**19 433**
Income tax	*6*	*(1 009)*	*1 135*
Net profit (loss) from continuing operations	**-**	**(12 407)**	**18 298**
Net profit (loss) from discontinued operations	*7*	**-**	**-**
Net profit (loss)	**-**	**(12 407)**	**18 298**
Net earnings per share (in PLN)			
Basic for the reporting period	*8*	*(0.13)*	*0.20*
Diluted for the reporting period	*8*	*(0.13)*	*0.20*
Net earnings per share from continuing operations (in PLN)			
Basic for the reporting period	*8*	*(0.13)*	*0.20*
Diluted for the reporting period	*8*	*(0.13)*	*0.20*

** adjusted*

II. Statement of comprehensive income

PLN thousands	Note	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013*
Net profit (loss)	*10*	**(12 407)**	**18 298**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	-	-	-
Exchange rate differences on valuation of foreign entities	-	-	-
Differences from rounding to PLN thousands	**-**	**-**	**-**
Total comprehensive income	**-**	**(12 407)**	**18 298**

** adjusted*

Warsaw, 19 March 2015

Adam Kiciński	Marcin Iwiński	Piotr Nielubowicz	Adam Badowski	Michał Nowakowski	Aneta Magiera
President of the Board	Vice President of the Board	Vice President of the Board	Board Member	Board Member	Accounting Officer

III. Statement of financial position

PLN thousands	Note	31 Dec 2014	31 Dec 2013*
FIXED ASSETS	-	**78 064**	**110 188**
Tangible assets	*12*	*4 603*	*9 204*
Intangible assets	*13*	*62 372*	*75 648*
Goodwill	*15*	*9 855*	*24 828*
Other financial assets	*19*	*547*	*-*
Deferred income tax assets	*6*	*410*	*250*
Other fixed assets	*16*	*277*	*258*
CURRENT ASSETS	-	**130 754**	**75 840**
Inventories	*20,21*	*96 511*	*44 514*
Trade receivables	*22*	*5 360*	*3 556*
Current income tax receivables	*-*	*-*	*900*
Other receivables	*23*	*12 981*	*5 681*
Other financial assets	*19*	*2 745*	*804*
Prepaid expenses	*24*	*210*	*383*
Cash and cash equivalents	*25*	*12 947*	*20 002*
Total assets	-	**208 818**	**186 028**

* adjusted

Warsaw, 19 March 2015

Adam Kiciński	Marcin Iwiński	Piotr Nielubowicz	Adam Badowski	Michał Nowakowski	Aneta Magiera
President of the Board	Vice President of the Board	Vice President of the Board	Board Member	Board Member	Accounting Officer

PLN thousands	Note	31 Dec 2014	31 Dec 2013*
EQUITY	**-**	**142 264**	**153 945**
Share capital	*26*	*94 950*	*94 950*
Supplementary capital, incl. sales of shares above nominal price	*27*	*110 936*	*110 936*
Other reserve capital	*29*	*1 716*	*989*
Retained earnings	*30*	*(52 931)*	*(71 228)*
Net profit (loss) for the reporting period	*-*	*(12 407)*	*18 298*
LONG-TERM LIABILITIES	**-**	**2 363**	**4 936**
Other financial liabilities	*32,38*	*260*	*100*
Deferred income tax liabilities	*6*	*1 115*	*3 809*
Deferred revenues	*39*	*965*	*1 004*
Provisions for employee benefits and similar liabilities	*40*	*23*	*23*
Other provisions	*41*	*-*	*-*
SHORT-TERM LIABILITIES	-	**64 191**	**27 147**
Credits and loans	*31*	*4*	*1*
Other financial liabilities	*32,38*	*397*	*128*
Trade liabilities	*34*	*9 286*	*10 257*
Liabilities from current income tax		*497*	*-*
Other liabilities	*35,36*	*53 737*	*16 461*
Deferred revenues	*39*	*40*	*106*
Provisions for employee benefits and similar liabilities	*40*	*139*	*88*
Other provisions	*41*	*91*	*106*
TOTAL LIABILITIES	-	**208 818**	**186 028**

** adjusted*

Warsaw, 19 March 2015

Adam Kiciński	Marcin Iwiński	Piotr Nielubowicz	Adam Badowski	Michał Nowakowski	Aneta Magiera
President of the Board	Vice President of the Board	Vice President of the Board	Board Member	Board Member	Accounting Officer

IV. Statement of changes in equity

PLN thousands	Share capital	Supplementary capital from sales of shares above nominal price	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01 Jan 2014 – 31 Dec 2014						
Equity as of 01 Jan 2014	**94 950**	**110 936**	**989**	**(52 550)**	**-**	**154 325**
Adjustments resulting from errors in preceding years	-	-	-	*(381)*	-	*(381)**
Equity after adjustments	**94 950**	**110 936**	**989**	**(52 931)**	**-**	**153 945**
Cost of incentive program	-	-	*727*	-	-	*727*
Distribution of net profit	-	-	-	-	*(12 407)*	*(12 407)*
Equity as of 31 Dec 2014	**94 950**	**110 936**	**1 716**	**(52 931)**	**(12 407)**	**142 264**
01 Jan 2013 – 31 Dec 2013**						
Equity as of 01 Jan 2013	**94 950**	**110 936**	**551**	**(71 229)**	**-**	**135 208**
Equity after adjustments	**94 950**	**110 936**	**551**	**(71 229)**	**-**	**135 208**
Cost of incentive program	-	-	*438*	-	-	*438*
Total comprehensive income	-	-	-	*1*	*18 298*	*18 298*
Equity as of 31 Dec 2013	**94 950**	**110 936**	**989**	**(71 228)**	**18 298**	**153 945**

* This adjustment concerns the presentation change described in section "Clarifications regarding the separate financial statement", subsection "Assumption of going concern and comparability of financial statements".
** *adjusted*

Warsaw, 19 March 2015

Adam Kiciński	Marcin Iwiński	Piotr Nielubowicz	Adam Badowski	Michał Nowakowski	Aneta Magiera
President of the Board	Vice President of the Board	Vice President of the Board	Board Member	Board Member	Accounting Officer

V. Statement of cash flows

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013*
OPERATING ACTIVIES		
Net profit (loss)	**(12 407)**	**18 298**
Total adjustments:	**(4 671)**	**(4 274)**
Depreciation	*2 668*	*2 355*
Interest and profit sharing (dividends)	*(8 873)*	*(13 747)*
Profit (loss) on investment activities	*18 610*	*210*
Change in provisions	*36*	*(28)*
Change in inventories	*(51 997)*	*(18 154)*
Change in receivables	*(10 147)*	*9 419*
Change in liabilities excluding credits and loans	*44 708*	*14 040*
Change in other assets	*172*	*(104)*
Change in other liabilities	*(105)*	*793*
Other adjustments	*257*	*942*
Cash flow from continuing operations	**(17 078)**	**14 024**
Income tax on profit (loss) before taxation	*(1 009)*	*1 135*
Income tax (paid) / reimbursed	*499*	*(2 766)*
A. Net cash flow from operating activities	**(17 588)**	**12 393**
INVESTMENT ACTIVITIES		
Inflows	**42 869**	**13 958**
Disposal of intangible and tangible fixed assets	*24 257*	*22*
Disposal of financial assets	*10 265*	*118*
Other inflows from investment activities (dividends and interest)	*8 347*	*13 818*
Outflows	**33 274**	**13 176**
Purchases of intangible and tangible fixed assets	*12 233*	*12 634*
Purchases of financial assets	*19 764*	*5*
Other outflows from investment activities	*1 277*	*537*
B. Net cash flow from investment activities	**9 595**	**782**
FINANCIAL ACTIVITIES		
Inflows	**1 329**	**-**
Credits and loans	*3*	*-*
Other inflows from financial activities (incl. cash pool)	*1 326*	*-*
Outflows	**391**	**5 349**
Repayments of credits and loans	*-*	*1 300*
Payments of liabilities under financial lease agreements	*382*	*159*
Interest paid	*9*	*72*
Other outflows from financial activities (incl. cash pool)	*-*	*3 818*
C. Net cash flows from financial activities	**938**	**(5 349)**
D. Total net cash flow	**(7 055)**	**7 827**
E. Change in cash and cash equivalents on balance sheet	**(7 055)**	**7 827**
F. Cash and cash equivalents at beginning of period	**20 002**	**12 175**
G. Cash and cash equivalents at end of period	**12 947**	**20 002**

** adjusted*

Warsaw, 19 March 2015

Adam Kiciński	Marcin Iwiński	Piotr Nielubowicz	Adam Badowski	Michał Nowakowski	Aneta Magiera
President of the Board	Vice President of the Board	Vice President of the Board	Board Member	Board Member	Accounting Officer

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Clarifications regarding the separate financial statement

I. Compliance with International Financial Reporting Standards

This separate financial statement has been prepared in accordance with International Financial Reporting Standards (hereafter referred to as "IFRS") and with interpretations issued by the International Accounting Standard Board approved by the EU under the relevant Regulation on the Application of International Accounting Standards (European Parlament and the Council 1606/2002), hereafter referred to as UE IFRS.

UE IFRS comprise standards and interpretations endorsed by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), approved for use in the EU.

In preparing its separate financial statement for 2014 the Company applied the same accounting standards as in its separate financial statement for 2013 with exception of the following new and amended standards and interpretations approved by the European Union and applicable to reporting periods beginning on or after 1 January 2014:

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities
- IAS 27 (amended) Separate financial statements
- IAS 28 (amended) Investments in associates and joint ventures
- Amendments to IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other entities and IAS 27 Separate financial statements – investment entities
- IAS 32 (amended) Financial instruments: presentation – offsetting financial instruments and liabilities
- Amendment to IAS 36 – Impairment of assets – Recoverable amount disclosures for non-financial assets
- Amendment to IAS 39 – Financial instruments: recognition and measurement – Novation of derivatives and continuation of hedge accounting
- IFRIC 21: Levies

In 2014 the Company adopted all new standards and interpretations published by the International Accounting Standards Board and the International Financial Reporting Standards Interpretation Committee and approved for use within the EU, for reporting periods beginning on or after 1 January 2014, wherever such standards and interpretations apply to the Company's business practices.

As of the preparation date of this separate financial statement the Company has not applied the following financial standards, amendments and new interpretations which have been published and approved for use in the EU but have not yet entered into force:

- Changes to IFRS (2011-2013) – changes concerning the annual IFRS amendment procedure – applicable to reporting periods beginning on or after 1 July 2014
- Changes to IFRS (2010-2012) – changes concerning the annual IFRS amendment procedure – applicable to reporting periods beginning on or after 1 July 2014
- Changes to IAS 19 Employee benefits – applicable to reporting periods beginning on or after 1 July 2014
  Contributions from employees or third parties set out in the formal terms of a defined benefit plan may be recognized as a reduction in the service cost in the same period in which they are payable if, and only if, they are linked solely to the employee's service rendered in that period.
  Any other employee third-party contributions should be attributed to periods of service in the same way as the gross benefit is attributed.

This separate financial statement of the Company should be analyzed in conjunction with the consolidated financial statement approved for publication by the Management Board and published on the same day as the separate financial statement. Both documents, taken together, constitute a full account of the Group's financial and material standing as of 31 December 2014 and its financial performance in the period between 1 January and 31 December 2014 as required under the International Financial Reporting Standards approved by the European Union.

Standards and interpretations adopted by the IASB but not yet approved by the EU

- IFRS 9 Financial instruments (of 12 November 2009 with subsequent changes to IFRS 9 and IFRS 7 adopted on 16 December 2011).

The new standard replaces the guidelines contained in IAS 39 Financial Instruments: recognition and measurement with regard to classification and measurement of financial assets. It eliminates the distinction between assets held to maturity, assets held for sale and loans/payables, as listed in IAS 39. On initial recognition financial assets are instead grouped into:

- financial assets masured using the amortised cost method,
- financial assets measured at fair value.

A financial asset is measured using the amortised cost method if the following two conditions are fulfilled: the objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes), and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Gains and losses on financial assets measured at fair value are to be entered into the accounts for the current period unless the investment is not held for trading. IFRS 9 enables financial assets to be measured at fair value on initial recognition and entered into the accounts as Other comprehensive income. This decision is irreversible and can be taken for each asset separately. Assets recognized in this manner cannot be transferred to profit or loss at a later date.

- IFRS 14: Regulatory Deferral Accounts – applicable to reporting periods beginning on or after 1 January 2016.

  This standard was published in the framework of a broader project concerning rate-regulated activities and addressing the comparability of financial statements in areas subject to regulation by supervisory or control organs (depending on the jurisdiction such areas often include heat and energy distribution, trading in electricity and natural gas, telecommunication services etc.)

  IFRS 14 does not broadly cover accounting of rate-regulated activities; instead it defines the rules of recognizing revenues and expenses stemming from market regulations which do not fall under the provisions of other IFRS regarding recognition of assets and liabilities.

  The applicability of IFRS 14 is limited to cases where the entity in question conducts rate-regulated activities and has recognized amounts in its previous GAAP financial statements that meet the definition of regulatory deferral account balances.

  According to IFRS 14 such amounts should instead be reported separately in the statement of financial position and the profit and loss statement. They are not to be subdivided into fixed and operating units and should not be treated as assets or liabilities – instead, they are designated as "regulatory deferral account balances".

  The profit and loss account should present net changes in deferral account balances in its other comprehensive income section and in the profit and loss section (or in separate profit and loss statements, where appropriate).

- IFRS 15: Revenue from Contracts with Customers – applicable to reporting periods beginning on or after 1 January 2017.

  IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard introduces a uniform five-step model which is to apply to all revenues earned from contracts with customers.

- Amendment to IAS 16: Property, Plant and Equipment, and to IAS 41: Agriculture – Bearer Plants – applicable to reporting periods beginning on or after 1 January 2016.

  This amendment stipulates that bearer plants covered under IAS 41: Agriculture would be better accounted for under IAS 16: Property, Plant and Equipment, i.e. using the purchase (production) cost method or a model based on their revalued cost. IAS 41 requires all biological assets used in agriculture to be measured at fair value less the cost to sell.

- Amendment to IAS 16: Property, Plant and Equipment, and to IAS 38: Intangible Assets – acceptable methods of depreciation and amortization (of tangible fixed assets and intangible assets) - applicable to reporting period beginning on or after 1 January 2016.

  With regard to amortization of fixed assets the amendment reiterates that the amortization method should reflect the consumption of the expected future economic benefits embodied in the asset, however it also notes that a revenue-based method is not considered to be an appropriate manifestation of consumption. This is because revenue represents the generation of expected economic benefits rather than the consumption of said benefits. The IASB points out that revenues are affected by a host of other factors, such as inflation, which have nothing to do with the manner in which economic benefits afforded by tangible fixed assets are consumed.

  With regard to intangible assets (covered under IAS 38) the IASB admits that in certain circumstances it might be appropriate to apply a revenue-based amortization strategy. In order for this exception to be applicable the entity in question must be able to show a clear causative link between its revenues and the consumption of economic benefits afforded by an intangible asset, provided that the asset can be interpreted as the right to obtain a specific revenue (i.e. the asset expires once its holder has secured a predetermined revenue) – an example would be the right to mine a gold deposit until such time as a certain revenue is obtained.

- Amendment to IFRS 11: Joint Agreements – acquisition of an interest in a joint operation – applicable to reporting periods beginning on or after 1 January 2016.

The amendment add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business under IFRS 3.

The amended standard stipulates that in such cases the acquirer is required to apply all of the principles on business combinations accounting in IFRS 3: Business Combinations (as well as other IFRS, with the exception of those principles that conflict with the guidance in IFRS 11) and disclose all required information applicable to a business combination scenario. Part B of the standard contains more detailed provisions regarding e.g. goodwill and asset impairment tests.

In the Company's opinion the above mentioned standards, interpretations and amendments will have no significant effect on the Company's separate financial statement.

II. Assumption of going concern and comparability of financial statements

This separate financial statement is prepared under the assumption that the Company intends to continue as a going concern throughout the 12-month period following the end of the reporting period (i.e. 31 December 2014). At the moment of signing this financial statement the Management Board of the Company is not aware of any facts or circumstances which would jeopardize the assumption of going concern within said 12-month period, by way of intentional or forced cessation or significant reduction of continuing operations.

As of the day of preparation of this financial statement covering the period between 1 January and 31 December 2014 no events have occurred which should have been reflected in the accounts for that period but have not been reflected therein. Additionally, no important events have occurred in relation to the preceding years.

The following presentation changes have been applied in order to ensure comparability of financial data:

- The Company corrected the erroneous account of statistical exchange rate differences on advance royalty fees received from foreign supplies and presented in its separate financial statement of 31 December 2013. According to IAS 21 §16 advance payments should be treated as non-monetary items carried at historical cost and reported using the exchange rate at the date of the transaction except for items carried at fair value. No further statistical exchange rate differences arise on reporting dates following the date of the transaction.

  Accordingly, the following adjustments have been made:

  - Cost of goods and services sold: adjusted by +470 thousand PLN
  - Net deferred income tax assets/liabilities: adjusted by -90 thousand PLN
  - Other liabilities – adjusted by +470 thousand PLN
  - Net profit(loss) for the reporting period: adjusted by -381 thousand PLN

  The above adjustments resulted in changes in the Company's financial result and equity by -381 thousand PLN.

III. Description of applicable accounting practices

Operating revenues and expenses

Revenues are defined as the gross receipts on any economic benefits from the reported period resulting from (ordinary) economic activities of the Company and leading to an increase in its equity other than from capital increases obtained through shareholder contributions.

Revenues only cover receipts on economic benefits allocated to the Company, whether received or receivable. Revenues from sales are defined as received or receivable payments on sales of material assets and services less the applicable sales and services tax. Revenues are determined on the basis of fair payment, whether received or receivable, adjusted for any trade discounts granted by the Company. Sales revenues are recognized on the date of transfer of the relevant goods and rights of use. Where services are concerned, revenues are valid for the period a given service was performed, depending on the progression of the underlying transaction, i.e. the relationship between the current state of work and the totality of work required to render a given service.

In accordance with the principle of matching revenues and expenses, expenses associated with consumption of materials, goods and finished products are reported in the same period as their corresponding sales revenues.

Financial revenues and expenses

Financial revenues consist mainly of interest on bank deposits of monetary assets, commissions and interest on loans granted, penalty interest on overdue receivables, liabilities, released provisions associated with financial activities, revenues from sales of securities, gains from exchange rate differences, reversal of impairment of investment assets and credit/loan write-offs. The Company also reports any dividends obtained from subsidiaries as financial revenues.

Financial expenses consist mainly of interest on outstanding credits and loans, penalty interest on overdue liabilities, provisions set aside to cover certain or probable losses from financial operations, purchase value of any securities sold, commissions and handling charges, write-downs on interest owed and short-term investment valuations, discounts, exchange rate differences and, in the case of financial lease agreements, any other payments except capital payments.

State subsidies

Subsidies are not recognized until there is a reasonable certainty that the Company will fulfill the necessary criteria and receive the subsidy. State subsidies predicated on the condition that the recipient purchases or produces certain fixed assets are recognized in the consolidated statement of financial position in the deferred revenue line item and charged to the financial result systematically throughout the anticipate economic life of such assets.

Current and deferred income tax

The reported revenue is subject to compulsory taxation, whether current or deferred. Current tax is calculated on the basis of taxable income in a given financial year. Tax gain (or loss) differs from net accounting gain (or loss) due to exclusion of taxable deferred revenues and acquisition costs, as well as tax-exempt revenues and expenses. Tax burden is calculated on the basis of tax rates valid for a given financial year. Current tax on items included directly in the equity capital is reported in the equity statement, as opposed to the profit and loss account.

Deferred tax is calculated using the balance sheet method as the amount payable or receivable as a result of the difference between the carrying amount of assets and liabilities and their corresponding tax base amounts.

Deferred income tax liabilities are recognized in correspondence with taxable positive temporary differences. Deferred tax assets are recognized up to the amount of probable reduction in future tax gains by any recognized negative temporary differences. A tax asset or liability is not recognized if the underlying temporary difference is due to goodwill or prior inclusion of another asset or liability in a transaction which does not affect the company’s taxable or accounting revenues. Deferred income tax liabilities are applied to temporary tax differences resulting from investments in associates and joint ventures unless the Company is capable of controlling the moment of reversal of the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future.

The value of the asset associated with deferred tax is subject to analysis for each balance sheet date. If the expected future tax gains are insufficient to cover the asset or part thereof, it is written off.

Deferred tax is calculated by applying rates which will be in force on the date the corresponding gain is realized or the liability becomes due. Deferred tax is reported in the profit and loss account unless it applies to assets included directly in the equity capital in which case it is also reported in the equity capital.

Value added tax

All revenues, expenses and assets are recorded following deduction of the applicable value added tax, except for:

- cases where value added tax paid when purchasing assets or services cannot be recovered from state authorities, in which case it is reported as part of the purchase cost of a given asset or as an expense;
- receivables and liabilities reported as inclusive of value added tax.

The net amount of value added tax recoverable from or payable to tax authorities is reported in the statement as part of the Company’s receivables or liabilities.

Tangible assets

Tangible assets are recognized on the basis of their cost (purchase price or production cost) following deduction of depreciation and impairment for each reporting period. Borrowing costs associated directly with the purchase or construction of assets which require a long time to become usable or resaleable are added to the cost of construction of such fixed assets up until the beginning of their useful economic life. Revenues from short-term investment of borrowings related to construction of fixed assets is deducted from the borrowing costs following capitalization. Other borrowing costs are reported as expenses in the period during which they were incurred.

Depreciation is calculated for all fixed assets except land holdings and fixed assets being built, throughout their expected useful economic life, using the straight-line method.

Assets held under a financial lease agreement are depreciated throughout their useful economic life in the same way as proprietary assets.

Profits or losses on sales/liquidation or cessation of use of fixed assets are defined as the difference between their sales revenues and net value, and are reported in the profit and loss account.

Intangible assets

Intangible assets are recognized according to their historical cost of purchase or production, following deduction of depreciation and impairment costs. Depreciation is calculated using the straight-line method. Costs of research and development activities are not subject to activation and are reported in the profit and loss account for the period when they were incurred. Costs of development activities can only be capitalized under the following conditions:

- the project is well defined (e.g. development of new software or procedures);
- the asset being built is likely to yield economic benefits;
- project costs can be reliably estimated.

Development costs are depreciated using the straight-line method throughout their expected useful economic life, or reported in proportion to the quantity of products sold.

In this separate financial statement the Company considers the CD PROJEKT brand name to be its intangible asset. The brand name's value is calculated using the relief from royalty method, which is one of the basic valuation methods for trademarks and other intangible assets in the context of business combinations, in line with IFRS 3 *Business combinations*. Brand name valuation is subject to yearly impairment tests.

Goodwill

Goodwill is defined as the positive difference between the cost of establishing a business combination (also known as acquisition or takeover cost) and the parent company's share in the net fair value of all assets and liabilities (including contingent liabilities) of the controlled entity on the date of acquisition.

Goodwill may be created either as a result of acquisition of a corporate entity, or through acquisition of an enterprise, i.e. an organized part of an entity, which is defined as a set of assets and corresponding liabilities (including contingent liabilities).

Combinations between the Company and other entities are accounted for using the purchase method according to which the takeover cost, calculated as the fair value of payment incurred for acquiring control over a corporate entity or part thereof (i.e. an enterprise), is allocated to identifiable assets and liabilities (including contingent liabilities) of the entity being acquired. Any surplus resulting from this allocation procedure is assumed to represent goodwill. Any negative difference between the acquisition cost and the Company's share in the net fair value of identifiable assets and liabilities (including contingent liabilities) on the date of acquisition is treated as revenues and duly reported in the profit and loss account as Other operating revenues (disaggregated).

Goodwill may be created through acquisition of a corporate entity via a court-registered merger or by acquisition of capital shares of the subsidiary. In the former case goodwill is reported in the parent company's accounts and its individual financial statement; in the latter case it is reported in the consolidation documents and in the consolidated financial statement of the Capital Group.

Goodwill is also estimated following purchase of shares in a jointly controlled entity or affiliate. If shares in a jointly controlled entity are acquired by applying the proportional consolidation method, goodwill is accounted and reported as for a controlled entity. If shares are acquired by applying the equity method (whether for a jointly controlled entity or affiliate) goodwill assessment follows the same procedure as for a controlled entity, with the exception that the equity method does not permit the acquired goodwill to be reported in the financial statement.

Impairment of non-financial assets

For each balance sheet date the Compan performs an inventory of the net value of all its fixed assets in order to determine whether impairment of assets may have occurred.

If asset impairment is suspected the recoverable amount of each asset is calculated to determine the potential write-down. If a given asset does not produce a cash flow that is substantially separate from cash flows produced by other assets, analysis is performed for the whole group of cash producing assets to which the given asset belongs.

For intangible assets with an indefinite useful economic life this impairment test is performed on a yearly basis and, additionally, whenever impairment is suspected.

Recoverable amount is defined as the greater of the following two values: fair value of the asset less the cost of sale, and the asset's value in use. The latter value is defined as the balance of expected future cash flows produced by the asset, discounted using discount rates which acknowledge the market value of the relevant currency and a risk factor specific to the given asset.

If the recoverable amount of a given asset is lower than its net book value, the book value is lowered to match the recoverable amount. The loss resulting from this operation is accounted as cost in the period during which it was incurred, unless the asset had previously been carried at a revalued amount in which case the impairment is reflected by adjusting the revalued amount.

At the moment of reversal of asset impairment the net value of the asset (or group of assets) is increased to match the newly estimated recoverable amount; it cannot, however, exceed the net value of the asset which would have been reported had the impairment not been recognized during previous financial years. Reversal of asset impairment is recognized as revenues unless the asset had previously been carried at a revalued amount in which case the impairment reversal is reflected by adjusting the revaluation capital.

Investment properties

Investment properties are defined as all properties held for the expected revenues from rent, increase in value, or both. As such, cash flows produced by investment properties are largely independent from those produced by other assets belonging to the Company.

Investment properties may be estimated using the fair value or purchase cost method.

Lease agreements

Lease agreements are considered to be financial in nature if the agreement transfers the totality of potential benefits and risks associated with the lease to the lessee. All other forms of lease agreements are considered operating.

Assets utilized on the basis of financial lease agreements are considered to belong to the Company and are accounted by their fair value on the date of acquisition. The reported value cannot, however, exceed the current minimum total of lease payments. The lease agreement establishes a liability due to the lessor, which is represented in the account sheet as a financial lease liability. Lease payments are divided into capital and interest payments in such a way that the interest rate for the remaining portion of the liability remains fixed. Financial costs are reported in the profit and loss account. In the context of operating lease agreements, payments are allocated to costs throughout the duration of lease using the straight line method.

Investments in affiliates

Investments in affiliates are accounted on their effective date and at cost. Assessment of such investments for a given balance sheet date is performed on the basis of initial cost minus the write-down associated with any permanent impairment of assets.

Financial assets

On initial recognition the Company classifies each of its financial assets as:

- financial assets designated at fair value through financial result,
- investments held to maturity,
- loans or liabilities,
- saleable financial assets.

Assets are recognized on the Company balance sheet at the moment the Company enters into a binding agreement. On initial recognition each asset is designated at fair value, which is increased – if the given asset or financial liability is not qualified for designation at fair value through financial result – by the cost of transactions directly attributable to acquisition or issuance of the financial asset or liability.

Financial liabilities

A financial liability is defined as any liability which:

- is associated with a contractual obligation to transfer monetary or other financial assets to another entity, or exchange financial assets or liabilities with another entity on potentially disadvantageous terms;
- is associated with a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are considered equity instruments if the entity offers the rights, options or pro rata warrants to all of its existing owners of the same class of its own non-derivative equity instruments.

On initial recognition the Company classifies each of its financial liabilities as:

- financial liabilities designated at fair value through financial result,
- other financial liabilities.

On initial recognition a financial liability is estimated at fair value, which is increased – if the given liability is not qualified for estimation at fair value through financial result – by the cost of transactions directly related to said liability.

Inventories

The initial value (cost) of an inventory is the sum of all costs (related to purchase, production etc.) incurred in bringing the inventory to its current level and location. The cost of inventories is defined as the original purchase price increased by import duties and other taxes (which cannot be recovered from tax authorities), transport, loading and unloading costs, and any other costs associated with construction of inventories, and reduced by any discounts, rebates and similar deductions. Inventories are valued at initial cost (purchase price or production cost) or at their net sale price, whichever is lower. The net sale price is defined as the estimated sale price reduced by any costs involved in finalizing production, facilitating the sale and finding a buyer (this includes sales and marketing expenses, etc.) In relation to inventories, cost is always determined on the "first in, first out" (FIFO) basis.

Current production involves development of games. The carrying amount is determined on the basis of all development costs directly attributable to a given project and a justifiable portion of costs not directly attributable to any given project.

At the moment of finalizing development and recognizing costs incurred by a given project said costs are reallocated from Ongoing development to Finished products.

In the case of projects for which a reliable estimate of sales revenues can be provided, a coefficient is derived to enable allocation of costs at the moment of sale. This coefficient depends on the total value of expenses for the finished project (reported as Finished products) in relation to the expected sales revenues.

In the case of projects for which no reliable estimate of sales revenues can be provided and no suitable cost allocation coefficient can be derived the revenues and costs are reported on a 1:1 basis.

Trade and other receivables

Receivables associated with delivery of products and services are entered in the accounts at their nominal value, adjusted for write-downs reflecting any doubtful debts.

Accrued and deferred charges

The Company includes in its statement of deferred and accrued charges any prepayments and charges related in part or in full to subsequent reporting periods.

Deferred charges are recognized by the Company as allocated to future reporting periods, depending on when the relevant revenue is realized.

Claims related to sale of products which have been produced and accounted for in the reporting period but reported following the end of this period (in accordance with contractual obligations) are reported as trade receivables until the relevant invoices have been received.

Accrued charges are charges associated with payment for products or services which have been received or performed, but which have not been paid for, invoiced or formally agreed upon with the supplier.

Cash and cash equivalents

Cash assets are defined as cash on hand and any deposits payable on demand. Cash equivalents represent highly liquid short-term investments easily exchangeable for a known quantity of cash and subject to low depreciation risk.

Assets held for sale and discontinuing operations

Tangible assets held for sale (as well as net disposal groups) are valued at either their carrying amount or their fair value less the cost of sale, whichever is lower.

Tangible assets and disposal groups are classified as held for sale if their carrying amount is expected to be retrieved by way of sale rather than continued use. This condition is only considered fulfilled if the sale transaction is highly likely to occur and the given asset (or disposal group) is available for immediate sale in its present form. Designating a given asset as held for sale conveys the Company management’s intent to conclude the sale transaction within one year of such a designation being made.

Equity

Equity is treated in accounting practice with distinction to its type and in accordance with the applicable legal constraints, as well as any statutory requirements and conditions expressed in the contracts to which the Company is party.

Share capital is reported at nominal value, in the amount consistent with the Company’s statute and its record in the court register.

Supplementary capital is derived from:

- the positive difference between the issue price of shares and their corresponding nominal value less the cost of issuance. Said costs, incurred while establishing a joint-stock company or increasing its share capital, limit the capital to the excess of issue price over the nominal value of shares;
- profit earned and reported as Other capital contributions.

Provisions for liabilities

Provisions are made whenever the Company faces a liability (whether legal or customary) resulting from past events, it is likely that discharging said liability will reduce the Company's economic advantage and the liability can be reliably estimated. No provisions are made for future operating losses.

Restructuring cost allowances are made only when the Company has revealed a detailed and formalized restructuring plan to all interested parties.

Provisions for expected repair costs of Optimus hardware and hardware components covered by warranties

Warranty repair provisions – services related to warranty repairs of Optimus hardware and hardware components have been subcontracted to an external entity. The allowance covers the entire duration of the service agreement, adequate to the duration of warranties provided.

Employee benefits

The costs of short-term employee benefits other than those stemming from termination of employment and equity compensation are recognized as liabilities following adjustment for any payments already made and, at the same time, as expenses during the period, unless a given benefit is includable in the cost of construction of an asset. The Company does not provide any employee benefit programs following termination of employment.

On 16 December 2011 the Extraordinary General Meeting of Shareholders of CD Projekt RED S.A. (currently operating under the name CD PROJEKT S.A.) voted to institute an incentive program for persons viewed as crucially important for the Capital Group as a whole and having a decisive influence upon the development of the Group's activity branches. A set of targets were established and the Management Board and Supervisory Board of the Company selected a number of persons who, assuming these profit and marketing goals are met, are rewarded with warrants entitling them to acquire company shares by way of a conditional increase in the Company's share capital. Details are presented in Current Report No. 73/2011 of 17 December 2011.

Bank credits and loans

Any bank credits on which interest is charged (including overdraft facilities) are recognized in the amount of acquired revenues less the cost of acquisition. Financial costs, including commissions charged upon repayment or waivers, as well as direct costs of obtaining credit are reported in the profit and loss account using the accrual accounting method and included in the book value of the instrument adjusted for any repayments made in the reporting period. Accounting practices related to credits are also applied to loans. Loans granted are estimated at their acquisition cost adjusted by applying the effective interest rate.

Trade and other liabilities

Liabilities pertaining to supplies and services are reported in their nominal amount. Financial liabilities and equity instruments are classified according to their commercial substance which depends on contractual obligations. Equity instruments are defined as contracts granting a share in the Company's equity less any applicable liabilities.

Borrowing costs

Borrowing costs associated with the purchase, construction or creation of a qualifying asset are recognized as a component of its acquisition or construction cost (IAS 23).

Payment of dividends

Dividends are recognized at the moment the Company shareholders become entitled to receive them.

IV. Functional currency and presentation currency

Functional currency and presentation currency

All items in the financial statement are expressed in the currency of the primary economic environment in which the Company operates (functional currency). The financial statement is presented in Polish Zlotys (PLN), which is the functional and presentation currency of the Company.

Transactions and balances

Transactions denominated in foreign currencies are converted to the functional currency according to the exchange rate on the date of the transaction. Exchange rate losses and gains on settlement of transactions and on valuation of assets and liabilities denominated in foreign currencies are reported in the profit and loss statement unless deferred in the equity capital as a cash flow hedges and hedges of net investments.

V. Important values based on professional judgment and estimates

Professional judgment

In applying accounting practices (policies) to the issues listed below, a key aspect – in addition to accounting estimates – is the professional judgment of Company management.

Classification of lease agreements

The Company classifies lease agreements as either operating or financial based on their assessment of the degree to which the risk and benefits from possessing the leased asset accrue to the lessee as opposed to the lessor. This assessment is based on the commercial substance of each agreement.

Uncertainty of estimates

This section key assumptions regarding future conditions and other fundamental sources of uncertainty, as of the balance sheet date, which may pose a serious risk of significant adjustments in asset and liability valuation during the coming financial year.

Impairment of assets

Goodwill and trademark value impairment tests require an assessment of the value in use of each cash generating unit to which the Company's subsidiaries belong. This assessment is based on a projection of future cash flows generated by individual cash generating units and requires an estimate of the discount rate applied when conducting pending assessment of the value of said flows. The latest test of the CD PROJEKT brand name was conducted on 31 December 2014 with no indications of impairment of this asset. Asset impairment tests at individual subsidiaries were last conducted on 31 December 2014. No circumstances were identified which would suggest impairment of these assets.

Valuation of provisions

Provisions for employee pensions and the incentive program were estimated on the basis of actuarial gains and losses.

Work in progress

In the case of projects for which a reliable estimate of sales revenues can be provided, a coefficient is derived to enable allocation of costs at the moment of sale. This coefficient bases on the total value of expenses for the finished project (reported as Finished products) in relation to the expected sales revenues.

Deferred tax assets

The Company recognizes deferred tax assets by anticipating future taxable revenues which may require recognition of such assets. A decrease in future economic performance might render such assumptions invalid.

Deferred tax liabilities

The Company recognizes deferred income tax liabilities by assuming future tax liabilities arising from positive temporary differences, enabling the given liability to be consumed.

Fair value of financial instruments

Financial instruments for which there is no active market are estimated using appropriate methods. In selecting the suitable methods and assumptions the Company applies its professional judgment.

Depreciation rates

Depreciation rates are determined on the basis of the expected useful economic life of tangible equity assets and intangible assets. The Company performs yearly validations of the assumed useful economic life of its assets, based on current estimates.

VI. Changes in accounting practices (policies)

The accounting practices (policies) applied in preparing this financial statement are consistent with those applied in preparing the corresponding financial statement for the year ending 31 December 2013.

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Additional notes and explanations regarding the financial statement

Note 1. Sales revenues

Pursuant to IAS 18 income from sales of products, goods and services less the applicable sales and services tax, rebates and discounts, is recognized when the seller has transferred to the buyer the significant risks and rewards of ownership.

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Total sales revenues	***34 455***	***27 071***
Sales of goods and materials	*9 587*	*374*
Sales of products	*22 298*	*23 208*
Sales of services	*2 570*	*3 489*
Total other revenues	***18 214***	***17 469***
Other operating revenues	*7 260*	*1 609*
Financial revenues	*10 954*	*15 860*
Revenues from continuing operations	**52 669**	**44 540**
Revenues from discontinued operations	**-**	**-**
Total revenues	**52 669**	**44 540**

Note 2. Operating segments

Information concerning operating segments can be found in the Consolidated Financial Statement of the CD PROJEKT Capital Group for the period between 1 January and 31 December 2014 (see Note 2 therein).

Note 3. Operating costs

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Depreciation	*2 587*	*2 307*
Consumption of materials and energy	*1 355*	*1 124*
External services	*33 351*	*12 704*
Taxes and fees	*743*	*454*
Employee compensation	*25 923*	*17 410*
Social security and other benefits	*1 728*	*1 243*
Other costs, including:	***6 824***	***4 246***
- business travel	*1 146*	*596*
- recruitment costs	*370*	*481*
- participation in fairs, exhibitions and conferences	*3 188*	*1 659*
- use of company cars	*149*	*138*
- representation and advertising	*1 348*	*1 165*
- insurance	*52*	*63*
- other expenses	*571*	*144*
Change in the balance of finished products and work	*(48 671)*	*(23 315)*
Value of goods and materials sold	*15 010*	*6 022*
Exchange rate differences from continuing operations	*2 673*	*1 439*
Total costs by category:	**41 523**	**23 634**

Selling costs	*14 661*	*7 775*
General and administrative costs	*9 179*	*8 398*
Value of goods and materials sold	*8 943*	*207*
Cost of products and services sold	*8 740*	*7 254*
Total	**41 523**	**23 634**

Depreciation costs and write-downs recognized in the profit and loss account

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Items aggregated with sales costs	**62**	**26**
Depreciation of fixed assets	*38*	*4*
Depreciation of intangible assets	*24*	*22*
Items aggregated with general and administrative expenses	**698**	**654**
Depreciation of fixed assets	*683*	*616*
Depreciation of intangible assets	*15*	*38*
Items aggregated with ongoing production	**1 827**	**1 628**
Depreciation of fixed assets	*1 403*	*874*
Depreciation of intangible assets	*424*	*754*

Costs of employee benefits

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Compensation	*25 923*	*17 410*
Social security and similar benefits	*1 315*	*922*
Other benefits	*413*	*321*
Total cost of employee benefits	**27 651**	**18 653**
Items aggregated with sales costs	*3 492*	*2 388*
Items aggregated with general and administrative expenses	*4 873*	*4 687*
Items aggregated with ongoing production	*19 286*	*11 578*

Note 4. Other operating revenues and expenses

Other operating revenues

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Profit from sales of fixed assets	*3 926*	*22*
Dissolution of provisions for employee retirement and pension funds	*6*	*69*
Elimination of write-downs for receivables	*598*	*304*
Write-downs on expired liabilities	*1*	*27*
Damages, penalties and fines collected	*15*	*300*
Subsidies	*583*	*98*
Reinvoicing revenues	*827*	*399*
Other operating revenues, including:	***1 304***	***390***
- unused provisions	*-*	*66*
- reimbursement of civil law transaction tax	*1 118*	*-*
- repossession gains received	*8*	*6*
- products and materials received free of charge	*36*	*54*
- other sales	*89*	*229*
- other miscellaneous operating revenues	*53*	*35*
Total	**7 260**	**1 609**

Other operating costs

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Reinvoicing costs	*827*	*399*
Unrecoverable withholding tax	*5*	*4*
Trade liability revaluations	*10*	*5*
Other liability revaluations	*-*	*33*
Inventory revaluations (discounts)	*-*	*62*
Write-downs on expired receivables	*521*	*233*
Others, including:	***116***	***32***
- withholding tax costs incurred by the Company	*-*	*12*
- liquidation of fixed assets	*17*	*-*
- other	*99*	*20*
Total	**1 479**	**768**

Revaluation write-downs created

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Receivables	*10*	*39*
Total	**10**	**39**

Note 5. Financial revenues and expenses

Financial revenues

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Revenues from interests	*543*	*343*
Dividends collected	*8 347*	*13 466*
Investment revaluation	*34*	*-*
Gains from exchange rate differences	*1 301*	*1 559*
Revenues from investment fund shares	*1*	*18*
Sureties	*7*	*67*
Withholding tax from previous years recovered in current year	*-*	*371*
Valuation of shares in affiliates	*476*	*-*
Other revenues	*245*	*36*
Total financial revenues	**10 954**	**15 860**

Financial expenses

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Interest payments	*10*	*74*
Investment activities, including:	*23 030*	*228*
- net profit from sales of financial assets and liabilities designated at fair value through financial result	*(8)*	*(67)*
- net loss from sales of investments (shares)	*24 423*	*293*
- forward transactions in foreign currencies	*(1 385)*	*-*
- investment revalution	*-*	*2*
Bank fees	*18*	*319*
Long-term receivable discount	*2*	*-*
Sureties	*1*	*59*
Other expenses	*22*	*25*
Total financial expenses	**23 083**	**705**

Disclosure of revenues, expenses, profits and losses by financial instrument category

PLN thousands	Financial assets designated at fair value through financial result	Financial assets held for sale	Loans granted and receivables	Trade and other liabilities*	Total valuation of financial instruments
01 Jan 2014 – 31 Dec 2014					
Revenues/expenses from interest	*1*	*-*	*543*	*(10)*	*534*
Revaluation write-downs	*-*	*-*	*(9)*	*-*	*(9)*
Release of revaluation write-downs	*-*	*-*	*598*	*-*	*598*
Profit (loss) on sales of financial instruments	*(1 393)*	*-*	*-*	*-*	*(1 393)*
Valuation of shares in other entities	*-*	*547*	*-*	*-*	*547*
Total profit/loss	**(1 392)**	**547**	**1 132**	**(10)**	**(277)**
01 Jan 2013 - 31 Dec 2013					
Revenues/expenses from interest	*18*	*-*	*343*	*(74)*	*287*
Revaluation write-downs	*-*	*-*	*(38)*	*-*	*(38)*
Release of revaluation write-downs	*-*	*-*	*304*	*-*	*304*
Profit (loss) on sales of financial instruments	*(67)*	*-*	*-*	*-*	*(67)*
Valuation of shares in other entities	*-*	*-*	*-*	*-*	*-*
Total profit/loss	**(49)**	**-**	**609**	**(74)**	**486**

** including credits and loans*

Note 6. Current and deferred income tax

The main tax burden components for the years ending 31 December 2014 and 31 December 2013 are as follows:

Income tax recognized in the profit and loss account

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Current income tax	**1 845**	**2 528**
For the fiscal year	*1 845*	*2 528*
Deferred income tax	**(2 854)**	**(1 393)**
Due to creation and reversal of temporary differences	*(2 854)*	*(1 393)*
Tax burden reported in profit and loss account	**(1 009)**	**1 135**

The deferred tax reported in the profit and loss account is defined as the difference between the value of provisions and assets associated with the deferred tax at the beginning and end of each reporting period.

Current income tax

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Income before taxation	**(13 416)**	**19 433**

Revenues from previous years increasing the tax base	*3 294*	*11 803*
Tax-exempt revenues	*9 873*	*18 105*
Expenses from preceding years reducing the tax base	*7 531*	*3 073*
Non-deductible expenses	*37 711*	*7 109*
Taxable income	**10 185**	**17 167**
Deductions from income (incl. losses sustained in preceding years and deductions associated with rollout of new technologies)	*458*	*4 330*
Tax base	**9 727**	**12 837**
Income tax due (assumed rate: 19%)	*1 848*	*2 528*
Effective tax rate	**7.52%**	**5.84%**

Current income tax is estimated by applying a tax rate of 19% to the reported tax base.

Negative temporary differences requiring recognition of deferred tax assets

PLN thousands	31 Dec 2013	reductions	increases	31 Dec 2014
Provisions for other employee benefits	*120*	*339*	*394*	*175*
Other provisions	*105*	*179*	*166*	*92*
Revaluation of foreign currency contracts (cash flow hedge) at fair value	*-*	*19*	*19*	*-*
Negative exchange rate differences	*22*	*1 821*	*2 008*	*209*
Provisions for lease expenses	*87*	*57*	*37*	*67*
Deposit discount	*15*	*2*	*2*	*15*
Cash pool interest	*(1)*	*-*	*1*	*-*
Incentive program	*989*	*-*	*727*	*1 716*
Reserve and asset offsets	*(21)*	*116*	*21*	*(116)*
Total negative temporary differences	**1 316**	**2 533**	**3 375**	**2 158**
Tax rate	*19%*	*19%*	*19%*	*19%*
Deferred tax assets	**250**	**481**	**641**	**410**

Positive temporary differences requiring recognition of deferred tax liabilities

PLN thousands	31 Dec 2013	reductions	increases	31 Dec 2014
Revaluation of foreign currency contracts (cash flow hedge) at fair value	*-*	*233*	*233*	*-*
Positive exchange rate differences	*13*	*419*	*486*	*80*
Income in the current period invoiced in the following period, and sales returns	*3 267*	*14 150*	*10 883*	*-*
CD PROJEKT brand name	*1 683*	*-*	*3 673*	*5 356*
The Witcher trademark	*15 104*	*15 104*	*-*	*-*
Valuation of shares in other entities	*-*	*-*	*475*	*475*
Other sources	*4*	*19*	*88*	*73*

Cash pool interest	*(1)*	*-*	*1*	*-*
Reserve and asset offsets	*(21)*	*116*	*21*	*(116)*
Total positive temporary differences	**20 049**	**30 041**	**15 860**	**5 868**
Tax rate	*19%*	*19%*	*19%*	*19%*
Deferred tax liabilities	**3 809**	**5 707**	**3 013**	**1 115**

Net deferred tax assets/liabilities

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Deferred tax assets	*410*	*250*
Deferred tax liabilities - continuing operations	*1 115*	*3 809*
Net deferred tax assets/liabilities	**(705)**	**(3 559)**

Note 7. Discontinued operations

Not applicable.

Note 8. Earnings per share

Base earnings per share are calculated by dividing the net profit for the reporting period attributable to ordinary equity holders of the Company by a weighted average of the number of ordinary shares issued valid during the reporting period. Diluted earnings per share are calculated by dividing the net profit for the reporting period attributable to ordinary equity holders of the Company by a weighted average of the number of ordinary shares issued valid during the reporting period (adjusted for the effect of dilutive options and dilutive redeemable preference shares convertible into ordinary shares). The reported of earnings per share are based on the following information:

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Net profit from continuing operations	(12 407)	18 678
Net profit attributable to ordinary equity holders	(12 407)	18 678
Net profit for the purposes of calculating diluted earnings per share	(12 407)	18 678

Number of shares issued

units	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Weighted average number of shares issued for the purposes of calculating base earnings per share	94 950 000	94 950 000
Weighted average number of shares issued for the purposes of calculating diluted earnings per share	94 950 000	94 950 000

Note 9. Dividends proposed or approved by the date of approval of this financial statement

No dividend was paid out to Company shareholders during the reporting period.

Note 10. Disclosure of other components of the reported comprehensive income

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Net profit (loss)	**(12 407)**	**18 298**
Exchange rate differences on valuation of foreign entities	-	-
Share in profits and losses of affiliates and joint-ventures estimated using the equity method	-	-
Total comprehensive income	**(12 407)**	**18 298**

Note 11. Tax effects of other components of the reported comprehensive income

Not applicable.

Note 12. Tangible fixed assets

Ownership structure of tangible fixed assets

PLN thousands	31 Dec 2014	31 Dec 2013
Wholly owned	*3 662*	*8 837*
Held under a hire purchase, hire or leasing contract	*941*	*367*
Total	**4 603**	**9 204**

Tangible fixed assets whose title is restricted and tangible fixed assets pledged as collateral for liabilities

PLN thousands	31 Dec 2014	31 Dec 2013
Held under a leasing contract	*941*	*367*
Pledged as collateral for credits and loans	*0*	*60 000*
Fixed assets subsidized by the EU	*103*	*274*
Value of tangible fixed assets whose title is restricted and tangible fixed assets pledged as collateral for liabilities	**1 044**	**60 641**

Contractual commitments for future acquisition of tangible fixed assets

PLN thousands	31 Dec 2014	31 Dec 2013
Leasing of passenger cars	*941*	*367*
Total	**941**	**367**

Changes in fixed assets (by category) between 1 Jan 2014 and 31 Dec 2014

PLN thousands	Land holdings	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01 Jan 2014	**346**	**11 590**	**4 619**	**925**	**97**	**-**	**17 577**
Increases from:	**-**	**132**	**1 478**	**820**	**37**	**134**	**2 601**
- purchases	*-*	*35*	*1 405*	*10*	*-*	*134*	*1 584*
- own construction of fixed assets	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- lease agreements	*-*	*-*	*-*	*810*	*-*	*-*	*810*
- reclassification	*-*	*97*	*73*	*-*	*37*	*-*	*207*
- acquisition free of charge	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Reductions from:	**346**	**8 635**	**1 561**	**253**	**70**	**134**	**10 999**
- sales	*346*	*8 635*	*1 006*	*253*	*14*	*-*	*10 254*
- liquidation	*-*	*-*	*324*	*-*	*31*	*-*	*355*
- assignment of lease contract	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- reclassification	*-*	*-*	*231*	*-*	*25*	*134*	*390*
Gross carrying amount as of 31 Dec 2014	**-**	**3 087**	**4 536**	**1 492**	**64**	**-**	**9 179**
Amortization as of 01 Jan 2014	**-**	**4 537**	**3 342**	**430**	**64**	**-**	**8 373**
Increases from:	**-**	**405**	**1 121**	**218**	**4**	**-**	**1 748**
- amortization	*-*	*405*	*1 121*	*218*	*4*	*-*	*1 748*
Reductions from:	**-**	**3 759**	**1 474**	**253**	**59**	**-**	**5 545**
- sales	*-*	*3 759*	*1 001*	*253*	*14*	*-*	*5 027*
- liquidation	*-*	*-*	*307*	*-*	*31*	*-*	*338*
- assignment of lease contract	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- reclassification	*-*	*-*	*166*	*-*	*14*	*-*	*180*
Amortization as of 31 Dec 2014	**-**	**1 183**	**2 989**	**395**	**9**	**-**	**4 576**
Impairment write-downs as of 01 Jan 2014	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Impairment write-downs as of 31 Dec 2014	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Net carrying amount as of 31 Dec 2014	**-**	**1 904**	**1 547**	**1 097**	**55**	**-**	**4 603**

Changes in fixed assets (by category) between 1 Jan 2013 and 31 Dec 2013

PLN thousands	Land holdings	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01 Jan 2013	**346**	**10 619**	**4 477**	**771**	**97**	**261**	**16 571**
Increases from:	**-**	**971**	**911**	**264**	**13**	**537**	**2 696**
- purchases	*-*	*173*	*907*	*133*	*13*	*537*	*1 763*

- own construction of fixed assets	-	-	1	-	-	-	1
- lease agreements	-	-	-	131	-	-	131
- reclassification	-	798	-	-	-	-	798
- acquisition free of charge	-	-	3	-	-	-	3
Reductions from:	**-**	**-**	**769**	**110**	**13**	**798**	**1 690**
- sales	-	-	151	76	5	-	232
- liquidation	-	-	618	-	8	-	626
- assignment of lease contract	-	-	-	34	-	-	34
- reclassification	-	-	-	-	-	798	798
Gross carrying amount as of 31 Dec 2013	**346**	**11 590**	**4 619**	**925**	**97**	**-**	**17 577**
Amortization as of 01 Jan 2013	**-**	**4 028**	**3 225**	**417**	**72**	**-**	**7 742**
Increases from:	**-**	**509**	**887**	**94**	**5**	**-**	**1 495**
- amortization	-	509	887	94	5	-	1 495
Reductions from:	**-**	**-**	**770**	**81**	**13**	**-**	**864**
- sales	-	-	152	76	5	-	233
- liquidation	-	-	618	-	8	-	626
- assignment of lease contract	-	-	-	5	-	-	5
Amortization as of 31 Dec 2013	**-**	**4 537**	**3 342**	**430**	**64**	**-**	**8 373**
Impairment write-downs as of 01 Jan 2013	-	-	-	-	-	-	-
Impairment write-downs as of 31 Dec 2013	-	-	-	-	-	-	-
Net carrying amount as of 31 Dec 2013	**346**	**7 053**	**1 277**	**495**	**33**	**-**	**9 204**

Fixed assets under construction

PLN thousands	01 Jan 2014	Expenditures in fiscal year	Cost reclassification	Expenditure settlements	31 Dec 2014
Office space	-	97	-	97	-
Light fixture	-	37	-	**37**	
Total	**-**	**134**	**-**	**134**	**-**

PLN thousands	31 Jan 2013	Expenditures in fiscal year	Cost reclassification	Expenditure settlements	01 Dec 2013
Construction of motion capture studio; additional office space	261	537	-	798	-
Total	**261**	**537**	**-**	**798**	**-**

Value and area of land holdings in perpetuity

Not applicable.

Leased fixed assets

PLN thousands	31 Dec 2014			31 Dec 2013		
	Gross value	Amortization	Wartość netto	Gross value	Amortization	Wartość netto
Vehicles	*1 165*	*224*	*941*	*534*	*167*	*367*
Total	**1 165**	**224**	**941**	**534**	**167**	**367**

Note 13. Intangible assets

Changes in intangible assets between 1 Jan 2014 and 31 Dec 2014

PLN thousands	Trademarks	Patents and licenses	Computer software	Goodwill	Other	Intangible assets under construction	Total
Gross carrying amount as of 01 Jan 2014	**33 468**	**867**	**10 225**	**39 147**	**196**	**-**	**83 903**
Increases from:	**-**	**549**	**1 381**	**-**	**1**	**1 143**	**3 074**
- purchases	*-*	*287*	*1 315*	*-*	*1*	*1 143*	*2 746*
- reclassification	*-*	*262*	*66*	*-*	*-*	*-*	*328*
Reductions from:	**15 104**	**91**	**551**	**-**	**196**	**-**	**15 942**
- sales	*15 104*	*-*	*79*	*-*		*-*	*15 183*
- liquidation	*-*	*91*	*472*	*-*	*51*	*-*	*614*
- reclassification	*-*	*-*	*-*	*-*	*145*	*-*	*145*
Gross carrying amount as of 31 Dec 2014	**18 364**	**1 325**	**11 055**	**39 147**	**1**	**1 143**	**71 035**
Amortization as of 01 Jan 2014	**-**	**298**	**7 890**	**-**	**67**	**-**	**8 255**
Increases from:	**-**	**148**	**967**	**-**	**9**	**-**	**1 124**
- amortization	*-*	*91*	*819*	*-*	*9*	*-*	*919*
- reclassification	*-*	*57*	*148*	*-*	*-*	*-*	*205*
Reductions from:	**-**	**91**	**550**	**-**	**75**	**-**	**716**
- liquidation	*-*	*91*	*471*	*-*	*51*	*-*	*613*
- sales	*-*	*-*	*79*	*-*	*-*	*-*	*79*
- reclassification	*-*	*-*	*-*	*-*	*24*	*-*	*24*
Amortization as of 31 Dec 2014	**-**	**355**	**8 307**	**-**	**1**	**-**	**8 663**
Impairment write-downs as of 01 Jan 2014	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Impairment write-downs as of 31 Dec 2014	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Net carrying amount as of 31 Dec 2014	**18 364**	**970**	**2 748**	**39 147**	**-**	**1 143**	**62 372**

Changes in intangible assets between 1 Jan 2013 and 31 Dec 2013

PLN thousands	Trademarks	Patents and licenses	Computer software	Goodwill	Other	Intangible assets under construction	Total
Gross carrying amount as of 01 Jan 2013	**24 286**	**1 221**	**7 808**	**39 147**	**318**	**-**	**72 780**
Increases from:	**9 182**	**528**	**2 802**	**-**	**49**	**-**	**12 561**
- purchases	*9 182*	*317*	*1 869*	*-*	*38*	*-*	*11 406*
- reclassification	*-*	*211*	*933*	*-*	*11*	*-*	*1 155*
Reductions from:	**-**	**882**	**385**	**-**	**171**	**-**	**1 438**
- sales	*-*	*-*	*-*	*-*	*-*	*-*	*-*
- liquidation	*-*	*-*	*283*	*-*	*-*	*-*	*283*
- reclassification	*-*	*882*	*102*	*-*	*171*	*-*	*1 155*
Gross carrying amount as of 31 Dec 2013	**33 468**	**867**	**10 225**	**39 147**	**196**	**-**	**83 903**
Amortization as of 01 Jan 2013	**-**	**446**	**7 140**	**-**	**92**	**-**	**7 678**
Increases from:	**-**	**205**	**1 131**	**-**	**32**	**-**	**1 368**
- amortization	*-*	*107*	*726*	*-*	*27*	*-*	*860*
- reclassification	*-*	*98*	*405*	*-*	*5*	*-*	*508*
Reductions from:	**-**	**353**	**381**	**-**	**57**	**-**	**791**
- liquidation	*-*	*-*	*283*	*-*	*-*	*-*	*283*
- reclassification	*-*	*353*	*98*	*-*	*57*	*-*	*508*
Amortization as of 31 Dec 2013	**-**	**298**	**7 890**	**-**	**67**	**-**	**8 255**
Impairment write-downs as of 01 Jan 2013	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Impairment write-downs as of 31 Dec 2013	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Net carrying amount as of 31 Dec 2013	**33 468**	**569**	**2 335**	**39 147**	**129**	**-**	**75 648**

Intangible assets – ownership structure

PLN thousands	31 Dec 2014	31 Dec 2013
Wholly owned	*62 372*	*75 648*
Total	**62 372**	**75 648**

Intangible assets under construction

PLN thousands	31 Dec 2014	Expenditure settlements	Cost reclassification	Expenditures in fiscal year	01 Jan 2014
Deployment of ERP B2B system	*1 143*	*-*	*-*	*1 143*	*-*
Total	**1 143**	**-**	**-**	**1 143**	**-**

Contractual commitments for future acquisition of intangible assets

Commitment	31 Dec 2014	31 Dec 2013
ERP/BI/B2B workflow software	*1 008*	*-*
Total	**1 008**	**-**

Intangible assets whose title is restricted

PLN thousands	31 Dec 2014	31 Dec 2013
Software associated with the "Modernization of IT infrastructure" project	*20*	*20*
Total	**20**	**20**

Goodwill resulting from business combinations

PLN thousands	31 Dec 2014	31 Dec 2013
CDP Investment sp. z o.o.	*-*	*-*
CD Projekt Red sp. z o.o.	*39 147*	*39 147*
Total	**39 147**	**39 147**

Changes in goodwill

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Gross carrying amount at beginning of period	39 147	39 147
Gross carrying amount at end of period	39 147	39 147
Net goodwill	**39 147**	**39 147**

Business combinations

No business combinations occurred in the presented reporting periods.

Note 14. Investment properties

Not applicable.

Note 15. Investments in subsidiaries

Investments in subsidiaries carried at purchase price

PLN thousands	31 Dec 2014	31 Dec 2013
Shares in subsidiaries	*9 855*	*24 828*

As of the balance sheet date no circumstances have occurred which would suggest impairment of investments.

Changes in investments in subsidiaries

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
At beginning of period	24 828	25 620
Increases from:	*17 864*	*5*
- purchase / establishment of entity	*17 864*	*5*
Reductions from:	*32 837*	*797*
- sale of subsidiary	*17 700*	*797*
- net value of redeemed shares in other entities	*15 065*	*-*
- reclassification as financial instrument	*72*	*-*
At end of period	9 855	24 828

Investments in subsidiaries as of 31 Dec 2014

PLN thousands	GOG Poland sp. z o.o.	GOG Ltd.	Brand Projekt sp. z o.o.	CD PROJEKT BRANDS S.A.*	CD PROJEKT INC.
Registered office	Warsaw	Nicosia	Warsaw	Warsaw	Venice, CA
Shares held	100%	100%	100%	100%	100%
Votes controlled	100%	100%	100%	100%	100%
Consolidation method	Full	Full	Full	Full	Full
Equity	1 708	13 058	(10)	18 621	41
Share capital	*50*	*36*	*5*	*200*	*162*
Other capital contributions	*1 189*	*6 386*	*-*	*17 500*	*6*
Net profit (loss) in reporting period	*469*	*6 636*	*(15)*	*921*	*(127)*
Assets	2 321	33 259	1 902	18 693	247
Fixed assets	*924*	*2 537*	*1 900*	*17 734*	*-*
Current assets	*1 397*	*30 722*	*2*	*959*	*247*
Liabilities	614	20 201	1 912	72	206
Revenues	9 678	63 945	9	871	-

** indirectly controlled*

The Company has ceased to report Optibox Sp. z o.o. due to loss of control.

Investments in subsidiaries as of 31 Dec 2013

PLN thousands	cdp.pl sp. z o.o. (formerly CD Projekt sp. z o.o.)	GOG Poland sp. z o.o. (formerly Porting House sp. z o.o.)	GOG Ltd.	Brand Projekt sp. z o.o.
Registered office	Warsaw	Warsaw	Nicosia	Warsaw
Shares held	95%	100%	100%	100%
Votes controlled	95%	100%	100%	100%
Consolidation method	Full	Full	Full	Full
Equity	17 369	1 239	13 004	5

Share capital	*10 076*	*50*	*36*	*5*
Other capital contributions	*38*	*-*	*-*	*-*
Net profit (loss) in reporting period	*7 255*	*99*	*9 416*	*-*
Assets	**37 904**	**1 889**	**23 223**	**5**
Fixed assets	*2 449*	*940*	*296*	*-*
Current assets	*35 455*	*949*	*22 927*	*5*
Liabilities	**20 535**	**650**	**10 220**	**-**
Revenues	**61 255**	**6 172**	**57 634**	**10**

The Company has ceased to report Optibox Sp. z o.o. due to loss of control.

Note 16. Other fixed assets

PLN thousands	31 Dec 2014	31 Dec 2013
Other - deposit for lease of premises	*277*	*258*
Total	**277**	**258**

Note 17. Financial assets

Not applicable.

Note 18. Financial assets held for sale

PLN thousands	31 Dec 2014	31 Dec 2013
Shares in other entities	*547*	*-*
Total	**547**	**-**

Note 19. Other financial assets designated at fair value through profit or loss

Short-term investments

PLN thousands	31 Dec 2014	31 Dec 2013
Investment fund shares	*2 745*	*804*
Total	**2 745**	**804**

Changes in value of financial instruments between 1 Jan 2014 and 31 Dec 2014

PLN thousands	Financial assets carried at fair value through profit or loss	Financial assets held for sale	Loans granted and receivables	Other liabilities

At beginning of period	804	-	29 239	42 197
Increases	***2 817***	***547***	***31 288***	***63 684***
Cash assets	-	-	*12 947*	-
Trade and other receivables	-	-	*18 341*	-
Trade and other liabilities	-	-	-	*63 023*
Credits and loans	-	-	-	*4*
Financial lease contracts	-	-	-	*657*
Financial assets carried at fair value through profit or loss	*2 817*	-	-	-
Valuation of shares in other entities	-	*547*	-	-
Reductions	***804***	**-**	***29 239***	***42 197***
Cash assets	-	-	*20 002*	-
Trade and other receivables	-	-	*9 237*	-
Repayment of credits and loans	-	-	-	*1 302*
Trade and other liabilities	-	-	-	*40 767*
Financial lease contracts	-	-	-	*128*
Financial assets carried at fair value through profit or loss	*804*	-	-	-
At end of period	2 817	547	31 288	63 684

Changes in value of financial instruments between 1 Jan 2013 and 31 Dec 2013

PLN thousands	Financial assets carried at fair value through profit or loss	Financial assets held for sale	Loans granted and receivables	Other liabilities
At beginning of period	855	-	29 098	15 507
Increases	***804***	**-**	***29 239***	***26 847***
Cash assets	-	-	*20 002*	-
Trade and other receivables	-	-	*9 237*	-
Trade and other liabilities	-	-	-	*26 718*
Credits and loans	-	-	-	*1*
Financial lease contracts	-	-	-	*128*
Financial assets carried at fair value through profit or loss	*804*	-	-	-
Valuation of shares in other entities	-	-	-	-
Reductions	***855***	**-**	***29 098***	***157***
Cash assets	-	-	*12 175*	-
Trade and other receivables	-	-	*16 923*	-
Financial lease contracts	-	-	-	*157*
Financial assets carried at fair value through profit or loss	*855*	-	-	-
At end of period	804	-	29 239	42 197

Note 20. Inventories

PLN thousands	31 Dec 2014	31 Dec 2013
Semi-finished products and production in progress	*88 461*	*40 268*
Finished products	*50*	*4 193*
Goods	*1 082*	*53*
Other materials	*6 918*	*-*
Gross inventories	**96 511**	**44 514**
Inventory impairment write-downs	*-*	*-*
Net inventories	**96 511**	**44 514**

Ongoing production involves development of games. The carrying amount is determined on the basis of all development costs directly attributable to a given project and a justifiable portion of costs not directly attributable to any given project. At the moment of finalizing development and recognizing costs incurred by a given project, said costs are transferred from “Production in progress” to “Finished products”.

Inventories are valuated according to their purchase or creation price which cannot, however, exceed their net realizable value for a given balance sheet date. This realizable value is determined on the basis of sales revenues obtained through continuing operations less the costs of completion and any other costs necessary to facilitate the sale.

The “Goods” category refers to any products manufactured by external entities and held for resale in an unprocessed state. Goods are stored in warehouses belonging to the Company and to external entities. The Company maintains a register of the quantity and value of goods. Goods received free of charge are aggregated with other forms of operating revenues.

The “Other materials” line item comprises components (intermediates) of box editions of videogames as well as marketing materials.

Inventory status between 01 Jan 2014 and 31 Dec 2014

PLN thousands	Materials	Finished products	Goods	Total
Value of inventories recognized as cost during the reporting period	*-*	*5 281*	*8 943*	*14 224*

Inventory status between 01 Jan 2013 and 31 Dec 2013

PLN thousands	Materials	Finished products	Goods	Total
Value of inventories recognized as cost during the reporting period	*3*	*5 165*	*204*	*5 372*

Changes in inventory revaluation

Not applicable.

Note 21. Construction contracts

Not applicable.

Note 22. Trade receivables

PLN thousands	31 Dec 2014	31 Dec 2013
Net trade receivables	**5 360**	**3 556**
- from affiliates	*271*	*287*
- from external entities	*5 089*	*3 269*
Impairment write-downs	**521**	**1 058**
Gross trade receivables	**5 881**	**4 614**

Changes in impairment write-downs on trade receivables

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
AFFILIATES		
Impairment write-downs at beginning of period	**116**	**116**
Increases	**-**	**-**
Reductions	**-**	**-**
Impairment write-downs at end of period	**116**	**116**
EXTERNAL ENTITIES		
Impairment write-downs at beginning of period	**942**	**1 230**
Increases, including:	**10**	**5**
- Impairment write-downs on past-due and contested receivables	*10*	*5*
Reductions, including:	**547**	**293**
- elimination of impairment write-downs due to collection of receivables	*6*	*30*
- elimination of impairment by write-offs	541	263
Impairment write-downs at end of period	**405**	**942**
Aggregate impairment write-downs at end of period (affiliates and other entities)	**521**	**1 058**

Current and past-due trade receivables as of 31 Dec 2014

PLN thousands	Total	Days past due					
		<0	0 - 60	61 - 90	91 - 180	181 - 360	>360
AFFILIATES							
gross receivables	*387*	*269*	*2*	*-*	*-*	*-*	*116*
impairment write-downs	*116*	*-*	*-*	*-*	*-*	*-*	*116*
Net receivables	**271**	**269**	**2**	**-**	**-**	**-**	**-**
EXTERNAL ENTITIES							
gross receivables	*5 494*	*3 785*	*658*	*597*	*20*	*29*	*405*
impairment write-downs	*405*	*-*	*-*	*-*	*-*	*-*	*405*
Net receivables	**5 089**	**3 785**	**658**	**597**	**20**	**29**	**-**
TOTAL							
gross receivables	*5 881*	*4 054*	*660*	*597*	*20*	*29*	*521*
impairment write-downs	*521*	*-*	*-*	*-*	*-*	*-*	*521*
Net receivables	**5 360**	**4 054**	**660**	**597**	**20**	**29**	**-**

Current and past-due trade receivables as of 31 Dec 2013

PLN thousands	Total	Days past due					
		<0	0 - 60	61 - 90	91 - 180	181 - 360	>360
AFFILIATES							
gross receivables	*402*	*209*	*77*	*-*	*-*	*-*	*116*
impairment write-downs	*116*	*-*	*-*	*-*	*-*	*-*	*116*
Net receivables	**286**	**209**	**77**	**-**	**-**	**-**	**-**
EXTERNAL ENTITIES							
gross receivables	*4 212*	*3 215*	*50*	*-*	*3*	*7*	*937*
impairment write-downs	*942*	*-*	*-*	*-*	*-*	*5*	*937*
Net receivables	**3 270**	**3 215**	**50**	**-**	**3**	**2**	**-**
TOTAL							
gross receivables	*4 614*	*3 424*	*127*	*-*	*3*	*7*	*1 053*
impairment write-downs	*1 058*	*-*	*-*	*-*	*-*	*5*	*1 053*
Net receivables	**3 556**	**3 424**	**127**	**-**	**3**	**2**	**-**

Trade receivables by currency

thousands	31 Dec 2014		31 Dec 2013	
	Currency units	PLN equivalent	wartość w walucie	Currency units
PLN	*3 358*	*3 358*	*2 703*	*2 703*
EUR	*204*	*869*	*17*	*71*
USD	*323*	*1 132*	*258*	*776*
GBP	*-*	*1*	*1*	*6*
Total	**-**	**5 360**	**-**	**3 556**

Note 23. Other receivables

PLN thousands	31 Dec 2014	31 Dec 2013
Other receivables, including:	***12 981***	***5 681***
- tax returns except corporation tax	*3 979*	*2 694*
- advance payments for supplies	*3 030*	*43*
- deposits	*13*	*6*
- cash pool receivables	*2 356*	*2 432*
- other	*3 603*	*506*
Impairment write-downs	***-***	***1 179***
Other gross receivables	**12 981**	**6 860**

PLN thousands	31 Dec 2014	31 Dec 2013
Other receivables, including:	***12 981***	***5 681***

- from affiliates (incl. cash pool receivables)	*2 543*	*2 432*
- from external entitites	*10 438*	*3 249*
Impairment write-downs	**-**	***1 179***
Other gross receivables	**12 981**	**6 860**

Other receivables by currency

thousands	31 Dec 2014		31 Dec 2013	
	Currency units	PLN equivalent	Currency units	PLN equivalent
PLN	*10 046*	*10 046*	*5 665*	*5 665*
EUR	*347*	*1 441*	*-*	*-*
USD	*406*	*1 494*	*5*	*16*
Total	-	**12 981**	-	**5 681**

Trade and other receivables from affiliates

PLN thousands	31 Dec 2014	31 Dec 2013
Gross receivables from affiliates	***2 931***	***2 835***
- trade receivables	*388*	*403*
- other receivables (incl. cash pool receivables)	*2 543*	*2 432*
Write-downs	***116***	***116***
Net receivables from affiliates	**2 815**	**2 719**

Note 24. Prepaid expenses

PLN thousands	31 Dec 2014	31 Dec 2013
Non-life insurance	*26*	*32*
Other prepaid expenses, including:	***184***	***351***
- domains, servers	*1*	*44*
- software	*112*	*33*
- civil law transaction tax on conditional capital contributions	*9*	*9*
- participation in trade fairs	*-*	*235*
- business travel	*53*	*13*
- other	*9*	*17*
Total prepaid expenses	**210**	**383**

Note 25. Cash and cash equivalents

PLN thousands	31 Dec 2014	31 Dec 2013
Cash on hand and bank deposits:	**1 397**	**7 586**
- cash on hand	*-*	*2*

- *current bank accounts*	*9*	*471*
- *foreign currency accounts*	*579*	*71*
- *cash pool account*	*809*	*7 042*
Other cash equivalents:	**11 550**	**12 416**
- *overnight deposits*	*4 350*	*8 616*
- *short-term deposits (maturity up to 3 months)*	*7 200*	*3 800*
Total	**12 947**	**20 002**

Restricted cash

Not applicable.

Cash held by the Company not otherwise reported on balance sheet

PLN thousands	31 Dec 2014	31 Dec 2013
Cash allocated to the Company Social Benefits Fund (ZFŚS)	*17*	*28*
Available, unused portion of operating credit	*30 000*	*30 000*
Available, unused portion of overdraft credit facility	*2 000*	*2 000*
Total	**32 017**	**32 028**

Note 26. Share capital

	31 Dec 2014	31 Dec 2013
No. of shares (thousands of units)	*94 950*	*94 950*
Nominal share value	*1*	*1*
Total	**94 950**	**94 950**

Share capital structure as of 31 Dec 2014

	Shares issued	Unit value	Nominal value of series/issue	Capital paid up in:
A series bearer shares	*500 000*	*1*	*500 000*	*cash*
B series bearer shares	*2 000 000*	*1*	*2 000 000*	*cash*
C series bearer shares	*6 884 108*	*1*	*6 884 108*	*cash*
C1 series bearer shares	*18 768 216*	*1*	*18 768 216*	*cash*
D series bearer shares	*35 000 000*	*1*	*35 000 000*	*non-cash assets*
E series bearer shares	*6 847 676*	*1*	*6 847 676*	*cash*
F series bearer shares	*3 500 000*	*1*	*3 500 000*	*cash*
G series bearer shares	*887 200*	*1*	*887 200*	*cash*
H series bearer shares	*3 450 000*	*1*	*3 450 000*	*cash*
I series bearer shares	*7 112 800*	*1*	*7 112 800*	*cash*
J series bearer shares	*5 000 000*	*1*	*5 000 000*	*cash*

K series bearer shares	*5 000 000*	*1*	*5 000 000*	*cash*
Total	**94 950 000**	**-**	**94 950 000**	**-**

Shareholder structure as of 31 Dec 2014

Shareholder	Shares held	Percentage share in share capital	Number of votes	Percentage share in total number of votes
Marcin Iwiński	*12 607 501*	*13.28%*	*12 607 501*	*13.28%*
Michał Kiciński	*12 282 615*	*12.94%*	*12 282 615*	*12.94%*
Piotr Nielubowicz	*5 985 197*	*6.30%*	*5 985 197*	*6.30%*
Adam Kiciński	*3 122 481*	*3.29%*	*3 122 481*	*3.29%*
PKO TFI S.A.	9 000 000	9.48%	9 000 000	9.48%
AVIVA OFE	4 940 000	5.20%	4 940 000	5.20%
Amplico PTE S.A.	5 003 719	5.27%	5 003 719	5.27%
other shareholders	42 008 487	44.24%	42 008 487	44.24%
Total	**94 950 000**	**100%**	**94 950 000**	**100%**

Shareholder structure as determined on the basis of formal notifications from shareholders who control at least 5% of votes at the General Meeting.

Changes in share capital

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Share capital at beginning of period	**94 950**	**94 950**
Increases from:	**-**	**-**
- issuing shares paid up in cash	-	-
- conversion of loans into shares	-	-
- issuing shares paid up in kind	-	-
Share capital at end of period	**94 950**	**94 950**

Note 27. Changes in supplementary capital, incl. sales of shares above nominal price

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Capital at beginning of period	**110 936**	**110 936**
Increases	**-**	**-**
Decreases	**-**	**-**
Capital at end of period	**110 936**	**110 936**

Note 28. Own shares

Not applicable.

Note 29. Other forms of reserve capital

PLN thousands	31 Dec 2014	31 Dec 2013
Other forms of reserve capital - incentive program	*1 716*	*989*
Total	**1 716**	**989**

Changes in other forms of reserve capital

PLN thousands	Supplementary capital	Revaluation reserves	Reserve capital	Other reserves - incentive program	Total
As of 01 Jan 2014	**-**	**-**	**-**	**989**	**989**
Increases	-	-	-	*834*	*834*
Reductions	-	-	-	*107*	*107*
As of 31 Dec 2014	**-**	**-**	**-**	**1 716**	**1 716**
As of 01 Jan 2013	**-**	**-**	**-**	**551**	**551**
Increases	-	-	-	*702*	*702*
Reductions	-	-	-	*264*	*264*
As of 31 Dec 2013	**-**	**-**	**-**	**989**	**989**

Note 30. Retained earnings

PLN thousands	31 Dec 2014	31 Dec 2013
Amount aggregated in the Retained earnings field and not subject to dividend payments	*(52 931)*	*(71 228)*
Total	**(52 931)**	**(71 228)**

Changes in retained earnings

PLN thousands	31 Dec 2014	31 Dec 2013
At beginning of period	*(71 228)*	*(95 099)*
Increases from:	***18 678***	***23 871***
- allocation of profit from preceding years	*18 678*	*23 870*
- differences from rounding to PLN thousands	-	*1*
Reductions from:	**381**	**-**
- adjustment in recognition of statistical exchange rate differences on advance revenues obtained in 2013	*381*	-
At end of period	**(52 931)**	**(71 228)**

Note 31. Credits and loans

PLN thousands	31 Dec 2014	31 Dec 2013
Bank credit	-	-
Company credit cards	*4*	*1*
Total credits and loans, including:	**4**	**1**
- long-term credits and loans	-	-
- short-term credits and loans	*4*	*1*

Maturity structure of credits and loans

PLN thousands	31 Dec 2014	31 Dec 2013
Short-term credits and loans	*4*	*1*
Long-term credits and loans	-	-
Total	**4**	**1**

Credits and loans as of 31 Dec 2014

Name of bank/lender and type of credit/loan	Contractual credit/loan amount	Amount outstanding	Effective interest rate	Due date	Collateral
mBank S.A. - credit agreement	*19 000*	-	*WIBOR 1M + interest margin*	*31 Dec 2015*	*1) blank promissory note 2) registered pledge of The Witcher trademark*
mBank S.A. - overdraft Umbrella Facility	*2 000*	-	*WIBOR O/N + interest margin*	*31 Dec 2015*	*1) blank promissory note 2) global assignment of receivables due to cdp.pl to mBank S.A.*
mBank S.A. - revolving credit	*11 000*	-	*WIBOR 1M + interest margin*	*29 May 2015* + 120 days for repayment*	*1) blank promissory note 2) registered pledge of The Witcher trademark*
mBank - credit cards	-	*4*			
Total	**32 000**	**4**	-	-	-

* This agreement has been extended until 02 Jun 2016.. The extension occurred after the balance sheet date.

In Current Report No. 10/2014 of 16 May 2014 the Management Board of the Company announced that it had concluded a set of amendments to the following credit agreements previously signed with mBank S.A., headquartered in Warsaw:

- agreement of 24 August 2011 concerning an overdraft facility in an amount not exceeding 10 000 thousand PLN, granted to the issuer and to cdp.pl sp. z o.o.;
- agreement of 18 April 2012 concerning a credit facility in an amount not exceeding 19 000 thousand PLN, granted to the issuer;
- agreement of 23 April 2013 concerning revolving credit in an amount not exceeding 11 000 thousand PLN, granted to the issuer.

In line with the amendments the collateral pledged in relation to the above mentioned credit agreements was altered by excluding the contractual mortgage on immovable property owned by the issuer in Nowy Sącz at Nawojowska 118, as well as the corresponding contractual assignment of receivables from insurance agreements covering this property.

Credits and loans as of 31 Dec 2013

Name of bank/lender and type of credit/loan	Contractual credit/loan amount	Amount outstanding	Effective interest rate	Due date	Collateral
mBank S.A. -credit agreement	*19 000*	*-*	*WIBOR 1M + interest margin (0.65% p.a.)*	*31 Dec 2015*	*1) mortgage on immovable property in Nowy Sącz (Nawojowska 118)* *2) blank promissory note* *3) registered pledge of The Witcher trademark*
mBank S.A. - overdraft	*2 000*	*-*	*WIBOR O/N + interest margin (0.65% p.a.)*	*31 Dec 2015*	*1) blank promissory note* *2) global assignment of cdp.pl receivables to mBank S.A.* *3) contractual joint mortgage on immovable property in Nowy Sącz (Nawojowska 118) belonging to CD PROJEKT S.A.*
mBank S.A. - revolving credit	*11 000*	*-*	*WIBOR 1M + interest margin (0.65% p.a.)*	*29 May 2015 + 120 days for repayment*	*1) mortgage on immovable property in Nowy Sącz (Nawojowska 118)* *2) blank promissory note* *3) registered pledge of The Witcher trademark*
mBank S.A. - credit cards	*-*	*1*	*-*	*-*	*-*
Total	**32 000**	**1**	**-**	**-**	**-**

Credits and loans by currency

PLN thousands	31 Dec 2014		31 Dec 2013	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	*4*	*4*	*1*	*1*
Total	**-**	**4**	**-**	**1**

Note 32. Other financial liabilities

PLN thousands	31 Dec 2014	31 Dec 2013
Lease liabilities	*657*	*228*
Total financial liabilities, including:	**657**	**228**
- long-term liabilities	*260*	*100*
- short-term liabilities	*397*	*128*

Lease liabilities

PLN thousands	31 Dec 2014	31 Dec 2013
Short-term lease liabilities	*397*	*128*
Long-term lease liabilities, including:	**260**	**100**
- between 1 and 5 years	*260*	*100*
Total	**657**	**228**

Note 33. Other long-term liabilities

Not applicable.

Note 34. Trade liabilities

PLN thousands	31 Dec 2014	31 Dec 2013
Trade liabilities	**9 286**	**10 257**
payable to affiliates	*377*	*9 203*
payable to external entities	*8 909*	*1 054*

Trade liabilities past due

PLN thousands	Total	Days past due					
		<0	0 - 60	61 - 90	91 - 180	181 - 360	>360
As of 31 Dec 2014	**9 286**	**2 525**	**6 557**	**146**	**37**	**-**	**21**
payable to affiliates	*377*	*-*	***357***	*-*	*-*	*-*	*20*
payable to external entities	*8 909*	*2 525*	*6 200*	*146*	*37*	*-*	*1*
As of 31 Dec 2013	**10 257**	**9 996**	**115**	**-**	**1**	**125**	**20**
payable to affiliates	9 203	9 183	-	-	-	-	20
payable to external entities	1 054	813	115	-	1	125	-

Trade liabilities by currency

thousands	31 Dec 2014		31 Dec 2013	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	*1 977*	*1 977*	*9 535*	*9 535*
EUR	*903*	*3 849*	*43*	*180*
USD	*931*	*3 264*	*106*	*318*
GBP	*35*	*190*	*45*	*224*
AUD	*2*	*6*	*-*	*-*
Total	**-**	**9 286**	**-**	**10 257**

Note 35. Other liabilities

PLN thousands	31 Dec 2014	31 Dec 2013
Liabilities from other taxes, duties, social security payments and others, except corporation tax	*603*	*407*
Flat-rate withholding tax	*18*	*10*
Personal income tax	*349*	*223*
Social security (ZUS) payments	*224*	*163*
National Disabled Persons Rehabilitation Fund (PFRON) payments	*11*	*7*
Settlements due to PIT-8A	*1*	*4*
Other	**53 134**	**16 054**
Other liabilities due to employees	*1*	*1*
Other liabilities due to management board members	*11*	*5*
Other liabilities due to affiliates (cash pool)	*1 249*	*-*
Advance payments from customers	*51 876*	*16 056*
Other liabilities	*(3)*	*(8)*
Accrued charges	**-**	**-**
Total other liabilities	**53 737**	**16 461**

Other short-term liabilities past due

PLN thousands	Total	Days past due					
		<0	0 - 60	61 - 90	91 - 180	181 - 360	>360
As of 31 Dec 2014	**53 737**	**53 737**	**-**	**-**	**-**	**-**	**-**
payable to affiliates	*4 192*	*4 192*	-	-	-	-	-
payable to external entities	*49 545*	*49 545*	-	-	-	-	-
As of 31 Dec 2013	**16 461**	**16 460**	**-**	**-**	**-**	**-**	**1**
payable to affiliates	*5*	*5*	-	-	-	-	-
payable to external entities	*16 456*	*16 455*	-	-	-	-	*1*

Other short-term liabilities by currency

thousands	31 Dec 2014		31 Dec 2013	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	*9 331*	*9 331*	*405*	*405*
EUR	*5 613*	*23 325*	*2 000*	*8 361*
USD	*6 698*	*21 081*	*2 421*	*7 695*
Total	**-**	**53 737**	**-**	**16 461**

Note 36. Internal Social Benefits Fund (ZFŚS): assets and liabilities

PLN thousands	31 Dec 2014	31 Dec 2013
Cash assets	*17*	*28*
Liabilities associated with the Internal Social Benefits Fund (ZFŚS)	*10*	*15*
Balance	**7**	**13**
Deduction for the Internal Social Benefits Fund (ZFŚS) in the financial year	**88**	**70**

Note 37. Conditional liabilities

Promissory note liabilities from loans received

Not applicable.

Conditional liabilities from guarantees and collateral pledged

thousands	pledged in association with	currency	31 Dec 2014	31 Dec 2013
Agora S.A.				
Promissory note payable	*Collateral for licensing and distribution agreement*	*PLN*	*11 931*	*-*
Declaration of submission to enforcement with respect to guaranteed execution of distribution agreement	*Collateral for licensing and distribution agreement*	*PLN*	*11 931*	*-*
mBank S.A.				
Promissory note agreement	*Credit agreement*	*PLN*	*16 500*	*16 500*
Promissory note agreement	*Credit agreement*	*PLN*	*30 000*	*30 000*
Promissory note endorsement	*Collateral for credit*	*PLN*	*15 000*	*15 000*
Declaration of submission to enforcement	*Collateral for credit*	*PLN*	*61 500*	*61 500*
Contractual mortgage on immovable property	*Collateral for credit*	*PLN*	*-*	*60 000*
Registered pledge of The Witcher trademark	*Collateral for credit*	*PLN*	*45 000*	*45 000*
Declaration of submission to enforcement	*Collateral for bank payment guarantee no. 02035KPA13*	*PLN*	*-*	*6 600*
Declaration of submission to enforcement	*Collateral for bank payment guarantee no. 02111KPA14*	*PLN*	*3 000*	*-*
mLeasing sp. z o.o.				
Promissory note agreement	*Lease agreement no. Optimus1/WA/123286/2011*	*PLN*	*-*	*150*
Promissory note agreement	*Lease agreement no. Optimus1/WA/135724/2012*	*PLN*	*141*	*141*
Millennium Leasing sp. z o.o.				
Promissory note agreement	*Lease agreement no. K 182762*	*PLN*	*470*	*-*
Global Collect Services BV				
Contract of guarantee	*Guarantee of discharge of liabilities by GOG Ltd.*	*EUR*	*155*	*155*
Mazovian Unit for the Implementation of European Union Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)				

(all figures quoted in PLN thousands unless stated otherwise)

Promissory note agreement	*Co-financing agreement no. RPMA.01.05.00 -14-638/08 RPO MV 2007-2013 Task 1.5*	*PLN*	*429*	*429*
Promissory note agreement	*Co-financing agreement no. RPMA.01.05.00 -14-639/08 RPO MV 2007-2013 Task 1.5*	*PLN*	*-*	*302*
Promissory note agreement	*Co-financing agreement no. RPMA.01.07.00 -14-010/11 RPO MV 2007-2013 Task 1.7*	*PLN*	*148*	*148*
Ministry of the Economy				
Promissory note agreement	*Co-financing agreement no. POIG.06.05.02-00-146/13-00*	*PLN*	*265*	*-*
Promissory note agreement	*Co-financing agreement no. POIG.06.05.02-00-148/13-00*	*PLN*	*235*	*-*
Polish Agency for Enterprise Development (Polska Agencja Rozwoju Przedsiębiorczości)				
Promissory note agreement	*Co-financing agreement no. UDA-POIG.08.02.00-14-524/13-00; POIG Task 8.2*	*PLN*	*941*	*941*
Raiffeisen Bank Polska S.A				
Guarantee of discharge of cash pool liabilities	*Cash pool agreement*	*PLN*	*15 000*	*15 000*
Guarantee of discharge of cash pool liabilities	*Cash pool agreement*	*USD*	*500*	*-*
Declaration of submission to enforcement	*Framework agreement concerning forward and derivative transactions*	*PLN*	*15 000*	*-*
SEGA Europe				
Contract of guarantee	*Guarantee of discharge of liabilities by cdp.pl sp. z o.o.*	*GBP*	*-*	*150*
Konami Digital Entertainment B.V.				
Contract of guarantee	*Guarantee of discharge of liabilities by cdp.pl sp. z o.o.*	*EUR*	*200*	*-*

(all figures quoted in PLN thousands unless stated otherwise)

Note 38. Long- and short-term financial lease liabilities

Liabilities due to financial lease agreements and lease contracts with buyout options

PLN thousands	31 Dec 2014		31 Dec 2013	
	Minimum payments	Payments outstanding	Minimum payments	Payments outstanding
Due within 1 year	*417*	*397*	*139*	*128*
Due between 1 and 5 years	*265*	*260*	*103*	*100*
Total minimum lease payments	**682**	**657**	**242**	**228**
Future interest	*25*	*-*	*14*	*-*
Current minimum value of lease payments, including:	**657**	**657**	**228**	**228**
- short-term payments	*397*	*397*	*128*	*128*
- long-term payments	*260*	*260*	*100*	*100*

Assets subject to financial lease as of 31 Dec 2014

PLN thousands	Asset category				Total
	Land holdings, buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	
Passenger cars	*-*	*-*	*941*	*-*	*941*
Net value of leased assets	**-**	**-**	**941**	**-**	**941**

Financial lease agreements as of 31 Dec 2014

Financier	Contract no.	Base value	Base value (currency units)	Currency	Agreement expires on	Outstanding liabilities at end of reporting period	Prolongation conditions and buyout options
VOLKSWAGEN Leasing	*6118947-1212-09-826*	*126*	*126*	*PLN*	*2015-09-25*	*29*	*Lessee is entitled to buy out the leased asset - according to the contract the net residual value is 12 thousand PLN*
Millenium Leasing	*K 182762*	*342*	*342*	*PLN*	*2016-06-30*	*264*	*Lessee is entitled to buy out the leased asset - according to the contract the net residual value is 58 thousand PLN*
mLeasing sp. z o.o.	*Optimus1/WA/135724/2012*	*98*	*98*	*PLN*	*2015-02-16*	*4*	*Lessee is entitled to buy out the leased asset - according to the contract the net residual value is 1 thousand PLN*
mLeasing sp. z o.o.	*OPTIMUS1/WZ/164498/2013*	*131*	*131*	*PLN*	*2015-12-16*	*75*	*Lessee is entitled to buy out the leased asset - according to the contract the net residual value is 40 thousand PLN*
mLeasing sp. z o.o.	*OPTIMUS 1/WZ/179735/2014*	*315*	*315*	*PLN*	*2016-10-31*	*285*	*Lessee is entitled to buy out the leased asset - according to the contract the net residual value is 60 thousand PLN*
Total		**1 012**	**1 012**	**-**	**-**	**657**	

(all figures quoted in PLN thousands unless stated otherwise)

Note 39. Deferred revenues

PLN thousands	31 Dec 2014	31 Dec 2013
Subsidies	**1 005**	**1 100**
- Construction of hosting center – server room	*70*	*85*
- Modernization of IT infrastructure	*25*	*105*
- Deployment of B2B ERP software	*471*	*471*
- The Witcher 3 – development	439	439
Deferred revenues	**0**	**10**
- computer hardware and accessories received free of charge	*0*	*10*
Accrued revenues, including:	**1 005**	**1 110**
- long-term accruals	*965*	*1 004*
- short-term accruals	*40*	*106*

PLN thousands	Co-financing agreement signed on	Co-financing amount		Amount outstanding (PLN)	Co-financing settlement deadline
Construction of hosting center	*20.11.2009*	*141*	*PLN*	*70*	*31.12.2019*
Modernization of IT infrastructure	*20.11.2009*	*274*	*PLN*	*25*	*31.12.2019*
Deployment of ERP software	*26.11.2013*	*941*	*PLN*	*471*	-
The Witcher 3 - development	*26.06.2013*	*150*	*EUR*	*439*	-
Total	-	-	-	**1 005**	-

The subsidies reported in this financial statement concern the following co-financing agreements:

- Construction of data processing and communications center for the CD Projekt Group – project finished on 31 December 2010;
- Modernization of the technical and technological infrastructure in use at the CD Projekt Group – project finished on 30 June 2012;
- The Witcher 3 – project currently underway;
- Functional upgrade of the ICT infrastructure to a B2B ERP system automating electronic data exchange tasks – project currently underway.

The above projects are co-financed by the European Union.

Note 40. Provisions for employee benefits and similar liabilities

PLN thousands	31 Dec 2014	31 Dec 2013
Provisions for retirement benefits and pensions	*24*	*24*
Provisions for other employee benefits (including bonuses)	*138*	*87*
Total, including:	**162**	**111**
- long-term provisions	*23*	*23*
- short-term provisions	*139*	*88*

The following assumptions have been made by the actuary when determining provisions:

	31 Dec 2014	31 Dec 2013
Discount rate (%)	*2.50*	*4.20*
Projected inflation rate (%)	*2.50*	*3.00*
Employee turnover rate (%) - adjusted for age; decreases with age reaching 0% three years prior to retirement	*10.8% at 31 years*	*12.1% at 32 years*
Estimated annual rate of salary growth (%)	*2.5%*	*4.5% in 2014, 5% in subsequent years*
Mortality rates published by the Central Statistical Office (year of estimation)	*2013*	*2012*
Likelihood of disability during the reporting year	*0.25%*	*0.25%*

Statistical methods were employed by an actuary to construct and calibrate a mobility model for Company employees, based on the Multiple Decrement paradigm. The model was calibrated using historical data supplied by the Company. Based on publicly available statistical data and the actuary's own analysis, the mobility coefficient was assumed to decrease with age. The valuation model is highly sensitive to changes in mobility coefficients and should therefore be subject to frequent verifications and updates.

Changes in provisions

PLN thousands	Provisions for retirement benefits and pensions	Provisions for other employee benefits	Total
As of 01 Jan 2013	**24**	**87**	**111**
Provisions created	*-*	*279*	*279*
Benefits paid out	*-*	*225*	*225*
Provisions dissolved	*-*	*3*	*3*
As of 31 Dec 2014, including:	**24**	**138**	**162**
- long-term provisions	*23*	*-*	*23*
- short-term provisions	*1*	*138*	*139*

Note 41. Other provisions

PLN thousands	31 Dec 2014	31 Dec 2013
Provisions for warranty-covered repairs and returns	**-**	**6**
Provisions for liabilities, including:	**91**	**100**
- provisions for financial statement audit expenses	*29*	*29*
- provisions for licensing liabilities	*6*	*6*
- provisions for costs	*56*	*2*
- provisions for other bought-in services	*-*	*63*
Other provisions	**-**	**-**
Total, including:	**91**	**106**
- long-term provisions	*-*	*-*
- short-term provisions	*91*	*106*

Changes in other provisions

PLN thousands	Provisions for warranty-covered repairs and returns	Other provisions	Total
As of 01 Jan 2014	6	100	106
Provisions created	*-*	*163*	*163*
Provisions used	*5*	*118*	*123*
Provisions dissolved	*1*	*54*	*55*
As of 31 Dec 2014, including:	-	91	91
- long-term provisions	*-*	*-*	*-*
- short-term provisions	*-*	*91*	*91*
As of 01 Jan 2013	77	69	146
Provisions created	*-*	*371*	*371*
Provisions used	*71*	*340*	*411*
Provisions dissolved	*-*	*-*	*-*
As of 31 Dec 2013, including:	6	100	106
- long-term provisions	*-*	*-*	*-*
- short-term provisions	*6*	*100*	*106*

Note 42. Financial risk management: objectives and methods

Interest rate risks - sensitivity to changes

	31 Dec 2014		31 Dec 2013	
	Effect on gross financial result	Effect on equity	Effect on gross financial result	Effect on equity
Assets held at amortized cost, including:	*(0.025%)*	*0.002%*	*0.006%*	*0.001%*
- credits, loans and lease agreements	*(0.025%)*	*0.002%*	*0.006%*	*0.001%*

Credit risks

PLN thousands	Total	Days past due					
		<0	0 - 60	61 - 90	91 - 180	181 - 360	>360
As of 31 Dec 2014							
Receivables associated with delivery of goods and rendition of services	*5 882*	*4 055*	*659*	*597*	*21*	*29*	*521*
Impairment write-downs	*521*	*-*	*-*	*-*	*-*	*-*	*521*
Other receivables	*12 981*	*6 570*	*4 078*	*436*	*1 017*	*141*	*739*
Impairment write-downs	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Cash and cash equivalents	*12 947*	*12 947*	*-*	*-*	*-*	*-*	*-*
Other financial assets	*3 292*	*3 292*	*-*	*-*	*-*	*-*	*-*
Total	**34 581**	**26 864**	**4 737**	**1 033**	**1 038**	**170**	**739**

As of 31 Dec 2013							
Receivables associated with delivery of goods and rendition of services	*4 614*	*3 424*	*127*	*-*	*3*	*7*	*1 053*
Impairment write-downs	*1 058*	*-*	*-*	*-*	*-*	*5*	*1 053*
Other receivables	*6 860*	*5 681*	*-*	*-*	*-*	*732*	*447*
Impairment write-downs	*1 179*	*-*	*-*	*-*	*-*	*732*	*447*
Cash and cash equivalents	*20 002*	*20 002*	*-*	*-*	*-*	*-*	*-*
Other financial assets	*804*	*804*					
Total	*30 043*	*29 911*	*127*	*-*	*3*	*2*	*-*

The operations of CD PROJEKT S.A. may depend on the availability of financial resources procured, among others, via lease and credit agreements. Premature termination of such agreements may require the Company to secure alternative sources of financing. All lease and credit agreements concluded by the Company are based on variable interest rates. Increases in financing costs may impact the Company's economic performance.

The Company actively monitors the cost of available financing and analyzes its impact on the profit and loss balance. Analyses involve refinancing options, renewal of existing agreements and procurement of alternative financing as a means of reducing the costs or risks associated with a given type of financing and the associated collateral. Increases in interest rates may negatively affect the Company's operating costs.

Additionally, CD PROJEKT S.A. invests unused cash in short-term bank deposits and shares of the PKO TFI investment fund which, in turn, invests in low-risk debt instruments. PKO TFI shares may be liquidated on demand. Decreases in interest rates may negatively affect the revenues obtained by the Company from investments in bank deposits and investment fund shares.

Liquidity risks

PLN thousands	Total	Current	Due in 90 days or less	Due in 91-36 days	Due in more than 360 days
As of 31 Dec 2014					
Credits and loans subject to interest payments	*-*	*-*	*-*	*-*	*-*
Liabilities due to delivery of goods or rendition of services, and other liabilities, including:	*63 027*	*56 266*	*6 703*	*37*	*21*
- due to affiliates	*4 570*	*4 193*	*357*	*-*	*20*
Total	**63 027**	**56 266**	**6 703**	**37**	**21**

As of 31 Dec 2013					
Credits and loans subject to interest payments	*-*	*-*	*-*	*-*	*-*
Liabilities due to delivery of goods or rendition of services, and other liabilities, including:	*26 718*	*26 455*	*115*	*128*	*20*
- due to affiliates	*9 208*	*9 188*	*-*	*-*	*20*
Total	**26 718**	**26 455**	**115**	**128**	**20**

CD PROJEKT S.A. performs monthly verification of its annual plans, including current liquidity goals.

In order to minimize the risk of customer insolvency the Company performs ongoing monitoring of the collection of receivables. Debt collection is subcontracted to specialized third parties. The Company identifies key customers whose total share in the revenue stream of CD PROJEKT S.A. exceeds 10%.

The Company actively manages its liquid assets and monitors its debt in relation to the Company's equity and financial results, both current and anticipated.

As of the publication date of this report CD PROJEKT S.A. has access to external financing sources, i.e. bank credit agreements, and has set aside provisions in cash and shares in PKO retirement funds which invest in low-risk debt instruments and can be liquidated on short notice. Cash management on the level of the Group is performed in such a way that excess cash in one subsidiary may be loaned to other subsidiaries. The Group relies on this mechanism to perform day-to-day management of its liquid assets, ensure sufficient liquidity, meet any liabilities arising from its ordinary activities and permit unhindered continuation of videogame development projects.

Exchange rate risks

Risks associated with PLN strengthening against EUR and USD

Due to the global character of its activities, CD PROJEKT S.A. is subject to risks associated with sudden exchange rate changes involving PLN and foreign currencies, particularly EUR and USD. A significant portion of publishing and distribution agreements to which CD PROJEKT S.A. is party (as a videogame developer) is denominated in foreign currencies. Accordingly, the strengthening of PLN against foreign currencies is viewed as an unfavorable circumstance by the Company, reducing its revenues from distribution and licensing contracts.

Risks associated with PLN weakening against EUR and USD

The licensing and distribution agreements to which the Company is party stipulate that the Company shall receive advance payments for future royalties. These advances, denominated in foreign currencies, are listed in the “Other liabilities” line item in the Company’s financial statement. Any weakening of PLN against foreign currencies may result in additional negative exchange rate differences associated with these liabilities.

In order to mitigate exchange rate risks CD PROJEKT S.A. performs hedging as part of its ordinary activities.

Note 43. Disclosure of financial instruments

Fair value of financial instruments per class

FINANCIAL ASSETS	Carrying amount		Fair value*	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Loans granted and receivables, including:	**31 288**	**29 239**	**-**	**-**
- receivables associated with supply of goods and rendition of services	*18 341*	*9 237*	*-*	*-*
Financial assets carried at fair value through financial result, including:	**3 292**	**804**	**3 292**	**804**
- investment fund shares	*2 745*	*804*	*2 745*	*804*
- valuation of shares in other entities	*547*	*-*	*547*	*-*
Cash and cash equivalents	**34 395**	**39 684**	**-**	**-**
- cash on hand and bank deposits	*12 947*	*20 002*	*-*	*-*

** The fair value of cash assets and receivables approximates their respective carrying amounts.*

FINANCIAL LIABILITIES	Carrying amount		Fair value*	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Credits and loans subject to interest payments, including:	**4**	**1**	**-**	**-**
- overdraft facilities	*-*	*-*	*-*	-
- other short-term liabilities (including loans)	*4*	*1*	*-*	-
Other long-term liabilities, including:	**260**	**100**	**-**	**-**
- liabilities from financial lease contracts	*260*	*100*	**-**	**-**

(all figures quoted in PLN thousands unless stated otherwise)

Other liabilities, including:	**63 420**	**26 846**	**-**	**-**
- liabilities from financial lease and tenancy agreements with buyout options	-	-	-	-
- trade and other liabilities	*63 023*	*26 718*	**-**	-
- other short-term financial liabilities	*397*	*128*	-	-

** The fair value of liabilities due to credits and loans, and of other liabilities, approximates their respective carrying amounts.*

Note 44. Equity management

PLN thousands	31 Dec 2014	31 Dec 2013
Credits and loans subject to interest payments	-	-
Liabilities associated with supply of products and rendition of services, and other liabilities	*63 023*	*26 718*
Less cash and cash equivalents	*12 947*	*20 002*
Net borrowing	**50 076**	**6 716**
Equity	*142 264*	*153 945*
Total equity	**142 264**	**153 945**
Equity aggregated with net borrowing	**192 340**	**160 661**
Leverage ratio	*26%*	*4%*

The main goal of companywide equity management is to retain a good credit rating and safe capital indicators, facilitating Company operations and increasing goodwill.

The Company actively manages its equity structure, resulting in changes which reflect changing economic conditions. In order to retain or adjust said structure, the Company may pay out dividends to shareholders, return capital to shareholders or issue new shares. The Company monitors its capital status by applying a leverage ratio which is calculated as the ratio of net borrowing versus total equity increased by net borrowing.

Note 45. Employee benefits programs

On 16 December 2011 the Extraordinary General Meeting of Shareholders of CD PROJEKT S.A. voted to institute an incentive program for personnel viewed as crucially important for the Capital Group as well as having a decisive influence upon the development of individual activity branches of the Group. A set of targets were established and the Management Board and Supervisory Board of the Company selected a number of persons who, assuming these profit and valuation goals are met, are rewarded with warrants entitling them to acquire company shares by way of a conditional increase in the Company's share capital. Further details are given in Current Report No. 73/2011 of 17 December 2011.

The fair value of entitlements associated with the incentive program has been calculated on the basis of modern financial engineering practices and numerical models by a licensed actuary registered with the Financial Supervision Authority.

Incentive program valuation – assumed indicators

Indicator	31 Dec 2014	31 Dec 2013
Projected volatility index (%)	*45%*	*45%*
Risk-free interest rate (%)	*3.10%*	*4%*
Projected warrant eligibility duration (years)	*2*	*3*

Grant date

The first batch of warrants was granted on 6 March 2012. The second batch followed on 5 September 2012. The third batch was granted on 19 March 2014.

Classification of valuation conditions

The condition associated with return on shares vs. average return for the WIG index and the condition specifying that on the day of exercise the market price must be above the acquisition price are considered market conditions. Conditions related to increases in net profits are considered non-market conditions. Formal terms (e.g. correct and timely filing of the relevant documentation), loyalty criteria and any other terms not related to share price are also treated as non-market conditions, as is the requirement of survival until the exercise date and other similar stipulations.

Number of shares on grant date

94,950,000 shares of the Entity existed on the initial grant date.

Number of options granted

The first batch of the incentive program comprised 1,450,000 warrants; the second batch comprised 100,000 warrants and the third batch comprised another 100,000 warrants. Additionally, due to non-fulfillment of the loyalty criterion, 50,000 warrants were extinguished on 31 August 2012. On 19 December 2013 two persons covered by the incentive program formally declined the associated options in conjunction with acquiring (on the same day) 5% of the cdp.pl Sp. z o.o. share capital. 50,000 warrants expired on 23 October 2014.

Share price on grant date

The closing price on all three grant dates was 5.41, 4.28 and 14.25 PLN respectively.

Variability and correlation

The valuation recognizes the fact that historical data reflecting the variability of the parent entity's share price may be misleading due to transformations affecting the entity, i.e. the complete alteration of its business profile resulting from the merger between Optimus S.A. and the CDP Investment Group. Accordingly, historical variability assessment was based on other similar entities. Since the pool of such entities in Poland is limited, analysis had to take into account companies listed on foreign stock exchanges. Future variability of the WIG index was extrapolated from historical data. Foreign entities were also excluded from correlation assessment due to the specific nature of this coefficient, which - in a sense - reflects the impact of general investor attitude upon the parent entity share price. Despite the limited and relatively unrepresentative set of input data a correlation chart was prepared, based upon the variability of the WIG index. This chart suggests a fairly stable correlation between returns on the parent entity's shares and the corresponding WIG average, within the 30%-40% range. In addition, correlation analysis was performed for another company which conducts development of videogames and is listed on the Warsaw Stock Exchange. This analysis yielded a correlation coefficient of 23%. The final parameters used for valuation were as follows: WIG variability of 25% (30% for the second batch of warrants and 19% for the third batch of warrants), CD PROJEKT S.A. variability of 45% and the correlation coefficient between returns on CD PROJEKT S.A. shares and the WIG index of 30% (52% for the third batch).

Risk-free rate

The assumed risk-free rates were 5% for the first batch of warrants, 4% for the second batch and 3.1% for the third batch. The change is due to a decrease in the annual rate of return on zero-coupon treasury bonds.

Dividend

In estimating dividends analysis was based on historical negative profit and loss balance of the Company (then operating under the name OPTIMUS S.A.) and the accumulated past losses for this period, as well as the projected future gains based upon the assumptions expressed in of the incentive program and valid for its duration, which would potentially facilitate implementation of the future dividend policy.

Changes in options granted under the incentive program

Breakdown	31 Dec 2014		31 Dec 2013	
	Number of options granted	Exercise price (PLN)	Number of options granted	Exercise price (PLN)

(all figures quoted in PLN thousands unless stated otherwise)

Unexercised at beginning of period	*1 900 000*	*4.30*	*1 900 000*	*4.30*
Granted	*100 000*	*4.30*	*-*	*4.30*
Forfeited	*50 000*	*4.30*	*250 000**	*4.30*
Exercised	*-*	*-*	*-*	*-*
Extinguished	*-*	*-*	*-*	*-*
Unexercised at end of period	*1 900 000*	*4.30*	*1 900 000*	*4.30*
Exercisable at end of period	*-*	*-*	*-*	*-*

** On 19 December 2013 two parties covered by the incentive program formally renounced the rights granted to them under the incentive program due to acquisition (on the same date) of 5% of shares in cdp.pl sp. z o.o.*

Exercise price of granted options as of 31 Dec 2014

Expiration date	Exercise price	No. of options granted under the incentive program	
		31 Dec 2014	31 Dec 2013
30 Nov 2016	*4.30*	*1 300 000*	*1 250 000*
Total	**-**	**1 300 000**	**1 250 000**

Note 46. Transactions with affiliates

Conditions governing transactions with affiliates

Intragroup transactions are conducted in accordance with the Directive of the Finance Minister of 10 September 2009 specifying the rules for estimating the income of legal entities and avoiding double taxation when adjusting the income of affiliated legal entities (Journal of Laws of the Republic of Poland 2009, no. 160, item 1268), later amended by the Directive of the Finance Minister of 17 June 2013 (Journal of Laws of the Republic of Poland; 3 July 2013).

The prices of goods and services exchanged within the Group are estimated according to the above mentioned directive, by applying the comparable uncontrolled price method, the resale price method or the reasonable profit margin (“cost plus”) method. Method selection is preceded by a thorough analysis of each transaction. The division of responsibilities, asset exposure and assignment of substantial risks and rewards in each intragroup transactions are adjusted in such a way as to closely reflect similar transactions concluded by unaffiliated entities. For significant transactions exceeding the limits specified in Art. 9a section 2 of the corporate income tax law all participating entities submit the required tax forms.

(all figures quoted in PLN thousands unless stated otherwise)

Disclosure of transactions with affiliates

Affiliate	Sales to affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
JEDNOSTKI ZALEŻNE						
cdp.pl sp. z o.o.	-	1 723	-	2 170	-	9 183
GOG Poland sp. z o.o.	1 385	1 221	277	433	-	-
GOG Ltd.	1 022	1 022	448	116	3 579	-
Brand Projekt sp. z o.o.	11	5	1 912	-	-	-
CD PROJEKT Brands SA	17 626	-	2	-	959	-
CD PROJEKT Inc	-	-	176	-	-	-
Optibox sp. z o.o. in liquidation bankruptcy	-	-	-	-	20	20
MANAGEMENT BOARD MEMBERS AND PROXIES						
Marcin Iwiński	7	6	-	-	9	4
Adam Kiciński	4	3	-	-	2	-
Piotr Nielubowicz	5	5	-	-	-	1
Michał Nowakowski	10	10	-	-	-	-
Adam Badowski	1	1	-	-	-	-
*Edyta Wakuła**	3	4	-	-	-	-

** proxy*

No purchases from affiliates in 2014 exceeded the significance threshold.

(all figures quoted in PLN thousands unless stated otherwise)

Note 47. Compensation of top management and Supervisory Board members

Benefits paid out to members of the Management Board

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Short-term benefits (compensation and overheads)	*2 152*	*2 543*
Total	**2 152**	**2 543**

Benefits paid out or payable to other top managers

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Short-term benefits (compensation and overheads)	*271*	*150*
Total	**271**	**150**

Benefits paid out or payable to members of the Supervisory Board

PLN thousands	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Short-term benefits (compensation and overheads)	*126*	*126*
Total	**126**	**126**

Note 48. Employment

Average employment

Breakdown	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
Average employment	*94*	*73*
Total	**94**	**73**

Employee rotation

Breakdown	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
No. of employees hired	*31*	*24*
No. of employees dismissed	*11*	*9*
Total	**20**	**15**

Note 49. Operating lease agreements

Not applicable.

Note 50. Capitalized borrowing costs

Not applicable.

Note 51. Legal proceedings

The following proceedings were carried out during the reporting period (the reported status is valid for the publication date of this financial statement):

Litigation in which CD PROJEKT S.A. is the plaintiff or claimant

1. CD PROJEKT S.A. (formerly Optimus S.A.) vs. State Treasury

On 15 February 2006 the Management Board of Optimus S.A. filed a complaint in the District Court for the City of Kraków, 1st Civil Department seeking monetary damages from the State Treasury in the amount of 35 650.6 thousand PLN in relation to the decision issued by the Inspector of Treasury Control on 27 December 2001 in which the VAT liabilities of the Company were estimated at 16 367.4 thousand PLN. This decision was upheld by the Trasury Chamber in Kraków on 3 April 2002, and by the Treasury Office on 21 November 2002, which applied the universal succession principle to hold the Company responsible for tax liabilities incurred by its legal predecessor. On 24 November 2003 the Supreme Administrative Court in Warsaw vacated these decisions as unlawful.

On 9 December 2008 the District Court for the City of Kraków issued an interlocutory judgment holding the Optimus claim valid in rem. This judgment concerned the validity of the Company's claim for monetary damages. On 19 May 2009 this judgment was vacated by the Appelate Court for the City of Kraków, 1st Civil Department, which remanded the case to the District Court for further proceedings.

On 1 August 2014 the District Court for the City of Kraków issued a final judgment closing the proceedings in the court of first instance. The District Court's judgment awarded the Company 1 090.5 thousand PLN plus statutory interest for the period between 15 November 2005 and the remittance date, dismissing the lawsuit on all other counts.

On 9 October 2014 the Company filed an appeal against the District Court's judgment with regard to those sections in which the District Court dismissed the Company's claims, and also the section concerning the cost of legal proceedings associated with the case. Additionally, an appeal against the section in which the District Court affirms the Company's claims was filed by the State Treasury. The first hearing before the Appellate Court in Kraków was held on 18 March 2015. Following statements by the plenipotentiaries of each side the Court adjourned the proceedings until such time as additional testimony could be obtained from an expert witness. No further hearings have been scheduled as of the publication date of this financial statement.

2. CD PROJEKT S.A. (formerly Optimus S.A.) vs. Michał Lorenc

On 10 April 2009 Optimus S.A. filed a lawsuit in the District Court for the City of Warsaw against Mr. Michał Lorenc – its former President of the Board. The Company seeks damages in the amount of 507.3 thousand PLN for losses incurred as a result of violation of disclosure obligations associated with the Company's listing on the Warsaw Stock Exchange regarding the issuance of D series shares and purchase of Zatra S.A. stock during Mr. Michał Lorenc's tenure as President of the Management Board. The hearing scheduled by the Court for 2 June 2010 was cancelled.

In mid-February 2011 the Company filed a request to schedule another hearing and it currently awaits the Court's decision in this regard. This case is tied to case no. XVIII K 126/09 described below.

3. Motion to recognize overpayment of civil law transaction tax associated with capital contributions

On 12 April 2011 Optimus S.A. filed a legal complaint in the District Administrative Court in Warsaw regarding an erroneous (in the Company's opinion) individual interpretation of tax law applied by the Director of the Treasury Chamber in Warsaw acting on behalf of the Finance Minister. This decision concerned civil law transaction tax which, in the Company's opinion, was unjustly levied in conjunction with non-monetary capital contributions to CD Projekt Kiciński i Wspólnicy Sp. k. of which CD PROJEKT S.A. is the legal successor. On 15 March 2012 the Court issued a judgment affirming the Company's claim and declaring that the civil law transaction tax levied upon incorporation of CD Projekt Kiciński i Wspólnicy Sp. k. in the amount of 1 118 thousand PLN was unlawful.

On 4 July 2012, the Company received a transcript of the appeal in cassation filed in the Supreme Administrative Court via the District Administrative Court in Warsaw by the Director of the Treasury Chamber in Warsaw acting on behalf of the Finance Minister, which contests the judgment of 15 March 2012 in its entiriety. On 4 July 2014 the Supreme Administrative Court dismissed the appeal on formal grounds.

Following issuance of the above described judgment the Company applied to tax authorities for recognition of tax overpayment. On 3 July 2012 the application was denied. On 17 July 2012 the Company filed an appeal and subsequently, on 6 November 2012, filed a complaint in the District Administrative Court in Warsaw against the decision of the Director of the Treasury Chamber in Warsaw upholding the decision of the Head of the 2nd Mazovian Tax Office which denies recognition of overpayment of civil law transaction tax. On 13 May 2013 the District Administrative Court concurred with the Company's claim and issued a judgement overturning the decision of the Director of the Treasury Chamber on the grounds that the Director had not availed himself of the option to file an appeal in cassation having been notified of the legal basis for the previously described judgement. On 31 January 2014, pursuant to the decision of the Director of the Treasury Chamber of 24 January 2014, the Company recovered the overpaid civil law transaction tax plus interest in the amount of 1 361.3 thousand PLN

4. Motion to recognize overpayment of civil law transaction tax associated with increases in the Company's share capital

On 22 May 2012 CD Projekt RED S.A. filed two legal complaints in the District Administrative Court in Warsaw seeking reimbursement of civil law transaction tax which, in the Company's opinion, was unjustly levied in conjunction with increases in the Company's share capital. The complaints concern two decisions by the Director of the Treasury Chamber in Warsaw of 20 April 2012 upholding the corresponding decisions issued on 26 January 2012 by the Head of the 2nd Mazovian Tax Office in Warsaw, denying recognition of overpayment of civil law transaction tax in the amounts of 158.9 thousand PLN plus interest and 113.2 thousand PLN plus interest respectively.

At a joint hearing on 14 February 2013 the District Administrative Court rejected both complaints against the decisions of the Director of the Treasury Chamber in Warsaw of 20 April 2012. Having been notified by the District Administrative Court of the legal basis for its judgement the Company filed two appeals in cassation in the Supreme Administrative Court. On 7 August 2014 the Company moved to withdraw both appeals in cassation and on 28 August 2014 the District Administrative Court issued a decision terminating the relevant proceedings.

5. Complaint against individual interpretation of tax law

On 18 March 2014, having previously issued a written request to the Director of the Treasury Chamber in Warsaw to rectify an unlawful situation, CD PROJEKT S.A. filed a complaint in the District Administrative Court in Warsaw against an erroneous (in the Company's opinion) individual interpretation of tax law by the Director of the Treasury Chamber in Warsaw acting on behalf of the Finance Minister, concerning the time of deduction of withholding tax at source from the income tax owed by the Company. A hearing was held on 4 February 2015 and subsequently, on 18 February 2015, the District Administrative Court issued a judgment dismissing the Company's claim on the grounds that the contested interpretation does not constitute a breach of tax law. The Company is currently waiting for the court to announce the rationale behind its decision.

6. Complaint against individual interpretation of tax law

On 19 August 2014, having previously issued a written request to the Director of the Treasury Chamber in Warsaw to rectify an unlawful situation, CD PROJEKT S.A. filed a complaint with the District Administrative Court in Warsaw against the erroneous (in the Company's opinion) individual interpretation of tax law by the Director of the Treasury Chamber in Warsaw acting on behalf of the Finance Minister. The decision concerned the deduction of expenses borne in association with purchasing new technologies from the Tax Capital Group's tax base, and the duty to reimburse any relief obtained in this manner by increasing the applicable tax base in the event of the dissolution of the Tax Capital Group within three fiscal years following the close of the fiscal year in which the newly acquired technology is entered into the Company's register of tangible, intangible and legal assets. On 20 January 2015 the District Administrative Court dismissed the Company's complaint on formal grounds.

Criminal proceedings in which CD PROJEKT S.A. is recognized as the victim

Case against Michał Lorenc, Piotr Lewandowski and Michał Dębski

On 27 April 2009 the District Attorney's Office filed an indictment in the District Court for the City of Warsaw against Michał Lorenc, Piotr Lewandowski and Michał Dębski charged with violating sections 296 §1, 296 §3 and others of the Penal Code. The corresponding neutral citation number is XVIII K 126/09. The Company is acting as an auxiliary prosecutor. As of the date of preparation of this statement a number of hearings have been held, the defendants and a majority of witnesses have testified and partial testimony has been obtained from the expert witness.

In the course of the above-mentioned proceedings the Company filed a claim for total damages in the amount of 4,397 thousand PLN.

Note 52. Fiscal settlements

Fiscal settlements and other areas of activity governed by legal regulations (such as import duties or currency exchange) may be subject to audits by administrative bodies authorized to impose high penalties and sanctions. The lack of entrenched legal regulations in Poland leads to numerous ambiguities and inconsistencies in this regard. Interpretation of existing tax law frequently varies from state organ to state organ as well as between state organs and business entities, giving rise to areas of uncertainty and conflict. These conditions increase tax risks in Poland beyond the level encountered in states with more developed fiscal systems.

Fiscal settlements may be subject to state audits within five years following the end of the period in which tax payment was effected.

Tax Capital Group

On 1 January 2014 CD PROJEKT S.A. as the controlling entity and Brand Projekt sp. z o.o. established a Tax Capital Group (further referred to as TCG) under Art. 1a of the Corporate Income Tax Act. The corresponding notarized agreement was submitted for registration by the head of the appropriate Tax Office. According to the agreement the TCG is established for a period of three consecutive fiscal years, from 1 January 2014 until 31 December 2016 or until such time as the TCG forefeits the status of a taxable person, if occurring before 31 December 2016.

Under the Corporate Income Tax Act the TCG is treated as a distinct taxable person for the purposes of levying the Corporate Income Tax (CIT). Consequently, companies belonging to the TCG cease to be regarded as individual taxable persons for as long as the TCG remains in force. The tax base for the TCG is the aggregate taxable income of its member companies, calculated as the difference between their aggregate income and aggregate losses. The TCG is only considered a distinct entity for the purposes of levying the Corporate Income Tax – its member companies continue to be regarded as separate taxable entities for the purposes of levying the Value Added Tax (VAT), the civil law transaction tax and any personal income taxes.

Companies which make up the TCG are obligated to fulfill a number of criteria, including the following: the controlling entity's share in the share capital of any other entities forming the TCG must be at least 95%; no member of the TCG may have tax arrears; the TCG must obtain profits equal to at least 3% of its revenues; all transactions with entities external to the TCG must be concluded on market terms. Violation of any of these criteria results in dissolution of the TCG and forfeiture of its taxable person status, regardless of the three-year duration for which the TCG was originally established. At the moment of dissolution each company forming the TCG becomes an individual taxable person for the purposes of levying the Corporate Income Tax.

Note 53. Obsolete electrical and electronic equipment

Spent or obsolete electrical or electronic equipment is sold or handed over to authorized disposal agencies. Spent consumables are returned to suppliers or disposed of, pursuant to legal regulations.

Note 54. Events following the balance sheet date

In Current Report No. 2/2015 of 23 February 2015 roku the Company disclosed that it had received notice from Mr. Piotr Nielubowicz, acting on behalf of himself as well as the remaining parties to the agreement disclosed in Current Report No. 54/2010 of 2 September 2010, namely Mr. Marcin Iwiński, Mr. Michał Kiciński and Mr. Adam Kiciński, to the effect that the agreement existing between the parties and concerning joint purchases of Company shares and acting in concert at General Meetings of Shareholders of the Company had been dissolved on 23 February 2015. As stated by parties to the dissolved agreement, the agreement itself was a consequence of the merger between the CDP Investment Capital Group and OPTIMUS S.A., whereas the current overriding concern of those parties who retain executive positions at the Company is to jointly act in the best interests of the Company and its Capital Group by discharging their executive duties.

In Current Report No. 3/2015 of 9 March 2015 the Company disclosed that the validity of collateral pledged as security for the Company's framework agreement with Raiffeisen Bank Polska S.A. concerning forward and derivative transactions had been extended. According to the updated declaration of submission to enforcement issued by the Company the bank may file for a writ of enforcement concerning potential claims resulting from the agreement until 31 March 2021.

In Current Report No. 4/2015 of 13 March 2015 the Company disclosed that it had concluded an amendment to its revolving credit agreement with mBank S.A., signed on 23 May 2013. As specified in the amendment the period during which the Company is entitled to draw upon the revolving credit facility was extended until 2 June 2016. Any outstanding credit must be fully repaid by 30 September 2016.

Additionally, both parties agreed to changes in the collateral associated with the above mentioned agreement, specifically by excluding the guarantees pledged by cdp.pl sp. z o.o. Consequently, both parties agreed to void the blank promissory note which had heretofore served as collateral. The Company issued a replacement promissory note payable to mBank S.A. and avalized by GOG Poland sp. z o.o. together with GOG Ltd. In conjunction with the issuance of this note the Issuer and the guarantors have issued a declaration of voluntary submission to enforcement under a writ of execution issued by mBank S.A., authorizing mBank S.A. to issue such a writ should the Issuer or the guarantors fail to abide by the terms of the credit agreement, and to petition a court of law for a corresponding writ of enforcement no later than on 30 September 2017.

Note 55. Inflation-adjusted financial statement

Not applicable.

Note 56. Involvement of subsidiaries not subject to consolidated financial reporting

PLN thousands	Balance sheet total	Share in balance sheet total of the CD PROJEKT Capital Group	Revenues from sales and financial operations	Share in revenues from sales and financial operations of the CD PROJEKT Capital Group
As of 31 Dec 2014				
Parent entity	**208 818**	96%	52 669	35%
Subsidiaries not subject to consolidation	-	-	-	-
As of 31 Dec 2013				
Parent entity	**186 029**	85%	44 540	30%
Subsidiaries not subject to consolidation	-	-	-	-

Note 57. Disclosure of transactions with entities charged with performing audits of financial statements

Compensation paid out or payable in the fiscal year (PLN thousands)	01 Jan 2014 - 31 Dec 2014	01 Jan 2013 - 31 Dec 2013
- for auditing annual financial statements and the consolidated financial statement	*29*	*29*
- for reviews of financial statements and the consolidated financial statement	*17*	*21*
- for other services	*5*	*-*
Total	**51**	**50**

Note 58. Clarifications regarding the cash flow statement

PLN thousands	31 Dec 2014	31 Dec 2013
Cash on balance sheet	12 947	20 002
Total cash and cash equivalents reported in CFS	12 947	20 002

PLN thousands	31 Dec 2014	31 Dec 2013
Depreciation:	2 668	2 355
depreciation of intangible assets	920	860
depreciation of tangible fixed assets	1 748	1 495
Interest and share in profits (dividends) consist of:	(8 873)	(13 747)
interest paid on loans granted	-	40
interest paid on credits	9	32
interest received	(535)	(353)
Dividends received	(8 347)	(13 466)
Profit (loss) from investment activities results from:	18 610	210
revenues from sales of intangible assets	(17 622)	-
net value of intangible assets sold	15 104	-
revenues from sales of tangible fixed assets	(6 635)	(17)
net value of tangible fixed assets sold	5 227	-
net value of tangible fixed assets liquidated	24 438	-
revaluation of fixed assets	1	-
revaluation of short-term financial assets	(34)	2
revenues from sales of investments	-	225
valuation of shares in other entitites	(475)	-
profit from forward transactions in securities	(1 386)	-
profit from sales of investment fund shares	(8)	-
Changes in provisions result from:	36	(28)
balance of changes in provisions for liabilities	(2 798)	(1 260)
balance of changes in provisions for employee benefits	50	12
adjustment of deferred tax provisions	2 784	1 220
Changes in inventory status result from:	(51 997)	(18 154)
balance of changes in inventory status	(51 997)	(18 153)
elimination of inventories consumed by the entity	-	(1)
Changes in receivables result from:	(10 147)	9 419
balance of changes in short-term receivables	(8 203)	6 785
balance of changes in long-term receivables	(19)	(36)
income tax reimbursed/paid	(900)	900
income tax set against withholding tax	(947)	(662)
cash pool eliminations	(78)	2 432
Changes in liabilities result from:	44 708	14 040
balance of changes in short-term liabilities	37 544	11 341

current income tax adjustments	(497)	-
changes in financial liabilities	(269)	14
cash pool eliminations	(1 249)	1 385
adjustment for changes in credit and loan status	(3)	1 300
adjustment for changes in liabilities associated with purchases of intangible and legal assets	9 182	-
Changes in other assets result from:	172	(104)
balance of changes in accrued charges	(9)	(187)
adjustment for changes in deferred tax assets	181	83
Changes in other liabilities result from:	(105)	793
balance of changes in deferred revenues	(105)	796
elimination of fixed assets received free of charge	-	(3)
Changes in other adjustments result from:	257	942
cost of incentive program	727	438
elimination of unrealized gains on sales cdp.pl shares	-	504
adjustment of statistical exchange rate differences on advance payments received in 2013	(470)	-

Warsaw, 19 March 2015

Adam Kiciński	Marcin Iwiński	Piotr Nielubowicz	Adam Badowski	Michał Nowakowski	Aneta Magiera
President of the Board	Vice President of the Board	Vice President of the Board	Board Member	Board Member	Accounting Officer

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