



**Management Board comments regarding  
the condensed interim consolidated  
financial statement of the CD PROJEKT  
Group for the period between 1 July and  
30 September 2014**

Dear readers,

*We are on the cusp of the most important event in CD PROJEKT's 20-year history. In little more than three months The Witcher 3 will be released for all leading hardware platforms, in collaboration with the largest global distributors and to the tune of a broad marketing campaign which involves global printed press, radio and TV outlets. Accordingly, the past quarter was dominated by the necessary preparations. In our current financial statement the run-up to the release is reflected by increased marketing and development expenses which we expect to recoup in 2015. We worked hard throughout the reporting period to ensure that the release of The Witcher 3 becomes a momentous event in all of its aspects - artistic, technical and commercial. Additional physical distribution contracts were signed, enabling us to release box versions of the game in 109 countries. We also participated in key trade events, carrying out hundreds of presentations and meetings to augment the largest promotional campaign in the Company's history. In parallel we continued development work on The Witcher 3, Cyberpunk 2077 and several smaller projects, including two mobile games, without drawing upon any external funding sources.*

*We have done all in our power to ensure that the upcoming release becomes a resounding global success, dwarfing our to-date achievements. I am confident that 2015 will be regarded as the year of The Witcher.*

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Key events affecting the CD PROJEKT Group since 1 July 2014:

- Between 1 July and 14 November 2014 CD PROJEKT RED representatives participated in the largest global events dedicated to video games, including San Diego Comic Con (USA), gamescom (Germany), EGX (Great Britain), Games 14 (Saudi Arabia), Pax Prime (USA), Igromir (Russia) and Brasil Game Show (Brasil). Altogether, presentations of The Witcher 3 were attended by tens of thousands of spectators and covered by respected global gaming media.
- The Witcher 3: Wild Hunt has received over 160 awards, including two recent "most anticipated game of the year" awards.
- Closed betas of The Witcher Battle Arena and the digital edition of The Witcher Adventure Game (CD PROJEKT's first foray into the mobile gaming market) have been released.
- After the close of the reporting period the Company announced a special promotional campaign whereby all purchasers of The Witcher 3: Wild Hunt will receive 16 additional DLC packages free of charge. These packages expand the game by introducing new quests, features and items. They will be released on a weekly basis starting from 25 February 2015 in order to increase customer retention and ensure long-term user satisfaction, both for new and existing clients.
- In the global digital videogame distribution segment 102 new products were released between 1 July and 14 November 2014, expanding the GOG.com catalogue to 850 items. As of the date of publication of this report GOG Ltd. licenses products from 290 business partners.
- On 25 July 2014 a batch of 50 games for the Linux OS was added to the GOG.com catalogue. At present GOG.com offers over 100 Linux releases.
- In late August the GOG.com website was thoroughly redesigned. In addition to a new graphical layout and support for mobile browsers we also introduced the ability to remit payment in four currencies (in addition to USD): EUR, GBP, AUD and RUB, using popular e-payment channels such as Sofort, Yandex and Webmoney. These changes will make it easier for users to interact with the service and should attract customers who have previously avoided GOG.com due to the need to render payment in US dollars.
- In late August GOG.com began distributing motion pictures, which, in accordance with the Company's mission statement, remain free of DRM restrictions. As of the publication date of this report the GOG.com catalogue includes 42 motion pictures from 12 publishers.
- GOG Ltd. has launched a public testing campaign of selected components of its new, proprietary technology stack called GOG Galaxy, which permits (among others) unhindered multiplayer gaming.
- On 7 November 2014 the French edition of GOG.com was rolled out - the first language localization in the platform's history. In conjunction with this event additional French releases were added to the GOG.com catalogue, with 270 such products currently available. GOG Ltd. plans to successively port its platform to other languages.

## ■ Consolidated profit and loss account of the CD PROJEKT Group

PLN thousands	2014 Q1	2014 Q2	2014 Q3	2013 Q3
<b>Sales revenues</b>	<b>30 804</b>	<b>43 784</b>	<b>36 025</b>	<b>40 222</b>
<i>Revenues from sales of products</i>	4 801	7 565	2 775	7 346
<i>Revenues from sales of services</i>	13 426	20 891	12 242	12 569
<i>Revenues from sales of goods and materials</i>	12 577	15 328	21 008	20 307
<b>Cost of products, goods and materials sold</b>	<b>23 075</b>	<b>30 408</b>	<b>28 555</b>	<b>26 059</b>
<i>Cost of products and services sold</i>	11 241	17 178	10 410	10 297
<i>Value of goods and materials sold</i>	11 834	13 230	18 145	15 762
<b>Gross profit (loss) from sales</b>	<b>7 729</b>	<b>13 376</b>	<b>7 470</b>	<b>14 163</b>
<i>Other operating revenues</i>	1 867	1 990	622	336
<i>Selling costs</i>	5 204	7 909	7 322	5 581
<i>General and administrative costs</i>	3 101	3 882	3 346	3 915
<i>Other operating expenses</i>	682	188	896	57
<b>Operating profit (loss)</b>	<b>609</b>	<b>3 387</b>	<b>-3 472</b>	<b>4 946</b>
<i>Financial revenues</i>	1 281	1 115	1 304	481
<i>Financial expenses</i>	59	19	1 526	183
<b>Profit (loss) before tax</b>	<b>1 831</b>	<b>4 483</b>	<b>-3 694</b>	<b>5 244</b>
<i>Income tax</i>	445	1 249	-231	817
<b>Net profit (loss) from continuing operations</b>	<b>1 386</b>	<b>3 234</b>	<b>-3 463</b>	<b>4 427</b>
<i>Profit (loss) attributable to minority interests</i>	-112	191	-545	-
<b>Profit (loss) attributable to equity holders of parent entity</b>	<b>1 498</b>	<b>3 043</b>	<b>-2 918</b>	<b>4 427</b>

In the third quarter of 2014 the sales revenues of the CD PROJEKT Group were 10% lower than in the corresponding period in 2013, mostly as a result of lower revenues in the distribution and publishing activities in Poland activity segment. Additionally, due to changes in the sales structure as well as due to sales of physical components includable in future box editions of The Witcher 3: Wild Hunt, a decrease in sales margins was observed.

From the perspective of the Group the most important business activities occurring in the third quarter of 2014 are as follows:

- development of videogames, with particular focus on The Witcher 3: Wild Hunt,
- promotional campaign preceding the release of The Witcher 3: Wild Hunt,
- updates and changes in GOG.com facilitating introduction of new features and expansion of the platform's catalogue.

The above mentioned activities affect the Group's expenses in the reporting period - both directly (marketing and promotion of The Witcher 3; introduction of new features on GOG.com) and indirectly (development of videogames and technological improvements in GOG.com). These investments are expected to yield economic benefits in future reporting periods, particularly with regard to The Witcher 3: Wild Hunt which is scheduled for release on 24 February 2015.

In addition to expenses associated with the above mentioned activities, financial results of the Group in the third quarter of 2014 were substantially affected by statistical exchange rate differences in the videogame development segment (1.3 million PLN), resulting from conversion of advances on royalties (collected in association with distribution agreements concerning The Witcher 3) into PLN. Such advances are aggregated in the "other liabilities" line item. On the balance sheet date the Company calculates the statistical exchange rate differences applicable to liabilities which are denominated in foreign currencies. The politically-induced weakening of PLN against EUR and USD in the third quarter of 2014 resulted in substantial negative exchange rate differences. Advances on royalties will be reclassified as revenues following release of The Witcher 3: Wild Hunt. This action will involve recognition of realized exchange rate differences.

Due to the differing activity profiles of each segment of the Group, detailed comments regarding the financial result achieved in the third quarter of 2014 will be presented on a per-segment basis.

It should be noted that the figures listed in the above table for the first, second and third quarter of 2014, when tallied up, yield a result which differs slightly from the aggregate result of the Capital Group reported for Q1-Q3 2014. This is due to the fact that quarterly statements apply different USD-to-PLN exchange rates than the aggregate statement which spans the first three quarters of 2014.

## ■ Condensed interim consolidated statement of financial position of the CD PROJEKT Group

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>FIXED ASSETS</b>	<b>95 047</b>	<b>95 586</b>	<b>91 910</b>	<b>94 490</b>	<b>95 412</b>
<i>Tangible assets</i>	11 187	10 971	6 134	6 393	11 201
<i>Intangible assets</i>	36 403	37 297	38 459	40 470	35 345
<i>Goodwill</i>	46 417	46 417	46 417	46 417	46 417
<i>Deferred income tax assets</i>	755	578	561	844	2 203
<i>Other fixed assets</i>	285	323	339	366	246
<b>CURRENT ASSETS</b>	<b>122 588</b>	<b>144 324</b>	<b>170 989</b>	<b>171 422</b>	<b>116 716</b>
<i>Inventories</i>	51 966	58 170	67 197	80 699	47 102
<i>Trade receivables</i>	17 064	25 047	27 875	20 607	22 503
<i>Current income tax receivables</i>	901	1 851	2 098	218	1
<i>Other receivables</i>	3 856	8 109	7 948	8 395	4 741
<i>Other financial assets</i>	805	908	834	2 730	843
<i>Prepaid expenses</i>	8 312	8 390	13 861	13 723	11 369
<i>Cash and cash equivalents</i>	39 684	41 849	51 176	45 050	30 157
<b>TOTAL ASSETS</b>	<b>217 635</b>	<b>239 910</b>	<b>262 899</b>	<b>265 912</b>	<b>212 128</b>

With regard to Group assets the largest change concerns inventories, which increased from 47.1 million PLN at the end of Q3 2013 to their present value of 80.7 million PLN. This change is due to ongoing development of videogames - particularly The Witcher 3: Wild Hunt and Cyberpunk 2077. More details regarding this process will be presented later on, in the commentary section attached to the presentation of the videogame development activity segment.

Significant changes also affected the value of cash and cash equivalents. Despite ongoing large-scale videogame development projects, the Group's cash reserves increased from 30.2 million at the end of Q3 2013 to 45.1 million PLN at the end of the current reporting period. This change was mostly due to advances on royalties associated with distribution of The Witcher 3: Wild Hunt in the videogame development segment, and to positive cash flows generated in the global digital videogame distribution segment. It should be noted that the Group is not presently in debt due to any credit or loan agreements.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>EQUITY</b>	<b>167 368</b>	<b>169 006</b>	<b>172 559</b>	<b>170 128</b>	<b>164 431</b>
<i>Equity attributable to shareholders of the Parent Company</i>	<b>166 500</b>	<b>168 250</b>	<b>165 860</b>	<b>163 974</b>	<b>164 431</b>
<i>Share capital</i>	94 950	94 950	94 950	94 950	94 950
<i>Supplementary capital, incl. sales of shares above nominal price</i>	112 438	119 730	119 730	119 730	112 438
<i>Other reserve capital</i>	989	1 139	1 396	1 624	1 076
<i>Exchange rate differences</i>	-790	-688	-624	180	-598
<i>Retained earnings</i>	-55 987	-48 379	-54 133	-54 133	-55 573
<i>Net profit (loss) for the reporting period</i>	14 900	1 498	4 541	1 623	12 138
<i>Minority share capital</i>	<b>868</b>	<b>756</b>	<b>6 699</b>	<b>6 154</b>	
<b>LONG-TERM LIABILITIES</b>	<b>5 276</b>	<b>4 868</b>	<b>6 188</b>	<b>5 789</b>	<b>5 696</b>
<i>Credits and loans</i>	-	-	-	-	250
<i>Other financial liabilities</i>	177	203	350	457	151
<i>Deferred income tax liabilities</i>	3 686	3 351	4 415	3 928	4 703
<i>Deferred revenues</i>	1 376	1 277	1 386	1 367	566
<i>Provisions for employee benefits and similar liabilities</i>	37	37	37	37	26
<b>SHORT-TERM LIABILITIES</b>	<b>44 991</b>	<b>66 036</b>	<b>84 152</b>	<b>89 995</b>	<b>42 001</b>
<i>Credits and loans</i>	21	24	25	27	16
<i>Other financial liabilities</i>	260	220	327	466	259
<i>Trade liabilities</i>	24 738	24 248	35 943	36 843	28 489
<i>Liabilities from current income tax</i>	1 270	433	829	20	536
<i>Other liabilities</i>	18 218	40 746	43 938	48 367	10 840
<i>Deferred revenues</i>	211	202	2 858	4 107	618
<i>Provisions for employee benefits and similar liabilities</i>	145	97	185	123	1 034
<i>Other provisions</i>	128	66	47	42	209
<b>TOTAL LIABILITIES</b>	<b>217 635</b>	<b>239 910</b>	<b>262 899</b>	<b>265 912</b>	<b>212 128</b>

The equity section has been expanded with a separate line item showing the minority share capital - this is due to sale of cdp.pl Sp. z o.o. shares by CD PROJEKT S.A. At the end of September 2014 the Group held 50.2% of cdp.pl shares, with the remaining shares in possession of members of the Management Board of cdp.pl.

Regarding liabilities, the largest increase (from 42.0 million PLN at the end of Q3 2013 to 90.0 million PLN at the end of the current reporting period) was reported in the short-term liabilities section, including in particular the "other liabilities" line item, which increased from 10.8 million PLN to 48.4 million PLN. This change is associated with receipt of advances on royalties associated with The Witcher 3 distribution agreements, as described below in the commentary section attached to the presentation of the videogame development activity segment.

## ■ Comments regarding the financial results in individual activity segments of the CD PROJEKT Group

### Videogame development

PLN thousands	2014 Q1	2014 Q2	2014 Q3	2013 Q3
<b>Sales revenues</b>	<b>5 005</b>	<b>7 906</b>	<b>9 974</b>	<b>7 557</b>
<i>Revenues from sales of products</i>	4 946	7 882	3 011	7 526
<i>Revenues from sales of services</i>	-	-	-	-
<i>Revenues from sales of goods and materials</i>	59	24	6 963	31
<b>Cost of products, goods and materials sold</b>	<b>1 675</b>	<b>2 825</b>	<b>8 041</b>	<b>2 108</b>
<i>Cost of products and services sold</i>	1 643	2 806	1 522	2 100
<i>Value of goods and materials sold</i>	32	19	6 519	8
<b>Gross profit (loss) from sales</b>	<b>3 330</b>	<b>5 081</b>	<b>1 933</b>	<b>5 449</b>
<i>Other operating revenues</i>	621	702	518	159
<i>Selling costs</i>	1 419	3 315	3 536	1 585
<i>General and administrative costs</i>	1 553	1 970	1 661	2 432
<i>Other operating expenses</i>	556	169	453	-
<b>Operating profit (loss)</b>	<b>423</b>	<b>329</b>	<b>-3 199</b>	<b>1 591</b>
<i>Financial revenues</i>	622	217	422	674
<i>Financial expenses</i>	7	-361	885	84
<b>Profit (loss) before tax</b>	<b>1 038</b>	<b>907</b>	<b>-3 662</b>	<b>2 181</b>
<i>Income tax</i>	264	743	-885	638
<b>Net profit (loss) from continuing operations</b>	<b>774</b>	<b>164</b>	<b>-2 777</b>	<b>1 543</b>

In the third quarter, as well as incrementally throughout the first three quarters of 2014, revenues in the videogame development segment exceeded those in the corresponding periods of the preceding year. Revenues associated with licensing of earlier games, i.e. The Witcher and The Witcher 2 (aggregated in the “revenues from sales of products” line item) remained high despite the natural “aging” of these products. Specifically, revenues generated by The Witcher and The Witcher 2 in the first three quarters of 2014 were reported as 15.8 million PLN, compared to 18.2 million PLN in the corresponding period in 2013. This favorable result is due to the high quality of earlier Company products and growing interest in the upcoming third installment of The Witcher series on the part of gamers worldwide. In fact, revenues generated by sales of The Witcher and The Witcher 2 in the first half of 2014 exceeded the corresponding 2013 result - only after the launch of The Witcher 3 preorder campaign (in June 2014) did the sales volume of the Studio’s earlier games drop below the corresponding 2013 figures. This circumstance should be viewed as a natural consequence of the Company’s decision to refocus its marketing activities onto promoting preorders of The Witcher 3: Wild Hunt. It should also be noted that preorders of The Witcher 3: Wild Hunt placed with the Company’s business partners (including its affiliates - GOG Ltd. and cdp.pl Sp. z o.o.) are not entered into the revenues for the current period and will be reported after the game’s official release in the first quarter of 2015.

In the third quarter of 2014 the Company reported revenues due to sale of goods and materials in the amount of 7.0 million PLN, with the corresponding value of *goods and materials sold* estimated at 6.5 million PLN. This is due to the fact that the Company has taken over control over the production of key physical components of future box released of The Witcher 3: Wild Hunt in order to maximize product quality, implement consistent QA procedures for materials manufactured by business partners from around the world, and oversee physical manufacturing costs which affect royalty payments received by the Company. Physical manufacturing is financed by royalty advances collected from future distributors of the game. As a result, the margin on sales of such materials is low - the bulk of revenues associated with The Witcher 3: Wild Hunt will be produced by licensing agreements governing the game’s distribution in individual territories. Sales of physical components of The Witcher 3 box editions should therefore be viewed as a technical activity, part of the preparations for the upcoming release of the game and resulting from the Company’s decision to act as the global publisher of The Witcher 3: Wild Hunt.

The cost of products and services sold in Q3 2014 in the videogame development segment is reported as 1.5 million PLN. This value comprises the procurement cost of products sold (0.7 million PLN) and exchange rate differences (0.8 million PLN).

Intensive marketing activities surrounding the upcoming release of The Witcher 3 have resulted in a more-than-twofold increase in selling costs compared to the corresponding period in 2013. In Q3 2014 alone expenses associated with participation in key trade fairs and conferences at which the Studio showcased The Witcher 3 were 1.4 million PLN. The aggregate cost of business travel, representation, advertising and participation in fairs and conferences was 1.9 million PLN. This represents an increase by a factor of 2.5 compared to the corresponding period in 2013. Owing to the Company's marketing activities, as of the publication date of this report The Witcher 3: Wild Hunt - despite not yet having been released - has already received 160 awards; significantly more than either The Witcher or The Witcher 2 prior to or following their respective releases. Of particular note is the prestigious British Golden Joystick award for the most anticipated game of the year: this award was presented to The Witcher 3 on 24 October 2014. On 3 November 2014 the game was also named the most anticipated game of 2015 by editors of Game Informer - the world's most widely circulated gaming magazine.

Due to the politically-induced weakening of PLN against USD and EUR the Company reported significant negative exchange rate differences associated with conversion of The Witcher 3 royalty advances into PLN. These advances are aggregated in the "other liabilities" line item in the profit and loss account. Negative exchange rate differences in the amount of 2.1 million PLN (including 1.2 million PLN from statistical differences) were deducted from the financial result of the videogame development segment in Q3 2014. The Company performs on-the-fly conversion of advances denominated in foreign currencies into PLN in order to mitigate exchange rate risks which could manifest themselves e.g. if external distributors were to be reimbursed in foreign currencies under a hypothetical scenario where the Company fails to release the game. Recognition of realized exchange rate differences will occur after the game's release, when royalty advances are reclassified as revenues.

Due to a range of activities undertaken in order to secure revenues in future reporting periods (chiefly the development and promotion of The Witcher 3: Wild Hunt), as well as the emergence of significant negative exchange rate differences (mostly of a statistical character), the videogame development segment reported a net loss of 2.8 million PLN in the third quarter of 2014, and 1.8 million PLN in the period between 1 January and 30 September 2014.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>FIXED ASSETS</b>	<b>6 161</b>	<b>6 369</b>	<b>6 615</b>	<b>25 162</b>	<b>5 212</b>
<i>Tangible assets</i>	3 114	3 068	3 177	3 161	2 936
<i>Intangible assets</i>	3 017	3 208	3 347	3 811	2 066
<i>Goodwill</i>	-	-	-	-	-
<i>Investments in subsidiaries</i>	-	-	-	17 867	-
<i>Deferred income tax assets</i>	13	38	24	253	194
<i>Other fixed assets</i>	17	55	67	70	16
<b>CURRENT ASSETS</b>	<b>57 312</b>	<b>77 795</b>	<b>84 903</b>	<b>111 221</b>	<b>49 927</b>
<i>Inventories</i>	44 514	52 241	61 108	74 076	38 644
<i>Trade receivables</i>	3 487	9 452	8 532	6 626	1 727
<i>Current income tax receivables</i>	900	1 029	2 030	28	-
<i>Other receivables</i>	3 035	6 264	8 723	7 595	3 617
<i>Other financial assets</i>	-	100	5	-	-
<i>Prepaid expenses</i>	346	411	222	508	250
<i>Cash and cash equivalents</i>	5 030	8 298	4 283	22 388	5 689
<b>TOTAL ASSETS</b>	<b>63 473</b>	<b>84 164</b>	<b>91 518</b>	<b>136 383</b>	<b>55 139</b>

The investments in subsidiaries reported in Q3 2014 are related to acquisition of shares in two companies established during this period:

- CD PROJEKT Brands S.A. - established in order to facilitate efficient management of brands owned by the CD PROJEKT Group;
- CD PROJEKT Inc. - established in order to coordinate the activities of Group members in North America, and to facilitate their direct business involvement with California-based partners.

The expenses associated with these investments are subject to consolidation exclusions.

Over the 12-month period preceding the publication of this report a large increase was observed in the value of inventories, which were estimated at 74.1 million PLN at the end of September 2014. The following table illustrates the breakdown of this figure:

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<i>Other materials</i>	-	-	-	1 636	-
<i>Semi-finished products and production in progress</i>	40 267	49 031	59 395	71 393	33 244
<i>Finished products</i>	4 193	3 157	1 658	980	5 320
<i>Goods</i>	53	53	55	67	80
<b>Total inventories</b>	<b>44 513</b>	<b>52 241</b>	<b>61 108</b>	<b>74 076</b>	<b>38 644</b>

The “other materials” line item corresponds to the previously mentioned physical components of The Witcher 3 box sets, manufactured and stockpiled by the Company prior to the end of the current reporting period.

The increase in the value of semi-finished products and production in progress (from 33.2 million PLN at the end of September 2013 to 71.4 million PLN at the end of September 2014) was due to ongoing development of videogames, particularly The Witcher 3: Wild Hunt and Cyberpunk 2077.

The steadily decreasing value of finished products covers the production costs of The Witcher 2: Assassins of Kings - Extended Edition discounted in proportion to the game’s sales since its 2012 release.

Cash assets attributable to the videogame development segment increased in Q3 2014 mostly due to the establishment of a new company - CD PROJEKT Brands S.A., which is wholly owned by CD PROJEKT S.A., and recognition of its cash assets valued at 17.6 million PLN, which come from the Group’s own capital contributions.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>EQUITY</b>	<b>44 883</b>	<b>45 656</b>	<b>45 820</b>	<b>60 908</b>	<b>43 513</b>
<i>Equity attributable to shareholders of the parent company</i>	<b>44 883</b>	<b>45 656</b>	<b>45 820</b>	<b>60 908</b>	<b>43 513</b>
<i>Share capital</i>	7 050	7 050	7 050	7 412	7 050
<i>Supplementary capital, incl. sales of shares above nominal price</i>	-	-	-	17 500	-
<i>Other reserve capital</i>	-	-	-	-	-
<i>Exchange rate differences</i>	-	-	-	3	-
<i>Retained earnings</i>	32 737	37 832	37 832	37 832	32 737
<i>Net profit (loss) for the reporting period</i>	5 096	774	938	-1 839	3 726
<i>Minority share capital</i>	-	-	-	-	-
<b>LONG-TERM LIABILITIES</b>	<b>1 280</b>	<b>778</b>	<b>1 672</b>	<b>980</b>	<b>672</b>
<i>Credits and loans</i>	-	-	-	-	250
<i>Other financial liabilities</i>	65	69	61	55	5
<i>Deferred income tax liabilities</i>	708	213	1 124	442	312
<i>Deferred revenues</i>	501	490	481	477	101
<i>Provisions for employee benefits and similar liabilities</i>	6	6	6	6	4
<b>SHORT-TERM LIABILITIES</b>	<b>17 310</b>	<b>37 730</b>	<b>44 026</b>	<b>74 495</b>	<b>10 954</b>
<i>Credits and loans</i>	-	-	2	7	-
<i>Other financial liabilities</i>	69	50	41	51	39
<i>Trade liabilities</i>	963	2 152	2 978	8 467	1 068
<i>Liabilities from current income tax</i>	-	-	-	5	280
<i>Other liabilities</i>	16 180	35 422	40 920	65 878	8 084
<i>Deferred revenues</i>	71	64	54	39	491
<i>Provisions for employee benefits and similar liabilities</i>	20	20	20	20	970
<i>Other provisions</i>	7	22	11	28	22
<b>TOTAL LIABILITIES</b>	<b>63 473</b>	<b>84 164</b>	<b>91 518</b>	<b>136 383</b>	<b>55 139</b>

Equity increased in Q3 2014, mostly as a result of the establishment of new companies in the videogame development segment - CD PROJEKT Brands S.A. (with a share capital of 17.7 million PLN) and CD PROJEKT Inc.



Regarding liabilities, the single largest change affected short-term liabilities and - more specifically - the “other liabilities” line item which aggregates advances for royalties received from prospective distributors of The Witcher 3: Wild Hunt, and royalties associated with preorders of The Witcher 3: Wild Hunt placed using digital distribution channels. Distribution rights for the game were in demand among business partners covering key territories - this enabled the Company to conclude favorable distribution contracts, including provisions for advances on royalties as well as minimum guarantees. As a result, the bulk of expenses associated with the production and promotion of The Witcher 3: Wild Hunt can be financed with funds obtained directly from distributors, without engaging the Company’s own assets or drawing upon credit sources. This also mitigates certain financial risks to the Company. The “other liabilities” line item is further affected by the loan provided to the videogame development segment by the “other activities” segment to pay up the share capital of CD PROJEKT Brands S.A. This loan spans two separate activity segments and is subject to consolidation exclusions on the level of the Company and the CD PROJEKT Group.

The reported increase in trade liabilities is due to ongoing manufacturing of physical components of The Witcher 3: Wild Hunt box sets; particularly elements of the game’s collectors editions, some of which have been sold to external distributors during Q3 2014 and whose value was aggregated in the “other materials” line item, contributing to the value of Company inventories (see above).

## Global digital videogame distribution

PLN thousands	2014 Q1	2014 Q2	2014 Q3	2013 Q3
<b>Sales revenues</b>	<b>14 172</b>	<b>21 218</b>	<b>14 313</b>	<b>13 302</b>
<i>Revenues from sales of products</i>	-	-	-	-
<i>Revenues from sales of services</i>	14 172	21 218	14 313	13 302
<i>Revenues from sales of goods and materials</i>	-	-	-	-
<b>Cost of products, goods and materials sold</b>	<b>9 124</b>	<b>14 113</b>	<b>9 148</b>	<b>8 243</b>
<i>Cost of products and services sold</i>	9 124	14 113	9 148	8 243
<i>Value of goods and materials sold</i>	-	-	-	-
<b>Gross profit (loss) from sales</b>	<b>5 048</b>	<b>7 105</b>	<b>5 165</b>	<b>5 059</b>
<i>Other operating revenues</i>	12	14	16	14
<i>Selling costs</i>	2 668	3 594	3 144	2 413
<i>General and administrative costs</i>	331	473	638	453
<i>Other operating expenses</i>	7	10	9	7
<b>Operating profit (loss)</b>	<b>2 054</b>	<b>3 042</b>	<b>1 390</b>	<b>2 200</b>
<i>Financial revenues</i>	108	10	-82	41
<i>Financial expenses</i>	3	12	145	608
<b>Profit (loss) before tax</b>	<b>2 159</b>	<b>3 040</b>	<b>1 163</b>	<b>1 633</b>
<i>Income tax</i>	279	397	178	200
<b>Net profit (loss) from continuing operations</b>	<b>1 880</b>	<b>2 643</b>	<b>985</b>	<b>1 433</b>

In the third quarter of 2014 the revenues of the global digital videogame distribution activity segment were somewhat higher than in the corresponding period in 2013. Additionally, the breakdown of these revenues into monthly periods was different than during the preceding year. In July 2014 GOG Ltd. revenues were lower than in July 2013. This was a consequence of scheduling changes affecting the Company’s summer sale campaign - in 2014 the summer sale concluded in June while in 2013 it lasted until 5 July, contributing to the revenues reported in July and in the third quarter of 2013. Revenues obtained in August and September of 2014 were approximately 1/3 greater than in the corresponding months of 2013. The aggregate value of sales margins in Q3 2014 was also higher than in Q3 2013.

Starting in June 2014 GOG.com began accepting preorders for one of the most important upcoming additions to the Company catalogue - The Witcher 3: Wild Hunt. Revenues generated by this preorder campaign are not entered into the accounts for the current period and will be recognized following the official release of The Witcher 3.

Selling costs and administrative expenses increased in relation to the preceding year. This increase is due to a number of ongoing development projects in the global digital videogame distribution segment, some of which have already been unveiled. The most important of those are:

- development of the GOG Galaxy technology stack which will permit future expansion of the GOG.com platform with new releases in high price brackets as well as multiplayer online games previously unsupported by GOG.com,
- expansion of the GOG.com catalogue with releases for the Linux OS, with 50 products released on 25 July 2014 (the Linux section has since grown to over 130 items),
- distribution of DRM-free motion pictures, launched on 27 August 2014 with support for video streaming (requiring integration of the necessary technologies),
- expansion of the platform with new payment methods and support for local currencies other than USD (i.e. EUR, GBP, AUD and RUB), rolled out on 27 August 2014,
- comprehensive redesign of the platform's web interface with added support for mobile browsers,
- launch of the French version of GOG.com (on 7 November 2014), with simultaneous expansion of the list of French editions of GOG.com products.

Implementation of the above mentioned projects, as well as other projects carried out at GOG Ltd. in the third quarter of 2014, contributed to the Company's expenses in the current reporting period. The Management Board of the Company expects that these costs will translate into improved growth dynamics of GOG.com in future reporting periods.

In spite of ongoing development projects, the global digital videogame distribution segment reported a net profit of 5.5 million PLN between 1 January and 30 September 2014, including 985 thousand PLN in Q3 2014.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>FIXED ASSETS</b>	<b>1 237</b>	<b>1 707</b>	<b>2 169</b>	<b>2 846</b>	<b>1 047</b>
<i>Tangible assets</i>	924	897	900	916	904
<i>Intangible assets</i>	300	809	1 246	1 929	142
<i>Goodwill</i>	-	-	-	-	-
<i>Investments in subsidiaries</i>	-	-	-	-	-
<i>Deferred income tax assets</i>	13	1	23	1	1
<i>Other fixed assets</i>	-	-	-	-	-
<b>CURRENT ASSETS</b>	<b>23 876</b>	<b>23 466</b>	<b>36 348</b>	<b>23 394</b>	<b>19 592</b>
<i>Inventories</i>	-	-	-	-	-
<i>Trade receivables</i>	4 547	2 454	7 731	3 169	1 952
<i>Current income tax receivables</i>	-	-	-	117	1
<i>Other receivables</i>	174	610	2 431	3 245	180
<i>Other financial assets</i>	-	-	-	-	-
<i>Prepaid expenses</i>	2 668	2 379	1 410	1 281	3 036
<i>Cash and cash equivalents</i>	16 487	18 023	24 776	15 582	14 423
<b>TOTAL ASSETS</b>	<b>25 113</b>	<b>25 173</b>	<b>38 517</b>	<b>26 240</b>	<b>20 639</b>

The increase in the value of intangible assets is due to ongoing work on new technologies and solutions which will, in the future, become part of the GOG.com platform and provide additional value for its users. The corresponding value of 1.9 million PLN reported at the end of September was primarily affected by the development costs of GOG Galaxy. This technology will enable GOG.com to carry additional new releases in high price brackets and support online multiplayer games which are not currently available on GOG.com. The same item also aggregates expenses associated with the creation and development of motion picture distribution and streaming features deployed in the third quarter of 2014.

The increase in the value of receivables in Q2 and Q3 2014 is due to preorder licensing royalties which are not entered as revenues in the current reporting period.

Cash reserves increased between the end of Q2 2013 and the end of Q2 2014 as a result of positive cash flows from continuing operations. The decrease in cash and cash equivalents in the third quarter of 2014 was due to payment of a dividend in the amount of 2.7 million USD to CD PROJEKT S.A.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>EQUITY</b>	<b>14 243</b>	<b>16 223</b>	<b>18 931</b>	<b>12 427</b>	<b>12 702</b>
<i>Equity attributable to shareholders of the parent company</i>	<b>14 243</b>	<b>16 223</b>	<b>18 931</b>	<b>12 427</b>	<b>12 702</b>
<i>Share capital</i>	86	86	86	86	86
<i>Supplementary capital, incl. sales of shares above nominal price</i>	1 152	1 188	1 188	1 189	1 152
<i>Other reserve capital</i>	-	-	-	-	-
<i>Exchange rate differences</i>	-329	-227	-163	675	-137
<i>Retained earnings</i>	3 819	13 296	13 297	4 969	3 819
<i>Net profit (loss) for the reporting period</i>	9 515	1 880	4 523	5 508	7 782
<i>Minority share capital</i>	-	-	-	-	-
<b>LONG-TERM LIABILITIES</b>	<b>24</b>	<b>21</b>	<b>18</b>	<b>17</b>	<b>44</b>
<i>Credits and loans</i>	-	-	-	-	-
<i>Other financial liabilities</i>	-	-	-	-	-
<i>Deferred income tax liabilities</i>	-	-	-	-	19
<i>Deferred revenues</i>	19	16	13	12	23
<i>Provisions for employee benefits and similar liabilities</i>	5	5	5	5	2
<b>SHORT-TERM LIABILITIES</b>	<b>10 846</b>	<b>8 929</b>	<b>19 568</b>	<b>13 796</b>	<b>7 893</b>
<i>Credits and loans</i>	1	-	-	-	-
<i>Other financial liabilities</i>	-	-	-	-	-
<i>Trade liabilities</i>	8 512	6 699	12 140	7 520	5 998
<i>Liabilities from current income tax</i>	196	433	829	15	255
<i>Other liabilities</i>	2 063	1 769	3 800	2 271	1 542
<i>Deferred revenues</i>	17	28	2 716	3 990	17
<i>Provisions for employee benefits and similar liabilities</i>	57	-	79	-	-
<i>Other provisions</i>	-	-	4	-	81
<b>TOTAL LIABILITIES</b>	<b>25 113</b>	<b>25 173</b>	<b>38 517</b>	<b>26 240</b>	<b>20 639</b>

The increase in equity between the end of Q3 2013 and the end of Q3 2014 was caused by profits achieved in the global digital videogame distribution segment, while the decrease reported in the third quarter of the current year was due to payment of a dividend in the amount of 2.7 million USD to CD PROJEKT S.A.

Trade liabilities comprise royalty payments remitted by GOG Ltd. to copyright holders in conjunction with sales of licensed games. These liabilities fluctuate from quarter to quarter depending on the current sales volume and royalty payment schedules.

The “deferred revenues” line item aggregates GOG.com preorder revenues which are not recognized until the official market release of the corresponding products.

## Distribution and publishing in Poland

In recent months CD PROJEKT S.A. decreased its capital share in cdp.pl Sp. z o.o. As of the publication date of this report CD PROJEKT S.A. holds 50.2% of cdp.pl Sp. z o.o. shares. The following tables reflect the entirety of cdp.pl's financial result in the reporting period.

PLN thousands	2014 Q1	2014 Q2	2014 Q3	2013 Q3
<b>Sales revenues</b>	<b>13 471</b>	<b>17 277</b>	<b>14 637</b>	<b>21 027</b>
<i>Revenues from sales of products</i>	-	-	-	-
<i>Revenues from sales of services</i>	935	1 947	592	751
<i>Revenues from sales of goods and materials</i>	12 536	15 330	14 045	20 276
<b>Cost of products, goods and materials sold</b>	<b>12 519</b>	<b>14 046</b>	<b>12 066</b>	<b>16 018</b>
<i>Cost of products and services sold</i>	699	808	441	276
<i>Value of goods and materials sold</i>	11 820	13 238	11 625	15 742
<b>Gross profit (loss) from sales</b>	<b>952</b>	<b>3 231</b>	<b>2 571</b>	<b>5 009</b>
<i>Other operating revenues</i>	60	66	58	67
<i>Selling costs</i>	2 607	2 869	2 380	2 981
<i>General and administrative costs</i>	986	953	956	975
<i>Other operating expenses</i>	100	75	468	49
<b>Operating profit (loss)</b>	<b>-2 681</b>	<b>-600</b>	<b>-1 175</b>	<b>1 071</b>
<i>Financial revenues</i>	216	447	286	336
<i>Financial expenses</i>	74	12	10	153
<b>Profit (loss) before tax</b>	<b>-2 539</b>	<b>-165</b>	<b>-899</b>	<b>1 254</b>
<i>Income tax</i>	-282	-6	197	-
<b>Net profit (loss) from continuing operations</b>	<b>-2 257</b>	<b>-159</b>	<b>-1 096</b>	<b>1 254</b>

Q3 revenues of cdp.pl Sp. z o.o., whose activities constitute the Group's "publishing and distribution in Poland" activity segment, were 30% lower than in the corresponding period in 2013. At that time, owing to a strong line-up of fresh releases, the Company bucked seasonal trends, registering higher revenues than in any other quarter of 2013. More specifically, the third quarter of 2013 was dominated by the release of Pro Evolution Soccer 2014 and the console edition of Diablo III, both appearing in September. In contrast, the Polish release of Pro Evolution Soccer 2015 was released on November 13, i.e. after the close of the third quarter. The same day also saw the release of Warlords of Draenor - the next expansion pack for Blizzard Entertainment's hugely popular World of Warcraft MMO. Due to changes in sales structure the Company's sales margins decreased in relation to the preceding year. In the third quarter margins were 49% lower than in Q3 2013. With slightly reduced total selling costs, administrative expenses and other operating expenses cdp.pl registered an operating loss of 1.2 million PLN and a net loss of 1.1 million PLN.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>FIXED ASSETS</b>	<b>2 451</b>	<b>2 401</b>	<b>2 869</b>	<b>3 348</b>	<b>3 801</b>
<i>Tangible assets</i>	1 059	1 033	979	925	1 198
<i>Intangible assets</i>	872	1 060	1 642	2 119	825
<i>Goodwill</i>	-	-	-	-	-
<i>Investments in subsidiaries</i>	-	-	-	-	-
<i>Deferred income tax assets</i>	493	281	221	253	1 751
<i>Other fixed assets</i>	27	27	27	51	27
<b>CURRENT ASSETS</b>	<b>35 454</b>	<b>33 585</b>	<b>34 824</b>	<b>33 285</b>	<b>37 942</b>
<i>Inventories</i>	7 452	5 929	6 089	6 623	8 393
<i>Trade receivables</i>	19 117	13 956	12 876	11 820	19 451
<i>Current income tax receivables</i>	-	821	68	73	-
<i>Other receivables</i>	432	344	195	483	1 169
<i>Other financial assets</i>	-	-	12	-	25
<i>Prepaid expenses</i>	5 261	5 509	12 138	11 878	8 019
<i>Cash and cash equivalents</i>	3 192	7 026	3 446	2 408	885
<b>TOTAL ASSETS</b>	<b>37 905</b>	<b>35 986</b>	<b>37 693</b>	<b>36 633</b>	<b>41 743</b>

Changes in the Company's trade strategy coupled with the increasing share of retail digital sales in the Company's sales structure led to a reduction in trade receivables as well as in the value of inventories throughout the reported 12-month period. At the same time recognition of minimum guarantees associated with the Company's contract with Agora S.A. concerning The Witcher 3: Wild Hunt led to an increase in prepaid expenses from 5.3 million PLN at the end of 2013 to 11.9 million PLN at the end of Q3 2014.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>EQUITY</b>	<b>17 369</b>	<b>15 113</b>	<b>13 454</b>	<b>12 357</b>	<b>10 287</b>
<i>Equity attributable to shareholders of the parent company</i>	17 369	15 113	13 454	12 357	10 287
<i>Share capital</i>	10 076	10 076	10 076	10 076	10 076
<i>Supplementary capital, incl. sales of shares above nominal price</i>	38	7 294	5 794	5 793	38
<i>Other reserve capital</i>	-	-	-	-	-
<i>Exchange rate differences</i>	-	-	-	-	-
<i>Retained earnings</i>	-	-	-	-	-
<i>Net profit (loss) for the reporting period</i>	7 255	-2 257	-2 416	-3 512	173
<i>Minority share capital</i>	-	-	-	-	-
<b>LONG-TERM LIABILITIES</b>	<b>480</b>	<b>501</b>	<b>540</b>	<b>509</b>	<b>515</b>
<i>Credits and loans</i>	-	-	-	-	-
<i>Other financial liabilities</i>	77	117	99	81	102
<i>Deferred income tax liabilities</i>	41	30	32	32	7
<i>Deferred revenues</i>	353	345	400	387	400
<i>Provisions for employee benefits and similar liabilities</i>	9	9	9	9	6
<b>SHORT-TERM LIABILITIES</b>	<b>20 056</b>	<b>20 372</b>	<b>23 699</b>	<b>23 767</b>	<b>30 941</b>
<i>Credits and loans</i>	19	20	21	18	7
<i>Other financial liabilities</i>	132	117	100	87	147
<i>Trade liabilities</i>	16 124	16 089	21 880	21 966	21 988
<i>Liabilities from current income tax</i>	1 074	-	-	-	-
<i>Other liabilities</i>	2 597	4 066	1 638	1 625	8 720
<i>Deferred revenues</i>	87	76	59	57	74
<i>Provisions for employee benefits and similar liabilities</i>	1	1	1	1	-
<i>Other provisions</i>	22	3	-	13	5
<b>TOTAL LIABILITIES</b>	<b>37 905</b>	<b>35 986</b>	<b>37 693</b>	<b>36 633</b>	<b>41 743</b>

Owing to receipt of the second batch of payment for the CD PROJEKT brand name, cdp.pl was able to reduce the amount of its short-term liabilities (measured on a year-to-year basis), including in particular the "other liabilities" line item which aggregates loans received via the groupwide cash pooling mechanism.

## Other activities

PLN thousands	2014 Q1	2014 Q2	2014 Q3	2013 Q3
<b>Sales revenues</b>	<b>1 720</b>	<b>1 597</b>	<b>1 394</b>	<b>1 634</b>
<i>Revenues from sales of products</i>	-	-	-	-
<i>Revenues from sales of services</i>	1 720	1 597	1 394	1 634
<i>Revenues from sales of goods and materials</i>	-	-	-	-
<b>Cost of products, goods and materials sold</b>	<b>207</b>	<b>217</b>	<b>196</b>	<b>151</b>
<i>Cost of products and services sold</i>	207	217	196	151
<i>Value of goods and materials sold</i>	-	-	-	-
<b>Gross profit (loss) from sales</b>	<b>1 513</b>	<b>1 380</b>	<b>1 198</b>	<b>1 483</b>
<i>Other operating revenues</i>	1 195	1 379	84	140
<i>Selling costs</i>	452	486	329	319
<i>General and administrative costs</i>	1 368	1 600	1 442	1 197
<i>Other operating expenses</i>	40	105	22	46
<b>Operating profit (loss)</b>	<b>848</b>	<b>568</b>	<b>-511</b>	<b>61</b>
<i>Financial revenues</i>	365	79	8 660	138
<i>Financial expenses</i>	5	12 830	208	22
<b>Profit (loss) before tax</b>	<b>1 208</b>	<b>-12 183</b>	<b>7 941</b>	<b>177</b>
<i>Income tax</i>	186	140	273	-22
<b>Net profit (loss) from continuing operations</b>	<b>1 022</b>	<b>-12 323</b>	<b>7 668</b>	<b>199</b>

The “other activities” segment was primarily affected by the following transactions, both of which are subject to consolidation exclusions:

- sale of a portion of cdp.pl Sp. z o.o. shares back to cdp.pl Sp. z o.o. for redemption, reported as a financial expense in Q2 2014,
- receipt of a dividend from GOG Ltd. (a subsidiary of CD PROJEKT), collected and reported as a financial revenue in Q3 2014.

Following exclusion of intragroup transactions in the “other activities” segment the Group reported a net loss of 0.6 million PLN in Q3 2014 and a net profit of 0.9 million PLN in the period between 1 January and 30 September 2014.

PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>FIXED ASSETS</b>	<b>111 767</b>	<b>111 678</b>	<b>92 492</b>	<b>93 229</b>	<b>103 536</b>
<i>Tangible assets</i>	6 090	5 973	1 078	1 391	6 263
<i>Intangible assets</i>	57 949	57 955	57 959	58 345	48 765
<i>Goodwill</i>	-	-	-	-	-
<i>Investments in subsidiaries</i>	47 251	47 251	32 917	32 917	48 048
<i>Deferred income tax assets</i>	236	258	293	331	257
<i>Other fixed assets</i>	241	241	245	245	203
<b>CURRENT ASSETS</b>	<b>18 805</b>	<b>11 278</b>	<b>20 234</b>	<b>26 763</b>	<b>17 573</b>
<i>Inventories</i>	-	-	-	-	65
<i>Trade receivables</i>	69	58	44	138	78
<i>Current income tax receivables</i>	1	1	-	-	-
<i>Other receivables</i>	2 918	1 818	611	19 167	7 388
<i>Other financial assets</i>	805	808	817	2 730	818
<i>Prepaid expenses</i>	37	91	91	56	64
<i>Cash and cash equivalents</i>	14 975	8 502	18 671	4 672	9 160
<b>TOTAL ASSETS</b>	<b>130 572</b>	<b>122 956</b>	<b>112 726</b>	<b>119 992</b>	<b>121 109</b>

The decrease in the value of fixed assets reported in Q2 2014 was due to the sale of office and storage space in Nowy Sącz.

Intangible assets increased in value compared to the end of Q3 2013, chiefly as a result of acquiring the CD PROJEKT brand name from cdp.pl - this transaction took place in December 2013 and is subject to consolidation exclusions.

A decrease in investments in subsidiaries was reported in Q4 2013 and Q2 2014. This is due to the sale of a portion of cdp.pl Sp. z o.o. shares back to cdp.pl Sp. z o.o. for redemption. As of the publication date of this report CD PROJEKT S.A. holds 50.2% of cdp.pl Sp. z o.o. stock.

The decrease in the value of cash assets, together with the corresponding increase in the "other receivables" line item, is primarily due to procurement of funds by the videogame development segment from the "other activities" segment in order to pay up the share capital of the newly established CD PROJEKT Brands S.A.

The value of other financial assets increased in Q3 2014 as a result of the acquisition of PKO TFI investment fund shares. This purchase is seen as a temporary means of allocation of surplus cash.



PLN thousands	31.12.2013	31.03.2014	30.06.2014	30.09.2014	30.09.2013
<b>EQUITY</b>	<b>120 060</b>	<b>121 232</b>	<b>109 166</b>	<b>117 062</b>	<b>120 476</b>
<i>Equity attributable to shareholders of the parent company</i>	<i>120 060</i>	<i>121 232</i>	<i>109 166</i>	<i>117 062</i>	<i>120 476</i>
<i>Share capital</i>	<i>94 955</i>	<i>94 955</i>	<i>94 955</i>	<i>94 955</i>	<i>94 955</i>
<i>Supplementary capital, incl. sales of shares above nominal price</i>	<i>110 936</i>	<i>110 936</i>	<i>110 936</i>	<i>110 936</i>	<i>110 936</i>
<i>Other reserve capital</i>	<i>989</i>	<i>1 139</i>	<i>1 396</i>	<i>1 624</i>	<i>1 076</i>
<i>Exchange rate differences</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Retained earnings</i>	<i>-100 402</i>	<i>-86 820</i>	<i>-86 820</i>	<i>-86 820</i>	<i>-100 402</i>
<i>Net profit (loss) for the reporting period</i>	<i>13 582</i>	<i>1 022</i>	<i>-11 301</i>	<i>-3 633</i>	<i>13 911</i>
<i>Minority share capital</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>LONG-TERM LIABILITIES</b>	<b>874</b>	<b>954</b>	<b>1 369</b>	<b>1 676</b>	<b>102</b>
<i>Credits and loans</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Other financial liabilities</i>	<i>35</i>	<i>17</i>	<i>190</i>	<i>321</i>	<i>44</i>
<i>Deferred income tax liabilities</i>	<i>319</i>	<i>494</i>	<i>670</i>	<i>847</i>	<i>2</i>
<i>Deferred revenues</i>	<i>503</i>	<i>426</i>	<i>492</i>	<i>491</i>	<i>42</i>
<i>Provisions for employee benefits and similar liabilities</i>	<i>17</i>	<i>17</i>	<i>17</i>	<i>17</i>	<i>14</i>
<b>SHORT-TERM LIABILITIES</b>	<b>9 638</b>	<b>770</b>	<b>2 191</b>	<b>1 254</b>	<b>531</b>
<i>Credits and loans</i>	<i>1</i>	<i>4</i>	<i>2</i>	<i>2</i>	<i>9</i>
<i>Other financial liabilities</i>	<i>59</i>	<i>53</i>	<i>186</i>	<i>328</i>	<i>73</i>
<i>Trade liabilities</i>	<i>9 295</i>	<i>146</i>	<i>265</i>	<i>112</i>	<i>140</i>
<i>Liabilities from current income tax</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>
<i>Other liabilities</i>	<i>81</i>	<i>416</i>	<i>1 592</i>	<i>688</i>	<i>107</i>
<i>Deferred revenues</i>	<i>36</i>	<i>34</i>	<i>29</i>	<i>21</i>	<i>36</i>
<i>Provisions for employee benefits and similar liabilities</i>	<i>67</i>	<i>76</i>	<i>85</i>	<i>102</i>	<i>64</i>
<i>Other provisions</i>	<i>99</i>	<i>41</i>	<i>32</i>	<i>1</i>	<i>101</i>
<b>TOTAL LIABILITIES</b>	<b>130 572</b>	<b>122 956</b>	<b>112 726</b>	<b>119 992</b>	<b>121 109</b>

The current interim separate financial statement of the “other activities” segment is dominated by the previously mentioned receipt of a dividend from GOG Ltd., and by the reduction of CD PROJEKT S.A.’s capital share in cdp.pl Sp. z o.o. Both transactions are subject to consolidation exclusions. Other liabilities associated with this segment did not change in a significant manner throughout the reporting period.

## ■ Condensed interim consolidated statement of cash flows of the CD PROJEKT Group

PLN thousands	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
<b>OPERATING ACTIVITIES</b>					
Net profit (loss)	4 427	2 713	1 386	3 234	-3 463
Total adjustments:	1 154	7 406	2 963	-347	133
<i>Depreciation</i>	804	801	826	832	921
<i>Interest and profit sharing</i>	-215	-213	-166	-141	-198
<i>Profit (loss) on investment activities</i>	-75	57	-269	-1 810	-1 140
<i>Change in provisions</i>	105	-959	-110	69	-67
<i>Change in inventories</i>	-5 936	-4 866	-6 204	-9 027	-13 502
<i>Change in receivables</i>	-3 337	5 624	-13 221	-2 683	6 793
<i>Change in liabilities excluding credits and loans</i>	7 483	3 626	22 038	14 887	5 329
<i>Change in other assets and liabilities</i>	2 459	3 430	-185	-2 793	1 369
<i>Other adjustments</i>	-134	-94	254	319	628
<b>Cash flow from continuing operations</b>	<b>5 581</b>	<b>10 119</b>	<b>4 349</b>	<b>2 887</b>	<b>-3 330</b>
<i>Income tax on profit (loss) before taxation</i>	817	1 613	445	1 249	-231
<i>Income tax (paid) / reimbursed</i>	-1 704	-682	-1 443	-21	819
<b>A. Net cash flow from continuing operations</b>	<b>4 694</b>	<b>11 050</b>	<b>3 351</b>	<b>4 115</b>	<b>-2 742</b>
<b>INVESTMENT ACTIVITIES</b>					
<b>Inflows</b>	<b>291</b>	<b>577</b>	<b>405</b>	<b>7 285</b>	<b>1 363</b>
<i>Disposal of intangible and tangible fixed assets</i>	39	4	91	6 573	49
<i>Disposal of financial assets</i>	31	65	29	-29	28
<i>Other inflows from investment activities</i>	221	508	285	741	1 286
<b>Outflows</b>	<b>1 221</b>	<b>1 760</b>	<b>1 475</b>	<b>2 002</b>	<b>4 586</b>
<i>Purchases of intangible and tangible fixed assets</i>	1 121	1 416	1 475	969	1 703
<i>Purchases of financial assets</i>	-	-	-	2	1 900
<i>Other outflows from investment activities</i>	100	344	-	1 031	983
<b>B. Net cash flow from investment activities</b>	<b>-930</b>	<b>-1 183</b>	<b>-1 070</b>	<b>5 283</b>	<b>-3 223</b>
<b>FINANCIAL ACTIVITIES</b>					
<b>Inflows</b>	<b>5</b>	<b>21</b>	<b>4</b>	<b>86</b>	<b>5</b>
<i>Credits and loans</i>	5	-8	4	1	5
<i>Other inflows from financial activities</i>	-	29	-	85	-
<b>Outflows</b>	<b>123</b>	<b>361</b>	<b>120</b>	<b>157</b>	<b>166</b>
<i>Repayments of credits and loans</i>	46	214	1	-	4
<i>Payments of liabilities under financial lease agreements</i>	72	104	107	156	161
<i>Interest paid</i>	5	44	12	1	1
<i>Other financial outflows</i>	-	-1	-	-	-
<b>C. Net cash flows from financial activities</b>	<b>-118</b>	<b>-340</b>	<b>-116</b>	<b>-71</b>	<b>-161</b>
<b>D. Total net cash flow</b>	<b>3 646</b>	<b>9 527</b>	<b>2 165</b>	<b>9 327</b>	<b>-6 126</b>
<b>E. Change in cash and cash equivalents on balance sheet</b>	<b>3 646</b>	<b>9 527</b>	<b>2 165</b>	<b>9 327</b>	<b>-6 126</b>
<b>F. Cash and cash equivalents at beginning of period</b>	<b>26 511</b>	<b>30 157</b>	<b>39 684</b>	<b>41 849</b>	<b>51 176</b>
<b>G. Cash and cash equivalents at end of period</b>	<b>30 157</b>	<b>39 684</b>	<b>41 849</b>	<b>51 176</b>	<b>45 050</b>

The consolidated cash flows from operating activities in the third quarter of 2014 are reported as -2.7 million PLN and result mainly from large-scale manufacturing (changes in inventories) and marketing (changes in liabilities) processes associated with the release of The Witcher 3: Wild Hunt in the videogame development segment. Despite these expenses the Group as a whole reported a positive cash flow in the amount of 4.7 million PLN for the period between 1 January and 30 September 2014 which, in the Management Board's opinion, should be regarded as a favorable circumstance and a reflection of the eagerness with which the

Group's distributors and retail customers await the upcoming release of CD PROJEKT RED's newest addition to The Witcher series. The digital preorder campaign, which commenced in June 2014, also affects the Group's liabilities.

Regarding investment activities, the Group reported negative cash flows in the amount of 3.2 million PLN in Q3 2014 as a result of ongoing investment in fixed assets, intangible assets and legal assets, as well as the acquisition of additional shares of the PKO TFI investment fund, valued at 1.9 million PLN and aggregated in the "purchases of financial assets" line item. Throughout the first three quarters of 2014 the Group reported positive cash flows from investment activities in the amount of 993 thousand PLN. A significant contribution to this figure was from the sale of the Company's office and storage space in Nowy Sącz, carried out in Q2 2014.

Both in Q3 2014 and throughout the first three quarters of 2014 the Group - having no outstanding debt due to credit or loan agreements - did not report any significant cash flows from financial activities.

The aggregate value of the Group's cash assets decreased by 6.1 million PLN in Q3 2014. This figure is partially offset by the corresponding increase in the value of PKO TFI shares held by the Group (by 1.9 million PLN). Considering the first three quarters of 2014 as a whole, the value of the Group's cash assets increased by 5.4 million PLN while the value of PKO TFI shares held by the Group increased by 1.9 million PLN.

The quarterly figures listed in the consolidated statement of cash flows may, when tallied up, yield a result which differs slightly from the aggregate cash flows reported for intervals longer than one quarter. Such differences are due to rounding to PLN thousands as well as to the fact that - in the case of foreign entities - quarterly statements apply different USD-to-PLN exchange rates than statements which span longer intervals.