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SUMMARY OPERATION MANAGEMENT
REPORT OF THE **CD PROJEKT CAPITAL GROUP**
FOR THE PERIOD 01.01.2013 – 30.06.2013

Disclaimer

This English language summary translation of the consolidated financial statements has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation, certain discrepancies, omissions or approximations may exist. In case of any differences between the Polish and the English versions, the Polish version shall prevail. CD PROJEKT its representatives and employees decline all responsibility in this regard.

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General Information

I. Key factors influencing the results of operations and significant events in the first half of 2013 up to the date of publication of this statement

1. On 11 January 2013 the company released the first Cyberpunk 2077 teaser trailer, developed in cooperation with Platige Image Studio. Over the first week the trailer was seen by over 7 million web visitors. The largest group of viewers originated in the U.S. (31.52%), while 5.75% of viewers connected from Poland. As of the publication date of this statement the trailer has been viewed by more than 8 million web visitors. This result is a significant improvement over number of views of video materials launched by the Studio to promote any previous products.
2. On 5 February 2013 the next CD PROJEKT title - The Witcher 3: The Wild Hunt - was announced for release in 2014 on all advanced platforms existing at the time of its release.
3. In February 2013 CD PROJEKT announced that throughout the five-year period following the debut of The Witcher series both parts of the game sold over 5 million copies worldwide.
4. The Witcher 3 was the cover story of the March edition of Game Informer - the largest (8 million printed paper copies) and most prestigious game-related magazine currently in print, with an estimated readership of 34 million. The magazine devoted both the front and back cover, as well as fourteen pages of preview content, to The Witcher 3, hailing the game as "A Must See Next Generation RPG". Moreover, the influential British gamer magazine "Edge" featured The Witcher 3 on the cover of its issue available free of charge to all visitors at the E3 fair in Los Angeles. As of the publication date of this statement The Witcher has been featured by 14 print magazines from around the world.
5. The Witcher 3 and CD Projekt RED Studio itself have been presented at conferences dedicated to the eighth generation of consoles by Sony and Microsoft. At the Microsoft conference in Los Angeles a representative of the CD Projekt RED Studio personally presented The Witcher 3 to an international audience. The Witcher 3 was one of nineteen games selected by Microsoft as the most important titles for its new console whose global premiere is scheduled for the end of 2013.
6. The Witcher 3 had a strong exposure at E3, which is the most important gaming trade fair in the world. Over a period of three days (June 11-13) CD Projekt RED held a total of 25 one-hour game demonstrations for approximately 1,000 media representatives and business partners.
7. At E3 The Witcher 3 won 58 awards from players and media representatives from 48 international magazines and websites, including such notable names as IGN, GameStop, Official Xbox Magazine and PC Gamer. Among the awards were The Best Game of E3, The Most Anticipated Game of E3, The Best RPG of E3 and the People's Choice award.
8. In March 2012, GOG Ltd. paid a dividend to CD PROJEKT SA in the amount of 1 million EUR equivalent in PLN. GOG Ltd. does not have any credit and loans liabilities towards external parties.
9. GOG.com released more than 70 new titles to its users in the first half of 2013, bringing up the number of available products to nearly 600.
10. In the first half of the year GOG.com began distributing games of such studios as inXile Ent., Polytron Corporation, Stardock Entertainment, Night Dive Studios (System Shock 2) and many others. The company currently cooperates with 170 business partners - publishers and developers of computer games from all around the world.
11. In May 2013 GOG.com was selected as one of the 50 best websites in the world by the prestigious Time magazine. The magazine praised GOG.com, among others, for supporting development of independent games and for avoiding DRM protection which hampers the use of legally purchased products.
12. Coinciding with a promotional campaign held by GOG.com, which lasted from 18 June to 5 July 2013, 21 June was the best day ever in terms of net sales, exceeding all to-date promotions and holiday rushes.
13. On 7 March 2013, CDP.pl Sp. o.o. announced the expansion of its digital catalogue with a new product category, i.e. e-books and e-comics aimed at Polish readers.
14. In the second quarter of 2013 CDP.pl Sp. z o.o. initiated cooperation with one of the leaders in the global electronic gaming market - Electronic Arts. As a result, the CDP.pl catalogue was extended with such titles as The Sims, FIFA and Battlefield. In June 2013 CDP.pl teamed up with Paradox Interactive, publisher of the well-known Europa Universalis

series. According to the signed agreement, the first 100 products by this Swedish developer of computer strategy games can be carried on the CDP.pl platform.

15. In the second quarter of 2013, CDP.pl began closed tests of a new movie service, granting preliminary access to a limited group of 100 users. Launch of this service has been scheduled for the second half of 2013.
16. The consolidated revenue of CD PROJEKT Group in the first half of 2013 is 63,058 thousand PLN. Revenue from sales to external customers in each business segment is as follows:
 - Distribution and publishing in Poland: 21,831 thousand PLN;
 - Videogame development: 9,982 thousand PLN;
 - Global digital distribution of games: 30,768 thousand PLN;
 - Other activities: 477 thousand PLN.
17. EBITDA of CD PROJEKT Group for the first half of 2013: 8,514 thousand PLN.
18. Consolidated net profit of CD PROJEKT Group for the first half of 2013: 7,711 thousand PLN.
19. In the first half of 2013 the outstanding value of the Group's credits and loans due to external parties decreased by 4,436 thousand PLN (i.e. by 93%) compared to the balance at 31 December 2012. On 30 June 2013 the outstanding value was 309 thousand PLN.
20. At the end of June 2013 the amount of cash on hand within the CD PROJEKT Capital Group was equivalent to 26,511 thousand PLN while other financial assets were valued at 817 thousand PLN. This includes shares in the PKO Skarbowy FIO investment fund purchased in order to allocate the current financial surplus.
21. On 21 March 2013 the Management Board approved an updated CD PROJEKT Capital Group strategy for the coming years.
22. On 1 July 2013 CD Projekt RED opened a studio in Krakow. The new 20-person team will augment the production capacity of existing studio in Warsaw, carrying out two smaller, but high-quality development projects.
23. On 25 July 2013 CD PROJEKT reported that the third instalment of The Witcher saga will be promoted and distributed in North America by Warner Bros. Interactive Entertainment.

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Consolidated Financial Statement of the CD PROJEKT Capital Group

I. Consolidated statement of financial position for the first half of the year 2013

■ Interim consolidated statement of financial position 2013

PLN thousand	30.06.2013	31.03.2013	31.12.2012	30.06.2012
FIXED ASSETS	94 679	94 448	94 202	93 229
<i>Tangible assets</i>	11 006	10 949	10 755	10 048
<i>Intangible assets</i>	35 015	34 880	34 801	34 558
<i>Goodwill</i>	46 417	46 417	46 417	46 417
<i>Deferred income tax assets</i>	1 999	1 953	1 980	1 896
<i>Other fixed assets</i>	242	249	249	310
CURRENT ASSETS	106 140	98 567	108 690	96 096
<i>Inventories</i>	41 166	36 411	33 367	31 668
<i>Trade receivables</i>	20 043	18 223	31 247	34 377
<i>Current income tax receivables</i>	452	651	-	7
<i>Other receivables</i>	3 646	2 784	4 635	2 071
<i>Other financial assets</i>	817	859	855	4 608
<i>Prepaid expenses</i>	13 505	12 768	11 720	15 025
<i>Cash and cash equivalents</i>	26 511	26 871	26 866	8 340
TOTAL ASSETS	200 819	193 015	202 892	189 325

PLN thousand	30.06.2013	31.03.2013	31.12.2012	30.06.2012
EQUITY	160 114	155 992	151 530	137 148
<i>Equity attributable to shareholders of the Parent Company</i>	160 114	155 992	151 530	137 148
<i>Share Capital</i>	94 950	94 950	94 950	94 950
<i>Supplementary capital, incl. sales of shares above nominal price</i>	112 438	112 438	105 200	105 200
<i>Other reserve capital</i>	899	724	551	214
<i>Exchange rate differences</i>	(311)	(618)	(837)	(567)
<i>Retained earnings</i>	(55 573)	(55 573)	(76 459)	(76 459)
<i>Net profit (loss) for the reporting period</i>	7 711	4 071	28 125	13 810
LONG-TERM LIABILITIES	6 071	5 430	7 604	9 059
<i>Credits and loans</i>	250	-	-	-
<i>Other financial liabilities</i>	110	164	235	398
<i>Deferred income tax liabilities</i>	5 095	4 653	6 658	8 128
<i>Deferred revenues</i>	590	587	679	495
<i>Provisions for employee benefits and similar liabilities</i>	26	26	26	30
<i>Other provisions</i>	-	-	6	8
SHORT-TERM LIABILITIES	34 634	31 593	43 758	43 118
<i>Credits and loans</i>	59	888	4 745	6 958
<i>Other financial liabilities</i>	239	254	277	2 931
<i>Trade liabilities</i>	28 870	25 187	33 930	26 736
<i>Liabilities from current income tax</i>	1 079	2 096	184	504
<i>Other liabilities</i>	2 978	2 633	4 020	3 100
<i>Deferred revenues</i>	271	300	197	177
<i>Provisions for employee benefits and similar liabilities</i>	317	91	238	2 481
<i>Other provisions</i>	821	144	167	231
TOTAL LIABILITIES	200 819	193 015	202 892	189 325

■ Consolidated profit and loss account

PLN thousand	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
Sales revenues	63 058	71 442
<i>Revenues from sales of products</i>	40 605	36 109
<i>Revenues from sales of services</i>	1 710	1 867
<i>Revenues from sales of goods and materials</i>	20 743	33 466
Cost of products, goods and materials sold	38 704	39 636
<i>Cost of products and services sold</i>	23 002	16 067
<i>Value of goods and materials sold</i>	15 702	23 569
Gross profit (loss) from sales	24 354	31 806
<i>Other operating revenues</i>	1 657	1 083
<i>Selling costs</i>	10 497	9 380
<i>General and administrative costs</i>	6 098	7 466
<i>Other operating expenses</i>	2 436	2 181
Operating profit (loss)	6 980	13 862
<i>Financial revenues</i>	1 089	1 282
<i>Financial expenses</i>	450	963
Profit (loss) before taxation	7 619	14 181
<i>Income tax</i>	(92)	371
Net profit (loss) from continuing operations	7 711	13 810
Net profit (loss)	7 711	13 810
<i>Net profit (loss) attributable to equity holders of parent entity</i>	7 711	13 810
Net earnings per share (in PLN)		
<i>Basic for the reporting period</i>	0,08	0,15
<i>Diluted for the reporting period</i>	0,08	0,15
Net earnings per share from continuing operations (in PLN)		
<i>Basic for the reporting period</i>	0,08	0,15
<i>Diluted for the reporting period</i>	0,08	0,15

■ Consolidated statement of comprehensive income

PLN thousands	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
Net profit (loss)	7 711	13 810
<i>Exchange rate differences on valuation of foreign entities</i>	526	(289)
<i>Differences from rounding to PLN thousands</i>	(1)	1
Total comprehensive income	8 236	13 522
Total comprehensive income attributable to parent entity	8 236	13 522

PLN thousands	Distribution and publishing in Poland	Videogame development	Global digital distribution of games	Other activities	Consolidation eliminations (incl. adjustments from business combinations)	Total
Sales revenues	21 850	10 674	33 328	3 183	(5 977)	63 058
<i>Revenues from sales of products</i>	-	10 529	30 768	-	(692)	40 605
<i>Revenues from sales of services</i>	1 234	-	2 560*	3 182	(5 266)	1 710
<i>Revenues from sales of goods and materials</i>	20 616	145	-	1	(19)	20 743
Cost of products, goods and materials sold	16 333	2 895	22 393	318	(3 235)	38 704
<i>Cost of products and services sold</i>	621	2 812	22 393	318	(3 142)	23 002
<i>Value of goods and services sold</i>	15 712	83	-	-	(93)	15 702
Gross profit (loss) from sales	5 517	7 779	10 935	2 865	(2 742)	24 354
<i>Other operating revenues</i>	746	273	23	656	(41)	1 657
<i>Selling costs</i>	4 623	3 354	2 409	678	(567)	10 497
<i>General and administrative costs</i>	1 941	2 855	1 093	2 384	(2 175)	6 098
<i>Other operating expenses</i>	2 020	88	10	359	(41)	2 436
Operating profit (loss)	(2 321)	1 755	7 446	100	-	6 980
<i>Financial revenues</i>	540	657	114	13 649	(13 871)	1 089
<i>Financial expenses</i>	253	234	269	99	(405)	450
Profit (loss) before taxation	(2 034)	2 178	7 291	13 650	(13 466)	7 619
<i>Income tax</i>	(953)	(5)	942	(62)	(14)	(92)
Net profit (loss) from continuing activities	(1 081)	2 183	6 349	13 712	(13 452)	7 711
Net profit (loss)	(1 081)	2 183	6 349	13 712	(13 452)	7 711

* The "Global digital distribution of games" segment includes revenue in the amount of 2,560 thousand PLN resulting from sale of GOG Poland Sp. z o.o. services to GOG Ltd. (which is also recognized as cost for GOG Ltd. in the current period). These values have been eliminated on the level of consolidation eliminations. The above revenue from sale of GOG Poland Sp. z o.o. correspond to costs of products and services sold in the amount of 2.362 thousand. PLN previously recognized under "Cost of sales". This change in the presentation of production costs took place on 1 January 2013.

The net financial result of the CD PROJEKT Capital Group in the first half of 2013 is primarily determined by the "Global digital distribution of games" segment which generated a net profit of 6,349 thousand PLN (205% of the net profit in the corresponding period of 2012, i.e. 3,103 thousand PLN). The "Videogame development" segment realized a profit of 2,183 thousand PLN, despite two ongoing large-scale development projects and the promotional campaign of The Witcher 3: Wild Hunt already underway in the reporting period. "Distribution and publishing in Poland" experienced a net loss of 1,081 thousand PLN while the "Other activities" segment achieved a profit of 13,452 thousand PLN owing to dividends received from subsidiaries, i.e. GOG Ltd. and CDP.pl Sp. z o.o., in the amount of 13,466 thousand PLN.

■ Consolidated statement of cash flows

PLN thousands	01.01.2013 - 30.06.2013	01.01.2012 - 30.06.2012
OPERATING ACTIVITIES		
Profit/loss before taxation	7 711	13 810
Total adjustments:	(474)	(11 315)
<i>Depreciation</i>	1 534	1 148
<i>Foreign exchange gain/loss</i>	165	289
<i>Interest and profit sharing</i>	(25)	(248)
<i>Changes in provisions</i>	727	1 890
<i>Changes in inventories</i>	(7 799)	(556)
<i>Changes in receivables</i>	11 977	(7 260)
<i>Change in liabilities excluding credits and loans</i>	(6 119)	(8 859)
<i>Change in other assets and liabilities</i>	(1 842)	2 968
<i>Other adjustments</i>	908	(687)
Cash flow from operating activities	7 237	2 495
<i>Profit (loss) before taxation</i>	(92)	371
<i>Income tax (paid) / reimbursed</i>	(859)	1 535
A. Net cash flow from operating activities	6 286	4 401
INVESTMENT ACTIVITIES		
Inflows	186	2 749
<i>Disposal of intangible and tangible fixed assets</i>	24	206
<i>Disposal of financial assets</i>	46	2 500
<i>Other inflows from investment activity</i>	116	43
Outflows	2 028	2 066
<i>Purchases of intangible and tangible fixed assets</i>	1 639	2 050
<i>Other outflows from investment activity</i>	389	16
B. Net cash flow from investment activities	(1 842)	683
FINANCIAL ACTIVITIES		
Inflows	71	3 327
<i>Credits and loans</i>	29	2 900
<i>Other inflows from financial activity</i>	42	427
Outflows	4 870	9 890
<i>Repayments of credits and loans</i>	4 465	9 349
<i>Payments of liabilities under financial lease agreements</i>	123	125
<i>Interest paid</i>	282	341
<i>Other outflows from financial activity</i>	-	75
C. Net cash flow from financial activities	(4 799)	(6 563)
D. Total net cash flow	(355)	(1 479)
E. Change in cash and cash equivalents on balance sheet	(355)	(1 479)
F. Cash and cash equivalents at beginning of period	26 866	9 819
G. Cash and cash equivalents at end of period	26 511	8 340

■ Information about credits and loans as of 30.06.2013

During the first half of 2013 the CD PROJEKT Capital Group significantly extended its credit limits in order to secure future development of games by the CD PROJEKT RED Studio. A portion of the available credit pool comprises long-term credit facilities whose maturity follows the projected release of The Witcher 3: The Wild Hunt. At the same time actual liabilities due to outstanding loans and credit agreements were significantly reduced and amounted to 309 thousand PLN as of 30 June 2013. Changes in the Group's debt associated with credit agreements are presented in the following table:

Name of bank / lender and type of credit / loan	Contractual amount of credit / loan as of 30.06.2013	Amount outstanding as of 30.06.2013	Amount outstanding as of 30.06.2012
<i>BRE Bank S.A. - operating credit</i>	19 000	250	-
<i>BRE Bank S.A. - overdraft facility</i>	10 000	59	6 869
<i>BRE Bank S.A. - revolving credit facility</i>	11 000	-	-
Total	40 000	309 *	6 869 *

* The total shown above differs from the sum of short- and long-term liabilities from credits and loans presented in the statement of financial position of the Group. The difference consists of liabilities related to credit cards and current interest payable on loans and advances.

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Information regarding the supervisory and management bodies of the CD PROJEKT Capital Group

I. Management Board and Supervisory Board

■ Management Board

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

■ Changes in Management Board composition

In Current Report No. 12/2013 of 7 May 2013, CD PROJEKT SA Supervisory Board announced that due to expiration of the Management Board's mandates, the Supervisory Board has re-appointed the current Management Board members and entrusted them with the following functions:

- Mr. Adam Kiciński as President of the Board,
- Mr. Marcin Iwiński as Vice President for Chief International Affairs,
- Mr. Piotr Nielubowicz as Vice President and Chief Financial Officer,
- Mr. Adam Badowski as Member of the Board,
- Mr. Michał Nowakowski as Member of the Board.

The term of the Management Board begins on the date of approval of the Company's financial statement for the year 2012 by the Ordinary General Meeting of Shareholders (i.e. on 7 May 2013) and will last until the date of approval of the Company's financial statement for the year 2014 by the Ordinary General Meeting of Shareholders.

■ Supervisory Board

Chairman of the Board	Katarzyna Weronika Ziótek
Deputy Chairman of the Board	Piotr Stefan Pągowski
Secretary of the Board	Maciej Grzegorz Majewski
Board Member	Cezary Iwański
Board Member	Grzegorz Mateusz Kujawski

■ Changes in Supervisory Board composition

No changes in the composition of the CD PROJEKT S.A. Supervisory Board occurred in the reporting period.

II. Stock ownership by members of the Management Board and the Supervisory Board

Stock ownership by members of the Management Board and the Supervisory Board up until the publication date of this statement is presented below.

■ Changes in stock ownership by members of the Management Board

	As of 30.06.2013	reduction	increase	As of 01.01.2013
<i>Marcin Piotr Iwiński</i>	12 607 501	1 900 000	-	14 507 501
<i>Piotr Marcin Nielubowicz</i>	5 985 197	-	-	5 985 197
<i>Adam Michał Kiciński</i>	3 122 481	-	-	3 122 481
<i>Michał Andrzej Nowakowski</i>	1 149	-	-	1 149
<i>Adam Konrad Badowski</i>	-	-	-	-

	As of 26.08.2013	reduction	increase	As of 01.01.2013
<i>Marcin Piotr Iwiński</i>	12 607 501	1 900 000	-	14 507 501
<i>Piotr Marcin Nielubowicz</i>	5 985 197	-	-	5 985 197
<i>Adam Michał Kiciński</i>	3 122 481	-	-	3 122 481
<i>Michał Andrzej Nowakowski</i>	1 149	-	-	1 149
<i>Adam Konrad Badowski</i>	-	-	-	-

In Current Report 16/2013 of 29 May 2013, the CD PROJEKT SA Management Board disclosed that a party with access to confidential information, namely Mr. Marcin Iwiński (member of the Management Board), concluded a transaction by means of which 1,900,000 shares of CD PROJEKT SA were sold on 28 May 2013 on the regulated market of the Warsaw Stock Exchange at an average price of 8.60 PLN per share.

■ Changes in stock ownership by members of the Supervisory Board

	As of 30.06.2013	reduction	increase	As of 01.01.2013
<i>Katarzyna Weronika Ziótek</i>	10	-	-	10
<i>Piotr Stefan Pągowski</i>	-	-	-	-
<i>Maciej Grzegorz Majewski</i>	-	-	-	-
<i>Grzegorz Mateusz Kujawski</i>	-	-	-	-
<i>Cezary Iwański</i>	-	-	-	-

	As of 26.08.2013	reduction	increase	As of 01.01.2013
<i>Katarzyna Weronika Ziótek</i>	10	-	-	10
<i>Piotr Stefan Pągowski</i>	-	-	-	-
<i>Maciej Grzegorz Majewski</i>	-	-	-	-
<i>Grzegorz Mateusz Kujawski</i>	-	-	-	-
<i>Cezary Iwański</i>	-	-	-	-

Members of the Management Board and the Supervisory Board of CD PROJEKT SA do not directly hold any shares of CD PROJEKT SA subsidiaries or affiliates.

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Additional Information

I. Shareholders who control, directly or through subsidiaries, 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 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
In concert ⁽¹⁾ :	33 997 794	35,81%	33 997 794	35,81%
<i>Marcin Iwiński</i>	12 607 501	13,28%	12 607 501	13,28%
<i>Michał Kiciński</i>	12 282 615	12,94%	12 282 615	12,94%
<i>Piotr Nielubowicz</i>	5 985 197	6,30%	5 985 197	6,30%
<i>Adam Kiciński</i>	3 122 481	3,29%	3 122 481	3,29%
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%
Other shareholders	47 012 206	49,51%	47 012 206	49,51%

(1) Pursuant to art. 87 par. 1 item 5 of the Offerings Act, Mr. Michał Kiciński, Mr. Marcin Iwiński, Mr. Piotr Nielubowicz and Mr. Adam Kiciński are recognized as acting in concert.

(2) According to Current Report No. 19/2011 of 25 February 2011.

(3) According to Current Report No. 25/2012 of 6 September 2012.

III. Subsidiary entities - structure of the Capital Group

The structure of the CD PROJEKT Capital Group on the date of publication of this financial statement is shown below:



The Group ceased to report Optibox Sp. z o.o. (in liquidation) as its subsidiary due to lack of control.

Brand Projekt Sp. z o.o. was entered into the National Court Register on 22 July 2013.

IV. Entities covered by the interim consolidated financial statement

This interim consolidated financial statement of the CD PROJEKT Capital Group for the period between 1 January and 30 June 2013 applies to the following Group members:

	capital share	voting share	consolidation method
CD PROJEKT S.A.	parent entity	-	pełna
CDP.pl Sp. z o.o.	100%	100%	pełna
GOG Poland Sp. z o.o.	100%	100%	pełna
GOG Ltd.	100%	100%	pełna

Warsaw, 26 August 2013

Adam Kiciński
President of the Board

Marcin Iwiński
Vice President

Piotr Nielubowicz
Vice President

Adam Badowski
Board Member

Michał Nowakowski
Board Member

Katarzyna Janaszkiwicz
Deputy Accounting Officer