CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT OF THE
CD PROJEKT CAPITAL GROUP
FOR THE PERIOD BETWEEN 1 JULY AND 30 SEPTEMBER 2015

Disclaimer

This English language translation 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. Parent 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 and global digital distribution
Keeper of records:	District Court for the Capital City of Warsaw in Warsaw – Poland; 13th Commercial Department of the National Court Register
Statistical Identification Number (REGON):	492707333

II. Duration of the Capital Group

The parent entity, CD PROJEKT S.A., and all remaining members of the Capital Group are constituted for an unlimited duration.

III. Reporting period

This condensed interim consolidated financial statement with elements of the condensed interim separate financial statement covers the period between 1 July and 30 September 2015, and between 1 January and 30 September 2015 where appropriate. Comparative data is valid for 30 June 2015, 31 December 2014 and 30 September 2014 respectively in the condensed interim consolidated and separate statement of financial position, for the period between 1 July and 30 September 2014 and between 1 January and 30 September 2014 in the condensed interim consolidated and separate profit and loss account, condensed interim consolidated and separate statement of comprehensive income and condensed interim consolidated and separate statement of cash flows, and for the periods between 1 January and 31 December 2014 and between 1 January and 30 September 2014 in the statement of changes in consolidated and separate equity.

IV. Composition of the governing bodies of the parent entity as of 30 September 2015

■ 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 of CD PROJEKT S.A. occurred during the reporting period.

(all figures quoted in PLN thousands unless otherwise specified)

■ Supervisory Board

Chairwoman of the Supervisory Board	Katarzyna Szwarc
Deputy Chairman of the Supervisory Board	Piotr Pągowski
Secretary of the Supervisory Board	Maciej Majewski
Supervisory Board Member	Grzegorz Kujawski
Supervisory Board Member	Krzysztof Kilian

■ Changes in Supervisory Board composition

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

V. Licensed auditors

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

In Current Report no. 14/2015 of 28 May 2015 the Management Board of CD PROJEKT S.A. disclosed that, in accordance with the applicable legal regulations and professional code of conduct, on 28 May 2015 the responsible organ, i.e. the Company's Supervisory Board, selected PKF Consult sp. z o.o. as the licensed auditor responsible for performing audits and reviews of the separate and consolidated financial statements of CD PROJEKT S.A. for 2015. In making its choice the Supervisory Board acknowledged the need for full independence and objectivity in the auditor selection process, as well as in the discharge of duties by the selected auditor.

VI. 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
Michał Kiciński [(1)]	*12 281 616*	*12.93%*	*12 281 616*	*12.93%*
Marcin Iwiński	*12 000 000*	*12.64%*	*12 000 000*	*12.64%*
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%
Amplico PTE S.A. [(3)]	5 003 719	5.27%	5 003 719	5.27%
AVIVA OFE [(4)]	4 940 000	5.20%	4 940 000	5.20%
Other shareholders	45 739 468	48.17%	45 739 468	48.17%

(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. 20/2013 of 11 September 2013.
(4) As disclosed in Current Report No. 25/2012 of 6 September 2012.

■ Changes in shareholder structure of the parent entity

The Company was not notified of any changes in its shareholder structure during the reporting period.

VII. Changes in stock ownership by members of the Management Board and the Supervisory Board of the parent entity throughout the reporting period and up until the publication date of this statement

■ Changes in stock ownership by members of the Management Board

	as of 30 Sep 2015	reduction	increase	as of 01 Jul 2015
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	-	-	-	-

	as of 12 Nov 2015	reduction	increase	as of 01 Jul 2015
Marcin Iwiński	*12 000 000*	*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	-	-	-	-
Piotr Karwowski	-	-	-	-

(all figures quoted in PLN thousands unless otherwise specified)

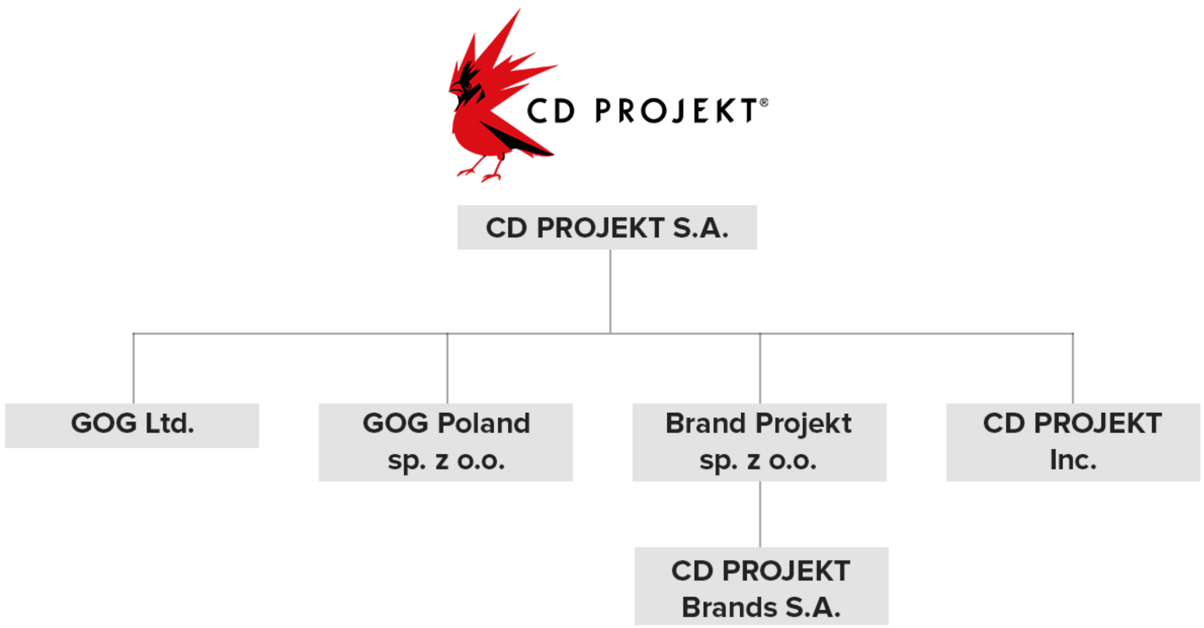
Changes in stock ownership by members of the Supervisory Board

	as of 30 Sep 2015	reduction	increase	as of 01 Jul 2015
Katarzyna Szwarc	*10 010*	-	-	*10 010*
Piotr Pągowski	-	-	-	-
Maciej Majewski	-	-	-	-
Grzegorz Kujawski	-	-	-	-
Krzysztof Kilian	-	-	-	-

	as of 12 Nov 2015	reduction	increase	as of 01 Jul 2015
Katarzyna Szwarc	*10 010*	-	-	*10 010*
Piotr Pągowski	-	-	-	-
Grzegorz Kujawski	-	-	-	-
Maciej Majewski	-	-	-	-
Krzysztof Kilian	-	-	-	-

VIII. Subsidiaries – structure of the Capital Group

The following diagram illustrates the structure of the CD PROJEKT Capital Group as of the publication date of this financial statement.



IX. Validation of published estimates

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

(all figures quoted in PLN thousands unless otherwise specified)

X. Selected financial highlights

The official PLN/EUR exchange rates published by the National Bank of Poland and valid for the reporting period included in condensed interim consolidated financial statement are as follows:

Reporting period	Average rate *	Minimum rate	Peak rate	Rate as of the final day of the reporting period
01 Jan 2015 – 30 Sep 2015	*4.1585*	*3.9822*	*4.3335*	*4.2386*
01 Jan 2014 – 31 Dec 2014	*4.1893*	*4.0998*	*4.3138*	*4.2623*
01 Jan 2014 – 30 Sep 2014	*4.1803*	*4.0998*	*4.2375*	*4.1755*

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

Assets and liabilities listed in the condensed interim consolidated statement of financial position were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland.

Selected items of the condensed interim consolidated profit and loss account and condensed interim consolidated statement of cash flows were 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 National Bank of Poland.

Thousands	PLN		EUR	
	01 Jan 2015 - 30 Sep 2015	01 Jan 2014 - 30 Sep 2014	01 Jan 2015 - 30 Sep 2015	01 Jan 2014 - 30 Sep 2014
Net revenues from sales of products, goods and materials	*625 947*	*110 754*	*150 522*	*26 494*
Cost of products, goods and materials sold	*164 766*	*80 190*	*39 621*	*19 183*
Operating profit (loss)	*339 725*	*2 509*	*81 694*	*600*
Profit (loss) before tax	*336 201*	*3 945*	*80 847*	*944*
Net profit (loss) attributable to equity holders of parent entity	*276 661*	*2 692*	*66 529*	*644*
Net cash flows from operating activities	*266 122*	*4 720*	*63 995*	*1 129*
Net cash flows from investment activities	*3 177*	*993*	*764*	*238*
Net cash flows from financial activities	*(224)*	*(347)*	*(54)*	*(83)*
Aggregate net cash flows	*269 075*	*5 366*	*64 705*	*1 284*
Stock volume (in thousands)	*94 950*	*94 950*	*94 950*	*94 950*
Net profit (loss) per ordinary share attributable to equity holders of parent entity (PLN/EUR)	*2.91*	*0.03*	*0.70*	*0.01*
Diluted profit (loss) per ordinary share attributable to equity holders of parent entity (PLN/EUR)	*2.91*	*0.03*	*0.70*	*0.01*
Book value per share (PLN/EUR)	*4.71*	*1.77*	*1.11*	*0.42*
Diluted book value per share (PLN/EUR)	*4.71*	*1.77*	*1.11*	*0.42*
Declared or paid out dividend per share (PLN/EUR)	-	-	-	-

Thousands	PLN		EUR	
	01 Jan 2015 - 30 Sep 2015	01 Jan 2014 - 30 Sep 2014	01 Jan 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015
Total assets	*568 705*	*248 937*	*134 173*	*58 404*
Liabilities and provisions for liabilities (less accrued charges)	*115 931*	*74 857*	*27 351*	*17 563*
Long-term liabilities	*1 642*	*2 137*	*387*	*501*
Short-term liabilities	*120 203*	*78 782*	*28 359*	*18 483*
Equity	*446 860*	*168 018*	*105 426*	*39 420*
Share capital	*94 950*	*94 950*	*22 401*	*22 277*

XI. Statement of the Management Board of the parent entity

Pursuant to the Regulation 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 parent entity hereby states that, to the best of its knowledge, this condensed interim consolidated financial statement and comparative data contained herein have been prepared in accordance with all accounting regulations applicable to the CD PROJEKT Capital Group and that they reflect a true, fair and clear description of the financial position of the Capital Group as well as its current profit and loss balance.

This condensed interim consolidated financial statement has been prepared in accordance with accounting policies 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 Regulation 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. 33, item no. 259 with subsequent changes).

XII. Approval of financial statement

This consolidated condensed interim financial statement of the CD PROJEKT Capital Group was approved for publication by the Management Board of the parent entity on 12 November 2015.

(all figures quoted in PLN thousands unless otherwise specified)

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Condensed interim consolidated financial statement of the CD PROJEKT Capital Group

I. Condensed interim consolidated profit and loss statement

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Sales revenues	**113 150**	**625 947**	**36 025**	**110 754**
Revenues from sales of products	*85 022*	*494 128*	*2 775*	*15 141*
Revenues from sales of services	*27*	*144*	*586*	*3 898*
Revenues from sales of goods and materials	*28 101*	*131 675*	*32 664*	*91 715*
Cost of products, goods and materials sold	**32 952**	**164 766**	**27 687**	**80 190**
Cost of products and services sold	*14 051*	*76 646*	*2 621*	*10 552*
Value of goods and materials sold	*18 901*	*88 120*	*25 066*	*69 638*
Gross profit (loss) from sales	**80 198**	**461 181**	**8 338**	**30 564**
Other operating revenues	*857*	*1 496*	*622*	*4 479*
Selling costs	*12 660*	*40 666*	*7 379*	*20 662*
General and administrative costs	*9 236*	*47 859*	*3 289*	*10 105*
Other operating expenses	*8 008*	*34 427*	*896*	*1 767*
Operating profit (loss)	**51 151**	**339 725**	**(2 604)**	**2 509**
Financial revenues	*7660*	*7 230*	*347*	*2 658*
Financial expenses	*6 632*	*10 754*	*158*	*1 222*
Profit (loss) before tax	**52 179**	**336 201**	**(2 415)**	**3 945**
Income tax	*11 770*	*59 540*	*12*	*1 719*
Net profit (loss) from continuing operations	**40 409**	**276 661**	**(2 427)**	**2 226**
Net profit (loss)	**40 409**	**276 661**	**(2 427)**	**2 226**
Net profit (loss) attributable to non-controlling interests	-	-	*(545)*	*(466)*
Net profit (loss) attributable to equity holders of parent entity	*40 409*	*276 661*	*(1 882)*	*2 692*
Net profit (loss) per share (in PLN)				
Basic for the reporting period	*0.43*	*2.91*	*(0.02)*	*0.03*
Diluted for the reporting period	*0.43*	*2.91*	*(0.02)*	*0.03*
Net earnings per share from continuing operations (in PLN)				
Basic for the reporting period	*0.43*	*2.91*	*(0.02)*	*0.03*
Diluted for the reporting period	*0.43*	*2.91*	*(0.02)*	*0.03*

Warsaw, 12 November 2015

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

II. Condensed interim consolidated statement of comprehensive income

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Net profit (loss)	**40 409**	**276 661**	**(2 427)**	**2 226**
Other comprehensive income which will be reclassified as profit (loss) following fulfillment of specific criteria, including:	***18***	***1 130***	***804***	***970***
Exchange rate differences on valuation of foreign entities	*18*	*1 130*	*804*	*970*
Total comprehensive income	**40 427**	**277 791**	**(1 623)**	**3 196**
Total comprehensive income attributable to non-controlling interests	*-*	*-*	*(545)*	*(466)*
Total comprehensive income attributable to equity holders of parent entity	**40 427**	**277 791**	**(1 078)**	**3 662**

Warsaw, 12 November 2015

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President of the Board	Vice President of the Board	Vice President of the Board	Board Member	Board Member	Board Member	Accounting Officer

III. Condensed interim consolidated statement of financial position

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
FIXED ASSETS	**104 568**	**106 670**	**93 254**	**94 239**
Tangible assets	*6 407*	*5 947*	*5 499*	*6 393*
Intangible assets	*42 089*	*41 544*	*39 602*	*40 470*
Goodwill	*46 417*	*46 417*	*46 417*	*46 417*
Other financial assets	*547*	*547*	*547*	*-*
Deferred tax assets	*8 827*	*11 934*	*912*	*593*
Other fixed assets	*281*	*281*	*277*	*366*
CURRENT ASSETS	**464 137**	**460 236**	**155 683**	**171 422**
Inventories	*48 198*	*49 402*	*96 511*	*80 699*
Trade receivables	*81 327*	*223 275*	*6 389*	*20 607*
Current income tax receivables	*-*	*-*	*-*	*218*
Other receivables	*21 165*	*12 058*	*10 989*	*8 395*
Other financial assets	*-*	*2 773*	*2 745*	*2 730*
Prepaid expenses	*9 977*	*8 532*	*4 654*	*13 723*
Cash and cash equivalents	*303 470*	164 196	*34 395*	*45 050*
TOTAL ASSETS	**568 705**	**566 906**	**248 937**	**265 661**

Warsaw, 12 November 2015

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

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
EQUITY	**446 860**	**405 846**	**168 018**	**171 197**
Equity attributable to shareholders of the parent entity	**446 860**	**405 846**	**168 018**	**165 043**
Share capital	*94 950*	*94 950*	*94 950*	*94 950*
Supplementary capital, incl. sales of shares above nominal price	*120 200*	*119 730*	*119 730*	*119 730*
Other reserve capital	*2 767*	*2 180*	*1 716*	*1 624*
Exchange rate differences	*2 054*	*2 036*	*924*	*180*
Retained earnings	*(49 772)*	*(49 302)*	*(54 514)*	*(54 133)*
Net profit (loss) for the reporting period	*276 661*	*236 252*	*5 212*	*2 692*
Equity attributable to non-controlling interest	**-**	**-**	**-**	***6 154***
LONG-TERM LIABILITIES	**1 642**	**1 485**	**2 137**	**5 789**
Credits and loans	-	-	-	-
Other financial liabilities	*65*	*97*	*260*	*457*
Deferred income tax liabilities	*1 495*	*1 300*	*874*	*3 928*
Deferred revenues	*55*	*61*	*976*	*1 367*
Provisions for employee benefits and similar liabilities	*27*	*27*	*27*	*37*
SHORT-TERM LIABILITIES	**120 203**	**159 575**	**78 782**	**88 675**
Credits and loans	-	-	*4*	*27*
Other financial liabilities	*12 436*	*32 617*	*397*	*466*
Trade payables	*22 853*	*30 365*	*20 532*	*36 843*
Liabilities from current income tax	*5 265*	*45 709*	*655*	*20*
Other liabilities	*43 663*	*20 051*	*51 808*	*47 047*
Deferred revenues	*5 859*	*4 150*	*5 086*	*4 107*
Provisions for employee benefits and similar liabilities	*169*	*261*	*205*	*123*
Other provisions	*29 958*	*26 422*	*95*	*42*
TOTAL LIABILITIES	**568 705**	**566 906**	**248 937**	**265 661**

Warsaw, 12 November 2015

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

IV. Condensed interim statement of changes in consolidated equity

PLN thousands	Share capital	Supplementary capital, incl. sales of shares above nominal price	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Equity attributable to shareholders of the parent entity	Equity attributable to non-controlling interests	Total equity
01 Jul 2015 – 30 Sep 2015									
Equity as of 01 Jul 2015	**94 950**	**119 730**	**2 180**	**2 036**	**186 950**	**-**	**405 846**	**-**	**405 846**
Equity after adjustments	**94 950**	**119 730**	**2 180**	**2 036**	**186 950**	**-**	**405 846**	**-**	**405 846**
Cost of incentive program	*-*	*-*	*587*	*-*	*-*	*-*	*587*	*-*	*587*
Distribution of net profit	*-*	*470*	*-*	*-*	*(470)*	*-*	*-*	*-*	*-*
Introduction (change) of minority capital	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Total comprehensive income	*-*	*-*	*-*	*18*	*-*	*40 409*	*40 427*	*-*	*40 427*
Equity as of 30 Sep 2015	**94 950**	**120 200**	**2 767**	**2 054**	**186 480**	**40 409**	**446 860**	**-**	**446 860**
01 Jan 2015 – 30 Sep 2015									
Equity as of 01 Jan 2015	**94 950**	**119 730**	**1 716**	**924**	**(49 302)**	**-**	**168 018**	**-**	**168 018**
Equity after adjustments	**94 950**	**119 730**	**1 716**	**924**	**(49 302)**	**-**	**168 018**	**-**	**168 018**
Cost of incentive program	*-*	*-*	*1 051*	*-*	*-*	*-*	*1 051*	*-*	*1 051*
Distribution of net profit	*-*	*470*	*-*	*-*	*(470)*	*-*	*-*	*-*	*-*
Introduction (change) of minority capital	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Total comprehensive income	*-*	*-*	*-*	*1 130*	*-*	*276 661*	*277 791*	*-*	*277 791*
Equity as of 30 Sep 2015	**94 950**	**120 200**	**2 767**	**2 054**	**(49 772)**	**276 661**	**446 860**	**-**	**446 860**

Warsaw, 12 November 2015

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

PLN thousands	Share capital	Supplementary capital, incl. sales of shares above nominal price	Other reserve capital	Exchange rate differences	Retained earnings	Net profit (loss) for the reporting period	Equity attributable to shareholders of the parent entity	Equity attributable to non-controlling interests	Total equity
01 Jan 2014 – 31 Dec 2014									
Equity as of 01 Jan 2014	**94 950**	**112 438**	**989**	**(790)**	**(41 087)**	**-**	**166 500**	**868**	**167 368**
Adjustments due to accounting errors	-	-	-	-	*(381)*	-	*(381)*	-	*(381)*
Equity after adjustments	**94 950**	**112 438**	**989**	**(790)**	**(41 468)**	**-**	**166 119**	**868**	**166 987**
Cost of incentive program	-	-	*727*	-	-	-	*727*	-	*727*
Distribution of net profit	-	*7 292*	-	-	*(7 292)*	-	-	-	-
Introduction (change) of minority share capital	-	-	-	-	*(5 754)*	-	*(5 754)*	*(335)*	*(6 089)*
Total comprehensive income	-	-	-	*1 714*	-	*5 212*	*6 926*	*(533)*	*6 393*
Equity as of 31 Dec 2014	**94 950**	**119 730**	**1 716**	**924**	**(54 514)**	**5 212**	**168 018**	**-**	**168 018**
01 Jan 2014 – 30 Sep 2014									
Equity as of 01 Jan 2014	**94 950**	**112 438**	**989**	**(790)**	**(41 087)**	**-**	**166 500**	**868**	**167 368**
Equity after adjustments	**94 950**	**112 438**	**989**	**(790)**	**(41 087)**	**-**	**166 500**	**868**	**167 368**
Cost of incentive program	-	-	*635*	-	-	-	*635*	-	*635*
Distribution of net profit	-	*7 292*	-	-	*(7 292)*	-	-	-	-
Introduction (change) of minority share capital	-	-	-	-	*(5 754)*	-	*(5 754)*	*5 752*	*(2)*
Total comprehensive income	-	-	-	*970*	-	*2 692*	*3 662*	*(466)*	*3 196*
Equity as of 30 Sep 2014	**94 950**	**119 730**	**1 624**	**180**	**(54 133)**	**2 692**	**165 043**	**6 154**	**171 197**

Warsaw, 12 November 2015

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

V. Condensed interim consolidated statement of cash flows

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
OPERATING ACTIVITIES				
Net profit (loss)	**40 409**	**276 661**	**(2 427)**	**2 226**
Total adjustments:	**128 568**	**(7 819)**	**(1 146)**	**1 397**
Depreciation and amortization	*1 295*	*3 518*	*921*	*2 579*
Interest and profit sharing (dividends)	*(485)*	*(637)*	*(198)*	*(506)*
Profit/loss from investment activities	*(7 052)*	*(6 463)*	*(1 140)*	*(3 219)*
Change in provisions	*3 444*	*29 827*	*(67)*	*(108)*
Change in inventories	*1 204*	*48 313*	*(13 502)*	*(28 733)*
Change in receivables	*132 841*	*(85 118)*	*6 793*	*(9 111)*
Change in liabilities excluding credits and loans	*(3 535)*	*6 236*	*4 050*	*40 934*
Change in other assets and liabilities	*265*	*(5 464)*	*1 369*	*(1 609)*
Other adjustments	*591*	*1 969*	*628*	*1 170*
Cash generated from operating activities	**168 977**	**268 842**	**(3 573)**	**3 623**
Income tax on profit (loss) before tax	*11 770*	*59 540*	*12*	*1 719*
Income tax (paid) / reimbursed	*(48 939)*	*(62 260)*	*819*	*(622)*
A. Net cash flows from operating activities	**131 808**	**266 122**	**(2 742)**	**4 720**
INVESTMENT ACTIVITIES				
Inflows	**9 990**	**10 037**	**1 363**	**9 053**
Liquidation of intangible and tangible fixed assets	*91*	*91*	*49*	*6 712*
Liquidation of financial assets	*2 781*	*2 781*	*28*	*28*
Other inflows from investment activities	*7 118*	*7 165*	*1 286*	*2 313*
Outflows	**2 445**	**6 860**	**4 586**	**8 060**
Purchases of intangible and tangible fixed assets	*1 452*	*4 535*	*1 703*	*4 146*
Purchases of financial assets	-	-	*1 900*	*1 902*
Other outflows from investment activities	*993*	*2 325*	*983*	*2 012*
B. Net cash flow from investment activities	**7 545**	**3 177**	**(3 223)**	**993**
FINANCIAL ACTIVITIES				
Inflows	**-**	**-**	**5**	**93**
Credits and loans	-	-	*5*	*8*
Other inflows from financial activities	-	-	-	*85*
Outflows	**79**	**224**	**166**	**440**
Repayment of credits and loans	-	*4*	*4*	*2*
Payments of liabilities under financial lease agreements	*77*	*218*	*161*	*424*
Interest paid	*2*	*2*	*1*	*14*
C. Net cash flows from financial activities	**(79)**	**(224)**	**(161)**	**(347)**
D. Total net cash flow	**139 274**	**269 075**	**(6 126)**	**5 366**
E. Change in cash and cash equivalents on balance sheet	**139 274**	**269 075**	**(6 126)**	**5 366**
F. Cash and cash equivalents at beginning of period	**164 196**	**34 395**	**51 176**	**39 684**
G. Cash and cash equivalents at end of period	**303 470**	**303 470**	**45 050**	**45 050**

Warsaw, 12 November 2015

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

■ Clarifications regarding the condensed interim consolidated statement of cash flows

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
The "other adjustments" line item comprises:	**591**	**1 969**	**628**	**1 170**
costs of incentive program	*587*	*1 052*	*228*	*635*
exchange rate differences on valuation of foreign entities	*5*	*918*	*400*	*535*
fixed assets granted free of charge	*(1)*	*(1)*	*-*	*-*

Warsaw, 12 November 2015

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

3

Clarifications regarding the Condensed Interim Consolidated Financial Statement

I. Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” and with the International Financial Reporting Standards (hereafter referred to as “IFRS”) applicable to interim reporting, adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union and valid for 30 September 2015.

Comparative financial data for the period from January to September 2014 has been prepared in accordance with the same accounting policies.

In preparing the condensed interim consolidated financial statement the Company applies the same standards as for its annual consolidated financial statement except for amendments and new standards and interpretation approved by the European Union and applicable to reporting periods beginning on or after 1 January 2015:

- Changes in IFRS (2010-2012) – introduced through the annual IFRS amendment process,
- Changes in IFRS (2011-2013) – introduced through the annual IFRS amendment process,
- Changes in IAS 19 – Employee benefits

In 2015 the Group adopted all new standards and interpretations published by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, approved for use in the European Union and applicable to reporting periods beginning on or after 1 January 2015, insofar as such standards apply to the activities carried out by the Group.

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

- IFRS 9 Financial Instruments (of 24 February 2014) – applicable to reporting periods beginning on or after 1 January 2018

  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 measured 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 (, 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 statement at a later date.

- Changes to IFRS (2012-2014) adopted via the annual IFRS amendment process – applicable to reporting periods beginning on or after 1 July 2016.

- 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 (balance sheet) in assets and liabilities respectively. They are not to be subdivided into fixed and currents assets and should not be treated as assets or liabilities – instead, they are designated as "regulatory deferral account balances".

The profit and loss account and the statement of comprehensive income 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 2018.

  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 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.

- Changes in IAS 1 Presentation of financial statements, applicable to reporting periods beginning on or after 1 January 2016.

  These changes are meant to encourage entities to apply professional judgment in determining what information should be disclosed in the financial statement, as well as the specific place and order of such disclosures.

- Changes in IFRS 10 Consolidated financial statements, IFRS 12 Disclosure of interests in other equities and IAS 28 Investment Entities: Applying the Consolidation Exception applicable to reporting periods beginning on or after 1 January 2016.

These changes apply to investment entities, concern consolidation exceptions and introduce a set of guidelines applicable to accounting for such entities.

- Changes in IAS 27 Separate Financial Statements applicable to reporting periods beginning on or after 1 January 2016.

  The change permits the use of the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- Changes in IFRS 10 Consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures, applicable to reporting periods beginning on or after 1 January 2016 (delayed).

  These changes concern sale or contribution of assets occurring between the investor and an associate or joint venture and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

In the Group's estimate the above standards, interpretations and changes would not have significantly influenced the Group's consolidated financial statement had they been applied at the end of the reporting period.

II. Basis for the preparation of the condensed interim consolidated financial statement

This condensed interim consolidated financial statement with elements of condensed interim separate financial statements for the period ending 30 September 2015 was prepared in accordance with IAS 34 (Interim Financial Reporting) as well as with the Finance Minister's regulation of 19 February 2009 regarding current and periodic disclosure of information by issuers of securities and recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Law of the Republic of Poland, No. 33, item 259 with subsequent changes).

This condensed interim consolidated financial statement with elements of condensed interim separate financial statement is valid for 30 September 2015 and presents data for the period between 1 July and 30 September 2015 along with the corresponding reference period in 2014.

The presentation currency in this condensed interim consolidated financial statement with elements of condensed interim separate financial statement is Polish Zloty. All figures are denominated in thousands of Polish Zlotys unless otherwise specified.

This condensed interim consolidated financial statement with elements of condensed interim separate financial statement was prepared on the basis of the historical cost principle. The condensed interim consolidated financial statement with elements of condensed interim separate financial statement does not, by itself, cover all information which the Company is legally required to disclose for the current financial year, and should therefore be read in conjunction with the annual consolidated financial statement for 2014, containing notes which pertain to the 12-month period ending 31 December 2014 and prepared in accordance with IFRS as legislated by the European Union.

This condensed interim consolidated financial statement with elements of condensed interim separate financial statement was not subjected to an audit by an independent auditor. This condensed interim consolidated financial statement with elements of condensed interim separate financial statement was not reviewed by an independent auditor.

III. Assumption of going concern and comparability of financial statements

This condensed interim consolidated financial statement is prepared under the assumption that the Group and Company intend to continue as a going concern throughout the 12-month period following the end of the reporting period (i.e. 30 September 2015). At the moment of signing this financial statement the Management Board of the parent entity 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 condensed interim consolidated financial statement with elements of condensed interim separate financial statements for the period between 1 July and 30 September 2015 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.

To ensure the comparability of financial data in the reporting period, the presentation of data was adjusted for the period from 1 January to 30 September 2014. The data are presented after the following adjustments:

- for the period from 1 January to 30 September 2014, PLN 42 802 thousand was moved from Revenues from services to Revenues from sales of goods and materials and PLN 26 462 thousand was moved from Cost of products and services sold to Value of goods and materials sold following a change of the presentation of revenues of the subsidiary GOG Ltd. due to the definition of electronic services. The same change of presentation was made for the period from 1 July to 30 September 2014 in the amount of PLN 11 656 thousand and PLN 6 965 thousand, respectively. The change did not affect Net profit (loss) of Equity,

- for the period from 1 January to 30 September 2014, PLN 223 thousand was moved from General and administrative costs to Selling costs following harmonisation of the presentation of costs of the subsidiary GOG Ltd. The same change of presentation was made for the period from 1 July to 30 September 2014 in the amount of PLN 57 thousand. The change did not affect Net profit (loss) of Equity,

- for the period from 1 January to 30 September 2014, PLN 8 thousand was moved from Cost of products and services sold to Financial expenses and PLN 33 thousand was moved from Value of goods and materials sold to Financial revenues following a change of the presentation of exchange rate differences in subsidiaries. The same change of presentation was made for the period from 1 July to 30 September 2014 in the amount of PLN 3 thousand and PLN 45 thousand, respectively. The change did not affect Net profit (loss) of Equity,

- for the period from 1 January to 30 September 2014, PLN 1 904 thousand was moved from Cost of products and services sold as follows: PLN 585 thousand to Financial expenses following a change of the presentation of exchange rate differences in the parent entity CD PROJEKT S.A. In addition, Income tax was adjusted by PLN 251 thousand. The same change of presentation was made for the period from 1 July to 30 September 2014, where PLN 821 thousand was moved from Cost of products and services sold as follows: PLN 1 413 thousand to Financial expenses and PLN 955 thousand to Financial revenues. Income tax was adjusted by PLN 243 thousand.

In addition to the above, CD PROJEKT S.A. corrected the erroneous account of statistical exchange rate differences on advance royalty fees received from foreign suppliers and presented in its financial statement of 30 September 2014. 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 were made:

- deferred tax assets: adjusted by -251 thousand PLN,
- other liabilities: adjusted by -1 319 thousand PLN,
- net profit (loss) for the reporting period: adjusted by +1 069 thousand PLN.

The above adjustments changed the Company's financial result and equity by +1 069 thousand PLN.

IV. Consolidation principles

■ Subsidiaries

Subsidiaries are defined as all companies which fall under the Group's financial and operating control, typically by way of a majority share of votes in their statutory organs. When determining whether or not the Group controls an entity, consideration is given to the existence and potential impact of voting rights which can be exercised or exchanged at a given moment.

Subsidiaries are subject to full consolidation from the date of acquisition of control by the Group and cease to be reported as such on the day control is lost. Acquisition of subsidiaries by the Group follows acquisition accounting rules. The cost of acquisition is defined as the fair value of all assets, issued securities and liabilities incurred or transferred on the date of acquisition. Identifiable assets and liabilities (including conditional liabilities) acquired as a result of a business combination are estimated on the basis of their fair value on the day of acquisition, regardless of any applicable non-controlling interests. Any positive difference between the cost of acquisition and the fair value of the Group's share in the identifiable net assets acquired is interpreted as goodwill. If the cost of acquisition is lower than the fair value of the identifiable net assets acquired, the difference is expressed directly in the profit and loss account.

Differences caused by changes in the ownership structure of subsidiary shares are reflected in the financial result for the preceding years.

Any revenues, expenses, settlements and unrealized gains on transactions between companies belonging to the Group are eliminated in full. Unrealized losses are also eliminated unless the nature of the transaction indicates impairment on any of the transferred assets. Accounting practices in use at subsidiary companies are adjusted whenever necessary to ensure compliance with accounting practices adopted by the Group.

■ Entities covered by the consolidated financial statement

This condensed interim consolidated financial statement for the period ending 30 September 2015 applies to the following members of the Group:

CD PROJEKT S.A.	Share in equity	Share in voting rights	Consolidation method
CD PROJEKT S.A.	Parent entity	-	**full**
GOG Poland sp. z o.o.	100%	100%	**full**
GOG Ltd.	100%	100%	**full**
Brand Projekt sp. z o.o.	100%	100%	**full**
CD PROJEKT Brands S.A.	100%*	100%	**full**
CD PROJEKT Inc.	100%	100%	**full**

* Indirectly controlled by CD PROJEKT S.A.

V. Description of applicable accounting practices

■ Presentation of results by activity segment

The scope of financial information reported in relation to each of the Group's activity segments is determined by IFRS 8. For each segment the result is based on net profit.

■ 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 Group 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 Group, 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 Group. 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.

(all figures quoted in PLN thousands unless otherwise specified)

■ Financial revenues and expenses

Financial revenues consists 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.

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 a given Group member 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 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 tax liabilities are applied to temporary tax differences resulting from investments in associates and joint ventures unless the Group 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 Group'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 resaelable 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 consolidated financial statement the Capital Group considers the CD PROJEKT brand name and The Witcher trademark as its intangible assets. The value of trademarks 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*. Trademark 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 parent entity 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 Group members perform an inventory of the net value of all their 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 Group members.

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 relevant Group member 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 each member of the Group classifies each of its financial assets as:

- financial assets valuated at fair value through financial result,
- investments held to maturity,
- loans or liabilities,
- financial assets held for sale.

Assets are reported in the Group member's balance sheet at the moment the member 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 each member of the Group classifies each of its financial liabilities as:

- financial liabilities valuated 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 determined on the "weighted average" 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

Each member of the Group 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 Group 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.

GOG Ltd. purchases licensing rights which are recognized as deferred charges. Contractual payments associated with minimal guarantees are debited and the corresponding sales costs credited following commencement of sales.

Amount of accrued cost based on part of realized sales which exceeding minimal guarantees is presented in trade liabilities line item. The basis for calculating said allowances is the quantity of products sold or the amount of realized revenues.

■ 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 Group member is a party.

Share capital is reported at nominal value, in the amount consistent with the parent 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 a Group member faces a liability (whether legal or customary) resulting from past events, it is likely that discharging said liability will reduce the Group member'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 Group member has revealed a detailed and formalized restructuring plan to all interested parties.

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 Group 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 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 Group's equity less any applicable liabilities.

Licenses

The value of acquired licenses is reported on the basis of received invoices as the balance of prepaid expenses, increased by contractual uninvoiced minimum guarantees. The cost of acquired licensing rights is entered in the accounts in proportion to sales volume. Once the balance of prepaid expenses is exceeded, the remaining amount is reported in the trade liabilities line item.

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).

Dividend payments

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

VI. 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 Group operates (functional currency). The financial statement is presented in Polish Zlotys (PLN), which is the functional and presentation currency of the Group.

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.

VII. Important values based on professional judgment and estimates

Professional judgment

In applying accounting 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

Group members classify 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 Group members 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 and The Witcher trademark was conducted on 31 December 2014, with no impairment of these assets evident as of 30 September 2015. Asset impairment tests at individual subsidiaries were last conducted on 30 December 2014. As of 30 September 2015 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

Group members recognize 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 liability

In its current financial condition the Group recognizes deferred tax liability 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 each Group member 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. Each Group member performs yearly validations of the assumed useful economic life of its assets, based on current estimates.

VIII. Changes in accounting policies

The accounting policies applied in preparing this consolidated financial statement are consistent with those applied in preparing the consolidated financial statement for the year ending 31 December 2014, with the exception of the presentation-related changes described in section 3 subsection III “Assumption of going concern and comparability of financial statements”.

4

Additional notes and clarifications regarding the condensed interim consolidated financial statement

Note 1. Disclosure of significant achievements and shortcomings of the CD PROJEKT Capital Group in the reporting period

The following achievements have been reported by the Group within each of its activity segments in the third quarter of 2015:

Videogame development

In the scope of marketing activities in the third quarter of 2015 the efforts of CD PROJEKT RED focused on post-release support for The Witcher 3: Wild Hunt in key markets, both in traditional and digital distribution channels.

In August 2015 CD PROJEKT RED announced that over the six-week period following the game's release, 6 million copies of The Witcher 3: Wild Hunt had been sold. Before the end of the month all 16 previously announced free DLC packs were available for download on all supported hardware platforms, while soundtracks from all three The Witcher games were published by several leading streaming services, including Spotify, Apple Music and Google Play Music. In mid-August the Studio released a set of modding tools enabling players to adjust the game's content in line with their preferences. All these activities elicited favorable reactions from the gaming community, contributing to the title's ongoing popularity and extending its life cycle.

Other important aspects of the marketing campaign included persistent support for trade marketing activities carried out by local publishers and distributors. Together with PR and marketing efforts, these activities helped the Company maintain high sales volume and prepare for the rollout of the first paid expansion – Hearts of Stone.

The release date of Hearts of Stone was officially announced on 8 September 2015. On the same day the Company began collecting preorders for the expansion. Simultaneous publication of the Hearts of Stone teaser trailer in over a dozen language versions, revamp of the online store at buy.thewitcher.com and launch of a broad preorder campaign through traditional distribution channels as well as digital platforms (including Steam, GOG and PlayStation Store) enabled the Studio to pursue its declared goal of reaching the maximum number of potential customers and maximizing its attachment rate (expressed as the number of customers who bought Hearts of Stone expansion divided by the number of customers who bought The Witcher 3: Wild Hunt).

In September 2015 The Witcher 3: Wild Hunt was nominated for the prestigious Golden Joystick award in four categories: Best Storytelling, Best Visual Design, Best Gaming Moment and Game of the Year. The Studio itself also received a nomination in the Studio of the Year category. On 30 October 2015, the game The Witcher 3: Wild Hunt and the studio CD PROJEKT RED won record-breaking five awards at the international ceremony of the Golden Joystick Awards in London. The Golden Joystick Awards, also known as the Oscars or the videogame industry, are among the most coveted prizes in the videogame world. They are also among the oldest: they have been awarded continuously since 1983 and the winners are voted for by the general public. More than 9 million gamers have voted this year. Five Golden Joystick Awards in one year for one game have been won in the 33-year history of the ceremony only once in 2005. The CD PROJEKT RED production also won the Most Wanted award in 2013 and 2014, which makes The Witcher 3: Wild Hunt the most awarded game in the history of the Golden Joystick Awards.

Marketing activities supporting the release of Hearts of Stone peaked around the expansion's release date, took place on 13 October 2015. These activities included, among others, advertising campaigns in key gaming media, focusing on key markets, increased visibility on the PlayStation Store and Xbox Store, as well as on Steam and GOG. Highlights of the expansion's promotional campaign included the release of a teaser trailer, which took place on 6 October 2015.

Early reception of Hearts of Stone was very positive, with the average review score hovering around the 90/100 mark on all hardware platforms, which makes the Hearts of Stone expansion one of the world's top-ranked expansions in recent years.

Global digital distribution

In the third quarter of 2015, in the scope of the global digital distribution segment, GOG.com added over 100 new titles in its catalogue and organized a weeklong sale called "Indie Pinata", focusing on games by independent developers. Additionally, the GOG Galaxy client received a major update.

Near the end of Q3 2015 the GOG.com catalogue exceeded the 1200 item mark. Highlights of the reporting period include a new distribution agreement with Bethesda Softworks, enabling GOG.com to offer such cult classics as Wolfenstein 3D, Quake I+II+III, Doom and four games from the Elder Scrolls franchise. The Fallout series, including Fallout, Fallout 2 and Fallout Tactics were included again in the GOG.com offer. Collaboration with Night Dive resulted in GOG.com being able to expand its catalogue with System Shock – a game high up on the wish list of the classic game fan community clustered around GOG.com. The game was released as an Enhanced Edition, with updated graphics and a robust set of supported controllers. Other important additions to the GOG.com catalogue include Warhammer classics and a series of RPG titles from the Dungeons and Dragons world - the Forgotten Realms Archives.

In addition to offering additional vintage classics, GOG.com also participated in the global launch of Soma, Trine 3, Grand Ages: Medieval, Prison Architect and other brand-new releases. Some of the games currently distributed through GOG.com – such as the Van Helsing series – could not have previously been supported by the platform without the new features afforded by the GOG Galaxy technology.

An important milestone in the global digital distribution segment was the launch of preorders and subsequent release of the first paid expansion for The Witcher 3 – Hearts of Stone (13 October 2015). Similarly to The Witcher 3: Wild Hunt, GOG Galaxy was used to deliver and deploy the DLC pack on the customers' personal devices. GOG.com's new technology stack passed this important stress test with flying colors.

Before the end of the reporting period GOG.com released a major update for GOG Galaxy – version 1.1 of the client includes the previously announced "rollback" feature which is unique to GOG Galaxy: any game update may be reverted if the customer likes the old version better. GOG Galaxy 1.1 also introduces a slew of updates to its social features (easier ways to find and add new friends), permits the game installation process to be suspended and then resumed, and has a smaller memory and CPU footprint.

On 29 July 2015 Microsoft released the newest version of its flagship operating system – Windows 10. At that point GOG.com had already been testing the new system for several months and was able to report that nearly 90% of its games were Windows 10 compatible on the system's release date.

Note 2. Description of circumstances affecting assets, liabilities, equity, net financial result and cash flows which are unusual due to their type, size or effect

■ Important events

In Current Report No. 17/2015 of 5 August 2015 the Company announced that the limit for forward and derivative transactions carried out under the framework agreement between the Company and Raiffeisen Bank Polska S.A. had been increased to fifty million PLN and that the Company had issued a blank promissory note together with a corresponding promissory note declaration to the Bank as collateral for liabilities emerging under the agreement.

In Current Report No. 18/2015 of 4 September 2015 the Company announced that the revolving and renewable credit agreements between itself and mBank S.A. had been dissolved.

■ Outstanding licence reports

License agreements signed by the Company generally require licensees to provide royalty reports within 30 days after the end of a reporting period. In few cases, however, the Company's contractors are allowed to prepare and provide royalty reports within 45 or 60 days after the end of the reporting period. This Condensed Interim Consolidated Financial Statement of the CD PROJEKT Capital Group for the period from 1 July to 30 September 2015 was approved for publication 43 days after the end of September. As a result, at the date of publication of the statement, the Company had not yet received some of the reyalty reports which are required to be provided within 45 or 60 days after the end of September and could not recognise the resulting revenues and receivables in the statement. According to the Company's estimates, revenues covered by the outstanding reports should not exceed 3% of the consolidated revenues from sales of the Group in Q3 2015.

Note 3. Disclosure of important changes in estimates

■ Changes in fixed assets (by category) between 1 January and 30 September 2015

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 2015	**-**	**3 540**	**6 054**	**1 491**	**147**	**-**	**11 232**
Increases from:	**-**	**691**	**1 702**	**-**	**73**	**512**	**2 978**
- purchases	*-*	*640*	*1 689*	*-*	*73*	*512*	*2 914*
- reclassification	*-*	*51*	*-*	*-*	*-*	*-*	*51*
- grants free of charge	*-*	*-*	*13*	*-*	*-*	*-*	*13*
Reductions from:	**-**	**152**	**96**	**-**	**-**	**51**	**299**
- sales	*-*	*-*	*96*	*-*	*-*	*-*	*96*
- liquidation	*-*	*152*	*-*	*-*	*-*	*-*	*152*
- reclassification	*-*	*-*	*-*	*-*	*-*	*51*	*51*
Gross carrying amount as of 30 Sep 2015	**-**	**4 079**	**7 660**	**1 491**	**220**	**461**	**13 911**
Amortization as of 01 Jan 2015	**-**	**1 295**	**3 972**	**394**	**72**	**-**	**5 733**
Increases from:	**-**	**293**	**1 295**	**224**	**32**	**-**	**1 844**
- amortization	*-*	*293*	*1 295*	*224*	*32*	*-*	*1 844*
Reductions from:	**-**	**68**	**5**	**-**	**-**	**-**	**73**
- sales	*-*	*-*	*5*	*-*	*-*	*-*	*5*
- liquidation	*-*	*68*	*-*	*-*	*-*	*-*	*68*
Amortization as of 30 Sep 2015	**-**	**1 520**	**5 262**	**618**	**104**	**-**	**7 504**
Impairment losses as of 01 Jan 2015	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Impairment losses as of 30 Sep 2015	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Net carrying amount as of 30 Sep 2015	**-**	**2 559**	**2 398**	**873**	**116**	**461**	**6 407**

■ Amount of contractual commitments for future acquisition of tangible fixed assets

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Leasing of passenger cars	*740*	*793*	*941*	*1 168*
Total	*740*	*793*	*941*	*1 168*

Changes in intangible assets between 1 January and 30 September 2015

PLN thousands	Trademarks	Patents and licenses	Computer software	Goodwill	Intangible assets under construction	Other	Total
Gross carrying amount as of 01 Jan 2015	15 104	1 208	13 846	46 417	1 412	17 096	95 083
Increases from:	-	40	2 287	-	3 721	-	6 048
- purchases	-	40	396	-	3 721	-	4 157
- reclassification	-	-	1 887	-	-	-	1 887
- other	-	-	4	-	-	-	4
Reductions from:	-	-	-	-	1 887	-	1 887
- reclassification	-	-	-	-	1 887	-	1 887
Gross carrying amount as of 30 Sep 2015	15 104	1 248	16 133	46 417	3 246	17 096	99 244
Amortization as of 01 Jan 2015	-	355	8 709	-	-	-	9 064
Increases from:	-	106	1 568	-	-	-	1 674
- amortization	-	106	1 568	-	-	-	1 674
Reductions	-	-	-	-	-	-	-
Amortization as of 30 Sep 2015	-	461	10 277	-	-	-	10 738
Impairment losses as of 01 Jan 2015	-	-	-	-	-	-	-
Impairment losses as of 30 Sep 2015	-	-	-	-	-	-	-
Net carrying amount as of 30 Sep 2015	15 104	787	5 856	46 417	3 246	17 096	88 506

Amount of contractual commitments for future acquisition of intangible assets

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
ERP/BI/Workflow B2B software	-	636	1 008	-
Total	-	636	1 008	-

Estimated changes in goodwill related to consolidation

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
CDP Investment Group member companies	46 417	46 417	46 417	46 417
Total	46 417	46 417	46 417	46 417

Changes in goodwill

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Gross carrying amount at beginning of period	46 417	46 417	46 417	46 417
Increases due to acquisition of entities	-	-	-	-
Reductions due to business combinations	-	-	-	-
Gross carrying amount at end of period	46 417	46 417	46 417	46 417
Impairment losses	-	-	-	-
Net goodwill	46 417	46 417	46 417	46 417

Changes in estimated value of inventories

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Materials for production	*270*	*362*	*6 918*	*1 636*
Semi-finished products and production in progress	*27 229*	*16 698*	*88 461*	*71 618*
Finished products	*19 363*	*31 864*	*50*	*980*
Goods	*1 336*	*478*	*1 082*	*6 491*
Gross inventories	48 198	49 402	96 511	80 725
Inventory impairment losses	-	-	-	*26*
Net inventories	48 198	49 402	96 511	80 699

Changes in inventory impairment write-downs

Not applicable.

Changes in estimated receivables

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Trade and other receivables	102 492	235 333	17 378	29 220
- from affiliates	*1*	-	-	-
- from external entities	*102 491*	*235 333*	*13 110*	*29 119*
- income tax receivables	-	-	*4 268*	*101*
Impairment losses	1 286	1 283	521	1 819
Gross receivables	103 778	236 616	17 899	31 039

Changes in impairment write-downs on receivables

PLN thousands	Trade receivables	Other receivables
AFFILIATES		
Impairment write-downs as of 01 Jan 2015	116	-
Increases	-	-
Reductions	-	-
Impairment write-downs as of 30 Sep 2015	*116*	-
EXTERNAL ENTITIES		
Impairment write-downs as of 01 Jan 2015	405	732
Increases, including:	48	-
- Impairment write-downs on receivables past-due and under litigation	*48*	-
Reductions, including:	15	-
- utilization of impairment write-downs	*10*	-
- release of impairment write-downs due to collection of receivables	*5*	-
Impairment write-downs as of 30 Sep 2015	438	732
Aggregate impairment write-downs as of 30 Sep 2015	554	732

Current and past-due trade receivables as of 30 September 2015

PLN thousands	Total	Past-due trade receivables in days					
		<0	0 - 60	61 - 90	91 - 180	181 - 360	>360
AFFILIATES							
gross receivables	*116*	-	-	-	-	-	*116*
impairment write-downs	*116*	-	-	-	-	-	*116*
Net receivables	-	-	-	-	-	-	-
EXTERNAL ENTITIES							
gross receivables	*81 765*	*72 736*	*7 794*	*191*	*311*	*295*	*438*
impairment write-downs	*438*	-	-	-	-	-	*438*
Net receivables	81 327	72 736	7 794	191	311	295	-
TOTAL							
gross receivables	*81 881*	*72 736*	*7 794*	*191*	*311*	*295*	*554*
impairment write-downs	*554*	-	-	-	-	-	*554*
Net receivables	81 327	72 736	7 794	191	311	295	-

Prepaid expenses

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Non-life insurance	*110*	*151*	*26*	*50*
Business travel insurance	*-*	*1*	*2*	*11*
Acquired licenses	*9 408*	*7 850*	*4 395*	*13 092*
Online access to legal support portal	*-*	*-*	*1*	*2*
Civil law transaction tax on capital increases	*-*	*-*	*9*	*9*
Software, licenses	*290*	*319*	*120*	*151*
Air travel	*-*	*6*	*15*	*-*
Other prepaid expenses	*169*	*205*	*86*	*408*
Total prepaid expenses	**9 977**	**8 532**	**4 654**	**13 723**

Negative temporary differences requiring recognition of deferred tax assets

PLN thousands	30 Jun 2015	increases	reductions	30 Sep 2015
Provisions for other employee benefits	*24 485*	*7 669*	*3 884*	*28 270*
Valuation of derivatives in incentive program	*31 687*	*4 737*	*24 376*	*12 048*
The Witcher trade mark	*2 518*	*-*	*-*	*2 518*
Revaluation of long-term receivables - discount	*13*	*-*	*-*	*13*
Other provisions	*793*	*362*	*441*	*714*
Negative exchange rate differences	*361*	*92*	*361*	*92*
Employee compensation and social security expenses payable in future reporting periods	*246*	*-*	*224*	*22*
Incentive program	*2 180*	*591*	*-*	*2 771*
Revaluation of FX forwards at fair value	*530*	*13*	*530*	*13*
Total negative temporary differences	**62 813**	**13 464**	**29 816**	**46 461**
Tax rate (Poland)	*19%*	*19%*	*19%*	*19%*
Deferred tax assets at end of reporting period	**11 934**	**2 558**	**5 665**	**8 827**

Positive temporary differences requiring recognition of deferred tax liabilities

PLN thousands	30 Jun 2015	increases	reductions	30 Sep 2015
Positive exchange rate differences	*998*	*251*	*998*	*251*
CD PROJEKT brand name	*5 005*	*1 832*	*-*	*6 837*
Valuation of shares in external entities	*475*	*-*	*-*	*475*
Other sources	*342*	*24*	*64*	*302*
Revaluation of financial assets held for sale at fair value	*19*	*-*	*19*	*-*
Total positive temporary differences	**6 839**	**2 107**	**1 081**	**7 865**
Tax rate (Poland)	*19%*	*19%*	*19%*	*19%*
Deferred tax liabilities at end of reporting period	**1 300**	**400**	**205**	**1 495**

Net deferred tax assets/liabilities

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Deferred tax assets	*8 827*	*11 934*	*912*	*593*
Deferred tax liabilities - continuing operations	*1 495*	*1 300*	*874*	*3 928*
Net deferred tax assets/liabilities	**7 332**	**10 634**	**38**	**(3 335)**

Provisions for employee benefits and similar liabilities

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Provisions for retirement benefits and pensions	*28*	*28*	*28*	*39*
Provisions for other employee benefits	*168*	*260*	*204*	*121*
Total, including:	**196**	**288**	**232**	**160**
- long-term provisions	*27*	*27*	*27*	*37*
- short-term provisions	*169*	*261*	*205*	*123*

Changes in provisions

PLN thousands	Provisions for retirement benefits and pensions	Provisions for other employee benefits	Total
As of 01 Jan 2015	**28**	**204**	**232**
Provisions created	-	*346*	*346*
Benefits utilized	-	*321*	*321*
Provisions released	-	*61*	*61*
As of 30 Sep 2015, including:	**28**	**168**	**196**
- long-term provisions	*27*	-	*27*
- short-term provisions	*1*	*168*	*169*
As of 01 Jan 2014	39	143	182
Provisions created	-	*201*	*201*
Benefits utilized	-	*222*	*222*
Provisions released	-	*1*	*1*
As of 30 Sep 2014, including:	**39**	**121**	**160**
- long-term provisions	*37*	-	*37*
- short-term provisions	*2*	*121*	*123*

Other provisions

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Provisions for returns	**7**	**-**	**-**	**-**
Provisions for liabilities, including:	**29 951**	**26 422**	**95**	**42**
- provisions against costs of the current month invoiced in the following month	*183*	*332*	-	*22*
- provisions against remuneration linked to results	*28 092*	*24 299*	-	-
- provisions against expenditures	-	-	-	*1*
- provisions for audits and review of financial statements	*13*	*39*	*32*	-
- fairs expenses	-	-	-	*12*
- provisions for external services	*334*	*292*	*57*	
- provisions for licensing receivables	-	*131*	*6*	*6*
- provisions for depreciation of licences	*341*	*341*	-	-
- other expenses	*988*	*988*	-	*1*
Total, including:	**29 958**	**26 422**	**95**	**42**
- long-term provisions	-	-	-	-
- short-term provisions	*29 958*	*26 422*	*95*	*42*

Changes in other provisions

PLN thousands	Provisions for warranty-covered repairs and returns	Provisions for liabilities	Total
As of 01 Jan 2015	**-**	**95**	**95**
Provisions created	*7*	*34 592*	*34 599*
Provisions utilized	*-*	*4 658*	*4 658*
Provisions released	*-*	*78*	*78*
As of 30 Sep 2015, including:	**7**	**29 951**	**29 958**
- long-term provisions	*-*	*-*	*-*
- short-term provisions	*7*	*29 951*	*29 958*

As of 01 Jan 2014	6	122	128
Provisions created	*-*	*61*	*61*
Provisions utilized	*5*	*133*	*138*
Provisions released	*1*	*8*	*9*
As of 30 Sep 2014, including:	**-**	**42**	**42**
- long-term provisions	*-*	*-*	*-*
- short-term provisions	*-*	*42*	*42*

Note 4. Disclosure of financial instruments

■ Fair value and carrying amount of financial instruments per class

PLN thousands	Carrying amount				Fair value			
	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
FINANCIAL ASSETS								
Receivables associated with supply of products and services, and other receivables	**102 492**	**235 333**	**17 378**	**29 002**	**102 492**	**235 333**	**17 378**	**29 002**
- trade receivables	*81 327*	*223 275*	*6 389*	*20 607*	*81 327*	*223 275*	*6 389*	*20 607*
- other receivables	*21 165*	*12 058*	*10 989*	*8 395*	*21 165*	*12 058*	*10 989*	*8 395*
Financial assets held for sale	**547**	**547**	**547**	**-**	**547**	**547**	**547**	**-**
- shares in external entities	*547*	*547*	*547*	*-*	*547*	*547*	*547*	*-*
Financial assets carried at fair value through profit and loss, including:	**-**	**2 773**	**2 745**	**2 730**	**-**	**2 773**	**2 745**	**2 730**
- units in an investment fund	*-*	*2 773*	*2 745*	*2 730*	*-*	*2 773*	*2 745*	*2 730*
Cash and cash equivalents	**303 470**	**164 196**	**34 395**	**45 050**	**303 470**	**164 196**	**34 395**	**45 050**
- cash on hand and bank deposits	*303 470*	*164 196*	*34 395*	*45 050*	*303 470*	*164 196*	*34 395*	*45 050*

PLN thousands	Carrying amount				Fair value			
	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
FINANCIAL LIABILITIES								
Credits and loans subject to interest payments, including:	**-**	**-**	**4**	**27**	**-**	**-**	**4**	**27**
- other short-term	*-*	*-*	*4*	*27*	*-*	*-*	*4*	*27*
Other (long-term) liabilities, including:	**65**	**97**	**260**	**457**	**65**	**97**	**260**	**457**
- liabilities from financial lease contracts and lease contracts with a buyout option	*65*	*97*	*260*	*457*	*65*	*97*	*260*	*457*
Trade and other liabilities	**66 516**	**50 416**	**72 340**	**83 891**	**66 516**	**50 416**	**72 340**	**83 891**
- trade liabilities	*22 853*	*30 365*	*20 532*	*36 843*	*22 853*	*30 365*	*20 532*	*36 843*
- other short-term liabilities	*43 663*	*20 051*	*51 808*	*47 048*	*43 663*	*20 051*	*51 808*	*47 048*
Financial liabilities estimated at fair value	**12 048**	**31 687**	**-**	**-**	**12 048**	**31 687**	**-**	**-**
- derivatives in incentive program	*12 048*	*31 687*	*-*	*-*	*12 048*	*31 687*	*-*	*-*
Financial liabilities	**388**	**930**	**397**	**466**	**388**	**930**	**397**	**466**
- other short-term financial liabilities	*375*	*419*	*397*	*447*	*375*	*419*	*397*	*447*
- other financial liabilities estimated at fair value through profit or loss (forward contracts)	*13*	*511*	*-*	*19*	*13*	*511*	*-*	*19*

Changes in value of financial instruments

01 Jan 2015 – 30 Sep 2015	Financial assets carried at fair value through profit or loss	Financial assets held for sale	Loans granted and receivables	Financial liabilities estimated at fair value through profit or loss	Other financial liabilities
At beginning of period	**2 745**	**547**	**51 773**	**-**	**73 001**
Increases, including:	**-**	**-**	***405 962***	***36 935***	***66 955***
Cash and cash equivalents	-	-	*303 470*	-	-
Trade and other receivables	-	-	*102 492*	-	-
Trade and other liabilities	-	-	-	-	*66 516*
Financial lease liabilities	-	-	-	-	*439*
Financial assets carried at fair value through profit or loss	-	-	-	*36 935*	-
Reductions, including:	***2 745***	**-**	***51 773***	***24 873***	***73 001***
Repayment of credits and loans	-	-	-	-	*4*
Cash and cash equivalents	-	-	*34 395*	-	-
Trade and other receivables	-	-	*17 378*	-	-
Trade and other liabilities	-	-	-	-	*72 340*
Financial lease contracts	-	-	-	-	*657*
Financial assets carried at fair value through profit or loss	*2 745*	-	-	*24 873*	-
At end of period	**-**	**547**	**405 962**	**12 062**	**66 955**

(all figures quoted in PLN thousands unless otherwise specified)

Hierarchy of financial instruments carried at fair value

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
LEVEL 1				
Assets carried at fair value				
Financial assets carried at fair value through financial result, including:	**-**	**2 773**	**2 745**	**2 730**
- units in an investment fund	*-*	*2 773*	*2 745*	*2 730*
LEVEL 2				
Assets carried at fair value				
Derivatives:	**-**	**-**	**-**	**19**
- FX forward contract - USD	*-*	*-*	*-*	*19*
Liabilities estimated at fair value				
Derivatives:	**13**	**511**	**-**	**-**
- FX forward contract - EUR	*3*	*317*	*-*	*-*
- FX forward contract - USD	*10*	*194*	*-*	*-*
Other:	**12 048**	**31 687**	**-**	**-**
- derivatives in incentive program	*12 048*	*31 687*	*-*	*-*
LEVEL 3				
Assets carried at fair value				
Financial assets carried at fair value through financial result, including:	**54 7**	**547**	**547**	**-**
- shares in other entities	*547*	*547*	*547*	*-*

The following three-tier hierarchy applies to financial instruments carried at fair value:
Level 1 – quoted price of equivalent assets and liabilities on active markets
Level 2 – fair value estimated on the basis of observable market-based inputs
Level 3 – fair value estimated on the basis of unobservable inputs which cannot be corroborated by market data

Note 5. Other important information

Operating costs

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Depreciation	*1 166*	*3 169*	*814*	*2 394*
Consumption of materials and energy	*249*	*1 409*	*415*	*1 268*
External services	*14 757*	*40 899*	*10 128*	*27 683*
Taxes and fees	*70*	*408*	*132*	*372*
Employee compensation, social security and other benefits	*13 713*	*64 520*	*8 089*	*22 232*
Business travel	*313*	*1 193*	*373*	*1 093*
Other costs, including:	*2 135*	*9 239*	*2 715*	*7 071*
- upkeep of Internet domains, data transfer and other Internet-related costs	*849*	*2 358*	*153*	*494*
- consulting fees	*239*	*608*	*3*	*7*
- representation and advertising	*441*	*3 924*	*732*	*3 117*
- recruitment and relocation costs	*190*	*372*	*96*	*247*
- participation in fair, exhibitions and conferences	*281*	*812*	*1 434*	*2 505*
- use of company cars	*31*	*77*	*61*	*198*
- insurance premiums	*50*	*124*	*48*	*162*
- other costs	*54*	*964*	*188*	*341*
Changes in products	*(10 507)*	*(32 312)*	*(11 998)*	*(31 346)*
Value of goods and materials sold	*18 901*	*88 120*	*24 853*	*68 923*
Cost of products and services sold	*14 051*	*76 646*	*2 544*	*10 446*
Exchange rate differences on operating activities	*-*	*-*	*290*	*821*
Total costs by category:	**54 848**	**253 291**	**38 355**	**110 957**
Selling costs	*12 660*	*40 666*	*7 379*	*20 662*
General and administrative costs	*9 236*	*47 859*	*3 289*	*10 105*
Cost of products, goods and materials sold	*32 952*	*164 766*	*27 687*	*80 190*
Total	**54 848**	**253 291**	**38 355**	**110 957**

Other operating revenues

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Elimination of write-downs for receivables	-	-	2	547
Release of provisions for unused accruals	-	67	-	-
Subsidies	634	673	44	653
Offset on damages, penalties and fines received	-	-	24	45
Reinvoicing revenues	220	720	426	558
Profit from sales of fixed assets	-	-	49	1 396
Other revenues, including:	2	34	19	1 193
- release of provisions	-	-	3	4
- goods and materials received free of charge	1	14	3	20
- civil law transaction tax reimbursements	-	-	-	1 118
- other miscellaneous operating revenues	1	20	13	51
Other sales	1	2	58	87
Total	**857**	**1 496**	**622**	**4 479**

Other operating expenses

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Provisions for future liabilities	6 344	31 631	-	27
Revaluation of trade receivables	4	48	59	121
Damages, penalties and fines paid	-	-	30	30
Reinvoicing expenses	220	720	426	558
Donations	-	7	-	-
Loss on sales of fixed assets	-	-	-	12
Receivables written off	-	-	3	523
Unrecoverable withholding tax	-	526	3	5
Others, including:	1 440	1 495	375	491
- costs of utilized materials and goods	85	164	365	433
- costs after termination of projects	1 330	1 330	-	-
- bad debts written off	1	1	-	-
- others	24	-	10	58
Total	**8 008**	**34 427**	**896**	**1 767**

Financial revenues

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Revenues from interest:	***487***	***639***	***200***	***582***
- on bank deposits	*487*	*639*	*199*	*519*
- on trade settlements	*-*	*-*	*1*	*63*
Other financial revenues, including:	***7 173***	***6 591***	***147***	***2 076***
- revenues from sales of investments (incl. FX forwards)	*7 172*	*6 584*	*-*	*1 337*
- revenues from investment fund units	*-*	*-*	*-*	*1*
- investment fund units valuation	*-*	*-*	*13*	*19*
- FX forward contract valuation	*-*	*-*	*134*	*473*
- other miscellaneous revenues	*1*	*7*	*-*	*246*
Total	7 660	7 230	347	2 658

Financial expenses

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Interest payments:	***8***	***18***	***7***	***27***
- on bank loans	*3*	*3*	*1*	*14*
- on lease agreements	*5*	*15*	*6*	*13*
Other financial expenses, including:	***6 624***	***10 736***	***151***	***1 195***
- surplus of negative exchange rate differences	*6 520*	*10 613*	*128*	*1 126*
- bank fees	*-*	*16*	*9*	*51*
- lease fees	*-*	*-*	*2*	*16*
- interest on liabilities to the public budget	*104*	*107*	*-*	*-*
- revaluation of investments	*-*	*-*	*12*	*2*
Net losses from sales of financial assets and liabilities carried at fair value through profit or loss	***-***	***-***	***-***	***-***
Profits and losses from net exchange rate differences associated with financial activities	***-***	***-***	***-***	***-***
Total	6 632	10 754	158	1 222

Note 6. Operating segments

The operations of the CD PROJEKT Capital Group are divided into three activity segments:

- Videogame development,
- Global digital videogame distribution,
- Other activities.

■ Videogame development

Videogame development is the main area of activity of the CD PROJEKT RED Studio, a division of CD PROJEKT S.A. The activity covers creation of videogames, licensing the associated distribution rights and producing tie-in products which exploit the commercial appeal of brands owned by the Company. Videogame development commenced in 2002 and initially focused on the studio's RPG debut: The Witcher. This game, set in Andrzej Sapkowski's fantasy world, was released in 2007 to global acclaim. The Studio followed up in May 2011 with its second release – The Witcher 2: Assassins of Kings for the PC. In April 2012 an enhanced edition of The Witcher 2 was released on the PC and Xbox 360 consoles. Both parts of The Witcher series are now also available for Apple and Linux machines.

The Company carries out active distribution of its earlier games (The Witcher and The Witcher 2) for several hardware platforms, using traditional distribution channels as well as the leading digital distribution platforms worldwide. Taken together, the first two installments of the series have received over 200 awards and sold more than 10 million copies.

The Witcher 3: Wild Hunt was released on 19 May of the current year in 15 language versions, simultaneously for the PC, PlayStation 4 and Xbox One. The game was very well received by players and lauded by global media, garnering over 200 awards prior to the release. Over the first six weeks following release 6 014 576 copies of The Witcher 3 were sold worldwide.

The first paid expansion for The Witcher 3, titled "Hearts of Stone" was released on 13 October 2015.

Key projects currently underway at the Studio include development of another large paid expansion for The Witcher 3: Wild Hunt – "Blood and Wine", scheduled for release in 2016, as well as the next AAA+ role-playing game: Cyberpunk 2077.

In addition to ongoing development of The Witcher 3 expansions and Cyberpunk 2077 the Company is expanding its core franchise with additional tie-in products set in The Witcher universe, developed in collaboration with external partners. In November 2014 CD PROJEKT RED released The Witcher Adventure Game in both physical (board) and digital editions (for PCs and tablets). In January 2015 the Company released its pioneering mobile online game – The Witcher Battle Arena, available for tablet devices and advanced smartphones running the iOS and Android operating systems. The Company has published, among others, two comic book series prepared in collaboration with Dark Horse Comics, an official Prima Strategy Guide, a book titled The Witcher Universe: Compendium and numerous Witcher-themed gadgets and clothes – also distributed internationally by www.witcherstore.com.

Apart from its premises in Warsaw, CD PROJEKT RED has a subsidiary in Krakow and an office in Los Angeles. The LA office aim is to coordinate publishing and marketing activities related to CD PROJEKT RED products in North America.

■ Global digital games distribution

Global digital games distribution (i.e. distribution via online channels to purchasers from around the world, allowing clients to purchase games, remit payment and download products to their personal computers) is carried out by GOG Ltd., proprietor of the GOG.com digital distribution platform.

The platform was launched in September 2008. The initial mission of GOG.com was to revitalize major PC cult classics and offer them for sale to international clients with particular focus on English-speaking countries, i.e. United States, Canada, United Kingdom and Australia. Since 2012 GOG.com also carries games for Apple computers. In 2014 the products catalogue was expanded with releases for the Linux OS. The platform is now also offered in French, German and Russian, which includes dedicated customer support and integration with locally popular payment channels.

As for the date of publication of the Financial Statement the catalogue of games on GOG.com comprises over 1300 items licensed from more than 300 publishers and developers, including such well-known brands as Electronic Arts, Disney, Activision, Ubisoft, Bethesda Softworks and Warner Bros. The key difference between GOG.com and its competitors (i.e. other independent platforms – Steam, Gamersgate, Humble Bundle etc.) is its set of core principles. As a rule, the Company ensures that all of its games are free of cumbersome DRM measures. In addition, products offered on GOG.com are richly featured and usually include bonus content such as soundtracks, maps, wallpapers etc. GOG Ltd. also ensures full compatibility of its games with popular versions of the MS Windows, Mac OS and Linux operating systems, and provides technical support in case of installation problems. If a game cannot be made to run on the user's computer it can be returned within 30 days of purchase for a full refund. Owing to these values GOG.com has become one of the most popular digital distribution platforms of computer games in the world.

Since May 2015 GOG.com is providing its customers with access to the beta version of its proprietary GOG Galaxy client. GOG Galaxy technology enables GOG.com to add support for new major computer games releases, with particular focus on networking features.

The Group uses GOG.com to market its own products for the PC, Mac and Linux – including The Witcher and The Witcher 2: Assassins of Kings, The Witcher 3: Wild Hunt, The Witcher Adventure Game and the Hearts of Stone expansion – directly to end users.

GOG.com also collects preorders for the set of expansions for The Witcher 3: Wild Hunt (Expansion Pass).

The global digital games distribution segment aggregates the activities of GOG Ltd. and GOG Poland sp. z o.o.

Other activities

CD PROJEKT S.A., which is the holding company of the CD PROJEKT Capital Group, strives to achieve maximum efficiency and synergy in the scope of actions carried out by the Group. To this end, the internal Investment department assists other operating segments of the Group in matters related to corporate and financial oversight, accounting, HR, legal and tax advice as well as investor relations.

Disclosure of operating segments for the period between 01 January and 30 September 2015

PLN thousands	Sales revenues	Sales to external clients	Sales between segments	Profit/loss per segment	Total assets per segment
CONTINUING OPERATIONS	**625 947**	**625 947**	**-**	**276 661**	**568 705**
Videogame development	*552 301*	*540 875*	*11 426*	*292 551*	*427 690*
Global digital games distribution	*84 920*	*84 920*	-	*8 568*	*41 681*
*Other activities **	*5 141*	*152*	*4 989*	*13 382*	*145 383*
Consolidation adjustments (incl. adjustments from business combinations)	(16 415)	-	(16 415)	(37 840)	(46 049)
DISCONTINUED OPERATIONS	-	-	-	-	-
TOTAL	**625 947**	**625 947**	**-**	**276 661**	**568 705**

* The results of the segment Other include part of the separate profit of CD PROJEKT S.A. at PLN 13 382 thousand attributable to the activity of the Invest Department. The presented result of the segment Other includes among others a dividend of PLN 7 337 thousand received by CD PROJEKT S.A. from the subsidiary GOG Ltd. excluded in consolidation, as well as part of the profit of the Videogame development segment at PLN 30 million transferred by the segment within CD PROJEKT S.A. to the segment Other and presented in the same way as the dividend payment within the Group and excluded in consolidation.

■ Segmented consolidated statement of financial position as of 30 September 2015

PLN thousands	Videogame development	Global digital games distribution	Other activities	Consolidation eliminations (incl. adjustments from business combinations)	Total
FIXED ASSETS	**31 779**	**5 634**	**96 341**	**(29 186)**	**104 568**
Tangible fixed assets	*3 244*	*1 503*	*1 660*	*-*	*6 407*
Intangible assets	*20 814*	*4 126*	*60 505*	*(43 356)*	*42 089*
Goodwill	*-*	*-*	*-*	*46 417*	*46 417*
Investments in subsidiaries	*-*	*-*	*32 112*	*(32 112)*	*-*
Other financial assets	*-*	*-*	*547*	*-*	*547*
Deferred tax assets	*7 691*	*5*	*1 266*	*(135)*	*8 827*
Other fixed assets	*30*	*-*	*251*	*-*	*281*
CURRENT ASSETS	**395 911**	**36 047**	**49 042**	**(16 863)**	**464 137**
Inventories	*48 198*	*-*	*-*	*-*	*48 198*
Trade receivables	*79 300*	*2 963*	*98*	*(1 034)*	*81 327*
Current income tax receivables	*-*	*-*	*211*	*(211)*	*-*
Other receivables	*22 584*	*4 686*	*9 513*	*(15 618)*	*21 165*
Prepaid expenses	*469*	*9 435*	*73*	*-*	*9 977*
Cash and cash equivalents	*245 360*	*18 963*	*39 147*	*-*	*303 470*
TOTAL ASSETS	**427 690**	**41 681**	**145 383**	**(46 049)**	**568 705**

PLN thousands	Videogame development	Global digital games distribution	Other activities	Consolidation eliminations (incl. adjustments from business combinations)	Total
EQUITY	**323 336**	**17 122**	**135 348**	**(28 946)**	**446 860**
Equity attributable to shareholders of the parent company	***323 336***	***17 122***	***135 348***	***(28 946)***	***446 860***
Share capital	*7 050*	*86*	*94 950*	*(7 136)*	*94 950*
Supplementary capital, incl. sales of shares above their nominal value	*-*	*1 658*	*110 936*	*7 606*	*120 200*
Other reserve capital	*-*	*-*	*2 767*	*-*	*2 767*
Exchange rate differences	*10*	*1 655*	*-*	*389*	*2 054*
Retained earnings	*23 725*	*5 155*	*(86 687)*	*8 035*	*(49 772)*
Net profit (loss) for the reporting period	*292 551*	*8 568*	*13 382*	*(37 840)*	*276 661*
LONG-TERM LIABILITIES	**93**	**16**	**1 774**	**(241)**	**1 642**
Other financial liabilities	*-*	*-*	*65*	*-*	*65*
Deferred income tax liabilities	*53*	*-*	*1 683*	*(241)*	*1 495*
Deferred revenues	*29*	*12*	*14*	*-*	*55*
Provisions for employee benefits and similar liabilities	*11*	*4*	*12*	*-*	*27*
SHORT-TERM LIABILITIES	**104 261**	**24 543**	**8 261**	**(16 862)**	**120 203**
Other financial liabilities	*8 658*	*-*	*3 778*	*-*	*12 436*
Trade liabilities	*8 212*	*15 375*	*300*	*(1 034)*	*22 853*
Liabilities from current income tax	*4 814*	*662*	*-*	*(211)*	*5 265*
Other liabilities	*52 723*	*2 793*	*3 764*	*(15 617)*	*43 663*
Deferred revenues	*353*	*5 500*	*6*	*-*	*5 859*
Provisions for retirement benefits and similar liabilities	*20*	*21*	*128*	*-*	*169*
Other provisions	*29 481*	*192*	*285*	*-*	*29 958*
TOTAL LIABILITIES	**427 690**	**41 681**	**145 383**	**(46 049)**	**568 705**

■ Segmented consolidated profit and loss account for the period between 01 January and 30 September 2015

PLN thousands	Videogame development	Global digital games distribution	Other activities	Consolidation eliminations (incl. adjustments from business combinations)	Total
Sales revenues	**552 301**	**84 920**	**5 141**	**(16 415)**	**625 947**
Revenues from sales of products	*505 085*	*-*	*-*	*(10 957)*	*494 128*
Revenues from sales of services	*462*	*-*	*5 117*	*(5 435)*	*144*
Revenues from sales of goods and materials	*46 754*	*84 920*	*24*	*(23)*	*131 675*
Cost of products, goods and materials sold	**120 156**	**55 620**	**485**	**(11 495)**	**164 766**
Cost of products and services sold	*76 716*	*-*	*470*	*(540)*	*76 646*
Value of goods and services sold	*43 440*	*55 620*	*15*	*(10 955)*	*88 120*
Gross profit (loss) from sales	**432 145**	**29 300**	**4 656**	**(4 920)**	**461 181**
Other operating revenues	*1 425*	*102*	*163*	*(194)*	*1 496*
Selling costs	*25 106*	*14 803*	*1 225*	*(468)*	*40 666*
General and administrative costs	*16 276*	*3 268*	*32 767*	*(4 452)*	*47 859*
Other operating expenses	*34 376*	*88*	*157*	*(194)*	*34 427*
Operating profit (loss)	**357 812**	**11 243**	**(29 330)**	**-**	**339 725**
Financial revenues	*6 891*	*13*	*37 846*	*(37 520)*	*7 230*
Financial expenses	*9 589*	*1 240*	*107*	*(182)*	*10 754*
Profit (loss) before taxation	***355 114***	**10 016**	**8 409**	**(37 338)**	**336 201**
Income tax	62 563	*1 448*	*(4 973)*	*502*	*59 540*
Profit (loss) from continuing operations	**292 551**	**8 568**	**13 382**	**(37 840)**	**276 661**
Profit (loss) from discontinued operations	**-**	**-**	**-**	**-**	**-**
Profit (loss) attributable to non-controlling interests	-	-	-	-	-
Net profit (loss) attributable to equity holders of the parent entity	**292 551**	**8 568**	**13 382**	**(37 840)**	**276 661**

Description of differences in presentation of activity segments or in the measurement of profit or loss per activity segment compared to the most recent annual consolidated financial report

A change has occurred with regard to presentation of activity segments compared to the 2014 consolidated financial report: the present report excludes internal settlements and transactions between companies belonging to the same operating segment. Other (inter-segment) consolidation eliminations are reported as a separate item in the financial statement – "Consolidation adjustments (incl. adjustments from business combinations)". In 2014 and earlier the results of individual segments were reported as arithmetical sums of totals reported by all entities comprising a given segment, with consolidation adjustments applied on the level of the Capital Group.

Reconciliation of the total of the reportable segments' measures of profit or loss with the Group's profit or loss before tax expenses and discontinued operations

The relevant information can be found in Note 6 Operating Segments.

Information regarding key clients

The CD PROJEKT Capital Group cooperates with external clients whose individual share in the Group's consolidated revenue exceeds 10%, as described below.

In the videogame development segment the trade partnership between CD PROJEKT S.A. and three of its clients generated sales revenues exceeding 10% of the consolidated sales revenues of the CD PROJEKT Capital Group In the first nine months of 2015:

- -client I: 115 242 thousand PLN, which represents 18.41% the Group's consolidated sales revenue,
- - client II: 89 998 thousand PLN, which represents 14.38% the Group's consolidated sales revenue,
- - client III: 69 754 thousand PLN, which represents 11.14% the Group's consolidated sales revenue,

The above mentioned clients are not affiliated with CD PROJEKT S.A. or its subsidiaries.

In other operating segments no single external entity accounted for more than 10% of the consolidated sales revenue of the CD PROJEKT Capital Group.

Note 7. Information regarding seasonal or cyclical activities

CD PROJEKT S.A. usually takes between 2 and 4 years to produce a game. Initial development work begins before the preceding game is complete and ready to be released. The Witcher 2 debuted on the PC in May 2011 while the Xbox 360 edition was released on 17 April 2012. CD PROJEKT RED's newest game – The Witcher 3: Wild Hunt – appeared in stores on 19 May 2015, with the first paid expansion – Hearts of Stone – following on 13 October 2015. The following games have been announced by CD PROJEKT RED and are currently under development:

- Blood and Wine – second expansion for The Witcher 3: Wild Hunt (scheduled for release in 2016)
- Cyberpunk 2077 (release date not yet announced)

The digital games distribution is characterized by seasonal fluctuations in revenues. On an annual basis the highest revenues are typically obtained in the fourth quarter while the lowest revenues correspond to the first and third quarter. Sales in Q2 and Q4 are boosted by promotional activities organized during these periods. Ultimately, however, sales volume is primarily dependent on the release schedule.

Note 8. Issue, redemption or repayment of debt and capital securities

Issue of debt securities

Not applicable.

Issue of capital securities

	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Number of shares (thousands)	*94 950*	*94 950*	*94 950*	*94 950*
Nominal value per share (PLN)	*1*	*1*	*1*	*1*
Share capital (PLN thousands)	**94 950**	**94 950**	**94 950**	**94 950**

Note 9. Dividends paid out or announced

No dividends were paid out to shareholders of the parent company in the reporting period.

Note 10. Transactions with affiliates

Rules governing transactions with affiliates

Intragroup transactions are conducted in accordance with the Regulation 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 Regulation 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 regulation, 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 prepare the required tax documentation.

Transactions with members of the Management Board and other affiliated entities

Name of affiliate	Sales to affiliates				Receivables from affiliates				Liabilities to affiliates			
	01 Jul 2015-30 Sep 2015	01 Jan 2015-30 Sep 2015	01 Jul 2014-30 Sep 2014	01 Jan 2014-30 Sep 2014	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
MANAGERS OF GROUP MEMBER COMPANIES AND THEIR PROXIES*												
Adam Kiciński	1	2	1	3	-	-	-	-	5	1	2	-
Marcin Iwiński	2	5	2	5	-	-	-	-	20	14	9	14
Piotr Nielubowicz	1	4	1	4	-	-	-	-	5	1	-	-
Michał Nowakowski	2	7	2	7	1	-	-	-	2	3	-	-
Adam Badowski	-	1	-	1	-	-	-	-	2	-	-	-
*Edyta Wakuła***	1	2	1	2	-	-	-	-	-	-	-	-
*Oleg Klapovskiy***	-	1	-	1	-	-	-	-	-	-	-	-
*Piotr Karwowski***	-	1	1	1	-	-	-	-	-	-	-	-
Guillaume Rambourg	-	-	-	-	-	-	-	-		-	122	-

** The table lists only those members of the management boards of Group member companies, and proxies thereof, with whom the parent entity or other entities belonging to the Group have concluded transactions in the respective reporting periods.*

*** Proxy*

(all figures quoted in PLN thousands unless otherwise specified)

Note 11. Bad loans and violations of loan agreements not subject to recovery proceedings as of the balance sheet date

■ Loans granted as of 30 September 2015, including to Management Board members

Not applicable.

Note 12. Changes in conditional assets or liabilities following the end of the most recent financial year

■ Liabilities on bills of exchange in association with loans received

Not applicable.

Conditional liabilities from guarantees and collateral pledged

thousands of currency units	pledged in association with	Currency	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
Agora S.A.						
Promissory note agreement	*Collateral for licensing and distribution agreement*	*PLN*	*11 931*	*11 931*	*11 931*	*11 931*
Declaration of submission to enforcement	*Collateral for licensing and distribution agreement*	*PLN*	*11 931*	*11 931*	*11 931*	*11 931*
mBank S.A.						
Promissory note agreement	*Credit agreement*	*PLN*	*-*	*13 500*	*16 500*	*16 500*
Promissory note agreement	*Credit agreement*	*PLN*	*-*	*30 000*	*30 000*	*30 000*
Promissory note agreement	*Credit agreement*	*PLN*	*-*	*-*	*-*	*15 000*
Promissory note endorsement	*Collateral for credit*	*PLN*	*15 000*	*58 500*	*61 500*	*61 500*
Declaration of submission to enforcement	*Collateral for credit*	*PLN*	*15 000*	*58 500*	*61 500*	*61 500*
Contractual assignment of receivables	*Collateral for credit*	*PLN*	*-*	*-*	*-*	*5 000*
Registered pledge of The Witcher trademark	*Collateral for credit*	*PLN*	*-*	*45 000*	*45 000*	*45 000*
Promissory note agreement	*Collateral for bank payment guarantee no. 02111KPA14*	*PLN*	*-*	*-*	*-*	*3 000*
Declaration of submission to enforcement	*Collateral for bank payment guarantee no. 02111KPA14*	*PLN*	*-*	*-*	*3 000*	*3 000*
Declaration of submission to enforcement	*Credit limit agreement no. 02/447/11/L/UR concerning derivative transactions*	*PLN*	*-*	*-*	*-*	*1 100*
mLeasing Sp. z o.o.						
Promissory note agreement	*Lease agreement no. Optimus1/WA/135724/2012*	*PLN*	*-*	*-*	*141*	*141*
Promissory note agreement	*Lease agreement no. CDPROJEKT/WA/123240/2011*	*PLN*	*-*	*-*	*-*	*54*
Promissory note agreement	*Lease agreement no. CDPROJEKT/WA/132776/2011*	*PLN*	*-*	*-*	*-*	*69*
Promissory note agreement	*Lease agreement no. CDPROJEKT/WA/132780/2011*	*PLN*	*-*	*-*	*-*	*59*
Promissory note agreement	*Lease agreement no. CDPROJEKT/WA/136047/2012*	*PLN*	*-*	*-*	*-*	*57*
Millennium Leasing Sp. z o.o.						
Promissory note agreement	*Lease agreement no. K 182762*	*PLN*	*470*	*470*	*470*	*470*

Global Collect Services BV						
Contract of guarantee	*Guarantee of discharge of liabilities by GOG Ltd.*	*EUR*	*155*	*155*	*155*	*155*
Mazovian Unit for the Implementation of European Union Programs						
Promissory note agreement	*Co-financing agreement no. RPMA.02.03.00-14-012/09 RPO MV 2007-2013 Task 2.3*	*PLN*	*-*	*-*	*-*	*1 105*
Promissory note agreement	*Co-financing agreement no. RPMA.01.05.00 -14-638/08 RPO MV 2007-2013 Task 1.5*	*PLN*	*429*	*429*	*429*	*429*
Promissory note agreement	*Co-financing agreement no. RPMA.01.07.00 -14-010/11 RPO MV 2007-2013 Task 1.7*	*PLN*	*148*	*148*	*148*	*148*
Ministry of Economy						
Promissory note agreement	*Co-financing agreement no. POIG.06.05.02-00-146/13-00*	*PLN*	*265*	*265*	*265*	*265*
Promissory note agreement	*Co-financing agreement no. POIG.06.05.02-00-148/13-00*	*PLN*	*235*	*235*	*235*	*235*
Polish Agency for Enterprise Development						
Promissory note agreement	*Co-financing agreement no. UDA-POIG.08.02.00-14-524/13-00; POIG Task 8.2*	*PLN*	*839*	*839*	*941*	*941*
Raiffeisen Bank Polska S.A						
Guarantee of discharge of cash pool liabilities	*Cash pool agreement*	*PLN*	*15 000*	*15 000*	*15 000*	*15 000*
Guarantee of discharge of cash pool liabilities	*Cash pool agreement*	*USD*	*500*	*500*	*500*	*-*
Declaration of submission to enforcement	*Framework agreement concerning FX forwards and derivative transactions*	*PLN*	*75 000*	*45 000*	*15 000*	*-*
Konami Digital Entertainment B.V.						
Contract of guarantee	*Guarantee of discharge of liabilities by cdp.pl sp. z o.o.*	*EUR*	*-*	*-*	*200*	*200*
Millenium Bank S.A.						
Declaration of submission to enforcement	*Framework agreement concerning FX forwards and derivative transactions*	*PLN*	*28 800*	*-*	*-*	*-*

(all figures quoted in PLN thousands unless otherwise specified)

Note 13. Changes in the structure of the Capital Group and its member entities during the reporting period

No changes in the structure of the CD PROJEKT Capital Group occurred in the reporting period.

Note 14. Agreements which may, in the future, result in changes in the proportion of stock ownership by shareholders and bondholders

On 16 December 2011 the Extraordinary General Meeting of Shareholders of the parent company voted to institute an incentive program for persons regarded as having a key influence on the performance of the Group. The resolution was accompanied by a conditional increase in Company capital in an amount not exceeding 1.9 million PLN which represents 2% of the current share capital of the parent company. The incentive program may result in changes in the proportion of stock ownership by shareholders.

Note 15. 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 remitted.

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 forfeits 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 entity for the purposes of levying the Corporate Income Tax (CIT). Consequently, companies belonging to the TCG cease to be regarded as individual taxable entities 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 irrespective 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 16. Legal proceedings

The following legal proceedings occurred during the reporting period (the presented status is valid for the publication date of this 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. The Company claims damages for a loss caused by the issuance of decisions of a Tax Control Inspector at the Tax Control Office in Kraków, which determine alleged VAT liabilities of the legal predecessor of the parent Company. 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 Appellate 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. The legal proceedings are in progress. The next hearing was scheduled for 7 December 2015.

■ Other proceedings

No other court, arbitration or administrative proceedings involving the Company as a party were initiated in the reporting period. Regarding proceedings listed in the Company’s financial statement for 2014 as pending, no material changes occurred in the reporting period.

Note 17. Circumstances which may affect the Group’s financial result in the future

The activity of CD PROJEKT Capital Group member companies is influenced by external factors, such as changes in macroeconomic conditions, legal reforms and fiscal regulations. In this sense CD PROJEKT is in a similar position to many other companies conducting business on domestic or international markets.

Significant factors which may affect the Group’s standing in the quarters following the close of the reporting period are listed below.

■ Videogame development

In the quarter immediately following the reporting period and throughout subsequent quarters the financial result of the videogame development segment as well as that of the Company and the entire Capital Group will continue to be dominated by sales of The Witcher 3: Wild Hunt, released on 19 May 2015, and the first expansion for The Witcher 3: Wild Hunt – “Hearts of Stone”, released on 13 October 2015. The commercial success of both releases will provide a foundation for future Company activities and new development projects, including the next expansion - “Blood and Wine”, scheduled for release in 2016.

Global digital games distribution

The key factor affecting the financial result of the global digital games distribution segment is further development of GOG Galaxy – GOG Ltd.'s proprietary technology stack which enables the company to add new games to its catalogue. GOG is in talks with approximately a dozen videogame developers whose releases have not heretofore been available on GOG.com. GOG Galaxy opens up new avenues of development and provides support for games which could not have previously been distributed via GOG.com due to technical constraints. GOG Galaxy is continually being upgraded and extended with new features.

Other activities

Future results may be affected by the outcome of the litigation presented in Note 16 of this statement.

Note 18. Events following the balance sheet date

In Current Report No. 22/2015 of 21 October 2015 the Company announced that Mr. Piotr Karwowski had been appointed to the Management Board of the Company, effective 1 November 2015.

In Current Report No. 23/2015 of 21 October 2015 the Management Board of the Company disclosed that a merger had been approved between the parent company with its wholly owned subsidiary – Brand Projekt sp. z o.o. The report also included a detailed merger plan.

In Current Report No. 24/2015 of 21 October 2015 the Management Board announced that the overdraft facility agreement existing between the Company, cdp.pl sp. z o.o. and mBank S.A. would be dissolved on 22 October 2015.

In Current Report No. 25/2015 of 29 October 2015, the Management Board of the Company published information related to the Company's participation in a tender organised by Poczta Polska S.A. for the acquisition of a property situated at ul. Ratuszowa 7/9 in Warsaw. The final selling price of the property exceeded the maximum purchase price set by the Management Board, and consequently the Company did not acquire the property following participation in the oral auction.

Warsaw, 12 November 2015

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

(all figures quoted in PLN thousands unless otherwise specified)

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Consensed interim separate financial statement of CD PROJEKT S.A.

I. Condensed interim separate profit and loss account

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Sales revenues	**93 854**	**553 333**	**10 505**	**25 015**
Revenues from sales of products	*86 121*	*505 084*	*3 011*	*15 839*
Revenues from sales of services	*478*	*1 470*	*530*	*2 130*
Revenues from sales of goods and materials	*7 255*	*46 779*	*6 964*	*7 046*
Cost of products, goods and materials sold	**21 068**	**120 642**	**7 417**	**11 257**
Cost of products and services sold	*14 326*	*77 186*	*898*	*4 687*
Value of goods and materials sold	*6 742*	*43 456*	*6 519*	*6 570*
Gross profit (loss) from sales	**72 786**	**432 691**	**3 088**	**13 758**
Other operating revenues	*877*	*1 587*	*602*	*4 500*
Selling costs	*9 550*	*29 534*	*3 865*	*9 537*
General and administrative costs	*7 899*	*44 299*	*2 225*	*6 998*
Other operating expenses	*8 029*	*34 533*	*475*	*1 344*
Operating profit (loss)	**48 185**	**325 912**	**(2 875)**	**379**
Financial revenues	*7 678*	*14 609*	*8 433*	*8 990*
Financial expenses	*6 636*	*9 551*	*13*	*12 811*
Profit (loss) before tax	**49 227**	**330 970**	**5 545**	**(3 442)**
Income tax	*11 507*	*58 090*	*(375)*	*967*
Net profit (loss) from continuing operations	**37 720**	**272 880**	**5 920**	**(4 409)**
Net profit (loss) from discontinued operations	**-**	**-**	**-**	**-**
Net profit (loss)	**37 720**	**272 880**	**5 920**	**(4 409)**
Net earnings per share (in PLN)				
Basic for the reporting period	*0.40*	*2.87*	*0.06*	*(0.05)*
Diluted for the reporting period	*0.40*	*2.87*	*0.06*	*(0.05)*
Net earnings per share from continuing operations (in PLN)				
Basic for the reporting period	*0.40*	*2.87*	*0.06*	*(0.05)*
Diluted for the reporting period	*0.40*	*2.87*	*0.06*	*(0.05)*

Warsaw, 12 November 2015

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

II. Condensed interim separate statement of comprehensive income

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
Net profit (loss)	**37 720**	**272 880**	**5 920**	**(4 409)**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	-	-	-	-
Other comprehensive income which will not be entered as profit (loss)	-	-	-	-
Total comprehensive income	**37 720**	**272 880**	**5 920**	**(4 409)**

Warsaw, 12 November 2015

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

III. Condensed interim separate statement of financial position

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
FIXED ASSETS	**86 638**	**89 094**	**78 064**	**110 403**
Tangible assets	*4 337*	*4 311*	*4 603*	*4 551*
Intangible assets	*63 274*	*62 691*	*62 372*	*76 836*
Investments in affiliates	*9 855*	*9 855*	*9 855*	*28 360*
Other financial assets	*547*	*547*	*547*	-
Deferred tax assets	*8 344*	*11 409*	*410*	*340*
Other fixed assets	*281*	*281*	*277*	*316*
CURRENT ASSETS	**437 396**	**424 006**	**130 754**	**102 483**
Inventories	*48 198*	*49 402*	*96 511*	*74 076*
Trade receivables	*79 299*	*218 671*	*5 360*	*6 764*
Current income tax receivables	-	-	-	*28*
Other receivables	*25 200*	*16 307*	*12 981*	*9 051*
Other financial assets	-	*2 773*	*2 745*	*2 730*
Prepaid expenses	*509*	*638*	*210*	*563*
Cash and cash equivalents	*284 190*	*136 215*	*12 947*	*9 271*
TOTAL ASSETS	**524 034**	**513 100**	**208 818**	**212 886**

Warsaw, 12 November 2015

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

PLN thousands	30 Sep 2015	30 Jun 2015	31 Dec 2014	30 Sep 2014
EQUITY	**416 195**	**377 888**	**142 264**	**150 551**
Share capital	*94 950*	*94 950*	*94 950*	*94 950*
Supplementary capital, incl. sales of shares above nominal price	*110 936*	*110 936*	*110 936*	*110 936*
Other reserve capital	*2 767*	*2 180*	*1 716*	*1 624*
Retained earnings	*(65 338)*	*(65 338)*	*(52 931)*	*(52 550)*
Financial result for the current period	*272 880*	*235 160*	*(12 407)*	*(4 409)*
LONG-TERM LIABILITIES	**1 867**	**1 708**	**2 363**	**5 532**
Other financial liabilities	*65*	*97*	*260*	*376*
Deferred tax liabilities	*1 736*	*1 541*	*1 115*	*4 165*
Deferred revenues	*43*	*47*	*965*	*968*
Provisions for employee benefits and similar liabilities	*23*	*23*	*23*	*23*
SHORT-TERM LIABILITIES	**105 972**	**133 504**	**64 192**	**56 803**
Credits and loans	*-*	*-*	*4*	*9*
Other financial liabilities	*12 436*	*32 617*	*397*	*379*
Trade liabilities	*8 835*	*7 293*	*9 286*	*8 576*
Liabilities from current income tax	*4 601*	*44 419*	*497*	*-*
Other liabilities	*49 827*	*22 493*	*53 737*	*47 628*
Deferred revenues	*358*	*455*	*41*	*60*
Provisions for employee benefits and similar liabilities	*148*	*147*	*139*	*122*
Other provisions	*29 767*	*26 080*	*92*	*29*
TOTAL LIABILITIES	**524 034**	**513 100**	**208 818**	**212 886**

Warsaw, 12 November 2015

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

IV. Condensed interim statement of changes in separate equity

PLN thousands	Share capital	Supplementary capital, incl. sales of shares above nominal price	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01 Jul 2015 – 30 Sep 2015						
Equity as of 01 Jul 2015	**94 950**	**110 936**	**2 180**	**169 822**	**-**	**377 888**
Equity after adjustments	**94 950**	**110 936**	**2 180**	**169 822**	**-**	**377 888**
Cost of incentive program	-	-	*587*	-	-	*587*
Total comprehensive income	-	-	-	-	*37 720*	*37 720*
Equity as of 30 Sep 2015	**94 950**	**110 936**	**2 767**	**169 822**	**37 720**	**416 195**
01 Jan 2015 – 30 Sep 2015						
Equity as of 01 Jan 2015	**94 950**	**110 936**	**1 716**	**(65 338)**	**-**	**142 264**
Equity after adjustments	**94 950**	**110 936**	**1 716**	**(65 338)**	**-**	**142 264**
Cost of incentive program	-	-	*1 051*	-	-	*1 051*
Total comprehensive income	-	-	-	-	*272 880*	*272 880*
Equity as of 30 Sep 2015	**94 950**	**110 936**	**2 767**	**(65 338)**	**272 880**	**416 195**

Warsaw, 12 November 2015

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

PLN thousands	Share capital	Supplementary capital, incl. 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 Jun 2014	**94 950**	**110 936**	**989**	**(52 550)**	**-**	**154 325**
Adjustments due to basic errors	**-**	**-**	**-**	**(381)**	**-**	**(381)**
Equity after adjustments	**94 950**	**110 936**	**989**	**(52 931)**	**-**	**153 945**
Cost of incentive program	-	-	*727*	-	-	*727*
Total comprehensive income	-	-	-	-	*(12 407)*	*(12 407)*
Equity as of 31 Dec 2014	**94 950**	**110 936**	**1 716**	**(52 931)**	**(12 407)**	**142 264**
01 Jan 2014 – 30 Sep 2014						
Equity as of 01 Jan 2014	**94 950**	**110 936**	**989**	**(52 550)**	**-**	**154 325**
Equity after adjustments	**94 950**	**110 936**	**989**	**(52 550)**	**-**	**154 325**
Cost of incentive program	-	-	*635*	-	-	*635*
Total comprehensive income	-	-	-	-	*(4 409)*	*(4 409)*
Equity as of 30 Sep 2014	**94 950**	**110 936**	**1 624**	**(52 550)**	**(4 409)**	**150 551**

Warsaw, 12 November 2015

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

V. Condensed interim separate statement of cash flows

PLN thousands	01 Jul 2015 - 30 Sep 2015	01 Jan 2015 - 30 Sep 2015	01 Jul 2014 - 30 Sep 2014	01 Jan 2014 - 30 Sep 2014
OPERATING ACTIVIES				
Net profit (loss)	**37 720**	**272 880**	**5 920**	**(4 409)**
Total adjustments:	**137 458**	**(14 469)**	**(8 803)**	**3 620**
Depreciation and amortization	*824*	*2 357*	*697*	*1 947*
Interest and profit sharing	*(487)*	*(7 979)*	*(8 437)*	*(8 731)*
Profit/loss from investment activities	*(7 052)*	*(6 463)*	*(994)*	*10 097*
Change in provisions	*3 687*	*29 684*	*3*	*(43)*
Change in inventories	*1 204*	*48 313*	*(12 969)*	*(29 563)*
Change in receivables	*130 269*	*(84 942)*	*2 911*	*(9 131)*
Change in liabilities excluding credits and loans	*8 415*	*4 430*	*10 032*	*38 671*
Change in other assets and liabilities	*12*	*(919)*	*(274)*	*(262)*
Other adjustments	*586*	*1 050*	*228*	*635*
Cash flow from operating activities	**175 178**	**258 411**	**(2 883)**	**(789)**
Income tax on profit (loss) before taxation	*11 507*	*58 090*	*(375)*	*967*
Income tax (paid) / reimbursed	*(48 062)*	*(61 296)*	*1 847*	*1 029*
A. Net cash flow from operating activities	**138 623**	**255 205**	**(1 411)**	**1 207**
INVESTMENT ACTIVITIES				
Inflows	**9 912**	**17 317**	**9 446**	**18 190**
Liquidation of intangible and tangible fixed assets	*-*	*-*	*49*	*6 624*
Liquidation of financial assets	*2 781*	*2 781*	*-*	*1 500*
Other inflows from investment activities (dividends and settlement of forward contracts)	*7 131*	*14 536*	*9 397*	*10 066*
Outflows	**1 500**	**3 061**	**21 224**	**31 851**
Purchases of intangible and tangible fixed assets	*525*	*1 267*	*1 040*	*11 581*
Purchases of financial assets	*-*	*-*	*19 767*	*19 769*
Other outflows from investment activities	*975*	*1 794*	*417*	*501*
B. Net cash flow from investment activities	**8 412**	**14 256**	**(11 778)**	**(13 661)**
FINANCIAL ACTIVITIES				
Inflows	**1 031**	**2 036**	**5**	**2 022**
Credits and loans	*-*	*-*	*5*	*8*
Other inflows from financial activities (incl. cash pool)	*1 031*	*2 036*	*-*	*2 014*
Outflows	**91**	**254**	**496**	**299**
Repayments of credits and loans	*-*	*4*	*-*	*-*
Payments of liabilities under financial lease agreements	*77*	*218*	*130*	*294*
Interest paid	*14*	*32*	*3*	*5*
Other financial expenses (incl. cash pool expenses)	*-*	*-*	*363*	*-*
C. Net cash flows from financial activities	**940**	**1 782**	**(491)**	**1 723**
D. Total net cash flows	**147 975**	**271 243**	**(13 680)**	**(10 731)**
E. Change in cash and cash equivalents on balance sheet	**147 975**	**271 243**	**(13 680)**	**(10 731)**
F. Cash and cash equivalents at beginning of period	**136 215**	**12 947**	**22 951**	**20 002**
G. Cash and cash equivalents at end of period	**284 190**	**284 190**	**9 271**	**9 271**

Warsaw, 12 November 2015

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

Other information concerning the separate financial statement of CD PROJEKT S.A.

Changes in write-downs and provisions reported in the condensed interim separate financial statements of CD PROJEKT S.A. for the period between 1 July and 30 September 2015 are as follows:

- 2 thousand PLN – release of write-downs due to collection of receivables,
- 5 thousand PLN – creation of write-downs for past-due receivables,
- 72 thousand PLN – creation of provisions for other employee benefits
- 69 thousand PLN – use of provisions for other employee benefits,
- 1 thousand PLN – release of provisions for other employee benefits,
- 7 928 thousand PLN – creation of other provisions,
- 4 219 thousand PLN – decrease of other provisions due to its utilisation,
- 24 thousand PLN – release of other provisions.

Negative temporary differences requiring recognition of deferred tax assets

PLN thousands	30 Jun 2015	increases	reductions	30 Sep 2015
Provisions for other employee benefits	*24 481*	*7 669*	*3 884*	*28 266*
Valuation of derivatives in incentive program	*31 687*	*4 737*	*24 376*	*12 048*
Other provisions	*793*	*362*	*442*	*713*
Revaluation of long-term receivables - discount	*12*	*-*	*-*	*12*
Revaluation of FX forward contracts at fair value	*530*	*13*	*530*	*13*
Negative exchange rate differences	*361*	*92*	*361*	*92*
Incentive program	*2 180*	*588*	*-*	*2 768*
Total negative exchange rate differences	**60 044**	**13 460**	**29 593**	**43 911**
Tax rate (Poland)	*19%*	*19%*	*19%*	*19%*
Deferred tax assets at end of reporting period	**11 409**	**2 558**	**5 623**	**8 344**

Positive temporary differences requiring recognition of deferred tax liabilities

PLN thousands	30 Jun 2015	increase	reductions	30 Sep 2015
Revaluation of financial assets held for sale at fair value	*19*	*-*	*19*	*-*
Positive exchange rate differences	*998*	*251*	*998*	*251*
CD PROJEKT brand name	*6 274*	*1 836*	*-*	*8 110*
Revaluation of shares in other entities	*475*	*-*	*-*	*475*
Other sources	*342*	*24*	*65*	*301*
Total positive temporary differences	**8 108**	**2 111**	**1 082**	**9 137**
Tax rate (Poland)	*19%*	*19%*	*19%*	*19%*
Deferred tax liabilities at end of reporting period	**1 541**	**401**	**206**	**1 736**

Warsaw, 12 November 2015

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