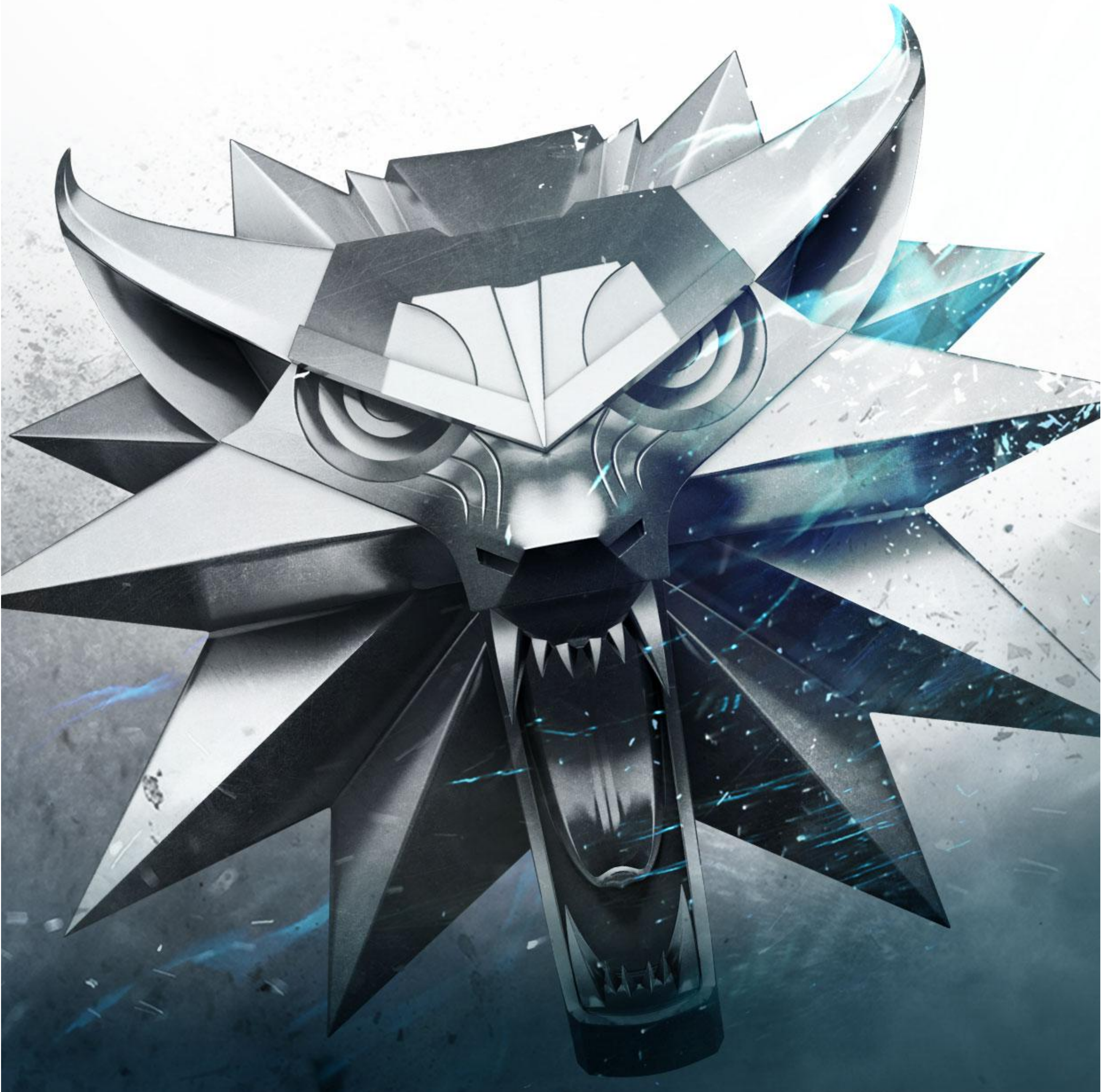

FINANCIAL STATEMENT OF **CD PROJEKT S.A.** IN THE FISCAL **YEAR 2015**

CD PROJEKT

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.

General information

1

Entity

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

Reporting periods

This separate financial statement covers the period between 1 January and 31 December 2015 inclusive. Comparative data is valid for 31 December 2014 in the separate statement of financial position and for the period between 1 January 2014 and 31 December 2014 in the separate profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity.

Functional currency and presentation currency

All items in this financial statement are expressed in the currency of the primary economic environment in which the Company operates (functional currency). The financial statement is presented in Polish Zlotys (PLN), which is the functional and presentation currency of the Company. Unless indicated otherwise all figures in this financial statement are quoted in PLN thousands.

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 account unless deferred in the equity capital as a cash flow hedges and hedges of net investments.

Assumption of going concern

This separate financial statement is prepared under the assumption that the Company intends to continue as a going concern throughout the 12-month period following the balance sheet date.

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 intended or forced cessation or significant reduction of continuing operations.

As of the day of preparation of this financial statement covering the period between 1 January and 31 December 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.

Composition of the governing bodies of the Company as of 31 December 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
Board Member	Piotr Karwowski

Changes in Management Board composition

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

Supervisory Board

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

Changes in Supervisory Board composition

In Current Report no. 8/2015 of 6 May 2015 the Management Board announced that Mr. Cezary Iwański had tended his resignation as member of the Supervisory Board, effective on 7 May 2015. The reason for the resignation, as stated in the formal notice, was the potential conflict of interest which might have arisen due to Mr. Cezary Iwański's appointment as Chairman of the Management Board of BPS TFI S.A.

As announced in Current Report no. 13/2015 of 28 May 2015 the Ordinary General Meeting of Shareholders reappointed the following members of the Supervisory Board for a new term:

- Ms. Katarzyna Szwarc
- Mr. Grzegorz Kujawski
- Mr. Maciej Majewski
- Mr. Piotr Pągowski

Additionally, the General Meeting appointed a new member of the Supervisory Board – Mr. Krzysztof Kilian.

(all figures quoted in PLN thousands unless otherwise indicated)

Licensed auditors

PKF Consult spółka z ograniczoną odpowiedzialnością sp. k.
Orzycka 6 lok. 1B
02-695 Warsaw

In Current Report no. 14/2015 of 28 May 2015 the Management Board of CD PROJEKT S.A. announced that, in compliance with the applicable legislation and the professional code of conduct, the responsible body, i.e. the Supervisory Board, selected a licensed auditor to perform reviews and audits of individual and consolidated financial statements of CD PROJEKT S.A. for the year 2015. The entity selected for this purpose is PKF Consult Sp. z o.o. (currently PKF Consult spółka z ograniczoną odpowiedzialnością sp. k.). In making this choice the Supervisory Board acknowledged the need to maintain full independence and transparency of the selection process as well as of the actions performed by the selected auditor.

Regulated market listings

General information

Stock exchange	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) Książęca 4 00-498 Warsaw
WSE ticker symbol	CDR

Depository and settlement system

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

Investor relations

Investor relations	gielda@cdprojekt.com

(all figures quoted in PLN thousands unless otherwise indicated)

Shareholder structure

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

	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

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

In Current Report no. 21/2015 of 8 October 2015 the Management Board of CD PROJEKT S.A. announced that Mr. Marcin Iwiński – Vice President of the Board had sold 607 501 Company shares on the regulated market of the Warsaw Stock Exchange.

(all figures quoted in PLN thousands unless otherwise indicated)

Capital Group – overview

Subsidiaries

CD PROJEKT S.A.

GOG Ltd.

GOG Poland Sp. z o.o.

CD PROJEKT Brands S.A.

CD PROJEKT Inc.

In Current Report no. 35/2015 of 31 December 2015 the Management Board announced that on 31 December 2015 the registry court having jurisdiction over the Company's registered office, i.e. the District Court for the City of Warsaw, 13th Commercial Department of the National Court Registry, registered the merger between the Company and its subsidiary Brand Projekt sp. z o.o., headquartered in Warsaw, Jagiellońska 73 and entered in the Register of Entrepreneurs by the District Court for the City of Warsaw, 13th Commercial Department under the name "Brand Projekt", with registration no. (KRS) 00000470676.

The merger was carried out under Art. 492 § 1 item 1 of the Commercial Company Code (merger by takeover) by transferring the totality of the assets and liabilities of Brand Projekt (the Acquiree) to the Company (the Acquirer). In light of the fact that the Company had held 100% of Brand Projekt shares, the merger was carried out in compliance with Art. 515 § 1 and Art. 516 § 6 of the Commercial Company Code, i.e. without increasing the Company's share capital, without converting Brand Projekt shares into Company shares and without the need to submit the merger plan for review by a licensed auditor, as stipulated by Art. 503 § 1 of the Commercial Company Code.

Validation of published estimates

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

Selected financial highlights

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

Reporting period	Average rate*	Minimum rate	Peak rate	Rate as of the final day of the reporting period
01.01.2015 – 31.12.2015	4.1848	3.9822	4.3580	4.2615
01.01.2014 – 31.12.2014	4.1893	4.0998	4.3138	4.2623

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

(all figures quoted in PLN thousands unless otherwise indicated)

Selected items from the separate statement of financial position have been converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland.

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

Selected financial highlights (in EUR)

thousands	PLN		EUR	
	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014*	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014*
Net revenues from sales of products, goods and materials	698 225	34 455	166 848	8 225
Cost of products, goods and materials sold	149 321	15 010	35 682	3 583
Operating profit/(loss)	407 527	1 387	97 383	331
Gross profit/(loss)	413 546	(13 416)	98 821	(3 202)
Net profit/(loss)	336 200	(12 407)	80 338	(2 962)
Net cash flows from continuing operations	350 960	(16 202)	83 865	(3 867)
Net cash flows from investment activities	(231)	8 209	(55)	1 960
Net cash flows from financial activities	2 548	938	609	224
Aggregate net cash flows	353 275	(7 055)	84 419	(1 684)
Stock volume (in thousands)	94 950	94 950	94 950	94 950
Net profit/(loss) per ordinary share (PLN/EUR)	3.54	(0.13)	0.85	(0.03)
Diluted profit/(loss) per ordinary share (PLN/EUR)	3.54	(0.13)	0.85	(0.03)
Book value per share (PLN/EUR)	5.06	1.50	1.19	0.35
Diluted book value per share (PLN/EUR)	5.06	1.50	1.19	0.35
Declared or paid out dividend per share (PLN/EUR)	-	-	-	-

thousands	PLN		EUR	
	31.12.2015	31.12.2014*	31.12.2015	31.12.2014*
Total assets	618 617	208 818	145 164	48 992
Liabilities and provisions for liabilities (less accrued charges)	137 686	65 549	32 309	15 379
Long-term liabilities	18 643	2 363	4 375	554
Short-term liabilities	119 887	64 191	28 133	15 060
Equity	480 087	142 264	112 657	33 377
Share capital	94 950	94 950	22 281	22 277

** following presentation adjustments*

Statement of the Management Board

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

This separate financial statement has been prepared in accordance with accounting practices consistent with the International Financial Reporting Standards (IFRS) as legislated by the European Union, which have been published and entered into force by 31 December 2015. Where such practices are not applicable the statement conforms to the Accounting Act of 29 September 1994 (Journal of Laws of the Republic of Poland, 2013, item no. 330 with subsequent changes) and to any secondary legislation based on said Act, as well as to the directive of the Finance Minister of 19 February 2009 regarding the publication of periodic and current reports by issuers of securities (Journal of Laws of the Republic of Poland, No. 2014/33).

Separate financial statement of CD PROJEKT S.A.

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Profit and loss account

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
Sales revenues	**1,2**	**698 225**	**34 455**
Revenues from sales of products	-	644 924	22 298
Revenues from sales of services	-	2 035	2 570
Revenues from sales of goods and materials	-	51 266	9 587
Cost of products, goods and materials sold	**2, 3**	**149 321**	**15 010**
Cost of products and services sold	-	102 508	6 067
Value of goods and materials sold	-	46 813	8 943
Gross profit (loss) from sales	**-**	**548 904**	**19 445**
Other operating revenues	4	1 943	7 260
Selling costs	3	46 175	14 661
General and administrative costs	3	54 794	9 179
Other operating expenses	4	42 351	1 479
Operating profit (loss)	**-**	**407 527**	**1 387**
Financial revenues	5	15 737	9 653
Financial expenses	5	9 718	24 455
Profit (loss) before tax	**-**	**413 546**	**(13 416)**
Income tax	6	77 400	(1 009)
Financial result of acquiree		54	-
Profit (loss) from continuing operations	**-**	**336 200**	**(12 407)**
Profit (loss) from discontinued operations	-	-	-
Net profit (loss)	**-**	**336 200**	**(12 407)**
Net earnings per share (PLN)			
Basic for the reporting period	8	3.54	(0.13)
Diluted for the reporting period	8	3.54	(0.13)
Net earnings per share from continuing operations (PLN)			
Basic for the reporting period	8	3.54	(0.13)
Diluted for the reporting period	8	3.54	(0.13)

** following presentation adjustments*

Statement of comprehensive income

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Net profit (loss)	**10**	**336 200**	**(12 407)**
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		**336 200**	**(12 407)**

Statement of financial position

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
FIXED ASSETS	**-**	**102 404**	**78 064**
Tangible assets	12	6 579	4 603
Intangible assets	13	69 028	62 372
Goodwill	16	11 750	9 855
Other financial assets	19,37	547	547
Deferred income tax assets	6	14 285	410
Other fixed assets	17	215	277
CURRENT ASSETS	**-**	**516 213**	**130 754**
Inventories	20	34 106	96 511
Trade receivables	22	87 591	5 360
Other receivables	23	27 426	12 981
Other financial assets	19, 37	165	2 745
Prepaid expenses	24	703	210
Cash and cash equivalents	25	366 222	12 947
TOTAL ASSETS	**-**	**618 617**	**208 818**

PLN thousands	Note	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
EQUITY	**-**	**480 087**	**142 264**
Equity attributable to Company shareholders	-	480 087	142 264
Share capital	26	94 950	94 950
Supplementary capital, incl. sales of shares above nominal price	28	110 936	110 936
Other reserve capital	28	3 354	1 716
Retained earnings	29	(65 353)	(52 931)
Net profit (loss) for the reporting period	-	336 200	(12 407)
LONG-TERM LIABILITIES	**-**	**18 643**	**2 363**
Other financial liabilities	31,37	-	260
Deferred income tax liabilities	6	18 197	1 115
Deferred revenues	38	415	965
Provisions for employee benefits and similar liabilities	39	31	23
SHORT-TERM LIABILITIES	**-**	**119 887**	**64 191**
Credits and loans	30	-	4
Other financial liabilities	31,37	19 824	397
Trade liabilities	33	4 660	9 286
Liabilities from current income tax	6	7 349	497
Other liabilities	34,35	51 754	53 737
Deferred revenues	38	429	40
Provisions for employee benefits and similar liabilities	39	137	139
Other provisions	40	35 734	91
TOTAL LIABILITIES	**-**	**618 617**	**208 818**

Statement of changes in equity

PLN thousands	Share capital	Supplementary capital, incl. from sales of shares above nominal price	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2015 – 31.12.2015						
Equity as of 01.01.2015	**94 950**	**110 936**	**1 716**	**(65 338)**	**-**	**142 264**
Adjustments resulting from errors in preceding years	-	-	-	-	-	-
Equity after adjustments	**94 950**	**110 936**	**1 716**	**(65 338)**	**-**	**142 264**
Cost of incentive program	-	-	1 638	-	-	1 638
Retained earnings of acquiree	-	-	-	(15)	-	(15)
Total comprehensive income	-	-	-		336 200	336 200
Equity as of 31.12.2015	**94 950**	**110 936**	**3 354**	**(65 353)**	**336 200**	**480 087**

PLN thousands	Share capital	Supplementary capital, incl. from sales of shares above nominal price	Other reserve capital	Retained earnings	Net profit (loss) for the reporting period	Total equity
01.01.2014 – 31.12.2014						
Equity as of 01.01.2014	**94 950**	**110 936**	**989**	**(52 550)**	**-**	**154 325**
Adjustments resulting from errors in preceding years	-	-	-	(381)*	-	(381)
Equity after adjustments	**94 950**	**110 936**	**989**	**(52 931)**	**-**	**153 945**
Cost of incentive program	-	-	727	-	-	727
Total comprehensive income	-	-	-	-	(12 407)	(12 407)
Equity as of 31.12.2014	**94 950**	**110 936**	**1 716**	**(52 931)**	**(12 407)**	**142 264**

** adjustment explained in the Financial Statement of CD PROJEKT S.A. for the period between 1 January and 31 December 2014*

Statement of cash flows

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
OPERATING ACTIVITIES		
Net profit (loss)	**336 200**	**(12 407)**
Total adjustments:	**4 701**	**(3 285)**
Depreciation	3 393	2 668
Interest and profit sharing	(9 092)	(8 873)
Profit (loss) on investment activities	(29)	19 996
Change in provisions	35 649	36
Change in inventories	62 405	(51 997)
Change in receivables	(97 651)	(10 147)
Change in liabilities excluding credits and loans	10 996	44 708
Change in other assets	(493)	172
Change in other liabilities	(206)	(105)
Other adjustments	(271)	257
Cash flow from continuing operations	**340 901**	**(15 692)**
Income tax on profit (loss) before taxation	77 400	(1 009)
Income tax (paid) / reimbursed	(67 341)	499
Net cash flow from operating activities	**350 960**	**(16 202)**
INVESTMENT ACTIVITIES		
Inflows	**11 973**	**41 483**
Liquidation of intangible and tangible fixed assets	62	24 257
Liquidation of financial assets	4 573	8 879
Other inflows from investment activities (dividends and interest received)	7 338	8 347
Outflows	**12 204**	**33 274**
Purchases of intangible and tangible fixed assets	10 201	12 233
Purchases of financial assets	62	19 764
Other outflows from investment activities	1 941	1 277
Net cash flow from investment activities	**(231)**	**8 209**
FINANCIAL ACTIVITIES		
Inflows	**2 962**	**1 329**
Credits and loans	-	3
Other inflows from financial activities (incl. cash pool guarantees)	2 962	1 326
Outflows	**416**	**391**
Repayments of credits and loans	4	-
Payments of liabilities under financial lease agreements	374	382
Interest paid	38	9
Net cash flows from financial activities	**2 546**	**938**
Total net cash flow	**353 275**	**(7 055)**
Change in cash and cash equivalents on balance sheet	**353 275**	**(7 055)**
Cash and cash equivalents at beginning of period	**12 947**	**20 002**
Cash and cash equivalents at end of period	**366 222**	**12 947**

** following presentation adjustments*

Clarifications regarding the separate financial statement

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Compliance with International Financial Reporting Standards

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

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

Standards and interpretations applied for the first time

In preparing its financial statement for 2015 the Company applied the same accounting standards as in its separate financial statement for 2014 with exception of the following new and amended standards and interpretations approved by the European Union and applicable to reporting periods beginning on or after 1 January 2015:

Amendments to IFRS (2011-2013) – adopted under the annual IFRS improvements cycle

- **Changes in IFRS 1** clarify that clarify that if a new IFRS is not yet mandatory but permits early application, that IFRS is permitted, but not required, to be applied in the entity's first IFRS financial statements.
- **Changes in IFRS 3** alter the scope of the standard and excludes the formation of all types of joint arrangements from the scope of IFRS 3.
- **Changes in IFRS 13** clarify that the portfolio exception applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32.
- **Changes in IAS 40** clarify that this standard is not mutually exclusive with IFRS 3 and that both standards may be applied concurrently.

Amendments to IFRS (2010-2012) – adopted under the annual IFRS improvements cycle

- **Changes in IFRS 2** clarify the definition of "vesting conditions" by separately defining a "performance condition" and a "service condition" which had previously been aggregated in the definition of "vesting conditions".
- **Changes in IFRS 3** specify that a contingent consideration that is a financial asset or financial liability can only be measured at fair value, with changes in fair value being presented in either profit or loss or other comprehensive income under IFRS 9, IAS 37 or IAS 39 as appropriate.
- **Changes in IFRS 8** require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated, and also specify that such disclosures are only required when the corresponding data is regularly provided to the chief operating decision maker.
- **Changes in IFRS 13** clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **Changes in IAS 16** and **IAS 38** specify that when an item of property, plant and equipment or an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **Changes in IAS 24** clarify that that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

IFRIC 21 *Levies* – interpretation

Interpretation of IAS 37 *Provisions, contingent liabilities and contingent assets* provides guidance on when to recognize a liability for a levy imposed by a government, including government agencies and similar bodies, whether local, national or international.

In 2015 the Company adopted all new standards and interpretations published by the International Accounting Standards Board and the International Financial Reporting Standards Interpretation Committee and approved for use within the EU, for reporting periods beginning on or after 1 January 2015, wherever such standards and interpretations apply to the Group's business practices.

The adoption of the above mentioned standards did not cause material changes in the Company's accounting policies or in the presentation of data in the Company's financial statements.

Early application of new accounting standards

The Company did not avail itself of the possibility of early application of standards or amendments to existing standards endorsed by the European Union and applicable to reporting periods beginning on or after 1 January 2016.

Standards published and endorsed by the EU which have not yet entered into force

In approving this financial statement the Company did not apply the following standards, amendments and interpretations which have been published and approved for application in the EU but have not yet entered into force:

- **Changes in IAS 19** *Employee benefits* – applicable to reporting periods beginning on or after 1 February 2015.

  These changes clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

- **Changes in IAS 16** *Property, plant and equipment*, and **IAS 41** *Agriculture* – applicable to reporting periods beginning on or after 1 January 2016.

  These changes introduce a definition of bearer plants and clarify that produce growing on bearer plants remains within the scope of IAS 41 while the plants itself are considered part of property, plant and equipment under IAS 16.

- **Changes in IAS 16** *Property, plant and equipment* and **IAS 38** *Intangible assets* – clarifications regarding acceptable depreciation practices, applicable to reporting periods beginning on or after 1 January 2016.

  The amended IAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. The amended IAS 38 introduces a presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate.

- **Changes in IFRS 11** *Joint agreements: accounting for acquisitions of interests in joint operations* – applicable to reporting periods beginning on or after 1 January 2016.

  The amended version of IFRS 11 contains provisions concerning recognition of interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*).

- **Changes in IAS 1** *Presentation of financial statements: disclosure initiative* – applicable to reporting periods beginning on or after 1 January 2016.

  The amended standard encourages entities to apply professional judgment in determining which information should be disclosed in their financial statements.

- **Changes in IAS 27** *Separate financial statements: equity method in separate financial statements* – applicable to reporting periods beginning on or after 1 January 2016.

  The proposed changes permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

- **Amendments to IFRS (2012-2014)** – adopted under the annual IFRS improvements cycle and applicable to reporting periods beginning on or after 1 January 2016, as follows:

Changes in IFRS 5 add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

Changes in IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

Changes in IAS 19 clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

Changes in IAS 34 clarify the meaning of "elsewhere in the interim report" and require a cross-reference for information contained in the interim report but outside of the interim financial statement.

This separate financial statement of the Company should be read in conjunction with the consolidated financial statement of the CD PROJEKT Capital Group, approved for publication by the Management Board and published on the same day as the separate financial statement, in order to obtain complete information concerning the Group's material and financial standing as of 31 December 2015, and its financial result for the period between 1 January and 31 December 2015 as stipulated by International Financial Reporting Standards approved for use by the EU.

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

In approving this financial statement the Company did not apply the following standards, amendments and interpretations which have not yet been approved by the EU:

- **IFRS 9** *Financial instruments* – applicable to reporting periods beginning on or after 1 January 2018.
- **IFRS 14** *Regulatory deferral accounts* – applicable to reporting periods beginning on or after 1 January 2016.
- **IFRS 15** *Revenue from contracts with customers* – applicable to reporting periods beginning on or after 1 January 2018.
- **IFRS 16** *Leasing* – applicable to reporting periods beginning on or after 1 January 2019.
- **Changes in IFRS 10** *Consolidated financial statements*, IFRS 12 *Disclosure of interest in other entities* and IAS 28 *Investments in associates and joint ventures: applying the consolidation exception* – applicable to reporting periods beginning on or after 1 January 2016.
- **Changes in IFRS 10** *Consolidated financial statements* and **IAS 28** *Investments in associates and joint ventures: sale or contribution of assets between an investor and its associate or joint venture* – deferred indefinitely.
- **Changes in IAS 12** *Income taxes: recognition of deferred tax assets for unrealized losses* – applicable to reporting periods beginning on or after 1 January 2017.
- **Changes in IAS 7** *Statement of cash flows: disclosure initiative* – applicable to reporting periods beginning on or after 1 January 2017.

In the Company's opinion the above mentioned standards, interpretations and amendments will not materially affect the Company's financial statement.

Comparability of financial statements

Certain changes have been introduced in the presentation of financial data for the period ending on 31 December 2015. In order to ensure comparability of financial statements, the following presentation-related changes were introduced for the period between 1 January and 31 December 2014

- For the period between 1 January and 31 December 2014 the amount of 2 673 thousand PLN was deducted from the "cost of products and services sold" line item and reassigned to two other line items: "financial expenses" (1 372 thousand PLN – resulting from a change in presentation of exchange rate differences at the Company), and "financial revenues" (1 301 thousand PLN). This change has no bearing on the Company's financial result or equity.
- For the period between 1 January and 31 December 2014 presentation changes were introduced with regard to revenues from investment activities reported in the "sales of financial assets" line item. The balance of forward currency transactions (1 386 thousand PLN) was reclassified to the "profit (loss) from investment activities" line item in operating activities.

Description of applicable accounting practices

Operating revenues and expenses

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

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

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

Financial revenues and expenses

Financial revenues 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, credit/loan write-offs and profit from sales of derivatives.

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

State subsidies

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

Current and deferred income tax

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

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

Deferred income tax liabilities are recognized in correspondence with taxable positive temporary differences. Deferred tax assets are recognized up to the amount of probable reduction in future tax gains by any recognized negative temporary differences. A tax asset or liability is not recognized if the underlying temporary difference is due to goodwill or prior inclusion of another asset or liability in a transaction which does not affect the Company's taxable or accounting revenues.

Deferred income tax liabilities are applied to temporary tax differences resulting from investments in associates and joint ventures unless the Company is capable of controlling the moment of reversal of the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future.

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

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

Value added tax

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

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

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

Tangible assets

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

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

The expected useful life for the individual groups of tangible assets is as follows:

Category	Useful life
Buildings and structures	5 – 10 years
Machinery and equipment	2 – 10 years
Vehicles	5 years
Other fixed assets	2 – 10 years

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.

The expected useful life for the individual groups of intangible assets is as follows:

Category	Useful life
Patents and licenses	2 – 15 years
Computer software	2 – 10 years

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

Goodwill

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

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

Investment properties

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

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

Lease agreements

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

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

Investments in affiliates

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

Financial assets

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

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

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

Financial liabilities

A financial liability is defined as any liability which:

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

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

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

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

Inventories

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

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

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

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

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

Trade and other receivables

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

Accrued and deferred charges

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

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

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

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

Licensing allowances (accrued charges) are recognized once minimal guarantee thresholds are exceeded. 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 Company is a party.

Share capital is reported at nominal value, in the amount consistent with the Company's articles of association and its record in the court register.

Supplementary capital is derived from:

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

Provisions for liabilities

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

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

Employee benefits

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

On 16 December 2011 the Extraordinary General Meeting of Shareholders of CD Projekt RED S.A. (currently operating under the name CD PROJEKT S.A.) voted to institute an incentive program for persons viewed as crucially important for the Company's 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. The incentive program is settled in line with IFRS 2 Share-based payment rules.

Bank credits and loans

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

Trade and other liabilities

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

Borrowing costs

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

Dividend payments

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

Functional currency and presentation currency

Functional currency and presentation currency

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

Transactions and balances

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

Important values based on professional judgment and estimates

Professional judgment

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

Classification of lease agreements

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

Uncertainty of estimates

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

Impairment of assets

Goodwill and trademark value impairment tests require an assessment of the value in use of each cash generating unit to which the Company's subsidiaries belong. This assessment is based on a projection of future cash flows generated by individual cash generating units and requires an estimate of the discount rate applied when conducting pending assessment of the value of said flows. The latest test of the CD PROJEKT brand name and of the Company's goodwill was conducted on 31 December 2015, and did not indicate impairment of either asset. Asset impairment tests at individual subsidiaries were last conducted on 31 December 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.

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 bases on the total value of expenses for the finished project (reported as Finished products) in relation to the expected sales revenues.

Deferred tax assets

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

Deferred tax liabilities

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

Fair value of financial instruments

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

Depreciation rates

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

Changes in accounting practices (policies)

The accounting practices (policies) applied in preparing this separate financial statement are consistent with those applied in preparing the separate financial statement for the year ending 31 December 2014, with the exception of the presentation-related changes described in the section containing clarifications regarding the financial statement; subsection “Comparability of financial statements”.

Additional notes and explanations concerning the separate financial statement

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Note 1. Sales revenues

In accordance with **MSR 18** revenues from sales of products, goods and services, less the applicable value added tax and any discounts or rebates, are recognized when the substantial risks and rewards of ownership are transferred to the buyer.

PLN thousands	01.01.2015–31.12.2015	01.01.2014 – 31.12.2014
Sales revenues	**698 225**	**34 455**
Revenues from sales of products	644 924	22 298
Revenues from sales of services	2 035	2 570
Revenues from sales of goods and materials	51 266	9 587
Other revenues	**17 680**	**16 913**
Other operating revenues	1 943	7 260
Financial revenues	15 737	9 653
Revenues from continuing operations	**715 905**	**51 368**
Total revenues	**715 905**	**51 368**

Note 2. Operating segments

Information concerning activity segments can be found in Note 2 of the Consolidated Financial Statement of the CD PROJEKT Capital Group for the period between 1 January and 31 December 2015.

Note 3. Operating costs

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
Depreciation	3 279	2 587
Consumption of materials and energy	1 747	1 355
Bought-in services	49 447	33 351
Taxes and fees	499	743
Employee compensation	77 486	25 923
Social security and other benefits	2 741	1 728
Other costs, including:	**7 082**	**6 824**
business travel	1 126	1 146
use of company cars	123	149
recruitment and relocation costs	490	370
participation in fairs, exhibitions and conferences	922	3 188
representation and advertising	3 342	1 348
insurance	144	52
other expenses	935	571
Changes in inventories	(41 312)	(48 671)
Value of goods and materials sold	46 813	8 943
Cost of products and services sold	102 508	6 067
Total	**250 290**	**38 850**
Selling costs	46 175	14 661
General and administrative costs	54 794	9 179
Value of goods and materials sold	46 813	8 943
Cost of products and services sold	102 508	6 067
Total	**250 290**	**38 850**

** following presentation adjustments*

Depreciation and write-downs reported in the profit and loss statement

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Items aggregated with costs of sales	**588**	**62**
Depreciation of tangible assets	241	38
Depreciation of intangible assets	347	24
Items aggregated with general and administrative costs	**879**	**698**
Depreciation of tangible assets	697	683
Depreciation of intangible assets	182	15
Items aggregated with production in progress	**1 812**	**1 827**
Depreciation of tangible assets	1 030	1 403
Depreciation of intangible assets	782	424

Employee benefits

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Compensation	77 486	25 923
Social security and other benefits	1 893	1 315
Other employee benefits	848	413
Total employee benefits	**80 227**	**27 651**
Items aggregated with costs of sales	7 713	3 492
Items aggregated with general and administrative costs	50 067	4 873
Items aggregated with production in progress	22 447	19 286

Note 4. Other operating expenses and revenues

Other operating revenues

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Profit from sales of fixed assets	-	3 926
Dissolution of provisions	67	6
Offset on damages, penalties and fines received	-	15
Subsidies received	694	583
Reinvoicing revenues	920	827
Dissolution of write-downs for receivables	110	598
Write-downs on expired liabilities	40	1
Other revenues, including:	**112**	**1 304**
lease buyouts	-	8
civil law transaction tax reimbursement	-	1 118
repossession gains received	8	8
goods and materials received free of charge	63	36
other miscellaneous operating revenues	11	45
other sales	30	89
Total	**1 943**	**7 260**

Other operating expenses

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Creation of provisions for future liabilities	39 220	-
Reinvoicing costs	920	827
Other non-tax expenses	606	5
Write-downs on pending trade receivables	96	10
Write-downs on expired receivables	-	521
Other expenses, including:	**1 509**	**116**
liquidation of fixed assets	84	17
disposal of goods and materials	102	-
nonculpable shortfall in working assets	46	-
expenses associated with finalization of projects	1 227	-
others	50	99
Total	**42 351**	**1 479**

Revaluation write-downs created

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
on receivables	96	10
Total	**96**	**10**

Note 5. Financial revenues and expenses

Financial revenues

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
Revenues from interest	1 792	543
Dividends received	7 338	8 347
Revaluation of investments	43	34
Valuation of shares in other entities	-	476
Revenues from investment fund shares	72	1
Currency futures	6 403	-
Sureties	9	7
Others	80	245
Total financial revenues	**15 737**	**9 653**

** following presentation adjustments*

Financial expenses

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
Interest paid	86	10
Surplus negative exchange rate differences	9 534	1 372
Net loss on sales of financial assets and liabilities designated at fair value through profit/loss	-	(8)
Net loss on sales of investments (shares)	-	88 172
Currency futures	-	(1 385)
Revaluation of investments	-	(63 749)
Bank fees	17	18
Discount of long-term receivables	80	2
Sureties	1	1
Others	-	22
Total financial expenses	**9 718**	**24 455**

** following presentation adjustments*

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

PLN thousands	Financial assets designated at fair value through financial result	Loans granted and receivables	Financial assets held for sale	Trade and other liabilities	Total estimation of financial instruments
01.01.2015 – 31.12.2015					
Revenues/expenses from interest	-	1 792	-	(65)	1 727
Revaluation write-downs	-	(96)	-	-	(96)
Release of revaluation write-downs	-	110	-	-	110
Profit (loss) on sales of financial instruments	(6 475)	-	-	-	(6 475)
Valuation of shares in other entities	(43)	-	-	-	(43)
Forward contract valuation	(59)	-	-	-	(59)
Valuation of futures contract under the incentive program	(19 531)	-	-	-	(19 531)
Total profit / (loss)	**(26 108)**	**1 806**	**-**	**(65)**	**(24 367)**

PLN thousands	Financial assets designated at fair value through financial result	Loans granted and receivables	Financial assets held for sale	Trade and other liabilities	Total estimation of financial instruments
01.01.2014 – 31.12.2014					
Revenues/expenses from interest	1	543	-	(10)	534
Revaluation write-downs	-	(9)	-	-	(9)
Release of revaluation write-downs	-	598	-	-	598
Profit (loss) on sales of financial instruments	(1 393)	-	-	-	(1 393)
Valuation of shares in other entities	-	-	547	-	547
Total profit / (loss)	**(1 392)**	**1 132**	**547**	**(10)**	**(277)**

Note 6. Current and deferred income tax

The main components of the tax burden for the years ending on 31 December 2015 and 31 December 2014 respectively are as follows:

Income tax reported on balance sheet

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Current income tax	**74 192**	**1 845**
For the fiscal year	74 832	1 845
Adjustments applicable to preceding years	(640)	-
Deferred income tax	**3 208**	**(2 854)**
Due to creation and reversal of temporary differences	3 208	(2 854)
Tax burden reported on balance sheet	**77 400**	**(1 009)**

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

Current income tax

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Pre-tax income	**413 546**	**(13 416)**
Revenues from previous years increasing the tax base	-	3 294
Revenues applicable to future reporting periods	81 940	-
Revenues from advance payments subject to fiscal disclosures	15 820	-
Tax-exempt revenues	7 721	9 873
Expenses reducing the tax base	8 524	7 531
Non-deductible expenses	62 670	37 711
Taxable income	**393 851**	**10 185**
Deductions from income (incl. losses sustained in preceding years and deductions associated with rollout of new technologies)	-	458
Tax base	**393 851**	**9 727**
Income tax due (assumed rate: 19%)	74 832	1 848
Effective tax rate	**18.72%**	**7.52%**

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

Negative temporary differences requiring recognition of deferred tax assets

PLN thousands	31.12.2014	increases	reductions	31.12.2015
Provisions for other employee benefits	175	39 865	4 954	35 086
Valuation of futures contracts under the incentive program	-	43 907	24 376	19 531
Revaluation of forward contracts (cash flow hedge) at fair value	-	869	869	-
Negative exchange rate differences	209	1 204	663	750
Prepayments recognized as taxable income	-	15 820	-	15 820
Provisions for lease expenses	67	-	67	-
Deposit discount	15	80	15	80
Incentive program	1 716	1 638	-	3 354
Other provisions	92	1 831	1 360	563
Reserve and asset offsets	(116)	116	-	-
Total negative temporary differences	**2 158**	**105 330**	**32 304**	**75 184**
Domestic tax rate	19%	19%	19%	19%
Deferred tax assets	**410**	**20 013**	**6 138**	**14 285**

Positive temporary differences requiring recognition of deferred tax liabilities

PLN thousands	31.12.2014	increases	reductions	31.12.2015
Revaluation of forward contracts (cash flow hedge) at fair value	-	78	19	59
Positive exchange rate differences	80	1 691	1 329	442
Income in the current period invoiced in the following period, and sales returns	-	98 189	16 248	81 941
CD PROJEKT brand name	5 356	3 673	-	9 029
Costs related to advance payments recognized as taxable income	-	3 532	-	3 532
Valuation of shares in other entities	475	-	-	475
Other sources	73	331	106	298
Reserve and asset offsets	(116)	116	-	-
Total positive temporary differences	**5 868**	**107 610**	**17 702**	**95 776**
Domestic tax rate	19%	19%	19%	19%
Deferred tax liabilities	**1 115**	**20 445**	**3 363**	**18 197**

Net deferred tax assets/liabilities

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Deferred tax assets	14 285	410
Deferred tax liabilities	18 197	1 115
Net deferred tax assets/liabilities	**(3 912)**	**(705)**

Note 7. Discontinued operations

No discontinued operations were reported in 2015 and 2014.

Note 8. Earnings per share

Stock volume

units	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Weighted average number of shares issued for the purposes of calculating base earnings per share	94 950 000	94 950 000
Weighted average number of shares issued for the purposes of calculating diluted earnings per share	94 950 000	94 950 000

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

Net profit for the purposes of calculating earnings per share

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Net profit (loss) from continued operations	336 200	(12 407)
Net profit (loss) attributable to ordinary shareholders	336 200	(12 407)
Net profit (loss) for the purposes of calculating diluated earnings per share	336 200	(12 407)

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

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

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

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Net profit (loss)	**336 200**	**(12 407)**
Exchange rate differences on valuation of foreign entities	-	-
Share in profits and losses of affiliates and joint ventures calculated using the equity method	-	-
Total comprehensive income	**336 200**	**(12 407)**

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

Not applicable.

Note 12. Tangible fixed assets

Ownership structure of tangible fixed assets

PLN thousands	31.12.2015	31.12.2014
Wholly owned	6 013	3 662
Held under a hire purchase, hire or leasing contract	566	941
Total	**6 579**	**4 603**

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

PLN thousands	31.12.2015	31.12.2014
Held under a financial leasing contract	566	941
Fixed assets subsidized by the EU	2 413	103
Value of tangible fixed assets whose title is restricted and tangible fixed assets pledged as collateral for liabilities	**2 979**	**1 044**

Contractual commitments for future acquisition of tangible fixed assets

PLN thousands	31.12.2015	31.12.2014
Leasing of passenger cars	566	941
Total	**566**	**941**

Changes in fixed assets (by category) between 01.01.2015 and 31.12.2015

PLN thousands	Land holdings	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2015	**-**	**3 087**	**4 536**	**1 492**	**64**	**-**	**9 179**
Increases from:	**-**	**595**	**3 407**	**4**	**93**	**544**	**4 643**
purchases	-	63	3 366	4	93	544	4 070
reclassification	-	532	-	-	-	-	532
acquisition free of charge	-	-	41	-	-	-	41
Reductions from:	**-**	**152**	**-**	**131**	**-**	**532**	**815**
sales	-	-	-	131	-	-	131
liquidation	-	152	-	-	-	-	152
reclassification	-	-	-	-	-	532	532
Gross carrying amount as of 31.12.2015	**-**	**3 530**	**7 943**	**1 365**	**157**	**12**	**13 007**
Amortization as of 01.01.2015	**-**	**1 183**	**2 989**	**396**	**9**	**-**	**4 576**
Increases from:	**-**	**314**	**1 323**	**298**	**39**	**-**	**1 974**
amortization	-	314	1 323	298	39	-	1 974
Reductions from:	**-**	**68**	**-**	**55**	**-**	**-**	**123**
liquidation	-	68	-	-	-	-	68
sales	-	-	-	55	-	-	55
Amortization as of 31.12.2015	**-**	**1 429**	**4 312**	**639**	**48**	**-**	**6 428**
Impairment write-downs as of 01.01.2015	-	-	-	-	-	-	-
Impairment write-downs as of 31.12.2015	-	-	-	-	-	-	-
Net carrying amount as of 31.12.2015	**-**	**2 101**	**3 631**	**726**	**109**	**12**	**6 579**

Changes in fixed assets (by category) between 01.01.2014 and 31.12.2014

PLN thousands	Land holdings	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	Total
Gross carrying amount as of 01.01.2014	**346**	**11 590**	**4 619**	**925**	**97**	**-**	**17 577**
Increases from:	**-**	**132**	**1 478**	**820**	**37**	**134**	**2 601**
purchases of fixed assets	-	35	1 405	10	-	134	1 584
leasing agreements	-	-	-	810	-	-	810
reclassification	-	97	73	-	37	-	207
Reductions from:	**346**	**8 635**	**1 561**	**253**	**70**	**134**	**10 999**
sales	346	8 635	1 006	253	14	-	10 254
liquidation	-	-	324	-	31	-	355
reclassification	-	-	231	-	25	134	390
Gross carrying amount as of 31.12.2014	**-**	**3 087**	**4 536**	**1 492**	**64**	**-**	**9 179**
Amortization as of 01.01.2014	**-**	**4 537**	**3 342**	**430**	**64**	**-**	**8 373**
Increases from:	**-**	**405**	**1 121**	**218**	**4**	**-**	**1 748**
amortization	-	405	1 121	218	4	-	1 748
Reductions from:	**-**	**3 759**	**1 474**	**253**	**59**	**-**	**5 545**
sales	-	3 759	1 001	253	14	-	5 027
liquidation	-	-	307	-	31	-	338
reclassification	-	-	166	-	14	-	180
Amortization as of 31.12.2014	**-**	**1 183**	**2 989**	**395**	**9**	**-**	**4 576**
Impairment write-downs as of 01.01.2014	-	-	-	-	-	-	-
Impairment write-downs as of 31.12.2014	-	-	-	-	-	-	-
Net carrying amount as of 31.12.2014	**-**	**1 904**	**1 547**	**1 097**	**55**	**-**	**4 603**

Fixed assets under construction

PLN thousands	01.01.2015	Expenditures in fiscal year	Expenditure settlements	31.12.2015
Adaptation of office space and social space	-	494	482	12
Total	**-**	**494**	**482**	**12**

PLN thousands	01.01.2014	Expenditures in fiscal year	Expenditure settlements	31.12.2014
Expansion of office space	-	97	97	-
Light fixture	-	37	37	-
Total	**-**	**134**	**134**	**-**

Value and area of land holdings in perpetuity

Not applicable.

Fixed assets held under lease agreements

PLN thousands	31.12.2015			31.12.2014		
	Gross value	Amortization	Net value	Gross value	Amortization	Net value
Vehicles	810	244	566	1 165	224	941
Total	**810**	**244**	**566**	**1 165**	**224**	**941**

Note 13. Intangible assets

Changes in intangible assets between 01.01.2015 and 31.12.2015

PLN thousands	Trademarks	Patents and licenses	Computer software	Goodwill	Others	Intangible assets under construction	Total
Gross carrying amount as of 01.01.2015	**18 364**	**1 325**	**11 055**	**39 147**	**1**	**1 143**	**71 035**
Increases from:	**-**	**6 202**	**3 017**	**-**	**-**	**1 397**	**10 616**
purchases	-	6 202	473	-	-	1 397	8 072
reclassification	-	-	2 540	-	-	-	2 540
acquisition free of charge	-	-	4	-	-	-	4
Reductions from:	**-**	**-**	**-**	**-**	**-**	**2 540**	**2 540**
reclassification	-	-	-	-	-	2 540	2 540
Gross carrying amount as of 31.12.2015	**18 364**	**7 527**	**14 072**	**39 147**	**1**	**-**	**79 111**
Amortization as of 01.01.2015	**-**	**355**	**8 307**	**-**	**1**	**-**	**8 663**
Increases from:	**-**	**144**	**1 276**	**-**	**-**	**-**	**1 420**
amortization	-	144	1 276	-	-	-	1 420
Reductions	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Amortization as of 31.12.2015	**-**	**499**	**9 583**	**-**	**1**	**-**	**10 083**
Impairment write-downs as of 01.01.2015	-	-	-	-	-	-	-
Impairment write-downs as of 31.12.2015	-	-	-	-	-	-	-
Net carrying amount as of 31.12.2015	**18 364**	**7 028**	**4 489**	**39 147**	**-**	**-**	**69 028**

Changes in intangible assets between 01.01.2014 and 31.12.2014

PLN thousands	Trademarks	Patents and licenses	Computer software	Goodwill	Others	Intangible assets under construction	Total
Gross carrying amount as of 01.01.2014	**33 468**	**867**	**10 225**	**39 147**	**196**	**-**	**83 903**
Increases from:	**-**	**549**	**1 381**	**-**	**1**	**1 143**	**3 074**
purchases	-	287	1 315	-	1	1 143	2 746
reclassification	-	262	66	-	-	-	328
Reductions from:	**15 104**	**91**	**551**	**-**	**196**	**-**	**15 942**
sales	15 104	-	79	-	-	-	15 183
liquidation	-	91	472	-	51	-	614
reclassification	-	-		-	145	-	145
Gross carrying amount as of 31.12.2014	**18 364**	**1 325**	**11 055**	**39 147**	**1**	**1 143**	**71 035**
Amortization as of 01.01.2014	**-**	**298**	**7 890**	**-**	**67**	**-**	**8 255**
Increases from:	**-**	**148**	**967**	**-**	**9**	**-**	**1 124**
amortization	-	91	819	-	9	-	919
reclassification	-	57	148	-	-	-	205
Reductions from:	**-**	**91**	**550**	**-**	**75**	**-**	**716**
liquidation	-	91	471	-	51	-	613
sales	-	-	79	-	-	-	79
reclassification	-	-		-	24	-	24
Amortization as of 31.12.2014	**-**	**355**	**8 307**	**-**	**1**	**-**	**8 663**
Impairment write-downs as of 01.01.2014	-	-	-	-	-	-	-
Impairment write-downs as of 31.12.2014	-	-	-	-	-	-	-
Net carrying amount as of 31.12.2014	**18 364**	**970**	**2 748**	**39 147**	**-**	**1 143**	**62 372**

Intangible assets – ownership structure

PLN thousands	31.12.2015	31.12.2014
Wholly owned	69 028	62 372
Total	**69 028**	**62 372**

Intangible assets under construction

PLN thousands	01.01.2015	Expenditure settlements	Expenditures in fiscal year	31.12.2015
Deployment of ERP B2B software	1 143	2 540	1 397	-
Total	**1 143**	**2 540**	**1 397**	**-**

PLN thousands	01.01.2014	Expenditure settlements	Expenditures in fiscal year	31.12.2014
Deployment of ERP B2B software	-	-	1 143	1 143
Total	**-**	**-**	**1 143**	**1 143**

Contractual commitments for future acquisition of intangible assets

PLN thousands	31.12.2015	31.12.2014
ERP / BI / Workflow B2B software	-	1 008
Total	**-**	**1 008**

Intangible assets whose title is restricted

PLN thousands	31.12.2015	31.12.2014
Software associated with the “Modernization of IT infrastructure” project	-	20
Total	**-**	**20**

Note 14. Goodwill acquired through business combinations

PLN thousands	31.12.2015	31.12.2014
CD Projekt Red sp. z o.o.	39 147	39 147
Total	**39 147**	**39 147**

Changes in goodwill

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Gross carrying amount at beginning of period	**39 147**	**39 147**
Increases due to acquisition of entities	-	-
Reductions due to mergers	-	-
Gross carrying amount at end of period	**39 147**	**39 147**
Impairment write-downs	-	-
Net goodwill	**39 147**	**39 147**

Business combinations

Breakdown	Date of acquisition	Acquisition price	Percentage of capital instruments with voting rights acquired	Fair value of net assets of the acquiree attributable to the acquirer	Goodwill acquired through business combination
Brand Projekt sp. z o.o.	31.12.2015	-	100.00%	(15)	-

The main area of activity of CD PROJEKT S.A. comprises development of videogames and sales of the associated distribution rights, and also development and sales of tie-in products exploiting the popularity of brands owned by the Company. CD PROJEKT S.A. is also the holding company of the CD PROJEKT Capital Group and coordinates the activities of its subsidiaries. Prior to the merger Brand Projekt had constituted a Tax Capital Group with the Company. The merger is carried out in the framework of optimizing the activities of companies belonging to the CD PROJEKT Capital Group.

The merger was carried out under Art. 492 § 1 item 1 of the Commercial Company Code (merger by takeover) by transferring the totality of the assets and liabilities of Brand Projekt (the Acquiree) to the Company (the Acquirer). The merger was reflected in books through the sum of assets and liabilities of both companies, excluding shares and equity of subsidiary and intercompany balances, incomes and expenses

Note 15. Investment properties

Not applicable.

Note 16. Investments in affiliates

Investments in affiliates recognized at purchase price

PLN thousands	31.12.2015	31.12.2014
Shares in affiliates (subsidiaries)	11 750	9 855

Changes in investments in affiliates

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
At beginning of period	**9 855**	**24 828**
Increases from:	**1 900**	**17 864**
accounting of business combinations	1 900	-
acquisition / creation of subsidiaries	-	17 864
Reductions from:	**5**	**32 837**
accounting of business combinations	5	-
sale of subsidiary	-	17 700
reclassification as financial instrument	-	72
reduction in net value of liquidated shares in other entities	-	15 065
At end of period	**11 750**	**9 855**

Investments in affiliates as of 31.12.2015

PLN thousands	GOG Poland sp. z o.o.	GOG Ltd.	CD PROJEKT Brands S.A.	CD PROJEKT INC.
Registered office	Warsaw	Nicosia	Warsaw	Los Angeles, Venice
Percentage of shares held as of 01.01.2015	100%	100%	100%	100%
Percentage of votes controlled as of 31.12.2015	100%	100%	100%	100%
Consolidation method	Full	Full	Full	Full
Equity	**1 768**	**17 680**	**20 798**	**219**
Share capital	50	36	200	162
Other capital contributions	1 657	7 264	18 421	(111)
Net profit (loss) for the reporting period	61	10 380	2 177	168
Total assets	**3 092**	**49 305**	**21 639**	**1 419**
Fixed assets	2 101	4 326	17 622	633
Working assets	991	44 979	4 017	786
Total liabilities	**1 324**	**31 625**	**841**	**1 200**
Total revenues	**12 297**	**115 823**	**3 484**	**5 297**

Investments in affiliates as of 31.12.2014

PLN thousands	GOG Poland sp. z o.o.	GOG Ltd.	Brand Projekt sp. z o.o.	CD PROJEKT Brands S.A.	CD PROJEKT INC.
Registered office	Warsaw	Nicosia	Warsaw	Warsaw	Los Angeles, Venice
Percentage of shares held as of 01.01.2014	100%	100%	100%	-	-
Percentage of votes controlled as of 31.12.2014	100%	100%	100%	100%*	100%
Consolidation method	Full	Full	Full	Full	Full
Equity	**1 708**	**13 058**	**(10)**	**18 621**	**41**
Share capital	50	36	5	200	162
Other capital contributions	1 189	6 386	-	17 500	6
Net profit (loss) for the reporting period	469	6 636	(15)	921	(127)
Total assets	**2 321**	**33 259**	**1 902**	**18 693**	**247**
Fixed assets	924	2 537	1 900	17 734	-
Working assets	1 397	30 722	2	959	247
Total liabilities	**614**	**20 201**	**1 912**	**72**	**206**
Total revenues	**9 678**	**63 945**	**9**	**871**	**-**

** indirectly controlled by CD PROJEKT S.A.*

Note 17. Other fixed assets

PLN thousands	31.12.2015	31.12.2014
Other – deposit for lease of premises	215	277
Total	**215**	**277**

Note 18. Financial assets held for sale

PLN thousands	31.12.2015	31.12.2014
Shares in other entities	547	547
Total	**547**	**547**

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

PLN thousands	31.12.2015	31.12.2014
Publicly traded stock	106	-
Other financial assets – forward contract	59	-
Investment fund shares	-	2 745
Total	**165**	**2 745**

Changes in financial instruments 01.01.2015 – 31.12.2015

PLN thousands	Financial assets estimated at fair value through profit/loss	Financial assets held for sale	Loans granted and receivables	Financial liabilities estimated at fair value through profit/loss	Other liabilities
As of 01.01.2015	**2 745**	**547**	**31 288**	**-**	**63 684**
Increases	**165**	**-**	**481 239**	**19 531**	**56 707**
Cash assets	-	-	366 222	-	-
Trade and other receivables	-	-	115 017	-	-
Trade and other liabilities	-	-	-	-	56 414
Financial lease expenses	-	-	-	-	293
Other financial assets	-	-	-	-	-
Financial liabilities estimated at fair value through profit/loss	-	-	-	19 531	-
Financial assets estimated at fair value through profit/loss	165	-	-	-	-
Valuation of shares in other entities	-	-	-	-	-
Reductions	**2 745**	**-**	**31 288**	**-**	**63 684**
Cash assets	-	-	12 947	-	-
Trade and other receivables	-	-	18 341	-	-
Trade and other liabilities	-	-	-	-	63 023
Credits and loans	-	-	-	-	4
Financial lease expenses	-	-	-	-	657
Financial assets estimated at fair value through profit/loss	2 745	-	-	-	-
As of 31.12.2015	**165**	**547**	**481 239**	**19 531**	**56 707**

Changes in financial instruments 01.01.2014 – 31.12.2014

PLN thousands	Financial assets estimated at fair value through profit/loss	Financial assets held for sale	Loans granted and receivables	Financial liabilities estimated at fair value through profit/loss	Other liabilities
As of 01.01.2014	**804**	**-**	**29 239**	**-**	**42 197**
Increases	**2 817**	**547**	**31 288**	**-**	**63 684**
Cash assets	-	-	12 947	-	-
Trade and other receivables	-	-	18 341	-	-
Trade and other liabilities	-	-	-	-	63 023
Credits and loans	-	-	-	-	4
Financial lease expenses	-	-	-	-	657
Financial assets estimated at fair value through profit/loss	2 817	-	-	-	-
Valuation of shares in other entities	-	547	-	-	-
Reductions	**804**	**-**	**29 239**	**-**	**42 197**
Cash assets	-	-	20 002	-	-
Trade and other receivables	-	-	9 237	-	-
Repayment of credits and loans	-	-	-	-	1 302
Trade and other liabilities	-	-	-	-	40 767
Financial lease expenses	-	-	-	-	128
Financial assets estimated at fair value through profit/loss	804	-	-	-	-
As of 31.12.2014	**2 817**	**547**	**31 288**	**-**	**63 684**

Note 20. Inventories

PLN thousands	31.12.2015	31.12.2014
Other materials	34	6 918
Semi-finished products and production in progress	28 391	88 461
Finished products	5 097	50
Goods	584	1 082
Gross inventories	**34 106**	**96 511**
Inventory impairment write-downs	-	-
Net inventories	**34 106**	**96 511**

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

Inventories between 01.01.2015 and 31.12.2015

PLN thousands	Materials	Finished products	Goods	Total
Value of inventories recognized as expenses during the reporting period	-	101 842	46 813	148 655

Inventories between 01.01.2014 and 31.12.2014

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

Changes in inventory impairment write-downs

None reported.

Inventories pledged as collateral

Not applicable.

Note 21. Construction contracts

Not applicable.

Note 22. Trade receivables

PLN thousands	31.12.2015	31.12.2014
Net trade receivables	**87 591**	**5 360**
from affiliates	2 053	271
from other entities	85 538	5 089
Impairment write-downs	382	521
Gross trade receivables	**87 973**	**5 881**

Changes in impairment write-downs on trade receivables

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
AFFILIATES		
Impairment write-downs at beginning of period	**116**	**116**
Increases	**-**	**-**
Reductions	**116**	**-**
Impairment write-downs at end of period	**-**	**116**
OTHER ENTITIES		
Impairment write-downs at beginning of period	**405**	**942**
Increases, including:	**85**	**10**
impairment write-downs on past-due and contested receivables	85	10
Reductions, including:	**108**	**547**
use of impairment write-downs	-	-
elimination of impairment write-downs due to collection of receivables	81	6
elimination of impairment write-downs by write-offs	27	541
Impairment write-downs at end of period	**382**	**405**
Total impairment write-downs at end of period (affiliates and other entities)	**382**	**521**

Current and past-due trade receivables as of 31.12.2015

PLN thousands	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
AFFILIATES							
gross receivables	2 053	2 040	12	1	-	-	-
impairment write-downs	-	-	-	-	-	-	-
Net receivables	**2 053**	**2 040**	**12**	**1**	**-**	**-**	**-**
OTHER ENTITIES							
gross receivables	85 920	83 787	1 280	9	322	140	382
impairment write-downs	382	-	-	-	-	-	382
Net receivables	**85 538**	**83 787**	**1 280**	**9**	**322**	**140**	**-**
TOTAL							
gross receivables	87 973	85 827	1 292	10	322	140	382
impairment write-downs	382	-	-	-	-	-	382
Net receivables	**87 591**	**85 827**	**1 292**	**10**	**322**	**140**	**-**

Current and past-due trade receivables as of 31.12.2014

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

Trade receivables by currency

thousands	31.12.2015		31.12.2014	
	Currency units	PLN equivalent	Currency units	PLN equivalent
PLN	82 050	82 050*	3 358	3 358
EUR	(32)	(138)	204	869
USD	1 454	5 673	323	1 132
GBP	1	4	-	1
JPY	56	2	-	-
Total		**87 591**		**5 360**

** This field also aggregates receivables obtained in association with foreign licensing reports during the current period but invoiced in future reporting periods and denominated in foreign currencies.*

Note 23. Other receivables

PLN thousands	31.12.2015	31.12.2014
Other receivables, including:	**27 426**	**12 981**
tax returns except corporate income tax	24 215*	3 979
advance payments for supplies	438	3 030
deposits	10	13
cash pool guarantees	1 319	2 356
others	1 444	3 603
Impairment write-downs	**732**	**732**
Other gross receivables	**28 158**	**13 713**

** The "tax returns except corporate income tax" line item also aggregates withholding tax deducted at source (21 574 thousand PLN) and reportable by the Company in its annual tax statement following receipt of tax payment certificates from the Company's foreign collaborators.*

PLN thousands	31.12.2015	31.12.2014
Other receivables, including:	**27 426**	**12 981**
from affiliates (incl. cash pool guarantees)	1 612	2 543
from external entities	25 814	10 438
Impairment write-downs	**732**	**732**
Other gross receivables	**28 158**	**13 713**

Other receivables by currency

thousands	31.12.2015		31.12.2014	
	Currency units	PLN equivalent	Currency units	PLN equivalent
PLN	26 335	26 335*	10 046	10 046
USD	243	946	406	1 494
EUR	34	145	347	1 441
Total		**27 426**		**12 981**

** This line item also aggregates withholding tax deducted at source by the Company's foreign collaborators and reportable in the Company's annual corporate income tax declaration filed with domestic fiscal authorities.*

Other receivables subject to court proceedings

PLN thousands	31.12.2015	31.12.2014
Other receivables subject to court proceedings	732	732
Impairment write-downs on contested receivables	732	732
Net value of other receivables subject to court proceedings	**-**	**-**

Trade and other receivables from affiliates

PLN thousands	31.12.2015	31.12.2014
Gross receivables from affiliates, including:	**3 665**	**2 931**
trade receivables	2 053	388
other receivables (incl. cash pool guarantees)	1 612	2 543
Impairment write-downs	**-**	**116**
Net receivables from affiliates	**3 665**	**2 815**

Note 24. Prepaid expenses

PLN thousands	31.12.2015	31.12.2014
Non-life insurance	51	15
Online access to legal support portal	15	-
Company car insurance	10	11
Business travel insurance	2	-
Other prepaid expenses:	**625**	**184**
computer software	588	112
business travel (airfare, accommodation etc.)	19	53
civil law transaction tax on conditional capital increases	9	9
domain names, hosting services	1	1
others	8	9
Total prepaid expenses	**703**	**210**

Note 25. Cash and cash equivalents

PLN thousands	31.12.2015	31.12.2014
Cash on hand and bank deposits:	**4 460**	**1 397**
cash desk in local currency	709	9
cash desk in foreign currencies	3 155	579
cash pool agent – account balance	596	809
Other cash assets:	**361 762**	**11 550**
overnight deposits	2 027	4 350
short-term deposits (maturity up to 3 months)	319 735	7 200
long-term deposits (maturity in excess of 3 months)	40 000	-
Total	**366 222**	**12 947**

Restricted cash

Not applicable.

Cash held by the Company not otherwise reported on balance sheet

PLN thousands	31.12.2015	31.12.2014
Cash allocated to the Company Social Benefits Fund (ZFŚS)	27	17
Available, unused portion of operating credit	-	30 000
Available, unused portion of overdraft credit facility	-	2 000
Total	**27**	**32 017**

Note 26. Share capital

	31.12.2015	31.12.2014
Number of shares issued	94 950 000	94 950 000
Nominal value per share (PLN)	1	1
Share capital	**94 950 000**	**94 950 000**

Share capital structure as of 31.12.2015

Series	Shares issued	Nominal value of series/issue	Capital paid up in
A	500 000	500 000	Cash
B	2 000 000	2 000 000	Cash
C	6 884 108	6 884 108	Cash
C1	18 768 216	18 768 216	Cash
D	35 000 000	35 000 000	Non-cash assets
E	6 847 676	6 847 676	Cash
F	3 500 000	3 500 000	Cash
G	887 200	887 200	Cash
H	3 450 000	3 450 000	Cash
I	7 112 800	7 112 800	Cash
J	5 000 000	5 000 000	Cash
K	5 000 000	5 000 000	Cash
Total	**94 950 000**	**94 950 000**	-

Changes in share capital

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Share capital at beginning of period	**94 950**	**94 950**
Increases from:	-	-
issuance of shares paid up in cash	-	-
conversion of loans into shares	-	-
issuance of shares paid up in kind	-	-
Share capital at end of period	**94 950**	**94 950**

Note 27. Own shares held

Not applicable.

Note 28. Other reserves

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Supplementary capital and capital from sales of shares above nominal price	110 936	110 936
Other reserves – incentive program	3 354	1 716
Total	**114 290**	**112 652**

Changes in other reserves

PLN thousands	Supplementary capital and capital from sales of shares above nominal price	Revaluation reserves	Reserve capital	Other reserves – incentive program	Total
As of 01.01.2015	**110 936**	**-**	**-**	**1 716**	**112 652**
Increases	**-**	**-**	**-**	**1 638**	**1 638**
reserve associated with employee incentive program	-	-	-	1 638	1 638
Reductions	**-**	**-**	**-**	**-**	**-**
As of 31.12.2015	**110 936**	**-**	**-**	**3 354**	**114 290**

PLN thousands	Supplementary capital and capital from sales of shares above nominal price	Revaluation reserves	Reserve capital	Other reserves – incentive program	Total
As of 01.01.2014	**110 936**	**-**	**-**	**989**	**111 925**
Increases	**-**	**-**	**-**	**834**	**834**
reserve associated with employee incentive program	-			834	834
Reductions	**-**	**-**	**-**	**107**	**107**
reserve associated with employee incentive program	-			107	107
As of 31.12.2014	**110 936**	**-**	**-**	**1 716**	**112 652**

Note 29. Retained earnings

PLN thousands	31.12.2015	31.12.2014
Amount aggregated in the Retained earnings line item and not subject to dividend payments	(65 353)	(52 931)
Total	**(65 353)**	**(52 931)**

Changes in retained earnings

PLN thousands	31.12.2015	31.12.2014
At beginning of period	**(52 931)**	**(71 228)**
Increases from:	**(12 422)**	**18 678**
allocation of profit from preceding years	(12 407)	18 678
retained earnings of acquiree	(15)	-
Reductions from:	**-**	**381**
adjustment of statistical exchange rate difference on advance payments recognized as revenues in 2013	-	381
At end of period	**(65 353)**	**(52 931)**

Note 30. Credits and loans

In Current Report no. 4/2015 of 13 March 2015 the Company announced that it had concluded an amendment to its revolving credit agreement with mBank S.A., signed on 23 May 2013. As specified in the amendment the period during which the Company is entitled to draw upon the revolving credit facility was extended until 2 June 2016. Any outstanding credit must be fully repaid by 30 September 2016. On the grounds of an amendment signed on 4 September 2015 this credit agreement was dissolved on 8 September 2015.

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

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

PLN thousands	31.12.2015	31.12.2014
Liabilities due to bank credits	-	-
Liabilities due to loans, including:	-	4
company credit cards	-	4
Total credits and loans, including:	**-**	**4**
long-term credits and loans	-	-
short-term credits and loans	-	4

Maturity structure of credits and loans

PLN thousands	31.12.2015	31.12.2014
Short-term credits and loans	-	4
Long-term credits and loans	-	-
Total credits and loans	**-**	**4**

Credits and loan agreements as of 31.12.2015

As of 31.12.2015 no credit and loan agreements were in force.

Credits and loan agreements as of 31.12.2014

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

** On the Company's request the credit period has been shortened to 8 September 2015. This change occurred after the balance sheet date.*

*** On the Company's request the credit period has been shortened to 22 October 2015. This change occurred after the balance sheet date.*

**** This agreement has been extended until 02 Jun 2016 + 120 days for repayment. The extension occurred after the balance sheet date.*

Credits and loans by currency

thousands	31.12.2015		31.12.2014	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	-	-	4	4
Total		**-**		**4**

Note 31. Other financial liabilities

PLN thousands	31.12.2015	31.12.2014
Lease liabilities	293	657
Provisions associated with incentive program	19 531	-
Other financial liabilities, including:	**19 824**	**657**
long-term liabilities	-	260
short-term liabilities	19 824	397

Lease liabilities

PLN thousands	31.12.2015	31.12.2014
Short-term lease liabilities	293	397
Long-term lease liabilities (between 1 and 5 years)	-	260
Total	**293**	**657**

Note 32. Other long-term liabilities

Not applicable.

Note 33. Trade liabilities

PLN thousands	31.12.2015	31.12.2014
Trade liabilities	**4 660**	**9 286**
payable to affiliates	233	377
payable to external entities	4 427	8 909

Current and past-due trade liabilities

PLN thousands	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2015	**4 660**	**3 736**	**739**	**70**	**99**	**15**	**1**
payable to affiliates	233	233	-	-	-	-	-
payable to external entities	4 427	3 503	739	70	99	15	1

PLN thousands	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2014	**9 286**	**2 525**	**6 557**	**146**	**37**	**-**	**21**
payable to affiliates	377	-	357	-	-	-	20
payable to external entities	8 909	2 525	6 200	146	37	-	1

Trade liabilities by currency

thousands	31.12.2015		31.12.2014	
	currency units	PLN equivalent	currency units	PLN equivalent
PLN	1 093	1 093	1 977	1 977
USD	496	1 936	931	3 264
EUR	239	1 017	903	3 849
JPY	18 742	607	-	-
AUD	1	4	2	6
GBP	-	3	35	190
Total		**4 660**		**9 286**

Note 34. Other liabilities

PLN thousands	31.12.2015	31.12.2014
Liabilities from other taxes, duties, social security payments and others, except corporation tax	**698**	**603**
National Disabled Persons Rehabilitation Fund (PFRON) payments	11	11
Flat-rate withholding tax	31	18
Personal income tax	417	349
Social security (ZUS) payments	237	224
PIT-8A settlements	2	1
Other liabilities	**51 056**	**53 134**
Other employee-related liabilities	294	1
Other liabilities due to Management Board members	50	11
Liabilities payable to affiliates (cash pool)	3 175	1 249
Other liabilities	50	(3)
Advance payemnts received from clients	47 487	51 876
Accrued charges	**-**	**-**
Total other liabilities	**51 754**	**53 737**

Other current and past-due short-term liabilities

PLN thousands	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2015	**51 754**	**51 477**	**208**	**39**	**24**	**6**	**-**
payable to affiliates	7 962	7 918	40	4	-	-	-
payable to external entities	43 792	43 559	168	35	24	6	-

PLN thousands	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2014	**53 737**	**53 737**	**-**	**-**	**-**	**-**	**-**
payable to affiliates	4 192	4 192	-	-	-	-	-
payable to external entities	49 545	49 545	-	-	-	-	-

Other short-term liabilities by currency

thousands	31.12.2015		31.12.2014	
	currency units	PLN equivalent	currency units	PLN equivalent
USD	10 253	38 986	6 698	21 081
EUR	2 071	8 679	5 613	23 325
PLN	4 061	4 061	9 331	9 331
GBP	2	10	-	-
CNY	15	9	-	-
JPY	158	5	-	-
AUD	1	2	-	-
PHP	9	1	-	-
CAD	-	1	-	-
Total		**51 754**		**53 737**

Note 35. Internal Social Benefits Fund (ZFŚS): assets and liabilities

PLN thousands	31.12.2015	31.12.2014
Cash assets	27	17
Liabilities associated with the Internal Social Benefits Fund (ZFŚS)	27	10
Adjusted balance	**-**	**7**
Deduction for the Internal Social Benefits Fund (ZFŚS) in the financial year	**125**	**88**

Note 36. Conditional liabilities

Promissory note liabilities from loans received

Not applicable.

Conditional liabilities from sureties and collateral pledged

PLN thousands	Pledged in association with	currency	31.12.2015	31.12.2014
Agora S.A.				
Promissory note payable		PLN	11 931	11 931
Declaration of submission to enforcement with respect to guaranteed execution of distribution agreement		PLN	11 931	11 931
mBank S.A.				
Promissory note agreement	Credit agreement	PLN	-	16 500
Promissory note agreement	Credit agreement	PLN	-	30 000
Promissory note endorsement	Collateral for credit	PLN	-	15 000
Declaration of submission to enforcement	Collateral for credit	PLN	-	61 500
Registered pledge of The Witcher trademark	Collateral for credit	PLN	-	45 000
Declaration of submission to enforcement	Collateral for bank payment guarantee no. 02111KPA14	PLN	-	3 000
Declaration of submission to enforcement	Collateral for credit card agreement	PLN	920	-
mLeasing sp. z o.o.				
Promissory note agreement	Lease agreement no. Optimus1/WA/135724/2012	PLN	-	141
Millennium Leasing sp. z o.o.				
Promissory note agreement	Lease agreement no. K 182762	PLN	470	470
Global Collect Services BV				
Contract of guarantee	Guarantee of discharge of liabilities by GOG Ltd.	EUR	155	155

Mazovian Unit for the Implementation of European Union Programs (Mazowiecka Jednostka Wdrażania Programów Unijnych)				
Promissory note agreement	Co-financing agreement no. RPMA.01.07.00 - 14-010/11 RPO MV 2007-2013 Task 1.7	PLN	-	148
Promissory note agreement	Co-financing agreement no. RPMA.01.05.00 - 14-0638/08 RPO MV 2007-2013 Task 1.5	PLN	-	429
Ministry of the Economy				
Promissory note agreement	Co-financing agreement no. POIG.06.05.02-00-146/13-00	PLN	265	265
Promissory note agreement	Co-financing agreement no. POIG.06.05.02-00-148/13-00	PLN	235	235
Polish Agency for Enterprise Development (Polska Agencja Rozwoju Przedsiębiorczości)				
Promissory note agreement	Co-financing agreement no. UDA-POIG.08.02.00-14-524/13-00; POIG Task 8.2	PLN	839	941
Raiffeisen Bank Polska S.A.				
Guarantee of discharge of cash pool liabilities	Cash pool agreement	PLN	15 000	15 000
Guarantee of discharge of cash pool liabilities	Cash pool agreement	USD	500	500
Declaration of submission to enforcement	Framework agreement concerning forward and derivative transactions	PLN	75 000	15 000
Konami Digital Entertainment B.V.				
Contract of guarantee	Guarantee of discharge of liabilities by cdp.pl sp. z o.o.	EUR	-	200
Millenium Bank S.A.				
Declaration of submission to enforcement	Framework agreement concerning forward and derivative transactions	PLN	28 800	-

(all figures quoted in PLN thousands unless otherwise indicated)

Note 37. Long- and short-term financial lease liabilities

Liabilities associated with financial lease agreements and lease agreement with buyout options zakupu

PLN thousands	31.12.2015		31.12.2014	
	Minimum payments	Payments outstanding	Minimum payments	Payments outstanding
Due within 1 year	298	293	417	397
Due between 1 and 5 years	-	-	265	260
Total minimum lease payments	**298**	**293**	**682**	**657**
Future interest	5	-	25	-
Current minimum value of lease payments, including:	**293**	**293**	**657**	**657**
short-term payments	293	293	397	397
long-term payments	-	-	260	260

Assets subject to financial leasing as of 31.12.2015

PLN thousands	Asset category					Total
	Land holdings	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	
Passenger cars	-	-	-	566	-	566
Net value of leased assets	**-**	**-**	**-**	**566**	**-**	**566**

Financial lease agreements as of 31.12.2015

Financier	Contract no.	Base value	Base value in currency units	Currency	Contract expiration date	Payments outstanding at end of reporting period	Prolongation conditions and buyout options
Millenium Leasing	K 182762	342	342	PLN	2016-06-30	126	Lessee is entitled to buy out the leased asset – according to the contract the net residual value is 58 thousand PLN
mLeasing sp. z o.o.	OPTIMUS 1/WZ/179735/2014	315	315	PLN	2016-10-31	167	Lessee is entitled to buy out the leased asset – according to the contract the net residual value is 60 thousand PLN
Total		**657**	**657**			**293**	

(all figures quoted in PLN thousands unless otherwise indicated)

Note 38. Deferred revenues

PLN thousands	31.12.2015	31.12.2014
Subsidies	**844**	**1 005**
Construction of data processing and communications center of the CD PROJEKT Group	55	70
Modernization of ICT infrastructure at the CD PROJEKT Group	-	25
Functional upgrade of ICT architecture with ERP B2B software facilitating automated electronic data exchange	475	471
The Witcher 3	-	439
The Witcher 3: Blood and Wine	314	-
Revenues reportable in future reporting periods	**-**	**-**
Total deferred revenues, including:	**844**	**1 005**
long-term deferrals	415	965
short-term deferrals	429	40

PLN thousands	Co-financing agreement signed on	Contractual co-financing amount		Amount outstanding		Co-financing settlement deadline
Functional upgrade of ICT architecture with ERP B2B software facilitating automated electronic data exchange	26.11.2014	798	PLN	298	PLN	26.11.2019
The Witcher 3: Blood and Wine	14.09.2015	150	EUR	150	EUR	2022

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

- Functional upgrade of the ICT architecture with B2B ERP software facilitating automated electronic data exchange – project finished on 30 September 2015.
- The Witcher 3: Blood and Wine – project currently underway.

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

Note 39. Provisions for employee benefits and similar liabilities

PLN thousands	31.12.2015	31.12.2014
Provisions for retirement benefits and pensions	33	24
Provisions for other employee benefits (including bonuses)	135	138
Total, including:	**168**	**162**
long-term provisions	31	23
short-term provisions	137	139

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

PLN thousands	31.12.2015	31.12.2014
Discount rate (%)	2.94	2.50
Projected inflation rate (%)	2.94	2.50
Employee turnover rate (%) – adjusted for age; decreases with age reaching 0% three years prior to retirement	10.5% at 31 years	10.8% at 31 years
Projected annual rate of salary growth (%)	2.5%	2.5%
Mortality rates published by the Central Statistical Office (year of estimation)	2014	2013
Likelihood of disability during the fiscal year	0.25%	0.25%

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

Changes in provisions

PLN thousands	Provisions for retirement benefits and pensions	Provisions for other employee benefits	Total
As of 01.01.2015	**24**	**137**	**161**
Provisions created	9	308	317
Benefits paid out	-	249	249
Provisions dissolved	-	61	61
As of 31.12.2015, including:	**33**	**135**	**168**
long-term provisions	31	-	31
short-term provisions	2	135	137

PLN thousands	Provisions for retirement benefits and pensions	Provisions for other employee benefits	Total
As of 01.01.2014	**24**	**87**	**111**
Provisions created	-	279	279
Benefits paid out	-	225	225
Provisions dissolved	-	3	3
As of 31.12.2014, including:	**24**	**138**	**162**
long-term provisions	23	-	23
short-term provisions	1	138	139

Note 40. Other provisions

PLN thousands	31.12.2015	31.12.2014
Provisions for financial statement audit expenses	35	29
Provisions for bought-in services	132	56
Provisions for bonuses	34 928	-
Provisions for depreciation of licenses and fixed assets	304	-
Provisions for other expenses	214	-
Provisions for licensing liabilities	121	6
Total, including:	**35 734**	**91**
long-term provisions	-	-
short-term provisions	35 734	91

Changes in other provisions

PLN thousands	Provisions for warranty-covered repairs and returns	Provisions for bonuses	Other provisions	Total
As of 01.01.2015	**-**	**-**	**91**	**91**
Provisions created during fiscal year	-	39 479	3 024	42 503
Benefits paid out	-	4 528	2 152	6 680
Provisions dissolved	-	23	157	180
As of 31.12.2015, including:	**-**	**34 928**	**806**	**35 734**
long-term provisions	-	-	-	-
short-term provisions	-	34 928	806	35 734

PLN thousands	Provisions for warranty-covered repairs and returns	Provisions for bonuses	Other provisions	Total
As of 01.01.2014	**6**	**-**	**100**	**106**
Provisions created during fiscal year	-	-	163	163
Benefits paid out	5	-	118	123
Provisions dissolved	1	-	54	55
As of 31.12.2014, including:	**-**	**-**	**91**	**91**
long-term provisions	-	-	-	-
short-term provisions	-	-	91	91

Note 41. Financial risk management – objectives and methods

Interest rate risk – sensitivity to changes

PLN thousands	31.12.2015		31.12.2014	
	Impact on gross financial result	Impact on equity	Impact on gross financial result	Impact on equity
Assets measured at amortized cost, including:	**0.000%**	**0.000%**	**0.025%**	**0.002%**
credits, loans and lease agreements	0.000%	0.000%	0.025%	0.002%

Credit risk

PLN thousands	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2015							
Trade receivables	87 972	85 828	1 291	9	322	140	382
Revaluation write-downs	382	-	-	-	-	-	382
Other receivables	28 158	27 427	-	-	-	-	731
Revaluation write-downs	732	-	-	-	-	-	732
Cash and cash equivalents	366 222	366 222	-	-	-	-	-
Other financial assets	712	712	-	-	-	-	-
Total	**481 950**	**480 189**	**1 291**	**9**	**322**	**140**	**(1)**

PLN thousands	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
As of 31.12.2014							
Trade receivables	5 882	4 055	659	597	21	29	521
Revaluation write-downs	521	-	-	-	-	-	521
Other receivables	12 981	6 570	4 078	436	1 017	141	739
Revaluation write-downs	-	-	-	-	-	-	-
Cash and cash equivalents	12 947	12 947	-	-	-	-	-
Other financial assets	3 292	3 292	-	-	-	-	-
Total	**34 581**	**26 864**	**4 737**	**1 033**	**1 038**	**170**	**739**

Liquidity risk

PLN thousands	total	current	up to 90 days	91-360 days	> 360 days
As of 31.12.2015					
Credits and loans subject to interest payments	-	-	-	-	-
Trade and other liabilities, including:	56 414	55 214	1 054	144	2
payable to affiliates	8 195	8 151	44		-
Total	**56 414**	**55 214**	**1 054**	**144**	**2**

PLN thousands	total	current	up to 90 days	91-360 days	> 360 days
As of 31.12.2014					
Credits and loans subject to interest payments	-	-	-	-	-
Trade and other liabilities, including:	63 027	56 266	6 703	37	21
payable to affiliates	4 570	4 193	357	-	20
Total	**63 027**	**56 266**	**6 703**	**37**	**21**

Risk of insolvency and credit risk

CD PROJEKT S.A. compares its results to annual plans which include liquidity goals. Such evaluation is performed on a monthly basis.

In order to minimize the risk of customer insolvency the Company performs ongoing monitoring of the collection of receivables. Debt collection is subcontracted to specialized third parties. The Company identifies key customers whose total share in the Company's sales revenues exceeds 10%.

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

As of the publication date of this report CD PROJEKT S.A. has set aside provisions in cash as well as shares in the PKO TFI investment fund, which invests in low-risk debt instrument. These shares can be liquidated on demand. Cash management on the level of the Capital Group is performed in such a way that excess cash in one subsidiary may be loaned to other subsidiaries. The Group relies on this mechanism to perform daily management of its liquid assets, ensure sufficient liquidity, meet any liabilities arising from its ordinary activities and permit unhindered continuation of videogame development projects.

Risks associated with credit agreements and interest rate risks

In 2015 the Company did not have any outstanding liabilities due to bank credit agreements, third-party loans or bonds. Several vehicle lease agreements were in force; however, their aggregate value was much lower than the CD PROJEKT Capital Group's positive cash account balance. In order to carry out its activities CD PROJEKT S.A. may, in the future, require access to sources of financing, including bank credit agreements, third-party loans, lease agreements or bonds.

The Company invests its surplus cash in short-term bank deposits. In this context lower interest rates may have a negative impact on the financial revenues obtained by the Company.

Risks associated with sureties

Credit agreements, selected trade agreements and cash-pooling agreements concluded within the CD PROJEKT Capital Group involve CD PROJEKT S.A., GOG Ltd., GOG Poland sp. z o.o., cdp.pl sp. z o.o., Brand Projekt sp. z o.o. (liquidated on 31 December 2015), CD PROJEKT Brands S.A. and CD PROJEKT Inc. acting as guarantors. These provisions may potentially compel each guarantor to cover the liabilities of other parties to whom guarantees have been contractually pledged. Detailed information regarding the scope of guarantees granted by each member of the CD PROJEKT Capital Group can be found in the Consolidated Financial Statement of the CD PROJEKT Capital Group for the period between 1 January and 31 December 2015, in the section titled "Conditional liabilities from guarantees and collateral pledged".

Risk of PLN strengthening against USD and EUR

A significant portion of publishing and distribution agreements to which CD PROJEKT S.A. is party (as a videogame developer) is denominated in foreign currencies – typically in USD or EUR. As a result, the strengthening of PLN against foreign currencies is regarded as an unfavorable circumstance by the Company, reducing its revenues from distribution and licensing contracts. CD PROJEKT S.A. performs hedging in order to mitigate exchange rate risks, however such risks cannot be entirely eliminated.

Note 42. Disclosure of financial instruments

Fair value of financial instruments per category

FINANCIAL ASSETS	Carrying amount		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Trade and other receivables	**115 017**	**18 341**	**115 017**	**18 341**
trade receivables	87 591	5 360	87 591	5 360
other receivables	27 426	12 981	27 426	12 981
Financial assets carried at fair value through profit/loss, including:	**165**	**2 745**	**165**	**2 745**
investment fund shares	-	2 745	-	2 745
shares in other entities	106	-	106	-
forward contracts	59	-	59	-
Financial assets held for sale	**547**	**547**	**547**	**547**
valuation of shares in other entities	547	547	547	547
Cash and cash equivalents	**366 222**	**12 947**	**366 222**	**12 947**
cash on hand and bank deposits	366 222	12 947	366 222	12 947

(all figures quoted in PLN thousands unless otherwise indicated)

FINANCIAL LIABILITIES	Carrying amount		Fair value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Credits and loans subject to interest payments, including:	**-**	**4**	**-**	**4**
other short-term liabilities	-	4	-	4
Other miscellaneous (long-term) liabilities, including:	**-**	**260**	**-**	**260**
liabilities from financial lease contracts and lease contracts with a buyout option	-	260	-	260
Trade and other liabilities	**56 414**	**63 023**	**56 414**	**63 023**
trade liabilities	4 660	9 286	4 660	9 286
other short-term liabilities	51 754	53 737	51 754	53 737
Financial liabilities, including:	**293**	**397**	**293**	**397**
other short-term financial liabilities (associated with lease agreements)	293	397	293	397
Financial liabilities carried at fair value through profit / loss, including:	**19 531**	**-**	**19 531**	**-**
valuation of futures under the incentive program	19 531	-	19 531	-

Hierarchy of financial instruments carried at fair value

PLN thousands	31.12.2015	31.12.2014
LEVEL 1		
Assets carried at fair value		
Financial assets carried at fair value through financial result, including:	**106**	**2 745**
investment fund shares	-	2 745
shares in other entities	106	
LEVEL 2		
Assets carried at fair value		
Derivatives:	**59**	**-**
forward exchange contract – USD	59	-
Liabilities carried at fair value		
Financial liabilities carried at fair value through profit or loss, including:	**19 935**	**-**
valuation of of futures under the incentive program	19 531	-
LEVEL 3		
Assets carried at fair value		
Financial assets carried at fair value through financial result, including:	**547**	**547**
shares in other entities	547	547

Financial instruments carried at fair value are categorised into different levels of the fair value hierarchy as follows:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs for the asset or liability.

Note 43. Equity management

PLN thousands	31.12.2015	31.12.2014
Credits and loans subject to interest payments	-	-
Liabilities associated with supply of products and services, and other liabilities	56 414	63 023
Less cash and cash equivalents	366 222	12 947
Net borrowing	**(309 808)***	**50 076**
Convertible preference shares	-	-
Equity	480 087	142 264
Total equity	**480 087**	**142 264**
Equity aggregated with net borrowing	**-***	**192 340**
Leverage ratio	-*	26%

** The Company has no outstanding net borrowing – the balance of cash/cash equivalents and liabilities due to purchases of products and services, as well as other liabilities, is positive.*

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

The Company actively manages its equity structure, resulting in changes which reflect changing economic conditions. In order to retain or adjust said equity structure, the parent entity may pay out dividends to shareholders, return capital to shareholders or issue new shares. The Company monitors its capital status by applying a leverage ratio which is calculated as the ratio of net borrowing versus total equity increased by net borrowing. As of 31.12.2015 the value of cash assets held by the company was in excess of the Company's total liabilities associated with supply of products and services, and other liabilities. Consequently, the Company's net cash balance is positive.

Note 44. Employee benefits programs

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

Incentive program valuation – assumed indicators

Indicator	31.12.2015	31.12.2014
Assumed volatility index (%)	29%	45%
Historical volatility index (%)	29%	14%
Risk-free interest rate (%)	1.8%	3.10%
Projected warrant eligibility duration (years)	1.5	2

Grant date

Over the four-year duration of the incentive program the Company issued grants of eligibility in four batches. For each batch the fair value of assigned warrants was calculated on the corresponding grant date using modern financial engineering methods and numerical algorithms by a licensed actuary entered in the register of actuaries maintained by the Financial Supervision Authority.

Classification of valuation conditions

The condition associated with return on shares vs. average return for the WIG index and the condition specifying that on the day of exercise the market price must be above the acquisition price are considered market conditions.

Conditions related to increases in net profits are considered non-market conditions. Formal terms (e.g. correct and timely filing of the relevant documentation), loyalty criteria and any other terms not related to share price are also treated as non-market conditions, as is the requirement of survival until the exercise date and other similar stipulations

Number of shares on grant date

94 950 000 shares of the Company existed throughout the incentive program.

Number of warrants granted

As of 31 December 2015 1 450 000 warrants have been granted under the incentive program.

Dividend

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

Implementation of the program

Implementation of the incentive program was contingent upon two types of goals:

- 20% of warrants – market goal – the change in the Company share price on the Warsaw Stock Exchange, calculated as the difference between the closing price on the final trading day preceding 31 December 2015 and the closing price on the day of enactment of the program, i.e. 16 December 2011, must exceed the corresponding change in the WIG index calculated over the same period (i.e. 16 December 2011 – 31 December 2015) by at least 100%.

	16.12.2011	30.12.2015	Change
WIG	37 001.49	46 467.38	26%
CD PROJEKT S.A. share price	4.89	22.15	353%

In accordance with the data provided above, the market goal of the incentive program is considered met. Following the balance sheet date, in Current Report No. 2/2016 of 29 January 2016 the Management Board of the Company announced that subscription warrants associated with the abovementioned market goal had been granted to entitled parties. Based on subscriptions filed on 29 January 2016, the entitled parties claimed a total of 290 000 Series A subscription warrants.

- 80% of warrants – result goal

  a) With regard to entitled parties deemed as having significant influence on the results of the Capital Group in all of its activity segments, the result goal for the years 2012-2015 stipulates that the aggregate consolidated net earnings per share for the target period must be equal to or greater than 2.436 PLN. Given the total stock volume of the Company (94 950 000 shares) the aggregate consolidated net earnings of the Capital Group must be at least 231 298.2 thousand PLN. The actual aggregate consolidated net earnings of the Capital Group for the period covered by the incentive program are 389 704 thousand PLN, which corresponds to 4.11 PLN per Company share. Consequently, the result goal for entitled parties deemed as having significant influence on the results of the entire Capital Group is considered met.

  b) With regard to entitled parties deemed as having significant influence on the results of individual activity segments result goals are set and assessed for each segment separately.

Formal validation of the attainment of the result goal of the 2012-2015 incentive program will occur after this Consolidated Financial Statement of the CD PROJEKT Capital Group is approved by the General Meeting of Shareholders.

(all figures quoted in PLN thousands unless otherwise indicated)

Changes in warrants granted under the incentive program

Breakdown	31.12.2015		31.12.2014	
	Number of warrants granted	Exercise price (PLN)	Number of warrants granted	Exercise price (PLN)
Unexercised at beginning of period	1 900 000	4.30	1 900 000	4.30
Granted, unexercised at beginning of period	1 300 000	4.30	1 250 000	4.30
Granted	150 000	4.30	100 000	4.30
Forfeited	-	-	50 000	4.30
Exercised	-	-	-	-
Extinguished	-	-	-	-
Unexercised at end of period	1 900 000	4.30	1 900 000	4.30
Granted, unexercised at end of period	1 450 000	4.30	1 300 000	4.30
Exercisable at end of period	-	-	-	-

Warrant exercise price as of 31.12.2015

Breakdown	Exercise price	Number of warrants granted under the incentive program	
		31.12.2015	31.12.2014
30.11.2016	4.30	1 450 000	1 300 000

Note 45. Transactions with affiliates

Conditions governing transactions with affiliates

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

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

(all figures quoted in PLN thousands unless otherwise indicated)

Transactions with affiliates

	Sales to affiliates		Purchase from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014**	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
SUBSIDIARIES								
GOG Poland sp. z o.o.	1 825	1 385	5	-	452	277	-	-
GOG Ltd.	14 268	1 023	8	-	2 310	448	5 361	3 579
Brand Projekt sp. z o.o.	-	11	-	-	-	1 912	-	-
CD PROJEKT Brands S.A.	27	17 626	3 514	-	13	2	2 552	959
CD PROJEKT Inc.	8	-	4 506	-	886	176	233	-
Optibox Sp. z o.o. in liquidation bankruptcy	-		-	-	-	-	-	20
MANAGERS OF GROUP MEMBER COMPANIES AND THEIR PROXIES								
Marcin Iwiński	7	7	-	-	1	-	41	9
Adam Kiciński	3	4	-	-	2	-	5	2
Piotr Nielubowicz	5	5	-	-	-	-	1	-
Michał Nowakowski	10	10	-	-	-	-	1	-
Adam Badowski	1	1	-	-	1	-	1	-
Edyta Wakuła*	2	3	-	-	-	-	-	-
Piotr Karwowski	-	-	-	-	-	-	-	-
Arkadiusz Trojanowski*	-	-	-	-	-	-	-	-

** proxy*

*** purchases from affiliates in fiscal year 2014 did not exceed the materiality threshold*

(all figures quoted in PLN thousands unless otherwise indicated)

Note 46. Compensation of top management and Supervisory Board members

Benefits paid out to members of the Management Board

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Short-term employee benefits (compensation and overheads)	26 186	2 152
Total	**26 186**	**2 152**

Benefits paid out or payable to other top managers

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Short-term employee benefits (compensation and overheads)	123	271
Total	**123**	**271**

Benefits paid out or payable to members of the Supervisory Board

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Short-term employee benefits (compensation and overheads)	156	126
Total	**156**	**126**

Note 47. Employments

Average employment

Breakdown	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Average employment	131	94
Total	**131**	**94**

Employee rotation

Breakdown	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
No. of employees hired	55	31
No. of employees dismissed	18	11
Total	**37**	**20**

Note 48. Operating lease agreements

Not applicable.

Note 49. Capitalized borrowing costs

Not applicable.

Note 50. 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 in relation to decisions issued by the Inspector of Treasury Control concerning VAT liabilities allegedly incurred by the Company's legal predecessor. On 24 November 2003 the Supreme Administrative Court in Warsaw vacated these decisions as unlawful.

On 9 December 2008 the District Court for the City of Kraków issued an interlocutory judgment holding the Optimus claim valid in rem. This judgment concerned the validity of the Company's claim for monetary damages. On 19 May 2009 this judgment was vacated by the 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. A parallel appeal against the section in which the District Court affirms the Company's claims was filed by the State Treasury. On 7 December 2015 the Appellate Court in Kraków decided to petition the Supreme Court for resolution of a legal issue which, in the Appellate Court's opinion, gives rise to significant legal controversies, and to adjourn the proceeding until such time as a resolution is obtained. The Supreme Court has not yet scheduled a hearing in this matter.

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

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

In mid-February 2011 the Company petitioned the Court to schedule another hearing. The Company is currently awaiting the Court's decision in this regard. This case is linked to case no. XVIII K 126/09 (described below).

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

Case against Michał Lorenc, Piotr Lewandowski and Michał Dębski

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

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

Note 51. Fiscal settlements

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

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

Tax Capital Group

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

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

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

On 31 December 2015 a merger between Tax Capital Group member companies was registered and, consequently, the Tax Capital Group forfeited its taxable person status. Effective on 1 January 2016 CD PROJEKT S.A. became an independent taxable person for the purposes of levying the corporate income tax. The aforementioned merger was conducted in the framework of optimizing the activities of Capital Group member company activities – among others, by reducing the number of said companies in order to facilitate more effective management and reduce operational overhead.

Note 52. Obsolete electrical and electronic equipment

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

Note 53. Events following the balance sheet date

In Current Report no. 2/2016 of 29 January 2016 the Management Board of the Company announced that, pursuant to Resolution no. 3 of the Extraordinary General Meeting of Shareholders convened on 16 December 2011 and in compliance with the Rules and Conditions of the Incentive Program for the years 2012-2015 ("the Incentive Program") adopted at the aforementioned meeting, subscription warrants had been granted to entitled parties in light of the attainment of the Incentive Program's market goal. On the basis of subscriptions filed on 29 January 2016, a total of 290 000 (two hundred ninety thousand) series A subscription warrants were granted to participants of the Incentive Program.

The warrants were issued in accordance with the conditions and for the purpose of implementation of the Incentive Program which had previously been disclosed in Current Report no. 73/2011 of 17 December 2011. The right to claim warrants, conditioned upon attainment of specific market and result goals, appertains to persons regarded as critically important for the Company and for companies belonging to its Capital Group. Each warrant entitles its holder to claim one series L ordinary bearer share at the per-share issue price of 4.30 PLN.

Note 54. Inflation-adjusted financial statement

Not applicable.

Note 55. Involvement of subsidiaries not subject to consolidated financial reporting

PLN thousands	Balance sheet total	Share in balance sheet total of the CD PROJEKT Capital Group	Revenues from sales and financial operations	Share in revenues from sales and financial operations of the CD PROJEKT Capital Group
As of 31.12.2015				
Parent entity	**618 617**	**100%**	**715 905**	**100%**
Optibox sp. z o.o. in liquidation bankruptcy	-	-	-	-

PLN thousands	Balance sheet total	Share in balance sheet total of the CD PROJEKT Capital Group	Revenues from sales and financial operations	Share in revenues from sales and financial operations of the CD PROJEKT Capital Group
As of 31.12.2014				
Parent entity	**208 818**	**100%**	**52 669**	**100%**
Optibox sp. z o.o. in liquidation bankruptcy	-	-	-	-

Note 56. Disclosure of transactions with entities charged with performing audits of financial statements

Compensation paid out or payable during the fiscal year (PLN thousands)	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
for auditing annual financial statements and the consolidated financial statement	35	29
for reviewing financial statements and the consolidated financial statement	18	17
for other services	5	5
Total	**58**	**51**

Note 57. Clarifications regarding the cash flow statement

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
Cash on balance sheet	366 222	12 947
Cash and cash equivalents reported in cash flow statement (including three-month or longer-term bank deposits)	366 222	12 947

PLN thousands	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014*
Depreciation:	**3 393**	**2 668**
depreciation of intangible assets	1 420	920
depreciation of tangible fixed assets	1 973	1 748
Interest and share in profits (dividends) consist of:	**(9 092)**	**(8 873)**
interest paid on loans granted	-	(1)
interest paid on cash pool guarantees	38	9
interest received	(1 792)	(535)
dividends received	(7 338)	(8 347)
Profit (loss) from investment activities results from:	**(29)**	**19 997**
revenues from sales of intangible assets	-	(17 622)
net value of intangible assets sold	-	15 104
revenues from sales of tangible fixed assets	(62)	(6 635)
net value of tangible fixed assets sold	76	5 227
net value of tangible fixed assets liquidated	(31)	24 438
revaluation of fixed assets	9	1
revaluation of short-term financial assets	(21)	(34)
profit from sales of investment fund shares	-	(8)
valuation of shares in other entities	-	(475)
Changes in provisions result from:	**35 649**	**36**
balance of changes in provisions for liabilities	52 724	(2 798)
adjustment of deferred tax provisions	(17 082)	2 784
balance of changes in provisions for employee benefits	7	50
Changes in inventory status result from:	**62 405**	**(51 997)**
balance of changes in inventory status	62 405	(51 997)
Changes in receivables result from:	**(97 615)**	**(10 147)**
balance of changes in short-term receivables	(96 676)	(8 203)
balance of changes in long-term receivables	61	(19)
income tax reimbursed/paid	-	(900)
income tax set against withholding tax	-	(947)
cash pool eliminations	(1 036)	(78)
Changes in short-term liabilities, except financial liabilities, result from:	**10 996**	**44 708**
balance of changes in short-term liabilities	19 667	37 544
current tax adjustments	(6 853)	(497)
changes in financial liabilities	104	(269)
cash pool eliminations	(1 926)	(1 249)
adjustment for changes in credit and loan status	4	(3)
adjustment for changes in liabilities associated with purchases of intangible and legal assets	-	9 182
Changes in other assets result from:	**(493)**	**172**
balance of changes in deferred and accrued charges	(14 368)	(9)
adjustment for changes in deferred tax assets	13 875	181

Changes in other liabilities include:	**(206)**	**(105)**
balance of changes in accrued revenues	(162)	(105)
elimination of fixed assets received free of charge	(44)	-
Other adjustments include:	**(271)**	**257**
cost of incentive program	1 638	727
adjustment of statistical exchange rate differences on advance payments recognized as revenues in 2013	-	(470)
acquisition of subsidiary shares through merger	(1 895)	-
net profit of acquiree	(15)	-
corporate income tax adjustment – Brand Projekt (tax capital group)	1	-

** following presentation adjustments*

Approval of financial statement

This separate financial statement of CD PROJEKT S.A. was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 10 March 2016, and is duly submitted to the General Meeting of CD PROJEKT S.A. for approval.

Warsaw, 10 March 2016

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 indicated)

CD PROJEKT