

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENT OF THE
CD PROJEKT CAPITAL GROUP
FOR THE PERIOD BETWEEN 1 JANUARY AND 31 MARCH 2016



CD PROJEKT®

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CD PROJEKT Capital Group – selected financial highlights converted into EUR

| | PLN | | EUR | |
|---|-------------------------|--------------------------|-------------------------|--------------------------|
| | 01.01.2016 - 31.03.2016 | 01.01.2015 - 31.03.2015* | 01.01.2016 - 31.03.2016 | 01.01.2015 - 31.03.2015* |
| Net revenues from sales of products, goods and materials | 86 995 | 25 587 | 19 972 | 6 167 |
| Cost of products, goods and materials sold | 17 189 | 17 496 | 3 946 | 4 217 |
| Operating profit (loss) | 38 580 | (2 676) | 8 857 | (645) |
| Profit (loss) before tax | 40 178 | (4 624) | 9 224 | (1 115) |
| Net profit (loss) from continuing operations | 32 562 | (5 216) | 7 475 | (1 257) |
| Net profit (loss) attributable to equity holders of parent entity | 32 562 | (5 216) | 7 475 | (1 257) |
| Net cash flows from continuing operations | 40 286 | (2 294) | 9 249 | (553) |
| Net cash flows from investment activities | 679 | (2 541) | 156 | (612) |
| Net cash flows from financial activities | 275 | (77) | 63 | (19) |
| Aggregated net cash flows | 41 240 | (4 912) | 9 468 | (1 184) |
| Stock volume (in thousands) | 94 950 | 94 950 | 94 950 | 94 950 |
| Net profit (loss) per ordinary share (PLN/EUR) | 0.34 | (0.05) | 0.08 | (0.01) |
| Diluted profit (loss) per ordinary share (PLN/EUR) | 0.34 | (0.05) | 0.08 | (0.01) |
| Book value per share (PLN/EUR) | 5.76 | 1.73 | 1.35 | 0.42 |
| Diluted book value per share (PLN/EUR) | 5.76 | 1.73 | 1.35 | 0.42 |
| Declared or paid out dividend per share (PLN/EUR) | - | - | - | - |
| * following presentation-related changes | | | | |
| | PLN | | EUR | |
| | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| Total assets | 693 697 | 673 946 | 162 519 | 158 148 |
| Liabilities and provisions for liabilities (less accrued charges) | 137 658 | 151 984 | 32 250 | 35 664 |
| Long-term liabilities | 10 345 | 18 414 | 2 424 | 4 321 |
| Short-term liabilities | 136 233 | 141 857 | 31 917 | 33 288 |
| Equity | 547 119 | 513 675 | 128 179 | 120 539 |
| Share capital | 94 950 | 94 950 | 22 245 | 22 281 |

The financial data for the first quarter of 2016 and for 2015 have been converted into EUR under the following assumptions:

- Assets and liabilities listed in the consolidated statement of financial positions were converted into EUR by applying the exchange rate for the final day of the reporting period, as published by the National Bank of Poland. These exchange rates were: 4.2684 EUR/PLN on 31 March 2016 and 4.2615 EUR/PLN on 31 December 2015 respectively.
- Elements of the consolidated profit and loss account and consolidated statement of cash flows were converted into EUR by applying the average value of exchange rates for the final day of each month belonging to the reporting period, as published by NBP. The corresponding exchange rates were: 4.3559 EUR/PLN for the period between 1 January and 31 March 2016, and 4.1489 EUR/PLN for the period between 1 January and 31 March 2015 respectively.

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CD PROJEKT

Consolidated Financial Statement of the CD PROJEKT Capital Group

1

Condensed interim consolidated profit and loss account

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015* |
|---|----------------------------|-----------------------------|
| Sales revenues | 86 995 | 25 587 |
| Revenues from sales of products | 63 667 | 2 857 |
| Revenues from sales of services | 105 | 117 |
| Revenues from sales of goods and materials | 23 223 | 22 613 |
| Cost of products, goods and materials sold | 17 189 | 17 496 |
| Cost of products and services sold | 1 810 | 2 524 |
| Value of goods and materials sold | 15 379 | 14 972 |
| Gross profit (loss) from sales | 69 806 | 8 091 |
| Other operating revenues | 205 | 258 |
| Selling costs | 16 833 | 7 787 |
| General and administrative costs | 9 078 | 3 044 |
| Other operating expenses | 5 520 | 194 |
| Operating profit (loss) | 38 580 | (2 676) |
| Financial revenues | 3 272 | 57 |
| Financial expenses | 1 674 | 2 005 |
| Profit (loss) before tax | 40 178 | (4 624) |
| Income tax | 7 616 | 592 |
| Net profit (loss) from continuing operations | 32 562 | (5 216) |
| Net profit (loss) from discontinued operations | - | - |
| Net profit (loss) | 32 562 | (5 216) |
| Net profit (loss) attributable to minority interests | - | - |
| Net profit (loss) attributable to equity holders of parent entity | 32 562 | (5 216) |
| Net earnings per share (in PLN) | | |
| Basic for the reporting period | 0.34 | (0.05) |
| Diluted for the reporting period | 0.34 | (0.05) |
| Net earnings per share from continuing operations (in PLN) | | |
| Basic for the reporting period | 0.34 | (0.05) |
| Diluted for the reporting period | 0.34 | (0.05) |
| Net earnings per share from discontinued operations (in PLN) | | |
| Basic for the reporting period | - | - |
| Diluted for the reporting period | - | - |

* following presentation-related adjustments

The revenues of the CD PROJEKT Capital Group in the first quarter of 2016 were 86 995 thousand PLN. The largest contribution to this figure is from licensing royalties aggregated with sales of products (63 667 thousand PLN), associated with ongoing high sales volume of The Witcher: Wild Hunt. Most of the reported revenues from sales of goods and materials (23 223 thousand PLN) were attributable to GOG.com (20 103 thousand PLN), with a lower contribution of sales of physical components of box sets (carriers, boxes etc.) by CD PROJEKT RED (3 117 thousand PLN).

Regarding expenses, the largest single item, i.e. selling costs (16 833 thousand PLN) was associated with the marketing activities of CD PROJEKT RED, including the run-up to the release of Blood and Wine (scheduled for 31 May 2016), as well as the costs of maintaining the GOG.com platform.

The bulk of general and administrative costs (9 078 thousand PLN) and other operating expenses (5 520 thousand PLN) was due to employees compensation as well as provisions for future compensation conditioned upon the Group's financial results.

Pre-tax profit in Q1 2016 was reported as 40 178 thousand PLN, which translates into 32 562 thousand PLN in net profit. Accordingly, the net profitability of the Capital Group in the first quarter of 2016 (calculated as the ratio between net profit and revenues) was 37%.

Condensed interim consolidated statement of comprehensive income

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|---|----------------------------|----------------------------|
| Net profit (loss) | 32 562 | (5 216) |
| Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria | (662) | 1 539 |
| Exchange rate differences on valuation of foreign entities | (662) | 1 539 |
| Other comprehensive income which will not be entered as profit (loss) | - | - |
| Total comprehensive income | 31 900 | (3 677) |
| Total comprehensive income attributable to minority interests | - | - |
| Total comprehensive income attributable to equity holders of parent entity | 31 900 | (3 677) |

Condensed interim consolidated statement of financial position

| | 31.03.2016 | 31.12.2015 | 31.03.2015* |
|--------------------------------|----------------|----------------|----------------|
| FIXED ASSETS | 117 156 | 119 187 | 94 930 |
| Tangible assets | 10 529 | 9 380 | 5 444 |
| Intangible assets | 46 794 | 47 857 | 41 303 |
| Goodwill | 46 417 | 46 417 | 46 417 |
| Other financial assets | 547 | 547 | 547 |
| Deferred income tax assets | 12 654 | 14 771 | 943 |
| Other fixed assets | 215 | 215 | 276 |
| WORKING ASSETS | 576 541 | 554 759 | 169 131 |
| Inventories | 48 175 | 34 200 | 106 558 |
| Trade receivables | 45 908 | 87 704 | 14 087 |
| Current income tax receivables | 21 222 | - | 183 |
| Other receivables | 15 043 | 26 530 | 10 997 |
| Other financial assets | - | 165 | 2 768 |
| Prepaid expenses | 11 316 | 12 523 | 5 055 |
| Cash and cash equivalents | 434 877 | 393 637 | 29 483 |
| TOTAL ASSETS | 693 697 | 673 946 | 264 061 |

* following presentation-related adjustments

Neither the value nor the composition of the Group's tangible assets underwent material changes during the reporting period. The Group's inventories (valued at 48 175 thousand PLN) mostly correspond to inventories held by CD PROJEKT RED (47 779 thousand PLN), including in particular the capitalized expenses associated with development of heretofore unpublished products (42 255 thousand PLN – most of which is attributable to the Blood and Wine

expansion pack and Cyberpunk 2077), in addition to finished products (3 532 thousand PLN – mostly Hearts of Stone development expenses). Due to ongoing development of new releases, the aggregate value of the Group's inventories increased by 13 975 thousand PLN in the first quarter of 2016. Having fully discounted The Witcher 3: Wild Hunt development expenses (aggregated with the cost of products and materials sold in the current reporting period as well as in previous reporting periods), as of 31 March 2016 the Company held no inventories which represented yet-to-be discounted expenses associated with the development of that game. Accordingly, future revenues obtained by the Company in association with The Witcher 3 license agreements will not require proportional recognition of selling costs aggregated with the value of inventories and representing historical development expenses.

The reduction in the Group's trade receivables (45 908 thousand PLN as of 31 March 2016) is due to partial collection of receivables reported at the end of 2015 (87 704 thousand PLN).

Current income tax receivables (21 222 thousand PLN) are primarily constituted by transfers from the "Other receivables" category associated with receipt of confirmation of payment of withholding tax by the Company's foreign business partners who remit licensing royalties to the Company.

As of 31 March 2016 the Group held cash and cash equivalents valued at 434 877 thousand PLN, which represents an increase by 41 240 thousand PLN compared to 31 December 2015.

| | 31.03.2016 | 31.12.2015 | 31.03.2015* |
|--|----------------|----------------|----------------|
| EQUITY | 547 119 | 513 675 | 164 521 |
| Equity attributable to shareholders of the parent company | 547 119 | 513 675 | 164 521 |
| Share capital | 94 950 | 94 950 | 94 950 |
| Supplementary capital, incl. sales of shares above nominal price | 120 199 | 120 199 | 119 730 |
| Other reserve capital | 4 837 | 3 354 | 1 896 |
| Exchange rate differences | 1 852 | 2 514 | 2 463 |
| Retained earnings | 292 719 | (49 772) | (49 302) |
| Net profit (loss) for the reporting period | 32 562 | 342 430 | (5 216) |
| Minority share capital | - | - | - |
| LONG-TERM LIABILITIES | 10 345 | 18 414 | 1 445 |
| Other financial liabilities | 124 | - | 203 |
| Deferred income tax liabilities | 9 792 | 17 956 | 1 156 |
| Deferred revenues | 394 | 423 | 59 |
| Provisions for employee benefits and similar liabilities | 35 | 35 | 27 |
| SHORT-TERM LIABILITIES | 136 233 | 141 857 | 98 095 |
| Credits and loans | - | - | - |
| Other financial liabilities | 4 117 | 20 228 | 381 |
| Trade liabilities | 22 364 | 22 603 | 19 282 |
| Liabilities from current income tax | 182 | 7 524 | 445 |
| Other liabilities | 59 816 | 46 965 | 72 529 |
| Deferred revenues | 8 526 | 7 864 | 5 208 |
| Provisions for employee benefits and similar liabilities | 187 | 225 | 155 |
| Other provisions | 41 041 | 36 448 | 95 |
| TOTAL LIABILITIES | 693 697 | 673 946 | 264 061 |

* following presentation-related adjustments

The increase in reported equity was mostly due to retained earnings (32 562 thousand PLN) and collection of payments for shares to be issued under the incentive program due to attainment of the program's market goal (903 thousand PLN). As of 31 March 2016 the Company's equity was valued at 547 119 thousand PLN.

Other liabilities (59 816 thousand PLN) are primarily due to receipt or recognition of advance licensing royalties associated with future sales of the Expansion Pass edition of The Witcher 3: Wild Hunt.

Most of the reported value of other provisions (41 041 thousand PLN) corresponds to provisions for future employee compensation conditioned upon the Group's financial result, created in the current quarter or in previous quarters.

Condensed interim statement of changes in consolidated equity

| | Share capital | Supplementary capital from sales of shares above nominal price | Other reserve capital | Exchange rate differences | Retained earnings | Net profit (loss) for the reporting period | Equity attributable to shareholders of parent company | Minority share capital | Total equity |
|---|---------------|--|-----------------------|---------------------------|-------------------|--|---|------------------------|----------------|
| 01.01.2016 – 31.03.2016 | | | | | | | | | |
| Equity as of 01.01.2016 | 94 950 | 120 199 | 3 354 | 2 514 | 292 658 | - | 513 675 | - | 513 675 |
| Adjustments due to errors in preceding years | - | - | - | - | 61 | - | 61 | - | 61* |
| Equity after adjustments | 94 950 | 120 199 | 3 354 | 2 514 | 292 719 | - | 513 736 | - | 513 736 |
| Cost of incentive program | - | - | 580 | - | - | - | 580 | - | 580 |
| Payment for shares issued under the incentive program | - | - | 903 | - | - | - | 903 | - | 903 |
| Allocation of net profit/coverage of losses | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | (662) | - | 32 562 | 31 900 | - | 31 900 |
| Equity as of 31.03.2016 | 94 950 | 120 199 | 4 837 | 1 852 | 292 719 | 32 562 | 547 119 | - | 547 119 |

* This adjustment is described in the section titled "Assumption of comparability of financial statements".

| | Share capital | Supplementary capital from sales of shares above nominal price | Other reserve capital | Exchange rate differences | Retained earnings | Net profit (loss) for the reporting period | Equity attributable to shareholders of parent company | Minority share capital | Total equity |
|--|---------------|--|-----------------------|---------------------------|-------------------|--|---|------------------------|----------------|
| 01.01.2015 – 31.12.2015 | | | | | | | | | |
| Equity as of 01.01.2015 | 94 950 | 119 730 | 1 716 | 924 | (49 302) | - | 168 018 | - | 168 018 |
| Adjustments due to errors in preceding years | - | - | - | - | - | - | - | - | - |
| Equity after adjustments | 94 950 | 119 730 | 1 716 | 924 | (49 302) | - | 168 018 | - | 168 018 |
| Cost of incentive program | - | - | 1 638 | - | - | - | 1 638 | - | 1 638 |
| Allocation of net profit | - | 469 | - | - | (469) | - | - | - | - |
| Total comprehensive income | - | - | - | 1 590 | (1) | 342 430 | 344 019 | - | 344 019 |
| Equity as of 31.12.2015 | 94 950 | 120 199 | 3 354 | 2 514 | (49 772) | 342 430 | 513 675 | - | 513 675 |
| 01.01.2015 – 31.03.2015 | | | | | | | | | |
| Equity as of 01.01.2015 | 94 950 | 119 730 | 1 716 | 924 | (49 302) | - | 168 018 | - | 168 018 |
| Adjustments due to errors in preceding years | - | - | - | - | - | - | - | - | - |
| Equity after adjustments | 94 950 | 119 730 | 1 716 | 924 | (49 302) | - | 168 018 | - | 168 018 |
| Cost of incentive program | - | - | 180 | - | - | - | 180 | - | 180 |
| Allocation of net profit | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | 1 539 | - | (5 216) | (3 677) | - | (3 677) |
| Equity as of 31.03.2015 | 94 950 | 119 730 | 1 896 | 2 463 | (49 302) | (5 216) | 164 521 | - | 164 521 |

Condensed interim consolidated statement of cash flows

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015* |
|--|----------------------------|-----------------------------|
| OPERATING ACTIVITIES | | |
| Net profit (loss) | 32 562 | (5 216) |
| Total adjustments: | 42 268 | 3 080 |
| Depreciation | 1 896 | 1 175 |
| Interest and profit sharing | (2 393) | (33) |
| Profit (loss) on investment activities | 79 | (23) |
| Change in provisions | 4 556 | (50) |
| Change in inventories | (13 976) | (10 047) |
| Change in receivables | 53 283 | (7 704) |
| Change in liabilities excluding credits and loans | (3 047) | 19 471 |
| Change in other assets and liabilities | 1 838 | (1 198) |
| Other adjustments | 32 | 1 489 |
| Cash flows from continuing operations | 74 830 | (2 136) |
| Income tax on profit (loss) before taxation | 7 616 | 592 |
| Income tax (paid) / reimbursed | (42 160) | (750) |
| Net cash flows from operating activities | 40 286 | (2 294) |
| INVESTMENT ACTIVITIES | | |
| Inflows | 2 478 | 33 |
| Liquidation of financial assets | 85 | - |
| Other inflows from investment activities | 2 393 | 33 |
| Outflows | 1 799 | 2 574 |
| Purchases of intangible and tangible fixed assets | 815 | 2 104 |
| Other outflows from investment activities | 984 | 470 |
| Net cash flows from investment activities | 679 | (2 541) |
| FINANCIAL ACTIVITIES | | |
| Inflows | 903 | - |
| Net inflows from issue of shares (stocks) and other capital market instruments, and from capital contributions | 903 | - |
| Outflows | 628 | 77 |
| Repayments of credits and loans | - | 4 |
| Other financial liabilities | 404 | - |
| Payments of liabilities under financial lease agreements | 224 | 73 |
| Net cash flows from financial activities | 275 | (77) |
| Total net cash flows | 41 240 | (4 912) |
| Change in cash and cash equivalents on balance sheet | 41 240 | (4 912) |
| Cash and cash equivalents at beginning of period | 393 637 | 34 395 |
| Cash and cash equivalents at end of period | 434 877 | 29 483 |

* following presentation-related adjustments

The Group's consolidated cash flows in 2016 were reported as 41 240 thousand PLN, most of which is attributable to operating activities. The positive balance of cash flows is mainly the result of ongoing sales and collection of receivables reported at the close of 2015. Outflows were primarily associated with ongoing videogame development

projects, reduction in liabilities compared to the beginning of the reporting period and corporate income tax payments due in the first quarter of the year.

Clarifications regarding the condensed interim consolidated statement of cash flows

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015* |
|--|----------------------------|-----------------------------|
| Cash and cash equivalents reported in cash flow statement | 434 877 | 29 483 |
| Cash on balance sheet | 434 877 | 29 483 |
| Depreciation | 1 896 | 1 175 |
| Depreciation of intangible assets | 990 | 509 |
| Depreciation of tangible fixed assets | 906 | 666 |
| Interest and profit sharing consist of: | (2 393) | (33) |
| Interest paid on loans | - | 19 |
| Interest on credit agreements | - | 1 |
| Interest received | (2 393) | (48) |
| Interest payable on loans granted | - | (5) |
| Profit (loss) from investment activities consists of: | 79 | (23) |
| Revaluation of short-term financial assets | 102 | (23) |
| Revenues from sales of investments | (23) | - |
| Changes in provisions consist of: | 4 556 | (50) |
| Balance of changes in provisions for liabilities | 4 593 | - |
| Balance of changes in provisions for employee benefits | (37) | (50) |
| Changes in inventories consist of: | (13 976) | (10 047) |
| Balance of changes in inventories | (13 976) | (10 047) |
| Changes in receivables consist of: | 53 283 | (7 704) |
| Balance of changes in short-term liabilities | 32 061 | (7 889) |
| Balance of changes in long-term liabilities | - | 1 |
| Income tax reimbursed | - | 184 |
| Income tax set against withholding tax | 15 870 | - |
| Adjustments due to current income tax | 5 291 | - |
| Rectification of errors (income tax) | 61 | - |
| Changes in liabilities except credits and loans consist of: | (3 047) | 19 471 |
| Balance of changes in short-term liabilities | (10 840) | 19 241 |
| Adjustments due to current income tax | 7 387 | 210 |
| Changes in financial liabilities | 406 | 16 |
| Adjustments due to changes in credits and loans | - | 4 |
| Changes in other assets and liabilities consist of: | 1 838 | (1 198) |
| Balance of changes in prepaid expenses | 1 207 | (403) |
| Balance of changes in deferred revenues | 633 | (795) |
| Elimination of fixed assets received free of charge | (2) | - |
| Other adjustments consist of: | 32 | 1 489 |
| Costs of incentive program | 580 | 180 |
| Miscellaneous adjustments | (548) | 1 309 |
| * following presentation-related adjustments | | |



CD PROJEKT

Segmented consolidated profit and loss
account and statement of financial
position of the
CD PROJEKT Capital Group

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Disclosure of differences in the scope of differentiation of activity segments or evaluation of per-segment profit/loss compared to the most recent annual consolidated financial statement

With regard to the consolidated financial statement for 2015 the Company has decided to rename some of its activity segments. In the presented report the segment heretofore referred to as “videogame development” is called CD PROJEKT RED, while the segment heretofore referred to as “global digital videogame distribution” is called GOG.com. The introduced changes are meant to ensure consistency between the names of segments reported in the financial statement and those used in the Group’s business communications.

Disclosure of activity segments in the 01.01.2016 - 31.03.2016 period

| | Continuing operations | | | Consolidation eliminations (Incl. from business combinations) | Continuing operations – total |
|--|-----------------------|---------------|-------------------|---|----------------------------------|
| | CD PROJEKT RED | GOG.com | Other activities* | | |
| Sales revenues | 68 107 | 20 114 | 2 224 | (3 450) | 86 995 |
| sales to external clients | 66 829 | 20 114 | 52 | - | 86 995 |
| sales between segments and internal revenues | 1 278 | - | 2 172 | (3 450) | - |
| Segment net profit (loss) | 34 159 | 262 | (1 859) | - | 32 562 |
| Total assets per segment | 547 356 | 47 015 | 137 090 | (37 764) | 693 697 |

* The „Other activities” segment aggregates part of the individual financial result of CD PROJEKT S.A. in the amount of (1 859) thousand PLN, representing the activities of its Invest department.

Segmented consolidated profit and loss account for the period between 01.01.2016 and 31.03.2016

| | CD PROJEKT RED | GOG.com | Other activities | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|------------------|--|---------------|
| Sales revenues | 68 107 | 20 114 | 2 224 | (3 450) | 86 995 |
| Revenues from sales of products | 64 501 | 11 | - | (845) | 63 667 |
| Revenues from sales of services | 489 | - | 2 221 | (2 605) | 105 |
| Revenues from sales of goods and materials | 3 117 | 20 103 | 3 | - | 23 223 |
| Cost of products, goods and materials sold | 4 594 | 13 487 | 187 | (1 079) | 17 189 |
| Cost of products and services sold | 1 701 | 179 | 185 | (255) | 1 810 |
| Value of goods and materials sold | 2 893 | 13 308 | 2 | (824) | 15 379 |
| Gross profit (loss) from sales | 63 513 | 6 627 | 2 037 | (2 371) | 69 806 |
| Other operating revenues | 100 | 276 | 127 | (298) | 205 |
| Selling costs | 11 918 | 5 056 | 513 | (654) | 16 833 |
| General and administrative costs | 4 721 | 1 412 | 4 919 | (1 974) | 9 078 |
| Other operating expenses | 5 441 | 39 | 81 | (41) | 5 520 |
| Operating profit (loss) | 41 533 | 396 | (3 349) | - | 38 580 |
| Financial revenues | 3 109 | 14 | 177 | (28) | 3 272 |
| Financial expenses | 1 681 | 5 | 16 | (28) | 1 674 |
| Profit (loss) before taxation | 42 961 | 405 | (3 188) | - | 40 178 |
| Income tax | 8 802 | 143 | (1 329) | - | 7 616 |
| Profit (loss) from continuing operations | 34 159 | 262 | (1 859) | - | 32 562 |
| Profit (loss) from discontinued operations | - | - | - | - | - |
| Net profit (loss) | 34 159 | 262 | (1 859) | - | 32 562 |
| Net profit (loss) attributable to noncontrolling interests | - | - | - | - | - |
| Net profit (loss) attributable to equity holders of the parent entity | 34 159 | 262 | (1 859) | - | 32 562 |

Segmented consolidated statement of financial position as of 31.03.2016

| | CD PROJEKT RED | GOG.com | Other activities | Consolidation eliminations (incl. from business combinations) | Total |
|---------------------------------------|----------------|---------------|------------------|--|----------------|
| FIXED ASSETS | 43 291 | 6 105 | 96 445 | (28 685) | 117 156 |
| Tangible fixed assets | 6 032 | 2 490 | 2 007 | - | 10 529 |
| Intangible assets | 26 295 | 3 606 | 60 249 | (43 356) | 46 794 |
| Goodwill | - | - | - | 46 417 | 46 417 |
| Investments in subsidiaries | - | - | 32 112 | (32 112) | - |
| Other financial assets | - | - | 547 | - | 547 |
| Deferred income tax assets | 10 942 | 9 | 1 337 | 366 | 12 654 |
| Other fixed assets | 22 | - | 193 | - | 215 |
| WORKING ASSETS | 504 065 | 40 910 | 40 645 | (9 079) | 576 541 |
| Inventories | 47 779 | 383 | 13 | - | 48 175 |
| Trade receivables | 44 308 | 2 624 | 100 | (1 124) | 45 908 |
| Receivables due to current income tax | 20 835 | 64 | 323 | - | 21 222 |
| Other receivables | 10 840 | 6 407 | 5 753 | (7 957) | 15 043 |
| Prepaid expenses | 1 007 | 10 195 | 114 | - | 11 316 |
| Cash and cash equivalents | 379 296 | 21 237 | 34 342 | 2 | 434 877 |
| TOTAL ASSETS | 547 356 | 47 015 | 137 090 | (37 764) | 693 697 |

| | CD PROJEKT RED | GOG.com | Other activities | Consolidation eliminations (incl. from business combinations) | Total |
|--|----------------|---------------|------------------|--|----------------|
| EQUITY | 425 242 | 19 056 | 130 483 | (27 662) | 547 119 |
| Equity attributable to shareholders of the parent company | 425 242 | 19 056 | 130 483 | (27 662) | 547 119 |
| Share capital | 7 050 | 86 | 94 950 | (7 136) | 94 950 |
| Supplementary capital from sales of shares above their nominal value | - | 1 657 | 110 936 | 7 606 | 120 199 |
| Other reserve capital | - | - | 4 837 | - | 4 837 |
| Exchange rate differences | 8 | 1 455 | - | 389 | 1 852 |
| Retained earnings | 384 025 | 15 596 | (78 381) | (28 521) | 292 719 |
| Net profit (loss) for the reporting period | 34 159 | 262 | (1 859) | - | 32 562 |
| Noncontrolling interest equity | - | - | - | - | - |
| LONG-TERM LIABILITIES | 8 789 | 12 | 2 566 | (1 022) | 10 345 |
| Other financial liabilities | - | - | 124 | - | 124 |
| Deferred income tax liabilities | 8 749 | - | 2 065 | (1 022) | 9 792 |
| Deferred revenues | 24 | 8 | 362 | - | 394 |
| Provisions for employee benefits and similar liabilities | 16 | 4 | 15 | - | 35 |
| SHORT-TERM LIABILITIES | 113 325 | 27 947 | 4 041 | (9 080) | 136 233 |
| Other financial liabilities | 1 033 | - | 3 084 | - | 4 117 |
| Trade liabilities | 6 938 | 15 826 | 240 | (640) | 22 364 |
| Liabilities from current income tax | - | 182 | - | - | 182 |
| Other liabilities | 64 288 | 3 572 | 396 | (8 440) | 59 816 |
| Deferred revenues | 324 | 8 097 | 105 | - | 8 526 |
| Provisions for retirement benefits and similar liabilities | 1 | 35 | 151 | - | 187 |
| Other provisions | 40 741 | 235 | 65 | - | 41 041 |
| TOTAL LIABILITIES | 547 356 | 47 015 | 137 090 | (37 764) | 693 697 |

Activity segments

Following the publication of its consolidated financial statement for 2015 the Group has decided to change the names of two of its activity segments while retaining their respective characteristics. The activity segment heretofore referred as “videogame development” is now called CD PROJEKT RED, which reflects the name of the Group’s game development studio – note that the activities of CD PROJEKT RED are starting to go beyond development of games. Similarly, the activity segment heretofore referred as “global digital videogame distribution” is now called GOG.com, which reflects the name of the Group’s proprietary digital distribution platform. The Group uses GOG.com to market its own games and also to deploy additional technologies associated with multiplayer online gameplay and other networking features (e.g. GOG Galaxy). This adjustment concerns naming only and has no bearing on the presented financial results

In line with the above, the CD PROJEKT Capital Group conducts operations in the following activity segments:

- CD PROJEKT RED (previously reported as Videogame development),
- GOG.com (previously reported as Global digital videogame distribution),
- Other activities.

CD PROJEKT RED

Videogame development is carried out by the CD PROJEKT RED Studio – part of the CD PROJEKT Capital Group. This activity comprises developing and publishing videogames, selling the associated distribution rights, coordinating and directly pursuing PR and marketing activities related to the Studio’s own products, and manufacturing and selling or licensing tie-in products which exploit the commercial appeal of brands owned by CD PROJEKT RED.

The Company’s current portfolio comprises the following major videogames: The Witcher, The Witcher 2: Assassins of Kings, and The Witcher 3: Wild Hunt (released on 19 May 2015), as well as the first expansion pack for The Witcher – Hearts of Stone. The second expansion pack – Blood and Wine – is scheduled for release on 31 May 2016. By the end of 2015 the Company had sold over 20 million copies of Witcher-themed videogames.

GOG.com

Digital distribution of videogames at a global scale is carried out by the GOG.com platform, owned by GOG Ltd. (with technical support from GOG Poland Sp. z o.o.) The activity comprises selling and delivering games directly to the user’s devices via the GOG.com platform and the associated GOG Galaxy application. As of the publication date of this report the GOG.com catalogue comprises over 1500 videogames licensed from over 300 developers, copyright holders and publishers from all over the world.

All videogames are offered in the DRM-free model, i.e. without cumbersome access restrictions. GOG Ltd. guarantees full compatibility of the games it offers with popular versions of the MS Windows, Mac OS and Linux operating systems, subject to the OS requirements of each game.

In addition to English, the platform is also available in French, German and Russian, complete with native customer support. GOG.com currently accepts payments in 11 currencies, including Polish Zlotys (since 5 May 2016).

Other activities

CD PROJEKT S.A., which is the holding company of the CD PROJEKT Capital Group, strives to achieve maximum efficiency and synergy in the scope of actions carried out by the Group. In line with this goal, the internal Invest department assists other operating segments of the Group in matters related to corporate and financial oversight, accounting, HR, legal advice (particularly concerning taxation) and investor relations.

Disclosure of the issuer's significant accomplishments and shortcomings in the reporting period with regards to activity segments

During the first quarter of 2016 the following significant accomplishments were reported by the Group in each of its activity segments:

CD PROJEKT RED

In January 2016 The Witcher 3: Wild Hunt was named 2015 RPG of the Year and 2015 Game of the Year by Game Informer – the world's most widely circulated gaming monthly. The game also won four Best of 2015 awards presented by IGN – the most popular online gaming portal in the world.

On the domestic stage, at the prestigious Paszporty Polityki gala awards ceremony, the CD PROJEKT RED studio team received the "Kreator Kultury" (Culture Creator) award. In the accompanying laudation the Studio was praised for "creative use of Andrzej Sapkowski's prose and turning 'The Witcher' into a global brand", "proving that a Polish studio can be a global powerhouse on this dynamically growing market" and "making a profound impact on the development of a wholly new branch of Polish culture".

On 21 January The Witcher 2: Assassins of Kings was released for the Xbox One as a means of providing backward compatibility with Xbox 360.

In February, at Toy Fair 2016, representatives of Dark Horse Entertainment (CD PROJEKT's business partner) announced a collection of Witcher figures which will become available for purchase in fall 2016. A Witcher-themed figure was also announced by JINX which had previously manufactured collectible apparel and gadgets for the Studio.

In March The Witcher 3: Wild Hunt received seven BAFTA Games nominations from the British Academy of Film & Television Arts. Thus far, the game has garnered more than 800 awards and accolades, including 250 Game of the Year awards.

On March 19, at the SXSW Gaming Expo, held in Austin, TX, The Witcher 3 received the GOTY award along with two other awards (Excellence in Technical Achievement and Excellence in Narrative). Finally, at the world's largest annual get-together of videogame developers – the Game Developers Conference in San Francisco – CD PROJEKT Red claimed two Game Developers Choice Awards: Best Technology and Game of the Year.

In Q1 2016 the total number of awards presented to The Witcher 3: Wild Hunt surpassed 800, including more than 250 Game of the Year awards. This firmly establishes The Witcher 3 as the world's most celebrated videogame release of 2015.

From the point of view of marketing activities, an important aspect of CD PROJEKT RED work in Q1 2016 involved preparations for the marketing campaign accompanying the release of the second expansion pack for The Witcher 3: Wild Hunt, titled Blood and Wine. The Studio focused on designing and creating a set of promotional content (game cover, trailers, advertising layouts) and working out a detailed release strategy (marketing roadmap, media presence etc.) to ensure optimal presence in channels regarded as especially important: social media, gaming portals, digital distribution platforms and specialist trade outlets in key territories.

Following the balance sheet date, on 10 May 2016, the Company began accepting preorders for the second expansion pack for The Witcher 3 – Blood and Wine. The expansion is scheduled for release on 31 May 2016.

GOG.com

Regarding the digital distribution segment, in January GOG.com entered the steadily growing "games in development" market. The initiative met with resounding acclaim both among gamers and in professional media.

Currently, the GOG.com catalogue features 13 "in development" releases, including Kona (exclusive availability on GOG.com throughout the initial month), Master of Orion and The Long Dark. In the meantime, Ashes of the Singularity graduated to a full-fledged release and successfully concluded its involvement in the Games in Development program.

In late March and early April GOG.com celebrated the first birthday of its Russian edition. To mark this event, the Company's GOG Poland office invited notable journalists specializing in the gaming sector to discuss further plans regarding Russian-speaking markets, including new exclusive releases of Russian games and extended support for Russian titles (offered through official channels as well as through Russian-speaking gamer communities).

Around the same time GOG.com concluded a distribution agreement with 2K / Take-Two Interactive, enabling the Company to add 11 classic games to its catalogue.

In Q1 2016 the GOG Galaxy platform underwent further development work aimed at providing support for multiplayer online gaming in major upcoming releases. In addition to expanding existing features, such as automatic updates and tracking of achievements/gameplay stats, ongoing work focused on cross-platform multiplayer compatibility. The existing release of the platform provided support for *Dying Light* – the newest AAA release available on GOG.com – as well as preorders of *No Man's Sky* – one of the most hotly anticipated games of the year.

After the close of the reporting period GOG Ltd. launched support for six new currencies: Canadian Dollar, Swiss Franc, Norwegian Krone, Swedish Krona, Danish Krone and Polish Zloty. This brings the total number of currencies supported by GOG.com to eleven.

Other activities

On 10 March 2016, concurrently with the publication of its annual financial data, the CD PROJEKT Capital Group announced an update to its strategy for the years 2016-2021. More information concerning the Group's strategy can be found at <https://www.cdprojekt.com/en/capital-group/strategy/>.

After the close of the reporting period, in Current Report no. 9/2016 of 27 April 2016 the Management Board of the parent company announced that Mr. Grzegorz Kujawski had resigned his membership of the Company's Supervisory Board, effective on 28 April 2016.

Disclosure of factors which may affect the Group's financial result in the future

The activities of CD PROJEKT Capital Group members are affected by external factors such as the global macroeconomic conditions, legal reforms and changes in taxation. In this sense CD PROJEKT is in a similar position to many other companies conducting business on domestic and international markets.

In the opinion of the Management Board of CD PROJEKT S.A., in the second quarter of 2016 the financial results of CD PROJEKT RED and of the entire Capital Group will be dominated by continued sales of *The Witcher 3: Wild Hunt* and the game's first expansion pack – *Hearts of Stone*, released on 13 October 2015.

An important event occurring in the second quarter of 2016 will be the release of the second and final expansion pack for *The Witcher 3 – Blood and Wine*. Its reception by gamers and reviewers, reflected by published reviews, will significantly affect sales of the expansion pack itself and of the so-called Expansion Pass – a bundle which consists of both expansion packs (*Hearts of Stone* and *Blood and Wine*). The release will be accompanied by a strong marketing campaign which may also benefit sales of other *Witcher*-themed products.

With regard to 2016 as a whole, as well as to future reporting periods, the results of CD PROJEKT RED will also be influenced by the implementation of the new strategy of the CD PROJEKT Capital Group for the years 2016-2021, approved in March 2016. By the end of 2016 the strategy envisions – in addition to the aforementioned debut of *Blood and Wine* – another release in a format heretofore unexplored by CD PROJEKT RED.

Given that the growth dynamics of the GOG.com digital distribution platform are primarily influenced by the activity of the portal's existing and new clients and the availability of new, appealing products, the Group expects that in Q2 and subsequent quarters of 2016 the performance of GOG.com will depend on its ability to acquire licensing rights for new releases by the world's leading developers, as well as on expanding the catalogue with "games in development" titles.

The Capital Group's updated strategy for 2016 expects GOG.com to be able to publish a triple-A videogame developed by an unaffiliated partner with full support for GOG Galaxy, concurrently with the game's global release date. Successful attainment of this goal will affect GOG.com growth dynamics and, consequently, the Company's ability to acquire distribution rights for other major releases.

In future reporting periods GOG.com's ability to attract new customers will require exploring markets where GOG.com does not currently hold a major share. In line with this strategy, in May 2016 the service added support for six new currencies, bringing the total number of currencies supported by GOG.com to eleven. Later this year the Company also plans to unveil additional language localizations of its platform.

Finally, GOG.com will depend on ongoing upgrades and extensions of its GOG Galaxy technology stack with new features and networking technologies, facilitating support for a new type of video game format previously unexplored by the Studio currently under development at CD PROJEKT RED.

The "other activities" segment depends on procurement of services from affiliated entities in order to streamline the Group's operations. Accordingly, internal and external factors which affect other activity segments also have an indirect impact on the "other activities" segment.

The financial standing of CD PROJEKT S.A. may also be materially affected by the outcome of litigation described elsewhere in this document, in particular the Company's lawsuit against the State Treasury. A favorable judgment in this case would entitle the Company to collect significant damages.

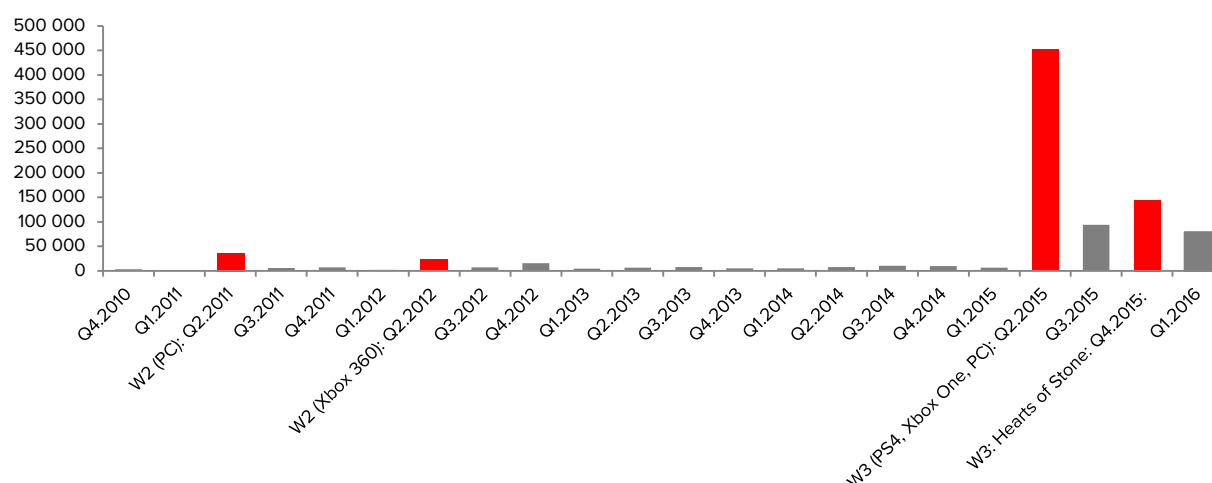
Disclosure of seasonal or cyclical activities

CD PROJEKT RED

CD PROJEKT RED usually takes between 2 and 4 years to produce a game. Initial development work occurs before the previous game in the series is complete and ready to be released. The Witcher 2 debuted on the PC in May 2011 while the Xbox 360 edition was released on 17 April 2012. The release of CD PROJEKT RED's newest game – The Witcher 3: Wild Hunt – took place on 19 May 2015.

Due to the creation of additional, independent development teams, future releases of Company products should occur with greater frequency.

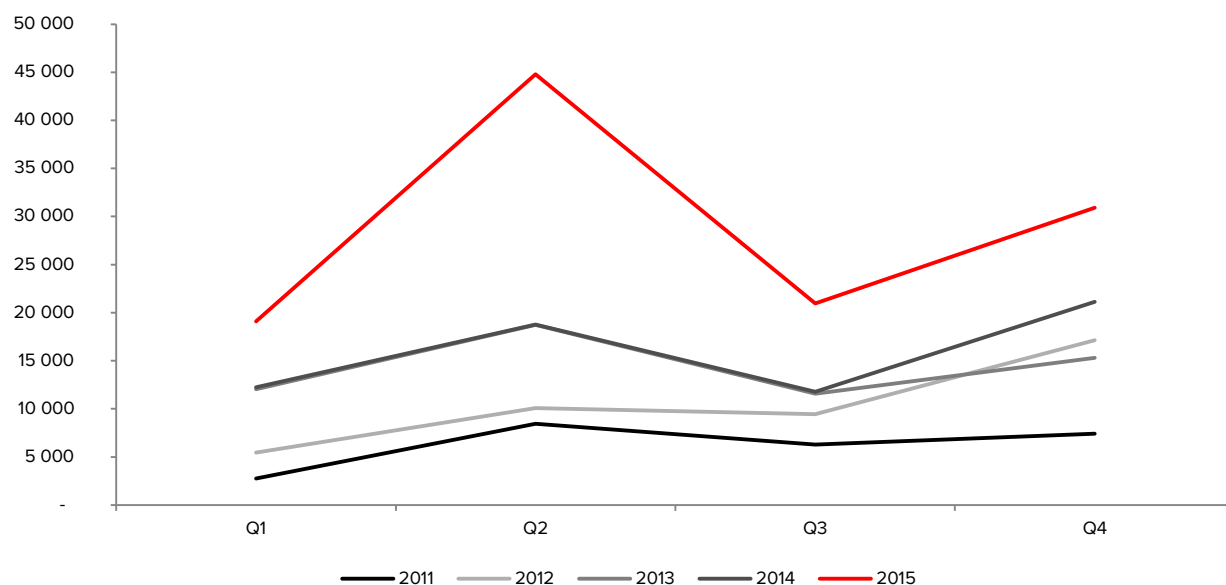
Chart 1 Effect of releases on CD PROJEKT RED sales revenues (quarterly revenues of the CD PROJEKT RED segment, in PLN thousands)



GOG.com

The digital videogame distribution market, which is the main area of activity of GOG.com, is characterized by seasonal fluctuations in revenues. On an annual basis, the highest revenues are typically obtained in the second and fourth quarters while the lowest revenues correspond to the first and third quarters. Sales in Q2 and Q4 are boosted by promotional activities organized in these periods. Ultimately, however, sales volume is primarily dependent on the release schedule.

Chart 2 Revenues from GOG.com sales to external clients, by quarter (in thousands PLN).



GOG.com revenues in the second quarter of 2015 were primarily affected by the release of *The Witcher 3: Wild Hunt*.

Reconciliation of the total of the reportable segments' measures of profit or loss to the Group's profit or loss before tax expense (tax income) and discontinued operations

The corresponding data is presented in the segmented consolidated statement of financial position for 31.03.2016.

Information regarding key clients

The CD PROJEKT Capital Group collaborates with external clients whose share of the Group's consolidated revenues exceeds 10%.

In the CD PROJEKT RED segment trade activities carried out by CD PROJEKT S.A. in cooperation with two clients generated Q1 sales revenues which incrementally exceed 10% of the consolidated sales revenues of the CD PROJEKT Capital Group:

- client I: 21 539 thousand PLN, which represents 24.76% of the Group's consolidated sales revenues,
- client II: 16 306 thousand PLN, which represents 18.74% of the Group's consolidated sales revenues.

The above mentioned clients are not affiliated with CD PROJEKT S.A. or its subsidiaries. In other activity segments no single client accounted for more than 10% of the consolidated sales revenues of the Capital Group.



CD PROJEKT

Clarifications regarding the condensed interim consolidated financial statement

3

General information

| | |
|--|---|
| 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 (CD PROJEKT RED) as well as global digital videogame distribution (GOG.com). |
| 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 |

The Group is established for an unlimited period.

CD PROJEKT Capital Group structure

Subsidiaries



Consolidation principles

Entities subjected to consolidation

| | Capital share | Voting share | Consolidation method |
|------------------------|---------------|--------------|----------------------|
| CD PROJEKT S.A. | Parent entity | - | full |
| GOG Ltd. | 100% | 100% | full |
| GOG Poland sp. z o.o. | 100% | 100% | full |
| CD PROJEKT Brands S.A. | 100% | 100% | full |
| CD PROJEKT Inc. | 100% | 100% | full |

Subsidiaries

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

Subsidiaries are subject to full consolidation from the date of acquisition of control by the Group and cease to be reported as such on the day control is lost.

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

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

Changes in accounting standards or policies

The accounting practices applied in preparing this condensed interim consolidated financial statement, the Management Board's professional judgment concerning the Group's accounting practices as well as the main sources of uncertainty in estimations are in all material aspects consistent with the practices applied in preparing the Consolidated Financial Statement of the CD PROJEKT Capital Group for 2015, except for presentation-related adjustments described in the section titled "Assumption of comparability of financial statements". This condensed interim consolidated financial statement should be read in conjunction with the Group's consolidated financial statement for the year ending 31 December 2015.

Assumption of going concern

This condensed interim consolidated financial statement is prepared under the assumption that the Group and Company intend to continue as a going concern throughout the 12-month period following the 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 March 2016 the Management Board is not aware of any events 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.

Compliance with International Financial Reporting Standards

This condensed interim consolidated financial statement has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as well as with International Financial Reporting Standards (IFRS) applicable to interim financial reporting, endorsed by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and 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, valid for 31 March 2016.

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.

Where the above mentioned standards 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. 2014/133).

Standards and interpretations applied for the first time

In preparing its in condensed interim consolidated financial statement for 31 March 2016 the Group applied the same accounting standards as in its consolidated financial statement for 2015 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 2016:

Amendments to IFRS (2012-2014) – adopted under the annual IFRS improvements cycle

- **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** rescind the disclosure requirements associated with compensation of financial assets and liabilities in the preparation of interim reports and 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 the determination of the discount rate in countries where there is no deep market in high quality corporate bonds.
- **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.

Other changes

- **Changes in IAS 27** *Separate financial statements: equity method in separate financial statements*

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

- **Changes in IAS 1** *Presentation of financial statements: disclosure initiative*

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

- **Changes in IAS 16** *Property, plant and equipment* and **IAS 38** *Intangible assets* – clarifications regarding acceptable depreciation practices

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 amortisation 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*

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*).

In 2015 the Group 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 2016, 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 Group's accounting policies or in the presentation of data in the Company's financial statements.

Early application of new standards

The Group 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 and interpretations approved by the IASB but not yet approved by the EU

In preparing this financial statement the Group 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.
- **Changes in IFRS 15** *Revenue from contracts with customers* – applicable to reporting periods beginning on or after 1 January 2018

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

Functional currency and presentation currency

Functional currency and presentation currency

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

Assumption of comparability of financial statements

In this condensed interim consolidated financial statement for 31 March 2016 the Group introduced several changes in the presentation of financial data. To maintain comparability of financial statements in the current reporting period the corresponding presentation-related adjustments have been introduced with regard to financial date for the period between 1 January and 31 March 2015:

- In the consolidated profit and loss account for the period between 1 January and 31 March 2015 conference costs in the amount of 2 thousand PLN were transferred from the "general and administrative expenses" to the "cost of sales" line item. This change has no bearing on the Group's financial result or equity.
- In the consolidated statement of financial position and consolidated statement of cash flows for 31 March 2015 the following adjustments were introduced in the presentation of advances:
 - Other receivables – adjusted by 10 thousand PLN;
 - Other receivables – adjusted by 603 thousand PLN;
 - Deferred revenues – adjusted by (593) thousand PLN.

The above change has no bearing on the Group's financial result or equity.

CD PROJEKT Brands S.A. rectified the erroneous recognition of income tax present in its financial statement for 31 December 2015. This change is associated with the following adjustments:

- Current income tax receivables – adjusted by 61 thousand PLN
- Retained earnings – adjusted by 61 thousand PLN

The above change resulted in adjusting the Group's financial result and equity by 61 thousand PLN.

Presentation of results by activity segment

The scope of financial information reported for each of the Group's activity segments is determined in accordance with IFRS 8. For each segment, the reported result is based on net profit.



CD PROJEKT

Additional notes and clarifications regarding the condensed interim consolidated financial statement

4

Note 1. Description of circumstances affecting assets, liabilities, equity, net financial result and cash flows which are unusual due to their type, size or effect

Important events

None reported.

Note 2. Disclosure of important changes in estimates

Changes in fixed assets (by category) between 01.01.2016 and 31.03.2016

| | Land holdings | Buildings and structures | Machinery and equipment | Vehicles | Other fixed assets | Fixed assets under construction | Total |
|---|---------------|--------------------------|-------------------------|----------|--------------------|---------------------------------|--------|
| Gross carrying amount as of 01.01.2016 | - | 4 002 | 10 779 | 1 364 | 815 | 613 | 17 573 |
| Increases from: | - | 45 | 645 | 350 | 63 | 994 | 2 097 |
| purchases | - | 45 | 643 | 4 | 63 | 994 | 1 749 |
| lease agreements | - | - | - | 346 | - | - | 346 |
| acquisition free of charge | - | - | 2 | - | - | - | 2 |
| Reductions from: | - | - | 13 | - | 21 | - | 34 |
| sales | - | - | 2 | - | - | - | 2 |
| others | - | - | 11 | - | 21 | - | 32 |
| Gross carrying amount as of 31.03.2016 | - | 4 047 | 11 411 | 1 714 | 857 | 1 607 | 19 636 |
| Amortization as of 01.01.2016 | - | 1 587 | 5 821 | 637 | 148 | - | 8 193 |
| Increases from: | - | 101 | 695 | 80 | 30 | 10 | 916 |
| amortization | - | 101 | 695 | 80 | 30 | - | 906 |
| others | - | - | - | - | - | 10 | 10 |
| Reductions from: | - | - | 2 | - | - | - | 2 |
| sales | - | - | 2 | - | - | - | 2 |
| Amortization as of 31.03.2016 | - | 1 688 | 6 514 | 717 | 178 | 10 | 9 107 |
| impairment write-downs as of 01.01.2016 | - | - | - | - | - | - | - |
| impairment write-downs as of 31.03.2016 | - | - | - | - | - | - | - |
| Net carrying amount as of 31.03.2016 | - | 2 359 | 4 897 | 997 | 679 | 1 597 | 10 529 |

Amount of contractual commitments for future acquisition of tangible fixed assets

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|---------------------------|------------|------------|------------|
| Leasing of passenger cars | 860 | 566 | 843 |
| Total | 860 | 566 | 843 |

Changes in intangible assets between 01.01.2016 and 31.03.2016

| | Trademarks | Patents and licenses | Computer software | Goodwill | Intangible assets under construction | Other | Total |
|---|---------------|----------------------|-------------------|---------------|--------------------------------------|---------------|----------------|
| Gross carrying amount as of 01.01.2016 | 15 104 | 7 410 | 19 525 | 46 417 | 462 | 17 096 | 106 014 |
| Increases from: | - | - | 59 | - | 349 | - | 408 |
| purchases | - | - | 59 | - | - | - | 59 |
| reclassification | - | - | - | - | 349 | - | 349 |
| Reductions from: | - | - | 520 | - | 33 | - | 553 |
| reclassification | - | - | 349 | - | - | - | 349 |
| others | - | - | 171 | - | 33 | - | 204 |
| Gross carrying amount as of 31.03.2016 | 15 104 | 7 410 | 19 064 | 46 417 | 778 | 17 096 | 105 869 |
| Amortization as of 01.01.2016 | - | 499 | 11 241 | - | - | - | 11 740 |
| Increases from: | - | 207 | 783 | - | - | - | 990 |
| amortization | - | 207 | 783 | - | - | - | 990 |
| Reductions from: | - | - | 72 | - | - | - | 72 |
| others | - | - | 72 | - | - | - | 72 |
| Amortization as of 31.03.2016 | - | 706 | 11 952 | - | - | - | 12 658 |
| Impairment write-downs as of 01.01.2016 | - | - | - | - | - | - | - |
| Impairment write-downs as of 31.03.2016 | - | - | - | - | - | - | - |
| Net carrying amount as of 31.03.2016 | 15 104 | 6 704 | 7 112 | 46 417 | 778 | 17 096 | 93 211 |

The „other” category comprises the CD PROJEKT brand name, valued at 17 095 thousand PLN, as well as brands currently used by the Company's subsidiaries.

Amount of contractual commitments for future acquisition of intangible assets

Not applicable.

Estimated changes in goodwill

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|--------------------------------|---------------|---------------|---------------|
| CDP Investment Group companies | 46 417 | 46 417 | 46 417 |
| Total | 46 417 | 46 417 | 46 417 |

Consolidation-related changes in goodwill

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|---|---------------|---------------|---------------|
| Gross carrying amount at beginning of period | 46 417 | 46 417 | 46 417 |
| Increases due to acquisition of entities | - | - | - |
| Reductions due to combinations of entities | - | - | - |
| Gross carrying amount at end of period | 46 417 | 46 417 | 46 417 |
| Impairment write-downs | - | - | - |
| Net goodwill | 46 417 | 46 417 | 46 417 |

Changes in estimated value of inventories

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|---|---------------|---------------|----------------|
| Semi-finished products and production in progress | 42 638 | 28 485 | 99 376 |
| Finished products | 3 532 | 5 097 | - |
| Goods | 1 971 | 584 | 5 513 |
| Other materials | 34 | 34 | 1 669 |
| Gross inventories | 48 175 | 34 200 | 106 558 |
| Inventory impairment losses | - | - | - |
| Net inventories | 48 175 | 34 200 | 106 558 |

Changes in inventory revaluation write-downs

No changes reported.

Changes in estimated receivables

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|------------------------------------|---------------|----------------|---------------|
| Trade and other receivables | 82 173 | 114 234 | 25 267 |
| from affiliates | 1 | 4 | 2 |
| from external entities | 60 950 | 114 230 | 25 082 |
| income tax receivables | 21 222 | - | 183 |
| Impairment losses | 1 124 | 1 114 | 1 275 |
| Gross receivables | 83 297 | 115 348 | 26 542 |

Changes in impairment write-downs on receivables

| | Trade receivables | Other receivables |
|--|-------------------|-------------------|
| AFFILIATES | | |
| Impairment losses as of 01.01.2016 | - | - |
| Increases | - | - |
| Reductions | - | - |
| Impairment losses as of 31.03.2016 | - | - |
| OTHER ENTITIES | | |
| Impairment losses as of 01.01.2016 | 382 | 732 |
| Increases from: | 12 | - |
| creation of write-downs for past-due and contested receivables | 12 | - |
| Reductions from: | 2 | - |
| elimination of write-downs due to collection of receivables | 2 | - |
| Impairment losses as of 31.03.2016 | 392 | 732 |
| Aggregate impairment losses as of 31.03.2016 | 392 | 732 |

Current and past-due trade receivables as of 31.03.2016

| | Total | Days overdue | | | | | |
|-------------------|--------|--------------|--------|---------|----------|-----------|------|
| | | <0 | 0 – 60 | 61 – 90 | 91 – 180 | 181 – 360 | >360 |
| AFFILIATES | | | | | | | |
| gross receivables | - | - | - | - | - | - | - |
| impairment losses | - | - | - | - | - | - | - |
| Net receivables | - | - | - | - | - | - | - |
| OTHER ENTITIES | | | | | | | |
| gross receivables | 46 300 | 41 102 | 3 357 | 1 135 | 38 | 276 | 392 |
| impairment losses | 392 | - | - | - | - | - | 392 |
| Net receivables | 45 908 | 41 102 | 3 357 | 1 135 | 38 | 276 | - |
| TOTAL | | | | | | | |
| gross receivables | 46 300 | 41 102 | 3 357 | 1 135 | 38 | 276 | 392 |
| impairment losses | 392 | - | - | - | - | - | 392 |
| Net receivables | 45 908 | 41 102 | 3 357 | 1 135 | 38 | 276 | - |

Prepaid expenses

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|--|---------------|---------------|--------------|
| Non-life insurance | 24 | 64 | 141 |
| Business travel insurance | 2 | 3 | 1 |
| Minimum guarantees; payments advanced to GOG | 10 084 | 11 518 | 4 605 |
| Access to online legal support portal | 30 | 15 | - |
| Software, licenses | 716 | 666 | 162 |
| Air travel | - | 15 | - |
| Other prepaid expenses | 460 | 242 | 146 |
| Total prepaid expenses | 11 316 | 12 523 | 5 055 |

Negative temporary differences requiring recognition of deferred tax assets

| | 31.12.2015 | Increases | reductions | 31.03.2016 |
|--|---------------|---------------|---------------|---------------|
| Provisions for other employee benefits | 35 089 | 5 364 | 98 | 40 355 |
| Valuation of futures contracts under the incentive program | 19 935 | 3 827 | 19 935 | 3 827 |
| The Witcher trademark | 1 930 | - | 1 930 | - |
| Negative exchange rate differences | 751 | 2 166 | 751 | 2 166 |
| Employee compensation and social security expenses payable in future reporting periods | 218 | - | 216 | 2 |
| Prepayments recognized as taxable income | 15 820 | - | - | 15 820 |
| Deposit discount | 80 | - | - | 80 |
| Incentive program | 3 354 | 580 | - | 3 934 |
| Other provisions | 564 | 482 | 633 | 413 |
| Total negative temporary differences | 77 741 | 12 419 | 23 563 | 66 597 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Tax rate (Cyprus) | 12.5% | 12.5% | 12.5% | 12.5% |
| Deferred tax assets at end of reporting period | 14 771 | 2 360 | 4 477 | 12 654 |

Positive temporary differences requiring recognition of deferred tax provisions

| | 31.12.2015 | Increases | reductions | 31.03.2016 |
|--|---------------|----------------|----------------|---------------|
| Revaluation of forward contracts (cash flow hedge) at fair value | 59 | - | 59 | - |
| Income in the current period invoiced in the following period, and sales returns in the current period | 81 936 | 112 434 | 160 384 | 33 986 |
| Positive exchange rate differences | 442 | 135 | 442 | 135 |
| CD PROJEKT brand name | 7 760 | 918 | - | 8 678 |
| The Witcher trademark | - | 4 279 | - | 4 279 |
| Costs related to advance payments recognized as taxable income | 3 532 | - | - | 3 532 |
| Valuation of shares in other entities | 475 | - | - | 475 |
| Other sources | 299 | 1 164 | 1 017 | 446 |
| Total positive temporary differences | 94 503 | 118 930 | 161 902 | 51 531 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Tax rate (Cyprus) | 12.5% | 12.5% | 12.5% | 12.5% |
| Deferred tax provisions at end of reporting period | 17 956 | 22 597 | 30 761 | 9 792 |

Net deferred tax assets/provisions

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|--|--------------|----------------|--------------|
| Deferred tax assets | 12 654 | 14 771 | 943 |
| Deferred tax liabilities – continuing operations | 9 792 | 17 956 | 1 156 |
| Net deferred tax assets/liabilities | 2 862 | (3 185) | (213) |

Provisions for employee benefits and similar liabilities

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|---|------------|------------|------------|
| Provisions for retirement benefits and pensions | 36 | 37 | 28 |
| Provisions for other employee benefits | 186 | 223 | 154 |
| Total, including: | 222 | 260 | 182 |
| long-term provisions | 35 | 35 | 27 |
| short-term provisions | 187 | 225 | 155 |

Changes in provisions

| | Provisions for retirement benefits and pensions | Provisions for other employee benefits | Total |
|-------------------------------------|---|--|------------|
| As of 01.01.2016 | 37 | 223 | 260 |
| Provisions created | - | 117 | 117 |
| Benefits paid out | - | 119 | 119 |
| Provisions dissolved | 1 | 35 | 36 |
| As of 31.03.2016, including: | 36 | 186 | 222 |
| long-term provisions | 35 | - | 35 |
| short-term provisions | 1 | 186 | 187 |

| | Provisions for retirement benefits and pensions | Provisions for other employee benefits | Total |
|-------------------------------------|---|--|------------|
| As of 01.01.2015 | 28 | 204 | 232 |
| Provisions created | - | 84 | 84 |
| Benefits paid out | - | 134 | 134 |
| As of 31.03.2015, including: | 28 | 154 | 182 |
| long-term provisions | 27 | - | 27 |
| short-term provisions | 1 | 154 | 155 |

Other provisions

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|--|---------------|---------------|------------|
| Provisions for warranty-covered repairs and returns | - | 6 | - |
| Provisions for liabilities, including: | 41 041 | 36 442 | 95 |
| provisions for financial statement audit expenses | - | 50 | 32 |
| provisions for bought-in services | 234 | 825 | 57 |
| provisions for bonuses | 40 149 | 34 928 | - |
| provisions for licensing liabilities | - | 121 | 6 |
| provisions for depreciation of licenses and fixed assets | 188 | 304 | - |
| provisions for other expenses | 470 | 214 | - |
| Total, including: | 41 041 | 36 448 | 95 |
| long-term provisions | - | - | - |
| short-term provisions | 41 041 | 36 448 | 95 |



Changes in other provisions

| | Provisions for warranty- covered repairs and returns | Provisions for bonuses | Other provisions | Total |
|---|---|---------------------------|---------------------|---------------|
| As of 01.01.2016 | 6 | 34 928 | 1 514 | 36 448 |
| Provisions created during the fiscal year | - | 5 221 | 982 | 6 203 |
| Benefits paid out | 6 | - | 1 521 | 1 527 |
| Provisions dissolved | - | - | 78 | 78 |
| Adjustments due to exchange rate differences | - | - | (5) | (5) |
| As of 31.03.2016, including: | - | 40 149 | 892 | 41 041 |
| long-term provisions | - | - | - | - |
| short-term provisions | - | 40 149 | 892 | 41 041 |

| | Provisions for warranty- covered repairs and returns | Provisions for bonuses | Other provisions | Total |
|---|---|---------------------------|---------------------|-----------|
| As of 01.01.2015 | - | - | 95 | 95 |
| Provisions created during the fiscal year | - | - | 57 | 57 |
| Benefits paid out | - | - | 9 | 9 |
| Provisions dissolved | - | - | 48 | 48 |
| As of 31.03.2015, including: | - | - | 95 | 95 |
| long-term provisions | - | - | - | - |
| short-term provisions | - | - | 95 | 95 |

Note 3. Disclosure of financial instruments

Fair value of financial instruments per class

| FINANCIAL ASSETS | Carrying amount | | | Fair value | | |
|---|-----------------|----------------|---------------|----------------|----------------|---------------|
| | 31.03.2016 | 31.12.2015 | 31.03.2015* | 31.03.2016 | 31.12.2015 | 31.03.2015* |
| Trade and other receivables | 60 951 | 114 234 | 25 084 | 60 951 | 114 234 | 25 084 |
| trade receivables | 45 908 | 87 704 | 14 087 | 45 908 | 87 704 | 14 087 |
| other receivables | 15 043 | 26 530 | 10 997 | 15 043 | 26 530 | 10 997 |
| Financial assets carried at fair value through profit and loss, including: | - | 165 | 2 768 | - | 165 | 2 768 |
| investment fund shares | - | - | 2 768 | - | - | 2 768 |
| forward contracts | - | 59 | - | - | 59 | - |
| shares in other entities | - | 106 | - | - | 106 | - |
| Financial assets held for sale, including: | 547 | 547 | 547 | 547 | 547 | 547 |
| valuation of shares in other entities | 547 | 547 | 547 | 547 | 547 | 547 |
| Cash and cash equivalents | 434 877 | 393 637 | 29 483 | 434 877 | 393 637 | 29 483 |
| cash on hand and bank deposits | 434 877 | 393 637 | 29 483 | 434 877 | 393 637 | 29 483 |

* following presentation-related adjustments

| FINANCIAL LIABILITIES | Carrying amount | | | Fair value | | |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|
| | 31.03.2016 | 31.12.2015 | 31.03.2015 | 31.03.2016 | 31.12.2015 | 31.03.2015 |
| Credits and loans subject to interest payments, including: | - | - | - | - | - | - |
| overdraft facilities | - | - | - | - | - | - |
| other short-term liabilities (including credit cards) | - | - | - | - | - | - |
| Other miscellaneous (long-term) liabilities, including: | 124 | - | 203 | 124 | - | 203 |
| liabilities from financial lease contracts and lease contracts with a buyout option | 124 | - | 203 | 124 | - | 203 |
| Trade and other liabilities | 82 180 | 69 568 | 91 811 | 82 180 | 69 568 | 91 811 |
| trade liabilities | 22 364 | 22 603 | 19 282 | 22 364 | 22 603 | 19 282 |
| other short-term liabilities | 59 816 | 46 965 | 72 529 | 59 816 | 46 965 | 72 529 |
| Financial liabilities, including: | 290 | 293 | 381 | 290 | 293 | 381 |
| other short-term financial liabilities (lease agreements) | 290 | 293 | 381 | 290 | 293 | 381 |
| Financial liabilities carried at fair value through profit or loss, including: | 3 827 | 19 935 | - | 3 827 | 19 935 | - |
| valuation of futures contracts under the incentive program | 3 827 | 19 935 | - | 3 827 | 19 935 | - |

Changes in financial instruments

| | 01.01.2015 – 31.12.2015 | | | | |
|--|---|----------------------------------|-----------------------------------|--|--------------------------------|
| | Financial assets carried at fair value through profit or loss | Loans granted and receivables | Financial assets held for sale | Financial liabilities carried at fair value through profit or loss | Other financial liabilities |
| At beginning of period | 165 | 507 871 | 547 | 19 935 | 69 861 |
| Increases | - | 495 828 | - | 3 827 | 82 594 |
| Cash and cash equivalents | - | 434 877 | - | - | - |
| Trade and other receivables | - | 60 951 | - | - | - |
| Trade and other liabilities | - | - | - | - | 82 180 |
| Financial lease agreements | - | - | - | - | 414 |
| Financial liabilities carried at fair value through profit or loss | - | - | - | 3 827 | - |
| Reductions | 165 | 507 871 | - | 19 935 | 69 861 |
| Cash and cash equivalents | - | 393 637 | - | - | - |
| Trade and other receivables | - | 114 234 | - | - | - |
| Trade and other liabilities | - | - | - | - | 69 568 |
| Financial lease agreements | - | - | - | - | 293 |
| Financial liabilities carried at fair value through profit or loss | - | - | - | 19 935 | - |
| Financial assets carried at fair value through profit or loss | 165 | - | - | - | - |
| At end of period | - | 495 828 | 547 | 3 827 | 82 594 |

Hierarchy of financial instruments carried at fair value

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|---|------------|------------|------------|
| LEVEL 1 | | | |
| Assets carried at fair value | | | |
| Financial assets carried at fair value through financial result, including: | - | 106 | 2 768 |
| investment fund shares | - | - | 2 768 |
| 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 contracts under the incentive program | - | 19 935 | - |
| LEVEL 3 | | | |
| Assets carried at fair value | | | |
| Financial assets carried at fair value through financial result, including: | 547 | 547 | 547 |
| shares in other entities | 547 | 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 4. Other important information

Operating expenses

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015* |
|---|----------------------------|-----------------------------|
| Depreciation | 1 681 | 1 054 |
| Consumption of materials and energy | 322 | 454 |
| Bought-in services | 19 991 | 9 509 |
| Taxes and fees | 106 | 157 |
| Employee compensation, social security and other benefits | 14 273 | 8 064 |
| Business travel | 606 | 509 |
| Other costs, including: | 3 100 | 2 110 |
| transaction costs | - | 1 |
| upkeep of Internet hosts and external servers | 725 | 252 |
| advisory services | 152 | 205 |
| representation and advertising | 1 187 | 538 |
| use of company cars | 27 | 20 |
| insurance | 66 | 15 |
| participation in fairs, exhibitions and conferences | 64 | 244 |
| recruitment and relocation costs | 184 | 31 |
| other costs | 695 | 804 |
| Changes in inventories | (14 168) | (11 026) |
| Value of goods and materials sold | 17 888 | 14 972 |
| Cost of products and services sold | (699) | 2 524 |
| Total | 43 100 | 28 327 |
| Selling costs | 16 833 | 7 787 |
| General and administrative costs | 9 078 | 3 044 |
| Cost of products, goods and materials sold | 17 189 | 17 496 |
| Total | 43 100 | 28 327 |

* following presentation-related adjustments

Other operating revenues

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|---|----------------------------|----------------------------|
| Elimination of write-downs for receivables | - | 1 |
| Dissolution of provisions for employee benefits | 7 | 11 |
| Dissolution of provisions for liabilities | 66 | 48 |
| Subsidies | 29 | 23 |
| Write-downs on expired liabilities | 5 | - |
| Reinvoicing revenues | 66 | 158 |
| Other revenues, including: | 32 | 17 |
| repossession gains received | 5 | 1 |
| goods and materials received free of charge | 2 | 16 |
| other sales | 8 | - |
| other miscellaneous operating revenues | 17 | - |
| Total | 205 | 258 |

Other operating expenses

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|---|----------------------------|----------------------------|
| Creation of provisions for future liabilities, including compensation dependent on the Group's financial result | 5 221 | - |
| Revaluations of receivables | 12 | 33 |
| Reinvoicing costs | 150 | 158 |
| Unrecoverable withholding tax | 131 | - |
| Other costs, including: | 6 | 3 |
| losses from sales of fixed assets | 2 | - |
| minor round-ups and round-downs | - | 1 |
| disposal of goods and materials | 1 | 1 |
| cost of cancelled project | - | 1 |
| other | 3 | - |
| Total | 5 520 | 194 |

Financial revenues

| | 01.01.2016 – 31.12.2016 | 01.01.2015 – 31.12.2015 |
|---|----------------------------|----------------------------|
| Revenues from interest: | 3 249 | 33 |
| on short-term bank deposits | 2 393 | 32 |
| on loans (incl. cash pool) | - | 1 |
| on forward currency transactions | 856 | - |
| Other financial revenues, including: | 23 | 24 |
| profit from sales of investments | 23 | - |
| valuation of investment fund shares | - | 23 |
| other revenues from sureties granted | - | 1 |
| Total financial revenues | 3 272 | 57 |

Financial expenses

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|--|----------------------------|----------------------------|
| Interest payments: | 30 | 5 |
| on lease agreements | 3 | 5 |
| on budget commitments | 27 | - |
| Other financial expenses, including: | 1 644 | 2 000 |
| surplus negative exchange rate differences | 1 542 | 1 987 |
| forward currency contracts | 59 | - |
| bank fees associated with credit agreements | - | 13 |
| net loss from disposal of investments (shares) | 43 | - |
| Total financial expenses | 1 674 | 2 005 |
| Net financial expenses | 1 598 | (1 948) |

Note 5. Issue, buyback and redemption of debt and capital securities

Issue of debt securities

Not applicable.

Issue of capital securities

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|-------------------------------|------------|------------|------------|
| Stock volume (thousands) | 94 950 | 94 950 | 94 950 |
| Nominal value per share (PLN) | 1 | 1 | 1 |
| Share capital (PLN thousands) | 94 950 | 94 950 | 94 950 |

Note 6. Dividends declared or paid out

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

Note 7. 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.

Transactions with affiliates following consolidation eliminations

| Sales to affiliates | | Purchases from affiliates | | Receivables from affiliates | | | Liabilities due to affiliates | | |
|---------------------|------------|---------------------------|------------|-----------------------------|------------|------------|-------------------------------|------------|------------|
| 01.01.2016 | 01.01.2015 | 01.01.2016 | 01.01.2015 | 31.03.2016 | 31.12.2015 | 31.03.2015 | 31.03.2016 | 31.12.2015 | 31.03.2015 |
| – | – | – | – | | | | | | |
| 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 | | | | | | |

MANAGEMENT BOARD MEMBERS OF THE GROUP'S COMPANIES, AND THEIR PROXIES

| | | | | | | | | | | |
|------------------------|---|---|---|---|---|---|---|----|----|----|
| Marcin Iwiński | 1 | 2 | - | - | - | 1 | - | 9 | 41 | 22 |
| Adam Kiciński | 1 | 1 | - | - | - | 2 | - | 2 | 5 | 3 |
| Piotr Nielubowicz | 1 | 1 | - | - | - | - | - | 4 | 2 | 1 |
| Michał Nowakowski | 2 | 2 | - | - | - | - | 2 | 32 | 1 | 11 |
| Adam Badowski | - | - | - | - | 1 | 1 | - | 6 | 1 | - |
| Edyta Wakuła* | 1 | 1 | - | - | - | - | - | - | - | - |
| Guillaume Rambourg | - | - | - | - | - | - | - | - | - | - |
| Piotr Karwowski | - | - | - | - | - | - | - | - | - | - |
| Oleg Klapovskiy | - | - | - | - | - | - | - | - | - | - |
| Arkadiusz Trojanowski* | - | - | - | - | - | - | - | - | - | - |
| Urszula Jach-Jaki | - | - | - | - | - | - | - | - | - | - |

* proxy

Note 8. Bad loans and breaches of loan agreements not subject to remedial proceedings as of the balance sheet date

Loans granted as of 31.03.2016, incl. to Management Board members

Not applicable.

Note 9. Changes in conditional liabilities and assets since the close of the most recent fiscal year

Promissory note liabilities due to loans received

Not applicable.

Conditional liabilities due to sureties and collateral pledged

| | Pledged in association with | Currency | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|---|--|----------|------------|------------|------------|
| Agora S.A. | | | | | |
| Promissory note payable | | PLN | 11 931 | 11 931 | 11 931 |
| Declaration of submission to enforcement with respect to guaranteed execution of distribution agreement | | PLN | 11 931 | 11 931 | 11 931 |
| mBank S.A. | | | | | |
| Promissory note agreement | Credit agreement | PLN | - | - | 13 500 |
| Promissory note agreement | Credit agreement | PLN | - | - | 30 000 |
| Promissory note endorsement | Collateral for credit | PLN | - | - | 58 500 |
| Declaration of submission to enforcement | Collateral for credit | PLN | - | - | 58 500 |
| 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 | 920 | - |
| Promissory note agreement | Framework agreement concerning forward and derivative transactions | PLN | 7 710 | - | - |

Millennium Leasing sp. z o.o.

| | | | | | |
|---------------------------|------------------------------|-----|-----|-----|-----|
| Promissory note agreement | Lease agreement no. K 182762 | PLN | 470 | 470 | 470 |
|---------------------------|------------------------------|-----|-----|-----|-----|

Global Collect Services BV

| | | | | | |
|-----------------------|---|-----|-----|-----|-----|
| Contract of guarantee | Guarantee of discharge of liabilities by GOG Ltd. | EUR | 155 | 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 | 265 |
| Promissory note agreement | Co-financing agreement no. POIG.06.05.02-00-148/13-00 | PLN | 235 | 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 | 839 | 941 |
|---------------------------|--|-----|-----|-----|-----|

Raiffeisen Bank Polska S.A.

| | | | | | |
|---|--|-----|--------|--------|--------|
| Guarantee of discharge of cash pool liabilities | Cash pool agreement | PLN | 15 000 | 15 000 | 15 000 |
| Guarantee of discharge of cash pool liabilities | Cash pool agreement | USD | 500 | 500 | 500 |
| Declaration of submission to enforcement | Framework agreement concerning forward and derivative transactions | PLN | 75 000 | 75 000 | 15 000 |

Millenium Bank S.A.

| | | | | | |
|--|--|-----|--------|--------|---|
| Declaration of submission to enforcement | Framework agreement concerning forward and derivative transactions | PLN | 28 800 | 28 800 | - |
|--|--|-----|--------|--------|---|

BZ WBK Leasing S.A.

| | | | | | |
|---------------------------|------------------------------------|-----|-----|---|---|
| Promissory note agreement | Lease agreement no. CZ5/00007/2016 | PLN | 303 | - | - |
|---------------------------|------------------------------------|-----|-----|---|---|

Note 10. Changes in the structure of the Capital Group and its member entities occurring during the reporting period

Not applicable.

Note 11. Agreements which may, in the future, result in changes in the proportion of shares held by shareholders and bondholders

On the basis of the General Meeting Resolution of 16 December 2011 the parent company instituted an incentive program for its crucial employees, as described elsewhere in this document. In conjunction with this resolution, the parent company's share capital was conditionally increased by not more than 1.9 million PLN, which corresponds to 2% of the parent company's current share capital. Throughout the period covered by the incentive program 1.45 million warrants were issued. Implementation of the program may, in the future, result in changes in the proportion of shares held by shareholders.

In Current Report no. 2/2016 the Company announced that on 29 January 2016 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.

As a result of statements filed by several entitled parties concerning exercise of rights afforded by the above-mentioned subscription warrants, the parent company has taken steps to register and issue 210,000 series L shares. This represents 14.48% of the total number of shares which might potentially be issued under the incentive program.

Note 12. 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.



CD PROJEKT

Supplementary information

5

Legal proceedings

The following material 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 proceedings until such time as a resolution can be obtained. The Supreme Court has scheduled an initial hearing in this matter for 19 May 2016.

Other proceedings

No new material litigation, arbitration or administrative proceedings involving the parent company or its subsidiaries as parties were initiated in the reporting period. With regard to other litigation described in the consolidated financial statement for 2015 no material changes occurred in the reporting period.

Shareholder structure

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

| | No. of votes at the GM | % share in total number of votes at the GM |
|---------------------------------|------------------------|--|
| Michał Kiciński ⁽¹⁾ | 12 281 616 | 12.93% |
| Marcin Iwiński | 12 000 000 | 12.64% |
| Piotr Nielubowicz | 5 985 197 | 6.30% |
| PKO TFI S.A. ⁽²⁾ | 9 000 000 | 9.48% |
| Amplico PTE S.A. ⁽³⁾ | 5 003 719 | 5.27% |
| AVIVA OFE ⁽⁴⁾ | 4 940 000 | 5.20% |
| Other shareholders | 45 739 468 | 48.18% |

(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.

The percentage share in the share capital of the parent entity held by the above listed parties is equivalent to the amount of votes controlled by these parties at the General Meeting.

Changes in shareholder structure of the parent entity

No changes in the number of shares held by the parent entity's major shareholders occurred during the period covered by this condensed interim consolidated financial statement.

Company shares held by members of the Management Board and Supervisory Board

Changes in number of shares held by members of the Management Board

| Name | Position | as of 01.01.2016 | as of 31.03.2016 | as of 12.05.2016 |
|-------------------|-------------------------------------|------------------|------------------|------------------|
| Adam Kiciński | President of the Board | 3 122 481 | 3 122 481 | 3 122 481 |
| Marcin Iwiński | Vice President of the Board | 12 000 000 | 12 000 000 | 12 000 000 |
| Piotr Nielubowicz | Vice President of the Board | 5 985 197 | 5 985 197 | 5 985 197 |
| Michał Nowakowski | Board Member | 1 149 | 1 149 | 1 149 |
| Katarzyna Szwarc | Chairwoman of the Supervisory Board | 10 010 | 10 010 | 10 010 |

Valuation of published estimates

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



CD PROJEKT

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

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Condensed interim separate profit and loss account

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|---|----------------------------|----------------------------|
| Sales revenues | 68 311 | 7 068 |
| Revenues from sales of products | 64 501 | 3 003 |
| Revenues from sales of services | 690 | 542 |
| Revenues from sales of goods and materials | 3 120 | 3 523 |
| Cost of products, goods and materials sold | 4 780 | 3 456 |
| Cost of products and services sold | 1 885 | 300 |
| Value of goods and materials sold | 2 895 | 3 156 |
| Gross profit (loss) from sales | 63 531 | 3 612 |
| Other operating revenues | 197 | 250 |
| Selling costs | 13 400 | 7 488 |
| General and administrative costs | 7 335 | 2 120 |
| Other operating expenses | 5 480 | 192 |
| Operating profit (loss) | 37 513 | (5 938) |
| Financial revenues | 3 272 | 93 |
| Financial expenses | 1 692 | 25 |
| Profit (loss) before tax | 39 093 | (5 870) |
| Income tax | 6 293 | 228 |
| Net profit (loss) from continuing operations | 32 800 | (6 098) |
| Net profit (loss) from discontinued operations | - | - |
| Net profit (loss) | 32 800 | (6 098) |
| Net profit (loss) attributable to noncontrolling interests | - | - |
| Net profit (loss) attributable to equity holders of parent entity | 32 800 | (6 098) |
| Net earnings per share (in PLN) | | |
| Basic for the reporting period | 0.35 | (0.06) |
| Diluted for the reporting period | 0.35 | (0.06) |
| Net earnings per share from continuing operations (in PLN) | | |
| Basic for the reporting period | 0.35 | (0.06) |
| Diluted for the reporting period | 0.35 | (0.06) |
| Net earnings per share from discontinued operations (in PLN) | | |
| Basic for the reporting period | - | - |
| Diluted for the reporting period | - | - |

Condensed interim separate statement of comprehensive income

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|--|----------------------------|----------------------------|
| Net profit (loss) | 32 800 | (6 098) |
| Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria | - | - |
| exchange rate differences on valuation of foreign entities | - | - |
| Other comprehensive income which will not be entered as profit (loss) | - | - |
| Total comprehensive income | 32 800 | (6 098) |

Condensed interim separate statement of financial position

| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|--------------------------------|----------------|----------------|----------------|
| FIXED ASSETS | 101 052 | 102 404 | 78 224 |
| Tangible fixed assets | 7 396 | 6 579 | 4 411 |
| Intangible assets | 68 498 | 69 028 | 62 672 |
| Investments in subsidiaries | 11 750 | 11 750 | 9 855 |
| Other financial assets | 547 | 547 | 547 |
| Deferred income tax assets | 12 646 | 14 285 | 464 |
| Other fixed assets | 215 | 215 | 276 |
| WORKING ASSETS | 539 590 | 516 213 | 143 506 |
| Inventories | 47 792 | 34 106 | 106 558 |
| Trade receivables | 44 368 | 87 591 | 10 583 |
| Current income tax receivables | 21 098 | - | 183 |
| Other receivables | 17 896 | 27 426 | 14 173 |
| Other financial assets | - | 165 | 2 768 |
| Prepaid expenses | 1 119 | 703 | 429 |
| Cash and cash equivalents | 407 317 | 366 222 | 8 812 |
| TOTAL ASSETS | 640 642 | 618 617 | 221 730 |



| | 31.03.2016 | 31.12.2015 | 31.03.2015 |
|--|----------------|----------------|----------------|
| EQUITY | 514 370 | 480 087 | 136 346 |
| Equity attributable to shareholders of the entity | 514 370 | 480 087 | 136 346 |
| Share capital | 94 950 | 94 950 | 94 950 |
| Supplementary capital, incl. sales of shares above nominal price | 110 936 | 110 936 | 110 936 |
| Other reserve capital | 4 837 | 3 354 | 1 896 |
| Retained earnings | 270 847 | (65 353) | (65 338) |
| Financial result for the current period | 32 800 | 336 200 | (6 098) |
| Noncontrolling interest equity | - | - | - |
| LONG-TERM LIABILITIES | 9 760 | 18 643 | 1 672 |
| Other financial liabilities | 124 | - | 202 |
| Deferred income tax liabilities | 9 220 | 18 197 | 1 396 |
| Deferred revenues | 385 | 415 | 51 |
| Provisions for employee benefits and similar liabilities | 31 | 31 | 23 |
| SHORT-TERM LIABILITIES | 116 512 | 119 887 | 83 712 |
| Credits and loans | - | - | - |
| Other financial liabilities | 4 117 | 19 824 | 381 |
| Trade liabilities | 6 452 | 4 660 | 5 545 |
| Liabilities from current income tax | - | 7 349 | - |
| Other liabilities | 64 554 | 51 754 | 77 074 |
| Deferred revenues | 430 | 429 | 464 |
| Provisions for employee benefits and similar liabilities | 153 | 137 | 155 |
| Other provisions | 40 806 | 35 734 | 93 |
| TOTAL LIABILITIES | 640 642 | 618 617 | 221 730 |



Condensed interim statement of changes in separate equity

| | Share capital | Supplementary capital, incl. sales of shares above nominal price | Other reserve capital | Exchange rate differences | Retained earnings | Financial result for the current period | Equity attributable to shareholders of parent entity | Noncontrolling interest equity | Total equity |
|---|---------------|--|-----------------------|---------------------------|-------------------|---|--|--------------------------------|----------------|
| 01.01.2016 – 31.03.2016 | | | | | | | | | |
| Equity as of 01.01.2016 | 94 950 | 110 936 | 3 354 | - | 270 847 | - | 480 087 | - | 480 087 |
| Adjustments due to errors in preceding years | - | - | - | - | - | - | - | - | - |
| Equity after adjustments | 94 950 | 110 936 | 3 354 | - | 270 847 | - | 480 087 | - | 480 087 |
| Cost of incentive program | - | - | 580 | - | - | - | 580 | - | 580 |
| Payment for shares issued under the incentive program | - | - | 903 | - | - | - | 903 | - | 903 |
| Total comprehensive income | - | - | - | - | - | 32 800 | 32 800 | - | 32 800 |
| Equity as of 31.03.2016 | 94 950 | 110 936 | 4 837 | - | 270 847 | 32 800 | 514 370 | - | 514 370 |



| | Share capital | Supplementary capital, incl. sales of shares above nominal price | Other reserve capital | Exchange rate differences | Retained earnings | Financial result for the current period | Equity attributable to shareholders of parent entity | Noncontrolling interest equity | Total equity |
|--|---------------|--|-----------------------|---------------------------|-------------------|---|--|--------------------------------|----------------|
| 01.01.2015 – 31.12.2015 | | | | | | | | | |
| Equity as of 01.01.2015 | 94 950 | 110 936 | 1 716 | - | (65 338) | - | 142 264 | - | 142 264 |
| Adjustments due to errors in preceding years | - | - | - | - | - | - | - | - | - |
| Equity after adjustments | 94 950 | 110 936 | 1 716 | - | (65 338) | - | 142 264 | - | 142 264 |
| Cost of incentive program | - | - | 1 638 | - | - | - | 1 638 | - | 1 638 |
| Retained earnings at acquired entity | - | - | - | - | (15) | - | (15) | - | (15) |
| Total comprehensive income | - | - | - | - | - | 336 200 | 336 200 | - | 336 200 |
| Equity as of 31.12.2015 | 94 950 | 110 936 | 3 354 | - | (65 353) | 336 200 | 480 087 | - | 480 087 |
| 01.01.2015 – 31.03.2015 | | | | | | | | | |
| Equity as of 01.01.2015 | 94 950 | 110 936 | 1 716 | - | (65 338) | - | 142 264 | - | 142 264 |
| Adjustments due to errors in preceding years | - | - | - | - | - | - | - | - | - |
| Equity after adjustments | 94 950 | 110 936 | 1 716 | - | (65 338) | - | 142 264 | - | 142 264 |
| Cost of incentive program | - | - | 180 | - | - | - | 180 | - | 180 |
| Total comprehensive income | - | - | - | - | - | (6 098) | (6 098) | - | (6 098) |
| Equity as of 31.03.2015 | 94 950 | 110 936 | 1 896 | - | (65 338) | (6 098) | 136 346 | - | 136 346 |

Condensed interim separate statement of cash flows

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|--|----------------------------|----------------------------|
| OPERATING ACTIVITIES | | |
| Net profit (loss) | 32 800 | (6 098) |
| Total adjustments: | 46 031 | 2 564 |
| Depreciation and amortization | 1 274 | 829 |
| Interest and profit sharing | (2 382) | (36) |
| Profit (loss) from investment activities | 79 | (23) |
| Change in provisions | 5 088 | 16 |
| Change in inventories | (13 686) | (10 047) |
| Change in receivables | 54 385 | (5 681) |
| Change in liabilities excluding credits and loans | 1 139 | 18 036 |
| Change in other assets and liabilities | (446) | (710) |
| Other adjustments | 580 | 180 |
| Cash flow from operating activities | 78 831 | (3 534) |
| Income tax on profit (loss) before taxation | 6 293 | 228 |
| Income tax (paid) / reimbursed | (42 079) | (680) |
| Net cash flows from operating activities | 43 045 | (3 986) |
| INVESTMENT ACTIVITIES | | |
| Inflows | 2 476 | 43 |
| Liquidation of financial assets | 86 | - |
| Other inflows from investment activities (dividends and interest) | 2 390 | 43 |
| Outflows | 1 213 | 937 |
| Purchases of intangible and tangible fixed assets | 645 | 467 |
| Other outflows from investment activities (incl. cash pool guarantees) | 568 | 470 |
| Net cash flows from investment activities | 1 263 | (894) |
| FINANCIAL ACTIVITIES | | |
| Inflows | 903 | 829 |
| Net inflows from issue of shares (stock) and other capital market instruments, and capital contributions | 903 | - |
| Other inflows from financial activities | - | 829 |
| Outflows | 4 116 | 84 |
| Repayment of credits and loans | - | 4 |
| Payment of liabilities associated with financial lease agreements | 224 | 73 |
| Interest payments | 8 | 7 |
| Other outflows from financial activities (incl. cash pool guarantees) | 3 884 | - |
| Net cash flows from financial activities | (3 213) | 745 |
| Total net cash flows | 41 095 | (4 135) |
| Change in cash and cash equivalents on balance sheet | 41 095 | (4 135) |
| Cash and cash equivalents at beginning of period | 366 222 | 12 947 |
| Cash and cash equivalents at end of period | 407 317 | 8 812 |

Clarifications concerning the separate statement of cash flows

| | 01.01.2016 – 31.03.2016 | 01.01.2015 – 31.03.2015 |
|--|----------------------------|----------------------------|
| The "other adjustments" line item comprises: | 580 | 180 |
| Cost of incentive program | 580 | 180 |

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

Changes in write-downs and provisions reported in the condensed interim separate financial statement of CD PROJEKT S.A. for the period between 1 January and 31 March 2016 are as follows:

- 2 thousands PLN – dissolution of write-downs due to collection of receivables,
- 12 thousand PLN – creation of write-downs for past-due receivables,
- 84 thousand PLN – creation of provisions for other employee benefits,
- 56 thousand PLN – use of provisions for other employee benefits,
- 12 thousand PLN – dissolution of unused provisions for other employee benefits,
- 5 480 thousand PLN – creation of other provisions,
- 399 thousand PLN – reductions in other provisions due to partial use,
- 9 thousand PLN – dissolution of other unused provisions.

Negative temporary differences requiring recognition of deferred tax assets

| | 31.12.2015 | Increases | reductions | 31.03.2016 |
|--|---------------|---------------|---------------|---------------|
| Provisions for other employee benefits | 35 086 | 5 330 | 99 | 40 317 |
| Valuation of forward contracts under the incentive program | 19 531 | 3 827 | 19 531 | 3 827 |
| Negative exchange rate differences | 750 | 2 166 | 750 | 2 166 |
| Prepayments recognized as taxable income | 15 820 | - | - | 15 820 |
| Deposit discount | 80 | - | - | 80 |
| Incentive program | 3 354 | 580 | - | 3 934 |
| Other provisions | 563 | 482 | 631 | 414 |
| Total negative temporary differences | 75 184 | 12 385 | 21 011 | 66 558 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Deferred tax assets at end of period | 14 285 | 2 353 | 3 992 | 12 646 |



Positive temporary differences requiring recognition of deferred tax provisions

| | 31.12.2015 | Increases | reductions | 31.03.2016 |
|---|---------------|----------------|----------------|---------------|
| Revaluation of currency contracts (cash flow hedge) at fair value | 59 | - | 59 | - |
| Revenues obtained in the current period but invoiced in future periods, and sales returns in the current period | 81 941 | 112 434 | 160 384 | 33 991 |
| Positive exchange rate differences | 442 | 134 | 442 | 134 |
| CD PROJEKT brand name | 9 029 | 918 | - | 9 947 |
| Expenses related to prepayments recognized as taxable income | 3 532 | - | - | 3 532 |
| Valuation of shares in other entities | 475 | - | - | 475 |
| Other sources | 298 | 1 164 | 1 017 | 445 |
| Total positive temporary differences | 95 776 | 114 650 | 161 902 | 48 524 |
| Tax rate (Poland) | 19% | 19% | 19% | 19% |
| Deferred tax provisions at end of period | 18 197 | 21 784 | 30 761 | 9 220 |

Statement of the Management Board of the parent entity

With regard to the correctness of the condensed interim consolidated financial statement

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

With regard to the entity charged with assessing the correctness of the condensed interim consolidated financial statement

As of the publication date the Issuer has not yet selected the licensed auditor charged with reviewing and auditing the financial statements of the parent company and its subsidiaries in 2016.

Approval of financial statement

This quarterly report was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 12 May 2016.

Warsaw, 12 May 2016

| | | |
|------------------------|--------------------------------|-----------------------------|
| Adam Kiciński | Marcin Iwiński | Piotr Nielubowicz |
| President of the Board | Vice President of the Board | Vice President of the Board |

| | | | |
|---------------|-------------------|-----------------|---------------------------------|
| Adam Badowski | Michał Nowakowski | Piotr Karwowski | Rafał Zuchowicz |
| Board Member | Board Member | Board Member | Deputy Accounting Officer |