CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT OF THE

CD PROJEKT CAPITAL GROUP

FOR THE PERIOD BETWEEN 1 JANUARY AND 30 JUNE 2016

Disclaimer

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

CD PROJEKT Capital Group – Selected financial highlights (converted into EUR)

	PLN		EUR	
	01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015*	01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015*
Net revenues from sales of products, goods and materials	318 996	512 697	72 822	124 017
Cost of products, goods and materials sold	75 293	132 757	17 188	32 113
Operating profit (loss)	163 118	288 547	37 237	69 797
Profit (loss) before tax	167 516	284 018	38 241	68 701
Net profit (loss) from continuing operations	134 682	236 252	30 746	57 147
Net profit (loss) attributable to equity holders of parent entity	134 682	236 252	30 746	57 147
Net cash flows from continuing operations	141 953	155 819	32 406	37 691
Net cash flows from investment activities	(31 807)	(25 874)	(7 261)	(6 259)
Net cash flows from financial activities	540	(144)	123	(35)
Aggregate net cash flows	110 686	129 801	25 268	31 398
Stock volume (in thousands)	95 020	94 950	95 020	94 950
Net profit (loss) per ordinary share (PLN/EUR)	1.42	2.49	0.32	0.60
Diluted profit (loss) per ordinary share (PLN/EUR)	1.42	2.49	0.32	0.60
Book value per share (PLN/EUR)	6.85	4.27	1.55	1.02
Diluted book value per share (PLN/EUR)	6.85	4.27	1.55	1.02
Declared or paid out dividend per share (PLN/EUR)	-	-	-	-

** adjusted*

	PLN		EUR	
	30.06.2016	31.12.2015*	30.06.2016	31.12.2015*
Total assets	760 760	659 175	171 904	154 681
Liabilities and provisions for liabilities (less accrued charges)	106 445	137 213	24 053	32 198
Long-term liabilities	5 175	3 643	1 169	855
Short-term liabilities	104 739	141 857	23 667	33 288
Equity	650 846	513 675	147 067	120 539
Share capital	95 160	94 950	21 503	22 281

** adjusted*

The financial data has been converted into EUR under the following assumptions:

- 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: 4.3805 PLN/EUR for the period between 1 January and 30 June 2016, and 4.1341 PLN/EUR for the period between 1 January and 30 June 2015 respectively.
- 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: 4.4255 PLN/EUR on 30 June 2016 and 4.2615 PLN/EUR on 31 December 2015 respectively.

CD PROJEKT

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Primary financial data of the CD PROJEKT Capital Group

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Condensed interim consolidated profit and loss account

	Note	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015*
Sales revenues		**318 996**	**512 697**
Revenues from sales of products		239 204	409 105
Revenues from sales of services		165	131
Revenues from sales of goods and materials		79 627	103 461
Cost of products, goods and materials sold		**75 293**	**132 757**
Cost of products and services sold	13	32 649	63 511
Value of goods and materials sold	13	42 644	69 246
Gross profit (loss) from sales		**243 703**	**379 940**
Other operating revenues	14	834	653
Selling costs	13	70 298	83 097
General and administrative costs	13	10 431	6 807
Other operating expenses	14	690	2 142
Operating profit (loss)		**163 118**	**288 547**
Financial revenues	15	4 808	186
Financial expenses	15	410	4 715
Profit (loss) before tax		**167 516**	**284 018**
Income tax	8	32 834	47 766
Net profit (loss) from continuing operations		**134 682**	**236 252**
Net profit (loss) from discontinued operations		-	-
Net profit (loss)		**134 682**	**236 252**
Net profit (loss) attributable to minority interests		-	-
Net profit (loss) attributable to equity holders of parent entity		134 682	236 252
Net earnings per share (in PLN)			
Basic for the reporting period		1.42	2.49
Diluted for the reporting period		1.42	2.49
Net earnings per share from continuing operations (in PLN)			
Basic for the reporting period		1.42	2.49
Diluted for the reporting period		1.42	2.49
Net earnings per share from discontinued operations (in PLN)			
Basic for the reporting period		-	-
Diluted for the reporting period		-	-

** adjusted*

(all figures quoted in PLN thousands unless otherwise indicated)

Condensed interim statement of comprehensive income

		01.01.2016 – 30.06.2016	01.01.2015– 30.06.2015
Net profit (loss)		**134 682**	**236 252**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria		**425**	**1 112**
Exchange rate differences on valuation of foreign entities		425	1 112
Other comprehensive income which will not be entered as profit (loss)		**-**	**-**
Total comprehensive income		**135 107**	**237 364**
Total comprehensive income attributable to minority interests		-	-
Total comprehensive income attributable to equity holders of parent entity		**135 107**	**237 364**

Condensed interim consolidated statement of financial position

	Note	30.06.2016	31.12.2015*
FIXED ASSETS		**140 220**	**137 997**
Tangible assets	2	12 612	9 380
Intangible assets	3	46 825	47 857
Expenditures on development projects	3	33 503	33 581
Goodwill	4	46 417	46 417
Other financial assets	9,12	547	547
Other fixed assets		316	215
WORKING ASSETS		**620 540**	**521 178**
Inventories	5	483	619
Trade receivables	6	82 268	87 704
Current income tax receivables	6	3 943	-
Other receivables	6,12	16 838	26 530
Other financial assets	9,12	-	165
Prepaid expenses	7	12 685	12 523
Cash and cash equivalents	12	504 323	393 637
TOTAL ASSETS		**760 760**	**659 175**

** adjusted*

(all figures quoted in PLN thousands unless otherwise indicated)

	Note	30.06.2016	31.12.2015
EQUITY		**650 846**	**513 675**
Equity attributable to shareholders of the parent company		**650 846**	**513 675**
Share capital	16	95 160	94 950
Supplementary capital, incl. sales of shares above nominal price		395 755	120 199
Other reserve capital		3 720	3 354
Exchange rate differences at subsidiaries		2 939	2 514
Retained earnings		18 590	(49 772)
Net profit (loss) for the reporting period		134 682	342 430
Minority share capital		**-**	**-**
LONG-TERM LIABILITIES		**5 175**	**3 643**
Other financial liabilities		110	-
Deferred income tax liabilities	8	4 450	3 185
Deferred revenues		580	423
Provisions for employee benefits and similar liabilities	9	35	35
SHORT-TERM LIABILITIES		**104 739**	**141 857**
Credits and loans		-	-
Other financial liabilities		170	293
Trade liabilities	12	28 961	22 603
Liabilities from current income tax		937	7 524
Other liabilities	11,12	5 383	46 965
Deferred revenues		2 889	7 864
Provisions for employee benefits and similar liabilities	9	279	225
Other provisions	10	66 120	56 383
TOTAL LIABILITIES		**760 760**	**659 175**

** adjusted*

(all figures quoted in PLN thousands unless otherwise indicated)

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 on valuation of foreign entities	Retained earnings	Net profit (loss) for the reporting period	Equity attributable to shareholders of parent company	Minority share capital	Total equity
01.01.2016 – 30.06.2016									
Equity as of 01.01.2016	**94 950**	**120 199**	**3 354**	**2 514**	**292 658**	**-**	**513 675**	**-**	**513 675**
Equity after adjustments	**94 950**	**120 199**	**3 354**	**2 514**	**292 658**	**-**	**513 675**	**-**	**513 675**
Registration of capital increase	210	-	(210)	-	-	-	-	-	-
Cost of incentive program	-	-	2 064	-	-	-	2 064	-	2 064
Payment in own shares	-	1 488	(1 488)	-	-	-	-	-	-
Allocation of net profit/coverage of losses	-	274 068	-	-	(274 068)	-	-	-	-
Total comprehensive income	-	-	-	425	-	134 682	135 107	-	135 107
Equity as of 30.06.2016	**95 160**	**395 755**	**3 720**	**2 939**	**18 590**	**134 682**	**650 846**	**-**	**650 846**

(all figures quoted in PLN thousands unless otherwise indicated)

Condensed interim consolidated statement of cash flows

	Note	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015*
OPERATING ACTIVITIES			
Net profit (loss)		**134 682**	**236 252**
Total adjustments:		**16 541**	**(114 871)**
Depreciation of fixed assets and intangibles/legal assets	24	2 722	1 354
Depreciation of development projects		31 397	62 329
Interest and profit sharing (incl. dividends)		(3 974)	(151)
Profit (loss) on investment activities		149	589
Change in provisions		9 791	58 070
Change in inventories		136	7 161
Change in receivables		15 028	(217 964)
Change in liabilities excluding credits and loans		(35 224)	(21 631)
Change in other assets and liabilities		(4 980)	(6 017)
Other adjustments		1 496	1 389
Cash flow from continuing operations		**151 223**	**121 381**
Income tax on profit (loss) before taxation		32 834	47 766
Income tax (paid) / reimbursed		(42 104)	(13 328)
Net cash flow from operating activities		**141 953**	**155 819**
INVESTMENT ACTIVITIES			
Inflows		**4 116**	**151**
Liquidation of fixed and intangible assets		53	-
Liquidation of financial assets		85	-
Other inflows from investment activities (dividends and interest)		3 978	151
Outflows		**35 923**	**26 025**
Purchases of intangibles and tangible fixed assets		7 023	4 409
Purchases of financial assets		-	105
Expenditures on development projects		28 900	21 511
Net cash flow from investment activities		**(31 807)**	**(25 874)**
FINANCIAL ACTIVITIES			
Inflows		**903**	**-**
Net inflows from issue of securities (stock) and other equity instruments, and from capital contributions		903	-
Outflows		**363**	**144**
Repayment of credits and loans		-	4
Payment of liabilities under financial lease agreements		359	140
Interest payments		4	-
Net cash flows from financial activities		**540**	**(144)**
Total net cash flow		**110 686**	**129 801**
Change in cash and cash equivalents on balance sheet		**110 686**	**129 801**
Cash and cash equivalents at beginning of period		**393 637**	**34 395**
Cash and cash equivalents at end of period		**504 323**	**164 196**

** adjusted*

(all figures quoted in PLN thousands unless otherwise indicated)

Basis for the preparation of the financial statement and applicable accounting policies

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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 conducts its operations in two activity segments: CD PROJEKT RED (videogame development) and GOG.com (global digital distribution).
Keeper of records:	District Court for the City of Warsaw in Warsaw – Poland; 13th Commercial Department of the National Court Register (Sąd Rejonowy dla m.st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego)
Statistical Identification Number (REGON):	492707333

The Group is established for an unlimited period. No changes in the composition of the Capital Group occurred during the first half of 2016.

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 entities which fall under the Group's control. An entity is considered to fall under the Group's control if all of the following criteria are met:

a) executive control, i.e. possession of the required legal title to direct the entity's significant operations (operations, which significantly affect the entity's financial standing),
b) exposure to variable financial results or possession of the required legal title to adjust the Group's financial results in accordance with the entity's own financial results.

(all figures quoted in PLN thousands unless otherwise indicated)

c) possession of the required administrative apparatus to affect the Group's own financial results by exercising the right to affect financial results attributable to the Group by leveraging the Group's involvement in the entity.

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.

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.

Basis for the preparation of the condensed interim consolidated financial statement

This condensed interim consolidated financial statement is prepared in compliance with International Accounting Standard 34 (IAS 34), *Interim financial reporting*, approved for use within the EU.

The condensed interim consolidated financial statement does not contain all the information and disclosures which would be required in an annual financial statement. Accordingly, this statement should be read in conjunction with the Consolidated Financial Statement of the CD PROJEKT Capital Group for the fiscal year 2015, approved for publication on 10 March 2016.

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 the fiscal year 2015, except for changes in accounting policies and presentation-related adjustments described in the section titled "Assumption of comparability of financial statements and changes in accounting policies".

Assumption of going concern

This condensed interim consolidated financial statement is prepared under the assumption that the Group and its parent entity intend to continue as a going concern in the foreseeable future, i.e. at least 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 30 June 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 30 June 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. 2014/33).

The Group intends to apply amendments to IFRS which have been published but have not yet entered into force on the publication date of this condensed interim consolidated financial statement. Information regarding standards and interpretations applied for the first time, early application of new standards, standards which have entered into force on or after 1 January 2016 and the effect of changes in IFRS upon the Group's future financial statements is provided in part 3 of the Group's Consolidated Financial Statement for the fiscal year 2015.

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

The following standards and interpretations have not yet been approved for use by the EU as of the approval date of this condensed interim consolidated financial statement. With regard to such standards, IASB may decide to postpone their entry into force throughout the EU. In the Group's opinion these changes will not materially affect the Group's accounting practices or its future financial reports.

- IFRS 9 *Financial instruments* – applicable to reporting periods beginning on or after 1 January 2018

The new standard replaces IAS 39, *Financial instruments: recognition and measurement*, eliminating the corresponding categories: assets held to maturity, assets held for trading and loans and receivables. On initial recognition each financial asset is to be classified as:

- financial asset measured at amortised cost, or
- financial asset measured at fair value.

A financial asset is to be measured at amortised cost if the following two conditions are met: (1) the objective of the entity's business model is to hold the financial asset to collect the contractual cash flows; (2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where assets are measured at fair value, gains and losses are reported in the statement of financial position for the current period except for situations where an investment in an equity instrument is not held for trading. IFRS 9 introduces the option to measure such assets, on initial recognition, through other comprehensive income (fair value through other comprehensive income, FVTOCI). This decision is irreversible and can be made for each asset separately. Assets measured through other comprehensive income may not, in future reporting periods, be reclassified to profit and loss.

- IFRS 14 *Regulatory deferral accounts* – effective date not yet announced

This standard has been published in the framework of a comprehensive project concerning rate-regulated activities and the comparability of financial statements of entities which operate in rate-regulated environments (depending on jurisdiction, such environments commonly include distribution of electrical energy and heating, sales of energy and natural gas, telecommunications services etc.)

IFRS 14 does not address the broad subject of rate-regulated accounting practices; instead, it specifies the financial reporting requirements for regulatory deferral account balances that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation and which do not merit recognition as assets or liabilities under other IFRS.

Application of IFRS 14 is permitted only when the entity conducts conducts rate-regulated activities and has recognized amounts in its previous GAAP financial statements that meet the definition of regulatory deferral account balances.

In line with IFRS 14, such amounts should be instead disaggregated as separate line items in the statement of financial position. These items are not classified as either fixed or working, and are not referred to as either assets or liabilities. In line with this policy, regulatory deferral accounts reported in the asset category are termed “deferral account debit balances” while those reported in the liability category are termed “deferral account credit balances”.

In its account of profits and losses, and other components of comprehensive income, entities should report net changes in regulatory deferral accounts in the “other comprehensive income” section and in the “profit and loss account” section (or in a separate profit and loss account) respectively.

- IFRS 15 *Revenues from contracts with customers* – applicable to reporting periods beginning on or after 1 January 2018

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

- IFRS 16 *Leasing* – applicable to reporting periods beginning on or after 1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. It replaces IAS 17 *Leasing* and all interpretations associated therewith. Lease agreements will no longer be classified as operating or finance (a distinction between lease agreements and service agreements is introduced instead).

- Amendments to IFRS 2 *Share-based payments* – applicable to reporting periods beginning on or after 1 January 2018

Tmendments concern the accounting for cash-settled share-based payment transactions that include a performance condition, classification of share-based payment transactions with net settlement features and accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

- Amendments to IFRS 10 *Consolidated financial statements*, IFRS 12 *Disclosure of interests in other entities* and IAS 28 *Investments in associates and joint-ventures* – applicable to reporting periods beginning on or after 1 January 2016

These amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They also introduce clarifications regarding the accounting of investment entities.

- Amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures* – effective date not yet announced

These amendments concern transactions involving an affiliated entity or a joint venture and introduce a stating that the scope of recognition of gains and losses depends on whether the sale or contribution of assets constitutes a business. If an entity sells or contributes assets constituting a business to an affiliated entity or a joint venture, or forfeits control over a subsidiary which houses a business, but retains joint control or significant influence upon that entity, all gains and losses must be recognized in full; otherwise such gains and losses are recognized only to an extent which reflects the involvement of third-party investors in the affiliate or joint venture.

- Amendments to IAS 12 *Income taxes* – applicable to reporting periods beginning on or after 1 January 2017

The amendments clarify that unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference. Additionally, the amendments stipulate that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

- Amendments to IAS 7 *Statement of cash flows* – applicable to reporting periods beginning on or after 1 January 2017

These amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, except for equity components, as well as disclosures facilitating analysis of the entity's solvency, such as restrictions imposed upon the allocation of cash and cash equivalents.

The Group is currently assessing the influence of the above mentioned standards on its accounting practices and future financial statements. Results of this assessment will be presented in the financial statement for the fiscal year ending on 31 December 2016.

Functional currency and presentation currency

Functional currency and presentation currency

The functional currency of the Group and its parent entity, and the presentation currency of this financial statement is the Polish Zloty (PLN). Unless specified otherwise, all figures are quoted in PLN thousands.

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 cash flow hedges and hedges of net investments.

Assumption of comparability of financial statements and changes in accounting policies

Changes in accounting 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 the fiscal year 2015, except for changes in practices and presentation-related adjustments described below. 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.

In preparing this condensed interim consolidated financial statement for the period between 1 January and 30 June 2016 a policy change has been introduced compared to the consolidated financial statement for the fiscal year 2015 with regard to presentation of videogame development expenses.

Previously, development of videogames was accounted for in the Inventories line item in the working assets section of the statement of financial position. Development expenses incurred prior to commencement or sales or deployment of new technologies were recognized as production in progress. Following completion of development work and recognition of expenses associated with a given project, these costs would be reassigned to finished products.

Starting with this statement, the Group presents videogame development expenses as a separate line item called Expenditures on development projects in the statement of financial position (fixed assets section). Costs incurred prior to commencement of sales or deployment of new technologies are recognized as Development projects in progress. These expenses cover all costs directly associated with a given project. Following completion of development work and recognition of expenses associated with a given project these costs are reassigned to Development projects finished. For products where a reliable estimate of the development and sales costs can be provided, the Group depreciates development costs using the natural method, in proportion to realized sales. Depreciation of R&D expenses is calculated in the same way as for Inventories and aggregated with the Cost of products and services sold line item in the profit and loss account.

Presentation changes

In preparing this condensed interim consolidated financial statement for the period between 1 January and 30 June 2016 several changes have been introduced in the presentation of selected financial data. In order to ensure comparability of financial statements, the financial data for the period between 1 January and 30 June 2015 has been adjusted as follows:

- In the consolidated statement of financial position for 31 December 2015 and in the consolidated statement of cash flows for the period between 1 January and 30 June 2015 the presentation of videogame development expenses incurred prior to commencement of sales has been adjusted as follows:
  - Consolidated statement of financial position for 31 December 2015
    - Expenditures on development projects – adjusted by 33 581 thousand PLN
    - Inventories – adjusted by (33 581) thousand PLN
  - Consolidated statement of cash flows for the period between 1 January and 30 June 2015
    - Depreciation of development projects – adjusted by 62 329 thousand PLN
    - Depreciation of fixed assets and intangibles/legal assets – adjusted by (870) thousand PLN
    - Expenditures on development projects – adjusted by 21 511 thousand PLN
    - Changes in inventories – adjusted by (39 948) thousand PLN

  These adjustments have no bearing on the Company's financial result or equity.

- In the consolidated profit and loss statement for the period between 1 January and 30 June 2015 reinvoiced service costs have been adjusted as follows:
    - Revenues from sales of services – adjusted by 62 thousand PLN
    - Value of goods and materials sold – adjusted by 62 thousand PLN
    - Other operating revenues – adjusted by (62) thousand PLN
    - Other operating expenses – adjusted by (62) thousand PLN

  These adjustments have no bearing on the Company's financial result or equity.

- In the consolidated statement of financial position for 31 December 2015, in the consolidated profit and loss statement for the period between 1 January and 30 June 2015, as well as in the consolidated statement of cash flows for the period between 1 January and 30 June 2015 the presentation of expenses associated with salaries contingent upon the Group's financial result has been adjusted as follows:
  - Consolidated statement of financial position for 31 December 2015:
    - Other financial liabilities – adjusted by (19 935) thousand PLN
    - Other provisions – adjusted by 19 935 thousand PLN
  - Consolidated profit and loss statement for the period between 1 January and 30 June 2015
    - Selling costs – adjusted by 55 986 thousand PLN
    - General and administrative costs – adjusted by (31 687) thousand PLN
    - Other operating expenses – adjusted by (24 299) thousand PLN
  - Consolidated statement of cash flows for the period between 1 January and 30 June 2015
    - Changes in provisions – adjusted by 31 687 thousand PLN
    - Changes in liabilities, except credits and loans – adjusted by (31 687) thousand PLN

  In the Management Board's opinion these adjustments more accurately reflect the character of the relevant expenses. The above adjustments have no bearing on the Company's financial result or equity.

- In the consolidated statement of cash flows for the period between 1 January and 30 June 2015 the presentation of expenses associated with ongoing construction of assets has been adjusted as follows:
    - Purchases of intangibles and fixed assets – adjusted by 1 329 thousand PLN
    - Other outflows from investment activities – adjusted by (1 329) thousand PLN
- Pursuant to IAS 12, in the consolidated statement of financial position for 31 December 2015 the presentation of deferred income tax has been adjusted as follows:
    - Current income tax receivables – adjusted by 14 771 thousand PLN
    - Liabilities from current income tax – adjusted by 14 771 thousand PLN

  These adjustments have no bearing on the Company's financial result or equity.
- In the consolidated statement of cash flows for the period between 1 January and 30 June 2015 the presentation of advance payments has been adjusted as follows:
    - Changes in receivables – adjusted by (5) thousand PLN
    - Changes in liabilities, except credits and loans – adjusted by 293 thousand PLN
    - Changes in other assets and liabilities – adjusted by (288) thousand PLN

Presentation of results by activity segment

Disclosures pertaining to the subdivision of Group operations into activity segments are consistent with IFRS 8. For each segment, the corresponding financial result is estimated on the basis of net profit.

Disclosure of seasonal and cyclical activities

A detailed description of seasonal and cyclical activities is provided in the Management Board report on CD PROJEKT Capital Group activities in the period between 1 January and 30 June 2016.

Financial audit

The financial data presented in the statement of financial position and statement of changes in consolidated equity for 31 December 2015 and for 30 June 2016 respectively, and the financial data presented in the profit and loss account and statement of cash flows for the periods between 1 January and 30 June 2016 and between 1 January and 30 June 2015 has not been subjected to a formal audit. This data has, however, been reviewed by a licensed auditor.

Supplementary information – CD PROJEKT Capital Group activity segments

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Activity segments

Description of changes in the differentiation of activity segments, or of the assessment of per-segment profit or loss compared to the most recent annual consolidated financial statement

Compared to the consolidated financial statements for the fiscal year 2015 and for earlier years, the Group has changed the names of two of its activity segments, without introducing changes in their differentiation. The segment formerly referred to as “videogame development” is now called CD PROJEKT RED while the segment formerly referred to as “global digital distribution” is now called GOG.com. This change concerns naming only and has no bearing on the presentation of financial data.

A detailed description of the activity and corporate role of each activity segment is provided in the Management Board report on CD PROJEKT Capital Group activities in the period between 1 January and 30 June 2016.

Disclosure of activity segments in the 01.01.2016 – 30.06.2016 period

	Continuing operations			Consolidation eliminations (incl. from business combinations)	Total
	CD PROJEKT RED	GOG.com	Other activities*		
Sales revenues:	**265 472**	**69 259**	**4 462**	**(20 197)**	**318 996**
sales to external clients	249 670	69 259	67	-	318 996
sales between segments and internal revenues	15 802	-	4 395	(20 197)	-
Segment profit (loss)	**139 865**	**5 303**	**(10 467)**	**(19)**	**134 682**
Total assets per segment	**606 558**	**67 477**	**159 039**	**(72 314)**	**760 760**

** The financial result of the "other activities" segment comprises part of the separate result of CD PROJEKT S.A. in the amount of (10 467) thousand PLN, which represents the activities of its Invest department.*

(all figures quoted in PLN thousands unless otherwise indicated)

Segmented profit and loss account for the period between 01.01.2016 and 30.06.2016

	CD PROJEKT RED	GOG.com	Other activities	Consolidation eliminations (incl. from business combinations)	Total
Sales revenues	**265 472**	**69 259**	**4 462**	**(20 197)**	**318 996**
Revenues from sales of products	253 985	18	-	(14 799)	239 204
Revenues from sales of services	1 106	-	4 450	(5 391)	165
Revenues from sales of goods and materials	10 381	69 241	12	(7)	79 627
Cost of products, goods and materials sold	**42 343**	**47 891**	**384**	**(15 325)**	**75 293**
Cost of products and services sold	32 453	342	375	(521)	32 649
Value of goods and materials sold	9 890	47 549	9	(14 804)	42 644
Gross profit (loss) from sales	**223 129**	**21 368**	**4 078**	**(4 872)**	**243 703**
Other operating revenues	626	352	255	(399)	834
Selling costs	46 324	12 189	12 796	(1 011)	70 298
General and adminitrative costs	7 132	2 956	4 186	(3 843)	10 431
Other operating expenses	700	284	104	(398)	690
Operating profit (loss)	**169 599**	**6 291**	**(12 753)**	**(19)**	**163 118**
Financial revenues	4 485	5	382	(64)	4 808
Financial expenses	223	213	38	(64)	410
Profit (loss) before taxation	**173 861**	**6 083**	**(12 409)**	**(19)**	**167 516**
Income tax	33 996	780	(1 942)	-	32 834
Profit (loss) from continuing operations	**139 865**	**5 303**	**(10 467)**	**(19)**	**134 682**
Profit (loss) from discontinued operations	**-**	**-**	**-**	**-**	**-**
Net profit (loss)	**139 865**	**5 303**	**(10 467)**	**(19)**	**134 682**
Net profit (loss) attributable to noncontrolling interests	**-**	**-**	**-**	**-**	**-**
Net profit (loss) attributable to equity holders of the parent entity	**139 865**	**5 303**	**(10 467)**	**(19)**	**134 682**

(all figures quoted in PLN thousands unless otherwise indicated)

Segmented consolidated statement of financial position as of 30.06.2016

	CD PROJEKT RED	GOG.com	Other activities	Consolidation eliminations (incl. from business combinations)	Total
FIXED ASSETS	**66 983**	**7 509**	**95 008**	**(29 280)**	**140 220**
Tangible fixed assets	7 734	2 951	1 927	-	12 612
Intangible assets	26 494	3 538	60 149	(43 356)	46 825
Expenditures on development projects	32 654	849	-	-	33 503
Goodwill	-	-	-	46 417	46 417
Investments in subsidiaries	-	-	32 117	(32 117)	-
Other financial assets	-	-	547	-	547
Deferred income tax assets	-	171	53	(224)	-
Other fixed assets	101	-	215	-	316
WORKING ASSETS	**539 575**	**59 968**	**64 031**	**(43 034)**	**620 540**
Inventories	459	-	24	-	483
Trade receivables	88 881	1 762	223	(8 598)	82 268
Current income tax receivables	1 202	-	2 741	-	3 943
Other receivables	38 156	1 741	11 377	(34 436)	16 838
Prepaid expenses	1 951	10 614	120	-	12 685
Cash and cash equivalents	408 926	45 851	49 546	-	504 323
TOTAL ASSETS	**606 558**	**67 477**	**159 039**	**(72 314)**	**760 760**

(all figures quoted in PLN thousands unless otherwise indicated)

	CD PROJEKT RED	GOG.com	Other activities	Consolidation eliminations (incl. from business combinations)	Total
EQUITY	**530 964**	**25 170**	**122 398**	**(27 686)**	**650 846**
Equity attributable to shareholders of the parent company	**530 964**	**25 170**	**122 398**	**(27 686)**	**650 846**
Share capital	7 055	86	95 160	(7 141)	95 160
Supplementary capital from sales of shares above their nominal value	368 242	1 719	112 366	(86 572)	395 755
Other reserve capital	-	-	3 720	-	3 720
Exchange rate differences on valuation of foreign entities	22	2 528	-	389	2 939
Retained earnings	15 780	15 534	(78 381)	65 657	18 590
Net profit (loss) for the reporting period	139 865	5 303	(10 467)	(19)	134 682
Noncontrolling interest equity	**-**	**-**	**-**	**-**	**-**
LONG-TERM LIABILITIES	**6 101**	**12**	**675**	**(1 613)**	**5 175**
Other financial liabilities	-	-	110	-	110
Deferred income tax liabilities	6 063	-	-	(1 613)	4 450
Deferred revenues	22	8	550	-	580
Provisions for employee benefits and similar liabilities	16	4	15	-	35
SHORT-TERM LIABILITIES	**69 493**	**42 295**	**35 966**	**(43 015)**	**104 739**
Other financial liabilities	-	-	170	-	170
Trade liabilities	6 103	31 309	128	(8 579)	28 961
Liabilities from current income tax	-	937	-	-	937
Other liabilities	9 909	6 249	23 661	(34 436)	5 383
Deferred revenues	324	2 393	172	-	2 889
Provisions for retirement benefits and similar liabilities	1	105	173	-	279
Other provisions	53 156	1 302	11 662	-	66 120
TOTAL LIABILITIES	**606 558**	**67 477**	**159 039**	**(72 314)**	**760 760**

(all figures quoted in PLN thousands unless otherwise indicated)

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. Tangible fixed assets

Changes in fixed assets (by category) between 01.01.2016 and 30.06.2016

	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	**-**	**4 579**	**10 737**	**1 364**	**234**	**613**	**17 527**
Increases from:	**-**	**2 657**	**2 623**	**352**	**120**	**2 115**	**7 867**
purchases	-	307	2 598	6	120	2 115	5 146
lease agreements	-	-	-	346	-	-	346
reclassification	-	2 336	17	-	-	-	2 353
acquisition free of charge	-	-	2	-	-	-	2
others	-	14	6	-	-	-	20
Reductions from:	**-**	**120**	**10**	**179**	**-**	**2 356**	**2 665**
sales	-	120	2	179	-	3	304
liquidation	-	-	8	-	-	-	8
reclassification	-	-	-	-	-	2 353	2 353
Gross carrying amount as of 30.06.2016	**-**	**7 116**	**13 350**	**1 537**	**354**	**372**	**22 729**
Depreciation as of 01.01.2016	**-**	**1 616**	**5 780**	**639**	**112**	**-**	**8 147**
Increases from:	**-**	**275**	**1 615**	**159**	**110**	**-**	**2 159**
depreciation	-	273	1 615	159	110	-	2 157
others	-	2	-	-	-	-	2
Reductions from:	**-**	**2**	**8**	**179**	**-**	**-**	**189**
liquidation	-	-	8	-	-	-	8
sales	-	2	-	179	-	-	181
Depreciation as of 30.06.2016	**-**	**1 889**	**7 387**	**619**	**222**	**-**	**10 117**
Write-downs as of 01.01.2016	-	-	-	-	-	-	-
Write-downs as of 30.06.2016	-	-	-	-	-	-	-
Net carrying amount as of 30.06.2016	**-**	**5 227**	**5 963**	**918**	**132**	**372**	**12 612**

Amounts of contractual commitments for future acquisition of tangible fixed assets

	30.06.2016	31.12.2015
Leasing of passenger cars	574	566
Total	**574**	**566**

(all figures quoted in PLN thousands unless otherwise indicated)

Note 3. Intangibles and R&D expenses

Changes in intangibles between 01.01.2016 and 30.06.2016

	Development projects in progress	Development projects finished	Copyrights	Trademarks	Patents and licenses	Computer software	Goodwill	Intangible assets under construction	Other	Total
Gross carrying amount as of 01.01.2016	**28 484**	**135 855**	**32 199**	**903**	**6 624**	**19 424**	**46 417**	**462**	**1**	**270 369**
Increases from:	**31 319**	**26 300**	**-**	**60**	**-**	**2 274**	**-**	**5**	**-**	**59 958**
purchases	-	-	-	60	-	1 816	-	-	-	1 876
reclassification	-	26 300	-	-	-	348	-	-	-	26 648
own creation	31 319	-	-	-	-	-	-	-	-	31 319
others	-	-	-	-	-	110	-	5	-	115
Reductions from:	**26 300**	**-**	**-**	**94**	**-**	**-**	**-**	**348**	**-**	**26 742**
reclassification	-	-	-	94	-	-	-	-	-	94
others	26 300	-	-	-	-	-	-	348	-	26 648
Gross carrying amount as of 30.06.2016	**33 503**	**162 155**	**32 199**	**869**	**6 624**	**21 698**	**46 417**	**119**	**1**	**303 585**
Depreciation as of 01.01.2016	**-**	**130 758**	**-**	**466**	**33**	**11 256**	**-**	**-**	**1**	**142 514**
Increases from:	**-**	**31 397**	**-**	**55**	**-**	**2 968**	**-**	**-**	**-**	**34 420**
depreciation	-	31 397	-	55	-	2 929	-	-	-	34 381
other	-	-	-	-	-	39	-	-	-	39
Reductions from:	**-**	**-**	**-**	**94**	**-**	**-**	**-**	**-**	**-**	**94**
liquidation	-	-	-	94	-	-	-	-	-	94
Depreciation as of 30.06.2016	**-**	**162 155**	**-**	**427**	**33**	**14 224**	**-**	**-**	**1**	**176 840**
Write-downs as of 01.01.2016	-	-	-	-	-	-	-	-	-	-
Write-downs as of 30.06.2016	-	-	-	-	-	-	-	-	-	-
Net carrying amount as of 30.06.2016	**33 503**	**-**	**32 199**	**442**	**6 591**	**7 474**	**46 417**	**119**	**-**	**126 745**

Amounts of contractual commitments for future acquisition of intangible assets

Not applicable.

(all figures quoted in PLN thousands unless otherwise indicated)

Note 4. Goodwill

No changes in goodwill occurred between 1 January and .

Note 5. Inventories

Changes in inventories

	30.06.2016	31.12.2015
Other materials	33	34
Goods	450	585
Gross inventories	**483**	**619**
Inventory impairment write-downs	-	-
Net inventories	**483**	**619**

Changes in inventory impairment write-downs

No impairment has been recognized.

Note 6. Trade and other receivables

Changes in receivables

	30.06.2016	31.12.2015
Trade and other receivables	**103 049**	**114 234**
from affiliates	1	4
from external entities	99 105	114 230
income tax receivables	3 943	-
Impairment lossess	**1 102**	**1 114**
Gross receivables	**104 151**	**115 348**

Changes in impairment write-downs on receivables

	Trade receivables	Other receivables
OTHER ENTITIES		
Impairment losses as of 01.01.2016	**382**	**732**
Increases from:	**25**	**-**
creation of write-downs for past-due and contested receivables	25	-
Reductions from:	**37**	**-**
elimination of write-downs due to collection of receivables	37	-
Impairment write-downs as of 30.06.2016	**370**	**732**

(all figures quoted in PLN thousands unless otherwise indicated)

Current and overdue trade receivables as of 30.06.2016

	Total	Days overdue					
		<0	0 – 60	61 – 90	91 – 180	181 – 360	>360
OTHER ENTITIES							
gross receivables	82 638	79 398	1 475	1 093	71	231	370
impairment write-downs	370	-	-	-	-	-	370
Net receivables	**82 268**	**79 398**	**1 475**	**1 093**	**71**	**231**	**-**

Other receivables as of 30.06.2016

The other receivables consist mainly of receivables from taxes, expecially of the withholding tax deducted by the customers on bougt licenses which will be recovered by the Company in its annual tax return and of VAT tax receivables.

Note 7. Prepaid expenses

	30.06.2016	31.12.2015
Non-life insurance	192	64
Business travel insurance	1	3
Minimum guarantees; payments advanced to GOG	10 157	11 518
Access to online legal support portal	39	15
Software, licenses	1 131	666
Air travel	49	15
Participation in fairs	437	-
Other prepaid expenses	679	242
Total prepaid expenses	**12 685**	**12 523**

Note 8. Deferred income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2015	increases	reductions	30.06.2016
Provisions for other employee benefits	35 089	13 704	201	48 592
Valuation of futures contracts under the incentive program	19 935	16 048	19 935	16 048
The Witcher trademark	1 930	-	1 930	-
Negative exchange rate differences	751	2 549	2 916	384
Employee compensation and social security expenses payable in future reporting periods	218	524	217	525
Prepayments recognized as taxable income	15 820	-	15 820	-
Deposit discount	80	73	80	73
Incentive program	3 354	969	4 323	-
Other provisions	564	1 034	912	686
Total negative temporary differences	**77 741**	**34 901**	**46 334**	**66 308**
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**	**6 631**	**8 803**	**12 599**

(all figures quoted in PLN thousands unless otherwise indicated)

Positive temporary differences requiring recognition of deferred tax provisions

	31.12.2015	increases	reductions	30.06.2016
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	216 628	224 718	73 846
Positive exchange rate differences	442	621	575	488
CD PROJEKT brand name	7 760	1 836	-	9 596
The Witcher trademark	-	5 035	-	5 035
Costs related to advance payments recognized as taxable income	3 532	-	3 532	-
Valuation of shares in other entities	475	-	-	475
Other sources	299	2 746	2 760	285
Total positive temporary differences	**94 503**	**226 866**	**231 644**	**89 725**
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**	**43 105**	**44 012**	**17 049**

Net deferred tax assets/provisions

	30.06.2016	31.12.2015
Deferred tax assets	12 599	14 771
Deferred tax provisions	17 049	17 956
Net deferred tax assets/provisions	**(4 450)**	**(3 185)**

Income tax reported in profit/loss account

	01.01.2016 - 30.06.2016	01.01.2015 - 30.06.2015
Current income tax	31 570	58 414
Changes in deferred income tax	1 264	(10 648)
Income tax reported in profit/loss account	**32 834**	**47 766**

Note 9. Provisions for employee benefits and similar liabilities

Provisions for employee benefits and similar liabilities

	30.06.2016	31.12.2015
Provisions for retirement benefits and pensions	36	37
Provisions for other employee benefits	278	223
Total, including:	**314**	**260**
long-term provisions	35	35
short-term provisions	279	225

(all figures quoted in PLN thousands unless otherwise indicated)

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	-	283	283
Benefits paid out	-	192	192
Provisions dissolved	1	36	37
As of 30.06.2016, including:	**36**	**278**	**314**
long-term provisions	35	-	35
short-term provisions	1	278	279

Note 10. Other provisions

	30.06.2016	31.12.2015
Provisions for warranty-covered repairs and returns	**9**	**6**
Provisions for liabilities, including:	**66 111**	**56 377**
financial statement audit expenses	51	50
provisions for bought-in services	765	825
provisions for bonuses dependent on financial result	64 863	54 863
provisions for licensing liabilities	203	121
provisions for licenses and fixed assets	144	304
provisions for other expenses	85	214
Total, including:	**66 120**	**56 383**
long-term provisions	-	-
short-term provisions	66 120	56 383

Changes in other provisions

	Provisions for warranty-covered repairs and returns	Provisions for bonuses	Other provisions	Total
As of 01.01.2016	**6**	**54 863**	**1 514**	**56 383**
Provisions created during the fiscal year	9	29 935	2 412	32 356
Benefits paid out	6	19 935	2 606	22 547
Provisions dissolved	-	-	82	82
Adjustments due to exchange rate differences	-	-	10	10
As of 30.06.2016, including:	**9**	**64 863**	**1 248**	**66 120**
long-term provisions	-	-	-	-
short-term provisions	9	64 863	1 248	66 120

(all figures quoted in PLN thousands unless otherwise indicated)

Note 11. Other liabilities

	30.06.2016	31.12.2015
Liabilities due to other taxes, duties, social security and similar expenses except corporate income tax	**5 237**	**3 819**
VAT	4 259	3 021
Withholding tax deducted at source	39	32
Personal income tax	412	469
Social security (ZUS) payments	456	283
National Fund for the Rehabilitation of the Disabled (PFRON) payments	19	11
PIT-8A settlements	52	3
Other liabilities	**146**	**43 146**
Other settlements with employees	18	297
Other settlements with members of the management boards of Capital Grop member companies	14	50
Social Benefits Fund (ZFŚS) – other settlements	92	50
Advance payments from foreign clients	22	42 749
Total other liabilities	**5 383**	**46 965**

(all figures quoted in PLN thousands unless otherwise indicated)

Note 12. Disclosure of financial instruments

Fair value of financial instruments per class

The Management Board of the Group has performed an analysis of each class of financial instruments and came to the conclusion that the carrying amount of each instrument matches their respective fair value both as of 30 June 2016 and as of 31 December 2015.

Changes in financial instruments

	01.01.2016 – 30.06.2016			
	Financial assets carried at fair value through profit or loss	Loans granted and receivables	Financial assets held for sale	Other financial liabilities
At beginning of period	**165**	**507 871**	**547**	**69 861**
Increases	**-**	**603 429**	**-**	**34 624**
Cash and cash equivalents	-	504 323	-	-
Trade and other receivables	-	99 106	-	-
Trade and other liabilities	-	-	-	34 344
Financial lease agreements	-	-	-	280
Reductions	**165**	**507 871**	**-**	**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 assets carried at fair value through profit or loss	165	-	-	-
At end of period	**-**	**603 429**	**547**	**34 624**

(all figures quoted in PLN thousands unless otherwise indicated)

Hierarchy of financial instruments carried at fair value

	30.06.2016	31.12.2015
LEVEL 1		
Assets carried at fair value		
Financial assets carried at fair value through profit/loss, including:	**-**	**106**
shares in other entities	-	106
LEVEL 2		
Assets carried at fair value		
Derivatives:	**-**	**59**
forward currency contract – USD	-	59

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.

Changes in financial instruments are recognized as financial revenues or expenses (as appropriate) and presented in note 15.

Note 13. Operating expenses

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Depreciation	2 215	1 134
Consumption of materials and energy	468	823
Bought-in services	31 096	17 838
Taxes and fees	206	344
Employee compensation, social security and other benefits	37 721	62 945
Business travel	1 014	847
Other costs, including:	**8 009**	**5 973**
transaction costs	-	3
upkeep of Internet hosts and external servers	1 299	1 510
advisory services	373	324
representation and advertising	2 781	3 355
use of company cars	56	3
insurance	110	77
participation in fairs, exhibitions and conferences	2 665	423
recruitment and relocation costs	126	79
other costs	599	199
Value of goods and materials sold	42 644	69 246
Cost of products and services sold	32 649	63 511
Total	**156 022**	**222 661**
Selling costs	70 298	83 097
General and administrative costs	10 431	6 807
Cost of products, goods and materials sold	75 293	132 757
Total	**156 022**	**222 661**

(all figures quoted in PLN thousands unless otherwise indicated)

Note 14. Other operating revenues and expenses

Other operating revenues

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Elimination of write-downs for receivables	33	3
Dissolution of provisions for employee benefits	7	-
Dissolution of provisions for liabilities	71	67
Adjustment of expenses in correspondence with write-downs on receivables	-	39
Subsidies	75	-
Write-downs on expired liabilities	5	-
Reinvoicing revenues	519	498
Gains from sales of fixed assets	57	-
Other revenues, including:	**67**	**46**
repossession gains received	8	-
compensation received	2	-
surplus working assets	-	18
goods and materials received free of charge	2	12
other sales	3	-
collection of overdue receivables previously written off	-	4
other miscalleneous operating revenus	52	12
Total	**834**	**653**

Other operating expenses

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Creation of provisions for future liabilities, including compensation dependent on the Group's financial result	-	988
Revaluations of receivables	26	43
Reinvoicing costs	520	498
Donations	-	7
Unrecoverable withholding tax	127	526
Other costs, including:	**17**	**80**
disposal of materials and goods	10	40
recognition of shortfall in inventories	-	37
other	7	3
Total	**690**	**2 142**

(all figures quoted in PLN thousands unless otherwise indicated)

Note 15. Financial revenues and expenses

Financial revenues

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Revenues from interest:	**4 766**	**151**
on short-term bank deposits	3 967	151
on trade settlements	2	-
on forward currency transactions	797	-
Other financial revenues, including:	**42**	**35**
profit from sales of investments	23	-
valuation of investment fund shares	-	28
other revenues from sureties granted	-	1
long-term deposit discount	6	-
other miscellaneous financial revenues	13	6
Total financial revenues	**4 808**	**186**

Financial expenses

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Interest payments:	**23**	**10**
on lease agreements	6	10
on budget commitments	17	-
Other financial expenses, including:	**387**	**4 705**
surplus negative exchange rate differences	344	4 073
forward currency contracts	-	616
bank fees	-	16
net loss from disposal of investments (stock)	43	-
Total financial expenses	**410**	**4 715**
Net financial expenses	**4 398**	**(4 529)**

The objectives and rules governing financial risk management are presented in Note 44 of the consolidated financial statement of CD PROJEKT Capital Group for the period between 1 January and 31 December 2015.

Note 16. Issue, buyback and redemption of debt and capital securities

Issue of debt securities

Not applicable.

Issue of capital securities

	30.06.2016	31.12.2015
Stock volume (thousands)	95 160	94 950
Nominal value per share (PLN)	1	1
Share capital (PLN thousands)	**95 160**	**94 950**

Note 17. Dividends declared or paid out

No dividend was declared or paid out to Company shareholders between 1 January and 30 June 2016.

Note 18. Transactions with affiliates

Rules 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 – 30.06.2016	01.01.2015 – 30.06.2015	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
ZARZĄD SPÓŁEK GRUPY I PROKURENCI								
Marcin Iwiński	3	3	-	-	-	1	6	41
Adam Kiciński	2	2	-	-	-	2	7	5
Piotr Nielubowicz	2	3	-	-	-	-	-	2
Michał Nowakowski	5	5	-	-	-	-	1	1
Adam Badowski	-	1	-	-	1	1	-	1
Edyta Wakuła*	1	1	-	-	-	-	-	-
Guillaume Rambourg	-	-	-	-	-	-	-	-
Piotr Karwowski	1	-	-	-	-	-	-	-
Oleg Klapovskiy*	-	-	-	-	-	-	-	-
Arkadiusz Trojanowski*	-	1	-	-	-	-	-	-
Urszula Jach-Jaki*	-	-	-	-	-	-	-	-

** proxy*

(all figures quoted in PLN thousands unless otherwise indicated)

Note 19. Bad loans and breaches of loan agreements not subject to remedial proceedings as of the balance sheet date

Loans granted as of 30.06.2016, including to Management Board members

Not applicable.

Note 20. 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

	Tytułem	Waluta	30.06.2016	31.12.2015
Agora S.A.				
Promissory note payable		PLN	11 931	11 931
Declaration of submission to enforcement with respect to guaranteed execution of distribution agreement		PLN	11 931	11 931
mBank S.A.				
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
Global Collect Services BV				
Contract of guarantee	Guarantee of discharge of liabilities by GOG Ltd.	EUR	155	155
Ministry of the Economy				
Promissory note agreement	Co-financing agreement no. POIG.06.05.02-00-146/13-00	PLN	265	265
Promissory note agreement	Co-financing agreement no. POIG.06.05.02-00-148/13-00	PLN	235	235

(all figures quoted in PLN thousands unless otherwise indicated)

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
Raiffeisen Bank Polska S.A.				
Guarantee of discharge of cash pool liabilities	Cash pool agreement	PLN	15 000	15 000
Guarantee of discharge of cash pool liabilities	Cash pool agreement	USD	500	500
Declaration of submission to enforcement	Framework agreement concerning forward and derivative transactions	PLN	75 000	75 000
Millenium Bank S.A.				
Declaration of submission to enforcement	Framework agreement concerning forward and derivative transactions	PLN	-	28 800
BZ WBK Leasing S.A.				
Promissory note agreement	Lease agreement no. CZ5/00007/2016	PLN	303	-

(all figures quoted in PLN thousands unless otherwise indicated)

Note 21. Changes in the structure of the Capital Group and its member entities occurring during the reporting period

No changes have occurred.

Note 22. Agreements which may, in the future, result in changes in the proprortion 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 in Note 47 of the Consolidated Financial Statement for 2015. 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. Following verification of goal attainment, a total of 1.17 million series A subscription warrants were claimed, entitling recipients to acquire 1.17 million series L shares with a nominal value of 1 PLN per share. 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 thousand series A subscription warrants were granted to participants of the Incentive Program.

In Current Report no. 24/2016 the Company announced that on 30 June 2016 subscription warrants had been granted to entitled parties in light of the attainment of the Incentive Program's result goal. On the basis of subscriptions filed on 30 June 2016, a total of 880 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 870,000 series L shares. This represents 74.35% of the total number of shares which might potentially be issued under the incentive program.

Note 23. 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

Note 24. Clarifications regarding the condensed interim consolidated statement of cash flows

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Total cash and cash equivalents reported in the cash flow statement	**504 323**	**164 196**
Cash on balance sheet	504 323	164 196
Depreciation	**34 119**	**63 683**
Depreciation of intangible assets	1 639	628
Depreciation of development projects	31 397	62 329
Depreciation of tangible fixed assets	1 083	726
Interest and profit sharing consists of:	**(3 974)**	**(151)**
Interest on loans granted	(6)	18
Interest on credit agreements	9	25
Interest collected	(3 977)	(194)
Profit (loss) from investment activities consists of:	**149**	**589**
Revenues from sales of fixed assets	(53)	-
Net value of fixed assets sold	122	-
Revaluation of short-term financial assets	102	484
Revenues from sales of investments	(22)	-
Revenues from sales of investment fund shares	-	105
Changes in provisions consist of:	**9 791**	**58 070**
Balance of changes in provisions for liabilities	9 737	58 014
Balance of changes in provisions for employee benefits	54	56
Changes in inventories consist of:	**136**	**7 161**
Balance of changes in inventories	136	7 161
Changes in receivables consist of:	**15 028**	**(217 964)**
Balance of changes in short-term receivables	11 185	(217 960)
Balance of changes in long-term receivables	(100)	(4)
Adjustments for current income tax	3 943	-
Changes in liabilities except credits and loans consist of:	**(35 224)**	**(21 631)**
Balance of changes in short-term liabilities	(41 934)	23 952
Adjustments for current income tax	6 587	(45 054)
Changes in financial liabilities	123	(533)
Changes in credits and loans	-	4
Changes in other assets and liabilities consist of:	**(4 980)**	**(6 017)**
Balance of changes in prepaid expenses	(162)	(3 878)
Balance of changes in deferred revenues	(4 818)	(2 139)
Other adjustments consist of:	**1 496**	**1 389**
Costs of incentive program	366	464
Gains from issue of securities	795	-
Other miscellaneous adjustments	335	925

Note 25. Events following the balance sheet date

A detailed summary of events occurring after the balance sheet date is presented in the Management Board report on CD PROJEKT Capital Group activities in the period between 1 January and 30 June 2016.

(all figures quoted in PLN thousands unless otherwise indicated)

CD PROJEKT

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

5

Condensed interim separate profit and loss account

	Note	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015*
Sales revenues		**265 718**	**459 479**
Revenues from sales of products		253 984	418 964
Revenues from sales of services		1 346	992
Revenues from sales of goods and materials		10 388	39 523
Cost of products, goods and materials sold		**42 542**	**99 574**
Cost of products and services sold	13**	32 649	62 860
Value of goods and materials sold	13**	9 893	36 714
Gross profit (loss) from sales		**223 176**	**359 905**
Other operating revenues	14**	863	733
Selling costs	13**	61 360	75 969
General and administrative costs	13**	6 486	4 713
Other operating expenses	14**	785	2 228
Operating profit (loss)		**155 408**	**277 728**
Financial revenues	15**	4 796	7 547
Financial expenses	15**	218	3 531
Profit (loss) before tax		**159 986**	**281 744**
Income tax	A	30 788	46 584
Net profit (loss) from continuing operations		**129 198**	**235 160**
Net profit (loss)		**129 198**	**235 160**
Net profit (loss) attributable to equity holders of parent entity		**129 198**	**235 160**
Net earnings per share (in PLN)			
Basic for the reporting period		1.36	2.53
Diluted for the reporting period		1.36	2.53
Net earnings per share from continuing operations (in PLN)			
Basic for the reporting period		1.36	2.53
Diluted for the reporting period		1.36	2.53

** adjusted*

*** detailed information on the changes are disclosed in the relevant notes to the interim consolidated condensed financial statements.*

Condensed interim separate statement of comprehensive income

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Net profit (loss)	**129 198**	**235 160**
Other comprehensive income which will be entered as profit (loss) following fulfillment of specific criteria	-	-
Other comprehensive income which will not be entered as profit (loss)	-	-
Total comprehensive income	**129 198**	**235 160**

(all figures quoted in PLN thousands unless otherwise indicated)

Condensed interim separate statement of financial position

	Note	30.06.2016	31.12.2015*
FIXED ASSETS		**122 803**	**121 607**
Tangible fixed assets	2**	8 939	6 579
Intangible assets	B,3**	68 598	69 028
Expenditures on development projects	3**	32 654	33 488
Investments in subsidiaries	D	11 750	11 750
Other financial assets	9,12**	547	547
Other fixed assets		315	215
WORKING ASSETS		**567 971**	**482 725**
Inventories		483	618
Trade receivables	6**,12**	88 999	87 591
Current income tax receivables	6**	3 943	-
Other receivables	6**,12**	18 996	27 426
Other financial assets	9**,12**	-	165
Prepaid expenses	7**	2 011	703
Cash and cash equivalents	12**	453 539	366 222
TOTAL ASSETS		**690 774**	**604 332**

	Note	30.06.2016	31.12.2015*
EQUITY		**611 349**	**480 087**
Equity attributable to shareholders of the entity		**611 349**	**480 087**
Share capital	16**	95 160	94 950
Supplementary capital, incl. sales of shares above nominal price		383 271	110 936
Other reserve capital		3 720	3 354
Retained earnings		-	(65 353)
Financial result for the current period		129 198	336 200
Noncontrolling interest equity		**-**	**-**
LONG-TERM LIABILITIES		**4 618**	**4 358**
Other financial liabilities		110	-
Deferred income tax liabilities	A	3 905	3 912
Deferred revenues		572	415
Provisions for employee benefits and similar liabilities	9**	31	31
SHORT-TERM LIABILITIES		**74 807**	**119 887**
Other financial liabilities		170	293
Trade liabilities	F,12**	6 572	4 660
Liabilities from current income tax		-	7 349
Other liabilities	11**,12**	2 577	51 754
Deferred revenues		496	429
Provisions for employee benefits and similar liabilities	9**	174	137
Other provisions	10**	64 818	55 265
TOTAL LIABILITIES		**690 774**	**604 332**

** adjusted*

*** detailed information on the changes are disclosed in the relevant notes to the interim consolidated condensed financial statements*

(all figures quoted in PLN thousands unless otherwise indicated)

Condensed interim statement of changes in separate equity

	Share capital	Supplementary capital, incl. sales of shares above nominal price	Other reserve capital	Retained earnings	Financial result for the current period	Equity attributable to shareholders of parent entity	Noncontrolling interest equity	Total equity
01.01.2016 – 30.06.2016								
Equity as of 01.01.2016	**94 950**	**110 936**	**3 354**	**270 847**	**-**	**480 087**	**-**	**480 087**
Equity after adjustments	**94 950**	**110 936**	**3 354**	**270 847**	**-**	**480 087**	**-**	**480 087**
Registered increase in share capital	210	-	(210)	-	-	-	-	-
Cost of incentive program	-	-	2 064	-	-	2 064	-	2 064
Payment in own shares	-	1 488	(1 488)	-	-	-	-	-
Allocation of net profit/compensation of loss	-	270 847	-	(270 847)	-	-	-	-
Total comprehensive income	-	-	-	-	129 198	129 198	-	129 198
Equity as of 30.06.2016	**95 160**	**383 271**	**3 720**	**-**	**129 198**	**611 349**	**-**	**611 349**

(all figures quoted in PLN thousands unless otherwise indicated)

Condensed interim separate statement of cash flows

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015*
OPERATING ACTIVITIES		
Net profit (loss)	**129 198**	**235 160**
Total adjustments:	**1 803**	**(130 417)**
Depreciation of fixed assets and intangibles/legal assets	1 356	662
Depreciation of development projects	31 397	62 329
Interest and profit sharing (dividends)	(3 947)	(7 492)
Profit (loss) from investment activities	27	589
Change in provisions	9 590	57 684
Change in inventories	136	7 161
Change in receivables	8 925	(215 211)
Change in liabilities excluding credits and loans	(45 757)	(35 672)
Change in other assets and liabilities	(1 086)	(931)
Other adjustments	1 162	464
Cash flow from operating activities	**131 001**	**104 743**
Income tax on profit (loss) before taxation	30 789	46 583
Income tax (paid) / reimbursed	(42 089)	(13 234)
Net cash flows from operating activities	**119 701**	**138 092**
INVESTMENT ACTIVITIES		
Inflows	**4 100**	**7 510**
Sales of intangibles and fixed assets	53	-
Sales of financial assets	85	-
Other inflows from investment activities (dividends and interest)	3 962	7 510
Outflows	**33 502**	**23 177**
Purchases of intangibles and fixed assets	5 357	1 561
Expenditures on development projects	28 145	21 511
Purchases of financial assets	-	105
Net cash flows from investment activities	**(29 402)**	**(15 667)**
FINANCIAL ACTIVITIES		
Inflows	**903**	**1 005**
Net inflows from issue of shares and other securities, and from capital contributions	903	-
Other inflows from financial activities	-	1 005
Outflows	**3 885**	**162**
Repayment of credits and loans	-	4
Payment of liabilities associated with financial lease agreements	359	140
Interest payments	15	18
Other outflows from financial activities (incl. cash pool guarantees)	3 511	-
Net cash flows from financial activities	**(2 982)**	**843**
Total net cash flows	**87 317**	**123 268**
Change in cash and cash equivalents on balance sheet	**87 317**	**123 268**
Cash and cash equivalents at beginning of period	**366 222**	**12 947**
Cash and cash equivalents at end of period	**453 539**	**136 215**

** adjusted*

(all figures quoted in PLN thousands unless otherwise indicated)

Clarifications concerning the separate statement of cash flows

	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
The "other adjustments" line item comprises:	**1 162**	**464**
Cost of incentive program	366	464
Inflows from issue of securities	795	-
Miscallaneous adjustments	1	-

Assumption of comparability of financial statements and changes in accounting policies

Changes in accounting policies

The accounting practices applied in preparing this condensed interim separate financial statement, the Management Board's professional judgment concerning the Company'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 Separate Financial Statement of CD PROJEKT S.A. for 2015, except for changes in practices and presentation-related adjustments described below. This condensed interim consolidated financial statement should be read in conjunction with the Company's consolidated financial statement for the year ending 31 December 2015.

In preparing this condensed interim financial statement for the period between 1 January and 30 June 2016 a policy change has been introduced compared to the separate financial statement for 2015 with regard to presentation of videogame development expenses.

Previously, development of videogames was accounted for in the Inventories line item in the working assets section of the statement of financial position. Development expenses incurred prior to commencement or sales or deployment of new technologies were recognized as production in progress. Following completion of development work and recognition of expenses associated with a given project, these costs would be reassigned to finished products.

Starting with this statement, the Company presents videogame development expenses as a separate line item called Expenditures on development projects in the statement of financial position (fixed assets section). Costs incurred prior to commencement of sales or deployment of new technologies are recognized as Development projects in progress. These expenses cover all costs directly associated with a given project. Following completion of development work and recognition of expenses associated with a given project these costs are reassigned to Development projects finished. For products where a reliable estimate of the development and sales costs can be provided, the Company depreciates development costs using the natural method, in proportion to realized sales. Depreciation of R&D expenses is calculated in the same way as for Inventories and aggregated with the Cost of products and services sold line item in the profit and loss account.

Presentation changes

In preparing this condensed interim separate financial statement for the period between 1 January and 30 June 2016 several changes have been introduced in the presentation of selected financial data. In order to ensure comparability of financial statements, the financial data for the period between 1 January and 30 June 2015 has been adjusted as follows:

- In the separate statement of financial position for 31 December 2015 as well as in the separate cash flow statement for the period between 1 January and 30 June 2015 the presentation of videogame development expenses borne prior to commencement of sales has been adjusted as follows:
  - Separate statement of financial position for 31 December 2015
    - Expenditures on development projects – adjusted by 33 488 thousand PLN
    - Inventories – adjusted by (33 488) thousand PLN

(all figures quoted in PLN thousands unless otherwise indicated)

➢ Separate statement of cash flows for the period between 1 January and 30 June 2015

- Depreciation of development projects – adjusted by 62 329 thousand PLN
- Depreciation of fixed assets and intangibles/legal assets – adjusted by (870) thousand PLN
- Expenditures on development projects – adjusted by 21 511 thousand PLN
- Changes in inventories – adjusted by (39 948) thousand PLN

These changes have no bearing on the Company's financial result or equity.

- In the separate statement of financial position for 31 December 2015, in the separate profit and loss account for the period between 1 January and 30 June 2015 and in the separate statement of cash flows for the period between 1 January and 30 June 2015 the presentation of salaries dependent on the Company's financial result has been adjusted as follows:

➢ Separate statement of financial position for 31 December 2015

- Other financial liabilities – adjusted by (19 531) thousand PLN
- Other provisions – adjusted by 19 531 thousand PLN

➢ Separate profit and loss account for the period between 1 January and 30 June 2015

- Selling costs – adjusted by 55 986 thousand PLN
- General and administrative costs – adjusted by (31 687) thousand PLN
- Other operating expenses – adjusted by (24 299) thousand PLN

➢ Separate statement of cash flows for the period between 1 January and 30 June 2015

- Changes in provisions – adjusted by 31 687 thousand PLN
- Changes in liabilities, except credits and loans – adjusted by (31 687) thousand PLN

In the Management Board's opinion these adjustments more accurately reflect the character of the relevant expenses. The above adjustments have no bearing on the Company's financial result or equity.

- In the separate statement of cash flows for the period between 1 January and 30 June 2015 the presentation of expenses associated with fixed assets under construction has been adjusted as follows:

- Purchases of intangibles and tangible fixed assets – adjusted by 818 thousand PLN
- Other outflows from investment activities – adjusted by (818) thousand PLN

- Pursuant to IAS 12, in the separate statement of financial position for 31 December 2015 the presentation of deferred income tax has been adjusted as follows:

- Deferred income tax assets – adjusted by (14 285) thousand PLN
- Deferred income tax provisions – adjusted by (14 285) thousand PLN

These changes have no bearing on the Company's financial result or equity.

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 30 June 2016 are as follows:

- 37 thousand PLN – dissolution of write-downs due to collection of receivables,
- 25 thousand PLN – creation of write-downs for past-due receivables,
- 179 thousand PLN – creation of provisions for other employee benefits,
- 129 thousand PLN – use of provisions for other employee benefits,

- 14 thousand PLN – dissolution of unused provisions for other employee benefits,
- 29 884 thousand PLN – creation of other provisions,
- 20 249 thousand PLN – reductions in other provisions due to partial use,
- 82 thousand PLN – dissolution of other unused provisions.

A. Income tax

Negative temporary differences requiring recognition of deferred tax assets

	31.12.2015	increases	reductions	30.06.2016
Provisions for other employee benefits	35 086	13 704	200	48 590
Provisions for employee benefits dependent on the Company's financial result	19 531	15 904	19 531	15 904
Negative exchange rate differences	750	2 549	2 915	384
Prepayments recognized as taxable income	15 820	-	15 820	-
Deposit discount	80	73	80	73
Incentive program	3 354	970	4 324	-
Other provisions	563	806	910	459
Total negative temporary differences	**75 184**	**34 006**	**43 780**	**65 410**
Tax rate (Poland)	19%	19%	19%	19%
Deferred tax assets at end of period	**14 285**	**6 461**	**8 318**	**12 428**

Positive temporary differences requiring recognition of deferred tax provisions

	31.12.2015	increases	reductions	30.06.2016
Revaluation of currency contracts (cash flow hedge) at fair value	59	-	59	-
Revenues obtained in the current period but invoiced in future periods	81 941	216 628	224 718	73 851
Positive exchange rate differences	442	621	576	487
CD PROJEKT brand name	9 029	1 836	-	10 865
Expenses related to prepayments recognized as taxable income	3 532	-	3 532	-
Valuation of shares in other entities	475	-	-	475
Other sources	298	2 746	2 759	285
Total positive temporary differences	**95 776**	**221 831**	**231 644**	**85 963**
Tax rate (Poland)	19%	19%	19%	19%
Deferred tax provisions at end of period	**18 197**	**42 148**	**44 012**	**16 333**

Net deferred income tax assets/provisions

	30.06.2016	31.12.2015
Deferred income tax assets	12 428	14 285
Deferred income tax provisions	16 333	18 197
Net deferred income tax assets (provisions)	**(3 905)**	**(3 912)**

(all figures quoted in PLN thousands unless otherwise indicated)

Income tax reported in profit and loss account

	01.01.2016-30.06.2016	01.01.2015-30.06.2015
Current income tax	30 796	57 156
Changes in deferred income tax	(8)	(10 572)
Income tax reported in profit and loss account	**30 788**	**46 584**

B. Goodwill

Goodwill from business combinations

	30.06.2016	31.12.2015
CD Projekt Red sp. z o.o.	39 147	39 147
Total goodwill	**39 147**	**39 147**

Changes in goodwill

No changes in goodwill occurred between 1 January and 30 June 2016.

C. Business combinations

The Company did not merge with any other entity during the reporting period.

D. Investments in subsidiaries

Investments in subsidiaries held at purchase price

	30.06.2016	31.12.2015
Shares in subsidiaries	11 750	11 750

E. Dividend payments

The Company did not pay out or receive any dividends between 1 January and 30 June 2016.

(all figures quoted in PLN thousands unless otherwise indicated)

F. Transactions with affiliates

	Sales to affiliates		Purchases from affiliates		Receivables from affiliates		Liabilities due to affiliates	
	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015
SUBSIDIARIES								
GOG Poland sp. z o.o.	975	893	4	-	2 047	452	2	-
GOG Ltd.	14 897	9 941	247	-	8 224	2 310	681	5 361
Brand Projekt sp. z o.o.	-	6	-	-	-	-	-	-
CD PROJEKT Brands S.A.	55	7	1 742	1 742	10	13	1 029	2 552
CD PROJEKT Inc.	178	-	12 948	956	1 486	886	518	233
MEMBERS OF THE MANAGEMENT BOARDS OF SUBSIDIARIES AND THEIR PROXIES								
Marcin Iwiński	3	3	-	-	-	1	6	41
Adam Kiciński	2	2	-	-	-	2	7	5
Piotr Nielubowicz	2	3	-	-	-	-	-	2
Michał Nowakowski	5	5	-	-	-	-	1	1
Adam Badowski	-	1	-	-	1	1	-	1
Edyta Wakuła*	1	1	-	-	-	-	-	-
Piotr Karwowski	-	-	-	-	-	-	-	-
Arkadiusz Trojanowski*	-	-	-	-	-	-	-	-

** proxy*

(all figures quoted in PLN thousands unless otherwise indicated)

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

On 1 June 2016 the Supervisory Board of the parent entity concurred with the recommendation submitted by the Management Board of the Company and selected Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k., headquartered in Warsaw, as the entity charged with assessing the correctness of the semiannual financial statement and performing an audit of the annual financial statement of the Company and its Capital Group for 2016. Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k. is included on the list of entities authorized to perform audits of financial statement, maintained by the National Chamber of Statutory Auditors (no. 130).

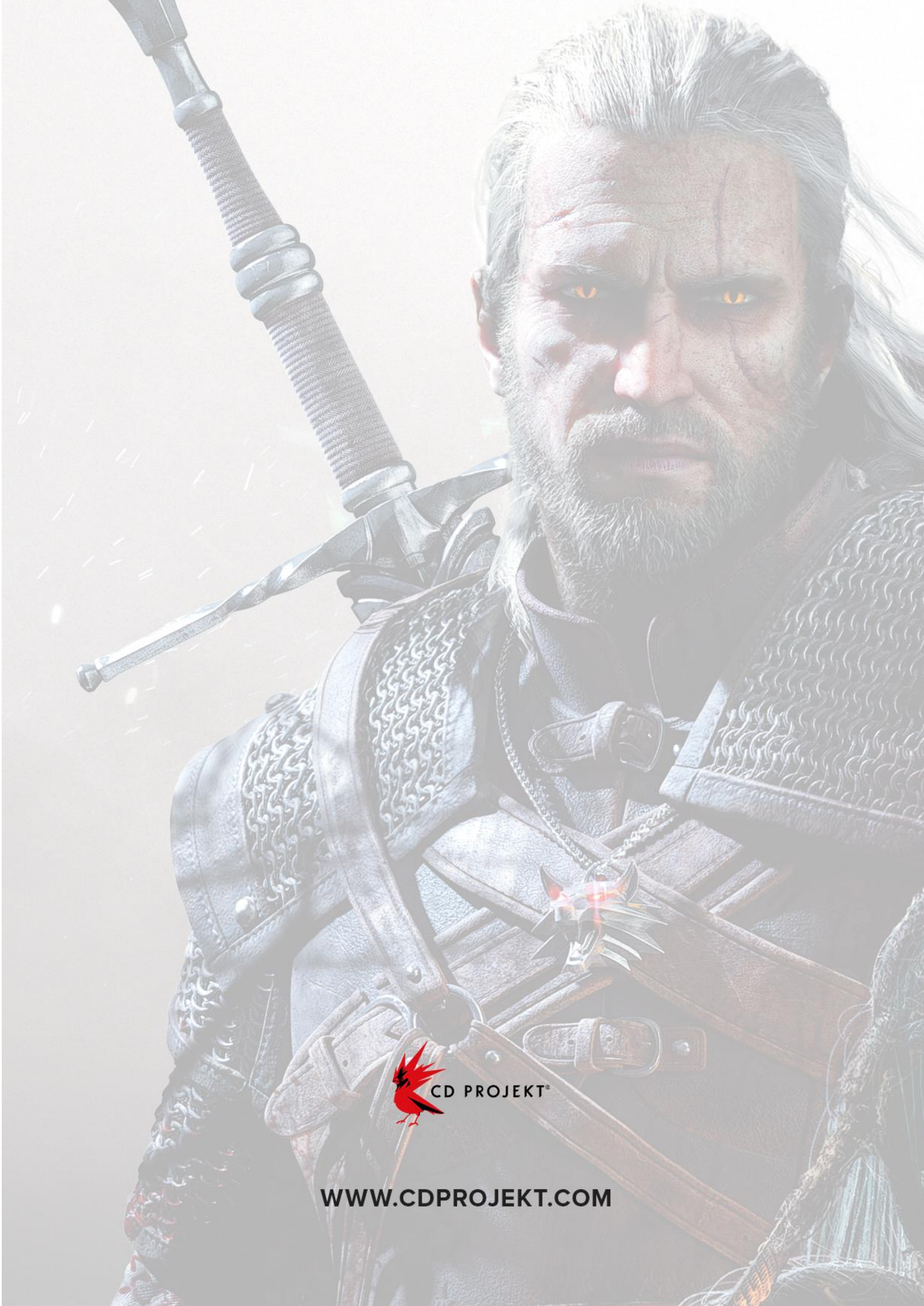
Approval of financial statement

This quarterly report was signed and approved for publication by the Management Board of CD PROJEKT S.A. on 25 August 2016.

Warsaw, 25 August 2016

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

Adam Badowski Board Member	Michał Nowakowski Board Member	Piotr Karwowski Board Member	Rafał Zuchowicz acting Accounting Officer



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