CI GAMES GROUP

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

GAMES

Warsaw, March 23, 2015

Contents

I. Introduction to the consolidated financial statements for the period from January 1 to December 31, 2014

1. Information on the Group

Parent:

a) The Company was registered on June 1, 2007 as City Interactive S.A. through transformation from CITY INTERACTIVE Sp. z o.o. pursuant to a notarial deed, Notary's Register A 2682/2007 of May 16, 2007. On August 7, 2013 the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered a change of the Company's name from City Interactive S.A. to CI Games S.A. The Company's registered office is located at ul. Puławska 182 in Warsaw.

b) The Company is registered in the Register of Companies under entry number KRS 0000282076. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register.

c) The main subject of the Company's activities is development, release and distribution of computer games.

d) In accordance with its articles of association, the duration of the Company is unlimited.

e) During 2014, the Company's Management Board comprised:

- Marek Tymiński President from January 1 to December 31, 2014
- Adam Pieniacki Member from January 1 to December 31, 2014

f) The Company's Supervisory Board remained unchanged throughout 2014:

- Krzysztof Sroczyński Chairman from January 1 to December 31, 2014
- Lech Tymiński Member from January 1 to December 31, 2014
- Marek Dworak Member from January 1 to December 31, 2014
- Grzegorz Leszczyński Member from January 1 to December 31, 2014
- Tomasz Litwiniuk Member from January 1 to December 31, 2014

g) CI Games S.A. is the parent of the Group and draws up consolidated financial statements.

Composition of CI Games Group as at December 31, 2014:

- CI Games S.A., having its registered office in Warsaw. Share capital of PLN 1 391 449.90. Group parent.
- CI Games Germany GmbH – a company having its registered office in Frankfurt am Main, Germany. Share capital of EUR 25 000. 100% of shares held by CI Games S.A.
- CI Games USA Inc. – a company having its registered office in Delaware, USA. Share capital USD 50 000. 100% of shares held by CI Games S.A.

- Business Area Spółka z o.o. – a company with registered office in Warsaw, subject to consolidation as of Q3 2010. Share capital of PLN 5 000. 100% interest held by CI Games S.A.

- City Interactive Studio SRL – a company having its registered office in Bucharest, Romania. 100% of shares held by CI Games S.A. On November 7, 2013, the company filed for bankruptcy at the VII Civil Division, Court in Bucharest.

- City Interactive Canada Inc. – a company based in Ontario, Canada, established in October 2010. Share capital of CAD 10. 100% of shares held by CI Games S.A.

- CI Games Cyprus Ltd., having its registered office in Nicosia, Cyprus. 100% interest held by CI Games S.A. Share capital of EUR 1 200.

- CI Games Spółka Akcyjna Spółka Jawna (transformed from CI Games IP Sp. z o.o.) – a Warsaw-based company. Share capital of PLN 114 092 350. After the transformation on September 26, 2013, a 99.99% interest in the company is held by Business Area Spółka z ograniczoną odpowiedzialnością S.K.A. which was transformed on September 26, 2013 into Business Area Spółka z ograniczoną odpowiedzialnością Spółka Jawna, while the second shareholder, CI Games S.A., holds a 0.01% stake.

- Business Area Spółka z ograniczoną odpowiedzialnością Spółka Jawna, transformed from Business Area Spółka z ograniczoną odpowiedzialnością S.K.A., based in Warsaw, whose share capital was PLN 1 050 000. After the transformation on August 26, 2013, CI Games S.A. holds a 99.99% interest in the assets of the Company, whereas the second partner - Business Area Sp. z o.o. - holds 0.01%.

Furthermore, throughout 2008 CI Games S.A. acquired shares in the following entities operating in South America and subsequently in 2009 opted out of their further development:

- City Interactive Peru SAC (formerly UCRONICS SAC) – a company having its registered office in Lima, Peru. 99% share. Share capital 2 436 650 Sol.

- City Interactive Jogos Electronicos LTDA – company having its registered office in Sao Paulo, Brazil. Founding capital of BRL 100 000. 90% share, remaining 10% held by CI Games USA, Inc.

- City Interactive Mexico S.A. de C.V. – company having its registered office in Mexico City, Mexico. Founding capital of MEX 50 000. 95% share, remaining 5% held by CI Games USA, Inc.

2. Basis for presenting and preparing consolidated financial statements

a) These consolidated financial statements cover the period from January 1 to December 31, 2014. Comparative data covers the period from January 1 to December 31, 2013.

b) The consolidated financial statements were drawn up in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

c) The consolidated financial statements have been prepared on the assumption that the Group will continue operating in the foreseeable future. The Parent's Management Board is convinced that the Group is able to:

- conduct on-going operations and pay its liabilities,
- launch new game development projects in 2015.

The Parent's Management Board believes that revenue generated from games released in 2014 will be sufficient to cover on-going operating expenses and launch new projects in 2015. With this in mind, the Parent's Management Board believes that there are no significant uncertainties regarding continuing operations for a period of at least 12 months from the drafting of these financial statements.

3. Adopted accounting principles

a) Application of International Accounting Standards

These annual consolidated financial statements are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) applicable to the business conducted by the Group and effective for annual reporting periods commencing January 1, 2007, together with the requirements of the Ordinance of the Minister of Finance of February 19, 2009 concerning current and periodical information disclosed by issuers of securities and on the terms for recognizing information required by the provisions of law of a non-member state as equivalent (Polish Journal of Laws no. 33, item 259).

The consolidated financial statements for the period from January 1 to December 31, 2014 are subsequent annual consolidated financial statements prepared in accordance with IAS/IFRS. Comparative data for the period from January 1 to December 31, 2013 is sourced from the Group’s consolidated financial statements prepared in accordance with IAS/IFRS. IAS/IFRSs were adopted on January 1, 2007.

b) Basis for preparing the consolidated financial statements

Figures in the financial statements are given in PLN thousands. Figures in the notes to the financial statements are given in full PLN. Figures of less than PLN 499.49 respectively were rounded down, while in other instances figures were rounded up.

The consolidated financial statements are prepared on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors that are acknowledged as rational in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities that does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which they were made.

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted consolidated financial statements, as well as in preparing an opening balance sheet in accordance with IAS/IFRS as at January 1, 2007 for the purposes of implementing the transition from Polish accounting standards to IAS/IFRS-compliant reporting.

c) Principles of consolidation

(i) Subsidiaries

CI Games Group’s consolidated financial statements were prepared using the acquisition method, as adopted on the date of the share purchase transaction (fully consolidated). In drawing up the financial statements, the parent combines the financial statements of the parent and subsidiaries through summing up individual assets, liabilities, shares in equity, revenues and costs.

In order to ensure appropriate presentation of financial information concerning the Group in the consolidated financial statements as if it constituted a single commercial entity, only the carrying amount of the parent's investments in subsidiaries and such part of the subsidiary's equity as corresponds to the parent's share is presented.

The method applied for translation of the financial statements of foreign operations depends on the means by which they are financed and the type of business activity conducted in relation to the entity drawing up the consolidated financial statements. For this reason, in accordance with IAS 21, entities operating abroad are broken down into: "entities operating abroad, whose operations constitute an integral part of the operations of the entity drawing up the consolidated financial statements" and "foreign operations."

For the translation of financial statements of subsidiaries operating abroad, the aforementioned entities have been classified as "foreign operations," in accordance with IAS 21. After translating the financial statements of foreign operations, in order for these to be included in the financial statements of the entity drawing up the consolidated financial statements, the following principles were applied:

- assets and liabilities, both monetary and non-monetary, were translated at the closing rate;
- revenue and cost items of foreign operations were translated at the exchange rate as at the date of executing transactions, with the exception of situations where the foreign operation is drawing up reports in hyper-inflationary economic conditions. In this situation items would be converted at the closing rate.
- all exchange rate differences are recognized in equity until disposal of the net investment.

The financial results of entities acquired or disposed of during the year are recognized in the consolidated financial statements from / to the moment of their acquisition / disposal, respectively, if this constitutes significant value for the presented financial statements.

Where necessary, adjustments are made in the financial statements of subsidiaries or associates in order to unify the accounting principles applied by the entity with the principles applied by the parent. All transactions, balances, revenues and costs between related parties covered by consolidation are subject to exclusion.

(ii) Associates, joint ventures

Associates are business entities where the Parent exerts significant influence, although does not control their operational and financial policies.

The Group’s joint ventures are entities where the Parent exercises joint control over their operations pursuant to contractual arrangements.

The consolidated financial statements contain the Group's share of the profits and losses of associates / joint ventures using the equity method, from the moment of acquiring significant influence / joint control until the expiry of such influence / control. The Group also measures the loss in value of shares in the net assets of associates / joint ventures and makes the appropriate revaluation decreases. In the event of the Group's participation in losses exceeding the carrying amount of the associate / joint venture, such amount is reduced to zero and ceases to be recognized in further losses in as far as there is no legal obligation to cover losses or payment had not already been made to cover such liabilities.

Goodwill arising on consolidation results from the occurrence at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.

Goodwill acquired through a merger of commercial entities is not amortized. Goodwill is subject to impairment testing at least once per year. Any impairment is immediately recognized in the profit and loss statement. In disposal of a subsidiary, associate or joint venture, the appropriate part of goodwill is taken into consideration in calculating the profit or loss on disposal.

(iii) Consolidation adjustments

The balance of intragroup settlements, transactions executed within the Group and all unrealized profits or losses resulting thereunder, together with Group revenues and costs, are excluded during the preparation of the consolidated financial statements. Unrealized gains resulting from transactions with associates and joint ventures are excluded from the consolidated financial statements proportionally to the level of the Group's participation in such entities. Unrealized losses are excluded from the consolidated financial statements on the same principles as profits, until the moment when evidence indicating impairment arises.

d) Property, plant and equipment

(i) Own property, plant and equipment

Property, plant and equipment are fixed assets that are retained to be used in the production process or in supplying goods and providing services, in order for them to be handed over to other entities for use pursuant to a rental agreement and where there is expectation that they will not be used for longer than one period.

Costs borne at a later time are included in the carrying amount of an asset or are indicated as a separate asset only if it is probable that the Group will achieve future economic benefit connected with such asset and the purchase price for a given item may be measured reliably. Expenses for repair and maintenance are recognized in the profit and loss statement in the period in which they were borne. The cost of production is augmented by fees and for defined assets by the costs of external finance capitalized in accordance with the principles defined in the Group's accounting policy.

Property, plant and equipment is measured at purchase price or manufacture cost less depreciation and impairment at the end of the reporting period.

Depreciation concerning such fixed assets commences at the moment they are commissioned. Each new fixed asset must, in as far as possible, be broken down into separate components and depreciated as a separate asset.

Fixed assets under construction intended for production, lease or administrative purposes, as well as for undefined purposes, are presented in the balance sheet at cost of manufacture less impairment.

Profit or loss arising from disposal / liquidation or suspension of the use of fixed assets is defined as the difference between revenues from disposal and the net value of such fixed assets and are included in the profit and loss statement.

Land – the right of perpetual usufruct of plots of land is presented at purchase price.

The Group does not amortize rights to perpetual usufruct of land. Depreciation rates have been established with consideration to the period of economic usefulness of fixed assets.

Property, plant and equipment is depreciated using the straight-line method with the following rates:

- technical equipment and machinery: 20-60%,
- other fixed assets: 20%.

(ii) Leased property, plant and equipment

Leases are classified as finance leases if in principle the terms and conditions of the agreement transfer all potential ownership benefits and risk to the lessee. All other types of leases are treated as operating leases.

Assets used pursuant to a finance lease agreement are treated as the Group's assets and are measured at fair value as of the moment of their acquisition, although at a level not exceeding the value of their current minimum lease payments.

Lessor liabilities arising on this account are recognized in the balance sheet under finance lease liabilities.

Lease payments are divided into interest and principal. Finance costs are recognized in the statement of profit and loss.

(iii) Subsequent expenses

Costs aimed at exchange of separate components of an element of property, plant and equipment borne in a subsequent period are capitalized. Other costs are capitalized only if they can reliably be measured and increase future economic benefits connected with a fixed asset. Other expenses are systematically recognized in the statement of profit and loss.

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

a) it is probable that the future economic benefits that are attributable to the assets will flow to the Group, and
b) the purchase price or cost of production of a given asset may be measured reliably.

An intangible asset is initially valued at purchase price or cost of production. Intangible assets are subject to amortization. Amortization rates were established with consideration to the period of economic usefulness of intangible assets.

Intangible assets are amortized using the straight-line method with the following rates:

- licenses: 20%-90%
- computer software: 50%

Development expenditures are recognized as costs at the moment they are borne.

Costs of development work borne before the commencement of production or application of new technological solutions are classified as intangible assets if the Group can prove the following:

- the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale,
- the intent to complete an intangible asset and to use or sell it,
- the capacity to use or sell an intangible asset,

- the means in which an intangible asset will create potential economic benefits. Amongst others, the Group should prove the existence of a market for products arising due to the intangible asset or the asset itself or – if the asset is to be used by the entity – the usefulness of the intangible asset,
- the availability of appropriate technical, financial and other resources which are to serve completion of development work and the use or sale of the intangible asset,
- the possibility to establish outlays borne during development work which may be assigned to such intangible asset.

The costs of development work with a useful life assumed in advance are subject to amortization. Amortization write-offs commence as of the date when a given asset is ready for use, whereas they end at the moment when a given asset is allocated for sale or ceases to be included in the accounts.

The amortization period is equal to the period of economic usefulness of a resource held. The adopted amortization period and method for the costs of development work are verified at least as at the end of the financial year. The costs of development work are amortized during the anticipated period of achieving revenues from sale of a product, however not longer than three years.

The Group does not amortize the costs of development work with an undefined useful life. Intangible assets with undefined useful life are subject to an annual impairment test, in application of the guidelines of IAS 36 "Impairment of Assets."

External financing costs (e.g. interest on loans and borrowings and exchange differences on loans and borrowings denominated in foreign currencies) which may be directly assigned to the purchase or production of assets increase the purchase or production cost of such item. Net financing costs include interest payable on debt established based on the effective interest rate, interest receivables on funds invested by the Group, due dividends, gains and losses on foreign exchange differences and gains and losses on hedging instruments, which are recognized in the statement of profit and loss.

(ii) Impairment

At the end of each reporting period the Group reviews assets in order to confirm that there were no circumstances indicating the possibility of their impairment.

In the event of such circumstance existing, the recoverable amount of a given asset is estimated in order to establish a potential impairment loss.

In a situation where an asset does not generate cash flows which are to a large extent independent of cash flows generated by other assets, analysis is carried out for the group of assets generating cash flows to which a given asset belongs.

In the case of intangible assets with a defined useful life, the impairment test is carried out both annually and in the event of circumstances indicating the possibility of impairment. The recoverable amount is established as the higher of two values: fair value less costs to sell, or its value in use. This final amount corresponds to the current value of estimated future discounted cash flows using a discount rate taking into consideration the present value of money and asset-specific risk.

If the recoverable amount is lower than the net book value of an asset (or group of assets), the book value is decreased to the recoverable amount.

Impairment loss is recognized as a cost in the period it occurred, with the exception of a situation where an asset was recognized at restated value (in this case the impairment is treated as a decrease in the previous restatement).

At the moment where the impairment is subject to subsequent reversal, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however not higher than the net value of such asset as it would have been established had impairment not been identified in previous years.

Reversal of impairment is recognized in revenues in as far as the asset was not subject to prior estimation – in this event reversal of impairment is recorded in the revaluation reserve.

f) Investments

Investments other than property, intangible and financial assets are recognized at purchase price, less impairment.
Investments recognized at historical cost expressed in a foreign currency as at the end of the reporting period are valued using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period.

g) Financial instruments

Financial assets and liabilities are recognized in the balance sheet at the moment when the Group becomes a party to a binding agreement.

The Group classifies each agreement which results in simultaneous occurrence of a financial asset with one party and a financial liability or equity instrument with the other party as a financial instrument, on condition that unambiguous economic effects result from a contract executed between two or more parties.

All assets fulfilling the definition of a financial instrument at the acquisition date are classified as one of three categories:

- instruments held for trading (at fair value through profit or loss) – financial assets or liabilities which were acquired or arose in order to generate profit achieved due to short-time price fluctuations,
- financial instruments held to maturity – financial assets with fixed or determinable payments or fixed maturity dates, which the Group has the intent and capability to hold to maturity, carried at amortized cost with application of the effective interest rate method, with the exception of loans granted by associates and own debt claims, valued using the effective interest method,
- available-for-sale financial instruments – financial assets other than loans granted and own receivables, assets held to maturity or financial assets not held for trading. Carried at fair value,
- borrowings and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. At initial recognition, the Group values financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in the case of assets, or the amount received in the case of liabilities.

The Group includes transaction costs in the initial value of all financial assets and liabilities.

Differences in restatement and revenues achieved or costs borne appropriate to classification of a financial asset are recognized in profit or loss or the revaluation reserve as available-for-sale financial assets, respectively.

Principles for measurement of financial instruments.

The Group measures financial assets at amortized costs, as at the end of the reporting period, with consideration of the effective interest rate of:

- assets held to maturity,
- borrowings granted and receivables, and
- other financial liabilities not classified as held for trading.

Measurement may also take place:

– at the amount requiring payment if the discount effect is not significant;
– at the amount requiring payment: receivables and liabilities with short maturity period;
– at fair value: financial assets and liabilities held for trading and available-for-sale financial assets.

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance income or costs when they arise.

Interests in other entities are valued at purchase price less impairment.

h) Trade and other receivables

Current trade and other receivables are valued at repayment value in as far as the effect of charging interest is not significant. Otherwise receivables are initially recognized at fair value and subsequently valued at amortized cost in application of the effective interest rate. In accordance with the principle adopted by the Group, receivables with maturity of longer than 180 days are subject to discounting.

i) Financial liabilities

Financial liabilities held for trading, including in particular derivatives with negative fair value, which are not classified as hedging instruments are recognized at fair value, whereas gains and losses from their measurement are recognized directly through profit or loss.

Other financial liabilities are measured at amortized costs with application of the effective interest rate.

All financial liabilities are included in the accounts under the contract execution date.

The principles for measurement and presentation of financial instruments in the consolidated financial statements are as follows:

Asset or liability group	Measurement principles	Principles for recognition in the financial statements
Assets carried at fair value through profit or loss	At fair value (with the exception of assets for which fair value cannot be established)	Measurement difference recognized in profit or loss for the current reporting period in the finance income or finance costs item.
Liabilities held for trading	At fair value (with the exception of assets for which fair value cannot be established)	Measurement difference recognized in profit or loss for the current reporting period in the finance income or finance costs item.
Other financial liabilities	At amortized purchase cost in application of the internal rate of return	The measurement difference adjusts the value of the asset and is recognized in profit or loss for the current reporting period.
Borrowings granted and own receivables	At amortized purchase price in application of the internal rate of return, and in a situation where the payment deadline is not known then at purchase price (e.g. in the case of loans without an established repayment date)	The measurement difference adjusts the value of the asset and is recognized in profit or loss for the current reporting period.

Assets held to maturity	At amortized purchase cost in application of the internal rate of return	The measurement difference adjusts the value of the asset and is recognized in profit or loss for the current reporting period.
Available-for-sale financial assets	At fair value (with the exception of assets for which fair value cannot be established)	The difference between measurement and fair value is included in the revaluation reserve. In the case of debt instruments, interest is recognized directly in profit or loss.
Financial assets and liabilities held for trading and available-for-sale financial assets, the fair value of which cannot be established.	At purchase price less impairment.	An asset or liability item is recognized at purchase price until the moment such item is used (e.g. sold). Impairment is recognized in finance costs.

j) Inventories

The initial value (cost) of inventories includes all costs (acquisition, production, etc.) borne in connection with bringing inventories to their current location and condition.

The purchase price of inventories includes the purchase price increased by import duty and other taxes (not subject to subsequent refund from tax authorities), costs of transport, loading, unloading and other costs directly connected with the acquisition of inventories, decreased by discounts, rebates and other similar reductions.

Inventories are measured at initial value (purchase price or cost of production) or at net sale price depending on which is lower.

In relation to other inventories, costs are established using the first in, first out (FIFO) method.

Impairment losses on inventory

Impairment losses on current property, plant and equipment connected with their impairment or valuation as at the end of the reporting period correspond to their own cost of purchase (IAS 2).

The Group creates impairment losses equity to net recoverable values of inventory. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.

Reversal of an impairment loss on inventory resulting from an increase in the net recoverable value is recognized as a decrease in inventory recognized as cost of sales which the impairment reversal concerns.

As at the end of the reporting period inventory is valued at acquisition or purchase price, while such price may not exceed the net sales price for a given inventory item.

Foreign-currency advance payments are recognized at the ask rate of the bank used by the Group.

The Group measures advance payments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The Group inventories prepayments through the provision by contracting parties of confirmation that prepayments included in auxiliary ledgers to general ledger "supplier accounts", and provides explanations and settlement of potential variance.

k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Current investments which are not subject to significant change in value, which may be easily exchanged for a defined amount of cash and which constitute a part of the Group's liquidity management policy are recognized as cash and cash equivalents for the purposes of the statement of cash flows.

l) Share capital

Share capital is recognized at the nominal value of issued and paid up shares.

(i) Buy-back

In a purchase of own shares, the payment amount, together with direct transaction costs, is recognized as a change in equity. Purchased shares are recorded as a decrease in equity.

(ii) Dividends

Dividends are recognized as a liability in the period in which they are authorized.

m) Provisions

Provisions are liabilities of uncertain time and amount. Group companies create provisions when all of the following conditions are met simultaneously:

– the companies are burdened with an existing obligation (legal or constructive) resulting from future events,

– it is probable that fulfillment of an obligation will result in necessary outflow of resources (payment),

– the amount of such obligation can be reliably estimated.

The Group creates the following provisions for liabilities:

– deferred income tax provision created in connection with the occurrence of positive differences between the book value of assets and liabilities and their tax value,
– provisions for employee benefits – provisions for pension gratuities are calculated based on own estimates, however with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,
– other provisions.

Release of unused provisions occurs as at the date on which they are acknowledged as unnecessary.

n) Trade and other payables

Trade and other payables are divided into current and non-current payables through application of the following criteria:

- maturing in under 12 months from the end of the reporting period – classified as current payables,
- payables not classified as trade payables and which do not fulfill the criteria for classification as current constitute non-current payables.

Trade payables with maturity of up to 180 days are valued as at the end of the reporting period at repayment value increased by potential interest for delay due as at the valuation date.

Trade payables within maturity of over 180 days are valued as at the end of the reporting period at amortized cost (i.e. discounted in application of the effective interest rate).

All trade and account balances should be reconciled, and potential adjustments should be included in the accounts, including in the consolidated financial statements of the entity. In the event of disagreements in agreeing a balance between the entity and the contracting party, the seller's position prevails and, after closing the year, potential adjustments are entered in the accounts for the current year.

Payables denominated in foreign currencies are valued at the current average exchange rate for a given currency on a given date established by the National Bank of Poland.

Interest for late payment of payables is not charged if the authorized entity submits a written declaration on opt-out of such interest. In other instances interest is calculated and recorded as per the principles below:

- systematically, pursuant to interest notes received,
- at estimated value, where estimation is based on historical data reflecting the amount of interest charged by specific contracting parties in relation to the level of debt.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.

The notes to the financial statements should include this fact, the occurrence of due payables and the associated risk that interest will be charged by a creditor.

o) Revenue

Revenue from sale of products and services includes sale of products manufactured by the Group to which it has exclusive license rights for their production or it purchased a license for release and distribution, together with services provided by the Group to other entities.

Revenue from sale of goods for resale and materials includes sale of products which were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Revenue from sale of products and goods for resale is recognized if the following conditions are met:

– the Group has transferred significant risk and benefits resulting from the right of ownership of goods for resale and products to the purchaser,
– the Group ceases to be permanently involved in managing the sale of goods for resale or products to the extent that such function is usually exercised in relation to goods for resale and products to which there is right of ownership, and it does not exercise effective control over them,
– the revenue amounts may be measured reliably,
– it is probable that the Group will achieve economic benefits from the transaction,
– costs borne and those which will be borne by the Group in connection with the transaction may be valued in a reliable manner.

Revenue is recognized if achievement by the Group of economic benefits connected with the executed transaction is probable.

If there is uncertainty regarding the collectability of an amount due which is already counted as revenue, then the uncollectible amount in relation to which achievement ceased to be probable is recognized as costs and not as a correction of the initially recognized revenue amount.

Revenue from sale is recognized at the fair value of payments received or due and represents receivables for products, goods for resale and services supplied under normal business activity after decrease by discounts, VAT and other sales-related taxes.

Revenue from interest is recognized cumulatively in relation to the principal amount, in accordance with the effective interest rate method on lease.

p) Costs

The Group draws up a consolidated statement of profit and loss in multiple-step format. Costs are classified in accordance with their function.

(i) Finance lease payments

Lease payments are divided into a part constituting the cost of finance and a part decreasing the liability. The part constituting the cost of finance is allocated to specific periods during the term of the lease applying the effective interest rate method.

(ii) Borrowing costs

Borrowing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Group, dividends due, foreign exchange gains and losses and profit and loss concerning collateralized instruments which are recognized in the statement of profit and loss.

Interest income is recognized in the statement of profit and loss on an accrual basis applying the effective interest rate. Income from dividends is recognized in the statement of profit and loss at the moment when the Group acquires the right to receipt thereof. The part constituting the cost of finance arising in connection with finance lease fees is indicated in the statement of profit and loss applying the effective interest rate method.

q) Tax

Obligatory encumbrances on the result include current tax and deferred tax.

The current tax obligation is calculated on the basis of the tax result (basis for taxation) for a given financial year. Tax for the current and previous periods is recognized as a liability in the amount which had not been paid.

Tax profit (loss) differs from net book profit (loss) in connection with the exclusion of revenues subject to taxation and tax-deductible expenses in subsequent years and items of cost and revenue which will never be subject to taxation.

Deferred tax is calculated using the balance sheet method as tax subject to payment or refund in the future on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred income tax assets and provisions for deferred income tax are valued with application of tax rates which will be applied, according to predictions, if an asset is realized or a provision liquidated, adopting the basis as the tax rates (and tax regulations) legally in force or actually binding as at the end of the reporting period.

A deferred tax asset is subject to analysis as at the end of the reporting period, and in the event of it being expected that future tax profits will be insufficient to realize an asset or part thereof, it is written off. Deferred income tax assets and provisions for deferred income tax are not discounted.

Deferred tax is recognized in the statement of profit and loss, aside from a situation where it concerns items directly recognized in equity. In this last instance deferred tax is also settled directly in equity. The Group offsets deferred income tax assets with provisions for deferred income tax exclusively when it has an enforceable legal title to offset deferred income tax assets with provisions for deferred income tax.

r) Transactions expressed in foreign currencies

Transactions executed in foreign currencies are translated into the functional currency in application of exchange rates in force on the date of executing such transactions, in the following manner:

- in the case of selling foreign currencies and receivable repayment transactions – using the bid rate applied by the bank used by the Group;
- in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Group;
- in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

Cash items recognized at historical cost expressed in a foreign currency are recorded at the end of the reporting period using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period. Non-monetary balance sheet items recorded at historical cost expressed in a foreign currency are recorded in application of the exchange rate as at the date the transaction is executed. Non-monetary balance sheet items recorded at fair value in a foreign currency are recorded in application of the exchange rate in force during establishment of fair value.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currencies and from translation of cash assets and liabilities according to average National Bank of Poland exchange rates as at the end of the year are indicated in the statement of profit and loss, with the exception of settlement in equity fulfilling the criteria for recognition of cash flow hedges.

s) Segment reporting

A business segment is a separate part of the Group which deals with the supply of defined products or services (business segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits differently to other segments.

CI Games Group presents revenue from sales broken down into the following segments:

- business – covering sales divided into products, goods for resale and services,
- geographical – covering sales divided into the following areas: Europe, America and Asia and Australia.

Revenue from sale of products covers sale of products manufactured by the Group to which it has exclusive licensing rights for their production or it purchased a license for release and distribution.

Revenue from sale of services covers revenues for services provided by the Group to other entities.

Revenue from sale of goods for resale covers sale of products were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Operating costs are divided as follows:

- direct costs, which may be assigned to a given product or service, or the value of goods for resale or materials sold at purchase price,
- indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. administrative, sales and other operating costs.

Segmentation – assignment to specific business segments – concerns direct costs and such part of indirect costs as can be assigned to a given segment. The Group has one business segment.

t) Operations being discontinued and non-current assets held for sale

Immediately before reclassification to assets held for sale, valuation of assets (or all assets and liabilities constituting an asset group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial recognition as held for sale, fixed assets or the group held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

Impairment identified at initial classification as held for sale is recognized in the statement of profit and loss even in the event of value restatement. This also concerns profit and loss resulting from subsequent change in value.

Discontinued operation is a part of the Group's activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale.

Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the asset group held for sale.

4. Changes in accounting principles

In the event that the Group’s accounting principles are altered, the solutions included in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" are applied.

The CI Games Group consolidated financial statements for the period from January 1 to December 31, 2014 retain comparability to data from the financial statements for the period from January 1 to December 31, 2013, which were drawn up in accordance with IAS/IFRS, with the exception of the following amendments to standards and new interpretations effective for annual periods beginning on or after January 1, 2014:

• IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 replaces those parts of IAS 27 Consolidated and Separate Financial Statements that relate to consolidated financial statements, and introduces a new definition of control. IFRS 10 may change how a group is consolidated as regards consolidation of entities that were so far subject to consolidation, and vice versa. It does not introduce changes to consolidation procedures and accounting for transactions in consolidated financial statements.

The application of these amendments had no effect on the Group’s financial situation or results.

• IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 deals with the subject of joint arrangements. Two categories of joint arrangements are introduced: joint operation and joint venture, together with the applicable accounting methods.

The application of this standard may result in a change in the accounting method for joint arrangements (e.g. operations previously classified as jointly controlled entities and subject to proportionate consolidation might now be classified as joint ventures and therefore be subject to the equity method).

IAS 28 has been amended and now outlines how to apply the equity method to joint ventures.

The application of these amendments had no effect on the Group's financial situation or results.

• IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 requires a wide range of disclosures about an entity's interests in subsidiaries, associates and joint arrangements. The application of this standard may result in a wider scope of disclosures in financial statements, including:

- key financial information, including the risks associated with the Company's interests in other entities,

- disclosure of interests in unconsolidated structured entities and the risks associated with these entities,

- information regarding all entities with a material non-controlling interest,

- information about significant judgements and assumptions made in determining the type of venture (as subsidiary, jointly controlled entity or associate).

The application of these amendments had no effect on the Group's financial situation or results.

• Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27

The amendments define an 'investment entity,' which was exempt from the requirement to consolidate subsidiaries and, following the amendments, must measure subsidiaries at fair value through profit or loss.

The application of these amendments had no effect on the Group's financial situation or results.

• Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

The amendments to IAS 32 clarify the meaning and consequences of 'currently has a legally enforceable right of set-off' and clarify offsetting criteria for gross settlement systems (such as clearinghouses).

The application of these amendments had no effect on the Group's financial situation or results.

• Recoverable Amount Disclosures for Non-Financial Assets - Amendments to IAS 36

The amendments remove certain unintended consequences of IFRS 13 regarding disclosures required under IAS 36. Furthermore, these amendments introduce additional disclosures for the recoverable amount of assets or cash-generating units for which impairment was recognized or reversed when the recoverable amount is equal to fair value less costs of disposal.

The application of these amendments had no effect on the Group's financial situation or results.

• Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39

Amendments to IAS 39 concern hedge accounting after novation of derivatives and remove the need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria, defined in IAS 39, are met.

The application of these amendments had no effect on the Company's financial situation or results or the scope of information presented in the Group's financial statements.

The Group decided against the early adoption of any standards, interpretations or amendments that have been published, but have not yet entered into force as per EU regulations.

Standards and interpretations that have been issued and endorsed by the EU, but are not yet in force:

The following standards and interpretations have been issued by the IASB or IFRIC, but are not yet in force:

• IFRS 9 Financial Instruments (published on July 24, 2014), effective for annual periods beginning on or after January 1, 2018 - not endorsed by the EU as of the date on which these financial statements were approved,

• IFRIC 21 Levies (published on May 20, 2013), effective for annual periods beginning on or after January 1, 2014, and in the EU effective for annual periods beginning on or after June 17, 2014,

• Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (published on November 21, 2013), effective for annual periods beginning on or after July 1, 2014, and in the EU effective for annual periods beginning on or after February 1, 2015,

• Amendments resulting from Annual Improvements cycle 2010-2012 (published on December 12, 2013) - certain amendments are effective for annual periods beginning on or after July 1, 2014, while some are prospectively effective for transactions taking place on or after July 1, 2014, in the EU effective at the latest for annual periods beginning on or after February 1, 2015,

• Amendments resulting from Annual Improvements cycle 2011-2013 (published on December 12, 2013) - effective for annual periods beginning on or after July 1, 2014, and in the EU effective at the latest for annual periods beginning on or after February 1, 2015,

• IFRS 14 Regulatory Deferral Accounts (published on January 30, 2014) - effective for annual periods beginning on or after January 1, 2016 - no decision yet as to the dates by which the European Financial Reporting Advisory Group (EFRAG) will complete each stage of work on the approval of this standard - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on May 6, 2014), effective for annual periods beginning on or after January 1, 2016 - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on May 12, 2014), effective for annual periods beginning on or after January 1, 2016 - not endorsed by the EU as of the date on which these financial statements were approved,

• IFRS 15 Revenue from Contracts with Customers (published on May 28, 2014), effective for annual periods beginning on or after January 1, 2017 - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on June 30, 2014), effective for annual periods beginning on or after January 1, 2016 - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments to IAS 27 Equity Method in Separate Financial Statements (published on August 12, 2014), effective for annual periods beginning on or after January 1, 2016 - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published on September 11, 2014) - effective for annual periods beginning on or after January 1, 2016, although this date was preliminarily postponed by the IASB - no decision yet as to the dates by which the EFRAG will complete each stage of work on the approval of this standard - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments resulting from Annual Improvements cycle 2012-2014 (published on September 25, 2014), effective for annual periods beginning on or after January 1, 2016 - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (published on December 18, 2014), effective for annual periods beginning on or after January 1, 2016 - not endorsed by the EU as of the date on which these financial statements were approved,

• Amendments to IAS 1 Disclosure Initiative (published on December 18, 2014), effective for annual periods beginning on or after January 1, 2016 - not endorsed by the EU as of the date on which these financial statements were approved.

The Parent's Management Board is currently analyzing the effect that introducing the above standards and interpretations might have on the Group's accounting principles (policy).

II. Selected financial data

Selected consolidated and separate financial information contained in this report has been translated into EUR using the following exchange rates:

EURPLN as at December 31, 2014 – 4.2623
EURPLN as at December 31, 2013 – 4.1472

Items in the statement of profit and loss and statement of cash flows have been translated into EUR using an average exchange rate, calculated as the arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of each month throughout the year:

EURPLN for 2014 - 4.1893
EURPLN for 2013 - 4.2110

STATEMENT OF PROFIT AND LOSS	2014		2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net revenue from sales	**109 020**	**26 024**	**107 290**	**25 479**
Profit (loss) from operating activities	2 411	575	15 757	3 742
Gross profit (loss)	2 314	552	14 038	3 334
Net profit (loss)	**2 084**	**497**	**29 713**	**7 056**
Number of shares (in 000s)	13 914	13 914	13 914	13 914
Profit (loss) per ordinary share	0,15	0,04	2,14	0,51

STATEMENT OF CASH FLOWS	2014		2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Net cash flows from operating activities	31 891	7 613	30 459	7 233
Net cash flows from investing activities	-27 410	-6 543	-31 025	-7 368
Net cash flows from financing activities	-6 179	-1 475	-4 699	-1 116
Net cash flows	**-1 698**	**-405**	**-5 266**	**-1 251**

BALANCE SHEET	31.12.2014		31.12.2013	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
Non-current assets	56 997	13 372	68 237	16 454
Current assets	42 261	9 915	29 760	7 176
Total assets	**99 258**	**23 287**	**97 997**	**23 630**
Equity	83 041	19 483	80 547	19 422
Share capital	1 391	326	1 391	336
Liabilities	**16 217**	**3 805**	**17 450**	**4 208**
Non-current liabilities	4 467	1 048	1 122	271
Current liabilities	11 749	2 757	16 328	3 937
Total equity and liabilities	**99 258**	**23 287**	**97 997**	**23 630**

III. CI Games Group consolidated financial data for the period from January 1 to December 31, 2014

CONSOLIDATED BALANCE SHEET

as at December 31, 2014 PLN 000s

	ASSETS	note	as at 31.12.2014	as at 31.12.2013
A.	**NON-CURRENT ASSETS**		**56 997**	**68 237**
	Property, plant and equipment	1	1 292	1 967
	Intangible assets	2	30 114	43 784
	Interests in subsidiaries, associates and jointly controlled entities	3	-	5
	Deferred income tax assets	4	25 590	22 479
B.	**CURRENT ASSETS**		**42 261**	**29 760**
	Inventories	5	2 963	3 336
	Current investments	6	2	27
	Advance payments	7	273	473
	Trade receivables	7	27 672	9 527
	Income tax receivables	8	-	3 125
	Cash and cash equivalents	9	9 509	11 208
	Other current assets	10	1 841	2 064
	TOTAL ASSETS		**99 258**	**97 997**

CONSOLIDATED BALANCE SHEET

as at December 31, 2014, continued PLN 000s

	EQUITY AND LIABILITIES	note	as at 31.12.2014	as at 31.12.2013
A.	**EQUITY**		**83 041**	**80 547**
	Share capital	11	1 391	1 391
	Share premium	12	15 530	15 530
	Exchange differences on translation of foreign operations		433	22
	Buy-back provision	13	16 000	16 000
	Retained earnings		49 687	47 604
	including current-period earnings		2 084	29 713
	Equity attributable to the parent		**83 041**	**80 547**
	Equity attributable to non-controlling interests		**-**	**-**
B.	**LIABILITIES**		**16 217**	**17 450**
	Non-current liabilities		**4 467**	**1 122**
	Provision for employee benefits and similar	18	27	33
	Finance lease liabilities	15,16	-	13
	Deferred income tax provision	4	4 441	1 075
	Current liabilities		**11 749**	**16 328**
	Borrowings including credits, loans and other debt instruments	15,17	11	5 720
	Tax payables	8	247	492
	Trade payables	19,20	9 541	8 290
	Finance lease liabilities	15,16	14	25
	Other liabilities	21	463	302
	Other current provisions	22	1 474	1 499
	TOTAL EQUITY AND LIABILITIES		**99 258**	**97 997**

Book value (in PLN 000s)	83 041	80 547
Number of shares (in 000s)	13 914	13 914
Book value per share (in PLN)	5,97	5,79

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the period from January 1 to December 31, 2014
(multiple-step format)

PLN 000s

	note	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Continuing operations			
Net revenue from sales	23	**109 020**	**107 290**
Net revenue from sale of products and services		109 015	66 188
Net revenue from sale of goods and materials		6	41 102
Cost of products, goods and services sold		**77 543**	**57 590**
Cost of manufacture of products sold	24	77 536	56 984
Value of goods and materials sold		7	606
Gross profit (loss) on sales (A - B)		**31 477**	**49 700**
Other operating revenue	26	656	1 175
Selling costs	24	20 228	18 269
Administrative expenses	24	5 569	6 612
Other operating expenses	27	3 925	10 236
Profit (loss) on operating activities		**2 411**	**15 757**
Finance income	28	382	107
Finance costs	28	479	1 827
Profit (loss) before tax		**2 314**	**14 038**
Income tax	29	230	-15 675
Profit (loss) on continuing operations		**2 084**	**29 713**
Discontinued operations		**-**	**-**
Loss on discontinued operations		-	-
NET PROFIT (LOSS)		**2 084**	**29 713**

Net profit (loss) (in PLN 000s)	2 084	29 713
Number of shares (in 000s)	13 914	13 914
Profit (loss) per ordinary share (in PLN)	0,15	2,14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2014 PLN 000s

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Net profit (loss) for the year	**2 084**	**29 713**
Other comprehensive income:	**411**	**76**
Effect of translation of foreign operations	411	76
Effect of hedging instrument measurements	-	-
Total comprehensive income for the year	**2 494**	**29 789**
Total comprehensive income attributable to:		
% share attributable to the parent	*100%*	*100%*
owners of the parent	2 494	29 789
non-controlling interests	-	-
Total	**2 494**	**29 789**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2014

PLN 000s

for the period 01.01 - 31.12.2014	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Retained earnings	Total equity
Balance as at January 1, 2014	**1 391**	**15 530**	**16 000**	**22**	**47 604**	**80 547**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at January 1, 2014, after restatement	**1 391**	**15 530**	**16 000**	**22**	**47 604**	**80 547**
Changes in equity in 2014						
Profit (loss) for the period	-	-	-	-	2 084	**2 084**
Translation of foreign operations	-	-	-	411	-	**411**
Balance as at December 31, 2014	**1 391**	**15 530**	**16 000**	**433**	**49 687**	**83 042**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2013

PLN 000s

for the period 01.01 - 31.12.2013	Share capital	Share premium	Buy-back provision	Translation of foreign operations	Retained earnings	Total equity
Balance as at January 1, 2013	**1 265**	**4 556**	**16 000**	**-54**	**17 891**	**39 658**
Changes in accounting principles	-	-	-	-	-	**-**
Balance as at January 1, 2013, after restatement	**1 265**	**4 556**	**16 000**	**-54**	**17 891**	**39 658**
Changes in equity in 2013						
Profit (loss) for the period	-	-	-	-	29 713	**29 713**
Share issue	126	11 259	-	-	-	**11 385**
Costs of share issue	-	-285	-	-	-	**-285**
Translation of foreign operations	-	-	-	76	-	**76**
Balance as at December 31, 2013	**1 391**	**15 530**	**16 000**	**22**	**47 604**	**80 547**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2014

(indirect method)

PLN 000s

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross profit (loss)	**2 314**	**14 038**
Total adjustments	**29 577**	**16 421**
Depreciation	42 258	16 750
Impairment losses	5	8 000
Gain (loss) on exchange differences	90	18
Interest	158	665
Commission on bonds	185	43
Gain (loss) on sale of tangible assets	-37	-5
Change in receivables	-18 137	-3 419
Change in inventory and advance payments	572	-1 351
Change in trade and other payables	1 167	1 279
Change in employee benefit provisions and liabilities	-32	2
Change in other current assets	223	460
Tax paid / received	3 125	-3 354
Deferred revenue	-	-2 728
Other adjustments	-	64
Net cash flows from operating activities	**31 891**	**30 459**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2014, continued
(indirect method)

PLN 000s

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment and intangible assets	225	5
Repayment of borrowings	-	43
Interest received	104	131
Cash outflows on acquisition of property, plant and equipment and intangible assets	-663	-1 598
Cash outflows on R&D	-27 076	-29 607
Net cash from investing activities	**-27 410**	**-31 025**
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	5 067	-
Net proceeds from issue of shares and other equity instruments	-	11 100
Other financial proceeds (factoring)	4 815	13 417
Issuance of debt securities	-	5 720
Commission on bonds	-185	-43
Borrowings granted	-	-27
Outflows on repayment of borrowings	-5 056	-
Buy-back of debt securities	-5 720	-20 602
Payment of finance lease liabilities	-25	-51
Interest	-260	-796
Other financial outflows (factoring)	-4 815	-13 417
Net cash from financing activities	**-6 179**	**-4 699**
TOTAL NET CASH FLOWS	**-1 698**	**-5 266**
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS, of which:	**-1 698**	**-5 266**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**11 208**	**16 474**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**9 509**	**11 208**

IV. Notes to the consolidated financial statements of CI Games Group for the period from January 1 to December 31, 2014

Note 1

Changes in property, plant and equipment by type

in PLN

	Buildings, premises, civil and marine engineering	Technical equipment and machinery	Motor vehicles	Other tangible assets	Tangible assets under construction	Total
Gross value as at Jan 1, 2014	**975 014**	**2 749 143**	**1 172 238**	**156 322**	**-**	**5 052 717**
Increases:	23 847	471 863	-	4 100	-	499 810
- acquisition	23 847	471 863	-	4 100	-	499 810
- in-kind contribution	-	-	-	-	-	-
- leasing	-	-	-	-	-	-
- transfer	-	-	-	-	-	-
- revaluation	-	-	-	-	-	-
Decreases:	-	577 568	959 681	49 496	-	1 586 745
- sale	-	3 950	959 681	32 243	-	995 874
- liquidation	-	573 618	-	17 253	-	590 871
- transfer	-	-	-	-	-	-
- revaluation	-	-	-	-	-	-
Gross value as at Dec 31, 2014	**998 861**	**2 643 438**	**212 557**	**110 926**	**-**	**3 965 781**
Depreciation as at Jan 1, 2014	**99 053**	**2 421 535**	**486 375**	**78 327**	**-**	**3 085 289**
Increases:	199 935	386 188	157 289	18 970	-	762 381
- revaluation	-		-	-	-	-
- depreciation	199 935	386 188	157 289	18 970	-	762 381
Decreases:	-	655 838	479 462	39 074	-	1 174 374
- sale	-	3 950	98 361	32 243	-	134 554
- liquidation	-	651 888	381 101	6 831	-	1 039 820
- transfer	-	-	-	-	-	-
Depreciation as at Dec 31, 2014	**298 988**	**2 151 885**	**164 202**	**58 223**	**-**	**2 673 296**
As at Jan 1, 2014	**875 961**	**327 608**	**685 863**	**77 995**	**-**	**1 967 427**
As at Dec 31, 2014	**699 873**	**491 553**	**48 355**	**52 703**	**-**	**1 292 485**

Note 1

Changes in property, plant and equipment by type, continued in PLN

	Buildings, premises, civil and marine engineering structures	Technical equipment and machinery	Motor vehicles	Other tangible assets	Tangible assets under construction	Total
Gross value as at Jan 1, 2013	**-**	**2 671 954**	**892 184**	**175 357**	**-**	**3 739 495**
Increases:	975 014	231 813	341 940	69 631	-	1 618 398
- acquisition	975 014	231 813	341 940	69 631	-	1 618 398
Decreases:	-	154 625	61 886	88 666	-	305 177
- sale	-	22 879	-	8 770	-	31 649
- liquidation	-	115 184	-	78 282	-	193 466
- transfer	-	16 562	61 886	1 614	-	80 062
Gross value as at Dec 31, 2013	**975 014**	**2 749 143**	**1 172 238**	**156 322**	**-**	**5 052 717**
Depreciation as at Jan 1, 2013	**-**	**1 848 528**	**333 522**	**132 022**	**-**	**2 314 071**
Increases:	99 053	703 350	214 738	17 176	-	1 034 317
- revaluation	-		-	-	-	-
- depreciation	99 053	703 350	214 738	17 176	-	1 034 317
Decreases:	-	130 343	61 885	70 871	-	263 099
- sale	-	17 695	-	7 893	-	25 588
- liquidation	-	99 790	-	61 364	-	161 154
- transfer	-	12 858	61 885	1 614	-	76 357
Depreciation as at Dec 31, 2013	**99 053**	**2 421 535**	**486 375**	**78 327**	**-**	**3 085 289**
Net value						
As at Jan 1, 2013	**-**	**823 426**	**558 662**	**43 335**	**-**	**1 425 425**
As at Dec 31, 2013	**875 961**	**327 609**	**685 863**	**77 995**	**-**	**1 967 427**

Note 2
Changes in intangible assets by type

in PLN

All of the Group’s intangible assets have a defined period of use and are subject to amortization.
As at the end of the reporting period, the recoverable value of used intangible assets is higher than their non-amortized value.
In the Management Board’s assessment, development work recognized as intangible assets will be completed and bring the anticipated economic effects.

	Game development	Author's copyrights, related rights, licenses	Rights to press titles	Other intangible assets	Total
Gross value as at Jan 1, 2014	**82 167 742**	**837 228**	**51 000**	**1 873 756**	**84 929 727**
Increases:	28 228 196	-	-	162 902	28 391 098
- acquisition	15 166 755	-	-	162 902	15 329 657
- own manufacture	13 061 441	-	-	-	13 061 441
Decreases:	104 500	617 486	-	16 131	738 117
- liquidation	-	617 486	-	16 131	633 617
- impairment	104 500	-	-	-	104 500
Gross value as at Dec 31, 2014	**110 291 438**	**219 742**	**51 000**	**2 020 527**	**112 582 708**
Amortization as at Jan 1, 2014	**39 119 896**	**781 370**	**51 000**	**1 193 140**	**41 145 407**
Increases:	41 675 714	45 322	-	215 202	41 936 238
- depreciation	41 675 714	45 322	-	215 202	41 936 238
Decreases:	-	606 950	-	6 254	613 204
- liquidation	-	606 950	-	6 254	613 204
Amortization as at Dec 31, 2014	**80 795 610**	**219 742**	**51 000**	**1 402 088**	**82 468 441**
Net value					
As at Jan 1, 2014	**43 047 846**	**55 858**	**-**	**680 616**	**43 784 320**
As at Dec 31, 2014	**29 495 828**	**-**	**-**	**618 440**	**30 114 268**

*The amount incurred on development during the current period was PLN 28.2 million. Development work worth PLN 59.2 million was completed during the year (Enemy Front, Lords of the Fallen). The net value of unfinished development work as at December 31, 2014 was PLN 6.2 million, with completed development work valued at PLN 23.3 million.

Note 2

Changes in intangible assets by type continued

in PLN

	Game development	Author's copyrights, related rights, licenses	Rights to press titles	Other intangible assets	Total
Gross value as at Jan 1, 2013	**60 276 418**	**6 963 931**	**51 000**	**1 732 698**	**69 024 048**
Increases:	29 727 796	-	-	141 058	29 868 854
- acquisition	15 333 838	-	-	141 058	15 474 896
- own manufacture	14 393 958	-	-	-	14 393 958
Decreases:	7 836 472	6 126 703	-	-	13 963 175
- capitalized margin	-163 528	-	-	-	-163 528
- liquidation	-	6 126 703	-	-	6 126 703
- impairment	8 000 000	-	-	-	8 000 000
Gross value as at Dec 31, 2013	**82 167 742**	**837 228**	**51 000**	**1 873 756**	**84 929 727**
Amortization as at Jan 1, 2013	**23 110 104**	**6 787 215**	**51 000**	**967 975**	**30 916 294**
Increases:	16 009 792	120 858	-	225 165	16 355 816
- depreciation	16 009 792	120 585	-	225 165	16 355 816
Decreases:	-	6 126 703	-	-	6 126 703
- liquidation	-	6 126 703	-	-	6 126 703
Amortization as at Dec 31, 2014	**39 119 896**	**781 370**	**51 000**	**1 193 140**	**41 145 407**
Net value					
As at Jan 1, 2013	**37 166 314**	**176 716**	**-**	**764 723**	**38 107 754**
As at Dec 31, 2013	**43 047 846**	**55 857**	**-**	**680 616**	**43 784 319**

Note 3

Interests in subsidiaries, associates and jointly controlled entities

in PLN

	as at 31.12.2014	as at 31.12.2013
City Interactive Peru (PEN 5 940)	2 489 175	2 489 175
City Interactive Brazil (BRL 90 000)	105 751	105 751
City Interactive Mexico (MXN 47 500)	10 621	10 621
City Interactive Canada (CAD 10)	33	33
Business Area Sp. k.	5 434	5 434
Non-current financial assets	**2 611 013**	**2 611 013**
Impairment	**2 605 546**	**2 605 546**
including: City Interactive Peru	2 489 175	2 489 175
City Interactive Brazil	105 751	105 751
City Interactive Mexico	10 621	10 621
City Interactive Canada	33	-
Business Area Sp. k.	5 434	-
Net non-current financial assets:	**-**	**5 467**

Note 4

Deferred income tax assets and liabilities

in PLN

Deferred tax assets	as at 31.12.2014	as at 31.12.2013
Deferred income tax assets at the beginning of period	**22 478 971**	**5 290 702**
through profit or loss	22 478 971	5 290 702
Increases through profit or loss	25 590 439	22 478 971
Negative exchange differences	59 272	8 949
Cost provision	130 097	245 397
Impairment of receivables	685 012	318 557
Impairment of interests	474 961	474 961
Impairment of inventories	51 467	15 200
Interest	351	3 145
Tax loss	7 869 323	2 223 879
Overdue payables	1 209 219	617 839
Damages	60 674	-
Returns provision	955 228	142 500
Others	5 048	3 438
Value of acquired trademarks	14 089 787	18 425 106
Increases through equity	-	-
Decreases through profit or loss	22 478 971	5 290 702
Deferred income tax assets at the end of period	**25 590 440**	**22 478 971**

Deferred tax provision	as at 31.12.2014	as at 31.12.2013
Deferred income tax provision at the beginning of period	**1 075 475**	**43 722**
through profit or loss	1 075 475	43 722
Increases through profit or loss	4 440 880	1 075 475
Interest on borrowings	2 097	2 774
Interest on deposits	-	-
Positive exchange differences	-	20 265
Difference between the balance sheet value and tax value of non-current tax assets	4 438 783	1 052 436
Decreases through profit or loss	1 075 475	43 722
Deferred income tax provision at the end of period	**4 440 881**	**1 075 475**

Note 5

Inventories in PLN

	as at 31.12.2014	as at 31.12.2013
Materials	214 472	137 626
Finished products	2 996 731	3 247 234
Goods	22 684	30 679
Total gross inventories	**3 233 887**	**3 415 539**
Impairment	-270 879	-80 000
Total net inventories	**2 963 008**	**3 335 539**

According to the Issuer's Management Board, the recoverable values of all inventories not subject to impairment are higher than their book value.

Note 5a

Aging of inventories in PLN

	as at 31.12.2014	as at 31.12.2013
0-90 days	1 037 212	1 917 674
91-180 days	60 423	212 994
180-360 days	983 624	1 123 382
over 360 days	1 152 628	161 489
impairment	-270 879	-80 000
Total	**2 963 008**	**3 335 539**

Note 6

Current investments in PLN

	as at 31.12.2014	as at 31.12.2013
Borrowings granted	1 951	27 408
Impairment	-	-
Total	**1 951**	**27 408**

Borrower	Total contractual amount	Repayment date	Loan and interest amount in foreign currency	Loan and interest amount in PLN
Stephen Hart	GBP 2 000	31.05.2015	GBP 329	1 951
Total				**1 951**

Note 7

Trade receivables, advance payments

in PLN

	as at 31.12.2014	as at 31.12.2013
Trade receivables from related parties	-	-
Trade receivables from other entities	31 435 949	13 795 657
up to 12 months	31 435 949	13 795 657
over 12 months	-	-
Trade receivables	**31 435 949**	**13 795 657**
Impairment of trade receivables	-3 764 148	-4 268 662
Net trade receivables	**27 671 801**	**9 526 995**

Advance payments	225 793	472 913

Note 7a

Aging of trade receivables

in PLN

	as at 31.12.2014	as at 31.12.2013
not overdue	19 219 264	4 143 823
overdue	12 216 686	9 777 233
including:		
1-30 days	1 795 236	1 091 598
31-90 days	6 937 016	1 704 342
91-180 days	810 730	2 919 279
> 180 days	2 673 703	4 062 014
impairment	-3 764 148	-4 394 060
Total	**27 671 801**	**9 526 995**

Note 7b

Currency structure of trade receivables

	currency	as at 31.12.2014	as at 31.12.2013
in PLN	PLN	2 695 091	1 774 407
in foreign currency	JPY	890	389 096
	EUR	1 916 063	673 690
	GBP	274 145	56 846
	USD	4 365 069	1 548 556

Note 8

Income tax receivables

in PLN

	as at 31.12.2014	as at 31.12.2013
- from legal entities	-	3 125 286
Total	**-**	**3 125 286**

Income tax liabilities

in PLN

	as at 31.12.2014	as at 31.12.2013
- from legal entities	246 582	469 096
- from natural persons	86 053	60 443
Total	**332 635**	**529 539**

Note 9

Cash and cash equivalents

in PLN

	as at 31.12.2014	as at 31.12.2013
Current accounts	1 149 730	1 634 893
Short-term deposits	8 358 835	9 569 477
Cash on hand	915	3 391
Cash and cash equivalents, amount recognized in statement of cash flows	**9 509 480**	**11 207 761**

Note 9a

Cash and cash equivalents – currency structure

	currency	as at 31.12.2014	as at 31.12.2013
PLN	PLN	3 053 767	8 627 517
in foreign currency	EUR	644 111	101 436
	GBP	29 017	41 090
	RON	1 647	65 088
	USD	1 012 236	628 997

Note 10

Other current assets

in PLN

	as at 31.12.2014	as at 31.12.2013
Tax receivables (including VAT, not including corporate income tax)	1 266 763	1 581 981
Other employee settlements	5 568	58 021
Shareholder settlements	5 250	-
Collateral	60 364	70 400
Other settlements	4 853	15 119
Prepayments	498 454	338 959
including:		
Property and civil insurance	82 955	96 598
Subscriptions and installments	23 143	51 474
Other	392 356	190 887
Total	**1 841 251**	**2 064 481**

Note 11

Share capital

As at December 31, 2014, share capital comprised five share series as follows:

Series	Type of share	Number of shares	Nominal amount of the series (in PLN)	Method of payment for shares	Registration date	Right to dividend (from date)
A	ordinary bearer shares	10 000 000	1 000 000	paid in	01.06.2007	01.01.2007
B	ordinary bearer shares	40 000	4 000	paid in	10.08.2008	01.01.2007
C	ordinary bearer shares	2 500 000	250 000	paid in	17.12.2008	01.01.2007
D	ordinary bearer shares	110 000	11 000	paid in	09.10.2009	01.01.2009
E	ordinary bearer shares	1 264 999	126 500	paid in	09.01.2014	01.01.2013
	total	13 914 999	1 391 500			

Total number of shares	13 914 999
Total share capital	1 391 500
Nominal value per share (PLN)	0,10

Shareholders with at least 5% of voting rights at the general meeting as at December 31, 2014, and other shareholders collectively:

Shareholder	Number of shares	Number of votes	% share in share capital
Marek Tymiński	6 356 357	45,67%	45,67%
Others	7 558 642	54,33%	54,33%
Total	13 914 999	100,00%	100,00%

On November 14, 2013, an extraordinary general meeting of CI Games S.A. changed, through a resolution, the Parent's articles of association by authorizing the Company's Management Board to increase issued share capital within authorized share capital, after receiving consent from the Company's Supervisory Board, by an amount not larger than PLN 948 750.00 for a three-year period from registration in the company register of the change in the Company's articles of association.

On November 28, 2013, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, approved the change of the articles of association of CI Games S.A. resulting from resolutions of the extraordinary general meeting of CI Games S.A. of November 14, 2013.

On December 4, 2013, after receiving consent from the Supervisory Board, the Management Board of CI Games S.A. increased the Company's share capital by PLN 126 499.90 through the issue of 1 264 999 ordinary (not preferred) bearer shares series E, numbered from 0000001 to 1264999, with a nominal value of PLN 0.10 each ("Series E Shares"). The issue price per Series E Share was PLN 9.00. The Series E Shares were purchased through a proposal to purchase Series E Shares provided by the Company to individual investors and their subsequent acceptance (private placement).

The opening and closing of subscription took place on December 5, 2013 through the execution of agreements concerning purchase of Series E Shares. Given the fact that the purchase of

Series E Shares occurred via a private placement, the shares were not subject to allocation in the meaning of art. 434 of the Polish Commercial Companies Code. Number of shares covered by the subscription: 1 264 999 series E shares with a nominal value of PLN 0.10 each.

Series E Share purchase agreements were executed with 99 investors. Value of the series E share offer (constituting the product of the number of shares subject to subscription and the issue price per share): PLN 11 384 991. Total cost of the Series E Share issue: PLN 284 624.78, including: placement preparation and execution PLN 284 624.78. The means of settlement in the books and recognition in the financial statements: pursuant to IAS 32, the Series E Shares were settled by reducing the issue price of the issued shares over their nominal amount. The average cost of placement per Series E Share was PLN 0.23.

On January 8, 2014, the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, registered the increase in the Company's share capital comprising the issue of series E ordinary bearer shares by way of a private placement completed on December 5, 2013.

Note 12

Share premium

Share premium covers the share premium received from shares series B, C, D and E:

Series	Number of shares	Nominal value (in PLN)	Purchase price (in PLN)	Premium for the series (in PLN)
B	40 000	0,10	1,00	36 000
C	2 500 000	0,10	9,00	22 250 000
D	110 000	0,10	1,00	99 000
E	1 264 999	0,10	9,00	11 258 491

Excess of purchase price over nominal value of shares		33 643 491
Decrease due to C series share issue costs		-1 829 311
Decrease due to E series share issue costs		-284 625
Transfer to reserve capital		-16 000 000
	As at January 1, 2014	**15 529 555**
Changes during the reporting period:		-
	As at December 31, 2014	**15 529 555**

Note 13

Buy-back provision

Created through the resolution of the Extraordinary General Meeting of the Parent of November 8, 2010 in connection with a resolution of the same date concerning authorization for purchase by the Company of its own shares. The provision was created through transfer from the Company's capital reserve, i.e. from amounts which, in accordance with art. 348, par. 1 of the Polish Commercial Companies Code, which may be allocated for distribution between shareholders.

Value of the buy-back provision as at December 31, 2014: PLN 16 000 000.

As at the date of drafting these consolidated financial statements the Issuer did not execute any buy-back transactions.

Note 14

Revaluation reserve

The Issuer used hedge accounting during the reporting period. The aim was to eliminate foreign exchange risk connected with anticipated foreign exchange surpluses.

Forward contracts were executed (for currency sales), constituting a hedge position in relation to the hedge position for surplus expected by the Company in the principle currencies for the Group’s revenues (USD, EUR, GBP). This surplus will arise during the settlement period for specific forward contracts.

Forward contracts are valued through comparison of the spot rate for the currency hedging the contract.

The interest is recognized as costs for the period.

The effective part of the hedge is recognized in the revaluation reserve.

There was no revaluation reserve as at December 31, 2014.

The Parent did not have any open derivative contracts as at December 31, 2014.

Note 15

Borrowings including credits, loans and other debt instruments

in PLN

Non-current liabilities	as at 31.12.2014	as at 31.12.2013
Finance lease liabilities - non-current part	-	13 300
Total	**-**	**13 300**

Current liabilities	as at 31.12.2014	as at 31.12.2013
Borrowings - current part	10 516	-
Debt instruments	-	5 719 665
Financial instrument liabilities	-	-
Finance lease liabilities - current part	14 069	25 311
Total	**24 585**	**5 744 976**

Note 16

Finance lease liabilities in PLN

	as at 31.12.2014	as at 31.12.2013
up to 1 month	2 157	1 946
1 - 3 months	6 620	3 944
3 - 6 months	5 292	6 051
6 - 12 months	-	13 370
1 - 5 years	-	13 300
Total	**14 069**	**38 611**

Note 17

Information on loans incurred and debt security liabilities

On February 21, 2014, CI Games S.A. entered into a loan agreement with Bank Spółdzielczy w Ostrowii Mazowieckiej, having its registered office in Ostrów Mazowiecka, ul. 3-go Maja 32 (the "Bank"), concerning a current account limit on the following terms: 1) Amount of limit: PLN 5 million; 2) Use: general corporate purposes, including development and marketing of Enemy Front and Lords of the Fallen; 3) Final repayment date: March 31, 2015; 4) Interest - variable interest rate effective during interest periods, calculated using the following formula: WIBOR 1M for the previous month plus the Bank's margin of 2.99%; exposure commission (calculated annually based on the unused portion of the loan) - 0.7%; the Bank's origination commission - 1.3% of the proceeds; 5) Collateral: a) registered pledge on CI Games S.A. shares held by Marek Tymiński - President of the Management Board and principal shareholder, in the amount of 2.5 times the value of the loan; b) loan repayment guarantee from BGK under a de minimis PLD portfolio guarantee line, in the amount of 60% of the value of the loan, i.e. PLN 3 million for the loan term plus three months, i.e. until June 30, 2015; c) declaration on submission to enforcement proceedings; d) power of attorney for use of funds in the current account maintained by the Bank. As of December 31, 2014, the liability concerning this credit facility amounted to PLN 10 516.

The Management Board of CI Games S.A. announces that on May 13, 2014 it executed a reverse factoring agreement with Alior Bank S.A., based in Warsaw, ul. Łopuszańska 38D (the “Bank”), on the following terms: 1) Limit amount: EUR 2 000 000; 2) Use: financing for the purchase of / payment for licenses / development work by suppliers concerning the Enemy Front and Lords of the Fallen games; 3) Final repayment deadline: February 28, 2015; 4) Interest: EURIBOR 1M plus the Bank’s margin, i.e. 2% annualized; origination commission: 0.8%, commitment fee (calculated from unused amounts): none; 5) Collateral for the product: Confirmed assignment of City Interactive USA Inc.’s receivables; proceeds from the assigned bank account; declaration on submission for enforcement proceedings and power of attorney for the Issuer’s bank accounts at Alior Bank S.A. Other provisions in the agreement do not differ from conditions commonly applied to this type of agreement. The agreement was recognized as significant since its value exceeds 10% of the Issuer’s equity (as at the end of 2013 the Issuer’s equity totaled PLN 79.4 million). On February 27, 2015, the Issuer made full and timely repayment of the reverse factoring facility under the agreement with Alior Bank S.A., based in Warsaw. As of December 31, 2014, debt concerning the reverse factoring facility amounted to zero.
On September 23, 2013, CI Games S.A. issued series E bonds, their objective being the financing of expenditures connected with finishing the production, promotion and distribution of Enemy Front and Lords of the Fallen. The Company issued 5 703 dematerialized unsecured

ordinary bearer bonds with a total nominal value of PLN 5 703 000. Bondholders will receive a quarterly variable-rate coupon fixed for each Interest Period. The Reference Rate is WIBOR 3M, established at the beginning of each Interest Period at the fixing seven working days prior to the commencement of each Interest Period. A 5.50% margin will be added onto the Reference Rate. The coupon amount will be calculated based on the actual number of days in the Interest Period and assuming a 365 day year. The Redemption Date has been set as December 18, 2014, and the interest redemption dates as: December 18, 2013, March 18 2014, June 18, 2014, September 18, 2014 and December 18, 2014. The bonds were redeemed, on time and at par value, on December 18, 2014.

Note 18

Employee benefit provisions

Provisions for employee benefits cover costs of equivalents connected with unused annual leave as at December 31, 2014.
With regard to the low average employee age, pension provisions and the resulting insignificant level of the provision was not amortized.

Note 19
Trade payables in PLN

Trade payables	as at 31.12.2014	as at 31.12.2013
Trade payables to related parties	570 891	490 284
Trade payables to other entities	8 969 932	7 799 310
up to 12 months	8 969 932	7 799 310
over 12 months	-	-
Total	**9 540 823**	**8 289 594**

Note 20
Aging of trade payables in PLN

	as at 31.12.2014	as at 31.12.2013
not overdue	2 016 533	2 489 435
overdue	7 524 290	5 800 159
including:		
1-30 days	2 478 125	2 422 829
31-60 days	3 746 400	2 035 205
61-90 days	125 728	802 497
91-180 days	184 880	539 628
> 180 days	989 157	-
Total	**9 540 823**	**8 289 594**

Note 21

Other liabilities in PLN

Other liabilities	as at 31.12.2014	as at 31.12.2013
Tax liabilities, excluding corporate income tax	378 565	75 254
Other liabilities	73 106	121 206
Special-purpose funds (Company Social Benefits Fund)	11 205	105 542
Total	**462 876**	**302 002**

Note 22

Estimated amounts, including other short-term provisions in PLN

	as at 31.12.2014	as at 31.12.2013
Provision for audit of financial statements	90 144	38 039
Provision for non-invoiced expenses	1 384 215	1 461 262
Total	**1 474 359**	**1 499 301**

	as at 31.12.2014	as at 31.12.2013
Provision for returns - decrease of revenue and receivables	6 384 372	750 000
Total	**6 384 372**	**750 000**

Note 23

Net revenue from sale of products – geographical structure in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Domestic	3 396 782	3 278 251
Export	105 623 564	104 011 502
Total	**109 020 346**	**107 289 753**

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Europe	56 256 490	50 415 769
North America	48 544 669	44 998 716
Asia and Australia	4 219 187	11 875 268
Total	**109 020 346**	**107 289 753**

Note 24

Costs by nature

in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Depreciation / amortization	42 276 282	16 704 628
Use of materials and energy	574 391	755 942
Third-party services	16 476 234	22 983 666
Taxes and fees	11 757	379 549
Remuneration and employee benefits	2 501 220	3 983 115
Other costs	18 764 994	13 069 764
Total costs by nature	**80 604 877**	**57 876 663**
Selling costs	-20 227 635	-18 269 075
Administrative expenses	-5 569 376	-6 612 336
Value of products sold	22 728 310	23 988 611
Cost of manufacture of products sold	**77 536 176**	**56 983 863**

Note 25

Employee benefits

in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Remuneration	2 250 546	2 777 289
Social security	69 789	236 624
Other benefits	180 885	969 201
Total	**2 501 220**	**3 983 115**

Note 26

Other operating revenue

in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Reversal of receivables impairment losses	22 884	780 943
Damages received	37 211	23 589
Inventory differences	85 932	54 387
Gain on disposal of non-financial assets	208 582	5 082
Liabilities written-off	12 726	1 995
Re-invoicing	55 762	110 438
Grants	177 896	-
Other	55 040	198 166
Total	**656 033**	**1 174 600**

Note 27

Other operating expenses

in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Impairment of receivables	2 099 409	-
Impairment of inventories	190 879	-193 009
Inventory differences	99 959	170 643
Liquidation of returns	6 433	400 572
Settlements, contractual penalties, sanctions	141 757	37 132
Donations	11 200	50 000
Loss on disposal of non-financial assets	-	1 728
Receivables written-off	138 219	6 330
Court costs	1 280	1 207
Impairment of intangible assets	-	8 000 000
Tax withholding	791 086	922 972
Other	444 897	838 472
Total	**3 925 118**	**10 236 047**

Note 28

Finance income / costs

in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Interest	93 336	106 860
Net positive exchange differences	197 581	182
Other	90 778	-
Total finance income	**381 695**	**107 042**
Interest	238 192	856 264
Net negative exchange differences	2 236	697 260
Net loss on sale of financial assets	-	1 562 349
Impairment of financial assets	10 600	-1 554 415
Other	227 776	265 246
Total finance costs	**478 804**	**1 826 704**
Net finance income and finance costs	**-97 109**	**-1 719 662**

Note 29

Income tax

in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Current tax	-23 914	496 096
Current income tax	177 606	496 096
Income tax brought forward	-201 520	-
Deferred tax	253 937	-16 171 357
Income tax in profit or loss	**230 023**	**-15 675 261**

Note 30

Effective tax rate in PLN

	for the period 01.01 - 31.12.2014	for the period 01.01 - 31.12.2013
Profit (loss) before tax	2 313 695	14 037 648
Tax, using the 19% tax rate	439 602	2 667 153
Difference resulting from application of tax rates effective in different tax regimes	94 516	-172 180
Non-taxable revenue, tax value	-772 139	-5 694
Other	-	-87 144
Tax depreciation of trademarks for 2013	-4 335 319	-1 228 340
Costs not constituting tax-deductible expenses, tax value	1 536 890	1 576 050
Temporary differences - trademarks	14 089 787	-18 425 106
Current-period tax	230 023	-15 675 261
Prior-period tax	-201 520	-
Effective tax rate	9,9%	-111,7%

Note 31

Segment information for the period from January 1 to December 31, 2014 in PLN

	Own products	Licenses	Online sales	Other sales	Total
	74,2%	**1,8%**	**24,0%**	**0,0%**	**100,0%**
Total revenue	**80 911 345**	**1 947 602**	**26 135 765**	**25 634**	**109 020 346**
Direct segment expenses, including:	**-61 431 518**	**-772 731**	**-15 323 282**	**-15 972**	**-77 543 503**
Depreciation	-26 026 481	-772 731	-14 903 451	-151 583	**-41 854 245**
Finance income / costs	-72 071	-1 735	-23 280	-23	**-97 109**
Income tax	172 514	4 153	55 725	55	**232 447**
Net profit (loss) for the year	**-2 336 667**	**649 731**	**3 767 856**	**2 752**	**2 083 672**
Total assets	**73 630 729**	**1 772 352**	**23 784 000**	**23 331**	**99 210 412**
Intangible assets	22 355 084	538 105	7 221 079	-	**30 114 268**
Liabilities	12 047 061	288 902	3 876 908	3 803	**16 216 674**
Capital expenditure	21 446 932	516 245	6 927 730	-	**28 890 908**

Note 31

Segment information for the period from January 1 to December 31, 2013 in PLN

	Own products	Licenses	Online sales	Other sales	Total
	82,7%	**5,8%**	**10,9%**	**0,5%**	**100%**
Total segment revenue	**88 755 393**	**6 250 530**	**11 735 710**	**548 120**	**107 289 753**
Direct segment expenses, including:	**-53 844 394**	**-1 079 340**	**-2 026 519**	**-639 333**	**-57 589 585**
Segment depreciation	-13 327 533	-937 494	-1 760 197	-299 139	**-16 324 364**
Finance income / costs	-1 422 590	-100 185	-188 102	-8 785	**-1 719 662**
Income tax	-12 967 351	-913 216	-1 714 612	-80 082	**-15 675 261**
Net profit (loss) for the year	**24 579 989**	**1 731 027**	**3 250 097**	**151 797**	**29 712 909**
Total assets, including:	**81 067 610**	**5 709 124**	**10 719 191**	**500 643**	**97 996 568**
Intangible assets	36 406 549	2 563 903	4 813 867	-	**43 784 319**
Liabilities	14 435 260	1 016 592	1 908 707	89 147	**17 449 706**
Capital expenditure	26 181 569	1 843 817	3 461 866	-	**31 487 252**

Note 32

Earnings per share

Net earnings per share as at December 31, 2014 amounted to PLN 0.15.

Note 33

2013 profit distribution
2014 profit distribution

On June 17, 2014 the Issuer's Ordinary General Meeting decided to allocate the 2013 profit to cover the 2012 loss, amounting to PLN 18 996 098.55, and the remainder to the Issuer's dividend fund.

Recommendation on use of 2014 profit.

The Issuer's Management Board intends to transfer the current-year profit to a dividend fund.

Note 34

Contingent liabilities and receivables

As at December 31, 2014, Group companies did not have contingent liabilities with the exception of a bank guarantee issued by Alior Bank S.A. on April 23, 2013 for Bertie Investment Sp. z o.o. up to the amount of PLN 420 000 concerning office space lease. The guarantee is valid until April 22, 2015. Moreover, in June 2014, the Issuer issued an in-blanco promissory note as collateral for refund of financing granted by the Minister of the Economy, based in Warsaw, pursuant to an agreement on co-financing of the project "Promotion of CI Games S.A. and increase of the Company's competitiveness in international markets – Gamescom" no. POIG.06.05.02-00-587/13-00, totalling PLN 264 750. The promissory note is valid until the end of August 2017.

Regulations concerning tax on goods and services, corporate income tax and social security contributions are subject to frequent amendments hence there often is a lack of reference to proven legal provisions or precedents. The regulations in force also contain unclear provisions which result in differences of opinion as regards the legal interpretation of tax regulations both between various state authorities and between state authorities and companies. Tax and other settlements (e.g. duty or currency) may be subject to audit by the authorities which are given the powers to impose substantial penalties. Furthermore, it may be necessary to pay interest on such penalties. These circumstances mean that tax risk in Poland is higher than in countries with a more developed tax system.

Tax settlements may be the subject of an audit for a period of up to five years. As a result, the amounts shown in the financial statements may be subject to change at a later date, after their revision by tax authorities. The Company believes that it has created provisions suitable to the probable and measurable risks.

Note 35

On-going judicial proceedings

On-going court proceedings:
- claim brought by ARDO S.A. against CI Games S.A. for the payment of PLN 116 781.00 for damage to leased premises. The Issuer has recognized a provision for the amount of the claim.

- claim brought by Metricminds GmbH&Co.KG against CI Games S.A. for the payment of EUR 91 000 in remuneration for services performed. The Issuer has recognized a provision for the amount of the claim.

On December 31, 2014, subsidiary City Interactive USA Inc. filed an action against Bandai Namco Games America Inc for USD 1 228 098 on account of Bandai Namco Games America Inc. having overstated a provision for future price discounts. City Interactive USA Inc. lowered the level of revenue from sales by the amount being pursued.

Note 36

Related-party transactions in PLN

Transactions with CI Games S.A. group companies (unconsolidated):

	Loans and receivables at 31.12.2014	Payables	Measurement at 31.12.2014	Payables after measurement at 31.12.2014
City Interactive Peru	-	467 495	103 396	570 891
TOTAL	**-**	**467 495**	**103 396**	**570 891**

Transactions with companies linked personally to Marek Tymiński – CI Games S.A. majority shareholder, who directly or indirectly controls the following entities:

	Costs	Revenues	Receivables	Payables
Onimedia Sp. z o.o.	-	9 900	4 428	-
Premium Food Sp. z o.o.	-	1 200	123	-
Premium Food Restaurants S.A.	14 085	197 352	46 966	2 193
MT Golf	-	7 617	18 239	-
TOTAL	**14 085**	**216 070**	**69 755**	**2 193**

Transactions with companies personally linked to members of the Supervisory Board and the Management Board:

	Costs	Revenues	Receivables	Payables
APKO Adam Pieniacki	198 800	-	-	-
TOTAL	**198 800**	**-**	**-**	**-**

Note 37

Cash and cash equivalents structure in PLN

	31.12.2014	31.12.2013	Change
Cash on hand	915	3 391	2 476
Current accounts	1 149 730	1 634 893	485 163
Other cash instruments	8 358 835	9 569 477	1 210 642
Total cash instruments for purposes of the statement of cash flows	**9 509 480**	**11 207 761**	**1 698 281**

Note 38

Employment information (headcount)

	as at 31.12.2014	as at 31.12.2013
Game development staff	97	165
Sales and administration staff	14	15
Total employment	**111**	**180**

Note 39

Management Board and Supervisory Board salaries in PLN

Salaries paid to members of the Management Board during the period January 1 to December 31, 2014:

Marek Tymiński - President	253 800
Adam Pieniacki - Member	33 000

Salaries paid to members of the Supervisory Board during the period January 1 to December 31, 2014:

Krzysztof Sroczyński - Chairman	42 000
Marek Dworak - Member	30 000
Grzegorz Leszczyński - Member	30 000
Lech Tymiński - Member	30 000
Tomasz Litwiniuk - Member	30 000

Note 40

Number of shares held by members of the Management Board and Supervisory Board
At December 31, 2014 members of the Company's Management Board held the following shares in the Issuer:

Marek Tymiński - President 6 356 357

At December 31, 2014 members of the Company's Supervisory Board held the following shares in the Issuer:

Lech Tymiński - Member 9 565

Nota 41

Financial instruments in PLN

Financial instrument classification	carrying amount as at 31.12.2014	carrying amount as at 31.12.2013
Loans	1 951	27 408
Receivables	27 671 801	9 526 995
Debt instruments	-	-5 719 665
Credit facilities	-10 516	-
Cash and cash equivalents	9 509 480	11 207 761

The fair value of all financial instruments as at the end of the reporting period did not differ from their respective carrying amounts.

Risks affecting financial instruments, hedging methods

Credit and cash flow risk

The Group companies do not currently insure trade receivables. Cooperation with contracting parties which are in a stable financial situation and constant monitoring of this situation provides security against the risk of these financial instruments being impaired. There was no significant loss of value in receivables during the settlement period. There is also no significant delay in payment of the Group's receivables.

Foreign exchange risk

Payables and receivables resulting from current operations mainly occurred in currencies other than Polish zloty, which is the functional and presentational currency. The Issuer uses payables in currencies other than the functional currency as currency risk collateral under foreign exchange receivables. The value of the net financial surplus in specific currencies is hedged through forward contracts under the hedge accounting policy.

Forward contracts (for selling currencies) constitute a hedge position in relation to the hedge position for surplus expected by the Issuer in the principle currencies for its revenues (USD, EUR, GBP). This surplus arises during the settlement period for specific forward contracts. As at the end of the reporting period the Issuer values hedge positions with the exception of interest. Forward contracts are valued through comparison of the spot rate for the currency hedging the contract. The interest was transferred to costs for the period. The effective part of the hedge was transferred to the revaluation reserve.

During 2014, the Parent entered into forward contracts, which did not remain open as at the end of the reporting period.

Sensitivity analysis in PLN

Financial instrument classification	carrying amount as at 31.12.2014	exchange rate change +/- 10% including income tax
Receivables	24 976 710	2 023 114
Liabilities	-7 617 742	-617 037
Cash	6 455 713	522 907
Total	23 814 616	1 928 984

* Effect on net profit and equity

Interest rate risk

Interest rates are dependent on the Libor and Wibor interbank rates and at the same time on interest rate risk within the economy as a whole. Group companies do not use hedging instruments for this type of risk.

As at the end of the reporting period, the Group has issued fixed-rate bonds. Therefore exposure to interest rate risk is limited.

Pricing risk

The Group is protected against potential drops in the value of financial instruments and against the risk of cash flows connected with them decreasing, by operating in many countries and economies. This protects the company against fluctuations in the economic situation in one market. The group is introducing new products to its expanding portfolio – games for new consoles – thereby building its competitive advantage. Careful selection of distributors and assessment of their financial conditions has the effect of lowering pricing risk.

Risk associated with new games

The Group's operations consist of the development of computer games. Game production requires substantial expenditures on development work and marketing activities which limits the extent to which such risk may be diversified across different products (games). As a result, this risk is concentrated in a relatively small number of games which are in development at a given time. Such a concentration of risk means that in the event that a game is not commercially successful, the company might be exposed to a substantial fall in revenue and net profit and might experience liquidity problems.

Note 42

Events after the end of the reporting period

No significant events took place until the date on which these financial statements were signed.

Jerzy Litwiniuk

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Person preparing the consolidated financial statements

Marek Tymiński

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President of the Management Board

Adam Pieniacki

…………………………………..
Member of the Management Board

Warsaw, March 23, 2015