



DOM DEVELOPMENT S.A.

Interim condensed consolidated financial statements for the three-month period ended 31 March 2016



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1. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY

These interim condensed consolidated financial statements for the three-month period ended on 31 March 2016, comprising:

- interim condensed consolidated balance sheet prepared as at 31 March 2016 with the balance of assets and liabilities in the amount of PLN 1 860 715 thousand;
- interim condensed consolidated income statement for the three-month period ended 31 March 2016 with a net profit of PLN 5 110 thousand;
- interim condensed consolidated statement of comprehensive income for the three month periods ended 31 March 2016 with a net comprehensive profit of PLN 4 779 thousand;
- interim condensed statement of changes in consolidated shareholders' equity in the three-month period ended 31 March 2016 with the PLN 888 204 thousand shareholders' equity as at 31 March 2016;
- interim condensed consolidated cash flow statement for the three-month period ended 31 March 2016 with the PLN 292 855 thousand net cash and cash equivalents as at 31 March 2016;
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of the Company on 22 April 2016.

Jarosław Szanajca,
President of the Management Board

Janusz Zalewski,
Vice President of the Management Board



2. INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.03.2016 <i>(unaudited)</i>	31.12.2015
Fixed assets			
Intangible assets		3 543	3 504
Tangible fixed assets		7 160	7 032
Long-term receivables		1 523	1 523
Other fixed assets		6 314	6 651
Total fixed assets		18 540	18 710
Current assets			
Inventory	7.5	1 512 117	1 478 660
Trade and other receivables		15 206	27 528
Income tax receivables		-	-
Other current assets		3 790	2 668
Short-term financial assets	7.6	18 207	3 747
Cash and cash equivalents	7.7	292 855	221 640
Total current assets		1 842 175	1 734 243
Total assets		1 860 715	1 752 953
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	7.8	24 771	24 771
Share premium		234 534	234 534
Other capital (supplementary capital)		517 466	517 466
Reserve capital from valuation of share options		25 126	25 126
Reserve capital from valuation of cash flow hedges		(249)	82
Reserve capital from reduction of share capital		510	510
Accumulated, unappropriated profit (loss)		86 233	81 115
Equity attributable to the shareholders of parent company		888 391	883 604
Non-controlling interests		(187)	(179)
Total shareholders' equity		888 204	883 425
Liabilities			
Long-term liabilities			
Loans, long-term portion	7.9	50 000	100 000
Bonds, long-term portion	7.10	150 000	270 000
Deferred tax provision		10 739	20 064
Long-term provisions		11 554	11 354
Other long-term liabilities		29 688	30 729
Total long-term liabilities		251 981	432 147
Short-term liabilities			
Trade payables, tax and other liabilities		197 472	190 523
Loans, short-term portion	7.9	30 000	-
Bonds, short-term portion	7.10	120 000	-
Accrued interest on loans and bonds	7.11	2 142	3 403
Corporate income tax payables		8 598	1 183
Short-term provisions		7 029	7 262
Deferred income		355 289	235 010
Total short-term liabilities		720 530	437 381
Total liabilities		972 511	869 528
Total equity and liabilities		1 860 715	1 752 953



3. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Three-month period ended	
		31.03.2016 <i>(unaudited)</i>	31.03.2015 <i>(unaudited)</i>
Sales revenue	7.13	139 058	72 526
Cost of sales	7.14	(107 339)	(54 231)
Gross profit on sales		31 719	18 295
Selling costs	7.14	(11 501)	(11 446)
General administrative expenses	7.14	(12 214)	(12 080)
Other operating income		860	534
Other operating expenses		(1 518)	(998)
Operating profit/(loss)		7 346	(5 695)
Financial income		315	395
Financial costs		(1 282)	(1 222)
Profit/(loss) before tax		6 379	(6 522)
Income tax	7.15	(1 269)	1 108
Net profit/(loss)		5 110	(5 414)
Net profit/(loss) attributable to:			
Shareholders of the parent company		5 118	(5 401)
Non-controlling interests		(8)	(13)
Earnings/(loss) per share:			
Basic, from the profit for the period, attributable to parent company's shareholders (PLN)	7.16	0.21	(0.22)
Diluted, from the profit for the period, attributable to parent company's shareholders (PLN)	7.16	0.21	(0.22)



Dom Development S.A.

Interim condensed consolidated statement of comprehensive income
for the three-month period ended 31 March 2016
(all amounts in thousands PLN unless stated otherwise)

4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended	
	31.03.2016 <i>(unaudited)</i>	31.03.2015 <i>(unaudited)</i>
Net profit/(loss)	5 110	(5 414)
Other comprehensive income		
Net change to cash flow hedges	(408)	-
Income tax	77	-
Other net comprehensive income	(331)	-
Total net comprehensive income/(loss)	4 779	(5 414)
Net comprehensive income attributable to:		
Shareholders of the parent company	4 787	(5 401)
Non-controlling interests	(8)	(13)



5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Three-month period ended	
		31.03.2016 <i>(unaudited)</i>	31.03.2015 <i>(unaudited)</i>
Cash flow from operating activities			
Profit/(loss) before tax		6 379	(6 522)
Adjustments:			
Depreciation		1 251	1 019
Profit/loss on foreign exchange differences		22	70
Profit/loss on investments		64	(40)
Interest cost/income		2 620	1 989
Cost of the management option programmes		-	-
Changes in the operating capital:			
Changes in provisions		(34)	(600)
Changes in inventory		(33 089)	(193 786)
Changes in receivables		12 321	(16 325)
Changes in short-term liabilities, excluding loans and bonds		(9 267)	43 104
Changes in prepayments and deferred income		119 080	113 553
Other adjustments		(22)	(70)
Cash flow generated from operating activities		99 325	(57 608)
Interest received		857	2 090
Interest paid		(5 028)	(6 204)
Income tax paid		(3 101)	(2 845)
Net cash flow from operating activities		92 053	(64 567)
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		49	3
Bank deposits with a maturity over three months (made and/or closed)	7.6	-	30 000
Acquisition of intangible and tangible fixed assets		(1 351)	(980)
Acquisition of financial assets		-	-
Net cash flow from investing activities		(1 302)	29 023
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)		464	-
Proceeds from contracted loans	7.9	-	-
Commercial papers issued	7.10	-	-
Repayment of loans and borrowings	7.9	(20 000)	-
Redemption of commercial papers	7.10	-	-
Dividends paid		-	-
Net cash flow from financing activities		(19 536)	-
Increase / (decrease) in net cash and cash equivalents		71 215	(35 544)
Cash and cash equivalents – opening balance	7.7	221 640	318 341
Cash and cash equivalents – closing balance	7.7	292 855	282 797



Dom Development S.A.

Interim condensed statement of changes in consolidated shareholders' equity
for the three-month period ended 31 March 2016
(all amounts in thousands PLN unless stated otherwise)

6. INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges	from valuation of share options				
Balance as at 1 January 2016	24 771	234 534	517 466	510	82	25 126	81 115	883 604	(179)	883 425
Share capital increase by exercising share options (note 7.8)	-	-	-	-	-	-	-	-	-	-
Transfer of profit to supplementary capital	-	-	-	-	-	-	-	-	-	-
Payment of dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	-	5 118	5 118	(8)	5 110
Other net comprehensive income for the reporting period	-	-	-	-	(331)	-	-	(331)	-	(331)
Balance as at 31 March 2016 <i>(unaudited)</i>	24 771	234 534	517 466	510	(249)	25 126	86 233	888 391	(187)	888 204

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges	from valuation of share options				
Balance as at 1 January 2015	24 770	234 520	517 379	510	-	25 126	56 212	858 517	(246)	858 271
Share capital increase by exercising share options	1	14	-	-	-	-	-	15	-	15
Payment of dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Net loss for the reporting period	-	-	-	-	-	-	(5 401)	(5 401)	(13)	(5 414)
Other net comprehensive income for the reporting period	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2015 <i>(unaudited)</i>	24 771	234 534	517 379	510	-	25 126	50 811	853 131	(259)	852 872



7. ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1. General information about Dom Development S.A. and the Dom Development S.A. Capital Group

General information about the parent company of the Dom Development S.A. Capital Group

The parent company of Dom Development S.A. Capital Group ("the Group") is the public limited company Dom Development S.A. ("the Company" / "the parent company") with its registered office in Warsaw (00-078 Warsaw, Plac Piłsudskiego 3), entered into the National Court Register under number 0000031483, maintained by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register.

According to the Polish Classification of Business Activity the scope of activity of the companies operating within the Group is the development of building projects – PKD 4110Z (NACE F41.1). The Group conducts its activities mainly in Warsaw and its vicinity, and Wrocław.

The Company is a majority-owned subsidiary of Dom Development B.V. with its registered office in the Netherlands. As at 31 March 2016 the parent company Dom Development S.A. was controlled by Dom Development B.V. which held 59.45% of the Company's shares.

General information about the Group and joint ventures

The Group's structure and the parent company interest in the share capital of the entities comprising the Group as at 31 March 2016 is presented in the table below:

Entity	Country of registration	% of the share capital held by the parent company	% of the votes held by the parent company	Consolidation method
Subsidiaries				
Dom Development Morskie Oko sp. z o.o., under liquidation	Poland	100%	100%	full consolidation
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Vratislavia Dom Development sp. z o.o.	Poland	100%	100%	full consolidation
The Group has been also engaged in the joint venture:				
Fort Mokotów sp. z o.o., under liquidation	Poland	49%	49%	equity method

The main area of activity of the Group is the construction and sale of residential real estate.

The main area of activity of Dom Development Grunty sp. z o.o., a subsidiary is purchase of real estate for development activities of the Group. The Company is fully consolidated as its financial and operational policy is managed by members of the management board nominated by Dom Development S.A.

All companies operating within the Group conduct business activities in the territory of Poland under the Code of Commercial Companies and Partnerships and their term of operation is unlimited, except for Fort Mokotów sp. z o.o. and Dom Development Morskie Oko sp. z o.o., both under liquidation.

On 22 March 2016, Vratislavia Dom Development sp. z o.o., a newly established subsidiary with 100% of the shares held by Dom Development S.A., was registered with the National Court Register. The share capital of this company is PLN 4 000 thousand and has been paid up in full. The scope of operations of this company will be development activities within the Group. The company has not commenced its operations until 31 March 2016.



Apart from the establishment of the subsidiary, in the three-month period ended 31 March 2016, the Group did not make other material changes to its structure, including mergers, acquisitions or sale of the Group's entities, long-term investments, demergers, restructuring or discontinuation of activities.

In the three-month period ended 31 March 2016 the Group did not discontinue any of its activities.

7.2. Basis for the preparing of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared on a historical cost basis.

Certain information and disclosures, which in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union (EU) are normally included in annual consolidated financial statements, have been condensed or omitted in these financial statements pursuant to International Accounting Standard No. 34, "Interim Financial Reporting" (IAS 34).

The interim condensed consolidated financial statements have been prepared on the assumption that the companies operating within the Group will continue as a going concern in the foreseeable future.

The functional currency of the parent company and other companies incorporated in these condensed consolidated financial statements is Polish zloty (PLN). The condensed consolidated financial statements are stated in Polish zloty. Financial data included in the interim condensed consolidated financial statements are expressed in thousands of PLN unless stated otherwise.

The presented interim condensed consolidated balance sheet, interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed statement of changes in consolidated shareholders' equity are unaudited and they have not been the subject of review by an independent certified auditor. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures that are required from annual consolidated financial statements and therefore should be read in conjunction with the audited consolidated financial statements of the Group and the notes thereto for the year ended 31 December 2015.

The Company has also prepare interim condensed financial statements for Dom Development S.A. for the three-month period ended 31 March 2016. These statements were approved by the Management Board of the Company on 22 April 2016.

7.3. Accounting policies

Polish law requires the Group to prepare its interim condensed consolidated financial statements in accordance with IFRS, applicable to interim financial reporting as adopted by the European Union (EU) (IAS 34). At this particular time, due to the endorsement of IFRS by the EU and the activities of the Group, there are no differences in the IFRS policies applied by the Group and IFRS that have been endorsed by the EU.

The interim condensed consolidated financial statements have been prepared in accordance with IFRS applicable in the interim financial reporting (IAS 34) and all applicable IFRS that have been adopted by the EU.

These interim condensed consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Group for the year ended 31 December 2015, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2016:

- Amendments to IAS 19 Defined benefit plans: Employee contributions (published on 21 November 2013),
- Improvements resulting IFRS reviews 2010-2012 (published on 12 December 2013),
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on 6 May 2014),
- Amendments do IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on 12 May 2014),
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on 30 June 2014),
- Amendments to IAS 27 Equity Method in Separate Financial Statements (published on 12 August 2014),



- Improvements resulting IFRS reviews 2012-2014 (published on 25 September 2014),
- Amendments to IAS 1 Disclosure Initiative (published on 18 December 2014).

The introduced amendments were scrutinized by the Group and they do not materially affect the Group's financial position, operating results or the scope of information presented in these interim condensed consolidated financial statements.

The Group has not decided for earlier adoption of any standard, interpretation or improvement/amendment, which was published and has not yet come into force.

The following standards, interpretations and amendments issued by the International Accounting Standards Board or the International Financial Reporting Interpretation Committee that have not come into force:

- IFRS 9 Financial Instruments (published on 24 July 2014) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2018,
- IFRS 14 Regulatory Deferral Accounts (published on 30 January 2014) – the European Commission decided not to propose an interim standard for endorsement before the final standard is released – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016,
- IFRS 15 Revenue from Contracts with Customers (published on 28 May 2014) to include amendments to IFRS 15 Effective Date of IFRS 15 (published on 11 September 2015) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2018,
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published on 11 September 2014) – have not been decided as to the time frame of individual stages of EFRAG endorsement of these amendments – not endorsed by the EU until the date of approval of these financial statements - effective date deferred indefinitely by IASB,
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (published on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not endorsed by the EU until the date of approval of these financial statements,
- IFRS 16 Leases (published on 13 January 2016) - have not been decided as to the time frame of individual stages of EFRAG endorsement of these amendments – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2019,
- Amendments to IAS 12 Recognition of deferred tax assets for unrealised losses (published on 19 January 2016) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2017,
- Amendments to IAS 7 Disclosure Initiative (published on 29 January 2016) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2017.

The Management Board is verifying effect of the above standards on the Group's financial position, operating results or the scope of information presented in the Company's financial statements.

7.4. Key figures based on professional judgement and basis for estimates

In addition to the accounting estimations, when applying the accounting policies in relation to the issues described below, the most significant was the professional judgement and the assumptions made by the management.

Budgets of the construction projects

The decision to purchase real estate (land) is based upon analysis, where the so called "purchase budget" is the major component. This budget is prepared to assess the future profitability of projects. The budgets for these construction projects are updated based on management's best knowledge and experience from when the real estate is purchased. The budgets for all construction projects are verified and updated when necessary, at least once every three months. Updated project budgets are the basis for:

- ongoing evaluation of the profitability of projects



- verification of whether to create (or change) a potential inventory impairment write down or not,
- preparation of financial forecasts, annual budgets and medium term plans.

Recognition of revenue from the sale of products

The revenue from the sale of real estate (housing units, commercial space, parking places in the garage, etc.) is recognised at the moment when control over the real estate is transferred to the buyer of said real estate together with the transfer of significant risks and rewards typical to the ownership rights. According to the Company's judgement this occurs at the moment of handover of the real estate to the buyer, which is based on a handover document signed by both parties and subject to the condition that the buyer has made 100% payment of the sale price for the real estate.

Seasonality

The operating activity of the Group is not subject to any major seasonality.

7.5. Inventory

INVENTORY	31.03.2016 <i>(unaudited)</i>	31.12.2015
Advances on deliveries	27 674	22 347
including: at purchase prices/production costs	27 843	22 516
write down to the net realisable value	(169)	(169)
Semi-finished goods and work in progress	1 235 090	1 127 277
including: at purchase prices/production costs	1 246 026	1 138 213
write down to the net realisable value	(10 936)	(10 936)
Finished goods	249 353	329 036
including: at purchase prices/production costs	255 196	334 691
write down to the net realisable value	(5 843)	(5 655)
Total	1 512 117	1 478 660

INVENTORY REVALUATION WRITE DOWNS	01.01 - 31.03.2016 <i>(unaudited)</i>	01.01 - 31.03.2015 <i>(unaudited)</i>
Opening balance	16 760	15 699
Increments	188	302
Decrease	-	(2 491)
Closing balance	16 948	13 510

Write down to the net realisable value have resulted from the impairment tests and analysis performed by the Group.

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.03.2016 <i>(unaudited)</i>	31.12.2015
Carrying value of inventory used to secure liabilities	282 658	205 494
Mortgages:		
Value of mortgages established to secure real estate purchase agreements	-	4 200
Value of mortgages established to secure loan agreements (maximum amount)	300 000	300 000



7.6. Short-term financial assets

SHORT-TERM FINANCIAL ASSETS	31.03.2016 <i>(unaudited)</i>	31.12.2015
Bank deposits with a maturity over three months	48	48
Cash in open-end residential escrow accounts	16 928	3 496
Cash in other escrow accounts	1 231	203
Total	18 207	3 747

Bank deposits with a maturity over three months as of the date when they are made are presented in "Bank deposits with a maturity over three months".

The Group makes bank deposits with various maturity based on current analysis of cash needs and realizable rate of return on deposits offered by banks.

Cash received from the Group's customers as advances for the sale of products which is deposited in open-end residential escrow accounts until the relevant requirements specified in the "Act on the Protection of Rights of a Dwelling Unit or House Buyer" are met, is presented in "Cash in open-end residential escrow accounts".

7.7. Cash and cash equivalents

Cash and cash equivalents are represented by cash at bank and cash in hand, including short-term bank deposits with up to three months maturity on the date when they are made. The book value of these assets corresponds to their fair value.

CASH AND CASH EQUIVALENTS	31.03.2016 <i>(unaudited)</i>	31.12.2015	31.03.2015 <i>(unaudited)</i>
Cash in hand and at bank	8 072	9 727	10 647
Bank deposits with a maturity of three months or less	284 740	211 871	272 103
Other	43	42	47
Total	292 855	221 640	282 797

7.8. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 31.03.2016								
Series/ issue	Type of share	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (PLN)	Capital covered with	Registration date	Right to dividends (from)
A	Bearer	-	-	21 344 490	21 344 490	cash	12.09.2006	12.09.2006
F	Bearer	-	-	2 705 882	2 705 882	cash	31.10.2006	31.10.2006
H	Bearer	-	-	172 200	172 200	cash	14.02.2007	14.02.2007
I	Bearer	-	-	92 700	92 700	cash	14.02.2007	14.02.2007
J	Bearer	-	-	96 750	96 750	cash	14.02.2007	14.02.2007
L	Bearer	-	-	148 200	148 200	cash	14.02.2007	14.02.2007
Ł	Bearer	-	-	110 175	110 175	cash	12.03.2012	07.05.2012
M	Bearer	-	-	24 875	24 875	cash	03.10.2012	09.11.2012
N	Bearer	-	-	20 000	20 000	cash	03.10.2012	09.11.2012
O	Bearer	-	-	26 000	26 000	cash	05.03.2013	17.05.2013
P	Bearer	-	-	925	925	cash	31.10.2013	23.12.2013
R	Bearer	-	-	11 000	11 000	cash	31.10.2013	23.12.2013
S	Bearer	-	-	17 075	17 075	cash	20.03.2014	02.05.2014
T	Bearer	-	-	1 000	1 000	cash	14.01.2015	27.03.2015
Total number of shares				24 771 272				
Total share capital					24 771 272			
Nominal value per share = PLN 1								



Dom Development S.A.

Additional notes to the interim condensed consolidated financial statements
for the three-month period ended 31 March 2016
(all amounts in thousands PLN unless stated otherwise)

SHARE CAPITAL (STRUCTURE) AS AT 31.12.2015

Series/ issue	Type of share	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (PLN)	Capital covered with	Registration date	Right to dividends (from)
A	Bearer	-	-	21 344 490	21 344 490	cash	12.09.2006	12.09.2006
F	Bearer	-	-	2 705 882	2 705 882	cash	31.10.2006	31.10.2006
H	Bearer	-	-	172 200	172 200	cash	14.02.2007	14.02.2007
I	Bearer	-	-	92 700	92 700	cash	14.02.2007	14.02.2007
J	Bearer	-	-	96 750	96 750	cash	14.02.2007	14.02.2007
L	Bearer	-	-	148 200	148 200	cash	14.02.2007	14.02.2007
Ł	Bearer	-	-	110 175	110 175	cash	12.03.2012	07.05.2012
M	Bearer	-	-	24 875	24 875	cash	03.10.2012	09.11.2012
N	Bearer	-	-	20 000	20 000	cash	03.10.2012	09.11.2012
O	Bearer	-	-	26 000	26 000	cash	05.03.2013	17.05.2013
P	Bearer	-	-	925	925	cash	31.10.2013	23.12.2013
R	Bearer	-	-	11 000	11 000	cash	31.10.2013	23.12.2013
S	Bearer	-	-	17 075	17 075	cash	20.03.2014	02.05.2014
T	Bearer	-	-	1 000	1 000	cash	14.01.2015	27.03.2015
Total number of shares				24 771 272				
Total share capital					24 771 272			
Nominal value per share = PLN 1								

Description of changes to the share capital in the Company in the period from 1 January until 31 March 2016

On 21 March 2016 the Management Board of the Company adopted a resolution to increase the Company's share capital by issuing 10 320 U series ordinary bearer shares with the nominal value of PLN 1.00 each and 1 000 V series ordinary bearer shares with the nominal value of PLN 1.00 each, as a part of the authorised capital from the current amount of PLN 24 771 272.00 up to PLN 24 24 782 592.00, that is by PLN 11 320.00. The U series and V series shares were issued in a private placement procedure addressed to participants in Management Share Option Programme II. This change in the share capital of the Company will become effective once it is registered in the register of entrepreneurs of the National Court Register (KRS). These shares has not been registered with the National Court Register until the date that these financial statements were prepared.

List of shareholders who hold, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at the date that these financial statements are prepared and approved by the Company's Management Board.

	Status as at the date of preparing of these financial statements				Change in the period from publication of the quarterly financial statements for the nine- month period ended 30.09.15
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Dom Development B.V.	14 726 172	59.45	14 726 172	59.45	-
Jarosław Szanajca	1 534 050	6.19	1 534 050	6.19	-
Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK SA *)	1 313 383	5.30	1 313 383	5.30	no data
Grzegorz Kiełpsz	1 280 750	5.17	1 280 750	5.17	-

*) Shareholding of Aviva Powszechne Towarzystwo Emerytalne AVIVA BZ WBK S.A. (General Pension Society) ("Society") has been presented as per the latest notice required by the law (as of 11.07.2011) and received by the Company from the Society.



Dom Development S.A.

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The shares of Dom Development S.A. or rights thereto (options) owned by the persons performing management and supervisory functions at Dom Development S.A. as at the date that these financial statements are prepared and approved by the Company's Management Board.

	Status as at the date of preparing of these financial statements			Change in the period from publication of the quarterly financial statements for the nine-month period ended 30.09.15	
	Shares	Share options	Total	Shares	Share options
The Management Board					
Jarosław Szanajca	1 534 050	-	1 534 050	-	-
Janusz Zalewski	311 000	69 000	380 000	-	(23 534)
Małgorzata Kolarska	6 500	-	6 500	-	-
Janusz Stolarczyk	105 200	16 830	122 030	-	(11 767)
Terry Roydon	58 500	-	58 500	-	(11 767)
The Supervisory Board					
Grzegorz Kielpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	400	(2 330)

7.9. Loans

Description of material changes in the three-month period ended 31 March 2016

In the three-month period ended 31 March 2016 no changes were made to the bank loan structure by the Company.

LOANS DUE WITHIN	31.03.2016 (unaudited)	31.12.2015
Less than 1 year	30 000	-
More than 1 year and less than 2 years	-	30 000
More than 2 years and less than 5 years	50 000	70 000
Over 5 years	-	-
Total loans	80 000	100 000
including: long-term	50 000	100 000
short-term	30 000	-

BANK LOANS AS AT 31.03.2016						
Bank	Registered office	Loan amount and currency as per agreement		Outstanding loan amount (less accrued interest) and currency		Due date
mBank	Warsaw	50 000*)	PLN	30 000	PLN	03.02.2017
mBank	Warsaw	50 000*)	PLN	50 000	PLN	21.05.2019
PKO BP SA	Warsaw	100 000*)	PLN	-	PLN	26.07.2019
Total bank loans				80 000	PLN	

*) Revolving loan in the credit facility account

As at 31 March 2016 and 31 December 2015 all the loans taken by the Group were expressed in Polish zloty.

Due to the fact that the interest on the loans is correlated to the WIBOR interest rate, the Company's Management Board estimates that the fair value of the loans taken by the Group approximately equals their book value, including accrued interest.

In the "Loans" item the Group states the nominal value of the loan liabilities, and the interest charged as at the balance sheet date are presented separately in the item "Accrued interest on loans and bonds".

**7.10. Bonds**

BONDS	31.03.2016 <i>(unaudited)</i>	31.12.2015
Nominal value of the bonds issued, long-term portion	150 000	270 000
Nominal value of the bonds issued, short-term portion	120 000	-
Total nominal value of the bonds issued	270 000	270 000

In the "Bonds" item the Company states the nominal value of the bond liabilities, and the interest charged as at the balance sheet date are presented separately in the item "Accrued interest on loans and bonds".

Due to the fact that the interest on the bonds is correlated to the WIBOR interest rate, the Company's Management Board estimates that the fair value of the bonds issued by the Company approximately equals their book value, including accrued interest.

Core details concerning the bonds issued by the Company

On 5 November 2007, the Company and Bank BPH S.A. (currently Bank Pekao S.A.) signed a Bond Issue Programme Agreement, pursuant to which Dom Development S.A. is allowed to issue mid-term bonds (with a maturity over 1 year and under 7 years) with an aggregate value of no more than PLN 400 million, which is to be construed as the nominal value of all issued and unredeemed bonds on any day during the term of the Programme.

On 5 November 2014, the Company and Bank Pekao S.A. signed an Annex to the Bond Issue Programme Agreement dated 5 November 2007, pursuant to which the bond issue period has been extended by 7 years (until 5 November 2021).

Description of material changes in the three-month period ended 31 March 2016

The total bond issue liabilities in the three-month period ended 31 March 2016 and their maturity dates have not changed.

BONDS ISSUED AS AT 31.03.2016				
Series	Issue date	Amount	Currency	Contractual maturity date
III	02.02.2012	120 000	PLN	02.02.2017
IV	26.03.2013	50 000	PLN	26.03.2018
V	12.06.2015	100 000	PLN	12.06.2020
Total:		270 000	PLN	

7.11. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	31.03.2016 <i>(unaudited)</i>	31.12.2015
Accrued interest on bonds	2 142	3 403
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	2 142	3 403

7.12. Segment reporting

The Group does not prepare segment reporting as its activities take place within a single segment.



7.13. Operating income

REVENUE BREAKDOWN	01.01 - 31.03.2016 <i>(unaudited)</i>	01.01 - 31.03.2015 <i>(unaudited)</i>
Sales of finished goods	130 165	69 917
Sales of services	3 393	2 609
Sales of land	5 500	-
Total	139 058	72 526

7.14. Operating costs

OPERATING COSTS	01.01 - 31.03.2016 <i>(unaudited)</i>	01.01 - 31.03.2015 <i>(unaudited)</i>
Cost of sales		
Cost of finished goods sold	(98 074)	(53 554)
Cost of services sold	(4 254)	(2 866)
Cost of land sold	(4 823)	-
Inventory write down to the net realisable value	(188)	2 189
Total cost of sales	(107 339)	(54 231)
Selling costs, and general administrative expenses		
Selling costs	(11 501)	(11 446)
General administrative expenses	(12 214)	(12 080)
Total selling costs, and general administrative expenses	(23 715)	(23 526)
Selling costs, and general administrative expenses by kind		
Depreciation	(1 251)	(1 019)
Cost of materials and energy	(2 861)	(3 695)
External services	(5 595)	(5 911)
Taxes and charges	(37)	(50)
Remuneration	(10 627)	(9 926)
Social security and other benefits	(2 189)	(1 996)
Management Option Programme	-	-
Other prime costs	(1 155)	(929)
Total selling costs, and general administrative expenses by kind	(23 715)	(23 526)

7.15. Income tax in the income statement

INCOME TAX	01.01 - 31.03.2016 <i>(unaudited)</i>	01.01 - 31.03.2015 <i>(unaudited)</i>
Current income tax	10 516	2 600
Deferred tax in the income statement	(9 247)	(3 708)
Total	1 269	(1 108)



7.16. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01 - 31.03.2016 <i>(unaudited)</i>	01.01 - 31.03.2015 <i>(unaudited)</i>
Basic earnings/(loss) per share		
Profit/(loss) for calculation of the basic earnings per share	5 118	(5 401)
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 771 272	24 771 116
Basic earnings/(loss) per share (PLN)	0.21	(0.22)
Diluted earnings/(loss) per share		
Profit/(loss) for calculation of the diluted earnings per share	5 118	(5 401)
Potential diluting shares related to the Management Share Option Programmes	27 570	20 520
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	24 798 842	24 791 636
Diluted earnings/(loss) per share (PLN)	0.21	(0.22)

As the Group has no discontinued operations, the earnings/(loss) per share from the continued operations equal the earnings/(loss) per share calculated above.

7.17. Transactions with related entities

In the three-month periods ended 31 March 2015 and 2016, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables.

DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES			
Counterparty	Transaction description	01.01- 31.03.2016 <i>(unaudited)</i>	01.01- 31.03.2015 <i>(unaudited)</i>
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007	453	446
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001	69	68
Hansom Property Company Limited	Other	250	262
M & M Usługi Doradcze M. Kolarski	Consulting services	18	75
Kirkley Advisory Limited	Consulting services as per the agreement dated 1 March 2012	-	23
Kirkley Advisory Limited	Other	124	125

DOM DEVELOPMENT S.A. A SERVICE PROVIDER (SELLER)			
Counterparty	Transaction description	01.01- 31.03.2016 <i>(unaudited)</i>	01.01- 31.03.2015 <i>(unaudited)</i>
Fort Mokotów sp. z o.o., under liquidation	Repair services as per the agreement dated 22 July 2005	24	24
Dom Development Grunty sp. z o.o.	Other	1	1
Dom Development Morskie Oko sp. z o.o., under liquidation	Other	1	1



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DOM DEVELOPMENT S.A. AS A LENDER			
Counterparty	Transaction description	01.01- 31.03.2016	01.01- 31.03.2015
		<i>(unaudited)</i>	<i>(unaudited)</i>
Dom Development Grunty sp. z o.o.	Interest accrued on the borrowing	4	9

DOM DEVELOPMENT S.A. AS A CONTRIBUTOR OF SHARE CAPITAL TO A SUBSIDIARY			
Counterparty	Transaction description	01.01- 31.03.2016	01.01- 31.03.2015
		<i>(unaudited)</i>	<i>(unaudited)</i>
Vratislavia Dom Development Sp. z o.o.	Share capital contribution	4 000	-

DOM DEVELOPMENT S.A. AS A PAYER OF PREPAYMENT UNDER THE AGENCY AGREEMENT			
Counterparty	Transaction description	01.01- 31.03.2016	01.01- 31.03.2015
		<i>(unaudited)</i>	<i>(unaudited)</i>
Dom Development Grunty sp. z o.o.	(Net) prepayment transferred for the purchase of land under the contract of mandate	7 507	-

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company				
Entity	Receivables from related entities		Liabilities to related entities	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Total balance	9 078	1 570	161	269
Subsidiaries	9 058	1 547	-	-
Dom Development Morskie Oko sp. z o.o., under liquidation additional contributions to the capital	1 147	1 147	-	-
Dom Development Grunty sp. z o.o.	7 911	400	-	-
Jointly controlled entities	20	23	-	-
Fort Mokotów sp. z o.o., under liquidation	20	23	-	-
Other entities	-	-	161	269
M & M Usługi Doradcze M. Kolarski	-	-	-	41
Woodsford Consulting Limited	-	-	161	205
Kirkley Advisory Limited	-	-	-	23

REMUNERATION AND FEES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF DOM DEVELOPMENT S.A.			
Counterparty	01.01- 31.03.2016	01.01- 31.03.2015	
	<i>(unaudited)</i>	<i>(unaudited)</i>	
The Management Board	3 380	3 108	
The Supervisory Board	316	294	

Except for as stated above, the Company did not enter into any other transactions with the Management Board or Supervisory Board members.

The transactions with the related entities are based on the arm's length principle.



The transactions stated above also include transactions with subsidiaries that has been eliminated in these consolidated financial statements.

7.18. Incentive Plan – Management Option Programmes

Structure of share options granted and not exercised as at 31 March 2016:

Programme	Grant date	Exercise start date	Maturity date	Number of options *)	Exercise price per option (PLN)
Programme II	10.12.2009	10.12.2012	10.12.2016	139 090	40.64
Total				139 090	

*) The exercise of 11 320 options paid for in March 2016 but not registered with the National Court Register as shares until 31 March 2016, have not been included in the above listing.

Expiry of share options

In the three-month period ended 31 March 2016 the number of share options eligible to participate in Management Option Programme II has not changed.

Exercise of the share options

On 21 March 2016 the Management Board adopted a resolution on the increase of share capital in the Company by issuing 10 320 U series ordinary bearer shares and 1 000 V series ordinary bearer shares series. The U series and V series shares were issued in a private placement procedure addressed to participants in Management Share Option Programme II.

These shares has not been registered with the National Court Register until the date that these financial statements were prepared (see note 7.8).

Grant of new share options

In the three-month period ended 31 March 2016 the Company did not grant any new share options.

Changes to the Management Option Programmes

In the three-month period ended 31 March 2016 no changes were made to the Management Option Programme.

7.19. Contingent liabilities

CONTINGENT LIABILITIES	31.03.2016 (unaudited)	31.12.2015
Guarantees	111	111
Sureties	-	-
Total	111	111

Additionally, some liabilities of the companies operating within the Group are secured with promissory notes:

COLLATERALS FOR LIABILITIES	31.03.2016 (unaudited)	31.12.2015
Promissory notes, including:		
– promissory notes as an additional guarantee for the PKO BP SA bank in respect of claims arising from the granted loan	100 000	100 000
Total	100 000	100 000

In the three-month period ended 31 March 2016 the companies operating within the Group did not provide any



guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for the Group or would amount to at least 10% of the Company's shareholders' equity.

7.20. Material court cases

As of 31 March 2016 there was no individual proceeding before any court, authority competent for arbitration or public administration body, concerning the liabilities or receivables of the Company or its subsidiary, the value of which would be at least 10% of the Company's shareholders' equity.

As of 31 March 2016 there were not two or more proceedings before any court, authority competent for arbitration or public administration body, concerning the liabilities or receivables, the value of which would be at least 10% of the Company's shareholders' equity.

As of 31 March 2016, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 22 424 thousand, including the total value of proceedings concerning liabilities at approx. PLN 21 241 thousand and the total value of proceedings concerning receivables at approx. PLN 1 182 thousand.

The proceedings involving the Company have no significant impact on the Group's activity.

7.21. Additional information on the operating activity of the Group

In the period from 1 January to 31 March 2016 the following material changes in the portfolio of the Group's real estate development projects under construction took place:

Projects where the construction commenced in the period from 1 January 2016 until 31 March 2016:

Project	Standard	Number of apartments	Number of commercial units
Anody, phase 1	Popular	72	7
Anody, phase 2	Popular	111	-
Premium, phase 2	Popular	236	-

Projects where the construction was completed in the period from 1 January 2016 until 31 March 2016:

Project	Standard	Number of apartments	Number of commercial units
Klasyków Wille Miejskie, phase I	Popular	231	-
Aura, phase Ia (Wrocław)	Popular	64	-

7.22. The factors that will impact the results achieved by the Group for at least the next three months

The most important factors that may impact the financial situation of the Group in at least the next three months are:

- The economic trend in the residential market, where the Group operates,
- The impact of the worldwide financial situation on the Polish economy and banking system,
- The availability of mortgages, and in particular their convenient terms for potential clients,
- Achieving the planned sales volume in terms of quantity and value,
- The timely delivery of the construction works in line with the schedules by the construction companies completing individual investments of the Group in the general contractor system,
- Availability of external financing (loans, bonds) for real estate developers,



- No sudden changes in the legal and tax regulations that may influence market demand for products offered by the Group in an uncontrolled manner,
- Maintaining the stable political situation and creating a positive economic climate by the government and local authorities.

7.23. Material post-balance sheet events

On 5 April 2016, the Supervisory Board of the Company approved the petition of the Management Board for the distribution of the Company's net profit for the financial year 2015. The Management Board requested that a part of the Company's net profit for 2015 in the amount of PLN 80 543 424.00, i.e. PLN 3.25 per share, be appropriated for the payment of a dividend to shareholders in Dom Development S.A., and a part of the net profit for 2015 in the amount of PLN 103 942.31 be allocated for the increase of supplementary capital of Dom Development S.A.

The Management Board of the Company proposed that the date of record be 22 June 2016 and the dividend payment date be 6 July 2016.

The Supervisory Board of the Company recommended to the General Shareholders' Meeting that the above petition be approved and resolution be adopted in respect of the distribution of profit for 2015 and the fixing of the date of record and the dividend payment date as proposed by the Management Board.

7.24. Forecasts

The Management Board of Dom Development S.A. does not publish any financial forecasts concerning the Group.

7.25. Selected financial data translated into EURO

The following financial data of the Group have been translated into euro:

SELECTED DATA FROM THE BALANCE SHEET	31.03.2016	31.12.2015
	<i>(unaudited)</i>	
	thousand Euro	thousand Euro
Total current assets	431 584	406 956
Total assets	435 928	411 346
Total shareholders' equity	208 088	207 304
Long-term liabilities	59 034	101 407
Short-term liabilities	168 806	102 635
Total liabilities	227 840	204 042
<i>PLN/EURO exchange rate as at the balance sheet date</i>	<i>4.2684</i>	<i>4.2615</i>

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 31.03.2016	01.01 - 31.03.2015
	<i>(unaudited)</i>	
	thousand Euro	thousand Euro
Sales revenue	31 924	17 481
Gross profit on sales	7 282	4 410
Operating profit/(loss)	1 686	(1 373)
Profit/(loss) before tax	1 464	(1 572)
Net profit/(loss)	1 173	(1 305)
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>4.3559</i>	<i>4.1489</i>