



DOM DEVELOPMENT S.A.

INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED

31 MARCH 2012

Prepared in accordance
with the International Financial Reporting Standards



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

These interim condensed financial statements for the three-month period ended 31 March 2012 were prepared and approved by the Management Board of the Company on 24 April 2012.

Jarosław Szanajca,
President of the Management Board

Janusz Zalewski,
Vice President of the Management Board



2. INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	31.03.2012 <i>(unaudited)</i>	31.12.2011
Fixed assets			
Intangible assets		1 130	1 204
Tangible fixed assets		4 788	4 711
Investments in subsidiaries, associates and a joint venture		877	935
Long-term receivables		1 680	1 588
Other financial assets		655	-
Total fixed assets		9 130	8 438
Current assets			
Inventory	7.5	1 459 759	1 465 828
Trade and other receivables		47 484	49 269
Other current assets		6 501	13 248
Cash and cash equivalents	7.7	439 218	376 833
Total current assets		1 952 962	1 905 178
Total assets		1 962 092	1 913 616

EQUITY AND LIABILITIES	Note	31.03.2012 <i>(unaudited)</i>	31.12.2011
Shareholders' equity			
Share capital	7.8	24 670	24 560
Share premium		233 067	231 535
Reserve capital from valuation of share options		24 594	24 280
Reserve capital from valuation of cash flow hedges		(43)	-
Other capital (supplementary capital)		471 528	471 528
Reserve capital from reduction of share capital		510	510
Accumulated, unappropriated profit (loss)		97 500	82 839
Total shareholders' equity		851 826	835 252
Liabilities			
Long-term liabilities			
Long-term loans	7.10	210 000	160 000
Deferred tax provision		7 622	10 328
Bonds, long-term portion	7.11	220 000	100 000
Long-term provisions		12 796	13 597
Other long-term liabilities		28 215	35 049
Total long-term liabilities		478 633	318 974
Short-term liabilities			
Trade payables, tax and other liabilities		161 244	196 148
Short-term part of long-term loans	7.10	-	57 134
Bonds, short-term portion	7.11	86 530	170 000
Accrued interest on loans and bonds	7.12	5 175	2 220
Corporate income tax payables		509	2 179
Short-term provisions		4 124	4 394
Deferred income		374 051	327 315
Total short-term liabilities		631 633	759 390
Total liabilities		1 110 266	1 078 364
Total equity and liabilities		1 962 092	1 913 616



3. INTERIM CONDENSED INCOME STATEMENT

	Note	Three-month period ended		Three-month period ended	
		31.03.2012 <i>(unaudited)</i>	31.03.2011 <i>(unaudited)</i>	31.03.2012 <i>(unaudited)</i>	31.03.2011 <i>(unaudited)</i>
Sales revenue	7.14	144 085	20 225	144 085	20 225
Cost of sales	7.15	(104 239)	(16 098)	(104 239)	(16 098)
Gross profit on sales		39 846	4 127	39 846	4 127
Selling costs	7.15	(9 708)	(8 404)	(9 708)	(8 404)
General administrative expenses	7.15	(10 915)	(11 068)	(10 915)	(11 068)
Other operating income		705	768	705	768
Other operating expenses		(1 300)	(167)	(1 300)	(167)
Operating profit/(loss)		18 628	(14 744)	18 628	(14 744)
Financial income		1 458	1 765	1 458	1 765
Financial costs		(1 790)	(1 400)	(1 790)	(1 400)
Profit/(loss) before tax		18 296	(14 379)	18 296	(14 379)
Income tax	7.16	(3 635)	2 665	(3 635)	2 665
Net profit/(loss)		14 661	(11 714)	14 661	(11 714)
Earnings/(loss) per share:					
Basic (PLN)	7.17	0.60	(0.48)	0.60	(0.48)
Diluted (PLN)	7.17	0.59	(0.47)	0.59	(0.47)



4. INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended		Three-month period ended	
	31.03.2012 <i>(unaudited)</i>	31.03.2011 <i>(unaudited)</i>	31.03.2012 <i>(unaudited)</i>	31.03.2011 <i>(unaudited)</i>
Net profit/(loss)	14 661	(11 714)	14 661	(11 714)
Other comprehensive income				
Net movement on cash flow hedges	(53)	-	(53)	-
Income tax	10	-	10	-
Net other comprehensive income	(43)	-	(43)	-
Total net comprehensive income	14 618	(11 714)	14 618	(11 714)



5. INTERIM CONDENSED CASH FLOW STATEMENT

	Three-month period ended	
	31.03.2012 <i>(unaudited)</i>	31.03.2011 <i>(unaudited)</i>
Cash flow from operating activities		
Profit/(loss) before tax	18 296	(14 379)
Adjustments:		
Depreciation	722	564
Profit/loss on foreign exchange differences	258	24
Profit/loss on investments	129	(730)
Interest cost/income	2 892	869
Cost of the management option programmes	314	661
Changes in the operating capital:		
Changes in provisions	(1 072)	(306)
Changes in inventory	15 004	(117 776)
Changes in receivables	1 694	10 953
Changes in short term liabilities, excluding loans and bonds	(41 739)	43 517
Changes in prepayments and deferred income	45 712	122 526
Other adjustments	(258)	(24)
Cash flow generated from operating activities	41 952	45 899
Interest paid and received	(1 118)	(477)
Income tax paid	(8 000)	(837)
Net cash flow from operating activities	32 834	44 585
Cash flow from investing activities		
Proceeds from the sale of intangible assets and tangible fixed assets	60	22
Proceeds from financial assets, including dividends	-	709
Proceeds from borrowings granted	78	-
Other income from financial assets	-	965
Acquisition of intangible and tangible fixed assets	(742)	(394)
Acquisition of financial assets	(880)	-
Net cash flow from investing activities	(1 484)	1 302
Cash flows from financing activities		
Proceeds from issue of shares (exercise of share options)	1 642	-
Proceeds from contracted loans	50 000	1 281
Commercial papers issued	120 000	-
Repayment of loans and borrowings	(57 134)	(74 026)
Redemption of commercial papers	(83 470)	-
Dividends paid	-	-
Payment of financial lease liabilities	(3)	(28)
Net cash flow from financing activities	31 035	(72 773)
Increase / (decrease) in net cash and cash equivalents	62 385	(26 886)
Cash and cash equivalents – opening balance	376 833	430 751
Cash and cash equivalents – closing balance	439 218	403 865



Dom Development S.A.

Interim condensed statement of changes in shareholders' equity
for the three-month period ended 31 March 2012
(all amounts in thousands PLN unless stated otherwise)

6. INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated, unappropriated profit (loss)	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges	from valuation of share options		
Balance as at 1 January 2012	24 560	231 535	471 528	510	-	24 280	82 839	835 252
Share capital increase by exercising share options (note 7.8)	110	1 532	-	-	-	-	-	1 642
Transfer of profit to supplementary capital	-	-	-	-	-	-	-	-
Payment of dividends to shareholders	-	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options	-	-	-	-	-	314	-	314
Total comprehensive income for the three-month period ended 31 March 2012	-	-	-	-	(43)	-	14 661	14 618
Balance as at 31 March 2012 <i>(unaudited)</i>	24 670	233 067	471 528	510	(43)	24 594	97 500	851 826

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated, unappropriated profit (loss)	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges	from valuation of share options		
Balance as at 1 January 2011	24 560	231 535	453 943	510	-	22 610	39 689	772 847
Share capital increase	-	-	-	-	-	-	-	-
Transfer of profit to supplementary capital	-	-	-	-	-	-	-	-
Payment of dividends to shareholders	-	-	-	-	-	-	-	-
Creation of reserve capital from the valuation of the share options	-	-	-	-	-	661	-	661
Total comprehensive income for the three-month period ended 31 March 2011	-	-	-	-	-	-	(11 714)	(11 714)
Balance as at 31 March 2011 <i>(unaudited)</i>	24 560	231 535	453 943	510	-	23 271	27 975	761 794



7. ADDITIONAL NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

7.1. General information about Dom Development S.A.

The joint stock company Dom Development S.A. (the „Company“) is the parent company of Dom Development S.A. Capital Group. The registered office of the Company is in Warsaw (00-078 Warsaw, pl. Piłsudskiego 3). The Company has been 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 Company's scope of activity is the development of building projects – PKD 4110Z (NACE F41.1). The Company 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 2012, Dom Development B.V. controlled 61.64 % of the Company's shares.

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

The Company conducts its activities in the territory of Poland in compliance with the Code of Commercial Companies and Partnerships and its term of operations is unlimited.

In the three-month period ended 31 March 2012 the Company did not discontinue any of its activities.

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

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

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

The interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

The Polish zloty ("PLN") is the functional currency for the Company. The condensed financial statements are stated in Polish zloty. Financial data included in the interim condensed financial statements are expressed in thousands of PLN unless stated otherwise.

The presented interim condensed balance sheet, interim condensed income statement, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in equity are unaudited and they have not been the subject of review by an independent certified auditor. These unaudited interim condensed financial statements do not include all the information and disclosures that are required from annual financial statements and therefore should be read in conjunction with the audited financial statements and the notes thereto for the year ended 31 December 2011.

The Company also prepares interim condensed consolidated financial statements for Dom Development S.A. Capital Group for the three-month period ended 31 March 2012. These statements were approved by the Management Board of the Company on 24 April 2012.

7.3. Accounting policies

Polish law requires the Company to prepare its interim condensed 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 Company, there are no differences in the IFRS policies applied by the Company and IFRS that have been endorsed by the EU.

The interim condensed 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.



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 31 March 2012
(all amounts in thousands PLN unless stated otherwise)

These interim condensed financial statements are prepared based on the same accounting policies as for the financial statements of the Company for the year ended 31 December 2011, except for the amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2012.

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

The introduced amendments were scrutinized by the Company and do not affect the financial data presented in these interim condensed 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 drafted 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:

- verification of their profitability and any potential inventory impairment write down,
- 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, 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 Company is not subject to any major seasonality.

7.5. Inventory

INVENTORY	31.03.2012	31.12.2011
	<i>(unaudited)</i>	
Advances on deliveries	10 362	8 197
including: at purchase prices/production costs	10 431	8 266
including: write down to the net realisable value	(69)	(69)
Semi-finished goods and work in progress	1 288 785	1 237 579
including: at purchase prices/production costs	1 298 757	1 247 551
including: write down to the net realisable value	(9 972)	(9 972)
Finished goods	160 612	220 052
including: at purchase prices/production costs	167 261	227 260
including: write down to the net realisable value	(6 649)	(7 208)
Total	1 459 759	1 465 828



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 31 March 2012
(all amounts in thousands PLN unless stated otherwise)

WRITE DOWN TO THE NET REALISABLE VALUE	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>
Opening balance	17 249	12 989
Increments	-	586
Reversal	(559)	(147)
Closing balance	16 690	13 428

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

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.03.2012 <i>(unaudited)</i>	31.12.2011
Carrying value of inventory used to secure liabilities	337 000	454 000
Mortgages:		
Value of mortgages used to secure real estate purchase agreements	22 000	34 000
Value of mortgages used to secure loan agreements	315 000	420 000

7.6. Change in the write-downs of short-term receivables

CHANGE IN THE WRITE DOWNS FOR TRADE AND OTHER RECEIVABLES	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>
Opening balance	3 809	3 577
a) Additions	468	24
b) Disposals	(60)	(63)
Closing balance	4 217	3 538

As of the balance sheet date there were no trade or other receivables in foreign currencies.

7.7. Cash and cash equivalents

Cash and cash equivalents are represented by cash at bank and cash in hand. The book value of these assets corresponds to their fair value.

CASH AND CASH EQUIVALENTS	31.03.2012 <i>(unaudited)</i>	31.12.2011	31.03.2011 <i>(unaudited)</i>
Cash in hand and at bank	4 840	6 075	960
Short-term deposits	434 357	370 707	402 871
Other	36	51	34
Overdrafts	(15)	-	-
Total	439 218	376 833	403 865

The Company discloses overdrafts as a reduction in cash and cash equivalents when it holds deposits that exceed the overdrafts in the same banks (see note 7.10).



7.8. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 31.03.2012

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	12.03.2012
Total number of shares				24 670 397				
Total share capital					24 670 397			
Nominal value per share = PLN 1								

SHARE CAPITAL (STRUCTURE) AS AT 31.12.2011

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
Total number of shares				24 560 222				
Total share capital					24 560 222			
Nominal value per share = PLN 1								

Description of changes to the share capital in the Company in the period from 1 January 2012 to the date of preparing of these financial statements.

On 20 January 2012, the Company's Management Board adopted a resolution on the increase of the share capital of the Company, within the authorised capital, from the amount of PLN 24 560 222.00 to PLN 24 670 397.00 by issuing 110 175 "Ł" series ordinary bearer shares.

The increase of the Company's share capital by issuance of 110 175 "Ł" series ordinary bearer shares was registered by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register on 12 March 2012. The "Ł" series shares were issued in a private placement procedure addressed to participants in Management Share Option Programme II.



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 31 March 2012
(all amounts in thousands PLN unless stated otherwise)

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 the financial statements				Change in the period from publication of the interim financial statements for the three-month period ended 30.09.2011
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Dom Development B.V.	15 206 172	61.64	15 206 172	61.64	-
Jarosław Szanajca	1 534 050	6.22	1 534 050	6.22	-
Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK SA *)	1 313 383	5.32	1 313 383	5.32	no data
Grzegorz Kielpsz	1 280 750	5.19	1 280 750	5.19	-

*) Shareholding of Aviva Powszechnie Towarzystwo Emerytalne (*General Pension Society*) Aviva BZ WBK S.A. has been presented as per the latest notice as of 11.07.2011 received by the Company from Aviva PTE Aviva BZ WBK S.A

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 interim financial statements for the three-month period ended 30.09.2011	
	Shares	Share options	Total	Shares	Share options
The Management Board					
Jarosław Szanajca	1 534 050	-	1 534 050	-	-
Janusz Zalewski	300 000	123 534	423 534	-	-
Jerzy Ślusarski	40 363	78 634	118 997	31 000	(31 000)
Janusz Stolarczyk	115 200	49 447	164 647	15 000	(15 000)
Terry Roydon	58 500	61 767	120 267	-	-
The Supervisory Board					
Grzegorz Kielpsz	1 280 750	-	1 280 750	-	-
Markham Dumas	5 000	-	5 000	-	-
Mark Spiteri	511	12 330	511	-	-

7.9. Dividends

In the three-month period ended 31 March 2012 the Company did not pay any dividends.

The details concerning the resolution adopted by the Supervisory Board on the payment of dividends from 2011 profit has been presented in note 7.24 "Material post balance sheet events".



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 31 March 2012
(all amounts in thousands PLN unless stated otherwise)

7.10. Loans

LOANS DUE WITHIN	31.03.2012 <i>(unaudited)</i>	31.12.2011
Less than 1 year	-	57 134
More than 1 year and less than 2 years	33 000	25 000
More than 2 years and less than 5 years	177 000	135 000
Over 5 years	-	-
Total loans	210 000	217 134
including: long-term	210 000	160 000
short-term	-	57 134

As at 31 March 2012 and 31 December 2011 the Company did not have any borrowing-related liabilities.

As at 31 March 2012 and 31 December 2011 all the loans taken by the Company were expressed in Polish zloty.

BANK LOANS AS AT 31.03.2012						
Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	210 000	PLN	210 000	PLN	31.12.2016
Total bank loans				210 000	PLN	

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 Company approximately equals their book value, including accrued interest.

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

Bank overdrafts

In the case that the Company holds overdrafts and deposits in the same banks and the amount of deposits exceeds the amount of overdrafts, and the deposit end date falls earlier than repayment of the overdrafts, the Company discloses these overdrafts as a reduction in cash and cash equivalents in the balance sheet (see note 7.7).

OVERDRAFTS AS AT 31.03.2012						
Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
BOŚ	Warsaw	5 000	PLN	15	PLN	19.08.2012
Total overdrafts				5 000	PLN	

OVERDRAFTS AS AT 31.12.2011						
Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
BOŚ	Warsaw	5 000	PLN	-	PLN	19.08.2012
Total overdrafts				5 000	PLN	



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 31 March 2012
(all amounts in thousands PLN unless stated otherwise)

7.11. Bonds

BONDS	31.03.2012 <i>(unaudited)</i>	31.12.2011
Nominal value of the bonds issued, long-term portion	220 000	100 000
Nominal value of the bonds issued, short-term portion	86 530	170 000
Nominal value of the bonds issued	306 530	270 000

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

Core details concerning the bonds issued

On 5 November 2007, the Company and Bank BPH S.A. (currently 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.

Changes in the first quarter of 2012

On 2 February 2012, the Company issued 12 000 unsecured bonds with the nominal value of PLN 10 000 each and the aggregate nominal value of PLN 120 000 000. The maturity date for these bonds is 2 February 2017. The issue value equals their nominal value. The interest rate is set at WIBOR 6M plus margin.

Concurrently, on 2 February 2012 and 24 February 2012 the Company purchased for redemption 9 120 bonds with the nominal value of PLN 8 500 each and the aggregate nominal value of PLN 77 520 000, and 700 bonds with the nominal value of PLN 8 500 each and the aggregate nominal value of PLN 5 950 000 respectively. The maturity date for these bonds is 28 November 2012. The purchase price equals their nominal value.

BONDS ISSUED AS AT 31.03.2012				
Series	Issue date	Amount	Currency	Contractual maturity date
I	28.11.2007	86 530	PLN	28.11.2012
II	30.06.2010	85 000	PLN	30.06.2015
II	15.07.2010	15 000	PLN	30.06.2015
III	02.02.2012	120 000	PLN	02.02.2017
Total		306 530	PLN	

7.12. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	31.03.2012 <i>(unaudited)</i>	31.12.2011
Accrued interest on bonds	4 258	1 093
Accrued interest on loans	917	1 127
Total accrued interest on loans and bonds	5 175	2 220

7.13. Segment reporting

The Company does not conduct segment reporting as its activities take place within a single segment.



7.14. Operating income

REVENUE BREAKDOWN	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>
Sales of finished goods	137 038	17 347	137 038	17 347
Sales of services	7 047	2 878	7 047	2 878
Total	144 085	20 225	144 085	20 225

7.15. Operating costs

OPERATING COSTS	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>
Cost of sales				
Cost of finished goods sold	(97 542)	(12 456)	(97 542)	(12 456)
Cost of services sold	(7 067)	(3 203)	(7 067)	(3 203)
Cost of goods (land) sold	-	-	-	-
Inventory write down to the net realisable value	370	(439)	370	(439)
Total cost of sales	(104 239)	(16 098)	(104 239)	(16 098)
Selling costs, and general administrative expenses				
Selling costs	(9 708)	(8 404)	(9 708)	(8 404)
General administrative expenses	(10 915)	(11 068)	(10 915)	(11 068)
Total selling costs, and general administrative expenses	(20 623)	(19 472)	(20 623)	(19 472)
Selling costs, and general administrative expenses by kind				
Depreciation	(722)	(564)	(722)	(564)
Cost of materials and energy	(2 522)	(2 971)	(2 522)	(2 971)
External services	(5 782)	(4 775)	(5 782)	(4 775)
Taxes and charges	(45)	(29)	(45)	(29)
Remuneration	(9 031)	(8 396)	(9 031)	(8 396)
Social security and other benefits	(1 399)	(1 239)	(1 399)	(1 239)
Management Option Programme	(314)	(661)	(314)	(661)
Other prime costs	(808)	(837)	(808)	(837)
Total selling costs, and general administrative expenses by kind	(20 623)	(19 472)	(20 623)	(19 472)

7.16. Income tax in the income statement

INCOME TAX	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>	01.01- - 31.03.2012 <i>(unaudited)</i>	01.01- - 31.03.2011 <i>(unaudited)</i>
Current income tax	(6 330)	-	(6 330)	-
Deferred tax in the income statement	2 695	2 665	2 695	2 665
Total	(3 635)	2 665	(3 635)	2 665



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7.17. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01- - 31.03.2012	01.01- - 31.03.2011	01.01- - 31.03.2012	01.01- - 31.03.2011
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Basic earnings per share				
Profit for calculation of the basic earnings per share	14 661	(11 714)	14 661	(11 714)
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 583 226	24 560 222	24 583 226	24 560 222
Basic earnings per share (PLN)	0.60	(0.48)	0.60	(0.48)
Diluted earnings per share				
Theoretical profit for calculation of the diluted earnings per share	14 661	(11 714)	14 661	(11 714)
Potential diluting shares related to the Management Share Option Programmes	59 847	157 458	59 847	157 458
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	24 643 073	24 717 680	24 643 073	24 717 680
Diluted earnings per share (PLN)	0.59	(0.47)	0.59	(0.47)

As the Company has no discontinued operations, the earnings per share from the continued operations equal the earnings per share calculated above.

7.18. Transactions with related entities

In the three-month periods ended 31 March 2012 and 2011, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided.

DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES

Counterparty	Transaction description	01.01- 31.03.2012	01.01- 31.03.2011
		<i>(unaudited)</i>	<i>(unaudited)</i>
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007	396	349
Hansom Property Company Limited	Consulting services as per the agreement dated 31 March 1999	65	56
Holland Park Advisory Limited	Consulting services as per the agreement dated 5 January 2010	98	89

DOM DEVELOPMENT S.A. AS A LAND BUYER UNDER AN AGENCY AGREEMENT

Counterparty	Transaction description	01.01- 31.03.2012	01.01- 31.03.2011
		<i>(unaudited)</i>	<i>(unaudited)</i>
Dom Development Grunty sp. z o.o.	Value of land transferred to Dom Development Grunty sp. z o.o. in the performance of mandate contracts	-	-
Dom Development Grunty sp. z o.o.	Additional payments to invoices for land ownership transfer to Dom Development S.A.	-	-



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DOM DEVELOPMENT S.A. AS A SERVICE PROVIDER (SELLER)

Counterparty	Transaction description	01.01- 31.03.2012	01.01- 31.03.2011
		(unaudited)	(unaudited)
Fort Mokotów sp. z o.o., under liquidation	Repair services as per the agreement dated 22 July 2005	190	66
Fort Mokotów sp. z o.o., under liquidation	Other	6	32
Dom Development Grunty sp. z o.o.	Other	1	1
Dom Development Morskie Oko sp. z o.o.	Other	1	1

DOM DEVELOPMENT S.A. AS A RECIPIENT OF A VALUE OF CONTRIBUTED SHARES

Counterparty	Transaction description	01.01- 31.03.2012	01.01- 31.03.2011
		(unaudited)	(unaudited)
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom" under liquidation	Refund of the value of contributed shares in association with liquidation of the Towarzystwo (insurance company)	-	1 674

DOM DEVELOPMENT S.A. AS A LENDER

Counterparty	Transaction description	01.01- 31.03.2012	01.01- 31.03.2011
		(unaudited)	(unaudited)
Dom Development Grunty sp. z o.o.	Interest accrued on the borrowing	19	19

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company

Entity	Receivables from related entities		Liabilities to related entities	
	31.03.2012 (unaudited)	31.03.2011 (unaudited)	31.03.2012 (unaudited)	31.03.2011 (unaudited)
Total balance	2 499	2 481	108	208
Subsidiaries	2 469	2 466	-	-
Dom Development Morskie Oko sp. z o.o. additional contributions to the capital	1 147	1 147	-	-
Dom Development Morskie Oko sp. z o.o.	1	-	-	-
Dom Development Grunty sp. z o.o.	1 321	1 319	-	-
Joint-ventures	30	15	-	-
Fort Mokotów sp. z o.o., under liquidation	30	15	-	-
Other entities	-	-	108	208
Woodsford Consulting Limited	-	-	10	119
Holland Park Advisory Limited	-	-	98	89

REMUNERATION AND FEES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF DOM DEVELOPMENT S.A.

Counterparty	01.01- 31.03.2012	01.01- 31.03.2011
	(unaudited)	(unaudited)
The Management Board	2 112	1 625
The Supervisory Board	258	276



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

7.19. Incentive Plan – Management Option Programmes

Structure of share options granted and not exercised as at 31 March 2012:

Programme	Grant date	Exercise start date	Maturity date	Number of options	Exercise price per option (PLN)
Programme II	6.12.2006	6.12.2009	6.12.2013	149 400	114.48
Programme II	7.12.2007	7.12.2010	7.12.2014	158 400	114.48
Programme II	8.12.2008	8.12.2011	8.12.2015	73 000	14.91
Programme II	15.01.2009	15.01.2012	15.01.2016	31 000	16.97
Programme II	10.12.2009	10.12.2012	10.12.2016	198 025	40.64
Programme II	12.07.2011	12.07.2014	12.07.2017	6 000	44.16
Programme III	13.12.2010	13.06.2014	13.12.2015	120 000	1.00
Total				735 825	

Exercise of the share options

The increase of the Company's share capital by issuance of 110 175 series "Ł" ordinary bearer shares was registered on 12 March 2012 (see note 7.8).

The "Ł" series shares were issued in a private placement procedure addressed to participants in the Management Share Option Programme II, based on the share options granted on 8 October 2008.

Grant of new share options

In the three-month period ended 31 March 2012 the Company did not grant any new share options.

Changes to the Management Option Programmes

On 29 March 2012 the Supervisory Board of the Company adopted a resolution concerning Management Share Option Programme II for 726 000 Shares in Dom Development S.A. (hereinafter "Program II") and Management Share Option Programme III for Senior Executives for 360 000 Shares in Dom Development S.A. (hereinafter "Program III"), pursuant to which the Supervisory Board decided not to grant any options to any person under the programmes concerned.

The Supervisory Board granted 726 000 options under Programme II. In the case that any of these options expires, the number of shares attributable to the expired options will not be taken into account by the Supervisory Board and the options will not be granted again.

The Supervisory Board granted 120 000 options under Programme III. None of the remaining 240 000 options will be granted by the Supervisory Board. Just like in Programme II, in the case that any of these 120 000 options expires, the number of shares attributable to the expired options will not be taken into account by the Supervisory Board and the options will not be granted again.

7.20. Contingent liabilities

CONTINGENT LIABILITIES	31.03.2012 (unaudited)	31.12.2011
Guarantees	2 104	2 110
Sureties	498	727
Total	2 602	2 837



Additionally, some of the Company's liabilities are secured with promissory notes:

COLLATERALS FOR LIABILITIES	31.03.2012 <i>(unaudited)</i>	31.12.2011
Promissory notes, including:		
– promissory notes as an additional guarantee for BOŚ bank in respect of claims arising from the granted loan	5 000	5 000
– promissory notes as an additional guarantee for PKO BP bank in respect of claims arising from the granted loan	210 000	175 000
– promissory notes as an additional guarantee for TU Euler Hermes arising from the good performance guarantee	1 889	1 889
Total	216 889	181 889

In the three-month period ended 31 March 2012 the Company 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 Company or would amount to at least 10% of the Company's shareholders' equity.

7.21. Material court cases

As of 31 March 2012 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 2012 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 2012, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 27 877 thousand, including the total value of proceedings concerning liabilities at approx. PLN 27 337 thousand and the total value of proceedings concerning receivables at approx. PLN 540 thousand.

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

7.22. Additional information on the operating activity of the Company

In the period from 1 January to 31 March 2012 the following material changes in the portfolio of the Company's real estate development projects under construction took place:

Projects commenced in the period from 1 January 2012 until 31 March 2012:

Project	Standard	Number of apartments
Derby 14, phase 2	Popular	154
Wilno, phase 4	Popular	109
Młyny Królewskie	Popular	294

Projects ended in the period from 1 January 2012 until 31 March 2012:

Project	Standard	Number of apartments
Wilno, phase 1A	Popular	130
Klasyków, phase 3	Popular	187
Regaty, phase 5	Popular	180
Opera B	Luxury apartments	11



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

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

- The economic trend in the residential market, where the Company 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, as well as in the individual market segments,
- The timely delivery of the construction works in line with the schedules by the construction companies completing individual investments of the Company 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 Company in an uncontrolled manner,
- Maintaining the stable political situation and creating a positive economic climate by the government and local authorities.

7.24. Material post-balance sheet events

Distribution of profit for 2011

On 10 April 2012, the Supervisory Board of the Company approved the petition of the Management Board for the distribution of Company's net profit for the financial year 2011.

The Management Board requested that a part of the Company's net profit for 2011 in the amount of PLN 37 005 595.50, i.e. PLN 1.50 per share, be appropriated for the payment of a dividend to shareholders in the Company, and a part of the net profit for 2011 in the amount of PLN 45 833 782.77 be allocated for the increase of Company's supplementary capital. The Management Board of the Company proposed that the dividend day be 12 June 2012 and the dividend payment day be 26 June 2012.

The Supervisory Board of the Company will recommended to the General Shareholders' Meeting that the above petition be approved and resolution on the distribution of profit for 2011 be adopted.

Bond redemption

On 3 April 2012 the Company purchased for redemption 4 000 bonds with the nominal value of PLN 8 500 each and the aggregate nominal value of PLN 34 000 000. The maturity date for these bonds is 28 November 2012. The purchase price equals their nominal value.

7.25. Forecasts

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



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7.26. Selected financial data translated into EURO

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

SELECTED DATA FROM THE BALANCE SHEET	31.03.2012	31.12.2011
	(unaudited)	
	thousand Euro	thousand Euro
Total current assets	469 282	431 348
Total assets	471 475	433 259
Total shareholders' equity	204 687	189 108
Long-term liabilities	115 012	72 218
Short-term liabilities	151 776	171 933
Total liabilities	266 788	244 151
<i>PLN/EURO exchange rate as at the balance sheet date</i>	<i>4.1616</i>	<i>4.4168</i>

SELECTED DATA FROM THE INCOME STATEMENT	01.01- - 31.03.2012	01.01- - 31.03.2011	01.01- - 31.03.2012	01.01- - 31.03.2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	thousand Euro	thousand Euro	thousand Euro	thousand Euro
Sales revenue	34 511	5 089	34 511	5 089
Gross profit on sales	9 544	1 038	9 544	1 038
Operating profit/(loss)	4 463	(3 711)	4 463	(3 711)
Profit/(loss) before tax	4 383	(3 619)	4 383	(3 619)
Net profit/(loss)	3 512	(2 947)	3 512	(2 947)
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>4.1750</i>	<i>3.9742</i>	<i>4.1750</i>	<i>3.9742</i>