



DOM DEVELOPMENT S.A.

Interim condensed financial statements for the three-month period ended 30 September 2014



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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 on 30 September 2014, comprising:

- interim condensed balance sheet prepared as at 30 September 2014 with the balance of assets and liabilities in the amount of PLN 1 663 997 thousand;
- interim condensed income statement for the nine-month and three-month periods ended 30 September 2014 with a net profit of PLN 26 096 and PLN 15 274 thousand, respectively;
- interim condensed statement of comprehensive income for the nine-month and three month periods ended 30 September 2014 with a net comprehensive income of PLN 26 101 thousand and PLN 15 279 thousand;
- interim condensed statement of changes in shareholders' equity in the nine-month period from 1 January 2014 to 30 September 2014 with the PLN 828 384 thousand shareholders' equity as at 30 September 2014;
- interim condensed cash flow statement for the nine-month period from 1 January 2014 to 30 September 2014 with the PLN 327 398 thousand net cash and cash equivalents as at 30 September 2014;
- additional notes to the interim condensed financial statements

were prepared and approved by the Management Board of the Company on 23 October 2014.

Jarosław Szanajca,
President of the Management Board

Janusz Zalewski,
Vice President of the Management Board



2. INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	30.09.2014 <i>(unaudited)</i>	31.12.2013
Fixed assets			
Intangible assets		1 692	1 189
Tangible fixed assets		5 626	4 690
Investments in subsidiaries, associates and jointly controlled entities		113	68
Long-term receivables		1 601	1 601
Other financial assets		202	9
Total fixed assets		9 234	7 557
Current assets			
Inventory	7.5	1 301 824	1 344 296
Trade and other receivables		4 810	43 421
Income tax receivables		1 727	-
Other current assets		4 452	4 071
Short-term financial assets	7.6	14 552	5 157
Cash and cash equivalents	7.7	327 398	321 307
Total current assets		1 654 763	1 718 252
Total assets		1 663 997	1 725 809

EQUITY AND LIABILITIES	Note	30.09.2014 <i>(unaudited)</i>	31.12.2013
Shareholders' equity			
Share capital	7.8	24 770	24 753
Share premium		234 520	234 283
Other capital (supplementary capital)		517 379	517 521
Reserve capital from valuation of share options		25 126	25 113
Reserve capital from valuation of cash flow hedges		(17)	(22)
Reserve capital from reduction of share capital		510	510
Accumulated, unappropriated profit (loss)		26 096	54 352
Total shareholders' equity		828 384	856 510
Liabilities			
Long-term liabilities			
Loans, long-term portion	7.10	144 000	174 000
Bonds, long-term portion	7.11	170 000	270 000
Deferred tax provision		7 679	7 779
Long-term provisions		12 767	12 898
Other long-term liabilities		25 539	21 388
Total long-term liabilities		359 985	486 065
Short-term liabilities			
Trade payables, tax and other liabilities		155 118	140 021
Loans, short-term portion	7.10	-	-
Bonds, short-term portion	7.11	100 000	-
Accrued interest on loans and bonds	7.12	2 966	3 803
Corporate income tax payables		-	1 628
Short-term provisions		5 577	6 229
Deferred income		211 967	231 553
Total short-term liabilities		475 628	383 234
Total liabilities		835 613	869 299
Total equity and liabilities		1 663 997	1 725 809



3. INTERIM CONDENSED INCOME STATEMENT

	Note	Nine-month period ended		Three-month period ended	
		30.09.2014 (unaudited)	30.09.2013 (unaudited)	30.09.2014 (unaudited)	30.09.2013 (unaudited)
Sales revenue	7.14	521 515	463 787	159 891	123 592
Cost of sales	7.15	(427 696)	(361 134)	(119 738)	(99 665)
Gross profit on sales		93 819	102 653	40 153	23 927
Selling costs	7.15	(30 749)	(31 057)	(10 642)	(9 882)
General administrative expenses	7.15	(34 838)	(30 827)	(11 809)	(9 977)
Other operating income		11 434	1 425	2 189	400
Other operating expenses		(7 663)	(4 490)	405	(1 630)
Operating profit		32 003	37 704	20 296	2 838
Financial income		5 107	2 365	543	628
Financial costs		(4 429)	(4 004)	(2 266)	(1 403)
Profit before tax		32 681	36 065	18 573	2 063
Income tax	7.16	(6 585)	(7 520)	(3 299)	(914)
Net profit		26 096	28 545	15 274	1 149
Earnings per share:					
Basic (PLN)	7.17	1.05	1.15	0.62	0.05
Diluted (PLN)	7.17	1.05	1.15	0.62	0.05



Dom Development S.A.

Interim condensed statement of comprehensive income
for the nine-month and three-month periods ended 30 September 2014
(all amounts in thousands PLN unless stated otherwise)

4. INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Nine-month period ended		Three-month period ended	
	30.09.2014 <i>(unaudited)</i>	30.09.2013 <i>(unaudited)</i>	30.09.2014 <i>(unaudited)</i>	30.09.2013 <i>(unaudited)</i>
Net profit	26 096	28 545	15 274	1 149
Other comprehensive income				
Net change to cash flow hedges	6	26	6	-
Income tax	(1)	(5)	(1)	-
Other net comprehensive income	5	21	5	-
Total net comprehensive income	26 101	28 566	15 279	1 149



5. INTERIM CONDENSED CASH FLOW STATEMENT

	Note	Nine-month period ended	
		30.09.2014 (unaudited)	30.09.2013 (unaudited)
Cash flow from operating activities			
Profit before tax		32 681	36 065
Adjustments:			
Depreciation		2 309	2 403
Profit/loss on foreign exchange differences		(141)	(170)
Profit/loss on investments		343	(81)
Interest cost/income		13 265	10 912
Cost of the management option programmes		13	18
Changes in the operating capital:			
Changes in provisions		(783)	406
Changes in inventory		40 902	16 697
Changes in receivables		38 611	(5 949)
Changes in short-term liabilities, excluding loans and bonds		9 833	(565)
Changes in prepayments and deferred income		(20 057)	(8 325)
Other adjustments		141	170
Cash flow generated from operating activities		117 117	51 581
Interest received		6 265	14 751
Interest paid		(18 752)	(23 418)
Income tax paid		(10 041)	(12 356)
Net cash flow from operating activities		94 589	30 558
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		148	77
Bank deposits with a maturity over three months, made and/or closed	7.6	(1)	232 919
Acquisition of intangible and tangible fixed assets		(3 819)	(2 057)
Acquisition of financial assets		(585)	-
Net cash flow from investing activities		(4 257)	230 939
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)		254	387
Proceeds from contracted loans		20 000	-
Commercial papers issued		-	50 000
Repayment of loans and borrowings		(50 000)	-
Redemption of commercial papers		-	(33 000)
Dividends paid		(54 495)	(91 048)
Net cash flow from financing activities		(84 241)	(73 661)
Increase / (decrease) in net cash and cash equivalents		6 091	187 836
Cash and cash equivalents – opening balance	7.7	321 307	173 045
Cash and cash equivalents – closing balance	7.7	327 398	360 881



Dom Development S.A.

Interim condensed statement of changes in shareholders' equity
for the nine-month period ended 30 September 2014
(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 2014	24 753	234 283	517 521	510	(22)	25 113	54 352	856 510
Share capital increase by exercising share options (note 7.8)	17	237	-	-	-	-	-	254
Supplementary capital used for the payment of a dividend	-	-	(142)	-	-	-	142	-
Payment of dividends to shareholders	-	-	-	-	-	-	(54 494)	(54 494)
Creation of reserve capital from the valuation of the share options	-	-	-	-	-	13	-	13
Net profit for the reporting period	-	-	-	-	-	-	26 096	26 096
Other net comprehensive income for the reporting period	-	-	-	-	5	-	-	5
Balance as at 30 September 2014 <i>(unaudited)</i>	24 770	234 520	517 379	510	(17)	25 126	26 096	828 384

	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 2013	24 715	233 733	517 362	510	(58)	25 089	91 207	892 558
Share capital increase	26	361	-	-	-	-	-	387
Transfer of profit to supplementary capital	-	-	159	-	-	-	(159)	-
Payment of dividends to shareholders	-	-	-	-	-	-	(91 048)	(91 048)
Creation of reserve capital from the valuation of the share options	-	-	-	-	-	18	-	18
Net profit for the reporting period	-	-	-	-	-	-	28 545	28 545
Other net comprehensive income for the reporting period	-	-	-	-	21	-	-	21
Balance as at 30 September 2013 <i>(unaudited)</i>	24 741	234 094	517 521	510	(37)	25 107	28 545	830 481



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, Plac 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 30 September 2014, Dom Development B.V. controlled 59.45% 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 30 September 2014 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 in these financial statements 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 shareholder's 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 of the Company and the notes thereto for the year ended 31 December 2013.

The Company has also prepared interim condensed consolidated financial statements for Dom Development S.A. Capital Group for the three-month period ended 30 September 2014. These statements were approved by the Management Board of the Company on 23 October 2014.



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.

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 2013, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2014:

- Amendments to IAS 32 *Financial instruments: presentation: Offsetting of Financial Assets and Financial Liabilities* – effective for financial years beginning on or after 1 January 2014.
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities* (issued on 31 October 2012) – effective for financial years beginning on 1 January 2014.
- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-financial Assets* (issued on 29 May 2013) – effective for financial years beginning on or after 1 January 2014.
- Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* (issued on 27 June 2013) – effective for financial years beginning on or after 1 January 2014.
- IFRIC 21 *Levies* (published on 20 May 2013) – effective for annual periods beginning on or after 1 January 2014; in the EU effective latest for annual periods beginning on or after 17 June 2014.

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

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.



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:

- 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	30.09.2014 <i>(unaudited)</i>	31.12.2013
Advances on deliveries, including	52 395	24 943
at purchase prices/production costs	52 395	24 943
write down to the net realisable value	-	-
Semi-finished goods and work in progress, including	1 058 811	1 160 727
at purchase prices/production costs	1 069 764	1 172 301
write down to the net realisable value	(10 953)	(11 574)
Finished goods, including:	190 618	158 626
at purchase prices/production costs	194 286	162 876
write down to the net realisable value	(3 668)	(4 250)
Total	1 301 824	1 344 296

INVENTORY REVALUATION WRITE DOWNS	01.01 - 30.09.2014 <i>(unaudited)</i>	01.01 - 30.09.2013 <i>(unaudited)</i>
Opening balance	15 824	20 186
Increments	1 494	1 298
Decrease	(2 697)	(3 126)
Closing balance	14 621	18 358

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



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2014
(all amounts in thousands PLN unless stated otherwise)

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	30.09.2014 <i>(unaudited)</i>	31.12.2013
Carrying value of inventory used to secure liabilities	235 057	267 320
Mortgages:		
Value of mortgages established to secure real estate purchase agreements	15 400	18 000
Value of mortgages established to secure loan agreements (maximum amount)	366 000	291 000

7.6. Short-term financial assets

SHORT-TERM FINANCIAL ASSETS	30.09.2014 <i>(unaudited)</i>	31.12.2013
Bank deposits with a maturity over three months	48	47
Cash in an escrow account	14 504	5 110
Total	14 552	5 157

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 Company 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 Company's customers as advances for the sale of products which is deposited in 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 an escrow account".

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	30.09.2014 <i>(unaudited)</i>	31.12.2013	30.09.2013 <i>(unaudited)</i>
Cash in hand and at bank	7 254	6 695	5 996
Bank deposits with a maturity of three months or less	320 112	314 580	354 865
Other	32	32	20
Total	327 398	321 307	360 881



7.8. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 30.09.2014

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
Total number of shares				24 770 272				
Total share capital					24 770 272			
Nominal value per share = PLN 1								

SHARE CAPITAL (STRUCTURE) AS AT 31.12.2013

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
Total number of shares				24 753 197				
Total share capital					24 753 197			
Nominal value per share = PLN 1								

Description of changes to the share capital in the Company in the period from 1 January until 30 September 2014

On 21 January 2014 the Management Board of Dom Development S.A. adopted a resolution to increase the share capital by issuing 17 075.00 S series ordinary bearer shares as a part of the authorised capital from the then current amount of PLN 24 753 197.00 up to PLN 24 770 272.00, that is by PLN 17 075.00. The increase of the Company's share capital by issuance of 17 075 S 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 20 March 2014. The S series shares were issued in a private placement procedure addressed to participants in Management Share Option Programme II. The 17 075 shares were registered at the stock exchange and introduced to trading on 2 May 2014.



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2014
(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 these financial statements				Change in the period from publication of the interim financial statements for the six-month period ended 30.06.2014
	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 as of 11.07.2011 received by the Company from the Society.

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 six-month period ended 30.06.2014	
	Shares	Share options	Total	Shares	Share options
The Management Board					
Jarosław Szanajca	1 534 050	-	1 534 050	-	-
Janusz Zalewski	311 000	92 534	403 534	-	-
Małgorzata Kolarska	6 500	7 000	13 500	-	-
Janusz Stolarczyk	105 200	43 597	148 797	-	-
Terry Roydon	58 500	11 767	70 267	-	-
The Supervisory Board					
Grzegorz Kiełpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	500	2 330	2 830	-	-

7.9. Dividends

On 22 May 2014, the Ordinary General Meeting of the Shareholders of the Company resolved to assign PLN 54 352 343.33 from the Company's profit for 2013 and PLN 142 255.07 from the Company's supplementary capital for the payment of dividends. This implies the payment of PLN 2.20 per share.

The dividend day was set at 12 June 2014 and the dividend payment day was set at 27 June 2014. The dividend was paid out in accordance with the resolution.

In the preceding year, the dividend allocation was PLN 91 047 880.96 and the dividend payment amounted to PLN 3.68 per share.



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2014
(all amounts in thousands PLN unless stated otherwise)

7.10. Loans

Description of material changes in the three-month period ended 30 September 2014

On 5 February 2014 the Company and mBank Spółka Akcyjna entered into an agreement for the loan facility in aggregate amount of PLN 50 000 thousand to be used to finance current business operations of the Company. The term of the Agreement is until 3 February 2017.

The loan in the amount of PLN 20 000 thousand was drawn at mBank on 29 August 2014.

On 29 August 2014, the Company prematurely repaid an instalment of the loan at PKO Bank Polski S.A. in the amount of PLN 20 000 thousand.

LOANS DUE WITHIN	30.09.2014 <i>(unaudited)</i>	31.12.2013
Less than 1 year	-	-
More than 1 year and less than 2 years	46 000	66 000
More than 2 years and less than 5 years	98 000	108 000
Over 5 years	-	-
Total loans	144 000	174 000
including: long-term	144 000	174 000
short-term	-	-

BANK LOANS AS AT 30.09.2014						
Bank	Registered office	Loan amount and currency as per agreement		Outstanding loan amount (less accrued interest) and currency		Due date
PKO BP SA	Warsaw	210 000	PLN	104 000	PLN	31.12.2016
Alior Bank	Warsaw	50 000	PLN	20 000	PLN	18.09.2016
mBank	Warsaw	50 000	PLN	20 000	PLN	03.02.2017
Total bank loans				144 000	PLN	

As at 30 September 2014 and 31 December 2013 all the loans taken by the Company 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 Company approximately equals their book value, including accrued interest.

In the "Loans" item the Company 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".

7.11. Bonds

BONDS	30.09.2014 <i>(unaudited)</i>	31.12.2013
Nominal value of the bonds issued, long-term portion	170 000	270 000
Nominal value of the bonds issued, short-term portion	100 000	-
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".



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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

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.

Description of material changes in the three-month period ended 30 September 2014

The total bond issue liabilities in the three-month period ended 30 September 2014 and their maturity structure have not changed.

BONDS ISSUED AS AT 30.09.2014					
Series	Issue date	Amount	Currency	Contractual maturity date	
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	
IV	26.03.2013	50 000	PLN	26.03.2018	
Total:		270 000	PLN		

7.12. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2014 <i>(unaudited)</i>	31.12.2013
Accrued interest on bonds	2 761	3 803
Accrued interest on loans	205	-
Total accrued interest on loans and bonds	2 966	3 803

7.13. Segment reporting

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



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7.14. Operating income

REVENUE BREAKDOWN	01.01 - 30.09.2014 <i>(unaudited)</i>	01.01 - 30.09.2013 <i>(unaudited)</i>	01.07 - 30.09.2014 <i>(unaudited)</i>	01.07 - 30.09.2013 <i>(unaudited)</i>
Sales of finished goods	512 479	450 388	157 600	115 155
Sales of services	8 885	13 399	2 291	8 437
Sales of land	151	-	-	-
Total	521 515	463 787	159 891	123 592

7.15. Operating costs

OPERATING COSTS	01.01 - 30.09.2014 <i>(unaudited)</i>	01.01 - 30.09.2013 <i>(unaudited)</i>	01.07 - 30.09.2014 <i>(unaudited)</i>	01.07 - 30.09.2013 <i>(unaudited)</i>
Cost of sales				
Cost of finished goods sold	(418 150)	(348 677)	(119 293)	(91 322)
Cost of services sold	(10 598)	(14 366)	(2 926)	(8 571)
Cost of land sold	(151)	-	-	-
Inventory write down to the net realisable value	1 203	1 909	2 481	228
Total cost of sales	(427 696)	(361 134)	(119 738)	(99 665)
Selling costs, and general administrative expenses				
Selling costs	(30 749)	(31 057)	(10 642)	(9 882)
General administrative expenses	(34 838)	(30 827)	(11 809)	(9 977)
Total selling costs, and general administrative expenses	(65 587)	(61 884)	(22 451)	(19 859)
Selling costs, and general administrative expenses by kind				
Depreciation	(2 309)	(2 403)	(836)	(810)
Cost of materials and energy	(10 895)	(10 633)	(3 273)	(3 793)
External services	(15 974)	(15 994)	(5 887)	(5 082)
Taxes and charges	(92)	(103)	(29)	(27)
Remuneration	(29 243)	(26 471)	(10 507)	(8 355)
Social security and other benefits	(4 010)	(3 771)	(1 024)	(907)
Management Option Programme	(13)	(18)	(1)	(6)
Other prime costs	(3 051)	(2 491)	(894)	(879)
Total selling costs, and general administrative expenses by kind	(65 587)	(61 884)	(22 451)	(19 859)

7.16. Income tax in the income statement

INCOME TAX	01.01 - 30.09.2014 <i>(unaudited)</i>	01.01 - 30.09.2013 <i>(unaudited)</i>	01.07 - 30.09.2014 <i>(unaudited)</i>	01.07 - 30.09.2013 <i>(unaudited)</i>
Current income tax	6 686	13 833	(567)	1 649
Deferred tax in the income statement	(101)	(6 313)	3 866	(735)
Total	6 585	7 520	3 299	914



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7.17. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01 - 30.09.2014 <i>(unaudited)</i>	01.01 - 30.09.2013 <i>(unaudited)</i>	01.07 - 30.09.2014 <i>(unaudited)</i>	01.07 - 30.09.2013 <i>(unaudited)</i>
Basic earnings per share				
Profit for calculation of the basic earnings per share	26 096	28 545	15 274	1 149
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 765 331	24 735 177	24 770 272	24 741 272
Basic earnings per share (PLN)	1.05	1.15	0.62	0.05
Diluted earnings per share				
Profit for calculation of the diluted earnings per share	26 096	28 545	15 274	1 149
Potential diluting shares related to the Management Share Option Programmes	30 934	11 411	10 865	11 909
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	24 796 265	24 746 588	24 781 137	24 753 181
Diluted earnings per share (PLN)	1.05	1.15	0.62	0.05

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 30 September 2014 and 2013, 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	01.07-30.09.2014 <i>(unaudited)</i>	01.07-30.09.2013 <i>(unaudited)</i>	
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007	472	383	
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001	69	47	
Hansom Property Company Limited	Other	-	-	
Kirkley Advisory Limited	Consulting services as per the agreement dated 1 March 2012	-	3	
Kirkley Advisory Limited	Other	-	-	

DOM DEVELOPMENT S.A. AS A SERVICE PROVIDER (SELLER)				
Counterparty	Transaction description	01.07-30.09.2014 <i>(unaudited)</i>	01.07-30.09.2013 <i>(unaudited)</i>	
Fort Mokotów sp. z o.o., under liquidation	Repair services as per the agreement dated 22 July 2005	36	81	
Fort Mokotów sp. z o.o., under liquidation	Other	-	9	
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	01.07- 30.09.2014	01.07- 30.09.2013
		(<i>unaudited</i>)	(<i>unaudited</i>)
Dom Development Grunty sp. z o.o.	Interest accrued on the borrowing	15	19

DOM DEVELOPMENT S.A. AS A SELLER OF THE TITLE TO LAND

Counterparty	Transaction description	01.07- 30.09.2014	01.07- 30.09.2013
		(<i>unaudited</i>)	(<i>unaudited</i>)
Dom Development Grunty sp. z o.o.	Sale of the interest in long-term leasehold – conditional agreement	800	0

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

Entity	Receivables from related entities		Liabilities to related entities	
	30.09.2014 (<i>unaudited</i>)	31.12.2013	30.09.2014 (<i>unaudited</i>)	31.12.2013
Total balance	2 217	2 184	7 260	123
Subsidiaries	2 192	2 147	7 045	-
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.	1 045	1 000	7 045	-
Joint-ventures	25	37	-	-
Fort Mokotów sp. z o.o., under liquidation	25	37	-	-
Other entities	-	-	215	123
Woodsford Consulting Limited	-	-	215	123

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

Counterparty	01.07 - 30.09.2014	01.07 - 30.09.2013
	(<i>unaudited</i>)	(<i>unaudited</i>)
The Management Board	1 689	1 017
The Supervisory Board	258	258

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.



7.19. Incentive Plan – Management Option Programmes

Structure of share options granted and not exercised as at 30 September 2014:

Programme	Grant date	Exercise start date	Maturity date	Number of options	Exercise price per option (PLN)
Programme II	7.12.2007	7.12.2010	7.12.2014	113 425	114.48
Programme II	8.12.2008	8.12.2011	8.12.2015	1 000	14.91
Programme II	10.12.2009	10.12.2012	10.12.2016	162 185	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	96 466*)	1.00
Total				379 076	

*) The above table includes the options (96 466 share options) granted under Programme III that have not yet expired. As significant entitlement condition has not been met for the exercise of these options, the options under Programme III will not be able to be exercised.

Expiry of share options

In the three-month period ended 30 September 2014 the number of share options eligible to participate in Programme II of Management Option Programmes was reduced by 850 options as a result of termination of employment contracts with the persons eligible to participate in the programmes.

Exercise of the share options

In the three-month period ended 30 September 2014 no share options were exercised.

Grant of new share options

In the three-month period ended 30 September 2014 the Company did not grant any new share options.

Changes to the Management Option Programmes

In the three-month period ended 30 September 2014 no changes were made to the Management Option Programme.

7.20. Contingent liabilities

CONTINGENT LIABILITIES	30.09.2014 (unaudited)	31.12.2013
Guarantees	141	141
Sureties	359	357
Total	500	498

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

COLLATERALS FOR LIABILITIES	30.09.2014 (unaudited)	31.12.2013
Promissory notes, including:		
– promissory notes as an additional guarantee for the PKO BP SA bank in respect of claims arising from the granted loan	210 000	210 000
Total	210 000	210 000

In the three-month period ended 30 September 2014 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 30 September 2014 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 30 September 2014 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 30 September 2014, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 34 122 thousand, including the total value of proceedings concerning liabilities at approx. PLN 15 972 thousand and the total value of proceedings concerning receivables at approx. PLN 18 150 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 30 September 2014 the following material changes in the portfolio of the Company's real estate development projects under construction took place:

Projects where the construction commenced in the period from 1 January 2014 until 30 September 2014:

Project	Standard	Number of apartments
Żoliborz Artystyczny, phase 3	Popular	228
Aura, phase 1b	Popular	64
Willa Lindego	Popular	121
Wilno, phase 2 (stage 2A)	Popular	149
Rezydencja Mokotów	Luxury apartments	133
Apartamenty Saska nad Jeziorem, phase 2	Popular	224
Aleja Piastów , phase 1	Popular	90
Aleja Piastów , phase 2	Popular	81
Żoliborz Artystyczny, phase 4	Popular	222
Klasyków II, phase 1	Popular	231
Osiedle Pod Różami	Popular	107

Projects where the construction was completed in the period from 1 January 2014 until 30 September 2014:

Project	Standard	Number of apartments
Derby 14, phase 3	Popular	189
Młyny Królewskie	Popular	294
Klasyków I, phase 2	Popular	236
Wilno, phase 2b	Popular	124
Adria, phase 3	Popular	183
Willa na Harfowej	Popular	90
Saska I, phase 3/3	Popular	170
Saska I, phase 3/4	Popular	178



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,
- 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. Changes to composition the Management Board

As Mr Jerzy Ślusarski had resigned from the function of a Member and the Vice President of the Management Board of Dom Development S.A., the Supervisory Board appointed Ms Małgorzata Kolarska to be a Member and the Vice President of the Management Board of Dom Development S.A. effective as of 1 October 2014. Ms Małgorzata Kolarska has been appointed for a three-year term of office.

7.25. Material post-balance sheet events

No material post-balance sheet events took place at the Company.

7.26. Forecasts

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

7.27. Selected financial data translated into EURO

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

SELECTED DATA FROM THE BALANCE SHEET	30.09.2014 <i>(unaudited)</i>	31.12.2013
	thousand Euro	thousand Euro
Total current assets	396 303	414 316
Total assets	398 515	416 138
Total shareholders' equity	198 392	206 527
Long-term liabilities	86 214	117 203
Short-term liabilities	113 909	92 408
Total liabilities	200 123	209 611
<i>PLN/EURO exchange rate as at the balance sheet date</i>	<i>4.1755</i>	<i>4.1472</i>

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SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 30.09.2014 <i>(unaudited)</i> thousand Euro	01.01 - 30.09.2013 <i>(unaudited)</i> thousand Euro	01.07 - 30.09.2014 <i>(unaudited)</i> thousand Euro	01.07 - 30.09.2013 <i>(unaudited)</i> thousand Euro
Sales revenue	124 755	109 821	38 214	29 139
Gross profit on sales	22 443	24 307	9 596	5 641
Operating profit/(loss)	7 656	8 927	4 851	669
Profit/(loss) before tax	7 818	8 539	4 439	486
Net profit/(loss)	6 243	6 759	3 650	271
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>4.1803</i>	<i>4.2231</i>	<i>4.1841</i>	<i>4.2415</i>