



DOM DEVELOPMENT S.A.

Interim condensed financial statements for the three-month period ended 30 September 2016



CONTENTS

1.	APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY	2
2.	INTERIM CONDENSED BALANCE SHEET	3
3.	INTERIM CONDENSED INCOME STATEMENT	4
4.	INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME.....	5
5.	INTERIM CONDENSED CASH FLOW STATEMENT	6
6.	INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	7
7.	ADDITIONAL NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS.....	8
7.1.	General information about Dom Development S.A.	8
7.2.	Basis for the preparing of the interim condensed financial statements	8
7.3.	Accounting policies	9
7.4.	Key figures based on professional judgement and basis for estimates.....	10
7.5.	Investments in subsidiaries, associates and jointly controlled entities.....	11
7.6.	Inventory.....	11
7.7.	Short-term financial assets.....	12
7.8.	Cash and cash equivalents	12
7.9.	Share capital	13
7.10.	Loans	14
7.11.	Bonds	14
7.12.	Accrued interest on loans and bonds	15
7.13.	Segment reporting.....	15
7.14.	Operating income	15
7.15.	Operating costs	16
7.16.	Income tax in the income statement.....	16
7.17.	Earnings per share	16
7.18.	Transactions with related entities	17
7.19.	Incentive Plan – Management Option Programmes	18
7.20.	Contingent liabilities	19
7.21.	Material court cases.....	19
7.22.	Factors and events with significant impact on the condensed financial statements.....	20
7.23.	Dividends.....	21
7.24.	Material post-balance sheet events	21
7.25.	Forecasts	21
7.26.	Selected financial data translated into EURO	21



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 2016, comprising:

- interim condensed balance sheet prepared as at 30 September 2016 with the balance of assets and liabilities in the amount of PLN 2 057 564 thousand;
- interim condensed income statement for the nine-month and three-month periods ended 30 September 2016 with a net profit of PLN 41 273 thousand and PLN 17 613 thousand, respectively;
- interim condensed statement of comprehensive income for the nine-month and three month periods ended 30 September 2016 with a net comprehensive profit of PLN 41 104 thousand and PLN 17 755 thousand, respectively;
- interim condensed statement of changes in shareholders' equity in the nine-month period ended 30 September 2016 with the PLN 844 160 thousand shareholders' equity as at 30 September 2016;
- interim condensed cash flow statement for the nine-month period ended 30 September 2016 with the PLN 255 563 thousand net cash and cash equivalents as at 30 September 2016;
- additional notes to the interim condensed financial statements

were prepared and approved by the Management Board of the Company on 24 October 2016.

Jarosław Szanajca,
President of the Management Board

Janusz Zalewski,
Vice President of the Management Board



2. INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	30.09.2016 <i>(unaudited)</i>	31.12.2015
Fixed assets			
Intangible assets		3 964	3 504
Tangible fixed assets		6 952	7 032
Investments in subsidiaries, associates and jointly controlled entities	7.5	148 802	50
Long-term receivables		1 523	1 523
Other long-term assets		6 295	6 651
Total fixed assets		167 536	18 760
Current assets			
Inventory	7.6	1 601 680	1 478 660
Trade and other receivables		9 052	27 674
Income tax receivables		-	-
Other current assets		2 400	2 668
Short-term financial assets	7.7	21 333	3 747
Cash and cash equivalents	7.8	255 563	217 201
Total current assets		1 890 028	1 729 950
Total assets		2 057 564	1 748 710

EQUITY AND LIABILITIES	Note	30.09.2016 <i>(unaudited)</i>	31.12.2015
Shareholders' equity			
Share capital		24 782	24 771
Share premium		234 986	234 534
Other capital (supplementary capital)		517 570	517 466
Reserve capital from valuation of share options		25 126	25 126
Reserve capital from valuation of cash flow hedges		(87)	82
Reserve capital from reduction of share capital		510	510
Accumulated, unappropriated profit/(loss)		41 273	80 647
Total shareholders' equity		844 160	883 136
Liabilities			
Long-term liabilities			
Loans, long-term portion	7.10	100 000	100 000
Bonds, long-term portion	7.11	150 000	270 000
Deferred tax provision		9 794	20 064
Long-term provisions		12 323	11 354
Other long-term liabilities		35 112	30 729
Total long-term liabilities		307 229	432 147
Short-term liabilities			
Trade payables, tax and other liabilities		199 561	186 752
Loans, short-term portion	7.10	-	-
Bonds, short-term portion	7.11	120 000	-
Accrued interest on loans and bonds	7.12	2 153	3 403
Corporate income tax payables		12 867	1 150
Short-term provisions		5 168	7 112
Deferred income		566 426	235 010
Total short-term liabilities		906 175	433 427
Total liabilities		1 213 404	865 574
Total equity and liabilities		2 057 564	1 748 710



Dom Development S.A.
Interim condensed income statement
for the nine-month and three-month periods ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

3. INTERIM CONDENSED INCOME STATEMENT

	Note	Nine-month period ended		Three-month period ended	
		30.09.2016 <i>(unaudited)</i>	30.09.2015 <i>(unaudited)</i>	30.09.2016 <i>(unaudited)</i>	30.09.2015 <i>(unaudited)</i>
Sales revenue	7.14	594 775	424 214	227 042	193 914
Cost of sales	7.15	(465 487)	(330 379)	(177 623)	(156 538)
Gross profit on sales		129 288	93 835	49 419	37 376
Selling costs	7.15	(34 305)	(34 669)	(11 449)	(11 496)
General administrative expenses	7.15	(38 923)	(35 192)	(13 551)	(11 219)
Other operating income		3 106	2 573	147	738
Other operating expenses		(6 423)	(5 853)	(2 563)	(2 197)
Operating profit		52 743	20 694	22 003	13 202
Financial income		1 337	1 002	749	179
Financial costs		(2 499)	(2 858)	(886)	(1 011)
Profit before tax		51 581	18 838	21 866	12 370
Income tax	7.16	(10 308)	(4 146)	(4 253)	(2 843)
Net profit		41 273	14 692	17 613	9 527
Earnings per share:					
Basic (PLN)	7.17	1.67	0.59	0.71	0.38
Diluted (PLN)	7.17	1.66	0.59	0.71	0.38



Dom Development S.A.

Interim condensed statement of comprehensive income
for the nine-month and three-month periods ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

4. INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Nine-month period ended		Three-month period ended	
	30.09.2016 <i>(unaudited)</i>	30.09.2015 <i>(unaudited)</i>	30.09.2016 <i>(unaudited)</i>	30.09.2015 <i>(unaudited)</i>
Net profit	41 273	14 692	17 613	9 527
Other comprehensive income				
Net change to cash flow hedges	(208)	2	176	2
Income tax	39	-	(34)	-
Other net comprehensive income	(169)	2	142	2
Total net comprehensive income	41 104	14 694	17 755	9 529



5. INTERIM CONDENSED CASH FLOW STATEMENT

	Note	Nine-month period ended	
		30.09.2016 <i>(unaudited)</i>	30.09.2015 <i>(unaudited)</i>
Cash flow from operating activities			
Profit/(loss) before tax		51 581	18 838
Adjustments:			
Depreciation		3 959	3 203
Profit/loss on foreign exchange differences		22	6
Profit/loss on investments		154	250
Interest cost/income		10 415	10 011
Changes in the operating capital:			
Changes in provisions		(976)	(5 001)
Changes in inventory		(124 030)	(310 689)
Changes in receivables		18 622	(2 469)
Changes in short-term liabilities, excluding loans and bonds		(431)	63 300
Changes in prepayments and deferred income		331 027	263 008
Other adjustments		(22)	(6)
Cash flow generated from operating activities		290 321	40 451
Interest received		2 886	4 548
Interest paid		(12 897)	(16 246)
Income tax paid		(8 822)	(3 504)
Net cash flow from operating activities		271 488	25 249
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		200	113
Proceeds from the sale of financial assets		200	-
Bank deposits with a maturity over three months (made and/or closed)	7.7	-	29 999
Acquisition of intangible and tangible fixed assets		(4 507)	(4 397)
Acquisition of financial assets and additional contributions to the share capital	7.5	(148 940)	(1 005)
Net cash flow from investing activities		(153 047)	24 710
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)		464	-
Proceeds from contracted loans	7.10	100 000	60 000
Commercial papers issued	7.11	-	100 000
Repayment of loans and borrowings	7.10	(100 000)	(84 000)
Redemption of commercial papers	7.11	-	(100 000)
Dividends paid	7.23	(80 543)	(55 735)
Net cash flow from financing activities		(80 079)	(79 735)
Increase / (decrease) in net cash and cash equivalents		38 362	(29 776)
Cash and cash equivalents – opening balance	7.8	217 201	317 382
Cash and cash equivalents – closing balance	7.8	255 563	287 606



Dom Development S.A.

Interim condensed statement of changes in shareholders' equity
for the nine-month period ended 30 September 2016
(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 2016	24 771	234 534	517 466	510	82	25 126	80 647	883 136
Share capital increase by exercising share options	11	452	-	-	-	-	-	463
Transfer of profit to supplementary capital	-	-	104	-	-	-	(104)	-
Dividends paid to shareholders (7.23)	-	-	-	-	-	-	(80 543)	(80 543)
Net profit for the reporting period	-	-	-	-	-	-	41 273	41 273
Other net comprehensive income for the reporting period	-	-	-	-	(169)	-	-	(169)
Balance as at 30 September 2016 <i>(unaudited)</i>	24 782	234 986	517 570	510	(87)	25 126	41 273	844 160

	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 2015	24 770	234 520	517 379	510	-	25 126	55 822	858 127
Share capital increase by exercising share options	1	14	-	-	-	-	-	15
Transfer of profit to supplementary capital	-	-	87	-	-	-	(87)	-
Dividends paid to shareholders (7.23)	-	-	-	-	-	-	(55 735)	(55 735)
Net profit for the reporting period	-	-	-	-	-	-	14 692	14 692
Other net comprehensive income for the reporting period	-	-	-	-	2	-	-	2
Balance as at 30 September 2015 <i>(unaudited)</i>	24 771	234 534	517 466	510	2	25 126	14 692	817 101



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 2016, Dom Development B.V. controlled 59.42% 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 2016 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 ("IFRS") 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 shareholders' 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 2015.

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 2016. These statements were approved by the Management Board of the Company on 24 October 2016.



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 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*,
- Improvements resulting from IFRS reviews 2010-2012,
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*,
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*,
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*,
- Amendments to IAS 27 *Equity Method in Separate Financial Statements*,
- Improvements resulting from IFRS reviews 2012-2014,
- Amendments to IAS 1 *Disclosure Initiative*,
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*.

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.

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,
- 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 IFRS 4 *Application of IFRS 9 Financial Instruments with IFRS 4 Insurance contracts* (published on 12 September 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 2018,



- 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,
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (published on 12 April 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 2018,
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (published on 20 June 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 2018.

The Management Board is verifying effect of the above standards on the Company'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 Company is not subject to any major seasonality.



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

7.5. Investments in subsidiaries, associates and jointly controlled entities

Investments in subsidiaries, associates and jointly controlled entities have been presented in the table below:

INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	30.09.2016 (unaudited)		31.12.2015 (unaudited)	
	Net carrying value	Company's interest in share capital of the entity (in %)	Net carrying value	Company's interest in share capital of the entity (in %)
Dom Development Morskie Oko sp. z o.o., under liquidation	50	100%	50	100%
Dom Development Grunty sp. z o.o.	12	46%	-	46%
Fort Mokotów sp. z o.o., under liquidation	-	49%	-	49%
Vratislavia Dom Development sp. z o.o.	12 445	95%	-	-
Fort Mokotów Inwestycje sp. z o.o., under liquidation *)	136 295	100%	-	-
Total	148 802		50	

*) The costs incurred by the Company in connection with the purchase of shares in FMI has been included in the carrying value of the FMI investment

Description of material changes in the period from 1 July until 30 September 2016

- Purchase of shares in Fort Mokotów Inwestycje sp. z o.o.

On 28 July 2016, the Company purchased 100% of the shares in Fort Mokotów Inwestycje Sp. z o.o. (hereinafter "FMI") for PLN 129 400 thousand, thus it indirectly acquired the above mentioned perpetual usufruct right to the property owned by FMI. Due to the nature of the transaction, this purchase was disclosed in the consolidated financial statements of the Dom Development S.A. Capital Group as asset purchase rather than business combination.

The Company does not intend to carry out operations through FMI. FMI was put into liquidation on 16 September 2016.

- Taking up new shares in Fort Mokotów Inwestycje sp. z o.o.

On 28 July 2016, the Company took up 4 250 newly issued shares with PLN 1 000 nominal value each, and paid them up in cash.

- Additional contribution to the share capital in Vratislavia Dom Development sp. z o.o.

On 27 June 2016, the Company has made the repayable additional contribution to the share capital in the amount of PLN 8 645 thousand.

7.6. Inventory

INVENTORY	30.09.2016 (unaudited)	31.12.2015
Advances on deliveries	34 909	22 347
including: at purchase prices/production costs	35 078	22 516
write down to the net realisable value	(169)	(169)
Semi-finished goods and work in progress	1 318 027	1 127 277
including: at purchase prices/production costs	1 328 963	1 138 213
write down to the net realisable value	(10 936)	(10 936)
Finished goods	248 744	329 036
including: at purchase prices/production costs	254 498	334 691
write down to the net realisable value	(5 754)	(5 655)
Total	1 601 680	1 478 660



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

INVENTORY REVALUATION WRITE DOWNS	01.01 - 30.09.2016 <i>(unaudited)</i>	01.01 - 30.09.2015 <i>(unaudited)</i>
Opening balance	16 760	15 699
Increments	1 579	1 247
Decrease	(1 480)	(8 428)
Closing balance	16 859	8 518

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	30.09.2016 <i>(unaudited)</i>	31.12.2015
Carrying value of inventory used to secure liabilities	289 656	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

7.7. Short-term financial assets

SHORT-TERM FINANCIAL ASSETS	30.09.2016 <i>(unaudited)</i>	31.12.2015
Bank deposits with a maturity over three months	49	48
Cash in open-end residential escrow accounts	20 053	3 496
Cash in other escrow accounts	1 231	203
Total	21 333	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 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 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".

7.8. 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	30.09.2016 <i>(unaudited)</i>	31.12.2015	30.09.2015 <i>(unaudited)</i>
Cash in hand and at bank	2 003	5 887	8 218
Bank deposits with a maturity of three months or less	253 476	211 272	279 357
Other	84	42	31
Total	255 563	217 201	287 606



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

7.9. Share capital

Description of changes to the share capital in the Company in the period from 1 July until 30 September 2016

In the period from 1 July until 30 September 2016 no change to the share capital in the Company took place.

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 six-month period ended 30.06.2016
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Dom Development B.V.	14 726 172	59.42	14 726 172	59.42	-
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 Kielpsz	1 280 750	5.17	1 280 750	5.17	-

*) Shareholding of Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK S.A. (General Pension Society) has been presented as per the latest notice dated 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 quarterly financial statements for the six-month period ended 30.06.2016	
	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	-	-
Małgorzata Kolarska	6 500	-	6 500	-	-
Janusz Stolarczyk	105 200	16 830	122 030	-	-
Terry Roydon	58 500	-	58 500	-	-
The Supervisory Board					
Grzegorz Kielpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	-	-



7.10. Loans

Description of material changes in the three-month period ended 30 September 2016

In the three-month period ended 30 September 2016 the Company did not enter into any new credit facility agreements. Total loan liabilities increased by PLN 20 million in the period concerned. The structure of these liabilities in terms of their maturity has been presented in the table below.

LOANS DUE WITHIN	30.09.2016 <i>(unaudited)</i>	31.12.2015
Less than 1 year	-	-
More than 1 year and less than 2 years	-	30 000
More than 2 years and less than 5 years	100 000	70 000
Over 5 years	-	-
Total loans	100 000	100 000
including: long-term	100 000	100 000
short-term	-	-

BANK LOANS AS AT 30.09.2016						
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	-	PLN	03.02.2017
mBank	Warsaw	50 000*)	PLN	-	PLN	21.05.2019
PKO BP SA	Warsaw	100 000*)	PLN	100 000	PLN	26.07.2019
Total bank loans				100 000	PLN	

*) Revolving loan in the credit facility account

As at 30 September 2016 and 31 December 2015 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	30.09.2016 <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.



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

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 30 September 2016

The total bond issue liabilities in the three-month period ended 30 September 2016 and their maturity dates have not changed.

BONDS ISSUED AS AT 30.09.2016				
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	

7.12. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2016 (unaudited)	31.12.2015
Accrued interest on bonds	2 153	3 403
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	2 153	3 403

7.13. Segment reporting

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

7.14. Operating income

REVENUE BREAKDOWN	01.01 - 30.09.2016 (unaudited)	01.01 - 30.09.2015 (unaudited)	01.07 - 30.09.2016 (unaudited)	01.07 - 30.09.2015 (unaudited)
Sales of finished goods	567 113	413 149	214 200	188 903
Sales of services	13 303	10 115	3 983	4 061
Sales of land	14 359	950	8 859	950
Total	594 775	424 214	227 042	193 914



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

7.15. Operating costs

OPERATING COSTS	01.01 - 30.09.2016 <i>(unaudited)</i>	01.01 - 30.09.2015 <i>(unaudited)</i>	01.07 - 30.09.2016 <i>(unaudited)</i>	01.07 - 30.09.2015 <i>(unaudited)</i>
Cost of sales				
Cost of finished goods sold	(435 413)	(326 834)	(163 621)	(153 074)
Cost of services sold	(15 389)	(10 726)	(4 618)	(4 352)
Cost of land sold	(13 682)	-	(8 859)	-
Inventory write down to the net realisable value	(1 003)	7 181	(525)	888
Total cost of sales	(465 487)	(330 379)	(177 623)	(156 538)
Selling costs, and general administrative expenses				
Selling costs	(34 305)	(34 669)	(11 449)	(11 496)
General administrative expenses	(38 923)	(35 192)	(13 551)	(11 219)
Total selling costs, and general administrative expenses	(73 228)	(69 861)	(25 000)	(22 715)
Selling costs, and general administrative expenses by kind				
Depreciation	(3 959)	(3 203)	(1 393)	(1 140)
Cost of materials and energy	(8 147)	(11 278)	(2 614)	(3 568)
External services	(19 405)	(18 114)	(7 301)	(5 936)
Taxes and charges	(86)	(117)	(22)	(35)
Remuneration	(33 744)	(29 416)	(11 615)	(9 867)
Social security and other benefits	(4 445)	(4 290)	(1 052)	(1 057)
Other prime costs	(3 442)	(3 443)	(1 003)	(1 112)
Total selling costs, and general administrative expenses by kind	(73 228)	(69 861)	(25 000)	(22 715)

7.16. Income tax in the income statement

INCOME TAX	01.01 - 30.09.2016 <i>(unaudited)</i>	01.01 - 30.09.2015 <i>(unaudited)</i>	01.07 - 30.09.2016 <i>(unaudited)</i>	01.07 - 30.09.2015 <i>(unaudited)</i>
Current income tax	20 538	4 245	3 257	1 538
Deferred tax in the income statement	(10 230)	(99)	996	1 305
Total	10 308	4 146	4 253	2 843

7.17. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01 - 30.09.2016 <i>(unaudited)</i>	01.01 - 30.09.2015 <i>(unaudited)</i>	01.07 - 30.09.2016 <i>(unaudited)</i>	01.07 - 30.09.2015 <i>(unaudited)</i>
Basic earnings per share				
Profit for calculation of the basic earnings per share	41 273	14 692	17 613	9 527
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 776 891	24 771 221	24 782 592	24 771 272
Basic earnings per share (PLN)	1.67	0.59	0.71	0.38
Diluted earnings per share				
Profit for calculation of the diluted earnings per share	41 273	14 692	17 613	9 527
Potential diluting shares related to the Management Share Option Programmes	24 510	29 462	27 161	31 191
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	24 801 401	24 800 682	24 809 753	24 802 463
Diluted earnings per share (PLN)	1.66	0.59	0.71	0.38



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

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

7.18. Transactions with related entities

In the nine-month periods ended 30 September 2016 and 2015, the Company was a party to transactions with related entities, as listed below.

Counterparty	Transaction description	01.01 - 30.09.2016 <i>(unaudited)</i>	01.01 - 30.09.2015 <i>(unaudited)</i>
DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:			
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007 as annexed	1 381	1 388
M&M Usługi Doradcze M. Kolarski	Consulting services	83	344
Hansom Property Company Limited	Other	250	262
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001 as annexed	198	218
Kirkley Advisory Limited	Other	124	125
Kirkley Advisory Limited	Consulting services as per the agreement dated 1 March 2012	-	61
Fort Mokotów Inwestycje sp. z o.o. under liquidation	Other	90	-
Vratislavia Dom Development sp. z o.o.	Other	15	-
Małgorzata Kolarska, Vice President of the Management Board	Performance under the specific work contract	2 360	-
DOM DEVELOPMENT S.A. AS A SELLER OF GOODS OR SERVICES:			
Fort Mokotów sp. z o.o., under liquidation	Repair services as per the agreement dated 22 July 2005	72	91
Dom Development Grunty sp. z o.o.	Other	4	4
Dom Development Morskie Oko sp. z o.o., under liquidation	Other	3	3
Fort Mokotów Inwestycje sp. z o.o., under liquidation	Other	1	-
Vratislavia Dom Development sp. z o.o.	Other	32	-
DOM DEVELOPMENT S.A. AS A LENDER:			
Dom Development Grunty sp. z o.o.	Interest accrued on the borrowing	12	18
DOM DEVELOPMENT S.A. AS A SUBSCRIBER FOR SHARES IN SHARE CAPITAL OF SUBSIDIARIES:			
Vratislavia Dom Development sp. z o.o.	Share capital contribution *)	4 000	-
Vratislavia Dom Development sp. z o.o.	Additional contribution to the share capital *)	8 645	-
Fort Mokotów Inwestycje sp. z o.o., under liquidation	Share capital increase	4 250	-
DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:			
Dom Development B.V.	Dividend paid	47 860	33 134
DOM DEVELOPMENT S.A. AS A PAYER OF PREPAYMENT UNDER THE AGENCY AGREEMENT:			
Dom Development Grunty sp. z o.o.	(Net) prepayment transferred for the purchase of land	13 497	-
DOM DEVELOPMENT S.A. AS A BUYER OF THE TITLE TO LAND:			
Dom Development Grunty sp. z o.o.	Purchase of freehold	7 512	814
DOM DEVELOPMENT S.A. AS A SELLER OF THE TITLE TO LAND:			
Vratislavia Dom Development sp. z o.o.	Sale of freehold with the rights to the design	8 859	-

*) Share capital contribution and additional contribution to the share capital of the subsidiary, Vratislavia Dom Development Sp. z o.o. has been recognised in the balance sheet under "Investments in subsidiaries, associates and jointly controlled entities".



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company				
Entity	Receivables from related entities		Liabilities to related entities	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Total balance	12 498	1 570	373	269
Subsidiaries	12 478	1 547	123	-
Dom Development Morskie Oko sp. z o.o., under liquidation - additional contributions to the share capital	1 147	1 147	-	-
Dom Development Grunty sp. z o.o.	412	400	-	-
Vratislavia Dom Development sp. z o.o., additional contributions to the share capital	8 645	-	-	-
Vratislavia Dom Development sp. z o.o., other	2 274	-	12	-
Fort Mokotów Inwestycje sp. z o.o., under liquidation	-	-	111	-
Jointly controlled entities	20	23	-	-
Fort Mokotów sp. z o.o., under liquidation	20	23	-	-
Other entities	-	-	250	269
M&M Usługi Doradcze M. Kolarski	-	-	26	41
Woodsford Consulting Limited	-	-	224	205
Kirkley Advisory Limited	-	-	-	23

REMUNERATION AND FEES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF DOM DEVELOPMENT S.A.			
Counterparty	01.01 -		01.01 -
	30.09.2016	30.09.2015	30.09.2015
			<i>(unaudited)</i>
The Management Board	5 619	5 124	5 124
The Supervisory Board	956	901	901

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 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	104 840	40.64
Total				104 840	

Expiry of share options

In the three-month period ended 30 September 2016 the number of share options eligible to participate in Management Option Programme II was reduced by 34 250 options as a result of termination of employment contracts with the persons eligible to participate in the Programme.



Exercise of the share options

In the three-month period ended 30 September 2016 no share options were exercised at the Company.

Grant of new share options

In the three-month period ended 30 September 2016 the Company did not grant any new share options.


Changes to the Management Option Programmes

In the three-month period ended 30 September 2016 no changes were made to the Management Option Programme.

7.20. Contingent liabilities

CONTINGENT LIABILITIES	30.09.2016 <i>(unaudited)</i>	31.12.2015
Guarantees	111	111
Sureties	-	-
Total	111	111

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

COLLATERALS FOR LIABILITIES	30.09.2016 <i>(unaudited)</i>	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 30 September 2016 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 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 30 September 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 30 September 2016, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 27 149 thousand, including the total value of proceedings concerning liabilities at approx. PLN 25 627 thousand and the total value of proceedings concerning receivables at approx. PLN 1 521 thousand.

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



Dom Development S.A.

Additional notes to the interim condensed financial statements
for the three-month period ended 30 September 2016
(all amounts in thousands PLN unless stated otherwise)

7.22. Factors and events with significant impact on the condensed financial statements

In the period from 1 January to 30 September 2016 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 2016 until 30 September 2016:

Project	Standard	Number of apartments	Number of commercial units
Ursynovia (Anody), phase 1	Popular	72	7
Ursynovia (Anody), phase 2	Popular	111	0
Premium, phase 2	Popular	236	0
Palladium, phase 1	Popular	214	0
Saska III	Popular	347	12
Osiedle pod Różami, phase 3	Popular	47	3
Żoliborz Artystyczny, phase 5	Popular	117	9
Żoliborz Artystyczny, phase 6	Popular	125	12
Żoliborz Artystyczny, phase 7	Popular	127	13
Wilno III, phase 2	Popular	125	4
Moderna, phase 2	Popular	194	0
Klasyków Wille Miejskie, phase 2	Popular	204	0
Wille Taneczna	Popular	119	0
Wilno III, phase 3	Popular	111	0
Apartamenty Włodarzewska 30	Popular	114	9
Total:		2 263	69

Projects where the construction was completed in the period from 1 January 2016 until 30 September 2016:

Project	Standard	Number of apartments	Number of commercial units
Klasyków Wille Miejskie, phase 1	Popular	231	4
Aura, phase 1b (Wrocław)	Popular	64	0
Wilno II, phase 2	Popular	249	14
Apartamenty Saska nad Jeziorem, phase 3	Popular	236	0
Wille Lazurowa	Popular	164	2
Osiedle Przyjaciół, phase 1	Popular	115	1
Osiedle Przyjaciół, phase 2	Popular	88	1
Dom Pod Zegarem	Popular	226	9
Total:		1 373	31

Information on deliveries of residential and commercial units in the reporting period

Number of residential and commercial units delivered to customers in the three and nine-month periods ended 30 September 2016 has been presented in the following table:

Deliveries	01.01 - 30.09.2016 (unaudited)	01.01 - 30.09.2015 (unaudited)	01.07 - 30.09.2016 (unaudited)	01.07 - 30.09.2015 (unaudited)
Apartments and commercial units	1 320	1 043	500	478
Total	1 320	1 043	500	478



Other material events

On 28 July 2016, the Company purchased 100% of shares in Fort Mokotów Inwestycje Sp. z o.o., thus it indirectly acquired the perpetual usufruct right to the property owned by FMI. Details have been provided in note 7.5.

7.23. Dividends

On 2 June 2016, the Ordinary General Meeting of the Shareholders of the Company resolved to appropriate PLN 80 543 424.00 from the Company's profit for 2015 to dividends. This implies the payment of PLN 3.25 per share. While the amount of PLN 103 942.31 was allocated to the increase of the Company's supplementary capital.

The dividend day was set at 22 June 2016 and the dividend payment day was set at 6 July 2016. The dividend was paid out in accordance with the adopted resolution.

In the preceding year, PLN 55 735 362.00 was appropriated to dividends and the dividend payment amounted to PLN 2.25 per share, while PLN 86 610.22 was allocated to the increase of the Company's supplementary capital.

7.24. Material post-balance sheet events

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

7.25. Forecasts

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

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	30.09.2016	31.12.2015
	<i>(unaudited)</i>	
	In thousands Euro	In thousands Euro
Total current assets	438 318	405 949
Total assets	477 172	410 351
Total shareholders' equity	195 770	207 236
Long-term liabilities	71 250	101 407
Short-term liabilities	210 152	101 708
Total liabilities	281 402	203 115
<i>PLN/EURO exchange rate as at the balance sheet date</i>	<i>4.3120</i>	<i>4.2615</i>

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 30.09.2016	01.01 - 30.09.2015	01.07 - 30.09.2016	01.07 - 30.09.2015
	<i>(unaudited)</i>			
	thousand Euro	thousand Euro	thousand Euro	thousand Euro
Sales revenue	136 142	102 011	52 250	46 090
Gross profit on sales	29 593	22 565	11 373	8 884
Operating profit/(loss)	12 073	4 976	5 064	3 138
Profit/(loss) before tax	11 807	4 530	5 032	2 940
Net profit/(loss)	9 447	3 533	4 053	2 264
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>4.3688</i>	<i>4.1585</i>	<i>4.3453</i>	<i>4.2073</i>