



DOM DEVELOPMENT S.A.

INTERIM CONDENSED CONSOLIDATED 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 CONSOLIDATED FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY

These interim condensed consolidated 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 CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.03.2012 <i>(unaudited)</i>	31.12.2011
Fixed assets			
Intangible assets		1 130	1 204
Tangible fixed assets		4 790	4 713
Investments in subsidiaries, associates and a joint venture		-	-
Long-term receivables		1 680	1 588
Other financial assets		655	-
Total fixed assets		8 255	7 505
Current assets			
Inventory	7.5	1 459 759	1 465 828
Trade and other receivables		47 484	49 271
Other current assets		6 511	13 249
Cash and cash equivalents	7.7	442 377	380 247
Total current assets		1 956 131	1 908 595
Total assets		1 964 386	1 916 100

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)		97 869	83 293
Equity attributable to the shareholders of parent company		852 195	835 706
Non-controlling interests		(632)	(637)
Total shareholders' equity		851 563	835 069
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		14 415	15 216
Other long-term liabilities		28 215	35 049
Total long-term liabilities		480 252	320 593
Short-term liabilities			
Trade payables, tax and other liabilities		161 642	196 640
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	2 194
Short-term provisions		4 664	4 935
Deferred income		374 051	327 315
Total short-term liabilities		632 571	760 438
Total liabilities		1 112 823	1 081 031
Total equity and liabilities		1 964 386	1 916 100



3. INTERIM CONDENSED CONSOLIDATED 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	144 019	20 175	144 019	20 175
Cost of sales	7.15	(104 196)	(16 068)	(104 196)	(16 068)
Gross profit on sales		39 823	4 107	39 823	4 107
Selling costs	7.15	(9 708)	(8 404)	(9 708)	(8 404)
General administrative expenses	7.15	(10 979)	(11 246)	(10 979)	(11 246)
Other operating income		736	989	736	989
Other operating expenses		(1 332)	(226)	(1 332)	(226)
Operating profit/ (loss)		18 540	(14 780)	18 540	(14 780)
Financial income		1 466	1 150	1 466	1 150
Financial costs		(1 790)	(1 411)	(1 790)	(1 411)
Profit/ (loss) before tax		18 216	(15 041)	18 216	(15 041)
Income tax	7.16	(3 635)	2 789	(3 635)	2 789
Net profit/ (loss)		14 581	(12 252)	14 581	(12 252)
Net profit/(loss) attributable to:					
Shareholders of the parent company		14 576	(12 241)	14 576	(12 241)
Non-controlling interests		5	(11)	5	(11)
Earnings/(loss) per share:					
Basic (PLN)	7.17	0.59	(0.50)	0.59	(0.50)
Diluted (PLN)	7.17	0.59	(0.50)	0.59	(0.50)

**Dom Development S.A.**

Interim condensed consolidated statement of comprehensive income
for the three-month period ended 31 March 2012
(all amounts in thousands PLN unless stated otherwise)

4. INTERIM CONDENSED CONSOLIDATED 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)	14 581	(12 252)	14 581	(12 252)
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	14 538	(12 252)	14 538	(12 252)
Net comprehensive income attributable to:				
Shareholders of the parent company	14 533	(12 241)	14 533	(12 241)
Non-controlling interests	5	(11)	5	(11)



5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the 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	18 216	(15 041)
Adjustments:		
Depreciation	723	565
Profit/loss on foreign exchange differences	258	24
Profit/loss on investments	129	(753)
Interest cost/income	2 910	888
Cost of the management option programmes	314	661
Changes in the operating capital:		
Changes in provisions	(1 072)	(529)
Changes in inventory	15 004	(117 776)
Changes in receivables	1 695	11 080
Changes in short term liabilities, excluding loans and bonds	(41 832)	43 451
Changes in prepayments and deferred income	45 704	122 531
Other adjustments	(258)	629
Cash flow generated from operating activities	41 791	45 730
Interest paid and received	(1 118)	(477)
Income tax paid	(8 016)	(839)
Net cash flow from operating activities	32 657	44 414
Cash flow from investing activities		
Proceeds from the sale of intangible assets and tangible fixed assets	60	22
Proceeds from financial assets, including dividends	-	732
Other income from financial assets	-	1 014
Acquisition of intangible and tangible fixed assets	(742)	(394)
Acquisition of financial assets	(880)	-
Net cash flow from investing activities	(1 562)	1 374
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	62 130	(26 985)
Cash and cash equivalents – opening balance	380 247	434 691
Cash and cash equivalents – closing balance	442 377	407 706



Dom Development S.A.

Interim condensed consolidated 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 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total 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	83 293	835 706	(637)	835 069
Share capital increase by exercising share options (note 7.8)	110	1 532	-	-	-	-	-	1 642	-	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	-	314
Total comprehensive income for the three-month period ended 31 March 2012	-	-	-	-	(43)	-	14 576	14 533	5	14 538
Balance as at 31 March 2012 (unaudited)	24 670	233 067	471 528	510	(43)	24 594	97 869	852 195	(632)	851 563

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total 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	40 323	773 481	(101)	773 380
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	-	661
Total comprehensive income for the three-month period ended 31 March 2011	-	-	-	-	-	-	(12 241)	(12 241)	(11)	(12 252)
Balance as at 31 March 2011 (unaudited)	24 560	231 535	453 943	510	-	23 271	28 082	761 901	(112)	761 789



7. ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

The Company is a majority-owned subsidiary of Dom Development B.V. with its registered office in the Netherlands. As at 31 March 2012 the parent company Dom Development S.A. was controlled by Dom Development B.V. which held 61.64% of the Company's shares.

General information about the Group and joint ventures

The Group's structure and the parent company interest in the share capital of the entities comprising the Group as at 31 March 2012 is presented in the table below:

Entity	Country of registration	% of the share capital held by the parent company	% of the votes held by the parent company	Consolidation method
Subsidiaries				
Dom Development Morskie Oko sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Joint-venture				
Fort Mokotów sp. z o.o., under liquidation	Poland	49%	49%	proportionate consolidation

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

The main area of activity of Dom Development Grunty sp. z o.o., a subsidiary is purchase of real estate for development activities of the Group.

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

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

In the three-month period ended 31 March 2012 the Group did not make any material changes to its structure, including mergers, acquisitions or sale of the Group's entities, long-term investments, demergers, restructuring or discontinuation of activities.



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

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

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

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

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

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

The Company also prepares interim condensed financial statements for Dom Development S.A. 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 Group to prepare its interim condensed consolidated financial statements in accordance with IFRS, applicable to interim financial reporting as adopted by the European Union (EU) (IAS 34). At this particular time, due to the endorsement of IFRS by the EU and the activities of the Group, there are no differences in the IFRS policies applied by the Group and IFRS that have been endorsed by the EU.

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

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

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

The introduced amendments were scrutinized by the Group and do not affect the financial data presented in these interim condensed consolidated 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 Group is not subject to any major seasonality.

7.5. Inventory

INVENTORY	31.03.2012 <i>(unaudited)</i>	31.12.2011
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	1 300 139	1 248 933
including: write down to the net realisable value	(11 354)	(11 354)
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

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	18 631	14 371
Increments	-	586
Reversal	(559)	(147)
Closing balance	18 072	14 810

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



Dom Development S.A.

Additional notes to the interim condensed consolidated financial statements
for the three-month period ended 31 March 2012
(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	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	3 017	2 785
a) Additions	468	24
b) Disposals	(60)	(63)
Closing balance	3 425	2 746

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	4 953	6 309	1 282
Short-term deposits	437 403	373 887	406 390
Other	36	51	34
Overdrafts	(15)	-	-
Total	442 377	380 247	407 706

The Group 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								



Dom Development S.A.

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

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.

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 Powszechne Towarzystwo Emerytalne Aviva BZ WBK SA *)	1 313 383	5.32	1 313 383	5.32	no data
Grzegorz Kiełpsz	1 280 750	5.19	1 280 750	5.19	-

*) Shareholding of Aviva Powszechne 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.



Dom Development S.A.

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

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".

7.10. Loans

LOANS DUE WITHIN	31.03.2012 (unaudited)	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 Group did not have any borrowing-related liabilities.

As at 31 March 2012 and 31 December 2011 all the loans taken by the Group 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 Group 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".



Dom Development S.A.

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

Bank overdrafts

In the case that the Group 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 Group 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	15	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	-	PLN	

7.11. Bonds

BONDS	31.03.2012 (unaudited)	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 Group 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	6 981	2 828	6 981	2 828
Total	144 019	20 175	144 019	20 175

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	(7 024)	(3 173)	(7 024)	(3 173)
Cost of goods (land) sold	-	-	-	-
Inventory write down to the net realisable value	370	(439)	370	(439)
Total cost of sales	(104 196)	(16 068)	(104 196)	(16 068)
Selling costs, and general administrative expenses				
Selling costs	(9 708)	(8 404)	(9 708)	(8 404)
General administrative expenses	(10 979)	(11 246)	(10 979)	(11 246)
Total selling costs, and general administrative expenses	(20 687)	(19 650)	(20 687)	(19 650)
Selling costs, and general administrative expenses by kind				
Depreciation	(723)	(565)	(723)	(565)
Cost of materials and energy	(2 524)	(2 973)	(2 524)	(2 973)
External services	(5 804)	(4 892)	(5 804)	(4 892)
Taxes and charges	(53)	(34)	(53)	(34)
Remuneration	(9 058)	(8 438)	(9 058)	(8 438)
Social security and other benefits	(1 404)	(1 246)	(1 404)	(1 246)
Management Option Programme	(314)	(661)	(314)	(661)
Other prime costs	(807)	(841)	(807)	(841)
Total selling costs, and general administrative expenses by kind	(20 687)	(19 650)	(20 687)	(19 650)



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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	2 789	2 695	2 789
Total	(3 635)	2 789	(3 635)	2 789

7.17. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	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>
Basic earnings per share				
Profit for calculation of the basic earnings per share	14 576	(12 241)	14 576	(12 241)
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)	0.59	(0.50)	0.59	(0.50)
Diluted earnings per share				
Theoretical profit for calculation of the diluted earnings per share	14 576	(12 241)	14 576	(12 241)
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	(0.50)	0.59	(0.50)

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 companies operating within the Group were 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 <i>(unaudited)</i>	01.01- 31.03.2011 <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	



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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
		(unaudited)	(unaudited)
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.	-	-

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



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The transactions stated above also include transactions with subsidiaries and the joint venture that has been eliminated in these condensed consolidated financial statements.

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

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

Except for as stated above, the companies operating within the Group 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 <i>(unaudited)</i>	31.12.2011
Guarantees	2 104	2 110
Sureties	498	727
Total	2 602	2 837

Additionally, some liabilities of the companies operating within the Group 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 companies operating within the Group did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for the Group or would amount to at least 10% of the Company's shareholders' equity.

7.21. 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 Group

In the period from 1 January to 31 March 2012 the following material changes in the portfolio of the Group'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 Group for at least the next three months

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

- The economic trend in the residential market, where the Group operates,
- The impact of the worldwide financial situation on the Polish economy and banking system,
- The availability of mortgages, and in particular their convenient terms for potential clients,
- Achieving the planned sales volume in terms of quantity and value, 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 Group in the general contractor system,
- Availability of external financing (loans, bonds) for real estate developers,
- No sudden changes in the legal and tax regulations that may influence market demand for products offered by the Group in an uncontrolled manner,
- Maintaining the stable political situation and creating a positive economic climate by the government and local authorities.

7.24. 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 Group.



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7.26. Selected financial data translated into EURO

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

SELECTED DATA FROM THE BALANCE SHEET	31.03.2012	31.12.2011
	(unaudited)	
	thousand Euro	thousand Euro
Total current assets	470 043	432 122
Total assets	472 027	433 821
Total shareholders' equity	204 624	189 067
Long-term liabilities	115 401	72 585
Short-term liabilities	152 002	172 169
Total liabilities	267 403	244 754
<i>PLN/EURO exchange rate as at the balance sheet date</i>	4.1616	4.4168

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	34 496	5 076	34 496	5 076
Gross profit on sales	9 539	1 033	9 539	1 033
Operating profit/(loss)	4 441	(3 720)	4 441	(3 720)
Profit/(loss) before tax	4 363	(3 786)	4 363	(3 786)
Net profit/(loss)	3 492	(3 083)	3 492	(3 083)
<i>Average PLN/EURO exchange rate for the reporting period</i>	4.1750	3.9742	4.1750	3.9742