



# **DOM DEVELOPMENT S.A.**

## **Interim condensed consolidated financial statements for the three-month period ended 30 September 2018**

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

These interim condensed consolidated financial statements for the three-month period ended on 30 September 2018, comprising:

- interim condensed consolidated balance sheet prepared as at 30 September 2018 with the balance of assets and liabilities in the amount of PLN 2 610 014 thousand;
- interim condensed consolidated income statement for the nine-month and three-month periods ended 30 September 2018 with a net profit of PLN 98 199 thousand and PLN 21 897 thousand, respectively;
- interim condensed consolidated statement of comprehensive income for the nine-month and three-month periods ended 30 September 2018 with a net comprehensive income of PLN 97 251 thousand and PLN 21 897 thousand;
- interim condensed statement of changes in consolidated shareholders' equity in the nine-month period ended 30 September 2018 with the PLN 917 655 thousand shareholders' equity as at 30 September 2018;
- interim condensed consolidated cash flow statement for the nine-month period ended 30 September 2018 with the PLN 204 714 thousand net cash and cash equivalents as at 30 September 2018;
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of the Company on 25 October 2018.

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Jarosław Szanajca,  
President of the Management Board

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Janusz Zalewski,  
Vice President of the Management Board



## 2. INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>	<b>Note</b>	<b>30.09.2018</b> <i>(unaudited)</i>	<b>31.12.2017</b>
<b>Fixed assets</b>			
Intangible assets		10 468	10 444
Tangible fixed assets		12 122	10 528
Deferred tax assets		1 296	1 434
Long-term receivables		1 615	1 612
Other long-term assets		23 776	6 767
<b>Total fixed assets</b>		<b>49 277</b>	<b>30 785</b>
<b>Current assets</b>			
Inventory	<b>7.5</b>	2 203 902	1 989 052
Trade and other receivables		32 608	34 942
Income tax receivables		424	486
Other current assets		5 040	3 971
Short-term financial assets	<b>7.6</b>	114 049	51 506
Cash and cash equivalents	<b>7.7</b>	204 714	279 653
<b>Total current assets</b>		<b>2 560 737</b>	<b>2 359 610</b>
<b>Total assets</b>		<b>2 610 014</b>	<b>2 390 395</b>

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30.09.2018</b> <i>(unaudited)</i>	<b>31.12.2017</b>
<b>Shareholders' equity</b>			
Share capital	<b>7.8</b>	24 968	24 868
Share premium		241 788	238 388
Other capital (supplementary capital)		549 948	549 257
Reserve capital from valuation of cash flow hedges		(764)	184
Reserve capital from reduction of share capital		510	510
Unappropriated profit		101 144	189 052
<b>Equity attributable to the shareholders of parent company</b>		<b>917 594</b>	<b>1 002 259</b>
Non-controlling interests		61	67
<b>Total shareholders' equity</b>		<b>917 655</b>	<b>1 002 326</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans, long-term portion	<b>7.9</b>	35 000	35 000
Bonds, long-term portion	<b>7.10</b>	260 000	260 000
Deferred tax provision		18 409	45 192
Long-term provisions		13 777	14 321
Other long-term liabilities		52 397	56 188
<b>Total long-term liabilities</b>		<b>379 583</b>	<b>410 701</b>
<b>Short-term liabilities</b>			
Trade payables, tax and other liabilities		277 768	271 442
Loans, short-term portion	<b>7.9</b>	-	50 000
Bonds, short-term portion	<b>7.10</b>	-	50 000
Accrued interest on loans and bonds	<b>7.11</b>	3 272	1 373
Corporate income tax payables		25 417	27 531
Short-term provisions		7 854	8 716
Deferred income	<b>7.23</b>	998 465	568 306
<b>Total short-term liabilities</b>		<b>1 312 776</b>	<b>977 368</b>
<b>Total liabilities</b>		<b>1 692 359</b>	<b>1 388 069</b>
<b>Total equity and liabilities</b>		<b>2 610 014</b>	<b>2 390 395</b>



## Dom Development S.A.

Interim condensed consolidated income statement  
for the nine-month and three-month periods ended 30 September 2018  
(all amounts in thousands PLN unless stated otherwise)

### 3. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Nine-month period ended		Three-month period ended	
		30.09.2018 <i>(unaudited)</i>	30.09.2017 <i>(unaudited)</i>	30.09.2018 <i>(unaudited)</i>	30.09.2017 <i>(unaudited)</i>
Sales revenue	7.13	904 979	680 717	265 786	245 201
Cost of sales	7.14	(658 432)	(496 740)	(198 148)	(177 576)
<b>Gross profit on sales</b>		<b>246 547</b>	<b>183 977</b>	<b>67 638</b>	<b>67 625</b>
Selling costs	7.14	(52 662)	(43 691)	(17 390)	(14 747)
General administrative expenses	7.14	(66 122)	(45 842)	(21 778)	(18 536)
Other operating income		2 758	8 422	533	88
Other operating expenses		(7 039)	(13 181)	(873)	(2 075)
<b>Operating profit</b>		<b>123 482</b>	<b>89 685</b>	<b>28 130</b>	<b>32 355</b>
Financial income		1 474	2 005	698	411
Financial costs		(1 270)	(1 541)	(335)	(665)
<b>Profit before tax</b>		<b>123 686</b>	<b>90 149</b>	<b>28 493</b>	<b>32 101</b>
Income tax	7.15	(25 487)	(16 193)	(6 596)	(6 114)
<b>Net profit</b>		<b>98 199</b>	<b>73 956</b>	<b>21 897</b>	<b>25 987</b>
<b>Net profit attributable to:</b>					
Shareholders of the parent company		98 205	73 961	21 899	25 988
Non-controlling interests		(6)	(5)	(2)	(1)
<b>Earnings per share:</b>					
Basic, from the profit for the period, attributable to parent company's shareholders (PLN)	7.16	3.94	2.97	0.88	1.05
Diluted, from the profit for the period, attributable to parent company's shareholders (PLN)	7.16	3.91	2.97	0.87	1.05

**Dom Development S.A.**

Interim condensed consolidated statement of comprehensive income  
for the nine-month and three-month periods ended 30 September 2018  
(all amounts in thousands PLN unless stated otherwise)

**4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Nine-month period ended		Three-month period ended	
	30.09.2018 <i>(unaudited)</i>	30.09.2017 <i>(unaudited)</i>	30.09.2018 <i>(unaudited)</i>	30.09.2017 <i>(unaudited)</i>
<b>Net profit</b>	<b>98 199</b>	<b>73 956</b>	<b>21 897</b>	<b>25 987</b>
<b>Other comprehensive income/(losses)</b>				
Net change to cash flow hedges	(1 170)	(152)	-	90
Income tax	222	29	-	(17)
<b>Other net comprehensive income/(losses)</b>	<b>(948)</b>	<b>(123)</b>	<b>-</b>	<b>73</b>
<b>Total net comprehensive income</b>	<b>97 251</b>	<b>73 833</b>	<b>21 897</b>	<b>26 060</b>
<b>Net comprehensive income attributable to:</b>				
Shareholders of the parent company	97 257	73 838	21 899	26 061
Non-controlling interests	(6)	(5)	(2)	(1)



## Dom Development S.A.

Interim condensed consolidated cash flow statement  
for the nine-month period ended 30 September 2018  
(all amounts in thousands PLN unless stated otherwise)

### 5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Nine-month period ended	
		30.09.2018 <i>(unaudited)</i>	30.09.2017 <i>(unaudited)</i>
<b>Cash flow from operating activities</b>			
Profit before tax		<b>123 686</b>	<b>90 149</b>
Adjustments:			
Depreciation		7 116	5 197
Profit/loss on foreign exchange differences		(7)	7
Profit/loss on investments		(400)	(7 322)
Interest cost/income		6 442	7 016
Cost of the valuation of management option programmes		4 338	-
Changes in the operating capital:			
Changes in provisions		(1 722)	(2 855)
Changes in inventory		(213 711)	(290 980)
Changes in receivables		12 329	(41 239)
Changes in short-term liabilities, excluding loans and bonds		(51 177)	(21 454)
Changes in prepayments and deferred income		424 523	433 816
Other adjustments		7	(7)
<b>Cash flow generated from operating activities</b>		<b>311 424</b>	<b>172 328</b>
Interest received		1 469	3 207
Interest paid		(7 046)	(10 416)
Income tax paid		(53 960)	(32 271)
<b>Net cash flow from operating activities</b>		<b>251 887</b>	<b>132 848</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of intangible assets and tangible fixed assets		569	249
Proceeds from financial assets		484	-
Acquisition of intangible and tangible fixed assets		(8 839)	(5 144)
Prepayments for acquisition of financial assets		(32 500)	-
Acquisition of financial assets less cash acquired in the target subsidiary		-	(193 994)
<b>Net cash flow from investing activities</b>		<b>(40 286)</b>	<b>(198 889)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (exercise of share options)	<b>7.8</b>	3 500	-
Proceeds from contracted loans	<b>7.9</b>	-	106 200
Commercial papers issued	<b>7.10</b>	-	-
Repayment of loans and borrowings	<b>7.9</b>	(50 000)	(104 566)
Redemption of commercial papers	<b>7.10</b>	(50 000)	(120 000)
Dividends paid	<b>7.22</b>	(189 760)	(125 586)
Payment of financial lease liabilities		(280)	(188)
<b>Net cash flow from financing activities</b>		<b>(286 540)</b>	<b>(244 140)</b>
<b>Increase / (decrease) in net cash and cash equivalents</b>		<b>(74 939)</b>	<b>(310 181)</b>
<b>Cash and cash equivalents – opening balance</b>	<b>7.7</b>	<b>279 653</b>	<b>414 310</b>
<b>Cash and cash equivalents – closing balance</b>	<b>7.7</b>	<b>204 714</b>	<b>104 129</b>



## Dom Development S.A.

Interim condensed statement of changes in consolidated shareholders' equity  
for the nine-month period ended 30 September 2018  
(all amounts in thousands PLN unless stated otherwise)

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

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital		Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges				
<b>Balance as at 1 January 2018</b>	<b>24 868</b>	<b>238 388</b>	<b>549 257</b>	<b>510</b>	<b>184</b>	<b>189 052</b>	<b>1 002 259</b>	<b>67</b>	<b>1 002 326</b>
Share capital increase by exercising share options (note 7.8)	100	3 400	-	-	-	-	3 500	-	3 500
Transfer of some supplementary capital to unappropriated financial result	-	-	(3 647)	-	-	3 647	-	-	-
Dividends to shareholders (note 7.22)	-	-	-	-	-	(189 760)	(189 760)	-	(189 760)
Creation of reserve capital from the valuation of the share options (note 7.18)	-	-	4 338	-	-	-	4 338	-	4 338
Net profit for the reporting period	-	-	-	-	-	98 205	98 205	(6)	98 199
Other net comprehensive income for the reporting period	-	-	-	-	(948)	-	(948)	-	(948)
<b>Balance as at 30 September 2018 (unaudited)</b>	<b>24 968</b>	<b>241 788</b>	<b>549 948</b>	<b>510</b>	<b>(764)</b>	<b>101 144</b>	<b>917 594</b>	<b>61</b>	<b>917 655</b>

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital		Accumulated unappropriated profit (loss)	Equity attributable to the shareholders of parent company	Non-controlling interests	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges				
<b>Balance as at 1 January 2017</b>	<b>24 782</b>	<b>234 986</b>	<b>542 696</b>	<b>510</b>	<b>415</b>	<b>126 118</b>	<b>929 507</b>	<b>(46)</b>	<b>929 461</b>
Share capital increase by exercising share options	86	3 402	-	-	-	-	3 488	-	3 488
Transfer of some profit to supplementary capital	-	-	2 155	-	-	(2 155)	-	-	-
Dividends to shareholders (note 7.22)	-	-	-	-	-	(125 585)	(125 585)	-	(125 585)
Net profit for the reporting period	-	-	-	-	-	73 961	73 961	(5)	73 956
Other net comprehensive income for the reporting period	-	-	-	-	(123)	-	(123)	-	(123)
<b>Balance as at 30 September 2017 (unaudited)</b>	<b>24 868</b>	<b>238 388</b>	<b>544 851</b>	<b>510</b>	<b>292</b>	<b>72 339</b>	<b>881 248</b>	<b>(51)</b>	<b>881 197</b>





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

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

The Company is a majority-owned subsidiary of Dom Development B.V. with its registered office in the Netherlands. As at 30 September 2018 the parent company Dom Development S.A. was controlled by Dom Development B.V. which held 56.70% 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 30 September 2018 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
<b>Subsidiaries</b>				
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Dom Development Kredyty sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Morskie Oko sp. z o.o. w likwidacji (under liquidation)	Poland	100%	100%	full consolidation
Dom Development Wrocław sp. z o.o.	Poland	100%	100%	full consolidation
Dom Land sp. z o.o.	Poland	-	-	full consolidation
Euro Styl S.A.*)	Poland	100%	100%	full consolidation
Euro Styl Development sp. z o.o.*)	Poland	100%	100%	full consolidation
Mirabelle Investments sp. z o.o.	Poland	100%	100%	full consolidation
Dom Construction sp. z o.o.	Poland	100%	100%	full consolidation

\*) Euro Styl S.A. is the parent company of the Euro Styl Capital Group, with non-controlling interests held by Euro Styl Development sp. z o.o. As a result of the acquisition of both these companies, Dom Development S.A. has full control over the Euro Styl Capital Group.

\*\*) The name of the company Dom Development Construction sp. z o.o. was changed to Dom Construction sp. z o.o.

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

Dom Development Grunty sp. z o.o. is fully consolidated as its financial and operational policy is managed by members of the management board nominated by Dom Development S.A. The area of activities of this subsidiary is the purchase of real estate to be further developed by the Group. Dom Development S.A. does not have a stake in the Dom Land sp. z o.o., but it controls this company through the persons holding office in the management board of the company. Dom Land sp. z o.o. holds 54% shares in Dom Development Grunty sp. z o.o.



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 Dom Development Morskie Oko sp. z o.o. w likwidacji (under liquidation).

In the three-month period ended 30 September 2018 the Group did not discontinue any of its activities.

**Material changes to the Group structure, including as a result of a merger, acquisition or sale of the companies operating within the capital group, long-term investments, demerger, restructuring or discontinuation of activities, win the three-month period ended 30 September 2018.**

Within the three-month period ended 30 September 2018, the Group did not make any other material changes in the structure of investing in subsidiaries, associates and joint ventures.

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

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

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

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

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

The presented interim condensed consolidated balance sheet, interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed statement of changes in consolidated shareholders' equity are unaudited and they have not been the subject of review by an independent certified auditor. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures that are required from annual consolidated financial statements and therefore should be read in conjunction with the audited consolidated financial statements of the Group and the notes thereto for the year ended 31 December 2017.

The Company has also prepared interim condensed financial statements for Dom Development S.A. for the three-month period ended 30 September 2018. These statements were approved by the Management Board of the Company on 25 October 2018.

## **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 2017, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2018:

- IFRS 15 *Revenue from Contracts with Customers* published on 24 May 2014) (and Clarifications to IFRS 15 *Revenue from Contracts with Customers* published on 12 April 2016).  
As concerning changes to IFRS 15 *Revenue from Contracts with Customers*, the Management Board has analysed the impact of this standard on the financial situation, the operational results of the Group and the scope of information presented in the financial statements. The above analysis covered chiefly the moment of recognition of revenue from sales of goods (specifically residential units, retail premises or parking spaces). As a result of the said analysis no material changes in relation to the accounting policy applied by the Group in this area to date have been identified by the Management Board.
- IFRS 9 *Financial Instruments* (published on 24 July 2014),
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (published on 20 June 2016),
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (published on 8 December 2016),
- *Improvements resulting from IFRS reviews 2014-2016* (published on 8 December 2016).

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

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

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

- IFRS 16 *Leases* (published on 13 January 2016) – effective for annual periods beginning on or after 1 January 2019,
- IFRS 17 *Insurance Contracts* (published on 18 May 2017) – effective for annual periods beginning on or after 1 January 2021,
- IFRIC 23 *Uncertainty over Income Tax Treatments* (published on 7 June 2017) – 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 9 *Revenue from Contracts with Customers* (published on 12 October 2017) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2019,
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* (published on 12 October 2017) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2019,
- Amendments to IAS 19 *Employee Benefits* – 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 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (published on 11 September 2014) – effective date has not been defined by International Accounting Standards Board.
- *Annual improvements resulting from IFRS reviews 2015-2017* (published in December 2017) – effective for annual periods beginning on or after 1 January 2019,

The Management Board is verifying effect of the above standards on the Group's financial position, operating results or the scope of information presented in the financial statements and no significant changes are expected.



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

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

##### Budgets of the construction projects

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

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

##### Recognition of revenue from the sale of products

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

##### Seasonality

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

#### 7.5. Inventory

<b>INVENTORY</b>	<b>30.09.2018</b>	<b>31.12.2017</b>
	<i>(unaudited)</i>	
<b>Advances on deliveries</b>	<b>71 738</b>	<b>68 628</b>
including: at purchase prices/production costs	71 738	68 628
write down to the net realisable value	-	-
<b>Semi-finished goods and work in progress</b>	<b>1 897 818</b>	<b>1 640 470</b>
including: at purchase prices/production costs	1 930 071	1 672 939
write down to the net realisable value	(32 253)	(32 469)
<b>Finished goods</b>	<b>234 346</b>	<b>279 954</b>
including: at purchase prices/production costs	243 808	289 987
write down to the net realisable value	(9 462)	(10 033)
<b>Total</b>	<b>2 203 902</b>	<b>1 989 052</b>

<b>INVENTORY REVALUATION WRITE DOWNS</b>	<b>01.01 - 30.09.2018</b>	<b>01.01 - 30.09.2017</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Opening balance</b>	<b>42 502</b>	<b>30 292</b>
Increments	281	2 310
Decreases	(1 068)	(3 581)
<b>Closing balance</b>	<b>41 715</b>	<b>29 021</b>

The inventory revaluation write downs to the net realisable value have resulted from the impairment tests and analysis performed by the Group.



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<b>CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED</b>	<b>30.09.2018</b> <i>(unaudited)</i>	<b>31.12.2017</b>
Carrying value of inventory used to secure liabilities	352 500	375 600
<b>Mortgages:</b>		
Value of mortgages established to secure real estate purchase agreements	-	-
Value of mortgages established to secure loan agreements (cap)	352 500	375 600

### 7.6. Short-term financial assets

<b>SHORT-TERM FINANCIAL ASSETS</b>	<b>30.09.2018</b> <i>(unaudited)</i>	<b>31.12.2017</b>
Bank deposits with a maturity over three months	50	49
Cash in open-end residential escrow accounts	113 999	51 457
Cash in other escrow accounts	-	-
<b>Total</b>	<b>114 049</b>	<b>51 506</b>

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

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

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

### 7.7. Cash and cash equivalents

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

<b>CASH AND CASH EQUIVALENTS</b>	<b>30.09.2018</b> <i>(unaudited)</i>	<b>31.12.2017</b>	<b>30.09.2017</b> <i>(unaudited)</i>
Cash in hand and at bank	96 486	77 755	77 499
Bank deposits with a maturity of three months or less	108 177	201 855	26 602
Other	51	43	28
<b>Total</b>	<b>204 714</b>	<b>279 653</b>	<b>104 129</b>

### 7.8. Share capital

#### Description of changes to the share capital in the Company in the period from 1 July until 30 September 2018

In the three-month period ended 30 September 2018 no changes were made to the share capital.



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### Description of changes to the share capital in the Company in the period from 1 January until 30 September 2018

Change in the reporting period	Share capital		Share premium
	Number of shares	Value at the nominal value	
<b>Balance as at 01.01.2018</b>	<b>24 868 422</b>	<b>24 868</b>	<b>238 388</b>
Change	100 000	100	3 400
<b>Balance as at 30.09.2018</b>	<b>24 968 422</b>	<b>24 968</b>	<b>241 788</b>

On 17 January 2018, the Management Board increased the share capital of the Company from the current amount of PLN 24 868 422.00 to PLN 24 968 422.00, i.e. by PLN 100 000.00, by way of issue of 100 000 series Y bearer ordinary shares with the nominal value of PLN 1.00 each. The issue of series Y shares took place through a private placement. The purpose of the series Y shares issue was to enable the Company to fulfil its obligations arising from Management Options Programme IV for Ms Małgorzata Kolarska related to 500 000 shares in Dom Development S.A. (see note 7.18). The Supervisory Board of the Company agreed to fully deprive the existing shareholders of their pre-emptive right to 100 000 series Y bearer ordinary shares. The reason for the exclusion of the pre-emptive right from the existing shareholders is that the issue of series Y shares is addressed only to Ms Małgorzata Kolarska as a participant in Programme IV and in order to allow her to exercise her rights under subscription warrants.

On 25 January 2018, Ms Małgorzata Kolarska exercised her share options in the Company by exercising her rights under subscription warrants and subscribing for the shares. The issue price for the new series Y shares was PLN 35.00 per share.

On 30 January 2018, the Management Board of the Company adopted a resolution on the allocation of 100 000 series Y shares to Ms Małgorzata Kolarska.

These shares were registered by the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register on 29 March 2018. These shares have been introduced to trading on the stock exchange in the regulated market on 17 May 2018, and they were registered with the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) on 21 May 2018.

SHARE CAPITAL (STRUCTURE) AS AT 30.09.2018								
Series/ issue	Type of share	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (PLN)	Capital covered with	Registration date	Right to dividends (from)
A	Bearer	-	-	21 344 490	21 344 490	cash	12.09.2006	12.09.2006
F	Bearer	-	-	2 705 882	2 705 882	cash	31.10.2006	31.10.2006
H	Bearer	-	-	172 200	172 200	cash	14.02.2007	14.02.2007
I	Bearer	-	-	92 700	92 700	cash	14.02.2007	14.02.2007
J	Bearer	-	-	96 750	96 750	cash	14.02.2007	14.02.2007
L	Bearer	-	-	148 200	148 200	cash	14.02.2007	14.02.2007
Ł	Bearer	-	-	110 175	110 175	cash	12.03.2012	07.05.2012
M	Bearer	-	-	24 875	24 875	cash	03.10.2012	09.11.2012
N	Bearer	-	-	20 000	20 000	cash	03.10.2012	09.11.2012
O	Bearer	-	-	26 000	26 000	cash	05.03.2013	17.05.2013
P	Bearer	-	-	925	925	cash	31.10.2013	23.12.2013
R	Bearer	-	-	11 000	11 000	cash	31.10.2013	23.12.2013
S	Bearer	-	-	17 075	17 075	cash	20.03.2014	02.05.2014
T	Bearer	-	-	1 000	1 000	cash	14.01.2015	27.03.2015
U	Bearer	-	-	10 320	10 320	cash	17.05.2016	01.06.2016
V	Bearer	-	-	1 000	1 000	cash	17.05.2016	01.06.2016
W	Bearer	-	-	85 830	85 830	cash	10.01.2017	10.03.2017
Y	Bearer	-	-	100 000	100 000	cash	29.03.2018	21.05.2018
<b>Total number of shares</b>				<b>24 968 422</b>				
<b>Total share capital</b>					<b>24 968 422</b>			
<b>Nominal value per share = PLN 1</b>								



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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 of publication of these financial statements.

	Status as at the date of publication of these financial statements				Change in the period from publication of the financial statements for the six-month period ended 30.06.2018
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Dom Development B.V.	14 155 941	56.70	14 155 941	56.70	-
Jarosław Szanajca	1 454 050	5.82	1 454 050	5.82	-
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK SA *)	1 313 383	5.26	1 313 383	5.26	no data
Grzegorz Kielpsz	1 280 750	5.13	1 280 750	5.13	-

\*) Shareholding of Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK S.A. (open-end pension fund) 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 of publication of these financial statements

	Status as at the date of publication of these financial statements			Change in the period from publication of the financial statements for the six-month period ended 30.06.2018	
	Shares	Share options	Total	Shares	Share options
<b>The Management Board</b>					
Jarosław Szanajca	1 454 050	-	1 454 050	-	-
Janusz Zalewski	350 000	-	350 000	-	-
Małgorzata Kolarska	131 500	400 000	531 500	-	-
Mikołaj Konopka	1 292	-	1 292	-	-
Terry Roydon	58 500	-	58 500	-	-
<b>The Supervisory Board</b>					
Grzegorz Kielpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	-	-



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### 7.9. Loans

#### Description of material changes in the three-month period ended 30 September 2018

There were no loan agreements or any other agreements within the Group that expired in the three-month period ended 30 September 2018.

The structure of these liabilities in terms of their maturity has been presented in the table below.

<b>LOANS DUE WITHIN</b>	<b>30.09.2018</b>	<b>31.12.2017</b>
Less than 1 year	-	50 000
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	35 000	35 000
Over 5 years	-	-
<b>Total loans</b>	<b>35 000</b>	<b>85 000</b>
including: long-term	35 000	35 000
short-term	-	50 000

<b>BANK LOANS AS AT 30.09.2018</b>					
<b>Bank</b>	<b>Registered office</b>	<b>Loan amount and currency as per agreement</b>		<b>Outstanding loan amount (less accrued interest) and currency</b>	<b>Due date</b>
mBank	Warsaw	50 000*)	PLN	- PLN	21.05.2019
PKO BP SA	Warsaw	100 000*)	PLN	- PLN	26.07.2019
mBank	Warsaw	85 000**)	PLN	35 000 PLN	01.03.2021
<b>Total bank loans</b>				<b>35 000 PLN</b>	

\*) Revolving loan in the credit facility account

\*\*\*) Revolving loan in the credit facility account up to PLN 85 million. Pursuant to the agreement with the bank, Dom Development Wrocław sp. z o.o. may use up to PLN 35 million of this credit limit.

As at 30 September 2018 and 31 December 2017 all the loans available and drawn by and for the Group were expressed in Polish zloty.

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

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

### 7.10. Bonds

<b>BONDS</b>	<b>30.09.2018</b> <i>(unaudited)</i>	<b>31.12.2017</b>
Nominal value of the bonds issued, long-term portion	260 000	260 000
Nominal value of the bonds issued, short-term portion	-	50 000
<b>Total nominal value of the bonds issued</b>	<b>260 000</b>	<b>310 000</b>





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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".

### BONDS ISSUED AS AT 30.09.2018

Series	Issue date	Amount	Currency	Contractual maturity date
DOMDE5120620	12.06.2015	100 000	PLN	12.06.2020
DOMDE6151121	15.11.2016	110 000	PLN	15.11.2021
DOMDET1151222	15.12.2017	50 000	PLN	15.12.2022
<b>Total:</b>		<b>260 000</b>	<b>PLN</b>	

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

### Core details concerning the bonds issued by the Company

- Agreement with Pekao S.A.

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).

- Agreement with Trigon Dom Maklerski S.A. with its registered office in Cracow and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K.

On 17 November 2017, the Company signed an agreement with Trigon Dom Maklerski S.A., with its registered office in Cracow, and with Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K., with its registered office in Warsaw, concerning the launch by the Company of the Dom Development S.A. Bond Issue Programme with a total value of no more than PLN 400 million understood as the nominal value of all bonds issued and outstanding (the "Programme"). The limit of the Programme is renewable. In accordance with the agreement, bonds may be issued by the Company in various series over the period of ten years following the date of signing of the Programme Agreement. The bonds shall be issued in accordance with art. 33 par. 2 of the Bonds Act of 15 January 2015, i.e. otherwise than in a public placement, and shall be ordinary bearer bonds.

### Description of material changes in the three-month period ended 30 September 2018

The total bond issue liabilities in the three-month period ended 30 September 2018 and their maturity dates have not changed.

Information on the issue of bonds (with a total nominal value of PLN 50 million) which took place after the balance-sheet date but prior to these financial statements being prepared, have been presented in note 7.24 "Material post-balance sheet events."

### 7.11. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2018 (unaudited)	31.12.2017
Accrued interest on bonds	3 266	1 368
Accrued interest on loans	6	5
<b>Total accrued interest on loans and bonds</b>	<b>3 272</b>	<b>1 373</b>



## 7.12. Segment reporting

The operations of the Group are generally in a single segment and involve mainly the development and sale of residential and retail (commercial) units and related support activities. The Company operates only in the Warsaw market, while Dom Development S.A. Capital Group with the Company as the parent, also operates on the Tricity and Wrocław markets. The operations on the Wrocław and Tricity markets are carried out through the Group's subsidiaries.

The results of activities in the individual markets are assessed mainly on the basis of sale revenues and profit, and gross margin on sales generated by the individual markets.

In view of the above, segmentation for reporting purposes was made within the Group on the basis of the geographical location:

- the Warsaw segment
- the Tricity segment
- the Wrocław segment

Financial data grouped together on the basis of the geographical location of the Group's real property development projects have been presented below:

Figures for the nine-month period ended 30.09.2018	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	647 691	47 432	209 856	904 979
Gross profit on sales, before the allocation of purchase price *)	195 219	10 075	74 698	279 992
Allocation of the Euro Styl Capital Group purchase price **)	-	-	(33 445)	(33 445)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>195 219</b>	<b>10 075</b>	<b>41 253</b>	<b>246 547</b>
Selling costs, and general administrative expenses				(118 784)
Other operating income and expenses, net				(4 281)
<b>Operating profit</b>				<b>123 482</b>
Financial income and costs, net				204
<b>Profit before tax</b>				<b>123 686</b>
Income tax				(25 487)
<b>Net profit</b>				<b>98 199</b>

Figures for the nine-month period ended 30.09.2017	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	601 576	22 903	56 238	680 717
Gross profit on sales, before the allocation of purchase price *)	168 284	3 116	19 861	191 261
Allocation of the Euro Styl Capital Group purchase price **)	-	-	(7 284)	(7 284)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>168 284</b>	<b>3 116</b>	<b>12 577</b>	<b>183 977</b>
Selling costs, and general administrative expenses				(89 533)
Other operating income and expenses, net				(4 759)
<b>Operating profit</b>				<b>89 685</b>
Financial income and costs, net				464
<b>Profit before tax</b>				<b>90 149</b>
Income tax				(16 193)
<b>Net profit</b>				<b>73 956</b>



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Figures for the three-month period ended 30.09.2018	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	136 038	7 053	122 695	265 786
Gross profit on sales, before the allocation of purchase price *)	40 905	1 654	45 073	87 632
Allocation of the Euro Styl Capital Group purchase price **)	-	-	(19 994)	(19 994)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>40 905</b>	<b>1 654</b>	<b>25 079</b>	<b>67 638</b>
Selling costs, and general administrative expenses				(39 168)
Other operating income and expenses, net				(340)
<b>Operating profit</b>				<b>28 130</b>
Financial income and costs, net				363
<b>Profit before tax</b>				<b>28 493</b>
Income tax				(6 596)
<b>Net profit</b>				<b>21 897</b>

Figures for the three-month period ended 30.09.2017	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	198 517	6 090	40 594	245 201
Gross profit on sales, before the allocation of purchase price *)	57 449	1 029	14 147	72 625
Allocation of the Euro Styl Capital Group purchase price **)	-	-	(5 000)	(5 000)
<b>Gross profit on sales after the allocation of purchase price</b>	<b>57 449</b>	<b>1 029</b>	<b>9 147</b>	<b>67 625</b>
Selling costs, and general administrative expenses				(33 283)
Other operating income and expenses, net				(1 987)
<b>Operating profit</b>				<b>32 355</b>
Financial income and costs, net				(254)
<b>Profit before tax</b>				<b>32 101</b>
Income tax				(6 114)
<b>Net profit</b>				<b>25 987</b>

\*) for the Tricity, the gross profit on sales results from the financial data of the Euro Styl Capital Group and does not include the cost of the Euro Styl Capital Group acquisition that was additionally allocated in the consolidation as resulting from the measurement of the Euro Styl Capital Group inventory as of the purchase date at fair value (see also the comments below)

\*\*\*) the additional cost resulting from the allocation of the Euro Styl Capital Group acquisition price. This cost is the difference between the carrying value of the Euro Styl Capital Group's inventory and the fair value assessed as at the date when the Group was purchased by the Company. This cost in the consolidated financial statements is adequately recognised as production cost of products sold that was accounted for in the income statement in the specific financial period.



### 7.13. Operating income

REVENUE BREAKDOWN	01.01 - 30.09.2018 <i>(unaudited)</i>	01.01 - 30.09.2017 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2017 <i>(unaudited)</i>
Sales of finished goods	883 488	662 731	257 497	235 017
Sales of services	16 826	17 733	3 727	9 950
Sales of land	4 665	253	4 562	234
<b>Total</b>	<b>904 979</b>	<b>680 717</b>	<b>265 786</b>	<b>245 201</b>

### 7.14. Operating costs

OPERATING COSTS	01.01 - 30.09.2018 <i>(unaudited)</i>	01.01 - 30.09.2017 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2017 <i>(unaudited)</i>
<b>Cost of sales</b>				
Cost of finished goods sold	(640 658)	(483 735)	(191 816)	(173 101)
Cost of services sold	(14 776)	(16 069)	(3 052)	(7 372)
Cost of land sold	(3 785)	(182)	(3 680)	(171)
Inventory write down to the net realisable value	787	3 246	400	3 068
<b>Total cost of sales</b>	<b>(658 432)</b>	<b>(496 740)</b>	<b>(198 148)</b>	<b>(177 576)</b>
<b>Selling costs, and general administrative expenses</b>				
Selling costs	(52 662)	(43 691)	(17 390)	(14 747)
General administrative expenses	(66 122)	(45 842)	(21 778)	(18 536)
<b>Total selling costs, and general administrative expenses</b>	<b>(118 784)</b>	<b>(89 533)</b>	<b>(39 168)</b>	<b>(33 283)</b>
<b>Selling costs, and general administrative expenses by kind</b>				
Depreciation	(7 116)	(5 197)	(2 335)	(2 125)
Cost of materials and energy	(12 557)	(10 437)	(3 489)	(3 322)
External services	(33 156)	(27 599)	(11 318)	(10 647)
Taxes and charges	(635)	(264)	(382)	(142)
Remuneration	(45 706)	(35 693)	(15 720)	(13 087)
Social security and other benefits	(6 792)	(5 406)	(1 809)	(1 386)
Management Option Programme	(4 338)	-	(1 446)	-
Other prime costs	(8 484)	(4 937)	(2 669)	(2 574)
<b>Total selling costs, and general administrative expenses by kind</b>	<b>(118 784)</b>	<b>(89 533)</b>	<b>(39 168)</b>	<b>(33 283)</b>

### 7.15. Income tax in the income statement

INCOME TAX	01.01 - 30.09.2018 <i>(unaudited)</i>	01.01 - 30.09.2017 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2017 <i>(unaudited)</i>
Current income tax	(51 909)	(28 137)	(14 098)	(8 382)
Deferred tax in the income statement	26 422	11 944	7 502	2 268
<b>Total</b>	<b>(25 487)</b>	<b>(16 193)</b>	<b>(6 596)</b>	<b>(6 114)</b>



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### 7.16. Earnings per share

<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>01.01 - 30.09.2018</b>	<b>01.01 - 30.09.2017</b>	<b>01.07 - 30.09.2018</b>	<b>01.07 - 30.09.2017</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Basic earnings per share</b>				
Profit for calculation of the basic earnings per share	98 205	73 961	21 899	25 988
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 936 188	24 865 278	24 968 422	24 868 422
<b>Basic earnings per share (PLN)</b>	<b>3.94</b>	<b>2.97</b>	<b>0.88</b>	<b>1.05</b>
<b>Diluted earnings per share</b>				
Profit for calculation of the diluted earnings per share	98 205	73 961	21 899	25 988
Potential diluting shares related to the Management Share Option Programmes	150 200	-	114 077	-
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 086 388	24 865 278	25 082 499	24 868 422
<b>Diluted earnings per share (PLN)</b>	<b>3.91</b>	<b>2.97</b>	<b>0.87</b>	<b>1.05</b>

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

### 7.17. Transactions with related entities

In the three-month periods ended 30 September 2018 and 2017, the Company was a party to transactions with related entities, as listed below.

<b>Counterparty</b>	<b>Transaction description</b>	<b>01.07- 30.09.2018</b>	<b>01.07- 30.09.2017</b>
		<i>(unaudited)</i>	<i>(unaudited)</i>
<b>DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:</b>			
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007 as annexed	484	473
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001 as annexed	123	134
Kirkley Advisory Limited	Consulting services as per the agreement dated 29 September 2017	24	24
M & M Usługi Doradcze M. Kolarski	Consulting services	13	20
<b>DOM DEVELOPMENT S.A. AS A SELLER OF GOODS OR SERVICES:</b>			
Fort Mokotów sp. z o.o. w likwidacji	Repair services as per the agreement dated 22 July 2005	-	24
<b>DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:</b>			
Dom Development B.V.	Dividend paid	107 919	73 761



## Dom Development S.A.

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

Entity	Receivables from related entities		Liabilities to related entities	
	30.09.2018 (unaudited)	31.12.2017 (unaudited)	30.09.2018 (unaudited)	31.12.2017 (unaudited)
<b>Total balance</b>	<b>9</b>	<b>3 075</b>	<b>360</b>	<b>146</b>
<b>Jointly controlled entities</b>	-	<b>20</b>	-	-
Fort Mokotów sp. z o.o., w likwidacji (under liquidation)	-	20	-	-
<b>Other entities</b>	<b>9</b>	<b>3 055</b>	<b>360</b>	<b>146</b>
Dom Land sp. z o.o.	9	3 055	-	-
M&M Usługi Doradcze M. Kolarski	-	-	-	3
Kirkley Advisory Limited	-	-	24	-
Woodsford Consulting Limited	-	-	336	143

### REMUNERATION AND FEES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF DOM DEVELOPMENT S.A. 30

The Management Board

The Supervisory Board

The above listing does not take into account the cost of the management options programme which was PLN 1 446 thousand and PLN 0 (see note 7.18) and was accounted for in the income statement in the three-month periods ended 30 September 2018 and 2017 respectively.

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

### 7.18. Incentive Plan – Management Option Programmes

As at 30 September 2018 there was one active Management Option Programme adopted as part of the Incentive Scheme for the Management staff of the Company.

Name of the Programme	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
	30.09.2018			31.12.2017		
Programme IV	500 000	500 000	100 000	500 000	500 000	-

#### Exercise of the share options

In the three-month period ended 30 September 2018 no share options were exercised at the Company.

#### Grant of new share options

In the three-month period ended 30 September 2018 the Company did not grant any new share options.

#### Expiry of share options

In the three-month period ended 30 September 2018 no share options expired.

**Cost of Management Option Programmes accounted for in the income statement and the shareholders' equity**

In the three-month period ended 30 September 2018 and 2017 the amounts of PLN 1 446 thousand and PLN 0 thousand respectively, were accounted for in the income statement for the management options granted and in the supplementary capital.

**Share options granted and exercisable as at respective balance sheet dates, and changes in the presented periods:**

<b>SHARE OPTIONS</b>		<b>01.07- 30.09.2018</b>	<b>01.07- 30.09.2017</b>
<b>Unexercised options at the beginning of the period</b>	<b>Number of options</b>	<b>400 000</b>	<b>-</b>
	<b>Total exercise price</b>	<b>14 000</b>	<b>-</b>
Options granted in the period	Number of options	-	-
	Total option exercise value	-	-
Options expired in the period	Number of options	-	-
	Total option exercise value	-	-
Options exercised in the period	Number of options	-	-
	Total option exercise value	-	-
	Weighted average exercise price per share (PLN per share)	-	-
<b>Unexercised options at the end of the period</b>	<b>Number of options</b>	<b>400 000</b>	<b>-</b>
	<b>Total exercise price</b>	<b>14 000</b>	<b>-</b>
Exercisable options at the beginning of the period	Number of options	-	-
	Total exercise price	-	-
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-

**7.19. Contingent liabilities**

<b>CONTINGENT LIABILITIES</b>	<b>30.09.2018</b>	<b>31.12.2017</b>
	<i>(unaudited)</i>	
Guarantees	111	111
Sureties	8 138	365
<b>Total</b>	<b>8 249</b>	<b>476</b>

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

<b>COLLATERALS FOR LIABILITIES</b>	<b>30.09.2018</b>	<b>31.12.2017</b>
	<i>(unaudited)</i>	
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
- promissory note as a security for the claims of Bank Pekao S.A. from the sale of credit products	2 000	2 000
- promissory notes as a security for lease agreements	180	403
<b>Total</b>	<b>102 180</b>	<b>102 403</b>



In the three-month period ended 30 September 2018 the companies operating within the Group did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for the Group or would amount to at least 10% of the Company's shareholders' equity.

#### 7.20. Material court cases

As of 30 September 2018 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 subsidiaries, the value of which would be at least 10% of the Group's shareholders' equity.

As of 30 September 2018 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 Group's shareholders' equity.

As of 30 September 2018, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 40 295 thousand, including the total value of proceedings concerning liabilities at approx. PLN 38 526 thousand and the total value of proceedings concerning receivables at approx. PLN 1 769 thousand.

The proceedings involving the Company or any of its subsidiaries have no significant impact on the Group's activity.

#### 7.21. Factors and events with significant impact on the condensed consolidated financial statements of the Group

In the period from 1 January to 30 September 2018 the following material changes in the portfolio of the Group's real estate development projects under construction took place:

##### Projects where the construction commenced in the period from 1 January 2018 until 30 September 2018:

Project	Company*	Standard	Number of apartments	Number of commercial units	Started in
Cybernetyki 17, phase 3	Dom Development S.A.	Popular	240	-	Q1 2018
Regaty, phase 2	Dom Development S.A.	Popular	198	2	Q1 2018
Amsterdam, phase 3	Dom Development S.A.	Popular	188	14	Q1 2018
Apartamenty Dolny Mokotów	Dom Development S.A.	Apartments	148	5	Q1 2018
Studio Arte	Dom Development Wrocław Sp. z o.o.	Apartments	51	1	Q1 2018
Spektrum, building D	Euro Styl S.A.	Apartments	152	5	Q1 2018
Spektrum, building C	Euro Styl S.A.	Apartments	64	11	Q1 2018
Rezydencje Marina Mokotów	Dom Development S.A.	Apartments	91	6	Q2 2018
Apartamenty Marina Mokotów	Dom Development S.A.	Popular	215	7	Q2 2018
Żoliborz Artystyczny, phase 10	Dom Development S.A.	Popular	261	12	Q2 2018
Port Żerań, phase 2	Dom Development S.A.	Popular	330	-	Q2 2018
Idylla 1	Dom Development Wrocław Sp. z o.o.	Popular	83	-	Q2 2018
Mezzo, building B1	Euro Styl S.A.	Popular	82	-	Q2 2018
Mezzo, building B2	Euro Styl S.A.	Popular	76	-	Q2 2018
Idea building 8	Euro Styl S.A.	Apartments	38	-	Q2 2018
Beauforta, building B4	Euro Styl S.A.	Popular	18	3	Q2 2018
Beauforta, building B5	Euro Styl S.A.	Popular	36	-	Q2 2018
Beauforta, building B6	Euro Styl S.A.	Popular	27	-	Q2 2018
Beauforta, building B7	Euro Styl S.A.	Popular	24	3	Q2 2018
Wille Taneczna 2	Dom Development S.A.	Popular	81	-	Q3 2018
Stacja Grochów, phase 1	Dom Development S.A.	Popular	138	10	Q3 2018
Zielony Południk, building B2	Euro Styl S.A.	Popular	26	-	Q3 2018
Zielony Południk, building B3	Euro Styl S.A.	Popular	26	-	Q3 2018
<b>Total</b>			<b>2 593</b>	<b>79</b>	





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### Projects where the construction was completed in the period from 01 January 2018 until 30 September 2018:

Project	Company*	Standard	Number of apartments	Number of commercial units	Completed in
Premium 3 (phase 2, stage 1)	Dom Development S.A.	Popular	134	-	Q1 2018
Apartamenty Włodarzewska 30	Dom Development S.A.	Popular	114	9	Q1 2018
Moderna, phase 4	Dom Development S.A.	Popular	189	-	Q1 2018
Klasyków Wille Miejskie 2, phase 2	Dom Development S.A.	Popular	204	-	Q1 2018
Aura 2	Dom Development Wrocław sp. z o.o.	Popular	172	-	Q1 2018
Idea building 4	Euro Styl S.A.	Apartments	31	-	Q1 2018
Amsterdam, phase 1	Dom Development S.A.	Popular	53	7	Q2 2018
Forma, phase 1	Dom Development S.A.	Popular	89	6	Q2 2018
Futura Park, building 09	Euro Styl S.A.	Popular	39	3	Q2 2018
Impuls, building D	Euro Styl S.A.	Popular	146	7	Q2 2018
Wilno VI, phase 1	Dom Development S.A.	Popular	300	9	Q3 2018
Premium 5, phase 3	Dom Development S.A.	Popular	109	4	Q3 2018
Cybernetyki 17, phase 1	Dom Development S.A.	Popular	145	1	Q3 2018
Viridis, building A2	Euro Styl S.A.	Popular	42	-	Q3 2018
Impuls, building C	Euro Styl S.A.	Popular	55	-	Q3 2018
Spektrum, building B	Euro Styl S.A.	Popular	169	-	Q3 2018
Nowy Horyzont, building 12	Euro Styl S.A.	Popular	38	-	Q3 2018
Kwartet (Macierzy Szkolnej)	Euro Styl S.A.	Popular	27	-	Q3 2018
<b>Total</b>			<b>2 056</b>	<b>46</b>	

\*) The projects allocated to Euro Styl S.A. also include investments developed by entities from the Euro Styl S.A. Capital Group.

### Information on deliveries of residential and commercial units in the period from 1 January 2018 until 30 September 2018:

Number of residential and commercial units delivered to customers in the nine-month period ended 30 September 2018 has been presented in the following table:

Number of residential and commercial units delivered	01.01 - 30.09.2018 (unaudited)	01.01 - 30.09.2017 (unaudited)
Q1	416	230
Q2	1 025	674
Q3	587	553
<b>Total</b>	<b>2 028</b>	<b>1 457</b>

#### 7.22. Dividends

The Ordinary General Meeting of the Company resolved on 7 June 2018 to assign PLN 189 760 007.20 to dividends, including:

- PLN 186 112 545.02 net profit of Dom Development S.A. for the year ended 31 December 2017;
- PLN 3 647 462.18 that is a portion of the Dom Development S.A. supplementary capital derived from the profit carried forward that is PLN 7.60 per each share.

The date of record was set at 26 June 2018 and the dividend payment day was set at 4 July 2018. The dividend was paid out in accordance with the resolution.

In the previous year PLN 125 585 531.10 was allocated to dividends, which resulted in the payment of PLN 5.05 per share, while PLN 2 155 024.36 were allocated to the increase of supplementary capital of the Company, and a portion of the net profit of the Company for 2016 in the amount of PLN 2 155 024.36 was allocated to the increase of supplementary capital of the Company.



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### 7.23. Deferred income

Payments from customers on account of the purchase of apartments and parking spaces are recorded as deferred income until the time that they are delivered to the buyer and are recognised in the income statement as "sales revenue". This balance sheet item is closely dependent over time on the relationship between the sales rate (which as it increases, increases this item) and the deliveries rate (which as it decreases, decreases this item).

DEFERRED INCOME	30.09.2018 <i>(unaudited)</i>	31.12.2017
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	998 447	564 082
Other	18	4 224
<b>Total</b>	<b>998 465</b>	<b>568 306</b>

### 7.24. Material post-balance sheet events

On 9 October 2018, the Company issued 50 000 unsecured bearer bonds with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 50 million. The maturity date for these bonds is 9 October 2023. The issue value equals their nominal value. The interest rate is set at WIBOR 6M plus margin, and will be paid semi-annually. No purpose for the bond issue was specified in the terms of issue.

### 7.25. Forecasts

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

### 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	30.09.2018 <i>(unaudited)</i>	31.12.2017
	thousand Euro	thousand Euro
Total current assets	599 508	565 732
Total assets	611 044	573 113
Total shareholders' equity	214 837	240 314
Long-term liabilities	88 866	98 468
Short-term liabilities	307 341	234 330
Total liabilities	396 207	332 798
<b><i>PLN/EUR exchange rate as at the balance sheet date</i></b>	<b>4.2714</b>	<b>4.1709</b>

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 30.09.2018 <i>(unaudited)</i>	01.01 - 30.09.2017 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2017 <i>(unaudited)</i>
	thousand Euro	thousand Euro	thousand Euro	thousand Euro
Sales revenue	212 761	159 920	62 077	57 355
Gross profit on sales	57 963	43 222	15 798	15 818
Operating profit	29 031	21 070	6 570	7 568
Profit before tax	29 079	21 179	6 655	7 509
Net profit	23 087	17 374	5 114	6 079
<b><i>Average PLN/EUR exchange rate for the reporting period</i></b>	<b>4.2535</b>	<b>4.2566</b>	<b>4.2815</b>	<b>4.2751</b>