



Dom Development S.A.
Interim condensed consolidated financial statements
for the six-month period ended 30 June 2018

DOM DEVELOPMENT S.A.

**Interim condensed consolidated
financial statements
for the six-month period ended
30 June 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 six-month period ended on 30 June 2018, comprising:

- interim condensed consolidated balance sheet prepared as at 30 June 2018 with the balance of assets and liabilities in the amount of PLN 2 608 115 thousand;
- interim condensed consolidated income statement for the six-month period ended 30 June 2018 with a net profit of PLN 76 302 thousand;
- interim condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2018 with a net comprehensive income of PLN 75 354 thousand;
- interim condensed statement of changes in consolidated shareholders' equity in the six-month period ended 30 June 2018 with the PLN 894 312 thousand shareholders' equity as at 30 June 2018;
- interim condensed consolidated cash flow statement for the six-month period ended 30 June 2018 with the PLN 384 875 thousand net cash and cash equivalents as at 30 June 2017;
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of the Company on 23 August 2018.

The Management Board of the Company declares that to the best of its knowledge, these interim condensed consolidated financial statements with comparative data have been prepared in accordance with the applicable accounting policies, and reflect a true and fair economic and financial position of the Group and its financial result.

Jarosław Szanajca,
President of the Management Board

Janusz Zalewski,
Vice President of the Management Board

Małgorzata Kolarska,
Vice President of the Management Board

Mikołaj Konopka,
Member of the Management Board

Terry R. Roydon,
Member of the Management Board



2. INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.06.2018 (unaudited)	31.12.2017
Fixed assets			
Intangible assets		10 216	10 444
Tangible fixed assets		12 182	10 528
Deferred tax assets		914	1 434
Long-term receivables		1 612	1 612
Other long-term assets		6 438	6 767
Total fixed assets		31 362	30 785
Current assets			
Inventory	7.5	2 073 955	1 989 052
Trade and other receivables		17 448	34 942
Other current assets		5 364	3 971
Income tax receivables		584	486
Short-term financial assets	7.6	94 527	51 506
Cash and cash equivalents	7.7	384 875	279 653
Total current assets		2 576 753	2 359 610
Total assets		2 608 115	2 390 395

EQUITY AND LIABILITIES	Note	30.06.2018 (unaudited)	31.12.2017
Shareholders' equity			
Share capital	7.8	24 968	24 868
Share premium		241 788	238 388
Other capital (supplementary capital)		548 502	549 257
Reserve capital from valuation of cash flow hedges		(764)	184
Reserve capital from reduction of share capital		510	510
Unappropriated financial result		79 245	189 052
Equity attributable to the shareholders of parent company		894 249	1 002 259
Non-controlling interests		63	67
Total shareholders' equity		894 312	1 002 326
Liabilities			
Long-term liabilities			
Loans, long-term portion	7.9	35 000	35 000
Bonds, long-term portion	7.10	260 000	260 000
Deferred tax provision		25 530	45 192
Long-term provisions		14 622	14 321
Other long-term liabilities		52 377	56 188
Total long-term liabilities		387 529	410 701
Short-term liabilities			
Trade payables, tax and other liabilities		270 643	271 442
Loans, short-term portion	7.9	-	50 000
Bonds, short-term portion	7.10	-	50 000
Accrued interest on loans and bonds	7.11	790	1 373
Corporate income tax payables		20 946	27 531
Dividend payables		189 760	-
Short-term provisions		8 886	8 716
Deferred income	7.23	835 249	568 306
Total short-term liabilities		1 326 274	977 368
Total liabilities		1 713 803	1 388 069
Total equity and liabilities		2 608 115	2 390 395



3. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six-month period ended		Three-month period ended	
		30.06.2018 (unaudited)	30.06.2017 (unaudited)	30.06.2018 (unaudited)	30.06.2017 (unaudited)
Sales revenue	7.13	639 193	435 516	435 713	322 505
Cost of sales	7.14	(460 284)	(319 164)	(317 577)	(232 171)
Gross profit on sales		178 909	116 352	118 136	90 334
Selling costs	7.14	(35 272)	(28 944)	(17 675)	(13 825)
General administrative expenses	7.14	(44 344)	(27 306)	(24 765)	(16 068)
Other operating income		2 225	8 334	1 519	7 900
Other operating expenses		(6 166)	(11 106)	(4 407)	(10 061)
Operating profit		95 352	57 330	72 808	58 280
Financial income		776	1 594	438	1 208
Financial costs		(935)	(876)	(449)	(458)
Profit before tax		95 193	58 048	72 797	59 030
Income tax	7.15	(18 891)	(10 079)	(14 007)	(10 052)
Net profit		76 302	47 969	58 790	48 978
Net profit attributable to:					
Shareholders of the parent company		76 306	47 973	58 791	48 981
Non-controlling interests		(4)	(4)	(1)	(3)
Earnings per share:					
Basic, from the profit for the period, attributable to parent company's shareholders (PLN)	7.16	3.06	1.93	2.35	1.97
Diluted, from the profit for the period, attributable to parent company's shareholders (PLN)	7.16	3.04	1.93	2.34	1.97



Dom Development S.A.

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

4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six-month period ended		Three-month period ended	
	30.06.2018 (unaudited)	30.06.2017 (unaudited)	30.06.2018 (unaudited)	31.06.2017 (unaudited)
Net profit	76 302	47 969	58 790	48 978
Other comprehensive income/(loss)				
Net change to cash flow hedges	(1 170)	(242)	87	(90)
Income tax	222	46	(7)	17
Other net comprehensive income/(loss)	(948)	(196)	80	(73)
Total net comprehensive income	75 354	47 773	58 870	48 905
Net comprehensive income attributable to:				
Shareholders of the parent company	75 358	47 777	58 871	48 908
Non-controlling interests	(4)	(4)	(1)	(3)



5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Six-month period ended	
		30.06.2018 (unaudited)	30.06.2017 (unaudited)
Cash flow from operating activities			
Profit before tax		95 193	58 048
Adjustments:			
Depreciation		4 781	3 072
Profit/loss on foreign exchange differences		(38)	8
Profit/loss on investments		(299)	(7 752)
Interest cost/income		5 419	4 692
Cost of the valuation of management option programmes		2 892	-
Changes in the operating capital:			
Changes in provisions		155	(2 969)
Changes in inventory		(85 350)	(66 907)
Changes in receivables		16 910	(6 525)
Changes in short-term liabilities, excluding loans and bonds		(45 079)	7 007
Changes in prepayments and deferred income		263 141	254 164
Other adjustments		38	(8)
Cash flow generated from operating activities		257 763	242 830
Interest received		767	2 847
Interest paid		(6 571)	(9 056)
Income tax paid		(44 494)	(27 710)
Net cash flow from operating activities		207 465	208 911
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		479	100
Other income from financial assets		484	-
Acquisition of intangible and tangible fixed assets		(5 995)	(3 070)
Borrowings granted		(500)	-
Acquisition of financial assets less cash acquired in the target subsidiary		-	(197 677)
Net cash flow from investing activities		(5 532)	(200 647)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.8	3 500	-
Proceeds from contracted loans	7.9	-	2
Commercial papers issued	7.10	-	-
Repayment of loans and borrowings	7.9	(50 000)	(2 066)
Redemption of commercial papers	7.10	(50 000)	(120 000)
Dividends paid		-	-
Payment of financial lease liabilities		(211)	(35)
Net cash flow from financing activities		(96 711)	(122 099)
Increase / (decrease) in net cash and cash equivalents		105 222	(113 835)
Cash and cash equivalents – opening balance	7.7	279 653	414 310
Cash and cash equivalents – closing balance	7.7	384 875	300 475



Dom Development S.A.
Interim condensed statement of changes in consolidated shareholders' equity
for the six-month period ended 30 June 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 financial result	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				
Balance as at 1 January 2018	24 868	238 388	549 257	510	184	189 052	1 002 259	67	1 002 326
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 allocated 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)	-	-	2 892	-	-	-	2 892	-	2 892
Net profit for the reporting period	-	-	-	-	-	76 306	76 306	(4)	76 302
Other net comprehensive income for the reporting period	-	-	-	-	(948)	-	(948)	-	(948)
Balance as at 30 June 2018 (unaudited)	24 968	241 788	548 502	510	(764)	79 245	894 249	63	894 312

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital		Accumulated unappropriated financial result	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				
Balance as at 1 January 2017	24 782	234 986	542 696	510	415	126 118	929 507	(46)	929 461
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 allocated to shareholders (note 7.22)	-	-	-	-	-	(125 585)	(125 585)	-	(125 585)
Net profit for the reporting period	-	-	-	-	-	47 973	47 973	(4)	47 969
Other net comprehensive income for the reporting period	-	-	-	-	(196)	-	(196)	-	(196)
Balance as at 30 June 2017 (unaudited)	24 868	238 388	544 851	510	219	46 351	855 187	(50)	855 137



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 June 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 June 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
Subsidiaries				
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	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 six-month period ended 30 June 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, within the six-month period ended 30 June 2018.

- Establishment of Dom Construction sp. z o.o.

In the first quarter of 2018, the Management Board of Dom Development S.A. decided to diversify the manner of developing projects by the Company. Dom Development S.A. projects have been developed by a third-party general contractor up until now. The Company intends to make use of the expertise and experience of Euro Styl S.A., a Tricity developer acquired in June 2017, which through its in-house contractor company has been successfully developing its projects. Dom Development S.A. will progressively introduce the development of projects with its own resources. Eventually, this is to complement the existing model of cooperation with third-party general contractors.

For this purpose, a subsidiary company Dom Development Construction sp. z o.o. (current name: Dom Construction sp. z o.o.) was established on 13 March 2018, with 100% shares held by Dom Development S.A. The share capital of this company is PLN 100 thousand and has been paid up in full. This company was registered with the National Court Register (KRS) on 11 April 2018.

The Management Board is of the opinion that the change in the manner of project development will allow it the current efficiency of the Company's operations to be sustained.

- Completion of winding up of Fort Mokotów sp. z o.o., w likwidacji (under liquidation)

The joint venture Fort Mokotów Inwestycje sp. z o.o. w likwidacji (under liquidation) was wound up on 26 April 2018. As a result of the liquidation the Company received cash in the amount of PLN 484 thousand. The nominal value of the shares owned by the Company at PLN 1 960 thousand was reduced by the share revaluation write down, which on the date of winding up of the company and as at 31 December 2017 was PLN 1 960 thousand.

Within the six-month period ended 30 June 2018, the Group did not make any other material changes in the structure of investing in subsidiaries, associates and joint ventures, except for the events described hereinabove.

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, however they have 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 six-month period ended 30 June 2018. These statements were approved by the Management Board of the Company on 23 August 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

INVENTORY	30.06.2018 <i>(unaudited)</i>	31.12.2017
Advances on deliveries	75 082	68 628
including: at purchase prices/production costs	75 082	68 628
write down to the net realisable value	-	-
Semi-finished goods and work in progress	1 837 042	1 640 470
including: at purchase prices/production costs	1 869 511	1 672 939
write down to the net realisable value	(32 469)	(32 469)
Finished goods	161 831	279 954
including: at purchase prices/production costs	171 477	289 987
write down to the net realisable value	(9 646)	(10 033)
Total	2 073 955	1 989 052

INVENTORY REVALUATION WRITE DOWNS	01.01 - 30.06.2018 <i>(unaudited)</i>	01.01 - 30.06.2017 <i>(unaudited)</i>
Opening balance	42 502	30 292
Increments	281	2 257
Decreases	(668)	(450)
Closing balance	42 115	32 099

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

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	30.06.2018 <i>(unaudited)</i>	31.12.2017
Carrying value of inventory used to secure liabilities	345 935	375 600
Mortgages:		
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

SHORT-TERM FINANCIAL ASSETS	30.06.2018 <i>(unaudited)</i>	31.12.2017
Bank deposits with a maturity over three months	49	49
Cash in open-end residential escrow accounts	94 478	51 457
Cash in other escrow accounts	-	-
Total	94 527	51 506

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.

CASH AND CASH EQUIVALENTS	30.06.2018 <i>(unaudited)</i>	31.12.2017	30.06.2017 <i>(unaudited)</i>
Cash in hand and at bank	119 464	77 755	70 075
Bank deposits with a maturity of three months or less	265 361	201 855	230 376
Other	50	43	24
Total	384 875	279 653	300 475

7.8. Share capital

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

Change in the reporting period	Share capital		Share premium
	Number of shares	Value at the nominal value	
Balance as at 01.01.2018	24 868 422	24 868	238 388
Change	100 000	100	3 400
Balance as at 30.06.2018	24 968 422	24 968	241 788

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 30.06.2018								
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
Total number of shares				24 968 422				
Total share capital					24 968 422			
Nominal value per share = PLN 1								

List of shareholders who hold, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at the date that these financial statements are prepared and approved by the Company's Management Board.

	Status as at the date of preparing of these financial statements				Change in the period from publication of the quarterly financial statements for the three- month period ended 31.03.2018
	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	(43 938)
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 that these financial statements are prepared and approved by the Company's Management Board.

	Status as at the date of preparing of these financial statements			Change in the period from publication of the quarterly financial statements for the three-month period ended 31.03.2018	
	Shares	Share options	Total	Shares	Share options
The Management Board					
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	-	-
The Supervisory Board					
Grzegorz Kiełpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	-	-

7.9. Loans

Description of material changes in the six-month period ended 30 June 2018

On 25 May 2018, the loan agreement between Euro Styl SA and PKO BP SA was terminated by agreement of the parties. In accordance with the agreement, the facility was to be repaid on 29 September 2018.

There were no other loan agreements or any other agreements within the Group that expired in the six-month period ended 30 June 2018. Total loan liabilities decreased by PLN 50 million.

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

LOANS DUE WITHIN	30.06.2018	31.12.2017
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	-	-
Total loans	35 000	85 000
including: long-term	35 000	35 000
short-term	-	50 000

BANK LOANS AS AT 30.06.2018						
Bank	Registered office	Loan amount and currency as per agreement		Outstanding loan amount (less accrued interest) and currency		Due date
mBank	Warsaw	50 000*)	PLN	-	PLN	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
Total bank loans				35 000	PLN	

*) 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 June 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

BONDS	30.06.2018 <i>(unaudited)</i>	31.12.2017
Nominal value of the bonds issued, long-term portion	260 000	260 000
Nominal value of the bonds issued, short-term portion	-	50 000
Total nominal value of the bonds issued	260 000	310 000

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

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

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 six-month period ended 30 June 2018

On 26 March 2018, the Company redeemed 5 000 bearer bonds with the nominal value of PLN 10 000 each and the aggregate nominal value of PLN 50 million as maturing on this date.

BONDS ISSUED AS AT 30.06.2018				
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
Total:		260 000	PLN	

7.11. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	30.06.2018 <i>(unaudited)</i>	31.12.2017
Accrued interest on bonds	787	1 368
Accrued interest on loans	3	5
Total accrued interest on loans and bonds	790	1 373

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 six-month period ended 30.06.2018	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	511 653	40 379	87 161	639 193
Gross profit on sales, before the allocation of purchase price *)	154 314	8 421	29 625	192 360
Allocation of the Euro Styl Capital Group purchase price **)	-	-	(13 451)	(13 451)
Gross profit on sales after the allocation of purchase price	154 314	8 421	16 174	178 909
Selling costs, and general administrative expenses				(79 616)
Other operating income and expenses, net				(3 941)
Operating profit				95 352
Financial income and costs, net				(159)
Profit before tax				95 193
Income tax				(18 891)
Net profit				76 302

Figures for the six-month period ended 30.06.2017	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	403 059	16 813	15 644	435 516
Gross profit on sales, before the allocation of purchase price *)	110 835	2 087	5 714	118 636
Allocation of the Euro Styl Capital Group purchase price **)	-	-	(2 284)	(2 284)
Gross profit on sales after the allocation of purchase price	110 835	2 087	3 430	116 352
Selling costs, and general administrative expenses				(56 250)
Other operating income and expenses, net				(2 772)
Operating profit				57 330
Financial income and costs, net				718
Profit before tax				58 048
Income tax				(10 079)
Net profit				47 969

*) 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 - 30.06.2018 <i>(unaudited)</i>	01.01 - 30.06.2017 <i>(unaudited)</i>
Sales of finished goods	625 991	427 714
Sales of services	13 099	7 783
Sales of land	103	19
Total	639 193	435 516

7.14. Operating costs

OPERATING COSTS	01.01 - 30.06.2018 <i>(unaudited)</i>	01.01 - 30.06.2017 <i>(unaudited)</i>
Cost of sales		
Cost of finished goods sold	(448 842)	(310 634)
Cost of services sold	(11 724)	(8 697)
Cost of land sold	(105)	(11)
Inventory write down to the net realisable value	387	178
Total cost of sales	(460 284)	(319 164)
Selling costs, and general administrative expenses		
Selling costs	(35 272)	(28 944)
General administrative expenses	(44 344)	(27 306)
Total selling costs, and general administrative expenses	(79 616)	(56 250)
Selling costs, and general administrative expenses by kind		
Depreciation	(4 781)	(3 072)
Cost of materials and energy	(9 068)	(7 115)
External services	(21 838)	(16 952)
Taxes and charges	(253)	(122)
Remuneration	(29 986)	(22 606)
Social security and other benefits	(4 983)	(4 020)
Management Option Programme	(2 892)	-
Other prime costs	(5 815)	(2 363)
Total selling costs, and general administrative expenses by kind	(79 616)	(56 250)

7.15. Income tax in the income statement

INCOME TAX	01.01 - 30.06.2018 <i>(unaudited)</i>	01.01 - 30.06.2017 <i>(unaudited)</i>
Current income tax	(37 811)	(19 755)
Deferred tax in the income statement	18 920	9 676
Total	(18 891)	(10 079)



7.16. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01 - 30.06.2018 <i>(unaudited)</i>	01.01 - 30.06.2017 <i>(unaudited)</i>
Basic earnings per share		
Profit for calculation of the basic earnings per share	76 306	47 973
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 919 803	24 863 680
Basic earnings per share (PLN)	3.06	1.93
Diluted earnings per share		
Profit for calculation of the diluted earnings per share	76 306	47 973
Potential diluting shares related to the Management Share Option Programmes	149 035	-
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 068 838	24 863 680
Diluted earnings per share (PLN)	3.04	1.93

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

Counterparty	Transaction description	01.01-30.06.2018 <i>(unaudited)</i>	01.01-30.06.2017 <i>(unaudited)</i>
DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:			
Woodsford Consulting Limited	Consulting services as per the agreement dated 27.06.2007 as annexed	1 152	1 047
Hansom Property Company Limited	Consulting services as per the agreement dated 2.01.2001 as annexed	765	593
Kirkley Advisory Limited	Consulting services as per the agreement dated 29 September 2017	48	-
M & M Usługi Doradcze M. Kolarski	Consulting services	194	23

BALANCES WITH RELATED ENTITIES – balances as in the books of the Company				
Entity	Receivables from related entities		Liabilities to related entities	
	30.06.2018 <i>(unaudited)</i>	31.12.2017 <i>(unaudited)</i>	30.06.2018 <i>(unaudited)</i>	31.12.2017 <i>(unaudited)</i>
Total balance	-	-	3	146
Other entities	-	-	3	146
M&M Usługi Doradcze M. Kolarski	-	-	3	3
Woodsford Consulting Limited	-	-	-	143

Counterparty	01.01-30.06.2018 (unaudited)	01.01-30.06.2017 (unaudited)
The Management Board	4 488	5 599
The Supervisory Board	649	649

DOM DEVELOPMENT S.A. AS A SELLER (PLN)

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

Name of the Programme	Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
		30.06.2018	
Programme IV	500 000	500 000	100 000

Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
		31.12.2017
500 000	500 000	-

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



Expiry of share options

In the six-month period ended 30 June 2018 no share options expired.

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

In the six-month period ended 30 June 2018 and 2017 the amounts of PLN 2 892 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:

SHARE OPTIONS		01.01- 30.06.2018	01.01- 30.06.2017
Unexercised options at the beginning of the period	Number of options	500 000	-
	Total exercise price	17 500	-
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	100 000	-
	Total option exercise value	3 500	-
	Weighted average exercise price per share (PLN per share)	35,00	-
Unexercised options at the end of the period	Number of options	400 000	-
	Total exercise price	14 000	-
Exercisable options at the beginning of the period	Number of options	100 000	-
	Total exercise price	3 500	-
Exercisable options at the end of the period	Number of options	-	-
	Total exercise price	-	-

7.19. Contingent liabilities

CONTINGENT LIABILITIES	30.06.2018 (unaudited)	31.12.2017
Guarantees	111	111
Sureties	2 638	365
Total	2 749	476

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

COLLATERALS FOR LIABILITIES	30.06.2018 (unaudited)	31.12.2017
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	4 000	2 000
- promissory notes as a security for lease agreements	189	403
Total	104 189	102 403



In the six-month period ended 30 June 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 June 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 June 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 June 2018, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 32 466 thousand, including the total value of proceedings concerning liabilities at approx. PLN 30 713 thousand and the total value of proceedings concerning receivables at approx. PLN 1 753 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 June 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 01 January 2018 until 30 June 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
Total			2 322	69	



Projects where the construction was completed in the period from 1 January 2018 until 30 June 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
Total			1 171	32	

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

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

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

Deliveries	01.01 - 30.06.2018 (unaudited)	01.01 - 30.06.2017 (unaudited)
Apartments and commercial units	1 441	904

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.

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	30.06.2018 <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	835 237	564 082
Other	12	4 224
Total	835 249	568 306

7.24. Changes in the composition of the Management Board and the Supervisory Board of the Company

Changes to composition the Supervisory Board

- Mr Włodzimierz Bogucki resigned from the held function of a Member of the Supervisory Board of the Company.

Mr. Włodzimierz Bogucki resigned from his position as a Member of the Supervisory Board of the Company on 10 April 2018, with effect on 7 June 2018.

The reason for the resignation is that Mr Włodzimierz Bogucki was a Member of the Supervisory Board at Dom Development S.A. for nearly 12 years, and from September 2018 he will have ceased to meet the criterion defining an independent member of the Supervisory Board of Dom Development S.A., a criterion referred to in art. 129 par. 3 point 8) of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, and in article 7.7.8 of the Company's Articles of Association.

- Appointment of Ms Dorota Podedworna-Tarnowska as Member of the Supervisory Board of the Company.

The General Meeting of Shareholders the Company decided to appoint Ms Dorota Podedworna-Tarnowska to serve for the collective term of office, effective of 7 June 2018, as an independent member of the Supervisory Board, as defined in art. 129 par. 3 of the act on statutory auditors, audit firms and public supervision of 11 May 2017 (Dz.U. 2017 item 1089) and article 7.7 of the Company's Articles of Association.

Ms Dorota Podedworna-Tarnowska was appointed as Member of the Supervisory Board of the Company following the resignation of Mr Włodzimierz Bogucki.

Change to composition the Management Board

- The appointment of Mr Mikołaj Konopka to be a Member of the Management Board of the Company.

On 10 April 2018, the Supervisory Board of the Company appointed Mr Mikołaj Konopka, effective as of 10 April 2018, as a member of the Management Board of Dom Development S.A. for a joint three-year term of office.

Mr Mikołaj Konopka also holds the position of the President of the Management Board of Euro Styl S.A.

7.25. Material post-balance sheet events

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

7.26. Forecasts

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



7.27. Selected financial data translated into euro

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

SELECTED DATA FROM THE BALANCE SHEET	30.06.2018 <i>(unaudited)</i> thousand Euro	31.12.2017 thousand Euro
Total current assets	590 782	565 732
Total assets	597 972	573 113
Total shareholders' equity	205 042	240 314
Long-term liabilities	88 850	98 468
Short-term liabilities	304 080	234 330
Total liabilities	392 930	332 798
<i>PLN/EUR exchange rate as at the balance sheet date</i>	<i>4.3616</i>	<i>4.1709</i>

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 30.06.2018 <i>(unaudited)</i> thousand Euro	01.01 - 30.06.2017 <i>(unaudited)</i> thousand Euro
Sales revenue	150 771	102 537
Gross profit on sales	42 200	27 394
Operating profit	22 491	13 498
Profit before tax	22 454	13 667
Net profit	17 998	11 294
<i>Average PLN/EUR exchange rate for the reporting period</i>	<i>4.2395</i>	<i>4.2474</i>