



DOM DEVELOPMENT S.A.

Interim condensed consolidated financial statements for the three-month period ended 30 September 2019



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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 2019, comprising:

- interim condensed consolidated balance sheet prepared as at 30 September 2019 with the balance of assets and liabilities in the amount of 2 848 485 thousand;
- interim condensed consolidated income statement for the nine-month and three-month periods ended 30 September 2019 with a net profit of PLN 170 332 and PLN 55 016 thousand, respectively;
- interim condensed consolidated statement of comprehensive income for the nine-month and three-month periods ended 30 September 2019 with a net comprehensive income of PLN 169 745 thousand and PLN 54 825 thousand, respectively;
- interim condensed statement of changes in consolidated shareholders' equity in the nine-month period ended 30 September 2019 with the PLN 994 922 thousand balance of shareholders' equity as at 30 September 2019;
- interim condensed consolidated cash flow statement for the nine-month period ended 30 September 2019 with the PLN 134 651 thousand net cash and cash equivalents as at 30 September 2019;
- additional notes to the interim condensed consolidated financial statements,

were prepared and approved by the Management Board of the Company on 4 November 2019.

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



2. INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.09.2019 (unaudited)	31.12.2018
Fixed assets			
Intangible assets		9 826	10 356
Tangible fixed assets	7.5	44 835	12 024
Deferred tax assets		7 577	2 410
Long-term receivables		1 909	1 618
Other long-term assets		25 344	23 532
Total fixed assets		89 491	49 940
Current assets			
Inventory	7.6	2 513 341	2 113 540
Trade and other receivables		52 952	52 344
Income tax receivables		1 106	424
Other current assets		8 363	5 325
Short-term financial assets	7.7	48 581	34 888
Cash and cash equivalents	7.8	134 651	282 492
Total current assets		2 758 994	2 489 013
Total assets		2 848 485	2 538 953
EQUITY AND LIABILITIES	Note	30.09.2019 (unaudited)	31.12.2018
Shareholders' equity			
Share capital	7.9	25 068	24 968
Share premium		245 188	241 788
Other capital (supplementary capital)		540 666	551 395
Reserve capital from valuation of cash flow hedges		(2 735)	(2 148)
Reserve capital from reduction of share capital		510	510
Unappropriated profit		186 198	229 960
Equity attributable to the shareholders of parent company		994 895	1 046 473
Non-controlling interests		27	69
Total shareholders' equity		994 922	1 046 542
Liabilities			
Long-term liabilities			
Loans, long-term portion	7.10	85 000	35 000
Bonds, long-term portion	7.11	210 000	310 000
Deferred tax provision		7 335	29 565
Long-term provisions		17 648	16 620
Lease liabilities, long-term portion	7.13	28 183	-
Other long-term liabilities		63 682	61 087
Total long-term liabilities		411 848	452 272
Short-term liabilities			
Trade payables, tax and other liabilities		345 460	322 637
Loans, short-term portion	7.10	5 058	50 000
Bonds, short-term portion	7.11	100 000	-
Accrued interest on loans and bonds	7.12	4 149	1 180
Lease liabilities, short-term portion	7.13	98 747	-
Corporate income tax payables		28 161	30 137
Short-term provisions		11 414	11 337
Deferred income	7.14	848 726	624 848
Total short-term liabilities		1 441 715	1 040 139
Total liabilities		1 853 563	1 492 411
Total equity and liabilities		2 848 485	2 538 953



Dom Development S.A.

Interim condensed consolidated income statement
for the three-month and the nine-month periods ended 30 September 2019
(all amounts in thousands PLN unless stated otherwise)

3. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Nine-month period ended		Three-month period ended	
		30.09.2019 <i>(unaudited)</i>	30.09.2018 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>	30.09.2018 <i>(unaudited)</i>
Sales revenue	7.16	1 154 486	904 979	387 645	265 786
Cost of sales	7.17	(820 380)	(658 432)	(277 883)	(198 148)
Gross profit on sales		334 106	246 547	109 762	67 638
Selling costs	7.17	(48 350)	(52 662)	(15 493)	(17 390)
General administrative expenses	7.17	(69 809)	(66 122)	(24 462)	(21 778)
Other operating income		7 067	2 758	1 724	533
Other operating expenses		(10 818)	(7 039)	(2 788)	(873)
Operating profit		212 196	123 482	68 743	28 130
Financial income		2 788	1 474	1 087	698
Financial costs		(3 257)	(1 270)	(1 281)	(335)
Profit before tax		211 727	123 686	68 549	28 493
Income tax	7.18	(41 395)	(25 487)	(13 533)	(6 596)
Net profit		170 332	98 199	55 016	21 897
Net profit attributable to:					
Shareholders of the parent company		170 336	98 205	55 017	21 899
Non-controlling interests		(4)	(6)	(1)	(2)
Earnings per share:					
Basic, from the profit for the period, attributable to parent company's shareholders (PLN)	7.19	6.80	3.94	2.19	0.88
Diluted, from the profit for the period, attributable to parent company's shareholders (PLN)	7.19	6.77	3.91	2.18	0.87



Dom Development S.A.

Interim condensed consolidated statement of comprehensive income
for the three-month and the nine-month period ended 30 September 2019
(all amounts in thousands PLN unless stated otherwise)

4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine-month period ended		Three-month period ended	
	30.09.2019 <i>(unaudited)</i>	30.09.2018 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>	30.09.2018 <i>(unaudited)</i>
Net profit	170 332	98 199	55 016	21 897
Other comprehensive income/(losses)				
Net change to cash flow hedges	(725)	(1 170)	(236)	-
Income tax	138	222	45	-
Other net comprehensive income/(losses)	(587)	(948)	(191)	-
Total net comprehensive income	169 745	97 251	54 825	21 897
Net comprehensive income attributable to:				
Shareholders of the parent company	169 749	97 257	54 826	21 899
Non-controlling interests	(4)	(6)	(1)	(2)



Dom Development S.A.

Interim condensed consolidated cash flow statement
for the nine-month period ended 30 September 2019
(all amounts in thousands PLN unless stated otherwise)

5. INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Nine-month period ended	
		30.09.2019 <i>(unaudited)</i>	30.09.2018 <i>(unaudited)</i>
Cash flow from operating activities			
Profit before tax		211 727	123 686
Adjustments:			
Depreciation		11 150	7 116
Profit/(loss) on foreign exchange differences		(128)	(7)
Profit/(loss) on investments		201	(400)
Interest cost/income		7 644	6 442
Cost of the valuation of management option programmes		2 042	4 338
Changes in the operating capital:			
Changes in provisions		965	(1 722)
Changes in inventory		(398 538)	(213 711)
Changes in receivables		835	12 329
Changes in short-term liabilities, excluding loans and bonds		107 236	(51 177)
Changes in prepayments and deferred income		218 311	424 523
Other adjustments		376	7
Cash flow generated from operating activities		161 821	311 424
Interest received		1 950	1 469
Interest paid		(9 092)	(7 046)
Income tax paid		(71 066)	(53 960)
Net cash flow from operating activities		83 613	251 887
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		651	569
Proceeds from borrowings granted		13	-
Other proceeds from financial assets		-	484
Borrowings granted		(3 000)	-
Acquisition of intangible and tangible fixed assets		(9 521)	(8 839)
Expenses on account of advances for acquisition of financial assets		-	(32 500)
Acquisition of financial assets less cash acquired in the acquired subsidiary		(1 050)	-
Net cash flow from investing activities		(12 907)	(40 286)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)	7.9	3 500	3 500
Proceeds from contracted loans	7.10	139 520	-
Proceeds from commercial papers issued	7.11	-	-
Repayment of loans and borrowings	7.10	(134 462)	(50 000)
Redemption of commercial papers	7.11	-	(50 000)
Dividends paid	7.25	(226 907)	(189 760)
Payment of financial lease liabilities		(198)	(280)
Net cash flow from financing activities		(218 547)	(286 540)
Increase / (decrease) in net cash and cash equivalents		(147 841)	(74 939)
Cash and cash equivalents – opening balance	7.8	282 492	279 653
Cash and cash equivalents – closing balance	7.8	134 651	204 714



Dom Development S.A.

Interim condensed statement of changes in consolidated shareholders' equity
for the nine-month period ended 30 September 2019
(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				
Balance as at 1 January 2019	24 968	241 788	551 395	510	(2 148)	229 960	1 046 473	69	1 046 542
Share capital increase by exercising share options (note 7.9)	100	3 400	-	-	-	-	3 500	-	3 500
Transfer of some supplementary capital to unappropriated financial result	-	-	(12 771)	-	-	12 771	-	-	-
Dividends to shareholders (note 7.25)	-	-	-	-	-	(226 869)	(226 869)	(38)	(226 907)
Creation of reserve capital from the valuation of the share options (note 7.21)	-	-	2 042	-	-	-	2 042	-	2 042
Net profit for the reporting period	-	-	-	-	-	170 336	170 336	(4)	170 332
Other net comprehensive income for the reporting period	-	-	-	-	(587)	-	(587)	-	(587)
Balance as at 30 September 2019 <i>(unaudited)</i>	25 068	245 188	540 666	510	(2 735)	186 198	994 895	27	994 922

	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				
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 7.9)	100	3 400	-	-	-	-	3 500	-	3 500
Transfer of some supplementary capital to unappropriated financial result	-	-	(3 647)	-	-	3 647	-	-	-
Dividends to shareholders (note 7.25)	-	-	-	-	-	(189 760)	(189 760)	-	(189 760)
Creation of reserve capital from the valuation of the share options	-	-	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)
Balance as at 30 September 2018 <i>(unaudited)</i>	24 968	241 788	549 948	510	(764)	101 144	917 594	61	917 655



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 Groupe Belleforêt S.à r.l. with its registered office in Luxembourg (see note 7.9). As at 30 September 2019, Groupe Belleforêt S.à r.l. controlled 56.47% 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 2019 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
M2 Hotel sp. z o.o.	Poland	100%	100%	full consolidation
M2 Biuro sp. z o.o.	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 S.A. 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 S.A. Capital Group.

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, with the unlimited duration.



In the three-month period ended 30 September 2019 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, in the three-month period ended 30 September 2019.

Within the three-month period ended 30 September 2019, 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 2018.

The Company has also prepared interim condensed financial statements for Dom Development S.A. for the three-month period ended 30 September 2019. These statements were approved by the Management Board of the Company on 4 November 2019.

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 2018, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2019:

- IFRS 16 *Leasing*

This new standard sets the principles for recognition, measurement, presentation and reporting of leases. All lease transactions result in the lessee obtaining the right to use the leased asset and incurring a liability for the payment

obligation. Hence, IFRS 16 eliminates the classification of leases as either operating leases or financial leases, as defined by IAS 17, and introduces a single model for lease accounting by the lessee.

- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 28 *Investments in associates and joint ventures*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IAS 19 *Employee Benefits*
- Annual improvements to IFRS 2015 - 2017 (the amendments include clarifications and fine tune guidelines for standards in respect of recognition and measurement).

All of the introduced amendments were scrutinized by the Management Board of the parent company. In addition to the amendments introduced as a consequence of the Group applying IFRS 16 from 1 January 2019 (which has been described in this note), the Management Board of the Company is of the opinion that the remaining of the above listed amendments 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:

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. They remove the existing inconsistency between IFRS 10 and IAS 28. The effective date for the amendments has not been defined by the International Accounting Standards Board. The approval of this amendment has been postponed by the European Union as at the date of these interim condensed consolidated financial statements,
- Amendments to IFRS 3 *Business Combinations*. As a result of the amendments to IFRS 3 the definition of a "business" has been modified. The amendment narrowed the definition of a business. This is likely to cause more acquisition transactions to be classified as the asset acquisition. Amendments to IFRS 3 are effective for annual periods beginning on or after 1 January 2020; not endorsed by the European Union until the date of approval of these interim condensed consolidated financial statements.
- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. A new definition of "material" was published by the Board. The amendments are effective for annual periods beginning on or after 1 January 2020; not endorsed by the European Union until the date of approval of these interim condensed consolidated financial statements.

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

First-time adoption of IFRS 16 Leases

General information about the new standard with regard to the Group

The Group adopted IFRS 16 *Leases* beginning on 1 January 2019.

This standard sets the principles for recognition, measurement, presentation and reporting of leases. All lease transactions result in the lessee obtaining the right to use the leased asset and incurring a liability for the payment obligation. Hence, IFRS 16 eliminates the classification of leases as either operating leases or financial leases, as previously defined by IAS 17, and introduces a single model for lease accounting by the lessee. Currently the lessee is obliged to recognise:

- assets and liabilities for all leasing transactions concluded for a period of 12 months or more, except when the asset is of low value; and
- depreciation of leased assets separately from interest on lease liabilities in the income statement.



The analysis conducted by the Management Board has shown that, as at the date of initial application of IFRS 16, the following new significant assets that meet the criteria of the new standard were recognized in the Group's balance sheet. These are:

- right-of-use of office space (on the basis of lease agreements),
- rights of perpetual usufruct of land.

Method of IFRS 16 adoption by the Company and its impact on the opening balance

The Group has decided to adopt IFRS 16 using the simplified approach, i.e. retrospectively, with the cumulative effect of first-time adoption of this standard recognized as at the date of its initial application. This eliminates the need for converting comparative data and allows for the effect of application of this standard to be recognized as an adjustment to the opening balance of retained profits as at the date of its initial application.

As a result of the analysis of lease agreements, the Management Board of the Company takes the view that the adoption of this new standard had no effect on the financial results presented by the Group to date and there was no need for any adjustment to the opening balance of retained profits as at 1 January 2019.

Measurement and presentation of Leases in the financial statements of the Group

As at 1 January 2019, the Group as lessee recognized lease liabilities as measured at the present value of unavoidable future lease payments, discounted at the marginal interest rates of the Group, and recognize assets arising from the right-of-use at an amount equal to the lease liabilities.

The Group has decided to present right-of-use assets within the same item in which the relevant underlying assets would be presented if they were owned by the Group (as lessee). Namely:

- *right-of-use of office space*

Costs - right-of-use of office space is depreciated and financial costs due to leasing are recognized.

Asset – the related asset is recognised in the balance sheet under *Tangible fixed assets*.

Liability - the liability is recognised under long- or short-term liabilities, respectively.

- *rights of perpetual usufruct of land*

Costs – costs related to lease of perpetual usufruct of land are expensed as inventories (Semi-finished goods and work in progress) for the duration of the property project development, as was the case before.

Asset – the related asset is recognised in the balance sheet under Inventory or Short-term receivables (see description below).

Liability – the liability has been recognised in its entirety under short-term liabilities.

The choice of this method of allocating the fees for perpetual usufruct right of land is due to the fact that these rights concern the properties on which the Group carries out its development projects. Consequently, lease costs of perpetual usufruct are expensed as inventories (Work in progress), and subsequently expensed, together with the cost of sales of finished goods, to the income statement in the period in which the finished goods are delivered to clients (i.e. at the point in time when sales are recognized).

On 20 July 2018, the Act on the transformation of perpetual usufruct of land developed for residential purposes into ownership of that land came into force. In respect of land on which as of 1 January residential buildings were built for which an occupancy permit had been issued prior to that date, the perpetual usufruct of that land shall be transformed into ownership of that land. As regards land developed with multi-family residential buildings that have not been commissioned before 1 January 2019, the conversion date for such properties will be the day on which the decision permitting the occupancy of the building becomes final.

The Group treats land subject to the above-described conversion in a similar way as the land of which it has been the existing perpetual usufructuary, accounting for conversion fees just as for perpetual usufruct fees.

The reason for the classification of lease liabilities arising from perpetual usufruct of land as short-term liabilities

Generally, the rights of perpetual usufruct of land with property development projects in progress are classified as inventory. The liability to pay for these rights will be settled by way of their transfer to the respective buyers of apartments to which these rights are appurtenant. Liabilities related to these rights are classified as short-term liabilities. This is consistent with the classification of inventories to which these liabilities pertain (which are



recognised as current assets). The classification of liabilities and inventories as short-term liabilities results from the fact that they are settled (i.e. the sale of apartments and the transfer of the related liabilities) within the period that is the Group's "operating cycle". The operating cycle is the period from the start of the property development project until the realisation of inventories as cash.

The manner of exclusion from the balance sheet of lease liabilities of perpetual usufruct of land

Lease liabilities are covered by IFRS 9 in respect of determination when these liabilities meet the criteria for their deletion from the balance sheet. In accordance with IFRS 9, Sections B.3.3.1-B.3.3.4, financial liability is extinguished when discharged, expired or when the debtor is legally released from the liability, e.g. through the assignment of the debt to another party.

The Group is legally released from the debt arising from the obligation to pay perpetual usufruct fees or transformation fees only upon the legal (notarised) transfer to the buyer of the interest in the land appurtenant to the unit sold. Accordingly, until the time of transfer of the above mentioned ownership, land-related lease liabilities remain on the balance sheet of the Group. Therefore, at the time of handover of the unit (which is also the time of recognition of the revenue from the sale of the unit), the portion of the asset related to the lease that is appurtenant to that unit is transferred from Inventory to Receivables from the buyer, in the amount corresponding to the recognised land-related lease liability.

Until the time of transfer of the ownership to the buyer, both the receivable and the liability are recognised as a short-term receivable or liability, as they will be settled through the transfer to the buyer within the "operating cycle". At the date of ownership transfer to the buyer, land-related lease liability and the related receivables from the buyer of the unit are reversed from the accounting records.

Impact of first-time adoption of IFRS 16 as at 1 January 2019

The impact of first time adoption of IFRS 16 as at 1 January 2019 is presented in the following table:

Assets	01.01.2019	adjustments	31.12.2018
Fixed assets			
Tangible fixed assets	48 376	36 352	12 024
Current assets			
Inventory	2 209 050	95 510	2 113 540
Equity and liabilities	01.01.2019	adjustments	31.12.2018
Shareholders' equity			
Unappropriated profit	229 960	-	229 960
Long-term liabilities			
Lease liabilities, long-term portion	30 589	30 589	-
Short-term liabilities			
Lease liabilities, short-term portion, including:	101 273	101 273	-
- liabilities on account of perpetual usufruct right of land	95 510	95 510	-
- liabilities on account of the right of use of office space	5 763	5 763	-

As described above, due to the application of IFRS 16 assets and liabilities on account of perpetual usufruct right of land are recognized at the present value of unavoidable future payments of perpetual usufruct fees.

In accordance with the new standard, the Group is obligated to discount all future payments arising from its being the holder of perpetual usufruct right, to be made during the period for which such right is granted in respect of individual properties (and which may be up to 99 years). This period does not depend on the period of time during which the Group expects to remain the holder of such perpetual usufruct right, that is on the planned use of these properties for development projects.

As estimated by the Management Board of the Company based on property development projects planned on specific land to which the Group held the perpetual usufruct right as at 1 January 2019, out of the land-related lease liabilities recognised as short-term and amounting to PLN 95 510 thousand:

- PLN 3 912 thousand is payable by the Group within 12 months following 1 January 2019,
- PLN 2 709 thousand is payable by the Group later than 12 months following 1 January 2019,
- PLN 88 889 thousand is to be transferred to the respective buyers of units.

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. Tangible fixed assets

TANGIBLE FIXED ASSETS	30.09.2019	31.12.2018
	<i>(unaudited)</i>	
Tangible fixed assets, including:		
- plants and equipment	1 243	1 415
- vehicles	5 631	6 598
- other tangible fixed assets	4 718	4 011
- right-of-use of office space*)	33 243	-
Total tangible fixed assets	44 835	12 024

*) The Group adopted IFRS 16 *Leases* beginning on 1 January 2019. As a result of the application of this standard, as at 1 January 2019, an asset in the form of right-of-use of office space was recognised in the balance sheet. The asset is recognised in the consolidated balance sheet under *Tangible fixed assets*.

Further information concerning the application of IFRS 16 *Leases* can be found in Note 7.3 *Accounting policies*.

The right-of-use of office space is amortised over the lease term.



7.6. Inventory

INVENTORY	30.09.2019 <i>(unaudited)</i>	31.12.2018
Advances on deliveries	223 567	89 918
including: at purchase prices/production costs	223 567	89 918
write down to the net realisable value	-	-
Semi-finished goods and work in progress	2 149 065	1 688 902
including: at purchase prices/production costs	2 090 399	1 721 596
rights of perpetual usufruct of land (lease)	91 360	-
write down to the net realisable value	(32 694)	(32 694)
Finished goods	140 709	334 720
including: at purchase prices/production costs	148 707	343 364
write down to the net realisable value	(7 998)	(8 644)
Total	2 513 341	2 113 540

INVENTORY REVALUATION WRITE DOWNS	01.01 - 30.09.2019 <i>(unaudited)</i>	01.01 - 30.09.2018 <i>(unaudited)</i>
Opening balance	41 338	42 502
Increments	-	281
Decrease	(646)	(1 068)
Closing balance	40 692	41 715

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	30.09.2019 <i>(unaudited)</i>	31.12.2018
Value of mortgages established to secure real estate purchase agreements	13 669	-
Value of mortgages established to secure loan agreements of the Company	-	352 500
Value of mortgages established to secure loan agreements of the Company and Group companies	502 500	-

7.7. Short-term financial assets

SHORT-TERM FINANCIAL ASSETS	30.09.2019 <i>(unaudited)</i>	31.12.2018
Bank deposits with a maturity over three months	50	50
Cash in open-end residential escrow accounts	48 531	34 838
Cash in other escrow accounts	-	-
Total	48 581	34 888

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".

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".



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7.8. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	30.09.2019 <i>(unaudited)</i>	31.12.2018	30.09.2018 <i>(unaudited)</i>
Cash in hand and at bank	23 542	63 687	96 486
Bank deposits with a maturity of three months or less	111 059	218 787	108 177
Other	50	18	51
Total	134 651	282 492	204 714

7.9. Share capital

Description of changes to the share capital in the Company in the period from 1 July until 30 September 2019

In the three-month period ended 30 September 2019 no changes were made by the Company to the share capital.

	Share capital		Share premium
	Number of shares	Value at the nominal value	
Balance as at 01.07.2019	25 068 422	25 068	245 188
Change	-	-	-
Balance as at 30.09.2019	25 068 422	25 068	245 188

Information on the majority shareholder

SCOP Poland S.à r.l. (now: Groupe Belleforêt S.à r.l.; name change has been described below) holds over 50% of the total number of votes at the general meeting of shareholders of Dom Development S.A.

The shares in the Company were acquired through a cross-border merger between Dom Development B.V. with its registered office in Rotterdam ("Dom Development B.V.", the former majority shareholder in the Company) and the majority shareholder in Dom Development B.V., i.e. SCOP Poland S.à r.l., as carried out within the meaning of the Directive of the European Parliament and of the Council (EU) 2017/1132 of 14 June 2017 on certain aspects of company law. As a result of the said merger:

- Dom Development B.V. has ceased to exist,
- all assets of the Dom Development B.V., as the acquired company were transferred to SCOP Poland S.à r.l., as the acquiring company,
- SCOP Poland S.à r.l. subrogated all the rights and obligations of Dom Development B.V., as the acquired company.

The merger became effective on 17 May 2019, i.e. on the date, when the minutes of the meeting of shareholders in SCOP Poland S.à r.l. approving the said cross-border merger were published on the official electronic platform (Electronique Recueil des Sociétés et Associations) in Luxembourg.

In Q3 2019, there was a name change of the Company's majority shareholder. SCOP Poland S.à r.l. now operates under the business name of Groupe Belleforêt S.à r.l. The name change have not affected the shareholding in the Company.

Consequently, Groupe Belleforêt S.à r.l. holds 14 155 941 shares in the Company, representing 56.47% of the share capital in the Company, with attached 14 155 941 votes at the general meeting of shareholders; the said votes account for 56.47% of the total number of votes, i.e. exactly the same number of votes as Dom Development B.V. held before the above-described merger.



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Groupe Belleforêt S.à r.l., is a limited liability company (société à responsabilité limitée), organised and existing under the laws of the Grand Duchy of Luxembourg, with its registered office at 12E Rue Guillaume Kroll, 1882 Luxembourg, Grand Duchy of Luxembourg, and registered in the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés de Luxembourg) under number B101812.

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 publication date of these financial statements.

	Status as at the date of submission of this report				Change in the period from publication of the quarterly financial statements for the six-month period ended 30.06.2019
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Groupe Belleforêt S.à r.l.*)	14 155 941	56.47	14 155 941	56.47	-
Jarosław Szanajca	1 454 050	5.80	1 454 050	5.80	-
Aviva Otwarty Fundusz Emerytalny Aviva Santander **)	1 313 383	5.24	1 313 383	5.24	no data
Grzegorz Kielpsz	1 280 750	5.11	1 280 750	5.11	-

*) Previously SCOP Poland S.à r.l.

***) Shareholding of Aviva OFE Aviva Santander (formerly Aviva OFE Aviva BZ WBK) has been presented as per the latest notice as of 11.07.2011 received by the Company from Aviva PTE Aviva BZ WBK S.A. (formerly 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 publication date of these financial statements.

	Status as at the publication date of these financial statements			Change in the period from publication of the financial statements for the six-month period ended 30.06.2019	
	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	231 500	300 000	531 500	-	-
Mikołaj Konopka	1 292	-	1 292	-	-
Terry Roydon	58 500	-	58 500	-	-
The Supervisory Board					
Grzegorz Kielpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	-	-

7.10. Loans

Description of material changes in the three-month period ended 30 September 2019

No loan agreements had expired or nor new agreements had been signed at the Company in the three-month period ended 30 September 2019.



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

LOANS DUE WITHIN	30.09.2019	31.12.2018
Less than 1 year	5 058	50 000
More than 1 year and less than 2 years	-	-
More than 2 years and less than 5 years	85 000	35 000
Over 5 years	-	-
Total loans	90 058	85 000
including: long-term	85 000	35 000
short-term	5 058	50 000

BANK LOANS AS AT 30.09.2019						
Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
PKO BP	Warsaw	150 000*)	PLN	5 058	PLN	26.02.2023
mBank	Warsaw	185 000**)	PLN	85 000	PLN	31.01.2023
Total bank loans				90 058	PLN	

*) Revolving loan in the credit facility account up to PLN 150 000 thousand. Pursuant to the agreement with the bank, Euro Styl S.A. may use up to PLN 50 000 thousand of this credit limit. As at 30 September 2019 Euro Styl S.A. drawn PLN 5 058 thousand from the said credit limit, and Dom Development S.A. has not drawn any funds therefrom.

***) Revolving loan in the credit facility account up to PLN 185 000 thousand. Under the said agreement, Dom Development Wrocław Sp. z o.o. may use up to PLN 60 000 thousand of this credit limit, and Euro Styl S.A. may use up to PLN 100 000 thousand of this credit limit. As at 30 September 2019 Dom Development Wrocław Sp. z o.o. has drawn PLN 35 000 thousand and Euro Styl S.A. has drawn PLN 50 000 thousand from the said credit limit, and Dom Development S.A. has not drawn any funds therefrom.

As at 30 September 2019 and 31 December 2018 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".

7.11. Bonds

BONDS	30.09.2019	31.12.2018
	<i>(unaudited)</i>	
Nominal value of the bonds issued, long-term portion	210 000	310 000
Nominal value of the bonds issued, short-term portion	100 000	-
Total nominal value of the bonds issued	310 000	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".



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BONDS ISSUED AS AT 30.09.2019

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
DOMDET2091023	09.10.2018	50 000	PLN	09.10.2023
Total		310 000	PLN	

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.,
Under this agreement, 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. In accordance with the agreement, bonds may be issued by the Company as various series by 5 November 2021.
- Agreement with Trigon Dom Maklerski S.A. and Trigon Investment Banking Spółka z ograniczoną odpowiedzialnością & Wspólnicy S.K.
Pursuant to the agreement, Dom Development S.A. may issue bonds with a total value of up to PLN 400 million, understood as the nominal value of all outstanding bonds. The limit of the Programme is renewable. In accordance with the agreement, bonds may be issued by the Company as various series by 17 November 2027.

Description of material changes in the three-month period ended 30 September 2019

The total bond issue liabilities in the three-month period ended 30 September 2019 and their maturity dates have not changed.

7.12. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	30.09.2019 (unaudited)	31.12.2018
Accrued interest on bonds	4 149	1 180
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	4 149	1 180

7.13. Lease liabilities

The Group adopted IFRS 16 Leases beginning on 1 January 2019 (see note 7.3).

As a result of the IFRS 16 adoption, the following lease liabilities were recognized in the Group's consolidated balance sheet:

- right-of-use of office space,
- rights of perpetual usufruct of land.

Note 7.3 *Accounting policies* describes in detail the measurement of lease liabilities, specifically, it explains the classification of such liabilities as long- or short-term.



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Lease liabilities	30.09.2019 <i>(unaudited)</i>	31.12.2018
Lease liabilities, short-term portion, including:	98 747	
liabilities on account of perpetual usufruct right of land	92 733	-
liabilities on account of the right of use of office space	5 855	-
Other	159	-
Lease liabilities, long-term portion, including:	28 183	
liabilities on account of the right of use of office space	27 870	-
Other	313	-
Total	126 930	-

As estimated by the Management Board based on property development projects planned on specific land to which the Group held the perpetual usufruct right as at 30 September 2019, out of PLN 92 733 thousand of the land-related lease liabilities recognised as short-term:

- PLN 3 711 thousand is payable by the Group within 12 months following the balance sheet date,
- PLN 2 498 thousand is payable by the Group later than 12 months following the balance sheet date,
- PLN 86 524 thousand is to be transferred to the respective buyers of units.

7.14. 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	30.09.2019 <i>(unaudited)</i>	31.12.2018
Deferred income related to the payments received from customers for the purchase of products, not yet included as income in the income statement	848 726	624 779
Other	-	69
Total	848 726	624 848

7.15. 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



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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 30.09.2019	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	987 810	52 781	113 895	1 154 486
Gross profit on sales, before the allocation of purchase price *)	284 759	10 110	49 114	343 983
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(9 877)	(9 877)
Gross profit on sales after the allocation of purchase price	284 759	10 110	39 237	334 106
Selling costs, and general administrative expenses				(118 159)
Other operating income and expenses, net				(3 751)
Operating profit				212 196
Financial income and costs, net				(469)
Profit before tax				211 727
Income tax				(41 395)
Net profit				170 332

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 S.A. Capital Group purchase price **)	-	-	(33 445)	(33 445)
Gross profit on sales after the allocation of purchase price	195 219	10 075	41 253	246 547
Selling costs, and general administrative expenses				(118 784)
Other operating income and expenses, net				(4 281)
Operating profit				123 482
Financial income and costs, net				204
Profit before tax				123 686
Income tax				(25 487)
Net profit				98 199



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Figures for the three-month period ended 30.09.2019	Segments			Total
	Warsaw	Wrocław	Tricity	
Sales revenue	309 903	49 282	28 460	387 645
Gross profit on sales, before the allocation of purchase price *)	89 410	9 505	13 113	112 028
Allocation of the Euro Styl S.A. Capital Group purchase price **)	-	-	(2 266)	(2 266)
Gross profit on sales after the allocation of purchase price	89 410	9 505	10 847	109 762
Selling costs, and general administrative expenses				(39 955)
Other operating income and expenses, net				(1 064)
Operating profit				68 743
Financial income and costs, net				(194)
Profit before tax				68 549
Income tax				(13 533)
Net profit				55 016

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 S.A. Capital Group purchase price **)	-	-	(19 994)	(19 994)
Gross profit on sales after the allocation of purchase price	40 905	1 654	25 079	67 638
Selling costs, and general administrative expenses				(39 168)
Other operating income and expenses, net				(340)
Operating profit				28 130
Financial income and costs, net				363
Profit before tax				28 493
Income tax				(6 596)
Net profit				21 897

*) for the Tricity, the gross profit on sales results from the financial data of the Euro Styl S.A. Capital Group and does not include the cost of the Euro Styl S.A. Capital Group acquisition that was additionally allocated in the consolidation as resulting from the measurement of the Euro Styl S.A. 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 S.A. Capital Group acquisition price. This cost is the difference between the carrying value of the Euro Styl S.A. 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.



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7.16. Operating income

REVENUE BREAKDOWN	01.01 - 30.09.2019 <i>(unaudited)</i>	01.01 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2019 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>
Sales of finished goods	1 122 470	883 488	369 232	257 497
Sales of services	17 755	16 826	7 574	3 727
Sales of land	14 261	4 665	10 839	4 562
Total	1 154 486	904 979	387 645	265 786

7.17. Operating costs

OPERATING COSTS	01.01 - 30.09.2019 <i>(unaudited)</i>	01.01 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2019 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>
Cost of sales				
Cost of finished goods sold	(793 757)	(640 658)	(260 230)	(191 816)
Cost of services sold	(15 781)	(14 776)	(6 441)	(3 052)
Cost of land sold	(11 488)	(3 785)	(11 212)	(3 680)
Inventory write down to the net realisable value	646	787	-	400
Total cost of sales	(820 380)	(658 432)	(277 883)	(198 148)
Selling costs, and general administrative expenses				
Selling costs	(48 350)	(52 662)	(15 493)	(17 390)
General administrative expenses	(69 809)	(66 122)	(24 462)	(21 778)
Total selling costs, and general administrative expenses	(118 159)	(118 784)	(39 955)	(39 168)
Selling costs, and general administrative expenses by kind				
Depreciation	(11 150)	(7 116)	(3 745)	(2 335)
Cost of materials and energy	(10 595)	(12 557)	(3 602)	(3 489)
External services	(33 321)	(33 156)	(12 294)	(11 318)
Taxes and charges	(572)	(635)	(211)	(382)
Remuneration	(45 691)	(45 706)	(14 692)	(15 720)
Social security and other benefits	(7 063)	(6 792)	(2 291)	(1 809)
Management Option Programme	(2 042)	(4 338)	(681)	(1 446)
Other prime costs	(7 725)	(8 484)	(2 439)	(2 669)
Total selling costs, and general administrative expenses by kind	(118 159)	(118 784)	(39 955)	(39 168)

7.18. Income tax in the income statement

INCOME TAX	01.01 - 30.09.2019 <i>(unaudited)</i>	01.01 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2019 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>
Current income tax	(68 654)	(51 909)	(23 717)	(14 098)
Deferred tax in the income statement	27 259	26 422	10 184	7 502
Total	(41 395)	(25 487)	(13 533)	(6 596)



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7.19. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01 - 30.09.2019 <i>(unaudited)</i>	01.01 - 30.09.2018 <i>(unaudited)</i>	01.07 - 30.09.2019 <i>(unaudited)</i>	01.07 - 30.09.2018 <i>(unaudited)</i>
Basic earnings per share				
Profit for calculation of the basic earnings per share	170 336	98 205	55 017	21 899
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	25 046 810	24 936 188	25 068 422	24 968 422
Basic earnings per share (PLN)	6.80	3.94	2.19	0.88
Diluted earnings per share				
Profit for calculation of the diluted earnings per share	170 336	98 205	55 017	21 899
Potential diluting shares related to the Management Share Option Programmes	132 038	150 200	134 209	114 077
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	25 178 848	25 086 388	25 202 631	25 082 499
Diluted earnings per share (PLN)	6.77	3.91	2.18	0.87

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

7.20. Transactions with related entities

In the three-month periods ended 30 September 2019 and 2018, the Company was a party to transactions with related entities, as listed below.

Counterparty	Transaction description	01.07- 30.09.2019 <i>(unaudited)</i>	01.07- 30.09.2018 <i>(unaudited)</i>
DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES:			
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007 as annexed	478	484
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001 as annexed	128	123
Kirkley Advisory Limited	Consulting services as per the agreement dated 29 September 2017	-	24
M & M Usługi Doradcze M. Kolarski	Consulting services	28	13
DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER:			
Groupe Belleforêt S.à r.l. (previously in SCOP Poland S.à.r.l., and before then Dom Development B.V.)	Dividend paid	-	107 919

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

Entity	Receivables from related entities		Liabilities to related entities	
	30.09.2019 <i>(unaudited)</i>	31.12.2018 <i>(unaudited)</i>	30.09.2019 <i>(unaudited)</i>	31.12.2018 <i>(unaudited)</i>
Total balance	-	18	287	143
Other entities	-	18	287	143
M&M Usługi Doradcze M. Kolarski	-	-	-	3
Woodsford Consulting Limited	-	-	287	140

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



7.21. Incentive Plan – Management Option Programmes

As at 30 September 2019 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)
30.09.2019				31.12.2018		
Programme IV	500 000	500 000	200 000	500 000	500 000	100 000

Exercise of the share options

In the three-month period ended 30 September 2019 no share options were exercised at the Company.

Grant of new share options

In the three-month period ended 30 September 2019 the Company did not grant any new share options.

Expiry of share options

In the three-month period ended 30 September 2019 no share options expired.

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

In the three-month periods ended 30 September 2019 and 2018 the amounts of PLN 681 thousand and PLN 1 446 thousand respectively, were accounted for in the income statement for the management options granted and in the supplementary capital.

Proposed adoption of a new share option programme

On 30 May 2019 the Ordinary General Meeting of Shareholders of the Company adopted a resolution on the authorization of the Supervisory Board of the Company to accept, on the below terms, the provisions of and to implement Management Share Option Programme V (hereinafter "Programme V") concerning 250 000 shares in Dom Development S.A. and on the authorisation of the Management Board and the Supervisory Board to implement Management Share Option Programme V for the Member of the Management Board, namely Mr Mikołaj Konopka, concerning 250 000 shares in Dom Development S.A.

In accordance with the terms of Programme V, Mr Mikołaj Konopka would only once receive options authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 per share. The exercise of these options will be limited to 50 000 shares in any period of consecutive 12 months, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2029.

The said share options have not been granted up until the date of the preparation of these interim condensed consolidated financial statements.



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

SHARE OPTIONS		01.07- 30.09.2019	01.07- 30.09.2018
Unexercised options at the beginning of the period	Number of options	300 000	400 000
	Total exercise price	10 500	14 000
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)	-	-
Unexercised options at the end of the period	Number of options	300 000	400 000
	Total exercise price	10 500	14 000
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	-	-

7.22. Contingent liabilities

CONTINGENT LIABILITIES	30.09.2019 <i>(unaudited)</i>	31.12.2018
Guarantees	1 074	111
Sureties	43 461	21 743
Total	44 535	21 854

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

COLLATERALS FOR LIABILITIES	30.09.2019 <i>(unaudited)</i>	31.12.2018
Promissory notes, including:		
- promissory notes as an additional security for the claims of PKO BP under the granted loan	-	100 000
- promissory note as a security for the claims of Bank Pekao S.A. under the sale of credit products	4 000	4 000
- promissory notes as a security for lease agreements	66	139
Total	4 066	104 139

In the three-month period ended 30 September 2019 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.



7.23. Material court cases

As at 30 September 2019 the Company was not a party to any material court cases.

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

In the period from 1 January to 30 September 2019 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 2019 until 30 September 2019:

Project	Company	Standard	Number of apartments	Number of commercial units	Started in
Żoliborz Artystyczny, phase 11	Dom Development S.A.	Popular	372	9	Q1 2019
Żoliborz Artystyczny, phase 12	Dom Development S.A.	Popular	95	11	Q1 2019
Apartamenty Ogrodowa	Dom Development S.A.	Apartments	155	5	Q1 2019
Wilno VI, phase 3/1	Dom Development S.A.	Popular	197	-	Q1 2019
IDEA B10	Euro Styl S.A.	Popular	50	-	Q1 2019
LOCUS B2	Euro Styl S.A.	Popular	50	-	Q1 2019
Apartamenty Polanki	Euro Styl S.A.	Apartments	9	-	Q1 2019
Zielony Południk B1	Euro Styl S.A.	Popular	24	-	Q1 2019
Zielony Południk B4	Euro Styl S.A.	Popular	21	-	Q1 2019
Osiedle Beauforta- B2	Euro Styl S.A.	Popular	15	4	Q1 2019
Osiedle Beauforta- B3	Euro Styl S.A.	Popular	15	4	Q1 2019
Włodarzewska 70/72	Dom Development S.A.	Popular	102	-	Q2 2019
Osiedle Port Żerań, phase 3	Dom Development S.A.	Popular	152	-	Q2 2019
Apartamenty Księcia Witolda	Dom Development Wrocław Sp. z o.o.	Apartments	128	10	Q2 2019
Grabizyńska	Dom Development Wrocław Sp. z o.o.	Popular	59	3	Q2 2019
Idylla 2	Dom Development Wrocław Sp. z o.o.	Popular	144	-	Q2 2019
Osiedle Beauforta – B12	Euro Styl S.A.	Popular	27	-	Q2 2019
Osiedle Beauforta – B13	Euro Styl S.A.	Popular	21	-	Q2 2019
Osiedle CIS	Euro Styl S.A.	Popular	148	-	Q2 2019
Osiedle Przy Błoniach (Rumia Dębogórska) A	Euro Styl S.A.	Popular	28	-	Q2 2019
Osiedle Przy Błoniach (Rumia Dębogórska) B	Euro Styl S.A.	Popular	36	-	Q2 2019
Osiedle Przy Błoniach (Rumia Dębogórska) C	Euro Styl S.A.	Popular	28	-	Q2 2019
Osiedle Przy Błoniach (Rumia Dębogórska) D	Euro Styl S.A.	Popular	36	-	Q2 2019
Zielony Południk B9	Euro Styl S.A.	Popular	26	-	Q2 2019
Zielony Południk B10	Euro Styl S.A.	Popular	23	-	Q2 2019
Zielony Południk B11	Euro Styl S.A.	Popular	22	-	Q2 2019
Zielony Południk B12	Euro Styl S.A.	Popular	26	-	Q2 2019
Wilno VI, phase 3/2	Dom Development S.A.	Popular	225	3	Q3 2019
Dom na Kurkowej	Dom Development Wrocław Sp. z o.o.	Popular	115	3	Q3 2019
IDEA B11	Euro Styl S.A.	Popular	27	-	Q3 2019
LOCUS B3	Euro Styl S.A.	Popular	71	-	Q3 2019
Dawna Poczta (Mickiewicza)	Euro Styl S.A.	Popular	97	9	Q3 2019
Osiedle Beauforta- B14	Euro Styl S.A.	Popular	20	-	Q3 2019
Total			2 564	61	



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Projects where the construction was completed in the period from 1 January 2019 until 30 September 2019:

Project	Company*	Standard	Number of apartments	Number of commercial units	Completed in
Amsterdam, phase 2	Dom Development S.A.	Popular	307	7	Q1 2019
Scena Apartamenty	Euro Styl S.A.	Apartments	55	6	Q1 2019
Cybernetyki 17, phase 3	Dom Development S.A.	Popular	240	-	Q2 2019
Regaty, phase 2	Dom Development S.A.	Popular	198	2	Q2 2019
Forma, stage 2 phase 2	Dom Development S.A.	Popular	210	3	Q2 2019
Osiedle Beauforta – B1	Euro Styl S.A.	Popular	21	5	Q2 2019
Idea B6	Euro Styl S.A.	Popular	42	-	Q2 2019
Osiedle Port Żerań, phase 2	Dom Development S.A.	Popular	330	-	Q3 2019
Studio Arte	Dom Development Wrocław Sp. z o.o.	Popular	51	1	Q3 2019
Księżę Nowe	Dom Development Wrocław Sp. z o.o.	Popular	130	2	Q3 2019
Idea B7	Euro Styl S.A.	Popular	27	-	Q3 2019
Total			1 611	26	

*) 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 2019 until 30 September 2019:

Number of residential and commercial units delivered to customers in the nine-month period ended 30 September 2019 has been presented in the following table:

Number of apartments and retail units delivered	01.01 - 30.09.2019 (unaudited)	01.01 - 30.09.2018 (unaudited)
Q1	1 215	416
Q2	440	1 025
Q3	839	587
Total	2 494	2 028

7.25. Dividends

The Ordinary General Meeting of the Company resolved on 30 May 2019 to assign PLN 226 869 219.10 to dividends, including:

- PLN 214 098 396.63 net profit of Dom Development S.A. for the year ended 31 December 2018, and
- PLN 12 770 822.47 that is a portion of the Dom Development S.A. supplementary capital derived from the profit carried forward, i.e. PLN 9.05 per share.

The dividend date was set at 18 June 2019 and the dividend payment day was set at 26 June 2019. The dividend was paid out in accordance with the resolution.

In the preceding year, the dividend allocation was PLN 189 760 007.20, and the dividend payment amounted to PLN 7.60 per share.

7.26. Material post-balance sheet events

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



Dom Development S.A.

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7.27. Forecasts

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

7.28. Selected financial data translated into euro

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

SELECTED DATA FROM THE BALANCE SHEET	30.09.2019	31.12.2018
	(unaudited)	
	thousand Euro	thousand Euro
Total current assets	630 829	578 840
Total assets	651 291	590 454
Total shareholders' equity	227 484	243 382
Long-term liabilities	94 167	105 179
Short-term liabilities	329 640	241 893
Total liabilities	423 807	347 072
PLN/EUR exchange rate as at the balance sheet date	4.3736	4.3000

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 30.09.2019	01.01 - 30.09.2018	01.07 - 30.09.2019	01.07 - 30.09.2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	thousand Euro	thousand Euro	thousand Euro	thousand Euro
Sales revenue	267 949	212 761	89 120	62 077
Gross profit on sales	77 544	57 963	25 234	15 798
Operating profit	49 249	29 031	15 804	6 570
Profit before tax	49 141	29 079	15 759	6 655
Net profit	39 533	23 087	12 648	5 114
Average PLN/EUR exchange rate for the reporting period	4.3086	4.2535	4.3497	4.2815