



# **DOM DEVELOPMENT S.A.**

## **Interim condensed financial statements for the three-month period ended 31 March 2016**



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

These interim condensed financial statements for the three-month period ended on 31 March 2016, comprising:

- interim condensed balance sheet prepared as at 31 March 2016 with the balance of assets and liabilities in the amount of PLN 1 858 541 thousand;
- interim condensed income statement for the three-month period ended 31 March 2016 with a net profit of PLN 5 126 thousand;
- interim condensed statement of comprehensive income for the three month periods ended 31 March 2016 with a net comprehensive profit of PLN 4 795 thousand;
- interim condensed statement of changes in shareholders' equity in the three-month period ended 31 March 2016 with the PLN 887 931 thousand shareholders' equity as at 31 March 2016;
- interim condensed cash flow statement for the three-month period ended 31 March 2016 with the PLN 286 485 thousand net cash and cash equivalents as at 31 March 2016;
- additional notes to the interim condensed financial statements

were prepared and approved by the Management Board of the Company on 22 April 2016.

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Jarosław Szanajca,  
President of the Management Board

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Janusz Zalewski,  
Vice President of the Management Board



## 2. INTERIM CONDENSED BALANCE SHEET

<b>ASSETS</b>	<b>Note</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
<b>Fixed assets</b>			
Intangible assets		3 543	3 504
Tangible fixed assets		7 160	7 032
Investments in subsidiaries, associates and jointly controlled entities		4 054	50
Long-term receivables		1 523	1 523
Other fixed assets		6 314	6 651
<b>Total fixed assets</b>		<b>22 594</b>	<b>18 760</b>
<b>Current assets</b>			
Inventory	<b>7.5</b>	1 512 113	1 478 660
Trade and other receivables		15 352	27 674
Income tax receivables		-	-
Other current assets		3 790	2 668
Short-term financial assets	<b>7.6</b>	18 207	3 747
Cash and cash equivalents	<b>7.7</b>	286 485	217 201
<b>Total current assets</b>		<b>1 835 947</b>	<b>1 729 950</b>
<b>Total assets</b>		<b>1 858 541</b>	<b>1 748 710</b>

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
<b>Shareholders' equity</b>			
Share capital	<b>7.8</b>	24 771	24 771
Share premium		234 534	234 534
Other capital (supplementary capital)		517 466	517 466
Reserve capital from valuation of share options		25 126	25 126
Reserve capital from valuation of cash flow hedges		(249)	82
Reserve capital from reduction of share capital		510	510
Accumulated, unappropriated profit (loss)		85 773	80 647
<b>Total shareholders' equity</b>		<b>887 931</b>	<b>883 136</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans, long-term portion	<b>7.9</b>	50 000	100 000
Bonds, long-term portion	<b>7.10</b>	150 000	270 000
Deferred tax provision		10 739	20 064
Long-term provisions		11 554	11 354
Other long-term liabilities		29 688	30 729
<b>Total long-term liabilities</b>		<b>251 981</b>	<b>432 147</b>
<b>Short-term liabilities</b>			
Trade payables, tax and other liabilities		195 721	186 752
Loans, short-term portion	<b>7.9</b>	30 000	-
Bonds, short-term portion	<b>7.10</b>	120 000	-
Accrued interest on loans and bonds	<b>7.11</b>	2 142	3 403
Corporate income tax payables		8 598	1 150
Short-term provisions		6 879	7 112
Deferred income		355 289	235 010
<b>Total short-term liabilities</b>		<b>718 629</b>	<b>433 427</b>
<b>Total liabilities</b>		<b>970 610</b>	<b>865 574</b>
<b>Total equity and liabilities</b>		<b>1 858 541</b>	<b>1 748 710</b>



### 3. INTERIM CONDENSED INCOME STATEMENT

	Note	Three-month period ended	
		31.03.2016 <i>(unaudited)</i>	31.03.2015 <i>(unaudited)</i>
Sales revenue	7.13	139 060	72 528
Cost of sales	7.14	(107 339)	(54 231)
<b>Gross profit on sales</b>		<b>31 721</b>	<b>18 297</b>
Selling costs	7.14	(11 501)	(11 446)
General administrative expenses	7.14	(12 204)	(12 068)
Other operating income		860	534
Other operating expenses		(1 518)	(996)
<b>Operating profit/(loss)</b>		<b>7 358</b>	<b>(5 679)</b>
Financial income		319	403
Financial costs		(1 282)	(1 222)
<b>Profit/(loss) before tax</b>		<b>6 395</b>	<b>(6 498)</b>
Income tax	7.15	(1 269)	1 108
<b>Net profit/(loss)</b>		<b>5 126</b>	<b>(5 390)</b>
<b>Earnings/(loss) per share:</b>			
Basic (PLN)	7.16	0.21	(0.22)
Diluted (PLN)	7.16	0.21	(0.22)



#### 4. INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Three-month period ended	
	31.03.2016 <i>(unaudited)</i>	31.03.2015 <i>(unaudited)</i>
<b>Net profit/(loss)</b>	<b>5 126</b>	<b>(5 390)</b>
<b>Other comprehensive income</b>		
Net change to cash flow hedges	(408)	-
Income tax	77	-
<b>Other net comprehensive income</b>	<b>(331)</b>	<b>-</b>
<b>Total net comprehensive income/(loss)</b>	<b>4 795</b>	<b>(5 390)</b>



## 5. INTERIM CONDENSED CASH FLOW STATEMENT

	Note	Three-month period ended	
		31.03.2016 <i>(unaudited)</i>	31.03.2015 <i>(unaudited)</i>
<b>Cash flow from operating activities</b>			
Profit/(loss) before tax		<b>6 395</b>	<b>(6 498)</b>
Adjustments:			
Depreciation		1 251	1 019
Profit/loss on foreign exchange differences		22	70
Profit/loss on investments		64	(40)
Interest cost/income		2 616	1 980
Cost of the management option programmes		-	-
Changes in the operating capital:			
Changes in provisions		(34)	(600)
Changes in inventory		(33 085)	(193 771)
Changes in receivables		12 322	(16 322)
Changes in short-term liabilities, excluding loans and bonds		(7 248)	43 104
Changes in prepayments and deferred income		119 080	113 552
Other adjustments		(22)	(70)
<b>Cash flow generated from operating activities</b>		<b>101 361</b>	<b>(57 576)</b>
Interest received		857	2 090
Interest paid		(5 028)	(6 204)
Income tax paid		(3 068)	(2 756)
<b>Net cash flow from operating activities</b>		<b>94 122</b>	<b>(64 446)</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of intangible assets and tangible fixed assets		49	3
Bank deposits with a maturity over three months (made and/or closed)	<b>7.6</b>	-	30 000
Acquisition of intangible and tangible fixed assets		(1 351)	(980)
Acquisition of financial assets		(4 000)	-
<b>Net cash flow from investing activities</b>		<b>(5 302)</b>	<b>29 023</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (exercise of share options)		464	-
Proceeds from contracted loans	<b>7.9</b>	-	-
Commercial papers issued	<b>7.10</b>	-	-
Repayment of loans and borrowings	<b>7.9</b>	(20 000)	-
Redemption of commercial papers	<b>7.10</b>	-	-
Dividends paid		-	-
<b>Net cash flow from financing activities</b>		<b>(19 536)</b>	<b>-</b>
<b>Increase / (decrease) in net cash and cash equivalents</b>		<b>69 284</b>	<b>(35 423)</b>
<b>Cash and cash equivalents – opening balance</b>	<b>7.7</b>	<b>217 201</b>	<b>317 382</b>
<b>Cash and cash equivalents – closing balance</b>	<b>7.7</b>	<b>286 485</b>	<b>281 959</b>



**Dom Development S.A.**

Interim condensed statement of changes in shareholders' equity  
for the three-month period ended 31 March 2016  
(all amounts in thousands PLN unless stated otherwise)

**6. INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated, unappropriated profit/(loss)	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges	from valuation of share options		
<b>Balance as at 1 January 2016</b>	<b>24 771</b>	<b>234 534</b>	<b>517 466</b>	<b>510</b>	<b>82</b>	<b>25 126</b>	<b>80 647</b>	<b>883 136</b>
Share capital increase by exercising share options (note 7.8)	-	-	-	-	-	-	-	-
Transfer of profit to supplementary capital	-	-	-	-	-	-	-	-
Payment of dividends to shareholders	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	-	5 126	<b>5 126</b>
Other net comprehensive income for the reporting period	-	-	-	-	(331)	-	-	<b>(331)</b>
<b>Balance as at 31 March 2016</b> <i>(unaudited)</i>	<b>24 771</b>	<b>234 534</b>	<b>517 466</b>	<b>510</b>	<b>(249)</b>	<b>25 126</b>	<b>85 773</b>	<b>887 931</b>

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital			Accumulated, unappropriated profit/(loss)	Total shareholders' equity
				from reduction of share capital	from valuation of cash flow hedges	from valuation of share options		
<b>Balance as at 1 January 2015</b>	<b>24 770</b>	<b>234 520</b>	<b>517 379</b>	<b>510</b>	-	<b>25 126</b>	<b>55 822</b>	<b>858 127</b>
Share capital increase by exercising share options	1	14	-	-	-	-	-	<b>15</b>
Payment of dividends to shareholders	-	-	-	-	-	-	-	-
Net loss for the reporting period	-	-	-	-	-	-	(5 390)	<b>(5 390)</b>
Other net comprehensive income for the reporting period	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2015</b> <i>(unaudited)</i>	<b>24 771</b>	<b>234 534</b>	<b>517 379</b>	<b>510</b>	-	<b>25 126</b>	<b>50 432</b>	<b>852 752</b>





## **7. ADDITIONAL NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

### **7.1. General information about Dom Development S.A.**

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

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

The Company is a majority-owned subsidiary of Dom Development B.V. with its registered office in the Netherlands. As at 31 March 2016, Dom Development B.V. controlled 59.45% of the Company's shares.

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

The Company conducts its activities in the territory of Poland in compliance with the Code of Commercial Companies and Partnerships and its term of operations is unlimited.

In the three-month period ended 31 March 2016 the Company did not discontinue any of its activities.

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

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

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

The interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

The Polish zloty ("PLN") is the functional currency for the Company. The condensed financial statements are stated in Polish zloty. Financial data included in the interim condensed financial statements are expressed in thousands of PLN unless stated otherwise.

The presented interim condensed balance sheet, interim condensed income statement, interim condensed statement of comprehensive income, interim condensed cash flow statement and interim condensed statement of changes in shareholders' equity are unaudited and they have not been the subject of review by an independent certified auditor. These unaudited interim condensed financial statements do not include all the information and disclosures that are required from annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company and the notes thereto for the year ended 31 December 2015.

The Company has also prepared interim condensed consolidated financial statements for Dom Development S.A. Capital Group for the three-month period ended 31 March 2016. These statements were approved by the Management Board of the Company on 22 April 2016.



### **7.3. Accounting policies**

Polish law requires the Company to prepare its interim condensed financial statements in accordance with IFRS, applicable to interim financial reporting as adopted by the European Union ("EU") (IAS 34). At this particular time, due to the endorsement of IFRS by the EU and the activities of the Company, there are no differences in the IFRS policies applied by the Company and IFRS that have been endorsed by the EU.

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

These interim condensed financial statements are prepared based on the same accounting policies as for the financial statements of the Company for the year ended 31 December 2015, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2016:

- Amendments to IAS 19 Defined benefit plans: Employee contributions (published on 21 November 2013),
- Improvements resulting IFRS reviews 2010-2012 (published on 12 December 2013),
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on 6 May 2014),
- Amendments do IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on 12 May 2014),
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (published on 30 June 2014),
- Amendments to IAS 27 Equity Method in Separate Financial Statements (published on 12 August 2014),
- Improvements resulting IFRS reviews 2012-2014 (published on 25 September 2014),
- Amendments to IAS 1 Disclosure Initiative (published on 18 December 2014).

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

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

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

- IFRS 9 Financial Instruments (published on 24 July 2014) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2018,
- IFRS 14 Regulatory Deferral Accounts (published on 30 January 2014) – the European Commission decided not to propose an interim standard for endorsement before the final standard is released – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016,
- IFRS 15 Revenue from Contracts with Customers (published on 28 May 2014) to include amendments to IFRS 15 Effective Date of IFRS 15 (published on 11 September 2015) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2018,
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published on 11 September 2014) – have not been decided as to the time frame of individual stages of EFRAG endorsement of these amendments – not endorsed by the EU until the date of approval of these financial statements - effective date deferred indefinitely by IASB,
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (published on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not endorsed by the EU until the date of approval of these financial statements,
- IFRS 16 Leases (published on 13 January 2016) - have not been decided as to the time frame of individual stages of EFRAG endorsement of these amendments – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2019,



## Dom Development S.A.

Additional notes to the interim condensed financial statements  
for the three-month period ended 31 March 2016  
(all amounts in thousands PLN unless stated otherwise)

- Amendments to IAS 12 Recognition of deferred tax assets for unrealised losses (published on 19 January 2016) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2017,
- Amendments to IAS 7 Disclosure Initiative (published on 29 January 2016) – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2017.

The Management Board is verifying effect of the above standards on the Company's financial position, operating results or the scope of information presented in the Company's financial statements.

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

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

#### Budgets of the construction projects

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

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

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

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

#### Seasonality

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

### 7.5. Inventory

<b>INVENTORY</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	<i>(unaudited)</i>	
<b>Advances on deliveries</b>	<b>35 181</b>	<b>22 347</b>
including: at purchase prices/production costs	35 350	22 516
write down to the net realisable value	(169)	(169)
<b>Semi-finished goods and work in progress</b>	<b>1 227 579</b>	<b>1 127 277</b>
including: at purchase prices/production costs	1 238 515	1 138 213
write down to the net realisable value	(10 936)	(10 936)
<b>Finished goods</b>	<b>249 353</b>	<b>329 036</b>
including: at purchase prices/production costs	255 196	334 691
write down to the net realisable value	(5 843)	(5 655)
<b>Total</b>	<b>1 512 113</b>	<b>1 478 660</b>



## Dom Development S.A.

Additional notes to the interim condensed financial statements  
for the three-month period ended 31 March 2016  
(all amounts in thousands PLN unless stated otherwise)

<b>INVENTORY REVALUATION WRITE DOWNS</b>	<b>01.01 - 31.03.2016</b> <i>(unaudited)</i>	<b>01.01 - 31.03.2015</b> <i>(unaudited)</i>
<b>Opening balance</b>	<b>16 760</b>	<b>15 699</b>
Increments	188	302
Decrease	-	(2 491)
<b>Closing balance</b>	<b>16 948</b>	<b>13 510</b>

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

<b>CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
Carrying value of inventory used to secure liabilities	282 658	205 494
<b>Mortgages:</b>		
Value of mortgages established to secure real estate purchase agreements	-	4 200
Value of mortgages established to secure loan agreements (maximum amount)	300 000	300 000

### 7.6. Short-term financial assets

<b>SHORT-TERM FINANCIAL ASSETS</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
Bank deposits with a maturity over three months	48	48
Cash in open-end residential escrow accounts	16 928	3 496
Cash in other escrow accounts	1 231	203
<b>Total</b>	<b>18 207</b>	<b>3 747</b>

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

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

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

### 7.7. Cash and cash equivalents

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

<b>CASH AND CASH EQUIVALENTS</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>	<b>31.03.2015</b> <i>(unaudited)</i>
Cash in hand and at bank	2 300	5 887	10 405
Bank deposits with a maturity of three months or less	284 142	211 272	271 507
Other	43	42	47
<b>Total</b>	<b>286 485</b>	<b>217 201</b>	<b>281 959</b>



## Dom Development S.A.

Additional notes to the interim condensed financial statements  
for the three-month period ended 31 March 2016  
(all amounts in thousands PLN unless stated otherwise)

### 7.8. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 31.03.2016								
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
<b>Total number of shares</b>				<b>24 771 272</b>				
<b>Total share capital</b>					<b>24 771 272</b>			
<b>Nominal value per share = PLN 1</b>								

SHARE CAPITAL (STRUCTURE) AS AT 31.12.2015								
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
<b>Total number of shares</b>				<b>24 771 272</b>				
<b>Total share capital</b>					<b>24 771 272</b>			
<b>Nominal value per share = PLN 1</b>								



## Dom Development S.A.

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### Description of changes to the share capital in the Company in the period from 1 January until 31 March 2016

On 21 March 2016 the Management Board of the Company adopted a resolution to increase the Company's share capital by issuing 10 320 U series ordinary bearer shares with the nominal value of PLN 1.00 each and 1 000 V series ordinary bearer shares with the nominal value of PLN 1.00 each, as a part of the authorised capital from the current amount of PLN 24 771 272.00 up to PLN 24 24 782 592.00, that is by PLN 11 320.00. The U series and V series shares were issued in a private placement procedure addressed to participants in Management Share Option Programme II. This change in the share capital of the Company will become effective once it is registered in the register of entrepreneurs of the National Court Register (KRS). These shares has not been registered with the National Court Register until the date that these financial statements were prepared.

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 nine-month period ended 30.09.15
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Dom Development B.V.	14 726 172	59.45	14 726 172	59.45	-
Jarosław Szanajca	1 534 050	6.19	1 534 050	6.19	-
Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK SA *)	1 313 383	5.30	1 313 383	5.30	no data
Grzegorz Kielpsz	1 280 750	5.17	1 280 750	5.17	-

\*) Shareholding of Aviva Powszechne Towarzystwo Emerytalne AVIVA BZ WBK S.A. (General Pension Society) ("Society") has been presented as per the latest notice required by the law (as of 11.07.2011) and received by the Company from the Society.

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 nine-month period ended 30.09.15	
	Shares	Share options	Total	Shares	Share options
<b>The Management Board</b>					
Jarosław Szanajca	1 534 050	-	1 534 050	-	-
Janusz Zalewski	311 000	69 000	380 000	-	(23 534)
Małgorzata Kolarska	6 500	-	6 500	-	-
Janusz Stolarczyk	105 200	16 830	122 030	-	(11 767)
Terry Roydon	58 500	-	58 500	-	(11 767)
<b>The Supervisory Board</b>					
Grzegorz Kielpsz	1 280 750	-	1 280 750	-	-
Mark Spiteri	900	-	900	400	(2 330)



## Dom Development S.A.

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### 7.9. Loans

#### Description of material changes in the three-month period ended 31 March 2016

In the three-month period ended 31 March 2016 no changes were made to the bank loan structure by the Company.

<b>LOANS DUE WITHIN</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
Less than 1 year	30 000	-
More than 1 year and less than 2 years	-	30 000
More than 2 years and less than 5 years	50 000	70 000
Over 5 years	-	-
<b>Total loans</b>	<b>80 000</b>	<b>100 000</b>
including: long-term	50 000	100 000
short-term	30 000	-

<b>BANK LOANS AS AT 31.03.2016</b>						
<b>Bank</b>	<b>Registered office</b>	<b>Loan amount and currency as per agreement</b>		<b>Outstanding loan amount (less accrued interest) and currency</b>		<b>Due date</b>
mBank	Warsaw	50 000*)	PLN	30 000	PLN	03.02.2017
mBank	Warsaw	50 000*)	PLN	50 000	PLN	21.05.2019
PKO BP SA	Warsaw	100 000*)	PLN	-	PLN	26.07.2019
<b>Total bank loans</b>				<b>80 000</b>	<b>PLN</b>	

\*) Revolving loan in the credit facility account

As at 31 March 2016 and 31 December 2015 all the loans taken by the Company were expressed in Polish zloty.

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

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

### 7.10. Bonds

<b>BONDS</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
Nominal value of the bonds issued, long-term portion	150 000	270 000
Nominal value of the bonds issued, short-term portion	120 000	-
<b>Total nominal value of the bonds issued</b>	<b>270 000</b>	<b>270 000</b>

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

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



## Dom Development S.A.

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

On 5 November 2007, the Company and Bank BPH S.A. (currently Bank Pekao S.A.) signed a Bond Issue Programme Agreement, pursuant to which Dom Development S.A. is allowed to issue mid-term bonds (with a maturity over 1 year and under 7 years) with an aggregate value of no more than PLN 400 million, which is to be construed as the nominal value of all issued and unredeemed bonds on any day during the term of the Programme.

On 5 November 2014, the Company and Bank Pekao S.A. signed an Annex to the Bond Issue Programme Agreement dated 5 November 2007, pursuant to which the bond issue period has been extended by 7 years (until 5 November 2021).

### Description of material changes in the three-month period ended 31 March 2016

The total bond issue liabilities in the three-month period ended 31 March 2016 and their maturity dates have not changed.

BONDS ISSUED AS AT 31.03.2016				
Series	Issue date	Amount	Currency	Contractual maturity date
III	02.02.2012	120 000	PLN	02.02.2017
IV	26.03.2013	50 000	PLN	26.03.2018
V	12.06.2015	100 000	PLN	12.06.2020
<b>Total:</b>		<b>270 000</b>	<b>PLN</b>	

### 7.11. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	31.03.2016 (unaudited)	31.12.2015
Accrued interest on bonds	2 142	3 403
Accrued interest on loans	-	-
<b>Total accrued interest on loans and bonds</b>	<b>2 142</b>	<b>3 403</b>

### 7.12. Segment reporting

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

### 7.13. Operating income

REVENUE BREAKDOWN	01.01- 31.03.2016 (unaudited)	01.01- 31.03.2015 (unaudited)
Sales of finished goods	130 165	69 917
Sales of services	3 395	2 611
Sales of land	5 500	-
<b>Total</b>	<b>139 060</b>	<b>72 528</b>





## Dom Development S.A.

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### 7.14. Operating costs

OPERATING COSTS	01.01- 31.03.2016 (unaudited)	01.01- 31.03.2015 (unaudited)
<b>Cost of sales</b>		
Cost of finished goods sold	(98 074)	(53 554)
Cost of services sold	(4 254)	(2 866)
Cost of land sold	(4 823)	-
Inventory write down to the net realisable value	(188)	2 189
<b>Total cost of sales</b>	<b>(107 339)</b>	<b>(54 231)</b>
<b>Selling costs, and general administrative expenses</b>		
Selling costs	(11 501)	(11 446)
General administrative expenses	(12 204)	(12 068)
<b>Total selling costs, and general administrative expenses</b>	<b>(23 705)</b>	<b>(23 514)</b>
<b>Selling costs, and general administrative expenses by kind</b>		
Depreciation	(1 251)	(1 019)
Cost of materials and energy	(2 861)	(3 695)
External services	(5 585)	(5 899)
Taxes and charges	(37)	(50)
Remuneration	(10 627)	(9 926)
Social security and other benefits	(2 189)	(1 996)
Management Option Programme	-	-
Other prime costs	(1 155)	(929)
<b>Total selling costs, and general administrative expenses by kind</b>	<b>(23 705)</b>	<b>(23 514)</b>

### 7.15. Income tax in the income statement

INCOME TAX	01.01- 31.03.2016 (unaudited)	01.01- 31.03.2015 (unaudited)
Current income tax	10 516	2 600
Deferred tax in the income statement	(9 247)	(3 708)
<b>Total</b>	<b>1 269</b>	<b>(1 108)</b>

### 7.16. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01- 31.03.2016 (unaudited)	01.01- 31.03.2015 (unaudited)
<b>Basic earnings/(loss) per share</b>		
Profit/(loss) for calculation of the basic earnings per share	5 126	(5 390)
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 771 272	24 771 116
<b>Basic earnings/(loss) per share (PLN)</b>	<b>0.21</b>	<b>(0.22)</b>
<b>Diluted earnings/(loss) per share</b>		
Profit/(loss) for calculation of the diluted earnings per share	5 126	(5 390)
Potential diluting shares related to the Management Share Option Programmes	27 570	20 520
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	24 798 842	24 791 636
<b>Diluted earnings/(loss) per share (PLN)</b>	<b>0.21</b>	<b>(0.22)</b>

**Dom Development S.A.**

Additional notes to the interim condensed financial statements  
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As the Company has no discontinued operations, the earnings/(loss) per share from the continued operations equal the earnings/(loss) per share calculated above.

**7.17. Transactions with related entities**

In the three-month periods ended 31 March 2015 and 2016, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables.

<b>DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01- 31.03.2016</b> <i>(unaudited)</i>	<b>01.01- 31.03.2015</b> <i>(unaudited)</i>
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007	453	446
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001	69	68
Hansom Property Company Limited	Other	250	262
M & M Usługi Doradcze M. Kolarski	Consulting services	18	75
Kirkley Advisory Limited	Consulting services as per the agreement dated 1 March 2012	-	23
Kirkley Advisory Limited	Other	124	125

  

<b>DOM DEVELOPMENT S.A. A SERVICE PROVIDER (SELLER)</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01- 31.03.2016</b> <i>(unaudited)</i>	<b>01.01- 31.03.2015</b> <i>(unaudited)</i>
Fort Mokotów sp. z o.o., under liquidation	Repair services as per the agreement dated 22 July 2005	24	24
Dom Development Grunty sp. z o.o.	Other	1	1
Dom Development Morskie Oko sp. z o.o., under liquidation	Other	1	1

  

<b>DOM DEVELOPMENT S.A. AS A LENDER</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01- 31.03.2016</b> <i>(unaudited)</i>	<b>01.01- 31.03.2015</b> <i>(unaudited)</i>
Dom Development Grunty sp. z o.o.	Interest accrued on the borrowing	4	9

  

<b>DOM DEVELOPMENT S.A. AS A CONTRIBUTOR OF SHARE CAPITAL TO A SUBSIDIARY</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01- 31.03.2016</b> <i>(unaudited)</i>	<b>01.01- 31.03.2015</b> <i>(unaudited)</i>
Vratislavia Dom Development Sp. z o.o.	Share capital contribution	4 000	-



## Dom Development S.A.

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### DOM DEVELOPMENT S.A. AS A PAYER OF PREPAYMENT UNDER THE AGENCY AGREEMENT

Counterparty	Transaction description	01.01- 31.03.2016	01.01- 31.03.2015
		(unaudited)	(unaudited)
Dom Development Grunty sp. z o.o.	(Net) prepayment transferred for the purchase of land under the contract of mandate	7 507	-

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

Entity	Receivables from related entities		Liabilities to related entities	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
<b>Total balance</b>	<b>9 078</b>	<b>1 570</b>	<b>161</b>	<b>269</b>
<b>Subsidiaries</b>	<b>9 058</b>	<b>1 547</b>	-	-
Dom Development Morskie Oko sp. z o.o., under liquidation additional contributions to the capital	1 147	1 147	-	-
Dom Development Grunty sp. z o.o.	7 911	400	-	-
<b>Jointly controlled entities</b>	<b>20</b>	<b>23</b>	-	-
Fort Mokotów sp. z o.o., under liquidation	20	23	-	-
<b>Other entities</b>	-	-	<b>161</b>	<b>269</b>
M&M Usługi Doradcze M. Kolarski	-	-	-	41
Woodsford Consulting Limited	-	-	161	205
Kirkley Advisory Limited	-	-	-	23

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

Counterparty	01.01- 31.03.2016	01.01- 31.03.2015
	(unaudited)	(unaudited)
The Management Board	3 380	3 108
The Supervisory Board	316	294

Except for as stated above, the Company did not enter into any other transactions with the Management Board or Supervisory Board members.

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

### 7.18. Incentive Plan – Management Option Programmes

Structure of share options granted and not exercised as at 31 March 2016:

Programme	Grant date	Exercise start date	Maturity date	Number of options *)	Exercise price per option (PLN)
Programme II	10.12.2009	10.12.2012	10.12.2016	139 090	40.64
<b>Total</b>				<b>139 090</b>	

\*) The exercise of 11 320 options paid for in March 2016 but not registered with the National Court Register as shares until 31 March 2016, have not been included in the above listing.



### Expiry of share options

In the three-month period ended 31 March 2016 the number of share options eligible to participate in Management Option Programme II has not changed.

### Exercise of the share options

On 21 March 2016 the Management Board adopted a resolution on the increase of share capital in the Company by issuing 10 320 U series ordinary bearer shares and 1 000 V series ordinary bearer shares series. The U series and V series shares were issued in a private placement procedure addressed to participants in Management Share Option Programme II.

These shares has not been registered with the National Court Register until the date that these financial statements were prepared (see note 7.8).

### Grant of new share options

In the three-month period ended 31 March 2016 the Company did not grant any new share options.

### Changes to the Management Option Programmes

In the three-month period ended 31 March 2016 no changes were made to the Management Option Programme.

## 7.19. Contingent liabilities

<b>CONTINGENT LIABILITIES</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
Guarantees	111	111
Sureties	-	-
<b>Total</b>	<b>111</b>	<b>111</b>

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

<b>COLLATERALS FOR LIABILITIES</b>	<b>31.03.2016</b> <i>(unaudited)</i>	<b>31.12.2015</b>
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
<b>Total</b>	<b>100 000</b>	<b>100 000</b>

In the three-month period ended 31 March 2016 the Company did not provide any guarantees for loans or borrowings, nor any other guarantees – jointly to one entity or its subsidiary, the value of which would be material for the Company or would amount to at least 10% of the Company's shareholders' equity.

## 7.20. Material court cases

As of 31 March 2016 there was no individual proceeding before any court, authority competent for arbitration or public administration body, concerning the liabilities or receivables of the Company or its subsidiary, the value of which would be at least 10% of the Company's shareholders' equity.

As of 31 March 2016 there were not two or more proceedings before any court, authority competent for arbitration or public administration body, concerning the liabilities or receivables, the value of which would be at least 10% of the Company's shareholders' equity.



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As of 31 March 2016, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 22 424 thousand, including the total value of proceedings concerning liabilities at approx. PLN 21 241 thousand and the total value of proceedings concerning receivables at approx. PLN 1 182 thousand.

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

### 7.21. Additional information on the operating activity of the Company

In the period from 1 January to 31 March 2016 the following material changes in the portfolio of the Company's real estate development projects under construction took place:

#### Projects where the construction commenced in the period from 1 January 2016 until 31 March 2016:

Project	Standard	Number of apartments	Number of commercial units
Anody, phase 1	Popular	72	7
Anody, phase 2	Popular	111	-
Premium, phase 2	Popular	236	-

#### Projects where the construction was completed in the period from 1 January 2016 until 31 March 2016:

Project	Standard	Number of apartments	Number of commercial units
Klasyków Wille Miejskie, phase I	Popular	231	-
Aura, phase Ia (Wrocław)	Popular	64	-

### 7.22. The factors that will impact the results achieved by the Company for at least the next three months

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

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



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### 7.23. Material post-balance sheet events

On 5 April 2016, the Supervisory Board of the Company approved the petition of the Management Board for the distribution of the Company's net profit for the financial year 2015. The Management Board requested that a part of the Company's net profit for 2015 in the amount of PLN 80 543 424.00, i.e. PLN 3.25 per share, be appropriated for the payment of a dividend to shareholders in Dom Development S.A., and a part of the net profit for 2015 in the amount of PLN 103 942.31 be allocated for the increase of supplementary capital of Dom Development S.A.

The Management Board of the Company proposed that the date of record be 22 June 2016 and the dividend payment date be 6 July 2016.

The Supervisory Board of the Company recommended to the General Shareholders' Meeting that the above petition be approved and resolution be adopted in respect of the distribution of profit for 2015 and the fixing of the date of record and the dividend payment date as proposed by the Management Board.

### 7.24. Forecasts

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

### 7.25. Selected financial data translated into EURO

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

SELECTED DATA FROM THE BALANCE SHEET	31.03.2016	31.12.2015
	(unaudited)	(unaudited)
	thousand Euro	thousand Euro
Total current assets	430 125	405 949
Total assets	435 419	410 351
Total shareholders' equity	208 024	207 236
Long-term liabilities	59 034	101 407
Short-term liabilities	168 360	101 708
Total liabilities	227 394	203 115
<b>PLN/EURO exchange rate as at the balance sheet date</b>	<b>4.2684</b>	<b>4.2615</b>

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 31.03.2016	01.01 - 31.03.2015
	(unaudited)	(unaudited)
	thousand Euro	thousand Euro
Sales revenue	31 925	17 481
Gross profit on sales	7 282	4 410
Operating profit/(loss)	1 689	(1 369)
Profit/(loss) before tax	1 468	(1 566)
Net profit/(loss)	1 177	(1 299)
<b>Average PLN/EURO exchange rate for the reporting period</b>	<b>4.3559</b>	<b>4.1489</b>