



**Dom Development S.A.**  
Interim condensed financial statements  
for the six-month period ended 30 June 2015

# **DOM DEVELOPMENT S.A.**

**Interim condensed financial statements  
for the six-month period ended  
30 June 2015**



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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 six-month period ended on 30 June 2015, comprising:

- interim condensed balance sheet prepared as at 30 June 2015 with the balance of assets and liabilities in the amount of PLN 1 857 929 thousand;
- interim condensed income statement for the six-month period ended 30 June 2015 with a net profit of PLN 5 165 thousand;
- interim condensed statement of comprehensive income for the six month period ended 30 June 2015 with a net comprehensive profit of PLN 5 165 thousand;
- interim condensed statement of changes in shareholders' equity in the six-month period ended 30 June 2015 with the PLN 807 572 thousand shareholders' equity as at 30 June 2015;
- interim condensed cash flow statement for the six-month period ended 30 June 2015 with the PLN 274 999 thousand net cash and cash equivalents as at 30 June 2015;
- additional notes to the interim condensed financial statements

were prepared and approved by the Management Board of the Company on 25 August 2015.

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Jarosław Szanajca,  
President of the Management Board

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Janusz Zalewski,  
Vice President of the Management Board

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Małgorzata Kolarska,  
Vice President of the Management Board

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Janusz Stolarczyk,  
Member of the Management Board

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Terry R. Roydon  
Member of the Management Board



## 2. INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	30.06.2015 (unaudited)	31.12.2014
<b>Fixed assets</b>			
Intangible assets		3 166	2 593
Tangible fixed assets		6 454	6 286
Investments in subsidiaries, associates and jointly controlled entities		62	50
Long-term receivables		1 642	1 626
Other fixed assets		2 756	2 645
<b>Total fixed assets</b>		<b>14 080</b>	<b>13 200</b>
<b>Current assets</b>			
Inventory	7.5	1 516 938	1 230 738
Trade and other receivables		23 542	5 558
Income tax receivables		592	-
Other current assets		3 369	3 224
Short-term financial assets	7.6	24 409	34 463
Cash and cash equivalents	7.7	274 999	317 382
<b>Total current assets</b>		<b>1 843 849</b>	<b>1 591 365</b>
<b>Total assets</b>		<b>1 857 929</b>	<b>1 604 565</b>

  

EQUITY AND LIABILITIES	Note	30.06.2015 (unaudited)	31.12.2014
<b>Shareholders' equity</b>			
Share capital	7.8	24 771	24 770
Share premium		234 534	234 520
Other capital (supplementary capital)		517 466	517 379
Reserve capital from valuation of share options		25 126	25 126
Reserve capital from valuation of cash flow hedges		-	-
Reserve capital from reduction of share capital		510	510
Accumulated, unappropriated profit (loss)		5 165	55 822
<b>Total shareholders' equity</b>		<b>807 572</b>	<b>858 127</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans, long-term portion	7.9	100 000	98 000
Bonds, long-term portion	7.10	270 000	170 000
Deferred tax provision		8 270	9 673
Long-term provisions		10 963	12 040
Other long-term liabilities		26 448	27 654
<b>Total long-term liabilities</b>		<b>415 681</b>	<b>317 367</b>
<b>Short-term liabilities</b>			
Trade payables, tax and other liabilities		222 067	138 708
Loans, short-term portion	7.9	-	26 000
Bonds, short-term portion	7.10	-	100 000
Accrued interest on loans and bonds	7.11	3 419	3 745
Corporate income tax payables		-	75
Dividend payables	7.23	55 735	-
Short-term provisions		7 322	8 967
Deferred income		346 133	151 576
<b>Total short-term liabilities</b>		<b>634 676</b>	<b>429 071</b>
<b>Total liabilities</b>		<b>1 050 357</b>	<b>746 438</b>
<b>Total equity and liabilities</b>		<b>1 857 929</b>	<b>1 604 565</b>



### 3. INTERIM CONDENSED INCOME STATEMENT

	Note	Six-month period ended	
		30.06.2015 (unaudited)	30.06.2014 (unaudited)
Sales revenue	7.13	230 300	361 624
Cost of sales	7.14	(173 841)	(307 958)
<b>Gross profit on sales</b>		<b>56 459</b>	<b>53 666</b>
Selling costs	7.14	(23 173)	(20 107)
General administrative expenses	7.14	(23 973)	(23 029)
Other operating income		1 835	9 245
Other operating expenses		(3 656)	(8 068)
<b>Operating profit/(loss)</b>		<b>7 492</b>	<b>11 707</b>
Financial income		823	4 564
Financial costs		(1 847)	(2 163)
<b>Profit/(loss) before tax</b>		<b>6 468</b>	<b>14 108</b>
Income tax	7.15	(1 303)	(3 286)
<b>Net profit/(loss)</b>		<b>5 165</b>	<b>10 822</b>
<b>Earnings/(loss) per share:</b>			
Basic (PLN)	7.16	0.21	0.44
Diluted (PLN)	7.16	0.21	0.44



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

	<b>Six-month period ended</b>	
	<b>30.06.2015</b> <i>(unaudited)</i>	<b>30.06.2014</b> <i>(unaudited)</i>
<b>Net profit/(loss)</b>	<b>5 165</b>	<b>10 822</b>
<b>Other comprehensive income</b>		
Net change to cash flow hedges	-	-
Income tax	-	-
<b>Other net comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total net comprehensive income/(loss)</b>	<b>5 165</b>	<b>10 822</b>



## 5. INTERIM CONDENSED CASH FLOW STATEMENT

	Note	Six-month period ended	
		30.06.2015 (unaudited)	30.06.2014 (unaudited)
<b>Cash flow from operating activities</b>			
Profit/(loss) before tax		<b>6 468</b>	<b>14 108</b>
Adjustments:			
Depreciation		2 063	1 473
Profit/loss on foreign exchange differences		117	(77)
Profit/loss on investments		(81)	(42)
Interest cost/income		5 564	8 682
Cost of the management option programmes		-	12
Changes in the operating capital:		-	-
Changes in provisions		(2 722)	422
Changes in inventory		(284 255)	41 828
Changes in receivables		(18 000)	38 028
Changes in short-term liabilities, excluding loans and bonds		62 084	4 698
Changes in prepayments and deferred income		193 655	(40 646)
Other adjustments		(117)	77
<b>Cash flow generated from operating activities</b>		<b>(35 224)</b>	<b>68 563</b>
Interest received		3 536	4 248
Interest paid		(10 625)	(11 968)
Income tax paid		(3 374)	(10 041)
<b>Net cash flow from operating activities</b>		<b>(45 687)</b>	<b>50 802</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of intangible assets and tangible fixed assets		64	100
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		(2 760)	(2 571)
Acquisition of financial assets		-	(585)
<b>Net cash flow from investing activities</b>		<b>27 304</b>	<b>(3 056)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (exercise of share options)		-	254
Proceeds from contracted loans	<b>7.9</b>	60 000	-
Commercial papers issued	<b>7.10</b>	100 000	-
Repayment of loans and borrowings	<b>7.9</b>	(84 000)	(30 000)
Redemption of commercial papers	<b>7.10</b>	(100 000)	-
Dividends paid		-	(54 434)
<b>Net cash flow from financing activities</b>		<b>(24 000)</b>	<b>(84 180)</b>
<b>Increase / (decrease) in net cash and cash equivalents</b>		<b>(42 383)</b>	<b>(36 434)</b>
<b>Cash and cash equivalents – opening balance</b>	<b>7.7</b>	<b>317 382</b>	<b>321 307</b>
<b>Cash and cash equivalents – closing balance</b>	<b>7.7</b>	<b>274 999</b>	<b>284 873</b>



## 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 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 (note 7.8)	1	14	-	-	-	-	-	<b>15</b>
Transfer of profit to supplementary capital	-	-	87	-	-	-	(87)	-
Dividends allocated to shareholders (note 7.23)	-	-	-	-	-	-	(55 735)	<b>(55 735)</b>
Net profit for the reporting period	-	-	-	-	-	-	5 165	<b>5 165</b>
Other net comprehensive income for the reporting period	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2015 (unaudited)</b>	<b>24 771</b>	<b>234 534</b>	<b>517 466</b>	<b>510</b>	-	<b>25 126</b>	<b>5 165</b>	<b>807 572</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 2014</b>	<b>24 753</b>	<b>234 283</b>	<b>517 521</b>	<b>510</b>	<b>(22)</b>	<b>25 113</b>	<b>54 352</b>	<b>856 510</b>
Share capital increase by exercising share options	17	237	-	-	-	-	-	<b>254</b>
Transfer of profit to supplementary capital	-	-	(142)	-	-	-	142	-
Payment of dividends to shareholders (note 7.23)	-	-	-	-	-	-	(54 494)	<b>(54 494)</b>
Creation of reserve capital from the valuation of the share options	-	-	-	-	-	12	-	<b>12</b>
Net profit for the reporting period	-	-	-	-	-	-	10 822	<b>10 822</b>
Other net comprehensive income for the reporting period	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2014 (unaudited)</b>	<b>24 770</b>	<b>234 520</b>	<b>517 379</b>	<b>510</b>	<b>(22)</b>	<b>25 125</b>	<b>10 822</b>	<b>813 104</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 30 June 2015, 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 six-month period ended 30 June 2015 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 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 but they have 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 2014.

The Company has also prepared interim condensed consolidated financial statements for Dom Development S.A. Capital Group for the six-month period ended 30 June 2015. These statements were approved by the Management Board of the Company on 25 August 2015.



### **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 2014, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2015:

- IFRIC 21 *Levies* (published on 20 May 2013) – effective for annual periods beginning on or after 1 January 2014; in the EU effective latest for annual periods beginning on or after 17 June 2014,
- Amendments to IAS 19 Defined benefit plans: Employee Contributions (published on 21 November 2013) – effective for annual periods beginning on or after 1 July 2014; in the EU effective latest for annual periods beginning on or after 1 February 2015,
- Improvements resulting from IFRS reviews 2010-2012 (published on 12 December 2013) – some amendments are effective for annual periods beginning on or after 1 July 2014, and some prospectively for the transactions effected on or after 1 July 2014; in the EU effective latest for annual periods beginning on or after 1 February 2015,
- *Improvements resulting from IFRS reviews 2011-2013* (published on 12 December 2013) – effective for annual periods beginning on or after 1 July 2014; in the EU effective latest for annual periods beginning on or after 1 February 2015.

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.

### **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:

- verification of their profitability and any potential inventory impairment write down,
- preparation of financial forecasts, annual budgets and medium term plans.

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

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



## Seasonality

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

## 7.5. Inventory

<b>INVENTORY</b>	<b>30.06.2015</b> <i>(unaudited)</i>	<b>31.12.2014</b>
<b>Advances on deliveries, including</b>	<b>18 050</b>	<b>56 193</b>
at purchase prices/production costs	18 219	56 362
write down to the net realisable value	(169)	(169)
<b>Semi-finished goods and work in progress, including</b>	<b>1 300 182</b>	<b>999 618</b>
at purchase prices/production costs	1 305 212	1 011 937
write down to the net realisable value	(5 030)	(12 319)
<b>Finished goods, including</b>	<b>198 706</b>	<b>174 927</b>
at purchase prices/production costs	202 913	178 138
write down to the net realisable value	(4 207)	(3 211)
<b>Total</b>	<b>1 516 938</b>	<b>1 230 738</b>

<b>INVENTORY REVALUATION WRITE DOWNS</b>	<b>01.01 - 30.06.2015</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2014</b> <i>(unaudited)</i>
<b>Opening balance</b>	<b>15 699</b>	<b>15 824</b>
Increments	649	1 494
Decrease	(6 942)	(216)
<b>Closing balance</b>	<b>9 406</b>	<b>17 102</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>30.06.2015</b> <i>(unaudited)</i>	<b>31.12.2014</b>
Carrying value of inventory used to secure liabilities	330 336	168 889
<b>Mortgages:</b>		
Value of mortgages established to secure real estate purchase agreements	41 680	8 400
Value of mortgages established to secure loan agreements (maximum amount)	146 100	306 000

## 7.6. Short-term financial assets

<b>SHORT-TERM FINANCIAL ASSETS</b>	<b>30.06.2015</b> <i>(unaudited)</i>	<b>31.12.2014</b>
Bank deposits with a maturity over three months	48	30 048
Cash in open-end residential escrow accounts	24 361	4 415
<b>Total</b>	<b>24 409</b>	<b>34 463</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>30.06.2015</b> <i>(unaudited)</i>	<b>31.12.2014</b>	<b>30.06.2014</b> <i>(unaudited)</i>
Cash in hand and at bank	11 886	8 068	6 394
Bank deposits with a maturity of three months or less	263 082	309 290	278 433
Other	31	24	46
<b>Total</b>	<b>274 999</b>	<b>317 382</b>	<b>284 873</b>

## 7.8. Share capital

<b>SHARE CAPITAL (STRUCTURE) AS AT 30.06.2015</b>								
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>								



<b>SHARE CAPITAL (STRUCTURE) AS AT 31.12.2014</b>								
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
<b>Total number of shares</b>				<b>24 770 272</b>				
<b>Total share capital</b>					<b>24 770 272</b>			
<b>Nominal value per share = PLN 1</b>								

#### Description of changes to the share capital in the Company in the period from 1 January until 30 June 2015

On 14 January 2015 the share capital increase from the current amount of PLN 24 770 272.00 up to PLN 24 771 272.00, that is by PLN 1 000.00, made by the issue of 1 000 T series ordinary bearer shares was registered in the District Court for the capital city of Warsaw, 12<sup>th</sup> Commercial Division of the National Court Register. The T series shares were issued in a private placement addressed to a participant in Management Option Programme II pursuant to the resolution by the Management Board of Dom Development S.A. no. 04/11/14 dated 18 November 2014 to increase the share capital by issuing the T series shares as a part of the authorised capital and to fully deprive the current shareholders of their pre-emptive rights. These ordinary bearer shares were registered in the National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*; KDPW) and were introduced into trading in the regulated market under the standard procedure on 27 March 2015.

**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.**

<b>Status as at the date of preparing of these financial statements</b>					<b>Change in the period from publication of the interim financial statements for the three-month period ended 31.03.2015</b>
	<b>Shares</b>	<b>% of capital</b>	<b>Number of votes at the GSM</b>	<b>% of votes at the GSM</b>	<b>Shares</b>
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 as of 11.07.2011 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 interim financial statements for the three-month period ended 31.03.2015	
	Shares	Share options	Total	
<b>The Management Board</b>				
Jarosław Szanajca	1 534 050	-	1 534 050	-
Janusz Zalewski	311 000	92 534	403 534	-
Małgorzata Kolarska	6 500	-	6 500	-
Janusz Stolarczyk	105 200	28 597	133 797	-
Terry Roydon	58 500	11 767	70 267	-
<b>The Supervisory Board</b>				
Grzegorz Kielpsz	1 280 750	-	1 280 750	-
Mark Spiteri	500	2 330	2 830	-

## 7.9. Loans

### Description of material changes in the six-month period ended 30 June 2015

A notice of termination for the loan agreement dated 18 September 2013 was served by the Company at Alior Bank S.A. on 15 December 2014. The 30 (thirty) day notice period has been lapsing from the date that the written notice of termination was served at Alior Bank S.A. The agreement as stated above expired on 14 January 2015.

On 18 February 2015 the Company and mBank Spółka Akcyjna entered into an agreement for the PLN revolving loan facility in the amount of up to PLN 50 million to be used to finance current operations of the Company. The term of the Agreement is until 21 May 2019. This loan in the amount of PLN 50 million was drawn at mBank on 30 June 2015.

On 15 June 2015, the Company prematurely repaid instalments of the loan at PKO Bank Polski S.A. in the aggregate amount of PLN 84 million. This premature repayment related to the instalment in the amount of PLN 26 million with the contractual maturity on 31 December 2015 and a portion of the instalment in the amount of PLN 58 million with the contractual maturity on 31 December 2016.

LOANS DUE WITHIN	30.06.2015 (unaudited)	31.12.2014
Less than 1 year	-	26 000
More than 1 year and less than 2 years	50 000	78 000
More than 2 years and less than 5 years	50 000	20 000
Over 5 years	-	-
<b>Total loans</b>	<b>100 000</b>	<b>124 000</b>
including: long-term	100 000	98 000
short-term	-	26 000



**BANK LOANS AS AT 30.06.2015**

Bank	Registered office	Loan amount and currency as per agreement	Outstanding loan amount (less accrued interest) and currency	Due date
PKO BP SA	Warsaw	210 000 PLN	20 000 PLN	31.12.2016
mBank	Warsaw	50 000*) PLN	30 000 PLN	03.02.2017
mBank	Warsaw	50 000*) PLN	50 000 PLN	21.05.2019
<b>Total bank loans</b>			<b>100 000 PLN</b>	

\*) revolving loan in the credit facility account

As at 30 June 2015 and 31 December 2014 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>30.06.2015</b> <i>(unaudited)</i>	<b>31.12.2014</b>
Nominal value of the bonds issued, long-term portion	270 000	170 000
Nominal value of the bonds issued, short-term portion	-	100 000
<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.

**Core details concerning the bonds issued**

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

On 5 November 2014, the Company and 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 six-month period ended 30 June 2015

On 12 June 2015, the Company issued 10 000 unsecured bearer bonds with the nominal value of PLN 10 000 each and the aggregate nominal value of PLN 100 million. The maturity date for these bonds is 12 June 2020. The issue value equals their nominal value. The interest rate is set at WIBOR 6M plus margin. The interest shall be paid semi-annually. The purpose of the issue has not been stated in the terms and conditions for the bonds issue.

On 30 June 2015, the Company redeemed 10 000 bearer bonds with the nominal value of PLN 10 000 each and the aggregate nominal value of PLN 100 million that matured on this date.

<b>BONDS ISSUED AS AT 30.06.2015</b>				
<b>Series</b>	<b>Issue date</b>	<b>Amount</b>	<b>Currency</b>	<b>Contractual maturity date</b>
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

<b>ACCRUED INTEREST ON LOANS AND BONDS</b>	<b>30.06.2015</b> <i>(unaudited)</i>	<b>31.12.2014</b>
Accrued interest on bonds	3 419	3 745
Accrued interest on loans	-	-
<b>Total accrued interest on loans and bonds</b>	<b>3 419</b>	<b>3 745</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

<b>REVENUE BREAKDOWN</b>	<b>01.01 - 30.06.2015</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2014</b> <i>(unaudited)</i>
Sales of finished goods	224 246	354 879
Sales of services	6 054	6 594
Sales of land	-	151
<b>Total</b>	<b>230 300</b>	<b>361 624</b>





#### 7.14. Operating costs

<b>OPERATING COSTS</b>	<b>01.01 - 30.06.2015</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2014</b> <i>(unaudited)</i>
<b>Cost of sales</b>		
Cost of finished goods sold	(173 760)	(298 857)
Cost of services sold	(6 374)	(7 672)
Cost of land sold	-	(151)
Inventory write down to the net realisable value	6 293	(1 278)
<b>Total cost of sales</b>	<b>(173 841)</b>	<b>(307 958)</b>
<b>Selling costs, and general administrative expenses</b>		
Selling costs	(23 173)	(20 107)
General administrative expenses	(23 973)	(23 029)
<b>Total selling costs, and general administrative expenses</b>	<b>(47 146)</b>	<b>(43 136)</b>
<b>Selling costs, and general administrative expenses by kind</b>		
Depreciation	(2 063)	(1 473)
Cost of materials and energy	(7 710)	(7 622)
External services	(12 178)	(10 087)
Taxes and charges	(82)	(63)
Remuneration	(19 549)	(18 736)
Social security and other benefits	(3 233)	(2 986)
Management Option Programme	-	(12)
Other prime costs	(2 331)	(2 157)
<b>Total selling costs, and general administrative expenses by kind</b>	<b>(47 146)</b>	<b>(43 136)</b>

#### 7.15. Income tax in the income statement

<b>INCOME TAX</b>	<b>01.01 - 30.06.2015</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2014</b> <i>(unaudited)</i>
Current income tax	2 707	7 253
Deferred tax in the income statement	(1 404)	(3 967)
<b>Total</b>	<b>1 303</b>	<b>3 286</b>

#### 7.16. Earnings per share

<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>01.01 - 30.06.2015</b> <i>(unaudited)</i>	<b>01.01 - 30.06.2014</b> <i>(unaudited)</i>
<b>Basic earnings/(loss) per share</b>		
Profit/(loss) for calculation of the basic earnings per share	5 165	10 822
The weighted average number of ordinary shares of the Company for the calculation of basic earnings per share	24 771 195	24 762 819
<b>Basic earnings/(loss) per share (PLN)</b>	<b>0.21</b>	<b>0.44</b>
<b>Diluted earnings/(loss) per share</b>		
Profit/(loss) for calculation of the diluted earnings per share	5 165	10 822
Potential diluting shares related to the Management Share Option Programmes	28 484	34 708
The weighted average number of ordinary shares of the Company for the calculation of diluted earnings per share	24 799 679	24 797 527
<b>Diluted earnings/(loss) per share (PLN)</b>	<b>0.21</b>	<b>0.44</b>



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 six-month periods ended 30 June 2015 and 2014, the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided.

<b>DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01 - 30.06.2015 (unaudited)</b>	<b>01.01 - 30.06.2014 (unaudited)</b>
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007	902	809
Hansom Property Company Limited	Consulting services as per the agreement dated 2 January 2001	148	127
Hansom Property Company Limited	Other	262	190
M&M Usługi Doradcze M. Kolarski	Consulting services	182	168
Kirkley Advisory Limited	Consulting services as per the agreement dated 1 March 2012	43	31
Kirkley Advisory Limited	Other	125	91

  

<b>DOM DEVELOPMENT S.A. AS A SERVICE PROVIDER (SELLER)</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01 - 30.06.2015 (unaudited)</b>	<b>01.01 - 30.06.2014 (unaudited)</b>
Fort Mokotów sp. z o.o., under liquidation	Repair services as per the agreement dated 22 July 2005	62	74
Fort Mokotów sp. z o.o., under liquidation	Other	-	28
Dom Development Grunty sp. z o.o.	Other	3	3
Dom Development Morskie Oko sp. z o.o., under liquidation	Other	2	2

  

<b>DOM DEVELOPMENT S.A. AS A LENDER</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01 - 30.06.2015 (unaudited)</b>	<b>01.01 - 30.06.2014 (unaudited)</b>
Dom Development Grunty sp. z o.o.	Interest accrued on the borrowing	12	30

  

<b>DOM DEVELOPMENT S.A. AS A PAYER OF DIVIDENDS</b>			
<b>Counterparty</b>	<b>Transaction description</b>	<b>01.01 - 30.06.2015 (unaudited)</b>	<b>01.01 - 30.06.2014 (unaudited)</b>
Dom Development B.V.	Paid dividends	-	32 398



**DOM DEVELOPMENT S.A. AS A BUYER OF THE RIGHT TO PROPERTY**

Counterparty	Transaction description	01.01 - 30.06.2015 <i>(unaudited)</i>	01.01 - 30.06.2014 <i>(unaudited)</i>
Dom Development Grunty sp. z o.o.	Purchase of the right to property	814	26 994

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

Entity	Receivables from related entities		Liabilities to related entities	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
<b>Total balance</b>	<b>1 778</b>	<b>2 752</b>	<b>36 875</b>	<b>7 310</b>
<b>Subsidiaries</b>	<b>1 759</b>	<b>2 732</b>	<b>3 674</b>	<b>7 160</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.	612	1 585	3 674	7 160
<b>Joint-ventures</b>	<b>19</b>	<b>20</b>	<b>-</b>	<b>-</b>
Fort Mokotów sp. z o.o., under liquidation	19	20	-	-
<b>Other entities</b>	<b>-</b>	<b>-</b>	<b>33 201</b>	<b>150</b>
Dom Development B.V. – dividend liabilities	-	-	33 134	-
M&M Usługi Doradcze M. Kolarski	-	-	47	48
Woodsford Consulting Limited	-	-	-	102
Kirkley Advisory Limited	-	-	20	-

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

Transactions with Members of the Management Board	Transaction description	Transaction date	Transaction amount
Janusz Stolarczyk and a person closely related	Agreement for the sale of residential unit with an area of 84.65 sq.m., and a parking place in the Willa na Harfowej project	26.01.2015	736 744.80
Janusz Stolarczyk and a person closely related	Fitout Contract	26.01.2015	76 636.80

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

Counterparty	01.01 - 30.06.2015 <i>(unaudited)</i>	01.01 - 30.06.2014 <i>(unaudited)</i>
The Management Board	4 112	3 974
The Supervisory Board	642	698

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 30 June 2015:

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	162 185	40.64
Programme II	12.07.2011	12.07.2014	12.07.2017	1 000	44.16
Programme III	13.12.2010	13.06.2014	13.12.2015	96 466*)	1.00
<b>Total</b>				<b>259 651</b>	

\*) The above table includes the options (96 466 share options) granted under Programme III that have not yet expired. As significant entitlement condition has not been met for the exercise of these options, the options under Programme III will not be able to be exercised.

### Expiry of share options

In the six-month period ended 30 June 2015 the number of share options eligible to participate in Management Option Programme II has not changed.

### Exercise of the share options

On 18 November 2014 the Management Board of Dom Development S.A. adopted a resolution to increase the share capital by issuing 1 000 T series ordinary bearer shares. The shares were issued in a private placement addressed to a participant in Management Options Programme II. The increase of the Company's share capital by the issue of 1 000 T series ordinary bearer shares was registered on 14 January 2015 (see note 7.8).

### Grant of new share options

In the six-month period ended 30 June 2015 the Company did not grant any new share options.

### Changes to the Management Option Programmes

In the six-month period ended 30 June 2015 no changes were made to the Management Option Programme.

## 7.19. Contingent liabilities

CONTINGENT LIABILITIES	30.06.2015 (unaudited)	31.12.2014
Guarantees	141	141
Sureties	361	367
<b>Total</b>	<b>502</b>	<b>508</b>

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

COLLATERALS FOR LIABILITIES	30.06.2015 (unaudited)	31.12.2014
Promissory notes, including:		
– promissory notes as an additional guarantee for the PKO BP SA bank in respect of claims arising from the granted loan	210 000	210 000
<b>Total</b>	<b>210 000</b>	<b>210 000</b>

In the six-month period ended 30 June 2015 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 30 June 2015 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 30 June 2015 there were not two or more proceedings before any court, authority competent for arbitration or public administration body, concerning the liabilities or receivables, the value of which would be at least 10% of the Company's shareholders' equity.

As of 30 June 2015, the Company was a party to proceedings concerning liabilities and receivables, the total value of which was approx. PLN 18 815 thousand, including the total value of proceedings concerning liabilities at approx. PLN 17 714 thousand and the total value of proceedings concerning receivables at approx. PLN 1 100 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 30 June 2015 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 2015 until 30 June 2015:

Project	Standard	Number of apartments	Number of commercial units
Saska Apartamenty nad Jeziorem, phase 3	Popular	236	-
Dom Pod Zegarem	Popular	226	9
Wille Lazurowa	Popular	164	2
Studio Mokotów	Popular	319	10
Osiedle Przyjaciół, phase 1	Popular	115	1
Osiedle Przyjaciół, phase 2	Popular	88	1
Żoliborz Artystyczny, phase 8	Popular	218	-

### Projects where the construction was completed in the period from 1 January 2015 until 30 June 2015:

Project	Standard	Number of apartments	Number of commercial units
Saska Apartamenty nad Jeziorem, phase 1	Popular	162	10
Oaza, phase 3 (Wrocław)	Popular	218	16
Wilno II, phase 1 8	Popular	168	15

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

The most important factors that may impact the financial situation of the Company in at least the next six 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.

### 7.23. Dividends

On 28 May 2015, the Ordinary General Meeting of the Shareholders of the Company resolved to allocate PLN 55 735 362.00 from the Company's profit for 2014 to dividends. This implies the payment of PLN 2.25 per share. While the amount of PLN 86 610.22 was allocated to the increase of the Company's supplementary capital.

The dividend day was set at 18 June 2015 and the dividend payment day was set at 3 July 2015. The dividend was paid out in accordance with the resolution.

In the previous year, PLN 54 494 598.40 was allocated to dividends (i.e. PLN 54 352 343.33 from the Company's profit for 2013 and PLN 142 255.07 from the supplementary capital), and the dividend payment amounted to PLN 2.20 per share.

### 7.24. Material post-balance sheet events

On 27 July 2015 the Company and PKO Bank Polski Spółka Akcyjna entered into an agreement for the PLN revolving loan facility in the amount of up to PLN 100 000 thousand to be used to finance current liabilities arising from ongoing operations. The term of the Agreement is until 26 July 2019.

### 7.25. Forecasts

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

### 7.26. Selected financial data translated into EURO

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

SELECTED DATA FROM THE BALANCE SHEET	30.06.2015 (unaudited)	31.12.2014
	thousand Euro	thousand Euro
Total current assets	439 598	373 358
Total assets	442 955	376 455
Total shareholders' equity	192 536	201 330
Long-term liabilities	99 104	74 459
Short-term liabilities	151 315	100 666
Total liabilities	250 419	175 125
<b>PLN/EURO exchange rate as at the balance sheet date</b>	<b>4.1944</b>	<b>4.2623</b>

SELECTED DATA FROM THE INCOME STATEMENT	01.01 - 30.06.2015 (unaudited)	01.01 - 30.06.2014 (unaudited)
	thousand Euro	thousand Euro
Sales revenue	55 707	86 546
Gross profit on sales	13 657	12 844
Operating profit/(loss)	1 812	2 802
Profit/(loss) before tax	1 565	3 376
Net profit/(loss)	1 249	2 590
<b>Average PLN/EURO exchange rate for the reporting period</b>	<b>4.1341</b>	<b>4.1784</b>