



DOM DEVELOPMENT S.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2015

Prepared in accordance
with the International Financial Reporting Standards



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1. APPROVAL OF THE FINANCIAL STATEMENTS BY THE MANAGEMENT BOARD OF THE COMPANY

These financial statements for the year ended on 31 December 2015, comprising:

- balance sheet prepared as at 31 December 2015 with the balance of assets and liabilities in the amount of PLN 1 748 710 thousand;
- income statement for the period from 1 January 2015 to 31 December 2015 with a net profit of PLN 80 647 thousand;
- statement of comprehensive income for the period from 1 January 2015 to 31 December 2015 with a total net comprehensive income of PLN 80 729 thousand;
- statement of changes in shareholders' equity in the period from 1 January 2015 to 31 December 2015 with the balance of shareholders' equity in the amount of PLN 883 136 thousand as at 31 December 2015;
- cash flow statement for the period from 1 January 2015 to 31 December 2015 with the PLN 217 201 thousand net cash and cash equivalents as at 31 December 2015;
- additional notes to the financial statements

were prepared and approved by the Management Board of the Company on 26 February 2016.

Jarosław Szanajca,
President of the Management Board

Janusz Zalewski,
Vice President of the Management Board

Małgorzata Kolarska,
Vice President of the Management Board

Janusz Stolarczyk,
Member of the Management Board

Terry R. Roydon,
Member of the Management Board



2. BALANCE SHEET

ASSETS	Note	31.12.2015	31.12.2014
Fixed assets			
Intangible assets	7.6	3 504	2 593
Tangible fixed assets	7.7	7 032	6 286
Investments in subsidiaries, associates and jointly controlled entities	7.9	50	50
Long-term receivables	7.10	1 523	1 626
Other long-term assets		6 651	2 645
Total fixed assets		18 760	13 200
Current assets			
Inventory	7.11	1 478 660	1 230 738
Trade and other receivables	7.12	27 674	5 558
Other current assets	7.13	2 668	3 224
Short-term financial assets	7.14	3 747	34 463
Cash and cash equivalents	7.15	217 201	317 382
Total current assets		1 729 950	1 591 365
Total assets		1 748 710	1 604 565

EQUITY AND LIABILITIES	Note	31.12.2015	31.12.2014
Shareholders' equity			
Share capital	7.16	24 771	24 770
Share premium	7.17	234 534	234 520
Other capital (supplementary capital)		517 466	517 379
Reserve capital from valuation of share options	7.44	25 126	25 126
Reserve capital from valuation of cash flow hedges		82	-
Reserve capital from reduction of share capital		510	510
Unappropriated profit		80 647	55 822
Total shareholders' equity		883 136	858 127
Liabilities			
Long-term liabilities			
Loans, long-term portion	7.20	100 000	98 000
Bonds, long-term portion	7.21	270 000	170 000
Deferred tax provision	7.23	20 064	9 673
Long-term provisions	7.24	11 354	12 040
Other long-term liabilities	7.25	30 729	27 654
Total long-term liabilities		432 147	317 367
Short-term liabilities			
Trade payables, tax and other liabilities	7.26	186 752	138 708
Loans, short-term portion	7.20	-	26 000
Bonds, short-term portion	7.21	-	100 000
Accrued interest on loans and bonds	7.22	3 403	3 745
Corporate income tax payables		1 150	75
Short-term provisions	7.27	7 112	8 967
Deferred income	7.28	235 010	151 576
Total short-term liabilities		433 427	429 071
Total liabilities		865 574	746 438
Total equity and liabilities		1 748 710	1 604 565



3. INCOME STATEMENT

	Note	Year ended	
		31.12.2015	31.12.2014
Sales revenue	7.35	904 206	784 274
Cost of sales	7.36	(700 248)	(632 215)
Gross profit on sales		203 958	152 059
Selling costs	7.36	(45 645)	(39 797)
General administrative expenses	7.36	(49 235)	(47 834)
Other operating income	7.38	3 645	15 249
Other operating expenses	7.39	(10 453)	(10 887)
Operating profit		102 270	68 790
Financial income	7.40	1 994	5 675
Financial costs	7.41	(3 829)	(5 257)
Profit before tax		100 435	69 208
Income tax	7.33	(19 788)	(13 386)
Net profit		80 647	55 822
Earnings per share:			
Basic (PLN)	7.32	3.26	2.25
Diluted (PLN)	7.32	3.25	2.25



4. STATEMENT OF COMPREHENSIVE INCOME

	Year ended	
	31.12.2015	31.12.2014
Net profit	80 647	55 822
Other comprehensive income		
Net change to cash flow hedges	101	27
Income tax	(19)	(5)
Other net comprehensive income	82	22
Total net comprehensive income	80 729	55 844



5. CASH FLOW STATEMENT

		Year ended	
	Note	31.12.2015	31.12.2014
Cash flow from operating activities			
Profit before tax		100 435	69 208
Adjustments:			
Depreciation		4 409	3 259
(Profit)/loss on foreign exchange differences		56	(237)
(Profit)/loss on investments		32	46
Interest cost/(income)		17 749	18 550
Cost of the management option programmes		-	13
Changes in the operating capital			
Changes in provisions		(2 540)	1 880
Changes in inventory		(252 296)	110 040
Changes in receivables		(22 013)	37 838
Changes in short-term liabilities, excluding loans and bonds		51 812	5 553
Changes in prepayments and deferred income		80 198	(82 029)
Other adjustments		(56)	237
Cash flow generated from operating activities		(22 214)	164 358
Interest received		5 769	8 591
Interest paid		(18 938)	(23 417)
Income tax paid		(8 341)	(13 050)
Net cash flow from operating activities		(43 724)	136 482
Cash flow from investing activities			
Proceeds from the sale of intangible assets and tangible fixed assets		226	232
Proceeds from borrowings granted		215	445
Bank deposits with a maturity over three months (made and/or closed)		29 999	(30 001)
Acquisition of intangible and tangible fixed assets		(6 157)	(6 273)
Acquisition of financial assets		(1 005)	(585)
Net cash flow from investing activities		23 278	(36 182)
Cash flows from financing activities			
Proceeds from issue of shares (exercise of share options)		-	270
Proceeds from contracted loans	7.20	80 000	20 000
Commercial papers issued	7.21	100 000	-
Repayment of loans and borrowings	7.20	(104 000)	(70 000)
Redemption of commercial papers	7.21	(100 000)	-
Dividends paid	7.19	(55 735)	(54 495)
Net cash flow from financing activities		(79 735)	(104 225)
Increase / (decrease) in net cash and cash equivalents		(100 181)	(3 925)
Cash and cash equivalents – opening balance	7.15	317 382	321 307
Cash and cash equivalents – closing balance	7.15	217 201	317 382



Dom Development S.A.
Statement of changes in shareholders' equity
for the year ended 31 December 2015
(all amounts in thousands PLN unless stated otherwise)

6. 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		
Balance as at 1 January 2015	24 770	234 520	517 379	510	0	25 126	55 822	858 127
Share capital increase by exercising share options (note 7.16, 7.17)	1	14	-	-	-	-	-	15
Transfer of profit to supplementary capital	-	-	87	-	-	-	(87)	-
Payment of dividends to shareholders	-	-	-	-	-	-	(55 735)	(55 735)
Creation of reserve capital from the valuation of the share options	-	-	-	-	-	-	-	-
Net profit for the reporting period	-	-	-	-	-	-	80 647	80 647
Other net comprehensive income for the reporting period	-	-	-	-	82	-	-	82
Balance as at 31 December 2015	24 771	234 534	517 466	510	82	25 126	80 647	883 136

	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		
Balance as at 01 January 2014	24 753	234 283	517 521	510	(22)	25 113	54 352	856 510
Share capital increase by exercising share options (note 7.16, 7.17)	17	237	-	-	-	-	-	254
Transfer of profit to supplementary capital	-	-	(142)	-	-	-	142	-
Payment of dividends to shareholders	-	-	-	-	-	-	(54 494)	(54 494)
Creation of reserve capital from the valuation of the share options	-	-	-	-	-	13	-	13
Net profit for the reporting period	-	-	-	-	-	-	55 822	55 822
Other net comprehensive income for the reporting period	-	-	-	-	22	-	-	22
Balance as at 31 December 2014	24 770	234 520	517 379	510	-	25 126	55 822	858 127



7. ADDITIONAL NOTES TO THE 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 "Group"). The registered office of the Company is in Warsaw (00-078 Warsaw, Pl. 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 December 2015, Dom Development B.V. controlled 59.45% of the Company's shares and was a parent company for Dom Development S.A.

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 twelve-month period ended 31 December 2015 the Company did not discontinue any of its activities.

7.2. Basis for the preparing of the financial statements

These financial statements have been prepared on a historical cost basis.

The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. No circumstances that would indicate that there is a threat to the continued activity of the Company are known as at the date of the approval of these financial statements.

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

The Company has also prepared consolidated financial statements for Dom Development S.A. Capital Group for the twelve-month period ended 31 December 2015. These statements were approved by the Management Board of the Company on 26 February 2016.

7.3. Compliance statement

Polish law requires the Company to prepare its financial statements in accordance with the International Financial Accounting Standards (IFRS) adopted by the European Union (EU). Having considered the process of IFRS introduction that takes place in the EU and the activities of the Company, in the context of accounting policies applied by the Company there are no differences in IFRS that have been put into force and IFRS that have been endorsed by the EU for the financial year ended 31 December 2015.

These financial statements were prepared in accordance with all applicable IFRSs that have been adopted by the European Union.



IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are prepared based on the same accounting principles (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:

- Improvements resulting from IFRS reviews 2011-2013, including:
 - Amendments to IFRS 3 *Business Combinations*
It is clarified in this amendment that not only joint ventures but also joint arrangements are not within the scope of IFRS 3. This exception applies only to the preparation of the financial statements for the joint arrangement. The amendments shall apply prospectively.
 - Amendments to IFRS 13 *Fair Value Measurement*
It is clarified in this amendment that the portfolio exception applies not only to financial assets and financial liabilities but also to all contracts within the scope of IAS 39. The amendments shall apply prospectively.
- Amendments to IAS 40 *Investment Property*
Description of ancillary services as specified in IAS 40 differentiates investment property from the owner-occupied property (i.e. from tangible fixed assets). The amendment shall apply prospectively, and it is clarified that IFRS 3, as opposed to ancillary service definition in IAS 40, is to be used to determine whether a transaction is the acquisition of an asset or an undertaking.
- IFRIC 21 *Levies*
The interpretation clarifies that the obligating event for the recognition of a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. If an obligation is triggered on reaching a minimum threshold, the liability is not recognised until that minimum threshold is reached. IFRIC 21 shall apply retrospectively.

The introduced amendments and new standards 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 financial statements.

The following standards and interpretations 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,
- 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,
- 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,
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (published on 6 May 2014) – effective for annual periods beginning on or after 1 January 2016,
- Amendments do IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (published on 12 May 2014) – 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 IAS 16 and IAS 41 Agriculture: Bearer Plants (published on 30 June 2014) – effective for annual periods beginning on or after 1 January 2016,
- Amendments to IAS 27 Equity Method in Separate Financial Statements (published on 12 August 2014) – effective for annual periods beginning on or after 1 January 2016,
- 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,
- Improvements resulting from IFRS reviews 2012-2014 (published on 25 September 2014) – effective for annual periods beginning on or after 1 January 2016,
- 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,
- Amendments to IAS 1 Disclosure Initiative (published on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016,
- 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,
- 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. Significant accounting policies

Investments in subsidiaries, associates and jointly controlled entities

Shares in subsidiaries, associates and jointly controlled entities are stated at historical acquisition cost less impairment write downs.

Tangible fixed assets

All tangible fixed assets are stated at purchase price less accumulated depreciation (except for land), less accumulated impairment write downs. Replacement cost of existing parts of a tangible fixed asset can be capitalised, if material. Depreciation is calculated on straight-line basis over the useful life of the asset. Depreciation rates for buildings and structures range from 2.5% to 4.5%, for vehicles the rate applied is 20% and for other fixed assets from 10% to 30%.

Inventory

Finished goods

Finished goods represent mainly housing units and parking places. They are valued at the lower of either the cost or net realizable value.

The net realisable value is the estimated sales price evaluated by the Management Board based on market prices.



Work in progress

Work in progress is valued at the lower of either the purchase price/cost of production or net realisable value. In case of discrepancies an impairment write down is made. For the Company's real estate development projects, assessment of the need for impairment write down is determined using the "inventory impairment test" described below based on the analysis of production costs and net realisable value.

Inventory impairment test:

If a construction project is expected to generate a loss, this entails a revaluation write down of work in progress (including the value of land), which is immediately recognised in the income statement.

For each real estate development project there are budgets prepared, which cover both, past and future cash flows for each undertaken project. These budgets are subject to revaluation at least once every three months. For the purposes of impairment review, budgets of projects cover all past and projected net revenues less direct costs of land acquisition, design, construction and other costs related to the preparation of a project, show-flats and sales offices on-site. These budgets are also encumbered with related past and projected costs of external financing and projected claims from customers (if applicable).

The budgets of projects are prepared in compliance with the prudence principle.

If a project contribution, calculated taking into account all revenues and the above-mentioned costs, is positive, there is no need to make an inventory impairment revaluation write down. A negative contribution implies that there is a potential problem of impairment, which, following a thorough analysis of cash flows for a given project, results in the recording of an impairment revaluation write down in the amount of the estimated negative value of this contribution.

The revaluation write down is recognized as the cost of sales in "Inventory write down to the net realisable value". The reversal, if any, of such an impairment write down for a given project is possible if the projected contribution for this project assumes a positive value.

If the project consists of several stages, the inventory impairment review is conducted in the following manner:

- a) all future phases of the project are treated as a single project for the purposes of impairment review,
- b) each phase of the project, in which sales and construction have already begun, is separated from the rest of the (construction) project and is considered separately for the purposes of impairment review.

Costs of external financing

Costs of external financing are disclosed as costs in the income statement in the period, in which they were incurred, except for capitalized costs, i.e. costs that may be assigned to costs of production of qualifying assets (in the case of the Company: to work-in-progress) as a part of their production costs.

The financial costs are capitalized into work-in-progress exclusively in the period, during which the real estate development project is active. The project is considered active if designing or construction work is underway for the acquired land and during the process of obtaining key administrative decisions necessary to run the project.

The financial costs cease to be capitalized upon completion of substantially all activities, which have to be undertaken in order to prepare flats for hand-over to customers.

The capitalization of financial costs is suspended in the case of suspension of activities connected with the project-related investment activity, including works related to design, the construction process and obtaining required permits and administrative decisions concerning the project.

Trade and other receivables

Trade receivables are recognised and disclosed at original invoice amounts less provision for bad debts. Revaluation write down for doubtful debt is estimated when it is unlikely to collect the full amount of a receivable.

If the effect of the time value of money is material, the value of receivables is determined by discounting the estimated future cash flows to present value. Where discounting is used, any increase in the balance due to the passage of time is recognized as financial income.



Bank deposits with a maturity over three months

Bank deposits with a maturity over three months (as of the date when they are made) are presented in "Short-term financial assets".

Cash and cash equivalents

Cash and short-term deposits with the maturity of up to three months (when created) are disclosed in the balance sheet at a nominal value and comprise cash at banks, in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, the balance of cash and cash equivalents consist of cash and cash equivalents as defined above less outstanding bank overdrafts.

Interest-bearing loans, borrowings and commercial papers

All loans, borrowings and commercial papers are initially recognized at the fair value less transaction costs associated with the loans or borrowings.

After initial recognition, interest-bearing loans, borrowings and commercial papers are subsequently valued at amortised cost, using the effective interest rate method.

Amortised cost is calculated by taking into account any transaction costs for loan or borrowing, and any discount or premium related to raising the funds.

Trade payables, tax and other liabilities

Short-term trade payables, and tax and other liabilities are disclosed at the amount due and payable.

If the effect of the time value of money is material (in particular it relates to the guarantee retentions), the value of payables is determined by discounting the estimated future cash flows to present value. Where discounting is used, any decrease in the balance due to the passage of time is recognized as financial cost.

Provisions

Provisions are created when the Company has a present obligation (legal or constructive) as a result of a past event, and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is disclosed in the income statement net of any reimbursement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the Company will achieve economic benefits from a given transaction and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Sale of products

The revenue from the sale of real estate (housing units, commercial space, etc.) – pursuant to the guidelines included in IFRIC 15 "Agreements for the Construction of Real Estate" – this revenue 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.

Sale of services

The revenue from the sale of services, including income from housing real estate administration fees, is recognized within the period, in which a service is provided.



Foreign currency translation

The financial statements are presented in PLN, which is the Company's functional (for measurement) and presentation currency. Transactions in foreign currencies are initially recorded at the exchange rate of the functional currency at the date of the transaction. Pecuniary assets and liabilities in foreign currencies are translated at the exchange rate of the functional currency applicable on the balance sheet date. The exchange rate differences are recognised in the income statement as financial income/cost.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those applicable as at the balance sheet date.

Deferred tax

For financial reporting purposes, the deferred tax is calculated by the method of the balance sheet liabilities in relation to the timing differences as at the balance sheet date between the tax value of assets and liabilities and their carrying value recognized in the financial statements.

Deferred tax assets are recognised with regards to all negative timing differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that the taxable profit will be available against which the deductible timing differences and the carry-forward of unused tax credits and unused tax losses, can be utilised.

The carrying value of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised. An unrecognised deferred tax asset is reassessed at each balance sheet date and is recognised to the extent that it reflects the probability that future taxable profit will allow the deferred tax asset to be recovered.

The provision for deferred tax is created in the amount of the income tax that will be payable in future due to positive timing differences, i.e. the differences that will increase the taxable base in the future.

The assets and provisions for deferred tax are valued at the tax rates that are expected to be applicable to the year when the asset component is realised or the provision is released, assuming as the basis the tax rates (and tax regulations) that are legally or actually applicable as at the balance sheet date.

The income tax for the items recognised outside of the income statement is recognised outside of the income statement, that is in other comprehensive income for items recognised as other comprehensive income or directly in the shareholders' equity for items recognised as the shareholders' equity.

The assets and provisions for deferred tax are offset by the Company only if a legally enforceable right exists to offset the current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

Dividends

Dividends are recognised when the shareholders' rights to receive the payment are established.

Earnings per share

Earnings per share for each reporting period is calculated as the quotient of the net profit for the given accounting period and the weighted average of shares in that period.



7.5. 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.

7.6. Intangible assets

	Other intangible assets	Computer software	Total
GROSS VALUE			
Balance as at 01 January 2014	1 977	3 147	5 124
Increments	1 764	1 010	2 774
(Disposals)	-	-	-
Balance as at 31 December 2014	3 741	4 157	7 898
Increments	2 343	688	3 031
(Disposals)	(55)	(24)	(79)
Balance as at 31 December 2015	6 029	4 821	10 850
DEPRECIATION			
Balance as at 01 January 2014	1 325	2 610	3 935
Increments	775	595	1 370
(Disposals)	-	-	-
Balance as at 31 December 2014	2 100	3 205	5 305
Increments	1 474	646	2 120
(Disposals)	(55)	(24)	(79)
Balance as at 31 December 2015	3 519	3 827	7 346
NET VALUE			
as at 31 December 2014	1 641	952	2 593
as at 31 December 2015	2 510	994	3 504

Intangible assets are depreciated throughout their estimated economic useful lives, which for computer software is 2-3 years on average. There are no intangible assets with an undefined useful life.



As at 31 December 2015 there were no circumstances that would require the Company to create revaluation write downs for its intangible assets.

The costs of depreciating intangible assets were disclosed in selling costs and general administrative expenses.

No collaterals have been established on intangible assets.

7.7. Tangible fixed assets

TANGIBLE FIXED ASSETS	31.12.2015	31.12.2014
Tangible fixed assets, including:		
- plants and equipment	690	682
- vehicles	4 114	3 572
- other tangible fixed assets	2 228	2 032
Total tangible fixed assets	7 032	6 286

TANGIBLE FIXED ASSETS	Land and buildings	Vehicles	Equipment and other tangible fixed assets	Total
GROSS VALUE				
Balance as at 1 January 2014	-	6 877	6 522	13 399
Additions	-	2 067	1 532	3 599
(Disposals)	-	(1 565)	(235)	(1 800)
Balance as at 31 December 2014	-	7 379	7 819	15 198
Additions	-	1 869	1 295	3 164
(Disposals)	-	(1 191)	(606)	(1 797)
Balance as at 31 December 2015	-	8 057	8 508	16 565
ACCUMULATED DEPRECIATION				
Balance as at 1 January 2014	-	4 311	4 398	8 709
Additions	-	975	894	1 869
(Disposals)	-	(1 479)	(187)	(1 666)
Balance as at 31 December 2014	-	3 807	5 105	8 912
Additions	-	1 265	1 023	2 288
(Disposals)	-	(1 129)	(538)	(1 667)
Balance as at 31 December 2015	-	3 943	5 590	9 533
NET VALUE				
as at 31 December 2014	-	3 572	2 714	6 286
as at 31 December 2015	-	4 114	2 918	7 032

The additions to tangible fixed assets are the result of tangible fixed assets purchased.

No collaterals have been established on fixed assets.

All tangible fixed assets were owned by the Company on the balance sheet date.



7.8. Lease

As at the balance sheet date the Company is not a party (as a lessee) to lease agreements relating to fixed assets which are recorded in the books as financial lease.

The Company is a party to the lease agreement for office space and parking places for the purpose of its headquarters in Warsaw (operating lease). The agreement was entered into for a period of seven years and will expire on 15 November 2018. The rent is determined in Euro and is indexed on an annual basis by the Consumer Price Index.

7.9. Investments in subsidiaries, associates and jointly controlled entities

The Company holds 49.00% of the share capital in Fort Mokotów sp. z o.o., under liquidation (a joint venture). The nominal value of the shares owned by the Company in the joint venture is PLN 1 960 thousand and equals the historical amount paid for the shares less the share revaluation write down, namely PLN 1 960 thousand as at 31 December 2015 and as at 31 December 2014.

The Company holds 46.00% of the share capital in Dom Development Grunty spółka z o.o., a company operating within the Group and dealing with real estate purchase transactions. The nominal value of the shares in this entity disclosed in the Company's balance sheet is PLN 24 thousand. Due to negative accumulated financial results presented by the company as at 31 December 2015 and 31 December 2014, and based on the Company's Management assessment, it was necessary to make revaluation write downs for the total value of the shares. As at 31 December 2015 and 31 December 2014 the value of these shares in the Company's balance sheet was zero.

As at 31 December 2015 the Company disclosed a loan in the amount of PLN 400 thousand granted to Dom Development Grunty spółka z o.o. The purpose of the loan was to fund ongoing commercial activities of Dom Development Grunty spółka z o.o. According to the agreement, the loan will be repaid by 31 May 2016. The loan bears the market interest rate. As at the balance sheet date a revaluation write down for the loan is PLN 400 thousand.

The Company holds 100.00% of the share capital in Dom Development Morskie Oko spółka z o.o., under liquidation. The nominal value of the shares owned by the Company in this entity is PLN 50 thousand and equals the historical amount paid for the shares. As at 31 December 2015 and 31 December 2014, the carrying value of these shares equals the purchase price paid.

7.10. Long-term receivables

As at 31 December 2015 and 31 December 2014, the Company disclosed long-term receivables in the amount of PLN 1 523 thousand and PLN 1 626 thousand respectively. As at 31 December 2015 the long-term receivables included refundable deposits in the amount of PLN 1 329 thousand and other long-term receivables amounting to PLN 194 thousand. As at 31 December 2014 the long-term receivables included refundable deposits in the amount of PLN 1 537 thousand and other long-term receivables amounting to PLN 89 thousand. All these receivables are denominated in PLN.

There is no need to create a write down revaluating the value of long-term receivables.



7.11. Inventory

INVENTORY	31.12.2015	31.12.2014
Advances on deliveries	22 347	56 193
including: at purchase prices/production costs	22 516	56 362
write down to the net realisable value	(169)	(169)
Semi-finished goods and work in progress	1 127 277	999 618
including: at purchase prices/production costs	1 138 213	1 011 937
write down to the net realisable value	(10 936)	(12 319)
Finished goods	329 036	174 927
including: at purchase prices/production costs	334 691	178 138
write down to the net realisable value	(5 655)	(3 211)
Total	1 478 660	1 230 738

INVENTORY REVALUATION WRITE DOWNS	01.01- - 31.12.2015	01.01- - 31.12.2014
Opening balance	15 699	15 824
Increments	9 782	3 966
Decrease	(8 721)	(4 091)
Closing balance	16 760	15 699

The value of inventory revaluation write downs have resulted from the impairment tests and analysis performed by the Company.

The methodology of inventory impairment reviews has been described in note 7.4 "Significant accounting policies".

CARRYING VALUE OF INVENTORY USED TO SECURE THE PAYMENT OF LIABILITIES AND VALUE OF THE MORTGAGES ESTABLISHED	31.12.2015	31.12.2014
Carrying value of inventory used to secure liabilities	205 494	168 889
Mortgages:		
Value of mortgages established to secure real estate purchase agreements	4 200	8 400
Value of mortgages established to secure loan agreements (cap)	300 000	306 000

Preparatory works

If there is no certainty as to the possibility of purchasing land for a potential project, the costs of preparatory works associated with the project are disclosed as costs in the Company's income statement during the period in which they occur. Remaining preparatory works are capitalised under work in progress.

The below table presents the cost of preparatory works recognised in the income statement.

	01.01- -31.12.2015	01.01- -31.12.2014
Preparatory works	573	681



7.12. Trade and other receivables

TRADE AND OTHER RECEIVABLES	31.12.2015	31.12.2014
Trade receivables	3 842	4 171
Receivables from related entities	170	167
Tax receivables	13 706	544
Other receivables	9 956	676
Total	27 674	5 558

The tax receivables incorporate VAT receivables in the amount of PLN 13 706 thousand and PLN 544 thousand as at 31 December 2015 and 31 December 2014 respectively.

The Company made receivables revaluation write downs, which have been disclosed under "Other operating costs".

The revaluation write downs have been made based on the Company's best knowledge and experience as well as analysis of particular balances.

AGING STRUCTURE OF TRADE RECEIVABLES	31.12.2015	31.12.2014
Up to 3 months	3 273	3 419
From 3 to 6 months	79	96
From 6 months to 1 year	297	1 396
Over 1 year	2 703	1 829
Gross trade receivables	6 352	6 740
Receivables revaluation write downs	(2 510)	(2 569)
Net trade receivables	3 842	4 171

The write downs fully relate to overdue trade receivables.

CHANGE IN THE WRITE DOWNS FOR TRADE AND OTHER RECEIVABLES	01.01- -31.12.2015	01.01- -31.12.2014
Opening balance	4 034	2 486
a) Additions	-	1 658
b) Disposals	(59)	(110)
Closing balance	3 975	4 034

As of the balance sheet dates there were no trade or other receivables in foreign currencies.

The costs and revenues associated with the creation and reversal of receivables revaluation write downs are recognised under other operating expenses or other operating income respectively.

7.13. Other current assets

OTHER CURRENT ASSETS	31.12.2015	31.12.2014
Deferred costs	2 267	2 347
Accrued financial income on deposits	401	877
Total	2 668	3 224



7.14. Short-term financial assets

SHORT-TERM FINANCIAL ASSETS	31.12.2015	31.12.2014
Bank deposits with a maturity over three months	48	30 048
Cash in open-end escrow accounts	3 496	4 415
Cash in other escrow accounts	203	-
Total	3 747	34 463

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 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 escrow accounts".

7.15. 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	31.12.2015	31.12.2014
Cash in hand and at bank	5 887	8 068
Short-term deposits	211 272	309 290
Other	42	24
Total	217 201	317 382

7.16. Share capital

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
Total number of shares				24 771 272				
Total share capital					24 771 272			
Nominal value per share = PLN 1								



SHARE CAPITAL (STRUCTURE) AS AT 31.12.2014

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
Total number of shares				24 770 272				
Total share capital					24 770 272			
Nominal value per share = PLN 1								

Description of changes to the share capital in the Company in the period from 1 January until 31 December 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, 12th 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 2015 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 preemptive rights. The 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 31 December 2015.

Status as at the date of preparing of these financial statements				
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM
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
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 31 December 2015.

Status as at the date of preparing of these financial statements			
	Shares	Share options	Total
The Management Board			
Jarosław Szanajca	1 534 050	-	1 534 050
Janusz Zalewski	311 000	69 000	380 000
Małgorzata Kolarska	6 500	-	6 500
Janusz Stolarczyk	105 200	16 830	122 030
Terry Roydon	58 500	-	58 500
The Supervisory Board			
Grzegorz Kielpsz	1 280 750	-	1 280 750
Mark Spiteri	500	-	500

7.17. Share premium

In the twelve-month period ended 31 December 2015, the value of the item „Share premium” changed by PLN 14 thousand as a result of the increase of the share capital, described in note 7.16.

The value of the share premium was PLN 234 534 thousand and PLN 234 520 thousand as at 31 December 2015 and 31 December 2014 respectively.

7.18. Additional information on shareholders' equity

As at 31 December 2015 and 31 December 2014 the Company's shares were not owned by any of its subsidiaries.

In the twelve-month period ended 31 December 2015 and 2014 the Company did not hold any treasury shares.

7.19. Dividend and profit distribution

On 28 May 2015, the Ordinary General Meeting of the Shareholders of the Company resolved to assign 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 adopted.

In the preceding year, the dividend allocation was PLN 54 494 598.40 (i.e. PLN 54 352 343.33 from the 2013 profit of the Company and PLN 142 255.07 from the supplementary capital), and the dividend payment amounted to PLN 2.20 per share.



7.20. Loans

Description of material changes in the twelve-month period ended 31 December 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 May 2015 the Company and mBank Spółka Akcyjna entered into an agreement for the revolving loan facility in PLN 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. The loan in the amount of PLN 50 million was drawn at mBank on 30 June 2015.

On 27 July 2015, the Company and PKO Bank Polski Spółka Akcyjna entered into an agreement for the revolving loan facility in PLN in the amount of up to a cap of PLN 100 million to be used to finance current operational liabilities. The term of the Agreement is until 26 July 2019. The loan in the amount of PLN 20 million was drawn on 3 December 2015.

In 2015, the Company prematurely repaid the entire loan at PKO Bank Polski Spółka Akcyjna. This was the premature repayment of the entire instalment in the amount of PLN 26 million as contractually maturing on 31 December 2015 and the entire instalment in the amount of PLN 78 million as contractually maturing on 31 December 2016.

LOANS DUE WITHIN	31.12.2015	31.12.2014
Less than 1 year	-	26 000
More than 1 year and less than 2 years	30 000	78 000
More than 2 years and less than 5 years	70 000	20 000
Over 5 years	-	-
Total loans	100 000	124 000
including: long-term	100 000	98 000
short-term	-	26 000

As at 31 December 2015 and 31 December 2014 all the loans taken by the Company were expressed in Polish zloty.

BANK LOANS AS AT 31.12.2015						
Bank	Registered office	Loan amount as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
mBank	Warszawa	50 000*)	PLN	30 000	PLN	03.02.2017
mBank	Warszawa	50 000*)	PLN	50 000	PLN	21.05.2019
PKO BP SA	Warszawa	100 000*)	PLN	20 000	PLN	26.07.2019
Total bank loans				100 000	PLN	

*) Revolving loan in the credit account

In the "Loans" item the Company states the nominal value of loan 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 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.



7.21. Bonds

BONDS	31.12.2015	31.12.2014
Nominal value of the bonds issued, long-term portion	270 000	170 000
Nominal value of the bonds issued, short-term portion	-	100 000
Nominal value of the bonds issued	270 000	270 000

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

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

Core details concerning the bonds issued

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 period of bond issue programme has been extended by 7 years (until 5 November 2021).

Description of material changes in the twelve-month period ended 31 December 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, and will be paid semi-annually. No purpose for the bond issue was specified in the terms of 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 as maturing on this date.

The total bond issue liabilities in the twelve-month period ended 31 December 2015 have not changed.

BONDS ISSUED AS AT 31 DECEMBER 2015				
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
Total:		270 000	PLN	

7.22. Accrued interest on loans and bonds

ACCRUED INTEREST ON LOANS AND BONDS	31.12.2015	31.12.2014
Accrued interest on bonds	3 403	3 745
Accrued interest on loans	-	-
Total accrued interest on loans and bonds	3 403	3 745



7.23. Deferred tax assets and provisions

Deferred tax is the outcome of the following items:

	Balance sheet		Income statement / Statement of comprehensive income	
	31.12.2015	31.12.2014	01.01- 31.12.2015	01.01- 31.12.2014
Deferred tax provision				
Foreign exchange differences	5	15	(10)	15
Accrued interest	76	167	(91)	12
Discounting of liabilities	533	413	120	(60)
Result on the sale of units – without legal ownership transfer agreements	24 028	13 365	10 663	1 641
Capitalised financial costs	4 555	4 588	(33)	(1 245)
Other	4	2	2	-
Total deferred tax provision	29 201	18 550	10 651	363
Deferred tax assets				
Foreign exchange differences	-	-	-	(30)
Inventory revaluation	3 152	2 950	202	(56)
Receivables revaluation write downs and other provisions	193	186	7	(151)
Provision for employee benefits	2 306	2 024	282	(373)
Provision for other costs	3 406	3 627	(221)	(279)
Financial costs	-	-	-	(673)
Valuation of financial assets	75	85	(10)	31
Other	5	5	-	-
Total deferred tax assets	9 137	8 877	260	(1 531)
Deferred tax expense concerning income statement			10 372	1 889
Deferred tax expense concerning other net comprehensive income			19	5
Deferred tax provision shown in the balance sheet, net	20 064	9 673		

7.24. Long-term provisions

LONG-TERM PROVISIONS	31.12.2015	31.12.2014
Provision for repair costs, long-term portion	10 934	11 476
Provision for retirement benefits	420	564
Total	11 354	12 040

LONG-TERM PROVISIONS – CHANGES	01.01- -31.12.2015	01.01- -31.12.2014
Opening balance	12 040	12 898
Provisions created in the financial year	3 630	2 781
Provisions used/reversed in the financial year	(4 316)	(3 639)
Closing balance	11 354	12 040



7.25. Other long-term liabilities

OTHER LONG-TERM LIABILITIES	31.12.2015	31.12.2014
Guarantee retentions, long-term portion	28 650	22 487
Real estate purchase liabilities	-	3 484
Other	2 079	1 683
Closing balance	30 729	27 654

7.26. Trade payables, tax and other liabilities

TRADE PAYABLES, TAX AND OTHER LIABILITIES	31.12.2015	31.12.2014
Trade payables, including guarantee retentions (short-term portion)	145 209	111 677
Tax liabilities	1 551	1 329
Accrued costs	39 857	25 388
Company Social Benefits Fund	135	314
Total liabilities	186 752	138 708
Accrued costs structure	39 857	25 388
- estate construction costs	27 749	14 698
- employee costs	9 423	8 172
- rent for office space	628	847
- other	2 057	1 671

Trade payables are not interest-bearing liabilities. In addition to the guarantee retentions (as described below), the maturity for the trade payables is from 14 to 90 days.

The table below presents the carrying value of liabilities due to guarantee retentions connected to the execution of real estate development projects. The short-term and long-term portion of these liabilities are disclosed in relevant items of short-term and long-term liabilities.

	31.12.2015	31.12.2014
Guarantee retentions, short-term portion	29 804	20 153
Guarantee retentions, long-term portion	28 650	22 487
Total guarantee retentions	58 454	42 640

7.27. Short-term provisions

SHORT-TERM PROVISIONS	31.12.2015	31.12.2014
Provision for repair costs, short-term portion	3 644	3 826
Provision for disputes	3 468	5 141
Total	7 112	8 967

SHORT-TERM PROVISIONS – CHANGES	01.01- -31.12.2015	01.01- -31.12.2014
Opening balance	8 967	6 229
Provisions created in the financial year	3 644	8 967
Provisions used/reversed in the financial year	(5 499)	(6 229)
Closing balance	7 112	8 967



7.28. Deferred income

DEFERRED INCOME	31.12.2015	31.12.2014
Deferred income related to the payments received from customers for the purchase of products, not settled as income in the income statement	234 994	151 551
Other	16	25
Total	235 010	151 576

7.29. Benefits after employment

The Company does not operate a special employee benefits programme after termination of employment.

7.30. Financial assets and liabilities

Categories of financial assets and liabilities, and maximum credit risk exposure

FINANCIAL ASSETS AND LIABILITIES	31.12.2015	31.12.2014
FINANCIAL ASSETS		
Long-term receivables	1 523	1 626
Trade and other receivables	13 798	4 847
Receivables from related entities	170	167
Total borrowings and receivables	15 491	6 640
Other	42	24
Financial assets valued at their fair value through the income statement (designated for trading)	42	24
Cash in hand and at bank	5 887	8 068
Short-term deposits	211 272	309 290
Short-term financial assets	3 747	34 463
Maximum credit risk exposure	236 439	358 485
FINANCIAL LIABILITIES		
Loans	100 000	124 000
Own bonds issued	273 403	273 745
Trade payables, accrued and other liabilities	215 795	164 719
Financial liabilities valued at amortised cost	589 198	562 464

Fair value of financial assets and liabilities of the Company is not materially different from their carrying value.

7.31. Financial risk management

The Company is exposed to the following types of financial risk:

- Market risk (interest rate risk)
- Credit risk
- Liquidity risk



Market risk

The market risk is a type of risk which reflects the impact of changes in market prices, such as currency exchange rates, interest rates or prices of capital instruments, on the Company's financial results or the value of financial instruments held.

The market risk generally incorporates risks such as:

- currency risk
- interest rate risk

Currency risk

If there are significant foreign currency items, the Company uses foreign currency derivatives (forward and swap) to hedge its significant F/X transactions.

As at 31 December 2015 and 31 December 2014 the Company did not have any significant assets, liabilities and future payments in foreign currencies, therefore there was no need to have hedging currency derivatives.

Interest rate risk

The fixed interest rate bank loans expose the Company to the risk of changes in the loan fair value. The variable interest rate loans and borrowings result in the cash flow risk.

The current financing structure implies that the Company does not have fixed rate loans or bonds. Currently, the Company has medium-term and long-term variable interest rate loans and bonds which results in the cash flow risk exposure.

Furthermore, the Company has short-term bank deposits which bear variable interest, the gains from which depend on the benchmark interest rate change and partially offsets the cash flow risk associated with financing.

As at the balance sheet date the Company did not have fixed interest rate long-term financial instruments.

A great deal of interest rate risk is limited naturally by holding both financial liabilities and financial assets bearing variable interest rate. The interest rate risk exposure of net debt, namely the excess of variable interest rate bearing debt over variable interest rate bearing financial assets is offset by financial instruments such as CAP and IRS transactions.

The structure of variable interest rate financial instruments as at the balance sheet date is as follows:

VARIABLE INTEREST RATE INSTRUMENTS	31.12.2015	31.12.2014
Financial assets	220 906	351 821
Financial liabilities	373 403	397 745
Net total	(152 497)	(45 924)

Interest bearing financial assets, i.e. bank deposits, are disclosed as financial assets. Interest bearing financial liabilities, i.e. loans and own bond, are disclosed as financial liabilities.

Analysis of financial result sensitivity to interest rate change

A 100-basis point (bp) change in the interest rate of instruments as at the balance sheet date would increase (decrease) the net assets and income statement (after tax) by the amounts listed in the table below. The analysis prepared for twelve-month periods ended 31 December 2015 and 31 December 2014 assumes that all other variables remain unchanged.



	Income statement		Net assets	
	Increase by 100 bp	Decrease by 100 bp	Increase by 100 bp	Decrease by 100 bp
31 December 2015				
Variable interest rate assets	596	(596)	596	(596)
Variable interest rate liabilities*	(1 008)	1 008	(1 008)	1 008
Net sensitivity	(412)	412	(412)	412
31 December 2014				
Variable interest rate assets	950	(950)	950	(950)
Variable interest rate liabilities*	(1 074)	1 074	(1 074)	1 074
Net sensitivity	(124)	124	(124)	124

* The financial costs which are related to loans and bonds, and financial income related to deposits are capitalized by the Company to work-in-progress. These costs (and income) are gradually moved to the income statement together with the manufacturing costs of the inventories sold. It has been assumed in the above analysis that one third of the financial costs and income accrued in a given period are disclosed in the income statement, while the remaining portion is capitalised in the inventory and will be disclosed in the income statement in the following accounting periods.

Credit risk

Cash at bank, cash in hand, trade receivables and other receivables constitute the Company's main financial assets, and represent its highest exposure to credit risk in relation to financial assets.

The Company's credit risk is mostly related to trade receivables. The amounts presented in the balance sheet are net amounts and include write-downs revaluating bad debts, estimated by the Company's Management Board on the basis of previous experience, specific nature of the operations and analysis of the current economic environment.

Credit risk relating to the liquid funds and derivative financial instruments is limited since the transactions were concluded with reputable banks, enjoying high credit ratings awarded by international rating agencies.

In order to maintain the financial liquidity and the expected level of funds availability the Company has a specialised unit that monitors this aspect. The unit monitors the liquid funds and the forecasted cash flow on a current basis and decides on their allocation in order to maximise the attainable financial income while hedging the Company against the credit risk.

Credit risk is not highly concentrated in the Company. The risk is spread over a large number of partners and customers. Furthermore, it has to be pointed out that the receivables from the main activity of the Company, i.e. the sale of apartments, retail units and garages, are fully secured because release of the sold product takes place after a buyer has paid the full price as set out in the preliminary sales agreement.

The aging structure of trade receivables has been presented in note 7.12 "Trade and other receivables".

Liquidity risk

The liquidity risk is the risk that the Company will not be able to pay its financial liabilities when they become due. The Company's objective is to ensure, to the highest possible extent, that its liquidity will always be maintained at a level, which enables paying the liabilities when they become due, without incurring unacceptable losses or facing the risk of compromising the Company's reputation.

The table below presents the total value of future non-discounted cash flows for Company's financial liabilities, broken up by the maturity dates as set out in the contracts:



	Total	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years
31 December 2015					
Loans	108 760	1 606	1 606	32 299	73 249
Own bonds issued	298 222	5 535	5 535	126 560	160 592
Trade and other payables	220 932	179 222	8 355	7 307	26 048
Total	627 914	186 363	15 496	166 166	259 889
31 December 2014					
Loans	132 234	2 282	28 281	81 609	20 062
Own bonds issued	297 750	108 100	5 100	130 200	54 350
Trade and other payables	168 635	130 751	8 422	10 939	18 523
Total	598 619	241 133	41 803	222 748	92 935

The Company manages its liquidity mostly by:

- short-, medium- and long-term planning of cash flow; detailed short-term plans are updated at least once a month,
- selection of appropriate financing sources on the basis of analysis of the Company needs and the market,
- day-to-day monitoring of ratios resulting from agreements with banks,
- diversification of financing sources for the conducted development activity,
- co-operation with stable and reputable financial institutions.

Capital management

It is fundamental for the policy of the Management Board to maintain a strong capital base in order to secure the trust of investors, creditors and the market as well as to ensure further growth of the Company.

For the years ended 31 December 2015 and 2014 the return on equity (calculated as net profit to the annual average value of shareholders' equity) amounted to 9.3% and 6.5%, respectively. In that period, the average weighted cost of interest on the Company's debt amounted to 4.5% in 2015 and 5.4% in 2014.

As at 31 December 2015 and 2014 the net financial leverage ratio (calculated as the loans and bonds payable less cash and cash equivalents and short-term financial assets divided by equity) amounted to 16.9% and 4.9% respectively.

The Company does not have in place a defined plan of buy-out of the treasury shares.

The Company is not a subject to any external capital requirements, except for the legal regulations of the Code of Commercial Companies.

7.32. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01- 31.12.2015	01.01- 31.12.2014
Basic earnings per share		
Profit for calculation of the basic earnings per share	80 647	55 822
The weighted average number of ordinary shares for the calculation of basic earnings per share	24 771 234	24 766 576
Basic earnings per share (PLN)	3.26	2.25
Diluted earnings per share		
Profit for calculation of the diluted earnings per share	80 647	55 822
Potential diluting shares related to the Management Share Option Programme	29 441	27 009
The weighted average number of ordinary shares for the calculation of diluted earnings per share	24 800 675	24 793 586
Diluted earnings per share (PLN)	3.25	2.25



As the Company has no discontinued operations, the earnings per share from the continued operations equal the earnings per share calculated above.

7.33. Income tax

INCOME TAX	01.01- -31.12.2015	01.01- -31.12.2014
Current income tax	9 416	11 497
Deferred tax	10 372	1 889
Total	19 788	13 386

The difference between the income tax calculated as the product of the gross profit before tax and the statutory tax rate and the actual income tax expense accounted for in the income statement of the Company is presented in the table below.

RECONCILIATION	01.01- -31.12.2015	01.01- -31.12.2014
Gross profit before tax	100 435	69 208
As per 19% tax rate	19 083	13 150
Permanent differences not subject to the current and deferred tax in the financial statements (except for cost of the management options)	705	234
Tax effect of management options permanently not being a tax deductible cost	-	2
Actual income tax expense	19 788	13 386
Effective tax rate:	19.70%	19.34%

The legal regulations relating to VAT, corporate income tax, personal income tax and social insurance premiums are frequently amended due to frequent changes in the tax system. The applicable regulations are often unclear which brings about differences in interpretation from one tax authority to another as well as between tax authorities and tax payers.

The tax and other settlements (such as customs duty or transactions with foreign entities) may be the subject of inspections by the tax authorities or other authorities, which are authorised to impose significant fines. All tax arrears identified in the course of audit are subject to high interest. Tax settlements may be audited at any time within 5 years from the end of the accounting period when they are due. Under these conditions, the tax risk in Poland is considerably higher than in other countries with stable tax systems.

7.34. Segment reporting

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

7.35. Operating income

REVENUE BREAKDOWN	01.01- 31.12.2015	01.01- 31.12.2014
Sales of finished goods	887 752	770 760
Sales of services	13 654	12 423
Sales of goods (land)	2 800	1 091
Total	904 206	784 274



7.36. Operating costs

OPERATING COSTS	01.01- 31.12.2015	01.01- 31.12.2014
Cost of sales		
Cost of finished goods sold	(682 851)	(616 194)
Cost of services sold	(15 136)	(15 358)
Cost of goods sold	(1 200)	(957)
Inventory write down to the net realisable value	(1 061)	294
Total cost of sales	(700 248)	(632 215)
Selling costs, and general administrative expenses		
Selling costs	(45 645)	(39 797)
General administrative expenses	(49 235)	(47 834)
Total selling costs, and general administrative expenses	(94 880)	(87 631)
Selling costs, and general administrative expenses by kind		
Depreciation	(4 409)	(3 259)
Cost of materials and energy	(13 881)	(13 441)
External services	(24 881)	(22 351)
Taxes and charges	(147)	(157)
Remuneration	(41 609)	(39 255)
Social security and other benefits	(5 192)	(4 784)
Management Option Programme	-	(13)
Other prime costs	(4 761)	(4 371)
Total selling costs, and general administrative expenses by kind	(94 880)	(87 631)

7.38. Payroll costs

PAYROLL COST AND AVERAGE EMPLOYMENT (including the management)	01.01- 31.12.2015	01.01- 31.12.2014
Individual personnel categories (number of staff)	150	158
White-collar workers	150	158
Blue-collar workers		
General remuneration elements, including:	46 801	44 039
Remuneration	41 609	39 255
Social security and other benefits	5 192	4 784

7.39. Other operating income

OTHER OPERATING INCOME	01.01- 31.12.2015	01.01- 31.12.2014
Revenues from contractual penalties, arrangements and compensations	441	9 590
Reversal of provision for costs	2 715	4 433
Other	489	1 226
Total	3 645	15 249



7.40. Other operating expenses

OTHER OPERATING EXPENSES	01.01- 31.12.2015	01.01- 31.12.2014
Provision for penalties and arrangements	918	182
Donations	208	195
Provision for other costs	1 026	506
Provision for disputes and receivables	-	3 080
Bad debt write downs	685	-
Cost of repairs and defects (including change in provision)	7 224	6 556
Other	392	368
Total	10 453	10 887

7.41. Financial income

FINANCIAL INCOME	01.01- 31.12.2015	01.01- 31.12.2014
Interest on bank deposits and borrowings (non-capitalized part of interest)	1 284	1 693
Other interest	659	3 782
Foreign exchange differences	51	199
Other	-	1
Total	1 994	5 675

7.42. Financial costs

FINANCIAL COSTS	01.01- 31.12.2015	01.01- 31.12.2014
Interest on loans and bonds (non-capitalized part of interest)	3 131	3 819
Other interest	17	311
Commissions and fees	349	246
Cost from discounting receivables and payables	328	314
Valuation of long-term investments (CAP options)	4	567
Total	3 829	5 257

7.43. Interest cost

INTEREST COST	01.01- 31.12.2015	01.01- 31.12.2014
Financial costs (interest) capitalised under work in progress*)	10 866	12 182
Financial costs (interest) disclosed in the income statement	3 147	4 130
Total interest costs	14 013	16 312

*) The financial costs incurred as a result of the financing of real estate development projects are generally capitalised as work in progress and relate to the costs of interest, commissions and fees on bonds and loans taken for the execution of the projects. This amount consists of the difference between financial costs on the above mentioned sources of financing and financial income obtained as a result of investing free cash into short-term deposits and similar financial instruments.



7.44. Transactions with related entities

In the twelve-month periods ended 31 December 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.

DOM DEVELOPMENT S.A. AS A BUYER OF GOODS OR SERVICES			
Counterparty	Transaction description	01.01- 31.12.2015	01.01- 31.12.2014
Woodsford Consulting Limited	Consulting services as per the agreement dated 27 June 2007	1 835	1 670
Hansom Property Company Limited	Consulting services as per the agreement dated 31 March 1999	295	264
Hansom Property Company Limited	Other	262	190
M&M Usługi Doradcze M. Kolarski	Consulting services	427	485
Kirkley Advisory Limited	Consulting services as per the agreement dated 1 March 2012	84	50
Kirkley Advisory Limited	Other	125	91
Dom Development Grunty sp. z o.o.	Services performed as per the contract of mandate for the activities related to the purchase of land and management thereof	194	479

DOM DEVELOPMENT S.A. AS A SERVICE PROVIDER (SELLER)			
Counterparty	Transaction description	01.01- 31.12.2015	01.01- 31.12.2014
Fort Mokotów sp. z o.o., under liquidation	Repair services as per the agreement dated 22 July 2005	118	160
Fort Mokotów sp. z o.o., under liquidation	Other	-	6
Dom Development Grunty sp. z o.o.	Other	6	6
Dom Development Morskie Oko sp. z o.o., under liquidation	Other	5	5

DOM DEVELOPMENT S.A. AS A LENDER			
Counterparty	Transaction description	01.01- 31.12.2015	01.01- 31.12.2014
Dom Development Grunty sp. z o.o.	Repayment received for a portion of the borrowing	200	400
Dom Development Grunty sp. z o.o.	Interest accrued on the borrowing	15	45

DOM DEVELOPMENT S.A. AS A DIVIDEND PAYER			
Counterparty	Transaction description	01.01- 31.12.2015	01.01- 31.12.2014
Dom Development B.V.	Dividends	33 134	32 398



DOM DEVELOPMENT S.A. AS A LAND BUYER UNDER AN AGENCY AGREEMENT

Counterparty	Transaction description	01.01- 31.12.2015	01.01- 31.12.2014
Dom Development Grunty sp. z o.o.	(net) prepayment for or purchase of land under the agency agreement	814	26 994

DOM DEVELOPMENT S.A. AS A LAND SELLER UNDER A SALE AGREEMENT

Counterparty	Transaction description	01.01- 31.12.2015	01.01- 31.12.2014
Dom Development Grunty sp. z o.o.	(net) sale of the interest in long-term leasehold of the land	-	800

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

Entity	Receivables from related entities		Liabilities to related entities	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total balance	1 570	2 752	269	7 310
Subsidiaries	1 547	2 732	-	7 160
Dom Development Morskie Oko sp. z o.o., under liquidation additional contributions to the capital	1 147	1 147	-	-
Dom Development Morskie Oko sp. z o.o., under liquidation	-	-	-	-
Dom Development Grunty sp. z o.o.	400	1 585	-	7 160
Jointly controlled entities	23	20	-	-
Fort Mokotów sp. z o.o., under liquidation	23	20	-	-
Other entities	-	-	269	150
M&M Usługi Doradcze M. Kolarski	-	-	41	48
Woodsford Consulting Limited	-	-	205	102
Kirkley Advisory Limited	-	-	23	-

DOM DEVELOPMENT 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

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.



7.45. Incentive Plan – Management Option Programmes

As at 31 December 2015 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)
31.12.2015			
Programme II	726 000	726 000	211 050
Programme III	-	-	-

Options in the programme (number of shares)	Options granted (number of shares)	Options exercised (number of shares)
31.12.2014		
726 000	726 000	210 050
360 000	120 000	-

Management Option Programme II

The Management Option Programme II concerns 726 000 shares in Dom Development S.A. ("Programme II"). Under Programme II a few issues of share options with the nominal value of PLN 1.00 each ("Tranche") took place. The option may not be exercised earlier than 3 years and later than 7 years from its grant.

The Supervisory Board of Dom Development S.A. granted all the above mentioned options in the years 2006-2012. The value of each Tranche was calculated each time at the grant date. These values, reduced by the value of expired options, were evenly accounted for in the income statement through the three-year periods i.e. the vesting period. The vesting period was determined individually for each tranche.

Management Option Programme III

On 13 December 2015, Management Option Programme III expired (as described in section "Expiry of share options" below). No option granted under this programme has been exercised as the material condition that it was dependant on had not been met.

Grant of new share options

In the twelve-month period ended 31 December 2015 the Company did not grant any new share options.

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 (see note 7.16). The shares were issued in a private placement addressed to a participant in Management Options Programme II. These shares were registered by the District Court for the capital city of Warsaw on 14 January 2015 (this was described in note 7.16).

Expiry of share options

In the twelve-month period ended 31 December 2015 the number of share options eligible to participate in the Management Option Programme II was reduced by 12 775 options as a result of termination of employment contracts with the persons eligible to participate in the Programme.

In addition to this, in the twelve-month period ended 31 December 2015 the number of share options eligible to participate in the Management Option Programme III was reduced by 96 466 options as a result of expiry of the subscription period under this programme on 13 December 2015.

Cost of Management Option Programmes accounted for in the income statement

In the twelve-month periods ended 31 December 2015 and 2014 the amounts of PLN 0 thousand and PLN 13 thousand respectively, were accounted for in the income statement for the management options granted and in the reserve capital from valuation of share options.



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

SHARE OPTIONS		01.01- 31.12.2015	01.01- 31.12.2014
Unexercised options at the beginning of the period	Number of options	260 651	417 001
	Total exercise price	6 746	22 594
Options granted in the period	Number of options	-	-
	Total option exercise value	-	-
Options expired in the period	Number of options	109 241	139 275
	Total option exercise value	615	15 593
Options exercised in the period	Number of options	1 000	17 075
	Total option exercise value	15	255
	Weighted average exercise price per share (PLN per share)	14.91	14.91
Unexercised options at the end of the period	Number of options	150 410	260 651
	Total exercise price	6 116	6 746
Exercisable options at the beginning of the period	Number of options	164 185	314 535
	Total exercise price	6 650	22 234
Exercisable options at the end of the period	Number of options	150 410	164 185
	Total exercise price	6 116	6 650

Structure of share options granted and not exercised, and not expired as at 31 December 2015:

Programme	Grant date	Number of options	Exercise price per option (PLN)
Programme II	10.12.2009	149 410	40,64
Programme II	12.07.2011	1 000	44,16
Total		150 410	

7.46. Remuneration of members of the Company's management and supervisory bodies

Remuneration for key executives	01.01- 31.12.2015	01.01- 31.12.2014
1. The Management Board		
Remuneration	6 117	6 828
including payments from profit	-	-
Non-pay benefits	54	54
Total remuneration	6 171	6 882
2. The Supervisory Board		
Remuneration	1 158	1 124

The composition of the Management Board and the Supervisory Board as at 31 December 2015 has been presented in note 7.48.



Service agreements between members of the management and supervisory bodies and the Company or its subsidiaries defining the benefits to be paid upon termination of the employment contracts

Members of the Management Board of the Company: Jarosław Szanajca, Janusz Zalewski, Janusz Stolarczyk and Małgorzata Kolarska are employed by the Company on the basis of employment contracts.

Under these contracts, the employment of individual members of the Management Board may be terminated pursuant to the following conditions:

Full name of the member of the Management Board	Notice period (months) when given by		Comments
	the Company	the Employee	
Szanajca Jarosław	8	8	First payment of 50% of 8-times monthly remuneration to be paid after providing a termination notice The balance of 50% to be paid in 5 equal monthly payments
Małgorzata Kolarska	6	6	No special clauses
Janusz Zalewski	6	6	No special clauses
Stolarczyk Janusz	9	3	First payment of 50% of 9-times monthly remuneration to be paid after providing a termination notice The balance of 50% to be paid in 8 equal monthly payments

7.47. Contingent liabilities

CONTINGENT LIABILITIES	31.12.2015	31.12.2014
Guarantees	111	141
Sureties	-	367
Total	111	508

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

COLLATERALS FOR LIABILITIES	31.12.2015	31.12.2014
Promissory notes, including:		
-promissory notes as an additional guarantee for PKO BP bank in respect of claims arising from the granted loan	100 000	210 000
- promissory notes as other guarantees	-	-
Total	100 000	210 000

7.48. Material court cases as at 31 December 2015

As at 31 December 2015 the Company was not a party to any material court cases.



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

The Management Board

No changes in the composition of the Management Board took place in 2015.

As at 31 December 2015 the Management Board of Dom Development S.A. was composed of 5 members:

Jarosław Szanajca, President of the Management Board
Janusz Zalewski, Vice President of the Management Board
Małgorzata Kolarska, Vice President of the Management Board
Janusz Stolarczyk, Member of the Management Board
Terry Roydon, Member of the Management Board

The Supervisory Board

No changes in the composition of the Management Board took place in 2015.

As at 31 December 2015 the Supervisory Board of Dom Development S.A. was composed of seven members:

Grzegorz Kiełpsz, Chairman of the Supervisory Board
Markham Dumas, Vice Chairman of the Supervisory Board
Marek Moczulski, Vice Chairman of the Supervisory Board
Mark Spiteri, Member of the Supervisory Board
Michael Cronk, Member of the Supervisory Board
Włodzimierz Bogucki, Member of the Supervisory Board
Krzysztof Grzyliński, Member of the Supervisory Board.

7.50. Additional information on the operating activity of the Company

In the twelve-month period ended 31 December 2015 the following material changes in the portfolio of the Company's development investments under construction took place:

Projects where the construction commenced in the period from 1 January 2015 until 31 December 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	-
Wilno II, phase 3	Popular	185	4
Moderna, phase 1	Popular	167	4
Premium, phase 1	Popular	191	15
Żoliborz Artystyczny, phase 9	Popular	162	-
Apartamenty Bukowińska nad Skarpą	Popular	183	1
Osiedle Przyjaciół, phase 3	Popular	93	2



Projects where the construction was completed in the period from 1 January 2015 until 31 December 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	Popular	168	15
Palladium, phase 2 (Akacje 7 I phase 2)	Popular	245	1
Żoliborz Artystyczny, phase 3	Popular	228	-
Wilno, phase 2 (stage 2A)	Popular	149	7
Willa Lindego	Popular	121	8
Osiedle Pod Różami	Popular	107	3
Aura, phase Ia (Wrocław)	Popular	122	2
Saska Apartamenty nad Jeziorem, phase 2	Popular	224	16
Żoliborz Artystyczny, phase 4	Popular	222	3
Aleja Piastów, phase 1 (Wrocław)	Popular	90	6
Aleja Piastów, phase 2 (Wrocław)	Popular	81	-
Rezydencja Mokotów	Luxury apartments	134	8

7.51. Material post-balance sheet events

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

7.52. Approval of the financial statements for 2014

On 28 May 2015 the Ordinary General Shareholders Meeting of Dom Development S.A. approved the financial statements of Dom Development S.A. for the year ended on 31 December 2014, the Management's report of activities of Dom Development S.A. in 2014 and the consolidated financial statements of Dom Development S.A. Capital Group for the year ended on 31 December 2014 and the Management's report of activities of Dom Development S.A. Capital Group in 2014, as presented by the Management Board. The Ordinary General Shareholders Meeting gave a vote of approval for the Management Board for the year 2014.

7.53. Forecasts

The Management Board of Dom Development S.A. does not publish any financial forecasts concerning both, the parent company and the Capital Group.

7.54. Information on remuneration of the statutory auditor or the entity authorised to audit financial statements

Fee (net, exclusive of VAT) of Ernst & Young Audyt Polska spółka z o.o. spółka komandytowa (limited partnership) that is the entity authorised to audit financial statements of the Company paid or due for the year ended 31 December 2015 and 31 December 2014 broken up by services, is presented in the table below:



SERVICES	01.01- -31.12.2015	01.01- -31.12.2014
– Obligatory audit of annual and review of semi-annual financial statements	263	265
– Other attestation services	-	-
– Other services	2	2
Total	265	267

7.55. Selected financial data translated into EURO

In accordance with the financial reporting requirements the following financial data of the Company have been translated into euro:

SELECTED DATA FROM THE BALANCE SHEET	31.12.2015	31.12.2014
	thousand EURO	thousand EURO
Total current assets	405 949	373 358
Total assets	410 351	376 455
Total shareholders' equity	207 236	201 330
Long-term liabilities	101 407	74 459
Short-term liabilities	101 708	100 666
Total liabilities	203 115	175 125
<i>PLN/EURO exchange rate as at the balance sheet date</i>	4.2615	4.2623

SELECTED DATA FROM THE INCOME STATEMENT	01.01- -31.12.2015	01.01- -31.12.2014
	thousand EURO	thousand EURO
Sales revenue	216 069	187 211
Gross profit on sales	48 738	36 297
Operating profit	24 438	16 421
Profit before tax	24 000	16 520
Net profit	19 271	13 325
<i>Average PLN/EURO exchange rate for the reporting period</i>	4.1848	4.1893