



DOM DEVELOPMENT S.A.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 12 MONTHS ENDED ON 31 DECEMBER 2007

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information about the holding company of Dom Development S.A. Capital Group

The holding company of Dom Development S.A. Capital Group („the Group”) is the joint-stock company Dom Development S.A. („the Company” / „the holding company”) with its registered office in Warsaw (00-078 Warsaw, Pl. Piłsudskiego 3) entered into the National Court Register under number 0000031483, 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 Group's scope of activity is construction industry and investments connected with real property – PKD 7011Z. The Group conducts activities mainly in Warsaw and its vicinity.

The Company is a majority-owned subsidiary of Dom Development B.V. with its registered office in the Netherlands. As at 31 December 2007 the holding company Dom Development S.A. was controlled by Dom Development B.V. which held 63.10% of the Company's shares.

General information about the Group

The following table presents the Group's structure and the holding company's stake in the entities comprising the Group as at 31 December 2007.

Entity name	Country of registration	% of share capital held by the holding company	% of votes held by the holding company	Consolidation method
Subsidiaries				
Dom Development na Dolnej sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Morskie Oko sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development – Zarządzanie Nieruchomościami sp. z o.o.	Poland	100%	100%	full consolidation
Joint-venture				
Fort Mokotów sp. z o.o.	Poland	49%	49%	proportionate consolidation

The main area of activity of the companies comprising the Group is the construction and sale of residential real estate.

The main area of activity of the associated entity - Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom” is financial risk insurance.

Fort Mokotów sp. z o.o. was formed for the duration of the construction of the Marina Mokotów project, but for no longer than until 31 December 2011 (as per the company's Articles of Association).

All entities of the Group conduct business activities in the territory of Poland and in compliance with the Code of Commercial Companies and Partnerships, and have been formed for an unspecified time, with the exception of Fort Mokotów sp. z o. o.

In the period of 12 months ended on 31 December 2007 the Group did not discontinue any of its operations.

Basis for the preparation of the consolidated financial statements

The consolidated financial statements have been prepared based on historical acquisition cost, purchase price or production cost except for derivative financial instruments, which in accordance with International Financial Reporting Standards („IFRS”) were stated at fair values. The value of assets and liabilities being the subject of hedging transactions, which are usually valued at cost or in the amount due for payment, will be adjusted to reflect the profit or loss attributable to a hedging transaction concluded in relation to these assets and liabilities, and the value of this adjustment is accounted for in accordance with relevant IFRS standards.

The standalone financial statements constituting the basis for the preparation of the consolidated financial statements were prepared based on the assumption that Capital Group would continue their business activities in the foreseeable future, with no threats to the continuation of these activities.

The methods used to value assets and liabilities and determine the financial result are applied consistently.

The financial statements are stated in Polish zloty („PLN”). The financial data included in the consolidated financial statements are expressed in PLN or in thousand PLN, as clearly specified.

The consolidated financial statements present the Group's financial data for the reporting period from 1 January 2007 to 31 December 2007, as well as comparative financial data for the period from 1 January 2006 to 31 December 2006.

The assets, equity and liabilities valuation principles and financial result calculation methods presented in the notes to the consolidated financial statements are consistent with the accounting principles adopted by the holding entity.

Statement of unreserved conformity with International Financial Reporting Standards

Dom Development S.A. Capital Group has prepared its consolidated financial statements in accordance with the accounting standards issued by the International Accounting Standards Board as adopted by the European Union.

These standards, collectively referred to as International Financial Reporting Standards (IFRS), also include International Accounting Standards (IAS) and interpretations issued by the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretation Committee.

The Group has applied all standards and interpretations effective within the European Union as at 31 December 2007.

There is a possibility of a future change in the interpretation of IAS which is further described in section 4 “Summary of significant accounting policies”.

Basic information concerning the consolidation

The consolidated financial statements were prepared on the basis of the financial statements of the entities comprising the Group and presented as if the Group constituted a single entity. The consolidated financial statements comprise the financial statements of the holding entity (Dom Development S.A.) and the financial statements of the subsidiaries and jointly controlled entity, all of which were prepared for the 12-month period ended on 31 December 2007.

The revenues, expenses and settlements resulting from transactions between the Group entities were adjusted in the consolidated financial statements.

The consolidated cash flow statement for the 12-month period ended on 31 December 2007 contains the cash flow statements of the holding company, the subsidiaries and the jointly controlled entity, and include proper consolidation adjustments resulting from mutual transactions.

Fort Mokotów sp. z o.o., a jointly controlled entity, is consolidated by means of the proportionate consolidation method.

The Company controls Dom Development Grunty Sp. z o.o. and Dom Land Sp. z o.o. within the meaning of control specified in the IAS. The consolidation of Dom Development Grunty Sp. z o.o. according to the substantiality principle has been abandoned. In the consolidated financial statements this Company is disclosed according to the equity method. The consolidation of Dom Land Sp. z o.o., which is related in the form other than by means of capital, has also been abandoned. Dom Development S.A. has no shares in Dom Land Sp. z o.o. and the fact that this company has not been included in the consolidation has no influence on the financial result and shareholders' equity of Capital Group Dom Development S.A.

Summary of significant accounting policies

Interest in a jointly controlled entity

The Group has an interest in a joint-venture which is a jointly controlled entity. A joint-venture is a contractual arrangement whereby two or more parties undertake an economic activity that is a subject to joint control, and a jointly

controlled entity is a joint-venture that involves the establishment of a separate entity in which each partner has an interest. The Group recognises its interest in the joint-venture using proportionate consolidation method. The Group combines its share in each of the assets, liabilities, income and expenses of the joint-venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint-venture are prepared for the same balance sheet date as the holding entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Investments in associated entities

The Group's investments in its associated entities are accounted for under the equity method of accounting. An associated entity is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint-venture.

Under the equity method, the investment in the associated entities is disclosed in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated entity. After application of the equity method the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The income statement reflects the share of the Group in the financial result of the associate.

Tangible fixed assets

All tangible fixed assets are stated at cost less accumulated depreciation (except for land), less accumulated value impairment. Replacement 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. Buildings and constructions are depreciated at the rates from 2.5% to 4.5% and plant and equipment from 10% to 30%. Low-value tangible fixed assets are fully expensed in the month they are taken over for use.

Inventories

Finished goods

Finished goods represent mainly housing units and parking spaces. They are stated at the lower of cost and net realizable value. The net realisable value represents the estimated selling price evaluated by the Management Board based on the information from the Company's Sales Department.

Work in progress

Work in progress is valued in accordance with the principles described in the section „Long-term contract disclosure principles“.

Cost of inventories includes the transfer from the shareholders' equity of profits and losses on qualifying cash flow hedges in respect of the purchase of related real estate.

External financing costs

External financing costs (interest) that are directly attributable to work in progress (primarily financing of land and construction services) are capitalised as a part of the cost of work in progress.

The remaining external financing costs are recognised as an expense in the period in which they are incurred.

Trade and other receivables

Trade receivables are recognised and disclosed at original invoice amounts less provision for bad debts. Revaluation write-off for bad debt is valued when the Group cannot collect the full amount of the receivable.

Cash and cash equivalents

Cash and short-term deposits shown in the balance sheet comprise cash at banks and in hand and short-term deposits with the original maturity of three months or less.

Treasury shares

The Company's shares which are reacquired from another party (treasury shares) are deducted from the shareholders' equity. No profit or loss on the purchase, sale, issue or cancellation of the Company's treasury shares is recognised in the income statement.

Revenue recognition

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

Sale of housing units

The revenue from the sale of housing units is recognised by reference to the stage of completion. Detailed description of the developers' project percentage of completion is provided in the section „Long-term contract disclosure principles“.

The Company begins revenue recognition on construction contract after the preliminary sales agreement with the client has been signed. The revenue is recorded gradually in line with the progress of work done and the rate of sales until the construction is complete. The basis for such a procedure is that past experience shows that virtually all sales based on preliminary sales agreements reach the legal completion stage. At this point the notary deeds transfer the legal ownership to the buyer. At each balance sheet date, Management assesses the rate of conversion of preliminary sales agreements into notary deed transfers to verify whether this accounting treatment is still appropriate.

If the situation in the future shows higher-than-expected level of clients' resignations resulting in a substantial adjustment in the sales, the Management will consider the replacement of the currently used method with another method of revenue recognition that would more adequately reflect the probability of earning revenue and present it in the financial statements.

Sale of services

The revenues from the sale of services, including housing real estate administration fees income, are recognized at the fair value of the consideration received or receivable for the services provided in the normal course of business, less VAT.

Foreign currency translation

The consolidated financial statements are presented in PLN, which is the Company's and Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate as at the balance sheet date, with any differences posted in the income statement under „ financial income/costs“.

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 that are binding as at the balance sheet date.

Deferred tax

For financial reporting purposes, the deferred income tax is calculated by means of 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 balance sheet value recognized in the financial statements.

Deferred income 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 balance sheet value of a deferred income 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 income tax asset to be utilised. An unrecognised deferred income tax asset is reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The provision for a deferred income 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 a deferred income 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 binding as at the balance sheet date.

The income tax relating to the items recognised directly in the shareholders' equity is recognised in equity and not in the income statement.

The assets and provisions for a deferred income tax are offset by the Group only if a legally enforceable right exists to set-off the current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Long-term contract disclosure and valuation principles

- a. „Work in progress“ is valued in accordance with IAS 11 „Construction contracts“. Based on previous experience of the Management Board it was found that the method of income and cost recognition described in this standard is the most suitable for the Company's business. Construction of a single project exceeds 12 months and the sale of apartments in residential developments consists of concluding numerous single contracts for the construction of apartments.

If there is a probability that the total amount of costs of the developers' project shall exceed the total amount of the revenues anticipated for this project, the anticipated loss is then, according to the IAS 11, immediately disclosed as cost.

- b. Work in progress is initially valued at the amount of expenses incurred.
- c. Every month the value of „Work in progress“ is adjusted in compliance with the „percentage of completion method“ described below. Since the percentage of completion method is used to determine the result on the sale of apartments at housing developments during the construction period, invoiced prepayments do not constitute „Sales revenues“ but increase „Deferred income“ until the housing development obtains an occupation permit.
- d. The apartments are formally transferred to the customers after the construction has been completed and the occupation permit is obtained, whilst invoices for the sale of apartments are issued in accordance with the payment schedule agreed in advance with the customer.
- e. The percentage of completion method consists in recognizing the revenue based on the result of the formula referred to as „statistical revenue“:

$$\text{Statistical revenue} = \text{cost indicator} * \text{revenue indicator} * \text{budgeted revenues}$$

- f. The percentage of completion method consists in recognizing costs based on the result of the formula referred to as „statistical cost“:

$$\text{statistical cost} = \text{statistical revenue} * \frac{\text{budgeted costs}}{\text{budgeted revenue}}$$

- g. The cost indicator is a proportion of the actual costs incurred (less expenditures related to the purchase of land) to the budgeted costs (for the entire development less the cost of land).

$$\text{cost indicator} = \frac{\text{actual costs incurred}}{\text{budgeted costs}}$$

- h. The revenue indicator is a proportion of the sum of revenues from concluded preliminary sales contracts to the budgeted revenues (total expected revenues from the entire development when fully sold).

$$\text{revenue indicator} = \frac{\text{contracted revenue}}{\text{budgeted revenue}}$$

- i. By calculating the „statistical revenue“, a proportion of revenue can be recognised in the income statement, relating to the combination of progress in construction and sales calculated by the product of the cost indicator and revenue indicator.
- j. By calculating the „statistical cost“, a proportion of cost can be recognised in the income statement to the same extent that revenues are recognised (in proportion to the recognition of sales).
- k. Upon the issue of an occupancy permit the percentage of completion method is replaced. The actual sales invoices issued and the actual costs incurred (invoiced and accrued costs) are recognized in the income statement. Unsold apartments and parking spaces are transferred from work in progress to finished goods until such time as they are sold and recognized in the income statement as cost.
- l. The invoiced sales and the uninvoiced portion of the contractual sales and corresponding costs are recognized as follows:

Debit: Deferred income
Credit: Sales revenues

Debit: Cost of finished goods sold
Credit: Work in progress

- m. If „Deferred income“ is negative (which might occur if the amount of the invoiced sales revenues is relatively low, compared to the value of the concluded contracts and work advancement), then it is „zeroed out“ and „Deferred assets (part of „other current assets“)“ are increased, respectively.

Debit: Deferred assets (part of „other current assets“)
Credit: Deferred income

Possible new interpretations to International Accounting Standards that would be applicable to the Group's financial statements.

It is possible that the future financial statements may be prepared differently in terms of revenue recognition. The International Financial Reporting Interpretation Committee (IFRIC) is currently engaged in a project reviewing the interpretation of revenue recognition from real estate sales under IAS 11 and IAS 18.

IFRIC has prepared a draft interpretation (D-21 Real Estate Sales) which may introduce changes to the existing guidance on applying International Accounting Standards to real estate sales. The draft has already been discussed during the first stage of consultations with the parties involved. Some respondents have expressed many comments and reservations due to which the draft is currently being reanalysed by IFRIC. The new contents thereof are unknown as at the day of preparing these financial statements.

At present the Group prepares its financial statements under IAS 11 using a percentage of completion method. If the above interpretation is issued by IFRIC in its initial wording, it would require the Group to account for its revenues differently.

The possible change in accounting principles would not impact the profitability of completed contracts but may influence the allocation of revenues and cost of sales to individual accounting periods.

CONSOLIDATED BALANCE SHEETS

ASSETS	Note	31.12.2007	31.12.2006
Fixed assets			
Intangible fixed assets	1	707,451.46	730,169.87
Tangible fixed assets	2	6,547,462.68	5,534,553.46
Investments in associated entities	5	1,024,404.10	841,053.08
Deferred income tax assets	15	10,577,972.83	7,517,265.14
Long-term receivables	6	1,552,195.11	1,517,905.36
Long-term deferred costs		1,471,104.74	904,749.71
Total fixed assets		21,880,590.92	17,045,696.62
Current assets			
Inventory	7	862,357,926.62	594,864,513.45
Trade and other receivables	8	65,914,745.14	60,807,971.57
Other current assets	10	26,424,785.21	23,669,995.65
Cash and cash equivalents	9	275,488,625.90	227,534,966.53
Total current assets		1,230,186,082.87	906,877,447.20
Total assets		1,252,066,673.79	923,923,143.82

EQUITY AND LIABILITIES	Note	31.12.2007	31.12.2006
Shareholders' equity			
Share capital	11	24,560,222.00	24,050,372.00
Share premium less treasury shares	12	231,534,663.27	230,370,719.33
Reserve capital from valuation of share options		7,128,099.74	1,505,790.64
Other capital (supplementary capital)		191,556,295.54	79,301,372.18
Reserve capital from reducing the share capital		509,850.00	509,850.00
Accumulated, unappropriated profit (loss)		240,848,823.74	156,143,838.13
Total shareholders' equity		696,137,954.29	491,881,942.28
Long-term liabilities			
Long-term loans and borrowings	14	41,779,280.00	22,200,000.00
Deferred tax liability.....	15	87,875,959.63	52,004,236.25
Bonds	16	200,000,000.00	80,000,000.00
Other long-term liabilities.....		763,956.03	609,941.69
Total long-term liabilities		330,419,195.66	154,814,177.94
Short-term liabilities			
Trade payables and other liabilities	17	120,994,739.18	143,801,348.56
Short-term loans and borrowings	14	37,005,453.52	98,915,383.99
Short-term tax liabilities		6,088,202.00	638,501.42
Short-term provisions	19	12,444,329.80	3,663,773.99
Accrued liabilities and deferred income	20	48,976,799.34	30,208,015.64
Total short-term liabilities		225,509,523.84	277,227,023.60
Total liabilities		555,928,719.50	432,041,201.54
Total equity and liabilities		1,252,066,673.79	923,923,143.82

CONSOLIDATED INCOME STATEMENTS

		Period of 12 months ended on 31 December	
	Note	2007	2006
Sales revenues	28	878,752,763.28	729,816,267.55
Cost of sales	29	545,666,184.29	496,870,869.09
Gross profit on sales		333,086,578.99	232,945,398.46
 Selling costs	29	22,367,727.18	21,669,004.60
General administrative expenses	29	57,698,858.82	41,291,638.68
Other operating income	31	4,072,558.17	5,730,671.97
Other operating expenses	32	16,133,533.57	10,757,377.76
Operating profit		240,959,017.59	164,958,049.39
 Financial income	33	11,634,280.54	7,152,224.62
Financial costs	34	2,230,663.00	4,337,407.39
Profit before tax		250,362,635.13	167,772,866.62
 Income tax expense	25	49,718,692.86	32,574,210.15
Profit after tax		200,643,942.27	135,198,656.47
 Earnings per share:			
Basic	24	8.17	6.06
Diluted	24	8.17	6.06

CONSOLIDATED CASH FLOW STATEMENTS

	Period of 12 months	
	01.01- -31.12.2007	01.01- -31.12.2006
Cash flow from operating activities		
Profit before taxation.....	250,362,635.13	167,772,866.62
Adjustments:		
Depreciation.....	2,225,529.97	1,566,649.57
Profit/loss on foreign exchange differences.....	53,276.34	229,440.78
Profit/loss on investments	405,571.00	1,310,364.37
Interest paid and accrued	9,804,424.64	13,032,456.18
Options valuation.....	5,622,309.10	1,505,790.64
Changes in the operating capital		
Changes in provisions.....	8,519,935.81	(714,106.82)
Changes in inventory.....	(264,879,067.44)	(193,011,707.37)
Changes in receivables.....	(13,662,088.29)	(25,267,482.60)
Changes in short term liabilities excluding loans and borrowings.....	(17,202,894.46)	6,434,859.01
Changes in prepayments.....	16,051,497.16	21,211,286.41
Other adjustments.....	1,437,166.58	(720,729.76)
Cash flow generated from operating activities.....	(1,261,704.46)	(6,650,312.97)
Interest paid.....	(12,628,193.19)	(17,750,619.69)
Income tax paid.....	(8,386,652.20)	(5,900,234.61)
Net cash flow from operating activities.....	(22,276,549.85)	(30,301,167.27)
Cash flow from investing activities		
Proceeds from the sale of financial assets.....	-	-
Proceeds from the sale of intangible assets and tangible fixed assets.....	480,343.45	562,699.92
Acquisition of intangible and tangible fixed assets	(4,101,635.23)	(1,982,248.95)
Acquisition of financial assets.....	-	(337,575.00)
Net cash flow from investing activities.....	(3,621,291.78)	(1,757,124.03)
Cash flows from financing activities.....		
Proceeds from the issue of shares	-	220,528,838.35
Proceeds from contracted loans and borrowings.....	71,185,823.55	46,302,580.00
Repayment of loans and borrowings.....	(113,516,474.02)	(110,968,322.11)
Proceeds from the issue of bonds	200,000,000.00	30,000,000.00
Redemption of bonds	(80,000,000.00)	-
Payment of dividend	(3,684,033.30)	-
Payment of financial leasing liabilities.....	(133,815.23)	(107,148.39)
Net cash flow from financing activities.....	73,851,501.00	185,755,947.85
Increase (decrease) in net cash and cash equivalents.....	47,953,659.37	153,697,656.55
Cash and cash equivalents – opening balance.....	227,534,966.53	73,837,309.98
Cash and cash equivalents – closing balance.....	275,488,625.90	227,534,966.53

Dom Development S.A.
Statements of changes in the consolidated equity
for the year ended on 31 December 2007 and 2006

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Total shareholders' equity
Balance as at 1 January 2007.....	24,050,372.00	230,370,719.33	79,301,372.18	509,850.00	1,505,790.64	156,143,838.13	491,881,942.28
Increase of the capital by the issue of shares.....	509,850.00	1,163,943.94	-	-	-	-	1,673,793.94
Creation of reserve capital from the valuation of the share options.....	-	-	-	-	5,622,309.10	-	5,622,309.10
Transfer of retained profit to supplementary capital.....	-	-	112,254,923.36	-	-	(112,254,923.36)	-
Profit for 12 months ended on 31 December 2007	-	-	-	-	-	200,643,942.27	200,643,942.27
Dividend payment	-	-	-	-	-	(3,684,033.30)	(3,684,033.30)
Balance as at 31 December 2007.....	24,560,222.00	231,534,663.27	191,556,295.54	509,850.00	7,128,099.74	240,848,823.74	696,137,954.29

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Total shareholders' equity
Balance as at 1 January 2006.....	21,854,340.00	10,819,818.87	53,403,253.44	-	-	47,333,300.40	133,410,712.71
Purchase and sale of treasury shares.....	-	(71,570.89)	-	-	-	-	(71,570.89)
Redemption of treasury shares.....	(509,850.00)	-	-	509,850.00	-	-	-
Designation of profit for remuneration paid to the Management Board of Fort Mokotów.....	-	-	-	-	-	(490,000.00)	(490,000.00)
Increase of the capital by the issue of shares.....	2,705,882.00	227,294,088.00	-	-	-	-	229,999,970.00
Net costs of the issue of shares.....	-	(7,671,616.65)	-	-	-	-	(7,671,616.65)
Creation of reserve capital from the valuation of the employee' options...	-	-	-	-	1,505,790.64	-	1,505,790.64
Transfer of retained profit to supplementary capital.....	-	-	25,898,118.74	-	-	(25,898,118.74)	-
Profit for 12 months ended on 31 December 2006	-	-	-	-	-	135,198,656.47	135,198,656.47
Balance as at 31 December 2006.....	24,050,372.00	230,370,719.33	79,301,372.18	509,850.00	1,505,790.64	156,143,838.13	491,881,942.28

ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Intangible fixed assets

	Other intangible fixed assets	Computer software	Total
GROSS VALUE			
Balance as at 1 January 2006.....	533,613.87	1,237,661.39	1,771,275.26
Additions	425,228.65	93,360.72	518,589.37
(Disposals)	(5,924.10)	-	(5,924.10)
Balance as at 31 December 2006.....	952,918.42	1,331,022.11	2,283,940.53
Additions	435,361.60	88,999.96	524,361.56
(Disposals)	(347,267.52)	(189,089.76)	(536,357.28)
Balance as at 31 December 2007.....	1,041,012.50	1,230,932.31	2,271,944.81
DEPRECIATION			
Balance as at 1 January 2006.....	212,032.84	1,165,202.40	1,377,235.24
Additions	118,816.72	63,642.80	182,459.52
(Disposals)	(5,924.10)	-	(5,924.10)
Balance as at 31 December 2006.....	324,925.46	1,228,845.20	1,553,770.66
Additions	458,555.59	88,524.38	547,079.97
(Disposals)	(347,267.52)	(189,089.76)	(536,357.28)
Balance as at 31 December 2007.....	436,213.53	1,128,279.82	1,564,493.35
BALANCE SHEET VALUE			
as at 31 December 2006.....	627,992.96	102,176.91	730,169.87
as at 31 December 2007.....	604,798.97	102,652.49	707,451.46

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

As at 31 December 2007 there were no circumstances that would require the Group to write down its intangible fixed assets.

The costs of depreciating intangible fixed assets were charged in full to general administrative expenses.

No pledges have been established on intangible fixed assets.

Note 2. Tangible Fixed Assets

TANGIBLE FIXED ASSETS	31.12.2007	31.12.2006
a) tangible fixed assets, including:		
- land (including perpetual usufruct)	1,347,188.68	1,470,385.40
- buildings and constructions.....	105,786.95	109,522.34
- plant and equipment.....	745,206.23	713,207.83
- vehicles.....	3,523,578.37	2,198,823.23
- other tangible fixed assets.....	825,702.45	1,042,614.66
Total tangible fixed assets.....	6,547,462.68	5,534,553.46

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	Land and buildings	Vehicles	Machinery and other tangible fixed assets	Total
GROSS VALUE				
Balance as at 1 January 2006.....	3,956,011.15	3,225,747.76	3,796,562.87	10,978,321.78
Additions	-	1,143,440.00	708,219.58	1,851,659.58
(Disposals)	(2,052,124.99)	(608,385.88)	(361,628.65)	(3,022,139.52)
Balance as at 31 December 2006.....	1,903,886.16	3,760,801.88	4,143,153.80	9,807,841.84
Additions	70,985.86	2,448,534.62	1,157,001.71	3,676,522.19
(Disposals)	(123,196.72)	(1,297,733.52)	(2,123,835.53)	(3,544,765.77)
Balance as at 31 December 2007.....	1,851,675.30	4,911,602.98	3,176,319.98	9,939,598.26
ACCUMULATED DEPRECIATION				
Balance as at 1 January 2006.....	273,013.21	1,396,016.90	2,043,942.46	3,712,972.57
Additions	65,691.51	664,656.00	653,842.54	1,384,190.05
(Disposals)	(14,726.30)	(498,694.25)	(310,453.69)	(823,874.24)
Balance as at 31 December 2006.....	323,978.42	1,561,978.65	2,387,331.31	4,273,288.38
Additions	74,721.25	825,029.19	779,735.98	1,679,486.42
(Disposals)	-	(998,983.23)	(1,561,655.99)	(2,560,639.22)
Balance as at 31 December 2007.....	398,699.67	1,388,024.61	1,605,411.30	3,392,135.58
BALANCE SHEET VALUE				
as at 31 December 2006.....	1,579,907.74	2,198,823.23	1,755,822.49	5,534,553.46
as at 31 December 2007.....	1,452,975.63	3,523,578.37	1,570,908.68	6,547,462.68

As at 31 December 2007 the Group created a revaluation write-off for tangible fixed assets in the net amount of PLN 1,194,062.49. The whole amount of PLN 1,194,062.49 represents constructions. The above amount has been appropriately accounted for in the disposals in the table above.

The additions to tangible fixed assets are the result of tangible fixed asset purchased or tangible fixed assets produced by the Group.

The table below presents the net values of tangible fixed assets produced by the Group.

	31.12.2007	31.12.2006
Buildings (individual commercial space)	76,748.27	78,890.08
Constructions.....	29,038.68	30,632.26
Total net tangible fixed assets produced on the Group's own account	105,786.95	109,522.34

The cost of depreciating tangible fixed assets were charged in full to General administrative expenses.

No security interests have been established on the fixed assets.

BALANCE SHEET TANGIBLE FIXED ASSETS (OWNERSHIP STRUCTURE)	31.12.2007	31.12.2006
owned.....	3,003,516.73	3,181,393.42
used on the basis of rent, tenancy or similar agreements, including lease agreements, in this:	3,543,945.95	2,353,160.04
- leasing.....	3,543,945.95	2,353,160.04
Total balance sheet fixed assets.....	6,547,462.68	5,534,553.46
OFF-BALANCE SHEET TANGIBLE FIXED ASSETS	31.12.2007	31.12.2006

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used on the basis of rent, tenancy		
or similar agreements, including lease agreements, in this:	261,000.00	232,500.00
- value of assets under operating lease.....	261,000.00	232,500.00

Note 3. Assets available for sale

	31.12.2007	31.12.2006
Gross assets available for sale.....	1,347,188.68	1,660,391.02
Write-off revaluating assets available for sale	-	(190,005.62)
Net assets available for sale.....	1,347,188.68	1,470,385.40

The tangible fixed assets for sale consist of building lots designated for sale.

Note 4. Leasing

The Group is a party (as a lessee) to lease agreements relating to the fixed assets which are recorded in the books of account as financial leases. The lease agreements are as a rule concluded for a period of 3 years and as such all liabilities are also due within 3 years. The subjects of the leases are cars. The agreements contain a clause about the possibility of purchasing the fixed assets after the expiration of the lease agreement.

LEASING	31.12.2007	31.12.2006
Gross fixed assets.....	4,723,989.08	3,597,633.45
Depreciation	(1,180,043.13)	(1,244,473.41)
Balance sheet value of tangible fixed assets.....	3,543,945.95	2,353,160.04
Leased assets as a % of total fixed assets.....	54.13%	42.52%
Leasing liabilities.....	2,559,197.48	1,277,076.17
Depreciation of leased assets		
recognised as operating costs	797,090.52	581,805.95
Interest on lease agreements recognised as financial costs.....	133,815.23	99,157.53

The fair value of the Group's leasing liabilities corresponds to their book value.

The Group's leasing liabilities are secured on the fixed assets that are the subject of the lease agreements.

The minimum value of lease payments and their current value do not differ significantly from the value of the lease liabilities listed under long and short term liabilities on the balance sheet.

Note 5. Investments in associated entities and jointly controlled entities

The Group holds 46% of the share capital and has a 50% participation in the management of the limited liability company Dom Development Grunty sp. z o.o., whose activities consist in buying and selling land. The company's shares were valued at PLN 23,580.00 as at 31 December 2007 and PLN 23,580.00 as at 31 December 2006. Due to accounting losses, these shares were revalued to PLN 0 as at 31 December 2006. In 2007 these shares were not revalued and their net value remained unchanged.

The Group - through the Company - holds 40.32% of the share capital and has a 0% participation in the management of Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom” (“Towarzystwo”). Furthermore, the co-subsiary Fort Mokotów sp. z o.o. holds 4.03% shares in the Towarzystwo. The nominal value of the shares of the company owned by the Group was PLN 1,049,000.00. Due to losses incurred by Towarzystwo in 2006, the shares were revalued to PLN 825,924.00 as at 31 December 2006. In 2007 as the result of profit earned by Towarzystwo, the earlier write-downs were reversed and as at the balance sheet date the net value of the shares was equal to the historic cost at which they were purchased.

Information about associated entities

Dom Development Grunty sp. z o.o.

	31.12.2007	31.12.2006
Balance sheet date		
Financial data:		
Current assets.....	86,245,308.43	33,458,895.99
Fixed assets.....	26,000.00	6,000.00
Shareholders' equity.....	(286,304.37)	(125,044.07)
Short-term liabilities.....	86,532,612.80	33,589,940.06
Long-term liabilities.....	-	-
Operating revenues.....	12,559,503.21	23,190,982.61
Net profit/(loss).....	(161,260.30)	(8,067.94)
Value of shares recorded in the holding company at purchase prices.....	23,580.00	23,580.00
Revaluation write-off.....	(23,580.00)	(23,580.00)
Net balance sheet value of shares.....	-	-
% stake	46%	46%

Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom”

	31.12.2007	31.12.2006
Balance sheet date		
Financial data:		
Total assets	5,333,160.43	3,903,516.99
Shareholders' equity.....	2,831,348.21	1,869,797.79
Net profit (loss).....	511,550.42	167,250.79
Shares in the nominal value	1,049,000.00	1,049,000.00
% stake (a)	42.30%	51.68%

(a) The stake of the Company has been calculated with consideration given to the shares held by Fort Mokotów sp. z o.o.

Information about jointly controlled entity

Fort Mokotów sp. z o.o. (b, c)

	31.12.2007	31.12.2006
Balance sheet date		
Financial data:		
Current assets.....	46,361,520.91	146,777,307.54
Fixed assets.....	284,414.32	333,695.20
Shareholders' equity.....	36,512,017.67	95,664,945.11
Short-term liabilities.....	3,002,067.01	17,467,605.77
Long-term liabilities.....	1,559,093.94	1,244,778.97
Operating revenues.....	15,472,511.26	314,098,205.25
Operating costs	16,093,314.90	230,734,286.31
Net profit/(loss).....	847,072.56	69,863,183.91
% stake	49%	49%

(b) For the purposes of the financial statements prepared in accordance with IFRS/IAS, Fort Mokotów sp. z o.o. is consolidated by means of the proportional consolidation method and treated as a joint venture.

(c) The balance sheet and the income statement were restated in accordance with the holding company's accounting policies.

The table below presents the effect of the revaluation of the shares of the associated entities in the income statement in the consolidated financial statements:

	01.01- -31.12.2007	01.01- -31.12.2006
Revaluation of the shares of associated entities	205,649.00	84,434.08

The Group values shares in the associated companies by means of the equity method in the consolidated income statement in the items „Other operating revenues” and „Other operating costs”. Due to the fact that the value of the above described entities is immaterial for the purposes of calculating the consolidated income statement, they are not presented separately.

Note 6. Long-term receivables

As at 31 December 2007 and 31 December 2006 the Group lists long-term receivables relating to the established deposits in the amount of PLN 1,552,195.11 as at 31 December 2007 and PLN 1,517,905.36 as at 31 December 2006. All these receivables are denominated in PLN.

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

Note 7. Inventory

INVENTORY	31.12.2007	31.12.2006
Prepayments for inventory (land)	150,853,494.85	104,632,284.25
in this at purchase prices/production costs	150,853,494.85	104,632,284.25
in this revaluation write down	-	-
Semi-finished goods and work in progress	611,762,619.91	477,574,316.97
in this at purchase prices/production costs	619,269,922.55	481,187,549.05
in this revaluation write down	(7,507,302.64)	(3,613,232.08)
Finished goods	99,741,811.86	12,657,912.23
in this at purchase prices/production costs	100,697,754.13	13,808,292.07
in this revaluation write down	(955,942.27)	(1,150,379.84)
Goods for resale.....	-	-
in this at purchase prices/production costs	-	-
in this revaluation write down	-	-
Total	862,357,926.62	594,864,513.45

WRITE-OFFS REVALUATING THE INVENTORY	01.01. - 31.12.2007	01.01. - 31.12.2006
Balance as at 1 January.....	4,763,611.92	3,336,449.24
Increase	3,894,070.56	4,125,222.74
Release	194,437.57	2,698,060.06
Balance as at 31 December.....	8,463,244.91	4,763,611.92

The costs and revenues related to creating and releasing revaluation write-offs are recognized in other operating activity.

Balance sheet value of inventories used to secure the payment of liabilities

SECURITY ON INVENTORIES - MORTGAGE	31.12.2007	31.12.2006
Balance sheet value of inventory used to secure liabilities	170,368,777.61	203,611,779.32
Amount of security – purchase of real estate	-	60,000,000.00
Amount of security – loans	250,846,384.08	229,571,730.78
Amount of security - bonds	-	160,000,000.00

Preparatory work

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

The below table presents preparatory work recognised in the income statement.

	01.01- -31.12.2007	01.01- -31.12.2006
Preparatory work.....	811,829.80	692,591.19

Construction contracts

Revenues, costs and the resulting work in progress are accounted for by means of a percentage of completion method, described in the section entitled „Introduction to the consolidated financial statements”.

SETTLEMENT OF WORK IN PROGRESS	31.12.2007	31.12.2006
Planned revenues relating to current contracts.....	1,151,304,000.00	1,226,525,000.00
Planned costs related to current contracts.....	749,016,860.09	745,557,462.78
Planned margin relating to current contracts.....	402,287,139.91	480,967,537.22
Cumulative revenues recognised in income statement.....	460,212,374.31	326,946,250.18
Cumulative costs recognised in income statement.....	290,386,103.96	202,882,430.13
Cumulative margin recognised in income statement.....	169,826,270.35	124,063,820.05
Remaining margin to be recognised in future periods.....	232,460,869.56	356,903,717.17
Percentage of remaining margin to be recognised in future periods.....	57.78%	74.21%

The table below presents the value of liabilities on account of guarantee deposits withheld in relation to the execution of investments under construction projects.

	31.12.2007	31.12.2006
Withheld guarantee deposits	33,808,107.49	24,229,227.62

Note 8. Trade and other receivables

As at the balance sheet date the trade receivables and other receivables amounted to PLN 65,914,745.14 as at 31 December 2007 and PLN 60,807,971.57 as at 31 December 2006.

The Group created provisions revaluing the receivables which have been disclosed under „Other operating costs”.

The revaluation write-offs have been created based on the Group's best knowledge and experience.

AGING STRUCTURE OF TRADE RECEIVABLES	31.12.2007	31.12.2006
up to 3 months.....	24,597,552.87	19,429,489.08
from 3 to 6 months.....	2,575,779.59	1,694,816.84
from 6 months to 1 year.....	991,285.25	2,050,847.96
Above 1 year.....	3,119,269.15	1,848,617.53
Gross trade receivables.....	31,283,886.86	25,023,771.41
Write-offs revaluing the receivables.....	(2,247,021.74)	(1,068,749.65)
Net trade receivables.....	29,036,865.12	23,955,021.76
TRADE AND OTHER RECEIVABLES	31.12.2007	31.12.2006
Trade receivables.....	29,036,865.12	23,955,021.76
Receivables from the related entities.....	8,230.81	29,360.46
Tax receivables.....	36,860,241.73	36,807,175.53
Other receivables.....	9,407.48	16,413.82
Total	65,914,745.14	60,807,971.57
CHANGE IN THE WRITE-OFFS REVALUATING TRADE AND OTHER RECEIVABLES	01.01- -31.12.2007	01.01- -31.12.2006

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	-31.12.2007	-31.12.2006
Opening balance.....	5,894,703.65	6,356,997.76
a) Additions	1,487,733.74	300,000.00
b) Disposals	4,835,415.65	762,294.11
Closing balance.....	2,547,021.74	5,894,703.65

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

The costs and revenues associated with creating or reversing provisions are recognised under other operating activities.

Note 9. Cash and cash equivalents

Cash and cash equivalents are represented by cash at bank, cash on hand and other short-term financial assets which will mature within 3 months. The book value of these assets corresponds to their fair value.

CASH AND CASH EQUIVALENTS	31.12.2007	31.12.2006
Cash on hand and at bank	15,048,078.62	10,302,819.25
Short-term deposits and treasury bills.....	259,848,004.27	216,934,184.07
Other	592,543.01	297,963.21
Total	275,488,625.90	227,534,966.53

Note 10. Other current assets

	31.12.2007	31.12.2006
OTHER CURRENT ASSETS.....	26,424,785.21	23,669,995.65
Including:		
Future receivables from completed developments.....	22,834,851.24	21,444,241.58
Deferred costs.....	3,589,933.97	2,225,754.07

All uninvoiced amounts related to sold units at the developments with occupation permits (completed developments) are posted to the balance sheet as „other current assets“.

Note 11. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 31 December 2007

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue	Capital covered with	Registration date	Right to dividend (since)
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
Total number of shares				24,560,222				
Total share capital					24,560,222			
Nominal value per share = PLN 1								

SHARE CAPITAL (STRUCTURE) AS AT 31 DECEMBER 2006

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue	Capital covered with	Registration date	Right to dividend (since)
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
Total number of shares				24,050,372				

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Total share capital	24,050,372
Nominal value per share = PLN 1	

On 27 October 2006 the agreement with CDM PEKAO S.A. ("CDM") was concluded regarding taking up 96,750 J series shares in the increased share capital of Dom Development S.A. (the afore-mentioned shares concern the Management Share Option Programme IB in which CDM PEKAO S.A, pursuant to depositary agreement dated 26 October 2006 CDM PEKAO S.A. is a depositary in this programme).

On 28 January 2008 UniCredit CA IB Polska S.A. and Centralny Dom Maklerski Pekao S.A. signed an agreement concerning the sale of a branch constituting an organized part of CDM, pursuant to which the comprehensive brokerage services within UniCredit S.p.A. capital group that were previously rendered by CDM on behalf of the Polish and foreign institutional clients will now be rendered exclusively by UniCredit CA IB Polska S.A.. As a result, all rights and obligations arising from the trust agreement signed with CDM on 26 October 2006 were assumed by UniCredit CA IB Polska S.A. on 28 January 2008.

Description of changes in the share capital of the holding company in the period from 1 January 2007 to the date of preparing these financial statements.

On 29 December 2006 the Extraordinary General Shareholders' Meeting adopted Resolution no. 8 concerning the amendment of the Resolution no. 5, dated 2 August 2006 on the increase of the share capital from the amount of PLN 24,050,372 to the amount of PLN 24,560,222 by issuing 172,200 H series ordinary bearer shares, 92,700 I series ordinary bearer shares, 96,750 J series ordinary bearer shares and 148,200 L series ordinary bearer shares;

On 14 February 2007 the District Court for the capital city of Warsaw 12th Commercial Division of the National Court Register issued the ruling concerning the registration of an increase in the share capital to the amount of PLN 24,560,222 in connection with the issue of 172,200 H series ordinary, bearer shares, 92,700 I series ordinary bearer shares, 96,750 J series ordinary bearer shares and 148,200 L series ordinary bearer shares.

List of shareholders who have, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the Shareholders Meeting as at 31 December 2007

	Shares	% of capital	Number of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Dom Development B.V.	15,496,386	63.10...	15,496,386	63.10
Jarosław Szanajca.....	1,734,050	7.06...	1,734,050	7.06
Grzegorz Kielpsz.....	1,390,750	5.66...	1,390,750	5.66

The shares of Dom Development S.A. or rights thereto (options) owned by the persons performing management and supervisory functions at Dom Development SA as at 31 December 2007

	Shares	Share Options	Total
Management Board			
Jarosław Szanajca.....	1,734,050	-	1,734,050
Grzegorz Kielpsz.....	1,390,750	-	1,390,750

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	Shares	Share Options	Total
Leszek Piotr Nałęcz	-	40,000	40,000
Jerzy Ślusarski	363	36,850	37,213
Janusz Stolarczyk.....	106,200	20,850	127,050
Terry Roydon.....	58,500	50,000	108,500
Supervisory Board			
Zygmunt Kostkiewicz	39,376	-	39,376

Note 12. Share premium less treasury shares

SHARE PREMIUM LESS TREASURY SHARES	01.01- -31.12.2007	01.01- 31.12.2006
Opening balance	230,370,719.33	10,819,818.87
Decrease/increase on account of share issue and purchase/sale of treasury shares	1,163,943.94	(71,570.89)
Increase on account of public issue of new F series shares	-	219,622,471.35
Closing balance	231,534,663.27	230,370,719.33

In the 12-month period ended on 31 December 2007, the value of the item "Share premium less treasury shares" increased by PLN 1,163,943.94 as a result of registration of 509,850 bearer shares (H, I, J and L series shares).

As a result of the public issue of shares the share premium increased by PLN 219,622,471.35 in 2006. The earnings on account of the issue of shares amounted to PLN 229,999,970, of which PLN 2,705,882 was accounted for in the share capital (nominal value of F series shares) and PLN 227,294,088.00 constitutes the share premium. The costs of the issue amounted to PLN 9,471,131.65 and were decreased by the amount of the corresponding reduction of the CIT liabilities, i.e. PLN 1,799,515.00.

Treasury shares

In the 12-month period ended on 31 December 2007 the Company did not hold any treasury shares.

Treasury shares held by the Company in the period from 1 January to 31 December 2006 have been presented in the table below:

MOVEMENTS IN TREASURY SHARES in the period 01.01.2006–31.12.2006					
	Series	Number of shares	Nominal value	Balance sheet value	Method and purpose of acquisition
	E	417,150	417,150.00	1,650,495.97	Acquired as a result of the take over of Dom Development Capital sp. z o.o. by the holding company in 2003. Shares issued as part of a Management Share Options Programme* (Incentive Plan I).
	F	36,000	36,000.00	149,760.00	Acquired from former management team member
as at 01.01.2006	Total	453,150	453,150.00	1,800,255.97	
Additions	F	172,200	172,200.00	482,160.00	Shares purchased for redemption
	G	92,700	92,700.00	220,626.00	
Disposals	F	(36,000)	(36,000.00)	(149,760.00)	Sale of the shares to Member of the Supervisory Board
	E	(72,000)	(72,000.00)	(284,875.25)	Sale of the shares to Members of the Management Board and the Supervisory Board (exercised share options)
	E	(77,700)	(77,700.00)	(307,427.87)	
	E	(22,500)	(22,500.00)	(89,023.52)	
	E	(417,150)	(417,150.00)	(1,451,329.33)	Redemption of treasury shares
	G	(92,700)	(92,700.00)	(220,626.00)	
as at 31.12.2006	Total	-	-	-	

* Management Share Options Programme has been described in note 37.

Note 13. Additional information on shareholders' equity

As at 31 December 2007 and 31 December 2006 the Company's shares were not owned by any of its subsidiaries.

There are no minority interests in the subsidiaries which are consolidated in full, as the Company owns 100% of their share capital.

Note 14. Loans and borrowings

Borrowings

As at 31 December 2007 and 31 December 2006 the Group did not have any outstanding borrowings.

Loans

LOANS DUE WITHIN	31.12.2007	31.12.2006
1 year	37,005,453.52	98,915,383.99
More than 1 year less than 2 years	41,779,280.00	22,200,000.00
More than 2 years less than 5 years	-	-
More than 5 years	-	-
Total loans	78,784,733.52	121,115,383.99
including: long-term	41,779,280.00	22,200,000.00
short-term	37,005,453.52	98,915,383.99

As at 31 December 2007 and 31 December 2006 all of the loans were contracted in Polish Zloty and the Group had no loans in foreign currencies.

LIABILITIES ON ACCOUNT OF LOANS as at 31.12.2007

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Bank	Registered office	Amount of loan – as per agreement		Outstanding loan amount (less accrued interest)		Interest rate	Due date
		in thousand	currency	in thousand	Currency		
BOŚ S.A.	Warsaw	30,000	PLN	15	PLN	WIBOR 1M+ Bank's margin*	23.04.2008
PKO BP	Warsaw	7,241	PLN	7,241	PLN	WIBOR 1M+ Bank's margin*	01.04.2009
PKO BP	Warsaw	40,000	PLN	20	PLN	WIBOR 1M+ Bank's margin*	15.03.2008
BOŚ	Warsaw	40,000	PLN	30,000	PLN	WIBOR 1M+ Bank's margin*	30.09.2008
ING BANK ŚLĄSKI	Warsaw	39,613	PLN	39,613	PLN	WIBOR 1M+ Bank's margin*	30.09.2009
PeKao S.A.	Warsaw	18,956	PLN	1,896	PLN	WIBOR 1M+ Bank's margin*	29.02.2008
Total		175,810		78,785			

*) Not disclosed due to commercial reasons.

The Group's Management Board estimates that the fair value of the loans and borrowings contracted by the Group is almost equal to their net book value.

Note 15. Liability and assets for a deferred income tax

LIABILITY AND ASSET FOR A DEFERRED INCOME TAX – effect on consolidated balance sheet		
	01.01- -31.12.2007	01.01- -31.12.2006
Deferred income tax liability		
Foreign exchange differences	31,447.00	37,933.00
Interest accrued	96,878.00	52,537.63
Profit on the settlement of contracts calculated by means of the percentage of completion method	24,932,320.00	23,572,126.00
Result on the sale of facilities – without legal ownership transfer agreements.....	58,055,684.63	27,628,151.62
Provision for receivables	375,324.00	-
Provision for sales revenues.....	4,204,474.00	541,587.00
Other	179,832.00	171,901.00
Total deferred income tax liability.....	87,875,959.63	52,004,236.25
Accounted for in the financial result.....	87,875,959.63	52,004,236.25
Accounted for in the shareholders' equity.....	-	-
Deferred income tax assets		
Provision for the housing estates costs.....	4,418,777.00	1,090,229.00
Inventory revaluation.....	1,436,459.00	878,702.00
Revaluation of the fixed assets	-	36,101.00
Write-offs revaluating the receivables.....	1,881,908.00	850,731.92
Provision for employee benefits.....	836,519.00	791,090.00
Provision for other costs.....	933,094.00	1,450,098.00
Tax loss for the years 2002-2004 to be settled by Fort Mokotów.....	-	1,545,032.67
Other provisions (Fort Mokotów)	240,873.83	61,579.55
Consolidation exclusions.....	821,134.00	770,173.00
Other	9,208.00	43,528.00
Total deferred income tax assets.....	10,577,972.83	7,517,265.14
Accounted for in the financial result.....	10,577,972.83	7,517,265.14
Accounted for in the shareholders' equity.....	-	-

DEFERRED TAX – effect on the consolidated income statement

01.01- 01.01-

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	-31.12.2007	-31.12.2006
Deferred income tax liability		
Foreign exchange differences	(6,486.00)	(522,785.00)
Interest accrued	44,340.37	(31,678.43)
Profit on the settlement of contracts calculated using the percentage of completion method .	1,360,194.00	5,965,376.87
Result on the sale of flats – without legal ownership transfer agreements.....	30,427,536.37	14,926,030.62
Provision for sales revenues.....	3,662,887.00	(3,124,989.00)
Provision for receivables	375,324.00	-
Other	7,931.00	(185,130.00)
Total change in deferred income tax liability.....	35,871,726.74	17,026,825.06
Deferred income tax assets		
Provision for the housing estates costs.....	3,328,548.00	(221,970.00)
Costs of the finished goods sold.....	-	(322,163.00)
Inventory revaluation.....	557,757.00	308,429.00
Revaluation of the fixed assets.....	(36,101.00)	36,101.00
Write-offs revaluating the receivables and other reserves.....	1,031,176.08	208,699.92
Provision for employee benefits.....	45,429.00	304,137.00
Provision for costs.....	(517,004.00)	887,057.00
Tax loss to be settled by Dom Development S.A.....	-	(1,654,538.00)
Tax loss for the years 2002-2004 for settlement by Fort Mokotów.....	(1,545,032.67)	(1,545,033.51)
Provision for disputable cases.....	-	(430,663.00)
Other provisions (Fort Mokotów)	179,294.28	(81,975.20)
Consolidation exclusions.....	50,961.00	275,233.00
Costs of the shares issue	-	(1,799,515.00)
Other	(34,320.00)	(118,297.00)
Total change in deferred income tax assets.....	3,060,707.69	(4,154,497.79)
Net change in provision/asset for a deferred income tax – effect on the income statement.....	32,811,019.05	21,181,322.85

Note 16. Bonds

BONDS	31.12.2007	31.12.2006
Nominal value of the issued bonds	200,000,000.00	80,000,000.00
Interest due for payment as at balance sheet date disclosed in the item - Accrued liabilities and deferred income	1,250,900.00	1,594,138.05

As at 31 December 2007 one issue of bonds by the Company took place:

On 5 November 2007 the Company and Bank BPH S.A. signed a Bond Issue Program Agreement. During the seven-year term of this program, Dom Development S.A. intends to issue mid-term bonds (with a maturity date exceeding 1 year, but not 7 years) with the total value of no more than PLN 400,000,000, which is to be construed as the nominal value of all issued and unredeemed bonds on any day of the term of the Program. The return on bonds shall depend on the market conditions on the sale date and calculated according to WIBOR 3M + margin. The proceeds from the bonds will be used for financing the development of the Company. The bonds shall be issued in series and offered to selected investors. The Company does not plan to introduce the bonds issued under the program to public trading. The terms of the Agreement with Bank BPH S.A. are typical for such types of programs.

On 28 November 2007, pursuant to the above-mentioned agreement, the Company issued 20,000 I series bonds with the nominal value of PLN 10,000 each and the total nominal value of PLN 200,000,000 under the Bond Issue Program Agreement signed with Bank BPH S.A. on 5 November 2007. The maturity date of these bonds is 28 November 2012 and the interest at WIBOR 3M plus bank commission is payable every three months until the settlement date. The interest becomes due and payable in February, May, August and November during the term of the agreement. The proceeds from the issue of bonds will be used for financing the development of the Company. The bonds are an unsecured liability of the Company.

As at December 31, 2006 two issues of bonds by the Company took place:

On July 21, 2004 the Company issued A series bonds with a nominal value of **PLN 50,000,000**. The redemption date of these bonds is July 21, 2008 and the interest rate of WIBOR 6M plus the bank's margin is payable on a semi-annual basis until the final settlement date. The interest payments are due in January and July for the term of the agreement. Net revenues from the issue of bonds were used for the Company's statutory activities. The bonds are secured with a joint capped mortgage on the Company's real estate up to the amount of PLN 100,000,000.

On August 28, 2007 the Company exercised CALL option in accordance with the agreement on bonds servicing and guaranteeing the issue of bonds dated June 22, 2004 with Powszechna Kasa Oszczędności Bank Polski S.A. and BOŚ S.A. In connection with the above the Company bought for redemption 250 A series bonds. An average purchase unit price (nominal value plus interest) was PLN 201,547.44 whereas nominal value of one bond was PLN 200,000.00. The total value of bonds bought amounts to PLN 50,386,860.00.

On September 12, 2007 the Company redeemed 250 A series bonds of nominal value of PLN 200,000.00 each and with the total nominal value of PLN 50,000,000.00.

On June 19, 2006 the Company issued 300 A series bonds were issued with the nominal value of PLN 100,000 each, with the total nominal value of **PLN 30,000,000**, on the basis of the agreement on bonds servicing and guaranteeing the issue of bonds with Powszechna Kasa Oszczędności Bank Polski S.A. As at September 30, 2007 these bonds were secured by a joint capped mortgage on the Company's real properties up to the amount of PLN 60,000,000.

On September 28, 2007 the Company exercised CALL option in accordance with the agreement on bonds servicing and guaranteeing the issue of bonds dated March 24, 2006 with Powszechna Kasa Oszczędności Bank Polski S.A. In connection with the above the Company bought for redemption 300 A series bonds. An average purchase unit price (nominal value plus interest) was PLN 101,975.11 whereas nominal value of one bond was 100,000.00. The total value of shares bought amounts to PLN 30,592,533.00.

On October 16, 2007 the Company redeemed 300 A series bearer bonds of nominal value of PLN 100,000.00 each and with the total nominal value of PLN 30,000,000.00.

Note 17. Trade payables and other liabilities

TRADE AND OTHER LIABILITIES	31.12.2007	31.12.2006
Trade payables.....	120,625,363.91	140,804,597.54
Financial liabilities.....	12,940.93	11,277.61
Earmarked funds.....	230,900.74	130,403.02
Other liabilities.....	125,533.60	2,855,070.39
Total	120,994,739.18	143,801,348.56

Note 18. Short-term tax liabilities

Short-term tax liabilities include mainly social insurance, corporate income tax and personal income tax liabilities.

Note 19. Short-term provisions

SHORT-TERM PROVISIONS	31.12.2007	31.12.2006
Opening balance.....	3,663,773.99	4,377,880.98
Provisions created in the financial year.....	9,648,656.94	3,663,773.99
Use of provisions in the financial year.....	868,101.13	4,377,880.98
Closing balance.....	12,444,329.80	3,663,773.99

Note 20. Accrued liabilities and deferred income

SHORT-TERM ACCRUED LIABILITIES AND DEFERRED INCOME	31.12.2007	31.12.2006
Accrued liabilities, in this:.....	48,403,835.44	30,208,015.64
Provision for uninvoiced costs of work in progress.....	11,915,238.33	5,808,928.07
Provision for uninvoiced services.....	-	176,531.85
Provision for the costs of housing estates given over for use.....	23,511,157.43	9,850,241.28
Provision for employee benefits.....	4,638,051.00	4,200,948.84
Provision for the costs of property management.....	3,259,941.27	6,348,543.49
Provision for the costs of interest on loans and bonds.....	1,250,900.00	2,185,032.64
Provision for rent costs.....	1,585,923.67	792,815.47
Other	2,242,623.74	844,974.00
Deferred income, in this:	572,963.90	-
Deferred income related to the payments received from customers, not settled to the income statement	572,963.90	-
Other	-	-
Total	48,976,799.34	30,208,015.64

Note 21. Benefits after employment

The Group does not have an employee special benefits program after employment is ended.

Note 22. Financial assets and liabilities

Categories of financial assets and liabilities and maximum credit risk exposure

FINANCIAL ASSETS AND LIABILITIES	31.12.2007	31.12.2006
FINANCIAL ASSETS	PLN thousand	PLN thousand
Long-term receivables.....	1,552	1,518
Trade receivables	29,037	23,955
Receivables from related entities.....	8	29
Short-term deposits	259,848	136,734
Total borrowings and receivables	290,445	162,236
 Treasury bills and bonds	-	80,200
Other	593	298
Financial assets valued at their fair value through the income statement (designated for trading)	593	80,498
 Cash in hand and at bank	15,048	10,303
Maximum credit risk exposure	306,086	253,037
 FINANCIAL LIABILITIES	PLN thousand	PLN thousand
Loans	78,785	121,115
Bonds issued	200,000	80,000
Trade liabilities	120,638	140,816
Financial liabilities valued at the depreciated cost	399,423	341,931

Note 23. Managing the Financial Risk

The Group is exposed to the following types of the financial risk

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

Market Risk

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

The market risk mainly includes such risks as:

- currency risk
- interest rate risk

Currency risk

If there are significant foreign currency items, the Group applies foreign currency derivative instruments (forward and swap) to hedge its significant F/X transactions.

As at 31 December 2007 the Group did not have any significant assets, liabilities and future payments in foreign currencies, therefore there was no need to conclude hedging currency derivatives.

Interest rate risk

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

According to the current financing structure the Group does not have fixed rate loans. Currently, the Group has only short- and medium-term variable interest rate loans and bonds, which result in the exposure to the cash flow risk.

Furthermore, the Company has short-term bank deposits, treasury bills, and long-term treasury bonds which bear variable interest, the profit from which depends on the change of benchmark interest rates and partially offsets the risk of the cash flow risk on account of financing.

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

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

	31.12.2007	31.12.2006
VARIABLE INTEREST RATE INSTRUMENTS	PLN thousand	PLN thousand
Financial assets	259,848	216,934
Financial liabilities	278,785	201,115
Total, net	(18,937)	15,819

Interest bearing financial assets, i.e. bank deposits, treasury bills and bonds, are disclosed as financial assets. Interest bearing financial liabilities, i.e. loans, own bonds and financial leasing liabilities, are disclosed as financial liabilities.

Analysis of cash flow sensitivity to interest rate changes.

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 by the amounts listed in the table below. The analysis prepared for 12-month periods 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 2007	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Variable interest rate assets.....	2,105	(2,105)	2,105	(2,105)
Variable interest rate liabilities*.....	(753)	753	(753)	753
Net sensitivity	1,352	(1,352)	1,352	(1,352)
31 December 2006	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Variable interest rate assets.....	1,757	(1,757)	1,757	(1,757)
Variable interest rate liabilities *.....	(543)	543	(543)	543
Net sensitivity.....	1,214	(1,214)	1,214	(1,214)

* The financial costs which are related to loans and bonds are capitalized by the Group to work-in-progress. Such costs 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 calculated and capitalized in a given period is disclosed in the income statement together with the manufacturing costs of the sold inventories of a given period and the remaining part of the costs remains in the inventories and will be disclosed in the income statement in the following accounting periods.

Credit risk

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

The Group's credit risk is mostly related to trade receivables. The amounts presented in the balance sheet are net amounts and include write-offs revaluating bad debts valued by the Group's Management on the basis of previous experiences 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, which have been awarded with good credit ratings by international rating agencies.

The Group has no significant concentration of credit risk. 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 Group, i.e. the sale of apartments and detached houses, are fully secured because release of the sold product takes place after the purchasers have paid the full price as set out in the preliminary sales agreement.

The aging structure of sales receivables has been presented in note 8 "Trade receivable and other receivables".

Liquidity risk

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

The table below presents the Group's financial liabilities as divided into the maturity dates set out in the contracts:

	Balance-sheet value	0 - 6 months	6-12 months	1 – 2 years	2 – 5 years
31 December 2007	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Liabilities on account of loans.....	78,785	22,656	14,350	41,779	-
Own bonds issued	200,000	-	-	-	200,000
Trade liabilities.....	118,079	75,073	17,997	3,268	21,741
Financial leasing liabilities	2,559	640	640	853	426
Total.....	399,423	98,369	32,987	45,900	222,167
31 December 2006	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Liabilities on account of loans.....	121,115	43,600	55,315	22,200	-
Own bonds issued.....	80,000	-	-	50,000	30,000
Trade liabilities.....	139,539	107,635	3,393	14,172	14,339
Financial leasing liabilities.....	1,277	319	319	426	213
Total	341,931	151,554	59,027	86,798	44,552

The Group's liquidity management is mainly exercised by:

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

Managing the capital

The policy of the Management Board assumes maintaining a strong capital basis in order to secure the trust of investors, creditors and the market as well as to ensure further growth of the Group.

The Group's objective is to achieve the return on equity within the 20 to 40 percent bracket (calculated as net profit to the annual average value of shareholders' equity). For the years ended on 31 December 2007 and 2006 the rate of return amounted to 34% and 43%, respectively. In that period the average weighted cost of interest on the Company's debt amounted to 6.83% in 2007 and 6.30% in 2006.

The Group does not have a defined plan of buy-out of the treasury shares.

Neither the Company nor its subsidiaries is subject to any external capital requirements.

Note 24. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01- -31.12.2007	01.01- -31.12.2006
Basic earnings per share		
Profit for the calculation of the basic earnings per share.....	200,643,942.27	135,198,656.47
The weighted average number of common shares of the Company for the calculation of the basic earnings per share *)	24,560,222	22,313,969
Basic earnings per share	8.17	6.06
Diluted earnings per share		
Theoretical profit for the calculation of diluted earnings per share.....	200,643,942.27	135,198,656.47
Potential diluting shares related to Management Share Options Programme II**)	-	-
The weighted average number of common shares of the Company for the calculation of the basic earnings per share *)	24,560,222	22,313,969
Diluted earnings per share	8.17	6.06

*) For the calculation of the earnings it was adopted that 509,850 shares (H, I, J and L series shares) should be taken into account in the average weighted number of ordinary shares used for the calculation of diluted and basic earnings per share. As at 31 December 2006 these shares were fully subscribed and their registration by the competent Registration Court was effected on 14 February 2007.

**) Options for the shares issued as part of IB program do not result in dilution of earnings per share since they are issued and recognized in the share capital. The shares are deposited with CDM PEKAO S.A., which is a trustee in this program (see note 11).

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

Note 25. Income tax

INCOME TAX	01.01- -31.12.2007	01.01- -31.12.2006
Current income tax	16,907,673.81	11,392,887.30
Deferred income tax	32,811,019.05	21,181,322.85
Total	49,718,692.86	32,574,210.15

The table below presents the difference between the income tax calculated as the product of the gross profit before taxation and taxation at the statutory tax rate and the actual income tax expense accounted for in the income statement of the Group.

RECONCILIATION	01.01- -31.12.2007	01.01- -31.12.2006
Gross profit before taxation.....	250,362,635.13	167,772,866.62
Income tax rate of 19%.....	47,568,900.67	31,876,844.66
Permanent differences not subject to the current and deferred tax in the consolidated financial statements.....	1,081,553.46	411,265.27
Share Options valuation charge being a permanent differences for tax calculation.....	1,068,238.73	286,100.22
Actual income tax expense.....	49,718,692.86	32,574,210.15
Effective tax rate.....	19.86%	19.42%

Because of frequent changes in the tax system, the legal regulations relating to VAT, corporate income tax, personal income tax and social insurance premiums are subject to regular modifications. Binding regulations are unclear, resulting in differences of interpretation between various tax authorities, 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 authorised to impose significant fines. All tax arrears uncovered in the course of inspections are subject to high interest charges. Tax settlements may be inspected at any time within 5 years from the end of the accounting period to which they pertain. Under these conditions the tax risk in Poland is considerably higher than in other countries with stable tax systems.

Note 26. Key assumptions and estimate bases

Calculation of the revenues from the sales of the finished goods and the cost of the sold finished goods (see the section „long-term contract disclosure principles”), is based on detailed budgets of individual development projects prepared based on the Group’s best knowledge and experience. During construction, each development project budget is updated at least once every three months.

Note 27. Segment reporting

The Group does not conduct segment reporting as its activities take place within a single segment.

Note 28. Operating income

SALES REVENUES BY KIND	01.01- -31.12.2007	01.01- -31.12.2006
Sales of finished goods	840,505,184.99	701,348,364.56
Sales of services	29,641,652.07	25,748,830.88
Sales of goods for resale (land)	8,605,926.22	2,719,072.11
Total	878,752,763.28	729,816,267.55

Note 29. Operating costs

OPERATING COSTS	01.01- -31.12.2007	01.01- -31.12.2006
Cost of sales		
Cost of finished goods sold	515,146,813.36	473,475,977.96
Cost of services sold	21,916,917.60	19,429,733.86
Cost of land sold	8,602,453.33	3,965,157.27
Total cost of sales	545,666,184.29	496,870,869.09
Selling costs and general administrative expenses		
Selling costs	22,367,727.18	21,669,004.60
General administrative expenses	57,698,858.82	41,291,638.68
Total selling costs and general administrative expenses	80,066,586.00	62,960,643.28
Selling costs and general administrative expenses by kind		
Depreciation.....	2,225,529.97	1,566,649.57
Cost of materials and energy	6,317,200.52	4,520,164.33
External services	24,234,414.57	20,212,071.21
Taxes and charges	471,688.24	383,951.69
Wages and salaries	34,391,508.61	29,334,077.76
Social security and other benefits	3,581,585.73	3,297,691.85
Management Options Programme.....	5,622,309.10	1,505,790.64
Other costs by kind	3,222,349.26	2,140,246.23
Total selling costs and general administrative expenses by kind.....	80,066,586.00	62,960,643.28

Note 30. Payroll costs

AVERAGE MONTHLY EMPLOYMENT (including management staff)	01.01- -31.12.2007	01.01- -31.12.2006
Individual personnel categories (number of staff)	177	161
White-collar workers.....	177	161
Blue-collar workers.....	-	-
General remuneration elements (PLN):	37,973,094.34	32,631,769.61
Wages and salaries	34,391,508.61	29,334,077.76
Social security and other benefits.....	3,581,585.73	3,297,691.85

Note 31. Other operating income

OTHER OPERATING INCOME	01.01- -31.12.2007	01.01- -31.12.2006
Revenues from contractual penalties, arrangements and compensations.....	3,575,344.75	881,112.60
Release of provisions for costs.....	18,371.82	1,610,293.49
Release of provisions for contractual penalties and arrangements with clients.....	-	240,000.00
Release of provisions for receivables.....	95,801.51	797,131.06
Revaluation of fixed assets.....	190,005.62	1,356,293.68
Other	193,034.47	845,841.14
Total	4,072,558.17	5,730,671.97

Note 32. Other operating expenses

OTHER OPERATING EXPENSES	01.01- -31.12.2007	01.01- -31.12.2006
Provision for penalties and arrangements with clients	2,258,900.71	2,555,851.80
Donations	169,379.76	221,523.09
Receivables written off	444,688.33	1,027,743.88
Provision for remuneration	942,956.00	218,015.00
Provision for disputes	4,779,476.40	784,576.86
Provision for other costs	1,315,261.85	451,236.75
Inventory write-off.....	3,699,632.99	3,118,469.50
Revaluation of fixed assets	491,663.84	1,455,053.97
Perpetual usufruct of land.....	1,292,591.00	-
Other	738,982.69	924,906.91
Total	16,133,533.57	10,757,377.76

Note 33. Financial income

FINANCIAL INCOME	01.01- -31.12.2007	01.01- -31.12.2006
Interest received	11,403,574.57	7,129,780.23
Other	230,705.97	22,444.39
Total	11,634,280.54	7,152,224.62

Note 34. Financial costs

FINANCIAL COSTS	01.01- -31.12.2007	01.01- -31.12.2006
Interest on loans and bonds	-	1,840,255.76
Interest on borrowings from related entities.....	-	924,478.29
Other interest.....	943,722.59	7,960.51
Foreign exchange differences.....	75,020.88	229,440.78
Mortgage loans insurance.....	112,082.19	417,656.38
Commissions and fees	635,935.31	-
Other	463,902.03	917,615.67
Total	2,230,663.00	4,337,407.39

Note 35. Costs relating to interest

COSTS RELATING TO INTEREST	01.01- -31.12.2007	01.01- -31.12.2006
Financial costs (interest) capitalised under work in progress *	11,362,484.02	14,431,982.69
Value of financial costs (interest) accounted for in the income statement.....	-	2,764,734.05
Total value of the financial costs incurred on account of interest.....	11,362,484.02	17,196,716.74

* The financial costs incurred as a result of the financing of investment projects are generally capitalised in line with work in progress and relate to the costs of interest on bonds and loans taken out for the execution of investment projects.

Note 36. Transactions with related entities

In the period of twelve months ended 31 December 2007 and 2006 the Company was a party to the transactions with related entities, as listed below. Descriptions of transactions have been presented in the form of tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided in a descriptive form. Due to the Company's turnover, it has been assumed that in the event in which transactions with a given related entity did not exceed in any of the presented periods PLN 100 thousand, the transactions have been omitted in the summary.

Dom Development S.A. as a buyer of goods or services

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
Woodsford Consulting Limited	Consulting services as per agreement dated 1 February 2000, with further amendments	1,903,377.61	2,093,503.23
Hansom Property Company Limited	Consulting services as per agreement dated 31 March 1999	193,094.43	234,295.84
Towarzystwo Ubezpieczeń Wzajemnych	Insurance of financial losses risk	1,225,032.46	1,031,296.22
„Bezpieczny Dom” Dom Development Grunty Sp. z o.o.	Services performed based on agreement dated 12 April 2007, with further amendments	127,786.89	-
Fort Mokotów sp. z o.o.	Real estate management	5,586,277.88	1,483,574.37
Fort Mokotów sp. z o.o.	Other	174,650.16	62,624.98

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Dom Development S.A. buying land as part of an agency agreement

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
Dom Development Grunty sp. z o.o.	Amounts of advances transferred to Dom Development Grunty Sp. z o.o. for the purchase of land as part of mandate contracts	55,548,371.10	32,396,479.64
Dom Development Grunty sp. z o.o.	Value of land transferred to Dom Development S.A. as part of mandate contracts	12,421,544.32	23,190,982.61
Dom Development Grunty sp. z o.o.	Additional VAT payments relating to the invoices transferring the ownership of land to Dom Development S.A.	1,431,229.64	4,924,799.57

Dom Development S.A. providing services (seller) – the value of services invoiced during the period

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
Fort Mokotów sp. z o.o.	General Project Execution agreement dated 15 April 2002	212,309.85	3,110,384.90
Fort Mokotów sp. z o.o.	The sales commission agreement and agreement for provision of advertising and marketing services dated 15 April 2002	1,964,292.28	6,245,132.75
Fort Mokotów sp. z o.o.	Repair services based on agreement dated 22 July 2005	120,000.00	-
Fort Mokotów sp. z o.o.	Real estate management services	876,305.29	741,053.41
Fort Mokotów sp. z o.o.	Other	123,149.58	31,623.13

Dom Development S.A. as the payer of the share capital or additional contribution to the capital

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
Dom Development Grunty sp. z o.o.	Payment for shares of PTI Sp. z o.o.	-	24,000.00
PTI Sp. z o.o.	Additional payment to equity	12,480.00	-
Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom”	Payment for shares	-	175,000.00

Dom Development S.A. as a party receiving a dividend

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
Fort Mokotów sp. z o.o.	Dividend (gross)	29,400,000.00	14,245,976.95

Dom Development S.A. as a dividend payer

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
Dom Development B.V.	Dividend (gross)	2,324,458.00	-

Dom Development S.A. as a party receiving return of the additional contribution to the capital

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
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		-31.12.2007	-31.12.2006
		-	28,910,000.0
Fort Mokotów sp. z o.o.	Return of the additional contribution to the capital		0
Dom Development			
Morskie Oko sp. z o.o.	Return of the additional contribution to the capital	-	16,500,000.00

Dom Development S.A. as the payer of interest on the shareholders' borrowings

Counterparty	Transaction description	01.01- -31.12.2007	01.01- -31.12.2006
Dom Development B.V.	Cost of interest on the shareholders' borrowings	-	874,251.29
Dom Development B.V.	Capital repaid from borrowings agreements	-	10,148,676.76

Balances with related entities

Balances as in the books of the Company (in thousand PLN)

Entity	Receivables from related entities		Liabilities to related entities	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Total balance.....	87,604	35,269	1,530	264
Balances below PLN 100,000.....	28	44	11	31
Balances over PLN 100,000.....	87,576	35,225	1,519	233
Subsidiaries	1,147	1,147	-	-
Dom Development Na Dolnej sp. z o.o.		-	-	-
Dom Development Morskie Oko sp. z o.o.				
additional contributions to capital.....	1,147	1,147	-	-
Associated entities.....	86,429	33,590	-	-
Dom Development Grunty sp. z o.o.	86,429	33,590	-	-
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom"	-	-		
Joint-ventures	-	488	1,268	-
Fort Mokotów sp. z o.o.	-	488	1,268	-
Fort Mokotów sp. z o.o. additional contributions to capital.....	-	-	-	-
Other entities.....	-	-	251	233
Woodsford Consulting Limited.....	-	-	251	233
Dom Development B.V.	-	-	-	-

Dom Development S.A. as the buyer/seller of treasury shares (transactions with related parties)

In the period of twelve months ended on 31 December 2007, there were no purchase/sales transactions of treasury shares.

In the period of twelve months ended on 31 December 2006, there were the following purchase/sales transactions of treasury shares:

- On 20 January 2006 an agreement concerning the sale of 72,000 E series shares (for the amount of PLN 200,311.97) with Janusz Stolarczyk was signed (exercise of the options allocated as part of the Incentive Scheme),
- On 23 February 2006 an agreement concerning the sale of 36,000 F series shares (for the amount of PLN 149,760.00) with Terry Roydon,
- On 15 March 2006 an agreement concerning the sale of 77,700 E series shares (for the amount of PLN 219,637.23) with Janusz Zalewski (exercise of the options allocated as part of the Incentive Scheme).
- On 28 June 2006 an agreement concerning the sale of 22,500 E series ordinary registered shares with Terry Roydon (exercise of the options allocated as part of the Incentive Scheme I described in note 37),
- On 2 August 2006 Dom Development S.A. concluded share purchase agreements (for the purpose of redemption for a fee) with:

- a/ Mr. Janusz Zalewski – related to the purchase of 77,700 of E series ordinary registered shares and 92,700 of G series ordinary registered shares,
- b/ Mr. Janusz Stolarczyk – related to the purchase of 72,000 of E series ordinary registered shares,
- c/ Mr. Terry Roydon - related to the purchase of 22,500 of E series ordinary registered shares,
- On 10 August 2006 agreements on taking up shares in the increased share capital of Dom Development S.A. were concluded with:
 - a/ Mr. Terry Roydon – concerning taking up 22,500 H series ordinary bearer shares,
 - b/ Mr. Janusz Zalewski – concerning taking up 77,700 H series ordinary bearer shares, 92,700 I series ordinary bearer shares, 74,100 L series ordinary bearer shares (exercise of the options allocated as part of the Incentive Scheme I),
 - c/ Mr. Janusz Stolarczyk – concerning taking up 72,000 H series ordinary bearer shares,
- on 26 October 2006 an agreement with Janusz Zalewski concerning taking up 74,100 L series ordinary bearer shares in the increased shareholders' equity of Dom Development S.A. was signed.

Promissory agreements and sale agreements relating to the sale of apartments by the Company to management personnel and their relatives

Related person	Date	Description	Value in PLN	Cumulative payments made as at
				31 December 2007
Janusz Stolarczyk and Danuta Stolarczyk	22.03.2007	Annex no.1 regarding purchase of additional parking space in addition to promissory sale agreement concerning residential facilities with the area of 89.1 sq. m together with two utility rooms and two parking spaces	9,000.00	9,000.00
Janusz Stolarczyk and Danuta Stolarczyk	18.04.2007	Annex no.1 regarding purchase of additional parking space in addition to promissory sale agreement concerning residential facilities with the area of 122,93 sq. m together with two parking spaces	36,000.00	36,000.00
Jerzy Ślusarski and Ewa Ślusarska	27.11.2006	Promissory sale agreement concerning residential facilities with the area of 58,20 sq. m, together with a parking space	379,052.00	284,289.00
Jerzy Ślusarski and Ewa Ślusarska	04.07.2007	Annex no. 1 regarding payable customer changes to the promissory sale agreement concerning residential facilities with the area of 58,20 sq. m, together with a parking space	5,350.00	5,350.00
Jakub Domalik - Plakwicz	31.01.2007	Promissory sale agreement concerning residential facilities with the area of 59,4 sq. m, together with a parking space	779,125.20	701,432.54
Wojciech Sadowski	29.05.2007	Promissory sale agreement concerning residential facilities with the area of 48,1 sq. m, together with a utility room and a parking space	454,332.00	159,016.20

Note 37. Incentive plan – Management Options Programme

As at 31 December 2007 there were three Management Option Programmes adopted as part of the Incentive Scheme for the Management staff of the Company. They are as follows:

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Name of the Programme	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)
	31.12.2007			31.12.2006		
Programme I	413,100	413,100	413,100	413,100	413,100	413,100
Programme I B	96,750	96,750	-	96,750	96,750	-
Programme II	726,000	435,950	-	726,000	234,538	-

Programme I B

On 22 March 2006 the Supervisory Board of Dom Development S.A. adopted the provisions of Management Options Programme I A related to E series shares of Dom Development S.A. („Programme I A”). According to the provisions of Programme I A, the eligible persons to whom Programme I A was directed and who entered into the preliminary agreement for the sale of shares have the right to demand that the Company enter with such an eligible person into the agreement for the sale of shares during the option period, i.e. at the date indicated by the eligible person, which, however, cannot be earlier than 22 March 2009 and later than 22 March 2013, under terms and conditions set forth in the agreement with such an eligible person and in Programme I A. The Programme covers 96,750 shares of the Company. All the shares were offered to the members of the management staff of the Company in May 2006.

On 9 August 2006 the General Shareholders’ Meeting adopted a resolution on authorizing the Company’s Supervisory Board to change the provisions and introduce the changed provisions of the Management Share Options Programme IA concerning 96,750 E series shares of Dom Development and on authorizing the Management Board and the Supervisory Board to execute the above-mentioned Programme. The only changes were related to the introduction of the institution of a depository. This function was entrusted to CDM PEKAO S.A. (see note 11 „Share capital”). The Company’s intention is to continue Programme IA as the Management Share Options Programme IB concerning 96,750 J series shares of Dom Development S.A.

The changes concerning the shares covered by Programme IA have been described in note 11 „Share capital”.

The share options were allotted to the Members of the Company’s management board, in this:

Buyer	Date of allotting a share option /Date of concluding the agreement	Number of shares	Option period	Purchase price per 1 share/PLN
Members of the Management Board and the Supervisory Board	-	-	-	-
Others	22.03.2006/ 11.05.2006	96,750	from 22.03.2009 to 22.03.2013	6.10
Total		96,750		

The value of the share options as at the date of allotting them, calculated on the basis of the Black-Scholes-Merton amounted to PLN 4,554,616.03. This value is proportionately carried to the income statement for the period of three years.

Programme II

On 20 April 2006 the Extraordinary General Shareholders Meeting of Dom Development S.A. accepted Management Share Options Programme II concerning 120,150 shares of the Company authorized the Management Board and the Supervisory Board to execute it. On 9 August 2006 the General Shareholders Meeting of Dom Development S.A. adopted a resolution on authorizing the Company’s Supervisory Board to change the provisions and introduce the changed

provisions of the Management Share Options Programme II in such a way that they will be substituted by 726,000 shares of Dom Development S.A. („Programme II”) subject to the fact that allocating the options will be limited to 242,000 shares in any period of 12 consecutive months. Moreover the General Shareholders Meeting authorized the Management Board and the Supervisory Board to execute the above-mentioned Programme II.

Under Programme II it has been planned to offer one or a number of issues of shares with the nominal value of PLN 1.00 each („Tranche”). The allocation of options is conducted by the Supervisory Board in the form of a resolution. The day of adopting the resolution on allocating the options by the Supervisory Board shall be the day of allocating the options („Allocation Date”). A resolution of the Supervisory Board shall determine the persons eligible to participate in Programme II together with the number and the issue price of shares for each of these persons.

The price at which the shares may be purchased when the option granted under the Programme is exercised amounts to PLN 114.48.

The Company shall confirm the allocation of options for taking up a given number of shares at a given price and at a given date („Option”) to those who have accepted participation in Programme II. The Supervisory Board may determine additional terms and conditions to be fulfilled in order to exercise the options. The option cannot be exercised earlier than after the lapse of 3 years from its allocation and later than after the lapse of 7 years from its allocation. In order to execute Programme II, on 10 August 2006 the General Meeting authorized the Management Board to increase the Company's share capital as part of the authorized capital and to issue the subscription warrants which enable the execution of the right to subscribe for the Company's shares in the period of 3 years from the date on which the change of the Articles of Association. According to Programme II, after the Allocation Date for a given Tranche, should the need arise, the Management Board will propose the General Meeting to adopt the resolution in respect of changing the Articles of Association and renewing the authorization of the Management Board, for the period of 3 years since the date of registration of the change in the Articles of Association, to increase the share capital by a maximum of 726,000 shares less the shares which have already been issued pursuant to Programme II and covered by the target capital, to exclude the pre-emptive right of current shareholders upon receiving the consent of the Supervisory Board and to issue subscription warrants.

On 6 December 2006 the Supervisory Board of Dom Development S.A. adopted a resolution with respect to naming the persons authorized to participate in the Management Share Options Programme II concerning 726,000 shares of Dom Development S.A. as well as the number and the price of the said shares for each of those persons. Pursuant to the foregoing resolution 234,538 options for the Company's shares were allocated.

As at 31 December 2006 the options allocated to the management team members of the Company within Programme II were as follows:

Buyer	Date of allocating the option	Number of shares	Option period	Purchase price 1 share/PLN
Members of the Management Board and the Supervisory Board, in this: Janusz Zalewski Terry Roydon Janusz Stolarczyk	06.12.2006	96,438 40,588 50,000 5,850	from 06.12.2009 to 06.12.2013	114.48
Others	06.12.2006	138,100	from 06.12.2009 to 06.12.2013	114.48
Total		234,538		

The value of the options as at the day when they were allocated was calculated on the basis of the Black-Scholes-Merton model and amounted to PLN 14,273,421.53. Such value is evenly accounted for in the income statement within the period of three years.

Due to the fact that the employment agreement with Janusz Zalewski was terminated, the 40,588 share options owned by him (allotted under Program II) expired.

On 7 December 2007 the Management Board of Dom Development S.A. adopted a resolution in respect of naming the persons authorized to participate in the second tranche of Management Share Options Programme II concerning 726,000 shares of Dom Development S.A. as well as the number and the price of the said shares for each of those persons. Pursuant to the foregoing resolution another 242,000 options for the Company's shares were allocated.

The fair value of the allocated options which may be changed into shares was estimated as at the day of allocating the options by means of a model based on the Black-Scholes-Merton, taking into account the conditions existing at the date of allocating the options. The following are preliminary assumptions to the model for the valuation of the options allocated under the second tranche of Programme II:

Dividend rate (%)	1.30
Anticipated volatility rate (%)	36.00
Risk-free interest rate (%)	5.78
Anticipated period of option exercise (in years)	5.00
Share exercise price (PLN)	114.48
Current share price (PLN)	113.20

The value of the options as at the day when they were allocated was calculated on the basis of the foregoing model and assumptions and amounted to PLN 9,969,546.91. Such value is evenly accounted for in the income statement within the period of three years.

Within 12 months' periods ended on 31 December 2007 and 31 December 2006 the following amounts were accounted for in the income statement: PLN 5,622,309.10 and PLN 1,505,790.64 respectively.

Share options allocated and possible to be exercised as at respective balance sheet dates and changes in the presented periods.

		01.01- -31.12.2007	01.01- -31.12.2006
SHARE OPTIONS			
Options unexercised at the beginning of the period	Amount.....	331,288	320,400
	Total exercise price.....	27,440,085.24	888,182.44
Options allocated in a given period	Amount.....	242,000	331,288
	Total option execution value.....	27,704,160.00	27,440,085.24
Options expired in a given period	Amount.....	40,588	-
	Total option execution value.....	4,646,514.24	-
Options exercised in a given period	Amount.....	-	320,400
	Total option execution value.....	-	843,889.46
	Weighted average exercised price per one share.....	-	2.55
Options unexercised at the end of the period	Amount.....	532,700	331,288
	Total exercise price.....	50,497,731.00	27,440,085.24
		-	-
Options possible to exercise at the beginning of the period	Amount.....	-	320,400
	Total exercise price.....	-	888,182.44
Options possible to be exercised at the end of the period	Amount.....	-	-
	Total exercise price.....	-	-

Note 38. Remuneration of members of the holding entity's management and supervisory governing bodies

Remuneration	01.01- -31.12.2007	01.01- -31.12.2006
1. The Management Board		
Remuneration	5,131,464.00	4,409,263.00
In this: payment out of profit	-	250,000.00
2. The Supervisory Board:		
Remuneration	456,000.00	267,700.00

The composition of the Management Board and the Supervisory Board as at 31 December 2007 has been presented in note 41.

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 Company's Management Board: Jarosław Szanajca, Leszek Piotr Nałęcz, Grzegorz Kiełpsz, Janusz Stolarczyk and Jerzy Ślusarski are employed by the Company on the basis of employment contracts.

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

Executive Name	Period of notice of termination contract (months)		Note	
	Company to Employee	Employee to Company		
Szanajca Jarosław	8		First payment of 50% of 8-times monthly remuneration to be paid after giving a termination notice	The balance of 50% to be paid in 5 equal monthly payments
Kiełpsz Grzegorz	6	3	First payment of 50% of 6-times monthly remuneration to be paid after giving a termination notice	The balance of 50% to be paid in 5 equal monthly payments
Ślusarski Jerzy	6		No special clauses in the contract	
Nałęcz Leszek Piotr	6		No special clauses in the contract	
Stolarczyk Janusz	9	3	First payment of 50% of 9-times monthly remuneration to be paid after giving a termination notice	The balance of 50% to be paid in 8 equal monthly payments

Note 39. Contingent liabilities

CONTINGENT LIABILITIES	31.12.2007	31.12.2006
Bills of exchange, including:	112,000,000.00	156,463,340.00
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the granted loan.....	70,000,000.00	74,053,340.00
– bills of exchange constituting an additional guarantee for PKO BP bank in respect of claims arising from the granted loan.....	40,000,000.00	80,410,000.00
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the trilateral contract on insurance of loan guarantees of the Company's clients.....	2,000,000.00	2,000,000.00
Guarantees.....	9,800,000.00	26,875.00
Sureties.....	1,214,393.00	2,248,994.00
Total.....	123,014,393.00	158,739,209.00

Note 40. Material court cases as at 31 December 2007

As at December 31, 2007 the entities in the Group are not parties to any judicial proceedings.

Note 41. Changes of the composition of the Management Board and the Supervisory Board of the Company

Composition of the Management Board of the Company as at 30 December 2007

Jarosław Szanajca	– President of the Management Board
Grzegorz Kiełpsz	– Vice-President of the Management Board
Leszek Piotr Nałęcz	– Vice-President of the Management Board
Janusz Stolarczyk	– Member of the Management Board
Terry Roydon	– Member of the Management Board
Jerzy Ślusarski	– Member of the Management Board

On September 17, 2007 Mr. Leszek Piotr Nałęcz was appointed Vice President of the Management Board of Dom Development S.A., effective October 3, 2007, which was caused by Mr. Janusz Zalewski's resignation from this position.

On November 14, 2007 Mr. Jerzy Ślusarski was appointed Member of the Management Board pursuant to Resolution no. 02/11/2007 of the Supervisory Board of Dom Development S.A.

Composition of the Supervisory Board of the Company as at 31 December 2007

Zygmunt Kostkiewicz	– Chairman of the Supervisory Board
Richard Reginald Lewis	– Vice-Chairman of the Supervisory Board
Stanisław Plakwicz	– Member of the Supervisory Board
Michael Cronk	– Member of the Supervisory Board
Markham Dumas	– Member of the Supervisory Board
Włodzimierz Bogucki	– Member of the Supervisory Board

In 2007 there were no changes in the composition of the Supervisory Board of the Company.

Note 42. Additional information on the operating activity of the Group

In the period of 12 months ended 31 December 2007 the following material changes in the portfolio of the Company's investments under construction took place:

The finished projects, i.e. projects for which use permits were issued:

Plan	Decision on the use permit	Segment	Number of apartments
Olimpia 2 phase 3	I.Q 2007	Popular	116
Derby 7 phase 1/2	II.Q 2007	Popular	127
Olimpia 2 phase 2.....	III Q 2007	Popular	273
Patria phase 1.....	III Q 2007	apartments of higher standard	129
Patria phase 2.....	III Q 2007	apartments of higher standard	113
Gdański.....	III Q 2007	apartments of higher standard	260
Olimpia 2 phase 4.....	IV. Q 2007	Popular	282
Derby 8	IV. Q 2007	Popular	263
Derby 10.....	IV. Q 2007	Popular	359

Commenced projects, i.e. projects with the commenced construction and sale phases:

Plan	Commencement of construction and sale	Segment	Number of apartments
Derby 15.....	I.Q 2007	Popular	277
Olbrachta phase 1.....	II.Q 2007	Popular	243
Olimpia 2 phase 5.....	II.Q 2007	Popular	63
Derby 17.....	II.Q 2007	Popular	185
Olbrachta phase 2.....	III Q 2007	Popular	205
Regaty phase 1.....	III Q 2007	Popular	148
Regaty phase 2.....	IV. Q 2007	Popular	242
Derby 13.....	IV. Q 2007	Popular	174

Note 43. Material post-balance sheet events

There were no material events in the period between the balance sheet date and the day on which these financial statements were drawn up.

Note 44. Selected consolidated financial data translated into EURO

In compliance with the reporting requirements the following financial data of the Group have been translated into EURO:

SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET	31.12.2007	31.12.2006
	EURO	EURO
Total current assets.....	343,435,534.02	236,708,458.76
Total assets.....	349,544,018.37	241,157,638.29
Total shareholders' equity.....	194,343,370.82	128,388,479.40
Long-term liabilities.....	92,244,331.56	40,408,795.66
Short-term liabilities.....	62,956,315.98	72,360,363.23
Total liabilities.....	155,200,647.54	112,769,158.89
<i>PLN/EURO exchange rate as at the balance sheet date.....</i>	<i>3.5820</i>	<i>3.8312</i>

SELECTED DATA FROM THE CONSOLIDATED INCOME STATEMENT	01.01- -31.12.2007	01.01- -31.12.2006
	EURO	EURO
Sales revenue.....	232,671,246.37	187,175,570.66
Gross profit on sales.....	88,192,803.16	59,743,376.28
Operating profit.....	63,799,782.25	42,306,698.83
Profit before tax.....	66,289,619.55	43,028,613.43
Profit after tax.....	53,125,381.88	34,674,323.94
<i>Average PLN/EURO exchange rate for the reporting period.....</i>	<i>3.7768</i>	<i>3.8991</i>

Warsaw, 10 March 2008

Jarosław Szanajca
President of the Management Board

Grzegorz Kiełpsz
Vice-President of the Management Board

Leszek Piotr Nałęcz
Vice-President of the Management Board

Janusz Stolarczyk
Member of the Management Board

Terry R. Roydon
Member of the Management Board

Jerzy Ślusarski
Member of the Management Board