



## **DOM DEVELOPMENT S.A.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD OF SIX MONTHS ENDED  
ON 30 JUNE 2009**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS**

## **I. INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. General information about the holding company of Dom Development Capital Group**

The holding company of Dom Development 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 Company's scope of activity is construction projects concerning construction of buildings – PKD 4110Z. The Company conducts its 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 30 June 2009 the holding company Dom Development S.A. was controlled by Dom Development B.V. which held 63.15% of the Company's shares.

### **2. 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 30 June 2009.

Entity name	Country of registration	% of share capital held by the holding company	% of votes held by the holding company	Consolidation method
<b>Subsidiaries</b>				
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. under liquidation..	Poland	100%	100%	full consolidation
Dom Development Grunty sp. z o.o. ....	Poland	46%	100%	full consolidation
<b>Joint-venture</b>				
Fort Mokotów sp. z o.o. ....	Poland	49%	49%	proportionate consolidation

The main area of activity of 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.

The main area of activity of the subsidiary entity – Dom Development Grunty sp. z o.o. is purchase of real estate for development activities of the Group.

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 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 six months ended on 30 June 2009 the Group did not discontinue any of its operations.

In the period of six months ended on 30 June 2009 the Group did not make any changes to its structure, including mergers, acquisitions, sale of the Group's entities, long-term investments, divisions, restructuring or discontinuation of operations.

### **3. Summary of significant accounting policies**

#### **Basis for the preparation of the consolidated financial statements**

All the applicable International Financial Reporting Standards („IFRS”) adopted by the European Union and the standards applicable for the periods beginning on 1 January 2009 as well as the standards which became effective by 30 June 2009 were applied by the Company in the condensed consolidated financial statements for the period of six months ending on 30 June 2009 („condensed consolidated financial statements”).

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.

These condensed consolidated financial statements were prepared pursuant to International Accounting Standard 34 “Interim financial reporting” with the application of the same accounting principles for the current and comparable period.

The condensed consolidated financial statements were prepared based on the assumption that the Group would continue its business activities in the foreseeable future, with no threats to the continuation of these activities.

The condensed consolidated financial statements are stated in Polish zloty („PLN”). Financial data included in the consolidated financial statements are expressed in thousands of PLN unless stated otherwise.

#### **Summary of significant accounting policies**

These condensed consolidated financial statements were prepared following the same accounting policies and methods of computation that were disclosed in and applied to the most recent annual consolidated financial statements of the Group **with the exception of a change in the moment at which sales revenue is recognised (described below)**.

#### **Description of the change in the accounting policies**

In June 2008 the International Financial Reporting Interpretation Committee (IFRIC) completed a project reviewing the interpretation of the **moment of revenue recognition** from real estate sales under IAS 11 (“Construction contracts”) and IAS 18 (“Revenue”).

Prepared by IFRIC a draft interpretation (D-21 Real Estate Sales) was approved by International Accounting Standards Board (IASB) in June 2008 and subsequently published by IFRIC in the form of interpretation (IFRIC-15 Agreements for the Construction of Real Estate) on 2 July 2008.

According to the transitional provisions included in the above interpretation, application of this interpretation is required to the Group’s consolidated financial statements for the periods beginning on 1 January 2009. This introduces changes to the previously applied accounting policies in relation to the moment of real estate (products) sales recognition.

Up to 31 December 2008 the Group recognized sales revenue based on IAS11 using “percentage of completion” method described in the chapter “Significant accounting policies” in the consolidated financial statements for the year ended 31 December 2008. Using IAS11, the Group recognized sales revenue in proportion to the state of progress of sales and construction for specific investment projects.

Use of the IFRIC-15 interpretation requires the Group to recognize sales revenue differently than in the past, that is to say in accordance with IAS18. From 1 January 2009 real estate sales revenue is recognized only at the moment it is released to the buyer, based on a handover protocol signed by both parties (“recognition on completion” method).

The main result of the above change is that sales revenue and cost of sales (and as a result – sales contribution) is recognized considerably later than it has been previously using “percentage of completion” method. From 1 January 2009 sales revenue for an individual real estate project are not recognized until after the completion of the construction process of that particular project. The above change do not impact the profitability of the real estate development projects but it influences the allocation of revenues and cost of sales to individual accounting periods.

According to the requirements of the IFRIC-15 interpretation, the above change to the accounting principle was introduced retrospectively. This means the opening balance of the shareholders' equity was adjusted (in the item "Accumulated, unappropriated profit") for the earliest period presented, which was 1 January 2008, as well as the comparative data presented in these condensed consolidated financial statements, as if the new accounting principle had always been applied.

**Impact of the above described change in the accounting policy on the Group's condensed consolidated financial statements**

**CONSOLIDATED SHAREHOLDERS' EQUITY**

a/ Total adjustment to the consolidated shareholders' equity opening balance as at 1 January 2009, consisting of:

i/ Adjustment to the consolidated shareholders' equity opening balance as at 1 January 2008

This adjustment eliminates the portion of profit from past periods, i.e. the net profit recognized using "percentage of completion" method cumulatively till 31 December 2007, which would not be recognized if the "recognition on completion" method was applied. This applies to the profit calculated using "percentage of completion" method on the products for which preliminary sales agreements had been signed but the products were not released to the buyers by the 31 December 2007.

ii/ Adjustment to the consolidated net profit for the year ended 31 December 2008.

This adjustment represents the difference between net profit recognized using "percentage of completion" method (shown in the consolidated financial statements for the year ended 31 December 2008) and the net profit that would be recognized if the "recognition on completion" method was used.

<b>CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 1 JANUARY 2009</b>	
<b>Consolidated shareholders' equity as at 31 December 2008 – previously disclosed (using IAS 11)</b>	<b>789,755</b>
i/ Adjustment to the opening balance as at 1 January 2008	(193,796)
ii/ Adjustment to the consolidated net profit for the year ended 31 December 2008, consisting of:	
- elimination of the consolidated net profit for the year 2008 recognised under IAS 11 (i.e. before the change of accounting policy)	(136,940)
- consolidated net profit for the year 2008 recognised under IAS 18 (i.e. after the change in accounting policy)	224,269
Adjustment to the consolidated net profit for the year ended 31 December 2008	87,329
<b>Consolidated shareholders' equity as at 1 January 2009 – restated (using IAS 18)</b>	<b>683,288</b>

b/ Adjustment to the consolidated shareholders' equity opening balance as at 1 January 2008, by PLN 193,796 thousand

This adjustment eliminates the portion of profit from past periods, i.e. the net profit recognized using "percentage of completion" method cumulatively till 31 December 2007, which would not be recognized if the "recognition on completion" method was applied. This applies to the profit calculated using "percentage of completion" method on the products for which preliminary sales agreements had been signed but the products were not released to the buyers by the 31 December 2007.

<b>CONSOLIDATED SHAREHOLDERS' EQUITY AS AT 1 JANUARY 2008</b>	
<b>Consolidated shareholders' equity as at 31 December 2007 – previously disclosed (using IAS 11)</b>	<b>696,138</b>
Adjustment to the opening balance as at 1 January 2008	(193,796)
<b>Consolidated shareholders' equity as at 1 January 2008 – restated (using IAS 18)</b>	<b>502,342</b>

## CONSOLIDATED BALANCE SHEETS

	31.12.2008 Restated	31.12.2008 Previously disclosed
<b>ASSETS – ITEMS THAT HAVE BEEN RESTATED</b>		
Deferred income tax assets .....	8,434	8,428
Inventory .....	1,458,133	1,152,331
Other current assets .....	6,348	81,631

	31.12.2008 Restated	31.12.2008 Previously Disclosed
<b>EQUITY AND LIABILITIES – ITEMS THAT HAVE BEEN RESTATED</b>		
Accumulated, unappropriated profit (loss) .....	41,103	147,570
Deferred tax liability .....	29,419	55,067
Short-term tax liabilities .....	7,902	7,222
Accrued liabilities and deferred income .....	388,788	26,828

## CONSOLIDATED INCOME STATEMENTS

<b>CONSOLIDATED INCOME STATEMENTS – ITEMS THAT HAVE BEEN RESTATED</b>	<b>Period of six months ended on</b>	
	30.06.2008 Restated	30.06.2008 Previously disclosed
Sales revenues .....	500,226	455,534
Cost of sales .....	(289,483)	(269,302)
Income tax expense .....	(32,638)	(27,997)
<b>Consolidated earnings per share:</b>		
Basic (PLN) .....	5.45	4.65
Diluted (PLN) .....	5.45	4.65

**Dom Development S.A.**  
Consolidated balance sheets  
as at 30 June 2009 and 31 December 2008  
(in PLN; all amounts in thousands unless stated otherwise)

**II. CONSOLIDATED BALANCE SHEETS**

ASSETS	Note	30.06.2009	31.12.2008
<b>Fixed assets</b>			
Intangible fixed assets .....		1,051	1,360
Tangible fixed assets .....		6,087	6,781
Investments in associated entities .....		1,050	1,050
Deferred income tax assets .....		7,507	8,434
Long-term receivables .....		2,571	2,910
Long-term deferred costs .....		217	361
<b>Total fixed assets .....</b>		<b>18,483</b>	<b>20,896</b>
<b>Current assets</b>			
Inventory .....	1	1,445,078	1,458,133
Trade and other receivables .....		35,653	55,519
Other current assets .....		5,516	6,348
Cash and cash equivalents .....	3	149,200	223,697
<b>Total current assets .....</b>		<b>1,635,447</b>	<b>1,743,697</b>
<b>Total assets .....</b>		<b>1,653,930</b>	<b>1,764,593</b>

  

EQUITY AND LIABILITIES	Note	30.06.2009	31.12.2008
<b>Shareholders' Equity</b>			
Share capital .....	4	24,560	24,560
Share premium less treasury shares .....		231,535	231,535
Reserve capital from valuation of share options .....		16,422	13,908
Other capital (supplementary capital) .....		388,361	371,837
Reserve capital from reducing the share capital .....		510	510
Accumulated, unappropriated profit (loss) .....		69,163	41,103
<b>Equity attributable to the equity holders of the holding company .....</b>		<b>730,551</b>	<b>683,453</b>
Minority interest .....		(173)	(165)
<b>Total shareholders' equity .....</b>		<b>730,378</b>	<b>683,288</b>
<b>Long-term liabilities</b>			
Long-term loans and borrowings .....	6	234,970	233,283
Deferred tax liability .....		23,598	29,419
Bonds .....	7	200,000	200,000
Other long-term liabilities.....		226	226
<b>Total long-term liabilities .....</b>		<b>458,794</b>	<b>462,928</b>
<b>Short-term liabilities</b>			
Trade payables and other liabilities .....		174,047	145,452
Short-term loans and borrowings .....	6	84,613	62,510
Short-term tax liabilities .....		4,225	7,902
Short-term provisions .....		13,293	13,725
Accrued liabilities and deferred income .....		188,580	388,788
<b>Total short-term liabilities .....</b>		<b>464,758</b>	<b>618,377</b>
<b>Total liabilities .....</b>		<b>923,552</b>	<b>1,081,305</b>
<b>Total equity and liabilities .....</b>		<b>1,653,930</b>	<b>1,764,593</b>

**Dom Development S.A.**  
Consolidated income statements  
for the period of six months ended on 30 June 2009 and 2008  
(in PLN; all amounts in thousands unless stated otherwise)

### III. CONSOLIDATED INCOME STATEMENTS

		Period of six months ended on	
	Note	30.06.2009	30.06.2008
Sales revenues .....	11	382,582	500,226
Cost of sales .....	12	(260,398)	(289,483)
<b>Gross profit on sales .....</b>		<b>122,184</b>	<b>210,743</b>
Selling expenses .....	12	(10,993)	(15,929)
General administrative expenses .....	12	(21,869)	(32,149)
Other operating income .....		2,110	1,028
Other operating expenses .....		(7,234)	(3,229)
<b>Operating profit .....</b>		<b>84,198</b>	<b>160,464</b>
Financial income .....	13	1,251	6,752
Financial costs .....		(5,353)	(711)
<b>Profit before tax .....</b>		<b>80,096</b>	<b>166,505</b>
Income tax expense .....	14	(15,872)	(32,638)
<b>Profit after tax .....</b>		<b>64,224</b>	<b>133,867</b>
<b>Profit attributable to:</b>			
Equity holders of the holding company .....		64,232	133,870
Minority interests .....		(8)	(3)
<b>Earnings per share:</b>			
Basic (PLN) .....	8	2.62	5.45
Diluted (PLN) .....	8	2.61	5.45

**Dom Development S.A.**  
Consolidated statement of comprehensive income  
for the period of six months ended on 30 June 2009 and 2008  
(in PLN; all amounts in thousands unless stated otherwise)

**IV. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Period of six months ended on	
	30.06.2009	30.06.2008
<b>Net profit</b> .....	<b>64,224</b>	<b>133,867</b>
<b>Other comprehensive income</b> .....	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b> .....	<b>64,224</b>	<b>133,867</b>
<b>Comprehensive income attributable to:</b>		
Equity holders of the holding company .....	64,232	133,870
Minority interests .....	(8)	(3)



**Dom Development S.A.**  
Consolidated cash flow statements  
for the period of six months ended on 30 June 2009 and 2008  
(in PLN; all amounts in thousands unless stated otherwise)

**V. CONSOLIDATED CASH FLOW STATEMENTS**

	Period of six months ended on	
	30.06.2009	30.06.2008
<b>Cash flow from operating activities</b>		
Profit before taxation .....	80,096	166,505
Adjustments:		
Depreciation .....	1,247	1,091
Profit/loss on foreign exchange differences .....	49	30
Profit/loss on investments .....	198	(24)
Interest paid and accrued .....	8,372	5,031
Cost of the management option scheme .....	2,514	3,726
Changes in the operating capital		
Changes in provisions .....	(432)	(293)
Changes in inventory .....	17,888	(157,977)
Changes in receivables .....	24,736	(43,714)
Changes in short term liabilities excluding loans and borrowings .....	24,918	33,200
Changes in prepayments .....	(200,316)	(94,235)
Other adjustments .....	(49)	(56)
<b>Cash flow generated from operating activities .....</b>	<b>(40,779)</b>	<b>(86,716)</b>
Interest paid .....	(12,019)	(9,558)
Income tax paid .....	(25,297)	(28,067)
<b>Net cash flow from operating activities .....</b>	<b>(78,095)</b>	<b>(124,341)</b>
<b>Cash flow from investing activities</b>		
Proceeds from the sale of intangible assets and tangible fixed assets .....	279	95
Acquisition of intangible and tangible fixed assets .....	(721)	(1,383)
<b>Net cash flow from investing activities .....</b>	<b>(442)</b>	<b>(1,288)</b>
<b>Cash flows from financing activities</b>		
Proceeds from contracted loans and borrowings .....	46,687	1
Repayment of loans and borrowings .....	(22,896)	(21,930)
Dividend payments .....	(19,648)	(50,103)
Payment of financial leasing liabilities .....	(103)	(109)
<b>Net cash flow from financing activities .....</b>	<b>4,040</b>	<b>(72,141)</b>
<b>Increase (decrease) in net cash and cash equivalents .....</b>	<b>(74,497)</b>	<b>(197,770)</b>
<b>Cash and cash equivalents – opening balance .....</b>	<b>223,697</b>	<b>275,489</b>
<b>Cash and cash equivalents – closing balance .....</b>	<b>149,200</b>	<b>77,719</b>

**Dom Development S.A.**  
Statements of changes in the consolidated shareholders' equity  
for the period of six months ended on 30 June 2009 and 2008  
(in PLN; all amounts in thousands unless stated otherwise)

**VI. 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)	Equity attributable to the equity holders of the holding company	Minority interests	Total equity
<b>Balance as at 31 December 2008 – previously disclosed...</b>	<b>24,560</b>	<b>231,535</b>	<b>371,837</b>	<b>510</b>	<b>13,908</b>	<b>147,570</b>	<b>789,920</b>	<b>(165)</b>	<b>789,755</b>
Impact of IFRIC-15*/									
Adjustment to the opening balance of 1 January 2008 .....	-	-	-	-	-	(193,796)	(193,796)	-	(193,796)
Adjustment to the consolidated net profit for the year ended 31 December 2008 .....	-	-	-	-	-	87,329	87,329	-	87,329
<b>Balance as at 1 January 2009 – restated .....</b>	<b>24,560</b>	<b>231,535</b>	<b>371,837</b>	<b>510</b>	<b>13,908</b>	<b>41,103</b>	<b>683,453</b>	<b>(165)</b>	<b>683,288</b>
Transfer of profit to supplementary capital ...	-	-	122,514	-	-	(122,514)	-	-	-
Dividend payment to shareholders .....	-	-	-	-	-	(19,648)	<b>(19,648)</b>	-	<b>(19,648)</b>
Transfer of adjustment to the opening balance to the supplementary capital (implementation of IFRIC-15*) .....	-	-	(105,990)	-	-	105,990	-	-	-
Creation of reserve capital from the valuation of the share options .....	-	-	-	-	2,514	-	<b>2,514</b>	-	<b>2,514</b>
Total Comprehensive income for six months ended on 30 June 2009 .	-	-	-	-	-	64,232	<b>64,232</b>	<b>(8)</b>	<b>64,224</b>
<b>Balance as at 30 June 2009 .....</b>	<b>24,560</b>	<b>231,535</b>	<b>388,361</b>	<b>510</b>	<b>16,422</b>	<b>69,163</b>	<b>730,551</b>	<b>(173)</b>	<b>730,378</b>

\*/ description of the impact of IFRIC-15 on the consolidated shareholders' equity is presented in "Introduction to the condensed consolidated financial statements".

**Dom Development S.A.**  
Statements of changes in the consolidated shareholders' equity  
for the period of six months ended on 30 June 2009 and 2008  
(in PLN; all amounts in thousands unless stated otherwise)

**STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY – cont.**

	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)	Equity attributable to the equity holders of the holding company	Minority interests	Total equity
<b>Balance as at 1 January 2008 – previously disclosed...</b>	<b>24,560</b>	<b>231,535</b>	<b>191,556</b>	<b>510</b>	<b>7,128</b>	<b>240,849</b>	<b>696,138</b>	<b>-</b>	<b>696,138</b>
Impact of IFRIC-15*/									
Adjustment to the opening balance of 1 January 2008 .....	-	-	-	-	-	(193,796)	<b>(193,796)</b>	-	<b>(193,796)</b>
<b>Balance as at 1 January 2008 – restated .....</b>	<b>24,560</b>	<b>231,535</b>	<b>191,556</b>	<b>510</b>	<b>7,128</b>	<b>47,053</b>	<b>502,342</b>	<b>-</b>	<b>502,342</b>
Transfer of profit to supplementary capital ...	-	-	180,281	-	-	(180,281)	-	-	-
Dividend payment to shareholders .....	-	-	-	-	-	(50,103)	(50,103)	-	<b>(50,103)</b>
Transfer of retained profit attributable to minority interests .....	-	-	-	-	-	157	<b>157</b>	(157)	-
Creation of reserve capital from the valuation of the share options .....	-	-	-	-	3,726	-	<b>3,726</b>	-	<b>3,726</b>
Total Comprehensive income for six months ended on 30 June 2008 .	-	-	-	-	-	133,870	<b>133,870</b>	(3)	<b>133,867</b>
<b>Balance as at 30 June 2008 .....</b>	<b>24,560</b>	<b>231,535</b>	<b>371,837</b>	<b>510</b>	<b>10,854</b>	<b>(49,304)</b>	<b>589,992</b>	<b>(160)</b>	<b>589,832</b>

\*/ description of the impact of IFRIC-15 on the consolidated shareholders' equity is presented in "Introduction to the condensed consolidated financial statements".

## **VII. ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **Note 1. Inventories**

<b>INVENTORY</b>	<b>30.06.2009</b>	<b>31.12.2008</b>
Advances on deliveries .....	20,295	22,422
in this at purchase prices/production costs .....	20,364	22,491
in this revaluation write down .....	(69)	(69)
Semi-finished goods and work in progress .....	1,289,803	1,324,969
in this at purchase prices/production costs .....	1,307,298	1,337,013
in this revaluation write down .....	(17,495)	(12,044)
Finished goods .....	134,980	110,742
in this at purchase prices/production costs .....	135,425	111,206
in this revaluation write down .....	(445)	(464)
<b>Total .....</b>	<b>1,445,078</b>	<b>1,458,133</b>

	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
<b>WRITE-OFFS REVALUATING THE INVENTORIES</b>		
<b>Balance at the beginning of the period .....</b>	<b>12,577</b>	<b>8,463</b>
Increase .....	5,451	119
Release .....	(19)	(331)
<b>Balance at the end of the period .....</b>	<b>18,009</b>	<b>8,251</b>

As a result of the impairment tests and analysis performed, the Group made a provision for impairment of projects in the construction phase and land for future projects for the amount of PLN 5,451 thousand in the first half of 2009.

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

<b>SECURITY ON INVENTORIES - MORTGAGE</b>	<b>30.06.2009</b>	<b>31.12.2008</b>
Balance sheet value of inventory used to secure liabilities .....	499,516	406,297
Value of mortgages used to secure the loans .....	581,919	514,177

\*) due to the change in the accounting principle related to the moment of revenue recognition on sale of real estate there was an adjustment to the balance sheet value of inventory used to secure liabilities as at 31 December 2008 (see "Introduction to the condensed consolidated financial statements")

### **Note 2. Change in the write-offs revaluating short-term receivables**

	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
<b>CHANGE IN THE WRITE-OFFS REVALUATING TRADE AND OTHER RECEIVABLES</b>		
<b>Opening balance .....</b>	<b>1,928</b>	<b>2,547</b>
a) Additions .....	500	440
b) Disposals .....	-	(29)
<b>Closing balance .....</b>	<b>2,428</b>	<b>2,958</b>

**Dom Development S.A.**  
Additional notes to the condensed consolidated financial statements  
for the period of six months ended on 30 June 2009  
(in PLN; all amounts in thousands unless stated otherwise)

**Note 3. Cash and cash equivalents**

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

<b>CASH AND CASH EQUIVALENTS</b>	<b>30.06.2009</b>	<b>31.12.2008</b>
Cash in hand and at bank .....	5,272	5,629
Short-term deposits and treasury bills.....	143,902	285,841
Overdraft .....	-	(67,820)
Other .....	26	47
<b>Total .....</b>	<b>149,200</b>	<b>223,697</b>

The Group presents overdrafts as a decrease in cash and cash equivalents when holding deposits in the same banks exceeding the level of the overdrafts (see note 6).

**Note 4. Share capital**

**SHARE CAPITAL (STRUCTURE) AS AT 30 June 2009**

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (PLN)	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
<b>Total number of shares .....</b>				<b>24,560,222</b>				
<b>Total share capital .....</b>					<b>24,560,222</b>			
<b>Nominal value per share = PLN 1</b>								

**SHARE CAPITAL (STRUCTURE) AS AT 31 December 2008**

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (PLN)	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
<b>Total number of shares .....</b>				<b>24,560,222</b>				
<b>Total share capital .....</b>					<b>24,560,222</b>			
<b>Nominal value per share = PLN 1</b>								

On 27 October 2006 the agreement with CDM PEKAO S.A. 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

**Dom Development S.A.**  
Additional notes to the condensed consolidated financial statements  
for the period of six months ended on 30 June 2009  
(in PLN; all amounts in thousands unless stated otherwise)

Option Programme IB in which CDM PEKAO S.A, pursuant to depositary agreement dated 26 October 2006 was a depositary in this programme).

On 28 January 2008 all rights and obligations arising from the above trust agreement signed with CDM on 26 October 2006 were assumed by UniCredit CA IB Polska S.A.

**Description of changes in the share capital of the holding company in the period from 1 January 2009 to the date of preparing the financial statements.**

In the period from 1 January 2009 by the date of preparation of these financial statements there have been no changes to the shareholders capital.

**List of shareholders who have, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at the date of preparing these financial statements for the 1th half of 2009**

	Shares	% of capital	Number of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Dom Development B.V. ....	15,509,386	63.15	15,509,386	63.15
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 the date of preparing these financial statements for the 1th half of 2009**

	Shares	Share Options	Total
<b>Management Board</b>			
Jarosław Szanajca .....	1,734,050	-	1,734,050
Janusz Zalewski .....	436,000	31,000	467,000
Jerzy Ślusarski .....	5,363	67,850	73,213
Janusz Stolarczyk .....	106,200	35,850	142,050
Terry Roydon .....	58,500	50,000	108,500
<b>Supervisory Board</b>			
Grzegorz Kielpsz.....	1,390,750	-	1,390,750
Zygmunt Kostkiewicz .....	29,500	-	29,500

On 15 January 2009 the Supervisory Board of the Company allotted 31,000 share options to Janusz Zalewski, Vice President of the Management Board of the Company, under the Management Options Programme II related to the shares of Dom Development SA, entitling subscription to 31,000 ordinary shares of Dom Development SA.. Janusz Stolarczyk , a member of the Management Board, sold 1,000 ordinary shares.

## **Nota 5. Approval of the financial statements for 2008 and the distribution of profit**

On 21 May 2009 the Ordinary General Meeting of the Shareholders of Dom Development S.A. approved the financial statements of Dom Development S.A. for the year ended on 31 December 2008, the report of the Management Board on the activities of Dom Development S.A. in 2008, the consolidated financial statements of Dom Development Capital Group for the year ended on 31 December 2008 and the report of the Management Board on the activities of Dom Development Capital Group in 2008, as presented by the Management Board. The Ordinary General Meeting of the Shareholders granted to the Management of the Company an acknowledgement of fulfilment of their duties for the year 2008.

The Ordinary General Meeting of the Shareholders of Dom Development S.A. allotted a part of the Company's net profit for 2008 in the amount of PLN 19,648,177.60 i.e. PLN 0.80 per share for the payment of dividend to shareholders of the Company, and a part of net profit in the amount of PLN 122,514,153.74 to increase the Company's reserve capital. The dividend day was set at 9 June 2009 and the day of payment of the dividend was set at 24 June 2009. The dividend was paid on the agreed date.

## **Note 6. Loans and borrowings**

<b>LOANS DUE WITHIN</b>	<b>30.06.2009</b>	<b>31.12.2008</b>
1 year .....	84,613	62,510
More than 1 year less than 2 years .....	144,970	71,663
More than 2 years less than 5 years .....	90,000	161,620
More than 5 years .....	-	-
<b>Total loans</b> .....	<b>319,583</b>	<b>295,793</b>
including: long-term .....	234,970	233,283
short-term .....	84,613	62,510

As at 30 June 2009 and 31 December 2008 the Group did not have borrowing-related liabilities.

As at 30 June 2009 and 31 December 2008 all the Group's loans were expressed in Polish Zloty.

## **Loan liabilities as at 30 June 2009**

<b>BANK LOANS SHOWN IN LIABILITIES AS AT 30.06.2009</b>						
<b>Bank</b>	<b>Registered office</b>	<b>Amount of loan – as per agreement</b>	<b>Currency</b>	<b>Outstanding loan amount (less accrued interest)</b>	<b>Currency</b>	<b>Due date</b>
ING BANK ŚLĄSKI	Warsaw	39,613	PLN	39,613	PLN	30.09.2009
BOŚ	Warsaw	100,000	PLN	99,970	PLN	30.06.2011
PKO BP	Warsaw	200,000	PLN	180,000	PLN	31.12.2012
PKO BP*)	Warsaw	65,000	PLN	-	PLN	31.01.2011
<b>Total bank loans shown in liabilities</b> .....		<b>404,613</b>		<b>319,583</b>		

**Dom Development S.A.**  
Additional notes to the condensed consolidated financial statements  
for the period of six months ended on 30 June 2009  
(in PLN; all amounts in thousands unless stated otherwise)

\*) On 29 June 2009 a non-revolving working capital loan facility was signed. According to this agreement PKO BP made funds available to the Company in the amount of PLN 65 million.

In the case that the Group holds overdrafts in the same banks where it holds deposits in the amounts exceeding the amounts of the overdrafts and deposit accounts payment terms preceding repayment of the overdrafts, the Group presents these overdrafts in the balance sheet as a decrease in cash and cash equivalents (see note 3).

<b>BANK LOANS (OVERDRAFTS) REDUCING ASSETS AS AT 30.06.2009</b>						
<b>Bank</b>	<b>Registered office</b>	<b>Amount of loan – as per agreement</b>	<b>Currency</b>	<b>Outstanding loan amount (less accrued interest)</b>	<b>Currency</b>	<b>Due date</b>
BOŚ	Warsaw	40,000	PLN	-	PLN	23.04.2010
PKO BP	Warsaw	40,000	PLN	-	PLN	16.03.2010
<b>Total overdrafts .....</b>		<b>80,000</b>	<b>PLN</b>	<b>-</b>	<b>PLN</b>	

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

#### **Note 7. Bonds**

<b>BONDS</b>	<b>30.06.2009</b>	<b>31.12.2008</b>
<b>Nominal value of the issued bonds .....</b>	<b>200,000</b>	<b>200,000</b>
Interest due for payment as at balance sheet date disclosed in the item - Accrued liabilities and deferred income.....	1,096	1,460

On 5 November 2007 the Company and Bank BPH S.A. signed a Bond Issue Programme Agreement. During the seven-year term of this programme, based on the above agreement Dom Development S.A. is allowed 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 Programme. The return on bonds depends on the market conditions on the sale date and calculated according to WIBOR 3M + margin. According to the agreement, the bonds shall be issued in series and offered to selected investors. The Company does not plan to introduce the bonds issued under the programme to public trading. The terms of the Agreement with Bank BPH S.A. are typical for such programmes.

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 Programme 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 are used for financing the development of the Company. The bonds are an unsecured liability of the Company.



**Note 8. Earnings per share**

<b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
<b>Basic earnings per share</b>		
Profit attributable to the equity holders of the holding company (PLN) .....	64,232	133,870
The average weighted number of ordinary shares for the calculation of basic earnings per share .....	24,560,222	24,560,222
<b>Basic earnings per share (PLN) .....</b>	<b>2.62</b>	<b>5.45</b>
<b>Diluted earnings per share</b>		
Theoretical profit attributable to the equity holders of the holding company for the calculation of the diluted earnings per share .....	64,232	133,870
Potential diluting shares related to Management Share Options Programme II .....	42,165	-
The average weighted number of ordinary shares for the calculation of diluted earnings per share .....	24,602,387	24,560,222
<b>Diluted earnings per share (PLN) .....</b>	<b>2.61</b>	<b>5.45</b>

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

**Note 9. Key assumptions and estimate bases**

The amount of costs necessary for the completion of the conducted development projects is based on detailed budgets of individual development projects prepared based on the Company's best knowledge and experience. Each development project budget is updated at least once every three months.

**Note 10. Segment reporting**

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

**Note 11. Operating income**

<b>SALES REVENUES BY KIND</b>	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
Sales of finished goods .....	373,865	488,785
Sales of services .....	7,085	11,441
Sales of goods for resale (land) .....	1,632	-
<b>Total .....</b>	<b>382,582</b>	<b>500,226</b>

**Dom Development S.A.**  
Additional notes to the condensed consolidated financial statements  
for the period of six months ended on 30 June 2009  
(in PLN; all amounts in thousands unless stated otherwise)

**Note 12. Operating costs**

<b>OPERATING COSTS</b>	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
<b>Cost of sales</b>		
Cost of finished goods sold .....	(252,241)	(279,428)
Cost of services sold .....	(6,299)	(10,055)
Cost of land sold .....	(1,858)	-
<b>Total cost of sales .....</b>	<b>(260,398)</b>	<b>(289,483)</b>
<b>Selling costs and general administrative expenses</b>		
Selling costs .....	(10,993)	(15,929)
General administrative expenses .....	(21,869)	(32,149)
<b>Total selling costs and general administrative expenses .....</b>	<b>(32,862)</b>	<b>(48,078)</b>
<b>Selling costs and general administrative expenses by kind</b>		
Depreciation .....	(1,247)	(1,091)
Cost of materials and energy .....	(3,468)	(4,294)
External services .....	(8,710)	(12,534)
Taxes and charges .....	(203)	(666)
Wages and salaries .....	(13,538)	(20,371)
Social security and other benefits .....	(1,949)	(3,248)
Management Options Programme.....	(2,514)	(3,726)
Other costs by kind .....	(1,233)	(2,148)
<b>Total selling costs and general administrative expenses by kind .....</b>	<b>(32,862)</b>	<b>(48,078)</b>

**Note 13. Financial income**

<b>FINANCIAL INCOME</b>	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
Interest .....	1,215	6,742
Other .....	36	10
<b>Total .....</b>	<b>1,251</b>	<b>6,752</b>

**Note 14. Income tax**

<b>INCOME TAX</b>	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
Current income tax .....	20,767	32,855
Deferred income tax .....	(4,895)	(217)
<b>Total .....</b>	<b>15,872</b>	<b>32,638</b>

**Dom Development S.A.**  
Additional notes to the condensed consolidated financial statements  
for the period of six months ended on 30 June 2009  
(in PLN; all amounts in thousands unless stated otherwise)

**Note 15. Transactions with related entities**

In the six-month periods ended 30 June 2009 and 2008 the Company was a party to transactions with related entities, as listed below. Descriptions of the transactions have been presented in the form of tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided. Due to the Company's turnover transactions with a given related entity which did not exceed in any of the presented periods PLN 100 thousand have been omitted in the summary.

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

Counterparty	Transaction description	01.01- -30.06.2009	01.01- -30.06.2008
Woodsford Consulting Limited .....	Consulting services as per agreement dated 1 February 2000, with further amendments	739	924
Hansom Property Company Limited .....	Consulting services as per agreement dated 31 March 1999	130	107
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom" .....	Insurance of financial losses risk	(115)	182
Fort Mokotów sp. z o.o. ....	Other	(2)	125

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

Counterparty	Transaction description	01.01- -30.06.2009	01.01- -30.06.2008
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	277	5,217
Dom Development Grunty sp. z o.o. ....	Value of land transferred to Dom Development S.A. as part of mandate contracts	-	30,076

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

Counterparty	Transaction description	01.01- -30.06.2009	01.01- -30.06.2008
Fort Mokotów sp. z o.o. ....	The sales commission agreement and agreement for provision of advertising and marketing services dated 15 April 2002	300	300
Fort Mokotów sp. z o.o. ....	Repair services based on agreement dated 22 July 2005	72	72
Fort Mokotów sp. z o.o. ....	Real estate management services	-	10
Fort Mokotów sp. z o.o. ....	Other	16	9

**Dom Development S.A. as a party paying a dividend**

Counterparty	Transaction description	01.01- -30.06.2009	01.01- -30.06.2008
Dom Development B.V. ....	Dividend (gross)	12,397	31,613

**Dom Development S.A.**  
Additional notes to the condensed consolidated financial statements  
for the period of six months ended on 30 June 2009  
(in PLN; all amounts in thousands unless stated otherwise)

**Dom Development S.A. as a party receiving a dividend or participating in decrease of reserve capital**

Counterparty	Transaction description	01.01- -30.06.2009	01.01- -30.06.2008
Fort Mokotów sp. z o.o. ....	Participating in decrease of reserve capital	6,370	-

**Balances with related entities**

Balances as in the books of the Company

Entity	Receivables from related entities		Liabilities to related entities	
	30.06.2009	31.12.2008	30.06.2009	31.12.2008
<b>Total balance</b> .....	<b>57,107</b>	<b>56,833</b>	<b>103</b>	<b>3</b>
Balances below PLN 100,000.....	21	9	-	3
Balances over PLN 100,000.....	57,086	56,824	103	-
<b>Subsidiaries</b> .....	<b>57,008</b>	<b>56,727</b>	-	-
Dom Development Morskie Oko sp. z o.o. additional contributions to capital .....	1,147	1,147	-	-
Dom Development Grunty sp. z o.o. ....	55,861	55,580	-	-
<b>Joint-venture</b> .....	<b>78</b>	<b>97</b>	-	-
Fort Mokotów sp. z o.o. ....	78	97	-	-
<b>Other entities</b> .....	-	-	<b>103</b>	-
Woodsford Consulting Limited .....	-	-	103	-

**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 of agreement with the Company (PLN)
Jarosław Szanajca oraz Iwona Jackowska-Szanajca	28.04.2009	Transfer agreement of rights and obligations for promissory sale agreement concerning residential facilities, one utility room and two parking spaces in investment „Patria”	557,743.75
Marek Dalba oraz Krystyna Dalba	06.05.2009	Transfer agreement of rights and obligations for participation in a promissory sale agreement concerning two parking spaces in investment „Kasztanowa Aleja I”.	4,000.00
Zygmunt Kostkiewicz	18.06.2009	Sales agreement concerning participation in a joint ownership of land with rights to exclusive use of part of the real estate consisting of two parking spaces in investment „Akacje V”.	600.00
Jacek Orkisz oraz Agnieszka Orkisz	25.06.2009	Termination of promissory sale agreement concerning residential facilities, one parking space with utility room, and one parking space in investment „Grzybowska”	1,389,800.10

#### **Note 16. Incentive plan – Management Options Programme**

As at 30 June 2009 there were two Management Option Programmes adopted as part of the Incentive Scheme for the Management staff of the Company. These are Programme IB and Programme II (all options related to Programme I were exercised before 1 January 2008).

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)
	30.06.2009			31.12.2008		
Programme I B .....	92,500	92,500	62,500	92,500	92,500	-
Programme II .....	726,000	546,575	-	726,000	565,475	-

In the first half of 2009 the number of share options allotted under Programme II has changed due to the allotment of 31,000 share options under this programme with a simultaneous decrease of 49,900 share options due to the termination of employment contracts with several employees who were under this Programme.

Within the two six month periods which ended on 30 June 2009 and 2008, the following amounts were accounted for in the income statement: PLN 2,514 thousand and PLN 3,726 thousand respectively.

#### **Share options allocated and possible to be exercised as at respective balance sheet dates**

SHARE OPTIONS		30.06.2009	31.12.2008
Options unexercised at the end of the period	Amount .....	576,575	657,975
	Total exercise price .....	40,508	44,290
Options possible to be exercised at the end of the period	Amount .....	30,000	-
	Total exercise price .....	183	-

#### **Structure of share options allocated and not exercised as at 30 June 2009:**

Programme	Amount of options	Exercise price per option (PLN)
Programme I B .....	30,000	6.10
Programme II .....	322,500	114.48
Programme II .....	193,075	14.91
Programme II .....	31,000	16.97
<b>Total .....</b>	<b>576,575</b>	

#### **Exercised share options concerning Programme IB**

During the first six months of 2009 the Company's employees holding options for shares concerning Programme IB exercised options for 62,500 shares in the Company. The shares were purchased from UniCredit CA IB Polska S.A. being the depository in this programme (see note 4).

### Valuation of new share options

On 15 January 2009 the Management Board of Dom Development S.A. adopted a resolution in respect of the allotment of 31,000 share options of Management Share Options Programme II (which concerns 726,000 shares of Dom Development S.A.) as well as the price of the said shares. Pursuant to the foregoing resolution these options for the Company's shares were allotted to Janusz Zalewski, Vice-President of the Management Board of the Company.

The fair value of the allotted options which may be changed into shares was estimated as at the day of their allotment 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 Programme II:

Dividend rate (%)	3.12
Anticipated volatility rate (%)	52.75
Risk-free interest rate (%)	4.36
Anticipated period of option exercise (in years)	4.00
Share exercise price (PLN)	16.97
Current share price (PLN)	18.02

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 215 thousand. Such value is evenly accounted for in the income statement within the period of three years.

### Note 17. Contingent liabilities

CONTINGENT LIABILITIES	30.06.2009	31.12.2008
Guarantees .....	112	9,904
Sureties .....	1,181	1,109
<b>Total .....</b>	<b>1,293</b>	<b>11,013</b>

Additionally some of the Company's liabilities are secured with bills of exchange:

CONTINGENT LIABILITIES	30.06.2009	31.12.2008
Bills of exchange, including:		
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the granted loan .....	140,000	140,000
– bills of exchange constituting an additional guarantee for PKO BP bank in respect of claims arising from the granted loan .....	105,000	47,241
– 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	2,000
– bills of exchange constituting other guarantees .....	1,452	1,452
<b>Total .....</b>	<b>248,452</b>	<b>190,693</b>

In the six month period ended 30 June 2009 the Company did not provide any guarantees for loans, borrowings or other guarantees – jointly to one entity or its subsidiary, of which the value would amount to at least 10% of the Company's shareholders' equity.

### Note 18. Material court cases as at 30 June 2009

The entities comprising the Group are not a party in material court proceedings as at 30 June 2009.

---

**Note 19. Additional information on the operating activity of the Company**

In the period from 1 January to 30 June 2009 the following material changes in the portfolio of the Group's investments under construction took place:

**The finished projects, i.e. projects for which legally valid occupation permits were issued:**

Project	Decision on the use permit	Segment	Number of apartments
Regaty I- 1st phase .....	I Q 2009	Popular	148
Regaty I - 2nd phase .....	I Q 2009	Popular	242
Derby 18 .....	II Q 2009	Popular	82
Derby 13 .....	II Q 2009	Popular	174

---

In the first half of 2009 the Group did not commence any new projects.

**Note 20. The factors which will influence the results achieved by the Group at least in the next six months**

The most important factors which may influence the financial situation of the Group at least in the next six months are:

- a downturn in the residential market which the Group is operating on,
- impact of worldwide crisis of financial markets on Polish economy and banking system,
- availability of home loans, and especially convenient terms of such loans for potential clients,
- achieving the planned sales volume in terms of quantity and value, as well as in the individual market segments, especially in the light of the current economic downturn on the primary market of apartment sales,
- prompt, compliant with schedules, completion of the construction works by the construction companies completing individual investments of the Group in the general construction system,
- availability of external financing (loans, bonds) for the real estate development entities,
- lack of sudden changes in the legal and tax regulations that may influence in an uncontrollable manner the market demand for products offered by the Company and the Group,
- maintaining the stable political situation and creating a positive economic climate by the government and local authorities.

**Note 21. Material post-balance sheet events**

On 10 July 2009 the Company made a declaration on withdrawal from the preliminary agreement of purchase of the right of perpetual usufruct to a plot of land situated in Warsaw in the district of Ursynów, constituting a built-up plot of 11,149 m<sup>2</sup>, entered into on 17 June 2008 with Spółdzielnia Budownictwa Mieszkaniowego "Natolin". In consequence, the Company expects to be reimbursed for the advance payment in the gross amount of PLN 15,006 thousand. At the time of preparation of these financial statements the amount of PLN 12,300 thousand had been paid into the Company's bank account.

**Note 22. Forecasts**

The Management Board of Dom Development S.A. does not publish any financial forecasts in relation to the holding company nor the Group.

**Dom Development S.A.**  
Additional notes to the condensed consolidated financial statements  
for the period of six months ended on 30 June 2009  
(in PLN; all amounts in thousands unless stated otherwise)

**Note 23. 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:

<b>SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET</b>	<b>30.06.2009</b>	<b>31.12.2008</b>
	thousand EURO	thousand EURO
Total current assets.....	365,905	417,912
Total assets .....	370,040	422,920
Total shareholders' equity .....	163,410	163,763
Long-term liabilities .....	102,648	110,950
Short-term liabilities .....	103,982	148,207
Total liabilities.....	206,630	259,157
<i>PLN/EURO exchange rate as at the balance sheet date .....</i>	<i>4.4696</i>	<i>4.1724</i>

<b>SELECTED DATA FROM THE CONSOLIDATED INCOME STATEMENT</b>	<b>01.01- -30.06.2009</b>	<b>01.01- -30.06.2008</b>
	thousand EURO	thousand EURO
Sales revenue .....	84,672	143,842
Gross profit on sales.....	27,041	60,600
Operating profit.....	18,634	46,142
Profit before tax.....	17,726	47,880
Profit after tax.....	14,213	38,495
<i>Average PLN/EURO exchange rate for the reporting period .....</i>	<i>4.5184</i>	<i>3.4776</i>

Warsaw, 21 August 2009

\_\_\_\_\_  
Jarosław Szanajca  
President of the Management Board

\_\_\_\_\_  
Janusz Zalewski  
Vice-President of the Management Board

\_\_\_\_\_  
Jerzy Ślusarski  
Vice-President of the Management Board

\_\_\_\_\_  
Janusz Stolarczyk  
Member of the Management Board

\_\_\_\_\_  
Terry R. Roydon  
Member of the Management Board