



DOM DEVELOPMENT S.A.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF THREE MONTHS ENDED ON
30 SEPTEMBER 2006
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

I INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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, 19th Commercial Division of the National Court Register, listing its main area of activities as construction and real estate developments, classified in the Polish Classification of Activities (PKD) as 7011Z. The Group conducts activities 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 September 2006 Dom Development S.A. was controlled by Dom Development B.V. which held 83.05% of the Company’s shares. The Company’s minority shareholders with more than 5% of shares are Jarosław Szanajca with 8.24% and Grzegorz Kielpsz with 6.60%.

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 September 2006.

Entity name	Country of registration	% of share capital held by holding company	% of votes held by 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
Dom City sp. z o.o.	Poland	90%	90%	full consolidation
Joint-venture (according to IAS 31):				
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, i.e. flats, apartments and one-family houses.

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 Commercial Companies Code, and have been formed for an unspecified time, with the exception of Fort Mokotów sp. z o. o.

In the period of nine months ended on 30 September 2006 the Group did not discontinue any of its operations.

3. 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 2006 as well as the standards which became effective by 30 September 2006 were applied by the Company in the consolidated financial statements for the period of three months ending on 30 September 2006 ('condensed consolidated financial statements').

These condensed consolidated financial statements were prepared pursuant to IAS 34 'Mid-year financial reporting' with the application of the same principles for the current and comparable period. The detailed principles of accounting adopted by the Group were described in the consolidated financial statements of the Group for the year 2005, published in the Company's prospectus, which was approved by the Polish Securities and Exchange Commission on 14 September 2006.

Dom Development S.A.
Consolidated balance sheets
as at 30 September 2006 and 31 December 2005.

II. CONSOLIDATED FINANCIAL STATEMENTS

ASSETS	Note	30.09.2006	31.12.2005
Fixed assets			
Intangible fixed assets		368,892.78	394,040.02
Tangible fixed assets		7,478,305.44	7,265,349.21
Investments in associates		841,349.00	559,044.00
Deferred income tax assets		8,035,592.70	9,872,247.93
Long-term receivables		927,730.36	927,730.36
Total fixed assets		17,651,870.28	19,018,411.52
Current assets			
Inventory	1	453,105,854.95	372,091,159.86
Trade and other receivables		44,925,241.54	67,981,899.66
Other current assets		31,514,273.59	53,457,712.47
Cash and cash equivalents		135,710,437.48	73,837,309.98
Total current assets		665,255,807.56	567,368,081.97
Total assets		682,907,677.84	586,386,493.49

EQUITY AND LIABILITIES	Note	30.09.2006	31.12.2005
Shareholders' equity			
Share capital	3	21,344,490.00	21,854,340.00
Share premium less treasury shares		10,748,247.98	10,819,818.87
Reserve capital from the valuation of share options		797,888.94	-
Other capital (supplementary capital)		78,802,592.00	53,403,253.44
Reserve capital from the valuation of share options		509,850.00	-
Accumulated, unappropriated profit (and loss)		112,380,680.62	47,333,300.40
Total shareholders' equity		224,583,749.54	133,410,712.71
Long-term liabilities			
Long-term loans and borrowings	4	53,826,925.32	78,332,948.91
Differed income tax liability		51,082,852.82	34,977,411.19
Bonds	5	81,244,333.64	51,553,445.40
Other		542,888.45	3,567,210.05
Total long-term liabilities		186,697,000.23	168,431,015.55
Short-term liabilities			
Trade payables and other liabilities		140,152,818.32	134,885,296.23
Short-term loans and borrowings	4	90,150,983.42	107,035,211.89
Short-term tax liabilities		5,499,486.36	4,377,880.98
Short-term provisions		3,234,655.07	1,884,426.38
Accrued liabilities and deferred income		32,588,984.90	36,361,949.75
Total short-term liabilities		271,626,928.07	284,544,765.23
Total liabilities		458,323,928.30	452,975,780.78
Total equity and liabilities		682,907,677.84	586,386,493.49

Dom Development S.A.
 Consolidated profit and loss statements
 for the periods of three months ended on 30 September 2006 and 2005
 and for the periods of nine months ended on 30 September 2006 and 2005

	Note	Period of nine months		Period of three months	
		01.01-30.09.2006	01.01-30.09.2005	01.01-30.09.2006	01.01-30.09.2005
Sales revenue	9	522,303,293.55	337,364,488.63	173,314,791.61	145,339,679.13
Cost of sales	10	362,543,484.61	268,348,153.30	117,658,283.66	119,097,601.86
Gross profit on sale		159,759,808.94	69,016,335.33	55,656,507.95	26,242,077.27
Sales costs	10	16,539,393.55	15,598,286.05	6,097,917.20	6,022,820.37
General administrative expenses	10	26,367,052.91	23,359,361.12	8,962,423.70	5,608,950.95
Other operating income		3,802,497.05	1,821,344.44	1,509,328.29	140,635.33
Other operating expenses		7,200,372.99	4,193,667.89	1,654,181.70	3,129,960.99
Operating profit		113,455,486.54	27,686,364.71	40,451,313.64	11,620,980.29
Financial income		3,360,584.09	3,099,447.99	1,738,416.41	807,701.67
Financial costs		3,723,417.64	6,566,179.52	572,847.28	1,853,536.65
Profit before tax		113,092,652.99	24,219,633.18	41,616,882.77	10,575,145.31
Income tax expense	11	21,657,154.07	5,747,376.94	8,128,156.64	3,702,133.76
Profit after tax		91,435,498.92	18,472,256.24	33,488,726.13	6,873,011.55

Earnings per share:

Basic	6	4.18	0.85	1.53	0.31
Diluted	6	4.18	0.85	1.53	0.31

Dom Development S.A.
Consolidated cash flow statements
for the period of nine months ended on 30 September 2006 and 2005.

	The period of nine months	
	01.01- 30.09.2006	01.01- 30.09.2006
Cash flow from operating activities		
Profit before taxation	113,092,652.99	24,219,633.18
Adjustments:		
Depreciation	1,190,247.49	1,287,204.47
Income on foreign exchange differences	-648,247.42	-1,532,519.83
Loss on investments	-135,555.87	-48,300.52
Interest paid and accrued	5,372,159.25	10,497,608.55
Changes in working capital		
Changes in provisions	-1,143,225.74	2,636,625.29
Changes in inventory	-81,014,695.09	-81,639,160.91
Changes in receivables	23,056,658.12	-11,464,285.34
Changes in short term liabilities excluding loans and borrowings	3,632,630.84	18,201,195.27
Changes in provisions and prepayments	18,170,473.86	10,254,820.17
Other	-215,767.09	-1,032,508.23
Cash flow generated from operating activities	81,357,331.34	-28,619,687.90
Interest paid	-4,438,202.70	-10,961,680.98
Income tax paid	-1,489,427.58	-793,928.32
Net cash flow from operating activities	75,429,701.07	-40,375,297.20
Cash flow from investing activities		
Proceeds from the sale of financial assets	-	9,999,972.80
Proceeds from the sale of intangible assets and tangible fixed assets	465,095.91	55,501.30
Acquisition of intangible and tangible fixed assets	-1,707,596.50	-1,263,358.88
Acquisition of financial assets	-329,000.00	-
Net cash flow from investing activities	-1,571,500.59	8,792,115.22
Cash flows from financing activities		
Proceeds from contracted loans and borrowings	40,024,700.00	71,272,195.32
Proceeds from issued bonds	30,000,000.00	-
Repayment of loans and borrowings	-81,936,360.27	-46,121,521.03
Financial lease liabilities payments	-73,412.71	-69,600.56
Net cash flow from financing activities	-11,985,072.97	25,081,073.72
Additions (disposals) in net cash and cash equivalents	61,873,127.50	-6,502,108.26
Cash and cash equivalents – opening balance	73,837,309.98	78,684,842.77
Cash and cash equivalents – closing balance	135,710,437.48	72,182,734.51

Dom Development S.A.
Statement of changes in the consolidated equity
for the period of nine months ended on 30 September 2006 and 2005

	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital from the valuation of share options	Capital from hedging transactions	Accumulated unappropriated profit (loss)	Total 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
Reserve capital from valuation of the share options	-	-	-	797,888.94	-	-	797,888.94
Transfer of retained profit to the supplementary capital	-	-	25,898,118.70	-	-	-25,898,118.70	-
Redemption of treasury shares	-509,850.00	-	-	-	509,850.00	-	-
Incurred costs of the shares issue	-	-	-	-	-	-490,000.00	-490,000.00
Profit for the period of nine months ended on 30 September 2006	-	-	-498,780.14	-	-	-	-498,780.14
	-	-	-	-	-	91,435,498.92	91,435,498.92
Balance as at 30 September 2006	21,344,490.00	10,748,247.98	78,802,592.00	797,888.94	509,850.00	112,380,680.62	224,583,749.54
	Share capital	Share premium less treasury shares	Other capital (supplementary capital)	Reserve capital from the valuation of share options	Capital from hedging transactions	Accumulated unappropriated profit (loss)	Total equity
Balance as at 1 January 2005	21,854,340.00	10,749,168.71	44,366,689.49	-	-4,664,586.00	4,219,748.70	76,525,360.90
Purchase and sale of treasury shares	-	-38,346.26	-	-	-	-	-38,346.26
Net loss on a cash flow hedging transaction carried forward to the initial value of the secured asset	-	-	-	-	5,758,748.00	-	5,758,748.00
Deferred tax concerning the loss on a transaction securing cash flows carried forward to the initial value of the secured asset	-	-	-	-	-1,094,162.00	-	-1,094,162.00
Transfer of retained profit to supplementary capital	-	-	9,036,563.95	-	-	-9,036,563.95	-
Profit for the period of nine months ended on 30 September 2005	-	-	-	-	-	18,472,256.24	18,472,256.24
Balance as at 30 September 2005	21,854,340.00	10,710,822.45	53,403,253.44	-	-	13,655,440.99	99,623,856.88

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

III. ADDITIONAL NOTES

Note 1 Inventory

INVENTORY	30.09.2006	31.12.2005
Advances on deliveries	53,589,043.44	14,953,354.95
in this at purchase prices/production costs	53,924,056.58	15,288,368.09
in this revaluation write down	-335,013.14	-335,013.14
Semi-finished goods and work in progress	391,977,013.03	327,894,732.71
in this at purchase prices/production costs	395,451,383.03	329,251,026.39
in this revaluation write down	-3,474,370.00	-1,356,293.68
Finished goods:	7,539,798.48	29,243,072.20
in this at purchase prices/production costs	8,768,894.56	30,888,214.62
in this revaluation write down	-1,229,096.08	-1,645,142.42
Total	453,105,854.95	372,091,159.86

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

SECURITY ON INVENTORY - MORTGAGE	30.09.2006	31.12.2005
Balance sheet value of inventory used to secure liabilities (a)	170,164,151.47	157,851,455.19
Amount of security - credits (a)	275,735,853.40	194,951,347.10
Amount of security - bonds (a)	160,000,000.00	100,000,000.00
Balance sheet value of inventory used to secure liabilities (b)	-	120,034,460.60
Amount of security - credits (b)	-	32,092,798.89

(a) relates to the Company

(b) relates to Fort Mokotów sp. z o. o. This is the total value of inventory and security, irrespective of the fact that Dom Development S.A. owns 49% of the shares of Fort Mokotów sp. z o. o.

Note 2 Change in write-offs revaluating short-term receivables

CHANGE IN WRITE-OFFS REVALUATING SHORT-TERM RECEIVABLES	30.09.2006	31.12.2005
Opening balance	6,356,997.76	5,744,052.21
Additions	-	1,609,387.25
Disposals	25,204.72	996,441.70
Closing balance	6,331,793.04	6,356,997.76

Note 3 Share capital

SHARE CAPITAL (STRUCTURE) AS AT 30 SEPTEMBER 2006								
Series	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series	Capital covered with	Registration date	Right to dividend (date from)
A	Bearer's	-	-	21,344,490	21,344,490	cash	05.09.2006	The right to a dividend taken over from the shares subject to merger
Total number of shares				21,344,490				
Total share capital					21,344,490			
Nominal value per share = PLN 1								

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

SHARE CAPITAL (STRUCTURE) AS AT 31 DECEMBER 2005								
Series	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series	Capital covered with	Registration date	Right to dividend (date from)
A	registered	-	-	1,800,000	1,800,000	cash	09.07.1999	09.07.1999
B	registered	-	-	2,250,000	2,250,000	cash	20.07.2000	20.07.2000
C	registered	-	-	8,550,000	8,550,000	cash	20.07.2000	20.07.2000
D	registered	-	-	2,468,961	2,468,961	cash	20.07.2000	20.07.2000
E	registered	-	-	417,150	417,150	cash	09.11.2000	09.11.2000
F	registered	-	-	6,194,529	6,194,529	cash	26.11.2001	26.11.2001
G	registered	-	-	173,700	173,700	cash	09.07.2002	09.07.2002
Total number of shares				21,854,340				
Total share capital					21,854,340			
Nominal value per share = PLN 1								

Description of changes in the share capital of the Company in the period from 1 January 2006 to the date of drawing up the condensed financial statements.

- On 2 August 2006 Dom Development S.A. concluded share purchase agreements (for the purpose of redemption for a fee):

with 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,

with Mr. Janusz Stolarczyk – related to the purchase of 72,000 of E series ordinary registered shares,

with Mr. Terry Roydon - related to the purchase of 22,500 of E series ordinary registered shares,

- On 2 August 2006 the General Shareholder's Meeting of the Company adopted a resolution based on which it redeemed E series 417,150 shares, 92.700 G series shares and lowered the Company's share capital by PLN 509,850, i.e. to the amount of PLN 21,344,490. All the above-mentioned shares were covered with the Management Share Options Programmes (Programme I and Programme IA). On the same day the General Shareholders' Meeting of the Issuer adopted resolution no. 5 on raising the share capital of the Company by the amount of PLN 509,850. i.e. to the amount of PLN 21,854,340 by the issue of:

172,200 H series registered shares with the nominal value of PLN 1 (1 złoty) each;

92,700 I series registered shares with the nominal value of PLN 1 (1 złoty) each;

96,750 J series registered shares with the nominal value of PLN 1 (1 złoty) each;

148,200 L series registered shares with the nominal value of PLN 1 (1 złoty) each;

By the date of drawing up these financial statements this increase had not been registered by competent Registration Court.

Based on resolution No. 7 of the General Shareholders' Meeting, 77,700 H series shares, 92,700 I series shares and 148,200 L series shares were offered for subscription to Mr. Janusz Zalewski, 72,000 H series shares were offered for subscription to Mr. Janusz Stolarczyk, 22,500 H series shares were offered for subscription to Mr. Terry Roydon and 96,750 J series shares were offered for subscription to Centralny Dom Maklerski Pekao S.A. which was chosen as a depository.

On 26 October 2006 a trust agreement was concluded and the offer of taking up of 96,750 J series shares by CDM Pekao S.A. was made. As at the day of drawing up these statements all the aforementioned shares had been subscribed.

- on August 9, 2006, the Extraordinary General Shareholders' Meeting adopted Resolution no. 1 concerning the merger of: 1,800,000 A series registered shares, 2,250,000 B series registered shares, 8,550,000 C series registered

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

shares, 2,468,961 D series registered shares, 6,194,529 F series registered shares, 81,000 G series registered shares into one A series and the conversion of the registered shares into bearer shares;

- On 10 August 2006 agreements on taking up shares in the increased share capital of Dom Development S.A. were concluded:
 - with Mr. Terry Roydon – concerning taking up 22,500 H series ordinary bearer shares,
 - with 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,
 - with Mr. Janusz Stolarczyk – concerning taking up 72,000 H series ordinary bearer shares
- on September 5, 2006 – the District Court for the capital city of Warsaw, XII Commercial Division of the National Court Register issued the ruling concerning the registration of a decrease in the share capital to the amount of PLN 21,344,490, in relation to redemption of 417,150 E series registered shares and 92,700 G series registered shares (as described above) and the registration of the merger of the shares into one A series;
- on September 5, 2006, the Management Board adopted Resolution no. 02/09/06 concerning the increase in the share capital by means of issuing F series shares within the target capital from the amount of PLN 21,344,490 to the amount which does not exceed PLN 24,844,490;
- on September 6, 2006, the Management Board amended the above-mentioned Resolution no. 02/09/06 concerning the increase in the share capital by means of issuing F series shares within the target capital by adopting Resolution no. 03/09/06 and stated that the increase in the share capital will be effected to the amount which does not exceed PLN 24,617,490;
- finally, on October 16, 2006, the Management Board adopted Resolution no. 02/10/06 concerning the amendment of Resolution no. 02/09/06, dated September 5, 2006, which was amended by Resolution no. 03/09/06, dated September 6, 2006. Pursuant to this Resolution, the share capital will be increased from the amount of PLN 21,344,490 to the amount of PLN 24,050,372 i.e. by the amount of PLN 2,705,882. On 31 October 2006 this increase was registered by a competent Registration Court.
- On 27 October 2006 the agreement on taking up 96,750 J series shares was concluded with CDM PEKAO S.A. in the increased share capital of Dom Development S.A. The afore-mentioned shares concern the Management IB Share Option Programme in which CDM PEKAO S.A. shall be a trustee (as described in note 13).

Note 4 Loans and borrowings¹

LOANS AND BORROWINGS	30.09.2006	31.12.2005
including: long-term	53,826,925.32	78,332,948.91
short-term	90,150,983.42	107,035,211.89
Total	143,977,908.74	185,368,160.80

LOANS DUE WITHIN:	30.09.2006	31.12.2005
1 year	82,307,841.59	103,277,957.77
More than 1 year less then 2 years	50,283,700.00	67,450,600.00
More than 2 years less then 5 years	-	3,528,000.00
More than 5 years	-	-
Total loans	132,591,541.59	174,256,557.77
including: long-term	50,283,700.00	70,978,600.00
short-term	82,307,841.59	103,277,957.77

¹ Borrowings are shareholders' loans

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

BORROWINGS DUE WITHIN:	30.09.2006	31.12.2005
1 year	7,843,141.83	3,757,254.12
More than 1 year less then 2 years	3,543,225.32	3,677,174.45
More than 2 years less then 5 years	-	3,677,174.46
More than 5 years	-	-
Total borrowings	11,386,367.15	11,111,603.03
including: long-term	3,543,225.32	7,354,348.91
short-term	7,843,141.83	3,757,254.12

CURRENCY STRUCTURE OF LOANS AND BORROWINGS AS PER RELEVANT AGREEMENTS				
Currency	30.09.2006		31.12.2005	
	Bank loans / as per agreement	Borrowing / as per agreement	Bank loans / as per agreement	Borrowing / as per agreement
PLN	218,590,600.00	-	151,464,900.00	-
EUR	-	-	30,000,000.00	-
USD	-	5,733,554.00	-	5,733,554.00

The balances shown in the above table are based on the relevant credit and loan agreements and do not show the outstanding liabilities related to these contracts. As at 30 September 2006 the PLN denominated facilities presented in the table above in the amount of PLN 218,590,600.00 are available for the holding company. The other entities do not have bank loans and borrowings.

Borrowings from the Shareholders

BORROWINGS AS AT 30.09.2006							
Lender	Registered office	Amount of loan – as per agreement		Outstanding loan amount (less accrued interest)		Interest rate	Due date
		amount	currency	amount	currency		
Dom Development B.V.	Holland	4,702	USD	2,351	USD	LIBOR 12M + 5.5%	31.10.2008
Dom Development B.V.	Holland	1,032	USD	1,032	USD	LIBOR 12M + 5.5%	31.10.2008

The Company plans an earlier repayment of loans from the funds received as the result of the public issue of the Company's shares.

Note 5 Bonds

BONDS	30.09.2006	31.12.2005
Nominal value of the issued bonds	80,000,000.00	50,000,000.00
Accumulated interest charged	9,348,196.14	6,189,890.40
Accumulated interest paid	8,103,862.50	4,636,445.00
Liability at the balance sheet dated	81,244,333.64	51,553,445.40

As at 30 September 2006 the Company completed two bonds issues:

- On 21 July 2004 the Company issued A series bonds with a nominal value of PLN 50,000,000. The redemption date of these bonds is 21 July 2008 and an interest rate of WIBOR 6M + 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 Group's statutory activities. The bonds are secured with a joint capped mortgage on the Group's real estate up to the amount of PLN 100,000,000.
- On 19 June 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

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

with Powszechna Kasa Oszczędności Bank Polski S.A. The bonds are secured with a joint capped mortgage on the Company's real properties up to the amount of PLN 60,000,000.

Note 6 Earnings per share

CALCULATION OF EARNINGS PER SHARE	01.01- -30.09.2006	01.01- -30.09.2005	01.07- -30.09.2006	01.07- -30.09.2005
Basic earnings per share				
Earnings for the calculation of the basic earnings per share	91,435,498.92	18,472,256.24	33,488,726.13	6,873,011.55
The average weighted number of ordinary shares of the Company for the calculation of basic earnings per share *)	21,854,340	21,854,340	21,854,340	21,854,340
Basic earnings per share	4.18	0.85	1.53	0.31
Diluted earnings per share				
Earnings for the calculation of diluted earnings per share	91,435,498.92	18,472,256.24	33,488,726.13	6,873,011.55
The average weighted number of ordinary shares of the Company for the calculation of diluted earnings per share *)	21,854,340	21,854,340	21,854,340	21,854,340
Diluted earnings per share	4.18	0.85	1.53	0.31

*) 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. Despite the fact that by the date of drawing up these financial statements this increase had not yet been registered by a competent Registration Court, these shares are fully subscribed.

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

Note 7 Key assumptions and estimate bases

Calculation of the revenues from the sales of finished goods and the cost of the finished goods sold, is based on detailed budgets of individual development projects prepared based on the Company's best knowledge and experience. During construction, each development project budget is updated at least once every three months.

Note 8 Segment reporting

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

Note 9 Operating income

SALES REVENUE BY KIND	01.01- 30.09.2006	01.01- 30.09.2005	01.07- 30.09.2006	01.07- 30.09.2005
Sales of finished goods	501,367,416.54	321,264,980.85	164,626,234.90	139,048,617.23
Sales of services	18,394,893.40	16,098,500.78	6,147,573.10	6,291,061.90
Sales of goods for resale (land)	2,540,983.61	1,007.00	2,540,983.61	-
Total	522,303,293.55	337,364,488.63	173,314,791.61	145,339,679.13

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

Note 10 Operating costs

OPERATING COSTS	01.01- 30.09.2006	01.01- 30.09.2005	01.07- 30.09.2006	01.07- 30.09.2005
Cost of sales				
Cost of finished goods sold	345,171,653.86	256,102,243.70	109,359,877.81	114,707,643.89
Cost of services sold	13,584,761.98	12,245,909.60	4,511,337.08	4,389,957.97
Cost of land sold	3,787,068.77	-	3,787,068.77	-
Total cost of sales	362,543,484.61	268,348,153.30	117,658,283.66	119,097,601.86

Sales costs and general administrative expenses				
Sales costs	16,539,393.55	15,598,286.05	6,097,917.20	6,022,820.37
General administrative expenses	26,367,052.91	23,359,361.12	8,962,423.70	5,608,908.95
Total sales costs and general administrative expenses	42,906,446.46	38,957,647.17	15,060,340.90	11,631,771.32

Sales costs and general administrative expenses by kind				
Depreciation and amortization	1,190,247.49	1,287,204.47	393,538.62	423,980.12
Cost of materials and energy	3,201,800.64	4,020,643.96	1,136,375.12	1,511,195.60
External services	13,898,371.92	12,267,424.64	5,061,041.96	3,077,448.14
Taxes and charge	254,095.29	217,676.47	140,090.87	(17,458.71)
Wages and salaries	20,496,518.07	16,629,959.20	7,027,083.23	5,520,418.09
Social security and other benefits	2,417,655.07	2,190,842.52	555,202.12	478,081.02
Other costs by kind	1,447,757.98	2,343,895.91	747,008.98	638,107.06
Total sales costs and general administrative expenses by kind	42,906,446.46	38,957,647.17	15,060,340.90	11,631,771.32

Note 11 Income tax

Income tax	01.01- 30.09.2006	01.01- 30.09.2005	01.07- 30.09.2006	01.07- 30.09.2005
Current income tax	3,715,057.21	2,102,685.34	3,423,722.21	2,101,088.34
Deferred income tax	17,942,096.86	3,644,691.6	4,704,434.43	1,601,045.42
Closing balance	21,657,154.07	5,747,376.94	8,128,156.64	3,702,045.76

The Company decided to correct the corporate income tax ("CIT") settlements with the Tax Office. The taxable income generated by the Company so far and identified as at the day of delivering the apartments for use was substituted by the income from the sale of apartments determined as at the day of signing the final agreement of transferring the ownership title. It was the result of receiving by the Group the interpretation of provisions of the Ministry of Finance. The calculations led to correcting the tax settlements on account of CIT for the years 2000-2005 and the corrected CIT tax returns were submitted to the competent tax office on 21 August 2006. As a result of the above-mentioned correction which was carried out due to a different moment of identification of the tax liability and the change of CIT rates, the Company recognized CIT overpayment in the total amount of PLN 15,699,392.00 (in consecutive years, respectively: 2000 - PLN 348,988.00, 2001 - PLN 5,516,648.00, 2002 - PLN 6,441,085, 2003 - PLN 2,664,811.00, 2004 - PLN 2,227,339.00 and underpayment in 2005 in the amount of PLN 1,519,459.00). The influence of the second of the above-mentioned factors was determined in the amount of PLN 4,651,809.00. Due to the risk related to frequent changes in the tax regulation and differences in the interpretation of the tax law regulations, the Company's Management Board decided to cover the whole value of income tax correction resulting from the change of the tax rates with the revaluation write-off until the Company receives the interpretation of the competent Tax Office.

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

Note 12 Transactions with related entities

In the nine-month periods ended on 30 September 2006 and 2005 the Company was a party to the transactions with related companies, as listed below. The 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 Group'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 finished goods or services

Counterparty	Transaction description	01.01- -30.09.2006	01.01- -30.09.2005
Woodsford Consulting Limited	Consulting services as per agreement dated 1 February 2000	1,380,692.05	987,500.00
Hansom Property Company Limited	Consulting services as per agreement dated 31 March 1999	163,448.80	185,891.21
Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom”	Insurance of financial losses risk	617,672.41	168,207.42

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

Counterparty	Transaction description	01.01- -30.09.2006	01.01- -30.09.2005
Dom Development Grunty sp. z o.o.	Amounts transferred to Dom Development Grunty Sp. z o.o. for the purchase of land as part of specified work contracts	1,174,965.00	9,966,925.00
Dom Development Grunty sp. z o.o.	Value of land transferred to Dom Development S.A. as part of specified work contracts	23,190,982.61	-
Dom Development Grunty sp. z o.o.	Additional VAT payments to the invoices transferring the ownership of land to Dom Development S.A.	3,983,931.07	-

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

Counterparty	Transaction description	01.01- -30.09.2006	01.01- -30.09.2005
Fort Mokotów sp. z o.o.	General Project Execution agreement dated 15 April 2002	2,862,846.60	4,297,436.16
Fort Mokotów sp. z o.o.	The sales commission agreement and agreement for provision of advertising and marketing services dated 15 April 2002	5,474,023.85	4,378,833.80
Fort Mokotów sp. z o.o.	Other	543,469.13	204,022.91

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

Counterparty	Transaction description	01.01- -30.09.2006	01.01- -30.09.2005
Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom”	Purchase of shares	175,000.00	800,000.00
Dom Development Grunty Sp. z o.o.	Purchase of shares of PTI Sp. z o.o.	24,000.00	-

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

Counterparty	Transaction description	01.01- -30.09.2006	01.01- -30.09.2005
Fort Mokotów sp. z o.o.	Dividend (gross)	14,245,976.95	-

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

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

Counterparty	Transaction description	01.01- -30.09.2006	01.01- -30.09.2005
Dom Development Morskie Oko sp. z o.o.	Return of the additional contribution to the capital	14,000,000.00	-

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

Counterparty	Transaction description	01.01- -30.09.2006	01.01- -30.09.2005
Dom Development B.V.	Cost of interest on the shareholder's borrowings	676,611.53	724,964.93

Balances with related entities

Balance as in the books of the holding entity (in thousand PLN)

Entity	Receivables from related entities			Liabilities to related entities		
	30.09.2006	30.09.2005	31.12.2005	30.09.2006	30.09.2005	31.12.2005
Total balance	20,741	60,350	72,475	11,624	11,923	11,222
Balances below PLN 100,000	57	41	76	4	-	1
Balances over PLN 100,000	20,684	60,309	72,399	11,620	11,923	11,221
Subsidiaries	3,647	19,829	17,659	4		-
Dom City sp. z o.o.	-	112	-	-	-	-
Dom Development Morskie Oko sp. z o.o.		217	-	4	-	-
Dom Development Morskie Oko sp. z o.o. additional contributions to capital	3,647	19,500	17,659	-	-	-
Associated companies	1,739	9,794	24,559	-	-	-
Dom Development Grunty sp. z o.o.	1,427	9,727	24,559		-	-
Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom”	312	67	-	-	-	-
Co-subsidiaries	15,298	30,686	30,181	-		-
Fort Mokotów sp. z o.o.	843	1,776	1,271	-	-	-
Fort Mokotów sp. z o.o. additional contributions to capital	14,455	28,910	28,910	-	-	-
Other entities	-	-	-	11,620	11,923	11,221
Woodsford Consulting Limited	-	-	-	234	108	109
Dom Development B.V.	-	-	-	11,386	11,815	11,112

Dom Development S.A. as the buyer/seller of treasury shares

On 31 January 2005 the Company concluded the agreement with Marek Rawdanowicz for the purchase by the Company of 36,000 F series shares from Marek Rawdanowicz for PLN 149,760.00.

On 20 January 2006 the Company concluded the agreement with Janusz Stolarczyk for the purchase by Janusz Stolarczyk of 72,000 E series shares from the Company for PLN 200,311.97 (exercise of the options allocated as part of the Incentive Scheme I, as described in note 13).

On 23 February 2006 the Company concluded the agreement with Terry Roydon for the purchase by Terry Roydon of 36,000 F series shares from the Company for PLN 149,760.00.

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

On 15 March 2006 the Company concluded the agreement with Janusz Zalewski for the purchase by Janusz Zalewski of 77,700 E series shares from the Company for PLN 219,637.23 (exercise of the options allocated as part of the Incentive Scheme I, as described in note 13).

On 28 June 2006 the Company concluded an agreement with Terry Roydon for the purchase by Terry Roydon of 22,500 E series shares from the Company for PLN 61,505.91 (exercise of the options allocated as part of the Incentive Scheme I, as described in note 13).

Details concerning the repurchase of the above-mentioned shares (purchased in the exercise of the Management Share Options), their redemption and taking up of new series shares by particular above-mentioned persons have been described in note 3 „the share capital”.

On 10 August 2006 the Company concluded with Mr. Janusz Zalewski an agreement on the purchase by Janusz Zalewski from the Company of 74,100 L series shares of the Company for the total amount of PLN 189,081.41 (exercise of the options allocated as part of the Incentive Scheme I, as described in note 13).

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

Affiliated entity	Date	Description	Value in PLN	Cumulative payments made as at 30 September 2006
Jarosław Szanajca oraz Iwona Jackowska-Szanajca	29.03.2006	Promissory sale agreement concerning residential facilities with the area of 89.1 sq. m together with two utility rooms and two parking spaces	557,743.75	278,871.12
Janusz Zalewski	12.04.2006	Promissory sale agreement concerning residential facilities with the area of 242.4 sq. m, together with two utility rooms and two parking spaces	2,945,200.00	235,616.00
Stanisław Plakwicz oraz Małgorzata Domalik-Plakwicz	17.03.2005	Agreement on the cancellation of collective ownership and re-registration of residential facilities with the area of 45.3 sq. m, together with an utility room, in execution of the preliminary contract entered into before 01.01.2003 value: PLN 152,443.70	n/a	n/a

Note 13 Incentive Scheme – Management Share Options Programme

The Management Share Option Schemes concern only the holding entity of the Group. As of 30 September 2006 there were three Management Share Option Programmes adopted as part of the Incentive Scheme for the management staff of the Company. They are as follows:

Name of the Programme	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)
Programme I	413,100	413,100	339,000
Programme I B (previously Programme IA)	96,750	96,750	-
Programme II	726,000	-	-

Programme I

On 29 January 2001 the Supervisory Board of Dom Development S.A. adopted the provisions of Management Share Options Programme I related to E series shares, on 26 September 2002 – G series shares Dom Development S.A. („Programme I”).

The changes concerning the shares covered with Programme I have been described in note 3 „The Share Capital”.

Programme I B (previously: Programme I A)

On 22 March 2006 the Supervisory Board of Dom Development S.A. adopted the provisions of Management Share 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 who Programme I A was directed to 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 which are to take place are related to introducing the institution of the intermediary. 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 Programme IA have been described in note 3 „The Share Capital”.

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.

According to Programme II 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 issue price cannot be lower than 90% of the market value at the Allocation Date, and in the event of a listed Company, the price cannot be lower than 90% of the arithmetic average of the closing price for 30 consecutive days on which the Company’s shares were traded on the regulated market prior to the Allocation Date. 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 subscription warrants which enable executing 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 shall propose to the General Meeting adopting the resolution on 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 authorized capital, to exclude the pre-emptive right of current shareholders upon receiving the consent of the

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

Supervisory Board and to issue subscription warrants. By the date these financial statements were prepared, the Supervisory Board had not allocated options on the basis of Programme II.

Note 14 Share options

The options for shares concern the options allocated in the holding entity of the Group as part of the Programme of Management Share Options described in the note 13 'Motivation Plan – Management Share Options Programme'.

All the share options of Programme I were allocated prior to 7 November 2002 and the rights to these instruments were acquired prior to the date on which the IFRS 2 became effective, in compliance with the provisions of this standard there is no obligation of valuating them at the fair value.

The fair value of the allocated options which may be changed into shares in Programme IA has been estimated as of the day of allocating the options by means of a model based on the Black-Scholes-Merton method and amounted to PLN 4,554,616.03. This value is evenly accounted for in the income statement throughout the anticipated year. During the first nine months of 2006, the amount of PLN 797,888.94 was accounted for in the income statement.

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

SHARE OPTIONS		01.01- -30.09.2006	01.01- -30.09.2005	2005
Options unexercised at the beginning of the year	Amount	320,400	413,100	413,100
	Total exercise price	888,182.44	1,011,224.69	1,011,224.69
Options allocated in a given year	Amount	96,750	-	-
	Total option execution value	590,175.00	-	-
Exercised options	Amount	246,300	46,350	92,700
	Total option execution value	670,536.52	111,413.74	220,410.12
	Weighted average exercised price per share	2.72	2.40	2.38
Options unexercised at the end of the year	Amount	170,850	366,750	320,400
	Total exercise price	789,657.76	1,001,976.05	888,182.44
Options possible to exercise at the beginning of the year	Amount	320,400	413,100	413,100
	Total exercise price	888,182.44	1,011,224.69	1,011,224.69
Options possible to exercise at the end of the year	Amount	74,100	366,750	320,400
	Total exercise price	199,482.76	1,001,976.05	888,182.44

Note 15 Material court cases

With regard to proceedings before public administration authorities, as well as court and arbitration proceedings in progress during the preceding 12 months, to which the Company or the entities that are members of the Group are a party, it should be indicated that:

The most significant contentious proceeding relates to Marina Mokotów, a project of Fort Mokotów Sp. z o.o. in which the Company holds a 49% interest in the share capital. It is related to the Zoning Decision and construction permit. The above decisions were challenged by ecological organizations, Spółdzielnia Budowlano-Mieszkaniowa 'Politechnika' and natural persons.

In 2001, PKO Inwestycje sp. z o.o. (a shareholder in Fort Mokotów sp. z o.o.) received the Zoning Decision, which was later upheld by the self-government appeal court. Following the complaint regarding this ruling, the Voivodeship Administrative Court overruled this decision. PKO Inwestycje sp. z o.o. appealed against this decision to the Supreme Administrative Court, which upheld the decision of the Voivodship Administrative Court. At present, the case is being referred to the court of the first instance.

The Decision of the Supreme Administration Court poses a risk to the prompt handover of one of the buildings (the planned building cost amounts to PLN 39,832 thousand). The parties which appealed against the Zoning Decision have already announced their intention to withhold the construction permits issued pursuant to the Zoning Decision.

According to the Management Board, this risk currently involves only one residential building, however, for a limited period of time, as the final occupancy permit for it should be issued by the end of December 2006. With regard to the completed buildings of Marina Mokotów, for which final occupancy permits have already been issued, the consequences of the annulment of the Zoning Decision are remote.

The Group is a party to other court proceedings. According to the Management Board of the Company they are insignificant from the Group's point of view.

Note 16 Changes of the composition of the Management Board and Supervisory Board of the holding entity of the Group

Changes of the composition of the Management Board of the holding entity of the Group in the third quarter of 2006

- on 6 July 2006 – Extraordinary General Shareholders' Meeting passed a Resolution no. 2 concerning the removal of Mr. Richard Lewis from the function of the member of the Management Board as of 6 July 2006 and Resolution no. 3 concerning the appointment of Mr. Terry Roydon to perform the function of the member of the Management Board as of 6 July 2006;
- on 1 August 2006 r. - Extraordinary General Shareholders' Meeting passed a Resolution no. 1 concerning the removal of Mr. Terry Roydon from the function of the member of the Management Board as of 1 August 2006;
- on 10 August 2006 r. - Extraordinary General Shareholders' Meeting passed a Resolution no. 5 concerning the appointment of Mr. Terry Roydon to perform the function of the member of the Management Board as of 11 August 2006;

Composition of the Management Board of the holding entity of the Group as at 30 September 2006.

Jarosław Szanajca – President of the Management Board

Janusz Zalewski – Vice-President of the Management Board

Grzegorz Kielpsz – Vice-President of the Management Board

Janusz Stolarczyk – Member of the Management Board

Terry Roydon – Member of the Management Board

Changes of the composition of the Supervisory Board of the holding entity of the Group in the third quarter of 2006.

- Ms. Teresa Rogoźnicka handed in her resignation from the function of the member of the Supervisory Board on 1 July 2006
- on 6 July 2006 – Extraordinary General Shareholders' Meeting passed a Resolution no. 1 concerning the removal of Mr. Terry Roydon from the function of the member of the Supervisory Board and the Resolution no. 4 concerning the appointment of Mr. Richard Lewis to perform the function of the member of the Supervisory Board
- on 5 September 2006 – Extraordinary General Shareholders' Meeting passed a Resolution no. 1 concerning the appointment of the members of the Supervisory Board for a shared three years' term of office.

Composition of the Supervisory Board of the holding entity of the Group as at 30 September 2006.

Zygmunt Kostkiewicz – Chairman of the Supervisory Board

Richard Reginald Lewis – Vice-Chairman of the Supervisory Board

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

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

Note 17 Shares of the Company held by the Management Board and the Supervisory Board

The number of shares and options for the Company's shares held by the members of the Management Board and the Supervisory Board as at 30 September 2006 is as follows:

	Shares	Share options	Total
The Management Board			
Jarosław Szanajca	1,759,050	-	1,759,050
Grzegorz Kielpsz	1,410,750	-	1,410,750
Janusz Zalewski	325,500	74.100	399.600
Janusz Stolarczyk	106,200	-	106,200
Terry Roydon	58,500	-	58,500
The Supervisory Board			
Zygmunt Kostkiewicz	90,000	-	90,000

Note 18 The additional information on the operating activities of the Group

In the first three quarters of 2006 the following material changes related to the portfolio of the Company's investments under construction were introduced:

Finished projects, i.e. the projects for which the decision concerning the certificate of occupancy was received:

Project	Certificate of occupancy	Segment	The number of flats
Akacje 10 phase 1B.....	I Q 2006	popular	136
Akacje 10 phase 1A	II Q 2006	popular	66
Derby 5 phase 2	II Q 2006	popular	138
Marina Mokotów phase 4.....	II Q 2006	apartments with a higher standard	64 *
Marina Mokotów phase 1	II Q 2006	detached houses	2 *
Kasztanowa Aleja II phase 2....	II Q 2006	popular	217
Laguna phase 3	III Q 2006	detached houses	30
Marina Mokotów phase 3.....	III Q 2006	apartments with a higher standard	9 *
Marina Mokotów phase 3.....	III Q 2006	luxury apartments	40 *
Marina Mokotów phase 2.....	III Q 2006	detached houses	8 *

* 49% of the overall number of flats were considered, which reflects the share of the Company in the jointly-controlled entity of Fort Mokotów sp. z o.o.

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

Projects started, i.e. projects whose construction and sale started:

Project	Commencement of the construction and sale	Segment	The number of flats
Olimpia 2 phase 2	I Q 2006	popular	273
Derby 7 phase 1	I Q 2006	popular	254
Gdański	I Q 2006	apartments with a higher standard	260
Bruna.....	III Q 2006	apartments with a higher standard	247
Derby 8.....	III Q 2006	popular	263
Derby 10.....	III Q 2006	popular	364
Olimpia 2 phase 4	III Q 2006	popular	282

Note 19 The factors that will influence the results achieved by the Group at least in the next quarter

The most important factors that may influence the financial situation of the Group at least in the next quarter are::

- the prompt, according to schedules, realization of the construction works by the construction firms realizing the individual investments of the Group in the general constructing system,
- achieving the planned sales volume in terms of quantity and value, as well as in the individual market segments,
- the lack of violent changes in the legal and tax regulations that may influence in an uncontrollable manner the demand on the market of products offered by the Group
- the availability of home loans, and especially the convenient terms of such loans for the potential clients,
- maintaining the stable political situation and creating by the government and local authorities a positive economic climate,
- successful conclusion of the described in the note 15 litigious proceedings concerning the Marina Mokotów Project realized by Fort Mokotów sp. z o.o.

Note 20 Material post-balance sheet events

- The public issue of Company's shares at the Warsaw Stock Exchange („GPW”)

By means of a public sale of A series shares of Dom Development S.A., Dom Development B.V. offered 2,231,904 shares for sale. Dom Development S.A. by means of public subscription of F series shares offered 2,705,882 shares for sale.

From 17 to 20 October 2006 a public subscription for the Company's shares and allotment certificates took place.

As of 22 October all of the above-mentioned shares were subscribed for and paid for by the investors.

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 30 September 2006

On 24 October 2006 the shares and allotment certificates of Dom Development S.A. were introduced to trading on the main market of the Warsaw Stock Exchange (GPW).

On 31 October 2006 F series shares of the Company were registered by the competent Court of Registration.

- On 26 October 2006 the Company entered with Janusz Zalewski into the agreement of purchase by Janusz Zalewski of 74,100 L Series Shares from the Company, for the total sum of PLN 191,751,53 (realization of options allocated as part of the Motivation Plan – Programme I described in note 13).

Note 21 Selected financial data translated to EURO

In compliance with the reporting requirements the following financial data of the Company have been translated to euro:

Selected data from the balance sheet	30.09.2006	31.12.2005
	Euro	Euro
Total current assets	167,002,838.60	146,994,166.01
Total assets	171,434,085.06	151,921,470.93
Total equity	56,378,498.69	34,564,151.69
Total long-term liabilities	46,867,578.82	43,637,239.12
Total short-term liabilities	68,188,007.55	73,720,080.12
Total liabilities	115,055,586.37	117,357,319.23
PLN/EURO	3.9835	3.8598

Selected data from the income statement	The period of nine months		The period of three months	
	01.01-30.09.2006	01.01-30.09.2005	01.07-30.09.2006	01.07-30.09.2005
	Euro	Euro	Euro	Euro
Sales revenue	133,339,279.96	83,129,509.56	43,868,277.72	36,209,093.18
Gross profit on sale	40,785,226.04	17,006,218.20	14,087,402.03	6,537,800.46
Operating profit	28,964,153.72	6,822,158.22	10,238,765.22	2,895,184.31
Profit before tax	28,871,525.62	5,967,925.78	10,533,786.26	2,634,630.98
Profit after tax	23,342,651.18	4,551,722.70	8,476,441.77	1,712,302.64
PLN/EURO	3.9171	4.0600	3.9508	4.0139

Warsaw, 14 November 2006

Jarosław Szanajca, President of the Management Board

Janusz Zalewski, President of the Management Board, Financial Director