



DOM DEVELOPMENT S.A.

CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD OF THREE MONTHS ENDED ON 31 MARCH 2008

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS

I. INTRODUCTION TO THE CONDENSED FINANCIAL STATEMENTS

1. General information about Dom Development S.A.

A joint stock company Dom Development S.A. („Company”) is the holding entity of Dom Development S.A. Capital Group. The registered office of the Company is in Warsaw (00-078 Warsaw, pl. Piłsudskiego 3). The Company has been entered into the National Court Register under number 0000031483, 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 industry and investments connected with real property – PKD 7011Z. 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 31 March 2008, Dom Development B.V. controlled 63.10 % of the Company’s shares.

The main area of activity of the Company is the construction and sale of residential real estate.

The Company conducts its activities in the territory of Poland in compliance with the Code of Commercial Companies and Partnerships and its term is unlimited.

In the period of three months ended on 31 March 2008 the Company did not discontinue any of its activities.

2. Basis for the preparation of the 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 2008 as well as the standards which became effective by 31 March 2008 were applied by the Company in the financial statements for the period of three months ending on 31 March 2008 („condensed 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 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 financial statements were prepared based on the assumption that Development S.A. would continue its business activities in the foreseeable future, with no threats to their continuation.

The condensed 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.

3. Summary of significant accounting policies

These condensed financial statements were prepared following the same accounting policies and methods of computation that were disclosed in and applied to the most recent annual financial statements of the Company.

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

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

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

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

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

Dom Development S.A.
Balance sheets
as at 31 March 2008 and 31 December 2007
(in PLN; all amounts in thousands unless stated otherwise)

II. BALANCE SHEETS			
ASSETS	Note	31.03.2008	31.12.2007
Fixed assets			
Intangible fixed assets		577	704
Tangible fixed assets		6,571	6,440
Investments in associated entities		3,081	3,081
Deferred income tax assets		7,238	9,525
Long-term receivables		1,642	1,552
Long-term deferred costs		1,376	1,471
Total fixed assets		20,485	22,773
Current assets			
Inventory	1	909,712	860,027
Trade and other receivables		45,747	65,454
Other current assets		41,206	26,001
Cash and cash equivalents	3	241,201	262,166
Total current assets		1,237,866	1,213,648
Total assets		1,258,351	1,236,421
EQUITY AND LIABILITIES			
	Note	31.03.2008	31.12.2007
Shareholders' equity			
Share capital	4	24,560	24,560
Share premium less treasury shares		231,535	231,535
Reserve capital from valuation of share options		9,062	7,128
Other capital (supplementary capital)		191,556	191,556
Reserve capital from reducing the share capital		510	510
Accumulated, unappropriated profit (loss)		276,110	230,384
Total shareholders' equity		733,333	685,673
Long-term liabilities			
Long-term loans and borrowings	5	31,691	41,779
Deferred tax liability		84,700	86,291
Bonds	6	200,000	200,000
Other Long-term liabilities			
Total long-term liabilities		316,391	328,070
Short-term liabilities			
Trade payables and other liabilities		124,225	120,922
Short-term loans and borrowings	5	35,171	37,005
Short-term tax liabilities		7,574	5,117
Short-term provisions		11,928	12,183
Accrued liabilities and deferred income		29,729	47,451
Total short-term liabilities		208,627	222,678
Total liabilities		525,018	550,748
Total equity and liabilities		1,258,351	1,236,421

Dom Development S.A.
Income statements
for the period of three months ended on 31 March 2008 and 2007
(in PLN; all amounts in thousands unless stated otherwise)

III. INCOME STATEMENTS

	Note	Period of three months ended on		Period of three months ended on	
		31.03.2008	31.03.2007	31.03.2008	31.03.2007
Sales revenues	10	187,455	170,867	187,455	170,867
Cost of sales	11	(112,257)	(108,818)	(112,257)	(108,818)
Gross profit on sales		75,198	62,049	75,198	62,049
Selling costs	11	(7,532)	(6,619)	(7,532)	(6,619)
General administrative expenses	11	(14,756)	(11,482)	(14,756)	(11,482)
Other operating income		419	392	419	392
Other operating expenses		(2)	(624)	(2)	(624)
Operating profit		53,327	43,716	53,327	43,716
Financial income	12	3,790	31,663	3,790	31,663
Financial costs		(147)	(491)	(147)	(491)
Profit before tax		56,970	74,888	56,970	74,888
Income tax expense	13	(11,244)	(9,009)	(11,244)	(9,009)
Profit after tax		45,726	65,879	45,726	65,879
Earnings per share:					
Basic (PLN).....	7	1.86	2.68	1.86	2.68
Diluted (PLN).....	7	1.86	2.68	1.86	2.68

Dom Development S.A.
Cash flow statements
for the period of three months ended on 31 March 2008 and 2007
(in PLN; all amounts in thousands unless stated otherwise)

IV. CASH FLOW STATEMENTS

	Period of three months ended on	
	31.03.2008	31.03.2007
Cash flow from operating activities		
Profit before taxation	56,970	74,888
Adjustments:		
Depreciation.....	529	456
Profit/loss on foreign exchange differences	20	12
Profit/loss on investments	(28)	(18)
Interest paid and accrued	1,758	2,068
Cost of the management option scheme	1,934	1,554
Changes in the operating capital		
Changes in provisions	(255)	196
Changes in inventory	(46,580)	(8,165)
Changes in receivables	18,391	8,097
Changes in short term liabilities excluding loans and borrowings	5,761	(13,854)
Changes in prepayments.....	(32,856)	47,023
Other adjustments.....	(20)	1,662
Cash flow generated from operating activities	5,624	113,919
Interest paid.....	(4,789)	(3,574)
Income tax paid.....	(9,321)	-
Net cash flow from operating activities.....	(8,486)	110,345
Cash flow from investing activities		
Proceeds from the sale of intangible assets and tangible fixed assets.....	53	123
Acquisition of intangible and tangible fixed assets	(559)	(660)
Net cash flow from investing activities.....	(506)	(537)
Cash flows from financing activities		
Proceeds from contracted loans and borrowings	7	24,409
Repayment of loans and borrowings	(11,931)	(33,517)
Payment of financial leasing liabilities.....	(49)	(19)
Net cash flow from financing activities	(11,973)	(9,127)
Increase (decrease) in net cash and cash equivalents.....	(20,965)	100,681
Cash and cash equivalents – opening balance	262,166	177,035
Cash and cash equivalents – closing balance	241,201	277,716

Dom Development S.A.
 Statements of changes in the shareholders' equity
 for the period of three months ended on 31 March 2008 and 2007
 (in PLN; all amounts in thousands unless stated otherwise)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Total shareholders' equity
Balance as at 1 January 2008	24,560	231,535	191,556	510	7,128	230,384	685,673
Creation of reserve capital from the valuation of share options	-	-	-	-	1,934	-	1,934
Profit for the three months ended on 31 March 2008	-	-	-	-	-	45,726	45,726
Balance as at 31 March 2008	24,560	231,535	191,556	510	9,062	276,110	733,333

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Total shareholders' equity
Balance as at 1 January 2007	24,050	230,371	79,301	510	1,506	115,939	451,677
Increase of the capital by the issue of shares	510	1,164	-	-	-	-	1,674
Reserve capital from valuation of employee' options	-	-	-	-	1,554	-	1,554
Profit for the three months ended 31 March 2007	-	-	-	-	-	65,879	65,879
Balance as at 31 March 2007	24,560	231,535	79,301	510	3,060	181,818	520,784

VI. ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1. Inventories

INVENTORY	31.03.2008	31.12.2007
Advances on deliveries	189,461	150,853
in this at purchase prices/production costs	189,461	150,853
in this revaluation write down	-	-
Semi-finished goods and work in progress	633,688	611,763
in this at purchase prices/production costs	640,292	618,367
in this revaluation write down	(6,604)	(6,604)
Finished goods	86,563	97,411
in this at purchase prices/production costs	87,519	98,367
in this revaluation write down	(956)	(956)
Total	909,712	860,027

WRITE-OFFS REVALUATING THE INVENTORIES	01.01- -31.03.2008	01.01- -31.03.2007
Balance at the beginning of the period	7,560	4,625
Increase	-	3
Release	-	51
Balance at the end of the period	7,560	4,577

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

SECURITY ON INVENTORIES - MORTGAGE	31.03.2008	31.12.2007
Balance sheet value of inventory used to secure liabilities	235,622	170,369
Amount of security – loans	198,261	250,846

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

CHANGE IN THE WRITE-OFFS REVALUATING TRADE AND OTHER RECEIVABLES	01.01- -31.03.2008	01.01- -31.03.2007
Opening balance	2,781	6,128
a) Additions	329	197
b) Disposals	(1)	-
Closing balance	3,109	6,326

Dom Development S.A.
Additional notes to the financial statements
for the period of three months ended on 31 March 2008
(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 on hand and cash held by the Company and short-term bank deposits which will mature within 3 months. The book value of these assets corresponds to their fair value.

CASH AND CASH EQUIVALENTS	31.03.2008	31.12.2007
Cash on hand and at bank	5,316	12,237
Short-term deposits and treasury bills.....	235,816	249,337
Other	69	592
Total	241,201	262,166

Note 4. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 31 MARCH 2008

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue	Capital covered with	Registration date	Right to dividend (since)
A	bearer	-	-	21,344,490	21,344,490	cash	12.09.2006	12.09.2006
F	bearer	-	-	2,705,882	2,705,882	cash	31.10.2006	31.10.2006
H	bearer	-	-	172,200	172,200	cash	14.02.2007	14.02.2007
I	bearer	-	-	92,700	92,700	cash	14.02.2007	14.02.2007
J	bearer	-	-	96,750	96,750	cash	14.02.2007	14.02.2007
L	bearer	-	-	148,200	148,200	cash	14.02.2007	14.02.2007
Total number of shares				24,560,222				
Total share capital					24,560,222			
Nominal value per share = PLN 1								

SHARE CAPITAL (STRUCTURE) AS AT 31 DECEMBER 2007

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue	Capital covered with	Registration date	Right to dividend (since)
A	bearer	-	-	21,344,490	21,344,490	cash	12.09.2006	12.09.2006
F	bearer	-	-	2,705,882	2,705,882	cash	31.10.2006	31.10.2006
H	bearer	-	-	172,200	172,200	cash	14.02.2007	14.02.2007
I	bearer	-	-	92,700	92,700	cash	14.02.2007	14.02.2007
J	bearer	-	-	96,750	96,750	cash	14.02.2007	14.02.2007
L	bearer	-	-	148,200	148,200	cash	14.02.2007	14.02.2007
Total number of shares				24,560,222				
Total share capital					24,560,222			
Nominal value per share = PLN 1								

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

On 28 January 2008 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.

Dom Development S.A.
Additional notes to the financial statements
for the period of three months ended on 31 March 2008
(in PLN; all amounts in thousands unless stated otherwise)

Description of changes in the share capital of the holding company in the period from 1 January 2008 to the date of preparing the financial statements.

In the period from 1 January 2008 by the date of preparation of these financial statements there have been no changes to the shareholders capital.

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

List of shareholders who have, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at the date of preparing these financial statements for the 1st quarter of 2008

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

In the period since the preparation of the last quarterly financial statements there has been no change in the number of shares owned by the above-mentioned shareholders and the percent of the share capital held by them as well as in the percent of votes to which they are entitled at the Shareholders Meeting.

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 1st quarter of 2008

	Shares	Share Options	Total
Management Board			
Jarosław Szanajca	1,734,050	-	1,734,050
Grzegorz Kielpsz.....	1,390,750	-	1,390,750
Leszek Piotr Nałęcz	-	40,000	40,000
Jerzy Ślusarski	363	36,850	37,213
Janusz Stolarczyk	106,200	20,850	127,050
Terry Roydon	58,500	50,000	108,500
Supervisory Board			
Zygmunt Kostkiewicz	34,500	-	34,500

Since the date of preparation of the previous quarterly financial statements there has been a change in the number of shares owned by Zygmunt Kostkiewicz (from 39,376 to 34,500).

Note 5. Loans and borrowings

LOANS DUE WITHIN	31.03.2008	31.12.2007
1 year	35,171	37,005
More than 1 year less then 2 years	31,691	41,779
More than 2 years less then 5 years	-	-
More than 5 years	-	-
Total loans	66,862	78,784
including: long-term	31,691	41,779
short-term	35,171	37,005

As at 31 March 2008 and 31 December 2007 the Company did not have borrowing-related liabilities.

As at 31 March 2008 and 31 December 2007 all the Company's loans were expressed in Polish Zloty.

Note 6. Bonds

BONDS	31.03.2008	31.12.2007
Nominal value of the issued bonds	200,000	200,000
Interest due for payment as at balance sheet date disclosed in the item - Accrued liabilities and deferred income	1,277	1,251

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

Note 7. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01- -31.03.2008	01.01- -31.03.2007	01.01- -31.03.2008	01.01- -31.03.2007
Basic earnings per share				
Earnings for the calculation of the basic earnings per share	45,726	65,879	45,726	65,879
The average weighted number of ordinary shares for the calculation of basic earnings per share *)	24,560,222	24,560,222	24,560,222	24,560,222
Basic earnings per share (PLN).....	1.86	2.68	1.86	2.68
Diluted earnings per share				
Theoretical earnings for the calculation of the diluted earnings per share	45,726	65,879	45,726	65,879
Potential diluting shares related to Management Share Options Programme II**)	-	-	-	-
The average weighted number of ordinary shares for the calculation of diluted earnings per share *)	24,560,222	24,560,222	24,560,222	24,560,222
Diluted earnings per share (PLN).....	1.86	2.68	1.86	2.68

*) 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 already in 2006. As at 31 December 2006 these shares were fully subscribed and their registration by the competent Registration Court was effected on 14 February 2007.

**) Options for the shares issued as part of IB Programme do not result in dilution of earnings per share since they are issued and recognized in the share capital. The shares are deposited with Unicredit CA IB Polska S,A,. S.A., which is a trustee in this programme (see note 4).

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

Note 8. Key assumptions and estimate bases

Calculation of the revenues from the sales of the finished goods and the cost of the sold finished goods (see the section „long-term contract disclosure principles" in the last annual financial statements of the Company), 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 9. Segment reporting

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

Note 10. Operating income

SALES REVENUES BY KIND	01.01- -31.03.2008	01.01- -31.03.2007	01.01- -31.03.2008	01.01- -31.03.2007
Sales of finished goods	181,454	163,666	181,454	163,666
Sales of services	6,001	7,201	6,001	7,201
Sales of goods for resale (land)	-	-	-	-
Total	187,455	170,867	187,455	170,867

Dom Development S.A.
Additional notes to the financial statements
for the period of three months ended on 31 March 2008
(in PLN; all amounts in thousands unless stated otherwise)

Note 11. Operating costs

OPERATING COSTS	01.01- -31.03.2008	01.01- -31.03.2007	01.01- -31.03.2008	01.01- -31.03.2007
Cost of sales				
Cost of finished goods sold	(107,601)	(103,128)	(107,601)	(103,128)
Cost of services sold	(4,656)	(5,690)	(4,656)	(5,690)
Cost of land sold	-	-	-	-
Total cost of sales	(112,257)	(108,818)	(112,257)	(108,818)
Selling costs and general administrative expenses				
Selling costs	(7,532)	(6,619)	(7,532)	(6,619)
General administrative expenses	(14,756)	(11,482)	(14,756)	(11,482)
Total selling costs and general administrative expenses.....	(22,288)	(18,101)	(22,288)	(18,101)
Selling costs and general administrative expenses by kind				
Depreciation.....	(529)	(456)	(529)	(456)
Cost of materials and energy	(1,725)	(1,115)	(1,725)	(1,115)
External services	(5,444)	(5,924)	(5,444)	(5,924)
Taxes and charges	(90)	(51)	(90)	(51)
Wages and salaries	(10,122)	(7,330)	(10,122)	(7,330)
Social security and other benefits	(1,908)	(1,267)	(1,908)	(1,267)
Management Options Programme	(1,934)	(1,554)	(1,934)	(1,554)
Other costs by kind	(536)	(404)	(536)	(404)
Total selling costs and general administrative expenses by kind	(22,288)	(18,101)	(22,288)	(18,101)

Note 12. Financial income

FINANCIAL INCOME	01.01- -31.03.2008	01.01- -31.03.2007	01.01- -31.03.2008	01.01- -31.03.2007
Dividends	-	29,400	-	29,400
Interest received	3,789	2,263	3,789	2,263
Other	1	-	1	-
Total	3,790	31,663	3,790	31,663

Note 13. Income tax

INCOME TAX	01.01- -31.03.2008	01.01- -31.03.2007	01.01- -31.03.2008	01.01- -31.03.2007
Current income tax	10,549	393	10,549	393
Deferred income tax	695	8,616	695	8,616
Total	11,244	9,009	11,244	9,009

Note 14. Transactions with related entities

In the three-month periods ended 31 March 2008 and 2007 the Company was a party to the transactions with related entities, as listed below. Descriptions of transactions have been presented in the form of tables. In exceptional cases, descriptions of particular agreements or explanations have also been provided in a descriptive form. Due to the Company's turnover, it has been assumed that in the event in which transactions with a given related entity did not exceed in any of the presented periods PLN 100 thousand, the transactions have been omitted in the summary.

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

Counterparty	Transaction description	01.01- -31.03.2008	01.01- -31.03.2007
Woodsford Consulting Limited	Consulting services as per agreement dated 1 February 2000, with further amendments	506	1,249
Hansom Property Company Limited.....	Consulting services as per agreement dated 31 March 1999	42	51
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom"	Insurance of financial losses risk	121	54
Fort Mokotów sp. z o.o.	Real estate management	-	867
Fort Mokotów sp. z o.o.....	Other	82	52

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

Counterparty	Transaction description	01.01- -31.03.2008	01.01- -31.03.2007
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	-	1,820
Dom Development Grunty sp. z o.o.	Value of land transferred to Dom Development S.A. as part of mandate contracts	668	-

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

Counterparty	Transaction description	01.01- -31.03.2008	01.01- -31.03.2007
Fort Mokotów sp. z o.o.	General Project Execution agreement dated 15 April 2002	-	149
Fort Mokotów sp. z o.o.	The sales commission agreement and agreement for provision of advertising and marketing services dated 15 April 2002	150	731
Fort Mokotów sp. z o.o.	Repair services based on agreement dated 22 July 2005	36	-
Fort Mokotów sp. z o.o.	Real estate management services	10	-
Fort Mokotów sp. z o.o.	Other	4	636

Dom Development S.A.
Additional notes to the financial statements
for the period of three months ended on 31 March 2008
(in PLN; all amounts in thousands unless stated otherwise)

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

Counterparty	Transaction description	01.01- -31.03.2008	01.01- -31.03.2007
Fort Mokotów sp. z o.o.	Dividend (gross)	-	29,400

Balances with related entities

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

Entity	Receivables from related entities		Liabilities to related entities	
	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Total balance	89,101	87,604	1,674	1,530
Balances below PLN 100,000	28	28	-	11
Balances over PLN 100,000.....	89,073	87,576	1,674	1,519
Subsidiaries	1,147	1,147	-	-
Dom Development Morskie Oko sp. z o.o. additional contributions to capital	1,147	1,147	-	-
Associated entities	87,200	86,429	-	-
Dom Development Grunty sp. z o.o.	87,200	86,429	-	-
Co-subsidiaries	726	-	1,674	1,268
Fort Mokotów sp. z o.o.	726	-	1,674	1,268
Fort Mokotów sp. z o.o. contributions to capital	-	-	-	-
Other entities	-	-	-	251
Woodsford Consulting Limited	-	-	-	251

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 (PLN)	Cumulative payments made as at 31 March 2008 (PLN)
Janusz Stolarczyk and Danuta Stolarczyk	22.03.2007	Annex no.1 regarding purchase of additional parking space in addition to promissory sale agreement concerning residential facilities with the area of 89.1 sq. m together with two utility rooms and two parking spaces	9,000.00	9,000.00
Jakub Domalik - Plakwicz	31.01.2007	Promissory sale agreement concerning residential facilities with the area of 59,4 sq. m, together with a parking space	797,472.20	779,120.20
Jakub Domalik - Plakwicz	27.03.2008	Promissory sale agreement concerning residential facilities with the area of 104,58 sq. m, together with a parking space	1,710,074.00	85,503.70

Note 15. Incentive plan – Management Options Programme

As at 31 March 2008 there were three Management Option Programmes adopted as part of the Incentive Scheme for the Management staff of the Company. They are as follows:

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Name of the Programme	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)
	31.03.2008			31.12.2007		
Programme I	413,100	413,100	413,100	413,100	413,100	413,100
Programme I B	96,750	96,750	-	96,750	96,750	-
Programme II	726,000	426,950	-	726,000	435,950	-

In the first quarter 2008 the number of share options allotted under Programme II decreased due to the termination of employment contracts with a few employees who were under this Programme.

There was no allocation of additional share options in this period.

Within the two three month periods which ended on 31 March 2008 and 2007 the following amounts were accounted for in the income statement: PLN 1,934 thousand and PLN 1,554 thousand respectively.

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

SHARE OPTIONS		31.03.2008	31.12.2007
Options unexercised at the end of the period	Amount	523,700	532,700
	Total exercise price	49,467	50,498
Options possible to be exercised at the end of the period	Amount	-	-
	Total exercise price	-	-

Note 16. Contingent liabilities

CONTINGENT LIABILITIES	31.03.2008	31.12.2007
Bills of exchange, including:	112,000	112,000
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the granted loan	70,000	70,000
– bills of exchange constituting an additional guarantee for PKO BP bank in respect of claims arising from the granted loan	40,000	40,000
– 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
Guarantees	9,888	9,800
Sureties	1,050	1,214
Total	122,938	123,014

Note 17. Material court cases as at 31 March 2008

The Company is not a party in material court proceedings.

Note 18. Additional information on the operating activity of the Company

In the period of three months ended 31 March 2008 the following material changes in the portfolio of the Company's investments under construction took place:

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

Project	Commencement of construction and sale	Segment	Number of apartments
Derby 18.....	I Q 2008	Popular	82
Derby 16.....	I Q 2008	Popular	276
Róża Wiatrów	I Q 2008	Popular	184
Grzybowska	I Q 2008	Apartments of higher standard	287

Note 19. The factors which will influence the results achieved by the Company at least in the next quarter

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

- prompt, compliant with schedules, completion of the construction works by the construction companies completing individual investments of the Company in the general construction system,
- achieving the planned sales volume in terms of quantity and value, as well as in the individual market segments,
- 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,
- availability of home loans, and especially convenient terms of such loans for potential clients,
- maintaining the stable political situation and creating a positive economic climate by the government and local authorities.

Note 20. Material post-balance sheet events

There were no material post-balance sheet events in the period between the balance sheet day and the day on which these financial statements for the first quarter of 2008 were prepared.

Note 21. Selected financial data translated into EURO

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

SELECTED DATA FROM BALANCE SHEET	31.03.2008	31.12.2007
	thousand EURO	thousand EURO
Total current assets	351,088	338,819
Total assets	356,898	345,176
Total shareholders' equity	207,991	191,422
Long-term liabilities	89,736	91,588
Short-term liabilities	59,171	62,166
Total liabilities	148,907	153,754
<i>PLN/EURO exchange rate as at the balance</i>	<i>3.5258</i>	<i>3.5820</i>

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sheet date.....

SELECTED DATA FROM INCOME STATEMENT	01.01- -31.03.2008	01.01- -31.03.2007	01.01- -31.03.2008	01.01- -31.03.2007
	thousand EURO	thousand EURO	thousand EURO	thousand EURO
Sales revenue	52,694	43,741	52,694	43,741
Gross profit on sales	21,139	15,884	21,139	15,884
Operating profit.....	14,991	11,191	14,991	11,191
Profit before tax	16,015	19,171	16,015	19,171
Profit after tax.....	12,854	16,865	12,854	16,865
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>3.5574</i>	<i>3.9063</i>	<i>3.5574</i>	<i>3.9063</i>

Warsaw, 09 May 2008

 Jarosław Szanajca, President of the Management Board

 Leszek Piotr Nałęcz, Vice-President of the Management Board