



DOM DEVELOPMENT S.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF THREE MONTHS ENDED ON 31 MARCH 2010

PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS

Dom Development S.A.Consolidated balance sheet
as at 31 March 2010

(in PLN; all amounts in thousands unless stated otherwise)

I. CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.03.2010	31.12.2009
Fixed assets			
Intangible fixed assets		530	717
Tangible fixed assets		5 263	5 455
Investments in associated entities		1 014	1 014
Deferred income tax assets		8 998	9 347
Long-term receivables		2 432	2 438
Long-term deferred costs		-	74
Total fixed assets		18 237	19 045
Current assets			
Inventory	4	1 238 694	1 305 117
Trade and other receivables		27 567	26 672
Other current assets		7 159	6 058
Cash and cash equivalents	6	160 821	230 847
Total current assets		1 434 241	1 568 694
Total assets		1 452 478	1 587 739
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	7	24 560	24 560
Share premium less treasury shares		231 535	231 535
Reserve capital from valuation of share options		19 710	18 726
Other capital (supplementary capital)		388 361	388 361
Reserve capital from reducing the share capital		510	510
Accumulated, unappropriated profit (loss)		96 957	85 138
Equity attributable to the equity holders of the holding company		761 633	748 830
Minority interest		(165)	(166)
Total shareholders' equity		761 468	748 664
Liabilities			
Long-term liabilities			
Long-term loans and borrowings	8	114 932	184 945
Deferred tax liability		20 236	21 033
Bonds	9	200 000	200 000
Other long-term liabilities.....		-	-
Total long-term liabilities		335 168	405 978
Short-term liabilities			
Trade payables and other liabilities		83 642	104 836
Short-term loans and borrowings	8	147 480	134 218
Short-term tax liabilities		3 411	8 156
Short-term provisions		17 083	17 369
Accrued liabilities and deferred income		104 226	168 518
Total short-term liabilities		355 842	433 097
Total liabilities		691 010	839 075
Total equity and liabilities		1 452 478	1 587 739

Dom Development S.A.
 Consolidated income statement
 for the period of three months ended on 31 March 2010
 (in PLN; all amounts in thousands unless stated otherwise)

II. CONSOLIDATED INCOME STATEMENT

	Note	Period of three months ended on		Period of three months ended on	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
Sales revenues	12	159 902	190 628	159 902	190 628
Cost of sales	13	(125 317)	(120 193)	(125 317)	(120 193)
Gross profit on sales		34 585	70 435	34 585	70 435
Selling expenses	13	(7 917)	(6 203)	(7 917)	(6 203)
General administrative expenses	13	(9 890)	(10 620)	(9 890)	(10 620)
Other operating income		1 254	833	1 254	833
Other operating expenses		(611)	(957)	(611)	(957)
Operating profit		17 421	53 488	17 421	53 488
Financial income	14	675	708	675	708
Financial costs		(3 179)	(2 447)	(3 179)	(2 447)
Profit before tax		14 917	51 749	14 917	51 749
Income tax expense	15	(3 097)	(10 143)	(3 097)	(10 143)
Profit after tax		11 820	41 606	11 820	41 606
Profit attributable to:					
Equity holders of the holding company		11 819	41 615	11 819	41 615
Minority interests		1	(9)	1	(9)
Consolidated earnings per share:					
Basic (PLN)	10	0.48	1.69	0.48	1.69
Diluted (PLN)	10	0.48	1.69	0.48	1.69

Dom Development S.A.
Consolidated statement of comprehensive income
for the period of three months ended on 31 March 2010
(in PLN; all amounts in thousands unless stated otherwise)

III. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period of three months ended on		Period of three months ended on	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Net profit	11 820	41 606	11 820	41 606
Other comprehensive income	-	-	-	-
Total comprehensive income	11 820	41 606	11 820	41 606
Comprehensive income attributable to:				
Equity holders of the holding company	11 819	41 615	11 819	41 615
Minority interests	1	(9)	1	(9)

Dom Development S.A.
 Consolidated cash flow statement
 for the period of three months ended on 31 March 2010
 (in PLN; all amounts in thousands unless stated otherwise)

IV. CONSOLIDATED CASH FLOW STATEMENT

	Period of three months ended on	
	31.03.2010	31.03.2009
Cash flow from operating activities		
Profit before taxation	14 917	51 749
Adjustments:		
Depreciation	580	649
Profit/loss on foreign exchange differences	8	(9)
Profit/loss on investments	2	176
Interest paid and accrued	6 121	3 971
Cost of the management option scheme	984	1 012
Changes in the operating capital		
Changes in provisions	(286)	(905)
Changes in inventory	65 914	(3 481)
Changes in receivables	661	21 291
Changes in short term liabilities excluding loans and borrowings	(25 939)	(6 801)
Changes in prepayments	(66 487)	(89 773)
Other adjustments	(8)	9
Cash flow generated from operating activities	(3 533)	(22 112)
Interest paid	(4 407)	(5 595)
Income tax paid	(5 095)	(14 237)
Net cash flow from operating activities.....	(13 035)	(41 944)
Cash flow from investing activities		
Proceeds from the sale of intangible assets and tangible fixed assets	4	177
Acquisition of intangible and tangible fixed assets	(208)	(103)
Net cash flow from investing activities	(204)	74
Cash flows from financing activities		
Proceeds from contracted loans and borrowings	-	37 398
Repayment of loans and borrowings	(56 750)	(22 172)
Payment of financial leasing liabilities	(37)	(53)
Net cash flow from financing activities	(56 787)	15 173
Increase / (decrease) in net cash and cash equivalents	(70 026)	(26 697)
Cash and cash equivalents – opening balance	230 847	223 697
Cash and cash equivalents – closing balance	160 821	197 000

Dom Development S.A.
 Statements of changes in the consolidated shareholders' equity
 for the period of three months ended on 31 March 2010
 (in PLN; all amounts in thousands unless stated otherwise)

V. 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
Balance as at 1 January 2010	24 560	231 535	388 361	510	18 726	85 138	748 830	(166)	748 664
Creation of reserve capital from the valuation of the share options	-	-	-	-	984	-	984	-	984
Total Comprehensive income for three months ended on 31 March 2010	-	-	-	-	-	11 819	11 819	1	11 820
Balance as at 31 March 2010	24 560	231 535	388 361	510	19 710	96 957	761 633	(165)	761 468

	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
Balance as at 1 January 2009	24 560	231 535	371 837	510	13 908	41 103	683 453	(165)	683 288
Creation of reserve capital from the valuation of the share options	-	-	-	-	1 012	-	1 012	-	1 012
Total Comprehensive income for three months ended on 31 March 2009	-	-	-	-	-	41 615	41 615	(9)	41 606
Balance as at 31 March 2009	24 560	231 535	371 837	510	14 920	82 718	726 080	(174)	725 906

VI. ADDITIONAL NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 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, Plac 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 31 March 2010 the holding company Dom Development S.A. was controlled by Dom Development B.V. which held 63.10% of the Company's shares.

General information about the Group

The following table presents the Group's structure and the holding company's stake in the entities comprising the Group as at 31 March 2010.

Entity name	Country of registration	% of share capital held by the holding company	% of votes held by the holding company	Consolidation method
Subsidiaries				
Dom Development na Dolnej sp. z o.o. under liquidation	Poland	100%	100%	full consolidation
Dom Development Morskie Oko sp. z o.o.	Poland	100%	100%	full consolidation
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
Joint-venture				
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 three months ended on 31 March 2010 the Group did not discontinue any of its operations.

In the period of three months ended on 31 March 2010 the Group did not make any material changes to its structure, including mergers, acquisitions, sale of the Group's entities, long-term investments, divisions, restructuring or discontinuation of operations.

Note 2. 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 2010 as well as the standards which became effective by 31 March 2010 were applied by the Company in these interim condensed consolidated financial statements for the period of three months ending on 31 March 2010 („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 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 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 financial statements are stated in Polish zloty („PLN”). Financial data included in the financial statements are expressed in thousands of PLN unless stated otherwise.

Summary of significant accounting policies

These 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.

Note 3. Key assumptions and bases for estimates

The decision to purchase real estate (land) is based upon analysis, of which one of the most important elements is the so called “purchase budget” which is prepared to assess future profitability of projects. From the moment the real estate is purchased, the budgets for these construction projects are updated based on the management’s best knowledge and experience. Budgets of all construction projects are verified and updated when necessary, at least once every three months.

Note 4. Inventories

INVENTORY	31.03.2010	31.12.2009
Advances on deliveries	28 128	7 691
in this at purchase prices/production costs	28 197	7 760
in this revaluation write down	(69)	(69)
Semi-finished goods and work in progress	812 699	787 488
in this at purchase prices/production costs	838 455	813 805
in this revaluation write down	(25 756)	(26 317)
Finished goods	397 867	509 938
in this at purchase prices/production costs	398 304	510 383
in this revaluation write down	(437)	(445)
Total	1 238 694	1 305 117

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 31 March 2010
(in PLN; all amounts in thousands unless stated otherwise)

WRITE-OFFS REVALUATING THE INVENTORIES	01.01- - 31.03.2010	01.01- - 31.03.2009
Balance at the beginning of the period	26 831	12 577
Increase	92	744
Decrease	(661)	(13)
Balance at the end of the period	26 262	13 308

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 92 thousand in the first quarter of 2010 PLN (PLN 684 thousand in the first quarter of 2009).

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

SECURITY ON INVENTORIES – MORTGAGE	31.03.2010	31.12.2009
Balance sheet value of inventory used to secure liabilities	451 870	683 669
Value of mortgages used to secure the loans	880 260	987 900

Note 5. Change in the write-offs revaluating short-term receivables

CHANGE IN THE WRITE-OFFS REVALUATING TRADE AND OTHER RECEIVABLES	01.01- - 31.03.2010	01.01- - 31.03.2009
Opening balance	2 755	1 928
a) Additions	136	414
b) Disposals	-	-
Closing balance	2 891	2 342

Note 6. 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.

CASH AND CASH EQUIVALENTS	31.03.2010	31.12.2009
Cash in hand and at bank	6 824	3 172
Short-term deposits and treasury bills	153 943	227 632
Other	54	43
Total	160 821	230 847

Dom Development S.A.
 Additional notes to the condensed consolidated financial statements
 for the period of three months ended on 31 March 2010
 (in PLN; all amounts in thousands unless stated otherwise)

Note 7. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 31.03.2010 AND 31.03.2009

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
Total number of shares				24 560 222				
Total share capital					24 560 222			
Nominal value per share = PLN 1								

Description of changes in the share capital of the holding company in the period from 1 January 2010 to the date of preparing the financial statements.

In the period from 1 January 2010 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 1st quarter of 2010

	State as at the date of preparing these financial statements				Change In the period from preparation of the previous quarterly financial statements (3 November 2009)
	Shares	% of capital	Number of votes at the GSM	% of votes at the GSM	Shares
Dom Development B.V.	15 496 386	63.10	15 496 386	63.10	(13 000)
Jarosław Szanajca	1 534 050	6.25	1 534 050	6.25	(200 000)
Grzegorz Kiełpsz.....	1 280 750	5.21	1 280 750	5.21	(110 000)

Dom Development S.A.

Additional notes to the condensed consolidated financial statements
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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 2010

	Status as at the date of preparation of these financial statements			Change In the period from preparation of the previous quarterly financial statements (3 November 2009)	
	Shares	Share Options	Total	Shares	Share Options
Management Board					
Jarosław Szanajca	1 534 050	-	1 534 050	(200 000)	-
Janusz Zalewski	300 000	100 000	400 000	(59 000)	69 000
Jerzy Ślusarski	9 363	86 100	95 463	(12 000)	34 250
Janusz Stolarczyk	100 200	52 680	152 880	(6 000)	16 830
Terry Roydon	58 500	50 000	108 500	-	-
Supervisory Board					
Grzegorz Kielpsz.....	1 280 750	-	1 280 750	(110 000)	-
Zygmunt Kostkiewicz	29 500	-	29 500	-	-

Note 8. Loans and borrowings

LOANS DUE WITHIN	31.03.2010	31.12.2009
1 year	147 480	134 218
More than 1 year less then 2 years	69 932	94 945
More than 2 years less then 5 years	45 000	90 000
More than 5 years	-	-
Total loans	262 412	319 163
including: long-term	114 932	184 945
short-term	147 480	134 218

As at 31 March 2010 and 31 March 2009 the Group did not have borrowing-related liabilities.
As at 31 March 2010 and 31 March 2009 all the Group's loans were expressed in Polish Zloty.

Loan liabilities as at 31 March 2010

BANK LOANS SHOWN IN LIABILITIES AS AT 31.03.2010						
Bank	Registered office	Amount of loan - as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
BOŚ	Warsaw	100 000	PLN	99 970	PLN	30.06.2011
PKO BP	Warsaw	200 000	PLN	135 000	PLN	31.12.2012
PKO BP	Warsaw	65 000	PLN	27 442	PLN	31.01.2011
Total bank loans shown in liabilities				262 412	PLN	

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
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BANK LOANS (OVERDRAFTS) REDUCING ASSETS AS AT 31.03.2010

Bank	Registered office	Amount of loan – as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
BOŚ	Warsaw	40 000	PLN	-	PLN	23.04.2010
Total overdrafts		40 000		-	PLN	

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

Note 9. Bonds

BONDS	31.03.2010	31.12.2009
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	950	1 022

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.

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
for the period of three months ended on 31 March 2010
(in PLN; all amounts in thousands unless stated otherwise)

Note 10. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01.- 31.03.2010	01.01.- -31.03.2009	01.01.- 31.03.2010	01.01.- -31.03.2009
Basic earnings per share				
Profit for calculation of the basic earnings per share	11 819	41 615	11 819	41 615
The weighted average 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)	0.48	1.69	0.48	1.69
Diluted earnings per share				
Theoretical profit for calculation of the diluted earnings per share	11 819	41 615	11 819	41 615
Potential diluting shares related to Management Share Options Programme II	124 857	-	124 857	-
The weighted average number of ordinary shares for the calculation of diluted earnings per share	24 685 079	24 560 222	24 685 079	24 560 222
Diluted earnings per share (PLN)	0.48	1.69	0.48	1.69

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

Note 11. Segment reporting

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

Note 12. Operating income

SALES REVENUES BY KIND	01.01.- 31.03.2010	01.01.- -31.03.2009	01.01.- 31.03.2010	01.01.- -31.03.2009
Sales of finished goods	157 036	187 168	157 036	187 168
Sales of services	2 866	3 460	2 866	3 460
Sales of goods for resale (land)	-	-	-	-
Total	159 902	190 628	159 902	190 628

Dom Development S.A.
Additional notes to the condensed consolidated financial statements
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Note 13. Operating costs

OPERATING COSTS	01.01.- 31.03.2010	01.01.- -31.03.2009	01.01.- 31.03.2010	01.01.- -31.03.2009
Cost of sales				
Cost of finished goods sold	(121 428)	(117 094)	(121 428)	(117 094)
Cost of services sold	(3 889)	(3 099)	(3 889)	(3 099)
Cost of land sold	-	-	-	-
Total cost of sales	(125 317)	(120 193)	(125 317)	(120 193)
Selling costs and general administrative expenses				
Selling costs	(7 917)	(6 203)	(7 917)	(6 203)
General administrative expenses	(9 890)	(10 620)	(9 890)	(10 620)
Total selling costs and general administrative expenses.....	(17 807)	(16 823)	(17 807)	(16 823)
Selling costs and general administrative expenses by kind				
Depreciation	(580)	(649)	(580)	(649)
Cost of materials and energy	(2 740)	(1 973)	(2 740)	(1 973)
External services	(4 388)	(4 578)	(4 388)	(4 578)
Taxes and charges	(43)	(77)	(43)	(77)
Wages and salaries	(7 228)	(6 896)	(7 228)	(6 896)
Social security and other benefits	(1 354)	(1 028)	(1 354)	(1 028)
Management Options Programme	(984)	(1 012)	(984)	(1 012)
Other costs by kind	(490)	(610)	(490)	(610)
Total selling costs and general administrative expenses by kind	(17 807)	(16 823)	(17 807)	(16 823)

Note 14. Financial income

FINANCIAL INCOME	01.01.- 31.03.2010	01.01.- -31.03.2009	01.01.- 31.03.2010	01.01.- -31.03.2009
Interest	674	632	674	632
Other	1	76	1	76
Total	675	708	675	708

Note 15. Income tax

INCOME TAX	01.01.- 31.03.2010	01.01.- -31.03.2009	01.01.- 31.03.2010	01.01.- -31.03.2009
Current income tax	3 545	10 420	3 545	10 420
Deferred income tax	(448)	(277)	(448)	(277)
Total	3 097	10 143	3 097	10 143

Dom Development S.A.
 Additional notes to the condensed consolidated financial statements
 for the period of three months ended on 31 March 2010
 (in PLN; all amounts in thousands unless stated otherwise)

Note 16. Transactions with related entities

In the three-month periods ended 31 March 2010 and 2009 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- -31.03.2010	01.01- -31.03.2009
Woodsford Consulting Limited.....	Consulting services as per agreement dated 1 February 2000, with further amendments	347	310
Hansom Property Company Limited.....	Consulting services as per agreement dated 31 March 1999	55	64
Holland Park Advisory Limited	Consulting services as per agreement dated 5 January 2010	85	-
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom"	Insurance of financial losses risk	(91)	(37)
Fort Mokotów sp. z o.o.....	Other	-	(2)

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

Counterparty	Transaction description	01.01- -31.03.2010	01.01- -31.03.2009
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
Dom Development Grunty sp. z o.o.	Value of land transferred to Dom Development S.A. as part of mandate contracts	46 044	-
Dom Development Grunty sp. z o.o.	Additoinal payments to the invoices transferring land to Dom Development S.A.	700	-

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

Counterparty	Transaction description	01.01- -31.03.2010	01.01- -31.03.2009
Fort Mokotów sp. z o.o.	The sales commission agreement and agreement for provision of advertising and marketing services dated 15 April 2002	-	150
Fort Mokotów sp. z o.o.	Repair services based on agreement dated 22 July 2005	36	36
Fort Mokotów sp. z o.o.	Other	4	5

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Additional notes to the condensed consolidated financial statements
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Dom Development S.A. as a party receiving a dividend

Counterparty	Transaction description	01.01- -31.03.2010	01.01- -31.03.2009
Fort Mokotów sp. z o.o.	Dividend (gross)	-	4 900

Balances with related entities

Balances as in the books of the Company

Entity	Receivables from related entities		Liabilities to related entities	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Total balance	11 980	57 122	555	173
Balances below PLN 100,000	82	15	85	1
Balances over PLN 100,000.....	11 898	57 107	470	172
Subsidiaries	11 898	57 028	338	-
Dom Development Morskie Oko sp. z o.o. additional contributions to capital	1 147	1 147	-	-
Dom Development Grunty sp. z o.o.	10 751	55 881	338	-
Associated companies	49	-	-	-
Towarzystwo Ubezpieczeń Wzajemnych „Bezpieczny Dom”	49	-	-	-
Joint-venture	19	79	-	-
Fort Mokotów sp. z o.o.	19	79	-	-
Other entities	-	-	217	172
Woodsford Consulting Limited	-	-	132	172
Holland Park Advisory Limited	-	-	85	-

Note 17. Incentive plan – Management Options Programme

As at 31 March 2010 there was one active Management Option Programme adopted as part of the Incentive Scheme for the Management staff of the Company.

Name of the Programme	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)
	31.03.2010			31.12.2009		
Programmes completed as at 31.03.2010						
Programme I	413 100	413 100	413 100	413 100	413 100	413 100
Programme I B	92 500	92 500	82 750	92 500	92 500	82 750
Programme active as at 31.03.2010						
Programme II	726 000	726 000	-	726 000	726 000	-

In the first quarter 2010 there were no changes in the number of share options allotted under Programme II.

Within the two three month periods which ended on 31 March 2010 and 2009, the following amounts were accounted for in the income statement: PLN 984 thousand and PLN 1 012 thousand respectively.

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

SHARE OPTIONS		31.03.2010	31.12.2009
Options unexercised at the end of the period	Amount	735 750	735 750
	Total exercise price	46 990	46 990
Options possible to be exercised at the end of the period	Amount	159 150	159 150
	Total exercise price	17 163	17 163

Structure of share options allocated and not exercised as at 31 March 2010:

Programme	Amount of options	Exercise price per option (PLN)
Programme I B	9 750	6.10
Programme II	310 800	114.48
Programme II	186 175	14.91
Programme II	31 000	16.97
Programme II	198 025	40.64
Total	735 750	

Exercised share options concerning Programme IB

During the first three months of 2010 the Company's employees still holding options for shares concerning Programme IB did not exercise any options in the Company.

Allocation of new share options

In the period of three months ended 31 March 2010 the Company did not allocate any new share options.

Note 18. Contingent liabilities

CONTINGENT LIABILITIES	31.03.2010	31.12.2009
Guarantees	97	102
Sureties	1 034	1 092
Total	1 131	1 194

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

CONTINGENT LIABILITIES	31.03.2010	31.12.2009
Bills of exchange, including:		
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the granted loan	100 000	140 000
– bills of exchange constituting an additional guarantee for PKO BP bank in respect of claims arising from the granted loan	65 000	105 000
– 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
Total	167 000	247 000

In the three month period ended 31 March 2010 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 19. Material court cases as at 31 March 2010

During the reporting period covered by this financial statements, as of 31 March 2010 there were no single proceedings before any court, competent authority for arbitration proceedings or public administrative agencies, concerning the Company's or its subsidiary entities' obligations or receivables, the value of which would be at least 10% of the Company's equity.

At the date of 31 March 2010, the Company was party to proceedings concerning obligations and receivables, the total value of which was approx PLN 107 998 thousand with total value of proceedings concerning obligations at approx PLN 83 607 thousand and total value of proceedings concerning receivables at approx PLN 24 391 thousand.

The largest proceeding concerning the Company's receivables is the enforcement proceeding of the Company's petition of 20 January 2009 against Erabud Sp. z o.o. with its registered seat in Warsaw, in order to enforce an amount of 35% of the gross price value of real estate i.e. PLN 22 672 thousand paid to Erabud Sp. z o.o. on the basis of a preliminary purchase agreement dated 4 January 2008 and relating to the purchase of real estate in Józefosław, municipality Piaseczno, of surface 88 495 m².

The largest proceeding concerning the Company's obligations is closely related with the above-mentioned enforcement proceedings. This is the matter of the action of Erabud Sp. z o.o. with its registered seat in Warsaw, for the performance of the above-mentioned preliminary purchase agreement dated 4 January 2008. A statement of claim of Erabud Sp. z o.o. dated 26 September was served to the Company on 8 October 2009. The value of the dispute amounts to PLN 64 778 340.00 and is identical to the total gross price for the above-mentioned real estate, as specified in the said preliminary agreement. In the opinion of the Management Board of the Company, the above-mentioned statement of claim is unfounded. The Company effectively withdrew from the said preliminary agreement on 17 September 2008. Then, in the absence of Erabud Sp. z o.o.'s voluntary reimbursement of the downpayment in the amount of PLN 22 672 419.00, the Company has started the said procedure for enforcement with the court enforcement officer.

Other proceedings involving the Company or other entities of the Group have no significant impact for the Company's or Group's activity.

Note 20. Additional information on the operating activity of the Group

In the period from 1 January to 31 March 2010 the following material changes in the portfolio of the Group's investments under construction took place:

The projects commenced in the 1st quarter 2010

Project	Segment	Number of apartments
Regaty 4 phase	Popular	202
Saska I 2 phase	Popular	145
Klasyków 1 phase	Popular	135
Adria 1 phase	Popular	256

In the first quarter of 2010 the Group did not finish any projects.

Note 21. The factors which will influence the results achieved by the Group at least in the next three months

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

- economic trend of 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 Group,
- maintaining the stable political situation and creating a positive economic climate by the government and local authorities.

Note 22. Material post-balance sheet events

- On 16 April 2010 the Supervisory Board complied with the petition of the Company's Management Board regarding the distribution of the Company's net profit as of 2009 and recommended that the Shareholders' Meeting approves the above petition on the Ordinary Shareholders Meeting. The Management Board lodged a motion for a part of the net profit of the Company for the year 2009 in the amount of PLN 19 648 177.60, i.e. PLN 0.80 per share, to be allocated for payment of a dividend to the shareholders of the Company and for a part of the net profit in the amount of PLN 65 581 861.98 be allocated to increase the capital reserves of the Company. The Management Board suggested 8 June 2010 as the dividend date and 23 June 2010 as the dividend payment date.
- On 16 April 2010 the Supervisory Board of the Company adopted a resolution on the recommendation to the General Shareholders Meeting of the Company to authorize the Supervisory Board of the Company to accept, at its discretion, the Rules of Dom Development S.A. 360 000 Senior Executive Share Option Scheme III, specifying in particular the rules and terms of the granting and exercising of the option, provided that:
 - issuing options will be limited to not more than 120 000 shares in any 12-month period,
 - exercise of option will be dependent on, among other conditions, the fulfillment of the relevant condition to be set by the Board relating to the minimum of the Company's total annual audited consolidated earnings per share to be achieved in the next 3 financial years commencing after the option has been granted,
 - the price at which shares may be acquired by exercising the option is PLN 1 per share.
- On 8 April 2010 the Company and Powszechna Kasa Oszczędności Bank Polski S.A. signed a loan agreement. Pursuant to the loan agreement a non-revolving credit facility was extended to the Company for up to PLN 65 million for the financing of the Borrower's current liabilities. The loan was secured by a capped mortgage securing the principal, interest and other costs for up to PLN 97.5 million established on the Company's share in the right of perpetual usufruct of the real estate situated in Warsaw at Grzybowska 4.

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Note 23. Forecasts

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

Note 24. Selected financial data translated into EURO

The following financial data of the Group have been translated into euro:

SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET	31.03.2010	31.12.2009
	thousand EURO	thousand EURO
Total current assets	371 353	381 845
Total assets	376 075	386 480
Total shareholders' equity	197 159	182 236
Long-term liabilities	86 782	98 821
Short-term liabilities	92 134	105 423
Total liabilities	178 916	204 244
<i>PLN/EURO exchange rate as at the balance sheet date.....</i>	<i>3.8622</i>	<i>4.1082</i>

SELECTED DATA FROM THE CONSOLIDATED INCOME STATEMENT	01.01- -31.03.2010	01.01- -31.03.2009	01.01- -31.03.2010	01.01- -31.03.2009
	thousand EURO	thousand EURO	thousand EURO	thousand EURO
Sales revenue	40 309	41 446	40 309	41 446
Gross profit on sales	8 718	15 314	8 718	15 314
Operating profit.....	4 392	11 628	4 392	11 628
Profit before tax	3 760	11 250	3 760	11 250
Profit after tax.....	2 980	9 045	2 980	9 045
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>3.9669</i>	<i>4.5994</i>	<i>3.9669</i>	<i>4.5994</i>

Warsaw, 5 May 2010

 Jarosław Szanajca
 President of the Management Board

 Janusz Zalewski
 Vice-President of the Management Board