DOM DEVELOPMENT S.A.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF THREE MONTHS ENDED ON 30 SEPTEMBER 2009

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

I. INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The holding company of Dom Development Capital Group ("the Group") is the joint-stock company Dom Development S.A. ("the Company" / "the holding company") with its registered office in Warsaw (00-078 Warsaw, Pl. Piłsudskiego 3) entered into the National Court Register under number 0000031483, District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register.

According to the Polish Classification of Business Activity the Company's scope of activity is construction projects concerning construction of buildings – PKD 4110Z. The Company conducts its activities mainly in Warsaw and its vicinity.

The Company is a majority-owned subsidiary of Dom Development B.V. with its registered office in the Netherlands. As at 30 September 2009 the holding company Dom Development S.A. was controlled by Dom Development B.V. which held 63.15% of the Company's shares.

2. General information about the Group

The following table presents the Group's structure and the holding company's stake in the entities comprising the Group as at 30 September 2009.

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 – Zarządzanie Nieruchomościami sp. z o.o. under liquidation .	Poland	100%	100%	full consolidation
Dom Development Grunty sp. z o.o.	Poland	46%	100%	full consolidation
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 30 September 2009 the Group did not discontinue any of its operations.

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

3. Summary of significant accounting policies

Basis for the preparation of the consolidated financial statements

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

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

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

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

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

Summary of significant accounting policies

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

Description of the change in the accounting policies

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

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

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

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

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

The main result of the above change is that sales revenue and cost of sales (and as a result – sales contribution) is recognized considerably later than it has been previously using "percentage of completion" method. From 1 January

2009 sales revenue for an individual real estate project are not recognized until after the completion of the construction process of that particular project. The above change do not impact the profitability of the real estate development projects but it influences the allocation of revenues and cost of sales to individual accounting periods.

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

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

CONSOLIDATED SHAREHOLDERS' EQUITY

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

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

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

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

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

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

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

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

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

CONSOLIDATED BALANCE SHEETS

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

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

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS – ITEMS THAT HAVE BEEN RESTATED	**Period of nine months ended on**		**Period of three months ended on**	
	30.09.2008 Restated	**30.09.2008 Previously disclosed**	**30.09.2008 Restated**	**30.09.2008 Previously disclosed**
Sales revenues	771 026	605 935	270 800	150 401
Cost of sales	(442 243)	(370 577)	(152 760)	(101 275)
Income tax expense	(51 098)	(33 366)	(18 460)	(5 369)
Consolidated earnings per share:				
Basic (PLN)	**8.55**	**5.48**	**3.10**	**0.83**
Diluted (PLN)	**8.55**	**5.48**	**3.10**	**0.83**

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

II. CONSOLIDATED BALANCE SHEETS

ASSETS	Note	30.09.2009	31.12.2008
Fixed assets			
Intangible fixed assets		843	1 360
Tangible fixed assets		5 707	6 781
Investments in associated entities		1 042	1 050
Deferred income tax assets		7 093	8 434
Long-term receivables		2 441	2 910
Long-term deferred costs		145	361
Total fixed assets		**17 271**	**20 896**
Current assets			
Inventory	1	1 415 554	1 458 133
Trade and other receivables		31 620	55 519
Other current assets		5 017	6 348
Cash and cash equivalents	3	169 415	223 697
Total current assets		**1 621 606**	**1 743 697**
Total assets		**1 638 877**	**1 764 593**

EQUITY AND LIABILITIES	Note	30.09.2009	31.12.2008
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		17 662	13 908
Other capital (supplementary capital)		388 361	371 837
Reserve capital from reducing the share capital		510	510
Accumulated, unappropriated profit (loss)		73 676	41 103
Equity attributable to the equity holders of the holding company		**736 304**	**683 453**
Minority interest		(179)	(165)
Total shareholders' equity		**736 125**	**683 288**
Long-term liabilities			
Long-term loans and borrowings	6	209 957	233 283
Deferred tax liability		18 133	29 419
Bonds	7	200 000	200 000
Other long-term liabilities		167	226
Total long-term liabilities		**428 257**	**462 928**
Short-term liabilities			
Trade payables and other liabilities		155 660	145 452
Short-term loans and borrowings	6	119 802	62 510
Short-term tax liabilities		3 140	7 902
Short-term provisions		12 804	13 725
Accrued liabilities and deferred income		183 089	388 788
Total short-term liabilities		**474 495**	**618 377**
Total liabilities		**902 752**	**1 081 305**
Total equity and liabilities		**1 638 877**	**1 764 593**

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

III. CONSOLIDATED INCOME STATEMENTS

	Note	Period of nine months ended on 30.09.2009	Period of nine months ended on 30.09.2008	Period of three months ended on 30.09.2009	Period of three months ended on 30.09.2008
Sales revenues	**11**	514 716	771 026	132 134	270 800
Cost of sales	**12**	(370 044)	(442 243)	(109 646)	(152 760)
Gross profit on sales		**144 672**	**328 783**	**22 488**	**118 040**
Selling expenses	**12**	(16 535)	(23 986)	(5 542)	(8 056)
General administrative expenses	**12**	(31 805)	(47 283)	(9 936)	(15 134)
Other operating income		2 644	1 437	534	408
Other operating expenses		(5 585)	(4 868)	1 649	(1 639)
Operating profit		**93 391**	**254 083**	**9 193**	**93 619**
Financial income	**13**	2 057	7 899	806	1 147
Financial costs		(9 346)	(817)	(3 993)	(106)
Profit before tax		**86 102**	**261 165**	**6 006**	**94 660**
Income tax expense	**14**	(17 371)	(51 098)	(1 499)	(18 460)
Profit after tax		**68 731**	**210 067**	**4 507**	**76 200**
Profit attributable to:					
Equity holders of the holding company		68 745	210 074	4 513	76 204
Minority interests		(14)	(7)	(6)	(4)
Earnings per share:					
Basic (PLN)	**8**	**2.80**	**8.55**	**0.18**	**3.10**
Diluted (PLN)	**8**	**2.79**	**8.55**	**0.18**	**3.10**

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

IV. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period of three months ended on		Period of three months ended on	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Net profit	**68 731**	**210 067**	**4 507**	**76 200**
Other comprehensive income	-	-	-	-
Total comprehensive income	**68 731**	**210 067**	**4 507**	**76 200**
Comprehensive income attributable to:				
Equity holders of the holding company	68 745	210 074	4 513	76 204
Minority interests	(14)	(7)	(6)	(4)

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

V. CONSOLIDATED CASH FLOW STATEMENTS

	Period of nine months ended on 30.09.2009	30.09.2008
Cash flow from operating activities		
Profit before taxation	**86 102**	**261 165**
Adjustments:		
Depreciation	1 837	1 718
Profit/loss on foreign exchange differences	85	3
Profit/loss on investments	39	(27)
Interest paid and accrued	13 930	8 644
Cost of the management option scheme	3 754	5 590
Changes in the operating capital		
Changes in provisions	(921)	1 287
Changes in inventory	49 248	(143 958)
Changes in receivables	29 829	(6 482)
Changes in short term liabilities excluding loans and borrowings	5 386	6 925
Changes in prepayments	(204 989)	(244 430)
Other adjustments	(85)	(29)
Cash flow generated from operating activities	**(15 785)**	**(109 594)**
Interest paid	(19 132)	(14 796)
Income tax paid	(32 778)	(49 761)
Net cash flow from operating activities	**(67 695)**	**(174 151)**
Cash flow from investing activities		
Proceeds from the sale of intangible assets and tangible fixed assets	386	151
Other proceeds from financial assets	184	-
Acquisition of intangible and tangible fixed assets	(846)	(2 265)
Net cash flow from investing activities	**(276)**	**(2 114)**
Cash flows from financing activities		
Proceeds from contracted loans and borrowings	103 752	109 200
Repayment of loans and borrowings	(70 272)	(34 103)
Dividend payments	(19 648)	(50 103)
Payment of financial leasing liabilities	(143)	(162)
Net cash flow from financing activities	**13 689**	**24 832**
Increase (decrease) in net cash and cash equivalents	**(54 282)**	**(151 433)**
Cash and cash equivalents – opening balance	**223 697**	**275 489**
Cash and cash equivalents – closing balance	**169 415**	**124 056**

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

VI. STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Equity attributable to the equity holders of the holding company	Minority interests	Total equity
Balance as at 31 December 2008 – previously disclosed..	**24 560**	**231 535**	**371 837**	**510**	**13 908**	**147 570**	**789 920**	**(165)**	**789 755**
Impact of IFRIC-15*/									
Adjustment to the opening balance of 1 January 2008	-	-	-	-	-	(193 796)	(193 796)	-	(193 796)
Adjustment to the consolidated net profit for the year ended 31 December 2008	-	-	-	-	-	87 329	87 329	-	87 329
Balance as at 1 January 2009 – restated	**24 560**	**231 535**	**371 837**	**510**	**13 908**	**41 103**	**683 453**	**(165)**	**683 288**
Transfer of profit to supplementary capital ...	-	-	122 514	-	-	(122 514)	-	-	-
Dividend payment to shareholders	-	-	-	-	-	(19 648)	**(19 648)**	-	**(19 648)**
Transfer of adjustment to the opening balance to the supplementary capital (implementation of IFRIC-15*)	-	-	(105 990)	-	-	105 990	-	-	-
Creation of reserve capital from the valuation of the share options..........................	-	-	-	-	3 754	-	**3 754**	-	**3 754**
Total Comprehensive income for nine months ended on 30 September 2009	-	-	-	-	-	68 745	68 745	(14)	68 731
Balance as at 30 September 2009...	**24 560**	**231 535**	**388 361**	**510**	**17 662**	**73 676**	**736 304**	**(179)**	**736 125**

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

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

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

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from reduction of share capital	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Equity attributable to the equity holders of the holding company	Minority interests	Total equity
Balance as at 1 January 2008 – previously disclosed..	**24 560**	**231 535**	**191 556**	**510**	**7 128**	**240 849**	**696 138**	**-**	**696 138**
Impact of IFRIC-15*/									
Adjustment to the opening balance of 1 January 2008	-	-	-	-	-	(193 796)	**(193 796)**	**-**	**(193 796)**
Balance as at 1 January 2008 – restated	**24 560**	**231 535**	**191 556**	**510**	**7 128**	**47 053**	**502 342**	**-**	**502 342**
Transfer of profit to supplementary capital ...	-	-	180 281	-	-	(180 281)	**-**	-	**-**
Dividend payment to shareholders	-	-	-	-	-	(50 103)	**(50 103)**	-	**(50 103)**
Transfer of retained profit attributable to minority interests..........	-	-	-	-	-	157	**157**	(157)	**-**
Creation of reserve capital from the valuation of the share options.........................	-	-	-	-	5 590	-	**5 590**	-	**5 590**
Total Comprehensive income for nine months ended on 30 September 2008	-	-	-	-	-	210 074	**210074**	(7)	**210 067**
Balance as at 30 September 2008...	**24 560**	**231 535**	**371 837**	**510**	**12 718**	**26 900**	**668 060**	**(164)**	**667 896**

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

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

VII. ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Inventories

INVENTORY	30.09.2009	31.12.2008
Advances on deliveries	8 573	22 422
in this at purchase prices/production costs	8 642	22 491
in this revaluation write down	(69)	(69)
Semi-finished goods and work in progress	1 230 161	1 324 969
in this at purchase prices/production costs	1 244 829	1 337 013
in this revaluation write down	(14 668)	(12 044)
Finished goods	176 820	110 742
in this at purchase prices/production costs	177 265	111 206
in this revaluation write down	(445)	(464)
Total	**1 415 554**	**1 458 133**

WRITE-OFFS REVALUATING THE INVENTORIES	01.01- -30.09.2009	01.01- -30.09.2008
Balance at the beginning of the period	**12 577**	**8 463**
Increase	5 830	179
Utilisation	(3 225)	(414)
Balance at the end of the period	**15 182**	**8 228**

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 318 thousand in the third quarter of 2009.

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

SECURITY ON INVENTORIES – MORTGAGE	30.09.2009	31.12.2008
Balance sheet value of inventory used to secure liabilities	480 772	406 297
Value of mortgages used to secure the loans	987 900	514 177

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

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

CHANGE IN THE WRITE-OFFS REVALUATING TRADE AND OTHER RECEIVABLES	01.01- -30.09.2009	01.01- -30.09.2008
Opening balance	**1 928**	**2 547**
a) Additions	500	478
b) Disposals	(161)	(543)
Closing balance	**2 267**	**2 482**

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

Note 3. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	30.09.2009	31.12.2008
Cash in hand and at bank	6 259	5 629
Short-term deposits and treasury bills	197 248	285 841
Overdraft	(34 126)	(67 820)
Other	34	47
Total	**169 415**	**223 697**

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

Note 4. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 30 September 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								

SHARE CAPITAL (STRUCTURE) AS AT 31 December 2008

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares	Nominal value of series/issue (PLN)	Capital covered with	Registration date	Right to dividend (since)
A	bearer	-	-	21 344 490	21 344 490	cash	12.09.2006	12.09.2006
F	bearer	-	-	2 705 882	2 705 882	cash	31.10.2006	31.10.2006
H	bearer	-	-	172 200	172 200	cash	14.02.2007	14.02.2007
I	bearer	-	-	92 700	92 700	cash	14.02.2007	14.02.2007
J	bearer	-	-	96 750	96 750	cash	14.02.2007	14.02.2007
L	bearer	-	-	148 200	148 200	cash	14.02.2007	14.02.2007
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 was a depository in this programme).

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

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

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

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

List of shareholders who have, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at the date of preparing these financial statements for the 3rd quarter of 2009

	Shares	% of capital	Number of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Dom Development B.V.	15 509 386	63.15	15 509 386	63.15
Jarosław Szanajca	1 734 050	7.06	1 734 050	7.06
Grzegorz Kiełpsz..................................	1 390 750	5.66	1 390 750	5.66

The shares of Dom Development S.A. or rights thereto (options) owned by the persons performing management and supervisory functions at Dom Development SA as at the date of preparing these financial statements for the 3rd quarter of 2009

	Shares	Share Options	Total
Management Board			
Jarosław Szanajca	1 734 050	-	1 734 050
Janusz Zalewski	359 000	31 000	390 000
Jerzy Ślusarski	21 363	51 850	73 213
Janusz Stolarczyk	106 200	35 850	142 050
Terry Roydon	58 500	50 000	108 500
Supervisory Board			
Grzegorz Kiełpsz...	1 390 750	-	1 390 750
Zygmunt Kostkiewicz	29 500	-	29 500

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

In the third quarter of 2009 Vice-president of the Board Janusz Zalewski sold 77 000 shares. Vice-president of the Board Jerzy Ślusarski purchased 16 000 of the Company's shares for PLN 6.10 per share according to the agreement under the Management Share Option Scheme (Programme I B).

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

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

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

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

Note 6. Loans and borrowings

LOANS DUE WITHIN	30.09.2009	31.12.2008
1 year	119 802	62 510
More than 1 year less then 2 years	119 957	71 663
More than 2 years less then 5 years	90 000	161 620
More than 5 years	-	-
Total loans	**329 759**	**295 793**
including: long-term	209 957	233 283
short-term	119 802	62 510

As at 30 September 2009 and 31 December 2008 the Group did not have borrowing-related liabilities.
As at 30 September 2009 and 31 December 2008 all the Group's loans were expressed in Polish Zloty.

Loan liabilities as at 30 September 2009

BANK LOANS SHOWN IN LIABILITIES AS AT 30.09.2009

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	180 000	PLN	31.12.2012
PKO BP	Warsaw	65 000	PLN	49 789	PLN	31.01.2011
Total bank loans shown in liabilities				**329 759**	**PLN**	

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

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

BANK LOANS (OVERDRAFTS) REDUCING ASSETS AS AT 30.09.2009

Bank	Registered office	Amount of loan – as per agreement	Currency	Outstanding loan amount (less accrued interest)	Currency	Due date
BOŚ	Warsaw	40 000	PLN	34 126	PLN	23.04.2010
PKO BP	Warsaw	40 000	PLN	-	PLN	16.03.2010
Total overdrafts		**80 000**		**34 126**	**PLN**	

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

Note 7. Bonds

BONDS	30.09.2009	31.12.2008
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	1 016	1 460

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

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

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

Note 8. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01- -30.09.2009	01.01- -30.09.2008	01.07- -30.09.2009	01.07- -30.09.2008
Basic earnings per share				
Profit attributable to the equity holders of the holding company (PLN)	68 745	210 074	4 513	76 204
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)	**2.80**	**8.55**	**0.18**	**3.10**
Diluted earnings per share				
Theoretical profit attributable to the equity holders of the holding company for the calculation of the diluted earnings per share	68 745	210 074	4 513	76 204
Potential diluting shares related to Management Share Options Programme II	68 642	-	97 928	-
The average weighted number of ordinary shares for the calculation of diluted earnings per share	24 628 864	24 560 222	24 658 150	24 560 222
Diluted earnings per share (PLN)	**2.79**	**8.55**	**0.18**	**3.10**

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

Note 9. Key assumptions and estimate bases

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

Note 10. Segment reporting

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

Note 11. Operating income

SALES REVENUES BY KIND	01.01- -30.09.2009	01.01- -30.09.2008	01.07- -30.09.2009	01.07- -30.09.2008
Sales of finished goods	501 678	754 510	127 813	265 724
Sales of services	11 406	16 362	4 321	4 922
Sales of goods for resale (land)	1 632	154	-	154
Total	**514 716**	**771 026**	**132 134**	**270 800**

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

Note 12. Operating costs

OPERATING COSTS	01.01- -30.09.2009	01.01- -30.09.2008	01.07- -30.09.2009	01.07- -30.09.2008
Cost of sales				
Cost of finished goods sold	(358 104)	(427 346)	(105 863)	(147 918)
Cost of services sold	(10 082)	(14 743)	(3 783)	(4 688)
Cost of land sold	(1 858)	(154)	-	(154)
Total cost of sales	**(370 044)**	**(442 243)**	**(109 646)**	**(152 760)**
Selling costs and general administrative expenses				
Selling costs	(16 535)	(23 986)	(5 542)	(8 056)
General administrative expenses	(31 805)	(47 283)	(9 936)	(15 134)
Total selling costs and general administrative expenses	**(48 340)**	**(71 269)**	**(15 478)**	**(23 190)**
Selling costs and general administrative expenses by kind				
Depreciation	(1 837)	(1 718)	(590)	(626)
Cost of materials and energy	(5 172)	(6 771)	(1 704)	(2 477)
External services	(12 707)	(19 640)	(3 997)	(7 106)
Taxes and charges	(290)	(731)	(87)	(65)
Wages and salaries	(20 246)	(30 061)	(6 708)	(9 691)
Social security and other benefits	(2 601)	(4 144)	(652)	(896)
Management Options Programme	(3 754)	(5 590)	(1 240)	(1 864)
Other costs by kind	(1 733)	(2 614)	(500)	(465)
Total selling costs and general administrative expenses by kind	**(48 340)**	**(71 269)**	**(15 478)**	**(23 190)**

Note 13. Financial income

FINANCIAL INCOME	01.01- -30.09.2009	01.01- -30.09.2008	01.07- -30.09.2009	01.07- -30.09.2008
Interest	1 871	7 886	656	1 144
Other	186	13	150	3
Total	**2 057**	**7 899**	**806**	**1 147**

Note 14. Income tax

INCOME TAX	01.01- -30.09.2009	01.01- -30.09.2008	01.07- -30.09.2009	01.07- -30.09.2008
Current income tax	27 317	50 606	6 550	17 751
Deferred income tax	(9 946)	492	(5 051)	709
Total	**17 371**	**51 098**	**1 499**	**18 460**

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

Note 15. Transactions with related entities

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

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

Counterparty	Transaction description	01.01- -30.09.2009	01.01- -30.09.2008
Woodsford Consulting Limited	Consulting services as per agreement dated 1 February 2000, with further amendments	1 160	1 270
Hansom Property Company Limited	Consulting services as per agreement dated 31 March 1999	193	161
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom"	Insurance of financial losses risk	(61)	365
Fort Mokotów sp. z o.o.	Other	(2)	134

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

Counterparty	Transaction description	01.01- -30.09.2009	01.01- -30.09.2008
Dom Development Grunty sp. z o.o.	Amounts of advances transferred to Dom Development Grunty Sp. z o.o. for the purchase of land as part of mandate contracts	301	10 267
Dom Development Grunty sp. z o.o.	Value of land transferred to Dom Development S.A. as part of mandate contracts	-	47 375

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

Counterparty	Transaction description	01.01- -30.09.2009	01.01- -30.09.2008
Fort Mokotów sp. z o.o.	The sales commission agreement and agreement for provision of advertising and marketing services dated 15 April 2002	450	450
Fort Mokotów sp. z o.o.	Repair services based on agreement dated 22 July 2005	108	108
Fort Mokotów sp. z o.o.	Real estate management services	-	10
Fort Mokotów sp. z o.o.	Other	22	16

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

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

Counterparty	Transaction description	01.01- -30.09.2009	01.01- -30.09.2008
Dom Development B.V.	Dividend (gross)	12 397	31 613

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

Counterparty	Transaction description	01.01- -30.09.2009	01.01- -30.09.2008
Fort Mokotów sp. z o.o.	Participating in decrease of reserve capital	6 370	-

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

Counterparty	Transaction description	01.01- -30.09.2009	01.01- -30.09.2008
Dom Development Na Dolnej Sp. z o.o.	Payment to cover the loss /additional payment to capital	-	30
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom"	Repayment of additional payment to capital made in 2006	(175)	-

Balances with related entities

Balances as in the books of the Company

	Receivables from related entities		Liabilities to related entities	
Entity	**30.09.2009**	**31.12.2008**	**30.09.2009**	**31.12.2008**
Total balance...	**57 117**	**56 833**	**173**	**3**
Balances below PLN 100,000	88	9	-	3
Balances over PLN 100,000..	57 029	56 824	173	-
Subsidiaries	**57 029**	**56 727**	**-**	**-**
Dom Development Morskie Oko sp. z o.o. additional contributions to capital	1 147	1 147	-	-
Dom Development Grunty sp. z o.o.	55 882	55 580	-	-
Joint-venture	**79**	**97**	**-**	**-**
Fort Mokotów sp. z o.o.	79	97	-	-
Other entities..	**-**	**-**	**173**	**-**
Woodsford Consulting Limited..	-	-	173	-

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

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

Related person	Date	Description	Value of agreement with the Company (PLN)
Jarosław Szanajca and Iwona Jackowska-Szanajca	28.04.2009	Transfer agreement of rights and obligations for promissory sale agreement concerning residential facilities, one utility room and two parking spaces in investment „Patria”	557 743.75
Michał Jackowski	11.08.2009	Sales agreement concerning the above mentioned residential facilities, one utility room and two parking spaces in investment „Patria”.	
Marek Dalba and Krystyna Dalba	06.05.2009	Transfer agreement of rights and obligations for participation in a promissory sale agreement concerning two parking spaces in investment „Kasztanowa Aleja I”.	4 000.00
Zygmunt Kostkiewicz	18.06.2009	Sales agreement concerning participation in a joint ownership of land with rights to exclusive use of part of the real estate consisting of two parking spaces in investment „Akacje V”.	600.00
Jacek Orkisz and Agnieszka Orkisz	25.06.2009	Termination of promissory sale agreement concerning residential facilities, one parking space with utility room, and one parking space in investment „Grzybowska”	1 389 800.10

Note 16. Incentive plan – Management Options Programme

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

Name of the Programme	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)
	30.09.2009			31.12.2008		
Programme I B	92 500	92 500	82 750	92 500	92 500	-
Programme II	726 000	535 575	-	726 000	565 475	-

In the nine months of 2009 the number of share options allotted under Programme II has changed due to the allotment of 31 000 share options under this programme with a simultaneous decrease of 60 900 share options due to the termination of employment contracts with several employees who were under this Programme.

Within the two nine month periods which ended on 30 September 2009 and 2008, the following amounts were accounted for in the income statement: PLN 3 754 thousand and PLN 5 590 thousand respectively.

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

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

SHARE OPTIONS		30.09.2009	31.12.2008
Options unexercised at the end of the period	Amount	545 325	657 975
	Total exercise price	39 623	44 290
Options possible to be exercised at the end of the period	Amount	9 750	-
	Total exercise price	59	-

Structure of share options allocated and not exercised as at 30 September 2009:

Programme	Amount of options	Exercise price per option (PLN)
Programme I B	9 750	6.10
Programme II	316 500	114.48
Programme II	188 075	14.91
Programme II	31 000	16.97
Total	**545 325**	

Exercised share options concerning Programme IB

During the first nine months of 2009 the Company's employees holding options for shares concerning Programme IB exercised options for 82 750 shares in the Company. The shares were purchased from UniCredit CA IB Polska S.A. being the depository in this programme (see note 4).

Allocation of new share options

In the period of three months ended 30 September 2009 the Company did not allocate any new share options.

Note 17. Contingent liabilities

CONTINGENT LIABILITIES	30.09.2009	31.12.2008
Guarantees	106	9 904
Sureties	1 120	1 109
Total	**1 226**	**11 013**

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

CONTINGENT LIABILITIES	30.09.2009	31.12.2008
Bills of exchange, including:		
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the granted loan	140 000	140 000
– bills of exchange constituting an additional guarantee for PKO BP bank in respect of claims arising from the granted loan	105 000	47 241
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the trilateral contract on insurance of loan guarantees of the Company's clients	2 000	2 000
– bills of exchange constituting other guarantees	-	1 452
Total	**247 000**	**190 693**

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

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

Note 18. Material court cases as at 30 September 2009

In the presented period, as at 30 September 2009, any proceedings concerning liabilities and claims of Dom Development S.A. or its subsidiary entities, which total value would be at least 10% of the Company equity, did not run before the court, the organ proper for the arbitration proceedings or public administration body.

Information on the dispute with Erabud dated 8 October 2009 is presented in note 21 "Material post-balance sheet events".

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

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

The finished projects

Project	Decision on the use permit	Segment	Number of apartments
Regaty I- 1st phase	I Q 2009	Popular	148
Regaty I - 2nd phase	I Q 2009	Popular	242
Derby 18	II Q 2009	Popular	82
Derby 13	II Q 2009	Popular	174
Regaty II phase 9.........................	III Q 2009	Single family	88
Laguna II	III Q 2009	Single family	26
Róża Wiatrów...............................	III Q 2009	Popular	184
Derby 16......................................	III Q 2009	Popular	276
Akacje 11.....................................	III Q 2009	Popular	77

In the period from 1 January to 30 September 2009 the Group did not commence any new projects.

The information about the projects commenced by the Company after balance sweet date but before publication of these financial statements is presented in note 21 "Material post-balance sheet events".

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

The most important factors which may influence the financial situation of the Group at least in the next nine 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 Company and the Group,
- maintaining the stable political situation and creating a positive economic climate by the government and local authorities.

Note 21. Material post-balance sheet events

- In the period between the balance sheet date and the date of publication of these financial statements the Company commenced development of two new projects:

  Derby 9 in Białołęka, Warsaw with 258 flats (popular standard).

  Saska Kępa phase 1A with 327 flats (popular standard). Following a bidding procedure, on 20 October 2009 the Company and Unibep S.A. signed a General Contract Agreement for the Construction of a multi-family housing complex at Bora Komorowskiego Street in Warsaw. The net fee due to Unibep S.A. amounts to PLN 90.6 million which was the lowest bid submitted. The construction work is due to start in October 2009 and its planned completion date is October 2011.

  - On 10 July 2009 the Company made a declaration on withdrawal from the preliminary agreement of purchase of the right of perpetual usufruct to a plot of land situated in Warsaw in the district of Ursynów, constituting a built-up plot of 11 149 m2, entered into on 17 June 2008 with Spółdzielnia Budownictwa Mieszkaniowego "Natolin". In consequence, the Company expects to be reimbursed for the advance payment in the gross amount of PLN 15 006 thousand. At the time of preparation of these financial statements the amount of PLN 14 519 thousand had been paid into the Company's bank account.
  - On 8 October 2009 the Company received a statement of claim for the performance of the preliminary purchase agreement dated 4 January 2008 and relating to the purchase of a piece of real estate in Józefosław. The gross value of the disputed amount comes to PLN 64 778 thousand and it is identical to the total price for the above real estate. The Company believes that this claim is unfounded. The Company did effectively withdraw from the said preliminary agreement on 17 September 2008. Following the said withdrawal, the Company commenced the procedure of recovering the sum paid to Emabud Sp z o.o., i.e. the sum equal to 35% of the value of the gross price of the real estate, i.e. PLN 22 672 thousand. In light of the above, a court bailiff is currently conducting enforcement proceedings for reimbursement to the Company the sum of PLN 22 672 thousand. The said real estate is encumbered by a mortgage in favour of the Company of up to PLN 45 345 thousand.

Note 22. Forecasts

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

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

Note 23. Selected consolidated financial data translated into EURO

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

SELECTED DATA FROM THE CONSOLIDATED BALANCE SHEET	30.09.2009	31.12.2008
	thousand EURO	thousand EURO
Total current assets	384 030	417 912
Total assets	388 120	422 920
Total shareholders' equity	174 330	163 763
Long-term liabilities	101 420	110 950
Short-term liabilities	112 370	148 207
Total liabilities	213 790	259 157
PLN/EURO exchange rate as at the balance sheet date	*4.2226*	*4.1724*

SELECTED DATA FROM THE CONSOLIDATED INCOME STATEMENT	01.01- -30.09.2009	01.01- -30.09.2008	01.07- -30.09.2009	01.07- -30.09.2008
	thousand EURO	thousand EURO	thousand EURO	thousand EURO
Sales revenue	117 000	225 137	31 756	81 592
Gross profit on sales	32 886	96 004	5 405	35 565
Operating profit	21 229	74 193	2 209	28 207
Profit before tax	19 572	76 260	1 443	28 521
Profit after tax	15 623	61 340	1 083	22 959
Average PLN/EURO exchange rate for the reporting period	*4.3993*	*3.4247*	*4.1610*	*3.3190*

Warsaw, 3 November 2009

Jarosław Szanajca
President of the Management Board

Janusz Zalewski
Vice-President of the Management Board