



DOM DEVELOPMENT S.A.

**CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD OF SIX MONTHS ENDED
ON 30 JUNE 2007**

**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). Company is 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 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 in Warsaw and its vicinity.

The Company is a majority-owned subsidiary of Dom Development B.V. with its registered office in the Netherlands. As at 30 June 2007, 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 six months ended on 30 June 2007 the Company did not discontinue any of its activities.

2. Basis for the preparation of the financial statements

The condensed financial statements have been prepared based on historical acquisition cost, purchase price or production cost except for derivative financial instruments, which in accordance with International Financial Reporting Standards ('IFRS') were stated at fair values. The value of assets and liabilities being the subject of hedging transactions, which are usually valued at cost or in the amount due for payment, will be adjusted to reflect the profit or loss attributable to a hedge which has been taken out in relation to these assets and liabilities, and capitalised as such, in accordance with relevant IFRS standards.

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 methods used to value assets and liabilities and determine the financial result are applied consistently.

The condensed financial statements are stated in Polish zloty ('PLN'). Financial data included in the condensed financial statements are expressed in PLN or in thousand PLN, as clearly specified.

The condensed financial statements present the Company's financial data for the reporting period from 1 January 2007 to 30 June 2007 and comparative financial data from 1 January 2006 to 30 June 2006.

3. Statement of unreserved conformity with the International Financial Reporting Standards

All the applicable International Financial Reporting Standards („IFRS”) adopted by the European Union and the standards applicable for the periods beginning on 1 January 2007 as well as the standards which became effective by 30 June 2007 were applied by the Company in the financial statements for the period of six months ending on 30 June 2007 („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.

4. 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. The detailed description of the accounting policies is presented in the introduction to the consolidated financial statements for the six months period ended on 30 June 2007.

Possible new interpretations to the International Accounting Standards that would be applicable to the Group'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) that may introduce changes to the existing guidance on applying International Accounting Standards to real estate sales. Currently the draft interpretation is in the construction phase with the involved parties.

At present the Group prepares its financial statements under IAS 11 using a percentage of completion method. If the new interpretation is issued by IFRIC in its current wording, it could require the Group 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 to individual accounting periods.

Dom Development S.A.
Balance sheets
as at 30 June 2007 and 31 December 2006

II. BALANCE SHEETS

ASSETS	Note	30.06.2007	31.12.2006
Fixed assets			
Intangible fixed assets		926,939.95	728,038.79
Tangible fixed assets		5,762,465.98	5,388,034.51
Investments in associated entities		2,908,708.28	2,908,708.28
Deferred income tax assets		5,444,665.46	5,101,561.00
Long-term receivables		11,517,905.36	1,517,905.36
Long-term deferred costs		1,470,223.94	904,749.71
Total fixed assets		28,030,908.97	16,548,997.65
Current assets			
Inventory	1	756,150,794.13	588,586,471.94
Trade and other receivables		33,478,957.61	60,745,352.45
Other current assets		4,790,032.22	13,572,188.52
Cash and cash equivalents	3	182,999,374.93	177,035,319.94
Total current assets		977,419,158.89	839,939,332.85
Total assets		1,005,450,067.86	856,488,330.50
EQUITY AND LIABILITIES	Note	30.06.2007	31.12.2006
Shareholders' equity			
Share capital	4	24,560,222.00	24,050,372.00
Share premium less treasury shares		231,534,663.23	230,370,719.29
Reserve capital from valuation of share options		4,627,632.52	1,505,790.64
Other capital (supplementary capital)		191,556,295.54	79,301,372.18
Reserve capital from reducing the share capital		509,850.00	509,850.00
Accumulated, unappropriated profit (loss)		119,458,799.25	115,938,956.66
Total shareholders' equity		572,247,462.54	451,677,060.77
Long-term liabilities			
Long-term loans and borrowings	5	15,691,000.00	22,200,000.00
Deferred tax liability		61,722,337.34	40,455,193.00
Bonds	6	80,000,000.00	80,000,000.00
Other Long-term liabilities		-	-
Total long-term liabilities		157,413,337.34	142,655,193.00
Short-term liabilities			
Trade payables and other liabilities		106,345,011.44	135,035,538.91
Short-term loans and borrowings	5	105,521,389.25	98,915,383.99
Short-term tax liabilities		2,219,453.86	445,393.27
Short-term provisions		8,990,511.00	3,187,558.89
Accrued liabilities and deferred income		57,712,902.43	24,572,201.67
Total short-term liabilities		275,789,267.98	262,156,076.73
Total liabilities		433,202,605.32	404,811,269.73
Total equity and liabilities		1,005,450,067.86	856,488,330.50

Dom Development S.A.
Income statements
for the period of six months ended on June 30, 2007 and 2006

III. INCOME STATEMENTS

	Note	Period of six months	
		30.06.2007	30.06.2006
Sales revenues	10	396,210,224.86	253,580,640.26
Cost of sales	11	248,357,790.48	176,058,620.05
Gross profit on sales		147,852,434.38	77,522,020.21
Selling costs	11	14,069,111.96	10,052,247.45
General administrative expenses	11	22,709,591.15	15,601,280.91
Other operating income		743,538.78	2,188,313.94
Other operating expenses		3,477,874.23	4,726,010.66
Operating profit		108,339,395.82	49,330,795.13
Financial income	12	34,565,079.37	15,001,320.66
Financial costs		1,345,846.06	3,144,257.70
Profit before tax		141,558,629.13	61,187,858.09
Income tax expense	13	22,099,829.88	9,295,386.00
Profit after tax		119,458,799.25	51,892,472.09
Earnings per share:			
Basic	7	4.86	2.37
Diluted	7	4.86	2.37

Dom Development S.A.
Cash flow statements
for the period of six months ended on June 30, 2007 and 2006

IV. CASH FLOW STATEMENTS

	Period of six months Ended	
	30.06.2007	30.06.2006
Cash flow from operating activities		
Profit before taxation	141,558,629.13	61,187,858.09
Adjustments:		
Depreciation.....	976,398.12	763,425.00
Profit/loss on foreign exchange differences	27,960.09	74,539.49
Profit/loss on investments	(29,445, 381.01)	(14,361,633.22)
Interest paid and accrued	5,228,687.17	7,332,791.77
Options valuation	3,121,841.88	415,567.16
Changes in the operating capital		
Changes in provisions	5,802,952.11	(1,257,128.57)
Changes in inventory	(165,720,989.71)	(53,619,780.86)
Changes in receivables	16,090,604.84	38,732,425.51
Changes in short term liabilities excluding loans and borrowings	(27,407,844.88)	7,512,419.68
Changes in provisions and prepayments	36,385,162.93	4,877,709.15
Other adjustments.....	1,645,833.85	(1,637,313.93)
Cash flow generated from operating activities	(11,736,145.48)	50,020,879.27
Interest paid.....	(7,046,793.69)	(8,668,090.54)
Income tax paid.....	-	(894,132.00)
Net cash flow from operating activities.....	(18,782,939.17)	40,458,656.73
Cash flow from investing activities		
Proceeds from the sale of financial assets	-	-
Proceeds from the sale of intangible assets and tangible fixed assets.....	156,195.08	407,405.75
Proceeds from financial assets (dividends)	29,400,000.00	14,245,976.95
Acquisition of intangible and tangible fixed assets	(1,660,544.82)	(1,353,390.78)
Acquisition of financial assets	-	-
Net cash flow from investing activities.....	27,895,650.26	13,299,991.92
Cash flows from financing activities		
Proceeds from the issue of shares.....	-	-
Proceeds from contracted loans and borrowings	57,576,015.24	37,220,310.00
Proceeds from issued bonds	-	30,000,000.00
Repayment of loans and borrowings	(57,479,009.98)	(48,560,125.82)
Dividend payments	(3,192,655.30)	-
Payment of financial leasing liabilities.....	(53,006.06)	(45,067.96)
Net cash flow from financing activities	(3,148,656.10)	18,615,116.22
Increase (decrease) in net cash and cash equivalents.....	5,964,054.99	72,373,764.87
Cash and cash equivalents – opening balance	177,035,319.94	31,491,563.12
Cash and cash equivalents – closing balance	182,999,374.93	103,865,327.99

Dom Development S.A.
Statements of changes in the equity
for the period of six months ended on June 30, 2007 and 2006

V. STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from the valuation of shares options	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Total equity
Balance as at 1 January 2007	24,050,372.00	230,370,719.29	79,301,372.18	509,850.00	1,505,790.64	115,938,956.66	451,677,060.77
Purchase and sale of treasury shares	-	-	-	-	-	-	-
Increase of the capital by the issue of shares	509,850.00	1,163,943.94	-	-	-	-	1,673,793.94
Creation of reserve capital from the valuation of the employee options ..	-	-	-	-	3,121,841.88	-	3,121,841.88
Transfer of retained profit to supplementary capital	-	-	112,254,923.36	-	-	(112,254,923.36)	-
Profit for the six months ended 30 June 2007	-	-	-	-	-	119,458,799.25	119,458,799.25
Dividend payment	-	-	-	-	-	(3,684,033.30)	(3,684,033.30)
Balance as at 30 June 2007	24,560,222.00	231,534,663.23	191,556,295.54	509,850.00	4,627,632.52	119,458,799.25	572,247,462.54

	Share capital	Share premium less treasury shares	Other capitals (supplementary capital)	Reserve capital from the valuation of shares options	Reserve capital from the valuation of shares options	Accumulated unappropriated profit (loss)	Total equity
Balance as at 1 January 2006	21,854,340.00	10,819,818.83	53,403,253.44	-	-	25,898,118.74	111,975,531.01
Purchase and sale of treasury shares	-	631,215.11	-	-	-	-	631,215.11
Transfer of retained profit to supplementary capital	-	-	25,898,118.74	-	-	(25,898,118.74)	-
Reserve capital from valuation of share options	-	-	-	-	415,567.16	-	415,567.16
Profit for the six months ended 30 June 2006	-	-	-	-	-	51,892,472.09	51,892,472.09
Balance as at 30 June 2006	21,854,340.00	11,451,033.94	79,301,372.18	-	415,567.16	51,892,472.09	164,914,785.37

VI. ADDITIONAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1. Inventory

INVENTORY	30.06.2007	31.12.2006
Advances on deliveries	202,074,031.96	104,597,834.25
in this at purchase prices/production costs	202,074,031.96	104,597,834.25
in this revaluation write down	-	-
Semi-finished goods and work in progress	519,925,559.82	477,580,237.54
in this at purchase prices/production costs	523,399,929.82	481,054,607.54
in this revaluation write down	(3,474,370.00)	(3,474,370.00)
Finished goods	34,151,202.35	6,408,400.15
in this at purchase prices/production costs	35,230,285.21	7,558,779.99
in this revaluation write down	(1,079,082.86)	(1,150,379.84)
Total	756,150,794.13	588,586,471.94

WRITE-OFFS REVALUATING THE INVENTORIES		
Balance as at 1 January 2007		4,624,749.84
Increase		3,673.52
Use.....		-
Release		74,970.50
Balance as at 30 June 2007		4,553,452.86
Balance as at 1 January 2006		3,336,449.24
Increase		3,986,360.66
Use.....		-
Release		2,698,060.06
Balance as at 31 December 2006		4,624,749.84

The costs and revenues related to creating and releasing revaluation write-offs are recognized in other operating activity.

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

SECURITY ON INVENTORY - MORTGAGE	30.06.2007	31.12.2006
Balance sheet value of inventory used to secure liabilities	252,378,603.05	203,611,779.32
Amount of security – purchase of real estate	60,000,000.00	60,000,000.00
Amount of security – loans	254,794,130.98	229,571,730.78
Amount of security - bonds	160,000,000.00	160,000,000.00

Note 2. Change in the write-offs revaluating trade and other receivables

CHANGE IN THE WRITE-OFFS REVALUATING TRADE AND OTHER RECEIVABLES	01.01- -30.06.2007	01.01- -31.12.2006
Opening balance	6,128,375.11	6,356,997.76
a) Additions	342,625.00	533,671.46
b) Disposals	4,590,199.01	762,294.11
Closing balance	1,880,801.10	6,128,375.11

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	30.06.2007	31.12.2006
Cash on hand and at bank	13,795,621.45	9,888,592.33
Short-term deposits and treasury bills	167,850,159.52	166,849,184.07
Other	1,353,593.96	297,543.54
Total	182,999,374.93	177,035,319.94

Note 4. Share capital

SHARE CAPITAL (STRUCTURE) AS AT 30 JUNE 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 (date from)
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 2006

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 (date from)
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
Total number of shares				24,050,372				
Total share capital					24,050,372			
Nominal value per share = PLN 1								

On 27 October 2006 the agreement on taking up 96,750 J series shares was concluded with CDM PEKAO S.A. in the increased share capital of Dom Development S.A. (the afore-mentioned shares concern the Management 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).

Description of changes in the share capital of the Company in the period from 1 January 2007 to the date of preparing the condensed financial statements.

On 29 December 2006 the Extraordinary General Shareholders' Meeting adopted Resolution no. 8 concerning the amendment of the Resolution no. 5, dated 2 August 2006 on the increase of the share capital from the amount of PLN 24,050,372 to the amount of PLN 24,560,222 by issuing 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;

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 Shareholders Meeting as at 30 June 2007

	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	1,759,050	7.16	1,759,050	7.16
Grzegorz Kielpsz.....	1,410,750	5.74	1,410,750	5.74

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 30 June 2007

	Shares	Share Options	Total
Management Board			
Jarosław Szanajca	1,759,050	-	1,759,050
Grzegorz Kielpsz.....	1,410,750	-	1,410,750
Janusz Zalewski.....	399,600	40,588	440,188
Janusz Stolarczyk	106,200	5,850	112,050
Terry Roydon	58,500	50,000	108,500
Supervisory Board			
Zygmunt Kostkiewicz	44,000	-	44,000

Note 5. Loans and borrowings

LOANS AND BORROWINGS	30.06.2007	31.12.2006
including: long-term	15,691,000.00	22,200,000.00
short-term	105,521,389.25	98,915,383.99
Total	121,212,389.25	121,115,383.99

LOANS DUE WITHIN	30.06.2007	31.12.2006
1 year	105,521,389.25	98,915,383.99
More than 1 year less then 2 years	15,691,000.00	22,200,000.00
More than 2 years less then 5 years	-	-
More than 5 years	-	-
Total loans	121,212,389.25	121,115,383.99
including: long-term	15,691,000.00	22,200,000.00
short-term	105,521,389.25	98,915,383.99

As at 30 June 2007 and 31 December 2006 the Company did not have borrowing related liabilities.

As at 30 June 2007 and 31 December 2006 all the Company's loans were expressed in Polish Zloty.

Note 6. Bonds

BONDS	30.06.2007	31.12.2006
Nominal value of the issued bonds	80,000,000.00	80,000,000.00
Interest due for payment as at balance sheet date disclosed in the item - Accrued liabilities and deferred income.....	1,566,357.95	1,594,138.05

As at 30 June 2007 two issues of bonds by the Company took place:

- On 21 July 2004 the Company issued A series bonds with a nominal value of PLN 50,000,000. The redemption date of these bonds is 21 July 2008 and the interest rate of WIBOR 6M plus the bank's margin is payable on a semi-annual basis until the final settlement date. The interest payments are due in January and July for the term of the agreement. Net revenues from the issue of bonds were used for the Company's statutory activities. The bonds are secured with a joint capped mortgage on the Company's real estate up to the amount of PLN 100,000,000.

On 28 August 2007 the Company exercised a CALL option under the Agreement for Servicing and Guaranteeing Bond Issue, which has been described in note 20 "Material post-balance sheet events".

- On 19 June 2006 the Company issued 300 A series bonds were issued with the nominal value of PLN 100,000 each, with the total nominal value of PLN 30,000,000, on the basis of the agreement on bonds servicing and guaranteeing the issue of bonds with Powszechna Kasa Oszczędności Bank Polski S.A.. The bonds are secured by a joint capped mortgage on the Company's real properties up to the amount of PLN 60,000,000.
Bonds issuance date: 19 June 2006; bond redemption date: 19 June 2011.

Note 7. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01.01- -30.06.2007	01.01- -30.06.2006
Basic earnings per share		
Profit for the calculation of the basic earnings per share	119,458,799.25	51,892,472.09
The average weighted number of ordinary shares for the calculation of basic earnings per share *)	24,560,222	21,854,340
Basic earnings per share	4.86	2.37
Diluted earnings per share		
Theoretical profit for the calculation of the diluted earnings per share	119,458,799.25	51,892,472.09
Potential diluting shares related to Management Share Options Programme II**)	5,483	-
The average weighted number of ordinary shares for the calculation of diluted earnings per share *)	24,565,705	21,854,340
Diluted earnings per share	4.86	2.37

*) 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 in all accounting periods shown in the above table. 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 program do not result in dilution of earnings per share since they are issued and recognized in the share capital. The shares are deposited with CDM PEKAO S.A., which is a trustee in this program.

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- -30.06.2007	01.01- -30.06.2006
Sales of finished goods	379,906,746.61	238,423,108.08
Sales of services	16,303,478.25	15,157,532.18
Sales of goods for resale (land)	-	-
Total	396,210,224.86	253,580,640.26

Note 11. Operating costs

OPERATING COSTS	01.01- -30.06.2007	01.01- -30.06.2006
Cost of sales		
Cost of finished goods sold	234,968,893.95	167,018,357.86
Cost of services sold	13,388,896.53	9,040,262.19
Cost of land sold	-	-
Total cost of sales	248,357,790.48	176,058,620.05
Selling costs and general administrative expenses		
Selling costs	14,069,111.96	10,052,247.45
General administrative expenses	22,709,591.15	15,601,280.91
Total selling costs and general administrative expenses.....	36,778,703.11	25,653,528.36
Selling costs and general administrative expenses by kind		
Depreciation and amortization	976,398.12	763,425.00
Cost of materials and energy	2,511,586.99	1,914,300.29
External services	10,557,636.30	7,639,692.27
Taxes and charges	147,404.75	80,068.16
Wages and salaries	15,524,648.21	12,385,191.78
Social security and other benefits	2,081,650.84	1,821,045.35
Management Options Programme	3,121,841.88	415,567.16
Other costs by kind	1,857,536.02	634,238.35
Total selling costs and general administrative expenses by kind	36,778,703.11	25,653,528.36

Note 12. Financial income

FINANCIAL INCOME	01.01- -30.06.2007	01.01- -30.06.2006
Dividends	29,400,000.00	14,245,976.95
Interest received	5,163,550.03	732,338.64
Other	1,529.34	23,005.07
Total	34,565,079.37	15,001,320.66

Note 13. Income tax

INCOME TAX	01.01- -30.06.2007	01.01- -30.06.2006
Current income tax	1,175,790.00	291,335.00
Deferred income tax	20,924,039.88	9,004,051.00
Total	22,099,829.88	9,295,386.00

Note 14. Transactions with related entities

In the six-month periods ended 30 June 2007 and 2006 the Company was a party to the transactions with related companies, 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- -30.06.2007	01.01- -30.06.2006
Woodsford Consulting Limited.....	Consulting services as per agreement dated 1 February 2000, with further amendments	925,989.30	694,917.81
Hansom Property Company Limited.....	Consulting services as per agreement dated 31 March 1999	101,838.25	128,833.27
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom"	Insurance of financial losses risk	203,810.92	281,379.17
Fort Mokotów sp. z o.o.	Real estate management	1,720,297.53	870,880.06
Fort Mokotów sp. z o.o.	Rother	144,698.99	30,441.66

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

Counterparty	Transaction description	01.01- -30.06.2007	01.01- -30.06.2006
Dom Development Grunty sp. z o.o.	Amounts transferred to Dom Development Grunty Sp. z o.o. for the purchase of land as part of specified work contracts	151,362,182.70	480,870.00
Dom Development Grunty sp. z o.o.	Value of land transferred to Dom Development S.A. as part of specified work contracts	-	23,190,982.61
Dom Development Grunty sp. z o.o.	Additional VAT payments to the invoices transferring the ownership of land to Dom Development S.A.	-	1,992,097.31

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

Counterparty	Transaction description	01.01- -30.06.2007	01.01- -30.06.2006
Fort Mokotów sp. z o.o.	General Project Execution agreement dated 15 April 2002	192,801.62	1,913,381.92
Fort Mokotów sp. z o.o.	The sales commission agreement and agreement for provision of advertising and marketing services dated 15 April 2002	1,513,444.29	3,882,687.63
Fort Mokotów sp. z o.o.	Real estate management services	885,985.72	389,986.24
Fort Mokotów sp. z o.o.	Other	49,250.64	14,907.10

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

Counterparty	Transaction description	01.01- -30.06.2007	01.01- -30.06.2006
Fort Mokotów sp. z o.o.	Dividend (gross)	29,400,000.00	14,245,976.95

Dom Development S.A. as a dividend payer

Counterparty	Transaction description	01.01- -30.06.2007	01.01- -30.06.2006
Dom Development B.V.	Dividend (gross)	2,324,458.00	-

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

Counterparty	Transaction description	01.01- -30.06.2007	01.01- -30.06.2006
Fort Mokotów sp. z o.o.	Return of the additional contribution to the capital	-	-
Dom Development			
Morskie Oko sp. z o.o.	Return of the additional contribution to the capital	-	14,000,000.00

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

Counterparty	Transaction description	01.01- -30.06.2007	01.01- -30.06.2006
Dom Development B.V.	Cost of interest on the shareholders' borrowings	-	454,178.59
Dom Development B.V.	Capital repaid from borrowings agreements	-	-

Balances with related entities

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

Entity	Receivables from related entities		Liabilities to related entities	
	30.06.2007	31.12.2006	30.06.2007	31.12.2006
Total balance	187,830	35,269	789	264
Balances below PLN 100,000	3	44	-	31
Balances over PLN 100,000.....	187,827	35,225	789	233
Subsidiaries	1,166	1,147	-	-
Dom Development Na Dolnej sp. z o.o.	19	-	-	-
Dom Development Morskie Oko sp. z o.o.				
additional contributions to capital	1,147	1,147	-	-
Associated companies	185,680	33,590	-	-
Dom Development Grunty sp. z o.o.	185,666	33,590	-	-
Towarzystwo Ubezpieczeń Wzajemnych Bezpieczny Dom"	14	-		
Co-subsidiaries	863	488	-	-
Fort Mokotów sp. z o.o.	863	488	-	-
Fort Mokotów sp. z o.o. additional contributions to capital	-	-		
Other entities	118	-	789	233
Woodsford Consulting Limited.....	-	-	789	233
Dom Development B.V.	118	-	-	-

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

In the six-month period ended on 30 June 2007, there were no purchase/sales transactions of treasury shares.

In the six-month period ended on 30 June 2006, there were the following purchase/sales transactions of treasury shares:

- On 20 January 2006 an agreement concerning the sale of 72,000 E series ordinary registered shares (for the amount of PLN 200,311.97) with Janusz Stolarczyk was signed (exercise of the options allocated as part of the Incentive Scheme),
- On 23 February 2006 an agreement concerning the sale of 36,000 F series ordinary registered shares (for the amount of PLN 149,760.00) with Terry Roydon,
- On 15 March 2006 an agreement concerning the sale of 77,700 E series ordinary registered shares (for the amount of PLN 219,637.23) with Janusz Zalewski (exercise of the options allocated as part of the Incentive Scheme).
- On 28 June 2006 an agreement concerning the sale of 22,500 E series ordinary registered shares with Terry Roydon for the total amount of PLN 61,505.91 (exercise of the options allocated as part of the Incentive Programme).

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

Affiliated entity	Date	Description	Value in PLN	Cumulative payments made as at 30 June 2007
Janusz Stolarczyk oraz 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
Janusz Stolarczyk oraz Danuta Stolarczyk	18.04.2007	Annex no.1 regarding purchase of additional parking space in addition to promissory sale agreement concerning residential facilities with the area of 122,93 sq. m together with two parking spaces	36,000.00	36,000.00
Janusz Zalewski	23.03.2007	Annex no. 2 regarding purchase of additional parking space in addition to the promissory sale agreement concerning residential facilities with the area of 242.4 sq. m, together with two utility rooms and two parking spaces	38,000.00	38,000.00
Janusz Zalewski	15.05.2007	Annex no. 3 regarding payable customer changes in addition to the promissory sale agreement concerning residential facilities with the area of 242.4 sq. m, together with two utility rooms and three parking spaces	20,865.00	20,865.00
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	776,876.60	427,277.13
Wojciech Sadowski	29.05.2007	Promissory sale agreement concerning residential facilities with the area of 48,1 sq. m, together with a utility room and a parking space	454,332.00	22,716.60

Note 15. Incentive plan – Management Options Programme

As at 30 June 2007 there were three Management Option Programmes adopted as part of the Incentive Scheme for the Management staff of the Company. They are as follows:

Name of the Programme	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)	Share options in the programme (number of shares)	Allocated options (number of shares)	Exercised options (number of shares)
	30.06.2007			31.12.2006		
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	234,538	-	726,000	234,538	-

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

SHARE OPTIONS		30.06.2007	31.12.2006
Options unexercised at the end of the period	Amount	331,288	331,288
	Total exercise price	27,440,085.24	27,440,085.24
Options possible to exercise at the end of the period	Amount	-	-
	Total exercise price	-	-

Note 16. Contingent liabilities

CONTINGENT LIABILITIES	30.06.2007	31.12.2006
Bills of exchange, including:	165,248,440.00	156,463,340.00
– bills of exchange, issued for Hochtief Poland S.A. which guarantee the contractors' claims concerning the work performed for the benefit of the Company	-	-
– bills of exchange constituting an additional guarantee for BOŚ bank in respect of claims arising from the granted loan	61,460,000.00	74,053,340.00
– bills of exchange constituting an additional guarantee for PKO BP bank in respect of claims arising from the granted loan	101,788,440.00	80,410,000.00
– 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	2,000,000.00	2,000,000.00
Guarantees	11,510,643.00	26,875.00
Sureties	1,321,730.86	2,248,994.00
Total	178,080,813.86	158,739,209.00

Note 17. Material court cases as at 30 June 2007

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 six months ended 30 June 2007 the following material changes in the portfolio of the Company's investments under construction took place:

The finished projects, i.e. projects for which use permits were issued:

Plan	Decision on the use permit	Segment	Number of apartments
Olimpia 2 phase 3	I Q 2007	popular	116
Derby 7 faza 1/2	II Q 2007	popular	127

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

Plan	Commencement of construction and sale	Segment	Number of apartments
Derby 15	I Q 2007	popular	277
Olbrachta faza 1	II Q 2007	popular	243
Olimpia 2 faza 5	II Q 2007	popular	63
Derby 17	II Q 2007	popular	185

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

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

- prompt, compliant with schedules, realization of the construction works by the construction companies realizing the 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 violent changes in the legal and tax regulations that may influence in an uncontrollable manner the demand on the market for products offered by the Company,
- availability of home loans, and especially the convenient terms of such loans for potential clients,
- maintaining the stable political situation and creating by the government and local authorities a positive economic climate.

Note 20. Material post-balance sheet events

On 19 July 2007 Dom Development S.A. and Archicom Projekt 8 Sp. z o.o. entered into an agreement of purchase of the right of perpetual usufruct to a piece of land situated in Wrocław at ulica Nyska 70, having the area of 1.8651 hectare. On that piece of real estate the Company plans to construct a development for about 500 apartments having the total value of about PLN 200,000,000. The Company intends to commence implementation of the project at the end of 2008.

Dom Development S.A. purchased real estate for approximately PLN 92 million to use the above land to construct a development of about 1,600 apartments on Kępa Gocławska in Warsaw. The area of land purchased is 67,244 Sqm and is located in the vicinity of ul. Bora Komorowskiego, the Trasa N-S road and the Trasa Anińska road. On that piece of real estate the Company plans to construct a development having the total value of about PLN 745,000,000. The Company intends to launch the project in the Spring of 2009.

On 28 August 2007, the Company exercised the CALL option under the Agreement for Servicing and Guaranteeing Bond Issue of 22 June 2004 concluded with PKO BP S.A. and BOŚ S.A. Consequently, the Company purchased 250 Series A Bonds in order to redeem them. The average unit purchase price (nominal value and interest) amounts to PLN 201,547.44, whereas the nominal value of 1 bond amounts to PLN 200,000.00. The total value of the purchased bonds amounts to PLN 50,386,860.00.

Note 21. Selected financial data translated to EURO

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

SELECTED DATA FROM BALANCE SHEET	30.06.2007	31.12.2006
	EURO	EURO
Total current assets	259,551,531.92	219,236,618.51
Total assets	266,995,078.83	223,556,152.25
Total equity	151,959,069.13	117,894,409.26
Long-term liabilities	41,800,769.38	37,235,120.33
Short-term liabilities	73,235,240.32	68,426,622.66
Total liabilities	115,036,009.70	105,661,742.99
<i>PLN/EURO exchange rate as at the balance sheet date.....</i>	<i>3.7658</i>	<i>3.8312</i>

SELECTED DATA FROM INCOME STATEMENT	01.01- -30.06.2007	01.01- -30.06.2006
	EURO	EURO
Sales revenue	102,949,182.78	65,017,342.77
Gross profit on sales	38,417,199.60	19,876,421.78
Operating profit	28,150,339.30	12,648,273.20
Profit before tax	36,781,850.32	15,688,389.85
Profit after tax	31,039,546.65	13,305,079.76
<i>Average PLN/EURO exchange rate for the reporting period</i>	<i>3.8486</i>	<i>3.9002</i>

Warsaw, 11 September 2007

Jarosław Szanajca, President of the Management Board

Grzegorz Kielpsz, Vice-President of the Management Board

Janusz Zalewski, Vice-President of the Management Board

Janusz Stolarczyk, Member of the Management Board

Terry R. Roydon, Member of the Management Board