

**Summary**  
**Financial Statements**  
**for the period of nine months**  
**ended on 30 September 2009**

**Prepared in accordance with the International**  
**Financial Reporting Standards**



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1. Balance sheet
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1. Non-current assets



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- 2. Current assets**
- 3. Liabilities**
- 4. Operating income and expenses**

## A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION ABOUT THE PARENT COMPANY

**J.W. Construction Holding S.A.** ("JWCH"), a joint-stock company domiciled in Ząbki at ul. Radzymińska 326, REGON id. no.: 010621332 was initially registered as Towarzystwo Budowlano-Mieszkaniowe Batory Sp. z o.o., a limited liability company, on 7 March 1994 under number RHB 39782. On 15 January 2001 it was transformed into a joint-stock company and registered with the District Court for Warsaw under number RHB 63464. On 16 July 2001 the Company changed its name to the current "J.W. Construction Holding S.A." and was entered into the National Court Register under number KRS 000028142.

In accordance with the Polish Classification of Activities (*Polska Klasyfikacja Działalności – PKD*) the core business of the Company is development and sale of own real estate. The business also comprises construction designing and support production, trade in real estate, sale of aggregates and supply of hotel services.

As at 30 September 2009 the lifetime of the Parent Company was unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

### 2. ACCEPTED PRINCIPLES (POLICY) OF ACCOUNTING

#### Basic information about the Group consisting of the parent company and its subsidiaries consolidated in these financial statements

The Group's structure and the share of the Parent Company in share capital of the Group subsidiaries covered by consolidation as at 30 September 2009 are presented in the following table:

Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Method of consolidation
<b>Subsidiaries:</b>				
Lokum Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
Interlokum Sp. z o.o.	Poland	99.00%	99.00%	fully consolidated
Project 55 Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
Towarzystwo Budownictwa Społecznego "Marki" Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
Deweloper Sp. z o.o.	Poland	99.00%	99.00%	fully consolidated
J.W. Construction International Sp. z o.o.	Russia	100.00%	100.00%	fully consolidated
J.W. Construction S.A.	Poland	99.99%	99.99%	fully consolidated
JWCH Produkcja Budowlana Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
JWCH Budownictwo Drogowe Sp. z o.o.	Poland	99.95%	99.95%	fully consolidated
JW Projekt Sp. z o.o.	Poland	99.98%	99.98%	fully consolidated
Porta Transport Sp. z o.o.	Poland	100.00%	100.00%	fully consolidated
Construction Invest Sp. z o.o.	Poland	100.00%	100.00%	fully consolidated
Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (presently Yakor Mouse Sp. z o.o.)	Russia	70.00%	70.00%	fully consolidated

The core business of the Group companies is:

- Lokum Sp. z o.o. – development and sale of own real estate,
- Interlokum Sp. z o.o. – development and sale of own real estate,
- Project 55 Sp. z o.o. – development and sale of own real estate,
- Towarzystwo Budownictwa Społecznego "Marki" Sp. z o.o. – sale and administration of social building estates,
- J.W. Construction International Sp. z o.o. – general building works connected with erection of buildings, general building and civil engineering, building production,
- Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (presently Yakor Mouse Sp. z o.o.) – development and sale of own real estate,
- Deweloper Sp. z o.o. – building and assembly production,
- Construction Invest Sp. z o.o. – development and sale of own real estate,
- Porta Transport Sp. z o.o. – transport services,
- J.W. Construction S.A. – building production,

- JW Projekt Sp. z o.o. – designing services,
- JWCH Produkcja Budowlana Sp. z o.o. – prefabricated unit production for the building industry,
- JWCH Budownictwo Drogowe Sp. z o.o. – road construction.

All Group companies operate in the territory of Poland, except for J.W. Construction International Sp. z o.o. and Yakor Mouse Sp. z o.o. concentrated on building and developer production in the territory of Russia. The lifetime of the Group companies is unlimited.

### **Preparation of the consolidated financial statements**

The consolidated financial statements for the years 2008–2009 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a manner as if the Group was one company. The consolidated financial statements cover the financial statements of the parent company – J.W. Construction Holding S.A. and financial statements of the subsidiaries of the parent company.

In the years 2008–2009 the parent company excluded the following subsidiaries from the obligatory consolidation:

#### *In 2008*

- Business Financial Construction Sp. z o.o. – 100%
- J.W. Construction AZS Politechniki Warszawskiej S.A. – 75%
- KSP Polonia Warszawa SSA – 100%
- J.W. Construction 1 Sp. z o.o. – 100%
- J.W. Bułgaria Sp. z o.o. – 100%

#### *In 2009*

- Business Financial Construction Sp. z o.o. – 100%
- KSP Polonia Warszawa SSA – 100%
- J.W. Bułgaria Sp. z o.o. – 100%.

The legal ground for the aforesaid exclusion from the consolidated financial statements was conceptual assumptions of the International Financial Reporting Standards to the extent of useful and reliable information. In accordance with the aforesaid assumptions, benefits from collected information should exceed the costs of providing the same. It was found out that costs of collecting information about subsidiaries not covered by consolidation and costs of consolidating such information exceeded benefits derived from the same. Moreover, when excluding the subsidiaries from obligatory consolidation the parent company was driven by the fact that they were not significant for fair and accurate presentation of the assets, financial standing and earnings of the Capital Group.

### **Going concern assumption and comparability of financial statements**

The Capital Group of J.W. Construction Holding S.A. assumes that it will operate as a going concern and that financial statements are comparable. As at the balance sheet date the Capital Group of J.W. Construction Holding S.A. did not find out any threats to the going concern assumption. The consolidated financial reporting is prepared in accordance with the historical cost convention. The consolidated financial information was not measured with any other method, which guarantees that the financial statements are comparable.

### **Declaration of unconditional compliance with IFRS**

The consolidated financial statements of the Capital Group of J.W. Construction Holding S.A., covering the parent company and its subsidiaries, were prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.

J.W. Construction Holding S.A. has assumed that besides accounting estimates, a professional judgement of the management was significant for the financial statements.

### **Significant estimations and assumptions**

Estimations and judgements are subject to periodic verification of the Capital Group companies. When making estimations J.W. Construction Holding S.A. makes the following assumptions referring to the future:

- Estimation of impairment allowance. Impairment allowance is established taking account of expected risk connected with receivables and created collateral having impact on effective debt collection. Although the assumptions are made using the best knowledge, real results may be different than expected.

- Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to the highly volatile economy it may happen that real earnings and tax income are different than planned.
- Estimation of potential costs of fiscal and court proceedings pending against the parent company. When preparing the financial statements the opportunities and risks connected with pending proceedings are reviewed on a case by case basis, and provisions for potential losses are created accordingly. However, it is also possible that a court or a fiscal authority makes a judgement or issues a decision other than expected by the company and the created provisions may prove insufficient.
- The company gains revenues from services supplied by the Issuer under contracts for a specified time. Services supplied by the Issuer are long-term ones and their term of performance is over six months.

Since it was necessary to change the principles of accounting regarding the measurement of developer contracts, the Group transformed the financial results for previous years. The data for previous years were transformed in accordance with the new principles, however, some information was established based on estimates. The final transformation will be completed on 31 December 2009. The applied method of transformation will not have any impact on financial results for 2009 but only on comparative data presented in the income statement and on "Retained Earnings" disclosed in the balance sheet.

#### **Amendments to IFRS**

In connection with amendments to the International Financial Reporting Standards ("IFRS") the Group/Company introduced the following changes in the accepted principles of accounting, beginning from 1 January 2009:

##### IAS 1 "Presentation of Financial Statements"

The titles and scope of particular elements of the financial statements were changed i.e.:

- Balance sheet → Statement of financial position
- Income statement → Statement of comprehensive income (covering income statement and other income so far included as revenues and expenses under other capital)
- Statement of changes in equity<sup>1</sup> (covers only changes arising from transactions with shareholders as the owners)
- Cash flow statement → Statement of cash flow.

##### IAS 23 "Borrowing Costs"

The amendment to the Standard refers to accounting of borrowing costs which can be allocated directly to acquisition, construction or production of assets whose preparation for intended use or sale requires a significant period of time. The amendment eliminated the option to recognise those costs immediately as an expense in the income statement for the period in which they were incurred. In accordance with the new requirement of the Standard the said costs should be capitalised. The Management Board expects that the said amendment will have effect on the principles (policy) of accounting applied by the Group as presently the Company applies the model approach in accordance with IAS 23.

##### IFRIC 15 "Agreements for the Construction of Real Estate"

The Interpretation provides for general guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue". Moreover, IFRIC 15 indicates when revenue from the construction should be recognised.

The Interpretation (IFRIC 15) prepared by the International Financial Reporting Interpretations Committee (IFRIC), referring to the moment of recognition of revenues in sales of real estate, was published on 3 July 2008 and is effective for annual periods beginning on or after 1 January 2009. The Interpretation (IFRIC 15) changed the manner of recognition of revenues from sales of real estate. So far the Group recognised revenues from sales of real estate in accordance with IAS 11 "Construction Contracts", before the ownership right to real estate was transferred to the buyer. In accordance with the Interpretation from 1 January 2009 revenues from sales and selling expenses are recognised only when real estate (apartments, retail premises) are handed over to the buyer pursuant to the sales agreement executed in the form of a notarial deed, in accordance with IAS 18 "Revenues". The change will retrospectively result in later recognition of revenues and expenses of a given developer project, however, it will not reduce the profitability of such project.

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<sup>1</sup> in Polish there is also a change in the title from "Zestawienie zmian w kapitale własnym" to "Sprawozdanie ze zmian w kapitale własnym" (translator's note);

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Therefore, the Company changed the principles of accounting referring to measurement of developer contracts, starting from 1 January 2009. At the same time, it made an estimate transformation of data for previous years as if the said method had been applied for all time.

The impact of the changes in the principles of accounting on particular balance sheet and income statement items in the consolidated financial statements as at 31 December 2008:

<b>INCOME STATEMENT</b>	<b>IAS 11</b>	<b>adjustment</b>	<b>IAS 18</b>
period	1 January 2008 – 31 December 2008	1 January 2008 – 31 December 2008	
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>721,353,213.60</b>	<b>14,884,410.76</b>	<b>736,237,624.36</b>
Net revenues from sales of products	705,537,959.50	14,884,410.76	720,422,370.26
Net revenues from sales of goods and materials	15,815,254.10	0.00	15,815,254.10
<b>Costs of products, goods and materials sold, of which:</b>	<b>509,799,801.21</b>	<b>35,846,123.84</b>	<b>545,645,925.04</b>
Costs of products sold	491,189,641.96	35,846,123.84	527,035,765.79
Value of goods and materials sold	18,610,159.25	0.00	18,610,159.25
<b>Gross profit (loss) on sales</b>	<b>211,553,412.39</b>	<b>-20,961,713.07</b>	<b>190,591,699.32</b>
<b>Selling expenses</b>	<b>27,436,607.91</b>	<b>-2,629,072.89</b>	<b>24,807,535.02</b>
<b>Overhead expenses</b>	<b>28,794,211.49</b>	<b>0.00</b>	<b>28,794,211.49</b>
<b>Profit (loss) on sales</b>	<b>155,322,592.99</b>	<b>-18,332,640.18</b>	<b>136,989,952.81</b>
<b>Other operating income</b>	<b>8,510,328.50</b>	<b>0.00</b>	<b>8,510,328.50</b>
<b>Other operating expenses</b>	<b>22,704,106.79</b>	<b>0.00</b>	<b>22,704,106.79</b>
<b>Operating profit (loss)</b>	<b>141,128,814.69</b>	<b>-18,332,640.18</b>	<b>122,796,174.51</b>
<b>Financial income</b>	<b>13,871,362.24</b>	<b>0.00</b>	<b>13,871,362.24</b>
<b>Financial expenses</b>	<b>29,695,004.51</b>	<b>0.00</b>	<b>29,695,004.51</b>
<b>Profit (loss) on ordinary activities</b>	<b>125,305,172.42</b>	<b>-18,332,640.18</b>	<b>106,972,532.24</b>
<b>Profit (loss) before tax</b>	<b>125,305,172.42</b>	<b>-18,332,640.18</b>	<b>106,972,532.24</b>
<b>Income tax</b>	<b>10,453,043.67</b>	<b>0.00</b>	<b>10,453,043.67</b>
<b>Deferred tax</b>	<b>13,970,159.92</b>	<b>-1,617,364.51</b>	<b>12,352,795.41</b>
<b>Net profit (loss)</b>	<b>100,881,968.83</b>	<b>-16,715,275.67</b>	<b>84,166,693.16</b>

Consolidated balance sheet	IAS 11						IAS 18
	31 December 2008	OB	Receivables not invoiced	Deferred tax, other	Cost of sale	2008 result	
<b>ASSETS</b>							
<b>NON-CURRENT ASSETS</b>	<b>472,360,719.67</b>	-	-	-	-	-	<b>472,360,719.67</b>
<b>CURRENT ASSETS</b>	<b>1,229,095,110.96</b>	<b>769,773,430.34</b>	<b>-660,818,188.39</b>	<b>0.00</b>	<b>3,808,283.47</b>	<b>-35,846,123.84</b>	<b>1,306,012,512.55</b>
Construction contracts	1,054,142,931.82	769,773,430.34	-660,818,188.39			-35,846,123.84	1,127,252,049.94
Prepaid expenses	13,160,484.76	0.00	0.00		3,808,283.47		16,968,768.23
<b>Total assets</b>	<b>1,701,455,830.63</b>	<b>769,773,430.34</b>	<b>-660,818,188.39</b>	<b>0.00</b>	<b>3,808,283.47</b>	<b>-35,846,123.84</b>	<b>1,778,373,232.22</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>	<b>655,322,513.12</b>	<b>-387,732,839.39</b>	<b>0.00</b>	<b>75,286,603.98</b>	<b>3,808,283.47</b>	<b>-20,961,713.07</b>	<b>325,722,848.11</b>
Retained earnings	-1,049,421.43	-387,732,839.39	0.00	73,669,239.48	1,179,210.58	0.00	-313,933,810.75
Net profit / loss	100,881,968.82		0.00	1,617,364.50	2,629,072.89	-20,961,713.07	84,166,693.14
<b>LIABILITIES</b>	<b>1,046,133,317.51</b>	<b>1,157,506,269.73</b>	<b>-660,818,188.39</b>	<b>-75,286,603.99</b>	<b>0.00</b>	<b>-14,884,410.76</b>	<b>1,452,650,384.10</b>
<b>Non-current liabilities</b>	<b>358,310,909.83</b>	<b>0.00</b>	<b>0.00</b>	<b>-75,023,256.34</b>	<b>0.00</b>	<b>0.00</b>	<b>283,287,653.49</b>
Deferred income tax liabilities	93,352,101.83		0.00	-75,023,256.34	0.00		18,328,845.49
<b>Current liabilities</b>	<b>687,822,407.68</b>	<b>1,157,506,269.73</b>	<b>-660,818,188.39</b>	<b>-263,347.65</b>	<b>0.00</b>	<b>-14,884,410.76</b>	<b>1,169,362,730.61</b>
Trade and other payables	140,414,874.10	0.00	0.00	0.00	0.00	0.00	140,414,874.10
Construction contracts	104,237,341.64	1,157,506,269.73	-660,818,188.39	-263,347.65	-14,884,410.76	-14,884,410.67	585,777,664.57
<b>Total equity and liabilities</b>	<b>1,701,455,830.63</b>	<b>769,773,430.34</b>	<b>-660,818,188.39</b>	<b>-0.01</b>	<b>3,808,283.47</b>	<b>-35,846,123.84</b>	<b>1,778,373,232.21</b>

Presented data may be subject to change, due to the use of estimates when determining them. Such change shall refer to the data presented in 2008 and previous years. The estimates refer to the number of premises; they do not refer to the revenues and expenses on separate premises.



**Policy of accounting****Intangible assets**

Intangible assets cover such property rights as concessions, patents, licences, trademarks, copyrights, know-how and computer software. Intangible assets are identifiable non-monetary assets. Intangible assets are recognisable if:

- they are identifiable,
- the company controls such assets, due to which it is entitled to future economic benefits that are attributable to them and is able to restrict third party access to such benefits,
- they generate future economic benefits in the form of revenues from sales or cost savings for the company,
- the acquisition price or manufacturing cost of a given asset can be measured reliably.

Intangible assets are amortised with the straight-line method for the period of their expected useful life.

Intangible assets of an indefinite useful life (goodwill) are not amortised but tested for impairment on an annual basis, in accordance with IAS 36.

**Tangible assets**

Tangible assets cover resources controlled by the company (owned by the same) as a result of past events, from which future economic benefits are expected to flow to the company and which are kept by the same for use in production or supply of goods and services, for rendering them for use to other entities under lease agreements or for the purpose of administration, and which are expected to be used for over one year. The company recognises tangible assets as assets when they are usable, complete and their cost (acquisition price or manufacturing cost) may be measured reliably.

Tangible assets are measured at acquisition price or manufacturing cost. Tangible assets are depreciated with the straight-line method for the period of their useful life:

- Buildings and structures: depreciation rates from 2% to 4.5%
- Machines and equipment: 6% to 30%
- Means of transport: 12.5% to 20%

Subsequent expenditures on tangible assets are included in their carrying value if it is probable that the business entity will gain future economic benefits exceeding the ones obtainable under the initially estimated earnings from assets held before such expenditures. Current costs of maintenance and repairs are expensed in the period in which they were incurred.

Low-value items of property, plant and equipment of the value below PLN 3,500.00 are expensed on the date of purchase. Items of property, plant and equipment that have become obsolete are subject to unscheduled depreciation charged to other operating expenses.

The Company verified the value of held property, plant and equipment. The value of property, plant and equipment disclosed in the financial statements was similar to their assumed cost.

**Impairment of tangible assets and intangible assets**

Whenever there are indications that tangible assets and intangible assets may be impaired, the said assets are tested for impairment. The established amounts of impairment losses reduce the carrying value of an asset subject to impairment and are disclosed in the income statement.

Impairment losses on assets that were earlier remeasured adjust the revaluation reserve up to the amounts disclosed in equity, and below the acquisition price they are disclosed in the income statement. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's net realisable value and the value in use. Impairment losses are reversed when the circumstances due to which they were made cease to exist. Impairment loss reversals are disclosed in the income statement except for the ones which earlier reduced the revaluation reserve. They then adjust the said reserve up to the value of earlier reductions.

**Investment real estate**

Investment real estate is real estate (land, building or a part of the same, or both) treated by the owner as a source of revenues from rents or held for growth in value. Such real estate is not used in production, supply of goods and services or administration activities, neither is it held for sale in an ordinary course of business. Investment real estate is in particular land kept for its long-term growth in value or land whose future use is presently undetermined. Investment real estate is initially measured at acquisition price or manufacturing cost less transaction expenses.

As at the balance sheet date investment real estate is measured at the acquisition price model i.e. at acquisition price or manufacturing cost less depreciation and impairment losses.

**Lease**

A lease is an agreement whereby a lessor conveys to a lessee, in return for a specific payment or a series of payments, the right to use an asset for a specified time. The company classifies leases as operating leases or financial leases. A lease is classified as a financial lease when substantially all risks and rewards of ownership of the leased asset are transferred to company. A financial lease is initially disclosed on the lease commencement date understood as the day from which the company is entitled to use the leased asset. As at the lease commencement date the financial lease is disclosed in the balance sheet of the company as an asset and a liability at the lower of:

- the amount equal to the market value of the leased asset,
- the present (discounted) value of lease payments.

Lease payments are divided into financial expenses (presented in the income statement for a given period) and principal payments, reducing the liability under the lease. Financial expenses are disclosed directly in the income statement. Leased assets disclosed in the balance sheet are amortised and depreciated under the same principles as other purchased assets of a similar kind. The period of amortisation or depreciation is equal to the period of lease unless after the end of the lease the company intends to buy the ownership right to the leased asset.

Any lease that does not satisfy the criteria of a financial lease is classified as an operating lease. Payments made under an operating lease are expensed in the income statement on a straight-line basis over the period of lease.

**Inventories**

Inventories comprising materials, work in progress, finished products, goods and trade advances are understood as assets which are:

- materials or raw materials designated for use during production or supply of services,
- produced for the purpose of sale in an ordinary course of business,
- held for sale in an ordinary course of business.

**Finished products** are in particular components of completed projects (housing estates, multi-family housing estates) such as apartments, commercial premises, basements, garages, garage places, parking places. This item comprises other finished products used in the production process of the company. Finished products are measured at the lower of acquisition price (manufacturing cost – including direct costs and a substantiated part of indirect costs as well as costs of borrowings incurred until the production completion date) and a net realisable value.

Should the acquisition price or manufacturing cost be higher than the expected net realisable value, the company discloses an impairment loss adjusting costs of goods sold.

**Work in progress** covers expenditures made on building housing estates and costs connected with supporting production. Supporting production is measured at manufacturing cost. Production connected with building of housing estates is valued in accordance with IAS 11 “Construction Contracts” and the principles referred to under section “Long-term developer contracts”.

**Costs of borrowings**

Costs of borrowings comprise interest, exchange losses and other financial expenses incurred by the company due to borrowings. Group companies defer costs of borrowings that may be allocated directly to acquisition (land and construction services), construction or manufacturing of an asset as a part of acquisition price or manufacturing cost of such asset. The said costs are deferred until the production or construction completion date. Other costs of borrowings are recognised in the period in which they are incurred, regardless of the manner of using the borrowings.

**Current and non-current receivables**

Receivables are disclosed in the financial statements at the amount due less impairment allowance. Receivables are remeasured taking account of the probability of their payment, by way of making impairment allowance. Impairment allowance is included in other operating expenses or financial expenses, respectively, depending on the type of receivables covered by such allowance. Remitted, prescribed or uncollectible debts reduce the impairment allowance earlier recognised for the same. Remitted, prescribed or uncollectible debts for which no or only some impairment allowance was recognised are charged to other operating expenses or financial expenses, respectively.

**Guarantee deposits**

Guarantee deposits being parts of receivables, retained by customers under contractual provisions as security for the guarantee and warranty period, are disclosed in assets of the Company.

Guarantee deposits securing claims of the Company against sub-contractors are disclosed as payables in liabilities. Deposits are measured as at the balance sheet date at acquisition price adjusted with an effective discount rate.

**Cash and cash equivalents**

Cash on hand and with bank as well as current deposits kept to maturity are measured at par value.

**Prepaid expenses**

The Company defers expenditures in prepaid expenses when it is probable that incurred costs refer to more than one reporting period, and in accordance with the principles of significance and prudence in accounting. The most important criterion for deferment of expenses is satisfaction of the definition of assets i.e. resources whose value can be measured reliably, recognised as a result of past events and from which future economic benefits are expected to flow to the company.

**Provisions for liabilities**

Provisions are liabilities of uncertain amount or timing. The Group companies recognise provisions when all the following conditions are fulfilled:

- the company has a present (legal or constructive) obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of such obligation.

Provisions for liabilities in J.W. Construction Holding S.A. comprise:

- a provision for guarantee repairs disclosed at amounts of guarantee repair costs incurred in previous periods,
- a provision for unused annual leaves of employees, recognised based on records on unused days of annual leaves of particular employees at a given date and their daily gross salaries plus social insurance premiums paid by the Employer,
- a provision for retirement benefit obligations,
- deferred income tax liabilities.

**Long-term developer contracts**

The core business of the Issuer's Group is performance of developer contracts. The characteristic feature of developer contracts is the construction of apartments that are generally financed by the principal over the whole project, by way of contractually agreed advances, and then – after the investment process has been completed – the ownership right is transferred to the apartment buyer. Such contracts are performed for over one year. Advances paid by buyers under concluded agreements are recorded as deferred income. Costs by nature incurred in a given period are disclosed as work in progress under inventories. As at 1 January 2009 the Group recognises revenues and expenses on developer contracts in accordance with the Interpretation of IFRIC 15 "Agreements for the Construction of Real Estate" published in July 2008. The interpretation refers to the moment of recognition, the recognition of revenues in reference to the sale of real estate and applies to financial statements drawn up for the periods after 1 January 2009.

Until 31 December 2008 the Group had recognised revenues on developer contracts in accordance with the method of revenues and expenses percentage-of-completion in accordance with IAS 11 "Construction Contracts". The stage of completion of particular projects is established for each accounting period based on the percentage execution of construction expenses and sales budget. Execution of construction expenses is established based on the value of performed work compared to budgeted expenses. Execution of revenues from sales is established by way of comparing revenues under concluded preliminary sales agreements to projected total revenues based on budgeted revenues from sales.

Beginning from 2009 the Group recognises revenues from developer contracts – sale of real estate (apartments and retail premises) when the control and significant risk under the ownership right are transferred to the buyer. The control and significant risk under the ownership right to an apartment or retail premises is transferred at the latest on the day of concluding a sales agreement in the form of a notarial deed.

In accordance with IFRIC 15 the Group recognises revenues from sale of real estate after the following conditions have been satisfied:

- the occupancy permit has been obtained;
- 100% of the value of an apartment, garage, etc. has been paid by the buyer;
- premises have been accepted under a delivery and acceptance act.

**Long-term construction contracts**

As a provider of construction services, the Issuer's Group applies the regulations under IAS 11 "Construction Contracts" for accounting and recognition of construction services.

**a) Zero-profit method**

The zero-profit method is applied when it is not possible to measure the stage of completion of an unfinished construction service reliably. In accordance with the said method revenues from an unfinished construction service

are established at a month end at costs incurred in the said month, not higher than costs probable to be covered by the principal in future. When invoiced revenues exceed incurred costs, a relevant part of revenues is derecognised to deferred income.

#### b) Percentage-of-completion method

The percentage-of-completion method is applied when it is possible to measure the stage of completion of an unfinished construction service reliably. Revenues from an unfinished construction contract are disclosed pro rata to costs incurred at a given moment of its performance. Revenues, expenses and profits are disclosed proportionally to the stage of work completion.

To measure the stage of completion of a construction contract the Group applies a method that will allow it to reliably establish the stage of completion of works as at a given date. Depending on the nature of a contract such method may comprise:

- establishing costs of the contract incurred due to work performed to date proportionally to estimated total costs of such contract,
- surveying the work performed,
- comparing physically completed parts of work with contractual works.

When establishing the stage of completion of a construction service, based on contractual expenses incurred to date, costs of the said works include only those contractual expenditures that can be allocated to the stage of completed work.

#### ***Borrowings***

Borrowings are recognised at acquisition price equal to fair value of received cash less costs of acquisition.

Borrowings are subsequently measured at acquisition price adjusted with an effective interest rate. All effects of the adjusted acquisition price and effects of derecognition of a liability from the balance sheet or recognition of its impairment are disclosed in the income statement.

#### ***Deferred income tax***

Deferred income tax assets and liabilities are estimated based on temporary differences between the value of assets and liabilities disclosed in books and their tax value and a tax loss deductible in future from the tax base.

Income tax liabilities are recognised for temporary positive differences at the amount of income tax payable in future.

Deferred income tax assets are recognised at the amount of expected future deduction from income tax due to temporary negative differences and a deductible tax loss, in accordance with the principle of prudence in accounting. The carrying value of deferred income tax assets is verified as at each balance sheet date unless it is probable that taxable income sufficient to realise the whole or a part of a deferred income tax asset will be generated. Deferred income tax assets and deferred income tax liabilities are measured at tax rates applicable for the period when the asset is realised and the liability is discharged, based on tax rates applicable as at the balance sheet date.

#### ***Held-for-sale assets and discontinued operations***

Available-for-sale assets and discontinued operations are assets or groups of assets classified as such, disclosed in the financial statements at the lower of their carrying value or fair value less selling expenses.

Assets can be classified to that group when active operations are performed to locate a buyer, it is highly probable that assets will be sold within one year of their classification and they are available for immediate sale.

#### ***Liabilities***

Liabilities are obligations of the company, arising from future events, the value of which can be measured reliably and which will cause the use of present or future assets of the company.

Based on their characteristics, liabilities can be divided into:

- current liabilities,
- non-current liabilities,
- financial liabilities,
- contingent liabilities.

Current liabilities are all trade payables and all or those of other liabilities that fall due within one year of the balance sheet date. Non-current liabilities are those liabilities, other than trade payables, which fall due after one year of the balance sheet date.

Financial liabilities are obligations of the company to deliver financial assets or to exchange a financial instrument with another company on unfavourable conditions.

Contingent liabilities are obligations dependent on occurrence of certain events. Contingent liabilities are disclosed in additional information and notes.

Liabilities are measured as at the balance sheet date at the amount payable.

***Accrued expenses***

Accrued expenses are recognised at the amount of probable obligations falling to the reporting period.

***Revenues***

The Issuer's Group recognises revenues at the amount of probable economic benefits flowing due to a transaction, which can be measured reliably. Revenues are recognised on an accrual basis, regardless of the date of payment receipt.

Revenues from sales of developer services – apartments – are disclosed in the manner provided under section “Long-term developer contracts”.

Revenues from sales of construction services are recognised in the period of service supply, on the basis of the stage of completion of a concrete transaction, established based on the relation of actually performed works to all services to supply.

***Other income, expenses, gains and losses***

Other operating income and expenses are income and expenses not connected directly with operating activities.

Financial income and expenses comprise, among other things, interest connected with loans and credits granted and used, default interest received and paid, foreign exchange gains and losses, commissions paid and received, gains and losses on sale of securities, provisions dissolved and created against financial expenses.

Extraordinary gains and losses present the financial results of events that occur unrepeatably beyond regular activities of the company.

***Taxes***

Corporate income tax expense is calculated based on taxable earnings (tax base) for a given accounting year. Tax profit (loss) differs from net book profit (loss) due to exclusion of next-year taxable income and tax deductible costs, as well as permanently non-taxable income and expenses. Tax expense is calculated at a tax rate applicable in a given accounting year.

## B. CONSOLIDATED FINANCIAL STATEMENTS

### 1. BALANCE SHEET

ASSETS	Note	30 September 2009	31 December 2008
<b>NON-CURRENT ASSETS</b>		<b>424,076,435.29</b>	<b>472,360,719.67</b>
Intangible assets	1	10,152,388.59	11,235,023.52
Goodwill of subsidiaries	1	12,390,453.72	12,390,453.72
Tangible assets	2	356,469,538.68	354,679,921.88
Investment real estate	3	12,412,618.75	12,352,400.98
Other financial assets	4	4,903,442.45	45,110,846.59
Deferred income tax assets		13,747,637.29	23,073,972.76
Trade and other receivables	5	14,000,355.82	13,518,100.22
<b>CURRENT ASSETS</b>		<b>1,177,092,530.92</b>	<b>1,306,012,512.55</b>
Inventories	6	44,246,699.95	42,865,904.64
Construction contracts	7	990,510,967.97	1,127,252,049.94
Trade and other receivables	8	55,955,788.43	79,508,469.09
Other financial assets	9	44,464,529.32	2,731,543.80
Cash and cash equivalents	10	20,171,589.79	36,685,776.84
Prepaid expenses		21,742,955.46	16,968,768.23
<b>Total assets</b>		<b>1,601,168,966.21</b>	<b>1,778,373,232.21</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>393,126,129.64</b>	<b>325,722,848.11*</b>
Share capital		10,939,656.00	10,939,656.00
Revaluation reserve		7,471,818.19	7,471,818.19
Own shares		-4,429,867.11	-2,476,626.31
Other capital	12	641,940,709.20	539,555,117.84
Retained earnings		-332,154,616.36	-313,933,810.75
Net profit / loss		69,358,429.72	84,166,693.15
<b>LIABILITIES</b>		<b>1,208,042,836.56</b>	<b>1,452,650,384.10</b>
<b>Non-current liabilities</b>		<b>309,804,352.80</b>	<b>283,287,653.49</b>
Borrowings	11	203,523,484.07	168,305,639.77
Deferred income tax liabilities		14,189,873.55	18,328,845.49
Retirement benefit obligations		373,000.00	436,924.50
Provision for other liabilities and charges	15	12,971,116.94	13,368,786.83
Other liabilities	13	78,746,878.24	82,847,456.89
<b>Current liabilities</b>		<b>898,238,483.75</b>	<b>1,169,362,730.60</b>
Trade and other payables	14	110,251,870.69	140,414,874.10
Construction contracts	7	412,465,034.54	585,777,664.57
Borrowings	11	208,876,231.04	269,178,721.05
Provision for other liabilities and charges	15	23,544,668.61	25,741,602.20
Other liabilities	14	143,100,678.88	148,249,868.69
<b>Total equity and liabilities</b>		<b>1,601,168,966.20</b>	<b>1,778,373,232.21</b>

\* comparative data has been established based on estimates; detailed settlement will take place until the end of 2009

## 2. INCOME STATEMENT

	Note	1 January 2009 – 30 September 2009	1 January 2008 – 30 September 2008	1 July 2009 – 30 September 2009	1 July 2008 – 30 September 2008
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>16</b>	<b>491,078,941.35</b>	<b>511,610,353.54</b>	<b>159,926,307.25</b>	<b>175,218,189.01</b>
Net revenues from sales of products		486,023,557.76	490,144,210.05	157,550,640.49	166,312,646.94
Net revenues from sales of goods and materials		5,055,383.59	21,466,143.49	2,375,666.76	8,905,542.07
<b>Costs of products, goods and materials sold, of which:</b>	<b>17</b>	<b>360,340,674.49</b>	<b>385,980,786.53</b>	<b>118,417,682.65</b>	<b>129,309,799.21</b>
Costs of products sold		355,286,944.63	362,714,791.72	113,951,376.13	119,083,886.96
Value of goods and materials sold		5,053,729.86	23,265,994.81	4,466,306.52	10,225,912.25
<b>Gross profit (loss) on sales</b>		<b>130,738,266.86</b>	<b>125,629,567.01</b>	<b>41,508,624.60</b>	<b>45,908,389.80</b>
<b>Selling expenses</b>	<b>17</b>	<b>12,737,302.18</b>	<b>21,534,196.97</b>	<b>4,322,974.57</b>	<b>7,413,324.86</b>
<b>Overhead expenses</b>	<b>17</b>	<b>17,930,586.33</b>	<b>21,786,597.65</b>	<b>5,692,373.13</b>	<b>6,890,650.18</b>
<b>Revaluation of investment real estate</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit (loss) on sales</b>		<b>100,070,378.35</b>	<b>82,308,772.38</b>	<b>31,493,276.90</b>	<b>31,604,414.76</b>
Other operating income		5,083,976.97	6,116,166.52	1,019,856.64	1,496,227.17
Other operating expenses		4,400,029.24	6,635,408.92	822,314.61	1,466,376.25
<b>Operating profit (loss)</b>		<b>100,754,326.08</b>	<b>81,789,529.98</b>	<b>31,690,818.93</b>	<b>31,634,265.69</b>
Financial income		3,736,844.60	9,933,065.46	-1,050,571.66	4,702,909.56
Financial expenses		20,557,428.93	22,419,423.64	4,519,398.59	8,008,598.05
<b>Profit (loss) on ordinary activities</b>		<b>83,933,741.75</b>	<b>69,303,171.80</b>	<b>26,120,848.68</b>	<b>28,328,577.20</b>
<b>Profit (loss) before tax</b>		<b>83,933,741.75</b>	<b>69,303,171.80</b>	<b>26,120,848.68</b>	<b>28,328,577.20</b>
Income tax		14,575,312.03	14,766,954.88	6,119,430.34	8,809,072.20
<b>Net profit (loss)</b>		<b>69,358,429.72</b>	<b>54,536,216.92</b>	<b>20,001,418.34</b>	<b>19,519,505.00</b>

<b>Other comprehensive income:</b>		<b>-1,907.38</b>	<b>4,576,459.18</b>
Exchange gains (losses) on translation of foreign operations		10,704.61	-5,186.64
Gains (losses) on business acquisitions		0.00	167,414.63
Gains (losses) on revaluation of tangible assets		0.00	4,414,231.19
Other comprehensive income		-12,611.99	0.00
<b>Comprehensive income</b>		<b>69,356,522.34</b>	<b>59,112,676.10</b>

\* comparative data has been established based on estimates; detailed settlement will take place until the end of 2009

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	For the period 1 January 2009 – 30 September 2009	For the period 1 January 2008 – 30 September 2008	For the period 1 July 2009 – 30 September 2009	For the period 1 July 2008 – 30 September 2008
<b>Profits</b>				
(A) Profits of the Group disclosed in the consolidated financial statements	69,358,429.72	54,536,216.92	20,001,418.34	19,519,505.00

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<b>Number of shares</b>				
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *	54,698,280.00	54,698,280.00	54,698,280.00	54,698,280.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share*	54,698,280.00	54,698,280.00	54,698,280.00	54,698,280.00
<b>Basic earnings per share = (A)/(B)</b>	<b>1.27</b>	<b>1.00</b>	<b>0.37</b>	<b>0.36</b>
<b>Diluted earnings per share = (A)/(B)</b>	<b>1.27</b>	<b>1.00</b>	<b>0.37</b>	<b>0.36</b>



### 3. CHANGES IN EQUITY

	Share capital	Own shares (negative figure)	Revaluation reserve	Supplementary capital	Other capital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2008</b>	<b>10,939,656.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>533,909,791.85</b>	<b>5,731,587.19</b>	<b>-86,261.20</b>	<b>-313,933,810.75</b>	<b>84,166,693.15</b>	<b>325,722,848.11</b>
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 1 January 2009</b>	<b>10,939,656.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>533,909,791.85</b>	<b>5,731,587.19</b>	<b>-86,261.20</b>	<b>-313,933,810.75</b>	<b>84,166,693.15</b>	<b>325,722,848.11</b>
Additional capital contribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares		-1,953,240.80							
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	8,984.20	1,720.41	0.00	10,704.61
Gains / (losses) on business acquisitions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00	-12,611.99	0.00	-12,611.99
First-time consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total profit / (loss) recognised directly in equity	10,939,656.00	-4,429,867.11	7,471,818.19	533,909,791.85	5,731,587.19	-77,277.00	-313,944,702.33	84,166,693.15	323,767,699.93
Net profit (loss) for the accounting year	0.00	0.00	0.00		0.00	0.00	0.00	69,358,429.72	69,358,429.72
Total profit / (loss) recognised in equity and net earnings	10,939,656.00	-4,429,867.11	7,471,818.19	533,909,791.85	5,731,587.19	-77,277.00	-313,944,702.33	153,525,122.87	393,126,129.65
Increase / decrease from profit distribution	0.00	0.00	0.00	102,376,607.16	0.00	0.00	-18,209,914.02	-84,166,693.15	-0.01
<b>As at 30 September 2009</b>	<b>10,939,656.00</b>	<b>-4,429,867.11</b>	<b>7,471,818.19</b>	<b>636,286,399.00</b>	<b>5,731,587.19</b>	<b>-77,277.00</b>	<b>-332,154,616.35</b>	<b>69,358,429.72</b>	<b>393,126,129.64</b>

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	Share capital	Own shares (negative value)	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2007</b>	<b>10,939,656.00</b>	<b>0.00</b>	<b>0.00</b>	<b>377,696,720.04</b>	<b>5,576,255.17</b>	<b>-3,822.19</b>	<b>7,195,257.85</b>	<b>148,104,239.39</b>	<b>549,508,306.25</b>
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 1 January 2008</b>	<b>10,939,656.00</b>	<b>0.00</b>	<b>0.00</b>	<b>377,696,720.04</b>	<b>5,576,255.17</b>	<b>-3,822.19</b>	<b>7,195,257.85</b>	<b>148,104,239.39</b>	<b>549,508,306.25</b>
Share issue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	-2,476,626.31	0.00	0.00	0.00	0.00	0.00	0.00	-2,476,626.31
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of property, plant and equipment, and investment real estate	0.00	0.00	7,471,818.19	0.00	0.00	0.00	0.00	0.00	7,471,818.19
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	-82,439.01	0.00	0.00	-82,439.01
Gains / (losses) on business acquisitions (separate jwch)	0.00	0.00	0.00	71,992.35	155,332.02	0.00	0.00	0.00	227,324.37
Gains / (losses) on first-time consolidation / exclusion from consolidation	0.00	0.00	0.00	0.00	0.00	0.00	200,061.50	0.00	200,061.50
Changes in the principles of accounting / presentation	0.00	0.00	0.00	0.00	0.00	0.00	-312,884,389.32	0.00	312,884,389.32
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	-0.01
<b>Total profit / (loss) recognised directly in equity</b>	<b>0.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>71,992.35</b>	<b>155,332.02</b>	<b>-82,439.01</b>	<b>-312,684,327.83</b>	<b>0.00</b>	<b>-307,544,250.59</b>
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84,166,693.15	84,166,693.15
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>0.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>71,992.35</b>	<b>155,332.02</b>	<b>-82,439.01</b>	<b>-312,684,327.83</b>	<b>84,166,693.15</b>	<b>-223,377,557.45</b>
Increase / decrease	0.00	0.00	0.00	156,141,079.46	0.00	0.00	-8,444,740.77	-148,104,239.39	-407,900.69

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from profit distribution									
<b>As at 31 December 2008</b>	<b>10,939,656.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>533,909,791.85</b>	<b>5,731,587.19</b>	<b>-86,261.20</b>	<b>-313,933,810.75</b>	<b>84,166,693.15</b>	<b>325,722,848.11</b>

\* comparative data has been established based on estimates; detailed settlement will take place until the end of 2009

#### 4. CASH FLOW

<b>Operating cash flow – two-step method</b>	<b>1 January 2009 – 30 September 2009</b>	<b>1 January 2008 – 30 September 2008</b>
<b>Net profit (loss)</b>	<b>69,358,429.72</b>	<b>54,536,216.92</b>
<b>Total adjustments, of which:</b>	<b>26,907,503.62</b>	<b>16,573,918.48</b>
Depreciation and amortisation	10,870,500.51	13,175,053.96
(Profit) loss due to foreign exchange related to investment and financial activity	-390,979.14	0.00
(Profit) loss on investment activity	570,987.09	0.00
(Profit) loss on investment activity – shares	374,999.00	0.00
Interest and dividends	18,251,011.28	-2,985,383.50
Changes in provisions and accruals	-2,249,226.69	5,299,610.56
Other adjustments	519,788.43	1,084,637.46
<b>Changes in working capital</b>	<b>-34,193,508.18</b>	<b>-170,440,484.98</b>
Changes in inventories	7,833,069.55	-7,718,407.19
Changes in construction contracts	-36,631,765.83	-164,386,236.77
Changes in receivables	23,070,425.07	-9,378,428.03
Changes in current liabilities, except for borrowings	-28,465,236.96	11,042,587.00
	<b>0.00</b>	<b>0.00</b>
<b>Net operating cash flow</b>	<b>62,072,425.16</b>	<b>-99,330,349.59</b>
<b>Investment cash flow</b>	<b>0.00</b>	<b>0.00</b>
Disposal of tangible and intangible assets and other non-current assets	4,641,665.29	821,035.04
Purchase of tangible and intangible assets and other non-current assets	-7,988,630.23	-5,036,670.69
Expenses related to assets on sale	0.00	0.00
Purchase of equity instruments and debt instruments	0.00	-176,000,000.00
Disposal of equity instruments and debt instruments	0.00	236,000,000.00
Loans granted	0.00	-33,264,384.28
Loans repaid	0.00	0.00
Other purchase of financial assets	-100,000.00	0.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	0.00	0.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	0.00	0.00
<b>Net investment cash flow</b>	<b>-3,446,964.94</b>	<b>22,519,980.07</b>
<b>Financing cash flow</b>	<b>0.00</b>	<b>0.00</b>
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00	0.00
Purchase of own shares or repayment of shares	-1,953,240.80	0.00
Borrowings	395,380,572.42	358,892,427.59
Borrowings repaid	-423,320,597.24	-307,012,522.37
Debt securities issued	0.00	313,800,000.00
Debt securities redeemed	-71,000,000.00	-310,225,593.70
Payments under financial lease agreements	-9,303,080.11	-12,658,198.67
Dividends and other shared profits	0.00	0.00
Interest paid	-30,643,301.56	-24,144,777.52
Other financial proceeds (including notes)	113,975,257.76	12,000,000.00
Other financial expenditures (including notes)	-48,275,257.76	0.00
<b>Net financing cash flow</b>	<b>-75,139,647.29</b>	<b>30,651,335.33</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>-16,514,187.07</b>	<b>46,159,034.19</b>
Cash and cash equivalents at the beginning of the year	36,685,776.84	75,331,769.20
- foreign exchange gains/(losses) on cash	0.00	0.00
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>20,171,589.79</b>	<b>29,172,735.01</b>

\* comparative data has been established based on estimates; detailed settlement will take place until the end of 2009

**C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**1. NON-CURRENT ASSETS**
**Note 1. Intangible assets**

<b>INTANGIBLE ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) research and development	0.00	0.00
b) goodwill on consolidation	3,047,895.06	3,047,895.06
c) other intangible assets	7,104,493.53	8,187,128.46
d) advances on intangible assets	0.00	0.00
<b>Total intangible assets</b>	<b>10,152,388.59</b>	<b>11,235,023.52</b>

<b>GOODWILL OF SUBSIDIARIES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) goodwill – subsidiaries	12,390,453.72	12,390,453.72
b) goodwill – fellow subsidiaries	0.00	0.00
c) goodwill – associates	0.00	0.00
<b>Total intangible assets</b>	<b>12,390,453.72</b>	<b>12,390,453.72</b>

**Note 2. Tangible assets**

<b>TANGIBLE ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) property, plant and equipment, of which:	279,876,747.22	291,544,192.19
- land (including right of perpetual usufruct)	45,446,358.93	45,639,953.09
- buildings and structures	208,661,432.30	215,004,322.00
- plant and machinery	15,564,325.50	17,981,617.30
- motor vehicles	8,237,340.38	10,050,216.87
- other property, plant and equipment	1,967,290.11	2,868,082.93
b) constructions in progress	76,592,791.46	63,135,729.69
c) advances on constructions in progress	0.00	0.00
<b>Total tangible assets</b>	<b>356,469,538.68</b>	<b>354,679,921.88</b>

**Note 3. Investment real estate**

<b>Other long-term investments</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) investment real estate	12,412,618.75	12,352,400.98
b) other	0.00	0.00
<b>Total other long-term investments</b>	<b>12,412,618.75</b>	<b>12,352,400.98</b>

**Note 4. Other financial assets**

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) shares	4,600,851.98	4,975,851.98
b) loans granted	302,590.47	40,134,994.61
c) other long-term investments	0.00	0.00
<b>Total long-term financial assets</b>	<b>4,903,442.45</b>	<b>45,110,846.59</b>

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) in subsidiaries	4,664,262.45	45,080,216.59
- shares	4,361,671.98	4,945,221.98
- loans granted	302,590.47	40,134,994.61
- other long-term financial assets	0.00	0.00
b) in other parties	239,180.00	30,630.00
- shares	239,180.00	30,630.00

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- loans granted	0.00	0.00
- other long-term financial assets	0.00	0.00
<b>Total long-term financial assets</b>	<b>4,903,442.45</b>	<b>45,110,846.59</b>

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	Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares at acquisition price	Revaluation adjustments (total)	Carrying value of shares	% of total number of votes in the general meeting
1.	TBS Marki Sp. z o.o. (limited liability company)	Warsaw	social building	subsidiary	fully consolidated	14 November 2003	13,359,500.00	0.00	13,359,500.00	99.99%
2.	J.W. Construction International Sp. z o.o. (limited liability company)	Kolomna (Russia)	construction and developer activity	subsidiary	fully consolidated	14 November 2003	1,272.90	0.00	1,272.90	100.00%
3.	Business Financial Construction Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	16 June 2003	4,346,500.00	0.00	4,346,500.00	99.99%
4.	Project 55 Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	13 January 2005	19,655,537.59	0.00	19,655,537.59	99.99%
5.	Interlokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	23 November 2004	49,500.00	0.00	49,500.00	99.00%
6.	Lokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	13 September 2005	3,778,000.00	0.00	3,778,000.00	99.99%
7.	Developer Sp. z o.o. (limited liability company)	Siemianowice Śląskie	construction	subsidiary	fully consolidated	8 September 2004	49,500.00	0.00	49,500.00	99.00%
8.	JW Projekt Sp. z o.o. (limited liability company)	Warsaw	architecture and designing	subsidiary	fully consolidated	14 November 2003	1,155,400.00	0.00	1,155,400.00	99.98%
9.	Królewski Port Zerań Sp. z o.o. (limited liability company)	Warsaw	developer activity	associate	not consolidated	8 September 2000	500,000.00	500,000.00	0.00	4.92%
10.	KSP Polonia Warszawa SSA	Warsaw	sports	subsidiary	not consolidated	30 March 2006	15,440.00	15,440.00	0.00	100.00%
11.	TBS Nowy Dom Sp. z o.o. (limited liability company)	Ząbki	social building	associate	not consolidated	30 September 2006	1,000.00	0.00	1,000.00	2.00%
12.	Construction Invest Sp. z o.o. (limited liability company)	Ząbki	real estate development and sale	subsidiary	fully consolidated	25 January 2006	50,000.00	0.00	50,000.00	100.00%
13.	J.W. Construction S.A. (joint-stock company)	Ząbki	construction	subsidiary	fully consolidated	26 September 2007	11,526,617.00	0.00	11,526,617.00	99.99%
14.	J.W. Construction 1 Sp. z o.o. (limited liability company)	London	services	subsidiary	not consolidated	31 July 2007	5,618.00	0.00	5,618.00	100.00%
15.	J.W. Bulgaria Sp. z o.o. (limited liability company)	Sofia	developer activity	subsidiary	not consolidated	8 October 2007	9,854.98	0.00	9,854.98	100.00%
16.	Porta Transport Sp. z o.o. (limited liability company)	Szczecin	transport	subsidiary	fully consolidated	12 November 2007	19,118,737.41	0.00	19,118,737.41	100.00%
17.	Yakor House Sp. z o.o. (limited liability company)	Sochi	developer activity	subsidiary	fully consolidated	7 December 2007	9,810,000.00	0.00	9,810,000.00	70.00%
18.	JWCH Produkcja Budowlana Sp. z o.o. (limited liability company)	Ząbki	prefabricated unit production for the building industry	subsidiary	fully consolidated	19 February 2008	15,494,950.00	0.00	15,494,950.00	99.99%
19.	JWCH Budownictwo Drogowe Sp. z o.o. (limited liability company)	Ząbki	road construction	subsidiary	fully consolidated	7 February 2008	449,950.00	0.00	449,950.00	99.95%

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Indirect relations										
20.	TBS Marki Sp. z o.o. (limited liability company)	Warsaw	social building	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	0.01%
21.	Business Financial Construction Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	16 June 2003	500.00	0.00	500.00	0.01%
22.	Interlokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	1.00%
23.	Lokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	0.01%
24.	Project 55 Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	13 January 2005	500.00		500.00	
25.	Deweloper Sp. z o.o. (limited liability company)	Siemianowice Śląskie	construction	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	1.00%
26.	JW Projekt Sp. z o.o. (limited liability company)	Warsaw	architecture and designing	subsidiary	fully consolidated	14 November 2003	200.00	0.00	200.00	0.01%
27.	Stadnina Mazowiecka Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	19 February 2007	50,000.00	0.00	50,000.00	100.00%
28.	Karczma Regionalna Sp. z o.o. (limited liability company)	Krynica Górská	hotel activity	subsidiary	not consolidated	16 December 2004	208,550.00	0.00	208,550.00	8.06%
29.	J.W. Construction S.A. (joint-stock company)	Ząbki	construction	subsidiary	fully consolidated	26 September 2007	1.00	0.00	1.00	0.01%
30.	JWCH Produkcja Budowlana Sp. z o.o. (limited liability company)	Ząbki	prefabricated unit production for the building industry	subsidiary	fully consolidated	19 February 2008	50.00	0.00	50.00	0.01%
31.	JWCH Budownictwo Drogowe Sp. z o.o. (limited liability company)	Ząbki	road construction	subsidiary	fully consolidated	7 February 2008	50.00	0.00	50.00	0.05%
32.	Fabryka Maszyn i Urządzeń FAMAK S.A. (joint-stock company)	Kluczbork	production	associate	not consolidated	12 November 2007	29,630.00	0.00	29,630.00	0.04%



**Note 5. Non-current receivables**

<b>NON-CURRENT RECEIVABLES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) security deposits receivables	0.00	0.00
b) guarantee deposits (leasing) receivables	13,788,275.17	13,518,100.22
c) other receivables	212,080.65	0.00
<b>Total receivables</b>	<b>14,000,355.82</b>	<b>13,518,100.22</b>

**2. CURRENT ASSETS**
**Note 6. Inventories**

<b>INVENTORIES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) materials	9,742,362.36	6,608,049.28
b) semi-finished products and work in progress	4,079,921.50	10,455,871.15
c) finished products	2,739,641.28	1,523,507.89
d) goods	26,886,403.61	23,879,438.18
e) trade advances	798,371.20	399,038.15
<b>Total inventories</b>	<b>44,246,699.95</b>	<b>42,865,904.64</b>

**Note 7. Construction contracts**

<b>CONSTRUCTION CONTRACTS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
<b>CONSTRUCTION CONTRACTS (current assets)</b>		
a) semi-finished products and work in progress	642,900,059.45	935,980,856.35
b) finished products	343,793,086.67	139,643,699.26
c) trade advances	1,474,869.34	11,922,118.97
d) short-term accruals	2,342,952.51	39,705,375.35
<b>Total construction contracts</b>	<b>990,510,967.97</b>	<b>1,127,252,049.94</b>
<b>CONSTRUCTION CONTRACTS (current liabilities)</b>		
a) accruals	412,465,034.54	585,777,664.57
<b>Total construction contracts</b>	<b>412,465,034.54</b>	<b>585,777,664.57</b>

Due to the conducted activity the Group companies take loans secured among other things with mortgage on real estate. As at 30 September 2009 the Group companies established collateral in the form of mortgage on real estate presented as inventories and construction contracts at PLN 649.2 million and presented as property, plant and equipment at PLN 298.1 million and third party real estate at PLN 10 million. The value of mortgage is established at the amount of the granted loan (or higher), therefore, it is significantly higher than the value of real estate disclosed in assets of the Company. As at 30 September 2009 loan liabilities amounted to PLN 405.3 million.

**Note 8. Current receivables**

<b>CURRENT RECEIVABLES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) trade receivables – related parties	6,089,325.88	3,516,829.90
b) trade receivables – other parties	29,318,498.48	33,952,718.18
c) taxes, subsidies, customs duties, social and health insurance and other payments	18,117,376.25	41,291,971.31
d) other	2,430,587.82	746,949.71
<b>Total receivables</b>	<b>55,955,788.43</b>	<b>79,508,469.09</b>

**Note 9. Other financial assets**

<b>SHORT-TERM INVESTMENTS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) in subsidiaries	41,970,446.76	0.00
- shares	0.00	0.00
- other securities	0.00	0.00
- loans granted	41,970,446.76	0.00
- other short-term financial assets	0.00	0.00
b) in other parties	2,494,082.56	2,731,543.80
- shares	0.00	0.00

- other securities	107,604.17	0.00
- loans granted	2,386,478.39	2,731,543.80
- other short-term financial assets	0.00	0.00
<b>Total short-term investments</b>	<b>44,464,529.32</b>	<b>2,731,543.80</b>

**Note 10. Cash and cash equivalents**

<b>CASH AND CASH EQUIVALENTS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) cash on hand and with bank	17,363,911.43	22,612,348.83
b) other cash	2,755,824.10	14,025,942.41
c) other cash equivalents	51,854.26	47,485.60
<b>Total cash</b>	<b>20,171,589.79</b>	<b>36,685,776.84</b>

**3. LIABILITIES**
**Note 11. Borrowings**

<b>BORROWINGS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) loans	405,268,743.98	437,215,401.29
of which: long-term	203,523,484.07	168,305,639.77
short-term	201,745,259.91	268,909,761.52
b) cash loans	7,130,971.13	268,959.53
of which: long-term	0.00	0.00
short-term	7,130,971.13	268,959.53
<b>Total borrowings</b>	<b>412,399,715.11</b>	<b>437,484,360.82</b>
<b>Borrowings – long-term</b>	<b>203,523,484.07</b>	<b>168,305,639.77</b>
<b>Borrowings – short-term</b>	<b>208,876,231.04</b>	<b>269,178,721.05</b>

Including loans of TBS Marki Sp. z o.o., a Group company, which took out loans from the National Housing Fund on completely separate terms, regulated by the Act on Some Forms of Support for the Housing Industry of 26 October 1995 (Journal of Laws No. 00.98.170, consolidated text).

<b>BORROWINGS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) loans	107,425,001.07	108,005,533.01
of which: long-term	102,922,634.03	103,609,201.73
short-term	4,502,367.04	4,396,331.28
<b>Total borrowings</b>	<b>107,425,001.07</b>	<b>108,005,533.01</b>

<b>LOANS PER MATURITY</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
Up to 1 year	201,745,259.91	268,909,761.52
Over 1 year up to 2 years	100,278,350.04	64,180,438.04
Over 2 years up to 5 years	322,500.00	516,000.00
Over 5 years	102,922,634.03	103,609,201.73
<b>Total loans, of which:</b>	<b>405,268,743.98</b>	<b>437,215,401.29</b>
- long-term	203,523,484.07	168,305,639.77
- short-term	201,745,259.91	268,909,761.52

Including loans of TBS Marki Sp. z o.o.

<b>LOANS PER MATURITY</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
Up to 1 year	4,502,367.04	4,396,331.28
Over 1 year up to 2 years	0.00	0.00
Over 2 years up to 5 years	0.00	0.00
Over 5 years	102,922,634.03	103,609,201.73
<b>Total loans, of which:</b>	<b>107,425,001.07</b>	<b>108,005,533.01</b>
- long-term	102,922,634.03	103,609,201.73

- short-term	4,502,367.04	4,396,331.28
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<b>CASH LOANS PER MATURITY</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
Up to 1 year	7,130,971.13	268,959.53
Over 1 year up to 2 years	0.00	0.00
Over 2 years up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
<b>Total loans, of which:</b>	<b>7,130,971.13</b>	<b>268,959.53</b>
- long-term	0.00	0.00
- short-term	7,130,971.13	268,959.53

**Note 12. Other capital**

<b>OTHER CAPITAL</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) supplementary capital	636,286,399.01	533,909,791.85
b) other reserve capital	5,731,587.19	5,731,587.19
c) translation reserve	-77,277.00	-86,261.20
<b>Total other capital</b>	<b>641,940,709.20</b>	<b>539,555,117.84</b>

**Note 13. Other non-current liabilities**

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) lease liabilities	55,825,425.89	64,698,174.41
b) security deposits liabilities	14,215,013.12	13,444,213.47
c) other non-current liabilities	8,706,439.23	4,705,069.01
<b>Total other liabilities</b>	<b>78,746,878.24</b>	<b>82,847,456.89</b>

**Note 14. Trade and other payables**

<b>TRADE AND OTHER PAYABLES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) trade payables – other parties	79,317,901.24	114,868,951.15
b) trade payables – related parties	896,921.83	1,186,439.07
c) taxes, customs duties, insurance and other payments	11,744,461.49	14,926,515.43
d) salaries	2,801,751.08	3,638,025.38
e) trade advances received	223,540.85	52,934.71
f) other	15,267,294.19	5,742,008.36
<b>Total trade and other payables</b>	<b>110,251,870.68</b>	<b>140,414,874.10</b>

<b>OTHER LIABILITIES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) issue of debt securities	0.00	71,000,000.00
b) note liabilities	130,666,417.62	59,565,872.85
c) other financial liabilities	12,434,261.26	17,683,995.84
<b>Total other liabilities</b>	<b>143,100,678.88</b>	<b>148,249,868.69</b>

**Note 15. Other liabilities**

<b>PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
<b>a) short-term, of which:</b>	<b>23,544,668.61</b>	<b>25,741,602.20</b>
- accrued expenses, including:	21,579,346.10	22,710,614.09
- provision for guarantee repairs	11,451,543.12	11,451,543.12
- other	10,127,802.98	11,259,070.97
- other provisions, including:	1,965,322.51	3,030,988.11
- provisions for future liabilities	1,000,000.00	1,008,835.54
- provisions for severance pays (Porta Transport)	0.00	1,027,787.84
- other provisions	965,322.51	994,364.73
<b>b) long-term, of which:</b>	<b>12,971,116.94</b>	<b>13,368,786.83</b>

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- accrued expenses, including:	12,971,116.94	13,368,786.83
- <i>participation in costs of construction – TBS Marki</i>	4,684,624.24	4,735,473.30
- <i>deferred income – loan remittance – TBS Marki</i>	6,406,866.22	6,408,449.53
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	1,879,626.48	2,224,864.00
- <i>other</i>		0.00
<b>Total provisions for other liabilities and charges</b>	<b>36,515,785.55</b>	<b>39,110,389.03</b>

**4. OPERATING INCOME AND EXPENSES**
**Note 16. Operating income**

<b>OPERATING INCOME</b>	<b>1 January 2009 – 30 September 2009</b>	<b>1 January 2008 – 30 September 2008</b>	<b>1 July 2009 – 30 September 2009</b>	<b>1 July 2008 – 30 September 2008</b>
Revenues from sales of products	437,879,756.18	421,655,454.35	153,010,705.67	144,604,769.58
Revenues from sales of services	48,143,801.58	68,488,755.69	4,539,934.82	21,707,877.35
Revenues from sales of goods	5,055,383.59	21,466,143.49	2,375,666.76	8,905,542.07
<b>Total income</b>	<b>491,078,941.35</b>	<b>511,610,353.53</b>	<b>159,926,307.25</b>	<b>175,218,189.00</b>

**Note 17. Operating expenses**

<b>OPERATING EXPENSES</b>	<b>1 January 2009 – 30 September 2009</b>	<b>1 January 2008 – 30 September 2008</b>	<b>1 July 2009 – 30 September 2009</b>	<b>1 July 2008 – 30 September 2008</b>
Costs on sale of products	313,978,595.49	307,255,682.27	112,660,988.23	103,501,124.76
Costs on sale of services	41,306,695.41	55,459,109.45	1,290,387.90	15,582,762.19
Costs on sale of goods	5,055,383.59	23,295,994.81	4,466,306.52	10,225,912.25
<b>Total costs of products, services and goods sold</b>	<b>360,340,674.49</b>	<b>385,980,786.53</b>	<b>118,417,682.65</b>	<b>129,309,799.20</b>

<b>Selling and overhead expenses</b>	<b>1 January 2009 – 30 September 2009</b>	<b>1 January 2008 – 30 September 2008</b>	<b>1 July 2009 – 30 September 2009</b>	<b>1 July 2008 – 30 September 2008</b>
Selling expenses	12,737,302.18	21,534,196.97	4,322,974.57	7,413,324.86
Overhead expenses	17,930,586.33	21,786,597.65	5,692,373.13	6,890,650.18
<b>Total selling and overhead expenses</b>	<b>30,667,888.51</b>	<b>43,320,794.62</b>	<b>10,015,374.70</b>	<b>14,303,975.04</b>

<b>Expenses by nature</b>	<b>1 January 2009 – 30 September 2009</b>	<b>1 January 2008 – 30 September 2008</b>	<b>1 July 2009 – 30 September 2009</b>	<b>1 July 2008 – 30 September 2008</b>
Depreciation and amortisation	10,870,500.51	13,175,053.96	3,493,690.02	3,608,195.66
Materials and power	49,081,580.01	122,258,949.38	6,185,776.27	53,822,735.46
Outsourcing	163,005,434.05	296,237,269.24	54,187,514.58	104,643,435.69
Fees and taxes	6,553,303.31	6,930,787.33	2,035,592.76	1,695,029.04
Salaries	40,836,186.10	52,333,965.25	12,346,975.35	21,370,819.94
Social insurance and other payments	7,597,290.47	9,924,349.88	2,132,019.78	3,013,740.81
Other expenses by nature	11,423,640.36	19,791,196.82	4,352,374.53	9,556,256.54
<b>Total expenses by nature</b>	<b>289,367,934.81</b>	<b>520,651,571.86</b>	<b>84,733,943.29</b>	<b>197,710,213.14</b>

## D. ADDITIONAL INFORMATION

### 1. Major accomplishments and failures of the Issuer during the reporting period, including significant events related to the same

Significant events during the reporting period:

#### Changes in the Management Board of the Company

On 9 July 2009 the Supervisory Board recalled the following persons from the Management Board:

Ms. Irmina Łopuszyńska  
 Ms. Bożena Malinowska.

On 9 July the Supervisory Board appointed the following persons as members of the Management Board:

Mr. Piotr Ciszewski  
 Mr. Tomasz Panabażys.

#### Concluded loan agreement

On 25 September 2009 the Company annexed the following loan agreements:

- Loan Agreement of 24 June 2008 for a revolving working capital loan for financing the investment – Lewandów II. The annex changed the final repayment date for 31 December 2010 and established the loan amount at PLN 67 million.
- Loan Agreement of 24 June 2008 for a revolving working capital loan for financing the investment – Lewandów I. The annex changed the final repayment date for 31 December 2010 and established the loan amount at PLN 29.5 million.

#### Repaid loans

During the reporting period the Company repaid three significant loans at the total amount of PLN 101.7 million, as follows:

- with Bank Millennium S.A. at PLN 53.3 million for implementation of the investment – “Osiedle Lazurowa”;
- with BOS BANK S.A. at PLN 26 million for implementation of the investment – “Rezydencja Quatro”;
- with BRE BANK S.A. – a working capital loan of PLN 22.4 million.

#### Occupancy permit

In the 3<sup>rd</sup> quarter the Company was granted the occupancy permit for the following investments:

- “Górczewska Park” phase II comprising 491 premises,
- “Osada Wiślana” phase III comprising 128 premises,
- “Pyry II” at Al. Ludwinowska in Warsaw comprising 24 premises.

In the 3<sup>rd</sup> quarter 2009 the Group implemented the following investments:

No.	Investment	Number of premises
1.	“Osiedle Lewandów I”	631
2.	“Osiedle Lewandów II”	1,274
3.	“Osiedle Bursztynowe” ul. Korkowa	328
4.	“Wiślana Aleja” ul. Odkryta	200
5.	“Lazurowe Ustronie” phase I	376
6.	“Osiedle Victoria Park”, Russia	158

### 2. Circumstances and events, particularly extraordinary ones, with significant impact on profit (loss)

In the 3<sup>rd</sup> quarter 2009 there were no other extraordinary events than the aforesaid ones, having significant impact on profit (loss).

### 3. Seasonal and cyclical business of the Issuer during the reporting period

Generally, sale of apartments is not a seasonal business. However, we can see that the receipt of advances from clients is cyclical – it depends on the progress of investment.

Cyclical receipts from customers are recognised depending on the progress of investment (raw state, building shell, closed building shell, finishing state).

#### 4. Issue, redemption and repayment of debt and equity securities

In the 3<sup>rd</sup> quarter 2009 the Company did not issue any bonds.

#### 5. Paid (and/or declared) dividends, total and for one share, per ordinary and preferred shares

Not applicable.

#### 6. Subsequent events not disclosed in these financial statements, that may have significant impact on future profit (loss) of the Issuer

On 12 October 2009 the Company was granted an occupancy permit for the investment – “Rezydencja Quatro” at ul. Łukowska in Warsaw (243 premises).

In November the Company received an approval of the Management Board of BOŚ Bank for postponing the payment term of the investment loan granted for implementation of the investment – “Górczewska Park”. The final payment term was established at 31 October 2010.

#### 7. Changes in contingent liabilities and contingent assets from the end of the last accounting year

OFF-BALANCE SHEET LIABILITIES	30 September 2009
Own real estate pledged as collateral – loans	783,960,192.00
Third party real estate pledged as collateral – loans	10,000,000.00
Blank promissory notes	457,777,234.88
Enforcement titles	588,294,416.00
Other	72,300.00
Assignment of receivables	200,000.00
Guarantees in favour of TBS “Marki” Sp. z o.o.	22,400,000.00
Guarantees in favour of JWCH Budownictwo Drogowe Sp. z o.o.	700,000.00
Guarantees in favour of JW. Construction S.A.	4,000,000.00
Guarantees in favour of ZPM Metalcon Sp. z o.o.	1,600,000.00
Guarantees in favour of JWCH Produkcja Budowlana sp. z o.o.	300,000.00

\* collateral in the form of blank promissory notes is presented up to the full value of the principal liability;

\*\* the item covers collateral, among other things, in the form of a freeze on bank accounts and assignment of rights under insurance policies.

The aforesaid table presents all collateral under concluded loan agreements. Since several items of collateral were established under particular loan agreements, the value of collateral was not summed up.

As at 30 September 2009 there were defect liability guarantees granted by banks and insurance institutions in favour of the Company. Moreover, there were blank promissory notes issued to the benefit of the Companies of the Group of J.W. Construction Holding S.A. to secure rights of the Companies under guarantees granted by counterparties, which may be filled in by the Companies at any time with the amount corresponding to costs of defect removal. As at 30 September 2009 the total value of guarantees was PLN 19.7 million (JW. Construction Holding SA) and PLN 1.2 million (JW. Construction SA).

#### 8. Financial risk management purpose and policy

The recognised risks are interest rate risk, liquidity risk, currency risk and credit risk.

##### Interest rate risk

The Group raises funds for implementation of its projects based on floating interest rate loans. Those are mainly loans incurred for the period of construction of a given investment – on the average for up to 1.5 years. It was assumed that in such period the interest rate risk would not require additional hedging options.

The only non-current liabilities are liabilities of TBS Marki – a member of the Group, under loans incurred with the National Housing Fund on entirely separate terms and conditions.

##### Currency risk

Within the whole Group the companies not to conclude transactions in PLN are Russian companies – J.W. Construction International in Kolomna near Moscow and Yakor House Sp. z o.o. in Sochi, and a Bulgarian company – J.W. Construction Bulgaria EOOD. Settlements made in Russia did not require additional hedging as both income and expenses are recognised in the same currency, while the Bulgarian company has not launched the operations yet.

#### Credit risk

A very significant part of Group's clients made purchases with bank loans. Risks connected with offered loans are secured with insurance of particular debts on behalf of clients. There is no significant credit risk concentration in any group of clients. Moreover, the Group systematically evaluates payments made by the clients, as well as their financial standing. However, we should take account of lower availability of mortgage loans connected directly with more stringent conditions of granting loans, among other things, due to the mortgage loan situation. Consequently, it results in a smaller demand for apartments.

#### Liquidity risk

The Group pays special attention to keeping the balance between financing its investment activities and timely payment of its liabilities. The liquidity is dependent on the mortgage and investment lending policy of the banks. The lack of financing by the banks may influence the demand for apartments and thus, the cash flows.

#### Risk connected with administrative decisions

Developer business is dependent on administrative decisions required in connection with the present or future projects. The lack of licences, permits or concessions, or untimely obtainment of the same might have negative impact on the ability to commence, conduct or complete present or new developer projects by the Capital Group. All those factors may have impact on cash flows and overall activities.

Item of the financial statements	Value in PLN '000	Interest rate risk				Currency risk			
		Impact on profit (loss)		Impact on equity		Impact on profit (loss)		Impact on equity	
		+50 b.p. in PLN	-50 b.p. in PLN	+50 b.p. in PLN	-50 b.p. in PLN				
<b>Financial assets</b>		+25 b.p. in USD/EUR	-25 b.p. in USD/EUR	+25 b.p. in USD	-25 b.p. in USD	+10%	-10%	+10%	-10%
Cash in current accounts	20,172	101	-101						
Bank deposits	0	0	0						
Bonds held		0	0						
Loans granted		0	0						
<b>Impact on financial assets before tax</b>		<b>101</b>	<b>-101</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax (19%)		-19	19	0	0	0	0	0	0
<b>Impact on financial assets after tax</b>		<b>82</b>	<b>-82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial liabilities</b>									
Bonds issued	0	0	0						
Bank loans	412,400	-2,062	2,062						
<b>Impact on financial liabilities before tax</b>		<b>-2,062</b>	<b>2,062</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax (19%)		392	-392	0	0	0	0	0	0
<b>Impact on financial liabilities after tax</b>		<b>-1,670</b>	<b>1,670</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total increase / (decrease)</b>		<b>-1,589</b>	<b>1,589</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**9. Selected financial data containing the main items of the summary financial statements (also translated into EURO)**

The balance sheet as at the end of the period from 1 January to 31 December 2008 was translated into EUR at the rate established by the National Bank of Poland as at the said day i.e. PLN / EUR 4.1724.

The balance sheet as at the end of the period from 1 January to 30 September 2009 was translated into EUR at the rate established by the National Bank of Poland as at the said day i.e. PLN / EUR 4.2226.

The income statement for the period from 1 January 2008 to 30 September 2008 was translated into EUR at the average EUR rate calculated as the arithmetic average of rates applicable as at the last day of each month in the given period, established by the National Bank of Poland as at the said day i.e. PLN / EUR 3.4249.

The income statement for the period from 1 January 2009 to 30 September 2009 was translated into EUR at the average EUR rate calculated as the arithmetic average of rates applicable as at the last day of each month in the given period, established by the National Bank of Poland as at the said day i.e. PLN / EUR 4.3993.

Item of the consolidated balance sheet	30 September 2009		31 December 2008	
	PLN	EUR	PLN	EUR
<b>Total assets</b>	<b>1,601,169</b>	<b>379,190</b>	<b>1,778,373</b>	<b>521,777</b>
Non-current assets	424,076	100,430	472,361	138,591
Current assets	1,177,093	278,760	1,306,013	383,186
<b>Total equity and liabilities</b>	<b>1,601,169</b>	<b>379,190</b>	<b>1,778,373</b>	<b>521,777</b>
Equity	393,126	93,100	325,723	95,568
Non-current liabilities	309,804	73,368	283,288	83,117
Current liabilities	898,238	212,722	1,169,363	343,093

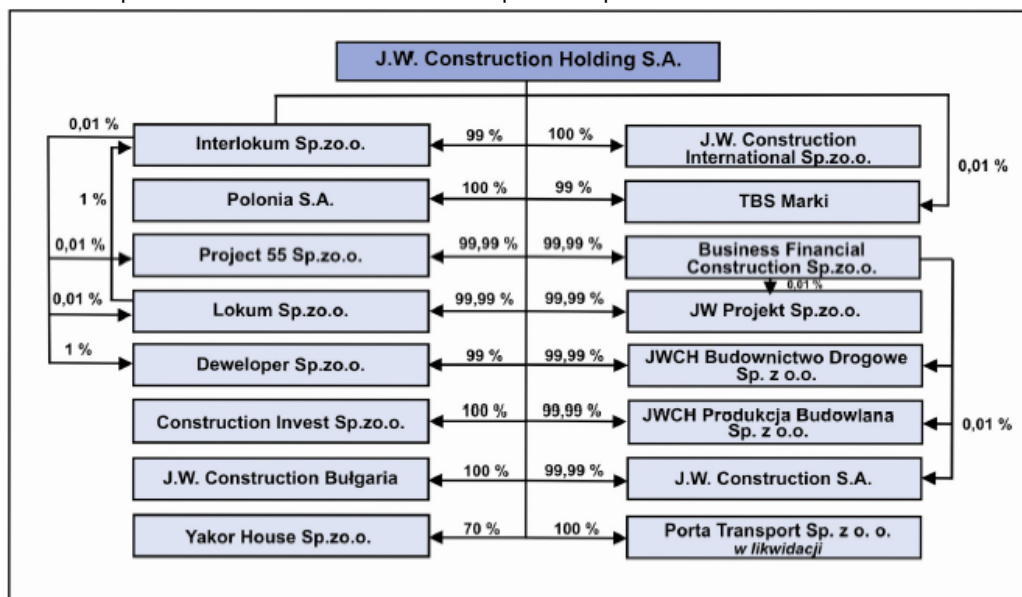
Item of the consolidated income statement	1 January to 30 September 2009		1 January to 30 September 2008	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	491,079	111,627	511,610	149,380
Costs of products, goods and materials sold	360,341	81,909	385,981	112,699
<b>Gross profit (loss) on sales</b>	<b>130,738</b>	<b>29,718</b>	<b>125,630</b>	<b>36,681</b>
Costs of sales	12,737	2,895	21,534	6,288
Overhead costs	17,931	4,076	21,787	6,361
Profit (loss) on sales	100,070	22,747	82,309	24,033
Operating profit (loss)	100,754	22,903	81,790	23,881
<b>Profit (loss) before tax</b>	<b>83,934</b>	<b>19,079</b>	<b>69,303</b>	<b>20,235</b>
Income tax	14,575	3,313	14,767	4,312
<b>Net profit (loss)</b>	<b>69,358</b>	<b>15,766</b>	<b>54,536</b>	<b>15,923</b>

Item of the Issuer's balance sheet	30 September 2009		31 December 2008	
	PLN	EUR	PLN	EUR
<b>Total assets</b>	<b>1,410,451</b>	<b>334,024</b>	<b>1,459,221</b>	<b>428,137</b>
Non-current assets	315,088	74,620	356,311	104,542
Current assets	1,095,363	259,405	1,102,910	323,595
<b>Total equity and liabilities</b>	<b>1,410,451</b>	<b>334,024</b>	<b>1,459,221</b>	<b>428,137</b>
Equity	367,376	87,002	323,545	94,928
Non-current liabilities	179,597	42,532	144,049	42,264
Current liabilities	863,478	204,490	991,627	290,945

Item of the consolidated income statement	1 January to 30 September 2009		1 January to 30 September 2008	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	337,141	76,636	255,993	74,745
Costs of products, goods and materials sold	250,893	57,031	199,416	58,226
<b>Gross profit (loss) on sales</b>	<b>86,249</b>	<b>19,605</b>	<b>56,577</b>	<b>16,519</b>
Costs of sales	11,540	2,623	20,086	5,865
Overhead costs	9,352	2,126	14,121	4,123
Profit (loss) on sales	65,357	14,856	22,371	6,532
Operating profit (loss)	64,759	14,720	21,348	6,233
<b>Profit (loss) before tax</b>	<b>51,216</b>	<b>11,642</b>	<b>11,657</b>	<b>3,404</b>
Income tax	5,432	1,235	2,228	650
<b>Net profit (loss)</b>	<b>45,784</b>	<b>10,407</b>	<b>9,429</b>	<b>2,753</b>

## 10. Organisation of the capital group of the Issuer, including consolidated companies

As at 30 September 2009 the structure of the Capital Group of the Issuer was as follows:



**J.W. Construction S.A.**

J.W. Construction S.A., a joint-stock company domiciled in Ząbki, is registered with the register of companies under number KRS 0000290315. Share capital of J.W. Construction S.A. amounts to PLN 11,526,618 and is divided into 11,526,618 shares with a par value of PLN 1 each. J.W. Construction S.A. took over the construction business of the Company. The Company holds 99.99% of share capital of J.W. Construction S.A.

**JWCH Produkcja Budowlana Sp. z o.o.**

JWCH Produkcja Budowlana Sp. z o.o., a limited liability company domiciled in Ząbki, is registered with the register of companies under number KRS 0000300959. The Company holds 99.99% of its shares. Share capital of JWCH Produkcja Budowlana Sp. z o.o. amounts to PLN 15,495,000 and is divided into 307,900 shares with a par value of PLN 50 each. The business of JWCH Produkcja Budowlana Sp. z o.o. is production of prefabricated building elements.

**JW Projekt Sp. z o.o.**

JW Projekt Sp. z o.o., a limited liability company domiciled in Warsaw, was registered with the register of companies on 20 February 2004 under number KRS 195210. The Company holds 99.99% of its shares. Share capital of JW Projekt Sp. z o.o. amounts to PLN 1,155,000 and is divided into 5,778 shares with a par value of PLN 200 each. The business of JW Projekt Sp. z o.o. is architecture and designing.

**Construction Invest Sp. z o.o.**

Construction Invest Sp. z o.o., a limited liability company domiciled in Ząbki, was registered with the register of companies on 9 February 2006 under number KRS 250688. The Company holds 100% of its shares. Share capital of Construction Invest Sp. z o.o. amounts to PLN 50,000 and is divided into 100 shares with a par value of PLN 500 each. The business of Construction Invest Sp. z o.o. is own real estate development and sale. Construction Invest Sp. z o.o. was established to purchase real estate, apply for building permits and then transfer real estate with the corresponding building permit to the Company. Construction Invest Sp. z o.o. is one of special purpose vehicles established to implement a specific investment.

**TBS Marki Sp. z o.o.**

TBS Marki Sp. z o.o., a limited liability company domiciled in Warsaw, was registered with the register of companies on 28 November 2001 under number KRS 65232. The Company holds 99.99% of its shares. Share capital of TBS Marki Sp. z o.o. amounts to PLN 13,360,000 and is divided into 22,720 shares with a par value of PLN 500 each. TBS Marki Sp. z o.o. was established as a social building society, within the meaning of the act on some forms of supporting housing building projects. TBS Marki Sp. z o.o. is the investor in four projects i.e. "Lisi Jar", "Marki V", "Warszawa Białoleka" and "Sochaczew, ul. Piłsudskiego".

**Lokum Sp. z o.o.**

Lokum Sp. z o.o., a limited liability company domiciled in Warsaw, was registered with the register of companies under number KRS 170570 on 20 August 2003. The Company holds 99.99% of its shares. Share capital of Lokum Sp. z o.o. amounts to PLN 3,778,500 and is divided into 7,557 shares with a par value of PLN 500 each. Lokum Sp. z o.o. is a special purpose vehicle. It implemented an investment – "Willa Konstancin" in Konstancin-Jeziorna.

**Business Financial Construction Sp. z o.o. (BFC)**

Business Financial Construction Sp. z o.o., a limited liability company domiciled in Warsaw, was registered with the register of companies on 24 May 2002 under number KRS 114675. The Company holds 99.99% of its shares. Share capital of Business Financial Construction Sp. z o.o. amounts to PLN 4,347,000 and is divided into 8,694 shares with a par value of PLN 500 each. The business of Business Financial Construction Sp. z o.o. is to serve the sale of apartments built by the Company and other companies of the Group.

**Project 55 Sp. z o.o.**

Project 55 Sp. z o.o., a limited liability company domiciled in Warsaw, was registered with the register of companies on 22 November 2002 under number KRS 139665. The Company holds 99.99% of its shares. Share capital of Project 55 Sp. z o.o. amounts to PLN 7,528,500 and is divided into 15,057 shares with a par value of PLN 500 each. Project 55 Sp. z o.o. is a special purpose vehicle conducting developer activity. It implemented an investment – "Górczewska".

**Interlokum Sp. z o.o.**

Interlokum Sp. z o.o., a limited liability company domiciled in Warsaw, was registered with the register of companies under number KRS 170216 on 18 August 2003. The Company holds 99% of its shares. Share capital of Interlokum

Sp. z o.o. amounts to PLN 50,000 and is divided into 100 shares with a par value of PLN 500 each. Interlokum Sp. z o.o. is a special purpose vehicle. It implemented an investment – “Skarpa IV”.

Deweloper Sp. z o.o.

Deweloper Sp. z o.o., a limited liability company domiciled in Siemianowice Śląskie, was registered with the register of companies under number KRS 170493 on 22 August 2003. The Company holds 99% of its shares. Share capital of Deweloper Sp. z o.o. amounts to PLN 50,000 and is divided into 100 shares with a par value of PLN 500 each. The business of Deweloper Sp. z o.o. is road construction. In the structure of the Group it was assigned the role of the general contractor of a housing estate in Katowice.

Polonia S.S.A. (former Klub Sportowy Piłkarski Polonia Warszawa S.S.A.)

Klub Sportowy Piłkarski Polonia Warszawa S.S.A. (*Polonia Football Club*), a sports joint-stock company domiciled in Warsaw, was registered with the register of companies on 19 September 2003 under number KRS 173656. The Company holds 100% of its shares. Share capital of Polonia S.S.A. amounts to PLN 1,544,000 and is divided into 5,000 A-class registered shares with a par value of PLN 100 each and 10,440 B-class registered shares with a par value of PLN 100 each.

J.W. Construction International Sp. z o.o.

J.W. Construction International Sp. z o.o., a limited liability company is registered in the territory of Russia. The Company holds 100% of its share capital. The business of J.W. Construction International Sp. z o.o. is housing building investments in the territory of the Russian Federation. Presently it builds a housing estate – “Victoria Park” in Kolomna near Moscow.

J.W. Construction Bulgaria EOOD

J.W. Construction Bulgaria EOOD was registered by the Municipal Court for Sofia (Bulgaria) on 8 October 2007 under name J.W. Construction Bulgaria EOOD domiciled in Sofia (a Bulgarian company – the equivalent to a Polish limited liability company). The Company holds 500 (five hundred) shares with a par value of BGN 10 (ten) each and the total value of BGN 5,000 (five thousand) in J.W. Construction Bulgaria EOOD. The said shares constitute 100% of the share capital of J.W. Construction Bulgaria EOOD. The Company plans to implement investments in the territory of Bulgaria through J.W. Construction Bulgaria EOOD.

Porta Transport Sp. z o.o. in liquidation

Porta Transport Sp. z o.o., a limited liability company domiciled in Szczecin was registered with the register of companies under number KRS 0000177420. Share capital of Porta Transport Sp. z o.o. is divided into 258,308 shares with a par value of PLN 100 each. The business of the company is transport services provided to Porta Szczecińska Nowa Sp. z o.o. in the territory of the Szczecin shipyard and forwarding services in the country and abroad. The Company holds 100% of its share capital.

JWCH Budownictwo Drogowe Sp. z o.o.

JWCH Budownictwo Drogowe Sp. z o.o., a limited liability company domiciled in Ząbki, was registered with the register of companies on 21 February 2008 under number KRS 0000299665. The Company holds 99.95% of its shares. Share capital of JWCH Budownictwo Drogowe Sp. z o.o. amounts to PLN 100,000 and is divided into 2,000 shares with a par value of PLN 50 each. The business of JWCH Budownictwo Drogowe Sp. z o.o. is road construction.

Yakor House (former Ośrodek Wypoczynkowy “Ogoniok”) Sp. z o.o.

Yakor House Sp. z o.o. is a limited liability company domiciled in Sochi, Russian Republic. The Company holds 70% of its share capital amounting or RBL 10,500,000. Yakor House Sp. z o.o. owns real estate in the territory of Sochi on which it prepares a housing and commercial investment.

**11. Effects of changes in the structure of a business entity, also due to business combination, acquisition or sale of units of the group of the Issuer, long-term investments, division, restructuring and discontinuance of activity.**

There were no significant changes in the organisational structure of the group of the Issuer.

**12. Management Board’s position on the ability to realise earlier published projections for the given year in the light of the results presented in the quarterly report compared to the projected ones**

The Management Board of J.W. Construction Holding S.A. does not publish financial projections either for the Company or for the Group.

**13. Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes in the general meeting of the Issuer as at the day of presentation of the quarterly report, the number of shares held by the same, their percentage share in share capital, number of votes attributed to the same and their percentage share in the total number of votes in the general meeting, and changes in the shareholding of significant stakes of shares of the Issuer from the presentation of the previous quarterly report**

As at 14 May 2009 – publication of the report for the 1<sup>st</sup> quarter 2009

Shareholder	Number of shares	% of share capital	Number of votes	% of total votes in the General Meeting
Józef Wojciechowski	19,385,213	35.44%	19,385,213	35.44%
EHT S.A.	25,448,300	46.52%	25,448,300	46.52%

As at 9 November 2009 – publication of the report for the 3<sup>rd</sup> quarter 2009

Shareholder	Number of shares	% of share capital	Number of votes	% of total votes in the General Meeting
Józef Wojciechowski	16,885,213	30.87%	16,885,213	30.87%
EHT S.A.	25,448,300	46.52%	25,448,300	46.52%

A change in the shareholding in the period from 14 May 2009 to 9 November 2009 (between the publication of the reports for the 1<sup>st</sup> quarter 2009 and the 3<sup>rd</sup> quarter 2009)

Shareholder	Change in the number of shares (decrease)	Change in % of share capital (decrease)	Change in the number of votes (decrease)	Change in % of total votes in the General Meeting (decrease)
Józef Wojciechowski	-2,500,000	-4.57%	-2,500,000	-4.57%

**14. Shares or rights to shares (options) of the Issuer, held by members of the management board and supervisory board of the Issuer as at the presentation of the quarterly report, including changes in the shareholding from presentation of the previous quarterly report, separately for each member**

Shares of the Issuer held by members of authorities of the Company:

As at 9 November 2009 – publication of the report for the 3<sup>rd</sup> quarter 2009

Person	Office	Number of shares	Decrease in the number of shares from the publication of the previous quarterly report
Józef Wojciechowski	Chairman of the Supervisory Board	16,885,213	2,500,000

**15. Law actions of the value over 10% of equity of the Issuer**

Neither the Issuer nor any of its subsidiaries is a party to a procedure pending before a court, arbitration tribunal or public administration authority, of the aggregate value over 10% of equity of the Issuer.

**16. Transaction(s) between the Issuer or its subsidiary and related parties, if their individual or aggregate value is significant and they were entered into otherwise than on an arm's length basis**

All transactions entered into by the Issuer or its subsidiaries were arm's length transactions.

COMPANY	Receivables from related parties		Liabilities to related parties	
	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008
REM S.A.	610,076.59	668,954.44	320.00	0.00
Załużbice Development Sp. z o.o.	1,469,228.85	824,914.84	0.00	337,557.93
Zakład Produkcji Marmurów Promar Sp. z o.o.	1,833,468.33	1,726,643.20	307,512.82	318,414.94
Zakład Produkcji Szalunków JW. System Sp. z o.o.	344,240.65	272,145.10	135,794.14	364,196.26
Zakład Produkcji Metalowej Metalcon Sp. z o.o.	5,407,970.75	5,263,885.83	1,233,750.84	1,652,420.71
J.W. Agro Sp. z o.o.	3,956,250.26	3,580,990.28	0.00	0.00
Interlokum Sp. z o.o.	285,000.00	4,124,054.95	5,904,972.20	3,831,814.57
Project 55 Sp. z o.o.	0.00	6,251,953.71	11,130,256.71	9,624,633.40
Lokum Sp. z o.o.	1,535,113.17	4,206,852.88	29,240.53	0.00
Construction Invest Sp. z o.o.	3,718,208.46	3,433,912.12	0.00	0.00
JW. Construction International Sp. z o.o.	9,796,874.58	7,806,330.77	0.00	0.00
TBS Marki Sp. z o.o.	0.00	0.00	21,060,982.26	19,304,785.00
Business Financial Construction Sp. z o.o.	0.00	0.00	2,210,657.55	2,647,292.19
JW. Projekt Sp. z o.o.	1,602,278.79	1,008,569.79	108,500.00	1,348,796.99
J.W. Consulting J.W. 3 S.K.A	9,760.00	5,541.50	110,180,690.62	32,495,700.00
J.W. Consulting J.W. 4 S.K.A	9,760.00	5,368.00	9,635,524.23	9,491,572.85
Stadnina Mazowiecka Sp. z o.o.	5,209,088.47	4,986,621.30	0.00	0.00
Yakor House Sp z o.o.	5,893,460.88	6,888,497.03	0.00	0.00
JWCH Budownictwo Drogowe Sp. z o.o.	2,206,535.16	887,472.26	0.00	0.00
JWCH Produkcja Budowlana Sp. z o.o.	6,547,267.75	4,533,769.73	0.00	26,356.63
J.W. Construction Bulgaria EOOD	30,222,255.64	35,153,265.81	0.00	0.00
JW. Construction SA	1,249,304.30	1,387,055.05	63,963,583.39	95,891,250.88

\* The aforesaid table presents intercompany balances from the point of view of the parent company. The said balances cover the following intercompany transactions: trade receivables and payables, cash loans, direct charge, paid security deposits, advances and other transactions, except for the amounts derived from valuation of construction contracts concluded by the parent company with special purpose vehicles (over PLN 200,000).

**17. Loan or credit guarantees or sureties granted by the Issuer or its subsidiary to one entity or its subsidiary, if the aggregate amount of existing guarantees or sureties is equal to at least 10% of equity of the Issuer**

Not applicable.

**18. Other information which in the opinion of the Issuer is significant for evaluation of its personnel, assets, financial standing, profit (loss) and changes in the same, and information significant for assessment of the ability of the Issuer to fulfil its obligations**

None besides the aforesaid ones.

**19. Circumstances which in the opinion of the Issuer will have impact on its profit (loss) in the perspective of at least another quarter**

The most important circumstances that may have impact on profit (loss) of the Company include:

- A change in the lending policy of banks, both as regards mortgage loans and investment loans – less restrictive lending conditions will guarantee the source of funding the purchase of real estate and allow to commence another investment;

- Interest rate level, including in particular on loans in PLN;
- Implementation of subsequent stages of works on particular investments, in accordance with the earlier approved building and assembly work schedule;
- General trends on the real estate market – further deterioration or improvement of the situation;
- Prices of building materials – further decrease in prices;
- Good and attractive housing offer, including “ready to hand-over” apartments;
- Obtaining necessary administrative decisions in connection with the present and future projects;
- No changes in the legal and tax regulations – rapid changes could have uncontrollable impact on the market demand of products offered by the Company.

## **20. Income and profit (loss) per particular business or geographic segments, whichever is the main reporting segment**

### **Business segments**

It has been assumed that the main reporting segments are business segments. The business of the Group is conducted mainly in three following segments:

- developer activities,
- social housing construction,
- hotel activities.

In accordance with IAS 14 Segment Reporting, when preparing the financial data on particular business segments the Group followed the principle that income and expenses as well as assets and liabilities of the segment are established before intercompany balances and transactions are eliminated in the process of consolidation, except when such intercompany balances and transactions are made within one segment. Internal transactions within one segment were eliminated.

Financial data referring to particular business segments cover separate financial statements of the Group companies net of eliminated balances and transactions, while eliminated income, expenses and intercompany balances are presented under column “Eliminations”. The development activity is an exception, where separate financial statements of companies conducting this type of activity are consolidated.

The main type of services under each business segment:

- developer activities – building production, designing and supporting works, sale of real estate,
- social housing construction – sale and administration of social housing estates,
- other construction – building and assembly production,
- hotel activities – catering and hotel services connected with organisation of tourist and recreational services.

Summary consolidated financial statements  
for the period of nine months ended on 30 September 2009

1 January 2009 – 30 September 2009	developer	hotel	social construction	construction	other	other adjustments
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>449,096,310.93</b>	<b>11,733,031.95</b>	<b>8,595,844.12</b>	<b>192,093,243.42</b>	<b>21,980,281.90</b>	<b>-192,419,770.97</b>
Net revenues from sales of products	446,210,417.18	11,722,109.37	8,595,844.12	190,993,434.65	19,171,787.08	-190,670,034.64
Net revenues from sales of goods and materials	2,885,893.75	10,922.58	0.00	1,099,808.77	2,808,494.82	-1,749,736.33
<b>Costs of products, goods and materials sold, of which:</b>	<b>323,629,391.51</b>	<b>11,416,593.68</b>	<b>4,318,664.09</b>	<b>183,055,022.37</b>	<b>20,490,147.43</b>	<b>-182,569,144.59</b>
Costs of products sold	319,744,281.25	11,409,739.23	4,318,664.09	182,080,177.37	18,553,490.95	-180,819,408.26
Value of goods and materials sold	3,885,110.26	6,854.45	0.00	974,845.00	1,936,656.48	-1,749,736.33
<b>Gross profit (loss) on sales</b>	<b>125,466,919.42</b>	<b>316,438.27</b>	<b>4,277,180.03</b>	<b>9,038,221.05</b>	<b>1,490,134.47</b>	<b>-9,850,626.38</b>
<b>Selling expenses</b>	12,728,184.71	0.00	0.00	8,917.47	200.00	0.00
<b>Overhead expenses</b>	9,996,294.71	335,434.63	719,916.12	4,455,808.33	2,629,377.68	-206,245.14
<b>Profit (loss) on sales</b>	<b>102,742,440.00</b>	<b>-18,996.36</b>	<b>3,557,263.91</b>	<b>4,573,495.25</b>	<b>-1,139,443.21</b>	<b>-9,644,381.24</b>
Other operating income	2,052,159.34	348,241.76	561,054.99	573,989.35	1,548,531.53	0.00
Other operating expenses	2,560,320.33	603,488.74	624,887.19	411,029.75	200,303.23	0.00
<b>Operating profit (loss)</b>	<b>102,234,279.01</b>	<b>-274,243.34</b>	<b>3,493,431.71</b>	<b>4,736,454.85</b>	<b>208,785.09</b>	<b>-9,644,381.24</b>
Financial income	1,681,329.03	488,474.32	1,412,029.09	109,723.24	182,861.30	-137,572.38
Financial expenses	14,265,814.77	2,095,364.67	3,381,683.72	485,202.17	466,935.98	-137,572.38
<b>Profit (loss) on ordinary activities</b>	<b>89,649,793.27</b>	<b>-1,881,133.69</b>	<b>1,523,777.08</b>	<b>4,360,975.92</b>	<b>-75,289.59</b>	<b>-9,644,381.24</b>
<b>Profit (loss) before tax</b>	<b>89,649,793.27</b>	<b>-1,881,133.69</b>	<b>1,523,777.08</b>	<b>4,360,975.92</b>	<b>-75,289.59</b>	<b>-9,644,381.24</b>
Income tax	9,564,920.45	380,011.44	34,979.00	955,348.57	-27,515.00	3,667,567.56
<b>Net profit (loss)</b>	<b>80,084,872.82</b>	<b>-2,261,145.13</b>	<b>1,488,798.08</b>	<b>3,405,627.35</b>	<b>-47,774.59</b>	<b>-13,311,948.80</b>



## E. FINANCIAL STATEMENTS OF THE ISSUER

### 1. BALANCE SHEET

ASSETS	Note	30 September 2009	31 December 2008
<b>NON-CURRENT ASSETS</b>		<b>315,088,358.07</b>	<b>356,310,598.83</b>
Intangible assets	1	7,069,109.44	7,939,486.53
Goodwill of subsidiaries	1	3,047,895.06	3,047,895.06
Tangible assets	2	175,820,902.20	175,378,259.22
Investment real estate	3	8,399,964.35	8,342,866.58
Shares	4	99,070,487.88	99,095,487.88
Other financial assets	4	0.00	40,134,994.61
Deferred income tax assets		7,891,723.97	9,250,515.93
Trade and other receivables	5	13,788,275.17	13,121,093.02
<b>CURRENT ASSETS</b>		<b>1,095,362,520.65</b>	<b>1,102,910,059.05</b>
Inventories	6	7,977,674.34	6,285,032.06
Construction contracts	7	950,974,120.06	963,650,350.30
Trade and other receivables	8	45,217,565.97	72,920,668.58
Other financial assets	9	63,131,595.27	20,841,763.00
Cash and cash equivalents	10	8,975,513.10	23,369,456.66
Prepaid expenses		19,086,051.91	15,842,788.45
<b>Total assets</b>		<b>1,410,450,878.72</b>	<b>1,459,220,657.88</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>367,375,611.13</b>	<b>323,544,721.06</b>
Share capital		10,939,656.00	10,939,656.00
Revaluation reserve		7,471,818.19	7,471,818.19
Own shares		-4,429,867.11	-2,476,626.31
Other capital		586,502,062.09	484,243,271.26
Retained earnings		-278,892,188.52	-195,918,804.42
Net profit / loss		45,784,130.48	19,285,406.34
<b>LIABILITIES</b>		<b>1,043,075,267.60</b>	<b>1,135,675,936.82</b>
<b>Non-current liabilities</b>		<b>179,596,862.92</b>	<b>144,049,180.29</b>
Borrowings	11	100,600,850.04	64,696,438.04
Deferred income tax liabilities		10,298,903.13	9,093,239.32
Retirement benefit obligations		373,000.00	373,000.00
Provision for other liabilities and charges	12	1,879,626.48	2,224,864.00
Other liabilities	12	66,444,483.28	67,661,638.93
<b>Current liabilities</b>		<b>863,478,404.68</b>	<b>991,626,756.52</b>
Trade and other payables	13	120,823,679.87	160,004,152.12
Construction contracts	7	394,278,679.00	425,249,213.66
Borrowings	11	197,115,781.63	264,782,389.77
Provision for other liabilities and charges	12	20,644,855.21	18,963,434.38
Other liabilities	14	130,615,408.97	122,627,566.59
<b>Total equity and liabilities</b>		<b>1,410,450,878.73</b>	<b>1,459,220,657.88</b>

## 2. INCOME STATEMENT

	Note	1 January 2009 – 30 September 2009	1 January 2008 – 30 September 2008	1 July 2009 – 30 September 2009	1 July 2008 – 30 September 2008
<b>Revenues from sales:</b>	<b>15</b>	<b>337,141,383.00</b>	<b>255,993,202.05</b>	<b>121,558,644.37</b>	<b>55,603,240.38</b>
Net revenues from sales of products		331,591,227.83	239,923,678.67	121,747,423.86	50,031,645.81
Net revenues from sales of goods and materials		5,550,155.17	16,069,523.38	-188,779.49	5,571,594.57
<b>Costs of products:</b>	<b>16</b>	<b>250,892,726.08</b>	<b>199,415,975.38</b>	<b>87,783,457.09</b>	<b>43,543,517.62</b>
Costs of products sold		244,339,943.40	183,186,424.44	86,617,569.32	37,986,996.22
Value of goods and materials sold		6,552,782.68	16,229,550.94	1,165,887.77	5,556,521.40
<b>Gross profit (loss) on sales</b>		<b>86,248,656.92</b>	<b>56,577,226.67</b>	<b>33,775,187.28</b>	<b>12,059,722.76</b>
<b>Selling expenses</b>	<b>16</b>	<b>11,539,865.72</b>	<b>20,085,782.38</b>	<b>4,075,229.55</b>	<b>6,610,736.06</b>
<b>Overhead expenses</b>	<b>16</b>	<b>9,351,997.13</b>	<b>14,120,719.65</b>	<b>3,263,805.71</b>	<b>3,994,084.87</b>
<b>Revaluation of investment real estate</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit (loss) on sales</b>		<b>65,356,794.07</b>	<b>22,370,724.64</b>	<b>26,436,152.02</b>	<b>1,454,901.83</b>
Other operating income		2,388,253.03	3,651,841.68	784,765.07	574,553.23
Other operating expenses		2,985,872.43	4,674,399.98	426,231.82	473,115.58
<b>Operating profit (loss)</b>		<b>64,759,174.67</b>	<b>21,348,166.34</b>	<b>26,794,685.27</b>	<b>1,556,339.48</b>
Financial income		4,079,470.69	8,222,397.68	-1,377,644.81	3,813,257.54
Financial expenses		17,622,313.44	17,913,562.77	6,627,751.32	6,374,669.13
<b>Profit (loss) on ordinary activities</b>		<b>51,216,331.92</b>	<b>11,657,001.25</b>	<b>18,789,289.14</b>	<b>-1,005,072.11</b>
<b>Profit (loss) before tax</b>		<b>51,216,331.92</b>	<b>11,657,001.25</b>	<b>18,789,289.14</b>	<b>-1,005,072.11</b>
Income tax		5,432,201.44	2,227,629.18	-3,661.69	-272,048.71
<b>Net profit (loss)</b>		<b>45,784,130.48</b>	<b>9,429,372.07</b>	<b>18,792,950.83</b>	<b>-733,023.40</b>

<b>Other comprehensive income:</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Exchange gains (losses) on translation of foreign operations	0.00	0.00	0.00	0.00
Gains (losses) on business acquisitions	0.00	0.00	0.00	0.00
Gains (losses) on revaluation of tangible assets	0.00	0.00	0.00	0.00
Other comprehensive income	0.00	0.00	0.00	0.00
<b>Comprehensive income</b>	<b>45,784,130.48</b>	<b>9,429,372.07</b>	<b>18,792,950.83</b>	<b>-733,023.40</b>

### 3. CHANGES IN EQUITY

	Share capital	Own shares (negative value)	Revaluation reserve	Supplementary capital	Other reserve capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2008</b>	10,939,656.00	-2,476,626.31	7,471,818.19	478,511,684.07	5,731,587.19	0.00	-195,918,804.42	19,285,406.35	323,544,721.06
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 1 January 2009</b>	<b>10,939,656.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>478,511,684.07</b>	<b>5,731,587.19</b>	<b>0.00</b>	<b>-195,918,804.42</b>	<b>19,285,406.35</b>	<b>323,544,721.06</b>
Share issue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	-1,953,240.80	0.00	0.00	0.00	0.00	0.00	0.00	-1,953,240.80
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of property, plant and equipment, and investment real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions (separate jwch)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on first-time consolidation / exclusion from consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in the principles of accounting / presentation	0.00	0.00	0.00	-0.01	0.00	0.00	0.39	0.00	0.38
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amendments to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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<b>Total profit / (loss) recognised directly in equity</b>	<b>0.00</b>	<b>-1,953,240.80</b>	<b>0.00</b>	<b>-0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.39</b>	<b>0.00</b>	<b>-1,953,240.42</b>
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45,784,130.48	45,784,130.48
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>0.00</b>	<b>-1,953,240.80</b>	<b>0.00</b>	<b>-0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.39</b>	<b>45,784,130.48</b>	<b>43,830,890.06</b>
Increase / decrease from profit distribution	0.00	0.00	0.00	102,258,790.84	0.00	0.00	-82,973,384.49	-19,285,406.35	0.00
<b>As at 30 September 2009</b>	<b>10,939,656.00</b>	<b>-4,429,867.11</b>	<b>7,471,818.19</b>	<b>580,770,474.90</b>	<b>5,731,587.19</b>	<b>0.00</b>	<b>-278,892,188.52</b>	<b>45,784,130.48</b>	<b>367,375,611.12</b>

Summary consolidated financial statements  
 for the period of nine months ended on 30 September 2009

	Share capital	Own shares (negative value)	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2007</b>	10,939,656.00	0.00	0.00	359,500,344.45	5,344,776.65	0.00	-404,512.13	119,409,027.74	494,789,292.71
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	-0.01
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 1 January 2008</b>	<b>10,939,656.00</b>	<b>0.00</b>	<b>0.00</b>	<b>359,500,344.45</b>	<b>5,344,776.65</b>	<b>0.00</b>	<b>-404,512.14</b>	<b>119,409,027.74</b>	<b>494,789,292.70</b>
Share issue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	-2,476,626.31	0.00	0.00	0.00	0.00	0.00	0.00	-2,476,626.31
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of property, plant and equipment, and investment real estate	0.00	0.00	4,414,231.19	0.00	0.00	0.00	0.00	0.00	4,414,231.19
Gains / (losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions (separate jwch)	0.00	0.00	3,057,587.00	6,824.02	386,810.54	0.00	-201,043.98	0.00	3,250,177.58
Gains / (losses) on first-time consolidation / exclusion from consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in the principles of accounting / presentation	0.00	0.00	0.00	-0.01	0.00	0.00	-195,665,840.42	0.00	-195,665,840.43
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	-51,920.01	0.00	-51,920.01
Amendments to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total profit / (loss) recognised directly in</b>	<b>0.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>6,824.01</b>	<b>386,810.54</b>	<b>0.00</b>	<b>-195,918,804.41</b>	<b>0.00</b>	<b>-190,529,977.98</b>

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<b>equity</b>									
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,285,406.34	19,285,406.34
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>0.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>6,824.01</b>	<b>386,810.54</b>	<b>0.00</b>	<b>-195,918,804.41</b>	<b>19,285,406.34</b>	<b>-171,244,571.64</b>
Increase / decrease from profit distribution	0.00	0.00	0.00	119,004,515.61	0.00	0.00	404,512.13	-119,409,027.74	0.00
<b>As at 31 December 2009</b>	<b>10,939,656.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>478,511,684.07</b>	<b>5,731,587.19</b>	<b>0.00</b>	<b>-195,918,804.42</b>	<b>19,285,406.34</b>	<b>323,544,721.06</b>

#### 4. CASH FLOW

Operating cash flow – two-step method	1 January 2009 – 30 September 2009	1 January 2008 – 30 September 2008
<b>Net profit (loss)</b>	<b>45,784,130.48</b>	<b>9,429,372.07</b>
<b>Total adjustments, of which:</b>	<b>21,923,876.11</b>	<b>-35,493,066.82</b>
Depreciation and amortisation	5,881,167.39	7,706,952.51
(Profit) loss due to foreign exchange	39,151.78	0.00
(Profit) loss on investment activity	945,986.09	0.00
Interest and dividends	13,975,268.16	-11,794,748.65
Changes in provisions and accruals	946,540.20	-31,095,359.18
Changes in investment real estate	-57,097.77	-59,289.99
Other adjustments:	192,860.26	-250,621.51
- other adjustments	192,860.26	-250,621.51
<b>Changes in working capital</b>	<b>-15,598,751.79</b>	<b>-158,586,885.98</b>
Changes in inventories	-2,873,019.33	12,391,644.33
Changes in construction contracts	-2,220,256.68	-198,454,192.82
Changes in receivables	27,035,920.46	66,746,736.96
Changes in current liabilities, except for borrowings	-37,577,396.24	-39,271,074.45
<b>Operating cash flow</b>	<b>52,109,254.79</b>	<b>-184,650,580.73</b>
<b>Investment cash flow</b>		
Disposal of tangible and intangible assets and other non-current assets	<b>3,000,000.00</b>	821,035.04
Purchase of tangible and intangible assets and other non-current assets	-7,988,630.23	-3,347,424.99
Expenses related to assets on sale	0.00	0.00
Purchase of equity instruments and debt instruments	-100,000.00	-176,000,000.00
Disposal of equity instruments and debt instruments	0.00	236,000,000.00
Loans granted	-570,200.00	-37,082,584.28
Loans repaid	200,000.00	4,784,978.24
Other purchase of financial assets	0.00	-200,000.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	990,000.00
Interest received	86,714.15	0.00
Disposal of subsidiaries	1.00	0.00
Acquisition of subsidiaries	-350,000.00	0.00
<b>Net investment cash flow</b>	<b>-5,722,115.08</b>	<b>25,966,004.01</b>
<b>Financing cash flow</b>		
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00	0.00
Purchase of own shares or repayment of shares	-1,953,240.80	0.00
Borrowings	392,288,804.05	370,092,427.59
Borrowings repaid	-423,320,597.24	-235,014,271.51
Debt securities issued	0.00	313,800,000.00
Debt securities redeemed	-71,000,000.00	-310,225,593.70
Payments under financial lease agreements	-7,895,062.86	-12,313,952.41
Dividends and other shared profits	0.00	0.00
Interest paid	-26,933,118.27	-12,896,051.66
Other financial proceeds (including notes)	88,234,000.00	12,748,794.77
Other financial expenditures (including payment of notes)	-10,201,868.15	0.00
<b>Net financing cash flow</b>	<b>-60,781,083.27</b>	<b>126,191,353.08</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>-14,393,943.56</b>	<b>-32,493,223.64</b>
Cash and cash equivalents at the beginning of the year	23,369,456.66	51,866,374.15
- foreign exchange gains/(losses) on cash		
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>8,975,513.10</b>	<b>19,373,150.52</b>

**F. NOTES TO THE FINANCIAL STATEMENTS OF THE ISSUER**
**1. NON-CURRENT ASSETS**
**Note 1. Intangible assets**

<b>INTANGIBLE ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) research and development	0.00	0.00
b) goodwill on consolidation	3,047,895.06	3,047,895.06
c) other intangible assets	7,069,109.44	7,939,486.53
d) advances on intangible assets	0.00	0.00
<b>Total intangible assets</b>	<b>10,117,004.50</b>	<b>10,987,381.59</b>

**Note 2. Tangible assets**

<b>TANGIBLE ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) property, plant and equipment, of which:	113,304,426.35	120,582,549.74
- land (including right of perpetual usufruct)	21,325,367.03	21,444,367.03
- buildings and structures	81,837,389.04	86,807,843.71
- plant and machinery	3,956,883.56	4,506,881.31
- motor vehicles	5,914,350.14	7,544,069.40
- other property, plant and equipment	270,436.58	279,388.29
b) constructions in progress	62,516,475.85	54,795,709.48
c) advances on constructions in progress	0.00	0.00
<b>Total tangible assets</b>	<b>175,820,902.20</b>	<b>175,378,259.22</b>

**Note 3. Investment real estate**

<b>Other long-term investments</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) investment real estate	8,399,964.35	8,342,866.58
b) other	0.00	0.00
<b>Total other long-term investments</b>	<b>8,399,964.35</b>	<b>8,342,866.58</b>

**Note 4. Other financial assets**

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) shares	99,070,487.88	99,095,487.88
b) loans granted	0.00	40,134,994.61
c) other long-term investments	0.00	0.00
<b>Total long-term financial assets</b>	<b>99,070,487.88</b>	<b>139,230,482.49</b>

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) in subsidiaries	98,860,937.88	139,229,482.49
- shares	98,860,937.88	99,094,487.88
- other securities	0.00	0.00
- loans granted	0.00	40,134,994.61
- other long-term financial assets	0.00	0.00
b) in other parties	209,550.00	1,000.00
- shares	209,550.00	1,000.00
- other securities	0.00	0.00
- loans granted	0.00	0.00
- other long-term financial assets	0.00	0.00
c) other long-term investments	0.00	0.00
<b>Total long-term financial assets</b>	<b>99,070,487.88</b>	<b>139,230,482.49</b>



**Note 5. Trade and other receivables**

<b>NON-CURRENT RECEIVABLES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) security deposits receivables	0.00	0.00
b) guarantee deposits (leasing) receivables	13,788,275.17	13,121,093.02
c) other receivables	0.00	0.00
<b>Total receivables</b>	<b>13,788,275.17</b>	<b>13,121,093.02</b>

**2. CURRENT ASSETS**

**Note 6. Inventories**

<b>INVENTORIES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) materials	1,572,138.00	2,761,927.24
b) semi-finished products and work in progress	0.00	0.00
c) finished products	4,062.48	24,473.39
d) goods	6,236,133.53	3,335,331.02
e) trade advances	165,340.33	163,300.41
<b>Total inventories</b>	<b>7,977,674.34</b>	<b>6,285,032.06</b>

**Note 7. Construction contracts**

<b>CONSTRUCTION CONTRACTS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) semi-finished products and work in progress	571,272,791.16	848,824,987.01
b) finished products	377,911,018.47	106,868,712.92
c) trade advances	1,473,065.31	7,651,377.33
d) short-term accruals	317,245.12	305,273.04
<b>Total construction contracts</b>	<b>950,974,120.06</b>	<b>963,650,350.30</b>

<b>CONSTRUCTION CONTRACTS (current liabilities)</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) accruals	394,278,679.00	425,249,213.66
<b>Total construction contracts</b>	<b>394,278,679.00</b>	<b>425,249,213.66</b>

**Note 8. Current receivables**

<b>CURRENT RECEIVABLES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) trade receivables – related parties	20,279,758.30	27,150,921.69
b) trade receivables – other parties	18,689,234.33	20,973,819.67
c) taxes, subsidies, customs duties, social and health insurance and other payments	4,068,691.72	24,453,733.79
d) other	2,179,881.62	342,193.43
<b>Total receivables</b>	<b>45,217,565.97</b>	<b>72,920,668.58</b>

**Note 9. Other financial assets**

<b>SHORT-TERM INVESTMENTS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) shares	0.00	0.00
b) loans granted	63,023,991.10	20,841,763.00
c) other securities	107,604.17	0.00
d) other short-term investments	0.00	0.00
<b>Total short-term investments</b>	<b>63,131,595.27</b>	<b>20,841,763.00</b>

<b>SHORT-TERM INVESTMENTS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) in subsidiaries	60,637,512.71	18,110,219.20
- shares	0.00	0.00
- other securities	0.00	0.00

- loans granted	60,637,512.71	18,110,219.20
- other short-term financial assets	0.00	0.00
b) in other parties	2,494,082.56	2,731,543.80
- shares	0.00	0.00
- other securities	107,604.17	0.00
- loans granted	2,386,478.39	2,731,543.80
- other short-term financial assets	0.00	0.00
<b>Total short-term investments</b>	<b>63,131,595.27</b>	<b>20,841,763.00</b>

**Note 10. Cash and cash equivalents**

<b>CASH AND CASH EQUIVALENTS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) cash on hand and with bank	8,798,792.31	11,124,231.86
b) other cash	124,866.53	12,197,939.20
c) other cash equivalents	51,854.26	47,285.60
<b>Total cash</b>	<b>8,975,513.10</b>	<b>23,369,456.66</b>

**3. LIABILITIES**
**Note 11. Borrowings**

<b>BORROWINGS</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) loans	297,678,010.54	329,209,868.28
<i>of which: long-term</i>	<i>100,600,850.04</i>	<i>64,696,438.04</i>
<i>short-term</i>	<i>197,077,160.50</i>	<i>264,513,430.24</i>
b) cash loans	38,621.13	268,959.53
<i>of which: long-term</i>	<i>0.00</i>	<i>0.00</i>
<i>short-term</i>	<i>38,621.13</i>	<i>268,959.53</i>
<b>Total borrowings</b>	<b>297,716,631.67</b>	<b>329,478,827.81</b>
<b>Borrowings – long-term</b>	<b>100,600,850.04</b>	<b>64,696,438.04</b>
<b>Borrowings – short-term</b>	<b>197,115,781.63</b>	<b>264,782,389.77</b>

<b>LOANS PER MATURITY</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
Up to 1 year	197,077,160.50	264,513,430.24
Over 1 year up to 2 years	100,278,350.04	64,180,438.04
Over 2 years up to 5 years	322,500.00	516,000.00
Over 5 years	0.00	0.00
<b>Total loans, of which:</b>	<b>297,678,010.54</b>	<b>329,209,868.28</b>
- long-term	100,600,850.04	64,696,438.04
- short-term	197,077,160.50	264,513,430.24

<b>CASH LOANS PER MATURITY</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
Up to 1 year	38,621.13	268,959.53
Over 1 year up to 2 years	0.00	0.00
Over 2 years up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
<b>Total loans, of which:</b>	<b>38,621.13</b>	<b>268,959.53</b>
- long-term	0.00	0.00
- short-term	38,621.13	268,959.53

**Note 12. Other non-current liabilities**

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) lease liabilities	53,132,129.46	62,092,928.08

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b) security deposits liabilities	5,608,174.01	5,568,710.85
c) other non-current liabilities	4,032,323.34	0.00
d) note liabilities – related parties	3,671,856.47	0.00
<b>Total other liabilities</b>	<b>66,444,483.28</b>	<b>67,661,638.93</b>

<b>PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
<b>a) short-term, of which:</b>	<b>20,644,855.21</b>	<b>18,963,434.38</b>
- accrued expenses, including:	18,679,532.70	16,998,111.87
- <i>provision for guarantee repairs</i>	9,766,400.12	9,766,400.12
- <i>other</i>	8,913,132.58	7,231,711.75
- other provisions, including:	1,965,322.51	1,965,322.51
- <i>provisions for future liabilities</i>	1,000,000.00	1,000,000.00
- <i>other provisions</i>	965,322.51	965,322.51
<b>b) long-term, of which:</b>	<b>1,879,626.48</b>	<b>2,224,864.00</b>
- accrued expenses, including:	1,879,626.48	2,224,864.00
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	1,879,626.48	2,224,864.00
<b>Total provisions for other liabilities and charges</b>	<b>22,524,481.69</b>	<b>21,188,298.38</b>

**Note 13. Trade and other payables**

<b>TRADE AND OTHER PAYABLES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) trade payables – other parties	18,473,311.22	26,493,025.16
b) trade payables – related parties	55,670,308.92	93,875,314.71
c) taxes, customs duties, insurance and other payments	4,071,746.79	3,979,808.92
d) salaries	954,378.44	1,185,407.82
e) trade advances received	0.00	52,934.71
f) cash loans received – related parties	19,944,221.84	19,029,906.11
f) note liabilities – related parties	13,959,117.83	11,455,637.35
f) other	7,750,594.82	3,932,117.34
<b>Total trade and other payables</b>	<b>120,823,679.86</b>	<b>160,004,152.12</b>

**Note 14. Other liabilities**

<b>OTHER LIABILITIES</b>	<b>30 September 2009</b>	<b>31 December 2008</b>
a) issue of debt securities	0.00	71,000,000.00
b) note liabilities	119,825,106.51	41,987,272.85
c) lease liabilities	10,790,302.46	9,640,293.74
d) other financial liabilities	0.00	0.00
<b>Total other liabilities</b>	<b>130,615,408.97</b>	<b>122,627,566.59</b>

#### 4. OPERATING INCOME AND EXPENSES

##### Note 15. Operating income

OPERATING INCOME	1 January 2009 – 30 September 2009	1 January 2008 – 30 September 2008	1 July 2009 – 30 September 2009	1 July 2008 – 30 September 2008
Revenues from sales of products	306,791,439.86	216,900,274.74	113,163,271.02	41,246,696.64
Revenues from sales of services	24,799,787.97	23,023,403.93	8,584,152.84	8,784,949.17
Revenues from sales of goods	5,550,155.17	16,069,523.38	-188,779.49	5,571,594.57
<b>Total income</b>	<b>337,141,383.00</b>	<b>255,993,202.05</b>	<b>121,558,644.37</b>	<b>55,603,240.38</b>

##### Note 16. Operating expenses

OPERATING EXPENSES	1 January 2009 – 30 September 2009	1 January 2008 – 30 September 2008	1 July 2009 – 30 September 2009	1 July 2008 – 30 September 2008
Costs on sale of products	224,016,563.07	153,811,243.86	79,874,641.77	30,427,259.24
Costs on sale of services	20,323,380.33	29,375,180.58	6,742,927.55	7,559,736.98
Costs on sale of goods	6,552,782.68	16,229,550.94	1,165,887.77	5,556,521.40
<b>Total costs of products, services and goods sold</b>	<b>250,892,726.08</b>	<b>199,415,975.38</b>	<b>87,783,457.09</b>	<b>43,543,517.62</b>

Selling and overhead expenses	1 January 2009 – 30 September 2009	1 January 2008 – 30 September 2008	1 July 2009 – 30 September 2009	1 July 2008 – 30 September 2008
Selling expenses	11,539,865.72	20,085,782.38	4,075,229.55	6,610,736.06
Overhead expenses	9,351,997.13	14,120,719.65	3,263,805.71	3,994,084.87
<b>Total selling and overhead expenses</b>	<b>20,891,862.85</b>	<b>34,206,502.03</b>	<b>7,339,035.26</b>	<b>10,604,820.93</b>

Expenses by nature	1 January 2009 – 30 September 2009	1 January 2008 – 30 September 2008	1 July 2009 – 30 September 2009	1 July 2008 – 30 September 2008
Depreciation and amortisation	5,899,735.39	7,879,832.46	1,932,399.34	1,908,663.79
Materials and power	13,562,466.03	62,642,861.35	476,399.90	3,295,470.76
Outsourcing	176,347,033.86	300,845,415.16	52,820,717.66	119,089,554.93
Fees and taxes	4,105,727.79	4,577,699.63	1,650,422.24	1,112,334.83
Salaries	13,689,412.77	27,329,368.96	4,543,553.26	5,312,393.64
Social insurance and other payments	2,500,823.65	4,826,644.82	713,589.91	848,601.92
Other expenses by nature	8,633,847.95	15,419,396.50	3,816,781.37	7,781,527.18
<b>Total expenses by nature</b>	<b>224,748,047.44</b>	<b>423,521,218.88</b>	<b>65,953,863.68</b>	<b>139,348,547.05</b>

  
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Signature of the preparer of the Financial Statements

Irina Łopuszyńska Chief Accountant	Signature:
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Signatures of Members of the Management Board

Barbara Czyż Vice-President of the Management Board	Signature:
Robert Wójcik Vice-President of the Management Board	Signature:
Grażyna Szafarowska Member of the Management Board	Signature:
Wojciech Rajchert Member of the Management Board	Signature:
Tomasz Panabażys Member of the Management Board	Signature:
Piotr Ciszewski Member of the Management Board	Signature:

Ząbki, 9 November 2009