



**Consolidated
Financial Statements**

**for the period from 01 January 2013
to 31 December 2013.**

Prepared in accordance with International
Financial Reporting Standards



Ząbki, 19 March 2014.

A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENT

1. GENERAL INFORMATION ABOUT THE PARENT COMPANY

J.W. Construction Holding S.A. ("JWCH"), a joint-stock company domiciled in Żąbki 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 properties for the Company's own account. The subject of the Company's activity is also the implementation of the building, designing and supportive production, as well as trade in real estate and hotel services.

As at 31 December 2013 the lifetime of the Company was unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

Basic information about the Group comprising the holding entity and the subsidiaries of the holding entity covered in the consolidated financial statement

The Group's structure and the holding entity's share in the share capital of subjects belonging to the Group as at 31 December 2013 are presented in the table below:

Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Method of consolidation
Subsidiaries:				
Lokum Sp. z oo	Poland	100.00%	100.00%	full consolidation
Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
J.W. Construction Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
Porta Transport Sp. z o.o. in liquidation	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o. 1 SKA	Poland	100.00%	100.00%	full consolidation
JW Group Sp. z o.o. 2 SKA	Poland	100.00%	100.00%	full consolidation
JW. Marka Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.)	Russia	70.00%	70.00%	full consolidation
Seahouse Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
J.W. 6 Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Business Financial Construction Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
Nowe Tysiąclecie Sp. z o.o.	Poland	100.00%	100.00%	full consolidation

The core business of the Group's companies is:

- Lokum Sp. z o.o. - Development and sale of own properties for its own account
- JW Group Sp. z o.o. 1 SKA - Development and sale of own properties for its own account
- JW Group Sp. z o.o. 2 SKA - Development and sale of own properties for its own account
- JW Group Sp. z o.o. - Development and sale of own properties for its own account
- JW. Marka Sp. z o.o. - marketing activities,
- Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. - sale and administration of social building estates,
- Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.) - Development and sale of properties for its own account
- Porta Transport Sp. z o.o. - transport services,
- J.W. Construction Sp. z o.o. prefabricated units production for the building industry

- Seahouse Sp. z o.o. - Development and sale of own properties for its own account
- Nowe Tysiąclecie Sp. z o.o. - Development and sale of own properties for its own account
- J.W. 6 Sp. z o.o. - Development and sale of properties for its own account
- Business Financial Construction Sp. z o.o.- commercial and marketing activities.

All Group companies operate in the territory of Poland, except for Yakor House Sp. z o.o, concentrate 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 2012-2013 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 controlled by the holding entity of the subsidiaries.

In the years 2012-2013 the parent company excluded the following subsidiaries from the obligatory consolidation:

In 2012:

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

In 2013:

- J.W. Construction Bułgaria Sp. z o.o.-100%
- Dana Invest Sp. z o.o. -100%

The legal basis for the applied exclusion of companies from the consolidated financial statements were the conceptual framework of the International Financial Reporting Standards relating to restrictions on the usefulness and reliability of the information. Under these assumptions the benefits received by the acquired information must exceed the costs of providing them. It was found that the cost of obtaining information on non-consolidated subsidiaries, and their inclusion in the cost of consolidation outweigh the benefits achieved in this respect. Furthermore, when making the exclusion of subordinated companies from consolidation, the driven fact was that they were not essential for a true and fair presentation of the financial position and results of the Capital Group.

Going concern basis and comparability of financial statements

The Capital Group of J.W. Construction Holding S.A assumes a going concern assumption and comparability of financial statements. 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 presented in the consolidated financial statements are comparable.

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.

The results of applying new standards of accounting and changes to the accounting policy

The principles (policy) of accounting that were used for preparation of this financial statements for the financial year ended on 31 December 2013 are consistent with those used for preparation of the financial statements for the financial year ended on 31 December 2012, with the exception of changes described below. The Company applied the same principles for the current and comparable period unless the standard or interpretation assumed only a prospective application.

Changes resulting from changes to IFRS

The following new or revised standards or interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee are applied from 01 January 2013:

- IFRS 13 Fair Value Measurement

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- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 1 Presentation of Statement of Other Comprehensive Income
- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
- Interpretation IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2009-2011)
- Amendments to IFRS 1

Their adaptation did not affect the results of the Group's activity and financial situation, but resulted only in changes of applied accounting policy or eventually in expanding of the scope of required disclosures or terminology used.

The main consequences of the application of new regulations:

- IFRS 13 Fair Value Measurement

The new standard was published on 12 May 2011 and the assumption of it is to facilitate the use of fair value by reducing the complexity of the solutions and to increase consistency in applying the principles of fair value measurements. The standard clearly defines the objective of such a valuation, and clarifies the definition of fair value.

Application of the revised standards does not have any significant impact on the financial statements of the Group.

- Amendments to IAS 19 Employee Benefits

Amendments to IAS 19 were published on 16 June 2011 and they apply to annual periods beginning on 1 January 2013 or thereafter. The amendments eliminate potential delay in recognising profits and losses known as the "corridor method". Moreover, they improve presentation of changes in the balance sheet following from employee benefit schemes and of mandatory estimates presented in the statement of other comprehensive income as well as broaden the scope of required disclosures related thereto.

Application of the revised standards does not have any significant impact on the financial statements of the Group.

- Amendments to IAS 1 Presentation of Statement of Other Comprehensive Income

Amendments to IAS 1 were published on 16 June 2011 and they apply to annual periods beginning on 01 July 2012 or thereafter. The amendments concern grouping of items of the statement of other comprehensive income that may be transferred to the profit and loss statement. Moreover, the amendments confirm the possibility to present items of the statement of other comprehensive income and items of the profit and loss statement as one statement or two separate statements.

Application of the revised standards does not have any significant impact on the financial statements of the Group.

- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7 were published on 16 December 2011 and are applicable to annual periods beginning on 01 January 2013 or thereafter. Without changing the general principles regarding the offsetting of financial assets and liabilities, the amendment extended the scope of disclosures relating to the offset amounts. The requirement of broader (more transparent) disclosures with respect to the management of credit risk using received or transferred collaterals (pledges) was introduced.

Application of the revised standards does not have any significant impact on the financial statements of the Group.

- Interpretation IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Interpretation IFRIC 20 was issued on 19 October 2011 and it applies to annual periods beginning on 1 January 2013 or thereafter. The interpretation provides guidelines regarding the recognition of costs relating to the removal of surface layers of ground in order to access mined resources in surface mines.

Application of the revised standards does not have any impact on the financial statements of the Group.

- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2009-2011)

On 17 May 2012, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in June 2011. They are applicable to annual periods beginning on or after 01 January 2013 (depending on a standard).

The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2013, unless their different date of entry into force is provided.

Application of the revised standards will have no significant impact on the financial statements of the Group.

- Amendments to IFRS 1

The amendments to IFRS 1 were published on 13 March 2012 and are applicable to annual periods beginning on 01 January 2013 or thereafter. The aim of amendments is to enable the release of entities applying IFRS for the first time from full retrospective application of all IFRS in case, where such individuals benefit from government loans with interest below market rates.

Application of the revised standards does not have any impact on the financial statements of the Group.

In addition, the Group in these financial statements for the first time applied the following standards or amendments, following the dates of entry into force set by the European Commission, which differed from those required by the International Financial Reporting Standards Committee.

- Amendments to IFRS 1 Severe hyperinflation and removal of fixed dates

The amendments to IFRS 1 were published on 20 December 2010 and are applicable to annual periods beginning on 01 July 2011 or thereafter. The changes relate to the constant reference to the date "1 January 2004" as the date of application of IFRS for the first time and change it to "the date of adoption of IFRS for the first time" in order to eliminate the need for conversion transactions that occurred before the date of transition to IFRS by the entity. In addition, some guidelines for re-use of IFRS in the periods that follow periods of significant hyperinflation, preventing full compliance with IFRS, are added to the standard.

The amended IFRS 1 had no impact on the financial statements of the Group.

- Amendments to IAS 12 Deferred tax: *Recovery of Underlying Assets as a basis for its determination.*

The amendment to IAS 12 was published on 20 December 2010 and is applicable to annual periods beginning on or after 01 January 2012. The change clarifies, among others, a valuation method of assets and provisions for deferred tax in the case of investment properties valued in accordance with the fair value model which is specified in IAS 40 Investment Property. Entry into force of the revised standard will also withdraw SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets

The amended IAS 12 had no impact on the financial statements of the Group.

Changes made by the Group itself

The Group did not made a correction of presentation of comparable data for the year ended on 31 December 2013.

Not effective standards (New standards and interpretations)

In this financial statement, the Group did not decide of an earlier use of published standards or interpretations before their effective date.

The following standards and interpretations were issued by the IFRS Interpretations Committee and IFRIC and not yet entered into force on the balance sheet date:

- IFRS 9 Financial Instruments

The new standard was published on 12 November 2009 and is the first step of IASB to replace IAS 39 Financial Instruments: Recognition and Measurement. Following the publication, a new standard was subject to further works and was partially modified. The new standard will enter into force from 01 January 2015.

The Group will apply the new standard from January 1, 2015

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 10 Consolidated Financial Statements

The new standard was published on 12 May 2011 and it is supposed to replace the SIC 12 Consolidation – Special Purpose Entities and some of the provisions of IAS 27 Consolidated and Separate Financial Statements. The standard defines the concept of control as a factor in determining whether an entity should be included in the consolidated financial statements and provides guidance to help determine whether an entity has control or not.

The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.

At the date of preparation of these financial statements due to changes in the definition of control, the implementation of IFRS 10 may affect the Company's consolidated financial statements, however, at the reporting date is not possible to reliably estimate the impact on the financial statements.

- IFRS 11 Joint Arrangements

The new standard was published on 12 May 2011 and it is supposed to replace the SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers and IAS 31 Interests in Joint Ventures. The standard emphasizes the rights and obligations arising from the common agreements, regardless of its legal form and eliminates the inconsistencies in reporting by defining the method to account for interests in jointly controlled entities.

The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 12 Disclosure of Interests in Other Entities

The new standard was published on 12 May 2011 and includes requirements for disclosure of information on the relationship between entities.

The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IAS 27 Consolidated and Separate Financial Statements

The new standard was published on May 12, 2011, and it mainly results from the transfer of certain provisions of the existing IAS 27 to the new IFRS 10 and IFRS 11. The standard contains requirements for the presentation and disclosures in the separate financial statements of the investments in associates, subsidiaries or joint ventures. The standard will replace the previous IAS 27 Consolidated and Separate Financial Statements

The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IAS 28 — Investments in Associates and Joint Ventures

The new standard was published on May 12, 2011, and addresses the accounting for investments in associates. It also specifies requirements for the application of equity method in associates and joint ventures. The standard will replace the previous IAS 28 Investments in Associates

The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

Amendments to IAS 32 were published on 16 December 2011 and they apply to annual periods beginning on 1 January 2014 or thereafter. These amendments were introduced in response to existing incoherence regarding the application of offsetting criteria in IAS 32.

The Group will apply the amended IAS from January 1, 2014.

As of the date of preparing these Financial Statements, it is not possible to assess reasonably the impact of applying the amended standard.

- *Guidelines on the transitional rules (Amendments to IFRS 10, IFRS 11 and IFRS 12)*

Guidelines were published on 28 June 2012 and contain additional information regarding the application of IFRS 10, IFRS 11 and IFRS 12, including the presentation of comparative data for the first application of the above mentioned standards.

The Group will apply the amendments from January 1, 2014.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

- *Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

Guidelines were published on 31 October 2012 and contain another principles regarding the application of IFRS 10, IFRS 12 concerning entities, which meet the definition of investment funds.

The Group will apply the amendments from January 1, 2014.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

- *Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets*

The amendments were published on 29 May 2013 and are applicable to annual periods beginning on 01 January 2014 or thereafter. The changes result in a modification of the scope of disclosure in relation to the impairment of non-financial assets, as they require disclosure of the recoverable amount of assets (cash-generating unit) only in periods in which an impairment of assets or reversal in relation to the asset (or unit) was disclosed. In addition, the revised standard shows that broader and more precise scope of disclosure in the case of determining the recoverable amount as fair value diminished by the sale costs will be required, and in the case of a determination of fair value diminished by sale costs with the use of a technique for determining the present value (discounted cash flows) it will be required to provide information about the applied discount rate (in the case of recognition of impairment or its reversal).

The amendments also adjust the scope of disclosures relating to the recoverable amount, regardless of whether it has been determined as the use value and fair value diminished by the sale costs.

The Group will apply the amendments from January 1, 2014.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

- *Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*

The amendments were published on 27 June 2013 and are applicable to annual periods beginning on 01 January 2014 or thereafter. The amendments allow the continuation of the use of hedge accounting (under certain conditions), when the derivative hedging instrument is renewed as a result of legal regulations, and in a result of the change there is a change of clearing institution. The amendments to IAS 39 are the result of legal changes in many countries, which resulted in the compulsory settlement of existing OTC derivatives and their renewal through an agreement with the central clearing institution.

The Group will apply the amendments from January 1, 2014.

At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

- *The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2010-2012)*

On 12 December 2013, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in May 2012. They are applicable to annual periods beginning on or after 01 July 2014.

The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2015, unless their different date of entry into force is provided.

Application of the revised standards will have no significant impact on the financial statements of the Group.

- *The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2011-2013)*

On 12 December 2013, subsequent amendments to four standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in June 2012. They are applicable to annual periods beginning on or after 01 July 2014.

The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2015, unless their different date of entry into force is provided.

Application of the revised standards will have no significant impact on the financial statements of the Group.

- *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

The amendment was published on 21 November 2013 and is applicable to annual periods beginning on or after 01 July 2014. The amendments clarify and, in some cases, simplify the accounting policies for employee contributions (or other third parties) contributed to defined benefit plans.

The Group will apply the amended standard in the scope of performed changes from 1 January 2015.

Application of the revised standard will have no significant impact on the financial statements of the Group.

- *MSSF 14 Regulatory Deferral Accounts*

The revised standard was published on 30 January 2014 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on 01 January 2016 or after. The new standard is temporary due to the ongoing works of the IASB on the regulation of transactions accounting in terms of price regulation. Standard. The standard introduces principles for recognizing assets and liabilities arising from the connection with transactions of regulated prices when the entity decides to shift to IFRS.

The Group will apply the new standard from January 1, 2016.

Application of the revised standards will have no impact on the financial statements of the Group.

- IFRIC Interpretation 21: Levies

The new interpretation was issued on 20 May 2013 and is applicable to annual periods beginning on or after 01 January 2014. The interpretation provides the guidance regarding in what periods the obligation to pay certain levies shall be recognized.

The Group will apply the new interpretation from 01 January 2014.

At the date of preparation of these financial statements, it is not expected that a new interpretation will influence on the financial statements of the Group.

The IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments thereto which had not been approved by the EU as at the date of approving these Financial Statements.

- IFRS 9 Financial Instruments published on 12 November 2009 (as amended),
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions issued on 21 November 2013.
- MSSF 14 *Regulatory Deferral Accounts* issued on 30 January 2014,
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2010-2012) published on 12 December 2013;
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2011-2013) published on 12 December 2012;
- IFRIC Interpretation 21 Levies was issued on 20 May 2013.

Policy of accounting

Intangible assets

Intangible assets are priced at cost and include proprietary rights such as: concessions, patents, licenses, 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 which may occur 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 as follows: Tangible assets are depreciated with the straight-line method for the period of their useful life as follows:

- Buildings and structures: the depreciation rates from 1.25% - 4,5%
- Machinery and equipment: 6% - 30%
- Means of transport: 12.5% - 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.

Fixed small assets with a value below PLN 3,500,00 are amortized once on the date of purchase. In case of fixed assets, which permanently lost their economic usefulness, unplanned depreciation charge included in other operating costs is made.

The Company verified the value of their assets. Fixed assets that are disclosed in the financial statements do not differ from 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 realizable 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 including transaction expenses.

After initial recognition, an entity using a model of fair value measurement, measures at the fair value all investment properties and investment properties under construction, with the exception of cases where an entity can not reliably determine the fair value of investment properties. The gain or loss arising from changes in fair value of investment property affects net profit or net loss for the period in which the change occurred.

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 a component of assets and liabilities:

- in the amount equal to the market value of the leased asset,
- the present (discounted) value of lease payments, depending on which amount is lower.

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 components of the completed projects (residential homes, multifamily housing), such as apartments, commercial spaces, basements, garage and parking places. Finished products are 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 realizable 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. The depletion of finished products is performed through detailed identification of particular items.

Work in progress covers expenditures made on building housing estates and costs connected with auxiliary production. Auxiliary 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".

Borrowing Costs

Costs of borrowings comprise interest, exchange losses and other financial expenses incurred by the company due to borrowings. The Company defers 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 recognized 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 of 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,
- provision for retirement benefits,
- deferred income tax liabilities.

Long-term developer contracts

The core business of the Issuer Group is the realization of development contracts. The core business of the 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. From 1 January 2009, the Group recognizes revenues and expenses regarding the developer contracts in accordance with the IFRIC 15 interpretation : " Agreements for the construction of real estate", published in July 2008. This interpretation concerns the moment of recognition of revenue from sales of property.

From 2009, the Group recognizes revenues from developer contracts – sale of immovable property to the purchaser upon the transfer of control and significant risk of ownership. Transfer of control and significant risk of ownership take place the latest on the date of concluding the contract in a form of a notarial deed.

The Group changed the accounting policy for the moment of transferring the control and significant risks to the Buyer. After the amendment, the Group using the interpretation of IFRIC 15 recognizes revenue from the sale of the property after meeting the following conditions:

- date of completion:
- receiving property transfer protocol.

Long-term developer contracts

As a provider of construction services, the Group of Issuer 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,
- measurement of works 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 profit and loss account.

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 in the amount due.

Accrued expenses

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

Revenues

The Group of Issuers recognise 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 the 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 in the burden of financial expenses.

Extraordinary profits and losses present financial results of events that come into existence outside the main business 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 trading year.



Consolidated Financial Statements
for the period from 01 January 2013 to 31 December 2013

B. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS	Note	31-12-2013	31-12-2012
NON-CURRENT ASSETS		885,361,987.57	909,476,895.11
Intangible assets	1	14,885,329.57	15,912,158.66
Tangible assets	2	412,419,885.53	446,767,763.09
Investment real estate	4	427,787,324.54	376,747,529.48
Other financial assets	5	717,621.46	25,734,127.57
Deferred income tax assets	15	28,088,329.53	26,095,290.19
Trade and other receivables	6	1,463,496.93	18,220,026.11
CURRENT ASSETS		522,145,025.35	646,630,578.16
Inventories	7	32,041,469.79	31,546,326.84
Construction contracts	7	363,364,089.35	512,719,925.18
Trade and other receivables	8	63,410,122.10	57,525,716.18
Other financial assets	9	35,980,677.19	14,680,190.04
Cash and cash equivalents	10	15,818,508.58	16,729,078.51
Accruals	11	11,530,158.33	13,429,341.41
Total Assets		1,407,507,012.92	1,556,107,473.27
EQUITY AND LIABILITIES			
EQUITY		513,374,216.23	503,256,055.60
Share capital	12	10,814,656.00	10,814,656.00
Revaluation capital		7,490,208.19	7,490,208.19
Other capital	13	496,930,783.02	507,785,569.32
Retained earnings		-13,305,438.50	-32,387,426.13
Net profit / loss		11,444,007.52	9,553,048.22
LIABILITIES		894,132,796.69	1,052,851,417.67
Non-current liabilities		589,186,336.69	660,267,786.85
Borrowings	14	189,181,456.93	240,457,011.34
Deferred income tax liabilities	15	22,792,392.42	20,241,725.04
Retirement benefit obligations	16	161,777.01	455,276.52
Provision for other liabilities and charges	17	55,248,994.91	56,005,157.45
Other liabilities	18	321,801,715.42	343,108,616.49
Current liabilities		304,946,460.00	392,583,630.82
Trade and other payables	19	85,997,568.21	109,621,917.74
Construction contracts	7	25,115,826.84	83,810,988.62
Borrowings	14	143,269,544.92	148,405,991.48
Provision for other liabilities and charges	17	16,818,245.53	16,003,544.37
Other liabilities	19	33,745,274.50	34,741,188.61
Total Equity and Liabilities		1,407,507,012.92	1,556,107,473.27

Consolidated Financial Statements
for the period from 01 January 2013 to 31 December 2013

Consolidated income statement

	Note	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2012
Net revenues from sales of products, goods and materials, of which:	24	327,532,948.73	355,559,180.73
Net revenues from sales of products		325,291,981.96	352,690,620.12
Net revenues from sales of goods and materials		2,240,966.77	2,868,560.61
Costs of products, goods and materials sold, of which:	25	258,522,682.09	275,185,456.81
Manufacturing cost of products sold		254,213,144.18	272,169,330.53
Value of goods and materials sold		4,309,537.91	3,016,126.28
Gross profit (loss) on sales		69,010,266.64	80,373,723.92
Selling expenses	25	20,171,083.64	20,831,273.83
Overhead expenses	25	20,666,909.76	31,543,750.51
Revaluation of investment properties		14,457,466.24	23,556,154.71
Profit (loss) on sales		42,629,739.48	51,554,854.28
Other operating income	26	18,130,488.63	18,689,161.66
Other operating expenses	27	12,291,778.08	10,672,080.13
Operating profit (loss)		48,468,450.03	59,571,935.81
Financial income	28	2,728,265.79	5,863,232.93
Financial expenses	29	38,360,372.98	53,118,706.64
Profit (loss) on ordinary activities		12,836,342.84	12,316,462.10
Gross profit (loss)		12,836,342.84	12,316,462.10
Income tax	22	1,392,335.32	2,763,413.88
Net profit (loss)		11,444,007.52	9,553,048.22

Other comprehensive income:		-1,325,846.90	255,603.04
Exchange differences on foreign operations conversion		754,408.15	246,575.48
Profit/loss from acquisitions		0.00	0.00
Profit from revaluation of tangible fixed assets		0.00	0.00
Other comprehensive income:		-2,080,255.05	9,027.56
Total revenue		10,118,160.62	9,808,651.26

Consolidated cash flow statements

Operating cash flow - two-step method	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2013
Net profit (loss)	11,444,007.52	9,553,048.22
Item adjustments:	43,138,215.62	36,485,175.93
Depreciation and amortisation	12,171,901.78	12,645,202.04
(Profits) loss on foreign exchange differences	-478,435.79	2,686,654.46
(Profits) loss from investment activities	1,735,845.43	2,582,392.55
Interest and dividends	38,924,008.45	34,297,839.75
Changes in provisions and accruals	2,251,480.23	7,503,329.10
Other adjustments	-11,466,584.48	-23,230,241.97
- write-off investment properties	-14,457,466.27	-23,556,154.71
- other adjustments	2,990,881.79	325,912.74
Changes in working capital	68,460,140.06	-1,256,348.48
Change in inventories	-15,490,657.58	2,029,917.23
Change in construction contracts	97,931,192.92	50,779,948.38
Changes in receivables	11,785,160.90	-51,261,673.06
Changes in current liabilities, except for borrowings	-25,765,556.18	-2,804,541.03
Net operating cash flows	123,042,363.20	44,781,875.67
Investment activity cash flows		
Disposal of tangible and intangible assets and other non-current assets	16,084,901.91	3,753,781.83
Purchase of tangible and intangible assets and other non-current assets	-17,549,192.00	-224,930,930.02
Purchase of equity instruments and debt instruments	-667,000.00	0.00
Disposal of equity instruments and debt instruments	1,244,796.50	0.00
Loans granted	-107,409.50	-313,603.64
Loans repaid	0.00	0.00
Other purchase of financial assets	-5,000.00	-200,000.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	0.00	22,140.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	0.00	0.00
Net investment cash flow	-998,903.09	-221,668,611.83
Financing cash flow		
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	0.00	0.00
Borrowings	66,084,730.47	660,952,463.75
Borrowings repaid	-121,124,752.91	-561,932,888.08
Debt securities issued	0.00	95,000,000.00
Debt securities redeemed	-24,300,000.00	0.00
Payments under financial lease agreements	-4,528,810.09	-5,017,127.43
Dividends and other shared profits	0.00	0.00
Interest paid	-40,465,197.51	-44,382,272.46
Other financial proceeds (including notes)	1,380,000.00	6,000,000.00
Other financial expenditures (including notes)	0.00	0.00
Net financing cash flow	-122,954,030.04	150,620,175.78
NET DECREASE/(INCREASE) IN CASH	-910,569.93	-26,266,560.39
Cash and cash equivalents at the beginning of the year	16,729,078.51	42,995,638.89
- foreign exchange gains/(losses) on cash	0.00	0.00
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	15,818,508.58	16,729,078.51



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for the period from 01 January 2013 to 31 December 2013

Consolidated statement of changes in equity

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	other capital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2012	10,814,656.00	0.00	7,490,208.19	500,115,552.27	7,947,307.60	-277,290.55	-32,387,426.13	9,553,048.22	503,256,055.60
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrections from changes in a presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 01 January 2013	10,814,656.00	0.00	7,490,208.19	500,115,552.27	7,947,307.60	-277,290.55	-32,387,426.13	9,553,048.22	503,256,055.60
Additional equity contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	754,408.15	0.00	0.00	754,408.15
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	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	-34.00	0.00	0.00	34.00	0.00	0.00
Inclusion of the Company to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	-2,080,255.05	0.00	-2,080,255.05
Total profit / (loss) recognised directly in equity	10,814,656.00	0.00	7,490,208.19	500,115,518.27	7,947,307.60	477,117.60	-34,467,647.18	9,553,048.22	501,930,208.70
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11,444,007.52	11,444,007.52
Total profit / (loss) recognised in equity and net earnings	10,814,656.00	0.00	7,490,208.19	500,115,518.27	7,947,307.60	477,117.60	-34,467,647.18	20,997,055.74	513,374,216.22
Increase / decrease from profit distribution	0.00	0.00	0.00	-11,609,160.45	0.00	0.00	21,162,208.67	-9,553,048.22	0.00
As at 31 December 2013	10,814,656.00	0.00	7,490,208.19	488,506,357.81	7,947,307.60	477,117.60	-13,305,438.50	11,444,007.52	513,374,216.22



Consolidated Financial Statements
for the period from 01 January 2013 to 31 December 2013

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	other capital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2011	10,814,656.00	0.00	7,490,208.19	475,898,366.19	7,947,307.60	-523,866.03	-39,435,078.64	31,255,811.03	493,447,404.34
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrections from changes in a presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 01 January 2012	10,814,656.00	0.00	7,490,208.19	475,898,366.19	7,947,307.60	-523,866.03	-39,435,078.64	31,255,811.03	493,447,404.34
Additional equity contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	246,575.48	0.00	0.00	246,575.48
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	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	18,414.00	0.00	0.00	-9,386.44	0.00	9,027.56
Inclusion of the Company to the 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	10,814,656.00	0.00	7,490,208.19	475,916,780.19	7,947,307.60	-277,290.55	-39,444,465.08	31,255,811.03	493,703,007.38
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,553,048.22	9,553,048.22
Total profit / (loss) recognised in equity and net earnings	10,814,656.00	0.00	7,490,208.19	475,916,780.19	7,947,307.60	-277,290.55	-39,444,465.08	40,808,859.25	503,256,055.60
Increase / decrease from profit distribution	0.00	0.00	0.00	24,198,772.07	0.00	0.00	7,057,038.96	-31,255,811.03	0.00
As at 31 December 2012	10,814,656.00	0.00	7,490,208.19	500,115,552.27	7,947,307.60	-277,290.55	-32,387,426.12	9,553,048.22	503,256,055.60

C. SUPPLEMENTARY INFORMATION

SIGNIFICANT PREVIOUS-YEAR EVENTS DISCLOSED IN THE FINANCIAL STATEMENTS

The financial statements of the Group do not disclose other than those significant events from previous years that were already described.

SIGNIFICANT AFTER-BALANCE SHEET DATE EVENTS NOT DISCLOSED IN THESE FINANCIAL STATEMENTS

The financial statements of the Group for 2013 disclose all events that occurred until the day of these statements i.e till 19 March 2014 and had effect on the Consolidated Financial Statements of the Group for the period from 01 January 2013 to 31 December 2013.

CHANGES IN THE PRINCIPLES (POLICY) OF ACCOUNTING DURING THE ACCOUNTING YEAR

In 2013, the Group changed the moment of transferring the control and significant risks to the recipients of the premises. The change did not cause a necessity of comparable data (the description is placed in the part on applied accounting principles).

FUNCTIONAL AND PRESENTATION CURRENCY

Items presented in the financial statements of particular companies of the Group are measured with the currency of the basic economic environment where the company has a fixed establishment (functional currency).

The functional and presentation currency of the parent company is Polish zloty (PLN). The reporting currency of the financial statements of the Group is Polish zloty (PLN). The functional currency of some companies of the Group is other currency than Polish zloty. Financial statements of those companies, prepared in their functional currencies, are included in these consolidated financial statements upon translation into PLN in accordance with IAS 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Intangible assets

Intangible assets	31-12-2013	31-12-2012
a) research and development expenses	0.00	0.00
b) goodwill on consolidation	12,389,648.22	12,389,648.22
c) other intangible assets	2,495,681.35	3,522,510.44
d) advances on intangible assets	0.00	0.00
Total intangible assets	14,885,329.57	15,912,158.66

As at 31 December 2013 there is no impairment of goodwill. This value is bound to a real estate investment, from which future cash flow is expected.

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for the period from 01 January 2013 to 31 December 2013

Items of the group's assets		Goodwill	Other intangible assets	Total intangible assets
value	Opening balance	12,389,648.22	15,719,704.85	28,109,353.07
	Mergers	0.00	0.00	0.00
	Total post-merger	12,389,648.22	15,719,704.85	28,109,353.07
	Merger	0.00	0.00	0.00
	Revenues	0.00	80,308.73	80,308.73
	In-kind contribution	0.00	0.00	0.00
	Expenses	0.00	0.00	0.00
	Balance sheet at the end of the financial year	12,389,648.22	15,800,013.58	28,189,661.80
depreciation	Opening balance	12,389,648.22	12,197,194.41	24,586,842.63
	Mergers	0.00	0.00	0.00
	Total post-merger	12,389,648.22	12,197,194.41	24,586,842.63
	Merger	0.00	0.00	0.00
	Depreciation for the year	0.00	1,107,137.82	1,107,137.82
	Increase	0.00	0.00	0.00
	Decrease	0.00	0.00	0.00
	In-kind contribution	0.00	0.00	0.00
Balance sheet at the end of the financial year	12,389,648.22	13,304,332.23	25,693,980.45	
Net balance sheet at beginning of financial year		12,389,648.22	3,522,510.44	15,912,158.66
Net balance sheet at the end of the financial year		12,389,648.22	2,495,681.35	14,885,329.57

Note 2. Goodwill of subsidiaries

Do not occur

Note 3. Tangible assets

Tangible assets	31-12-2013	31-12-2012
a) fixed assets, including:	394,823,772.35	429,946,950.19
- land (including right of perpetual usufruct)	38,713,219.24	39,408,275.07
- buildings and structures	325,218,776.45	353,718,415.78
- plant and machinery	18,904,467.95	21,850,646.81
- motor vehicles	997,837.47	2,358,412.87
- other property, plant and equipment	10,989,471.24	12,611,199.66
b) constructions in progress	17,596,113.18	16,820,812.90
c) advances on constructions in progress	0.00	0.00
Total tangible assets	412,419,885.53	446,767,763.09

The Company did not activate any financial expenses in fixed assets item in 2013.

The Management Board of the Parent Company, after reviewing the amount of depreciation rates applicable to the Group, decided with effect from 1 January 2013 to update the balance sheet depreciation rates applicable at the Department of "Czarny Potok", in the Department of "Hotele 500" in relation to hotels as well as other activities of the Company in the scope of redemption of the office building and wastewater treatment plants in Ożarów.



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Group of non-current assets		land (including right of perpetual usufruct)	buildings and structures	plant and machinery	Means of transport:	other property, plant and equipment	Assets in constructions	Total tangible assets
value	Opening balance	41,295,033.96	405,611,142.00	47,508,456.80	10,734,753.74	21,136,133.78	16,820,812.90	543,106,333.18
	Mergers-revaluations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total post-merger	41,295,033.96	405,611,142.00	47,508,456.80	10,734,753.74	21,136,133.78	16,820,812.90	543,106,333.18
	Revenues	0.00	23,550.35	167,275.22	19,524.71	153,868.76	1,391,092.78	1,755,311.82
	Relocations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expenses	799,666.75	30,807,470.28	4,011,955.07	5,039,502.73	463,434.73	713,765.70	41,835,795.26
	Balance sheet at the end of the financial year	40,495,367.21	374,827,222.07	43,663,776.95	5,714,775.72	20,826,567.81	17,498,139.98	503,025,849.74
depreciation	Opening balance	1,686,758.89	51,892,726.22	25,657,809.99	8,376,340.87	8,524,934.12	0.00	96,138,570.09
	Merger	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total post-merger	1,686,758.89	51,892,726.22	25,657,809.99	8,376,340.87	8,524,934.12	0.00	96,138,570.09
	Depreciation for the year	95,389.08	5,571,975.35	2,925,361.38	936,261.14	1,567,714.56	0.00	11,096,701.51
	Relocations/in-kind contribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Increases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Decreases	0.00	7,856,255.95	3,823,862.37	4,595,663.76	255,552.11	0.00	16,531,334.19
Closing balance	1,782,147.97	49,608,445.62	24,759,309.00	4,716,938.25	9,837,096.57	0.00	90,703,937.41	
Revaluation descriptions	Write-offs change	0.00	0.00	0.00	0.00	0.00	97,973.20	97,973.20
	Balance sheet at the end of the financial year	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net balance sheet at beginning of financial year		39,608,275.07	353,718,415.78	21,850,646.81	2,358,412.87	12,611,199.66	16,820,812.90	446,967,763.09
Net closing balance		38,713,219.24	325,218,776.45	18,904,467.95	997,837.47	10,989,471.24	17,596,113.18	412,419,885.53

Note 4. Investment real estate

Other long-term investments	31-12-2013	31-12-2012
a) investment properties	427,787,324.54	376,747,529.48
b) other	0.00	0.00
Total other long-term investments	427,787,324.54	376,747,529.48

CHANGE IN INVESTMENT PROPERTIES	Fair value	Acc. to historical cost	Value of investment properties in total
a) opening balance	189,060,009.67	187,687,519.81	376,747,529.48
expenditure incurred	121,740,388.11	177,826,517.00	299,566,905.11
Financial expenses	7,211,696.69	9,861,002.81	17,072,699.50
revaluation value	60,107,924.87	0.00	60,107,924.87
b) increase (due to)	56,602,217.09	17,944,943.26	74,547,160.35
expenditure incurred	2,859,152.33	8,201,421.01	11,060,573.34
Financial expenses	3,307,225.77	9,743,522.25	13,050,748.02
revaluation value	19,353,052.25	0.00	19,353,052.25
Change in construction contracts	31,082,786.74	0.00	31,082,786.74
c) decrease (due to)	11,951,667.85	11,555,697.44	23,507,365.29
incurred expenses - sale, corrections	5,948,801.84	207.46	5,949,009.30
Financial expenses	1,107,280.00	816,609.09	1,923,889.09
revaluation value	4,895,586.01	0.00	4,895,586.01
Change in construction contracts	0.00	10,738,880.89	10,738,880.89
d) closing balance	233,710,558.91	194,076,765.63	427,787,324.54
expenditures	149,733,525.34	175,288,849.66	325,022,375.00
Financial expenses	9,411,642.46	18,787,915.97	28,199,558.43
revaluation value	74,565,391.11	0.00	74,565,391.11

In the reporting year, the Group changed its business strategy in relation to the property constituting the right of perpetual usufruct of a plot located in Warsaw. The property was originally classified as "inventories", as it was intended to implement the investment project on the property. Due to changes in the business model, the property will be held in the investment portfolio of the Company in anticipation of the increase in its value.

The Capital Group of J.W. Construction Holding S.A for the purpose of the investment property evaluation orders the preparation of appraisal report with determining the market value to independent Property Valuers, having the appropriate permissions. In order to determine the valuation, the property valuer use the principles in accordance with General National Principles of Valuation adopted by the Polish Federation of Valuers' Associations where the market value is the most probable price obtainable on the market at the measurement date.

In the hierarchy of the fair value estimation of the investment properties are classified to Level 3, where:

- 1 - Quoted prices, which are not adjusted, in an active market for identical assets and liabilities that the entity can access at the measurement date.
- 2 - Inputs, other than quoted prices, that are observable, either directly or indirectly.
- 3 - Unobservable inputs.

The hierarchy is determined on the basis of the lowest level of inputs.

In order to determine the market value, the property valuer determines the optimal or the most probable way of the property use by properly selected method of valuation. The property valuer especially takes into account the purpose of the valuation, the type and location of the property, destiny in the local plan, the level of equipment in the technical infrastructure and the available data on prices, income and similar real estate characteristics.

The following methods to determine the market value of the property in presented reports by the property valuers from accounting records of J.W. Construction Holding S.A were used:

- income-based valuation method
- comparison in pairs method
- residual method

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The following key assumptions were adopted to use the income-based valuation method:

KEY ASSUMPTIONS	Values
long-term profitability of investments	2.00% - 2.10%
m - the real estate risk premium	3.00% - 5.00%
rs - the real estate risk premium (initial phase)	2.05% - 2.50%
capitalization rate	7.40% - 9.50%

Note 5. Other financial assets

LONG-TERM FINANCIAL ASSETS	31-12-2013	31-12-2012
a) shares	228,999.60	4,600,629.60
b) loans granted	488,621.86	21,133,497.97
c) other long-term investments	0.00	0.00
Total long-term financial assets	717,621.46	25,734,127.57

LONG-TERM FINANCIAL ASSETS	31-12-2013	31-12-2012
a) in subsidiaries	503,426.84	25,046,656.93
- shares	14,804.98	4,356,804.98
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	488,621.86	20,689,851.95
- other long-term financial assets	0.00	0.00
b) in other parties	214,194.62	687,470.64
- shares	214,194.62	243,824.62
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	0.00	443,646.02
- other long-term financial assets	0.00	0.00
c) other long-term investments	0.00	0.00
Total long-term financial assets	717,621.46	25,734,127.57



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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/interests at acquisition price	Revaluation adjustments (total)	Write-offs up to book value of in-kind contribution	Carrying value of shares	% of total number of votes in the general meeting
1	TBS Marki Sp. z o.o.	Warsaw	social building	subsidiary	full consolidation	14/11/2003	13,360,000.00	0.00	0.00	13,360,000.00	100.00%
2	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	full consolidation	16/06/2003	4,346,500.00	0.00	0.00	4,346,500.00	99.99%
3	Lokum Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	13/09/2005	3,778,500.00	0.00	0.00	3,778,500.00	100.00%
4	J.W. Construction Bulgaria Sp. z o.o.	Warna (Bulgaria)	developer activity	subsidiary	not consolidated	08/10/2007	9,854.98	0.00	0.00	9,854.98	100.00%
5	Yakor House Sp. z o.o.	Sochi, Russia	developer activity	subsidiary	full consolidation	07/12/2007	9,810,000.00	0.00	0.00	9,810,000.00	70.00%
6	J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	57,451,956.00	0.00	30,430,356.00	27,021,600.00	99.99%
7	JW. Marka Sp. z o.o.	Ząbki	leasing of intellectual property	subsidiary	full consolidation	23/08/2011	155,841,000.00	0.00	155,779,575.58	61,424.42	100.00%
8	J.W. Group Sp. z o.o.	Ząbki	management of other entities	subsidiary	full consolidation	23/02/2012	50,000.00	0.00	0.00	50,000.00	100.00%
9	J.W. Group Sp. z o.o. 1 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	62,074,000.00	0.00	0.00	62,074,000.00	100.00%
10	J.W. Group Sp. z o.o. 2 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	50,000.00	0.00	0.00	50,000.00	100.00%
11	Seahouse Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	18/10/2012	10,950,000.00	0.00	0.00	10,950,000.00	100.00%
12	J.W. 6 Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	16/11/2012	50,000.00	0.00	0.00	50,000.00	100.00%
13	Nowe Tysiąclecie Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	11/06/2013	3,275,000.00	0	0	3,275,000.00	100.00%
14	Dana Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	not consolidated	22/11/2013	5,000.00	0.00	0.00	5,000.00	100.00%
15	Porta Transport Sp. z o.o. in liquidation	Szczecin	transport	subsidiary	full consolidation	12/11/2007	19,309,914.41	0.00	0.00	19,309,914.41	100.00%



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Indirect ties											
15	SASPOL INFRASTRUKTURE Sp. z o.o.(former Trinity Self Comapnies Sp. z o.o.)	Warsaw	participation in public tenders as a leader of the consortium	associate	not consolidated	06/10/2009	4,644.62	0.00	0.00	4,644.62	25.00%
16	TBS Nowy Dom Sp. z o.o.	Ząbki	social building	associate	not consolidated	30/09/2006	1,000.00	0.00	0.00	1,000.00	2.00%
17	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	500.00	0.00	0.00	500.00	0.01%
18	Karczma Regionalna Sp.z o.o.	Krynica Górská	hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00	0.00	0.00	208,550.00	8.06%
19	J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	50.00	0.00	0.00	50.00	0.01%

Note 6. Non-current receivables

NON-CURRENT RECEIVABLES	31-12-2013	31-12-2012
a) guarantee receivables	1,463,496.93	1,630,777.30
b) deposit receivables(lease)	0.00	16,364,359.90
b) other receivables	0.00	224,888.91
Total receivables	1,463,496.93	18,220,026.11

Note 7. Inventories and construction contracts

INVENTORIES	31-12-2013	31-12-2012
a) materials	3,099,513.54	3,013,489.53
b) semi-finished products and work in progress	96,992.59	1,136,208.11
c) finished products	561,794.42	611,581.07
d) goods	28,283,119.65	26,775,040.83
e) trade advances	49.59	10,007.30
Total inventories	32,041,469.79	31,546,326.84

CONSTRUCTION CONTRACTS	31-12-2013	31-12-2012
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	197,500,841.18	226,163,774.88
b) finished products	162,972,438.90	282,001,304.83
c) advances for supplies	2,832,422.72	3,745,460.79
d) short-term prepayments	58,386.55	809,384.68
Total construction contracts	363,364,089.35	512,719,925.18
CONSTRUCTION CONTRACTS (current liabilities)		
a) accruals	25,115,826.84	83,810,988.62
Total construction contracts	25,115,826.84	83,810,988.62

The Companies of the Group, in connection with the business activities, incur the loans that are secured with the mortgage on the property. As at 31 December 2013, the Company established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 408,800,000 and presented in fixed assets with the value of PLN 285,800,000. The value of the mortgage is established on the amount of the credit granted (or higher), therefore, this amount exceeds the value of the property shown in assets of the Companies of the Group. As at 31 December 2013, the loan liabilities amounted to PLN 328,400,000. (excluding credits of TBS Marki Sp. z o.o., liabilities amount to PLN 225,7 mil).

The Companies of the Group, in connection with the business activities, issue the bonds that are secured with the mortgage on the property. As at 31 December 2013, the Companies of the Group established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 355 mil. and in the form of mortgages on foreign properties in the amount of PLN 10 mil. The value of the mortgage is established on the amount of the bond issued (or higher), therefore, this amount exceeds the value of the property shown in assets of the Group's Companies. As at 31 December 2013, the liabilities from bonds issued amounted to PLN 299.8 mil.

The Group carries out its activities within the projects using external financing. In 2013, the item of building contracts was activated with expenses in the amount of PLN 2,810,598.36. This amount relates to both items work in progress (the amount of PLN 1,659,911.31) and finished goods (the amount of PLN 1,210,687.05).

Accruals	31-12-2013	31-12-2012
-advances on premises	25,114,896.84	66,096,565.90
-works provision	0.00	17,241,056.83
-other	930.00	473,365.89
The total value of accruals	25,115,826.84	83,810,988.62

Note 8. Current receivables

CURRENT RECEIVABLES	31-12-2013	31-12-2012
a) trade receivables - related parties	0.00	172,560.62
b) trade receivables - other parties	31,616,290.67	36,966,026.95
c) taxes, subsidies, customs duties, social and health insurance and other payments	10,041,835.43	16,388,806.99
d) other	21,751,996.01	3,998,321.62
Total receivables	63,410,122.10	57,525,716.18

Note 9. Other financial assets

SHORT-TERM INVESTMENTS	31-12-2013	31-12-2012
a) shares	0.00	0.00
b) loans granted	35,668,280.76	13,812,125.19
c) other investments	312,396.43	868,064.85
Total value of short-term investments	35,980,677.19	14,680,190.04

SHORT-TERM INVESTMENTS	31-12-2013	31-12-2012
a) in subsidiaries	35,104,952.53	13,324,193.03
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	35,104,952.53	13,324,193.03
- other short-term financial assets	0.00	1.00
b) in other parties	875,724.66	1,355,997.01
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	312,396.43	273,268.35
- loans granted	563,328.23	487,932.16
- other short-term financial assets	0.00	594,796.50
c) other short-term investments	0.00	0.00
Total value of short-term investments	35,980,677.19	14,680,190.04

Note 10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31-12-2013	31-12-2012
a) cash on hand and with bank	12,908,360.76	11,136,116.35
b) other cash	2,907,702.37	5,569,568.03
c) other cash equivalents	2,445.45	23,394.13
Total cash	15,818,508.58	16,729,078.51

The Capital Group on its trust account kept the amount of PLN 2,525,706.61 as at 31.12.2013, therefore the Company had limited possibilities to use this amount.

Note 11. Accruals

Accruals	31-12-2013	31-12-2012
- property insurance	109,524.01	144,214.36
- interest	2,354,456.60	3,619,040.08
- commission expenses	6,421,797.52	6,863,213.12
- property tax, perpetual usufruct, road tax		0.00
- other	2,644,380.20	2,802,873.85
The total value of accruals	11,530,158.33	13,429,341.41

Note 12. Share capital

SHARE CAPITAL (STRUCTURE) as at 31 December 2013								
Class / issue	Share type	Type of shares	Types of restrictions on rights to shares	Number of shares	Par value of class/issue	Coverage of capital	Registration Date	Right to shares
		dividend						(from)
A and B	Bearer		-	54,073,280	10,814,656	Assets of a transformed company - TBM Batory Sp. z o.o. / Cash	01/07/2010	
Total number of shares				54,073,280				
Total share capital					10,814,656			
Par value of one share = PLN 0.20								

On 18 May 2010, the General Meeting („General”) adopted the Resolution No.26 on the basis of which the District Court of the Capital City of Warsaw XIV Division of the National Court Register registered on 1 July 2010 the decrease in share capital of the Company from PLN 10.939.656 to PLN 10.814.656 that is PLN 125,000 by cancellation of 625,000 shares. The General was recorded in the minutes by a notary from Warsaw Krzysztof Kruszewski under a notarial deed with a number Rep. A 6811/2010.

Redeemed shares were owned by the Company which were acquired on the basis of the Resolution No.26 of the General Meeting of 19 June 2008 as a result of purchasing its own shares for redemption. Redeemed shares were purchased by net profit contained in the supplementary capital, in accordance with the Article 360.2.2 of the Code of Commercial Companies there was no convocation procedure. The average price of redeemed shares amounted to PLN 7,09.

At 31 December 2013 the shareholding structure was as follows:

Company	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	15.413.713	28.51 %	15.413.713	28.51 %
EHT S.A domiciled in Luxembourg	18.568.300	34.34 %	18.568.300	34.34 %
Other *	20.091.267	37.15 %	20.091.267	37.15 %

of which:

Investment funds managed by PKO TFI S.A	Between 5 and 10% of the shares ^x
Pioneer Pekao TFI S.A	Between 5 and 10% of the shares ^{xx}

^x on 9 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A, as at 9 April 2010 it was 3,245,668 shares representing 5.93% of the share capital of the Company entitling to 3,245,668 votes at the General Meeting of the Company and representing 5.93% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

^{xx} on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open_End Investment Fund managed by Pioneer Pekao TFI S.A, as at that day it was 5.382.182 shares representing 9.95% of the share capital of the Company entitling to 5.382.182 votes at the General Meeting of the Company representing 9.95% of the total number of votes.

In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

Mr. Józef Wojciechowski controls EHT S.A. domiciled in Luxembourg.

Information about the Company's Shareholders as at the date of the preparation of this report

Company	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	15.413.713	28.51 %	15.413.713	28.51 %
EHT S.A domiciled in Luxembourg	18.568.300	34.34 %	18.568.300	34.34 %
Other *	20.091.267	37.15 %	20.091.267	37.15 %

of which:

Investment funds managed by PKO TFI S.A	Between 5 and 10% of the shares ^x
Pioneer Pekao TFI S.A	Between 5 and 10% of the shares ^{xx}

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^x on 9 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A., as at 9 April 2010 it was 3,245,668 shares representing 5.93% of the share capital of the Company entitling to 3,245,668 votes at the General Meeting of the Company and representing 5.93% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

^{xx} on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open_End Investment Fund managed by Pioneer Pekao TFI S.A., as at that day it was 5.382.182 shares representing 9.95 % of the share capital of the Company entitling to 5.382.182 votes at the General Meeting of the Company representing 9.95% of the total number of votes.

In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

Mr. Józef Wojciechowski controls EHT S.A. domiciled in Luxemburg.

Note 13. Other capital

OTHER CAPITAL	31-12-2013	31-12-2012
a) supplementary capital	488,506,357.82	500,115,552.27
b) other reserve capital	7,947,307.60	7,947,307.60
c) translation reserve	477,117.60	-277,290.55
Total other capital	496,930,783.02	507,785,569.32

Note 14. Borrowings

In 2013 and from the balance sheet date until the date of these financial statements none of the concluded loan agreements was terminated by the bank.

BORROWINGS	31-12-2013	31-12-2012
a) credits	328,425,301.37	385,578,602.63
<i>of which: long-term</i>	<i>188,124,740.28</i>	<i>240,457,011.34</i>
<i>Short-term</i>	<i>140,300,561.09</i>	<i>145,121,591.29</i>
b) loans	4,025,700.48	3,284,400.19
<i>of which: long-term</i>	<i>1,056,716.65</i>	<i>0.00</i>
<i>Short-term</i>	<i>2,968,983.83</i>	<i>3,284,400.19</i>
Total borrowings	332,451,001.85	388,863,002.82
Borrowings - long-term	189,181,456.93	240,457,011.34
Borrowings - short-term	143,269,544.92	148,405,991.48

LOANS PER MATURITY	31-12-2013	31-12-2012
Up to 1 year	140,300,561.09	145,121,591.29
Over 1 year up to 2 years	52,612,919.95	63,300,760.00
Over 2 year up to 5 years	42,170,343.57	53,043,392.09
Over 5 years	93,341,476.76	124,112,859.25
Total loans, including:	328,425,301.37	385,578,602.63
- long-term	188,124,740.28	240,457,011.34
- short-term	140,300,561.09	145,121,591.29

CASH LOANS PER MATURITY	31-12-2013	31-12-2012
Up to 1 year	2,968,983.83	3,284,400.19
Over 1 year up to 2 years	1,056,716.65	0.00
Over 2 year up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total loans, of which:	4,025,700.48	3,284,400.19
- long-term	1,056,716.65	0.00
- short-term	2,968,983.83	3,284,400.19

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Including the loans taken by the Company of TBS Marki Sp. z o.o – the companies form the Group, which took the loan from the National Housing Fund on an entirely separate conditions, regulated by the Ordinance of 26 October 1995 in the Act on Some Forms of Supporting Housing Construction (Journal of Laws 00.98.1070.unitary text)

BORROWINGS	31-12-2013	31-12-2012
a) credits	102,746,434.07	104,355,771.00
<i>of which: long-term</i>	97,990,452.89	99,653,557.92
<i>Short-term</i>	4,755,981.18	4,702,213.08
b) loans	0.00	0.00
<i>of which: long-term</i>	0.00	0.00
<i>Short-term</i>	0.00	0.00
Total borrowings	102,746,434.07	104,355,771.00
Borrowings - long-term	97,990,452.89	99,653,557.92
Borrowings - short-term	4,755,981.18	4,702,213.08

LOANS PER MATURITY	31-12-2013	31-12-2012
Up to 1 year	4,755,981.18	4,702,213.08
Over 1 year up to 2 years	4,755,981.18	4,702,213.08
Over 2 year up to 5 years	14,267,943.57	14,106,639.24
Over 5 years	78,966,528.14	80,844,705.60
Total loans, including:	102,746,434.07	104,355,771.00
- long-term	97,990,452.89	99,653,557.92
- short-term	4,755,981.18	4,702,213.08

Note 15. Deferred income tax assets

	31-12-2013		
	Deferred income tax assets	Deferred tax liabilities	Net value
DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	28,088,329.53	22,792,392.42	5,295,937.11

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31-12-2013		
	Deferred income tax assets	Deferred tax liabilities	Net value
Tangible assets	5,978,409.45	3,091,048.44	2,887,361.01
Investment real estate	476,369.18	13,396,437.26	-12,920,068.08
Total intangible assets	0.00	0.00	0.00
Other financial assets	0.00	81,084.62	-81,084.62
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	277,523.15	-3,226,875.02	3,504,398.17
Trade and other receivables	4,185,677.34	5,226,233.50	-1,040,556.16
Income tax receivables	0.00	0.00	0.00
Accruals	756,106.60	1,174,910.87	-418,804.27
Cash and cash equivalents	0.00	0.00	0.00
Borrowings	3,190,468.13	3,049,552.76	140,915.37
Provisions	648,806.45	0.00	648,806.45
Trade and other receivables	2,306,261.99	0.00	2,306,261.99
Other financial liabilities	1,990,809.30	0.00	1,990,809.30
Other	8,277,897.94	0.00	8,277,897.94
Deferred income tax assets / liabilities disclosed in the balance sheet	28,088,329.53	22,792,392.42	5,295,937.11

Note 16. Retirement benefit obligations

CHANGE IN RETIREMENT BENEFIT OBLIGATIONS	31-12-2013	31-12-2012
Opening balance	455,276.52	633,000.00
Increases	0.00	0.00
Decreases	293,499.51	177,723.48
Closing balance	161,777.01	455,276.52

Note 17. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31-12-2013	31-12-2012
a) short-term, of which:	16,818,245.53	16,003,544.37
- accrued expenses, including:	13,676,660.90	15,232,503.58
- <i>interests charged</i>	2,223,423.34	2,206,281.27
- <i>rent deposits</i>	477,649.38	477,649.38
- <i>other</i>	10,975,588.18	12,548,572.93
- other provisions, including:	3,141,584.63	771,040.79
- <i>provisions for future liabilities</i>	0.00	0.00
- <i>provisions for guarantee repairs</i>	2,022,273.21	0.00
- <i>other provisions</i>	1,119,311.42	771,040.79
a) long-term, of which:	55,248,994.91	56,005,157.45
- accrued expenses, including:	55,248,994.91	56,005,157.45
- <i>participation in costs of construction - TBS Marki</i>	49,094,677.69	49,452,698.07
- <i>deferred income- loan remittance-TBS Marki</i>	6,154,317.22	6,092,142.78
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	0.00	460,316.60
Total provisions for other liabilities and charges	72,067,240.44	72,008,701.82

Note 18. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES	31-12-2013	31-12-2012
a) lease obligations	117,280.26	37,453,980.19
b) deposit liabilities	5,584,401.99	6,828,954.16
c) other non-current liabilities	17,738,930.39	5,242,504.87
d) note liabilities	6,461,102.78	92,883,177.27
e) bonds	291,900,000.00	200,700,000.00
Total other liabilities	321,801,715.42	343,108,616.49

Note 19. Trade and other payables

TRADE AND OTHER PAYABLES	31-12-2013	31-12-2012
a) trade payables - other parties	48,934,213.75	85,330,575.12
b) trade payables - related parties	0.00	1,300,949.05
c) taxes, customs duties, insurance and other payments	6,699,846.39	11,691,667.37
d) salaries	1,753,059.13	2,494,368.63
e) trade advances received	0.00	0.00
f) other	28,610,448.94	8,804,357.56
Total trade and other payables	85,997,568.21	109,621,917.73

OTHER LIABILITIES	31-12-2013	31-12-2012
a) debt securities issue- liabilities	7,949,363.10	28,856,972.00
b) note liabilities	121,804.98	0.00
c) lease liabilities	25,674,106.42	5,884,216.61
d) other financial liabilities	0.00	0.00
Total other liabilities	33,745,274.50	34,741,188.61

Note 20. Risk Management

The main financial instruments used by the Group include bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the activities of the Group. The Group also has other financial instruments such as receivables, trade payables, which are formed directly in the course of the Group's activities and cash of the Companies of the Group does not include transactions with participation of derivatives.

The main risks arising from the Group's financial instruments include interest rate risk, currency risk, liquidity risk and credit risk. The Management Board verify and agree principles of managing each of these risks - the principles are briefly described below.

Interest rate risk

The Group has credit liabilities, for which interest are calculated on the basis of the variable interest rate, and therefore there is a risk of growth of interest in relation to the moment of the agreement conclusion. Due to the fact that the Group had, during the reporting period, both assets and liabilities with variable rate, which counterbalanced the risk, and due to slight fluctuations of interest rates in recent periods, as well as the lack of expected rapid changes of interest rates in subsequent reporting periods, the Group did not apply any interests rate securities as at 31 December 2013, considering that the interest rate risk is not significant.

Regardless of the current situation, the Group monitors its exposure to interest rate risk and interest rate forecasts and does not preclude the adoption of the precautionary measures in the future.

The following table shows the sensitivity of the gross financial result for reasonably possible changes of interest rates, assuming that other factors remain unchanged (in connection with the variable rate liabilities. The influence on the Group's equity is not shown. The analysis does not include the credit in TBS Marki Sp. Ltd., which is a preferential credit, procured on different principles, where the risk is limited.

	Increase/decrease in the percentage points	The influence on gross profit
Closing balance on 31 December 2013		
PLN	1%	-6,165
PLN	-1%	6,165

Currency risk

The Group is not exposed to currency risk as foreign currency loans were granted to subsidiaries, which are consolidated. Other transactions in foreign currencies have a negligible impact on the financial results of the Group.

Credit Risk

The Group is exposed to the credit risk which is defined as the risk that creditors do not fulfil their obligations and thereby make the Company incur losses.

When it comes to a loan for a related company, the risk is considered irrelevant due to ongoing monitoring of financial standing and the control.

The maximum exposure to credit risk is PLN 51,288,000 at the balance sheet day was estimated as the carrying value of trade payables from other companies.

In the assessment of the Management Board of the Parent Company, the credit risk is included in the financial statements in the position of write-downs. The credit risk associated with bank deposits is considered irrelevant, because the Group concludes transactions with institutions that have well-established financial position.

Liquidity Risk

The Group is exposed to the liquidity risk, defined as the risk of losing the ability to settle liabilities in a timely manner. The risk results from potential restriction of access to financial markets, which may result in inability to obtain new financing or refinancing its debt.

Note 21. Earnings per share

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2012
Profits		
(A) Profits of the Group disclosed in the consolidated financial statements	11,444,007.52	9,553,048.22
Number of shares		
(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 *	54,073,280.00	54,073,280.00
(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	54,073,280.00	54,073,280.00
Basic earnings per share = (A)/(B)	0.21	0.18
Diluted earnings per share = (A)/(B)	0.21	0.18

* In accordance with IAS 33 "Earnings Per Share" the number of shares assumed for calculation of basic earnings per share was the weighted average number of shares during a given period. The said number was established as the number of shares as at the beginning of the given period adjusted by the number of shares bought back or issued during such period, weighted with an index reflecting the period of such number of shares (number of days of existence of shares to total number of days in a given period - from the day of share capital increase registration). During the analysed period there were no circumstances to dilute the number of shares.

Note 22. Income tax

INCOME TAX	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) Current income tax	111,719.00	2,114,459.10
b) deferred income tax	1,280,616.32	648,954.78
Total Income tax	1,392,335.32	2,763,413.88

In 2013, the Group companies paid a total amount of PLN 111,719.00 of corporate income tax.

Reconciliation of effective tax rate	from 01-01-2013 to 31-12-2013
Gross Profit / (loss) before tax from continuing operations	12,836,342.84
Profit / (loss) before tax from abandoned operations	0.00
Gross profit (loss) before tax	12,836,342.84
Exempt Income TBS	857,981.74
Gross profit (loss) before tax	11,978,361.10
Tax at statutory tax rate of 19%	2,275,888.61
Unrealized tax loss of JWC	609,652.03
Deferred taxes not created in previous years	-1,304,065.55
Non tax deductible expenses -permanent differences	913,360.61
Tax profit J.W. Marka	-1,652,753.51
not created assets on loss	910,495.97
Consolidation adjustment to the sale of shares and interest	-360,242.84
Other	0.00
Tax at effective tax rate	1,392,335.32
Income tax (charge) shown in the profit and loss account	1,392,335.32
<i>of which:</i>	
current	111,719.00
deferred	1,280,616.32

Note 23. Segment Reporting

Branch Segments

As assumed, the primary division of activity into segments is the division based on branch segments. The business of the Group is conducted mainly in three following segments:

- developer activity
- social building
- hotel activities

Pursuant to IFR14 'Reporting concerning segments of activity', when drawing up financial data concerning particular segments of activity, according to the principle applied revenue and expenses along with assets and liabilities of a segment are established before the moment of consolidation when the settlement of balance sheet statements and transactions carried out among the Group's economic entities are excluded, with an exception of cases where this type of settling balances among entities were done within one segment. Internal transactions within the segment's framework were eliminated.

Financial data concerning the particular segments of activity include individual financial statements of Group's companies without the exclusions of balance sheet statements and transactions made, while the exclusion of revenue, expenses and mutual statements were presented in the 'Elimination' column. Developer activity in which consolidation of individual statements of companies running this kind of business was made, is an exception. In 2012, the segment was comprised of the following entities: JW. Construction Holding SA., - Lokum Sp. z o.o. , Seahouse Sp.z o.o., JW Group Sp. z o.o., JW Group Sp. z o.o. 1 SKA, JW Group Sp. z o.o. 2 SKA. The primary kind of goods and services within the framework of each branch segment:

- developer activity- the implementation of the building, designing and supporting production and sale of properties,
- social housing construction - sale and administration of social building estates,
- other construction - implementation of construction - assembly production
- - transport services,
- hotel activities - catering and hotel services connected with the organization of tourism and recreation.



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01.01.2013-31.12.2013	Developer activity	Hotel activity	Social building	Construction	Transport, other	Eliminations	Total
Net revenues from sales of products, goods and materials, of which:	261,840,546.95	23,304,132.93	12,930,971.33	65,557,372.56	3,264,091.15	-39,364,166.19	327,532,948.73
Net revenues from sales of products	260,071,242.91	23,304,132.93	12,924,971.33	65,028,688.78	3,263,912.97	-39,300,966.96	325,291,981.96
Net revenues from sales of goods and materials	1,769,304.04	0.00	6,000.00	528,683.78	178.18	-63,199.23	2,240,966.77
Costs of products, goods and materials sold, of which:	194,652,176.50	27,231,701.08	8,282,553.56	62,558,090.50	1,383,204.28	-35,585,043.83	258,522,682.09
Manufacturing cost of products sold	190,916,684.98	27,231,701.08	8,058,402.30	62,145,174.32	1,383,026.10	-35,521,844.60	254,213,144.18
Value of goods and materials sold	3,735,491.52	0.00	224,151.26	412,916.18	178.18	-63,199.23	4,309,537.91
Gross profit (loss) on sales	67,188,370.45	-3,927,568.15	4,648,417.77	2,999,282.06	1,880,886.87	-3,779,122.36	69,010,266.64
Selling expenses	26,588,710.56	2,178,540.54	0.00	70,379.94	-8,666,547.40	0.00	20,171,083.64
Overhead expenses	12,809,185.91	1,988,328.99	951,455.25	3,023,247.54	2,169,978.35	-275,286.28	20,666,909.76
Revaluation of investment properties	14,457,466.24	0.00	0.00	0.00	0.00	0.00	14,457,466.24
Profit (loss) on sales	42,247,940.21	-8,094,437.68	3,696,962.52	-94,345.42	8,377,455.92	-3,503,836.08	42,629,739.48
Other operating income	10,295,910.97	747,572.11	394,218.82	5,394,557.07	226,983.59	1,071,246.07	18,130,488.63
Other operating expenses	5,445,987.19	2,770,378.51	313,962.09	4,120,432.41	-358,982.12	0.00	12,291,778.08
Operating profit (loss)	47,097,863.99	-10,117,244.08	3,777,219.25	1,179,779.24	8,963,421.63	-2,432,590.01	48,468,450.03
Financial income	13,012,762.46	577,273.31	1,298,668.43	1,483,125.24	685,051.75	-14,328,615.40	2,728,265.79
Financial expenses	32,573,414.80	4,262,137.44	4,217,905.94	1,085,209.14	40,259.68	-3,818,554.02	38,360,372.98
Profit (loss) on ordinary activities	27,537,211.66	-13,802,108.21	857,981.74	1,577,695.34	9,608,213.70	-12,942,651.39	12,836,342.84
Gross profit (loss)	27,537,211.66	-13,802,108.21	857,981.74	1,577,695.34	9,608,213.70	-12,942,651.39	12,836,342.84
Net profit (loss)	25,928,183.24	-13,565,886.21	857,981.74	846,810.06	9,338,777.70	-11,961,859.01	11,444,007.52



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2012	Developer activity	Hotel activity	Social building	Construction	Transport, other	Eliminations	Total
Net revenues from sales of products, goods and materials, of which:	259,008,445.47	17,774,386.40	12,729,934.45	234,588,376.72	2,859,888.91	-171,401,851.22	355,559,180.73
Net revenues from sales of products	258,325,411.40	17,389,134.49	12,706,834.45	232,674,267.84	0.00	-171,264,916.97	349,830,731.21
Net revenues from sales of goods and materials	683,034.07	385,251.91	23,100.00	1,914,108.88	2,859,888.91	-136,934.25	5,728,449.52
Costs of products, goods and materials sold, of which:	180,338,893.77	20,716,754.55	7,463,254.57	232,521,518.43	1,412,026.39	-167,266,990.90	275,185,456.81
Manufacturing cost of products sold	180,009,065.17	20,333,269.33	7,266,401.13	230,278,625.16	1,412,026.39	-167,130,056.65	272,169,330.53
Value of goods and materials sold	329,828.60	383,485.22	196,853.44	2,242,893.27	0.00	-136,934.25	3,016,126.28
Gross profit (loss) on sales	78,669,551.70	-2,942,368.15	5,266,679.88	2,066,858.29	1,447,862.52	-4,134,860.32	80,373,723.92
Selling expenses	23,885,700.55	848,166.37	0.00	117,777.64	0.00	-4,020,370.73	20,831,273.83
Overhead expenses	23,031,094.92	1,140,923.19	1,071,202.38	4,874,961.13	1,587,732.32	-162,163.43	31,543,750.51
Revaluation of investment properties	23,556,154.71	0.00	0.00	0.00	0.00	0.00	23,556,154.71
Profit (loss) on sales	55,308,910.94	-4,931,457.71	4,195,477.50	-2,925,880.48	-139,869.80	47,673.84	51,554,854.28
Other operating income	15,560,493.26	499,176.81	331,672.76	1,357,312.10	287,936.33	652,570.40	18,689,161.66
Other operating expenses	6,620,421.64	2,080,725.48	387,602.50	1,550,119.52	33,201.73	9.26	10,672,080.13
Operating profit (loss)	64,248,982.56	-6,513,006.38	4,139,547.76	-3,118,687.90	114,864.80	700,234.98	59,571,935.81
Financial income	7,658,616.97	728,933.42	1,672,761.76	1,514,827.38	701,703.71	-6,413,610.31	5,863,232.93
Financial expenses	44,821,484.99	3,011,692.68	4,310,315.40	969,095.98	4,597.80	1,519.79	53,118,706.64
Profit (loss) on ordinary activities	27,086,114.53	-8,795,765.64	1,501,994.12	-2,572,956.50	811,970.71	-5,714,895.12	12,316,462.10
Gross profit (loss)	27,086,114.53	-8,795,765.64	1,501,994.12	-2,572,956.50	811,970.71	-5,714,895.12	12,316,462.10
Net profit (loss)	22,793,848.83	-8,883,225.84	1,436,441.12	-2,874,602.35	512,521.71	-3,431,935.25	9,553,048.22

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

Note 24. Operating income

OPERATING INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales of products	244,295,968.48	254,707,387.40
Revenues from sales of services	80,996,013.48	97,983,232.72
Revenues from sales of goods	2,240,966.77	2,868,560.61
Total income	327,532,948.73	355,559,180.73

	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales, of which:	327,532,948.73	355,559,180.73
- from sales of products - units, plots, buildings	239,571,795.12	246,794,125.02
- sales of products - other	3,774,173.36	7,913,262.38
- sales of services	81,946,013.48	97,983,232.72
- sales of goods	2,240,966.77	2,868,560.61

	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales of products and services per business segment	325,291,981.96	352,690,620.12
- developer activity	260,614,626.39	262,268,561.71
- hotel activities	23,304,132.93	17,389,134.49
- social building	12,924,971.33	12,706,834.45
- transport services	0.00	0.00
- construction	28,448,251.31	60,326,089.47

	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales of products - premises, plots, buildings per geographic segments	239,571,795.12	246,794,125.02
- Warsaw and vicinity	215,614,824.18	183,400,356.98
- Gdynia	847,902.23	1,355,436.08
- Łódź	17,544,512.32	29,316,385.96
- Poznań	5,564,556.39	0.00
- Sopot	0.00	32,721,946.00

	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales of hotel services per geographic segments	23,304,132.93	17,389,134.49
- Warsaw and vicinity	5,000,007.43	5,752,363.92
- Tarnowo	5,028,000.23	4,867,614.85
- Stryków	3,072,040.52	2,287,026.25
- Cieszyn	787,487.74	1,043,015.43
- Krynica Górská	9,416,597.01	3,439,114.04

Note 25. Operating expenses

OPERATING EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Costs on sale of products	180,901,634.61	182,797,338.12
Costs on sale of services	73,311,509.57	89,371,992.41
Costs on sale of goods	4,309,537.91	3,016,126.28
Total costs of products, services and goods sold	258,522,682.09	275,185,456.81



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Selling and overhead expenses	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Selling expenses	20,171,083.64	20,831,273.83
Overhead expenses	20,666,909.76	31,543,750.51
Total selling and overhead expenses	40,837,993.40	52,375,024.34

Costs by type	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Depreciation and amortisation	12,171,901.78	8,513,182.34
Cost of materials and energy	18,323,307.06	177,069,462.14
Services made by other contractions	97,063,754.79	247,121,250.16
Taxes and duties	9,170,750.41	11,503,613.70
Wages and Salaries	28,896,818.87	34,250,557.66
Services for the benefit of employees	4,888,008.98	5,987,194.53
Other costs	13,091,058.41	18,046,898.02
Total costs according to types	183,605,600.30	502,492,158.55

Note 26. Other operating income

OPERATING INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) profit from disposal of non-financial fixed assets	0.00	0.00
b) other operating income	18,130,488.63	18,689,161.66
Total operating income	18,130,488.63	18,689,161.66

OPERATING INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) profit from disposal of non-financial fixed assets	0.00	0.00
b) handling charges	86,111.05	14,366,834.75
c) provisions	719,593.15	2,751,116.47
d) assets disclosure	4,948,044.20	0.00
d) other (including compensation and penalties)	12,376,740.23	1,571,210.44
Total operating expenses	18,130,488.63	18,689,161.66

Note 27. Other operating expenses

OPERATING EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) loss on disposal of non-financial fixed assets	1,735,845.43	2,582,392.55
b) revaluation of non-financial assets	75,620.06	0.00
c) other operating expenses	10,479,148.48	8,089,687.58
Total operating expenses	12,290,613.97	10,672,080.13

OPERATING EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) loss on disposal of non-financial fixed assets	1,735,845.43	2,582,392.55
b) revaluation of non-financial assets	75,620.06	1,913,346.27
c) provisions	1,699,144.91	75,505.95
d) compensation, penalties and damages	843,037.49	794,066.43
e) compensation fee	24,598.73	146,304.30
f) other	7,912,367.35	5,160,464.63
Total operating expenses	12,290,613.97	10,672,080.13



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Note 28. Financial income

FINANCIAL INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) dividends	0.00	0.00
b) interest	1,968,434.91	5,651,888.55
c) profit on disposal of investments	759,830.88	0.00
d) other	0.00	211,344.38
Total financial income	2,728,265.79	5,863,232.93

Financial income	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) dividends	0.00	0.00
b) interests from customers	608,854.61	710,717.15
c) loan interests	617,851.67	736,980.50
d) deposit interests	48,183.45	452,256.50
e) bill interests	54,322.16	77,985.76
f) other interests	639,223.02	3,673,948.64
g) profit on disposal of investments	759,830.88	0.00
h) foreign exchange differences	0.00	0.00
i) other	0.00	211,344.38
Total	2,728,265.79	5,863,232.93

Note 29. Financial expenses

FINANCIAL EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) interest	37,681,881.99	34,334,910.56
b) loss on disposal of investments	29,630.00	14,430,895.92
c) other	648,860.99	4,352,900.17
Total financial expenses	38,360,372.98	53,118,706.64

FINANCIAL EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) interest, commission, credits	17,103,461.74	11,352,067.77
b) interest - leases	2,134,731.16	2,710,541.29
c) interest-loans	116,380.29	57,803.01
d) interest-bills	2,606,692.85	8,820,099.83
e) interest-bond issue	12,677,400.20	10,905,298.21
f) other interests	3,043,215.75	489,100.45
g) loss on disposal of investments	29,630.00	14,430,895.92
h) other	648,860.99	4,352,900.17
Total financial expenses	38,360,372.98	53,118,706.65

Note 30. Transactions with related parties

The Company within its business activity enters into transactions with related companies especially in the scope of the management of sales, administrative services, rental property, execution of works, the provision of guarantees, financing. Below, there are transactions with subsidiaries and other affiliated companies, the value of which in 2013 was significant from the point of view of the presented data. Materiality threshold was adopted for commercial transactions over PLN 100 thousand with the remaining 10% of equity. All transactions concluded in 2013 by the Company or a subsidiary with the related parties were concluded on market terms.

COMPANY NAME	Receivables from related parties		Liabilities to related parties	
	31-12-2013	31-12-2012	31-12-2013	31-12-2012
TBS Marki Sp. z o.o.	98,758.16	73,441.01	29,021,553.65	26,247,753.11
J.W.Construction Bulgaria	35,178,398.37	34,014,045.58	0.00	0.00
Yakor House Sp. z o.o.	16,105,685.73	15,316,561.38	0.00	0.00
J.W. Marka Sp. z o.o.	8,632,665.26	4,602,419.73	10,676,028.81	5,637,903.61
J.W.Group Sp. z o.o. 1 SKA	120,629,925.09	168,049,284.27	45.88	0.00
J.W.Group Sp. z o.o. 2 SKA	25,137.51	10,651.80	0.00	0.00
J.W.Group Sp. z o.o.	52,225.00	16,551.81	0.00	0.00
Lokum Sp. z o.o.	262,973.24	257,920.01	0.00	0.00
Business Financial Construction Sp. z o.o.	4,809,914.41	152,157.80	3,031,684.35	2,954,633.60
Seahouse Sp. z o.o.	622,036.95	1,990,536.00	0.00	369.00
Saspol Infrastruktura Sp. z o.o.	53,027.96	49,836.70	0.00	0.00
J.W.6 Sp. z o.o.	37,540.17	25,310.28	0.00	0.00
J.W. Construction Sp. z o.o.	4,545,588.92	22,728,679.96	47,226,991.28	109,062,218.19
Nowe Tysiąclecie Sp. z o.o.	169,922.04	0.00	0.00	0.00
Dana Invest Sp. z o.o.	765.06	0.00	0.00	0.00
TBS Nowy Dom Sp. z o.o.	14,460.06	13,252.38	0.00	1,000.00
Porta Transport Sp. z o.o. in liquidation	26,510.19	31,491.69	12,728,684.71	11,258,140.04

J.W. Construction Holding S.A. as the buyer of products or services (transactions for more than 100 thousand).

COUNTERPARTY OF TRANSACTION	A TRANSACTION/AGREEMENT SUBJECT	01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012
Related parties subject to consolidation			
J.W. Marka Sp. z o.o.	marketing services	735,180.00	0.00
J.W. Marka Sp. z o.o.	service - trademark	8,233,149.80	0.00
Business Financial Construction Sp. z o.o.	marketing services	2,107,758.62	3,196,181.71
J.W.Construction Sp. z o.o.	other services	5,542.50	123,046.43
J.W.Construction Sp. z o.o.	modules rental - accommodation	55,213.00	119,445.84
J.W.Construction Sp. z o.o.	car hire	84,231.17	121,736.12
J.W.Construction Sp. z o.o.	building - assembly services	29,096,644.26	203,422,356.64
J.W.Construction Sp. z o.o.	meals	0.00	121,108.93

J.W. Construction Holding S.A. as a seller of services (transactions for more than 100 thousand).

	A TRANSACTION/AGREEMENT SUBJECT	01.01.2013- 31.12.2013	01.01.2012- 31.12.2012
Related parties subject to consolidation			
TBS Marki Sp. z o.o.	building - assembly services	0.00	378,308.80
TBS Marki Sp. z o.o.	property management	132,620.30	0.00
J.W. Group Sp. z o.o. 1 SKA	property management	102,679.32	69,098.88
J.W. Group Sp. z o.o. 1 SKA	administrative service	518,025.00	431,145.00
J.W. Group Sp. z o.o. 1 SKA	sale service	208,528.00	0.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	designing services	24,727.07	160,000.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	administrative service	419,097.00	69,740.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	building - assembly services	0.00	609,100.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	investment management	324,000.00	0.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	sale service	109,129.00	0.00
J.W.Construction Sp. z o.o.	reinvoice	466,771.94	1,961,105.79
J.W.Construction Sp. z o.o.	power	0.00	257,987.71
J.W.Construction Sp. z o.o.	other	203.25	124,638.28
J.W.Construction Sp. z o.o.	other services - tenancy	581,857.37	694,629.94
J.W.Construction Sp. z o.o.	equipment tenancy	48,628.23	312,030.68
J.W.Construction Sp. z o.o.	administrative service	772,385.00	969,936.00
J.W.Construction Sp. z o.o.	sale of goods and materials	520.23	113,677.27
J.W.Construction Sp. z o.o.	guarantee repair services	394,320.86	3,039,650.16
Nowe Tysiąclecie Sp. z o.o.	designing services	329,445.00	0.00
Nowe Tysiąclecie Sp. z o.o.	land sale	2,912,000.00	0.00
Porta Transport Sp. z o.o. in liquidation	other services - properties lease	144,000.00	144,000.00
Entities indirectly associated with the parent company			
Załubice Development Sp. z o.o.	reinvoice	111,833.64	53,289.37
Wronia J.W. 2 Sp. z o.o. SKA	administrative service	233,320.00	0.00
Wronia J.W. 2 Sp. z o.o. SKA	sale service	445,840.00	0.00
J.W.Consulting J.W. 3 SKA	administrative service	135,674.00	2,364.00
J.W.Consulting J.W. 3 SKA	building - assembly services	3,089,258.00	0.00
J.W.Consulting J.W. 3 SKA	sale service	197,977.00	0.00
Galeria Jagiellońska Sp. z o.o.	administrative service	13,389.00	121,061.92

Within the Capital Group, the Company of J. W. Construction Sp. z o.o acts as a general contractor in relation to associated companies directly and indirectly. In 2013, the Company completed transactions with the Company of J.W Group Sp. z o.o with in the amount of PLN 3,463,809.50 and with the Company of Wronia J.W 2 Sp. z o.o in the amount of PLN 24,228,631.43.

Transactions connected with equity investments, financial assets are described in the relevant events to the balance sheet date and after the date of the balance sheet. Other transactions with related parties do not exceed the thresholds of significance.

Note 31. Remuneration of members of authorities of the Company, the structure of employment.

The remuneration for 2013 is presented below. The tables contain aggregate data of members of authorities of all companies of the Parent Company per remuneration for offices held in Group Companies, employment in Group Companies and other forms of remuneration.

J.W. Construction Holding S.A.	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Management Board		
Rajchert Wojciech	240,000.00	306,000.00
Łopuszyńska Irmína	252,000.00	277,000.00
Starzyńska Magdalena	195,900.00	177,253.25
Ostrowska Małgorzata	100,579.71	0.00
Konkel Anna	139,845.24	0.00
Malinowska Bożena	0.00	148,136.36
Panabażys Tomasz	0.00	48,834.73
Wójcik Robert	0.00	304,000.00
Samarcew Marek	32,000.00	0.00

J.W. Construction Holding S.A.	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Supervisory Board		
Król Jarosław	24,000.00	24,000.00
Oleksy Józef	150,000.00	186,000.00
Podsiadło Andrzej	24,000.00	24,000.00
Samarcew Marek	156,000.00	40,695.65
Wojciechowski Józef	0.00	0.00
Michnicki Marcin	0.00	21,304.35

Other Companies of the Capital Group	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Management Board		
Rajchert Wojciech	0.00	6,835.16
Łopuszyńska Irmína	0.00	29,000.00
Starzyńska Magdalena	9,603.23	0.00
Ostrowska Małgorzata	41,448.00	0.00
Konkel Anna	0.00	0.00
Panabażys Tomasz	0.00	316,315.56
Malinowska Bożena	0.00	0.00
Samarcew Marek	0.00	0.00
Wójcik Robert	0.00	0.00

Other Companies of the Capital Group	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Supervisory Board		
Król Jarosław	0.00	0.00
Oleksy Józef	0.00	0.00
Podsiadło Andrzej	0.00	0.00
Samarcew Marek	0.00	0.00
Wojciechowski Józef	0.00	0.00
Michnicki Marcin	0.00	0.00

Average headcount per occupational groups in the Parent Company

Company	31-12-2013	31-12-2012
Management Board	4	4
Managers	23	32
Administration	192	196
Other employees	118	149
Total	337	381

Contracts	31-12-2013	31-12-2012
The employment contract	337	381
Commission contracts	181	137
Contracts for a specific task	2	4
TOTAL	520	522

Note 32. Significant events during the accounting year

In 2013, the Company received the following decision on permission:

a) Building permission

On 03 April 2013, the Company from the Group - J.W Group Sp. z o.o 1 S.K.A - received a building permit for the first stage of a multifamily community " Bliska Wola" at Ordon/Kasprzaka Street in Warsaw. The permit is final.

On 12 August 2013, the Company received a building permit for the 1st stage of the multifamily estate at Bałtycka street in Katowice. The permit is final.

On 18 October 2013, the Company received building permits for 6 single-family houses in Villa Campina estate in Ożarów Mazowiecki. The permits are final.

On 3 December 2013, the Company received a building permit for the multifamily estate Łódź Tmienieckiego III at Tymieckiego street in Łódź. The permit is final.

b) Occupancy permits

On 12 March 2013, the Company received the occupancy permit for the multi-family real estate "Osiedle Światowida" at Światowida Street in Warsaw. The permit is final.

On 14 March 2013, the Company received the occupancy permit for the multi-family real estate " Zielona Dolina" at Zdziarska Street in Warsaw. The permit is final.

On 05 December 2013, the Company received the use permit for 8 single-family houses - show houses in Villa Campina Investment near Ożarów Mazowiecki. The permits are final.

c) The investment implementation commencement

On 12 December 2013, the entry on the completion of the construction of a multi-family housing estate "Oaza Piątkowo" at Jaroczyńskiego street, Poznań was made in the Construction Logbook.

In 2013, the Group's entities entered into the following credit agreements

On 29 January 2013, the Company concluded an investment credit agreement in the amount of PLN 10,955,252 with PKO BP SA for refinancing the construction costs of a part of flats built within the development of "Lewandów Park II" in Warsaw. The repayment date was set for December 31, 2014 - the credit was repaid ahead of schedule.

On 29 May 2013, the company Seahouse Sp. z o.o. concluded the loan agreement in the amount of PLN 12,717,422.80 with Bank Zachodni WBK to finance a part of the costs of the implementation of a residential project 'Rezydencja Redłowo" in Gdynia. The repayment date - 19 June 2015.



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On 29 June 2013, the Company concluded a non-revolving credit agreement with Invest Bank SA in the amount of PLN 10 million dedicated to finance a current activity. The repayment date was set on 31 October 2014.

On 04 December 2013, the company of Nowe Tysiąclecie Sp. z o.o. concluded the investment credit agreement in the amount of PLN 21.000.000 with Getin Noble Bank SA to finance a part of the costs of the implementation of a residential project "Nowe Tysiąclecie" in Katowice.

On 30 December 2013, the Company of Dana Invest Sp. z o.o concluded an investment loan with Bank Zachodni WBK S.S in the amount of PLN 14,028,488 to finance the revitalization of the venue "Stara Dana" for the purpose of four-star hotel in Szczecin.

In 2013, the Company repaid the following credits:

On 09 May 2013, the Company repaid the revolving working capital loan granted by Invest Bank S.A to co-finance the commercial investment of "Łódź Tymienieckiego II" at Tymienieckiego Street in Łódź.

On 19 December 2013, the Company repaid an investment credit in the amount of PLN 10,955,252 which was dedicated to refinance the construction costs of flats built within the development of Lewandów Park II real estate in Warsaw.

On 25 November 2013, the Company fully repaid the loan which was granted in order to co-finance the development of the hotel facility - Hotel 500 Wygoda in Cieszyn, in the amount of PLN 2,600,000.

In 2013, the following changes occurred in credit agreements that were concluded in the previous years:

On 21 January 2013, the Company signed the Annex to the overdraft facility agreement with Millenium Bank S.A . By virtue of the Annex, the repayment term of the credit was set on 22 January 2014.

On 15 February 2013, the Company concluded the Annex to the revolving loan granted by Millennium Bank S.A to co-finance the investment of "Oaza Piątkowo" in Poznań. Pursuant to the Annex, the amount of the given credit was reduced from PLN 21 million to PLN 20 million and the final repayment date with credit use period was postponed. The final repayment date is set on 30 June 2015.

On 25 April 2013, the Company concluded an Annex to the working capital credit granted by Bank Polskiej Spółdzielczości S.A in the amount of PLN 10 million, dedicated to finance a current activity. By virtue of the Annex, the credit use period and repayment date was postponed. The final repayment date is set on 25 April 2014.

On 25 April 2013, the Company concluded an overdraft facility agreement with Invest Bank S.A in the amount of PLN 15 million. By virtue of the Annex, the credit use period and repayment date was postponed. The new final repayment date is set on 25 April 2014.

On 26 April 2013, the Company concluded an Annex to the overdraft credit with PKO BP S.A in the amount of PLN 10 million. By virtue of the Annex, the credit use period and repayment date was postponed. The new final repayment date is set on 27 April 2014.

On 02 August 2013, the Company concluded an Annex to the overdraft credit with PKO BP S.A in the amount of PLN 7 million. By virtue of the Annex, the credit use period and repayment date was postponed. The new final repayment date is set on 04 July 2014.

On 27 September 2013, the Company concluded the Annex to the revolving loan granted by Bank BOŚ S.A to co-finance the investment of "Zielona Dolina - substage 1" in Warsaw. By virtue of the Annex, the repayment term of the credit was set on 31 October 2014.

On 25 October 2013, the Company concluded the Annex to the revolving loan granted by Bank BOŚ S.A. to co-finance the development of "Zielona Dolina - substage 1" in Warsaw. By virtue of the Annex, the repayment term of the credit was set on 31 March 2015.

The issue of Bonds

On 24 January 2013, the Board Management passed a resolution, on the basis of which has changed the terms of the issue of bonds, issued pursuant to the Resolution of 26 April 2012 in the number of 9,500 units with a nominal value of PLN 10,000 each and a total value of PLN 95 million identified in the NDFS system as PLJWC0000043 in respect of: (i) the maturity of the bond, which was changed from 27 April 2015 to 25 January 2016, (ii) supplementing interest table with three new interest periods falling respectively on the date from 24 April 2015 to 24 July 2015, from 24 July 2015 to 23 October 2015 and from 23 October 2015 to 25 January 2016; (iii) the interest by an increase margin by 0.75% binding from 25 January 2013, the Company obtained the approval of all bondholders to change the above mentioned terms of the issue.



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On 25 January 2013, the Company issued a total number of 1,057 pieces of secured bonds with a par value PLN 100,000 each and a total value of PLN 105,700,000, of which the issue price corresponds to the par value, and the interest rate was based on WIBOR 3M plus margin (the "Bonds"), with a final maturity of 25 January 2016. The purpose of the Bonds issue was a partial debt repayment of repayment of the Series A bonds issued by the Company pursuant to the Resolution No. 1 of the Management Board of 18 June 2010, registered in the The National Depository for Securities S.A in Warsaw under ISIN code of PLJWC0000035. The bonds were paid with series A Bonds. In consequence of the Bonds issuance, 1057 series A bonds marked with ISIN code of PLJWC0000035 were deregistered from depository of securities held by the National Depository for Securities S.A, 243 bonds of the above-mentioned series remained. The bonds entitle bondholders to be given a redemption installment in the amount of 10% of a par value on 25 April 2014 and 25 April 2015. The redemption installment, referred to above, reduces the amount of the redemption of the Bonds attributable to pay on the final maturity date. Interest is paid quarterly. The bonds are secured by the establishment of:

(1) joint mortgage in the amount of PLN 135,000,000 on:

(a) real estate ownership right built with an office building located in Warsaw, in Aleje Jerozolimskie 216 Street, entitled to the Company. The property is comprised of a plot of land No. 62/2 with an area of 3,999m², for which the District Court for Mokotów Warsaw XIII Division of Land Registry maintains land and mortgage register No. WA1M/00149632/9 (a value of the above-mentioned property is according to the evaluation prepared by certified property appraiser which was estimated at the amount of PLN 36,365,800 net) (the Company provides a collateral);

(b) right of perpetual usufruct of property, entitled to the Company, which consists of a parcel of land located in Krynica-Zdrój at Czarny Potok Street with No. 163/1, 164/1, 164/4, 174/4, 146, 172, 173, 174/8, 174/9, with a total area of 29,491 m², and the right of ownership of buildings built on the property and are under separate ownership, for which the District Court in Nowy Sącz, X Branch Land Registry in Muszyna maintains the Land and Mortgage Register No. NS1M/00007069/8 (a value of the above-mentioned property is according to the evaluation prepared by certified property appraiser which was estimated at the amount of PLN 200,268,000,000) (the Company provides a collateral);

(c) undeveloped real estate ownership right entitled to the company of Lokum Spółka z o.o with its seat in Warsaw (a subsidiary):

(i) comprising of plots of land No. 86/2 i 86/4, with a total area of 15,066 m², located in Konstancin - Jeziorna, at Bielawska Street, for which the District Court in Piaseczno, IV Land Registry maintains the Land and Mortgage Register No. WA1I/00006117/5 and

(ii) comprising of a plot of land with No. 84/27 with an area of 29m² located in Konstancin-Jeziorna at Bielwska Street, for which the District Court in Piaseczno, IV Land Registry maintains the Land and Mortgage Register No. WA1I/00006116/8,

(which the value is according to the evaluation prepared by certified property appraiser which was estimated at the amount of PLN 4,212,000) (Lokum Spółka z o.o provides a collateral); and

(2) property mortgage in the amount of PLN 75,000,000 which ownership right is entitled to the Company and which is located in the municipality of Ożarów Mzaowiecki, in the area of Sochaczewska and Żyzna Street, consisting of plots of land with a total area of 141,497 m², for which the District Court in Pruszkow, VI Land Registry maintains Land and Mortgage Register No. WA1P/00105675/5 (a value of the above-mentioned property is according to the evaluation prepared by certified property appraiser which was estimated at the amount of PLN 86,152,000) (the Company provides a collateral).

The mortgages were written in favour of bondholders, whose rights and obligations of the encumbrancer are performed by Biedeki Biedeki and Partners Legal Advisers, as an administrator of the mortgage.

On 24 April 2013, the Company issued a total number of 9,120 bearer bonds with a par value of PLN 10,000 each and the total nominal value of PLN 91.2 million, the issue price equals par value, and the interest rate was determined and based on WIBOR 3M plus margin. The Company is required to fully redeem the bonds at the date of January 26, 2016, through the payment of bonds redemption amount which equals the par value plus interest due. Interest will be paid annually. Bonds are in the form of the document. The purpose of this issue is to finance the redemption of promissory notes in the amount of PLN 91.2 million. The bonds are unsecured, but the Company committed itself to bring to registration by the competent district court within three months from the issue date, ie on 24 April 2013, the security of the Bonds in the form of a mortgage on the developed property perpetual usufruct located in Warsaw, Kasprzaka 29/31 Street including plots 3/3 and 3/1 with a total area of 81,185 m², marked with the land register no WA4M/00162186/5, which is owned by the State Treasury, and the perpetual lessee till December 5, 2089, is J.W Group Sp. z o.o 1 SKA with its seat in Żąbki - a subsidiary of the Company. J.W. Group Spółka z o.o 1 SKA with its seat in Żąbki z o.o grants and establishes the collateral. Under the terms of the bond issue, a part of the property constituting the collateral of the bonds will be exempt from the collateral, after approval to such an exemption given to the administrator of a mortgage by all bondholders. The mortgage was written in favour of bondholders, whose rights and obligations of the encumbrancer are performed by Biedeki Biedeki and Partners Legal Advisers, as an administrator of the mortgage.

Redemption of bonds

On 25 January 2013, the Company redeemed part of the 1300 bonds of unsecured A series, issued by the Company pursuant to Resolution of the Board of the Company dated on 18 June 2010, registered with the National Depository for Securities S.A. in Warsaw under ISIN code of PLJWC0000035. 1,057 bonds subject to redemption with a nominal value of PLN 100,000 each and a total value of PLN 105,700,000.

On 25 June 2013, the Company redeemed part of the 1300 bonds of unsecured A series, issued by the Company pursuant to Resolution of the Board of the Company dated on 18 June 2010, registered with the National Depository for Securities S.A. in Warsaw under ISIN code of PLJWC0000035. 1,057 bonds subject to redemption with a nominal value of PLN 100,000 each and a total value of PLN 24.300.000.

Furthermore, the Company in the reporting period made the following uses of bonds:

- A) bonds issued on June 25, 2012, in the total number of 1,300 units with a par value of PLN 100,000 and a total value of PLN 130 million, where the Company made a withdrawal and carried out their redemption.
- B) bonds issued on April 27, 2012, in the total number of 9,500 units with a par value of PLN 10,000 and a total value of PLN 95 million, where the Company withdrew interest quarterly.

Other significant agreements:

On 24 September 2013, the Company sold the property situated in Katowice at Tysiąclecia street, Katowice constituting plot no 43/5 and 43/6 of the total area of 0.7054 hectares in the amount of PLN 2,912,000 net (ie PLN 3,581,760 gross) to a subsidiary operating under the name of the Nowe Tysiąclecie with its seat in Zabki. The building project was sold altogether with the property. Within the Capital Group of the Company, the Buyer will be implementing the residential investment which is dedicated to be sold within a separate project. This is another stage in the implementation of individual investments within the framework of special purpose vehicles forming the Group.

Shares

The establishment of the company of Nowe Tysiąclecie Sp. z o.o with capital of PLN 5,000 - 100% and then increase in the capital by the amount of PLN 3.27 million (65.400 shares at nominal value of PLN 50)

Capital increase in Seahouse Sp. z o.o by the amount of PLN 2,200,000 (44,000 new shares at nominal value of PLN 50)

Increases in J.W. Group Sp. z o.o. 1 SKA capital -

- 1) by PLN 1.000.000
- 2) by PLN 1.000.000
- 3) by PLN 30,012,000 with agio PLN 30,012,000

Disposal of shares in the Group

On 30.10.2013, the Company sold 258,308 shares with a nominal value of PLN 100 each with a total value of PLN 25,830,800 representing 100% of the share capital in the company under the name of Porta Transport Sp. z o.o in liquidation with its seat in Szczecin to a subsidiary of Business Financial Construction Sp. z o.o with its seat in Warsaw.

Note 33. Events which occurred after the balance sheet date

Occupancy permits

On 20 January 2014, the Company notified the Poviast Construction Supervision Inspectorate on the use of two single-family houses in Villa Campina estate in Ożarów Mazowiecki. The submissions were accepted without any reservations by the PCSI on February 5, 2014.

On 30 January 2014, the Company received the occupancy permit for the multi-family real estate "Oaza Piątkowo" at Jaroczyńskiego street in Poznań. The permit is final.

Credit Agreements

On 29 January 2014, the Company entered into the investment credit agreement with BOS Bank SA for the financing of activities related to environmental protection - refinancing costs connected with the implementation of water- sewerage systems and wastewater treatment plants in Ożarów Mazowiecki in the amount of PLN 13.874 million zł. The repayment date was set on 31 December 2017.

The annex to the credit agreement

On 19 February 2014, the Company signed the Annex to the overdraft facility agreement with Millenium Bank S.A. By virtue of the Annex, the repayment term of the credit was set on 21 August 2014.

Credit Repayment

On February 27, 2014, the Company repaid the investment credit in the amount of PLN 20 million dedicated to refinance the cost of production of 292 residential units in Villa Campina in Ożarów Mazowiecki which was granted by Getin Noble Bank S.A.

The registration of new SVPs

Bałtycka Invest Spółka z o.o.

Bałtycka Invest Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 23 January 2014 under KRS number 495612 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Bałtycka Invest Sp. z o.o through Bałtycka Invest Sp. z o.o. The Company intends to implement the project in Katowice at Bałtycka street.

Berensona Invest Spółka z o.o.

Berensona Invest Invest Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 28 January 2014 under KRS number 496087 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Berensona Invest Sp. z.o.o. The Company intends to implement the developer project in Warsaw in the area of Berensona street through Berenson Invest Sp. z o.o.

Zdziarska Invest Spółka z o.o.

Zdziarska Invest Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 22 January 2014 under KRS number 495351 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Zdziarska Invest Spółka. z o.o. The Company intends to implement the developer project in Warsaw in the area Zdziarska street through Zdziarska Invest Sp. z o.o.

Łódź Invest Spółka z o.o.

Łódź Invest Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 22 January 2014 under KRS number 495145 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Łódź Invest Spółka. z o.o The Company intends to implement the developer project in Łódź in the area of Tymienieckiego street ("Centrum III) in Łódź through Łódź Invest Sp. z o.o.

Bliska Wola 1 Spółka z o.o.

Bliska Wola 1 Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 22 January 2014 under KRS number 495392 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Bliska Wola 1 Sp. o.o. The Company intends to implement one of stages of developer project in Warsaw in the area of Kasprzaka street ("Bliska Wola") in Warsaw through Bliska Wola 1 Sp. z o.o.

Bliska Wola 2 Spółka z o.o.

Bliska Wola 2 Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 29 January 2014 under KRS number 495680 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Bliska Wola 2 Sp. o.o. The Company intends to implement one of stages of developer project in Warsaw in the area of Kasprzaka street ("Bliska Wola") in Warsaw through Bliska Wola 2 Sp. z o.o.

Bliska Wola 3 Spółka z o.o.

Bliska Wola 3 Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 23 January 2014 under KRS number 495616 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Bliska Wola 3 Sp. o.o. The Company intends to implement one of stages of developer project in Warsaw in the area of Kasprzaka street ("Bliska Wola") in Warsaw through Bliska Wola 3 Sp. z o.o.

Bliska Wola 4 Spółka z o.o.

Bliska Wola 4 Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 24 January 2014 under KRS number 495669 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Bliska Wola 4 Sp. o.o. The Company intends to implement one of stages of developer project in Warsaw in the area of Kasprzaka street ("Bliska Wola") in Warsaw through Bliska Wola 4 Sp. z o.o.

Bliska Wola 5 Spółka z o.o.

Bliska Wola 5 Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 29 January 2014 under KRS number 495118 with its share capital of PLN 5,000 divided into 100 shares with a



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nominal value of PLN 50.00 each. The Company holds 100% of shares in Bliska Wola 5 Sp. o.o. The Company intends to implement one of stages of developer project in Warsaw in the area of Kasprzaka street ("Bliska Wola") in Warsaw through Bliska Wola 5 Sp. z o.o.

Note 34. Selected financial data including the main items of the financial statements in thousands of PLN

In order to convert the balance for the period from 1 January 2010 – 31 December 2013, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.1472/ EUR

In order to convert the balance for the period from 1 January 2010 – 31 December 2012, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.0882/ EUR

In order to convert the income statement for the period from 01/01/2013 – 31 /12/2013, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.2110 / EURO.

In order to convert the income statement for the period from 01/01/2012 – 31 /12/2012, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.1641 / EURO.

Consolidated balance sheet item	31-12-2013		31-12-2012	
	PLN	EUR	PLN	EUR
Total Assets	1,407,507	339,387	1,556,107	380,634
Non-current assets	885,362	213,484	909,477	222,464
Current assets	522,145	125,903	646,631	158,170
Total Equity and Liabilities	1,407,507	339,387	1,556,107	380,634
Equity	513,374	123,788	503,256	123,100
Non-current liabilities	589,186	142,068	660,268	161,506
Current liabilities	304,946	73,531	392,584	96,028

Consolidated income statement item	from 01-01-2013 to 31-12-2013		from 01-01-2012 to 31-12-2012	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	327,533	77,781	355,559	85,386
Costs of products, goods and materials sold	258,523	61,393	275,185	66,085
Gross profit (loss) on sales	69,010	16,388	80,374	19,302
Selling expenses	20,171	4,790	20,831	5,003
Overhead expenses	20,667	4,908	31,544	7,575
Profit (loss) on sales	42,630	10,123	51,555	12,381
Operating profit (loss)	48,468	11,510	59,572	14,306
Gross profit (loss)	12,836	3,048	12,316	2,958
Income tax	1,392	331	2,763	664
Net profit (loss)	11,444	2,718	9,553	2,294

Issuer's balance sheet item	31-12-2013		31-12-2012	
	PLN	EUR	PLN	EUR
Total Assets	1,288,027	310,578	1,452,050	355,181
Non-current assets	801,365	193,230	826,527	202,174
Current assets	486,662	117,347	625,523	153,007
Total Equity and Liabilities	1,288,027	310,578	1,452,050	355,181
Equity	533,665	128,681	521,788	127,633
Non-current liabilities	459,263	110,741	554,927	135,739
Current liabilities	295,099	71,156	375,335	91,809



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Consolidated income statement item	from 01-01-2013 to 31-12-2013		from 01-01-2012 to 31-12-2012	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	291,473	69,217	282,961	67,952
Costs of products, goods and materials sold	235,344	55,888	211,798	50,863
Gross profit (loss) on sales	56,129	13,329	71,162	17,089
Selling expenses	27,394	6,505	24,691	5,929
Overhead expenses	13,263	3,150	23,332	5,603
Profit (loss) on sales	31,362	7,448	44,495	10,685
Operating profit (loss)	34,092	8,096	51,883	12,460
Gross profit (loss)	14,171	3,365	11,224	2,695
Income tax	2,295	545	3,163	760
Net profit (loss)	11,876	2,820	8,061	1,936

Note 35. Off-balance sheet entries

OFF- BALANCE SHEET COLLATERALS - credit agreements	31-12-2013
Investment real estate pledged as collateral - loans	694,626,834.00
blank bill	350,626,542.31
Executory titles	553,462,543.05
Pledge on shares of JWCH in Seahouse	25,500,000.00
Assignment of the insurance contract	427,078,428.00
Guarantees to the benefit of Bank Zachodni WBK on the investment credit of the Company of Seahouse Sp. z o.o.	25,500,000.00

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

The above table presents all the collaterals arising from loan agreements to secure the payment obligations. Due to the fact that within particular loan agreements several collaterals were established, the summary of collateral values was not made.

OFF- BALANCE SHEET COLLATERALS - other	31-12-2013
Own investment real estate pledged as collateral - bonds	335,000,000.00
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Guarantees to the benefit of JW. Construction Sp. zo.o.	7,000,000.00
Guarantees to the benefit of Developer Sp. z o.o.	341,697.60
Other	647,863.30
Guarantees to the benefit of Capital City of Warsaw	151,300.00

As at 31 December 2013 there were disclosed insurance guarantees to remove failures and defects, granted by banks and insurance institutions to the benefit of the Company. Moreover, there were blank promissory notes issued to the benefit of J.W. Construction Holding S.A. to secure rights of such companies under guarantees granted by counterparties, which the Companies may fill in at any time with the amount corresponding to the costs of failure and defect removal. As at 31 December 2012 the total value of guarantees was PLN 24.4 million and EUR 12.3 thousand (J.W. Construction Holding S.A) and 9,200,000 and EUR 104,8 thousand (J.W. Construction Sp. z o.o).

Note 36. Significant issues in litigation

The Company is a party to the proceedings, the value of which exceeds 10% of equity. On 26 April 2012, the Company filed against the Capital City of Warsaw ("Respondent") a petition for commitment of the Defendant to submit a declaration of intent for the acquisition from the Company right of perpetual use of the plot no 2/6 with the area of 3,2605 ha for which the District Court for Warsaw- Mokotów, X Division of Land Registry maintains a land and mortgage registry no WA4M/00413015/1 KW ("Property") for a net price of PLN 91,130,975 together with interest from the date of 8 January 2010. The company filed a petition according to the Article 36.1 point. 2) of the Act of 27 March 2003 on spatial planning and development (Journal of Laws 2003.80.717) in connection with the adoption by the Respondent of the area development plan area of Olbrachta Street (approved by the resolution of the City of Warsaw No. LVI/1669/2009, which entered into force on 3 August 2009) ("Plan"). The property has been earmarked for the N-S Route. In the period when the Company acquired the Property, the zoning plan of the property was not obligatory. With the adoption of the Plan and as a result of this adoption, there has been a significant restriction on the use of the Property by the Company, therefore the Company has the right to request to redeem to purchase/buy out the Property by the Defendant. The Company applied to the Defendant with a request to take steps to voluntary purchase of the

Property by the Respondent but the request was refused. The Company believes the claim is fully justified and deserves the judgement in accordance with the petition of the Company.

As at 31 December 2013 the total value of the proceedings against the Company did not exceed 10% of the equity of the Company totally.

Note 37. Financial instruments and hedge accounting

The Group does not use derivatives. The Group uses bank credits, loans, bond issues as well as financial leases.

The main financial assets of the Company is a loan for the related not consolidated Company as well as cash and cash equivalents.

The fair values of particular classes of financial instruments

The following table shows a comparison of the carrying amounts and fair values of all financial instruments of the Company, divided into different classes and categories of assets and liabilities.

	Category in accordance with IAS 39	Carrying value		Fair value	
		31-12-2013	31-12-2012	31-12-2013	31-12-2012
<i>Financial assets</i>					
Long term financial assets in related entities	DDS	14,804.98	4,356,804.98	0.00	0.00
Long term financial assets in related entities	DDS	214,194.62	243,824.62	0.00	0.00
Short-term loans	PiN	563,328.23	487,932.16	563,328.23	487,932.16
Trade and other receivables	PiN	53,368,286.67	41,136,909.19	53,368,286.67	41,136,909.19
Cash and cash equivalents	WwWGpWF	15,818,508.58	16,729,078.51	15,818,508.58	16,729,078.51
<i>Financial liabilities</i>					
Loans with a variable interest rate	PZFwgZK	328,425,301.37	385,578,602.63	328,425,301.37	385,578,602.63
Loans from related companies, foreign	PZFwgZK	4,025,700.48	3,284,400.19	4,025,700.48	3,284,400.19
Liabilities from long-term financial lease	PZFwgZK	117,280.26	37,453,980.19	117,280.26	47,268,288.91
Liabilities from short-term financial lease	PZFwgZK	25,674,106.42	5,884,216.61	25,674,106.42	7,066,702.63
Trade and other receivables	PZFwgZK	77,544,662.69	95,435,881.73	77,544,662.69	95,435,881.73
Bonds	PZFwgZK	299,849,363.10	229,556,972.00	299,849,363.10	229,556,972.00
Liabilities from long-term deposits	PZFwgZK	5,584,401.99	6,828,954.16	5,584,401.99	6,828,954.16
Note liabilities	PZFwgZK	6,582,907.76	92,883,177.27	6,582,907.76	92,883,177.27

UdtW - Financial assets held to maturity,

WwWGpWF - assets / liabilities at fair value through profit/loss

PiN - Loans and receivables

DDS - Financial assets available for sale

PZFwgZK - Other financial liabilities measured at amortized cost

Interest rate risk

The following table presents the carrying amount of the Company's financial instruments which are exposed to interest rate risk, in division into particular age categories.

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<i>December 31, 2013 - variable interest rate</i>	Up to 1 year	from 1 to 2 years	from 2 - 5 years	Over 5 years	Total
Cash Assets	15,818,508.58	0.00	0.00	0.00	15,818,508.58
Financial assets- short-term loans	563,328.23	0.00	0.00	0.00	563,328.23
Loans from related companies, foreign	4,025,700.48	0.00	0.00	0.00	4,025,700.48
Bank Loans	140,300,561.09	52,612,919.95	42,170,343.57	93,341,476.76	328,425,301.37
Bonds liabilities	7,949,363.10	291,900,000.00	0.00	0.00	299,849,363.10

COLLATERALS

The Company does not apply hedge accounting.

Note 38. Changes in the Management and Supervisory Board of the Parent Company in the Capital Group - J.W Construction Holding SA

Management Board

As at 01/01/2013 the Management Board of the Company was composed of:

Mr. Robert Wojcik - Member of Management Board
Mr. Wojciech Rajchert - Member of Management Board
Ms. Irmina Łopuszyńska - Member of Management Board
Ms. Magdalena Starzyńska - Member of the Management Board

During 2013 the composition of the Management Board of the Company was changed as follows:

On 07 February 2013, the Company received a statement from Mr. Robert Wójcik - the Member of the Management Board on his resignation from the membership in the Management Board on 09 February 2013.

On April 17, 2013, the Company received a statement, of an authorized Shareholder, on the appointment of Ms. Małgorzata Ostrowska to the Management Board, the appointment was based on the personal rights granted by the Articles of Association.

On April 17, 2013, the Company received a statement, of an authorized Shareholder, on the appointment of Ms. Anna Konkul to the Management Board, the appointment was based on the personal rights granted by the Articles of Association.

On 20 December 2013, the Company received a statement from Ms. Anna Konkul - the Member of the Management Board on her resignation from the membership in the Management Board from 20 December 2013.

As at 31/12/2013 the Management Board of the Company was composed of:

Mr. Wojciech Rajchert - Member of Management Board
Ms. Irmina Łopuszyńska - Member of Management Board
Ms. Magdalena Starzyńska - Member of the Management Board
Ms. Małgorzata Ostrowska - Member of Management Board

Supervisory Board

As at 01/01/2013 the Supervisory Board of the Company was composed of:

Mr. Józef Wojciechowski - Chairman of Supervisory Board
Mr. Józef Oleksy – Vice Chairman of Supervisory Board
Mr. Andrzej Podsiadło – Member of Supervisory Board
Mr. Jarosław Król – Member of Supervisory Board
Mr. Marek Samarcew - Member of Supervisory Board

During 2013 the composition of the Supervisory Board Board of the Company was changed as follows:

As at 31/12/2013 the Supervisory Board of the Company was composed of:

Mr. Józef Wojciechowski - Chairman of Supervisory Board
 Mr. Józef Oleksy – Vice Chairman of Supervisory Board
 Mr. Andrzej Podsiadło – Member of Supervisory Board
 Mr. Jarosław Król – Member of Supervisory Board
 Mr. Marek Samarcew - Member of Supervisory Board

Note 39. Capital Management

The Group manages its capital in order to maintain the capacity to continue operations, in order to generate returns for shareholders and benefits to other stakeholders.

In accordance with market practice, the Group monitors its capital, among other things, on the basis of equity ratio and the ratio of loans, credits and other financing sources / EBITDA.

The equity ratio is calculated as the ratio of net tangible assets (equity diminished by the value of intangible assets) to total assets.

The ratio of credits, loans and other financing sources / EBITDA is calculated as the ratio of credits, loans and other financing sources to EBITDA. Loans and other sources of funding means the total amount of liabilities arising from loans, credits and leases, while EBITDA is operating profit after adding depreciation. In order to maintain liquidity and the capacity to acquire external financing at a reasonable cost, the Group assumes maintain the equity ratio at the level of, but not lower than 0.3.

	31 December 2013	31 December 2012
Interest-bearing loans and borrowings	332,451,001.85	388,863,002.82
Trade and other receivables	561,681,794.84	663,988,414.85
Minus cash and cash equivalents	-15,818,508.58	-16,729,078.51
Net debt	878,314,288.11	1,036,122,339.16
Equity	513,374,216.23	503,256,055.60
Net unrealized gains reserve	0	0
Total share capital	513,374,216.23	503,256,055.60
Capital and net debt	1,391,688,504.34	1,539,378,394.76
Equity ratio	36.89%	32.69%
Credits ratio	63.11%	67.31%

Note 40. Information on the agreement with the entity authorized to audit the financial statements and review of financial statements

On 15 July 2010, the Company concluded an agreement, with BDO Sp. Ltd., a company authorized to perform audits of financial statements, on performing the interim review and audit of financial statements for the year 2013.

The remuneration of the auditor for auditing the consolidated financial statements for the financial year ended on 31.12.2013 amounted to PLN 50 thousand, of which PLN 25 thousand for a consolidated annual survey, and PLN 25 thousand for an interim review of the consolidated financial statement. The remuneration of the auditor for auditing the unitary financial statements for the financial year ended on 31.12.2013 amounted to PLN 125 thousand, of which PLN 85 thousand for a unitary annual survey, and PLN 40 thousand for an interim review of the financial statement. The given amounts are net amounts.

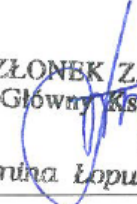
In addition, the Company concluded also additional agreements with BDO Sp. z o.o on the audit of financial statements of subsidiaries of the Capital Group of J.W Construction Holding S.A: TBS Marki Sp. z o.o based in Warsaw -the agreement on auditing the statements for the year 2013 was concluded in 2013, the remuneration is PLN 14 thousand, J.W. Construction Spółka z o.o based in Ząbki concluded agreement on auditing the statements for the year 2013, was concluded in 2013, the remuneration is PLN 45 thousand.

Note 41. Information on the approval of the financial statements for the previous year

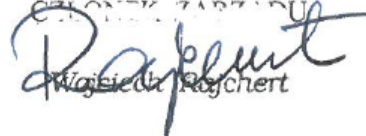


These financial statements are approved by the Management Board for publication on 19 March 2014. In case of occurrence of significant changes requiring disclosure, the financial statements may be changed after it is completed, prior to the approval by the Management Board only.

Signature of the preparer of the Financial Statements

Podpis osoby sporządzającej Sprawozdanie Finansowe

<p>Irmína Łopuszyńska Członek Zarządu Główny Księgowy</p>	<p>Podpis</p> <p>CZŁONEK ZARZĄDU Główny Księgowy</p>  <p>Irmína Łopuszyńska</p>
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Podpisy Członków Zarządu

<p>Wojciech Rajchert Członek Zarządu</p>	<p>Podpis</p> <p>CZŁONEK ZARZĄDU</p>  <p>Wojciech Rajchert</p>
<p>Magdalena Starzyńska Członek Zarządu</p>	<p>Podpis</p> <p>Członek Zarządu</p>  <p>Magdalena Starzyńska</p>
<p>Małgorzata Ostrowska Członek Zarządu</p>	<p>Podpis</p> <p>CZŁONEK ZARZĄDU</p>  <p>Małgorzata Ostrowska</p>

Ząbki, 19 March 2014