

**Consolidated
Financial Statements**

**for the period from 01 January 2011
to 31 December 2011.**

Prepared in accordance with International
Financial Reporting Standards



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 Ząbki at ul. Radzyńska 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 0000028142.

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 2011 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 2011 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
Deweloper Sp. z o.o.	Poland	99.00%	99.00%	full consolidation
J.W. Construction International Sp. z o.o	Russia	100.00%	100.00%	full consolidation
J.W. Construction S.A.	Poland	99.99%	99.99%	full consolidation
JW Construction Sp. z o.o. (former JWCH Produkcja Budowlana Sp. z o.o.)	Poland	99.99%	99.99%	full consolidation
JWCH Budownictwo Drogowe Sp. z o.o.	Poland	99.95%	99.95%	full consolidation
JW Projekt Sp. z o.o.	Poland	99.98%	99.98%	full consolidation
Porta Transport Sp. z o.o. in liquidation	Poland	100.00%	100.00%	full consolidation

JW Marka Sp z o.o.	Poland	100.00%	100.00%	full consolidation
Architects Polska Sp. z o.o	Poland	100.00%	100.00%	full consolidation
Yakor House Sp. z o.o. (former Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o.)	Russia	70.00%	70.00%	full consolidation

The core business of the Group's companies is:

- Lokum Sp. z oo - Development and sale of own properties for its own account
- Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. - sale and administration of social building estates,
- J.W. Construction International Sp. z o.o - general building works connected with erection of buildings, general building and civil engineering, building production,
- Yakor House Sp. z o.o. (former Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o.) - Development and sale of properties for its own account
- Deweloper Sp. z o.o. - building and assembly production,
- Porta Transport Sp. z o.o. - transport services,
- J.W. Construction S.A. - building production,
- JW Projekt Sp. z o.o. - designing services,
- JW Construction Sp. z o.o. - prefabricated units production for the building industry,
- JWCH Budownictwo Drogowe Sp. z o.o. - road construction
- JW. Marka Sp. z o.o. - marketing activity;
- Architects Polska Sp. z o.o - designing services,

All Group companies operate in the territory of Poland, except for J.W. Construction International Sp. z o.o. and 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 2010-2011 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 2010-2011 the parent company excluded the following subsidiaries from the obligatory consolidation:

In 2010:

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

In 2011:

- Business Financial Construction Sp. z o.o.-100%
- Polonia S.S.A - 100%
- J.W. Construction Bułgaria 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 that it will operate as a going concern and that financial statements are comparable. As at the balance sheet date the Capital Group of J.W. Construction Holding S.A. did not find out any threats to the going concern assumption. The consolidated financial reporting is prepared in accordance with the historical cost convention. The consolidated financial information was not measured with any other method, which guarantees that the financial statements 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 consolidated financial statements for 2011 are consistent with those used for preparation of the annual financial statements for 2010, with the exception of changes described below.

The same principles were used for the current and comparable period.

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 2011:

- The revised IFRS 1 First-time Adoption Of International Financial Reporting Standards
- Amendments to IAS 24 "Related Party Disclosures" issued 4 November 2009.
- Amendments to IAS 32 "Financial Instruments: Presentation "
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements)
- The amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

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 expending of the scope of required disclosures or terminology used.

The main consequences of the application of new regulations:

- The revised IFRS 1 First-time Adoption Of International Financial Reporting Standards

The revised IFRS 1 was published on 28 January 2010 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on 01 July 2010 or after. The revised standard contains provisions regarding the limited exemption from disclosure of comparable data for IFRS 7

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

- Amendments to IAS 24 "Related Party Disclosures" issued 4 November 2009.

The amendment to IAS 24 was published on 04 November 2009 and is applicable to annual periods beginning on or after 01 January 2011. Changes include simplification of the definition of related parties and the introduction of simplifications regarding the disclosure of transactions with entities owned by the Treasury.

The amendment to IFRS 24 has no impact on the financial statements of the Group.

- Amendments to IAS 32 "Financial Instruments: Presentation "

On 8 October 2009, an amendment to the regulations related to the classification of rights issues denominated in foreign currency. Previously, such rights as derivatives were presented in the financial liabilities. After the amendment, and meeting defined requirements, they are recognized as a component of equity, regardless of what currency they are denominated in. The amendment to IAS 32 is applicable to annual periods beginning on or after 01 February 2010.

The amendment to IFRS 32 has no 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)

On 6 May 2010, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in August 2009 were published. They are applicable to annual periods beginning on or after 01 January 2011 (depending on a standard).

The Group has applied revised standards in the scope of the amendments, which were made, since 1 January 2011, unless their different date of entry into force is provided.

The application of the revised standard did not affect the statement of the Group.

- The amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement

The amendment was published on 26 November 2009 and it is applicable to annual periods beginning on or after 01 January 2011. The amendment of the interpretation will be applicable in cases when an entity is subject to minimum funding requirements in relation to existing employee benefit programs and make pre-payment of premiums in order to meet these requirements.

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

- IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 Interpretation was published on 26 November 2009 and it is applicable to annual periods beginning on or after 01 July 2010. The interpretation provides guidance on recognizing transaction of extinguishing financial liabilities with equity instruments.

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

Changes made by the Group itself

The Group did not make a correction of presentation of comparable data for 2011.

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:

- 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 or after 01 July 2011. 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 Group will apply the amended IFRS 1 from January 1, 2012.

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

- Amendments to IFRS 7 Disclosures—Transfers of Financial Assets

The amendments to IFRS 7 were published on 07 October 2010 and are applicable to annual periods beginning on or after 01 July 2011. The aim of the changes in the standard is to enable users of financial statements to understand the transactions of financial assets better (eg, securitization), including understanding the potential effects of risks that are in the unit that provided assets. The changes also require additional disclosure in the case of a transfer of assets of significant value near the end of the reporting period.

The Group will apply the amended IFRS 7 from January 1, 2012.

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

- 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. The new standard will enter into force from 1 January 2013.

The Group will apply the new standard from January 1, 2013

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 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 Group will apply the amended IAS 12 from January 1, 2012.

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

IFRS as endorsed by the EU currently does not differ significantly from regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, interpretations and amendments thereto which at the date of approval of these financial statements for publication have not been adopted yet to use by the EU:

- IFRS 9 Financial Instruments published on 12 November 2009 (as amended).
- Amendments to IFRS 7 Disclosures—Transfers of Financial Assets published on 07 October 2010.
- Amendments to IFRS 1 Severe hyperinflation and removal of fixed dates published on 20 December 2010.
- Amendments to IAS 12 Deferred tax: Recovery of Underlying Assets, published on 20 December 2010.

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:

- Buildings and structures: the depreciation rates from 2% - 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.

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.

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.

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 twelve months. Advances paid by buyers under concluded agreements are recorded as deferred income. Costs by nature incurred in a given period are disclosed as production 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 using the interpretation of IFRIC 15 recognizes revenue from the sale of the property after meeting the following conditions:

- Obtaining a permit for the use;
- Payment of 100% of value of the premises, garage, etc...,
- 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.

B. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS	Note	31 -12 -2011	31 -12 -2010
NON-CURRENT ASSETS		687,358,395.85	570,563,905.88
Total intangible assets, including	1	17,062,653.63	5,951,536.39
<i>Goodwill</i>	<i>1</i>	<i>12,389,648.22</i>	<i>0.00</i>
Goodwill of subsidiaries	2	0.00	12,389,648.22
Tangible assets	3	428,753,773.80	389,520,877.03
Investment real estate	4	166,894,332.33	124,271,404.71
Other financial assets	5	41,365,995.97	4,600,378.60
Deferred income tax assets	15	17,508,194.59	19,000,801.03
Trade and other receivables	6	15,773,445.52	14,829,259.90
CURRENT ASSETS		693,447,304.23	811,615,565.19
Inventories	7	38,374,466.75	31,935,617.82
Construction contracts	7	522,970,383.44	594,363,748.02
Trade and other receivables	8	64,823,508.08	59,610,326.41
Other financial assets	9	548,507.06	36,286,820.86
Cash and cash equivalents	10	42,995,638.89	68,073,570.55
Accruals	11	23,734,800.01	21,345,481.53
Total Assets		1,380,805,700.09	1,382,179,471.07
EQUITY AND LIABILITIES			
EQUITY		493,447,404.34	462,544,756.35
Share capital	12	10,814,656.00	10,814,656.00
Revaluation capital		7,490,208.19	7,471,818.19
Other capital	13	483,321,807.77	410,380,359.60
Retained earnings		-39,435,078.65	-58,133,798.21
Net profit / loss		31,255,811.03	92,011,720.77
LIABILITIES		887,358,295.75	919,634,714.73
Non-current liabilities,		457,348,053.96	414,762,737.07
Borrowings	14	205,546,898.02	146,840,247.63
Deferred income tax liabilities	15	11,005,674.67	17,026,492.94
Retirement benefit obligations	16	633,000.00	474,000.00
Provision for other liabilities and charges	17	56,648,040.32	58,029,841.72
Other liabilities	18	183,514,440.95	192,392,154.78
Current liabilities		430,010,241.79	504,871,977.65
Trade and other payables	19	113,822,288.39	75,783,736.63
Construction contracts	7	69,575,044.14	152,148,475.50
Borrowings	14	85,064,985.88	108,425,137.41
Provision for other liabilities and charges	17	18,634,022.30	22,551,700.82
Other liabilities	19	142,913,901.08	145,962,927.30
Total Equity and Liabilities		1,380,805,700.09	1,382,179,471.08

Consolidated income statement

	Note	for the period 01 -01 -2011 to 31-12-2011	for the period 01 -01 -2010 to 31-12-2010
Net revenues from sales of products, goods and materials, of which:	24	378,632,092.79	620,025,803.53
Net revenues from sales of products		374,039,985.37	615,706,057.29
Net revenues from sales of goods and materials		4,592,107.42	4,319,746.24
Costs of products, goods and materials sold, of which:	25	277,268,878.93	442,403,611.39
Manufacturing cost of products sold		273,177,628.59	438,157,369.05
Value of goods and materials sold		4,091,250.34	4,246,242.34
Gross profit (loss) on sales		101,363,213.86	177,622,192.14
Selling expenses	25	26,928,565.24	28,535,298.57
Overhead expenses	25	34,831,058.90	28,883,795.16
Revaluation of investment properties		22,439,148.09	10,191,262.90
Profit (loss) on sales		62,042,737.81	130,394,361.31
Other operating income	26	11,406,276.52	20,860,326.33
Other operating expenses	27	9,583,233.15	8,833,063.14
Operating profit (loss)		63,865,781.18	142,421,624.50
Financial income	28	10,170,476.12	6,497,913.60
Financial expenses	29	34,560,919.36	35,519,451.24
Profit (loss) on ordinary activities		39,475,337.94	113,400,086.86
Gross profit (loss)		39,475,337.94	113,400,086.86
Income tax	22	8,219,526.90	21,388,366.08
Net profit (loss)		31,255,811.03	92,011,720.77

Other comprehensive income:	Note	-353,163.04	-635,906.10
Exchange differences on foreign operations conversion		-427,348.06	-33,128.76
Profit/loss from acquisitions		0.00	-602,777.34
Profit from revaluation of tangible fixed assets		0.00	0.00
Other comprehensive income:		74,185.02	0.00
Total revenue		30,902,647.99	91,375,814.67

Consolidated cash flow statements

	01 -01 -2011 to 31-12-2011	01 -01 -2010 to 31-12-2010
Operating cash flow - two-step method		
Net profit (loss)	31,255,811.03	92,011,720.77
Total adjustments, of which:	28,835,933.66	80,308,250.75
Depreciation and amortisation	12,288,632.48	12,865,098.91
(Profits) losses on exchange differences related to investment and financial activities	-3,743,540.77	1,293,751.00
(Profits) loss from investment activities	-981,209.86	-3,489,460.53
Interest and dividends	32,840,502.23	24,488,156.85
Changes in provisions and accruals	-11,504,084.39	43,285,030.91
Other adjustments	-64,366.03	1,865,673.61
- other adjustments	-64,366.03	1,865,673.61
Changes in working capital	-3,713,707.61	44,807,223.12
Change in inventories	5,258,442.63	5,340,437.23
Change in construction contracts	-21,834,530.37	79,927,387.87
Changes in receivables	-6,157,367.29	-3,300,821.14
Changes in current liabilities, except for borrowings	19,019,747.41	-37,159,780.84
Net operating cash flows	56,378,037.08	217,127,194.64
Investment activity cash flows	0.00	0.00
Disposal of tangible and intangible assets and other non-current assets	10,260,504.89	4,867,191.22
Purchase of tangible and intangible assets and other non-current assets	-94,612,262.03	-138,950,863.45
Expenses associated with the asset to be sold	0.00	0.00
Purchase of equity instruments and debt instruments	0.00	0.00
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-391,445.50	-115,397.00
Loans repaid	4,597,832.39	1,963,041.95
Other purchase of financial assets	-479,284.30	0.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	42,270.00	0.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	0.00	0.00
Net investment cash flow	-80,582,384.55	-132,236,027.28
Financing cash flow	0.00	0.00
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	,
Borrowings	473,718,494.1	304,230,385.3

	3	4
	-	-
Borrowings repaid	433,907,669.98	439,061,823.93
Debt securities issued	0.00	130,000,000.00
Debt securities redeemed	0.00	0.00
Payments under financial lease agreements	-5,950,588.81	-11,303,490.31
Dividends and other shared profits	0.00	0.00
Interest paid	-33,813,819.05	-25,684,685.34
Other financial proceeds (including notes)	9,070,000.00	4,500,000.00
Other financial expenditures (including notes)	-9,990,000.47	-6,660,000.00
Net financing cash flow	-873,584.18	-43,979,614.24
NET DECREASE/(INCREASE) IN CASH	-25,077,931.65	40,911,553.12
Cash and cash equivalents at the beginning of the year	68,073,570.55	27,162,017.40
- foreign exchange gains/(losses) on cash	0.00	0.00
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	42,995,638.89	68,073,570.55

Consolidated statement of changes in equity

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2010	10,814,656.00	0.00	7,471,818.19	403,156,384.89	7,320,492.68	-96,517.97	-58,133,798.21	92,011,720.77	462,544,756.35
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 2011	10,814,656.00	0.00	7,471,818.19	403,156,384.89	7,320,492.68	-96,517.97	-58,133,798.21	92,011,720.77	462,544,756.35
Issue of shares	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
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 fixed assets and investment properties	0.00	0.00	18,390.00	0.00	0.00	0.00	0.00	0.00	18,390.00
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	-427,348.06	0.00	0.00	-427,348.06
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
Profit/loss from the inclusion/exclusion of companies to consolidate	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	55,795.02	0.00	55,795.02
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total profit / (loss) recognised directly in	0.00	0.00	18,390.00	0.00	0.00	-427,348.06	55,795.02	0.00	-353,163.04

<i>equity</i>									
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31,255,811.03	31,255,811.03
Total profit / (loss) recognised in equity and net earnings	0.00	0.00	18,390.00	0.00	0.00	-427,348.06	55,795.02	31,255,811.03	30,902,647.99
Increase / decrease from profit distribution	0.00	0.00	0.00	72,741,981.31	626,814.92	0.00	18,642,924.55	-92,011,720.77	0.00
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

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	other rcapital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2009	10,939,656.00	- 4,429,867.11	7,471,818.19	648,628,900.79	5,731,587.19	-63,389.21	- 352,468,231.69	100,396,876.34	416,207,350.50
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	-45,038,408.82	0.00	0.00	0.00	0.00	-45,038,408.82
As at 01 January 2009	10,939,656.00	- 4,429,867.11	7,471,818.19	603,590,491.97	5,731,587.19	-63,389.21	- 352,468,231.69	100,396,876.34	371,168,941.68
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
Share redemption	-125,000.00	4,429,867.11	0.00	-4,304,867.11	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	-33,128.76	0.00	0.00	-33,128.76
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	0.00	0.00	0.00		0.00	0.00
Inclusion of the Company to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	-602,777.34	0.00	-602,777.34

Total profit / (loss) recognised directly in equity	10,814,656.00	0.00	7,471,818.19	599,285,624.86	5,731,587.19	-96,517.97	-353,071,009.03	100,396,876.34	370,533,035.58
Net profit (loss) for the accounting year	0.00	0.00	0.00		0.00	0.00	0.00	92,011,720.77	92,011,720.77
Total profit / (loss) recognised in equity and net earnings	10,814,656.00	0.00	7,471,818.19	599,285,624.86	5,731,587.19	-96,517.97	-353,071,009.03	192,408,597.12	462,544,756.35
Increase / decrease from profit distribution	0.00	0.00	0.00	-196,129,239.96	1,588,905.49	0.00	294,937,210.81	-100,396,876.34	0.00
As at 31 December 2010	10,814,656.00	0.00	7,471,818.19	403,156,384.90	7,320,492.68	-96,517.97	-58,133,798.22	92,011,720.77	462,544,756.35

C. D. 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 2011 disclose all events that occurred until the day of these statements i.e till 15 March 2012 and had effect on the Consolidated Financial Statements of the Group for the period from 01 January 2011 to 31 December 2011.

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

In 2011, the Group did not make any changes due to the change of accounting policy.

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 -2011	31 -12 -2010
a) research and development	0.00	0.00
b) goodwill	12,389,648.22	0.00
c) other intangible assets	4,673,005.41	5,951,536.39
d) advances on intangible assets	0.00	0.00
Total intangible assets	17,062,653.63	5,951,536.39

Items of the group's assets		Goodwill	Other intangible assets	Total other intangible assets
value	Opening balance	0.00	15,537,383.54	15,537,383.54
	Mergers	0.00	0.00	
	Total post-merger	0.00	15,537,383.54	15,537,383.54
	Revenues	0.00	64,625.19	64,625.19
	Relocations	12,389,648.22	0.00	0.00
	In-kind contribution	0.00	13,094.37	13,094.37
	Expenses	0.00	14,786.56	14,786.56
	Balance sheet at the end of the financial year	12,389,648.22	15,600,316.54	15,600,316.54
depreciation	Opening balance	0.00	9,585,846.15	9,585,846.15
	Mergers	0.00	0.00	0.00
	Total post-merger	0.00	9,585,846.15	9,585,846.15
	Depreciation for the year	0.00	1,340,444.19	1,340,444.19
	Increase	0.00	0.00	0.00
	Decrease	0.00	5,150.16	5,150.16
	In-kind contribution	0.00	4,129.37	4,129.37
	Balance sheet at the end of the financial year	0.00	10,927,311.13	10,927,311.13
Net balance sheet at beginning of financial year		0.00	5,951,537.39	5,951,537.39
Net balance sheet at the end of the financial year		12,389,648.22	4,673,005.41	17,062,653.63

Note 2. Goodwill of subsidiaries

Goodwill of subsidiaries	31 -12 -2011	31 -12 -2010
a) goodwill - subsidiaries	0.00	12,389,648.22
b) goodwill - fellow subsidiaries	0.00	0.00
c) goodwill - associates	0.00	0.00
Total intangible assets	0.00	12,389,648.22

The goodwill of subsidiaries was established as the difference of acquisition price of a given company and fair value of acquired net assets, lower than the same.

This value concerns the takeover of Project 55 Sp. z o.o., which was merged with the Issuer in 2011. The goodwill of the Company is disclosed in total intangible assets item in the statements of the Issuer.

Note 3. Tangible assets

Tangible assets	31 -12 -2011	31 -12 -2010
a) property, plant and equipment, of which:	274,546,001.47	279,519,024.57
- land (including right of perpetual usufruct)	42,798,869.71	45,234,697.07
- buildings and structures	218,122,569.60	216,074,744.11
- plant and machinery	8,523,020.03	11,196,103.38
- motor vehicles	3,522,543.87	4,775,952.51
- other property, plant and equipment	1,578,998.26	2,237,527.49
b) constructions in progress	154,207,772.34	110,001,852.46
c) advances on constructions in progress	0.00	0.00
Total tangible assets	428,753,773.80	389,520,877.03

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	Total property, plant and equipment	Assets in constructions	Advances on assets in constructions	Total tangible assets
value	Opening balance	46,802,259.80	257,527,025.22	39,622,037.06	18,049,908.82	11,750,523.34	373,751,754.24	110,001,852.46	0.00	483,753,606.70
	Mergers-revaluations	0.00	0.00	655,852.32	0.00	0.00	655,852.32	0.00	0.00	655,852.32
	Total post-merger	46,802,259.80	257,527,025.22	40,277,889.38	18,049,908.82	11,750,523.34	374,407,606.56	110,001,852.46	0.00	484,409,459.02
	Inclusion to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Revenues	0.00	11,880,591.56	842,889.81	973,602.18	484,195.02	14,181,278.57	52,176,583.57	0.00	66,357,862.14
	Relocations/in-kind contribution	0.00		21,331.41		13,028.20	34,359.61	0.00	0.00	34,359.61
	Expenses	2,335,325.28	5,097,683.35	7,886,025.37	5,563,601.34	2,861,808.95	23,744,444.29	13,927,479.09	0.00	37,671,923.38
	Balance sheet at the end of the financial year	44,466,934.52	264,309,933.43	33,256,085.23	13,459,909.66	9,385,937.61	364,878,800.45	148,250,956.94	0.00	513,129,757.39
depreciation	Opening balance	1,567,562.73	41,452,281.11	28,425,933.68	13,273,956.31	9,512,995.85	94,232,729.68	0.00	0.00	94,232,729.68
	Merger	0.00	0.00	655,852.32	0.00	0.00	655,852.32	0.00	0.00	655,852.32
	Total post-merger	1,567,562.73	41,452,281.11	29,081,786.00	13,273,956.31	9,512,995.85	94,888,582.00	0.00	0.00	94,888,582.00
	Inclusion to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Depreciation for the year	100,502.08	5,295,741.49	3,118,581.95	1,768,666.21	660,206.26	10,943,697.99	0.00	0.00	10,943,697.99
	Relocations/in-kind contribution	0.00	0.00	11,403.01	0.00	4,508.20	15,911.21	0.00	0.00	15,911.21
	Increases	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Decreases	0.00	560,658.77	7,478,705.76	5,105,256.73	2,370,770.95	15,515,392.21	0.00	0.00	15,515,392.21
	Closing balance	1,668,064.81	46,187,363.83	24,733,065.20	9,937,365.79	7,806,939.36	90,332,798.99	0.00	0.00	90,332,798.99
Revaluation descriptions	Write-offs change	0.00	0.00	0.00	0.00	0.00	0.00	6,607,930.60	0.00	6,607,930.60
	Balance sheet at the end of the financial year	0.00	0.00	0.00	0.00	0.00	0.00	651,115.20	0.00	651,115.20

J.W. Construction Holding S.A.
Consolidated Financial Statements
for the period from 01 January 2011 to 31 December 2011

Net balance sheet at beginning of financial year	45,234,697.07	216,074,744.11	11,196,103.38	4,775,952.51	2,237,527.49	279,519,024.56	110,001,852.46	0.00	389,520,877.02
Net closing balance	42,798,869.71	218,122,569.60	8,523,020.03	3,522,543.87	1,578,998.25	274,546,001.46	154,207,772.34	0.00	428,753,773.80

Note 4. Investment real estate

Other long-term investments	31 -12 -2011	31 -12 -2010
a) investment properties	166,894,332.33	124,271,404.71
b) other	0.00	0.00
Total other long-term investments	166,894,332.33	124,271,404.71

Note 5. Other financial assets

LONG-TERM FINANCIAL ASSETS	31 -12 -2011	31 -12 -2010
a) shares	4,600,379.60	4,600,378.60
b) loans granted	36,170,819.87	0.00
c) other long-term investments	594,796.50	0.00
Total long-term financial assets	41,365,995.97	4,600,378.60

LONG-TERM FINANCIAL ASSETS	31 -12 -2011	31 -12 -2010
a) in subsidiaries	40,152,190.01	4,356,553.98
- shares	4,356,554.98	4,356,553.98
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	35,795,635.03	0.00
- other long-term financial assets	0.00	0.00
b) in other parties	1,213,805.96	243,824.62
- shares	243,824.62	243,824.62
- debt securities	0.00	0.00
- other securities	594,796.50	0.00
- loans granted	375,184.84	0.00
- other long-term financial assets	0.00	0.00
c) other long-term investments	0.00	0.00
Total long-term financial assets	41,365,995.97	4,600,378.60

J.W. Construction Holding S.A.
Consolidated Financial Statements
for the period from 01 January 2011 to 31 December 2011

	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.	J.W. Construction International Sp. z o.o.	Moscow (Russia)	Construction and property development activities	subsidiary	full consolidation	14/11/2003	1,272.90	0.00	0.00	1,272.90	100.00%
3.	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	4,346,500.00	0.00	0.00	4,346,500.00	99.99%
4.	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%
5.	Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	08/09/2004	49,500.00	0.00	0.00	49,500.00	99.00%
6.	JW Projekt Sp. z o.o.	Warsaw	architecture and designing	subsidiary	full consolidation	14/11/2003	1,155,400.00	0.00	0.00	1,155,400.00	99.98%
7.	Królewski Port Żerań Sp. z o.o.	Warsaw	developer activity	associate	not consolidated	08/09/2000	500,000.00	500,000.00	0.00	0.00	4.92%
8.	Polonia SSA	Warsaw	sports	subsidiary	not consolidated	30/03/2006	15,440.00	15,440.00	0.00	0.00	100.00%
9.	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%

J.W. Construction Holding S.A.
Consolidated Financial Statements
for the period from 01 January 2011 to 31 December 2011

11.	J.W. Construction Bulgaria Sp. z o.o.	Sofia (Bulgaria)	developer activity	subsidiary	not consolidated	08/10/2007	9,854.98	0.00	0.00	9,854.98	100.00%
12.	Porta Transport Sp. z o.o. in liquidation	Szczecin	transport	subsidiary	full consolidation	12/11/2007	19,118,737.41	0.00	0.00	19,118,737.41	100.00%
13.	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%
14.	JWCH Produkcja Budowlana 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%
15.	JWCH Budownictwo Drogo we Sp. z o.o.	Ząbki	road construction	subsidiary	full consolidation	07/02/2008	2,059,950.00	0.00	0.00	2,059,950.00	99.99%
16.	Architects Polska Sp. z o.o.	Ząbki	design activity	subsidiary	not consolidated	03/06/2011	5,000.00	0.00	0.00	5,000.00	100.00%
17.	JW. Marka Sp. z o.o.	Warsaw	leasing of intellectual property	subsidiary	not consolidated	23/08/2011	155,841,000.00	0.00	155,779,575.58	61,424.42	100.00%

J.W. Construction Holding S.A.
Consolidated Financial Statements
for the period from 01 January 2011 to 31 December 2011

Indirectties											
18.	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%
19.	Developer Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	18/10/2006	500.00	0.00	0.00	500.00	1.00%
20.	JW Projekt Sp. z o.o.	Warsaw	architecture and designing	subsidiary	full consolidation	14/11/2003	200.00	0.00	0.00	200.00	0.01%
21.	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%
22.	Karczma Regionalna Sp.z o.o.	Krynica Górska	hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00	0.00	0.00	208,550.00	8.06%
23.	J.W. Construction S.A.	Ząbki	construction	subsidiary	full consolidation	26/09/2007	41,957,006.00	0.00	0.00	41,957,006.00	0.01%
24.	JWCH Produkcja Budowlana 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%
25.	Fabryka Maszyn i Urządzeń FAMAK S.A.	Kluczbork	production	associate	not consolidated	12/11/2007	29,630.00	0.00	0.00	29,630.00	0.04%
26.	JWCH Budownictwo Drogowe Sp. z o.o.	Ząbki	road construction	subsidiary	full consolidation	07/02/2008	50.00	0.00	0.00	50.00	0.01%

Note 6. Non-current receivables

NON-CURRENT RECEIVABLES	31 -12 -2011	31 -12 -2010
a) guarantee receivables	0.00	0.00
b) deposit receivables(leasing)	15,773,445.52	14,829,259.90
b) other receivables	0.00	0.00
Total receivables	15,773,445.52	14,829,259.90

Note 7. Inventories and construction contracts

INVENTORIES	31 -12 -2011	31 -12 -2010
a) materials	3,265,429.82	2,809,774.57
b) semi-finished products and work in progress	599,276.55	395,201.74
c) finished products	2,126,186.22	1,229,629.54
d) goods	32,380,574.16	27,300,832.39
e) trade advances	3,000.00	200,179.58
Total inventories	38,374,466.75	31,935,617.82

CONSTRUCTION CONTRACTS	31 -12 -2011	31 -12 -2010
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	390,764,358.35	259,168,783.11
b) finished products	112,139,256.80	321,650,022.39
c) advances for supplies	19,246,515.49	12,512,617.65
d) short-term prepayments	820,252.80	1,032,324.86
Total construction contracts	522,970,383.44	594,363,748.02
CONSTRUCTION CONTRACTS (current liabilities)		
a) accruals	69,575,044.14	152,148,475.50
Total construction contracts	69,575,044.14	152,148,475.50

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 2011, the Company established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 527,700,000 and presented in fixed assets with the value of PLN 289,700,000. 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 Group's Companies. As at 31 December 2011, the loan liabilities amounted to PLN 287,400,000 (excluding credits of TBS Marki Sp. z o.o., liabilities amount to PLN 182,000,000).

Accruals	31 -12 -2011	31 -12 -2010
-advances on premises	66,314,819.81	148,952,202.37
-works provision	2,155,550.05	2,232,770.73
-other	1,104,674.28	963,502.40
The total value of accruals	69,575,044.14	152,148,475.50

Note 8. Current receivables

CURRENT RECEIVABLES	31 -12 -2011	31 -12 -2010
a) trade receivables - related parties	161,695.01	375,026.55
b) trade receivables - other parties	49,836,665.07	41,699,306.90
c) taxes, subsidies, customs duties, social and health insurance and other payments	13,535,049.31	12,721,118.07
d) other	1,290,098.69	4,814,874.90
Total receivables	64,823,508.08	59,610,326.41

Note 9. Other financial assets

SHORT-TERM INVESTMENTS	31 -12 -2011	31 -12 -2010
a) shares	0.00	0.00
b) loans granted	433,014.21	36,171,079.13
c) other investments	115,492.85	115,741.73
Total value of short-term investments	548,507.06	36,286,820.86

SHORT-TERM INVESTMENTS	31 -12 -2011	31 -12 -2010
a) in subsidiaries	115,492.85	36,166,439.13
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	0.00	36,166,439.13
- other short-term financial assets	115,492.85	0.00
b) in other parties	433,014.21	120,381.73
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	0.00	115,741.73
- loans granted	433,014.21	4,640.00
c) other short-term investments	0.00	0.00
Total value of short-term investments	548,507.06	36,286,820.86

Note 10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31 -12 -2011	31 -12 -2010
a) cash on hand and with bank	26,905,980.13	19,921,572.24
b) other cash	16,083,746.78	48,096,101.86
c) other cash equivalents	5,911.98	55,896.45
Total cash	42,995,638.89	68,073,570.55

Note 11. Accruals

ACCRUALS	31 -12 -2011	31 -12 -2010
- short-term prepayments	23,734,800.01	21,345,481.53
The total value of accruals	23,734,800.01	21,345,481.53

Accruals	31 -12 -2011	31 -12 -2010
- property insurance	90,678.71	117,514.62
- interest	4,859,505.46	5,353,925.45
- commission expenses	9,819,270.74	9,889,276.55
- other	8,965,345.10	5,984,764.91
The total value of accruals	23,734,800.01	21,345,481.53

Note 12. Share capital

Class / issue	Share type	Type of preference shares	Types of restrictions on rights to shares	Number of shares	Par value of class/issue	Coverage of capital	Registration Date	Right to 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								

* The merger of series A and B shares into one series A/B shares in connection with the cancellation of 625 000 purchased within the redemption and cancellation program conducted by the Company.

At 31 December 2011 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.

^x 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 10.008 % of the share capital of the Company entitling to 5.411.843 votes at the General Meeting of the Company representing 9.95% of the total number of votes.

In accordance with applicable law, a shareholder have to 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.

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}

^{x 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.

^x 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 10.008 % of the share capital of the Company entitling to 5.411.843 votes at the General Meeting of the Company representing 9.95% of the total number of votes.

In accordance with applicable law, a shareholder have to 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.

Note 13. Other capital

OTHER CAPITAL	31 -12 -2011	31 -12 -2010
a) supplementary capital	475,898,366.20	403,156,384.89
b) other reserve capital	7,947,307.60	7,320,492.68
c) translation reserve	-523,866.03	-96,517.97
Total other capital	483,321,807.77	410,380,359.60

Note 14. Borrowings

BORROWINGS	31 -12 -2011	31 -12 -2010
a) credits	287,515,062.15	248,221,563.91
<i>of which: long-term</i>	<i>205,546,898.02</i>	<i>146,840,247.63</i>
<i>Short-term</i>	<i>81,968,164.13</i>	<i>101,381,316.28</i>
b) loans	3,096,821.75	7,043,821.13
<i>of which: long-term</i>	<i>0.00</i>	<i>0.00</i>
<i>Short-term</i>	<i>3,096,821.75</i>	<i>7,043,821.13</i>
Total borrowings	290,611,883.90	255,265,385.04
Borrowings - long-term	205,546,898.02	146,840,247.63
Borrowings - short-term	85,064,985.88	108,425,137.41

In 2011 and from the balance sheet date until the date of these financial statements none of the concluded loan agreements was terminated by the bank.

LOANS PER MATURITY	31 -12 -2011	31 -12 -2010
Up to 1 year	81,968,164.13	101,381,316.28
Over 1 year up to 2 years	39,630,932.30	25,496,829.57
Over 2 year up to 5 years	45,054,441.13	19,631,256.51
Over 5 years	120,861,524.59	101,712,161.55
Total loans, including:	287,515,062.15	248,221,563.91
- long-term	166,514,258.87	146,840,247.63
- short-term	92,478,011.28	101,381,316.28

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 -2011	31 -12 -2010
a) credits	105,400,897.17	106,339,563.51
<i>of which: long-term</i>	<i>100,778,668.44</i>	<i>101,775,504.03</i>
<i>Short-term</i>	<i>4,622,228.73</i>	<i>4,564,059.48</i>
b) loans	0.00	0.00
<i>of which: long-term</i>	<i>0.00</i>	<i>0.00</i>
<i>Short-term</i>	<i>0.00</i>	<i>0.00</i>
Total borrowings	105,400,897.17	106,339,563.51
Borrowings - long-term	100,778,668.44	101,775,504.03
Borrowings - short-term	4,622,228.73	4,564,059.48

LOANS PER MATURITY	31 -12 -2011	31 -12 -2010
Up to 1 year	4,622,228.73	4,564,059.48
Over 1 year up to 2 years	0.00	0.00
Over 2 year up to 5 years	0.00	0.00
Over 5 years	100,778,668.44	101,775,504.03
Total loans, including:	105,400,897.17	106,339,563.51
- long-term	100,778,668.44	101,775,504.03
- short-term	4,622,228.73	4,564,059.48

Note 15. Deferred income tax assets

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31 -12 -2011		
	Deferred income tax assets	Deferred tax liabilities	Net value
Tangible assets	5,767,752.28	1,374,332.50	4,393,419.78
Investment real estate	0.00	6,319,723.84	-6,319,723.84
Total intangible assets	0.00	0.00	0.00
Tax loss	2,532,385.51	0.00	2,532,385.51
Other financial assets	97,933.60	0.00	97,933.60
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	2,161,843.89	567,206.47	1,594,637.42
Trade and other receivables	2,962,043.94	0.00	2,962,043.94
Income tax receivables	0.00	0.00	0.00
Accruals	0.00	0.00	0.00
Cash and cash equivalents	0.00	0.00	0.00
Borrowings	1,865,105.75	1,971,673.96	-106,568.21
Provisions	796,942.84	0.00	796,942.84
Trade and other receivables	0.00	0.00	0.00
Other financial liabilities	0.00	0.00	0.00
Other	1,324,186.77	772,737.90	551,448.87
Deferred income tax assets / liabilities disclosed in the balance sheet	17,508,194.59	11,005,674.67	6,502,519.92

Note 16. Retirement benefit obligations

CHANGE IN RETIREMENT BENEFIT OBLIGATIONS	31 -12 -2011	31 -12 -2010
Opening balance	474,000.00	373,197.28
Increases	159,000.00	101,000.00
Decreases	0.00	197.28
Closing balance	633,000.00	474,000.00

Note 17. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHANGES	31 -12 -2011	31 -12 -2010
a) short-term, of which:	18,634,022.30	22,551,700.82
- accrued expenses, including:	10,867,215.30	14,876,329.82
- <i>interests charged</i>	2,207,264.45	3,883,074.64
- <i>rent deposits</i>	477,649.38	497,159.98
- <i>other</i>	8,182,301.47	10,496,095.20
- other provisions, including:	7,766,807.00	7,675,371.00
- <i>provisions for future liabilities</i>	0.00	0.00
- <i>provisions for guarantee repairs</i>	6,407,935.00	6,407,935.00
- <i>other provisions</i>	1,358,872.00	1,267,436.00
a) long-term, of which:	56,648,040.32	58,029,841.72
- accrued expenses, including:	56,648,040.32	58,029,841.72
- <i>participation in costs of construction -TBS Marki</i>	49,115,412.52	50,073,278.59
- <i>deferred income- loan remittance-TBS Marki</i>	6,688,713.69	6,305,954.62
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	843,914.11	1,304,230.62
Total provisions for other liabilities and charges	75,282,062.62	80,581,542.54

Note 18. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES	31 -12 -2011	31 -12 -2010
a) lease obligations	42,840,811.55	47,268,288.91
b) deposit liabilities	5,855,881.70	10,788,230.02
c) other non-current liabilities	4,817,747.70	4,335,635.85
d) note liabilities	0.00	0.00
e) bonds	130,000,000.00	130,000,000.00
Total other liabilities	183,514,440.95	192,392,154.78

Note 19. Trade and other payables

TRADE AND OTHER PAYABLES	31 -12 -2011	31 -12 -2010
a) trade payables - other parties	83,475,994.56	41,768,119.07
b) trade payables - related parties	1,620,643.77	1,281,887.11
c) taxes, customs duties, insurance and other payments	14,113,887.29	19,733,531.43
d) salaries	2,436,940.68	2,595,816.20
e) trade advances received	0.00	0.00
b) other	12,174,822.09	10,404,382.83
Total trade and other payables	113,822,288.39	75,783,736.63

OTHER LIABILITIES	31 -12 -2011	31 -12 -2010
a) issue of debt securities	3,042,000.00	2,639,039.00
b) note liabilities	134,178,961.81	136,257,185.67
c) lease liabilities	5,692,939.27	7,066,702.63
d) other financial liabilities	0.00	0.00
Total other liabilities	142,913,901.08	145,962,927.30

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 31/12/2011, 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 2011		
PLN	1%	-3,982
PLN	-1%	3,982
EUR	0.25%	89
EUR	-0.25%	-89

Currency risk

The Group is exposed to the exchange rate risk changes due to a loan granted in EUR to the related Company which is excluded from the consolidation.

The following table shows the sensitivity of the gross financial result to the possible changes of EUR rates, assuming that other factors remain unchanged (in relation to receivables and loans in foreign currencies).

EUR/PLN rate change	The fair value as at 31.12.2010 (in thousand)	The value of the assets to the historical value	The value of the financial assets	change (in thousands of PLN)
decrease by 20%	35,749	80%	28,599	7,150
decrease by 10%	35,749	90%	32,174	3,575
no change	35,749	100%	35,749	0
increase by 10%	35,749	110%	39,324	-3,575
increase by 20%	35,749	120%	42,899	-7,150

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	for the period 01 -01 -2011 to 31-12-2011	for the period 01 -01 -2010 to 31-12-2010
Profits		
(A) Profits of the Group disclosed in the consolidated financial statements	31,255,811.03	92,011,720.77
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	54,698,280.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share	54,073,280.00	54,698,280.00
Basic earnings per share = (A)/(B)	0.58	1.68
Diluted earnings per share = (A)/(B)	0.58	1.68

* 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 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) Current income tax	11,813,933.48	14,426,322.19
b) deferred income tax	-3,594,406.58	6,962,043.89
Total Income tax	8,219,526.90	21,388,366.08

Reconciliation of effective tax rate	from 01-01-2011 to 31-12-2011
<i>Gross Profit / (loss) before tax from continuing operations</i>	39,475,337.94
Profit / (loss) before tax from abandoned operations	0.00
Gross profit (loss) before tax	39,475,337.94
Tax at statutory tax rate of 19%	7,500,314.21
Adjustments to current income tax from previous years	0.00
Differences arising from not established reserves and assets in previous years	0.00
Non tax deductible expenses -permanent differences	719,212.69
Exempt Income TBS	0.00

Other	0.00
Tax at effective tax rate	8,219,526.90
Income tax (charge) shown in the profit and loss account	8,219,526.90
<i>of which:</i>	
current	11,813,933.48
deffered	-3,594,406.58

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 2011, the segment was comprised of the following entities: JW. Construction Holding SA., - Lokum Sp. z o.o. 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.

2011	Developer activity	Hotel activity	social building	construction	transport	eliminations	Total
Net revenues from sales of products, goods and materials, of which:	310,569,448.78	15,465,402.19	12,409,572.29	217,708,024.16	8,961,981.61	-186,482,336.24	378,632,092.79
Net revenues from sales of products	308,482,676.82	15,465,402.19	12,409,572.29	213,439,150.78	8,961,875.69	-184,718,692.40	374,039,985.37
Net revenues from sales of goods and materials	2,086,771.96	0.00	0.00	4,268,873.38	105.92	-1,763,643.84	4,592,107.42
Costs of products, goods and materials sold, of which:	215,910,998.02	14,973,520.07	7,580,259.31	216,378,304.79	5,104,679.32	-182,678,882.58	277,268,878.93
Manufacturing cost of products sold	213,847,783.84	14,973,520.07	7,580,259.31	212,586,730.71	5,104,573.40	-180,915,238.74	273,177,628.59
Value of goods and materials sold	2,063,214.18	0.00	0.00	3,791,574.08	105.92	-1,763,643.84	4,091,250.34
Gross profit (loss) on sales	94,658,450.76	491,882.12	4,829,312.98	1,329,719.37	3,857,302.29	-3,803,453.66	101,363,213.86
Selling expenses	26,736,080.26	0.00	0.00	192,484.98	0.00	0.00	26,928,565.24
Overhead expenses	23,434,298.26	457,453.35	1,129,610.84	6,963,255.19	3,120,582.92	-274,141.65	34,831,058.90
Revaluation of investment properties	21,202,649.25	0.00	0.00	0.00	0.00	1,236,498.84	22,439,148.09
Profit (loss) on sales	65,690,721.49	34,428.77	3,699,702.14	-5,826,020.80	736,719.37	-2,292,813.17	62,042,737.81
Other operating income	9,346,462.82	506,858.31	186,617.59	906,190.98	1,717,588.47	-1,408,090.51	11,255,627.66
Other operating expenses	7,131,687.08	107,990.26	259,807.52	1,366,035.21	2,880,052.41	-2,312,988.19	9,432,584.29
Operating profit (loss)	67,905,497.23	433,296.82	3,626,512.21	-6,285,865.03	-425,744.57	-1,387,915.49	63,865,781.18
Financial income	6,442,311.94	674,255.71	1,603,843.98	1,293,630.32	621,477.47	-465,043.30	10,170,476.12
Financial expenses	25,600,554.96	1,523,949.48	4,525,747.49	1,568,399.91	71,299.83	1,270,967.69	34,560,919.36
Profit (loss) on ordinary activities	48,747,254.21	-416,396.95	704,608.70	-6,560,634.62	124,433.07	-3,123,926.48	39,475,337.94
Gross profit (loss)	48,747,254.21	-416,396.95	704,608.70	-6,560,634.62	124,433.07	-3,123,926.48	39,475,337.94
Income tax	10,482,912.10	64,803.16	55,649.00	-706,319.22	59,090.00	-1,736,608.13	8,219,526.90
Net profit (loss)	38,264,342.12	-481,200.11	648,959.70	-5,854,315.40	65,343.07	-1,387,318.35	31,255,811.03

2010	Developer activity	Hotel activity	social building	construction	transport	eliminations	Total
Net revenues from sales of products, goods and materials, of which:	576,181,695.15	15,217,892.61	12,061,215.86	122,225,883.53	6,326,457.12	-111,987,340.74	620,025,803.53
Net revenues from sales of products	572,793,854.74	15,217,892.61	12,061,215.86	121,063,353.33	6,323,372.83	-111,753,632.08	615,706,057.29
Net revenues from sales of goods and materials	3,387,840.41	0.00	0.00	1,162,530.20	3,084.29	-233,708.66	4,319,746.24
Costs of products, goods and materials sold, of which:	394,915,023.27	14,774,457.27	6,728,902.35	114,043,175.78	4,604,219.82	-97,019,204.73	438,046,573.76
Manufacturing cost of products sold	391,401,021.47	14,774,457.27	6,728,902.35	113,077,337.87	4,604,108.53	-96,785,496.07	433,800,331.42
Value of goods and materials sold	3,514,001.80	0.00	0.00	965,837.91	111.29	-233,708.66	4,246,242.34
Gross profit (loss) on sales	181,266,671.88	443,435.34	5,332,313.51	8,182,707.75	1,722,237.30	-14,968,136.01	181,979,229.77
Selling expenses	28,317,334.38	0.00	0.00	217,964.19	0.00	0.00	28,535,298.57
Overhead expenses	15,866,199.08	462,444.33	975,813.58	9,051,607.74	2,801,412.03	-273,681.61	28,883,795.16
Revaluation of investment properties	10,191,262.90	0.00	0.00	0.00	0.00	0.00	10,191,262.90
Profit (loss) on sales	147,274,401.32	-19,008.99	4,356,499.93	-1,086,864.18	-1,079,174.73	-14,694,454.40	134,751,398.94
Other operating income	15,924,676.02	507,120.09	248,967.36	1,524,191.04	3,590,372.89	-935,001.07	20,860,326.33
Other operating expenses	8,051,642.99	21,179.70	858,352.69	1,108,707.52	1,624,740.37	-2,831,560.13	8,833,063.14
Operating profit (loss)	155,147,434.35	466,931.40	3,747,114.60	-671,380.66	886,457.78	-12,797,895.34	146,778,662.13
Financial income	7,208,944.37	915,255.35	1,439,859.13	896,061.57	436,886.00	935,001.07	11,832,007.49
Financial expenses	29,677,221.60	1,435,028.46	4,495,859.81	1,900,261.27	513,613.86	2,831,560.13	40,853,545.13
Profit (loss) on ordinary activities	132,679,157.12	-52,841.71	691,113.92	-1,675,580.36	809,729.92	-14,694,454.40	117,757,124.49
Gross profit (loss)	132,679,157.12	-52,841.71	691,113.92	-1,675,580.36	809,729.92	-14,694,454.40	117,757,124.49
Income tax	14,002,615.19	0.00	64,299.00	81,110.00	278,298.00	0.00	14,426,322.19
Deferred tax	13,178,388.01	1.48	0.00	1,130,149.16	-197,510.79	-2,791,946.34	11,319,081.52
Net profit (loss)	105,498,153.92	-52,843.19	626,814.92	-2,886,839.52	728,942.71	-11,902,508.07	92,011,720.77

NOTES TO THE CONSOLIDATED INCOME STATEMENTS
Note 24. Operating income

OPERATING INCOME	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales of products	297,910,367.84	564,994,233.40
Revenues from sales of services	76,129,617.56	50,711,823.89
Revenues from sales of goods	4,592,107.42	4,319,746.24
Total income	378,632,092.82	620,025,803.53

	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales, of which:	378,632,092.79	620,025,803.53
- sales of products - premises	290,882,206.86	562,984,160.33
- sales of products - other	7,028,160.98	2,010,073.07
- sales of services	76,129,617.56	50,711,823.89
- sales of goods	4,592,107.39	4,319,746.24

	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales of products - premises per geographic segments	290,882,206.86	562,984,160.33
- Warsaw and vicinity	285,696,280.40	527,277,123.14
-Gdynia	5,394,856.44	16,615,490.27
- Łódź	-212,002.86	6,645,460.73
- Katowice	3,072.88	2,195,085.22
- Russia	0.00	10,251,000.97

	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales of hotel services per geographic segments	15,465,402.19	15,217,892.61
- Warsaw and vicinity	6,234,147.61	5,342,753.87
- Tarnowo	4,757,229.20	5,259,657.24
- Stryków	2,923,171.25	2,954,971.13
- Cieszyn	1,156,980.74	1,274,126.90
- Święta Lipka	393,873.39	0.00
- Krynica Górska	0.00	386,383.47

Note 25. Operating expenses

Operating expenses	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Costs on sale of products	207,879,619.69	393,541,788.93
Costs on sale of services	65,298,008.90	44,615,580.12
Costs on sale of goods	4,091,250.34	4,246,242.34
Total costs of products, services and goods sold	277,268,878.93	442,403,611.39

Selling and overhead expenses	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Selling expenses	26,928,565.24	28,535,298.57
Overhead expenses	34,831,058.90	28,883,795.16
Total selling and overhead expenses	61,759,624.14	57,419,093.73

Costs according to types	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Depreciation and amortisation	12,288,632.48	12,865,098.91
Cost of materials and energy	42,075,194.61	99,793,101.04
Services made by other contractions	178,371,348.36	113,899,658.95
Taxes and duties	11,038,602.43	7,619,785.44
Wages and Salaries	42,215,120.85	46,321,649.41
Services for the benefit of employees	6,913,846.53	8,304,803.88
Other costs	22,484,387.17	18,398,115.92
Total costs according to types	315,387,132.43	307,202,213.55

Note 26. Other operating income

OPERATING INCOME	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) profit from disposal of non-financial fixed assets	981,209.86	3,489,460.53
b) other operating income	10,425,066.66	17,370,865.80
Total operating income	11,406,276.52	20,860,326.33

OPERATING INCOME	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) profit from disposal of non-financial fixed assets	981,209.86	3,489,460.53
b) handling charges	3,065,250.98	7,428,623.55
c) provisions	2,251,434.17	1,435,660.46
d) other (including compensation for land)	5,108,381.51	8,506,581.79
Total operating expenses	11,406,276.52	20,860,326.33

Note 27. Other operating expenses

OPERATING EXPENSES	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) loss on disposal of non-financial fixed assets	0.00	0.00
b) revaluation of non-financial assets	0.00	421,004.70
c) other operating expenses	9,583,233.15	8,412,058.44
Total operating expenses	9,583,233.15	8,833,063.14

OPERATING EXPENSES	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) loss on disposal of non-financial fixed assets	0.00	0.00
b) revaluation of non-financial assets	0.00	421,004.70
c) provisions	363,824.05	1,796,681.42
d) compensation, penalties and damages	1,988,646.04	1,144,734.21
e) compensation fee	254,295.74	1,845,992.87
f) cost of renovation of TBS Marki	1,646,461.00	0.00
g) other	5,330,006.32	3,624,649.94
Total operating expenses	9,583,233.15	8,833,063.14

Note 28. Financial income

FINANCIAL INCOME	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) dividends	0.00	0.00
b) interest	4,639,791.84	4,938,779.22
c) revaluation of investment	0.00	0.00
d) other	5,530,684.28	1,559,134.38
Total financial income	10,170,476.12	6,497,913.60
Financial income	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) dividends	0.00	0.00
b) interests from customers	1,509,347.42	1,635,778.94
c) loan interests	1,053,058.49	252,045.73
d) deposit interests	947,484.90	1,789,500.07
e) bill interests	22,847.12	414,552.95
f) other interests	1,107,053.91	846,901.53
g) foreign exchange differences	5,061,655.31	306,204.45
h) other	469,028.97	1,252,929.93
Total	10,170,476.12	6,497,913.60

Note 29. Financial expenses

FINANCIAL EXPENSES	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) interests	34,461,758.48	33,180,627.86
b) revaluation of investment	0.00	0.00
c) other	99,160.88	2,338,823.38
Total financial expenses	34,560,919.36	35,519,451.24

FINANCIAL EXPENSES	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) interest, commission, credits	9,900,410.25	12,273,009.02
b) interest - leases	3,160,625.39	3,094,403.21
c) interest-loans	34,589.73	0.00
d) interest-bills	9,930,542.92	11,470,396.03
e) interest-bond issue	9,359,549.37	6,175,758.37
f) other interests	2,077,596.11	167,061.23
g) foreign exchange differences	0.00	0.00
h) other	97,605.59	2,338,823.38
Total financial expenses	34,560,919.36	35,519,451.24

Note 30. Transactions with related parties

All transactions with the related parties were concluded on market terms.

BALANCES WITH RELATED PARTIES (from the viewpoint of the parent company) *

No.	COMPANY NAME	Receivables from related parties		Liabilities to related parties	
		31 -12 -2011	31 -12 -2010	31 -12 -2011	31 -12 -2010
1.	TBS Marki Sp. z o.o.	426,736.60	10,878.25	24,793,734.70	23,459,075.35
2.	JW. Construction International Sp. z o.o.	17,638,377.31	14,859,173.91	0.00	0.00
3.	Business Financial Construction Sp. z o.o.	138,570.47	24,754.13	3,236,794.88	3,076,242.48
4.	Lokum Sp. z oo	91,402.84	121,514.11	0.00	1,452,654.93
5.	Deweloper Sp. z o.o.	126,977.74	112,201.47	20,000.00	20,000.00
6.	JW. Projekt Sp. z o.o.	1,716,318.74	3,345,187.42	1,091,375.95	327,443.69
7.	JW. Construction S.A.	1,865,842.89	332,194.72	72,829,329.58	69,107,931.33
8.	J.W. Construction Bułgaria Sp. z o.o.	35,749,007.08	35,152,442.71	0.00	0.00
9.	Porta Transport Sp. z o.o. in liquidation	16,041.00	30,561.00	9,152,712.74	5,482,016.64
10.	Yakor House Sp.z o.o.	12,248,060.52	9,794,255.25	0.00	0.00
11.	J.W. Construction Sp. z o.o. (former JWCH Produkcja Budowlana Sp. z o.o.)	13,980,544.23	10,304,420.09	19,358.36	18,690.98
12.	JWCH Budownictwo Drogowe Sp. z o.o.	3,311,541.09	2,501,484.39	0.00	0.00
13.	Trinity Self Companies (currently SASPOL INFRASTRUKTURE Sp. z o.o.)	46,627.95	40,000.00	0.00	0.00
14.	Architects Polska Sp. z o.o	461,221.67	0.00	3,209.57	0.00
15.	JW. Marka Sp. z o.o.	484,763.87	0.00	1,648,097.67	0.00

* The aforesaid statement presents balances with related parties from the point of view of the parent company. The said balances cover the following transactions between the related parties: trade receivables and payables, loans, direct charge, paid security deposits, advances and other transactions, except for the amounts derived from valuation of construction contracts concluded by the parent company with special purpose vehicles.

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

COUNTERPARTY OF TRANSACTION	A TRANSACTION/AGREEMENT SUBJECT	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Related parties subject to consolidation			
J.W.Projekt Sp. z o.o.	designing works	5,974,798.78	1,172,092.65
J.W.Construction S.A.	building works	147,568,168.71	10,377,421.36
J.W.Construction S.A.	other	84,860.20	1,226,335.46
Architects Polska Sp. z o.o.	project documentation	267,020.86	0.00
J.W Marka Sp z o.o.	marketing services	2,000,485.81	0.00
Related parties excluded from consolidation			
Business Financial Construction Sp. z o.o.	marketing services	4,755,391.77	3,765,690.11

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

COUNTERPARTY OF TRANSACTION	A TRANSACTION/AGREEMENT SUBJECT	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Related parties subject to consolidation			
TBS Marki Sp. z o.o.	other	106,698.84	83,510.24
TBS Marki Sp. z o.o.	other services	23,225.00	3,137.56
TBS Marki Sp. z o.o.	building services	882,422.43	0.00
J.W.Construction S.A.	sale of goods and materials	3,036.22	251,415.95
J.W.Construction S.A.	other services	576,246.46	545,778.97
J.W.Construction S.A.	direct charge	1,411,364.16	2,519,713.47
J.W.Construction S.A.	other	593,926.58	2,372,552.76
J.W.Construction S.A.	sale of assets	0.00	347,012.95
J.W.Construction S.A.	secretarial service	983,645.00	0.00

J.W.Construction S.A.	guarantee repairs	3,405,127.86	0.00
J.W.Projekt Sp. z o.o	other	124,731.64	195,785.86
JW. Construction Sp. z o.o.	other	31,357.68	253,879.68
JW. Construction Sp. z o.o.	other services	488,681.87	1,632,106.67
JW. Construction Sp. z o.o.	secretarial service	124,978.00	0.00
Porta Transport Sp. z o.o. in liquidation	other services	144,000.00	144,000.00
Related parties excluded from consolidation			
Business Financial Construction Sp. z o.o.	other	0.00	93,510.00
Business Financial Construction Sp. z o.o.	secretarial service	86,391.00	0.00

TRANSACTIONS WITH RELATED PARTIES (Members of the Management Board, Supervisory Board, members of their families and other relatives)

COUNTERPARTY OF TRANSACTION	Body	Transaction subject	Transaction value	Notarial deed/Date of completion
	Manager			
Panabażys Tomasz	Management Board	Sale of apartments	679,172.39	13/01/2011
Oleksy Józef	Supervisory Board	Sale of apartments	597,400.46	02/08/2011
Wojciechowski Józef	Supervisory Board	building services	5,252,834.82	31/12/2011

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

The remuneration for 2011 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.

JW Construction Holding S.A.	from 01-01-2011 to 31-12-2011
Management Board	
Ciszewski Piotr	0.00
Czyż Barbara	0.00
Łopuszyńska Irmina	44,000.00
Malinowska Bożena	0.00
Panabażys Tomasz	49,000.00
Wojciech Rajchert	312,000.00
Samarcew Marek	198,757.87
Szafarowska Grażyna	0.00
Wójcik Robert	312,000.00
Supervisory Board	
Król Jarosław	24,000.00
Maruszyński Marek	0.00
Michnicki Marcin	24,000.00
Oblękowski Jacek	0.00
Oleksy Józef	177,000.00
Pietraszkiewicz Henryk	10,000.00
Podsiadło Andrzej	24,000.00
Wojciechowski Józef	0.00

Other Companies of the Capital Group	from 01-01-2011 to 31-12-2011
Management Board	
Czyż Barbara	0.00
Wójcik Robert	1,185.71
Szafarowska Grażyna	0.00
Wojciech Rajchert	35,361.53
Panabażys Tomasz	320,562.60
Ciszewski Piotr	0.00
Samarcew Marek	0.00
Łopuszyńska Irmina	0.00
Malinowska Bożena	264,000.00
Supervisory Board	
Król Jarosław	0.00
Maruszyński Marek	0.00
Michnicki Marcin	0.00
Oblękowski Jacek	0.00

Oleksy Józef	12,000.00
Pietraszkiewicz Henryk	0.00
Podsiadło Andrzej	0.00
Wojciechowski Józef	0.00

Average headcount per occupational groups in the Parent Company

Company	31 -12 -2011	31 -12 -2010
Management Board	4	1
Managers	27	33
Administration	234	241
Other employees	109	124
Total	374	399

Contracts	31 -12 -2011	31 -12 -2010
The employment contract	374	399
Commission contract	110	124
Contracts for a specific task	4	4
TOTAL	488	527

Note 32. Significant events during the accounting year

The following important events took place over the period of time covered in this report:

Changes in the Board

On 27 October 2011, Mr. Marek Samarcew, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was dismissed from Management Board.

On 28 October 2011, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, Ms. Irmina Łopuszyńska and Bożena Malinowska were appointed as the Member of the Management Board.

Changes in Supervisory Board of the Company

On 1 June 2011, Mr. Henry Pietraszkiewicz, who held the position of the Vice Chairman of the Supervisory Board resigned from his function for personal reasons.

Due to the Resolution No 25 which was taken by the Annual General Meeting on 29 June 2011 relating to changes in the number of the Supervisory Board members, there was no new person appointed to the Supervisory Board, and the position of the Vice Chairman of the Supervisory Board was entrusted to Mr. Marcin Michnicki.

The Annual General Meeting

On 29 June 2011 the Annual General Meeting was held, which approved unitary financial statements, consolidated financial statements for 2010, reports on activities of the Management Board of the Company and its Capital Group and gave discharge to the members of the Company, appropriated the profit by allocating it entirely for a supplementary capital of the Company. In addition, the resolutions on the change in the number of members of the Supervisory Board from six to five were taken, Mr. Marcin Michnicki was appointed as the Vice Chairman of the

Supervisory Board and resolutions on the merger of the Company with its subsidiaries were passed: Project 55 Sp. z o.o with its seat in Warsaw, Interlokum Sp. z o. with its seat in Warsaw, Stadnina Mazowiecka Sp. z o.o with its seat in Żąbki and Construction Invest Sp. z o.o with its seat in Żąbki.

On 12 October 2011, Extraordinary General Meeting approved the sale of an organized part of the enterprise in a form of the Marketing and Intellectual Property Management Department for the benefit of a subsidiary Interim D Spółka z o.o. (currently J.W. Marka Sp. z o.o.) to cover newly created shares in the subject company.

Registration of the merger

On 29 July 2011, the District Court for the City of Warsaw, XIV Commercial Division of the National Court Register issued a decision in a case of Ref. number: WA XIV NS-REJ.KRS/017275/11962, with which registered the merger of the Issuer with four subsidiaries:

Project 55 Sp. z o.o. with its seat in Warsaw (KRS 0000139665);

Interlokum Sp. z o.o. with its seat in Warsaw (KRS 0000170216);

Stadnina Mazowiecka Sp. z o.o. with its seat in Żąbki (KRS 0000271065);

Construction Invest Sp. z o.o. with its seat in Żąbki (KRS 0000250688) ("merged companies").

The merger was in accordance with art. 492 § 1. A Code of Commercial Companies by transferring all the assets of merged companies to the Issuer. The merged companies were subject to termination without the liquidation process. With the date of a merger, with the date of issue of the above provisions, the Issuer entered into all the rights and obligations of the merged companies. Due to the fact that the Issuer was the sole shareholder of the merged companies, the merger took place without an increase in the share capital of the Issuer.

The following resolutions were the basis of the merger:

of the General Meeting of shareholders of the Issuer, Resolution No. 23 of 29.06.2011 was recorded in the notary deed Rep. A No. 10300/2011 drawn by a notary Anna Sota in Warsaw;

of the Extraordinary General Meeting of shareholders of Project 55 Sp. z o.o with its seat in Warsaw, Resolution No.1 of 11.07.2011 was recorded in the notary deed Rep. A No. 10819/2011 drawn by a notary Anna Sota in Warsaw;

of the Extraordinary General Meeting of shareholders of Interlokum Sp. z o.o with its seat in Warsaw, Resolution No.1 of 11.07.2011 was recorded in the notary deed Rep. A No. 10814/2011 drawn by a notary Anna Sota in Warsaw;

of the Extraordinary General Meeting of shareholders of Stadnina Mazowiecka Sp. z o.o with its seat in Żąbki, Resolution No.1 of 11.07.2011 was recorded in the notary deed Rep. A No. 10822/2011 drawn by a notary Anna Sota in Warsaw;

of the Extraordinary General Meeting of shareholders of Construction Invest Sp. z o.o with its seat in Żąbki, Resolution No.1 of 11.07.2011 was recorded in the notary deed Rep. A No. 10816/2011 drawn by a notary Anna Sota in Warsaw;

The merged Companies were subject to consolidation and the merger did not effect on the consolidated statement.

Changes in the structure of the Capital Group

On 17 November 2011, the District Court for the City of Warsaw, XII Commercial Division of the National Court Register registered an increase of the share capital by the amount of PLN 155,833,000 in the company of J.W. Marka Sp. z o.o through a creation of 3,116,660 new shares with a nominal value of PLN 50.00 each. The shares were acquired by the Company in exchange

for a in-kind contribution in the form of an organized part of the Company - Marketing and Intellectual Property Management Department.

On 24 October 2011, the Company transferred the ownership of 11,526,618 shares with a nominal value of PLN 1.00 each in the Company of J.W. Construction S.A as an in-kind contribution to cover the share capital increase for the benefit of JWCH Produkcja Budowlana Spółka z o.o (currently J.W. Construction Sp. z o.o).

On 30 November 2011, the District Court for the City of Warsaw, XIV Commercial Division of the National Court Register registered an increase of the share capital by the amount of PLN 11,526,650 in the company of J.W. Construction Sp. z o.o through a creation of 230.533 new shares with a nominal value of PLN 50.00 each. The shares were acquired by the Company in exchange for a in-kind contribution in the form of 11,526,618 shares with a nominal value of PLN 1.00 each in the company of J.W.Construction S.A

Occupancy permits

On 28 November 2011, the Company received an occupancy permit of the office building Jerozolimaska Point. The permit is final.

A building permit

On 22 February 2011, the Company received the decision on building permit for an office-service-residential building of Hanza Tower with an underground garage at Wyzwolenia / Odzieżowa Street in Szczecin. The permit is final.

On 04 March 2011, the Company received the decision on building permit for a multif-family residential building at Jaroczyńskiego Street in Poznań. The permit is final.

On 15 April 2011, the Company received the decision on building permit for 3 multi-family buildings at Światowida Street in Warsaw. The permit is final.

On 10 May 2011, the Company received the decision on building permit of a multi-family housing estate - "Zielona Dolina" in the area of Zdziarska and Ostródzka Street in Warsaw. The permit is final.

On 09 August 2011, the Company received the decision on building permit for 4 multi-family buildings "Lewandów I", at Lewandów Street in Warsaw. The permit is final.

On 06 July 2011, the Company received the decision on building permit of single-family houses in Kręczi Kaputy in a commune of Ożarów Mazowiecki. The permit is final.

Credit agreements

On 18 February 2011, the Company concluded the investment loan agreement with Invest Bank S.A in the amount of PLN 33.000.000 for financing the "Osiedle Centrum II" investment at Tymienieckiego Street in Lodz. The repayment date was set on 31 March 2013.

On 28 April 2011, the Company concluded a revolving credit with Bank Polskiej Spółdzielczości S.A in the amount of PLN 10.0 million. The repayment date was set on 27 April 2012.

On 28 April 2011, the Company concluded an overdraft facility agreement with PKO BP S.A in the amount of PLN 10 million. The repayment date was set on 27 April 2012.

On 05 May 2011, the Company concluded an overdraft facility agreement with Bank Ochrony Środowiska S.A in the amount of PLN 13 million. The repayment date was set on 30 April 2012.

On 30 June 2011, the Company concluded the investment loan agreement with Getin Noble Bank S.A in the amount of PLN 19.000.000 for financing the investment at Światowida Street in Warsaw. The repayment date was set on 20 December 2013.

On 21 September 2011, the Company concluded two revolving credit facilities with Bank Ochrony Środowiska S.A.:

- in the amount of PLN 41,000,000 - for the implementation of the first stage of "Zielona Dolina I" investment at Zdziarska Street in Warsaw, the date of a repayment is set on 31 March 2014.
- in the amount of PLN 46.000.000 - for the implementation of the second stage of "Zielona Dolina I" investment at Zdziarska Street in Warsaw, the date of a repayment is set on 31 May 2014.

On 03 October 2011, the Company concluded a revolving credit with Bank Polskiej Spółdzielczości S.A in the amount of PLN 3.0 million. The repayment date was set on 02 October 2014.

In 2011, the Company repaid the following credits:

On 31 March 2011, the Company has made a full repayment of revolving working capital loan granted by the Bank PKO BP SA in the amount of PLN 67 million which was dedicated to finance "Lewandów II" investment at Lewandów Street, Warsaw.

On 29 April 2011, the Company has made a full repayment of a credit granted by the Bank Polskiej Spółdzielczości S.A in the amount of PLN 50 million which was dedicated to finance "Bursztynowe Osiedle" investment at Korkowa Street, Warsaw.

In 2011, the following changes in the credit agreements occurred

On 18 March 2011, the Company concluded an Annex to the working capital credit granted by Bank Polskiej Spółdzielczości S.A in the amount of PLN 30 million, dedicated for the purchase of a property located at Spokojna - Leśna Street, Gdynia. By virtue of the Annex, credit legal collaterals in the form of the mortgage establishment on the property credited were changed.

On 31 March 2011, and then on 18 July and 28 October 2011, the Company concluded an Annex to the investment credit granted by Bank PKO BP S.A in the amount of PLN 66,803,028, dedicated for the financing of the implementation of "Czarny Potok" investment in Krynica Zdrój. In virtue of the annexes, the credit use date was rescheduled till 31 March 2012, the repayment date was also rescheduled till 31 March 2020.

On 31 March 2011, and then on 29 June 2011, the subsidiary J.W Construction S.A concluded Annexes to the overdraft credit agreement which was granted by Bank PKO BP S.A in the amount

of PLN 7,000,000. By virtue of the Annexes, the repayment term of the credit was postponed and set on 31 March 2012.

On 22 April 2011, the Company concluded the Annex to the overdraft facility agreement with Invest Bank S.A. . In virtue of the annex, the loan value was raised to PLN 15.000.000 and repayment date was postponed until 25 April 2012.

On 30 June 2011, the Company entered into the Annex to the credit agreement granted by Millennium Bank S.A to finance the commercial investment of "Jerozolimskie Point" at Al.Jerozolimskie / Badylarska Street, Warsaw. By virtue of the Annex, the loan value was raised to PLN 23.000.000 and repayment date was postponed until 31 December 2021.

On 23 December 2011, 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 postponed and set on 23 December 2012.

Contracts on the acquisition of land

On 29 March 2011, the Company concluded a preliminary agreement on acquisition the right of perpetual usufruct of plot of land No. 3/1 and 3/3 (q WA4M/00162186/5) with a total area of 81.185 m² located in Warsaw in Kasprzaka Street 29/31 and the ownership of the buildings erected on them with VIS Investments Limited Liability Company Limited Joint-Stock partnership with its seat in Warsaw. The amount of the agreement was set for net PLN 173,980,000 (PLN 176, 914,183.17 gross). The agreement was concluded under the condition precedent in the form of entry into force (according to art. 29. 1 of the Act of 27 March 2003 on Spatial Planning and Development) a zoning plan covering the area of the property, which in reference to the property, was supposed to expect records and building parameters not worse than those indicated in the letter constituting annex to the agreement concluded. The agreement was annexed at the end of the reporting period, currently the Company should meet the deadline 29 March 2012 to exercise the right to conclude a subject agreement. The Company is planning to implement a mixed housing-office-service development.

On 04 August 2011 the company concluded an agreement with the trustee in bankruptcy of "Buditalia" Sp. z o.o on purchase of ownership rights to the plot with number No. 104 / 5 with an area of 7,014 m² located in Lodz, at Ks. Bp. Tymienieckiego 16 Street and for which a land and mortgage register with No. LD1M/00111879/7 is kept . The value of the agreement is PLN 4,247,000 gross.

Significant contracts

Construction contracts

Agreements within the Capital Group

The Company concluded with a subsidiary of J.W. Construction S.A the following agreements on the implementation of general contractor agreement of the investment:

PROJECT'S NAME	Date of the agreement	Subject of the contract
Osiedle Centrum II in Łódź	17 January 2011	Construction of 9 multi-family buildings with 255 premises
Zielona Dolina I, stage 1 in Warsaw	22 August 2011	Construction of 11 multi-family buildings with 290 premises
Zielona Dolina I, stage 2 in Warsaw	22 August 2011	Construction of 12 multi-family buildings with 306 premises
Osiedle Światowida in Warsaw	04 October 2011	Construction of 4 multi-family buildings with 184 premises
Czarny Potok in Krynica Zdrój	04 October 2011	Performance of additional works on the reconstruction and development of the hotel in Krynica

The total value of the above agreements exceeds 10% of the Company's equity.

Agreements concluded outside the Capital Group

On 24 May 2011, a subsidiary of J.W Construction S.A with its seat in Ząbki (the "Contractor") concluded an agreement with J.W Wronia Spółka z o.o with its seat in Ząbki with the amount of net PLN 80 million. The subject of the agreement is a complex construction, performed by the Contractor, in the system of a general construction of a multi-family building with services, underground garage and necessary technical infrastructure in the scope of networks, connections, heating substations, roads, parking lots, sidewalks, greenery and landscaping elements with a connection to the infrastructure with obtaining an occupancy permit according to submitted project documentation, on a real estate which is in perpetual usufruct of the Investor, located in Warsaw, in Wronia 45 street.

Orderer	Contractor	Date of the agreement	Subject	Location:
J.W. Construction S.A.	SPS Construction Sp. z o.o. Kielce	03 June 2011	Purchase of assembly works	Warsaw, Zielona Dolina I
J.W. Construction S.A.	PB Resbex Sp. z o.o. Przeworsk	08 June 2011	Purchase of assembly works	Warsaw, Zielona Dolina I
J.W. Construction S.A.	Henpol Sp. z o.o. Lublin	25 August 2011	Purchase of assembly works	Warsaw, Światowida
J.W. Construction S.A.	PHU Budownictwa ŁUCZ-BUD Sp. z o.o. Radom	26 August 2011	Purchase of assembly works	Warsaw, Lewandów I buildings 3-6
J.W. Construction S.A.	PB Resbex Sp. z o.o. Przeworsk	05 September 2011	Purchase of assembly works	Warsaw, Wronia 45 Street

In the reporting period the subsidiary of J.W. Construction S.A concluded agreements with a total value of over 10% of the Company's equity with PB Resbex Sp. z o.o. with its seat in Przeworsk.

Other relevant agreements within the Capital Group

On 28 October 2011, the Company concluded an agreement with a subsidiary of J.W. Marka Spółka z o.o with its seat in Ząbki (formerly INTERIM D Spółka z o.o with its in Warsaw), in the amount of PLN 155.833.000 The agreement was concluded in performance of obligations resulting from the adopted resolution No. 1 of the Extraordinary Meeting of Shareholders of INTERIM D Sp. z o. o. (currently J.W. Marka Sp. z o.o) of 24 October 2011, on the share capital increase by the amount of PLN 155,833,000 and the statements of the Company, of 24 October 2011., on taking up newly created shares and covering them with capital contribution in a form of an organized part of the Company's Marketing Department and Intellectual Property ("ZCP"). The agreement was concluded in performance of obligations of the Company to transfer ZCP as the in-kind contribution to the benefit of INTERIM D Sp. z o. o. (currently J.W. Marka Sp. z o.o.) to cover the value of the newly acquired shares in INTERIM D Sp. z o. o. in the total amount 3,116,660 units, the nominal value of PLN 50 each, and the total value of PLN 155.833 million. The ZCP includes components associated with their activities in the field of marketing, including the right to trademark protection, "JW CONSTRUCTION " both in word and in graphic. The agreement had a dispositive character and transfers the organised part of the enterprise components ownership rights to the benefit of INTERIM D Sp. z o.o (currently J.W. Marka Sp. z o.o.)

Guarantees and sureties

The Capital Group granted the following guarantees and sureties with individual value of more than 10% of the Company's equity.

On 23 June 2011, the Company concluded the agreement in which it granted the guarantee to Klosters Beteligungsgesellschaft GmbH, with its seat in Kempen ("Buyer") in respect of the sale agreement for the benefit of the aforesaid entity by Sezam II Closed Investment Fund and J.W. Consulting Sp. z.o.o J.W. 5 - Partnership limited by shares - with its seat in Warsaw (the "Seller"), of shares representing 100% of the share capital of the company operating under the name J.W Agro Ltd. with its seat in Nowogard ("JWA"). The company ensured that all statements submitted by the Sellers in the sale agreement are true and correct and do not mislead in any significant scope that is covered by them, while ensuring fulfilment of obligations of the Sellers which result from the agreement. The value of the sale agreement is PLN 57 million. The buyer is entitled to file a claim on the Sellers in case of assurances on public law liabilities within 10 years, and the rest within 2 years from the date of the contract.

On 20 September 2011, the Company granted a guarantee for liabilities of J.W. Wronia Spółka z o.o in favor of Bank Millennium S.A with its seat in Warsaw ("Bank") under a revolving credit agreement to finance the residential housing of 02.08.2011 granted to J.W. Wronia Spółka z o.o with its seat in Żąbki ("Debtor"). The credit was granted in the amount of PLN 75 million for a partial financing of the investment in Wronia 45 street. The surety shall include all existing liabilities of the Debtor at the time of granting a guarantee, and these which may arise in the future in relation to credit along with the commissions, fees and other costs, in case the debtor has not performed its obligations. The surety has been granted till 30 April 2014.

Note 33. Events which occurred after the balance sheet date

Occupancy permits

On 27.01.2012 the Company received a permission to use the sewage treatment plant built in the municipality of Kręczki Kaputy in Ożarów Mazowiecki.

Credit Agreements

On 20.02.2012, the Company concluded the revolving credit agreement with Millenium Bank S.A in the amount of PLN 21.000.000 for financing the investment at Jaroczyńskiego Street in Poznań. The repayment date was set on 31/03/2015.

On 09.03.2012, the Company concluded an agreement on Nowy Dow investor loan in the amount of PLN 27,558,000 for co-financing the implementation of Lewandów investment buildings 3-6 at Lewandów Street in Warsaw. The repayment date was set on 25/12/2014.

Changes in the Board

On 1 February 2012, Mrs. Magdalena Starzyńska was appointed to Management Board of the Company.

Adoption of resolution on the merger of subsidiaries

On 27 February 2012, the Extraordinary General Meeting of the company J.W Construction S.A with its seat in Żąbki adopted Resolution No. 2, recorded in the notary deed Rep. A No. 1314/2012 by a notary Anna Sota in Warsaw regarding the merger of J.W. Construction Sp. z o.o. as the acquiring entity. The merger is to be conducted in accordance with art. 492 § 1. of the Code of

Commercial Companies by transferring all the assets of J.W. Construction S.A. (as acquired company) to J.W. Construction Sp. z o.o. (as acquiring company).

On 27 February 2012, the Extraordinary General Meeting of the company J.W. Construction S.A. with its seat in Zabki adopted Resolution No. 1, recorded in the notary deed Rep. A No. 1310/2012 by a notary Anna Sota in Warsaw regarding the merger of J.W. Construction Sp. z o.o. as the acquired entity. The merger is to be conducted in accordance with art. 492 § 1. of the Code of Commercial Companies by transferring all the assets of J.W. Construction S.A. (as acquired company) to J.W. Construction Sp. z o.o. (as acquiring company).

Till the date of this report, there have not been reported any applications to the court on a merger registration.

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 2011, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.4168/ EUR

In order to convert the balance for the period from 1 January 2010 – 31 December 2010, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 3.9603/ EUR

In order to convert the income statement for the period from 01.01.2011 – 31.12.2011, the average EUR exchange rate, 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; was PLN 4,1401/EUR.

In order to convert the income statement for the period from 01.01.2010 – 30.09.2010, 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 4.0044 / EUR.

Consolidated balance sheet item	31 -12 -2011		31 -12 -2010	
	PLN	EUR	PLN	EUR
Total Assets	1,380,806	312,626	1,382,179	349,009
Non-current assets	687,358	155,624	570,564	144,071
Current assets	693,447	157,002	811,616	204,938
Total Equity and Liabilities	1,380,806	312,626	1,382,179	349,009
Equity	493,447	111,721	462,545	116,795
Non-current liabilities,	457,348	103,547	414,763	104,730
Current liabilities	430,010	97,358	504,872	127,483

Consolidated income statement item	1 January 2011 - 31 December 2011		1 January 2010 - 31 December 2010	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	378,632	91,454	620,026	154,838
Costs of products, goods and materials sold	277,269	66,971	442,404	110,481
Gross profit (loss) on sales	101,363	24,483	177,622	44,357
Selling expenses	26,929	6,504	28,535	7,126
Overhead expenses	34,831	8,413	28,884	7,213
Profit (loss) on sales	62,043	14,986	130,394	32,563
Operating profit (loss)	63,866	15,426	142,422	35,567
Gross profit (loss)	39,475	9,535	113,400	28,319
Income tax	8,220	1,985	21,388	5,341
Net profit (loss)	31,256	7,549	92,012	22,978

Issuer's balance sheet item	31 -12 -2011		31 -12 -2010	
	PLN	EUR	PLN	EUR
Total Assets	1,261,108	285,525	1,271,914	321,166
Non-current assets	575,207	130,232	457,394	115,495
Current assets	685,901	155,294	814,520	205,671
Total Equity and Liabilities	1,261,108	285,525	1,271,914	321,166
Equity	520,732	117,898	495,339	125,076
Non-current liabilities,	341,272	77,267	256,399	64,742
Current liabilities	399,103	90,360	520,176	131,348

Consolidated income statement item	1 January 2011 - 31 December 2011		1 January 2010 - 31 December 2010	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	333,214	80,484	576,657	144,007
Costs of products, goods and materials sold	253,189	61,155	426,108	106,411
Gross profit (loss) on sales	80,024	19,329	150,548	37,596
Selling expenses	27,865	6,730	27,413	6,846
Overhead expenses	23,858	5,763	16,127	4,027
Profit (loss) on sales	49,505	11,957	117,200	29,268
Operating profit (loss)	52,929	12,784	126,927	31,697
Gross profit (loss)	32,993	7,969	101,790	25,420
Income tax	7,621	1,841	22,389	5,591
Net profit (loss)	25,372	6,128	79,401	19,829

Note 35. Off-accounting

COLLATERALS	31 -12 -2011
Investment real estate pledged as collateral - loans	821,293,936.00
Other companies' real estate pledged as collateral - loans	0.00
blank bill	365,162,292.54
Executory titles	535,116,935.59
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Guarantees to the benefit of JWCH Budownictwo Drogowe sp. z o.o.	0.00
Guarantees to the benefit of JW. Construction S.A.	0.00
Guarantees to the benefit of ZPM Metalcon Sp z o.o.	800,000.00
Guarantees to the benefit of JW. Wronia Sp. z o.o.	75,000,000.00
Guarantees to the benefit of JW. Consulting Sp. z.o.o J.W.2 partnership limited by shares	39,653,100.00
Guarantees to the benefit of Deweloper Sp. z o.o.	341,697.97

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

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

The table above presents all collateral under concluded loan agreements. Since several items of collateral were established under particular loan agreements, the value of collateral was not summed up. As at 31 December 2011 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 JWCH S.A. companies

may fill in at any time with the amount corresponding to the costs of failure and defect removal. As at 31/12/2011 the total value of guarantees was PLN 36.2million.

Note 36. Significant issues in litigation

As at 31 December 2011, the Capital Group was a party in the proceedings filed by the Company in a total amount of PLN 99,999,000. On this day, the largest value of the object of litigation had the case brought by the Company against SAWA Residential Fond Sp. z o.o. with its seat in Warsaw. In connection with evasion by SAWA Residential Fond Sp. z o.o. of the performance of an acquisition obligation of premises from the Company, in accordance with the concluded preliminary agreement between the parties, the Company instituted an action for a payment of the rest of sale price in the amount of PLN 58,876, 568.28. Due to the fact that the Company filed a declaration on the agreement termination, the action was withdrawn and the case remitted by the Court in February 2012.

As at 31 December 2011, the Capital Group was a party to proceedings brought against it in the total amount of PLN 23, 284,000

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.

	<i>Category</i>	Carrying value		Fair value	
		<i>in accordance with IAS 39</i>	31 December 2011	31 December 2010	31 December 2011
<i>Financial assets</i>					
Long term financial assets in related entities	DDS	4,356,555	4,600,379	0	0
Long term financial assets in related entities	DDS	243,825	115,742	0	0
Short-term loans	PiN	433,014	36,171,079	433,014	36,171,079
Trade and other receivables	PiN	51,288,459	46,889,208	51,288,459	46,889,208
Cash and cash equivalents	WwWGpWF	42,995,639	68,073,571	42,995,639	68,073,571
<i>Financial liabilities</i>					
Loans with a variable interest rate	PZFwgZK	287,515,062	248,221,564	287,515,062	248,221,564
Loans from related companies	PZFwgZK	0	7,043,821	0	7,043,821

	<i>Category</i>	Carrying value		Fair value	
		<i>in accordance with IAS 39</i>	31 December 2011	31 December 2010	31 December 2011
Liabilities from long-term financial lease	PZFWgZK	42,840,812	47,268,289	47,268,289	47,268,289
Liabilities from short-term financial lease	PZFWgZK	5,692,939	7,066,703	7,066,703	7,066,703
Trade and other receivables	PZFWgZK	97,271,460	53,454,389	97,271,460	53,454,389
Bonds	PZFWgZK	133,042,000	132,639,039	133,042,000	132,639,039
Liabilities from long-term deposits	PZFWgZK	5,855,882	10,788,230	5,855,882	10,788,230
Note liabilities	PZFWgZK	134,178,962	136,257,186	134,178,962	136,257,186

UdtW - Financial assets held to maturity,

WwWGpWF - assets / liabilities at fair value by financial result,

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.

<i>December 31, 2011 - variable interest rate</i>	Up to 1 year	Up to 2 year	from 2 - 5 years	Over 5 years	Total
Cash Assets	42,995,639	0.00	0.00	0.00	42,995,639
Loans for related companies	433,014	0.00	0.00	0.00	433,014
Loans	0.00	0.00	0.00	0.00	0.00
Bank Loans	81,968,164	39,630,932	45,054,441	120,861,525	287,515,062
Bonds liabilities	3,042,000	130,000,000	0.00	0.00	133,042,000

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

The Management Board of the Company

As at 01 January 2011 the Management Board of the Company was composed of:

- Mr. Robert Wójcik Vice President of Management Board
- Mr. Tomasz Panabażys Member of Management Board
- Mr. Wojciech Rajchert Member of Management Board
- Mr. Marek Samarcew Member of Management Board

In the current period , the following changes in the composition of the Management Board occurred:

- On 27 October 2011 ,Mr. Marek Samarcew, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was dismissed from Management Board.
- On 28 October 2011 ,Ms. Irmina Łopuszyńska, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was appointed as the Member of the Management Board.
- On 28 October 2011 ,Ms. Bożena Malinowska, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was appointed as the Member of the Management Board.

As at 31 December 2011 the Management Board of the Company was composed of:

- Mr. Tomasz Panabażys Vice-Chairman of Management Board
- Mr. Robert Wojcik Member of Management Board
- Mr. Wojciech Rajchert Member of Management Board
- Ms. Irmina Łopuszyńska Member of Management Board
- Ms. Bożena Malinowska Member of Management Board

From the balance sheet date until the date of the report in the Management Board, the following changes occurred:

on 01 February 2012, Mrs. Magdalena Starzyńska was appointed to Management Board.

Supervisory Board

As at 01 January 2011 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski Chairman of Supervisory Board
- Mr. Henryk Pietraszkiewicz Vice- Chairman of Supervisory Board
- Mr. Józef Oleksy Vice Chairman of Supervisory Board
- Mr. Marcin Michnicki Member of Supervisory Board
- Mr. Andrzej Podsiadło Member of Supervisory Board
- Mr. Jarosław Król Member of Supervisory Board

In the current period, the following changes in the composition of the Management Board occurred: On 1 June 2011, Mr. Henry Pietraszkiewicz, who held the position of the Vice Chairman of the Supervisory Board resigned from his function for personal reasons.

Due to the Resolution No 25 which was taken by the Annual General Meeting on 29 June 2011 relating to changes in the number of the Supervisory Board members, there was no new person appointed to the Supervisory Board, and the position of the Vice Chairman of the Supervisory Board was entrusted to Mr. Marcin Michnicki.

As at 31 December 2011 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski - Chairman of Supervisory Board
- Józef Oleksy – Vice Chairman of Supervisory Board
- Marcin Michnicki – Vice Chairman of Supervisory Board
- Andrzej Podsiadło – Member of Supervisory Board
- Jarosław Król – Member of Supervisory Board

From the balance sheet date to the date of the report in the Supervisory Board, there were no changes.

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. Credits, loans and other financing sources presents a total amount of liabilities arising from credits, loans and lease, while EBITDA presents an operating profit after adding depreciation.

In order to maintain a liquidity and the credit capacity allowing to attract an external financing with a reasonable level of costs, the Group intends to maintain the equity ratio at the level no lower than 0.3, and the ratio of credits, loans and other financing sources / EBITDA at the level of 3-5.

	31 December 2011
Interest-bearing loans and borrowings	287,515,062
Trade and other receivables	594,951,993
Minus cash and cash equivalents	-42,995,639
Net debt	839,471,417

Equity	488,777,487
Net unrealized gains reserve	0
Total share capital	488,777,487

Capital and net debt	1,328,248,904
-----------------------------	----------------------

Equity ratio	36.80%
Credits ratio	63.20%

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

On 05 August 2011, 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 2011.

The remuneration of the auditor for auditing the financial statements for the financial year ended on 31.12.2011 amounted to PLN 233 thousand, of which PLN 155 thousand for the audit and review of the unitary financial statements, while PLN 78 thousand for the review of interim consolidated financial statements. The remuneration of the auditor for auditing the consolidated financial statements prepared for the trading year ended 31.12.2011 amounted to PLN 78 thousand, of which PLN 30 thousand for an annual consolidated financial statements, and PLN 48 thousand for the review of an interim consolidated financial statements. The remuneration of the auditor for auditing the unitary financial statements prepared for the financial year ended 31.12.2011 amounted to PLN 155 thousand, of which PLN 90 thousand for a unitary annual audit and PLN 65 thousand for an interim review. The given amounts are net amounts.

In addition, the Company concluded also additional agreements with BDO Sp. z oo on the audit of financial statements of subsidiaries included in the Capital Group of J.W Construction Holding SA: TBS Marki Sp. z o.o based in Warsaw -the agreement on auditing the statements for the year 2011 was concluded in 2011, the remuneration is PLN 16.8 thousand, J.W. Construction Sp. z o.o. (formerly JWCH Produkcja Budowlana Spółka z o.o) based in Ząbki- the agreement on auditing the statements for the year 2011, was concluded in 2011, the remuneration is PLN 17 thousand, J.W. Construction S.A based in Ząbki concluded agreement on auditing the statements for the year 2011, was concluded in 2011, the remuneration is PLN 45 thousand.

The remuneration of the auditor for auditing the financial statements for the previous financial year ended 31.12.2011 amounted to PLN 233 thousand, of which PLN 155 thousand for the audit and review of the unitary financial statements, while PLN 78 thousand for the review of interim consolidated financial statements. The remuneration of the auditor for auditing the consolidated financial statements prepared for the year ended on 31.12.2010 amounted to PLN 78 thousand, of which PLN 48 thousand for an annual consolidated financial statements, and PLN 30 thousand for the review of an interim consolidated financial statements. The remuneration of the auditor for auditing the unitary financial statements prepared for the financial year ended on 31.12.2010 amounted to PLN 155 thousand, of which PLN 90 thousand for a unitary annual survey, and PLN 65 thousand for an interim review. The given amounts are net amounts.

In addition, the Company concluded also additional agreements with BDO Sp. z oo on the audit of financial statements of subsidiaries included in the Capital Group of J.W Construction Holding SA: TBS Marki Sp. z o.o based in Warsaw -the agreement on auditing the statements for the year 2010 was concluded in 2010, the remuneration is PLN 16.8 thousand, JWCH Produkcja Budowlana Spółka z o.o based in Ząbki- the agreement on auditing the statements for the year 2010, was concluded in 2010, the remuneration is PLN 15 thousand, J.W. Construction S.A based in Ząbki concluded the agreement on auditing the statements for the year 2010, was concluded in 2010, the remuneration is PLN 45 thousand.

In addition, during the reporting period, the Company concluded agreement on providing audit and attestation services with the entity authorized to audit the financial statements. The remuneration in this agreement is set in the amount of PLN 20 thousand net. The remuneration in the agreement on preparation of the valuation is amounted to PLN 50 thousand net.

Signature of the preparer of the Financial Statements

Irmina Łopuszyńska Member of Management Board Chief Accountant	Signature
--	-----------

Signatures of Board Members

Tomasz Panabażys Vice President	Signature
Wojciech Rajchert Member of Management Board	Signature
Robert Wójcik Member of Management Board	Signature
Bożena Malinowska Member of Management Board	Signature
Magdalena Starzyńska Member of Management Board	Signature

Ząbki, 15 March 2012