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

Prepared in accordance with International
Financial Reporting Standards

Ząbki, 19 March 2014

1. INTRODUCTION TO THE FINANCIAL STATEMENT

1. General Information

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

As at 31/12/2013 the lifetime of the Company is 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

Going concern basis and comparability of financial statements
The Company 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 company of J.W. Construction Holding S.A. did not find out any threats to the going concern assumption. The financial reporting is prepared in accordance with the historical cost convention. The financial information was not measured with any other method, which guarantees that the financial statements presented in the consolidated financial statements are comparable.

Declaration of unconditional compliance with IFRS
The financial statements of J.W. Construction Holding S.A., were prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.
J.W. Construction Holding S.A. has assumed that besides accounting estimates, also a professional judgement of the management was significant for the financial statements.

Significant estimations and assumptions
Estimations and judgements are subject to periodic verification of the Company. When making estimations J.W. Construction Holding S.A. makes the followingassumptions 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 taxincome are different than planned.
- Estimation of potential costs of fiscal and court proceedings pending against the parent company. When preparing the financial statements the opportunities and risks connected with pending proceedings are reviewed on a case by case basis, and provisions for potential losses are created accordingly. However, it is also possible that a court or a fiscal authority makes a judgement or issues a decision other than expected by the company and the created provisions may prove insufficient.
- The company gains revenues from services supplied by the Issuer under contracts for a specified time. Services supplied by the Issuer are long-term ones and their term of performance is over six months.

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

Changes resulting from changes to IFRS
The following new or revised standards or interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee are applied from 01 January 2013:
- IFRS 13 Fair Value Measurement
- Amendments to IAS 19 Employee Benefits
- Amendments to IAS 1 Presentation of Statement of Other Comprehensive Income
- Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities
- Interpretation IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2009-2011)
- Amendments to IFRS 1

Their adaptation did not affect the results of the Company'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:

- IFRS 13 Fair Value Measurement

The new standard was published on 12 May 2011 and the assumption of it is to facilitate the use of fair value by reducing the complexity of the solutions and to increase consistency in applying the principles of fair value measurements. The standard clearly defines the objective of such a valuation, and clarifies the definition of fair value.
Application of the revised standards does not have any significant impact on the financial statements of the Group.

- Amendments to IAS 19 Employee Benefits

Amendments to IAS 19 were published on 16 June 2011 and they apply to annual periods beginning on 1 January 2013 or thereafter. The amendments eliminate potential delay in recognising profits and losses known as the "corridor method". Moreover, they improve presentation of changes in the balance sheet following from employee benefit schemes and of mandatory estimates presented in the statement of other comprehensive income as well as broaden the scope of required disclosures related thereto.
Application of the revised standards does not have any significant impact on the financial statements of the Company.

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

Amendments to IAS 1 were published on 16 June 2011 and they apply to annual periods beginning on 01 July 2012 or thereafter. The amendments concern grouping of items of the statement of other comprehensive income that may be transferred to the profit and loss statement. Moreover, the amendments confirm the possibility to present items of the statement of other comprehensive income and items of the profit and loss statement as one statement or two separate statements.
Application of the revised standards does not have any significant impact on the financial statements of the Company.

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

The amendments to IFRS 7 were published on 16 December 2011 and are applicable to annual periods beginning on 01 January 2013 or thereafter. Without changing the general principles regarding the offsetting of financial assets and liabilities, the amendment extended the scope of disclosures relating to the offset amounts. The the requirement of broader (more transparent) disclosures with respect to the management of credit risk using received or transferred collaterals (pledges) was introduced.
Application of the revised standards does not have any significant impact on the financial statements of the Company.

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

Interpretation IFRIC 20 was issued on 19 October 2011 and it applies to annual periods beginning on 1 January 2013 or thereafter. The interpretation provides guidelines regarding the recognition of costs relating to the removal of surface layers of ground in order to access mined resources in surface mines.
Application of the revised standards does not have any impact on the financial statements of the Company.

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

On 17 May 2012, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in June 2011. They are applicable to annual periods beginning on or after 01 January 2013 (depending on a standard).
The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2013, unless their different date of entry into force is provided.
Application of the revised standards will have no significant impact on the financial statements of the Company.

- Amendments to IFRS 1

The amendments to IFRS 1 were published on 13 March 2012 and are applicable to annual periods beginning on 01 January 2013 or thereafter. The aim of amendments is to enable the release of entities applying IFRS for the first time from full retrospective application of all IFRS in case, where such individuals benefit from government loans with interest below market rates.
Application of the revised standards does not have any impact on the financial statements of the Company.
In addition, the Group in these financial statements for the first time applied the following standards or amendments, following the dates of entry into force set by the European Commission, which differed from those required by the International Financial Reporting Standards Committee.

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

The amendments to IFRS 1 were published on 20 December 2010 and are applicable to annual periods beginning on 01 July 2011 or thereafter. The changes relate to the constant reference to the date "1 January 2004" as the date of application of IFRS for the first time and change it to "the date of adoption of IFRS for the first time" in order to eliminate the need for conversion transactions that occurred before the date of transition to IFRS by the entity. In addition, some guidelines for re-use of IFRS in the periods that follow periods of significant hyperinflation, preventing full compliance with IFRS. are added to the standard.
The amended IFRS 1 had no impact on the financial statements of the Company.

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

The amendment to IAS 12 was published on 20 December 2010 and is applicable to annual periods beginning on or after 01 January 2012. The change clarifies, among others, a valuation method of assets and provisions for deferred tax in the case of investment properties valued in accordance with the fair value model which is specified in IAS 40

Investment Property. Entry into force of the revised standard will also withdraw SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets
The amended IAS 12 had no impact on the financial statements of the Company.

Changes made by the Company itself

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

Not effective standards (New standards and interpretations)

In this financial statement, the Group did not decide of an earlier use of published standards or interpretations before their effective date.
The following standards and interpretations were issued by the IFRS Interpretations Committee and IFRIC and not yet entered into force on the balance sheet date:

- IFRS 9 Financial Instruments

The new standard was published on 12 November 2009 and is the first step of IASB to replace IAS 39 Financial Instruments: Recognition and Measurement. Following the publication, a new standard was subject to further works and was partially modified. The new standard will enter into force from 01 January 2015.
The Group will apply the new standard from January 1, 2015
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 10 Consolidated Financial Statements

The new standard was published on 12 May 2011 and it is suppossed to replace the SIC 12 Consolidation – Special Purpose Entities and some of the provisions of IAS 27 Consolidated and Separate Financial Statements The standard defines the concept of control as a factor in determining whether an entity should be included in the consolidated financial statements and provides guidance to help determine whether an entity has control or not.
The Group, in which the Parent Entity is the Company, will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.
At the date of preparation of these financial statements due to changes in the definition of control, the implementation of IFRS 10 may affect the Company's consolidated financial statements, however, at the reporting date is not possible to reliably estimate the impact on the financial statements.

- IFRS 11 Joint Arrangements

The new standard was published on 12 May 2011 and it is suppossed to replace the SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers and IAS 31 Interests in Joint Ventures. The standard emphasizes the rights and obligations arising from the common agreements, regardless of its legal form and eliminates the inconsistencies in reporting by defining the method to account for interests in jointly controlled entities.
The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 12 Disclosure of Interests in Other Entities

The new standard was published on 12 May 2011 and includes requirements for disclosure of information on the relationship between entities.
The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IAS 27 Consolidated and Separate Financial Statements

The new standard was published on May 12, 2011, and it mainly results from the transfer of certain provisions of the existing IAS 27 to the new IFRS 10 and IFRS 11. The standard contains requirements for the presentation and disclosures in the separate financial statements of the investments in associates, subsidiaries or joint ventures. The standard will replace the previous IAS 27 Consolidated and Separate Financial Statements
The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IAS 28 — Investments in Associates and Joint Ventures

The new standard was published on May 12, 2011, and addresses the accounting for investments in associates. It also specifies requirements for the application of equity method in associates and joint ventures. The standard will replace the previous IAS 28 Investments in Associates
The Group will apply amended standard from 1 January 2014, after the date of entry into force set by the European Commission.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

Amendments to IAS 32 were published on 16 December 2011 and they apply to annual periods beginning on 1 January 2014 or thereafter. These amendments were introduced in response to existing incoherence regarding the application of offsetting criteria in IAS 32.
The Group will apply the amended IAS from January 1, 2014.
As of the date of preparing these Financial Statements, it is not possible to assess reasonably the impact of applying the amended standard.

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

Guidelines were published on 28 June 2012 and contain additional information regarding the application of IFRS 10, IFRS 11 and IFRS 12, including the presentation of comparative data for the first application of the above mentioned standards.
The Group will apply the amendments from January 1, 2014.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

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

Guidelines were published on 31 October 2012 and contain another principles regarding the application of IFRS 10, IFRS 12 concerning entities, which meet the definition of investment funds.
The Group will apply the amendments from January 1, 2014.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

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

The amendments were published on 29 May 2013 and are applicable to annual periods beginning on 01 January 2014 or thereafter. The changes result in a modification of the scope of disclosure in relation to the impairment of non-financial assets, a.o they require disclosure of the recoverable amount of assets (cash-generating unit) only in periods in which an impairment of assets or reversal in relation to the asset (or unit) was disclosed. In addition, the revised standard shows that broader and more precise scope of disclosure in the case of determining the recoverable amount as fair value diminished by the sale costs will be required, and in the case of a determination of fair value diminished by sale costs with the use of a technique for determining the present value (discounted cash flows) it will be required to provide information about the applied discount rate (in the case of recognition of impairment or its reversal).
The amendments also adjust the scope of disclosures relating to the recoverable amount, regardless of whether it has been determined as the use value and fair value diminished by the sale costs.
The Group will apply the amendments from January 1, 2014.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

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

The amendments were published on 27 June 2013 and are applicable to annual periods beginning on 01 January 2014 or thereafter. The amendments allow the continuation of the use of hedge accounting (under certain conditions), when the derivative hedging instrument is renewed as a result of legal regulations, and in a result of the change there is a change of clearing institution. The amendments to IAS 39 are the result of legal changes in many countries, which resulted in the compulsory settlement of existing OTC derivatives and their renewal through an agreement with the central clearing institution.
The Group will apply the amendments from January 1, 2014.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new changes.

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

On 12 December 2013, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in May 2012. They are applicable to annual periods beginning on or after 01 July 2014.
The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2015, unless their different date of entry into force is provided.
Application of the revised standards will have no significant impact on the financial statements of the Company.

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

On 12 December 2013, subsequent amendments to four standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in June 2012. They are applicable to annual periods beginning on or after 01 July 2014.
The Group has applied revised standards in the scope of the amendments, which were made, since 01 January 2015, unless their different date of entry into force is provided.
Application of the revised standards will have no significant impact on the financial statements of the Company.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendment was published on 21 November 2013 and is applicable to annual periods beginning on or after 01 July 2014. The amendments clarify and, in some cases, simplify the accounting policies for employee contributions (or other third parties) contributed to defined benefit plans.
The Group will apply the amended standard in the scope off performed changes from 1 January 2015.
Application of the revised standards will have no significant impact on the financial statements of the Company.

- MSSF 14 *Regulatory Deferral Accounts*

The revised standard was published on 30 January 2014 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on 01 January 2016 or after. The new standard is temporary due to the ongoing works of the IASB on the regulation of transactions accounting in terms of price regulation. Standard. The standard introduces principles for recognizing assets and liabilities arising from the connection with transactions of regulated prices when the entity decides to shift to IFRS.
The Group will apply the new standard from January 1, 2016.
Application of the revised standards will have no impact on the financial statements of the Company.

- IFRIC Interpretation 21: Levies

The new interpretation was issued on 20 May 2013 and is applicable to annual periods beginning on or after 01 January 2014. The interpretation provides the guidance regarding in what periods the obligation to pay certain levies shall be recognized.
The Group will apply the new interpretation from 01 January 2014.
At the date of preparation of these financial statements, it is not expected that a new interpretation will influence on the financial statements of the Company.

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

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

Policy of accounting

Intangible assets

Intangible assets are priced at cost and include proprietary rights such as: concessions, patents, licenses, trademarks, copyrights, know-how and computer software. Intangible assets are identifiable non-monetary assets. Intangible assets are recognisable if:

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

Intangible assets are amortised with the straight-line method for the period of their expected useful life.
Intangible assets of an indefinite useful life (goodwill) are not amortised but tested for impairment on an annual basis, in accordance with IAS 36.

Tangible assets

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

- Buildings and structures: the depreciation rates from 1.25% - 4,5%
- Machinery and equipment: 5% - 30%
- Means of transport: 12.5% - 20%

Subsequent expenditures on tangible assets are included in their carrying value if it is probable that the business entity will gain future economic benefits exceeding the ones obtainable under the initially estimated earnings from assets held before such expenditures. Current costs of maintenance and repairs are expensed in the period in which they were incurred.
Fixed small assets with a value below PLN 3,500,00 are amortized once on the date of purchase. In case of fixed assets, which permanently lost their economic usefulness , unplanned depreciation charge included in other operating costs is made.
The Company verified the value of their assets. Fixed assets that are disclosed in the financial statements do not differ from their assumed cost.

Impairment of tangible assets and intangible assets

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

Investment real estate

Investment real estate is real estate (land, building or a part of the same, or both) treated by the owner as a source of revenues from rents or held for growth in value. Such real estate is not used in production, supply of goods and services or administration activities, neither is it held for sale in an ordinary course of business. Investment real estate is in particular land kept for its long-term growth in value or land whose future use is presently undetermined. Investment real estate is initially measured at acquisition price or manufacturing cost including transaction expenses.
After initial recognition, an entity using a model of fair value measurement, measures at the fair value all investment properties and investment properties under construction, with the exception of cases where an entity can not reliably determine the fair value of investment properties. The gain or loss arising from changes in fair value of investment property affects net profit or net loss for the period in which the change occurred.

Lease

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

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

Lease payments are divided into financial expenses (presented in the income statement for a given period) and principal payments, reducing the liability under the lease. Financial expenses are disclosed directly in the income statement. Leased assets disclosed in the balance sheet are amortised and depreciated under the same principles as other purchased assets of a similar kind. The period of amortisation or depreciation is equal to the period of lease unless after the end of the lease the company intends to buy the ownership right to the leased asset.
Any lease that does not satisfy the criteria of a financial lease is classified as an operating lease. Payments made under an operating lease are expensed in the income statement on a straight-line basis over the period of lease.

Inventories

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

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

Finished products are components of the completed projects (residential homes, multifamily housing), such as apartments, commercial spaces, basements, garage and parking places. Finished products are components of completed projects (housing estates, multi-family housing estates) such as apartments, commercial premises, basements, garages, garage places, parking places. This item comprises other finished products used in the production process of the company. Finished products are measured at the lower of acquisition price (manufacturing cost - including direct costs and a substantiated part of indirect costs as well as costs of borrowings incurred until the production completion date) and a net realizable value.
Should the acquisition price or manufacturing cost be higher than the expected net realisable value, the company discloses an impairment loss adjusting costs of goods sold. The depletion of finished products is performed through detailed identification of particular items.
Work in progress covers expenditures made on building housing estates and costs connected with auxiliary production. Auxiliary production is measured at manufacturing cost. Production connected with building of housing estates is valued in accordance with IAS 11 "Construction Contracts" and the principles referred to under section "Long-term developer contracts".

Borrowing Costs

Costs of borrowings comprise interest, exchange losses and other financial expenses incurred by the company due to borrowings. The Company defers costs of borrowings that may be allocated directly to acquisition (land and construction services), construction or manufacturing of an asset as a part of acquisition price or manufacturing cost of such asset.

The said costs are deferred until the production or construction completion date. Other costs of borrowings are recognised in the period in which they are incurred, regardless of the manner of using the borrowings.

Current and non-current receivables

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

Guarantee deposits

Guarantee deposits being parts of receivables, retained by customers under contractual provisions as security for the guarantee and warranty period, are disclosed in assets of the Company.
Guarantee deposits securing claims of the Company against sub-contractors are disclosed as payables in liabilities. Deposits are measured as at the balance sheet date at acquisition price adjusted with an effective discount rate.

Cash and cash equivalents

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

Prepaid expenses

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

Provisions for liabilities

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

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

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

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

Long-term developer contracts

The core business of the Issuer is to perform developer contracts. The characteristic feature of developer contracts is the construction of apartments that are generally financed by the principal over the whole project, by way of contractually agreed advances, and then - after the investment process has been completed - the ownership right is transferred to the apartment buyer. Such contracts are performed for over one year. Advances paid by buyers under concluded agreements are recorded as deferred income. Costs by nature incurred in a given period are disclosed as work in progress under inventories. From 1 January 2009, the Group recognizes revenues and expenses regarding the developer contracts in accordance with the IFRIC 15 interpretation : “ Agreements for the construction of real estate”, published in July 2008. This interpretation concerns the moment of recognition of revenue from sales of property.

From 2009, the Company 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 Company changed the accounting policy for the moment of transferring the control and significant risks to the Buyer. After the amendment, the Company using the interpretation of IFRIC 15 recognizes revenue from the sale of the property after meeting the following conditions:

- date of completion:
- receiving property transfer protocol.

Long-term developer contracts

As a provider of construction services, the Company applies the regulations under IAS 11 "Construction Contracts" for accounting and recognition of construction services:

<u>a) Zero-profit method</u>

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.

2. FINANCIAL STATEMENTS

Balance sheet statement

ASSETS	Note	31-12-2013	31-12-2012
NON-CURRENT ASSETS		**801,365,154.60**	**826,527,139.72**
Intangible assets	1	14,885,141.29	15,910,645.94
Tangible assets	2	253,786,955.74	284,625,843.32
Investment real estate	3	252,160,270.29	205,980,247.51
Other financial assets	4	150,718,690.80	124,667,782.26
Deferred income tax assets	13	13,700,997.52	14,018,058.51
Trade and other receivables	5	116,113,098.96	181,324,562.18
CURRENT ASSETS		**486,662,118.30**	**625,522,591.89**
Inventories	6	29,394,690.87	27,879,623.82
Construction contracts	6	328,967,792.84	502,214,445.43
Trade and other receivables	7	69,413,576.67	58,702,182.75
Other financial assets	8	36,999,807.98	15,281,741.43
Cash and cash equivalents	9	10,938,036.27	8,480,981.31
Accruals	10	10,948,213.67	12,963,617.15
Total Assets		**1,288,027,272.90**	**1,452,049,731.61**
EQUITY AND LIABILITIES			
EQUITY		**533,664,752.40**	**521,788,333.53**
Share capital	11	10,814,656.00	10,814,656.00
Revaluation capital		7,493,208.19	7,493,208.19
Other capital	11	503,480,469.35	511,017,652.86
Retained earnings		0.82	-15,598,247.08
Net profit / loss		11,876,418.04	8,061,063.56
LIABILITIES		**754,362,520.50**	**930,261,398.07**
Non-current liabilities		**459,263,300.61**	**554,926,742.56**
Borrowings	12	86,928,795.70	140,803,453.42
Deferred income tax liabilities	13	26,362,459.03	24,384,909.91
Retirement benefit obligations		124,244.40	300,027.14
Provision for other liabilities and charges	14	0.00	460,316.60
Other liabilities	15	345,847,801.48	388,978,035.49
Current liabilities		**295,099,219.89**	**375,334,655.51**
Trade and other payables	16	96,971,923.99	118,000,541.55
Construction contracts	6	21,334,795.18	73,963,198.78
Borrowings	12	131,561,985.18	137,813,016.54
Provision for other liabilities and charges	14	11,607,046.02	11,224,303.61
Other liabilities	16	33,623,469.52	34,333,595.03
Total Equity and Liabilities		**1,288,027,272.89**	**1,452,049,731.60**

Profit and loss account

	Note	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2012
Net revenues from sales of products, goods and materials, of which:	17	**291,472,963.73**	**282,960,790.55**
Net revenues from sales of products		289,345,377.42	279,162,485.00
Net revenues from sales of goods and materials		2,127,586.31	3,798,305.55
Costs of products, goods and materials sold, of which:	18	**235,344,186.37**	**211,798,399.61**
Manufacturing cost of products sold		231,250,412.58	208,355,066.22
Value of goods and materials sold		4,093,773.79	3,443,333.39
Gross profit (loss) on sales		**56,128,777.36**	**71,162,390.94**
Selling expenses	18	27,394,328.91	24,690,595.10
Overhead expenses	18	13,263,306.84	23,332,171.53
Revaluation of investment properties		15,890,887.12	21,354,973.00
Profit (loss) on sales		**31,362,028.73**	**44,494,597.31**
Other operating income	19	13,791,129.95	17,117,951.22
Other operating expenses	20	11,061,520.08	9,729,538.75
Operating profit (loss)		**34,091,638.60**	**51,883,009.78**
Financial income	21	26,137,225.06	22,250,429.83
Financial expenses	22	46,057,835.51	62,909,694.29
Profit (loss) on ordinary activities		**14,171,028.15**	**11,223,745.32**
Gross profit (loss)		**14,171,028.15**	**11,223,745.32**
Income tax	23	2,294,610.11	3,162,681.76
Net profit (loss)		**11,876,418.04**	**8,061,063.56**

Other comprehensive income:		**0.00**	**0.00**
Exchange differences on foreign operations conversion		0.00	0.00
Profit/loss from acquisitions		0.00	0.00
Profit from revaluation of tangible fixed assets		0.00	0.00
Other comprehensive income:		0.00	0.00
Total revenue		**11,876,418.04**	**8,061,063.56**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		**01-01-2013 to 31-12-2013**	**01-01-2012 to 31-12-2012**
Profits			
(A) Profit disclosed in the consolidated financial statements		11,876,418.04	8,061,063.56
Number of shares			
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *		54,073,280.00	54,073,280.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share		54,073,280.00	54,073,280.00
Basic earnings per share = (A)/(B)		**0.22**	**0.15**
Diluted earnings per share = (A)/(B)		**0.22**	**0.15**

* 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 period, there were no factors that would affect the number of dilutive shares.

Statement of changes in equity

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
As at 31 December 2012	**10,814,656.00**	**0.00**	**7,493,208.19**	**505,286,065.67**	**5,731,587.19**	**-15,598,247.08**	**8,061,063.56**	**521,788,333.53**
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
As at 01 January 2013	**10,814,656.00**	**0.00**	**7,493,208.19**	**505,286,065.67**	**5,731,587.19**	**-15,598,247.08**	**8,061,063.56**	**521,788,333.53**
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Share redemption	0.00	0.00		0.00				**0.00**
Purchase of own shares	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**
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Gains / (losses) on business acquisitions(unitary jwch)	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	0.83		**0.83**
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Total profit / (loss) recognised directly in equity	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.83**	**0.00**	**0.83**
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	11,876,418.04	**11,876,418.04**
Total profit / (loss) recognised in equity and net earnings	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.83**	**11,876,418.04**	**11,876,418.87**
Increase / decrease from profit distribution	0.00	0.00	0.00	-7,537,183.51	0.00	15,598,247.07	-8,061,063.56	**0.00**
As at 31 December 2013	**10,814,656.00**	**0.00**	**7,493,208.19**	**497,748,882.16**	**5,731,587.19**	**0.82**	**11,876,418.04**	**533,664,752.40**

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
As at 31 December 2011	**10,814,656.00**	**0.00**	**7,493,208.19**	**479,905,410.58**	**5,731,587.19**	**-8,584,817.69**	**25,371,585.63**	**520,731,629.90**
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
As at 01 January 2012	**10,814,656.00**	**0.00**	**7,493,208.19**	**479,905,410.58**	**5,731,587.19**	**-8,584,817.69**	**25,371,585.63**	**520,731,629.90**
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Share redemption	0.00	0.00		0.00				**0.00**
Purchase of own shares	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**
Gains / (losses) on revaluation of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00		9,069.46	0.00	-7,013,429.04	0.00	**-7,004,359.58**
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Adjustments	0.00	0.00	0.00	0.00	0.00	-0.35	0.00	**-0.35**
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Total profit / (loss) recognised directly in equity	**0.00**	**0.00**	**0.00**	**9,069.46**	**0.00**	**-7,013,429.39**	**0.00**	**-7,004,359.93**
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	8,061,063.56	**8,061,063.56**
Total profit / (loss) recognised in equity and net earnings	**0.00**	**0.00**	**0.00**	**9,069.46**	**0.00**	**-7,013,429.39**	**8,061,063.56**	**1,056,703.63**
Increase / decrease from profit distribution	0.00	0.00	0.00	25,371,585.63	0.00	0.00	-25,371,585.63	**0.00**
As at 31 December 2012	**10,814,656.00**	**0.00**	**7,493,208.19**	**505,286,065.67**	**5,731,587.19**	**-15,598,247.08**	**8,061,063.56**	**521,788,333.53**

Cash flow statements (indirect method)

Operating cash flow - two-step method	01-01-2013 to 31-12-2013	01-01-2012 to 31-12-2012
Net profit (loss)	**11,876,418.04**	**8,061,063.56**
Item adjustments:	**24,947,490.25**	**50,829,667.12**
Depreciation and amortisation	8,594,480.85	8,513,182.34
(Profits) loss on foreign exchange differences	-71,775.95	5,427,561.78
(Profits) loss from investment activities	1,677,817.96	20,708,646.25
Interest and dividends	26,494,168.79	29,794,792.88
Changes in provisions and accruals	4,041,216.65	11,895,520.91
Change in investment properties	-15,890,887.12	-21,354,973.00
Other adjustments:	102,469.07	-4,155,064.04
- other adjustments	102,469.07	-4,155,064.04
Changes in working capital	**117,352,083.24**	**-23,309,678.35**
Change in inventories	-33,919,556.51	195,281.01
Change in construction contracts	133,539,644.02	8,469,993.94
Changes in receivables	65,834,899.56	-42,026,698.46
Changes in current liabilities, except for borrowings	-48,102,903.83	10,051,745.16
Operating cash flow	**154,175,991.53**	**35,581,052.33**
Investment activity cash flows		
Disposal of tangible and intangible assets and other non-current assets	23,720,107.01	10,475,909.38
Acquisition of tangible and intangible assets and other non-current assets	-7,385,647.04	-59,941,553.24
Purchase of equity instruments and debt instruments	19,238,677.51	-9,000,250.00
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-1,549,409.50	-1,000,913.64
Loans repaid	0.00	392,464.85
Other purchase of financial assets	0.00	-200,000.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	23,715.00	24,326.72
Disposal of subsidiaries	-67,509,000.00	1,272.90
Acquisition of subsidiaries	0.00	0.00
Net investment cash flow	**-33,461,557.02**	**-59,248,743.03**
Financing cash flow		
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00	0.00
Purchase of own shares or repayment of shares	0.00	0.00
Borrowings	60,016,625.43	637,744,386.42
Borrowings repaid	-120,216,662.05	-543,067,708.24
Debt securities issued	0.00	95,000,000.00
Debt securities redeemed	-24,300,000.00	0.00
Payments under financial lease agreements	-4,121,216.51	-4,113,605.08
Dividends and other shared profits	0.00	0.00
Interest paid	-35,616,126.42	-39,619,742.17
Other financial proceeds (including notes)	6,380,000.00	9,620,700.00
Other financial expenditures (including notes)	-400,000.00	-157,614,084.50
Net financing cash flow	**-118,257,379.55**	**-2,050,053.57**
NET DECREASE/(INCREASE) IN CASH	**2,457,054.96**	**-25,717,744.27**
Cash and cash equivalents at the beginning of the year	8,480,981.31	34,198,725.58
- foreign exchange gains/(losses) on cash		
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**10,938,036.27**	**8,480,981.31**

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Intangible assets

The key position of other intangible assets is an integrated SAP system.

Intangible assets	31-12-2013	31-12-2012
a) research and development expenses	0.00	0.00
b) goodwill	12,389,648.22	12,389,648.22
c) other intangible assets	2,495,493.07	3,520,997.72
d) advances on intangible assets	0.00	0.00
Total intangible assets	**14,885,141.29**	**15,910,645.94**

CHANGES IN INTANGIBLE ASSETS (by type)	Goodwill	Software	TOTAL
a) the gross value of intangible assets at the opening period	**12,389,648.22**	**15,140,989.21**	**27,530,637.43**
b) increase (due to)	**0.00**	**77,413.22**	**77,413.22**
- purchase	0.00	5,271.54	5,271.54
- Transfer from expenses	0.00	72,141.68	72,141.68
c) decrease (due to)	**0.00**	**0.00**	**0.00**
- sale	0.00	0.00	0.00
d) the gross value of intangible assets at the closing period	**12,389,648.22**	**15,218,402.43**	**27,608,050.65**
e) accumulated depreciation at opening period	**0.00**	**11,619,991.49**	**11,619,991.49**
f) amortization for the period (due to)	**0.00**	**1,102,917.87**	**1,102,917.87**
- Depreciation (a copy of the annual)	0.00	1,102,917.87	1,102,917.87
g) accumulated depreciation at closing period	**0.00**	**12,722,909.36**	**12,722,909.36**
h) impairment losses at beginning of period	0.00	0.00	**0.00**
- Increase	**0.00**	**0.00**	**0.00**
h) impairment write-offs	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00
- decrease	**0.00**	**0.00**	**0.00**
- reversal of impairment write-offs - to financial result	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00
- depreciation of in-kind contribution	0.00	0.00	0.00
i) impairment write-offs at the closing period	**0.00**		**0.00**
j) the gross value of intangible assets at the opening period	**12,389,648.22**	**3,520,997.72**	**15,910,645.94**
k) the net value of intangible assets at the closing period	**12,389,648.22**	**2,495,493.07**	**14,885,141.29**

Intangible assets are initially disclosed at acquisition price or manufacturing cost.
Upon initial recognition intangible assets are measured at acquisition price or manufacturing cost less amortisation and impairment losses. Intangible assets are amortised with the straight line method for the period of their expected useful life. The period and method of amortisation are verified at the end of each accounting year.

As at 31 December 2013 there were no circumstances requiring the Company to make impairment allowance on intangible assets.

The Company did not conduct in 2012-2013 any development works and no costs were incurred on them. The Company did not have any advances on intangible assets.

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

Note 2. Tangible assets

Tangible assets	31-12-2013	31-12-2012
a) fixed assets, including:	250,628,660.35	281,680,575.17
- land (including right of perpetual usufruct)	15,666,495.99	16,466,162.74
- buildings and structures	207,182,507.51	233,107,819.70
- plant and machinery	16,209,687.10	17,943,435.54
- motor vehicles	647,293.11	1,651,849.17
- other property, plant and equipment	10,922,676.64	12,511,308.02
b) constructions in progress	3,158,295.39	2,945,268.15
c) advances on constructions in progress	0.00	0.00
Total tangible assets	**253,786,955.74**	**284,625,843.32**

Tangible assets are initially disclosed at acquisition price or manufacturing cost. Upon initial recognition tangible assets are measured at acquisition price or manufacturing cost less amortisation and impairment losses. Tangible assets are amortised with the straight line method for the period of their expected economic useful life.

The assets that are under construction are valued at the amount of the total cost of remaining in direct relation to their acquisition or construction, less accumulated permanent loss of value. The assets under construction are not depreciated until they are completed and commissioned.

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

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

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

	Land	buildings and structures	plant and machinery	Means of transport:	other property, plant and equipment	Assets in constructions	TOTAL
a) the gross value of tangible fixed assets at the opening period	**16,466,162.74**	**260,369,567.19**	**30,574,745.01**	**6,328,667.52**	**16,467,305.97**	**2,945,268.15**	**333,151,716.58**
b) increase (due to)	**0.00**	**21,830.35**	**108,544.17**	**9,895.83**	**153,503.72**	**767,176.70**	**1,060,950.77**
- purchase	0.00	21,830.35	108,544.17	9,895.83	118,665.93	458,064.45	**717,000.73**
- Transfer from expenses	0.00	0.00	0.00	0.00	34,837.79	0.00	**34,837.79**
- capital expenditure for tangible fixed assets under construction	0.00	0.00	0.00	0.00	0.00	137,330.35	**137,330.35**
- Extension of the capital group	0.00	0.00	0.00	0.00	0.00	148,581.90	**148,581.90**
-other	0.00	0.00	0.00	0.00	0.00	23,200.00	**23,200.00**
c) decrease (due to)	**799,666.75**	**28,521,788.18**	**3,917,915.67**	**2,927,583.73**	**412,582.76**	**652,122.66**	**37,231,659.75**
- sale	799,666.75	20,914,795.44	3,905,155.67	2,927,583.73	208,097.50	226,052.90	**28,981,351.99**
- liquidation	0.00	49,409.14	0.00	0.00	0.00	277,487.86	**326,897.00**
- transfer to tangible fixed assets	0.00	0.00	0.00	0.00	0.00	148,581.90	**148,581.90**
- sale of units	0.00	7,557,583.60	0.00	0.00	0.00	0.00	**7,557,583.60**
- transfer to tangible fixed assets	0.00	0.00	12,760.00	0.00	0.00	0.00	**12,760.00**
- other value adjustments	0.00	0.00	0.00	0.00	204,485.26	0.00	**204,485.26**
d) the gross value of tangible fixed assets at the closing period	**15,666,495.99**	**231,869,609.36**	**26,765,373.51**	**3,410,979.62**	**16,208,226.93**	**3,060,322.19**	**296,981,007.60**
e) accumulated depreciation at the opening period	**0.00**	**27,261,747.49**	**12,631,309.47**	**4,676,818.35**	**3,955,997.95**	**0.00**	**48,525,873.26**
f) amortization for the period (due to)		**-2,574,645.64**	**-2,075,623.06**	**-1,913,131.84**	**1,329,552.34**	**0.00**	**-5,233,848.20**
- annual depreciation allowance	0.00	3,615,998.54	1,697,098.04	644,213.92	1,534,252.48	0.00	7,491,562.98
decrease (due to)	**0.00**	**6,190,644.18**	**3,772,721.10**	**2,557,345.76**	**204,700.14**	0.00	**12,725,411.18**
- sale of fixed assets	0.00	5,891,600.00	3,772,721.10	2,557,345.76	204,700.14	0.00	**12,426,367.00**
- liquidation of fixed assets	0.00	17,087.31	0.00	0.00	0.00	0.00	**17,087.31**
- other (decrease) premises sold	0.00	281,956.87	0.00	0.00	0.00	0.00	**281,956.87**
g) accumulated depreciation at closing period	**0.00**	**24,687,101.85**	**10,555,686.41**	**2,763,686.51**	**5,285,550.29**	**0.00**	**43,292,025.06**
h) impairment losses at beginning of period	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
increase (due to)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
decrease (due to)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**97,973.20**	**97,973.20**
- other provisions	0.00	0.00	0.00	0.00	0.00	97,973.20	**97,973.20**
i) impairment write-offs at the closing period	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
j) the net value of tangible fixed assets at the opening period	**16,466,162.74**	**233,107,819.70**	**17,943,435.54**	**1,651,849.17**	**12,511,308.02**	**2,945,268.15**	**284,625,843.32**
k) the net value of tangible fixed assets at the closing period	**15,666,495.99**	**207,182,507.51**	**16,209,687.10**	**647,293.11**	**10,922,676.64**	**3,158,295.39**	**253,786,955.74**

Note 3. Investment real estate

The Company recognizes that the investment properties, as at the balance sheet date ,are measured at fair values.

Other long-term investments	31-12-2013	31-12-2012
a) investment properties	252,160,270.29	205,980,247.51
b) other	0.00	0.00
Total other long-term investments	**252,160,270.29**	**205,980,247.51**

CHANGE IN INVESTMENT PROPERTIES	Fair value	Acc. to historical cost	Value of investment properties in total
a) opening balance	**184,848,504.59**	**21,131,742.92**	**205,980,247.51**
expenditure incurred	123,020,130.49	19,783,726.08	142,803,856.57
Financial expenses	7,211,696.69	1,348,016.84	8,559,713.53
revaluation value	54,616,677.41	0.00	54,616,677.41
b) increase (due to)	**56,506,722.09**	**1,625,175.92**	**58,131,898.01**
expenditure incurred	2,859,152.33	1,625,175.92	4,484,328.25
Financial expenses	3,307,225.77	0.00	3,307,225.77
revaluation value	19,257,557.25	0.00	19,257,557.25
Change in construction contracts	31,082,786.74	0.00	31,082,786.74
c) decrease (due to)	**11,951,667.77**	**207.46**	**11,951,875.23**
incurred expenses - sale, corrections	7,477,717.64	207.46	7,477,925.10
Financial expenses	1,107,280.00	0.00	1,107,280.00
revaluation value	3,366,670.13	0.00	3,366,670.13
Change in construction contracts	0.00	0.00	0.00
d) closing balance	**229,403,558.91**	**22,756,711.38**	**252,160,270.29**
expenditures	149,484,351.92	21,408,694.54	170,893,046.46
Financial expenses	9,411,642.46	1,348,016.84	10,759,659.30
revaluation value	70,507,564.53	0.00	70,507,564.53

In the reporting year, the Company changed its business strategy in relation to a number of real estate. The properties were originally classified as "inventories", as it was intended to implement the investment project on the property. Due to changes in the business model, the properties will be held in the investment portfolio of the Company in anticipation of the increase in its value.
J.W. Construction Holding S.A for the purpose of the investment property evaluation orders the preparation of appraisal report with determining the market value to independent Property Valuers, having the appropriate permissions. In order to determine the valuation, the property valuer use the principles in accordance with General National Principles of Valuation adopted by the Polish Federation of Valuers' Associations where the market value is the most probable price obtainable on the market at the measurement date.

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

In the hierarchy of the fair value estimation of the investment properties are classified to Level 3, where:
1 - Quoted prices, which are not adjusted, in an active market for identical assets and liabilities that the entity can access at the measurement date.
2 - Inputs, other than quoted prices, that are observable, either directly or indirectly.
3 - Unobservable inputs.
The hierarchy is determined on the basis of the lowest level of inputs.

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

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

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

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

Note 4. Long-term financial assets

LONG-TERM FINANCIAL ASSETS	31-12-2013	31-12-2012
a) shares	135,056,074.02	86,770,311.43
b) loans granted	15,662,616.78	36,023,558.08
c) other long-term investments	0.00	1,873,912.75
Total long-term financial assets	**150,718,690.80**	**124,667,782.26**

LONG-TERM FINANCIAL ASSETS	31-12-2013	31-12-2012
a) in subsidiaries	150,504,496.18	124,009,941.62
- shares	134,841,879.40	86,556,116.81
- other securities	0.00	1,873,912.75
- loans granted	15,662,616.78	35,579,912.06
- other long-term financial assets	0.00	0.00
b) in other parties	214,194.62	657,840.64
- shares	214,194.62	214,194.62
- other securities	0.00	0.00
- loans granted	0.00	443,646.02
- other long-term financial assets	0.00	0.00
Total long-term financial assets	**150,718,690.80**	**124,667,782.26**

	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
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%
Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	full consolidation	16/06/2003	4,346,500.00	0.00	0.00	4,346,500.00	99.99%
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%
J.W. Construction Bułgaria Sp. z o.o.	Warna (Bulgaria)	developer activity	subsidiary	not consolidated	08/10/2007	9,854.98	0.00	0.00	9,854.98	100.00%
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%
J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	57,451,956.00	0.00	30,430,356.00	27,021,600.00	99.99%
JW. Marka Sp. z o.o.	Ząbki	leasing of intellectual property	subsidiary	full consolidation	23/08/2011	155,841,000.00	0.00	155,779,575.58	61,424.42	100.00%
J.W. Group Sp. z o.o.	Ząbki	management of other entities	subsidiary	full consolidation	23/02/2012	50,000.00	0.00	0.00	50,000.00	100.00%
J.W. Group Sp. z o.o. 1 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	62,074,000.00	0.00	0.00	62,074,000.00	100.00%
J.W. Group Sp. z o.o. 2 SKA	Ząbki	developer activity	subsidiary	full consolidation	26/03/2012	50,000.00	0.00	0.00	50,000.00	100.00%
Seahouse Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	18/10/2012	10,950,000.00	0.00	0.00	10,950,000.00	100.00%
J.W. 6 Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	16/11/2012	50,000.00	0.00	0.00	50,000.00	100.00%
Nowe Tysiąclecie Sp. z o.o.	Ząbki	social building	subsidiary	full consolidation	11/06/2013	3,275,000.00	0.00	0.00	3,275,000.00	100.00%
Dana Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	not consolidated	22/11/2013	5,000.00	0.00	0.00	5,000.00	100.00%
Karczma Regionalna Sp.z o.o.		hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00	0.00	0.00	208,550.00	8.06%
SASPOL INFRASTRUKTURE Sp. z o.o.(former Trinity Self Comapnies Sp. z o.o.)	Warsaw	social	associate	not consolidated	06/10/2009	4,644.62	0.00	0.00	4,644.62	25.00%
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%

Note 5. Non-current receivables

NON-CURRENT RECEIVABLES	31-12-2013	31-12-2012
a) guarantee receivables	0.00	0.00
b) deposit receivables(lease)	0.00	16,364,359.90
b) other receivables	116,113,098.96	164,960,202.28
Total receivables	**116,113,098.96**	**181,324,562.18**

Non-current receivables include a security deposit for the lease of hotels (securing receivables of the financing party under the sale and lease back agreement) and a guarantee deposit paid by the Company in accordance with the schedule appended to the lease agreement for real estate located in Ząbki (office building). In other long-term receivables, the amount of settlements with a special purpose vehicle for released funds on the basis of the guarantee are presented.

Note 6. Inventories and construction contracts

The costs associated with impairment allowances are recognized in statement ofcomprehensive income of operating activities.

INVENTORIES	31-12-2013	31-12-2012
a) materials	1,307,592.20	1,318,726.95
b) semi-finished products and work in progress	4,140.43	0.00
c) finished products	0.00	0.00
d) goods	28,082,908.65	26,550,889.57
e) trade advances	49.59	10,007.30
Total inventories	**29,394,690.87**	**27,879,623.82**

Construction contracts - the assets comprise , among other things, amounts of expenditure on projects, the value of finished premises, which were not passed on to customers.

CONSTRUCTION CONTRACTS	31-12-2013	31-12-2012
a) semi-finished products and work in progress	160,094,360.76	206,821,622.97
b) finished products	167,553,295.15	293,859,080.01
c) advances for supplies	1,261,750.38	1,102,040.65
d) short-term prepayments	58,386.55	431,701.80
Total construction contracts	**328,967,792.84**	**502,214,445.43**

Construction contracts- liabilities are, among other things, the amount of:
advances paid by contractors in connection with ongoing work.

CONSTRUCTION CONTRACTS	31-12-2013	31-12-2012
a) accruals	21,334,795.18	73,963,198.78
Total construction contracts	**21,334,795.18**	**73,963,198.78**

Accruals	31-12-2013	31-12-2012
-advances on premises	19,104,176.91	66,096,565.90
-works provision	2,229,688.27	7,865,702.88
-other	930.00	930.00
The total value of accruals	**21,334,795.18**	**73,963,198.78**

The Company, in connection with the business activities, incur the loans that are secured with the mortgage on the property. As at 31 December 2013, the Company of the Group established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 387,000,000 and presented in fixed assets with the value of PLN 119,100,000. 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 Company. As at 31 December 2013, the loan liabilities amounted to PLN 214,500,000.

The Company carries out its activities within the projects using external financing. In 2013, the item of building contracts was activated with expenses in the amount of PLN 2.510.149,25. This amount relates to both items work in progress (the amount of PLN 1.299.462,20) and finished goods (the amount of PLN 1.210.697,05).

Note 7. Trade and other receivables

Impairment allowance was made in accordance with the best knowledge and experience of the Company, in a way of detailed analysis of the risk of debt repayment. Income and expenses connected with making and dissolving the allowance were recognised in the income statement under other operating activity.

CURRENT RECEIVABLES	**31-12-2013**	**31-12-2012**
a) trade receivables - related parties	9,786,115.99	9,860,293.97
b) trade receivables - other parties	19,599,056.96	27,079,650.91
c) taxes, subsidies, customs duties, social and health insurance and other payments	6,851,002.73	13,118,095.52
d) other	33,177,400.99	8,644,142.35
Total receivables	**69,413,576.67**	**58,702,182.75**

Note 8. Short-term financial assets

SHORT-TERM INVESTMENTS	**31-12-2013**	**31-12-2012**
a) shares	0.00	0.00
b) loans granted	36,769,140.94	14,944,725.02
c) other securities	230,667.04	337,016.41
d) other short-term investments	0.00	0.00
Total long-term financial assets	**36,999,807.98**	**15,281,741.43**

SHORT-TERM INVESTMENTS	**31-12-2013**	**31-12-2012**
a) in subsidiaries	36,205,812.71	14,580,475.97
- shares	0.00	0.00
- other securities	0.00	123,683.11
- loans granted	36,205,812.71	14,456,792.86
- other short-term financial assets	0.00	0.00
b) in other parties	793,995.27	701,265.46
- shares	0.00	0.00
- other securities	230,667.04	213,333.30
- loans granted	563,328.23	487,932.16
- other short-term financial assets	0.00	0.00
Total value of short-term investments	**36,999,807.98**	**15,281,741.43**

Note 9. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	**31-12-2013**	**31-12-2012**
a) cash on hand and with bank	8,707,193.85	7,383,887.82
b) other cash	2,228,396.97	1,073,699.36
c) other cash equivalents	2,445.45	23,394.13
Total cash	**10,938,036.27**	**8,480,981.31**

The Company on its trust account kept the amount of PLN 157.450,00 as at 31.12.2013, therefore the Company had limited possibilities to use this amount.

Note 10. Short-term prepayments

ACCRUALS	**31-12-2013**	**31-12-2012**
a) short-term prepayments	10,948,213.67	12,963,617.15
The total value of accruals	**10,948,213.67**	**12,963,617.15**

In the position of other prepaid expenses, the Company recognizes e.g costs incurred in connection with deferredincome. The main item are expenses incurred on commissions received by salesmen for sale of apartments. The said commissions are allocated to concrete apartments/premises sold by the Company and are deferred until premises are delivered to the buyer.

Accruals	31-12-2013	31-12-2012
- property insurance	80,994.09	144,214.36
- interest	2,304,516.60	3,619,040.08
- commission expenses	6,271,562.31	6,863,213.12
-other	2,291,140.67	2,337,149.59
The total value of accruals	**10,948,213.67**	**12,963,617.15**

Note 11. Share capital

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

On 18 May 2010, the General Meeting („General") adopted the Resolution No.26 on the basis of which the District Court of the Capital City of Warsaw XIV Division of the National Court Register registered od 1 July 2010 the decrease in share capital of the Company from PLN 10.939.656 to PLN 10.814.656 that is PLN 125,000 by cancellation of 625.000 shares. The General was recorded in the minutes by a notary form Warsaw Krzysztof Kruszewski under a notarial deed with a number Rep. A 6811/2010.
Redeemed shares were owned by the Company which were acquired on the basis of the Resolution No.26 of the General Meeting of 19 June 2008 as a result of purchasing its own shares for redemption. Redeemed shares were purchased by net profit contained in the supplementary capital, in accordance with the Article 360.2.2 of the Code of Commercial Companies there was no convocation procedure. The average price of redeemed shares amounted to PLN 7,09.

At 31 December 2013 the shareholding structure was as follows:

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

of which:

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

[x] on 9 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A, as at 9 April 2010 it was 3,245,668 shares representing 5.93% of the share capital of the Company entitling to 3,245,668 votes at the General Meeting of the Company and representing 5.93% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.
on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open_End Investment Fund managed by Pioneer Pekao TFI S.A, as at that day it was 5.382.182 shares representing 9.95% of the share capital of the Company entitling to 5.382.182 votes at the General Meeting of the Company representing 9.95% of the total number of votes. In accordance with applicable law, a shareholder 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.

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

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] 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.

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

OTHER CAPITAL	**31-12-2013**	**31-12-2012**
a) supplementary capital	497,748,882.16	505,286,065.67
b) other reserve capital	5,731,587.19	5,731,587.19
Total other capital	**503,480,469.35**	**511,017,652.86**

The Company's supplementary capital comes from the retained earnings that were obtained in the previous years, and from the surplus value of the issue over the nominal value of issued shares.

Note 12. Borrowings

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

BORROWINGS	**31-12-2013**	**31-12-2012**
a) credits	214,465,080.40	275,707,149.77
of which: long-term	*85,872,079.05*	*140,803,453.42*
Short-term	*128,593,001.35*	*134,903,696.35*
b) loans	4,025,700.48	2,909,320.19
of which: long-term	*1,056,716.65*	*0.00*
Short-term	*2,968,983.83*	*2,909,320.19*
Total borrowings	**218,490,780.88**	**278,616,469.96**
Borrowings - long-term	**86,928,795.70**	**140,803,453.42**
Borrowings - short-term	**131,561,985.18**	**137,813,016.54**

LOANS PER MATURITY	**31-12-2013**	**31-12-2012**
Up to 1 year	128,593,001.35	134,903,696.35
Over 1 year up to 2 years	43,594,730.43	63,300,760.00
Over 2 year up to 5 years	27,902,400.00	53,043,392.09
Over 5 years	14,374,948.62	24,459,301.33
Total loans, including:	**214,465,080.40**	**275,707,149.77**
- long-term	85,872,079.05	140,803,453.42
- short-term	128,593,001.35	134,903,696.35

CASH LOANS PER MATURITY	**31-12-2013**	**31-12-2012**
Up to 1 year	2,968,983.83	2,909,320.19
Over 1 year up to 2 years	1,056,716.65	0.00
Over 2 year up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total loans, of which:	**4,025,700.48**	**2,909,320.19**
- long-term	1,056,716.65	0.00
- short-term	2,968,983.83	2,909,320.19

Note 13. Deferred income tax assets

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31-12-2013		
	Deferred income tax assets	**Deferred tax liabilities**	**Net value**
Tangible assets	0.00	2,982,176.64	-2,982,176.64
Investment real estate	0.00	13,396,437.26	-13,396,437.26
Intangible assets	0.00	0.00	0.00
Other financial assets	0.00	0.00	0.00
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	0.00	3,384,804.44	-3,384,804.44
Trade and other receivables	1,020,708.84	2,357,891.10	-1,337,182.25
Accruals	1,067,004.74	1,191,596.84	-124,592.10
Cash and cash equivalents	0.00	0.00	0.00
Borrowings	3,185,818.06	3,049,552.76	136,265.31
Provisions	212,639.37	0.00	212,639.37
Trade and other receivables	1,654,678.70	0.00	1,654,678.70
Other financial liabilities	1,974,468.78	0.00	1,974,468.78
Other	4,585,679.02	0.00	4,585,679.02
Deferred income tax assets / liabilities disclosed in the balance sheet	**13,700,997.52**	**26,362,459.02**	**-12,661,461.50**

Note 14. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31-12-2013	31-12-2012
a) short-term, of which:	**11,607,046.02**	**11,224,303.61**
- accrued expenses, including:	10,761,077.58	10,453,262.82
- interests charged	*2,223,423.34*	*2,206,281.27*
- rent deposits	*477,649.38*	*477,649.38*
-other	*8,060,004.86*	*7,769,332.17*
- other provisions, including:	845,968.44	771,040.79
- provisions for future liabilities	*0.00*	*0.00*
- provisions for guarantee repairs	*0.00*	*0.00*
- other provisions	*845,968.44*	*771,040.79*
a) long-term, of which:	**0.00**	**460,316.60**
- accrued expenses, including:	0.00	460,316.60
- deferred surplus of revenues from sales over the carrying value/sale and lease back	*0.00*	*460,316.60*
Total provisions for other liabilities and charges	**11,607,046.02**	**11,684,620.21**

Note 15. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES	31-12-2013	31-12-2012
a) lease obligations	117,280.26	37,453,980.19
b) deposit liabilities	2,799,176.93	5,186,085.12
c) liabilities from securities	291,900,000.00	200,700,000.00
d) other non-current liabilities	13,018,000.00	0.00
e) note liabilities	32,350,666.76	28,900,991.81
f) note liabilities- foreign	5,662,677.53	92,883,177.27
g) loans granted- related parties	0.00	23,853,801.10
Total other liabilities	**345,847,801.48**	**388,978,035.49**

Other financial liabilities comprised among other things concluded lease agreements liabilities\ and debt obligations from securities' emission.

Note 16. Trade and other payables

TRADE AND OTHER PAYABLES	31-12-2013	31-12-2012
a) trade payables - other parties	12,065,294.21	24,348,584.21
b) trade payables - related parties	38,157,562.59	77,084,697.76
c) taxes, customs duties, insurance and other payments	3,762,349.15	3,776,076.97
d) salaries	1,366,032.24	1,797,659.97
e) trade advances received	0.00	0.00
f) loans granted- related parties	24,806,380.27	0.00
g) liabilities on bill of exchange - related parties	3,372,708.17	2,838,710.36
h) other	13,441,597.36	8,154,812.28
Total trade and other payables	**96,971,923.99**	**118,000,541.55**

OTHER LIABILITIES	31-12-2013	31-12-2012
a) debt securities issue- liabilities	7,949,363.10	28,856,972.00
b) note liabilities - foreign	0.00	0.00
c) lease liabilities	25,674,106.42	5,476,623.03
d) other financial liabilities	0.00	0.00
Total other liabilities	**33,623,469.52**	**34,333,595.03**

4. NOTES TO THE INCOME STATEMENT

Note 17. Operating income

OPERATING INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales of products	243,137,030.06	245,606,338.19
Revenues from sales of services	46,208,347.36	33,556,146.81
Revenues from sales of goods	2,127,586.31	3,798,305.55
Total income	**291,472,963.73**	**282,960,790.55**

	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales, of which:	**291,472,963.73**	**282,960,790.55**
- from sales of products - units, plots, buildings	243,137,030.06	245,606,338.19
- sales of services	46,208,347.36	33,556,146.81
- sales of goods	2,127,586.31	3,798,305.55

	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales of products and services per business segment	**289,345,377.42**	**279,162,485.00**
-developer activity	259,613,208.70	255,768,123.93
- hotel activities	23,304,132.93	17,389,134.49
- property management	6,428,035.79	6,005,226.58

	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Revenues from sales of products - premises, plots, buildings per geographic segments	**243,137,030.06**	**245,606,338.19**
- Warsaw and vicinity	216,268,059.12	182,212,570.15
-Gdynia	847,902.23	1,355,436.08
- Łódź	17,544,512.32	29,316,385.96
- Katowice	0.00	0.00
- Katowice_ plot	2,912,000.00	0.00
- Poznań	5,564,556.39	0.00
- Sopot	0.00	32,721,946.00

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

Note 18. Operating expenses

OPERATING EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Costs on sale of products	185,385,484.44	177,003,613.10
Costs on sale of services	45,864,928.14	31,351,453.12
Costs on sale of goods	4,093,773.79	3,443,333.39
Total costs of products, services and goods sold	**235,344,186.37**	**211,798,399.61**

Selling and overhead expenses	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Selling expenses	27,394,328.91	24,690,595.10
Overhead expenses	13,263,306.84	23,332,171.53
Total selling and overhead expenses	**40,657,635.75**	**48,022,766.63**

Costs by type	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Depreciation and amortisation	8,594,480.85	8,513,182.34
Cost of materials and energy	10,191,360.55	7,627,267.62
Services made by other contractions	59,802,551.78	200,092,854.52
Taxes and duties	5,807,653.10	6,844,569.33
Wages and Salaries	22,538,876.59	22,428,568.41
Services for the benefit of employees	3,775,166.52	4,023,198.74
Other costs	11,854,670.72	14,954,328.12
Total costs according to types	**122,564,760.11**	**264,483,969.08**

Note 19. Other operating income

OPERATING INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) profit from disposal of non-financial fixed assets	0.00	0.00
b) other operating income	13,791,129.95	17,117,951.22
Total operating income	**13,791,129.95**	**17,117,951.22**

OPERATING INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) profit from disposal of non-financial fixed assets	0.00	0.00
b) handling charges	3,036,183.39	14,366,834.75
c) provisions	719,593.15	0.00
d) assets disclosure	4,948,044.20	0.00
d) other (including compensation)	5,087,309.21	2,751,116.47
Total operating expenses	**13,791,129.95**	**17,117,951.22**

Note 20. Other operating expenses

OPERATING EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) loss on disposal of non-financial fixed assets	1,722,817.96	3,655,593.22
b) revaluation of non-financial assets	0.00	0.00
c) other operating expenses	9,383,702.12	6,073,945.53
Total operating expenses	**11,106,520.08**	**9,729,538.75**

OPERATING EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) loss on disposal of non-financial fixed assets	1,722,817.96	3,655,593.22
b) revaluation of non-financial assets	0.00	1,913,346.27
c) provisions	1,699,144.91	185,400.41
d) compensation, penalties and damages	843,037.49	794,066.43
e) compensation fee	24,598.73	146,304.30
f) litigation costs	398,732.21	395,224.01
d) other (including donation)	6,418,188.78	2,639,604.11
Total operating expenses	**11,106,520.08**	**9,729,538.75**

Note 21. Financial income

FINANCIAL INCOME	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) dividends	11,334,830.26	6,413,610.32
b) interest	13,654,297.76	15,821,583.90
c) revaluation of investment	0.00	0.00
d) profit on disposal of investments	171,239.00	0.00
e) other	1,021,858.04	15,235.61
Total financial income	**26,182,225.06**	**22,250,429.83**

Financial income	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) dividends	11,334,830.26	6,413,610.32
b) interests from customers	567,911.96	631,991.99
c) loan interests	1,213,115.23	1,525,502.33
d) deposit interests	40,446.32	351,971.02
e) bill interests	91,369.30	161,325.90
f) other interests	11,741,454.95	13,150,792.66
g) foreign exchange differences	1,011,842.47	0.00
i) profit on disposal of investments	171,239.00	0.00
j) other	10,015.57	15,235.61
Total	**26,182,225.06**	**22,250,429.83**

Note 22. Financial expenses

FINANCIAL EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) interest	45,965,213.04	41,991,282.53
b) revaluation of investment	0.00	0.00
c) loss on disposal of investments	0.00	16,871,596.65
d) other	92,622.47	4,046,815.11
Total financial expenses	**46,057,835.51**	**62,909,694.29**

FINANCIAL EXPENSES	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) interest, commission, credits	15,500,348.15	10,226,999.50
b) interest - leases	2,124,195.24	2,644,587.55
c) interest-loans	1,068,959.46	1,355,771.27
d) interest-bills	4,748,915.50	10,911,912.40
e) interest-bond issue	19,345,830.20	16,050,308.21
f) other interests	3,176,964.49	801,703.60
g) foreign exchange differences	0.00	4,041,486.20
h) loss on disposal of investments	0.00	16,871,596.65
i) other	92,622.47	5,328.81
Total financial expenses	**46,057,835.51**	**62,909,694.19**

Note 23. Income tax

INCOME TAX	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
a) income tax	0.00	323,904.00
b) deferred income tax	2,294,610.11	2,838,777.76
Total income tax	**2,294,610.11**	**3,162,681.76**

Reconciliation of effective tax rate	**Closing balance on 31 December 2013**
Gross Profit / (loss) before tax from continuing operations	14,171,028.15
Profit / (loss) before tax from abandoned operations	0.00
Gross profit (loss) before tax	**14,171,028.15**
Tax at statutory tax rate of 19%	2,692,495.35
Adjustments to current income tax from previous years	0.00
Differences arising from not established reserves and assets in previous years	1,090,729.69
Dividends	-2,153,617.75
Tax at effective tax rate	**1,629,607.29**
Income tax (charge) shown in the profit and loss account	2,294,610.11
of which:	
current	0.00
deffered	2,294,610.11

5. OTHER NOTES

Note 24. Headcount

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

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

Note 25. The Remuneration of the Management Board and Supervisory Board of the Company.
The presented figures refer to remuneration for holding an office of the Management Board and Supervisory Board Member. They do not include remuneration due to other forms of employment (also in other Companies of the Group). The remuneration due to other titles is presented in the consolidated financial statements.

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

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

Note 26. Off-balance sheet entries

OFF- BALANCE SHEET COLLATERALS - credit agreements	31-12-2013
Investment real estate pledged as collateral - loans	506,143,936.00
blank bill*	326,353,028.00
Executory titles	517,462,543.05
Pledge on shares of JWCH in Seahouse	25,500,000.00
Assignment of the insurance contract	414,119,310.00
Guarantees to the benefit of Bank Zachodni WBK on the investment credit of the Company of Seahouse Sp. z o.o.	25,500,000.00

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

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

OFF- BALANCE SHEET COLLATERALS - other	31-12-2013
Investment real estate pledged as collateral - bonds	335,000,000.00
blank bill*	24,173,514.31
Guarantees to the benefit of J.W. Construction Sp. z o.o.	7,000,000.00
Guarantees to the benefit of Capital City of Warsaw	151,300.00
Guarantees to the benefit of Alliance Silesia II	341,697.60
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Other	647,863.30

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

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

Note 27. Transactions with related companies-balance

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

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

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

COUNTERPARTY OF TRANSACTION	**A TRANSACTION/AGREEMENT SUBJECT**	**from 01-01-2013 to 31-12-2013**	**from 01-01-2012 to 31-12-2012**
Related parties subject to consolidation			
J.W. Marka Sp. z o.o.	marketing services	735,180.00	0.00
J.W. Marka Sp. z o.o.	service - trademark	8,233,149.80	0.00
Business Financial Construction Sp. z o.o.	marketing services	2,107,758.62	3,196,181.71
J.W.Construction Sp. z o.o.	other services	5,542.50	123,046.43
J.W.Construction Sp. z o.o.	modules rental - accommodation	55,213.00	119,445.84
J.W.Construction Sp. z o.o.	car lease	84,231.17	121,736.12
J.W.Construction Sp. z o.o.	building - assembly services	29,096,644.26	203,422,356.64
J.W.Construction Sp. z o.o.	meals	0.00	121,108.93

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

`	A TRANSACTION/AGREEMENT SUBJECT	from 01-01-2013 to 31-12-2013	from 01-01-2012 to 31-12-2012
Related parties subject to consolidation			
TBS Marki Sp. z o.o.	building - assembly services	0.00	378,308.80
TBS Marki Sp. z o.o.	property management	132,620.30	0.00
J.W. Group Sp. z o.o. 1 SKA	property management	102,679.32	69,098.88
J.W. Group Sp. z o.o. 1 SKA	administrative service	518,025.00	431,145.00
J.W. Group Sp. z o.o. 1 SKA	sale service	208,528.00	0.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	designing services	24,727.07	160,000.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	administrative service	419,097.00	69,740.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	building - assembly services	0.00	609,100.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	investment management	324,000.00	0.00
J.W.4 Sp. z o.o. (Seahouse Sp. z o.o.)	sale service	109,129.00	0.00
J.W.Construction Sp. z o.o.	reinvoice	466,771.94	1,961,105.79
J.W.Construction Sp. z o.o.	power	0.00	257,987.71
J.W.Construction Sp. z o.o.	other	203.25	124,638.28
J.W.Construction Sp. z o.o.	other services - tenancy	581,857.37	694,629.94
J.W.Construction Sp. z o.o.	equipment tenancy	48,628.23	312,030.68
J.W.Construction Sp. z o.o.	administrative service	772,385.00	969,936.00
J.W.Construction Sp. z o.o.	sale of goods and materials	520.23	113,677.27
J.W.Construction Sp. z o.o.	guarantee repair services	394,320.86	3,039,650.16
Nowe Tysiąclecie Sp. z o.o.	designing services	329,445.00	0.00
Nowe Tysiąclecie Sp. z o.o.	land sale	2,912,000.00	0.00
Porta Transport Sp. z o.o. in liquidation	other services - properties lease	144,000.00	144,000.00
Entities indirectly associated with the parent company			
Załubice Development Sp. z o.o.	reinvoice	111,833.64	53,289.37
Wronia J.W. 2 Sp. z o.o. SKA	administrative service	233,320.00	0.00
Wronia J.W. 2 Sp. z o.o. SKA	sale service	445,840.00	0.00
J.W.Consulting J.W. 3 SKA	administrative service	135,674.00	2,364.00
J.W.Consulting J.W. 3 SKA	building - assembly services	3,089,258.00	0.00
J.W.Consulting J.W. 3 SKA	sale service	197,977.00	0.00
Galeria Jagiellońska Sp. z o.o.	administrative service	13,389.00	121,061.92

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

6. SUPPLEMENTARY INFORMATION

Note 28. Events during the accounting year

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

a) Building permission

On 3 April 2013, the Company from the group - J.W. Group Sp. z o.o received a building permit for the first stage of a multifamily community " Bliska Wola" at Ordona/Kasprzaka Street in Warsaw. The permit is final.

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

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

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

b) Occupancy permits

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

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

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

c) The investment implementation commencement

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

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

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

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

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

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

In 2013, the following changes occurred in credit agreements that wereconcluded in the previous years:
On 21 January 2013, the Company signed the Annex to the overdraft facility agreement with Millenium Bank S.A . By virtue of the Annex, the repayment term of the credit was set on 22 January 2014.

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

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

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

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

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

On 25 October 2013, the Company concluded the Annex to the revolving loan granted by Bank BOŚ S.A. to co-finance the development of "Zielona Dolina - substage 2" in Warsaw. By virtue of the Annex, the repayment term of the credit was set on 31 March 2015.

The issue of Bonds

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

On 25 January 2013, the Company issued a total number of 1,057 pieces of secured bonds with a par value PLN 100,000 each and a total value of PLN 105,700,000, of which the issue price corresponds to the par value, and the interest rate was based on WIBOR 3M plus margin (the "Bonds"), with a final maturity of 25 January 2016. The purpose of the Bonds issue was a partial debt repayment of repayment of the Series A bonds issued by the Company pursuant to the Resolution No. 1 of the Management Board of 18 June 2010, registered in the The National Depository for Securities S.A in Warsaw under ISIN code of PLJWC0000035. The bonds were paid with series A Bonds. In consequence of the Bonds issuance, 1057 series A bonds marked with ISIN code of PLJWC0000035 were deregistered from depository of securities held by the National Depository for Securities S.A, 243 bonds of the above-mentioned series remained. The bonds entitle bondholders to be given a redemption installment in the amount of 10% of a par value on 25 April 2014 and 25 April 2015. The redemption installment, referred to above, reduces the amount of the redemption of the Bonds attributable to pay on the final maturity date. Interest is paid quarterly. The bonds are secured by the establishment of:
(1) joint mortgage in the amount of PLN 135,000,000 on:

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

(b) right of perpetual usufruct of property, entitled to the Company, which consists of a parcel of land located in Krynica-Zdrój at Czarny Potok Street with No. 163/1, 164/1, 164/4, 174/4, 146, 172, 173, 174/8, 174/9, with a total area of 29,491 m2, and the right of ownership of buildings built on the property and are under seperate ownership, for which the District Court in Nowy Sącz, X Branch Land Registry in Muszyna maintains the Land and Mortgage Register

No. NS1M/00007069/8 (a value of the above-mentioned property is according to the evaluation prepared by certified property appraiser which was estimated at the amount of PLN 200,268,000,000) (the Company provides a collateral);

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

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

(ii) comprising of a plot of land with No. 84/27 with an area of 29m2 located in Konstancin-Jeziorna at Bielwska Street, for which the District Court in Piaseczno, IV Land Registry maintains the Land and Mortgage Register No. WA1I/00006116/8,(which the value is according to the evaluation prepared by certified property appraiser which was estimated at the amount of PLN 4,212,000) (Lokum Spółka z o.o provides a collateral); and

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

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

On 24 April 2013, the Company issued a total number of 9,120 bearer bonds with a par value of PLN 10,000 each and the total nominal value of PLN 91.2 million, the issue price equals par value,and the interest rate was determined and based on WIBOR 3M plus margin. The Company is required to fully redeem the bonds at the date of January 26, 2016, through the payment of bonds redemption amount which equals the par value plus interest due. Interest will be paid annually. Bonds are in the form of the document. The purpose of this issue is to finance the redemption of promissory notes in the amount of PLN 91.2 million.

The bonds are unsecured, but the Company committed itself to bring to registration by the competent district court within three months from the issue date, ie on 24 April 2013, the security of the Bonds in the form of a mortgage on the developed property perpetual usufruct located in Warsaw, Kasprzaka 29/31 Street including plots 3/3 and 3/1 with a total area of 81,185 m2, marked with the land register no WA4M/00162186/5, which is owned by the State Treasury, and the perpetual lessee till December 5, 2089, is J.W Group Sp. z o.o 1 SKA with its seat in Ząbki - a subsidiary of the Company. J.W. Group Spółka z o.o 1 SKA with its seat in Ząbki z o.o grants and establishes the collateral. Under the terms of the bond issue, a part of the property constituting the collateral of the bonds will be exempt from the collateral, after approval to such an exemption given to the administrator of a mortgage by all bondholders. The mortgage was written in favour of bondholders, whose rights and obligations of the encumbrancer are performed by Biedecki Biedecki and Partners Legal Advisers, as an administrator of the mortgage.

Redemption of bonds

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

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

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

A) bonds issued on June 25, 2012, in the total number of 1,300 units with a par value of PLN 100,000 and a total value of PLN 130 million, where the Company made a withdrawal and carried out their redemption.

B) bonds issued on April 27, 2012, in the total number of 9,500 units with a par value of PLN 10,000 and a total value of PLN 95 million, where the Company withdrew interest quarterly.

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

On 11 June 2013, the company of Nowe Tysiaclecie Sp. z o.o was established with a basic capital of PLN 5,000 - 100% and then on 21 August 2013 the increase in the capital by the amount of PLN 3.27 million (65.400 shares at nominal value of PLN 50) was made.

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

Increases in J.W. Group Sp. z o.o. 1 SKA capital -
1) by PLN 1,000,000 through an increase in nominal value of shares;
2) by PLN 1,000,000 through an increase in nominal value of shares;
3) by PLN 30,012,000 with agio PLN 30,012,000 through the issue of 732 shares.

Note 29. Events which occurred after the balance sheet date

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

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

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

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

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

The registration of new SVPs:

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

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

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

Łódź Invest Spółka z o.o.

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

Bliska Wola 1 Spółka z o.o.

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

Bliska Wola 2 Spółka z o.o.

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

Bliska Wola 3 Spółka z o.o.

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

Bliska Wola 4 Spółka z o.o.

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

Bliska Wola 5 Spółka z o.o.

Bliska Wola 5 Spółka. z o.o. with its seat in Ząbki entered in the register of entrepreneurs of the National Court Register on 29 January 2014 under KRS number 495118 with its share capital of PLN 5,000 divided into 100 shares with a nominal value of PLN 50.00 each. The Company holds 100% of shares in Bliska Wola 5 Sp. o.o. The Company intends to implement one of stages of developer project in Warsaw in the area of Kasprzaka street ("Bliska Wola") in Warsaw through Bliska Wola 5 Sp. z o.o.

Corporate Affairs

On 13 March 2014 the Company published an announcement on convening the Extraordinary General Meeting dated 09 April 2014 regarding the adoption of the resolution on the issue of series C shares and the share capital increase. The proposed resolution assumes a capital increase from PLN 0,60 to PLN 8,110,992 by the issue of 3 to up to 40,554,960 shares. The shares are to be issued with pre-emptive rights for existing shareholders where four shares held will entitle to subscribe for three shares of a new series.

Note 30. Selected financial data including the main items of the financial statements (also converted to EURO) in thousands of PLN

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

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

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

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

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

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

Note 31. Significant issues in litigation

The Company is a party to the proceedings, the value of which exceeds 10% of equity. On 26 April 2012, the Company filed against the Capital City of Warsaw ("Defendant") a petition for commitment of the Defendant to submit a declaration of intent for the acquisition from the Company right of perpetual use of the plot no 2/6 with the area of 3,2605 ha for which the District Court for Warsaw- Mokotów, X Division of Land Registry maintains a land and mortgage registry no WA4M/00413015/1 KW ("Property") for a net price of PLN 91,130,975 together with interest from the date of 8 January 2010. The company filed a petition according to the Article 36.1 point. 2) of the Act of 27 March 2003 on spatial planning and development (Journal of Laws 2003.80.717) in connection with the adoption by the Respondent of the area development plan area of Olbrachta Street (approved by the resolution of the City of Warsaw No. LVI/1669/2009, which entered into force on 3 August 2009) ("Plan"). The property has been earmarked for the N-S Route. In the period when the Company acquired the Property, the zoning plan of the property was not obligatory. With the adoption of the Plan and as a result of this adoption, there has been a significant restriction on the use of the Property by the Company, therefore the Company has the right to request to redeem to purchase/buy out the Property by the Defendant. The Company applied to the Defendant with a request to take steps to voluntary purchase of the Property by the Respondent but the request was refused. The Company believes the claim is fully justified and deserves the judgement in accordance with the petition of the Company.
As at 31 December 2013 the total value of the proceedings against the Company did not not exceed 10% of the equity of the Company .

Note 32. Financial instruments and hedge accounting

The Company does not use derivatives. The Company uses bank credits, loans, bond issues as well as financial leases.
The main financial assets of the Company include shares in associated Companies, loans for related companies and bank deposits.

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.

	in accordance with IAS 39	**31-12-2013**	**31-12-2012**	**31-12-2013**	**31-12-2012**
Financial assets					
Long term financial assets in related entities	DDS	134,841,879.40	86,556,116.81	0.00	0.00
Long term financial assets in related entities	DDS	214,194.62	214,194.62	0.00	0.00
Short-term loans	PiN	36,769,140.94	14,944,725.02	36,769,140.94	14,944,725.02
Trade and other receivables		62,562,573.94	45,584,087.23	62,562,573.94	45,584,087.23
Cash and cash equivalents	WwWGpWF	10,938,036.27	8,480,981.31	10,938,036.27	8,480,981.31
Financial liabilities					
Loans with a variable interest rate	PZFwgZK	214,465,080.40	275,707,149.77	140,213,209.27	140,213,209.27
Loans from related companies	PZFwgZK	24,806,380.27	23,853,801.10	24,806,380.27	23,853,801.10
Liabilities from long-term financial lease	PZFwgZK	117,280.26	37,453,980.19	45,573,433.11	45,573,433.11
Liabilities from short-term financial lease	PZFwgZK	25,674,106.42	5,476,623.03	5,868,617.87	5,868,617.87
Trade and other receivables	PZFwgZK	63,664,454.16	109,588,094.25	63,664,454.16	109,588,094.25
Bonds	PZFwgZK	299,849,363.10	229,556,972.00	299,849,363.10	229,556,972.00
Liabilities from long-term deposits	PZFwgZK	2,799,176.93	5,186,085.12	2,799,176.93	9,113,295.63
bill payables - other	PZFwgZK	5,662,677.53	92,883,177.27	5,662,677.53	92,883,177.27
Bill payables -related	PZFwgZK	35,723,374.93	31,739,702.17	35,723,374.93	31,739,702.17

UdtW - Financial assets held to maturity,
WwWGpWF - assets / liabilities at fair value through profit/loss
PiN - Loans and receivables
DDS - Financial assets available for sale
PZFwgZK - Other financial liabilities measured at amortized cost

Interest rate risk

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

31 December 2013 - variable interest rate	**Up to 1 year**	**from 1 to 2 years**	**from 2- 5 year, over 5 years**	**Total**
Cash Assets	10,938,036.27	0.00	0.00	10,938,036.27
Loans for related companies	36,769,140.94	0.00	0.00	36,769,140.94
Loans from related companies	0.00	24,806,380.27	0.00	24,806,380.27
Bank Loans	128,593,001.35	43,594,730.43	42,277,348.62	214,465,080.40
Bonds liaibilities	7,949,363.10	0.00	291,900,000.00	299,849,363.10

COLLATERALS

The Company does not apply hedge accounting.

Note 33. Suggested profit distribution

The Management Board will suggest allotting the profit generated in 2013 to increase the supplementary capital.

Note 34. Changes in the Management and Supervisory Board

Management Board

As at 01/01/2013 the Management Board of the Company was composed of:
Mr. Robert Wojcik - Member of Management Board
Mr. Wojciech Rajchert - Member of Management Board
Ms. Irmina Łopuszyńska - Member of Management Board
Ms. Magdalena Starzyńska - Member of the Management Board

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

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

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

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

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

As at 31/12/2013 the Management Board of the Company was composed of:
Mr. Wojciech Rajchert - Member of Management Board
Ms. Irmina Łopuszyńska - Member of Management Board
Ms. Magdalena Starzyńska - Member of the Management Board
Ms. Małgorzata Ostrowska - Member of Management Board

Supervisory Board

As at 01 January 2013 the Supervisory Board of the Company was composed of:
Mr. Józef Wojciechowski - Chairman of Supervisory Board
Mr. Józef Oleksy – Vice Chairman of Supervisory Board
Mr. Andrzej Podsiadło – Member of Supervisory Board
Mr. Jarosław Król – Member of Supervisory Board
Mr. Marek Samarcew - Member of Supervisory Board

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

As at 31/12/2013 the Supervisory Board of the Company was composed of:
Mr. Józef Wojciechowski - Chairman of Supervisory Board
Mr. Józef Oleksy – Vice Chairman of Supervisory Board
Mr. Andrzej Podsiadło – Member of Supervisory Board
Mr. Jarosław Król – Member of Supervisory Board
Mr. Marek Samarcew - Member of Supervisory Board

Note 35. The targets and principles of financial risk management

The main financial instruments used by the Company include bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the activities of the Company. The Company also has other financial instruments such as receivables, trade payables,which are formed directly in the course of the Company's activities.

The main risks arising from financial instruments of the Company include interest rate risk, liquidity risk and credit risk. Board review and agree on rules for the administration any of these risks - they were briefly described below. The company also monitors market price risk relating to its possession of all financial instruments.

Interest rate risk
The Company 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 Company did not apply any interests rate securities as at 31.12.2013, considering that the interest rate risk is not significant.
Regardless of the current situation, the Company 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 Company allocates the financing cost from investment credits for various development projects, which means that the impact of changes in interest rates has a deferred result.

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.

	Increase/decrease in the percentage points	**The influence on gross profit**
PLN	1%	-4,592
PLN	-1%	4,592

Currency risk
The Group is exposed to the exchange rate risk changes due to a loan granted in EUR and USD currency to the related companies.
The following table shows the sensitivity of the gross financial result to the possible changes of the currency 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 31.12.2013 (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%	35,594	80%	28,475	7,119
decrease by 10%	35,594	90%	32,034	3,559
no change	35,594	100%	35,594	0
increase by 10%	35,594	110%	39,153	-3,559
increase by 20%	35,594	120%	42,712	-7,119

Credit Risk
The Company 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 19,599,000 at the balance sheet day was estimated as the carrying value of trade payables from other companies.
In the assessment of the Management Board, 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 Company concludes transactions with institutions that have well-established financial position.

Liquidity risk
The Company 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 36. Capital Management

The Company manages its capital in order to maintain the capacity to continue operations including the implementation of the planned investments, in order to generate returns for shareholders and benefits to other stakeholders.
In accordance with market practice, the Company 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 Company intends to maintain the equity ratio at the level no lower than 0.3.

	31 December 2013	31 December 2012
Interest-bearing loans and borrowings	276,040,601.61	664,834,140.09
Trade and other receivables	535,871,739.62	651,644,928.11
Minus cash and cash equivalents	-10,938,036.27	-8,480,981.31
Net debt	800,974,304.96	1,307,998,086.89
Equity	533,664,752.40	521,788,333.53
Net unrealized gains reserve	0.00	0.00
Total share capital	533,664,752.40	521,788,333.53
Capital and net debt	1,334,639,057.36	1,829,786,420.42
Equity ratio	39.99%	28.52%
Credits ratio	60.01%	71.48%

Note 37. Information on the agreement with the entity authorized to audit the financial statements and review of financial statements

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

The remuneration of the auditor for auditing the consolidated financial statements for the financial year ended on 31.12.2013 amounted to PLN 50 thousand, of which PLN 25 thousand for a consolidated annual survey, and PLN 25 thousand for an interim review of the consolidated financial statement. The remuneration of the auditor for auditing the unitary financial statements for the financial year ended on 31.12.2010 amounted to PLN 125 thousand, of which PLN 85 thousand for a unitary annual survey, and PLN 40 thousand for an interim review of the financial statement. The given amounts are net amounts.

Note 38. Information on the approval of the financial statements for the previous year

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

Podpis osoby sporządzającej Sprawozdanie Finansowe

Irmina Łopuszyńska Główny Księgowy Członek Zarządu	Podpis CZŁONEK ZARZĄDU Główny Księgowy Irmina Łopuszyńska

Podpisy Członków Zarządu

Wojciech Rajchert Członek Zarządu	Podpis Wojciech Rajchert
Magdalena Starzyńska Członek Zarządu	Podpis Członek Zarządu Magdalena Starzyńska
Małgorzata Ostrowska Członek Zarządu	Podpis CZŁONEK ZARZĄDU M. Ostrowska Małgorzata Ostrowska

Ząbki, 19 March 2014.