Financial Statements
for the period from 01 January 2011
to 31 December 2011.

Prepared in accordance with International
Financial Reporting Standards



Ząbki, 15 March 2012

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 31/12/2011 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 J.W. Construction Holding S.A assumes a going concern assumption and comparability of financial statements. As at the balance sheet date 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 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 Company under contracts for a specified time. Services supplied by the Company are long-term ones and their term of performance is over six months.

In connection to the necessity of making changes to the accounting in the scope of property developer contracts , the Company made transformation of the results for the previous years. The data for the previous years was transformed in accordance with new principles.

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 2011 are consistent with those used for preparation of the financial statements for the financial year ended in 2010, with the exception of changes described below.
The same principles were used for the current and comparable period.

Changes resulting from changes to IFRS

The following new or revised standards or interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee are applied from 01 January 2011:

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

Their adaptation did not affect the results of the 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:

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

The revised IFRS 1 was published on 28 January 2010 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on 01 July 2010 or after. The revised standard contains provisions regarding the limited exemption from disclosure of comparable data for IFRS 7
The amended IFRS 1 had no impact on the financial statements of the Company.

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

The amendment to IAS 24 was published on 04 November 2009 and is applicable to annual periods beginning on or after 01 January 2011. Changes include simplification of the definition of related parties and the introduction of simplifications regarding the disclosure of transactions with entities owned by the Treasury.
The amendment to IFRS 24 has no impact on the financial statements of the Company.

- Amendments to IAS 32 "Financial Instruments: Presentation "

On 8 October 2009, an amendment to the regulations related to the classification of rights issues denominated in foreign currency. Previously,such rights as derivatives were presented in the financial liabilities. After the amendment, and meeting defined requirements, they are recognized as a component of equity, regardless of what currency they are denominated in. The amendment to IAS 32 is applicable to annual periods beginning on or after 01 February 2010.
The amendment to IFRS 32 has no impact on the financial statements of the Company.

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

On 6 May 2010, subsequent amendments to the seven standards arising from the draft of proposed amendments to International Financial Reporting Standards, published in August 2009 were published They are applicable to annual periods beginning on or after 01 January 2011 (depending on a standard).
The Group has applied revised standards in the scope of the amendments, which were made, since 1 January 2011, unless their different date of entry into force is provided.
The application of the revised standard did not affect the statement of the Company.

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

The amendment was published on 26 November 2009 and it is applicable to annual periods beginning on or after 01 January 2011. The amendment of the interpretation will be applicable in cases when an entity is subject to minimum funding requirements in relation to existing employee benefit programs and make pre-payment of premiums in order to meet these requirements.
The amended interpretation had no impact on the financial statements of the Company.

- IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 Interpretation was published on 26 November 2009 and it is applicable to annual periods beginning on or after 01 July 2010. The interpretation provides guidance on recognizing transaction of extinguishing financial liabilities with equity instruments.
The amended interpretation had no impact on the financial statements of the Company.

Not effective standards (New standards and interpretations)

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

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

The amendments to IFRS 1 were published on 20 December 2010 and are applicable to annual periods beginning on or after 01 July 2011. The changes relate to the constant reference to the date "1 January 2004" as the date of application of IFRS for the first time and change it to "the date of

adoption of IFRS for the first time" in order to eliminate the need for conversion transactions that occurred before the date of transition to IFRS by the entity. In addition, some guidelines for re-use of IFRS in the periods that follow periods of significant hyperinflation, preventing full compliance with IFRS. are added to the standard.
The Company will apply the amended IFRS 1 from January 1, 2012.
The amended IFRS 1 will have no impact on the financial statements of the Company.

- Amendments to IFRS 7 Disclosures—Transfers of Financial Assets

The amendments to IFRS 7 were published on 07 October 2010 and are applicable to annual periods beginning on or after 01 July 2011. The aim of the changes in the standard is to enable users of financial statements to understand the transactions of financial assets better (eg, securitization), including understanding the potential effects of risks that are in the unit that provided assets. The changes also require additional disclosure in the case of a transfer of assets of significant value near the end of the reporting period.
The Company will apply the amended IFRS 7 from January 1, 2012.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- IFRS 9 Financial Instruments

The new standard was published on 12 November 2009 and is the first step of IASB to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard will enter into force from 1 January 2013.
The Group will apply the new standard from January 1, 2013
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.

- Amendments to IAS 12 Deferred tax: *Recovery of Underlying Assets as a basis 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 Company will apply the amended IAS12 from January 1, 2012.
At the date of preparation of these financial statements, it is not possible to reliably estimate the impact of applying new standard.
IFRS as endorsed by the EU currently does not differ significantly from regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, interpretations and amendments thereto which at the date of approval of these financial statements for publication have not been adopted yet to use by the EU:

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

The accounting policies applied by the Company are as follows:

Intangible assets

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

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

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

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

Tangible assets

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

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

- Buildings and structures: the depreciation rates from 2% - 4,5%
- Machinery and equipment: 6% - 30%
- Means of transport: 12.5% - 20%

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

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

The Company verified the value of their assets. Fixed assets that are disclosed in the financial statements do not differ from their assumed cost.

Impairment of tangible assets and intangible assets

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

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

Investment real estate

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

Lease

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

As at the lease commencement date, the financial lease is disclosed in the balance sheet of the company as a component of assets and liabilities:

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

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 Company is the realization of development contracts. The core business of the Group is performance of developer contracts. The characteristic feature of developer contracts is the construction of apartments that are generally financed by the principal over the whole project, by way of contractually agreed advances, and then - after the investment process has been completed - the ownership right is transferred to the apartment buyer. Such contracts are performed for over twelve months. Advances paid by buyers under concluded agreements are recorded as deferred income. Costs by nature incurred in a given period are disclosed as 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 using the interpretation of IFRIC 15 recognizes revenue from the sale of the property after meeting the following conditions:

- Obtaining a permit for the use;
- Payment of 100% of value of the premises, garage, etc…,
- Receiving property transfer protocol.

Long-term developer contracts

As a provider of construction services, the 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

<u>b) Percentage-of-completion method</u>

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 Company 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 of the Company and are disclosed in the financial statements at the lower of their carrying value or fair value diminished by 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 Company recognises revenues at the amount of probable economic benefits flowing due to a transaction, which can be measured reliably. Revenues are recognised on an accrual basis, regardless of the date of payment receipt.

Revenues from sales of developer services - apartments - are disclosed in the manner provided under 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 -2011	31 -12 -2010	31 -12 -2010*
NON-CURRENT ASSETS		**575,206,739.42**	**457,394,257.84**	**459,791,862.46**
Intangible assets	1	17,007,126.13	18,249,285.13	5,859,636.91
Tangible assets	2	254,638,379.31	215,177,955.20	215,177,955.20
Investment real estate	3	162,912,350.94	120,289,423.31	115,735,797.61
Other financial assets	4	117,937,029.14	80,925,476.91	100,730,514.50
Deferred income tax assets	13	7,224,382.00	8,266,681.39	7,802,522.34
Trade and other receivables	5	15,487,471.90	14,485,435.90	14,485,435.90
CURRENT ASSETS		**685,900,795.13**	**814,519,800.07**	**791,078,042.37**
Inventories	6	32,873,127.51	27,820,299.04	8,156,639.50
Construction contracts	6	501,515,547.76	583,505,955.52	580,943,684.19
Trade and other receivables	7	73,665,256.61	63,903,721.46	60,973,311.15
Other financial assets	8	20,367,080.44	57,167,498.59	63,775,565.67
Cash and cash equivalents	9	34,198,725.58	61,691,057.18	60,694,071.17
Accruals	10	23,281,057.23	20,431,268.28	16,534,770.69
Total Assets		**1,261,107,534.55**	**1,271,914,057.90**	**1,250,869,904.83**
EQUITY AND LIABILITIES				
EQUITY	11	**520,731,629.90**	**495,338,654.27**	**472,795,372.14**
Share capital		10,814,656.00	10,814,656.00	10,814,656.00
Revaluation capital		7,493,208.19	7,471,818.19	7,471,818.19
Other capital		485,636,997.77	404,563,238.21	375,107,851.54
Retained earnings		-8,584,817.69	-6,912,104.54	0.00
Net profit / loss		25,371,585.63	79,401,046.41	79,401,046.41
LIABILITIES		**740,375,904.65**	**776,575,403.64**	**778,074,532.69**
Non-current liabilities,		**341,272,443.52**	**256,399,107.56**	**261,564,232.15**
Borrowings	12	104,768,229.58	45,128,086.08	45,128,086.08
Deferred income tax liabilities	13	14,752,455.65	19,809,587.46	19,598,476.05
Retirement benefit obligations		373,000.00	373,000.00	373,000.00
Provision for other liabilities and charges	14	843,914.11	1,304,230.62	1,304,230.62
Other liabilities	15	220,534,844.18	189,784,203.40	195,160,439.40
Current liabilities		**399,103,461.13**	**520,176,296.08**	**516,510,300.54**
Trade and other payables	16	100,084,747.96	131,252,977.68	132,529,634.36
Construction contracts	6	68,637,033.73	144,307,050.86	141,187,127.70
Borrowings	12	76,565,707.54	95,123,744.32	95,123,744.32
Provision for other liabilities and charges	14	12,028,430.17	13,624,617.01	13,537,292.76
Other liabilities	16	141,787,541.73	135,867,906.21	134,132,501.40
Total Equity and Liabilities		**1,261,107,534.55**	**1,271,914,057.90**	**1,250,869,904.83**

* Data for 2010 prior to the merger with its subsidiaries and restating the opening balance

Income statement

	Note	for the period 01 -01 -2011 to 31-12-2011	for the period 01 -01 -2010 to 31-12-2010
Net revenues from sales of products, goods and materials, of which:	17	**333,213,675.91**	**576,656,528.55**
Net revenues from sales of products		329,639,376.13	570,617,351.44
Net revenues from sales of goods and materials		3,574,299.78	6,039,177.11
Costs of products, goods and materials sold, of which:	18	**253,189,454.58**	**426,108,183.22**
Manufacturing cost of products sold		249,638,712.58	419,942,844.72
Value of goods and materials sold		3,550,742.00	6,165,338.50
Gross profit (loss) on sales		**80,024,221.33**	**150,548,345.33**
Selling expenses		27,864,632.97	27,412,972.36
Overhead expenses		23,857,531.17	16,126,797.77
Revaluation of investment properties		21,202,649.25	10,191,262.90
Profit (loss) on sales		**49,504,706.44**	**117,199,838.10**
Other operating income	19	9,011,565.61	16,392,815.31
Other operating expenses	20	5,587,509.14	6,665,399.31
Operating profit (loss)		**52,928,762.91**	**126,927,254.10**
Financial income	21	11,978,826.14	6,098,039.45
Financial expenses	22	31,914,865.10	31,234,841.93
Profit (loss) on ordinary activities		**32,992,723.95**	**101,790,451.62**
Gross profit (loss)		**32,992,723.95**	**101,790,451.62**
Income tax	23	7,621,138.32	22,389,405.21
Net profit (loss)		**25,371,585.63**	**79,401,046.41**

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	**25,371,585.63**	**79,401,046.41**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	for the period 01 -01 -2011 to 31-12-2011	for the period 01 -01 -2010 to 31-12-2010
Profits		
(A) Profit disclosed in the consolidated financial statements	25,371,585.63	79,401,046.41
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	54,486,882.94
(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	54,486,882.94
Basic earnings per share = (A)/(B)	**0.47**	**1.46**
Diluted earnings per share = (A)/(B)	**0.47**	**1.46**

* 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). Accordingly:

weighted average number of shares in 2010 = 54 698 280 - 625 000 * 180/272 = 54 486 883 shares

During the analysed period there were no circumstances to dilute thenumber of 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 2010	**10,814,656.00**	**0.00**	**7,471,818.19**	**398,831,651.02**	**5,731,587.19**	**-6,912,104.54**	**79,401,046.41**	**495,338,654.27**
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 2011	**10,814,656.00**	**0.00**	**7,471,818.19**	**398,831,651.02**	**5,731,587.19**	**-6,912,104.54**	**79,401,046.41**	**495,338,654.27**
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 and investment properties	0.00	0.00	21,390.00	0.00	0.00	0.00	0.00	21,390.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	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		1,672,713.15		-1,672,713.15	0.00	0.00
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00			0.00
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**	**21,390.00**	**1,672,713.15**	**0.00**	**-1,672,713.15**	**0.00**	21,390.00
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	25,371,585.63	25,371,585.63
Total profit / (loss) recognised in equity and net earnings	**0.00**	**0.00**	**21,390.00**	**1,672,713.15**	**0.00**	**-1,672,713.15**	**25,371,585.63**	**25,392,975.63**
Increase / decrease from profit distribution	0.00	0.00	0.00	79,401,046.41	0.00	0.00	-79,401,046.41	0.00
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**

	Share Capital	**Own shares (negative figure)**	**Revaluation capital**	**Supplementary capital**	**Other capital**	**Retained earnings**	**Net earnings**	**Equity**
As at 31 December 2009	10,939,656.00	-4,429,867.11	7,471,818.19	580,770,474.92	5,731,587.19	-284,231,365.01	77,142,021.56	393,394,325.73
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 2010	**10,939,656.00**	**-4,429,867.11**	**7,471,818.19**	**580,770,474.92**	**5,731,587.19**	**-284,231,365.01**	**77,142,021.56**	**393,394,325.73**
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	-125,000.00	4,429,867.11		-4,304,867.11				
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 and investment properties	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	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		29,455,386.67		169,145.68	0.00	29,624,532.35
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00	-7,081,250.22	0.00	-7,081,250.22
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	**-125,000.00**	**4,429,867.11**	**0.00**	**25,150,519.56**	**0.00**	**-6,912,104.54**	**0.00**	**22,543,282.13**
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	79,401,046.41	79,401,046.41
Total profit / (loss) recognised in equity and net earnings	**-125,000.00**	**4,429,867.11**	**0.00**	**25,150,519.56**	**0.00**	**-6,912,104.54**	**79,401,046.41**	**101,944,328.54**
Increase / decrease from profit distribution	0.00	0.00	0.00	-207,089,343.45	0.00	284,231,365.01	-77,142,021.56	0.00
As at 31 December 2010	**10,814,656.00**	**0.00**	**7,471,818.19**	**398,831,651.02**	**5,731,587.19**	**-6,912,104.54**	**79,401,046.41**	**495,338,654.27**

Cash flow statements (indirect method)

Operating cash flow - two-step method	**for the period 01 -01 -2011 to 31-12-2011**	**for the period 01 -01 -2010 to 31-12-2010**
Net profit (loss)	**25,371,585.63**	**79,401,046.41**
Total adjustments, of which:	**-3,811,706.46**	**36,612,225.55**
Depreciation and amortisation	6,933,181.68	7,016,461.51
(Profits) losses on exchange differences related to investment and financial activities	-5,963,221.74	696,306.47
(Profits) loss from investment activities	-1,727,337.04	-791,407.35
Interest and dividends	27,836,220.05	25,830,801.02
Changes in provisions and accruals	-8,921,124.72	1,611,118.99
Change in investment properties	-21,181,259.25	0.00
Other adjustments:	-788,165.44	2,248,944.91
- other adjustments	-788,165.44	2,248,944.91
Changes in working capital	**-554,088.02**	**96,961,900.08**
Change in inventories	6,644,463.09	-1,070,843.58
Change in construction contracts	5,421,112.47	149,861,574.09
Changes in receivables	-10,763,571.15	-4,818,334.09
Changes in current liabilities, except for borrowings	-1,856,092.42	-47,010,496.34
Operating cash flow	**21,005,791.16**	**212,975,172.04**
Investment activity cash flows		
Disposal of intangible assets, tangible fixed assets and other assets	8,982,341.01	1,674,592.42
Acquisition of intangible assets, tangible fixed assets and other assets	-75,370,472.54	-138,053,619.09
Expenses associated with the asset to be sold	0.00	0.00
Purchase of equity instruments and debt instruments	-13,000.00	-574,733.96
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-1,063,700.34	-1,304,047.00
Loans repaid	7,882,179.67	2,551,541.95
Other purchase of financial assets	609,453.96	30,100,000.00
Other disposal of financial assets	0.00	-30,100,000.00
Dividends received	0.00	0.00
Interest received	94,679.45	77,049.25
Disposal of subsidiaries	0.00	25,000.00
Acquisition of subsidiaries	0.00	0.00
Net investment cash flow	**-58,878,518.79**	**-135,604,216.43**
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	427,572,920.56	290,567,158.83
Borrowings repaid	-386,776,622.32	-428,411,151.23
Debt securities issued	0.00	130,000,000.00
Debt securities redeemed	0.00	0.00
Payments under financial lease agreements	-4,507,455.16	-9,898,922.10
Dividends and other shared profits	0.00	0.00
Interest paid	-24,936,131.71	-25,597,047.09
Other financial proceeds (including notes)	12,140,000.00	29,336,400.00
Other financial expenditures (including notes)	-13,112,315.34	-20,258,008.33
Net financing cash flow	**10,380,396.03**	**-34,261,569.92**
NET DECREASE/(INCREASE) IN CASH	**-27,492,331.60**	**43,109,385.69**
Cash and cash equivalents at the beginning of the year	61,691,057.18	17,584,685.48
- foreign exchange gains/(losses) on cash		
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**34,198,725.58**	**60,694,071.17**

3. EXPLANATORY NOTES TO THE BALANCE SHEET

Note 1. Intangible assets

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

Intangible assets	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) research and development	0.00	0.00	0.00
b) goodwill	12,389,648.22	12,389,648.22	0.00
c) other intangible assets	4,617,477.91	5,859,636.91	5,859,636.91
d) advances on intangible assets	0.00	0.00	0.00
Total intangible assets	**17,007,126.13**	**18,249,285.13**	**5,859,636.91**

Changes in intangible assets	**Goodwill**	**Software**	**Total intangible assets**	**TOTAL**
a) the gross value of intangible assets at the opening period	**0.00**	**14,199,991.55**	**0.00**	**14,199,991.55**
b) increase (due to)	**12,389,648.22**	**27,923.19**	**0.00**	**12,417,571.41**
- purchase	0.00	18,958.19	0.00	18,958.19
- Adoption of the investment	0.00	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00	0.00
- borrowing costs	0.00	0.00	0.00	0.00
- investment in intangible assets in progress	0.00	0.00	0.00	0.00
- merger of the companies	12,389,648.22	0.00	0.00	12,389,648.22
- in-kind contribution valuation	0.00	8,965.00	0.00	8,965.00
c) decrease (due to)	**0.00**	**13,094.37**	**0.00**	**13,094.37**
- sale	0.00	0.00	0.00	0.00
- in liquidation	0.00	0.00	0.00	0.00
-an in- kind contribution	0.00	13,094.37	0.00	13,094.37
- Reclassification between generic groups	0.00	0.00	0.00	0.00
d) the gross value of intangible assets at the closing period	**12,389,648.22**	**14,214,820.37**	**0.00**	**26,604,468.59**
e) accumulated depreciation at opening period	**0.00**	**8,340,354.64**	**0.00**	**8,340,354.64**
f) amortization for the period (due to)	**0.00**	**1,261,117.19**	**0.00**	**1,261,117.19**
- Depreciation (a copy of the annual)	0.00	1,261,117.19	0.00	1,261,117.19
- in liquidation	0.00	0.00	0.00	0.00
- sale	0.00	0.00	0.00	0.00
g) accumulated depreciation at closing period	**0.00**	**9,597,342.46**	**0.00**	**9,597,342.46**
h) impairment losses at	**0.00**	**0.00**	**0.00**	**0.00**

beginning of period				
- Increase	**0.00**	**0.00**	**0.00**	**0.00**
h) impairment write-offs	0.00	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00	0.00
- decrease	**0.00**	**4,129.37**	**0.00**	**4,129.37**
- reversal of impairment write-offs - to financial result	0.00	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00	0.00
- depreciation of in-kind contribution	0.00	4,129.37	0.00	4,129.37
i) impairment write-offs at the closing period	**0.00**	**0.00**	**0.00**	**0.00**
j) the gross value of intangible assets at the opening period	**0.00**	**5,859,636.91**	**0.00**	**5,859,636.91**
k) the net value of intangible assets at the closing period	**12,389,648.22**	**4,617,477.91**	**0.00**	**17,007,126.13**

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 2011 there were no circumstances requiring the Company to make impairment allowance on intangible assets.

The Company did not conduct in 2010-2011 any development works and no costs were incurred on them. The Company did not have any advances on intangible assets.

Note 2. Tangible assets

Tangible assets	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) property, plant and equipment, of which:	119,261,975.78	119,258,547.90	119,258,547.90
- land (including right of perpetual usufruct)	18,895,894.74	21,236,333.02	21,236,333.02
- buildings and structures	95,572,949.88	91,820,994.03	91,820,994.03
- plant and machinery	2,268,389.45	2,819,138.81	2,819,138.81
- motor vehicles	2,345,273.57	3,197,837.58	3,197,837.58
- other property, plant and equipment	179,468.14	184,244.46	184,244.46
b) constructions in progress	135,376,403.53	95,919,407.30	95,919,407.30
c) advances on constructions in progress	0.00	0.00	0.00
Total tangible assets	**254,638,379.31**	**215,177,955.20**	**215,177,955.20**

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.

	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	**21,307,915.02**	**112,377,781.70**	**17,977,202.78**	**8,926,620.42**	**3,519,234.72**	**95,919,407.30**	**260,028,161.94**
b) increase (due to)	**0.00**	**11,697,291.56**	**1,371,163.47**	**826,845.38**	**188,799.60**	**47,329,687.16**	**61,413,787.17**
- purchase	0.00	0.00	326,793.46	826,845.38	180,279.60	47,329,687.16	**48,663,605.60**
- Adoption of the investment	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
- Transfer from stock	0.00	11,697,291.56	0.00	0.00	0.00	0.00	**11,697,291.56**
- valuation	0.00	0.00	3,905.00	0.00	8,520.00	0.00	**12,425.00**
- borrowing costs	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
- movement to tangible fixed assets under construction	0.00	0.00	384,612.69	0.00	0.00	0.00	**384,612.69**
- merger of the companies	0.00	0.00	655,852.32	0.00	0.00	0.00	**655,852.32**
c) decrease (due to)	**2,335,325.28**	**4,981,983.35**	**7,047,161.97**	**2,284,558.17**	**303,836.94**	**13,927,479.09**	**30,880,344.80**
- sale	2,335,325.28	78,000.00	1,626,328.00	2,271,226.32		394,512.00	**6,705,391.60**
- in liquidation	0.00	96,760.48	5,314,544.33	1,500.00	290,808.74	0.00	**5,703,613.55**
- Transfer to capital	0.00	0.00	0.00	0.00	0.00	11,715,064.14	**11,715,064.14**
- transfer to tangible fixed assets	0.00	0.00	0.00	0.00	0.00	384,612.69	**384,612.69**
- sale of premises, transfer from finished stock	0.00	4,807,222.87	0.00	0.00	0.00	0.00	**4,807,222.87**
- in- kind contribution	0.00	0.00	21,331.41	0.00	13,028.20	0.00	**34,359.61**
- other value adjustments	0.00	0.00	64,068.38	11,831.85	0.00	1,433,290.26	**1,530,080.34**
d) the gross value of tangible fixed assets at the closing period	**18,972,589.74**	**119,093,089.91**	**12,301,204.28**	**7,468,907.63**	**3,404,197.38**	**129,321,615.37**	**290,561,604.31**
e) accumulated depreciation at the opening period	**71,582.00**	**20,556,787.67**	**15,158,063.97**	**5,728,782.84**	**3,334,990.26**		**44,850,206.74**

f) amortization for the period (due to)	**5,113.00**	**2,963,352.36**	**-5,125,249.14**	**-605,148.78**	**-110,261.02**	**0.00**	**-2,872,193.58**
- annual depreciation allowance	5,113.00	3,154,258.09	982,489.31	1,347,377.77	182,826.32	0.00	5,672,064.49
decrease (due to)	0.00	**190,905.73**	**6,107,738.45**	**1,952,526.55**	**293,087.34**	0.00	**7,888,405.75**
- sale of fixed assets	0.00	80,476.94	1,459,665.67	1,951,026.55	0.00	0.00	**3,491,169.16**
- liquidation of fixed assets	0.00	47,958.33	5,292,685.09	1,500.00	288,579.14	0.00	**5,630,722.56**
- other (decrease) premises sold	0.00	62,470.46	0.00	0.00	0.00	0.00	**62,470.46**
- other in-kind contribution	0.00	0.00	11,240.01	0.00	4,508.20	0.00	**15,748.21**
- other (Increase)	0.00	0.00	655,852.32	0.00	0.00	0.00	**655,852.32**
g) accumulated depreciation at closing period	**76,695.00**	**23,520,140.03**	**10,032,814.83**	**5,123,634.06**	**3,224,729.24**	**0.00**	**41,901,318.16**
h) impairment losses at beginning of period	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
b) increase (due to)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
- impairment losses charged to financial results	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**	**6,054,788.16**	
- reversal of impairment write-offs - to financial result	0.00	0.00	0.00	0.00	0.00	6,054,788.16	**6,054,788.16**
i) impairment write-offs at the closing period	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**-6,054,788.16**	**-6,054,788.16**
j) the net value of tangible fixed assets at the opening period	**21,236,333.02**	**91,820,994.03**	**2,819,138.81**	**3,197,837.58**	**184,244.46**	**95,919,407.30**	**215,177,955.20**
k) the net value of tangible fixed assets at the closing period	**18,895,894.74**	**95,572,949.88**	**2,268,389.45**	**2,345,273.57**	**179,468.14**	**135,376,403.53**	**254,638,379.31**

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 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) investment properties	162,912,350.94	120,289,423.31	115,735,797.61
b) other	0.00	0.00	0.00
Total other long-term investments	**162,912,350.94**	**120,289,423.31**	**115,735,797.61**

Note 4. Long-term financial assets

LONG-TERM FINANCIAL ASSETS	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) shares	80,991,934.33	80,925,476.91	100,730,514.50
b) loans granted	36,945,094.81	0.00	0.00
c) other long-term investments	0.00	0.00	0.00
Total long-term financial assets	**117,937,029.14**	**80,925,476.91**	**100,730,514.50**

LONG-TERM FINANCIAL ASSETS	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) in subsidiaries	117,347,649.68	80,711,282.29	100,516,319.88
- shares	80,777,739.71	80,711,282.29	100,516,319.88
- other securities	0.00	0.00	0.00
- loans granted	36,569,909.97	0.00	0.00
- other long-term financial assets	0.00	0.00	0.00
b) in other parties	589,379.46	214,194.62	214,194.62
- shares	214,194.62	214,194.62	214,194.62
- other securities	0.00	0.00	0.00
- loans granted	375,184.84	0.00	0.00
- other long-term financial assets	0.00	0.00	0.00
c) other long-term investments	0.00	0.00	0.00
Total long-term financial assets	**117,937,029.14**	**80,925,476.91**	**100,730,514.50**

Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares/iterests at acquisition price	Revaluation adjustments (total)	Write-offs up to book value of in-kind contribution	Carrying value shares
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
J.W. Construction International Sp. z o.o	Moscow (Russia)	Construction and property development activities	subsidiary	full consolidation	14/11/2003	1,272.90	0.00	0.00	1,272.90
Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	4,346,500.00	0.00	0.00	4,346,500.
Lokum Sp. z oo	Warsaw	developer activity	subsidiary	full consolidation	13/09/2005	3,778,500.00	0.00	0.00	3,778,500.
Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	08/09/2004	49,500.00	0.00	0.00	49,500.00
JW Projekt Sp. z o.o.	Ząbki	architecture and designing	subsidiary	full consolidation	14/11/2003	1,155,400.00	0.00	0.00	1,155,400.
Królewski Port Żerań Sp. z o.o.	Warsaw	developer activity	associate	not consolidated	08/09/2000	500,000.00	500,000.00	0.00	0.00
Polonia SSA	Warsaw	sports	subsidiary	not consolidated	30/03/2006	15,440.00	15,440.00	0.00	0.00
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
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
Porta Transport Sp. z o.o. in	Szczecin	transport	subsidiary	full	12/11/2007	19,118,737.41	0.00	0.00	19,118,737

liquidation				consolidation					
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.
JW. Construction Sp. z o.o. (formerly JWCH Produkcja Budowlana Sp. z o.o.)	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	57,451,956.00	0.00	30,430,356.00	27,021,600
JWCH Budownictwo Drogowe Sp. z o.o.	Ząbki	road construction	subsidiary	full consolidation	07/02/2008	2,059,950.00	0.00	0.00	2,059,950.
Architects Polska Sp. z o.o	Ząbki	design activity	subsidiary	not consolidated	03/06/2011	5,000.00	0.00	0.00	5,000.00
JW. Marka Sp. z o.o.	Ząbki	leasing of intellectual property	subsidiary	not consolidated	23/08/2011	155,841,000.00	0.00	155,779,575.58	61,424.42
Trinity Self Companies (currently SASPOL INFRASTRUCURE Sp. z o.o)	Warsaw	participation in public tenders as a leader of the consortium	associate	not consolidated	06/10/2009	4,644.62	0.00	0.00	4,644.62
Karczma Regionalna Sp.z o.o.	Krynica Górska	hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00	0.00	0.00	208,550.00

Note 5. Non-current receivables

NON-CURRENT RECEIVABLES	31 -12 -2011	31 -12 -2010	31 -12 -2010*
a) guarantee receivables	0.00	0.00	0.00
b) deposit receivables(leasing)	15,487,471.90	14,485,435.90	14,485,435.90
b) other receivables	0.00	0.00	0.00
Total receivables	**15,487,471.90**	**14,485,435.90**	**14,485,435.90**

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).

Note 6. Inventories and construction contracts

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

INVENTORIES	31 -12 -2011	31 -12 -2010	31 -12 -2010*
a) materials	938,893.99	743,291.77	743,291.77
b) semi-finished products and work in progress	0.00	0.00	0.00
c) finished products	0.00	0.00	0.00
d) goods	31,934,233.52	26,879,827.69	7,242,336.37
e) trade advances	0.00	197,179.58	171,011.36
Total inventories	**32,873,127.51**	**27,820,299.04**	**8,156,639.50**

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 -2011	31 -12 -2010	31 -12 -2010*
a) semi-finished products and work in progress	367,775,907.76	245,855,355.84	245,855,355.84
b) finished products	118,450,896.94	327,581,669.22	325,019,397.89
c) advances for supplies	14,780,048.58	9,439,998.57	9,439,998.57
d) short-term prepayments	508,694.48	628,931.89	628,931.89
Total construction contracts	**501,515,547.76**	**583,505,955.52**	**580,943,684.19**

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

CONSTRUCTION CONTRACTS	31 -12 -2011	31 -12 -2010	31 -12 -2010*
a) accruals	68,637,033.73	144,307,050.86	141,187,127.70
Total construction contracts	**68,637,033.73**	**144,307,050.86**	**141,187,127.70**

Accruals	31 -12 -2011	31 -12 -2010	31 -12 -2010*
-advances on premises	65,558,964.89	141,110,777.73	137,990,854.57
-works provision	2,155,550.05	2,232,770.73	2,232,770.73
-other	922,518.79	963,502.40	963,502.40
The total value of accruals	**68,637,033.73**	**144,307,050.86**	**141,187,127.70**

Due to the conducted activity the Company takes loans secured among other things withmortgage on real estate. As at 31 December 2011 the Company established collateral in the form of mortgage on real estate presented as inventories and construction contracts at PLN 519.7 million and presented as property, plant and equipment at PLN 123 million. The value of mortgage is established at the amount of the granted loan (or higher), therefore, it is significantly higher than the value of real estate disclosed in assets of the Company. As at 31 December 2011 loan liabilities amounted to PLN 181.3 million.

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 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) trade receivables - related parties	30,763,633.61	22,428,673.45	22,488,677.17
b) trade receivables - other parties	31,584,752.59	29,645,670.23	28,691,050.13
c) taxes, subsidies, customs duties, social and health insurance and other payments	9,175,952.07	7,068,785.68	5,035,110.75
d) other	2,140,918.34	4,760,592.10	4,758,473.10
Total receivables	**73,665,256.61**	**63,903,721.46**	**60,973,311.15**

Note 8. Short-term financial assets

SHORT-TERM INVESTMENTS	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) shares	0.00	0.00	0.00
b) loans granted	18,517,477.18	54,622,189.20	63,659,823.94
c) other securities	1,849,603.26	2,545,309.39	115,741.73
d) other short-term investments	0.00	0.00	0.00
Total long-term financial assets	**20,367,080.44**	**57,167,498.59**	**63,775,565.67**

SHORT-TERM INVESTMENTS	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) in subsidiaries	19,934,066.23	57,051,756.86	63,659,823.94
- shares	0.00	0.00	0.00
- other securities	1,849,603.26	2,429,567.66	0.00
- loans granted	18,084,462.97	54,622,189.20	63,659,823.94
- other short-term financial assets	0.00	0.00	0.00
b) in other parties	433,014.21	115,741.73	115,741.73
- shares	0.00	0.00	0.00
- other securities	0.00	115,741.73	115,741.73
- loans granted	433,014.21	0.00	0.00
- other short-term financial assets	0.00	0.00	0.00
Total value of short-term investments	**20,367,080.44**	**57,167,498.59**	**63,775,565.67**

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 -2011	31 -12 -2010	31 -12 -2010*
a) cash on hand and with bank	20,451,982.63	16,319,442.29	15,322,456.28
b) other cash	13,741,192.38	45,315,718.44	45,315,718.44
c) other cash equivalents	5,550.57	55,896.45	55,896.45
Total cash	**34,198,725.58**	**61,691,057.18**	**60,694,071.17**

Note 10. Short-term prepayments

ACCRUALS	31 -12 -2011	31 -12 -2010	31 -12 -2010*
- short-term prepayments	23,281,057.23	20,431,268.28	16,534,770.69
The total value of accruals	**23,281,057.23**	**20,431,268.28**	**16,534,770.69**

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 -2011	31 -12 -2010	31 -12 -2010*
- property insurance	90,678.71	117,514.62	117,514.62
- interest	4,859,505.46	5,353,925.45	5,353,925.45
- commission expenses	9,819,270.74	9,752,418.96	9,752,418.96
- property tax, perpetual usufruct, road tax	0.00	0.00	0.00
-other	8,511,602.32	5,207,409.25	1,310,911.66
The total value of accruals	**23,281,057.23**	**20,431,268.28**	**16,534,770.69**

Note 11. Equity and other capital

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

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

At 31 December 2011 the shareholding structure was as follows:

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

of which:

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

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

[xx] on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open_End Investment Fund managed by Pioneer Pekao TFI S.A, as at that day it was 5.382.182 shares representing 10.008 % of the share capital of the Company entitling to 5.411.843 votes at the General Meeting of the Company representing 9.95% of the total number of votes.

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

Information about the company's shareholders as at the date of the preparation of this report

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

of which:

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

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

[xx] on 22 November 2011, the Company received a notification on a decrease below a 10 % threshold of the share capital of the Company by the Pioneer Open_End Investment Fund managed by Pioneer Pekao TFI S.A, as at that day it was 5.382.182 shares representing 10.008 % of the share capital of the Company entitling to 5.411.843 votes at the General Meeting of the Company representing 9.95% of the total number of votes.

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

OTHER CAPITAL	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) supplementary capital	479,905,410.58	398,831,651.02	369,376,264.35
b) other reserve capital	5,731,587.19	5,731,587.19	5,731,587.19
Total other capital	**485,636,997.77**	**404,563,238.21**	**375,107,851.54**

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

BORROWINGS	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) credits	181,333,937.12	140,213,209.27	140,213,209.27
of which: long-term	*104,768,229.58*	*45,128,086.08*	*45,128,086.08*
Short-term	*76,565,707.54*	*95,085,123.19*	*95,085,123.19*
b) loans	0.00	38,621.13	38,621.13
of which: long-term	*0.00*	*0.00*	*0.00*
Short-term	*0.00*	*38,621.13*	*38,621.13*
Total borrowings	**181,333,937.12**	**140,251,830.40**	**140,251,830.40**
Borrowings - long-term	**104,768,229.58**	**45,128,086.08**	**45,128,086.08**
Borrowings - short-term	**76,565,707.54**	**95,123,744.32**	**95,123,744.32**

LOANS PER MATURITY	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
Up to 1 year	76,565,707.54	95,085,123.19	95,085,123.19
Over 1 year up to 2 years	39,630,932.30	25,496,829.57	25,496,829.57
Over 2 year up to 5 years	45,054,441.13	19,631,256.51	19,631,256.51
Over 5 years	20,082,856.15		
Total loans, including:	**181,333,937.12**	**140,213,209.27**	**140,213,209.27**
- long-term	104,768,229.58	45,128,086.08	45,128,086.08
- short-term	76,565,707.54	95,085,123.19	95,085,123.19

Note 13. Deferred income tax assets

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	**31 -12 -2011**		
	Deferred income tax assets	**Deferred tax liabilities**	**Net value**
Tangible assets	0.00	1,374,332.50	-1,374,332.50
Investment real estate	0.00	6,319,723.84	-6,319,723.84
Total 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	1,141,230.03	567,206.47	574,023.56
Trade and other receivables	0.00	0.00	0.00
Income tax receivables	0.00	0.00	0.00
Accruals	0.00	0.00	0.00
Cash and cash equivalents	0.00	0.00	0.00
Borrowings	3,266,631.01	2,629,226.96	637,404.05
Provisions	805,167.94	0.00	805,167.94
Trade and other receivables	0.00	0.00	0.00
Other financial liabilities	0.00	0.00	0.00
Other	2,011,353.02	3,861,965.88	-1,850,612.86
Deferred income tax assets / liabilities disclosed in the balance sheet	**7,224,382.00**	**14,752,455.65**	**-7,528,073.65**

Note 14. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHANGES	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) short-term, of which:	**12,028,430.17**	**13,624,617.01**	**13,537,292.76**
- accrued expenses, including:	8,163,704.17	9,898,181.01	9,810,856.76
- interests charged	*2,207,264.45*	*3,883,074.64*	*3,883,074.64*
- rent deposits	*477,649.38*	*497,159.98*	*497,159.98*
-other	*5,478,790.34*	*5,517,946.39*	*5,430,622.14*
- other provisions, including:	3,864,726.00	3,726,436.00	3,726,436.00
- provisions for future liabilities	*0.00*	*0.00*	*0.00*
- provisions for guarantee repairs	*3,000,000.00*	*3,000,000.00*	*3,000,000.00*
- other provisions	*864,726.00*	*726,436.00*	*726,436.00*
a) long-term, of which:	**843,914.11**	**1,304,230.62**	**1,304,230.62**
- accrued expenses, including:	843,914.11	1,304,230.62	1,304,230.62
- deferred surplus of revenues from sales over the carrying value/sale and lease back	*843,914.11*	*1,304,230.62*	*1,304,230.62*
Total provisions for other liabilities and charges	**12,872,344.28**	**14,928,847.63**	**14,841,523.38**

Note 15. Other non-current liabilities

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

OTHER NON-CURRENT LIABILITIES	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) lease obligations	42,389,994.04	45,573,433.11	45,573,433.11
b) deposit liabilities	3,883,544.01	9,113,295.63	9,113,295.63
c) liabilities from securities	130,000,000.00	130,000,000.00	130,000,000.00
d) other non-current liabilities	0.00	0.00	0.00
e) bill-of-exchange liabilities	21,705,908.36	5,097,474.66	10,473,710.66
f) loans granted- related parties	22,555,397.77	0.00	0.00
Total other liabilities	**220,534,844.18**	**189,784,203.40**	**195,160,439.40**

Note 16. Trade and other payables

TRADE AND OTHER PAYABLES	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) trade payables - other parties	15,580,673.25	12,468,067.35	12,112,679.45
b) trade payables - related parties	57,068,045.96	51,354,574.16	52,935,082.70
c) taxes, customs duties, insurance and other payments	10,253,806.95	15,823,508.49	11,587,781.11
d) salaries	1,420,259.93	1,384,836.05	1,384,487.43
e) trade advances received	0.00	0.00	0.00
f) loans granted- related parties	0.00	21,341,586.12	21,341,586.12
f) liabilities on bill of exchange - related parties	6,511,981.24	19,546,160.71	24,242,023.21
b) other	9,249,980.63	9,334,244.80	8,925,994.34
Total trade and other payables	**100,084,747.96**	**131,252,977.68**	**132,529,634.36**

OTHER LIABILITIES	**31 -12 -2011**	**31 -12 -2010**	**31 -12 -2010***
a) debt securities issue- liabilities	3,042,000.00	2,639,039.00	2,639,039.00
b) lease liabilities - foreign	134,178,961.81	127,360,249.34	125,624,844.53
c) lease liabilities	4,566,579.92	5,868,617.87	5,868,617.87
d) other financial liabilities	0.00	0.00	0.00
Total other liabilities	**141,787,541.73**	**135,867,906.21**	**134,132,501.40**

4. NOTES TO THE INCOME STATEMENT

Note 17. Operating income

OPERATING INCOME	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales of products	289,767,644.68	540,313,326.99
Revenues from sales of services	39,871,731.45	30,304,024.45
Revenues from sales of goods	3,574,299.78	6,039,177.11
Total income	**333,213,675.91**	**576,656,528.55**

	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales, of which:	**333,213,675.91**	**576,656,528.55**
- sales of products - premises	289,767,644.68	540,313,326.99
- sales of services	39,871,731.45	30,304,024.45
- sales of goods	3,574,299.78	6,039,177.11

	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales of products and services per business segment	**329,639,376.13**	**570,617,351.44**
developer activity	306,196,994.95	552,541,616.11
hotel activities	15,465,402.19	15,217,892.61
- property management	7,976,978.99	2,857,842.72

	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
Revenues from sales of products - premises per geographic segments	**289,767,644.68**	**540,313,326.99**
- Warsaw and vicinity	284,581,718.22	514,857,290.77
-Gdynia	5,394,856.44	16,615,490.27
- Łódź	-212,002.86	6,645,460.73
- Katowice	3,072.88	2,195,085.22

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

Note 18. Operating expenses

Operating expenses	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
Costs on sale of products	216,455,752.82	395,114,810.36
Costs on sale of services	33,182,959.76	24,828,034.36
Costs on sale of goods	3,550,742.00	6,165,338.50
Total costs of products, services and goods sold	**253,189,454.58**	**426,108,183.22**

Selling and overhead expenses	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
Selling expenses	27,864,632.97	27,412,972.36
Overhead expenses	23,857,531.17	16,126,797.77
Total selling and overhead expenses	**51,722,164.14**	**43,539,770.13**

Costs by type	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
Depreciation and amortisation	6,933,181.68	7,016,461.51
Cost of materials and energy	16,079,088.40	5,152,536.60
Services made by other contractions	132,132,926.59	120,870,629.13
Taxes and duties	9,029,277.42	5,467,438.61
Wages and Salaries	22,433,057.72	20,393,527.90
Services for the benefit of employees	3,995,104.02	3,572,355.97
Other costs	20,113,690.77	16,392,903.48
Total costs according to types	**210,716,326.60**	**178,865,853.20**

Note 19. Other operating income

OPERATING INCOME	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
a) profit from disposal of non-financial fixed assets	477,337.04	804,986.04
b) other operating income	8,534,228.57	15,587,829.27
Total operating income	**9,011,565.61**	**16,392,815.31**

OPERATING INCOME	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
a) profit from disposal of non-financial fixed assets	477,337.04	804,986.04
b) handling charges	3,065,250.98	7,428,623.55
c) release of the provision	2,251,434.17	1,435,660.46
g) other (including compensation for land dedicated for roads)	3,217,543.42	6,723,545.26
Total operating expenses	**9,011,565.61**	**16,392,815.31**

Note 20. Other operating expenses

OPERATING EXPENSES	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
a) loss on disposal of non-financial fixed assets	0.00	0.00
b) revaluation of non-financial assets	0.00	0.00
c) other operating expenses	5,587,509.14	6,665,399.31
Total operating expenses	**5,587,509.14**	**6,665,399.31**

OPERATING EXPENSES	**from 01-01-2011 to 31-12-2011**	**from 01-01-2009 to 30-06-2009**
a) loss on disposal of non-financial fixed assets	0.00	0.00
b) revaluation of non-financial assets	0.00	0.00
c) provisions	363,824.05	1,796,681.42
d) compensation, penalties and damages	1,412,908.44	727,734.21
e) compensation fee	254,295.74	1,845,992.87
f) litigation costs	681,831.07	360,520.58
g) other	2,874,649.84	1,934,470.23
Total operating expenses	**5,587,509.14**	**6,665,399.31**

Note 21. Financial income

FINANCIAL INCOME	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
a) dividends	465,043.30	0.00
b) interest	5,182,169.52	5,775,676.23
c) revaluation of investment	0.00	0.00
d) other	6,331,613.32	322,363.22
Total financial income	**11,978,826.14**	**6,098,039.45**

Financial income	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
a) dividends	465,043.30	0.00
b) interests from customers	1,423,721.60	1,635,778.94
c) loan interests	1,745,398.76	1,989,652.72
d) deposit interests	947,484.90	1,230,460.11
e) bill interests	124,169.01	10,213.48
f) other interests	941,395.25	909,559.29
g) foreign exchange differences	5,877,101.44	306,204.45
h) revaluation of the investment value	0.00	0.00
i) other	454,511.88	16,170.46
Total	**11,978,826.14**	**6,098,039.45**

Note 22. Financial expenses

FINANCIAL EXPENSES	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) interests	31,906,352.67	30,673,359.63
b) revaluation of investment	0.00	0.00
c) other	8,512.43	561,482.30
Total financial expenses	**31,914,865.10**	**31,234,841.93**

FINANCIAL EXPENSES	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) interest, commission, credits	4,900,832.19	7,458,808.81
b) interest - leases	2,916,658.72	3,094,403.21
c) interest-loans	1,213,811.65	1,108,293.45
d) interest-bills	11,798,496.88	11,470,396.03
e) interest-bond issue	9,359,549.37	6,175,758.37
f) other interests	1,717,003.86	1,365,699.76
g) foreign exchange differences	0.00	556,443.30
h) other	8,512.43	5,039.00
Total financial expenses	**31,914,865.10**	**31,234,841.93**

Note 23. Income tax

INCOME TAX	from 01-01-2011 to 31-12-2011	from 01-01-2010 to 31-12-2010
a) income tax	11,539,644.65	13,645,303.00
b) deferred income tax	-3,918,506.33	8,744,102.21
Total income tax	**7,621,138.32**	**22,389,405.21**

Reconciliation of effective tax rate	from 01-01-2011 to 31-12-2011
Gross Profit / (loss) before tax from continuing operations	32,992,723.95
Profit / (loss) before tax from abandoned operations	0.00
Gross profit (loss) before tax	**32,992,723.95**
Tax at statutory tax rate of 19%	6,268,617.55
Adjustments to current income tax from previous years	0.00
Differences arising from not established reserves and assets in previous years	0.00
Non tax deductible expenses -permanent differences	1,003,147.04
Other	0.00
Tax at effective tax rate	**7,271,764.59**
Income tax (charge) shown in the profit and loss account	7,621,138.32
of which:	
current	11,539,644.65
deffered	-3,918,506.33

5. OTHER NOTES

Note 24. Headcount

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

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

Note 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.

Wages and Salaries	**31 -12 -2011**	**31 -12 -2010**
Management Board of the Company	957,046.20	1,177,296.20
Supervisory Board	179,471.43	218,671.43
Total remuneration	**1,136,517.63**	**1,395,967.63**

JW Construction Holding S.A.	**from 01-01-2011 to 31-12-2011**	**from 01-01-2010 to 31-12-2010**
Management Board		
Ciszewski Piotr	0.00	371,450.37
Czyż Barbara	0.00	42,000.00
Panabażys Tomasz	49,000.00	70,054.41
Wojciech Rajchert	312,000.00	210,018.69
Samarcew Marek	198,757.87	210,000.00
Szafarowska Grażyna	0.00	53,522.73
Wójcik Robert	312,000.00	220,250.00
Łopuszyńska Irmina	44,000.00	0.00
Malinowska Bożena	0.00	0.00
Supervisory Board		
Król Jarosław	24,000.00	15,000.00
Maruszyński Marek	0.00	5,471.43
Michnicki Marcin	24,000.00	15,000.00
Obłękowski Jacek	0.00	9,000.00
Oleksy Józef	177,000.00	135,000.00
Pietraszkiewicz Henryk	10,000.00	24,000.00
Podsiadło Andrzej	24,000.00	15,200.00
Wojciechowski Józef	0.00	0.00

Note 26. Off-accounting

OFF-BALANCE SHEET LIABILITIES	31 -12 -2011
Investment real estate pledged as collateral - loans	642,693,936.00
Other companies' real estate pledged as collateral - loans	0.00
Blank promissory notes	363,827,509.27
Enforceable title	527,854,542.00
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Guarantees to the benefit of JW. Construction S.A.	0.00
Guarantees to the benefit of ZPM Metalcon Sp z o.o.	800,000.00
Guarantees to the benefit of JWCH Produkcja Budowlana sp. z o.o.	0.00
Guarantees to the benefit of Deweloper Sp. z o.o.	341,697.97
Guarantees to the benefit of JW. Wronia Sp. z o.o.	75,000,000.00
Guarantees to the benefit of JW. Consulting Sp. z.o.o J.W.2 partnership limited by shares	39,653,100.00

* the amounts of collateral in the form of blank promissory notes are presented up to the full value of the principal liability;
** the item covers collateral in the form of a freeze on bank accounts, assignment of rightsunder insurance policies.

The table above presents all collateral under concluded loan agreements. Since several items of collateral were established under particular loan agreements, the value of collateral was not summed up. As at 31 December 2011 there were disclosed insurance guarantees to remove failures and defects, granted by banks and insurance institutions to the benefit of the Company. Moreover, there were blank promissory notes issued to the benefit of J.W. Construction Holding S.A. to secure rights of such companies under guarantees granted by counterparties, which JWCH S.A companies may fill in at any time with the amount corresponding to the costs of failure and defect removal. As at 31 December 2011 the total value of guarantees was PLN 23.7 million.

Note 27. Transactions with related companies-balance

All transactions concluded in 2011 by the Company with the related parties were concluded on market terms.

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

6. SUPPLEMENTARY INFORMATION

Note 28. Events during the accounting year

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

Changes in the Board

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

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

Changes in Supervisory Board of the Company

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

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

The Annual General Meeting

On 29 June 2011 the Annual General Meeting was held, which approved unitary financial statements, consolidated financial statements for 2010, reports on activities of the Management Board of the Company and its Capital Group and gave discharge to the members of the Company, appropriated the profit by allocating it entirely for a supplementary capital of the Company. In addition, the resolutions on the change in the number of members of the Supervisory Board from six to five were taken, Mr. Marcin Michnicki was appointed as the Vice Chairman of the Supervisory Board and resolutions on the merger of the Company with its subsidiaries were passed: Project 55 Sp. z o.o with its seat in Warsaw, Interlokum Sp. z o. with its seat in Warsaw, Stadnina Mazowiecka Sp. z o.o with its seat in Ząbki and Construction Invest Sp. z o.o with its seat in Ząbki.

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

Registration of the merger

On 29 July 2011, the District Court for the City of Warsaw, XIV Commercial Division of the National Court Register registered the merger of the Company (as a merging company) with its subsidiaries: Project 55 Sp. z o.o with its seat in Warsaw, Interlokum Sp. z o. with its seat in Warsaw, Stadnina Mazowiecka Sp. z o.o with its seat in Ząbki and Construction Invest Sp. z o.o with its seat in Ząbki (as merged companies). The merger was in accordance with art. 492 § 1 of the Code of Commercial Companies by transferring all the assets of merged companies to the Company.

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

A building permit
On 22 February 2011, the Company received the decision on building permit for an office-service-residential building of Hanza Tower with an underground garage at Wyzwolenia / Odzieżowa Street in Szczecin. The designed building will consist of approximately 34,077 m2 of UFA. The permit is final.

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

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

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

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

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

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

On 28 April 2011, the Company concluded a revolving credit with Bank Polskiej Spółdzielczości S.A in the amount of PLN 10 million. The repayment date was set on 27 April 2012.

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

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

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

On 21 September 2011, the Company concluded two revolving credit facilities with Bank Ochrony Środowiska S.A.:
in the amount of PLN 41,000,000 - for the implementation of the first stage of "Zielona Dolina I" investment at Zdziarska Street in Warsaw, the date of a repayment is set on 31 March 2014.
in the amount of PLN 46.000.000 - for the implementation of the second stage of "Zielona Dolina I" investment at Zdziarska Street in Warsaw, the date of a repayment is set on 31 May 2014.

On 03 October 2011, the Company concluded a revolving credit with Bank Polskiej Spółdzielczości S.A in the amount of PLN 10 million. The repayment date was set on 02 October 2014.

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

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

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

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

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

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

On 23 December 2011, the Company signed the Annex to the overdraft facility agreement with Millenium Bank S.A . By virtue of the Annex, the repayment term of the credit was postponed and set on 23 December 2012.

Contracts on the acquisition of land

On 29 March 2011, the Company concluded a preliminary agreement on acquisition of the right of perpetual usurfuct of land plots with number No. 3 / 1 and 3 / 3 (q WA4M/00162186/5) with a total area of 81,185 m2 located in Warsaw in Kasprzaka 29/31 Street and the title to buildings and structures located on the property with VIS Investments Limited liability company Limited joint-stock partnership with its seat in Warsaw. The amount of the agreement was set for net PLN 173,980,000 (PLN 176, 914,183.17 gross). The agreement was concluded under the condition precedent in the form of entry into force (according to art. 29. 1 of the Act of 27 March 2003 on Spatial Planning and Development) a zoning plan covering the area of the property, which in reference to the property, was supposed to expect records and building parameters not worse than those indicated in the letter constituting annex to the agreement concluded. The agreement was annexed at the end of the reporting period, currently the Company should meet the deadline 29 March 2012 to exercise the right to conclude a subject agreement. The Company is planning to implement a mixed housing-office-service development.

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

Significant contracts

Construction contracts

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

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

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

On 24 October 2011, the Company concluded an agreement with "Wroński" a registered partnership with its seat in Leszno, near Kartuz in the amount of PLN 61,600,000 net . The subject of the agreement is the construction,performed by the Contractor as a general contractor, on a property located in Gdynia, at Leśna, Parkowa and Spacerowa Street (cadastral parcels 70/1 and 22/1 k.m93) of a multi-family residential buildings with garages and parking lots, and the necessary infrastructure from the Contractor's own materials. A total usable floor space of flats will be about 24,640 m2. In the case of amendment to the total floor area of flats in the final decision on the building permit, the Parties shall change the remuneration with the annex, taking into consideration the final floor area of flats multiplied by PLN 2.500 per 1 m2 of that area to set the amount of the agreement. The parties agreed that in case when the Company will not have obtained the final decision on the building permit by 30 June 2012, for at least one Stage of the investment, the Agreement shall terminate.

Other agreements

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

Guarantees and sureties

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

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

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

Note 29. Events which occurred after the balance sheet date

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

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

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

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

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

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

In order to convert the income statement for the period from 01.01.2011 – 31.12.2011, the average EUR exchange rate , that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; was PLN 4,1401/EUR.

In order to convert the income statement for the period from 01.01.2010 – 30.09.2010, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.0044 / EUR.

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

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

Note 31. Significant issues in litigation

As at 31 December 2011, the Company was a party in the proceedings filed by the Company in a total amount of PLN 99,302,000. On this day, the largest value of the object of litigation had the case brought by the Company against SAWA Residential Fond Sp. z o.o. with its seat in Warsaw. In connection with evasion by SAWA Residential Fond Sp. z o.o. of the performance of an acquisition obligation of premises from the Company, in accordance with the concluded preliminary agreement between the parties, the Company instituted an action for a payment of the rest of sale price in the amount of PLN 58,876, 568.28. Due to the fact that the Company filed a declaration on the agreement termination, the action was withdrawn and the case remitted by the Court in February 2012.
As at 31 December 2011, the Company was a party to proceedings brought against it in the total amount of PLN 22, 657,000.

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.

	Category	**Carrying value**		**Fair value**	
	in accordance with IAS 39	**31 December 2011**	**31 December 2010**	**31 December 2011**	**31 December 2010**
Financial assets					
Long term financial assets in related entities	DDS	80,777,739.71	80,711,282.29	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	18,517,477.18	54,622,189.20	18,517,477.18	54,622,189.20
Trade and other receivables		64,489,304.54	56,834,935.78	64,489,304.54	56,834,935.78
Cash and cash equivalents	WwWGpWF	34,198,725.58	61,691,057.18	34,198,725.58	61,691,057.18
Financial liabilities					
Loans with a variable interest rate	PZFwgZK	181,333,937.12	140,213,209.27	140,213,209.27	140,213,209.27
Loans from related companies	PZFwgZK	22,555,397.77	21,341,586.12	22,555,397.77	21,341,586.12
Liabilities from long-term financial lease	PZFwgZK	42,389,994.04	45,573,433.11	45,573,433.11	45,573,433.11
Liabilities from short-term financial lease	PZFwgZK	4,566,579.92	5,868,617.87	5,868,617.87	5,868,617.87
Trade and other receivables	PZFwgZK	81,898,699.84	73,156,886.31	81,898,699.84	73,156,886.31
Bonds	PZFwgZK	133,042,000.00	132,639,039.00	133,042,000.00	132,639,039.00
Liabilities from long-term deposits	PZFwgZK	3,883,544.01	9,113,295.63	9,113,295.63	9,113,295.63
bill payables - other	PZFwgZK	134,178,961.81	127,360,249.34	134,178,961.81	127,360,249.34
Bill payables -related	PZFwgZK	28,217,889.60	24,643,635.37	28,217,889.60	24,643,635.37

UdtW - Financial assets held to maturity,

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

PiN - Loans and receivables

DDS - Financial assets available for sale

PZFwgZK - Other financial liabilities measured at amortized cost

Interest rate risk

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

December 31, 2011 - variable interest rate	**Up to 1 year**	**Up to 2 year**	**from 2 - 5 years**	**Total**
Cash Assets	34,198,725.58	0.00	0.00	34,198,725.58
Loans for related companies	18,517,477.18	0.00	0.00	18,517,477.18
Loans from related companies	0.00	22,555,397.77	0.00	22,555,397.77
Bank Loans	76,565,707.54	39,630,932.30	65,137,297.28	181,333,937.12
Bonds liaibilities	3,042,000.00	0.00	130,000,000.00	133,042,000.00

COLLATERALS

The Company does not apply hedge accounting.

Note 33. Suggested profit distribution

The Management Board will suggest allotting the profit generated in 2011 to increase the supplementary capital.

Note 34. Changes in the Management and Supervisory Board

Management Board of the Company

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

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

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

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

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

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

From the balance sheet date until the date of the report in the Management Board, the following changes occurred:
on 01 February 2012, Mrs. Magdalena Starzyńska was appointed to Management Board.

Supervisory Board

As at 01 January 2011 the Supervisory Board of the Company was composed of:
- Mr. Józef Kazimierz Wojciechowski Chairman of Supervisory Board
- Mr. Henryk Pietraszkiewicz Vice- Chairman of Supervisory Board
- Mr. Józef Oleksy Vice Chairman of Supervisory Board
- Mr. Marcin Michnicki Member of Supervisory Board
- Mr. Andrzej Podsiadło Member of Supervisory Board
- Mr. Jarosław Król Member of Supervisory Board

In the current period , the following changes in the composition of the Management Board occured:
On 1 June 2011, Mr. Henry Pietraszkiewicz, who held the position of the Vice Chairman of the Supervisory Board resigned from his function for personal reasons.
Due to the Resolution No 25 which was taken by the Annual General Meeting on 29 June 2011 relating to changes in the number of the Supervisory Board members, there was no new person appointed to the Supervisory Board, and the position of the Vice Chairman of the Supervisory Board was entrusted to Mr. Marcin Michnicki.

As at 31 December 2011 the Supervisory Board of the Company was composed of:
- Mr. Józef Kazimierz Wojciechowski - Chairman of Supervisory Board
- Józef Oleksy – Vice Chairman of Supervisory Board
- Marcin Michnicki – Vice Chairman of Supervisory Board
- Andrzej Podsiadło – Member of Supervisory Board
- Jarosław Król – Member of Supervisory Board

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

Note 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 Company 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 31/12/2011, 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**
Closing balance on 31 December 2011		
PLN	1%	-3,234
PLN	-1%	3,234
USD	0.25%	41
USD	-0.25%	-41
EUR	0.25%	89
EUR	-0.25%	-89

Currency risk

The Group is exposed to the exchange rate risk changes due to a loan granted in EUR 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 31.12.2011 (in thousand)**	**The value of the assets to the historical value**	**The value of the financial assets**	**change (in thousands of PLN)**
decrease by 20%	35,749	80%	28,599	7,150
decrease by 10%	35,749	90%	32,174	3,575
no change	35,749	100%	35,749	0
increase by 10%	35,749	110%	39,324	-3,575
increase by 20%	35,749	120%	42,899	-7,150

EUR/PLN rate change	The fair value as at 31.12.2011 (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%	16,459	80%	13,167	3,292
decrease by 10%	16,459	90%	14,813	1,646
no change	16,459	100%	16,459	0
increase by 10%	16,459	110%	18,105	-1,646
increase by 20%	16,459	120%	19,751	-3,292

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 31,585,000 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, and the ratio of credits, loans and other financing sources / EBITDA at the level of 35.

	31 December 2011	**31 December 2010**
Interest-bearing loans and borrowings	181,333,937.12	140,251,830.40
Trade and other receivables	559,041,967.53	602,074,405.56
Minus cash and cash equivalents	-34,198,725.58	-60,694,071.17
Net debt	706,177,179.07	681,632,164.79
Equity	520,731,629.90	472,795,372.14
Net unrealized gains reserve	0.00	0.00
Total share capital	520,731,629.90	472,795,372.14
Capital and net debt	1,226,908,808.97	1,154,427,536.93
Equity ratio	42.44%	40.95%
Credits ratio	57.56%	59.05%

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

On 05 August 2011, the Company concluded an agreement, with BDO Sp. Ltd., a company authorized to perform audits of financial statements, on performing the interim review and audit of financial statements for the year 2011.
The remuneration of the auditor for auditing the unitary financial statements for the financial year ended 31.12.2011 amounted to PLN 155 thousand, of which PLN 65 thousand for an interim unitary review, and PLN 90 thousand for an annual unitary audit of the financial statement. The given amounts are net amounts.

The remuneration of the auditor for auditing the unitary financial statements for the previous year that ended 31.12.2010 amounted to PLN 155 thousand, of which PLN 65 thousand for an interim unitary review, and PLN 90 thousand for an annual unitary audit of the financial statement. The given amounts are net amounts. In addition, the Company concluded agreement on providing audit and attestation services with the entity authorized to audit the financial statements. The remuneration in this agreement is set in the amount of PLN 20 thousand net. The remuneration in the agreement on preparation of the valuation is amounted to PLN 50 thousand net.

Signature of the preparer of the Financial Statements

Irmina Łopuszyńska Chief Accountant Member of Management Board	Signature

Signatures of Board Members

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

Ząbki, 15 March 2012.