

Financial Statements
for the period from 1 January 2008 to 31 December 2008

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



Ząbki, 29 April 2009

1. INTRODUCTION TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

J.W. Construction Holding S.A. ("the Company", "JWCH"), a joint-stock company domiciled in Ząbki at ul. Radzywińska 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 real estate. The business comprises construction designing and support production, trade in real estate, sale of aggregates and supply of hotel services.

As at 31 December 2008 the lifetime of the Parent Company was unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

2. ACCEPTED PRINCIPLES (POLICY) OF ACCOUNTING

Going concern assumption and comparability of financial statements

J.W. Construction Holding S.A. assumes that it will operate as a going concern and that financial statements are comparable. As at the balance sheet date the Company 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 are comparable.

The financial statements are presented in thousand of Polish zlotys (PLN '000), unless provided otherwise.

Declaration of unconditional compliance with IFRS

The financial statements of J.W. Construction Holding S.A. as at 31 December 2008 were prepared in accordance with the International Financial Reporting Standards, as approved by the European Union. J.W. Construction Holding S.A. used for historical financial information all International Financial Reporting Standards in force during the periods beginning on 1 January 2008 as well as the standards which entered into force before 31 December 2008. While adjusting the principles (policy) of accounting to the IFRS, in relation to the issues quoted above, J.W. Construction Holding S.A. assumed that besides accounting estimates, a professional judgement of the management was significant for the financial statements.

Error correction

In the present financial statements there was no basic error correction.

Change of estimations

In the present financial statements there were no significant changes of the estimations.

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 following assumptions referring to the future:

- Estimation of impairment allowance. Impairment allowance is established taking account of expected risk connected with receivables and created collateral having impact on effective debt collection. Although the assumptions are made using the best knowledge, real results may be different than expected.
- Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to the highly volatile economy it may happen that real earnings and tax income are different than planned.

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- 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.

Business combinations

On 29 June 2007 the District Court for the Capital City of Warsaw, 14th Business Division of the National Court Register registered a merger of J.W. Industries Sp. z o.o. in the National Court Register. The registration was made based on resolutions of J.W. Construction Holding S.A. – resolution of 20 April 2007, Register A No. 5664/2007; J.W. Industries Sp. z o.o. – resolution of 25 April 2007, Register A No. 5803/2007. The merger was performed in accordance with Article 492.1.1 of the Code of Commercial Companies by transferring the entire assets of J.W. Industries Sp. z o.o. (target company) to JWCH S.A. (surviving company). On the day of acquisition JWCH held a 100% share in J.W. Industries Sp. z o.o.

On 29 June 2007 the District Court for the Capital City of Warsaw, 14th Business Division of the National Court Register registered a merger of Abimel Trading Sp. z o.o. The registration was made based on resolutions of J.W. Construction Holding S.A. – resolution of 20 April 2007, Register A No. 5664/2007; Abimel Trading Sp. z o.o. – resolution of 25 April 2007, Register A No. 5807/2007. The merger was performed in accordance with Article 492.1.1 of the Code of Commercial Companies by transferring the entire assets of Abimel Trading Sp. z o.o. (target company) to JWCH S.A. (surviving company). On the day of acquisition JWCH held a 100% share in J.W. Industries Sp. z o.o.

On 5 December 2008 the District Court for the Capital City of Warsaw, 14th Business Division of the National Court Register registered a merger of J.W. Construction Holding S.A. with Przedsiębiorstwo Turystyczne “CZARNY POTOK” S.A. The registration was made based on resolutions of J.W. Construction Holding S.A. – resolution of 26 November 2008, Register A No. 20710/2008; Przedsiębiorstwo Turystyczne “CZARNY POTOK” S.A. – resolution of 26 November 2008, Register A No. 20705/2008. The merger was performed in accordance with Article 492.1.1 of the Code of Commercial Companies by transferring the entire assets of Przedsiębiorstwo Turystyczne “CZARNY POTOK” S.A. (target company) to J.W. Construction Holding S.A. (surviving company). On the day of acquisition J.W. Construction Holding S.A. held a 100% share in J.W. Przedsiębiorstwo Turystyczne “CZARNY POTOK” S.A.

The merger was disclosed in books of accounts of the surviving company in accordance with paragraph 6 of IFRS 3, by way of consolidating book values of the target company with books of the surviving company, and making consolidation exclusions.

Policy of accounting

Intangible assets

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

- a) they are identifiable,
- b) 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,
- c) they generate future economic benefits in the form of revenues from sales or cost savings for the company,
- d) 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.

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 obtainable benefits. Current costs of maintenance and repairs are expensed in the period in which they were incurred.

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

Impairment of tangible assets and intangible assets

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

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

Investment real estate

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

Lease

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

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

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

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

Inventories

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

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

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

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

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

Costs of borrowings

Costs of borrowings comprise interest, exchange losses and other financial expenses incurred by the company due to borrowings. 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 recognised are charged to other operating expenses or financial expenses, respectively.

Guarantee deposits

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

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

Cash and cash equivalents

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

Prepaid expenses

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

Provisions for liabilities

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

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

Provisions for liabilities comprise:

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

Long-term developer contracts

The core business of the Group is performance of developer contracts. The characteristic feature of developer contracts is the construction of apartments that are generally financed by the principal over the whole project, by way of contractually agreed advances, and then – after the investment process has been completed – the ownership right is transferred to the apartment buyer. Such contracts are performed for over one year. Advances paid by buyers under concluded agreements are recorded as deferred income. Costs by nature incurred in a given period are disclosed as work in progress under inventories. The Company recognises revenues and expenses on developer contracts in accordance with the percentage-of-completion method. Execution of the assumed revenues and expense budget is the basis for accounting. The stage of completion of particular projects is established for each accounting period based on the percentage execution of construction expenses and sales budget. Execution of construction expenses is established based on the value of performed work compared to budgeted expenses. Execution of revenues from sales is established by way of comparing revenues under concluded preliminary sales agreements to projected total revenues based on budgeted revenues from sales.

When it is not possible to measure reliably the stage of completion of an unfinished service or the projected total cost of its performance, revenues are established at costs incurred in a given reporting period (zero-profit method). In accordance with the principle of prudence in accounting the Company applies the “zero-profit” method to the first phase of an implemented project, until the following levels are achieved:

- revenues – percentage of completion over 50% (revenues under concluded agreements/budgeted revenues);
- expenses – percentage of completion over 40% (value of work established under work inventory/budgeted value).

When the aforesaid thresholds are exceeded revenues and expenses are recognised in a given project as follows:

- a) revenues = budgeted revenues * (revenue ratio * expense ratio);
- b) expenses = budgeted expenses * (revenue ratio * expense ratio).

So established revenues reduce deferred income (balance sheet) and increase revenues from sales of products (income statement). If the value of the established revenues is higher than the value of advances disclosed in deferred income for the given project, “non-invoiced payables” increasing deferred income are recognised simultaneously with current prepaid expenses under assets. So established expenses reduce work in progress (balance sheet) and increase costs of goods sold (income statement). If the value of so established expenses is higher than expenses disclosed under work in progress, “completed non-invoiced work” increasing work in progress is recognised together with accrued expenses under liabilities. The Company applies the aforesaid manner of accounting for developer contract until the construction is completed.

When a building is handed over for use the value of particular elements is transferred to finished products, where the said elements are disclosed until the preliminary agreement is concluded (unless all elements have been sold until the construction completion).

Planned draft amendments to the International Accounting Standards

At the end of 2006 the International Financial Reporting Interpretation Committee (IFRIC) published a draft interpretation discussing the principles of accounting for construction and sale of housing buildings performed by developers. In July 2008 an approved interpretation of IFRIC 15 “Agreements for the Construction of Real Estate” was published. The document indicates significant differences between the application of standards under IAS 11 and IAS 18 by developers. The changes refer to the moment of recognition of revenues from sales of housing buildings based on preliminary agreements and indicate the need to modify the current standards and their official interpretations.

The authors of IFRIC 15 “Agreements for the Construction of Real Estate” forbid to apply IAS 11 (the so-called percentage-of-completion method) for construction and sale of housing buildings by developers, instead of which the completed-contract method should be applied – IAS 18.

As of 1 January 2009, i.e. as of the date of coming into force of IFRIC 15 “Agreements for the Construction of Real Estate” the Company will be obliged to change the accounting principles used to measure the developer contracts. This fact may change the way in which revenues on implemented developer contracts will be recognised in specific reporting periods.

Long-term construction contracts

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

a) Zero-profit method

The zero-profit method is applied when it is not possible to measure the stage of completion of an unfinished construction service reliably. In accordance with the said method revenues from an unfinished construction service are established at a month end at costs incurred in the said month, not higher than costs probable to be covered by the principal in future. When invoiced revenues exceed incurred costs, a relevant part of revenues is derecognised to deferred income.

b) Percentage-of-completion method

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

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

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

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

Borrowings

Borrowings are recognised at acquisition price equal to fair value of received cash less costs of acquisition. Borrowings are subsequently measured at acquisition price adjusted with an effective interest rate. All effects of the adjusted acquisition price and effects of derecognition of a liability from the balance sheet or recognition of its impairment are disclosed in the income statement.

Deferred income tax

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

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

Held-for-sale assets and discontinued operations

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

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

Liabilities

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

Based on their characteristics, liabilities can be divided into:

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

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

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

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

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

Accrued expenses

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

Revenues

The 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 section “Long-term developer contracts”.

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

Other income, expenses, gains and losses

Other operating income and expenses are income and expenses not connected directly with operating activities. Financial income and expenses comprise, among other things, interest connected with loans and credits granted and used, default interest received and paid, foreign exchange gains and losses, commissions paid and received, gains and losses on sale of securities, provisions dissolved and created against financial expenses.

Taxes

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

2. FINANCIAL STATEMENTS

Balance Sheet

ASSETS		31 December 2008	31 December 2007*
NON-CURRENT ASSETS		356,795,209.27	285,037,691.03
Intangible assets	1	7,939,486.53	9,306,220.46
Goodwill of subsidiaries		3,047,895.06	3,047,895.06
Tangible assets	2	175,378,259.22	154,109,973.09
Investment real estate	3	8,342,866.58	8,264,725.36
Other financial assets	4	139,230,482.49	78,161,820.88
Deferred income tax assets	13	9,735,126.37	5,265,762.39
Trade and other receivables	5	13,121,093.02	26,881,293.79
Prepaid expenses		0.00	0.00
CURRENT ASSETS		1,047,244,874.61	909,120,983.02
Inventories	6	6,285,032.06	23,528,107.87
Construction contracts	6	911,793,449.33	611,531,835.73
Trade and other receivables	7	72,920,668.58	126,616,840.75
Other financial assets	8	20,841,763.00	84,598,389.16
Cash and cash equivalents	9	23,369,456.66	51,866,374.15
Prepaid expenses	10	12,034,504.98	10,979,435.36
Total assets		1,404,040,083.88	1,194,158,674.05
EQUITY AND LIABILITIES			
EQUITY		602,436,909.98	494,789,292.70
Share capital	11	10,939,656.00	10,939,656.00
Revaluation reserve		7,471,818.19	0.00
Own shares		-2,476,626.31	0.00
Other capital	11	484,243,271.26	364,845,121.10
Retained earnings		-252,964.00	-404,512.14
Net profit / loss		102,511,754.84	119,409,027.74
LIABILITIES		801,603,173.91	699,369,381.35
Non-current liabilities		212,324,246.67	214,305,496.09
Borrowings	12	64,696,438.04	86,474,600.61
Deferred income tax liabilities	13	77,368,305.70	47,738,302.51
Retirement benefit obligations	14	373,000.00	373,000.00
Provision for other liabilities and charges	15	2,224,864.00	2,685,180.69
Other liabilities	16	67,661,638.93	77,034,412.28
Current liabilities		589,278,927.24	485,063,885.26
Trade and other payables	17	160,004,152.12	99,052,002.15
Construction contracts	6	22,901,384.32	118,536,013.05
Borrowings	12	264,782,389.77	96,792,357.21
Provision for other liabilities and charges	15	18,963,434.44	17,929,561.14
Other liabilities	17	122,627,566.59	152,753,951.71
Total equity and liabilities		1,404,040,083.88	1,194,158,674.05

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Income Statement

		1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007*
Net revenues from sales of products, goods and materials, of which:	18	671,694,145.28	683,412,300.65
Net revenues from sales of products	18	651,539,809.52	669,972,263.24
Net revenues from sales of goods and materials		20,154,335.76	13,440,037.41
Costs of products, goods and materials sold, of which:	19	481,986,773.58	480,553,850.17
Costs of products sold	19	460,787,384.85	466,695,900.53
Value of goods and materials sold		21,199,388.73	13,857,949.64
Gross profit (loss) on sales		189,707,371.70	202,858,450.48
Selling expenses		26,448,754.44	27,286,710.77
Overhead expenses		18,439,095.86	20,332,886.50
Revaluation of investment real estate		0.00	1,867,792.26
Profit (loss) on sales		144,819,512.40	157,106,645.47
Other operating income	20	10,237,524.81	6,706,123.23
Other operating expenses	21	18,280,068.85	6,982,608.53
Operating profit (loss)		136,776,977.36	156,830,160.17
Financial income	22	16,984,756.74	8,700,190.17
Financial expenses	23	25,096,763.05	19,488,752.54
Profit (loss) on ordinary activities		128,664,971.05	146,041,597.80
Profit (loss) before tax		128,664,971.05	146,041,597.80
Income tax	24	26,153,216.21	26,632,570.07
Net profit (loss)		102,511,754.84	119,409,027.74

* The data for the year 2007 are in conformity with the approved statements (the data of Przedsiębiorstwo Turystyczne Czarny Potok have not been recognised, as it was taken over in 2008)

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	1 October 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Profits		
(A) Profits of the Group disclosed in the consolidated financial statements	102,511,754.84	119,409,027.74
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 *	54,698,280.00	53,016,653.04
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share*	54,698,280.00	53,016,653.04
Basic earnings per share = (A)/(B)	1.87	2.25
Diluted earnings per share = (A)/(B)	1.87	2.25

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Statement of changes in equity

	Share capital	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity	Share capital
As at 31 December 2007	10,939,656.00	0.00	0.00	359,500,344.45	5,344,776.65	0.00	-404,512.13	119,409,027.74	494,789,292.71
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	-0.01
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 1 January 2008	10,939,656.00	0.00	0.00	359,500,344.45	5,344,776.65	0.00	-404,512.14	119,409,027.74	494,789,292.70
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	-2,476,626.31	0.00	0.00	0.00	0.00	0.00	0.00	-2,476,626.31
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of property, plant and equipment and investment real estate	0.00	0.00	4,414,231.19	0.00	0.00	0.00	0.00	0.00	4,414,231.19
Gains / (losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax on items recognised directly in equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions (separate jwch)	0.00	0.00	3,057,587.00	6,824.02	386,810.54	0.00	-201,043.98	0.00	3,250,177.58
Gains / (losses) on first-time consolidation / exclusion from consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in the principles of accounting / presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrections	0.00	0.00	0.00	0.00	0.00	0.00	-51,920.01	0.00	-51,920.01
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total profit / (loss) recognised directly in equity	0.00	-2,476,626.31	7,471,818.19	6,824.02	386,810.54	0.00	-252,963.99	0.00	5,135,862.45
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102,511,754.84	102,511,754.84
Total profit / (loss) recognised in equity and net earnings	0.00	-2,476,626.31	7,471,818.19	6,824.02	386,810.54	0.00	-252,963.99	102,511,754.84	107,647,617.29
Increase / decrease from profit distribution	0.00	0.00	0.00	119,004,515.60	0.00	0.00	404,512.13	-119,409,027.74	-0.01

J.W. Construction Holding S.A.
Financial statements for the period from 1 January 2008 to 31 December 2008

As at 31 December 2008	10,939,656.00	-2,476,626.31	7,471,818.19	478,511,684.07	5,731,587.19	0.00	-252,964.00	102,511,754.84	602,436,909.98
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J.W. Construction Holding S.A.
Financial statements for the period from 1 January 2008 to 31 December 2008

2007	Share capital	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2006	10,250,000.00	0.00	57,198,118.91	2,472,055.73	0.00	1,903,386.64	96,696,095.16	168,519,656.44
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 1 January 2007	10,250,000.00	0.00	57,198,118.91	2,472,055.73	0.00	1,903,386.64	96,696,095.16	168,519,656.44
Share issue	689,656.00	0.00	233,714,168.61	0.00	0.00	0.00	0.00	234,403,824.61
Dividends paid	0.00	0.00	0.00	0.00	0.00	-29,212,500.00	0.00	-29,212,500.00
Gains / (losses) on revaluation of property, plant and equipment, and investment real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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 on items recognised directly in equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on first-time consolidation / exclusion from consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in the principles of accounting / presentation	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	689,656.00	0.00	234,818,630.38	2,872,720.92	0.00	-31,520,398.77	0.00	206,860,608.53
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	29,212,500.00	119,409,027.74	148,621,527.74
Total profit / (loss) recognised in equity and net earnings	689,656.00	0.00	234,818,630.38	2,872,720.92	0.00	-2,307,898.77	119,409,027.74	355,482,136.27
Increase / decrease from profit distribution	0.00	0.00	67,483,595.16	0.00	0.00	0.00	-96,696,095.16	-29,212,500.00
As at 31 December 2007	10,939,656.00	0.00	359,500,344.45	5,344,776.65	0.00	-404,512.13	119,409,027.74	494,789,292.70

J.W. Construction Holding S.A.
Additional information and notes

Cash Flow Statement (two-step method)

Operating cash flow – two-step method	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Net profit (loss)	102,511,754.84	119,409,027.74
Total adjustments, of which:	43,458,041.88	-38,574,194.78
Depreciation and amortisation	9,712,410.55	10,564,084.66
Interest and dividends	7,585,910.02	-29,327,821.72
Changes in provisions and accruals	24,679,295.33	-28,816,940.77
Changes in investment property	-78,141.22	0.00
Other adjustments	1,558,567.20	9,006,483.05
Changes in working capital	-307,180,690.18	-261,134,193.02
Changes in inventories	17,414,564.78	-10,914,756.91
Changes in construction contracts	-432,928,178.54	-258,402,646.36
Changes in receivables	70,096,554.21	-56,432,560.40
Changes in current liabilities, except for borrowings	38,236,369.37	64,615,770.65
Operating cash flow	-161,210,893.47	-180,299,360.07
Investment cash flow		
Disposal of tangible and intangible assets and other non-current assets	2,065,867.50	3,478,315.31
Purchase of tangible and intangible assets and other non-current assets	-3,873,783.41	-23,167,458.20
Expenses related to assets available for sale	0.00	0.00
Purchase of equity instruments and debt instruments	236,000,000.00	-510,000,000.00
Disposal of equity instruments and debt instruments	-176,000,000.00	450,000,000.00
Loans granted	-37,282,584.28	-13,129,341.18
Loans repaid	5,284,688.24	2,423,153.07
Other purchase of financial assets	-200,000.00	0.00
Other disposal of financial assets	101.00	0.00
Dividends received	990,000.00	0.00
Interest received	2,746,362.15	3,086,095.79
Disposal of subsidiaries	0.00	49,010.00
Acquisition of subsidiaries	0.00	-29,494,210.39
Net investment cash flow	29,730,651.20	-116,754,435.60
Financing cash flow		
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00	244,827,880.00
Purchase of own shares or repayment of shares	-2,476,626.31	0.00
Borrowings	524,992,479.73	233,282,025.70
Borrowings repaid	-362,298,476.93	-235,655,633.99
Debt securities issued	378,500,000.00	266,000,000.00
Debt securities redeemed	-448,000,000.00	-160,500,000.00
Payments under financial lease agreements	-11,725,597.13	-16,622,273.10
Dividends and other shared profits	0.00	0.00
Interest paid	-18,508,454.58	-11,962,826.16
Other financial proceeds (including notes)	42,500,000.00	917.10
Other financial expenditures	0.00	0.00
Net financing cash flow	102,983,324.78	319,370,089.55
NET DECREASE/(INCREASE) IN CASH	-28,496,917.49	22,316,293.88
Cash and cash equivalents at the beginning of the year	51,866,374.15	29,550,080.27
- foreign exchange gains/(losses) on cash		0.00
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	23,369,456.66	51,866,374.15

3. NOTES TO THE BALANCE SHEET

Note 1. Intangible assets

INTANGIBLE ASSETS	31 December 2008	31 December 2007
a) research and development	0.00	0.00
b) goodwill on consolidation	3,047,895.06	3,047,895.06
c) other intangible assets	7,939,486.53	9,306,220.46
d) advances on intangible assets	0.00	0.00
Total intangible assets	10,987,381.59	12,354,115.52

A key item of other intangible assets is an integrated SAP system.

CHANGES IN INTANGIBLE ASSETS (PER GROUPS OF ASSETS)	Goodwill	Software	Other intangible assets	TOTAL
a) gross value of intangible assets at the beginning of the period	3,047,895.06	14,530,080.34	238,860.13	17,816,835.53
b) increase (due to)	0.00	427,923.99	7,866.48	435,790.47
- purchase	0.00	37,703.99	7,866.48	45,570.47
- accepted from investments	0.00	0.00	0.00	0.00
- reclassified between groups of assets	0.00	0.00	0.00	0.00
- expenditures on intangible assets in progress	0.00	0.00	0.00	0.00
- valuation	0.00	390,220.00	0.00	390,220.00
c) decrease (due to)	0.00	1,271,355.14	0.00	1,271,355.14
- sale	0.00	0.00	0.00	0.00
- liquidation	0.00	0.00	0.00	0.00
- contributed in kind	0.00	1,271,355.14	0.00	1,271,355.14
- reclassified between groups of assets	0.00	0.00	0.00	0.00
d) gross value of intangible assets at the end of the period	3,047,895.06	13,686,649.19	246,726.61	16,981,270.86
e) accumulated amortisation at the beginning of the period	0.00	5,228,676.37	234,043.64	5,462,720.01
f) amortisation for the period (due to)	0.00	1,236,681.78	10,166.32	1,246,848.10
- amortisation (annual allowance)	0.00	1,236,681.78	10,166.32	1,246,848.10
- liquidation	0.00	0.00	0.00	0.00
- sale	0.00	0.00	0.00	0.00
g) accumulated amortisation at the end of the period	0.00	5,749,679.31	244,209.96	5,993,889.27
h) impairment losses at the beginning of the period	0.00	0.00	0.00	0.00
- increase	0.00	0.00	0.00	0.00
- impairment losses	0.00	0.00	0.00	0.00
- reclassified between groups of assets	0.00	0.00	0.00	0.00
- decrease	0.00	715,678.84	0.00	715,678.84
- reversed impairment losses recognised in earnings	0.00	0.00	0.00	0.00
- reclassified between groups of assets	0.00	0.00	0.00	0.00
- amortisation (in-kind contribution)	0.00	715,678.84	0.00	715,678.84
i) impairment losses at the end of the period	0.00	0.00	0.00	0.00
j) net value of intangible assets at the beginning of the period	3,047,895.06	9,301,403.97	4,816.49	12,354,115.52
k) net value of intangible assets at the end of the period	3,047,895.06	7,936,969.88	2,516.65	10,987,381.59

J.W. Construction Holding S.A.
Additional information and notes

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 2007 and 31 December 2008 there were no circumstances requiring the Company to make impairment allowance on intangible assets.

In the years 2007–2008 the Company did not conduct any research and development and did not incur any costs on the same. The company did not hold any advances on intangible assets.

BALANCE SHEET INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	31 December 2008	31 December 2007
a) own	5,345,286.28	5,856,513.19
b) leasehold	5,642,095.31	6,497,602.33
TOTAL BALANCE SHEET INTANGIBLE ASSETS	10,987,381.59	12,354,115.52

LEASE	31 December 2008	31 December 2007
Gross intangible assets	9,552,213.97	9,552,213.97
Amortisation	3,910,118.66	3,054,611.64
Carrying value of leased intangible assets	5,642,095.31	6,497,602.33
% of leased intangible assets to total intangible assets	45.66%	51.89%
Lease liabilities	1,702,652.59	3,465,180.31
Amortisation of leased assets recognised as operating expenses	855,507.02	818,558.89
Interest on lease agreements recognised as financial expenses	291,266.40	764,301.51

Note 2. Tangible assets

Tangible Assets	31 December 2008	31 December 2007
a) property, plant and equipment, of which:	120,582,549.74	132,514,225.16
- land (including right of perpetual usufruct)	21,444,367.03	14,830,942.83
- buildings and structures	86,807,843.71	91,689,435.14
- plant and machinery	4,506,881.31	11,618,011.60
- motor vehicles	7,544,069.40	10,002,345.31
- other property, plant and equipment	279,388.29	4,373,490.28
b) constructions in progress	54,795,709.48	21,595,747.93
c) advances on constructions in progress	0.00	0.00
Total tangible assets	175,378,259.22	154,109,973.09

Tangible assets are initially recognised at acquisition price or manufacturing cost. Upon initial recognition as at the balance sheet date tangible assets are measured at acquisition price or manufacturing cost less depreciation and accumulated impairment losses. Tangible assets are depreciated with the straight-line method for the period of their estimated useful life.

Constructions in progress are measured at total expenses directly connected with their acquisition or manufacture less impairment losses. Constructions in progress are not depreciated until their construction is completed and they are handed over for use.

In 2007 and 2008 an impairment allowance on hotel modules was made, making their carrying value equal to net realisable value. As at 31 December 2008 the allowance amounted to PLN 4.5 million.

J.W. Construction Holding S.A.
Additional information and notes

BALANCE SHEET TANGIBLE ASSETS (OWNERSHIP STRUCTURE)	31 December 2008	31 December 2007
a) own	96,525,357.91	70,521,307.96
b) leasehold	78,852,901.31	83,588,665.13
TOTAL BALANCE SHEET INTANGIBLE ASSETS	175,378,259.22	154,109,973.09

LEASE	31 December 2008	31 December 2007
Gross intangible assets	101,201,670.23	100,784,212.84
Amortisation	22,348,768.92	17,195,547.71
Carrying value of leased tangible assets	78,852,901.31	83,588,665.13
% of leased tangible assets to total tangible assets	77.92%	82.94%
Lease liabilities	70,030,569.23	75,306,455.53
Amortisation of leased assets recognised as operating expenses	5,617,055.99	5,696,361.51
Interest on lease agreements recognised as financial expenses	5,523,765.51	5,556,542.45

J.W. Construction Holding S.A.
Additional information and notes

CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and machinery	Motor vehicles	Other property, plant and equipment	Constructions in progress	TOTAL
a) gross value of property, plant and equipment at the beginning of the period	14,830,942.83	108,933,755.81	30,527,595.52	14,138,543.42	12,734,122.66	26,165,217.89	207,330,178.13
b) increase (due to)	9,066,403.20	2,282,520.72	5,085,530.94	553,688.76	1,365,937.04	42,179,690.77	60,533,771.43
- purchase	0.00	349,978.99	303,026.69	51,059.88	514,803.90	2,390,634.96	3,609,504.42
- valuation	8,753,346.20	479,065.29	1,870,760.00	182,000.00	634,778.70	0.00	11,919,950.19
- investment expenditures on constructions in progress	0.00	0.00	0.00	0.00	0.00	1,936,638.86	1,936,638.86
- costs of borrowing	0.00	0.00	0.00	290,957.88	0.00	0.00	290,957.88
- transferred from constructions in progress	0.00	572,547.86	2,638,236.80	0.00	0.00	0.00	3,210,784.66
- capital group expansion	313,057.00	880,928.58	273,507.45	29,671.00	216,354.44	820,480.74	2,533,999.21
- other movement – constructions in progress	0.00	0.00	0.00	0.00	0.00	37,031,936.21	37,031,936.21
c) decrease (due to)	2,391,623.00	8,732,601.31	15,458,864.28	1,342,244.70	7,138,557.10	9,091,839.22	44,155,729.61
- sale	0.00	0.00	10,604.76	67,802.46	1,060.00	0.00	79,467.22
- liquidation	0.00	12,600.00	1,965,210.56	0.00	4,313.59	0.00	1,982,124.15
- transferred to constructions in progress	0.00	0.00	0.00	0.00	0.00	3,210,784.66	3,210,784.66
- contributed in kind	2,391,623.00	8,720,001.31	13,483,048.96	1,274,442.24	5,466,394.97	5,881,054.56	37,216,565.04
- other value adjustment	0.00	0.00	0.00	0.00	1,666,788.54	0.00	1,666,788.54
d) gross value of property, plant and equipment at the end of the period	21,505,723.03	102,483,675.22	20,154,262.18	13,349,987.48	6,961,502.60	59,253,069.44	223,708,219.95
e) accumulated depreciation at the beginning of the period	0.00	17,244,320.67	18,909,583.92	4,136,198.11	8,360,632.38	4,569,469.96	53,220,205.04
f) depreciation for the period (due to)	61,356.00	3,359,299.19	2,883,561.79	2,349,685.42	613,574.76	0.00	9,267,477.16
- annual depreciation allowance	5,113.00	3,107,741.28	2,628,871.52	2,325,714.28	398,122.37	0.00	8,465,562.45
- other (decrease)	0.00	-65,467.75	-8,772.36	0.00	-902.05	0.00	-75,142.16
- takeover	56,243.00	317,025.66	263,462.63	23,971.14	216,354.44	0.00	877,056.87
g) accumulated depreciation at the end of the period	61,356.00	20,603,619.86	21,793,145.71	6,485,883.53	8,974,207.14	4,569,469.96	62,487,682.20
h) impairment losses at the beginning of the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
increase (due to)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- impairment losses recognised in earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
decrease (due to)	0.00	4,927,788.35	6,145,764.84	679,965.45	2,292,092.83	112,110.00	14,157,721.47
- sale of property, plant and equipment	0.00	0.00	1,832.00	54,969.23	0.00	0.00	56,801.23
- liquidation of property, plant and equipment	0.00	-57,894.70	440,585.72	0.00	-14,105.07	0.00	368,585.95
- reversed impairment losses recognised in earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- used impairment losses	0.00	0.00	0.00	0.00	0.00	112,110.00	112,110.00
- other (in-kind contribution)	0.00	4,985,683.05	5,703,347.12	624,996.22	2,306,197.90	0.00	13,620,224.29
i) impairment losses at the end of the period	0.00	-4,927,788.35	-6,145,764.84	-679,965.45	-2,292,092.83	-112,110.00	-14,157,721.47
j) net value of property, plant and equipment at the beginning of the period	14,830,942.83	91,689,435.14	11,618,011.60	10,002,345.31	4,373,490.28	21,595,747.93	154,109,973.09
k) net value of property, plant and equipment at the end of the period	21,444,367.03	86,807,843.71	4,506,881.31	7,544,069.40	279,388.29	54,795,709.48	175,378,259.22

J.W. Construction Holding S.A.
Additional information and notes

Note 3. Investment real estate

Other long-term investments	31 December 2008	31 December 2007
a) investment real estate	8,342,866.58	8,264,725.36
b) other	0.00	0.00
Total other long-term investments	8,342,866.58	8,264,725.36

Note 4 Long-term investment

LONG-TERM FINANCIAL ASSETS	31 December 2008	31 December 2007
a) shares	99,095,487.88	78,161,820.88
b) loans granted	40,134,994.61	0.00
c) other long-term investments	0.00	0.00
Total long-term financial assets	139,230,482.49	78,161,820.88

LONG-TERM FINANCIAL ASSETS	31 December 2008	31 December 2007
a) in subsidiaries	139,229,482.49	78,160,820.88
- shares	99,094,487.88	78,160,820.88
- other securities	0.00	0.00
- loans granted	40,134,994.61	0.00
- other long-term financial assets	0.00	0.00
b) in other parties	1,000.00	1,000.00
- shares	1,000.00	1,000.00
- other securities	0.00	0.00
- loans granted	0.00	0.00
- other long-term financial assets	0.00	0.00
c) other long-term investments	0.00	0.00
Total long-term financial assets	139,230,482.49	78,161,820.88

CHANGES IN LONG-TERM FINANCIAL ASSETS	31 December 2008	31 December 2007
a) opening balance	78,161,820.88	50,322,610.99
- shares	78,161,820.88	48,717,537.59
- loans granted	0.00	1,605,073.40
- other	0.00	0.00
b) increase	68,068,661.61	38,193,743.29
- shares	27,933,667.00	38,193,743.29
- loans granted	40,134,994.61	0.00
- other	0.00	0.00
c) decrease	7,000,000.00	10,354,533.40
- shares	7,000,000.00	8,749,460.00
- loans granted	0.00	1,605,073.40
- other	0.00	0.00
d) closing balance	139,230,482.49	78,161,820.88
- shares	99,095,487.88	78,161,820.88
- loans granted	40,134,994.61	0.00
- other	0.00	0.00

J.W. Construction Holding S.A.
Additional information and notes

	Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares at acquisition price	Revaluation adjustments (total)	Carrying value of shares	% of total number of votes in the general meeting
1.	TBS Marki Sp. z o.o. (limited liability company)	Warsaw	social building	subsidiary	fully consolidated	14 November 2003	13,359,500.00	0.00	13,359,500.00	99.99%
2.	J.W. Construction International Sp. z o.o. (limited liability company)	Kolomna (Russia)	construction and developer activity	subsidiary	fully consolidated	14 November 2003	1,272.90	0.00	1,272.90	100.00%
3.	Business Financial Construction Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	16 June 2003	4,346,500.00	0.00	4,346,500.00	99.99%
4.	Project 55 Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	13 January 2005	19,655,537.59	0.00	19,655,537.59	99.99%
5.	Interlokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	23 November 2004	49,500.00	0.00	49,500.00	99.00%
6.	Lokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	13 September 2005	3,778,000.00	0.00	3,778,000.00	99.99%
7.	Deweloper Sp. z o.o. (limited liability company)	Siemianowice Śląskie	construction	subsidiary	fully consolidated	8 September 2004	49,500.00	0.00	49,500.00	99.00%
8.	JW Projekt Sp. z o.o. (limited liability company)	Warsaw	architecture and designing	subsidiary	fully consolidated	14 November 2003	1,155,400.00	0.00	1,155,400.00	99.98%
9.	Królewski Port Zerań Sp. z o.o. (limited liability company)	Warsaw	developer activity	associate	not consolidated	8 September 2000	500,000.00	500,000.00	0.00	4.92%
10.	KSP Polonia Warszawa SSA (presently, sport joint-stock company)	Warsaw	sports	subsidiary	not consolidated	30 March 2006	15,440.00	15,440.00	0.00	100.00%
11.	TBS Nowy Dom Sp. z o.o. (limited liability company)	Ząbki	social building	associate	not consolidated	30 September 2006	1,000.00	0.00	1,000.00	2.00%
12.	Construction Invest Sp. z o.o. (limited liability company)	Ząbki	real estate development and sale	subsidiary	fully consolidated	25 January 2006	50,000.00	0.00	50,000.00	100.00%
13.	J.W. Construction AZS Politechniki Warszawskiej S.A. (joint-stock company)	Warsaw	sports	subsidiary	not consolidated	7 September 2006	375,000.00	0.00	375,000.00	75.00%
14.	J.W. Construction S.A. (joint-stock company)	Ząbki	construction	subsidiary	fully consolidated	26 September 2007	11,526,617.00	0.00	11,526,617.00	99.99%
15.	J.W. Construction 1 Sp. z o.o. (limited liability company)	London	services	subsidiary	not consolidated	31 July 2007	5,618.00	0.00	5,618.00	100.00%
16.	J.W. Bułgaria Sp. z o.o. (limited liability company)	Sofia	developer activity	subsidiary	not consolidated	8 October 2007	9,854.98	0.00	9,854.98	100.00%
17.	Porta Transport Sp. z o.o. (limited liability company)	Szczecin	transport	subsidiary	fully consolidated	12 November 2007	19,118,737.41	0.00	19,118,737.41	100.00%
18.	Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (limited liability company), presently YAKOR HOUSE Sp. z o.o. (limited liability company)	Sochi	developer activity	subsidiary	fully consolidated	7 December 2007	9,810,000.00	0.00	9,810,000.00	70.00%
19.	JWCH Produkcja Budowlana Sp. z o.o. (limited liability company)	Ząbki	prefabricated unit production for the building industry	subsidiary	fully consolidated	19 February 2008	15,494,950.00	0.00	15,494,950.00	99.99%
20.	JWCH Budownictwo Drogowe Sp. z o.o. (limited liability company)	Ząbki	road construction	subsidiary	fully consolidated	7 February 2008	99,950.00	0.00	99,950.00	99.95%
29.	Karczma Regionalna Sp. z o.o. (limited liability company)	Krynica Górská	hotel activity	subsidiary	not consolidated	16 December 2004	208,550.00	0.00	208,550.00	8.06%

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Note 5. Non-current receivables

NON-CURRENT RECEIVABLES	31 December 2008	31 December 2007
a) from related parties	0.00	14,677,280.72
b) from other parties	13,121,093.02	12,204,013.07
Total receivables	13,121,093.02	26,881,293.79

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

INVENTORIES	31 December 2008	31 December 2007
a) materials	2,761,927.24	11,111,116.27
b) semi-finished products and work in progress	0.00	5,774,162.45
c) finished products	24,473.39	2,290,568.38
d) goods	3,335,331.02	4,330,616.79
e) trade advances	163,300.41	21,643.98
Total inventories	6,285,032.06	23,528,107.87

INVENTORIES	31 December 2008	31 December 2007
a) materials	3,217,927.24	14,763,116.27
<i>including impairment allowance</i>	<i>456,000.00</i>	<i>3,652,000.00</i>
b) work in progress	2,546,346.52	5,774,162.45
<i>including impairment allowance</i>	<i>2,546,346.52</i>	<i>0.00</i>
c) finished products	24,473.39	2,290,568.38
<i>including impairment allowance</i>	<i>0.00</i>	<i>0.00</i>
d) goods	3,335,331.02	4,840,616.79
<i>including impairment allowance</i>	<i>0.00</i>	<i>510,000.00</i>
e) trade advances	163,300.41	21,643.98
<i>including impairment allowance</i>	<i>0.00</i>	<i>0.00</i>
Total inventories	9,287,378.58	27,690,107.87
Total impairment allowance	3,002,346.52	4,162,000.00
Total inventories (upon impairment allowance)	6,285,032.06	23,528,107.87

Costs connected with impairment allowance on inventories were disclosed in the income statement under other operating expenses.

CONSTRUCTION CONTRACTS	31 December 2008	31 December 2007
Construction contracts presented as current assets	911,793,449.33	611,531,835.73
Construction contracts presented as current liabilities	22,901,384.32	118,536,013.05
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	259,123,737.92	240,241,385.93
b) finished products	33,446,931.68	23,450,878.42
c) advance payments on delivery	7,651,377.33	10,675,250.12
d) short-term accruals	611,571,402.40	337,164,321.26
Total construction contracts	911,793,449.33	611,531,835.73
CONSTRUCTION CONTRACTS (current liabilities)		
a) accruals	22,901,384.32	118,536,013.05
Total construction contracts	22,901,384.32	118,536,013.05

Construction contracts – the following amounts are recognised as assets:
surplus of costs incurred due to implementation of works over costs connected with works performed as per the percentage of completion,
surplus of revenues from performed works – as per the percentage of completion – over revenues invoiced or advances paid.

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Construction contracts – the following amounts are recognised as liabilities:
advances paid by counterparties in connection with performed works,
surplus of costs connected with performed works – as per the percentage of completion – over costs incurred to date.

Due to the conducted activity the Company takes loans secured among other things with mortgage on real estate. As at 31 December 2008 the Company established collateral in the form of mortgage on real estate presented as inventories and construction contracts at PLN 696.05 million and presented as property, plant and equipment at PLN 40.7 million. Additionally, the Company established collateral on third party real estate worth PLN 10.0 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 2008 loan liabilities amounted to PLN 329.2 million.

	31 December 2008	31 December 2007
Planned revenues from projects	2,160,198,964.85	1,990,760,145.58
Planned costs of projects	1,465,428,228.07	1,352,437,228.07
Planned margin on implemented projects	694,770,736.78	638,322,917.51
Revenues recognised in previous periods	545,035,190.63	40,028,043.15
Costs recognised in previous periods	363,467,535.82	36,096,852.35
Margin realised on implemented projects	181,567,654.81	3,931,190.80
Cumulated revenues recognised in the income statement	627,996,793.54	505,007,147.49
Cumulated costs recognised in the income statement	421,659,835.84	327,370,683.47
Cumulated margin recognised in the income statement	209,336,957.70	177,636,464.01
Planned revenues from projects for recognition	987,166,980.68	1,445,724,954.94
Planned costs of projects for recognition	680,300,856.41	988,969,692.25
Margin for recognition in next periods	306,866,124.27	456,755,262.69
Planned margin on implemented projects	31.09%	31.59%

Since it was necessary to change the manner of accounting for earnings on implemented housing projects (transition from IAS 11 to IAS 18), the aforesaid table presents only planned revenues and planned costs on currently implemented projects. Since 1 January 2009, in accordance with IAS 18, the Company will recognise earnings on execution of the notarial deed. However, when certain conditions are satisfied, it will be possible to account for projects before the procedure of notarial deed execution is commenced. The said conditions comprise in particular:

- handing a building over for use;
- payment of 100% of the value of an apartment by the buyer;
- acceptance of premises with a delivery and acceptance act.

A detailed manner of recognising income from developer services will be described in the financial statements for 2009, in the chapter on accepted principles of accounting.

In 2006 the Company changed the principles of accounting in the scope of measurement of developer contracts. Developer contracts carried on since 2006 were measured on a retrospective basis, in accordance with IAS 8 paragraph 22. In 2008 the entity continued the accepted principles. Due to changes introduced in the principles of accounting net earnings for 2008 went up by PLN 83,300.00 thousand.

Note 7. Trade and other receivables

Impairment allowance was made in accordance with the best knowledge and experience of the Company, by 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 income or expenses.

CURRENT RECEIVABLES	31 December 2008	31 December 2007
a) trade receivables – related parties	27,150,921.69	83,444,692.81
b) trade receivables – other parties	20,973,819.67	18,159,420.99
c) taxes, subsidies, customs duties, social and health insurance and other payments	24,453,733.79	22,257,605.18
d) other	342,193.43	2,755,121.77
Total receivables	72,920,668.58	126,616,840.75

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CURRENT RECEIVABLES, NET	31 December 2008	31 December 2007
a) trade receivables – related parties	29,040,588.28	83,444,692.81
<i>including impairment allowance</i>	1,889,666.59	0.00
b) trade receivables – other parties	24,582,846.15	22,833,464.95
<i>including impairment allowance</i>	3,609,026.48	4,674,043.96
c) taxes, subsidies, customs duties, social and health insurance and other payments	24,453,733.79	22,257,605.18
<i>including impairment allowance</i>	0.00	0.00
d) other	342,193.43	2,755,121.77
<i>including impairment allowance</i>	0.00	0.00
Total current receivables, gross	78,419,361.65	131,290,884.71
Total impairment allowance	5,498,693.07	4,674,043.96
Total current receivables, net	72,920,668.58	126,616,840.75

Note 8. Short-term financial assets

SHORT-TERM INVESTMENTS	31 December 2008	31 December 2007
a) shares	0.00	0.00
b) loans granted	20,841,763.00	24,598,389.16
c) other securities*	0.00	60,000,000.00
d) other short-term investments	0.00	0.00
Long-term financial assets	20,841,763.00	84,598,389.16

* Program zakupu papierów dłużnych przez Spółki. Szczegółowy opis znajduje się w dodatkowych informacjach

No.	Settlement date	Redemption date	Par value of securities as at 31 Dec 2007 (OB)	Increase to 31 Dec 2008	Decrease to 31 Dec 2008	Closing balance as at 31 Dec 2008
1.	7 Dec 2007	17 Jan 2008	60,000,000.00	0.00	60,000,000.00	0.00
2.	11 Jan 2008	12 Feb 2008	0.00	38,000,000.00	38,000,000.00	0.00
3.	17 Jan 2008	19 Feb 2008	0.00	60,000,000.00	60,000,000.00	0.00
4.	12 Feb 2008	29 Feb 2008	0.00	18,000,000.00	18,000,000.00	0.00
5.	19 Feb 2008	29 Feb 2008	0.00	30,000,000.00	30,000,000.00	0.00
6.	29 Feb 2008	28 Mar 2008	0.00	30,000,000.00	30,000,000.00	0.00
	Total		60,000,000.00	176,000,000.00	236,000,000.00	0.00

SHORT-TERM INVESTMENTS	31 December 2008	31 December 2007
a) in subsidiaries	18,110,219.20	17,898,469.14
- shares	0.00	0.00
- other securities	0.00	0.00
- loans granted	18,110,219.20	17,898,469.14
- other short-term financial assets	0.00	0.00
b) in other parties	2,731,543.80	66,699,920.02
- shares	0.00	0.00
- other securities	0.00	60,000,000.00
- loans granted	2,731,543.80	6,699,920.02
- other short-term financial assets	0.00	0.00
Total short-term investments	20,841,763.00	84,598,389.16

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CHANGE IN SHORT-TERM INVESTMENTS	31 December 2008	31 December 2007
a) opening balance	84,598,389.16	12,113,322.14
- shares	0.00	0.00
- other securities	60,000,000.00	0.00
- loans granted	24,598,389.16	12,113,322.14
- other short-term financial assets	0.00	0.00
b) increase (due to)	11,623,128.13	74,110,748.97
- shares	0.00	0.00
- other securities	0.00	60,000,000.00
- loans granted	11,623,128.13	14,110,748.97
- other short-term financial assets	0.00	0.00
c) decrease (due to)	75,379,754.29	1,625,681.95
- shares	0.00	0.00
- other securities	60,000,000.00	0.00
- loans granted	15,379,754.29	1,625,681.95
- other short-term financial assets	0.00	0.00
d) closing balance	20,841,763.00	84,598,389.16
- shares	0.00	0.00
- other securities	0.00	60,000,000.00
- loans granted	20,841,763.00	24,598,389.16
- other short-term financial assets	0.00	0.00

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 December 2008	31 December 2007
a) cash on hand and with bank	11,124,231.86	23,524,995.74
b) other cash	12,197,939.20	28,291,530.80
c) other cash equivalents	47,285.60	49,847.61
Total cash	23,369,456.66	51,866,374.15

Note 10. Current prepaid expenses

Prepaid expenses	31 December 2008	31 December 2007
- interest	3,585,018.09	4,030,311.05
- commission expenses	5,029,162.39	5,434,870.24
- other	3,420,324.50	1,514,254.07
Total prepaid expenses	12,034,504.98	10,979,435.36

In "Other prepaid expenses" the Company records the costs incurred in connection with deferred income. 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.

Note 11. Share capital and other capital

Class/issue	Share type	Type of preference	Type of restriction	Number of shares	Par value of class/issue	Coverage of capital	Date of registration	Right to dividend (from)
A	Bearer	-	-	51,250,000	10,250,000	Assets of a transformed company – TBM Batory Sp. z o.o. / cash	28 Feb 2007	
B	Bearer	-	-	3,448,280	689,656.00	cash	27 Jun 2007	1 Jan 2008
Total number of shares				54,698,280				
Total share capital					10,939,656			
Par value of one share = PLN 0.20								

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As at 31 December 2008 the shareholding structure was as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of total votes in the General Meeting
EHT S.A.	25,448,300	46.53%	25,448,300	46.53%
Józef Wojciechowski	19,385,213	35.44%	19,385,213	35.44%
Company	312,304	0.57%	312,304	0.57%
Other	9,552,463	17.46%	9,552,463	17.46%

In connection with Resolution No. 26 taken by the Annual General Meeting on 19 June 2008, authorising the Management Board to buy back own shares for the purpose of their redemption, on 9 July 2008 the Company concluded an agreement with an investment firm, within the meaning of Article 6.3.B) of Commission Regulation (EC) No. 2273/2003 of 22 December 2003. The Company buys back own shares through the said firm, for the purpose of their redemption, in accordance with the principles provided under the Commission Regulation and Resolution No. 26 of the Annual General Meeting. In accordance with the said resolution the number of shares to be bought back is set at not less than 1,500,000 pieces and not more than the product of the amount of PLN 55,000,000 divided by the price for which shares will be bought. The maximum amount of funds allocated for the programme is PLN 55,000,000. The said funds will come from the supplementary capital of the Company.

OTHER CAPITAL	31 December 2008	31 December 2007
a) supplementary capital	478,511,684.07	359,500,344.45
b) other reserve capital	5,731,587.19	5,344,776.65
Total other capital	484,243,271.26	364,845,121.10

Note 12. Borrowings

BORROWINGS	31 December 2008	31 December 2007
a) loans	329,209,868.28	182,560,080.08
of which: long-term	64,696,438.04	86,474,600.61
short-term	264,513,430.24	96,085,479.47
b) cash loans	268,959.53	706,877.74
of which: long-term	0.00	0.00
short-term	268,959.53	706,877.74
Total borrowings	329,478,827.81	183,266,957.82
Borrowings – long-term	64,696,438.04	86,474,600.61
Borrowings – short-term	264,782,389.77	96,792,357.21

In the accounting year 2008 and from the balance sheet date until preparing these financial statements none of the concluded loan agreements was terminated by the bank.

LOANS PER MATURITY	31 December 2008	31 December 2007
Up to 1 year	264,513,430.24	96,085,479.47
Over 1 year up to 2 years	64,180,438.04	85,411,600.61
Over 2 years up to 5 years	516,000.00	1,063,000.00
Over 5 years	0.00	0.00
Total loans, of which:	329,209,868.28	182,560,080.08
- long-term	64,696,438.04	86,474,600.61
- short-term	264,513,430.24	96,085,479.47

CASH LOANS PER MATURITY	31 December 2008	31 December 2007
Up to 1 year	268,959.53	706,877.74
Over 1 year up to 2 years	0.00	0.00
Over 2 years up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total loans, of which:	268,959.53	706,877.74
- long-term	0.00	0.00
- short-term	268,959.53	706,877.74

Note 13. Deferred income tax liabilities and assets

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31 December 2008		
	Deferred income tax assets	Deferred income tax liabilities	Net value
Tangible assets	846,898.39	1,383,705.58	-536,807.18
Investment real estate	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00
Investments in subsidiaries, fellow subsidiaries and associates	0.00	0.00	0.00
Other financial assets	1,951,565.76	606,067.02	1,345,498.74
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	322,405.22	72,536,745.34	-72,214,340.12
Trade and other receivables	984,134.29	0.00	984,134.29
Receivables due from income tax	0.00	0.00	0.00
Prepayments and accruals	3,068,090.07	129,138.34	2,938,951.74
Cash and cash equivalents	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Provisions	444,281.28	0.00	444,281.28
Trade and other payables	1,607,567.03	0.00	1,607,567.03
Other financial liabilities	0.00	0.00	0.00
Other	510,184.33	2,712,649.43	-2,202,465.10
Deferred income tax assets / liabilities disclosed in the balance sheet	9,735,126.37	77,368,305.70	-67,633,179.32

Note 14. Retirement benefit obligations

CHANGE IN RETIREMENT BENEFIT OBLIGATIONS	31 December 2008	31 December 2007
Opening balance	373,000.00	373,000.00
Increase	0.00	0.00
Dissolution	0.00	0.00
Closing balance	373,000.00	373,000.00

Note 15. Provisions for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31 December 2008	31 December 2007
a) short-term, of which:	18,963,434.44	17,929,561.14
- accrued expenses, including:	16,998,111.93	16,433,611.14
- <i>provision for guarantee repairs</i>	9,766,400.12	6,952,555.70
- <i>other</i>	7,231,711.81	9,481,055.44
- other provisions, including:	1,965,322.51	1,495,950.00
- <i>provisions for future liabilities</i>	1,000,000.00	1,095,950.00
- <i>other provisions</i>	965,322.51	400,000.00
b) long-term, of which:	2,224,864.00	2,685,180.69
- accrued expenses, including:	2,224,864.00	2,685,180.69
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	2,224,864.00	2,685,180.69
Total provisions for other liabilities and charges	21,188,298.44	20,614,741.83

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Note 16. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES	31 December 2008	31 December 2007
a) other financial liabilities	62,092,928.08	69,805,346.79
b) other non-current liabilities	5,568,710.85	7,229,065.49
Total other liabilities	67,661,638.93	77,034,412.28

Other financial liabilities comprised among other things liabilities under concluded lease agreements.

Note 17. Trade and other payables

TRADE AND OTHER PAYABLES	31 December 2008	31 December 2007
a) trade payables – other parties	26,493,025.16	77,415,253.27
b) trade payables – related parties	93,875,314.71	1,789,665.78
c) taxes, customs duties, insurance and other payments	3,979,808.92	4,043,987.96
d) salaries	1,185,407.82	3,430,272.52
e) trade advances received	52,934.71	132,951.06
f) other	34,417,660.80	12,239,871.56
Total trade and other payables	160,004,152.12	99,052,002.15

OTHER LIABILITIES	31 December 2008	31 December 2007
a) issue of debt securities	71,000,000.00	140,500,000.00
b) note liabilities	41,987,272.85	0.00
c) other financial liabilities	9,640,293.74	12,253,951.71
Total other liabilities	122,627,566.59	152,753,951.71

* On 17 November 2006 three agreements were concluded with BRE Bank S.A. pertaining to implementation of the bonds issue programme i.e. dealer agreement, agency agreement and underwriting agreement. BRE Bank S.A. was appointed as an issuing agent, payment agent, depository and dealer. Above all, the bank is the underwriter up to the total amount of PLN 250,000,000. The maximum value of the programme is PLN 250,000,000. The lifetime of the programme, during which bonds may be issued, is three years i.e. until 17 November 2009. Bonds may be issued in tranches of at least PLN 3,000,000 each. Bonds are not designated for issue under public offering.

No.	Issue date	Redemption date	Par value of bonds as at 31 Dec 2007	Increase to 31 Dec 2008	Decrease to 31 Dec 2008	Closing balance as at 31 Dec 2008
1.	11 Apr 2007	11 Apr 2008	40,000,000.00	0.00	40,000,000.00	0.00
2.	27 Apr 2007	25 Apr 2008	10,000,000.00	0.00	10,000,000.00	0.00
3.	18 May 2007	16 May 2008	24,500,000.00	0.00	24,500,000.00	0.00
4.	20 Jun 2007	19 Jun 2008	66,000,000.00	0.00	66,000,000.00	0.00
5.	9 Jan 2008	9 Apr 2008	0.00	38,000,000.00	38,000,000.00	0.00
6.	4 Apr 2008	30 Jun 2008	0.00	10,200,000.00	10,200,000.00	0.00
7.	9 Apr 2008	9 Jul 2008	0.00	39,500,000.00	39,500,000.00	0.00
8.	11 Apr 2008	8 Aug 2008	0.00	30,000,000.00	30,000,000.00	0.00
9.	25 Apr 2008	25 Jul 2008	0.00	10,000,000.00	10,000,000.00	0.00
10.	16 May 2008	15 May 2009	0.00	18,000,000.00	0.00	18,000,000.00
11.	16 May 2008	25 Jul 2008	0.00	6,500,000.00	6,500,000.00	0.00
12.	18 Jun 2008	19 Sep 2008	0.00	38,000,000.00	38,000,000.00	0.00
13.	30 Jun 2008	22 Sep 2008	0.00	10,200,000.00	10,200,000.00	0.00
14.	30 Jun 2008	3 Oct 2008	0.00	28,600,000.00	28,600,000.00	0.00
15.	9 Jul 2008	7 Oct 2008	0.00	18,300,000.00	18,300,000.00	0.00
16.	9 Jul 2008	7 Oct 2008	0.00	12,000,000.00	12,000,000.00	0.00
17.	8 Aug 2008	5 Nov 2008	0.00	15,000,000.00	15,000,000.00	0.00
18.	19 Sep 2008	28 Nov 2008	0.00	39,500,000.00	39,500,000.00	0.00
19.	3 Oct 2008	7 Jan 2009	0.00	28,600,000.00	0.00	28,600,000.00
20.	7 Oct 2008	28 Nov 2008	0.00	11,700,000.00	11,700,000.00	0.00
21.	28 Nov 2008	6 Jan 2009	0.00	24,400,000.00	0.00	24,400,000.00
			140,500,000.00	378,500,000.00	448,000,000.00	71,000,000.00

4. NOTES TO THE INCOME STATEMENT

Note 18. Operating income

OPERATING INCOME	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Revenues from sales of products	627,996,793.54	505,007,147.49
Revenues from sales of services	23,543,015.98	164,965,115.75
Revenues from sales of goods	20,154,335.76	13,440,037.41
Total income	671,694,145.28	683,412,300.65

	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Revenues from sales, of which:	671,694,145.28	683,412,300.65
- sales of products – premises	627,996,793.54	505,007,147.49
- sales of services	23,543,015.98	164,965,115.75
- sales of goods	20,154,335.76	13,440,037.41

	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Revenues from sales of products and services per business segments	651,539,809.52	669,972,263.24
- developer activity	626,864,715.36	515,473,583.21
- hotel activity	21,031,433.79	17,243,114.06
- real estate management	3,643,660.37	2,473,297.21
- construction	0.00	134,782,268.76

	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Revenues from sales of products – premises per geographic segments	627,996,793.54	505,007,147.49
- Warsaw and vicinity	596,087,494.36	423,338,191.98
- Gdynia	30,822,388.75	38,371,107.53
- Łódź	0.00	43,297,847.98
- Katowice	1,086,910.43	0.00

	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Revenues from sales of hotel services per geographic segments	21,031,433.79	17,243,114.06
- Warsaw and vicinity	7,776,266.45	6,543,073.61
- Tarnowo	5,472,444.63	3,913,821.18
- Stryków	4,557,297.43	4,907,412.77
- Cieszyn	1,172,742.98	953,428.75
- Święta Lipka	1,017,868.72	925,377.75
- Krynica Górská	1,034,813.58	0.00

Note 19. Operating expenses

OPERATING EXPENSES	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Costs on sale of products	430,700,739.21	336,117,117.25
Costs on sale of services	30,086,645.64	130,578,783.28
Costs on sale of goods	21,199,388.73	13,857,949.64
Total costs of products, services and goods sold	481,986,773.58	480,553,850.17

Selling and overhead expenses	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Selling expenses	26,448,754.44	27,286,710.77
Overhead expenses	18,439,095.86	20,332,886.50
Total selling and overhead expenses	44,887,850.30	47,619,597.27

Expenses by nature	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
Depreciation and amortisation	9,712,410.55	10,561,130.83
Materials and power	55,841,925.93	196,725,081.81
Outsourcing	426,116,561.91	272,912,713.73
Fees and taxes	7,686,399.09	8,327,945.04
Salaries	32,884,416.53	52,765,851.34
Social insurance and other payments	5,895,230.97	9,610,314.04
Other expenses by nature	18,721,059.01	14,256,154.75
Total expenses by nature	556,858,003.99	565,159,191.54
Change of status	51,182,768.84	50,843,693.74

Note 20. Other operating income

OPERATING INCOME	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
a) profit on disposal of non-financial fixed assets	6,753,714.25	1,269,523.69
b) other operating income	3,483,810.56	5,436,599.54
Total operating income	10,237,524.81	6,706,123.23

Note 21. Other operating expenses

OPERATING EXPENSES	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
a) loss on disposal of non-financial fixed assets	0.00	0.00
b) revaluation of non-financial assets	12,133,089.62	1,045,341.95
c) other operating expenses	6,146,979.23	5,937,266.58
Total operating expenses	18,280,068.85	6,982,608.53

Note 22. Other financial income

FINANCIAL INCOME	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
a) dividends	990,000.00	0.00
b) interest	6,648,830.19	7,618,170.80
c) revaluation of investments	0.00	0.00
d) other	9,345,926.55	1,082,019.37
Total financial income	16,984,756.74	8,700,190.17

Note 23. Other financial expenses

FINANCIAL EXPENSES	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
a) interest	23,633,574.57	18,781,174.89
b) revaluation of investments	0.00	0.00
c) other	1,463,188.48	707,577.65
Total financial expenses	25,096,763.05	19,488,752.54

Note 24. Income tax

INCOME TAX	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
a) current income tax	992,577.00	1,962,806.69
b) deferred income tax	25,160,639.22	24,669,763.38
Total income tax	26,153,216.21	26,632,570.07

5. OTHER NOTES

Note 25. Headcount

Occupational group	31 December 2008	31 December 2007
Management Board	2	6
Managers	29	36
Administration	199	386
Other employees	131	617
Total	361	1,045

In 2008 the Company concluded agreements with subsidiaries, the subject matter of which was to transfer the organised part of the enterprise (branches) for subscribing shares. In the scope of such transactions, employees related to the transferred fields were moved to subsidiaries.

Civil law contracts	31 December 2008	31 December 2007
Employment contract	361	1,045
Contract of mandate	109	143
Contract for a specific task	12	16
Total	482	1,204

Note 26. Remuneration of the Management Board and Supervisory Board of the Company

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

Remuneration	31 December 2008	31 December 2007
Management Board	897,655.90	1,891,416.60
Supervisory Board	96,492.74	83,600.00
Total remuneration	994,148.64	1,975,016.60

Note 27. Off-balance sheet items

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OFF-BALANCE SHEET LIABILITIES	31 December 2008	31 December 2007
Investment real estate pledged as collateral – loans	823,628,032.00	425,305,076.26
Other companies' real estate pledged as collateral – loans	10,000,000.00	3,500,000.00
Blank promissory notes*	485,303,950.62	339,678,822.68
Other**	0.00	10,000,000.00
Assignment of receivables	22,400,000.00	0.00
Registered pledge on receivables from bank account	0.00	20,000,000.00
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00	22,400,000.00
Guarantees to the benefit of Project 55 Sp. z o.o.	0.00	40,000,000.00
Guarantees to the benefit of Lokum sp. z o.o.	0.00	16,500,000.00
Guarantees to the benefit of Interlokum sp. z o.o.	0.00	20,600,000.00
Guarantees to the benefit of JWCH Budownictwo Drogowe sp. z o.o.	1,300,000.00	2,500,000.00
Guarantees to the benefit of J.W. Construction S.A.	2,224,937.16	0.00
Guarantees to the benefit of ZPM Metalcon Sp. z o.o.	800,000.00	0.00
Guarantees to the benefit of JWCH Produkcja Budowlana sp. z o.o.	1,850,370.20	0.00

* 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 rights under insurance policies and other.

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 2008 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 the Company under guarantees granted by counterparties, which JWCH S.A. may fill in at any time with the amount corresponding to costs of failure and defect removal. As at 31 December 2008 the total value of guarantees was PLN 24.9 million.

Note 28. Intercompany balances

COMPANY NAME	Receivables from related parties		Liabilities to related parties	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
EHT	0.00	870,449.04	38,621.13	38,621.13
REM S.A.	668,954.44	540,173.17	0.00	199,297.78
Zalubice Development Sp. z o.o.	824,914.84	1,055,590.50	337,557.93	775,476.14
Zakład Produkcji Marmurów Promar Sp. z o.o.	1,726,643.20	1,427,365.48	318,414.94	570,205.29
Zakład Produkcji Szalunków J.W. System Sp. z o.o.	272,145.10	16,398.02	364,196.26	931,604.73
Zakład Produkcji Metalowej Metalcon Sp. z o.o.	5,263,885.83	3,269,338.25	1,652,420.71	2,060,185.75
J.W. Agro Sp. z o.o.	3,580,990.28	3,254,729.03	0.00	0.00
Hotel 500 Sp. z o.o.	390.40	1,232.20	0.00	0.00
Interlokum Sp. z o.o.	4,124,054.95	14,772,971.87	3,831,814.57	0.00
Project 55 Sp. z o.o.	6,251,953.71	67,758,821.42	9,624,633.40	0.00
Lokum Sp. z o.o.	4,206,852.88	14,701,018.37		7,379.77
Deweloper Sp. z o.o.		1,171.08	75,293.26	266,318.62
Construction Invest Sp. z o.o.	3,433,912.12	2,993,520.69		0.00
TBS Nowy Dom Sp. z o.o.	8,447.34	7,370.94	1,000.00	1,000.00
J.W. Construction International Sp. z o.o.	7,806,330.77	3,094,325.38	0.00	0.00
TBS Marki Sp. z o.o.	0.00	0.00	19,304,785.00	1,999,448.88
Business Financial Construction Sp. z o.o.	0.00	2,494,031.13	2,647,292.19	2,602,531.13
JW. Projekt Sp. z o.o.	1,008,569.79	0.00	1,348,796.99	216,131.14
Królewski Port Żerań Sp. z o.o.	7,286,431.29	5,396,764.70	0.00	0.00
J.W. Consulting J.W. 1 S.K.A	5,866.75	813.25	0.00	0.00
J.W. Consulting J.W. 2 S.K.A	5,541.50	0.00	0.00	0.00
J.W. Consulting J.W. 3 S.K.A	5,541.50	0.00	32,495,700.00	0.00
J.W. Consulting J.W. 4 S.K.A	5,368.00	0.00	9,491,572.85	0.00
J.W. Consulting J.W. 5 S.K.A	5,368.00	732.00	0.00	0.00

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J.W. Consulting J.W. 6 S.K.A	5,368.00	0.00	0.00	0.00
J.W. Consulting Sp. z o.o.	5,368.00	0.00	0.00	0.00
Stadnina Mazowiecka Sp. z o.o.	4,986,621.30	4,605,367.75	0.00	0.00
J.W.1 Sp. z o.o.	87,259.02	0.00	0.00	0.00
J.W.2 Sp. z o.o.	1,859.09	0.00	0.00	0.00
J.W.3 Sp. z o.o.	2,267.72	0.00	0.00	0.00
Porta Transport Sp. z o.o.	22,782.22	0.00	0.00	0.00
Ośrodek Wypoczynkowy OGONIOK	6,888,497.03	0.00	0.00	0.00
JWCH Budownictwo Drogowe Sp. z o.o.	887,472.26	0.00	0.00	0.00
JWCH Produkcja Budowlana Sp. z o.o.	4,533,769.73	0.00	26,356.63	0.00
J.W. Construction Bułgaria EOOD	35,153,265.81	0.00	0.00	0.00
JW. Construction SA	1,387,055.05	0.00	95,891,250.88	0.00
JW. Biochemical Sp. z o.o.	1,290.64	0.00	0.00	0.00

All intercompany transactions entered into by the Company or its subsidiary in 2008 were arm's length transactions.

6. SUPPLEMENTARY INFORMATION

Note 29. Events during the accounting year

The following events occurred during the reporting period:

Appointment of the Management Board for a common term of office

On 25 March 2008, due to the end of the term of office of Ms. Grażyna Szafarowska, a Member of the Management Board of the Company, the Supervisory Board standardised the term of office for all members of the Management Board by recalling the then-current Management Board and appointing it for a common term of office, in accordance with the Statute of the Company. At the same time Mr. Józef Wojciechowski exercised his personal rights to appoint members of the Management Board. Presently, the Management Board of the Company is composed of six members i.e. the President of the Management Board – Jerzy Zdrzałka (appointed by Mr. Józef Wojciechowski) and Management Board Members: Grażyna Szafarowska, Irmina Łopuszyńska, Bożena Malinowska, Barbara Czyż (appointed by Mr. Józef Wojciechowski) and Wojciech Rajchert (appointed by Mr. Józef Wojciechowski).

Changes in the composition of authorities of the Company

Supervisory Board

On 13 June 2008 Mr. Marek Rocki, an Independent Member of the Supervisory Board of the Company resigned from membership in the Supervisory Board of the Company due to personal reasons.

On 19 June 2008 the main shareholder of the Company exercised his personal rights and recalled Mr. Jacek Obłəkowski from membership in the Supervisory Board of the Company, in accordance with §16.2 of the Statute of the Company.

On 19 June 2008 the main shareholder of the Company exercised his personal rights and appointed Mr. Grzegorz Ślak as a Member of the Supervisory Board of the Company, in accordance with §16.2 of the Statute of the Company.

On 19 June 2008 the Annual General Meeting of the Company supplemented the composition of the Supervisory Board by an Independent Member of the Supervisory Board – Mr. Jacek Obłəkowski.

On 17 October 2008 Mr. Grzegorz Ślak was recalled from membership in the Supervisory Board of the Company.

On 22 October 2008 Mr. Józef Oleksy was appointed as a Member of the Supervisory Board of the Company.

Management Board

On 21 August 2008 Mr. Jerzy Zdrzałka resigned from membership in the Management Board of the Company, where he held an office of the President of the Management Board. The resignation was filed with effective force as of 22 August 2008.

On 9 October 2008 Mr. Robert Wójcik was appointed as a Vice-President of the Management Board of the Company.

On 10 December 2008 Ms. Barbara Czyż, a then-current Member of the Management Board, was appointed as a Vice-President of the Management Board.

Corporate events

On 1 April 2008 there was held an Extraordinary General Meeting of the Company. The General Meeting resolved to give consent to sell organised parts of the enterprise in the form of the Issuer's branches operating as J.W. Construction Holding S.A. Oddział "Budownictwo" (Branch: "Construction") domiciled in Ząbki, J.W. Construction Holding S.A. Oddział "Pracownia Architektoniczna" (Branch: "Architectonic Workroom") domiciled in Ząbki and J.W.

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Construction Holding S.A. Oddział "Zakład Prefabrykacji Budowlanej" (Branch: "Building Prefabrication Plant") domiciled in Ząbki, by contributing them in kind to subsidiaries of the Issuer.

On 30 April 2008 the Extraordinary General Meeting of the Issuer's subsidiary – J.W. Construction S.A. domiciled in Ząbki was held. The General Meeting resolved to increase share capital from PLN 500,000 to PLN 11,526,618 i.e. by PLN 11,026,618 by way of issuing 11,026,618 B-class registered ordinary shares with a par value of PLN 1 each. The entire issue was subscribed by the Issuer and covered with an in-kind contribution in the form of its branch that operated as J.W. Construction Holding S.A. Oddział "Budownictwo" domiciled in Ząbki. In performance of the said resolution a share subscription agreement was executed between the Issuer and J.W. Construction S.A. domiciled in Ząbki. On the same day an agreement was executed between the Issuer and J.W. Construction S.A. domiciled in w Ząbki, transferring the ownership right to an organised part of the enterprise in the form of the Issuer's branch that operated as J.W. Construction Holding S.A. Oddział "Budownictwo" domiciled in Ząbki.

On 30 April 2008 the Extraordinary General Meeting of the Issuer's subsidiary – J.W. Projekt Spółka z o.o. domiciled in Warsaw was held. The General Meeting resolved to increase share capital from PLN 52,000 to PLN 1,155,600 i.e. by PLN 1,103,600 by creating 5,518 new shares with a par value of PLN 200 each. The entire issue was subscribed by the Issuer and covered with an in-kind contribution in the form of its branch that operated as J.W. Construction Holding S.A. Oddział "Pracownia Architektoniczna" domiciled in Ząbki. In performance of the said resolution the Issuer made a representation on subscribing to the newly created shares. On the same day an agreement was executed between the Issuer and J.W. Projekt Spółka z o.o. domiciled in Warsaw, transferring the ownership right to an organised part of the enterprise in the form of the Issuer's branch that operated as J.W. Construction Holding S.A. Oddział "Pracownia Architektoniczna" domiciled in Ząbki.

On 30 April 2008 the Extraordinary General Meeting of the Issuer's subsidiary – JWCH Produkcja Budowlana Spółka z o.o. domiciled in Ząbki was held. The General Meeting resolved to increase share capital from PLN 100,000 to PLN 15,495,000 i.e. by PLN 15,395,000 by creating 307,900 new shares with a par value of PLN 50 each. The entire issue was subscribed by the Issuer and covered with an in-kind contribution in the form of the Issuer's branch that operated as J.W. Construction Holding S.A. Oddział "Zakład Prefabrykacji Budowlanej" domiciled in Ząbki. In performance of the said resolution the Issuer made a representation on subscribing to the newly created shares. On the same day an agreement was executed between the Issuer and JWCH Produkcja Budowlana Spółka z o.o. domiciled in Ząbki, transferring the ownership right to an organised part of the enterprise in the form of the Issuer's branch that operated as J.W. Construction Holding S.A. Oddział "Zakład Prefabrykacji Budowlanej" domiciled in Ząbki.

Balance sheet item	JWCH Produkcja Budowlana Sp. z o.o.	J.W. Construction S.A.	J.W Projekt Sp. z o.o.
Total assets	17,638,952.61	52,185,596.96	1,715,879.45
Non-current assets	11,921,481.27	11,784,857.38	422,988.40
Current assets	5,717,471.34	40,400,739.58	1,292,891.05
Total equity and liabilities	1,542,200.18	40,675,203.61	670,761.89
Liabilities	1,542,200.18	40,675,203.61	670,761.89
Goodwill	701,752.43	483,775.35	-58,482.44
Value of shares	15,395,000.00	11,026,618.00	1,103,600.00

The Annual General Meeting of the Company was held on 19 June 2008. The General Meeting passed resolutions required under the Code of Commercial Companies i.e. on acceptance and approval of the separate financial statements of the Company and the consolidated financial statements of the Capital Group of the Company, on acceptance and approval of the Management Commentary regarding the Company and the Capital Group of the Company for the previous accounting year, on acknowledgement of fulfilment of duties by members of authorities of the Company in 2007, and on distribution of profit, which was allocated entirely for supplementary capital.

In performance of Resolution No. 26 of the Annual General Meeting of 19 June 2008, on 9 July 2008 the Company concluded an agreement with an investment firm, within the meaning of Article 6.3.B) of Commission Regulation (EC) No. 2273/2003 of 22 December 2003, through which it would implement the programme of buying back own shares of the Company for the purpose of their redemption ("Programme"). The terms and conditions of the Programme were established in the agreement in accordance with Resolution No. 26 of the Annual General Meeting and they provide that the Programme will be implemented until 30 June 2009 or until funds allocated for its implementation are exhausted, the number of shares to be bought back was set at not less than 1,500,000 pieces and not more than the product of the amount of PLN 55,000,000 divided by the price for which the shares will be bought. The maximum amount of funds allocated for the programme is PLN 55,000,000 and the said funds will come from the supplementary capital of the Company.

On 30 June 2008 the Company signed Draft Terms of Merger with a subsidiary – Przedsiębiorstwo Turystyczne "Czarny Potok" S.A. domiciled in Krynica ("Target Company"). The merger is performed according to Article 492 §1.1) of the Code of Commercial Companies by transferring the entire assets of the Target Company to the Company.

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Since the Company holds 100% of share capital of the Target Company, the merger is performed without increasing share capital of the Company.

On 26 November 2008 an Extraordinary General Meeting was held, which passed a resolution on a merger of the Company with a subsidiary – Przedsiębiorstwo Turystyczne “CZARNY POTOK” S.A. domiciled in Krynica (“Target Company”). The merger was performed according to Article 492 §1.1) of the Code of Commercial Companies, by transferring the entire assets of the Target Company to J.W. Construction Holding S.A. On 5 December 2008 the District Court for the Capital City of Warsaw, 14th Business Division of the National Court Register, competent for J.W. Construction Holding S.A., issued a decision on registering the merger.

On 9 December 2008 on the grounds of assets of the target company – Przedsiębiorstwo Turystyczne “CZARNY POTOK” S.A. domiciled in Krynica, there was established a branch of the Company called J.W. Construction Holding S.A. Branch “Czarny Potok”.

Significant agreements for implementation of investments

Since the construction activity was separated from the structures of the Company and an organised part of the enterprise of the Company, operating as J.W. Construction Holding S.A. Oddział “Budownictwo”, was contributed in kind to a subsidiary – J.W. Construction S.A. domiciled in Ząbki, it became necessary to conclude agreements for completing investments in progress so far implemented under the structures of the Company and to conclude agreements for general contractorship of newly implemented investments. Therefore, the following agreements were concluded on the following dates:

- On 27 August 2008 the Company concluded a general contractorship agreement with a subsidiary – J.W. Construction S.A. The subject matter of the agreement is implementation by the General Contractor of an investment in the form of comprehensive construction of a complex of multi-family housing buildings with external infrastructure as well as roads and terminals on the real estate located in Warsaw at ul. Korkowa “Osiedle Bursztynowe”. The fee for performance of the agreement was set at PLN 81,256,524 net.
- On 23 September 2008 the Company concluded agreements for the total amount of PLN 189,467,346.86 net, for completing the following investments: at ul. Lazurkowa and Górczewska in Warsaw, “Rezydencja Quatro”, “Aleja Wiślana”, “Osada Wiślana”, and an agreement for implementation of a new investment – “Pyry II”.
- On 3 October 2008 an agreement for implementation of an investment consisting of a comprehensive construction of a complex of 11 multi-family housing buildings in the housing estate “Kręczki – Kaputy” I A and I B and comprehensive performance of external works in the form of the overall external infrastructure with roads and terminals for an investment – “Kręczki Kaputy 1”. The value of the agreement was set at PLN 91,573,630 net.
- On 14 October 2008 there were concluded two agreements. One of them refers to completion of an investment – “Wola Park” near the Olbrachta and Górczewska streets; the fee for performance of the said agreement was set at PLN 91,988,955.06 net. The second agreement covers implementation of an investment in the form of comprehensive construction of multi-family houses with the overall external infrastructure as well as roads and terminals, on the real estate located in Warsaw at ul. Lewandów – housing estate “Lewandów II”. The fee for performance of the said agreement was set at PLN 170,971,863.04 net.
- On 17 October 2008 there was concluded an agreement for completing a comprehensive construction of multi-family houses with the overall external infrastructure as well as roads and terminals, on the real estate located in Warsaw at ul. Lewandów – housing estate “Lewandów I”. The fee for performance of the said agreement was set at PLN 76,235,664.91 net.

Loan agreements

On 29 January 2008 the Company concluded a PLN working capital loan agreement for PLN 10,000,000 with PKO Bank Polski S.A. Branch No. 15 in Warsaw. The final loan repayment date was set for 28 December 2010.

On 28 May 2008 J.W. Construction Holding S.A. concluded a loan agreement for PLN 35,000,000 with Fortis Bank Polska S.A. The loan is repayable until 30 July 2010 and the purpose of the loan is partial financing of an investment – “Wiślana Aleja” at ul. Odkryta in Warsaw.

On 24 June 2008 J.W. Construction Holding S.A. concluded two loan agreements with PKO Bank Polski S.A.:

- a) for PLN 43,000,000 with the repayment date until 31 August 2010 for partial financing of an investment – Lewandów Park I.
- b) for PLN 45,000,000 with the repayment date until 30 September 2010 for partial financing of an investment – Lewandów Park II.

On 24 October 2008 the Company concluded a PLN investment loan agreement for PLN 66,803,028 with PKO Bank Polski S.A. Branch No. 15 in Warsaw. The purpose of the loan is partial financing of costs connected with development and modernisation of the “Czarny Potok” recreational centre located in Krynica Zdrój at ul. Czarny Potok 65. The final loan repayment date was set for 31 December 2017.

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On 31 December 2008 the Company concluded a PLN working capital loan agreement for PLN 22,400,000 with BRE Bank S.A. The final loan repayment date was set for 15 July 2009.

Annexes to loan agreements

On 11 April 2008 the Company executed Annex No. 2 to the loan agreement concluded with Bank Ochrony Środowiska S.A. on 17 September 2007 for partial funding of implementation of an investment – “Górczewska Park”. By virtue of the annex the loan amount was increased from PLN 60,000,000 to PLN 115,000,000.

On 14 August 2008 the Company executed Annex No. 11 to the working capital loan agreement concluded with Bank Millennium S.A. on 23 May 2006 for financing current operations. By virtue of the annex the loan amount was increased from PLN 11,000,000 to PLN 21,492,000.

On 1 December 2008 the Company executed Annex No. 4 to the loan agreement concluded with Invest Bank S.A. for implementation of an investment – “Osada Wiślana” in Warsaw. By virtue of the annex the loan amount was increased to PLN 13,000,000 and the repayment date was postponed until 31 October 2009.

Loan repayment

On 29 February 2008 the investment loan of PLN 6,500,000 incurred with Bank Millennium S.A. for partial financing of an investment – “Osiedle Pyry”, was repaid.

On 1 June 2008 J.W. Construction Holding S.A. repaid the loan of PLN 23,325,047 incurred with Bank PKO BP S.A. for purchase of land at ul. Lewandów in Warsaw.

On 30 September 2008 J.W. Construction Holding S.A. repaid the loan of PLN 2,700,000 incurred with Invest Bank S.A. for purchase of land located in Warsaw at ul. Puławska and Bociania.

On 1 December 2008 J.W. Construction Holding S.A. repaid the loan of PLN 16,000,000 incurred with Kredyt Bank S.A. for financing and refinancing of the purchase of plots located at ul. Zdziarska in Warsaw.

On 23 December 2008 J.W. Construction Holding S.A. repaid the loan of PLN 28,550,000 incurred with Bank Ochrony Środowiska S.A. for purchase of a plot located at ul. Górczewska 181 in Warsaw.

Purchase of debt securities by the Company

1) The agreement of 11 January 2008 for sale of 380 bonds by BRE Bank S.A., with a par value of PLN 100,000 each and the total par value of PLN 38,000,000. The securities were redeemed on 12 February 2008.

2) The agreement of 17 January 2008 for sale of 600 bonds by BRE Bank S.A., with a par value of PLN 100,000 each and the total par value of PLN 60,000,000. The securities were redeemed on 19 February 2008.

3) The agreement of 12 February 2008 for sale of 180 bonds by BRE Bank S.A., with a par value of PLN 100,000 each and the total par value of PLN 18,000,000. The securities were redeemed on 29 February 2008.

4) The agreement of 19 February 2008 for sale of 300 bonds by BRE Bank S.A., with a par value of PLN 100,000 each and the total par value of PLN 30,000,000. The securities were redeemed on 29 February 2008.

5) The agreement of 29 February 2008 for sale of 300 bonds by BRE Bank S.A., with a par value of PLN 100,000 each and the total par value of PLN 30,000,000. The securities were redeemed on 28 March 2008.

Redemption of debt securities purchased by the Company

On 17 January 2008 the Company redeemed debt securities of the total par value of PLN 60,000,000, purchased by the Company on 7 December 2007.

On 12 February 2008 the Company redeemed debt securities of the total par value of PLN 38,000,000, purchased by the Company on 11 January 2008.

On 19 February 2008 the Company redeemed debt securities of the total par value of PLN 60,000,000, purchased by the Company on 17 January 2008.

On 29 February 2008 the Company redeemed debt securities of the total par value of PLN 18,000,000, purchased by the Company on 12 February 2008.

On 29 February 2008 the Company redeemed debt securities of the total par value of PLN 30,000,000, purchased by the Company on 19 February 2008.

On 28 March 2008 the Company redeemed debt securities of the total par value of PLN 30,000,000, purchased by the Company on 29 February 2008.

Issue of bonds by the Company

On 9 January 2008 the Issuer issued 380 bonds with a par value of PLN 100,000 each and the total par value of PLN 38,000,000. The redemption of bonds is planned for 9 April 2008.

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On 4 April 2008 the Issuer issued 102 bonds with a par value of PLN 100,000 each and the total par value of PLN 10,200,000. The redemption of bonds is planned for 30 June 2008.

On 9 April 2008 the Issuer issued 395 bonds with a par value of PLN 100,000 each and the total par value of PLN 39,500,000. The redemption of bonds is planned for 9 July 2008.

On 11 April 2008 the Issuer issued 300 bonds with a par value of PLN 100,000 each and the total par value of PLN 30,000,000. The redemption of bonds is planned for 8 August 2008.

On 25 April 2008 the Issuer issued 100 bonds with a par value of PLN 100,000 each and the total par value of PLN 10,000,000. The redemption of bonds is planned for 25 July 2008.

On 16 May 2008 the Issuer issued 180 bonds with a par value of PLN 100,000 each and the total par value of PLN 18,000,000. The redemption of bonds is planned for 15 May 2009.

On 16 May 2008 the Issuer issued 65 bonds with a par value of PLN 100,000 each and the total par value of PLN 6,500,000. The redemption of bonds is planned for 25 July 2008.

On 19 June 2008 the Issuer issued 380 bonds with a par value of PLN 100,000 each and the total par value of PLN 38,000,000. The redemption of bonds is planned for 19 September 2008.

On 30 June 2008 the Issuer issued 102 bonds with a par value of PLN 100,000 each and the total par value of PLN 10,200,000. The redemption of bonds is planned for 22 September 2008.

On 30 June 2008 the Issuer issued 286 bonds with a par value of PLN 100,000 each and the total par value of PLN 28,600,000. The redemption of bonds is planned for 3 October 2008.

On 9 July 2008 the Issuer issued 303 bonds with a par value of PLN 100,000 each and the total par value of PLN 30,300,000. The redemption of bonds is planned for 7 October 2008.

On 8 August 2008 the Issuer issued 150 bonds with a par value of PLN 100,000 each and the total par value of PLN 15,000,000. The redemption of bonds is planned for 5 November 2008.

On 19 September 2008 the Issuer issued 395 bonds with a par value of PLN 100,000 each and the total par value of PLN 39,500,000. The redemption of bonds is planned for 28 November 2008.

On 3 October 2008 the Issuer issued 286 bonds with a par value of PLN 100,000 each and the total par value of PLN 28,600,000. The redemption of bonds is planned for 7 January 2009.

On 7 October 2008 the Issuer issued 117 bonds with a par value of PLN 100,000 each and the total par value of PLN 11,700,000. The redemption of bonds is planned for 28 November 2008.

On 28 November 2008 the Issuer issued 244 bonds with a par value of PLN 100,000 each and the total par value of PLN 24,400,000. The redemption of bonds is planned for 6 January 2009.

Redemption of bonds by the Company

In the period from 1 April 2008 to 30 June 2008 the Company redeemed the total of 1,887 bonds with a par value of PLN 100,000 each and the total value of PLN 188,700,000.

On 9 July 2008 the Issuer redeemed bonds issued on 9 April 2008 with the total par value of PLN 39,500,000.

On 25 July 2008 the Issuer redeemed bonds issued on 25 April 2008 and 16 May 2008 with the total par value of PLN 16,500,000.

On 8 August 2008 the Issuer redeemed bonds issued on 11 April 2008 with the total par value of PLN 30,000,000.

On 19 September 2008 the Issuer redeemed bonds issued on 19 June 2008 with the total par value of PLN 38,000,000.

On 22 September 2008 the Issuer redeemed bonds issued on 30 June 2008 with the total par value of PLN 10,200,000.

On 3 October 2008 the Issuer redeemed bonds issued on 30 June 2008 with the total par value of PLN 28,600,000.

On 7 October 2008 the Issuer redeemed bonds issued on 9 July 2008 with the total par value of PLN 30,300,000.

On 5 November 2008 the Issuer redeemed bonds issued on 8 August 2008 with the total par value of PLN 15,000,000.

On 28 November 2008 the Issuer redeemed bonds issued on 19 September 2008 and 7 October 2008 with the total par value of PLN 51,200,000.

Acquisition of more land

During the reporting period the Company purchased land located in Warsaw in the Białoleka district of the total area of around 4.2 ha.

Building permits granted

On 14 January 2008 the building permit for construction of a housing estate – “Lewandów I” in Warsaw became effective.

On 12 February 2008 the Company was granted a valid building permit for a housing estate – “Wiślana Aleja” at ul. Odkryta in Warsaw.

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On 9 April 2008 the Company was granted a valid building permit for a housing estate – “Aleja Ludwinowska II” in Warsaw.

On 11 April 2008 the Company was granted a valid building permit for a housing estate – “Lewandów II” at ul. Lewandów in Warsaw.

On 28 April 2008 the Company was granted a valid building permit for phase 1 of a housing estate – “Ożarów I” in Kręczki – Kaputy, the Ożarów Mazowiecki commune.

On 30 May 2008 the Company was granted a valid building permit for a housing estate – “Bursztynowe Osiedle” at ul. Korkowa in Warsaw.

Note 29. Events after the balance sheet date

Significant agreements

On 6 January 2009 the Company concluded with a subsidiary J.W. Construction S.A. domiciled in Ząbki (“Contractor”) an agreement for completing an investment task consisting in overall development and modernisation of the “Czarny Potok” recreational centre located in Krynica at ul. Czarny Potok 65. The value of works in the agreement was determined as net PLN 59,700,504; the deadline for completing I stage works was determined for 21 August 2009, and II stage works – for 23 December 2009

Annexes to loan agreements

On 9 January 2009 the Company executed Annex No. 3 to the investment loan agreement concluded with Bank Polskiej Spółdzielczości S.A. for financing an investment – “Bursztynowe Osiedle” at ul. Korkowa in Warsaw. By virtue of the annex the loan amount was increased from 16,000,000 to PLN 50,000,000 and the final repayment date was postponed until 31 December 2010.

On 4 February 2009 the Company executed Annex No. 12 to the working capital loan agreement with Invest Bank S.A. By virtue of the annex a part of the debt – PLN 7,500,000 will be repaid on 25 February 2009 and the repayment date of the outstanding part of the debt – PLN 7,500,000 will be postponed until 25 January 2010.

Issue of bonds

On 7 January 2009 the Company issued 286 bonds with a par value of PLN 100,000 each and the total par value of PLN 28,600,000 with the redemption date of 8 April 2009.

Redemption of bonds

On 6 January 2009 the Company redeemed bonds issued on 28 November 2008 with the total par value of PLN 24,400,000.

On 7 January 2009 the Company redeemed bonds issued on 3 October 2008 with the total par value of PLN 28,600,000.

On 7 January 2009 the Company redeemed bonds issued on 7 January 2009 with the total par value of PLN 28,600,000.

Issue of bonds

On 8 April 2009 the Company issued a promissory note for PLN 28,200,000 that was acquired by J.W. Consulting Spółka z o.o. J.W. 3 Spółka komandytowo-akcyjna, a limited joint-stock partnership domiciled in Warsaw. The note bears the interest rate of 3M WIBOR plus margin and its redemption date was set for 31 December 2009.

Corporate changes

On 9 April 2009 there was submitted an application with the District Court for Szczecin-Centrum in Szczecin, 13th Business Division of the National Court Register, for initiating a liquidation procedure for a subsidiary – Porta Transport Sp. z o.o. domiciled in Szczecin. The resolution on dissolution of Porta Transport Sp. z o.o. upon liquidation was passed by the Extraordinary General Meeting on 1 April 2009.

Other events are described in the Management Commentary.

Note 30. Selected financial data presenting key items of the financial statements (also translated into EUR) in thousands

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

The balance sheet as at the end of the period from 1 January to 31 December 2007 was translated into EUR at the rate established by the National Bank of Poland as at the said day i.e. PLN / EUR 3.5820.

J.W. Construction Holding S.A.
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- Ms. Barbara Czyż Member of the Management Board
- Ms. Grażyna Maria Szafarowska Member of the Management Board
- Ms. Bożena Regina Malinowska Member of the Management Board
- Ms. Irmina Łopuszyńska Member of the Management Board
- Ms. Wojciech Rajchert Member of the Management Board

In the current period the composition of the Management Board was changed as follows:

- On 21 August 2008 Mr. Jerzy Zdrzałka resigned from his office as of 22 August 2008 due to personal reasons.
- On 9 October 2008 Mr. Robert Wójcik was appointed as a Vice-President of the Management Board.
- On 10 December 2008 a then-current member of the Management Board – Ms. Barbara Czyż was appointed as a Vice-President of the Management Board.

As at 31 December 2008 the Management Board of the Company was composed of:

- Ms. Barbara Czyż Vice-President of the Management Board
- Mr. Robert Wójcik Vice-President of the Management Board
- Ms. Grażyna Maria Szafarowska Member of the Management Board
- Ms. Bożena Regina Malinowska Member of the Management Board
- Ms. Irmina Łopuszyńska Member of the Management Board
- Mr. Wojciech Rajchert Member of the Management Board

Until the end of 2008 the composition of the Management Board did not change any further. From the balance sheet date until the date of these financial statements the composition of the Management Board of J.W. Construction Holding S.A. did not change.

Supervisory Board

As at 1 January 2008 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski Chairman of the Supervisory Board
- Mr. Henryk Pietraszkiewicz Member of the Supervisory Board
- Mr. Roman Kobylński Member of the Supervisory Board
- Mr. Jacek Obłękowski Member of the Supervisory Board
- Mr. Marek Rocki Member of the Supervisory Board

In the current accounting year the General Meeting of J.W. Construction Holding SA and the shareholder exercising his personal rights, introduced the following changes in the composition of the Supervisory Board:

- On 25 March 2008 Mr. Henryk Pietraszkiewicz was appointed as a Deputy Chairman of the Supervisory Board.
- On 13 June 2008 Mr. Marek Rocki resigned from membership in the Supervisory Board.
- On 19 June 2008 Mr. Jacek Obłękowski was recalled from membership in the Supervisory Board and then appointed as an Independent Member of the Supervisory Board.
- On 19 June 2008 Mr. Grzegorz Ślak was appointed as a Member of the Supervisory Board and on 17 October 2008 he was recalled from the said office.
- On 22 October 2008 Mr. Józef Oleksy was appointed as a Member of the Supervisory Board.

As at 31 December 2008 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski Chairman of the Supervisory Board
- Mr. Henryk Pietraszkiewicz Deputy Chairman of the Supervisory Board
- Mr. Roman Kobylński Member of the Supervisory Board
- Mr. Jacek Obłękowski Member of the Supervisory Board
- Mr. Józef Oleksy Member of the Supervisory Board

From the balance sheet date until the date of these financial statements the composition of the Supervisory Board of the Company did not change.

J.W. Construction Holding S.A.
Additional information and notes

Signature of the preparer of the Financial Statements

Irmina Łopuszyńska Chief Accountant Management Board Member	Signature: /-/ Irmina Łopuszyńska MANAGEMENT BOARD MEMBER
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Signatures of Members of the Management Board

Barbara Czyż Vice-President of the Management Board	Signature: /-/ Barbara Czyż Vice-President of the Management Board J.W. CONSTRUCTION HOLDING S.A.
Robert Wójcik Vice-President of the Management Board	Signature: /-/ Robert Wójcik Vice-President of the Management Board J.W. CONSTRUCTION HOLDING S.A.
Grażyna Szafarowska Member of the Management Board	Signature: /-/ Grażyna Szafarowska MANAGEMENT BOARD MEMBER
Bożena Malinowska Member of the Management Board	Signature: /-/ Bożena Malinowska MANAGEMENT BOARD MEMBER
Wojciech Rajchert Member of the Management Board	Signature: /-/ Wojciech Rajchert MANAGEMENT BOARD MEMBER

Ząbki, 29 April 2009