

**Consolidated 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

## A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION ABOUT THE PARENT COMPANY

**J.W. Construction Holding S.A.** ("JWCH"), a joint-stock company domiciled in Ząbki at ul. Radzymińska 326, REGON id. no.: 010621332 was initially registered as Towarzystwo Budowlano-Mieszkaniowe Batory Sp. z o.o., a limited liability company, on 7 March 1994 under number RHB 39782. On 15 January 2001 it was transformed into a joint-stock company and registered with the District Court for Warsaw under number RHB 63464. On 16 July 2001 the Company changed its name to the current "J.W. Construction Holding S.A." and was entered into the National Court Register under number KRS 000028142.

In accordance with the Polish Classification of Activities (*Polska Klasyfikacja Działalności – PKD*) the core business of the Company is development and sale of own 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

#### Basic information about the Group consisting of the parent company and its subsidiaries consolidated in these financial statements

The Group's structure and the share of the parent company in share capital of the Group subsidiaries as at 31 December 2008 are presented in the following table:

Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Method of consolidation
<b>Subsidiaries:</b>				
Lokum Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
Interlokum Sp. z o.o.	Poland	99.00%	99.00%	fully consolidated
Project 55 Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
Towarzystwo Budownictwa Społecznego "Marki" Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
Deweloper Sp. z o.o.	Poland	99.00%	99.00%	fully consolidated
J.W. Construction International Sp. z o.o.	Russia	100.00%	100.00%	fully consolidated
J.W. Construction S.A.	Poland	99.99%	99.99%	fully consolidated
JWCH Produkcja Budowlana Sp. z o.o.	Poland	99.99%	99.99%	fully consolidated
JWCH Budownictwo Drogowe Sp. z o.o.	Poland	99.95%	99.95%	fully consolidated
JW Projekt Sp. z o.o.	Poland	99.98%	99.98%	fully consolidated
Porta Transport Sp. z o.o.	Poland	100.00%	100.00%	fully consolidated
Construction Invest Sp. z o.o.	Poland	100.00%	100.00%	fully consolidated
Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (presently Yakor Mouse Sp. z o.o.)	Russia	70.00%	70.00%	fully consolidated

The core business of the Group companies is:

- Lokum Sp. z o.o. – development and sale of own real estate,
- Interlokum Sp. z o.o. – development and sale of own real estate,
- Project 55 Sp. z o.o. – development and sale of own real estate,
- Towarzystwo Budownictwa Społecznego "Marki" Sp. z o.o. – sale and administration of social building estates,
- J.W. Construction International Sp. z o.o. – general building works connected with erection of buildings, general building and civil engineering, building production,
- Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (presently Yakor Mouse Sp. z o.o.) – development and sale of own real estate,
- Deweloper Sp. z o.o. – building and assembly production,
- Construction Invest Sp. z o.o. – development and sale of own real estate,
- Porta Transport Sp. z o.o. – transport services,
- J.W. Construction S.A. – building production,

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- JW Projekt Sp. z o.o. – designing services,
- JWCH Produkcja Budowlana Sp. z o.o. – prefabricated unit production for the building industry,
- JWCH Budownictwo Drogowe Sp. z o.o. – road construction.

All Group companies operate in the territory of Poland, except for J.W. Construction International Sp. z o.o. concentrated on building and developer production in the territory of Russia. The lifetime of the Group companies is unlimited.

#### **Preparation of the consolidated financial statements**

The consolidated financial statements for the years 2007–2008 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a manner as if the Group was one company. The consolidated financial statements cover the financial statements of the parent company – J.W. Construction Holding S.A. and financial statement of the following subsidiaries of the parent company:

- a) TBS “Marki” Sp. z o.o., Interlokum Sp. z o.o., Lokum Sp. z o.o., Project 55 Sp. z o.o., J.W. Construction International Sp. z o.o., Przedsiębiorstwo Turystyczne “Czarny Potok” S.A., Deweloper Sp. z o.o., Porta Transport Sp. z o.o., Construction Invest Sp. z o.o. – in 2007;
- b) TBS “Marki” Sp. z o.o., Interlokum Sp. z o.o., Lokum Sp. z o.o., Project 55 Sp. z o.o., J.W. Construction International Sp. z o.o., Ośrodek Wypoczynkowy “Ogoniok” Sp. z o.o. (presently Yakor Mouse Sp. z o.o.) – 70%, Deweloper Sp. z o.o., Porta Transport Sp. z o.o., Construction Invest Sp. z o.o., J.W. Construction S.A., JW Projekt Sp. z o.o., JWCH Produkcja Budowlana Sp. z o.o., JWCH Budownictwo Drogowe Sp. z o.o. – in 2008.

In the years 2007–2008 the parent company excluded the following subsidiaries from the obligatory consolidation:

#### *In 2007:*

- Business Financial Construction Sp. z o.o. – 100%
- J.W. Construction AZS Politechniki Warszawskiej S.A. – 75%
- KSP Polonia Warszawa SSA – 100%
- J.W. Construction S.A. – 100%
- J.W. Construction 1 Sp. z o.o. – 100%
- J.W. Bułgaria Sp. z o.o. – 100%
- Ośrodek Wypoczynkowy “Ogoniok” Sp. z o.o. – 70%

#### *In 2008:*

- Business Financial Construction Sp. z o.o. – 100%
- J.W. Construction AZS Politechniki Warszawskiej S.A. – 75%
- KSP Polonia Warszawa SSA – 100%
- J.W. Construction 1 Sp. z o.o. – 100%
- J.W. Bułgaria Sp. z o.o. – 100%.

The legal ground for the aforesaid exclusion from the consolidated financial statements was conceptual assumptions of the International Financial Reporting Standards to the extent of useful and reliable information. In accordance with the aforesaid assumptions, benefits from collected information should exceed the costs of providing the same. It was found out that costs of collecting information about subsidiaries not covered by consolidation and costs of consolidating such information exceeded benefits derived from the same. Moreover, when excluding the subsidiaries from obligatory consolidation the parent company was driven by the fact that they were not significant for fair and accurate presentation of the assets, financial standing and earnings of the Capital Group.

### **Going concern assumption and comparability of financial statements**

The Capital Group of J.W. Construction Holding S.A. assumes that it will operate as a going concern and that financial statements are comparable. As at the balance sheet date the Capital Group of J.W. Construction Holding S.A. did not find out any threats to the going concern assumption. The consolidated financial reporting is prepared in accordance with the historical cost convention. The consolidated financial information was not measured with any other method, which guarantees that the financial statements are comparable.

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

### **Declaration of unconditional compliance with IFRS**

The consolidated financial statements of the Capital Group of J.W. Construction Holding S.A., covering the parent company and its subsidiaries, were prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.

J.W. Construction Holding S.A. has assumed that besides accounting estimates, a professional judgement of the management was significant for the financial statements.

### **Significant estimations and assumptions**

Estimations and judgements are subject to periodic verification of the Capital Group companies. When making estimations J.W. Construction Holding S.A. makes the following assumptions referring to the future:

- Estimation of impairment allowance. Impairment allowance is established taking account of expected risk connected with receivables and created collateral having impact on effective debt collection. Although the assumptions are made using the best knowledge, real results may be different than expected.
- Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to the highly volatile economy it may happen that real earnings and tax income are different than planned.
- Estimation of potential costs of fiscal and court proceedings pending against the parent company. When preparing the financial statements the opportunities and risks connected with pending proceedings are reviewed on a case by case basis, and provisions for potential losses are created accordingly. However, it is also possible that a court or a fiscal authority makes a judgement or issues a decision other than expected by the company and the created provisions may prove insufficient.
- The company gains revenues from services supplied by the Issuer under contracts for a specified time. Services supplied by the Issuer are long-term ones and their term of performance is over six months.

### **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 ones obtainable under the initially estimated earnings from assets held before such expenditures. Current costs of maintenance and repairs are expensed in the period in which they were incurred.

The Group companies 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. Group companies defer 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 Group companies.

Guarantee deposits securing claims of the Group companies 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 Group companies defer 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 Group 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 Group applies the “zero-profit” method to the first phase of an implemented project, until the following levels are achieved:

- a) revenues – percentage of completion over 50% (revenues under concluded agreements/budgeted revenues);
- b) 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 Group 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).

**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. 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.

On 2 July 2008 the International Financial Reporting Interpretation Committee issued an interpretation – IFRIC 15 applicable to the reporting periods commencing on 1 January 2009. The document contains guidance on interpretation of the moment of recognition of revenues from sales of real estate. 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.

Due to the amendments as of 1 January 2009 the Company changed the principles of accounting referring to measurement of developer contracts. The introduced changes will result solely in the transfer of recognised revenues and expenses between the periods. They will not have any impact on margins generated on particular projects.

**Long-term construction contracts**

As a provider of construction services, the Group 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 Group, 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 Group companies recognise revenues at the amount of probable economic benefits flowing due to a transaction, which can be measured reliably. Revenues are recognised on an accrual basis, regardless of the date of payment receipt.

Revenues from sales of developer services – apartments – are disclosed in the manner provided under 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.

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**B. CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>	<b>Note</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>NON-CURRENT ASSETS</b>		<b>472,360,719.67</b>	<b>381,045,178.06</b>
Intangible assets	1	11,235,023.52	12,357,049.65
Goodwill of subsidiaries	2	12,390,453.72	16,801,419.29
Tangible assets	3	354,679,921.88	299,290,898.50
Investment real estate	4	12,352,400.98	12,264,900.36
Other financial assets	5	45,110,846.59	15,337,952.98
Deferred income tax assets	15	23,073,972.76	12,772,358.97
Trade and other receivables	6	13,518,100.22	12,220,598.30
Prepaid expenses		0.00	0.00
<b>CURRENT ASSETS</b>		<b>1,229,095,110.96</b>	<b>1,130,522,116.08</b>
Inventories	7	42,865,904.65	28,319,047.22
Construction contracts	7	1,054,142,931.82	875,120,902.36
Trade and other receivables	8	79,508,469.09	66,389,507.18
Other financial assets	9	2,731,543.80	73,692,807.18
Cash and cash equivalents	10	36,685,776.84	75,331,769.20
Prepaid expenses	11	13,160,484.76	11,668,082.94
<b>Total assets</b>		<b>1,701,455,830.63</b>	<b>1,511,567,294.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>655,322,513.12</b>	<b>549,508,306.25</b>
Share capital	12	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	13	539,555,117.84	383,269,153.02
Retained earnings		-1,049,421.43	7,195,257.85
Net profit / loss		100,881,968.82	148,104,239.39
<b>LIABILITIES</b>		<b>1,046,133,317.51</b>	<b>962,058,987.89</b>
<b>Non-current liabilities</b>		<b>358,310,909.83</b>	<b>370,799,040.28</b>
Borrowings	14	168,305,639.77	206,406,678.76
Deferred income tax liabilities	15	93,352,101.83	68,806,200.32
Retirement benefit obligations	16	436,924.50	598,565.82
Provision for other liabilities and charges	17	13,368,786.83	14,002,662.21
Other liabilities	18	82,847,456.89	80,984,933.17
<b>Current liabilities</b>		<b>687,822,407.68</b>	<b>591,259,947.61</b>
Trade and other payables	19	140,414,874.10	106,577,539.29
Construction contracts	7	104,237,341.64	156,479,497.27
Borrowings	14	269,178,721.05	156,735,191.05
Provision for other liabilities and charges	17	25,741,602.20	18,627,623.99
Other liabilities	19	148,249,868.69	152,840,096.01
<b>Total equity and liabilities</b>		<b>1,701,455,830.63</b>	<b>1,511,567,294.14</b>

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**CONSOLIDATED INCOME STATEMENT**

	Note	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>24</b>	<b>721,353,213.60</b>	<b>781,087,491.80</b>
Net revenues from sales of products	24	705,537,959.50	767,452,151.25
Net revenues from sales of goods and materials		15,815,254.10	13,635,340.55
<b>Costs of products, goods and materials sold, of which:</b>	<b>25</b>	<b>509,799,801.21</b>	<b>532,491,955.06</b>
Costs of products sold		491,189,641.96	518,493,376.08
Value of goods and materials sold		18,610,159.25	13,998,578.98
<b>Gross profit (loss) on sales</b>		<b>211,553,412.39</b>	<b>248,595,536.74</b>
<b>Selling expenses</b>		27,436,607.91	28,554,750.66
<b>Overhead expenses</b>		28,794,211.49	24,877,112.20
<b>Revaluation of investment real estate</b>		0.00	3,921,359.17
<b>Profit (loss) on sales</b>		<b>155,322,592.99</b>	<b>199,085,033.05</b>
Other operating income	26	8,510,328.50	9,112,638.18
Other operating expenses	27	22,704,106.79	9,584,822.16
<b>Operating profit (loss)</b>		<b>141,128,814.69</b>	<b>198,612,849.07</b>
Financial income	28	13,871,362.24	9,063,011.16
Financial expenses	29	29,695,004.51	23,604,364.54
<b>Profit (loss) on ordinary activities</b>		<b>125,305,172.42</b>	<b>184,071,495.69</b>
<b>Profit (loss) before tax</b>		<b>125,305,172.42</b>	<b>184,071,495.69</b>
Income tax	22	24,423,203.60	35,967,256.30
<b>Net profit (loss)</b>		<b>100,881,968.83</b>	<b>148,104,239.39</b>

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**CONSOLIDATED CASH FLOW STATEMENT**

	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
<b>Operating cash flow – two-step method</b>		
<b>Net profit (loss)</b>	<b>100,881,968.82</b>	<b>148,104,239.39</b>
<b>Total adjustments, of which:</b>	<b>42,174,241.31</b>	<b>81,694,344.58</b>
Depreciation and amortisation	17,364,790.74	13,313,077.78
Interest and dividends	12,971,300.97	-29,327,821.72
Changes in provisions and accruals	19,070,347.43	88,581,378.84
Other adjustments	-7,232,197.83	9,127,709.68
<b>Changes in working capital</b>	<b>-236,905,890.02</b>	<b>-446,537,604.71</b>
Changes in inventories	-14,546,857.42	14,720,138.84
Changes in construction contracts	-268,296,121.30	-470,534,225.25
Changes in receivables	-7,391,078.43	-21,051,577.95
Changes in current liabilities, except for borrowings	53,328,167.14	30,328,059.66
<b>Net operating cash flow</b>	<b>-93,849,679.89</b>	<b>-216,739,020.74</b>
<b>Investment cash flow</b>		
Disposal of tangible and intangible assets and other non-current assets	2,065,867.50	3,688,832.50
Purchase of tangible and intangible assets and other non-current assets	-7,444,255.85	-23,256,277.27
Purchase of equity instruments and debt instruments	236,000,000.00	450,000,000.00
Disposal of equity instruments and debt instruments	-176,000,000.00	-510,000,000.00
Loans granted	-28,179,234.28	-9,669,341.18
Loans repaid	330,980.00	225,366.15
Other purchase of financial assets	101.00	-10,376,472.99
Other disposal of financial assets	0.00	51,010.00
Dividends received	0.00	0.00
Interest received	1,142,950.00	2,696,110.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	0.00	0.00
<b>Net investment cash flow</b>	<b>27,916,408.37</b>	<b>-96,640,772.79</b>
<b>Financing cash flow</b>		
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	508,281,757.31	330,343,249.27
Borrowings repaid	-433,790,708.60	-292,520,320.45
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	-12,284,408.77	-16,622,273.10
Dividends and other shared profits	0.00	0.00
Interest paid	-17,676,107.32	-20,197,417.48
Other financial proceeds (including notes)	77,500,000.00	0.00
Other financial expenditures (including notes)	-22,766,627.15	0.00
<b>Net financing cash flow</b>	<b>27,287,279.16</b>	<b>351,331,118.24</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>-38,645,992.36</b>	<b>37,951,324.71</b>
Cash and cash equivalents at the beginning of the year	75,331,769.20	37,380,444.49
- foreign exchange gains/(losses) on cash	0.00	0.00
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>36,685,776.84</b>	<b>75,331,769.20</b>

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

2008	Share capital	Own shares (negative figure)	Revaluation reserve	Supplementar y capital	Other capital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2007</b>	<b>10,939,656.00</b>	<b>0.00</b>	<b>0.00</b>	<b>377,696,720.04</b>	<b>5,576,255.17</b>	<b>-3,822.19</b>	<b>7,195,257.85</b>	<b>148,104,239.39</b>	<b>549,508,306.25</b>
Basic error corrections	0.00	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	0.00
<b>As at 1 January 2008</b>	<b>10,939,656.00</b>	<b>0.00</b>	<b>0.00</b>	<b>377,696,720.04</b>	<b>5,576,255.17</b>	<b>-3,822.19</b>	<b>7,195,257.85</b>	<b>148,104,239.39</b>	<b>549,508,306.25</b>
Additional capital contribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares		-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 available-for- sale assets	0.00	0.00	7,471,818.19	0.00	0.00	0.00	0.00	0.00	7,471,818.19
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	-82,439.01	0.00	0.00	-82,439.01
Gains / (losses) on business acquisitions	0.00	0.00	0.00	71,992.35	155,332.02	0.00	200,061.50	0.00	427,385.87
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00	2,409.70	0.00	2,409.70
First-time consolidation	0.00	0.00	0.00	167,414.63	0.00	0.00	-577,725.32	0.00	-410,310.69
Total profit / (loss) recognised directly in equity	10,939,656.00	-2,476,626.31	7,471,818.19	377,936,127.02	5,731,587.19	-86,261.20	6,820,003.72	148,104,239.39	554,440,543.99
Net profit (loss) for the accounting year	0.00	0.00	0.00		0.00	0.00	0.00	100,881,968.82	100,881,968.82
Total profit / (loss) recognised in equity and net earnings	10,939,656.00	-2,476,626.31	7,471,818.19	377,936,127.02	5,731,587.19	-86,261.20	6,820,003.72	248,986,208.21	655,322,512.82
Increase / decrease from profit distribution	0.00	0.00	0.00	155,973,664.83	0.00	0.00	-7,869,425.14	-148,104,239.39	0.30
<b>As at 31 December 2008</b>	<b>10,939,656.00</b>	<b>-2,476,626.31</b>	<b>7,471,818.19</b>	<b>533,909,791.85</b>	<b>5,731,587.19</b>	<b>-86,261.20</b>	<b>-1,049,421.42</b>	<b>100,881,968.82</b>	<b>655,322,513.12</b>

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2007	Share capital	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
<b>As at 31 December 2006</b>	<b>10,250,000.00</b>	<b>0.00</b>	<b>74,810,512.66</b>	<b>2,703,534.25</b>	<b>-109,753.75</b>	<b>-26,221,694.93</b>	<b>132,017,400.08</b>	<b>193,449,998.31</b>
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
<b>As at 1 January 2007</b>	<b>10,250,000.00</b>	<b>0.00</b>	<b>74,810,512.66</b>	<b>2,703,534.25</b>	<b>-109,753.75</b>	<b>-26,221,694.93</b>	<b>132,017,400.08</b>	<b>193,449,998.31</b>
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 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	105,931.56	0.00	0.00	105,931.56
Gains / (losses) on business acquisitions (separate jwch)	0.00	0.00	1,104,461.77	2,872,720.92	0.00	-2,307,898.77	0.00	1,669,283.92
Gains / (losses) on first-time consolidation / exclusion from consolidation	0.00	0.00	0.00	0.00	0.00	-35,589.44	0.00	-35,589.44
Changes in the principles of accounting / presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	1,023,117.91	0.00	1,023,117.91
<b>Total profit / (loss) recognised directly in equity</b>	<b>689,656.00</b>	<b>0.00</b>	<b>234,818,630.38</b>	<b>2,872,720.92</b>	<b>105,931.56</b>	<b>-30,532,870.30</b>	<b>0.00</b>	<b>207,954,068.56</b>
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	148,104,239.39	148,104,239.39
<b>Total profit / (loss) recognised in equity and net earnings</b>	<b>689,656.00</b>	<b>0.00</b>	<b>234,818,630.38</b>	<b>2,872,720.92</b>	<b>105,931.56</b>	<b>-30,532,870.30</b>	<b>148,104,239.39</b>	<b>356,058,307.94</b>
Increase / decrease from profit distribution	0.00	0.00	68,067,577.00	0.00	0.00	63,949,823.08	-132,017,400.08	0.00
<b>As at 31 December 2007</b>	<b>10,939,656.00</b>	<b>0.00</b>	<b>377,696,720.04</b>	<b>5,576,255.17</b>	<b>-3,822.19</b>	<b>7,195,257.85</b>	<b>148,104,239.39</b>	<b>549,508,306.25</b>

### C. ADDITIONAL INFORMATION

#### SIGNIFICANT PREVIOUS-YEAR EVENTS DISCLOSED IN THESE FINANCIAL STATEMENTS

These financial statements of the Group do not disclose any significant events of previous years.

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

The financial statements of the Group for 2008 disclose all events that occurred until the day of these statements i.e. 29 April 2009 and had effect on the financial statements for 2008.

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

In 2008 the Group did not make any changes in the principles of accounting.

#### FUNCTIONAL AND PRESENTATION CURRENCY

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

The functional and presentation currency of the parent company is Polish zloty (PLN).

The reporting currency of the financial statements of the Group is Polish zloty (PLN).

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

### NOTES TO THE 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	8,187,128.46	9,309,154.59
d) advances on intangible assets	0.00	0.00
<b>Total intangible assets</b>	<b>11,235,023.52</b>	<b>12,357,049.65</b>

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

CHANGES IN INTANGIBLE ASSETS PER GROUPS OF ASSETS IN 2008				
Group of non-current assets		Goodwill	Other intangible assets	Total intangible assets
Value	Opening balance	3,047,895.06	14,669,454.56	17,717,349.62
	Combination	0.00	44,051.36	44,051.36
	Total upon combination	3,047,895.06	14,713,505.92	17,761,400.98
	Receipts	0.00	492,090.84	492,090.84
	Movements	0.00	-45,549.68	-45,549.68
	Issues	0.00	258.00	258.00
	First-time consolidation	0.00	0.00	0.00
	Closing balance	3,047,895.06	15,159,789.08	18,207,684.14
Amortisation	Opening balance	0.00	5,360,299.97	5,360,299.97
	Combination	0.00	0.00	0.00
	Total upon combination	0.00	5,360,299.97	5,360,299.97
	Amortisation for the year	0.00	1,612,360.65	1,612,360.65
	Increase	0.00	0.00	0.00
	Decrease	0.00	0.00	0.00
	First-time consolidation	0.00	0.00	0.00
	Closing balance	0.00	6,972,660.62	6,972,660.62
Opening balance (net)		3,047,895.06	9,309,154.59	12,357,049.65
Closing balance (net)		3,047,895.06	8,187,128.46	11,235,023.52

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<b>CHANGES IN INTANGIBLE ASSETS PER GROUPS OF ASSETS IN 2007</b>				
Group of non-current assets		Goodwill	Other intangible assets	Total intangible assets
Value	Opening balance	3,047,895.06	13,557,298.56	16,605,193.62
	Combination	0.00	44,051.36	44,051.36
	Total upon combination	3,047,895.06	13,601,349.92	16,649,244.98
	Receipts	0.00	1,345,079.24	1,345,079.24
	Movements	0.00	0.00	0.00
	Issues	0.00	276,974.60	276,974.60
	First-time consolidation	0.00	0.00	0.00
	Closing balance	3,047,895.06	14,669,454.56	17,717,349.62
Amortisation	Opening balance	0.00	4,082,686.31	4,082,686.31
	Combination	0.00	38,736.74	38,736.74
	Total upon combination	0.00	4,121,423.05	4,121,423.05
	Amortisation for the year	0.00	1,278,767.73	1,278,767.73
	Increase	0.00	0.00	0.00
	Decrease	0.00	39,890.81	39,890.81
	First-time consolidation	0.00	0.00	0.00
	Closing balance	0.00	5,360,299.97	5,360,299.97
Opening balance (net)		3,047,895.06	9,474,612.25	12,522,507.31
Closing balance (net)		3,047,895.06	9,309,154.59	12,357,049.65

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

In the years 2007–2008 the Group did not conduct any research and development and did not incur any costs on the same.

The companies did not hold any advances on intangible assets.

<b>BALANCE SHEET INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) own	5,592,928.21	5,859,447.32
b) leasehold	5,642,095.31	6,497,602.33
<b>TOTAL BALANCE SHEET INTANGIBLE ASSETS</b>	<b>11,235,023.52</b>	<b>12,357,049.65</b>

In connection with development of the Group, in 2003 the Management Board resolved to change the software and implement the same in the Group. In 2003 the parent company launched implementation of the SAP integrated system. The implementation was performed in phases and accounted for in subsequent years. After the system had been implemented in the parent company, the project covered other Group companies conducting business activity similar to the one of the parent company. That project required expenditures for computer hardware, licences, software and implementation. The Group raised some funds for financing that projects from ECS International Polska Sp. z o.o. under Lease Agreement No. 27/2003 executed on 20 October 2003. As at 31 December 2008 the aggregate value of leased assets amounted to PLN 11,307,238.24.



**Note 2. Goodwill of subsidiaries**

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

<b>GOODWILL OF SUBSIDIARIES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) goodwill – subsidiaries	16,615,432.40	16,801,419.29
b) goodwill – fellow subsidiaries	0.00	0.00
c) goodwill – associates	0.00	0.00
<b>Total intangible assets</b>	<b>16,615,432.40</b>	<b>16,801,419.29</b>

**Note 3. Tangible assets**

<b>TANGIBLE ASSETS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) property, plant and equipment, of which:	287,319,213.51	276,986,505.09
- land (including right of perpetual usufruct)	41,414,974.41	28,239,578.77
- buildings and structures	215,004,322.00	217,525,561.13
- plant and machinery	17,981,617.30	15,324,752.82
- motor vehicles	10,050,216.87	11,470,757.57
- other property, plant and equipment	2,868,082.93	4,425,854.80
b) constructions in progress	63,135,729.69	22,288,417.42
c) advances on constructions in progress	0.00	15,975.99
<b>Total tangible assets</b>	<b>350,454,943.20</b>	<b>299,290,898.50</b>

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<b>CHANGES IN PROPERTY, PLANT AND EQUIPMENT PER GROUPS IN 2008</b>										
<b>Group of non-current assets</b>		<b>Land (including right of perpetual usufruct)</b>	<b>Buildings and structures</b>	<b>Plant and machinery</b>	<b>Motor vehicles</b>	<b>Other property, plant and equipment</b>	<b>Total property, plant and equipment</b>	<b>Constructions in progress</b>	<b>Advances on constructions in progress</b>	<b>Total tangible assets</b>
<b>Value</b>	Opening balance	29,438,878.61	245,040,411.30	36,912,768.77	30,301,493.93	13,704,796.53	355,398,349.14	25,302,543.08	15,975.99	380,716,868.21
	Combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total upon combination	29,438,878.61	245,040,411.30	36,912,768.77	30,301,493.93	13,704,796.53	355,398,349.14	25,302,543.08	15,975.99	380,716,868.21
	First-time consolidation	980,687.64	23,287.32	0.00	80,809.65	7,701.83	1,092,486.43	0.00	0.00	1,092,486.43
	Receipts	16,647,539.00	3,105,563.81	9,787,352.68	993,955.55	287,149.54	30,821,560.58	44,043,960.13	0.00	74,865,520.71
	Movements	-67,037.44	0.00	0.00	488,043.02	0.00	421,005.58	0.00	0.00	421,005.58
	Issues	0.00	0.00	2,024,935.39	1,208,220.00	0.00	3,233,155.39	3,196,647.86	15,975.99	6,445,779.24
Closing balance	47,000,067.81	248,169,262.43	44,675,186.06	30,656,082.15	13,999,647.90	384,500,246.34	66,149,855.35	0.00	450,650,101.69	
<b>Depreciation</b>	Opening balance	1,199,299.84	27,514,850.17	21,588,015.95	18,830,736.37	9,278,941.73	78,411,844.06	464,273.20	0.00	78,876,117.26
	Combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total upon combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	First-time consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Depreciation for the year	160,814.88	5,650,090.26	5,105,552.81	2,983,348.91	1,852,623.23	15,752,430.09	0.00	0.00	15,752,430.09
	Increase/ decrease/ movements	0.00	0.00	0.00	-1,208,220.00	0.00	-1,208,220.00	0.00	0.00	-1,208,220.00
	Closing balance	1,360,114.72	33,164,940.43	26,693,568.76	20,605,865.28	11,131,564.96	92,956,054.15	464,273.20	0.00	93,420,327.35
<b>Impairment allowance</b>	Opening balance	0.00	0.00	0.00	0.00	0.00	0.00	2,549,852.46	0.00	2,549,852.46
	Closing balance	0.00	0.00	0.00	0.00	0.00	0.00	2,549,852.46	0.00	2,549,852.46
Opening balance (net)		28,239,578.77	217,525,561.13	15,324,752.82	11,470,757.56	4,425,854.80	276,986,505.09	22,288,417.42	15,975.99	299,290,898.50
Closing balance (net)		45,639,953.09	215,004,322.00	17,981,617.30	10,050,216.87	2,868,082.94	291,544,192.19	63,135,729.69	0.00	354,679,921.88

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<b>CHANGES IN PROPERTY, PLANT AND EQUIPMENT PER GROUPS IN 2007</b>										
<b>Group of non-current assets</b>		<b>Land (including right of perpetual usufruct)</b>	<b>Buildings and structures</b>	<b>Machines and equipment</b>	<b>Vehicles</b>	<b>Other property, plant and equipment</b>	<b>Total property, plant and equipment</b>	<b>Constructions in progress</b>	<b>Advances on constructions in progress</b>	<b>Total tangible assets</b>
<b>Gross value</b>	Opening balance	21,781,011.23	233,435,754.94	26,333,771.72	8,078,361.17	9,602,540.59	299,231,439.65	21,042,849.31	25,100.00	320,299,388.96
	Combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total upon combination	21,781,011.23	233,435,754.94	26,333,771.72	8,078,361.17	9,602,540.59	299,231,439.65	21,042,849.31	25,100.00	320,299,388.96
	First-time consolidation*	1,907,780.70	10,053,431.24	4,069,717.33	16,005,454.60	345,059.47	32,381,443.34		117,219.66	32,498,663.00
	Receipts	5,252,658.68	2,275,436.45	6,471,126.92	7,975,801.17	3,711,080.14	25,686,103.36	13,414,646.64	0.00	39,100,750.00
	Movements	497,428.00	338,981.79	1,789,149.99	-103,435.36	27,564.36	2,549,688.78	-8,376.69		2,541,312.09
	Issues	0.00	1,335,795.38	1,770,967.48	1,849,989.29	22,084.47	4,978,836.62	7,126,958.68	126,343.67	12,232,138.97
	Closing balance	29,438,878.61	244,767,809.04	36,892,798.48	30,106,192.29	13,664,160.09	354,869,838.51	27,322,160.58	15,975.99	382,207,975.08
<b>Depreciation</b>	Opening balance	82,357.55	18,495,014.77	16,345,959.05	2,789,269.87	8,145,803.50	45,858,404.74	464,273.20	0.00	46,322,677.94
	Combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total upon combination	82,357.55	18,495,014.77	16,345,959.05	2,789,269.87	8,145,803.50	45,858,404.74	464,273.20	0.00	46,322,677.94
	First-time consolidation	1,017,483.41	3,630,783.88	1,690,003.65	13,855,693.26	325,165.07	20,519,129.27	0.00	0.00	20,519,129.27
	Depreciation for the year	99,458.88	5,390,300.52	3,920,659.84	2,371,769.03	789,052.33	12,571,240.60	0.00	0.00	12,571,240.60
	Movements	0.00	-273,851.26	-388,576.88	-381,297.43	-21,715.61	-1,065,441.18	0.00	0.00	-1,065,441.18
	Closing balance	1,199,299.84	27,242,247.91	21,568,045.66	18,635,434.73	9,238,305.29	77,883,333.43	464,273.20	0.00	78,347,606.63
Impairment allowance – opening balance	0.00	0.00	0.00	0.00	0.00	0.00	2,019,617.50	0.00	2,019,617.50	
Increased / made	0.00	0.00	0.00	0.00	0.00	0.00	2,549,852.46	0.00	2,549,852.46	
Impairment allowance – closing balance	0.00	0.00	0.00	0.00	0.00	0.00	4,569,469.96	0.00	4,569,469.96	
<b>Opening balance (net)</b>		<b>21,698,653.68</b>	<b>214,940,740.17</b>	<b>9,987,812.67</b>	<b>5,289,091.30</b>	<b>1,456,737.09</b>	<b>253,373,034.92</b>	<b>18,558,958.61</b>	<b>25,100.00</b>	<b>271,957,093.53</b>
<b>Closing balance (net)</b>		<b>28,239,578.77</b>	<b>217,525,561.13</b>	<b>15,324,752.82</b>	<b>11,470,757.56</b>	<b>4,425,854.80</b>	<b>276,986,505.09</b>	<b>22,288,417.42</b>	<b>15,975.99</b>	<b>299,290,898.50</b>

\* Porta Transport Sp. z o.o. was consolidated for the first time

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Tangible assets are initially disclosed at acquisition price or manufacturing cost. Upon initial recognition tangible assets are measured as at the balance sheet date 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 expected useful life.

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

<b>BALANCE SHEET TANGIBLE ASSETS (OWNERSHIP STRUCTURE)</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) own	268,367,310.57	209,574,426.63
b) leased	86,312,611.31	89,716,471.87
<b>TOTAL TANGIBLE ASSETS</b>	<b>354,679,921.88</b>	<b>299,290,898.50</b>

In connection with development of the Group, in 2003 the Management Board resolved to change software and implement the same in the Group. In 2003 the parent company launched implementation of the SAP integrated system. The implementation was performed in stages and accounted for in subsequent years. Upon implementation of the system in the parent company, the project covered other Group companies whose business was similar to that of the parent company. Due to that project the Group had to make expenditures for computer hardware, licences, software and implementation of the system. It obtained some funds for financing that project from ECS International Polska Sp. z o.o. under Lease Agreement No. 27/2003 executed on 20 October 2003. As at 31 December 2008 the total value of leased assets amounted to PLN 11,307,238.24.

On 29 December 2004 the parent company executed the Real Estate Lease Agreement (No. O/WA/2004/615/N) with Bankowy Fundusz Leasingowy, for an office building at ul. Radzymińska 326 in Żąbki. Net value of the leased asset was PLN 20,000,000.00 (of which: land – PLN 1,328,613.00 and infrastructure – PLN 18,671,387.00).

The Group also uses services of lease companies when purchasing building equipment, trucks and passenger cars necessary for ordinary operations. In the years 2007–2008 the Group used services of BEL Leasing Sp. z o.o., Europejski Fundusz Leasingowy, Bankowy Fundusz Leasingowy and ECS International Polska Sp. z o.o. and other companies.

#### **Sale and lease back**

On 30 November 2004 the parent company executed a financial sale and lease back agreement for developed real estate located in Tarnów Podgórny. The total net value of the leased asset was PLN 25,941,833.10 while revenues from sale were established at PLN 30,545,000. The said real estate is a plot of land developed with a hotel building and a restaurant, as well as internal and external technical infrastructure. In accordance with IAS 17 "Lease" the Company defers revenues from sale of the leased asset exceeding the carrying value of the same for the term of the lease.

On 31 August 2001 "Hotele 500" Sp. z o.o. executed a financial sale and lease back agreement for real estate located in Zegrze Południowe. When entering into the transaction the fair value of the leased asset (PLN 19,860,048.69) was higher than revenues from its sale (PLN 18,444,200.52) due to which the Company – in accordance with IAS 17 "Lease" – immediately recognised a loss on sale in earnings for the given accounting year.

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**Note 4. Investment real estate**

<b>Other long-term investments</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) investment real estate	12,352,400.98	12,264,900.36
b) other	0.00	0.00
<b>Total other long-term investments</b>	<b>12,352,400.98</b>	<b>12,264,900.36</b>

**Note 5. Other financial assets**

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) shares	4,975,851.98	15,337,952.98
b) loans granted	40,134,994.61	0.00
c) other long-term investments	0.00	0.00
<b>Total long-term financial assets</b>	<b>45,110,846.59</b>	<b>15,337,952.98</b>

<b>LONG-TERM FINANCIAL ASSETS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) in subsidiaries	45,080,216.59	15,308,322.98
- shares	4,945,221.98	15,308,322.98
- debt securities	0.00	0.00
- 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	30,630.00	29,630.00
- shares	30,630.00	29,630.00
- debt securities	0.00	0.00
- 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
<b>Total long-term financial assets</b>	<b>45,110,846.59</b>	<b>15,337,952.98</b>

<b>CHANGES IN LONG-TERM FINANCIAL ASSETS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) opening balance	15,337,952.98	5,033,744.50
- shares	15,337,952.98	5,033,744.50
- loans granted	0.00	0.00
- other	0.00	0.00
b) increase	40,134,994.61	19,021,132.98
- shares	0.00	19,021,132.98
- loans granted	35,532,066.86	0.00
- other	4,602,927.75	0.00
c) decrease	10,362,101.00	8,716,924.50
- shares (including first-time consolidation)	10,362,101.00	8,716,924.50
- loans granted	0.00	0.00
- other	0.00	0.00
d) closing balance	45,110,846.59	15,337,952.98
- shares	4,975,851.98	15,337,952.98
- loans granted	35,532,066.86	0.00
- other	4,602,927.75	0.00

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	Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares 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.	Developer 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%

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Indirect relations										
21.	TBS Marki Sp. z o.o. (limited liability company)	Warsaw	social building	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	0.01%
22.	Business Financial Construction Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	16 June 2003	500.00	0.00	500.00	0.01%
23.	Interlokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	1.00%
24.	Lokum Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	0.01%
25.	Project 55 Sp. z o.o. (limited liability company)	Warsaw	developer activity	subsidiary	fully consolidated	13 January 2005	500.00		500.00	
26.	Deweloper Sp. z o.o. (limited liability company)	Siemianowice Śląskie	construction	subsidiary	fully consolidated	18 October 2006	500.00	0.00	500.00	1.00%
27.	JW Projekt Sp. z o.o. (limited liability company)	Warsaw	architecture and designing	subsidiary	fully consolidated	14 November 2003	200.00	0.00	200.00	0.01%
28.	Stadnina Mazowiecka Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	19 February 2007	50,000.00	0.00	50,000.00	100.00%
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%
30.	J.W. Construction S.A. (joint-stock company)	Ząbki	construction	subsidiary	fully consolidated	26 September 2007	1.00	0.00	1.00	0.01%
31.	JWCH Produkcja Budowlana Sp. z o.o. (limited liability company)	Ząbki	prefabricated unit production for the building industry	subsidiary	fully consolidated	19 February 2008	50.00	0.00	50.00	0.01%
32.	JWCH Budownictwo Drogowe Sp. z o.o. (limited liability company)	Ząbki	road construction	subsidiary	fully consolidated	7 February 2008	50.00	0.00	50.00	0.05%
33.	Fabryka Maszyn i Urządzeń FAMAK S.A. (joint-stock company)	Kluczbork	production	associate	not consolidated	12 November 2007	29,630.00	0.00	29,630.00	0.04%

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**Summary financial information about the subsidiaries**

The following table presents the data on most companies of the Capital Group. Other companies commenced business activity after 31 December 2008, have a different day assigned as the balance sheet date or costs of obtaining the data have been higher than benefits from the same.

<b>TBS "Marki" Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	23,549,960.93	21,398,952.23
Non-current assets	164,084,504.39	166,020,089.64
Equity	62,311,099.29	61,964,552.50
Current liabilities	5,434,073.83	4,871,019.42
Non-current liabilities	108,466,251.45	109,132,522.77
Earnings	346,546.79	356,383.14
Value of shares at acquisition price	13,360,000.00	13,360,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	13,360,000.00	13,360,000.00
Direct share of the parent company	99.99%	99.99%
Indirect share of the parent company (through a subsidiary – Interlokum Sp. z o.o.)	0.01%	0.01%
<b>Project 55 Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	34,773,437.09	127,235,835.86
Non-current assets	211,953.00	343,124.00
Equity	21,365,243.25	17,618,760.53
Current liabilities	9,285,309.30	90,126,273.53
Non-current liabilities	0.00	13,211,389.97
Earnings		3,537,146.94
Value of shares at acquisition price	19,656,843.09	19,656,843.09
Impairment allowance	0.00	0.00
Carrying value of shares	19,656,843.09	19,656,843.09
Direct share of the parent company	99.99%	99.99%
Indirect share of the parent company (through a subsidiary – Interlokum Sp. z o.o.)	0.01%	0.01%
<b>Interlokum Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	30,915,330.02	77,111,110.97
Non-current assets	1,500.00	153,290.40
Equity	17,646,309.59	19,973,464.65
Current liabilities	9,912,526.78	32,619,486.52
Non-current liabilities	0.00	2,925,320.69
Earnings	-2,327,155.06	14,866,523.49
Value of shares at acquisition price	50,000.00	50,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	50,000.00	50,000.00
Direct share of the parent company	99.00%	99.00%
Indirect share of the parent company (through a subsidiary – Lokum Sp. z o.o.)	1.00%	1.00%
<b>Lokum Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	12,788,807.39	37,657,284.41
Non-current assets	4,010,534.40	4,001,175.00
Equity	8,554,538.29	9,824,400.33
Current liabilities	6,608,776.43	13,569,302.28
Non-current liabilities	39,516.58	16,802,957.38
Earnings	-1,287,862.04	6,993,081.65
Value of shares at acquisition price	3,778,500.00	3,778,500.00
Impairment allowance	0.00	0.00
Carrying value of shares	3,778,500.00	3,778,500.00
Direct share of the parent company	99.99%	99.99%
Indirect share of the parent company (through a subsidiary – Interlokum Sp. z o.o.)	0.01%	0.01%



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<b>Deweloper Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	7,547,518.27	4,913,582.85
Non-current assets	1,227,241.49	113,670.49
Equity	2,654,688.03	1,904,797.11
Current liabilities	3,088,760.42	2,838,598.92
Non-current liabilities	315,364.90	47,885.35
Earnings	1,899,890.92	1,685,140.57
Value of shares at acquisition price	50,000.00	50,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	50,000.00	50,000.00
Direct share of the parent company	99.00%	99.00%
Indirect share of the parent company (through a subsidiary – TBS "Marki" Sp. z o.o.)	1.00%	1.00%
<b>Construction Invest Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	3,043,971.05	2,872,351.78
Non-current assets	88,597.00	42,800.00
Equity	-314,287.62	-136,961.89
Current liabilities	3,446,855.67	3,052,113.67
Non-current liabilities	0.00	0.00
Earnings	-176,158.73	-151,372.45
Value of shares at acquisition price	50,000.00	50,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	50,000.00	50,000.00
Share	100%	100%
<b>Porta Transport Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	2,614,807.90	5,637,454.98
Non-current assets	12,490,180.11	10,757,598.02
Equity	13,180,953.12	14,770,847.34
Current liabilities	877,450.02	1,443,891.81
Non-current liabilities	0.00	7,791.85
Earnings	-1,589,894.22	-122,911.39
Value of shares at acquisition price	19,118,737.41	19,118,737.41
Impairment allowance	0.00	0.00
Carrying value of shares	19,118,737.41	19,118,737.41
Share	100%	100%
<b>TBS Nowy Dom Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	1,312.00	1,312.00
Non-current assets	0.00	0.00
Equity	-6,941.25	-6,058.94
Current liabilities	8,447.34	7,370.94
Non-current liabilities	0.00	0.00
Earnings	-1,889.33	-1,007.02
Value of shares at acquisition price	1,000.00	1,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	1,000.00	1,000.00
Direct share of the parent company	2.00%	2.00%
<b>Business Financial Construction Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	3,658,663.90	3,611,899.03
Non-current assets	1,330,937.93	1,330,836.93
Equity	3,990,412.67	4,032,450.22
Current liabilities	990,189.16	910,285.74
Non-current liabilities	0.00	0.00
Earnings	-42,037.55	-32,874.09
Value of shares at acquisition price	4,347,000.00	4,347,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	4,347,000.00	4,347,000.00
Share	100%	100%

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<b>JW Projekt Sp. Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	2,818,177.06	319,876.41
Non-current assets	195,989.45	0.00
Equity	349,576.61	219,414.63
Current liabilities	2,477,412.70	100,461.78
Non-current liabilities	0.00	0.00
Earnings	-973,438.02	-38,296.11
Value of shares at acquisition price	1,155,400.00	52,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	1,155,400.00	52,000.00
Direct share of the parent company	99.98%	99.96%
Indirect share of the parent company (through a subsidiary – Business Financial Construction Sp. z o.o.)	0.02%	0.04%
<b>Polonia S.S.A.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	138,454.91	600,343.53
Non-current assets	527,637.04	746,120.04
Equity	-13,431,963.38	-10,789,430.93
Current liabilities	12,513,843.86	11,204,050.73
Non-current liabilities	0.00	0.00
Earnings	-2,642,532.45	-5,388,987.57
Value of shares at acquisition price	15,440.00	15,440.00
Impairment allowance	15,440.00	15,440.00
Carrying value of shares	0.00	0.00
Direct share of the parent company	100.00%	100.00%
<b>J.W. Construction S.A.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	172,936,320.26	0.00
Non-current assets	17,620,988.65	0.00
Equity	23,863,699.12	0.00
Current liabilities	101,159,860.46	0.00
Non-current liabilities	7,945,140.57	0.00
Earnings	12,337,081.12	0.00
Value of shares at acquisition price	11,526,617.00	500,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	11,526,617.00	500,000.00
Direct share of the parent company	99.99%	100.00%
Indirect share of the parent company (through a subsidiary – Business Financial Construction Sp. z o.o.)	0.01%	0.00%
<b>JWCH Produkcja Budowlana Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	18,509,597.72	0.00
Non-current assets	15,420,541.42	0.00
Equity	16,329,861.22	0.00
Current liabilities	16,371,160.88	0.00
Non-current liabilities	996,789.10	0.00
Earnings	834,861.22	0.00
Value of shares at acquisition price	15,494,950.00	0.00
Impairment allowance	0.00	0.00
Carrying value of shares	15,494,950.00	0.00
Direct share of the parent company	99.99%	0.00%
Indirect share of the parent company (through a subsidiary – Business Financial Construction Sp. z o.o.)	0.01%	0.00%

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<b>JWCH Produkcja Drogowa Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	2,885,958.81	0.00
Non-current assets	2,412,023.50	0.00
Equity	-2,217,375.43	0.00
Current liabilities	5,846,815.19	0.00
Non-current liabilities	1,668,542.55	0.00
Earnings	-2,317,375.43	0.00
Value of shares at acquisition price	99,950.00	0.00
Impairment allowance	0.00	0.00
Carrying value of shares	99,950.00	0.00
Direct share of the parent company	99.95%	0.00%
Indirect share of the parent company (through a subsidiary – Business Financial Construction Sp. z o.o.)	0.05%	0.00%
<b>J.W. Construction International Sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	44,616,031.29	4,343,869.01
Non-current assets	431,571.57	22,650,902.07
Equity	-1,240,847.70	87,834.82
Current liabilities	19,490,364.84	26,521,868.98
Non-current liabilities	0.00	0.00
Earnings	-1,267,714.20	90,384.11
Value of shares at acquisition price	1,272.90	1,272.90
Impairment allowance	0.00	0.00
Carrying value of shares	1,272.90	1,272.90
Share	100.00%	100.00%
<b>YAKOR HOUSE</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	9,933,814.70	541,480.00
Non-current assets	1,101,891.37	1,020,970.00
Equity	187,329.74	1,044,750.00
Current liabilities	10,495,576.32	387,750.00
Non-current liabilities	352,800.00	398,000.00
Earnings	-487,371.26	-268,050.00
Value of shares at acquisition price	9,810,000.00	9,810,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	9,810,000.00	9,810,000.00
Direct share of the parent company	70.00%	70.00%
<b>Stadnina Mazowiecka sp. z o.o.</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Current assets	4,594,631.32	4,593,557.42
Non-current assets	82,028.47	10,056.27
Equity	-311,151.73	1,754.06
Current liabilities	4,987,811.52	4,605,367.75
Non-current liabilities	0.00	0.00
Earnings	-309,397.67	-51,754.06
Value of shares at acquisition price	50,000.00	50,000.00
Impairment allowance	0.00	0.00
Carrying value of shares	50,000.00	50,000.00
Indirect share of the parent company (through a subsidiary – Business Financial Construction Sp. z o.o.)	100.00%	100.00%

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**Note 6. Non-current receivables**

<b>NON-CURRENT RECEIVABLES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) from related parties	0.00	0.00
b) from other parties	13,518,100.22	12,220,598.30
<b>Total receivables</b>	<b>13,518,100.22</b>	<b>12,220,598.30</b>

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 7. Inventories and construction contracts**

<b>INVENTORIES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) materials	6,608,049.28	11,540,927.73
b) semi-finished products and work in progress	10,455,871.15	5,681,697.51
c) finished products	1,523,507.89	2,290,568.38
d) goods	23,879,438.18	8,406,826.93
e) trade advances	399,038.15	399,026.67
<b>Total inventories</b>	<b>42,865,904.65</b>	<b>28,319,047.22</b>

<b>INVENTORIES (with impairment allowance)</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) materials	7,064,049.28	15,192,927.73
<i>including impairment allowance</i>	<i>456,000.00</i>	<i>3,652,000.00</i>
b) work in progress	13,002,217.67	5,681,697.51
<i>including impairment allowance</i>	<i>2,546,346.52</i>	<i>0.00</i>
c) finished products	1,523,507.89	2,290,568.38
<i>including impairment allowance</i>	<i>0.00</i>	<i>0.00</i>
d) goods	23,879,438.18	8,916,826.93
<i>including impairment allowance</i>	<i>0.00</i>	<i>510,000.00</i>
e) trade advances	399,038.15	399,026.67
<i>including impairment allowance</i>	<i>0.00</i>	<i>0.00</i>
<b>Total inventories</b>	<b>45,868,251.17</b>	<b>32,481,047.22</b>
<b>Total impairment allowance</b>	<b>3,002,346.52</b>	<b>4,162,000.00</b>
<b>Total inventories (upon impairment allowance)</b>	<b>42,865,904.65</b>	<b>28,319,047.22</b>

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

<b>CONSTRUCTION CONTRACTS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
<b>Construction contracts presented as current assets</b>	<b>1,054,142,931.82</b>	<b>875,120,902.36</b>
<b>Construction contracts presented as current liabilities</b>	<b>104,237,341.64</b>	<b>156,479,497.27</b>
<b>CONSTRUCTION CONTRACTS (current assets)</b>		
a) semi-finished products and work in progress	455,803,119.25	283,013,096.53
b) finished products	36,383,488.46	25,264,985.54
c) prepaid expenses	11,922,118.97	10,675,250.12
d) non-invoiced receivables	550,034,205.13	556,167,570.16
<b>Total construction contracts</b>	<b>1,054,142,931.82</b>	<b>875,120,902.36</b>
<b>CONSTRUCTION CONTRACTS (current liabilities)</b>		
a) accruals	104,237,341.64	156,479,497.27
<b>Total construction contracts</b>	<b>104,237,341.64</b>	<b>156,479,497.27</b>

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 212.60 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 437.20 million.

<b>CONSTRUCTION CONTRACTS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Planned revenues from projects	2,753,239,146.77	2,753,239,146.77
Planned costs of projects	1,835,688,086.86	1,835,688,086.86
<b>Planned margin on implemented projects</b>	<b>917,551,059.92</b>	<b>917,551,059.92</b>
Revenues recognised in previous periods	1,079,051,320.11	383,274,218.03
Costs recognised in previous periods	717,383,770.34	261,839,207.64
<b>Margin realised on implemented projects</b>	<b>361,667,549.77</b>	<b>121,435,010.39</b>
Cumulated revenues recognised in the income statement	631,408,628.66	695,777,102.08
Cumulated costs recognised in the income statement	421,436,622.20	455,544,562.70
<b>Cumulated margin recognised in the income statement</b>	<b>209,972,006.46</b>	<b>240,232,539.38</b>
Planned revenues from projects for recognition	1,042,779,198.00	1,674,187,826.66
Planned costs of projects for recognition	696,867,694.31	1,118,304,316.51
<b>Margin for recognition in next periods</b>	<b>345,911,503.69</b>	<b>555,883,510.15</b>
Planned margin on implemented projects	33.17%	33.20%

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 42,114.00 thousand.

**Note 8. Trade and other receivables**

Impairment allowance was made in accordance with the best knowledge and experience of the Group, 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.

<b>CURRENT RECEIVABLES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) trade receivables – related parties	3,516,829.90	6,221,403.61
b) trade receivables – other parties	33,952,718.18	24,794,453.30
c) taxes, subsidies, customs duties, social and health insurance and other payments	41,291,971.31	32,579,423.65
d) other	746,949.71	2,794,226.62
<b>Total receivables</b>	<b>79,508,469.09</b>	<b>66,389,507.18</b>

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<b>CURRENT RECEIVABLES, NET</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) trade receivables – related parties	5,406,496.49	6,221,403.61
<i>including impairment allowance</i>	1,889,666.59	0.00
b) trade receivables – other parties	37,561,744.66	29,468,497.26
<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	41,291,971.31	32,579,423.65
<i>including impairment allowance</i>	0.00	0.00
d) other	746,949.71	2,794,226.62
<i>including impairment allowance</i>	0.00	0.00
<b>Total current receivables, gross</b>	<b>85,007,162.16</b>	<b>71,063,551.14</b>
<b>Total impairment allowance</b>	<b>5,498,693.07</b>	<b>4,674,043.96</b>
<b>Total current receivables, net</b>	<b>79,508,469.09</b>	<b>66,389,507.18</b>

**Note 9. Other short-term financial assets**

<b>SHORT-TERM INVESTMENTS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) in subsidiaries	0.00	6,975,933.85
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	0.00	6,975,933.85
- other short-term financial assets	0.00	0.00
b) in other parties	2,731,543.80	66,716,873.33
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	2,731,543.80	60,000,000.00
- loans granted	0.00	6,716,873.33
- other short-term financial assets		0.00
<b>Total short-term investments</b>	<b>2,731,543.80</b>	<b>73,692,807.18</b>

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
	<b>Total</b>		<b>60,000,000.00</b>	<b>176,000,000.00</b>	<b>236,000,000.00</b>	<b>0.00</b>

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<b>CHANGE IN SHORT-TERM INVESTMENTS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) opening balance	73,692,807.18	6,683,595.25
- shares	0.00	0.00
- loans granted	13,692,807.18	6,676,457.61
- other	0.00	7,137.64
- other securities	60,000,000.00	0.00
b) increase (due to)	3,042,941.60	69,675,500.00
- shares	0.00	0.00
- loans granted	3,042,941.60	9,675,500.00
- other	0.00	0.00
- other securities	0.00	60,000,000.00
c) decrease (due to)	74,004,204.98	2,666,288.07
- shares	0.00	0.00
- loans granted	14,004,204.98	2,659,150.43
- other		7,137.64
- other securities	60,000,000.00	0.00
d) closing balance	2,731,543.80	73,692,807.18
- shares	0.00	0.00
- loans granted	2,731,543.80	13,692,807.18
- other	0.00	0.00
- other securities	0.00	60,000,000.00

No.	Settlement date	Redemption date	Par value of debt securities as at 31 Dec 2006 (OB)	Increase to 31 Dec 2007	Decrease to 31 Dec 2007	Closing balance as at 31 Dec 2007
1	28 Jun 2007	25 Jul 2007	0.00	60,000,000.00	60,000,000.00	0.00
2	3 Jul 2007	3 Sep 2007	0.00	50,000,000.00	50,000,000.00	0.00
3	3 Jul 2007	3 Oct 2007	0.00	60,000,000.00	60,000,000.00	0.00
4	9 Aug 2007	28 Sep 2007	0.00	30,000,000.00	30,000,000.00	0.00
5	9 Aug 2007	12 Sep 2007	0.00	30,000,000.00	30,000,000.00	0.00
6	3 Sep 2007	14 Sep 2007	0.00	50,000,000.00	50,000,000.00	0.00
7	14 Sep 2007	8 Nov 2007	0.00	50,000,000.00	50,000,000.00	0.00
8	3 Oct 2007	7 Nov 2007	0.00	60,000,000.00	60,000,000.00	0.00
9	7 Nov 2007	7 Dec 2007	0.00	60,000,000.00	60,000,000.00	0.00
10	7 Dec 2007	17 Jan 2008	0.00	60,000,000.00	0.00	60,000,000.00
	<b>Total</b>		<b>0.00</b>	<b>510,000,000.00</b>	<b>450,000,000.00</b>	<b>60,000,000.00</b>

**Note 10. Cash and cash equivalents**

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

<b>CASH AND CASH EQUIVALENTS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) cash on hand and with bank	22,612,348.83	28,228,135.90
b) other cash	14,025,942.41	46,011,447.15
c) other cash equivalents	47,485.60	1,092,186.15
<b>Total cash</b>	<b>36,685,776.84</b>	<b>75,331,769.20</b>

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**Note 11. 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	4,546,304.28	2,202,901.65
<b>Total prepaid expenses</b>	<b>13,160,484.76</b>	<b>11,668,082.94</b>

Other prepaid expenses of the Group record 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 Group and are deferred until premises are delivered to the buyer.

**Note 12. Share capital**

SHARE CAPITAL (STRUCTURE) as at 31 December 2008								
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
<b>Total number of shares</b>				54,698,280				
<b>Total share capital</b>					10,939,656			
Par value of one share = PLN 0.20								

SHARE CAPITAL (STRUCTURE) as at 31 December 2007								
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
<b>Total number of shares</b>				54,698,280				
<b>Total share capital</b>					10,939,656			
Par value of one share = PLN 0.20								

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	46.52%	25,448,300	46.52%
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.



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**Note 13. Other capital**

<b>OTHER CAPITAL</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) supplementary capital	533,909,791.85	377,696,720.04
b) other reserve capital	5,731,587.19	5,576,255.17
c) translation reserve	-86,261.20	-3,822.19
<b>Total other capital</b>	<b>539,555,117.84</b>	<b>383,269,153.02</b>

**Note 14. Borrowings**

<b>BORROWINGS</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) loans	437,215,401.29	362,434,992.07
of which: long-term	168,305,639.77	206,406,678.76
short-term	268,909,761.52	156,028,313.31
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
<b>Total borrowings</b>	<b>437,484,360.82</b>	<b>363,141,869.81</b>
<b>Borrowings – long-term</b>	<b>168,305,639.77</b>	<b>206,406,678.76</b>
<b>Borrowings – short-term</b>	<b>269,178,721.05</b>	<b>156,735,191.05</b>

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.

<b>LOANS PER MATURITY</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Up to 1 year	268,909,761.52	156,028,313.31
Over 1 year up to 2 years	64,180,438.04	101,057,039.64
Over 2 years up to 5 years	516,000.00	1,063,000.00
Over 5 years	103,609,201.73	104,286,639.12
<b>Total loans, of which:</b>	<b>437,215,401.29</b>	<b>362,434,992.07</b>
- long-term	168,305,639.77	206,406,678.76
- short-term	268,909,761.52	156,028,313.31

<b>CASH LOANS PER MATURITY</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
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
<b>Total loans, of which:</b>	<b>268,959.53</b>	<b>706,877.74</b>
- long-term	0.00	0.00
- short-term	268,959.53	706,877.74

**Note 15. Deferred income tax assets and liabilities**

The below items are the main items of deferred income tax assets and liabilities disclosed in the period covered by historical financial information.

In the presented period deferred income tax assets and deferred income tax liabilities were not compensated as temporary differences arising from various items and reversed in various periods are not subject to compensation.

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DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31 December 2008		
	Deferred income tax assets	Deferred income tax liabilities	Net value
Tangible assets	7,266,670.33	1,389,813.00	5,876,857.34
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	1,941,743.81	606,067.02	1,335,676.79
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	4,957,078.07	84,326,275.82	-79,369,197.75
Trade and other receivables	984,134.29	0.00	984,134.29
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	449,981.28	0.00	449,981.28
Trade and other payables	1,898,334.77	0.00	1,898,334.77
Other financial liabilities	0.00	0.00	0.00
Other	2,507,940.13	6,900,807.66	-4,392,867.53
<b>Deferred income tax assets / liabilities disclosed in the balance sheet</b>	<b>23,073,972.76</b>	<b>93,352,101.83</b>	<b>-70,278,129.08</b>

**Note 16. Retirement benefit obligations**

CHANGE IN RETIREMENT BENEFIT OBLIGATIONS	31 December 2008	31 December 2007
Opening balance	598,565.82	443,561.75
Increase	0.00	155,004.07
Dissolution	161,641.32	0.00
<b>Closing balance</b>	<b>436,924.50</b>	<b>598,565.82</b>

In the years 2007–2008 a short-term provision for retirement benefit obligations was not created.

**Note 17. Provisions for other liabilities and charges**

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31 December 2008	31 December 2007
<b>a) short-term, of which:</b>	<b>25,741,602.20</b>	<b>18,627,623.99</b>
- accrued expenses, including:	22,710,614.09	16,602,309.26
- <i>provision for guarantee repairs</i>	11,451,543.12	6,952,555.70
- <i>other</i>	11,259,070.97	9,649,753.56
- other provisions, including:	3,030,988.11	2,025,314.73
- <i>provisions for future liabilities</i>	1,008,835.54	1,095,950.00
- <i>provisions for severance pays (Porta Transport)</i>	1,027,787.84	0.00
- <i>provision for unused annual leaves</i>	804,364.73	804,364.73
- <i>provision for audit of the financial statements</i>	190,000.00	125,000.00
<b>b) long-term, of which:</b>	<b>13,368,786.83</b>	<b>14,002,662.21</b>
- accrued expenses, including:	13,368,786.83	14,002,662.21
- <i>participation in costs of construction - TBS Marki</i>	4,735,473.30	4,771,919.86
- <i>deferred income - loan remittance - TBS Marki</i>	6,408,449.53	6,457,772.02
- <i>deferred surplus of revenues from sales over the carrying value/sale and lease back</i>	2,224,864.00	2,685,180.69
- <i>other</i>		87,789.64
<b>Total provisions for other liabilities and charges</b>	<b>39,110,389.03</b>	<b>32,630,286.20</b>

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**Note 18. Other non-current liabilities**

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) other financial liabilities	64,698,174.41	69,873,691.86
b) other non-current liabilities	18,149,282.48	11,111,241.31
<b>Total other liabilities</b>	<b>82,847,456.89</b>	<b>80,984,933.17</b>

In the years 2007–2008 other financial liabilities comprised among other things liabilities under concluded lease agreements. The detailed description of leased assets is presented under "Lease" in the note on "Intangible assets" and "Tangible assets". Other financial liabilities included among other things liabilities to subcontractors due to received security deposits.

**Note 19. Trade and other payables**

<b>TRADE AND OTHER PAYABLES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) trade payables – other parties	114,868,951.15	81,580,218.70
b) trade payables – related parties	1,186,439.07	2,228,117.06
c) taxes, customs duties, insurance and other payments	14,926,515.43	5,123,409.94
d) salaries	3,638,025.38	3,860,780.59
e) trade advances received	52,934.71	132,951.06
f) other	5,742,008.36	13,652,061.93
<b>Total trade and other payables</b>	<b>140,414,874.10</b>	<b>106,577,539.28</b>

<b>OTHER LIABILITIES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
a) issue of debt securities	71,000,000.00	140,500,000.00
b) note liabilities	59,565,872.85	0.00
c) other financial liabilities	17,683,995.84	12,340,096.01
<b>Total other liabilities</b>	<b>148,249,868.69</b>	<b>152,840,096.01</b>

\* 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. 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
			<b>140,500,000.00</b>	<b>378,500,000.00</b>	<b>448,000,000.00</b>	<b>71,000,000.00</b>

**Note20. Risk management**

Risk management is described under the Management Commentary.

**Note 21. Earnings per share**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	For the period 1 January 2008 – 31 December 2008	For the period 1 January 2007 – 31 December 2007
<b>Profits</b>		
(A) Profits of the Group disclosed in the consolidated financial statements	100,881,968.83	148,104,239.39
<b>Number of shares</b>		
(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
<b>Basic earnings per share = (A)/(B)</b>	<b>1.84</b>	<b>2.79</b>
<b>Diluted earnings per share = (A)/(B)</b>	<b>1.84</b>	<b>2.79</b>

\* In accordance with IAS 33 "Earnings Per Share" the number of shares assumed for calculation of basic earnings per share was the weighted average number of shares during a given period. The said number was established as the number of shares as at the beginning of the given period adjusted by the number of shares bought back or issued during such period, weighted with an index reflecting the period of such number of shares (number of days of existence of shares to total number of days in a given period – from the day of share capital increase registration). Therefore:

Weighted average number of shares in 2007 = 51,250,000.00 + 3,448,280.00\*187/365 = 53,016,653 shares.

During the analysed period there were no circumstances diluting the number of shares.

**Note 22. Income tax**

INCOME TAX	1 January 2008 – 31 December 2008	1 January 2007 – 31 December 2007
a) current income tax	10,453,043.67	2,340,915.07
b) deferred income tax	13,970,159.92	33,626,341.23
<b>Total income tax</b>	<b>24,423,203.60</b>	<b>35,967,256.30</b>

**Note 23. Segment reporting**

**Business segments**

It was assumed that the primary division into segments is based on business segments. The Group operates mainly in three following segments:

- developer activity,
- social building,
- hotel activity.

In accordance with IAS 14 "Segment Reporting" financial data on particular business segments are prepared in accordance with the principle that income and expenses, as well as assets and liabilities of a segment are established before intercompany balances and related party transactions are eliminated under the consolidation, except when such balances and transactions have been made within one segment. Internal transactions within one segment are eliminated.

Financial data about particular business segments include separate financial statements of the Group companies without eliminating balances and transactions, while exclusions of income, expenses and mutual balances are presented in column "Eliminations".

An exception is developer activity under which separate financial statements of companies conducting such activity have been consolidated. In 2008 that segment was composed of J.W. Construction Holding SA, Project 55 Sp. z o.o., Lokum Sp. z o.o., Interlokum Sp. z o.o. and Construction Invest. The basic type of goods and services under each business segment:

- developer activity – building production, designing and supporting works, sale of real estate,
- social building – sale and administration of social building housing estates,
- other construction – building and assembly production,
- transport,
- hotel activity – catering and hotel services connected with organisation of tourist and recreational services.

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2008		Developer activity	Hotel activity	Social building	Construction	Transport, other	Eliminations	Total
<b>A.</b>	<b>Non-current assets</b>	<b>251,941,712.19</b>	<b>99,757,133.45</b>	<b>164,084,504.39</b>	<b>36,680,795.06</b>	<b>12,686,169.56</b>	<b>-92,789,594.99</b>	<b>472,360,719.67</b>
I.	Intangible assets	10,994,269.88	2,516.65	377.95	141,142.17	96,716.87	0.00	11,235,023.52
II.	Goodwill of subsidiaries	12,390,453.72	0.00	0.00	0.00	0.00	4,224,978.68	16,615,432.40
III.	Tangible assets	96,365,974.51	89,490,882.47	159,935,380.37	28,037,586.17	9,812,909.69	-33,187,790.02	350,454,943.20
IV.	Non-current receivables	3,576,093.02	9,545,000.00	0.00	3,889,909.55	0.00	-3,492,902.35	13,518,100.22
V.	Long-term investments	118,030,217.48	208,550.00	500.00	0.00	2,776,543.00	-63,552,562.91	57,463,247.57
VI.	Non-current prepaid expenses	10,584,703.58	510,184.33	4,148,246.07	4,612,157.17	0.00	3,218,681.61	23,073,972.76
<b>B.</b>	<b>Current assets</b>	<b>1,023,755,155.87</b>	<b>4,323,468.53</b>	<b>23,549,960.93</b>	<b>201,879,395.06</b>	<b>5,432,984.96</b>	<b>-29,845,854.38</b>	<b>1,229,095,110.96</b>
I.	Inventories	25,634,235.01	358,345.06	1,199,577.00	15,561,709.86	112,037.72	0.00	42,865,904.65
II.	Current receivables	56,638,070.74	2,503,856.29	500,104.29	119,181,724.49	3,279,315.79	-102,594,602.51	79,508,469.09
III.	Short-term investments	28,216,707.17	981,403.94	21,827,046.96	7,537,808.59	1,984,431.13	-21,130,077.15	39,417,320.64
IV.	Current prepaid expenses	12,443,739.64	479,863.24	23,232.68	156,448.88	57,200.32	0.00	13,160,484.76
VI.	Construction contracts	1,014,032,015.70	0.00	0.00	59,441,703.24	0.00	-19,330,787.12	1,054,142,931.82
	correction of Group balances	-113,209,612.39	0.00	0.00	0.00	0.00	113,209,612.39	0.00
	<b>Total assets</b>	<b>1,275,696,868.06</b>	<b>104,080,601.98</b>	<b>187,634,465.32</b>	<b>238,560,190.12</b>	<b>18,119,154.52</b>	<b>-122,635,449.37</b>	<b>1,701,455,830.63</b>
<b>A.</b>	<b>Equity</b>	<b>641,461,958.54</b>	<b>3,415,131.87</b>	<b>62,311,099.29</b>	<b>40,630,872.94</b>	<b>13,530,529.73</b>	<b>-104,068,424.06</b>	<b>657,281,168.30</b>
<b>D.</b>	<b>Liabilities and provisions for liabilities</b>	<b>681,409,236.70</b>	<b>53,491,142.94</b>	<b>125,323,366.03</b>	<b>197,929,317.19</b>	<b>4,588,624.79</b>	<b>-18,567,025.32</b>	<b>1,044,174,662.33</b>
I.	Provisions for liabilities	93,184,503.15	1,712,649.43	64,802.26	997,091.42	1,034,787.84	-2,132,474.83	94,861,359.26
II.	Non-current liabilities	89,763,598.55	42,947,278.42	108,466,251.45	10,925,837.12	0.00	-949,868.88	251,153,096.66
III.	Current liabilities	434,913,897.39	6,066,716.29	5,434,073.83	126,466,596.95	3,354,862.72	-18,392,683.34	557,843,463.84
IV.	Accrued expenses	18,635,315.86	2,764,498.80	11,358,238.49	3,086,682.67	198,974.23	35,690.87	36,079,400.92
V.	Construction contracts	44,911,921.75	0.00	0.00	56,453,109.03	0.00	2,872,310.86	104,237,341.64
	exclusions – branch H500	-47,174,327.17	47,174,327.17	0.00	0.00	0.00	0.00	0.00
	<b>Total equity and liabilities</b>	<b>1,275,696,868.07</b>	<b>104,080,601.98</b>	<b>187,634,465.32</b>	<b>238,560,190.13</b>	<b>18,119,154.52</b>	<b>-122,635,449.38</b>	<b>1,701,455,830.63</b>

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2007		Developer activity	Hotel activity	Social building	Other construction	Transport	Eliminations	Total
<b>A.</b>	<b>Non-current assets</b>	<b>173,124,388.95</b>	<b>93,201,553.21</b>	<b>166,020,089.64</b>	<b>113,670.49</b>	<b>10,757,598.02</b>	<b>-62,172,122.26</b>	<b>381,045,178.06</b>
I.	Intangible assets	12,349,299.03	4,816.49	1,844.47	0.00	1,089.66	0.00	12,357,049.65
II.	Goodwill of subsidiaries	12,390,453.72	0.00	0.00	0.00	0.00	4,410,965.57	16,801,419.29
III.	Tangible assets	73,970,309.59	82,845,542.22	161,250,390.71	78,894.26	10,726,878.36	-29,581,116.64	299,290,898.50
IV.	Non-current receivables	2,659,013.07	9,545,000.00	0.00	16,585.23	0.00	0.00	12,220,598.30
V.	Long-term investments	66,892,605.25	208,550.00	500.00	0.00	29,630.00	-39,528,431.91	27,602,853.34
VI.	Non-current prepaid expenses	4,862,708.29	597,644.50	4,767,354.46	18,191.00	0.00	2,526,460.72	12,772,358.97
<b>B.</b>	<b>Current assets</b>	<b>1,097,499,207.84</b>	<b>3,571,769.65</b>	<b>21,398,952.23</b>	<b>4,913,582.85</b>	<b>5,637,454.98</b>	<b>-2,498,851.47</b>	<b>1,130,522,116.08</b>
I.	Inventories	26,681,281.06	183,601.72	1,199,577.00	152,996.57	191,754.81	-90,163.94	28,319,047.22
II.	Current receivables	57,911,103.11	2,335,707.72	767,343.09	2,651,918.14	3,356,869.04	-633,433.92	66,389,507.18
III.	Short-term investments	127,387,307.68	471,638.48	19,411,052.63	1,319,790.92	2,067,120.25	-1,632,333.58	149,024,576.38
IV.	Current prepaid expenses	10,398,613.63	580,821.73	20,979.51	788,877.22	21,710.88	-142,920.03	11,668,082.94
V.	Held-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VI.	Construction contracts	875,120,902.36	0.00	0.00	0.00	0.00	0.00	875,120,902.36
	<b>Total assets</b>	<b>1,270,623,596.80</b>	<b>96,773,322.86</b>	<b>187,419,041.87</b>	<b>5,027,253.34</b>	<b>16,395,053.00</b>	<b>-64,670,973.73</b>	<b>1,511,567,294.14</b>
<b>A.</b>	<b>Equity</b>	<b>529,738,969.27</b>	<b>2,355,016.68</b>	<b>61,964,552.50</b>	<b>1,904,797.11</b>	<b>14,770,847.34</b>	<b>-61,225,876.65</b>	<b>549,508,306.25</b>
<b>D.</b>	<b>Liabilities and provisions for liabilities</b>	<b>777,705,425.25</b>	<b>57,597,508.46</b>	<b>125,454,489.37</b>	<b>3,122,456.23</b>	<b>1,624,205.66</b>	<b>-3,445,097.08</b>	<b>962,058,987.89</b>
I.	Provisions for liabilities	69,268,848.87	1,614,959.09	60,043.82	140,232.00	172,522.00	180,475.09	71,437,080.87
II.	Non-current liabilities	132,274,399.06	46,880,052.86	109,132,522.77	47,885.35	7,791.85	-951,039.96	287,391,611.93
III.	Current liabilities	403,500,435.40	5,763,477.22	4,871,019.42	2,838,598.92	1,443,891.81	-2,264,596.42	416,152,826.35
IV.	Accrued expenses	15,854,681.30	3,339,019.29	11,390,903.36	95,739.96	0.00	-409,935.79	30,270,408.12
V.	Construction contracts	156,807,060.62	0.00	0.00	0.00	0.00	0.00	156,807,060.62
	exclusions – branch H500	-36,820,797.72	36,820,797.72	0.00	0.00	0.00	0.00	0.00
	<b>Total equity and liabilities</b>	<b>1,270,623,596.80</b>	<b>96,773,322.86</b>	<b>187,419,041.87</b>	<b>5,027,253.34</b>	<b>16,395,053.00</b>	<b>-64,670,973.73</b>	<b>1,511,567,294.14</b>

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2008	Developer activity	Hotel activity	Social building	Construction	Transport, other	Eliminations	Total
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>644,289,330.67</b>	<b>21,127,850.91</b>	<b>10,798,557.75</b>	<b>417,323,464.38</b>	<b>18,631,097.16</b>	<b>-390,817,087.27</b>	<b>721,353,213.60</b>
Net revenues from sales of products	632,352,617.22	21,031,433.79	10,798,557.75	411,458,997.07	18,612,902.07	-388,716,548.40	705,537,959.50
Net revenues from sales of goods and materials	11,936,713.45	96,417.12	0.00	5,864,467.31	18,195.09	-2,100,538.87	15,815,254.10
<b>Costs of products, goods and materials sold, of which:</b>	<b>440,250,684.31</b>	<b>17,362,510.85</b>	<b>6,533,189.27</b>	<b>397,492,723.10</b>	<b>16,917,550.59</b>	<b>-368,756,856.92</b>	<b>509,799,801.21</b>
Costs of products sold	427,123,341.64	17,283,360.03	6,533,189.27	390,011,477.60	16,900,933.67	-366,662,660.26	491,189,641.96
Value of goods and materials sold	13,127,342.67	79,150.82	0.00	7,481,245.50	16,616.92	-2,094,196.66	18,610,159.25
<b>Gross profit (loss) on sales</b>	<b>204,038,646.36</b>	<b>3,765,340.06</b>	<b>4,265,368.48</b>	<b>19,830,741.28</b>	<b>1,713,546.57</b>	<b>-22,060,230.35</b>	<b>211,553,412.39</b>
<b>Selling expenses</b>	<b>27,436,607.91</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>27,436,607.91</b>
<b>Overhead expenses</b>	<b>18,488,242.92</b>	<b>503,119.35</b>	<b>907,514.30</b>	<b>6,002,516.78</b>	<b>3,155,713.14</b>	<b>-262,895.00</b>	<b>28,794,211.49</b>
<b>Revaluation of investment real estate</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit (loss) on sales</b>	<b>158,113,795.53</b>	<b>3,262,220.71</b>	<b>3,357,854.18</b>	<b>13,828,224.50</b>	<b>-1,442,166.57</b>	<b>-21,797,335.36</b>	<b>155,322,592.99</b>
Other operating income	3,898,309.50	496,079.76	1,529,924.03	2,794,056.91	919,003.64	-1,127,045.34	8,510,328.50
Other operating expenses	20,121,812.04	108,285.53	1,449,082.62	375,649.42	2,280,641.87	-1,631,364.69	22,704,106.79
<b>Operating profit (loss)</b>	<b>141,890,292.98</b>	<b>3,650,014.94</b>	<b>3,438,695.59</b>	<b>16,246,631.99</b>	<b>-2,803,804.80</b>	<b>-21,293,016.01</b>	<b>141,128,814.69</b>
Financial income	13,512,015.51	847,499.00	1,510,245.10	129,350.54	371,049.39	-2,498,797.30	13,871,362.24
Financial expenses	22,856,823.37	4,316,193.12	4,396,595.90	608,401.63	130,576.83	-2,613,586.34	29,695,004.51
<b>Profit (loss) on ordinary operations</b>	<b>132,545,485.12</b>	<b>181,320.82</b>	<b>552,344.79</b>	<b>15,767,580.90</b>	<b>-2,563,332.24</b>	<b>-21,178,226.97</b>	<b>125,305,172.42</b>
<b>Gross profit (loss)</b>	<b>132,545,485.12</b>	<b>181,320.82</b>	<b>552,344.79</b>	<b>15,767,580.90</b>	<b>-2,563,332.24</b>	<b>-21,178,226.97</b>	<b>125,305,172.42</b>
Income tax	25,010,735.14	217,410.51	205,798.00	3,013,123.07	0.00	-4,023,863.12	24,423,203.60
<b>Net profit (loss)</b>	<b>107,534,749.98</b>	<b>-36,089.69</b>	<b>346,546.79</b>	<b>12,754,457.83</b>	<b>-2,563,332.24</b>	<b>-17,154,363.84</b>	<b>100,881,968.83</b>

J.W. Construction Holding S.A.  
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2007	Developer activity	Hotel activity	Social building	Other construction	Transport	Eliminations	Total
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>722,097,394.34</b>	<b>18,103,762.07</b>	<b>10,217,867.30</b>	<b>16,813,985.85</b>	<b>16,223,097.16</b>	<b>-2,368,614.92</b>	<b>781,087,491.80</b>
Net revenues from sales of products	708,657,356.93	18,051,250.82	10,217,867.30	16,677,546.16	16,216,744.96	-2,368,614.92	767,452,151.25
Net revenues from sales of goods and materials	13,440,037.41	52,511.25	0.00	136,439.69	6,352.20	0.00	13,635,340.55
<b>Costs of products, goods and materials sold, of which:</b>	<b>486,861,022.47</b>	<b>14,865,152.33</b>	<b>5,491,442.99</b>	<b>13,296,141.98</b>	<b>14,203,942.59</b>	<b>-2,225,747.30</b>	<b>532,491,955.06</b>
Costs of products sold	473,003,072.83	14,829,330.19	5,491,442.99	13,196,592.60	14,198,684.77	-2,225,747.30	518,493,376.08
Value of goods and materials sold	13,857,949.64	35,822.14	0.00	99,549.38	5,257.82	0.00	13,998,578.98
<b>Gross profit (loss) on sales</b>	<b>235,236,371.87</b>	<b>3,238,609.74</b>	<b>4,726,424.31</b>	<b>3,517,843.87</b>	<b>2,019,154.57</b>	<b>-142,867.62</b>	<b>248,595,536.74</b>
<b>Selling expenses</b>	<b>27,674,795.31</b>	<b>879,955.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>28,554,750.66</b>
<b>Overhead expenses</b>	<b>19,978,058.22</b>	<b>720,971.61</b>	<b>740,354.25</b>	<b>1,399,416.84</b>	<b>2,196,972.68</b>	<b>-158,661.40</b>	<b>24,877,112.20</b>
<b>Revaluation of investment real estate</b>	<b>3,921,359.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,921,359.17</b>
<b>Profit (loss) on sales</b>	<b>191,504,877.51</b>	<b>1,637,682.78</b>	<b>3,986,070.06</b>	<b>2,118,427.03</b>	<b>-177,818.11</b>	<b>15,793.78</b>	<b>199,085,033.05</b>
Other operating income	6,769,595.68	603,919.09	1,465,662.10	114,534.78	158,926.53	0.00	9,112,638.18
Other operating expenses	7,278,990.67	42,716.63	2,027,334.21	84,286.87	151,493.78	0.00	9,584,822.16
<b>Operating profit (loss)</b>	<b>190,995,482.52</b>	<b>2,198,885.24</b>	<b>3,424,397.95</b>	<b>2,148,674.94</b>	<b>-170,385.36</b>	<b>15,793.78</b>	<b>198,612,849.07</b>
Financial income	6,913,911.11	1,292,192.42	1,068,649.61	3,460.15	111,476.57	-306,656.25	9,083,033.61
Financial expenses	16,488,816.81	3,246,171.89	4,099,485.42	32,566.52	64,002.60	-306,656.25	23,624,386.99
<b>Profit (loss) on ordinary operations</b>	<b>181,420,576.82</b>	<b>244,905.77</b>	<b>393,562.14</b>	<b>2,119,568.57</b>	<b>-122,911.39</b>	<b>15,793.78</b>	<b>184,071,495.69</b>
<b>Gross profit (loss)</b>	<b>181,420,576.82</b>	<b>244,905.77</b>	<b>393,562.14</b>	<b>2,119,568.57</b>	<b>-122,911.39</b>	<b>15,793.78</b>	<b>184,071,495.69</b>
Income tax	35,043,372.51	449,275.97	37,179.00	434,428.00	0.00	3,000.82	35,967,256.30
<b>Net profit (loss)</b>	<b>146,377,204.31</b>	<b>-204,370.20</b>	<b>356,383.14</b>	<b>1,685,140.57</b>	<b>-122,911.39</b>	<b>12,792.96</b>	<b>148,104,239.39</b>

Geographic segments per domestic/foreign operations were not separated in the years 2007–2008 as the Group operated mainly in the territory of the country. Revenues from sales of products gained by a subsidiary – J.W. Construction International Sp. z o.o. operating in the area of building production and developer activity in the territory of Russia were insignificant in the period covered by historical financial information, when compared to turnovers of the Group.



**NOTES TO THE CONSOLIDATED INCOME STATEMENT**

**Note 24. Operating income**

<b>OPERATING INCOME</b>	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
Revenues from sales of products	632,416,915.35	695,777,102.08
Revenues from sales of services	73,121,044.15	71,675,049.17
Revenues from sales of goods	15,815,254.10	13,635,340.55
<b>Total income</b>	<b>721,353,213.60</b>	<b>781,087,491.80</b>

	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
<b>Revenues from sales, of which:</b>	<b>721,353,213.60</b>	<b>781,087,491.80</b>
- sales of products – premises	631,408,628.66	695,777,102.08
- sales of products – other	1,008,286.70	0.00
- sales of services	73,121,044.15	71,675,049.17
- sales of goods	15,815,254.10	13,635,340.55

	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
<b>Revenues from sales of products and services per business segments</b>	<b>705,537,959.50</b>	<b>767,452,151.25</b>
- developer activity	640,742,208.33	708,657,356.93
- hotel activity	21,031,433.79	18,051,250.82
- social building	10,798,557.75	10,217,867.30
- transport	13,612,699.30	16,216,744.96
- construction	19,353,060.33	14,308,931.24

	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
<b>Revenues from sales of products – premises per geographic segments</b>	<b>631,408,628.66</b>	<b>695,777,102.08</b>
- Warsaw and vicinity	595,667,072.48	595,258,360.97
- Gdynia	30,822,388.74	43,297,847.98
- Łódź	0.00	38,371,107.53
- Katowice	1,086,910.43	0.00
- Russia	3,832,257.01	18,849,785.60

	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
<b>Revenues from sales of hotel services per geographic segments</b>	<b>21,031,433.79</b>	<b>18,051,250.82</b>
- 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	808,136.76

**Note 25. Operating expenses**

<b>OPERATING EXPENSES</b>	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
Costs on sale of products	431,350,827.00	438,908,125.42
Costs on sale of services	59,838,814.95	79,585,250.66
Costs on sale of goods	18,610,159.25	13,998,578.98
<b>Total costs of products, services and goods sold</b>	<b>509,799,801.21</b>	<b>532,491,955.06</b>

<b>Selling and overhead expenses</b>	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
Selling expenses	27,436,607.91	28,554,750.66
Overhead expenses	28,794,211.49	24,877,112.20
<b>Total selling and overhead expenses</b>	<b>56,230,819.40</b>	<b>53,431,862.86</b>

<b>Expenses by nature</b>	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
Depreciation and amortisation	17,364,790.74	13,313,077.78
Materials and power	157,047,333.15	207,119,396.60
Outsourcing	336,606,414.02	284,959,262.04
Fees and taxes	10,540,911.18	9,711,331.58
Salaries	67,585,083.67	61,647,487.42
Social insurance and other payments	12,845,547.66	11,433,891.05
Other expenses by nature	26,631,633.37	15,266,825.50
<b>Total expenses by nature</b>	<b>628,621,713.79</b>	<b>603,451,271.97</b>

**Note 26. Other operating income**

<b>OPERATING INCOME</b>	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
a) profit on disposal of non-financial fixed assets	493,614.70	1,723,691.44
b) other operating income	8,016,713.80	7,388,946.74
<b>Total operating income</b>	<b>8,510,328.50</b>	<b>9,112,638.18</b>

**Note 27. Other operating expenses**

<b>OPERATING EXPENSES</b>	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
a) loss on disposal of non-financial fixed assets	0.00	260,875.55
b) revaluation of non-financial assets	13,247,727.15	1,362,295.44
c) other operating expenses	9,456,379.64	7,961,651.17
<b>Total operating expenses</b>	<b>22,704,106.79</b>	<b>9,584,822.16</b>

**Note 28. Financial income**

<b>FINANCIAL INCOME</b>	<b>1 January 2008 – 31 December 2008</b>	<b>1 January 2007 – 31 December 2007</b>
a) dividends	0.00	0.00
b) interest	6,351,940.88	7,971,507.54
c) revaluation of investments	0.00	0.00
d) other	7,519,421.36	1,091,503.62
<b>Total financial income</b>	<b>13,871,362.24</b>	<b>9,063,011.16</b>

**Note 29. Financial expenses**

<b>FINANCIAL EXPENSES</b>	<b>1 January 2008 - 31 December 2008</b>	<b>1 January 2007 - 31 December 2007</b>
a) interest	27,870,743.62	22,589,113.34
b) revaluation of investments	0.00	0.00
c) other	1,824,260.89	1,015,251.20
<b>Total financial expenses</b>	<b>29,695,004.51</b>	<b>23,604,364.54</b>

**Note 30. Proposal for distribution of profit**

The Management Board of the Company proposed to allocate the profit for 2008 for supplementary capital increase.

**Note 31. Transactions with related parties**

Below are presented significant transactions with related parties. The assumed threshold for a transaction is over PLN 100,000.00. Transactions described in other items and in the Management Commentary (including borrowings) are not included in this item.

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**J.W. Construction Holding S.A. as a recipient of products or services**

COUNTERPARTY	SUBJECT OF A TRANSACTION / AGREEMENT	1 JANUARY 2008 – 31 DECEMBER 2008	1 JANUARY 2007 – 31 DECEMBER 2007
<b>Related parties subject to consolidation</b>			
Project 55 Sp. z o.o.	Designing works	0.00	2,537,660.31
Project 55 Sp. z o.o.	Building works	0.00	77,854,307.74
Project 55 Sp. z o.o.	Office services	0.00	272,074.00
Project 55 Sp. z o.o.	Direct charge	124,623.45	64,734.58
Project 55 Sp. z o.o.	Implementation of investments	0.00	834,476.00
Project 55 Sp. z o.o.	Other	723,060.76	49,458.68
Project 55 Sp. z o.o.	Sale of share in the land	9,200,000.00	0.00
Interlokum Sp. z o.o.	Designing works	16,598.51	268,600.67
Interlokum Sp. z o.o.	Building works	11,982,544.54	33,131,133.97
Interlokum Sp. z o.o.	Office services	92,765.00	257,106.00
Interlokum Sp. z o.o.	Implementation of investments	0.00	203,423.00
Interlokum Sp. z o.o.	Sale of share in the land	13,800,000.00	0.00
Lokum Sp. z o.o.	Designing works	0.00	1,271,625.66
Lokum Sp. z o.o.	Building works	2,211,123.83	29,587,051.00
Lokum Sp. z o.o.	Implementation of investments	0.00	115,334.00
Lokum Sp. z o.o.	Commercial and marketing services	0.00	555,000.00
Lokum Sp. z o.o.	Office services	0.00	121,969.00
J.W. Construction S.A.	Sale of goods	3,328,347.97	0.00
J.W. Construction S.A.	Other services	3,065,792.78	0.00
J.W. Construction S.A.	Direct charge	8,010,523.90	0.00
J.W. Construction International	Secondment of personnel	3,026,206.00	2,991,687.11
J.W. Projekt Sp. z o.o.	Other	430,204.12	0.00
JWCH Budownictwo Drogowe	Other	314,417.88	0.00
JWCH Produkcja Budowlana Sp. z o.o.	Other	1,517,215.35	0.00
JWCH Produkcja Budowlana Sp. z o.o.	Sale of goods and materials	1,395,979.42	0.00
JWCH Produkcja Budowlana Sp. z o.o.	Direct charge	202,569.94	0.00
<b>Related parties excluded from consolidation</b>			
Business Financial Construction Sp. z o.o.	Direct charge	3,955.08	188,696.54
Klub Sportowy Piłkarski Polonia SSA	Other	25,737.00	136,541.67
<b>Indirectly related parties</b>			
J.W. System Sp. z o.o.	Direct charge	175,468.79	172,774.14
J.W. System Sp. z o.o.	Other	119,682.04	119,768.12

J.W. Construction Holding S.A.  
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Metalcon Sp. z o.o.	Sale of goods and materials	1,959,085.87	4,042,559.47
Metalcon Sp. z o.o.	Direct charge	199,916.66	168,613.49
Metalcon Sp. z o.o.	Other	478,791.96	418,138.37
Promar Sp. z o.o.	Sale of goods and services	128,352.46	379,772.84
J.W. Agro Sp. z o.o.	Other	0.00	637,251.00
J.W. Agro Sp. z o.o.	Direct charge	0.00	376,149.08
REM S.A.	Direct charge	366,352.64	0.00
Załubice Development Sp. z o.o.	Management services	0.00	303,883.09
Załubice Development Sp. z o.o.	Direct charge	0.00	557,890.89

**J.W. Construction Holding S.A. as a service provider (seller)**

COUNTERPARTY	SUBJECT OF A TRANSACTION / AGREEMENT	1 JANUARY 2008 – 31 DECEMBER 2008	1 JANUARY 2007 – 31 DECEMBER 2007
<b>Related parties subject to consolidation</b>			
Project 55 Sp. z o.o.	Media – building site	0.00	755,207.53
Project 55 Sp. z o.o.	Media – direct charge	420,606.73	0.00
Deweloper Sp. z o.o.	Building works	3,199,721.43	2,204,719.53
Interlokum Sp. z o.o.	Media – direct charge	153,157.02	10,722.90
Lokum Sp. z o.o.	Media – direct charge	107,073.01	6,048.99
J.W. Projekt	Designing works	4,473,372.37	0.00
JWCH Produkcja Drogowa Sp. z o.o.	Building works	886,442.21	0.00
JWCH Produkcja Budowlana Sp. z o.o.	Other	334,223.00	0.00
JWCH Produkcja Budowlana Sp. z o.o.	Materials, goods	124,977.86	0.00
J.W. Construction S.A.	Building works	276,026,132.90	0.00
J.W. Construction S.A.	Guarantee repairs	3,010,845.59	0.00
J.W. Construction S.A.	Investment project services	728,746.00	0.00
J.W. Construction S.A.	Purchase of materials and goods	164,986.25	0.00
J.W. Construction S.A.	Direct charge	125,174.83	0.00
<b>Related parties excluded from consolidation</b>			
Business Financial Construction Sp. z o.o.	Marketing and commercial services	2,442,628.82	4,626,630.09
<b>Indirectly related parties</b>			
J.W. System Sp. z o.o.	Lease of formwork	928,578.93	2,283,887.99
Metalcon Sp. z o.o.	Building works	3,320,108.38	4,795,915.07
Metalcon Sp. z o.o.	Other	570,573.74	2,963.11
Promar Sp. z o.o.	Building works	0.00	1,707,111.97
Promar Sp. z o.o.	Purchase of materials	163,087.38	112,824.77
Klub Piłkarski Polonia Warszawa S.A.	Outdoor advertising	4,000,000.00	3,600,000.00

**TRANSACTIONS WITH RELATED PARTIES (Members of the Management Board, Supervisory Board, their families and significant others)**

Counterparty	Office	Office held	Office held	Subject
Robert Wójcik	Management Board	8 October 2008 – 31 December 2008	Sale of an apartment	501,761.04

**INTERCOMPANY BALANCES IN THE YEARS 2006–2007 (from the point of view of the parent company)\***

COMPANY NAME	Receivables from related parties		Liabilities to related parties	
	31 December 2008	31 December 2007	31 December 2008	31 December 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
Załużbice 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
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

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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

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

**Note 32. Remuneration of members of authorities of the Company**

Below is presented remuneration for 2008. The tables contain aggregate data of members of authorities of all companies of the Capital Group per remuneration for offices held in Group Companies, employment in Group Companies and other forms of remuneration.

Remuneration of the Management Board	31 December 2008		
	PLN	RBL	USD
For offices held in the Group	2,528,977.02	120,000.00	1,200.00
For employment in the Group	407,131.08		
Other remuneration in the Group	368,507.64		
<b>Total remuneration</b>	<b>3,304,615.74</b>	<b>120,000.00</b>	<b>1,200.00</b>

Remuneration of the Supervisory Board	31 December 2008		
	PLN	RBL	USD
For offices held in the Group	408,781.16	0.00	0.00
For employment in the Group	153,864.00	0.00	0.00
Other remuneration in the Group	24,000.00	0.00	0.00
<b>Total remuneration</b>	<b>586,645.16</b>	<b>0.00</b>	<b>0.00</b>

**Average headcount per occupational groups**

Occupational group	31 December 2008	31 December 2007
Management Board	15	8
Managers	57	41
Administration	358	390
Other employees	822	669
<b>Total</b>	<b>1,252</b>	<b>1,108</b>

**Note 33. Significant events during the accounting year**

The following events occurred during the reporting period:

Corporate events:

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 Obłąkowski 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 Ślask as a Member of the Supervisory Board of the Company, in accordance with §16.2 of the Statute of the Company.



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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 Obłękowski.

On 17 October 2008 Mr. Grzegorz Ślāk 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.

Other

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. 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, 14<sup>th</sup> 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".

Registration of JWCH Budownictwo Drogowe Sp. z o.o.

On 21 February 2008 the District Court for the Capital City of Warsaw, 14<sup>th</sup> Business Division of the National Court Register, registered a company – JWCH Budownictwo Drogowe Sp. z o.o. domiciled in Ząbki, formed under a notarial deed of 7 February 2008.

Registration of JWCH Produkcja Budowlana Sp. z o.o.

On 7 March 2008 the District Court for the Capital City of Warsaw, 14<sup>th</sup> Business Division of the National Court Register, registered a company – JWCH Produkcja Budowlana Sp. z o.o. domiciled in Ząbki, formed under a notarial deed of 19 February 2008.

Registration of changes in JW Projekt Sp. z o.o.

On 19 February 2008 the District Court for the Capital City of Warsaw, 12<sup>th</sup> Business Division of the National Court Register, registered a change in the business name of a company – from "Dremet-Projekt" to "JW Projekt".

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Registration of changes in Yakor House in Sochi

On 20 February 2008 a change in the business name of a company was registered – from “Ośrodek Wypoczynkowy OGONIOK” to “Yakor House”.

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 branches of the Issuer 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. 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 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.
<b>Total assets</b>	<b>17,638,952.61</b>	<b>52,185,596.96</b>	<b>1,715,879.45</b>
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
<b>Total equity and liabilities</b>	<b>1,542,200.18</b>	<b>40,675,203.61</b>	<b>670,761.89</b>
Liabilities	1,542,200.18	40,675,203.61	670,761.89
Goodwill	701,752.43	483,775.35	-58,482.44
<b>Value of shares</b>	<b>15,395,000.00</b>	<b>11,026,618.00</b>	<b>1,103,600.00</b>

On 26 May 2008 the District Court for the Capital City of Warsaw, 12<sup>th</sup> Business Division of the National Court Register registered capital increase in a subsidiary – JW Projekt Spółka z o.o. domiciled in Warsaw, 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.

On 30 May 2008 the District Court for the Capital City of Warsaw, 14<sup>th</sup> Business Division of the National Court Register registered capital increase in a subsidiary – JWCH Produkcja Budowlana Spółka z o.o. domiciled in Ząbki, 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.

On 22 September 2008 the District Court for the Capital City of Warsaw, 14<sup>th</sup> Business Division of the National Court Register registered capital increase in a subsidiary – J.W. Construction S.A. domiciled in Ząbki, from PLN 500,000 to PLN 11,526,618 i.e. by PLN 11,026,616 by way of creating 11,026,618 new B-class shares with a par value of PLN 1 each.

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 Zabki, 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.

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.

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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 4 April 2008 a subsidiary – Projekt 55 Sp. z o.o. repaid the loan of PLN 40,000,000 incurred with Bank Millennium S.A. for joint financing of an investment – “Osiedle Górczewska” at ul. Górczewska in Warsaw.

On 30 April 2008 a subsidiary – Interlokum Sp. z o.o. repaid the loan of PLN 20,600,000 incurred with Bank PKO BP S.A. for joint financing of an investment – “Rezydencja na Skarpie” in Warsaw.

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 15 July 2008 a subsidiary – Lokum Sp. z o.o. repaid a loan of PLN 16,500,000 incurred with Bank Millennium S.A. for joint financing of an investment – “Willa Konstancin” in Konstancin.

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

In the 1<sup>st</sup> quarter of 2008 the Issuer concluded the following agreements for purchase of debt securities with BRE Bank S.A.:

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.

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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.

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.

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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 Białołęka 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.

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 34. Significant events after the balance sheet date**

Significant agreements

On 9 April 2009 there was submitted an application with the District Court for Szczecin-Centrum in Szczecin, 13<sup>th</sup> 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.

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.

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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, 13<sup>th</sup> 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.

Other events are described in the Management Commentary.

**Note 35. Selected financial data presenting key items of the financial statements (also translated into EUR) in thousands**

**(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.

The income statement for the period from 1 January 2008 to 31 December 2008 was translated into EUR at the average rate calculated as the arithmetic average of rates applicable as at the last day of each month in the given period, established by the National Bank of Poland as at the said day i.e. PLN / EUR 3.5322.

The income statement for the period from 1 January 2007 to 31 December 2007 was translated into EUR at the average rate calculated as the arithmetic average of rates applicable as at the last day of each month in the given period, established by the National Bank of Poland as at the said day i.e. PLN / EUR 3.7768.

Consolidated balance sheet item	31 December 2008		31 December 2007	
	PLN	EUR	PLN	EUR
<b>Total assets</b>	<b>1,701,456</b>	<b>407,788</b>	<b>1,511,567</b>	<b>421,990</b>
Non-current assets	472,361	113,211	381,045	106,378
Current assets	1,229,095	294,577	1,130,522	315,612
<b>Total equity and liabilities</b>	<b>1,701,456</b>	<b>407,788</b>	<b>1,511,567</b>	<b>421,990</b>
Equity	655,323	157,061	549,508	153,408
Non-current liabilities	358,311	85,876	370,799	103,517
Current liabilities	687,822	164,851	591,260	165,064

Consolidated income statement item	1 January 2008 – 31 December 2008		1 January 2007 – 31 December 2007	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	721,353	204,221	781,087	206,812
Costs of products, goods and materials sold	509,800	144,329	767,452	203,202
<b>Gross profit (loss) on sales</b>	<b>211,553</b>	<b>59,893</b>	<b>248,596</b>	<b>65,822</b>
Selling expenses	27,437	7,768	28,555	7,561
Overhead expenses	28,794	8,152	24,877	6,587
Profit (loss) on sales	155,323	43,973	199,085	52,713
Operating profit (loss)	141,129	39,955	198,613	52,588
<b>Gross profit (loss)</b>	<b>125,305</b>	<b>35,475</b>	<b>184,071</b>	<b>48,738</b>
Income tax	24,423	6,914	35,967	9,523
<b>Net profit (loss)</b>	<b>100,882</b>	<b>28,561</b>	<b>148,104</b>	<b>39,214</b>

**Note 36. Off-balance sheet items**

<b>OFF-BALANCE SHEET LIABILITIES</b>	<b>31 December 2008</b>	<b>31 December 2007</b>
Investment real estate pledged as collateral – loans	995,518,032.00	747,077,076.26
Other companies' real estate pledged as collateral – loans	10,000,000.00	3,500,000.00
Blank promissory notes*	489,077,777.78	416,978,822.68
Other**	0.00	10,000,000.00
Assignment of receivables	26,899,600.00	4,299,600.00
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 Budokrusz Sp. z o.o.	0.00	2,500,000.00
Guarantees to the benefit of JWCH Budownictwo Drogowe sp. z o.o.	1,300,000.00	0.00
Guarantees to the benefit of JW. 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
Guarantees to the benefit of Pebex sp. Jawna	0.00	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 companies of the Capital Group of J.W. Construction Holding S.A. to secure rights of such companies under guarantees granted by counterparties, which the companies may fill in at any time with the amount corresponding to the costs of failure and defect removal. As at 31 December 2008 the total value of guarantees was PLN 24.9 million (JW. Construction Holding SA) and PLN 1 million (JW. Construction SA).

**Note 37. Significant issues in litigation**

In 2008 there were no procedures pending before a court, arbitration tribunal or public administration authority, regarding liabilities or receivables of J.W. Construction Holding SA or its subsidiaries, the total value of which would constitute at least 10% of equity of the Company.

**Note 38. Financial instruments and hedge accounting**

In 2008 the Group did not apply hedge accounting and did not hold embedded derivatives.

**Note 39. Changes in composition of the Management Board and Supervisory Board of JW. Construction Holding SA**

**Management Board**

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

- Mr. Jerzy Zdrzałka President of the Management Board
- 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.



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- 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 Kobyliński 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 Kobyliński 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.

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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