

**Consolidated Financial Statements  
for the period  
from 1 January 2007 to 31 December 2007**

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



## A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

**J.W. Construction Holding S.A.** ("JWCH"), a joint-stock company domiciled in Ząbki at ul. Radzyńska 326, REGON id. no.: 010621332 was initially registered as Towarzystwo Budowlano-Mieszkaniowe Batory Sp. z o.o., a limited liability company, on 7 March 1994 under number RHB 39782. On 15 January 2001 it was transformed into a joint-stock company and registered with the District Court for Warsaw under number RHB 63464. On 16 July 2001 the Company was renamed to the current J.W. Construction Holding S.A. and 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 developing and selling own real estate. The business comprises construction designing and support production, buying and selling real estate, selling aggregate and hotel services.

### 2. ACCEPTED PRINCIPLES (POLICY) OF ACCOUNTING

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

The Group structure and holdings of the parent company in share capital of Group subsidiaries as at 31 December 2007 are presented in the following table:

Company	Country of registration	Parent company's holding in share capital	Parent company's holding 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
Przedsiębiorstwo Turystyczne "Czarny Potok" S.A.	Poland	100.00%	100.00%	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
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

The core business of Group companies is:

- Lokum Sp. z o.o. - developing and selling own real estate,
- Interlokum Sp. z o.o. - developing and selling own real estate,
- Project 55 Sp. z o.o. - developing and selling own real estate,
- Towarzystwo Budownictwa Społecznego "Marki" Sp. z o.o. - selling and administrating social building estates,
- Przedsiębiorstwo Turystyczne "Czarny Potok" S.A. - catering and hotel activities connected with organisation of tourist services and recreation,
- J.W. Construction International Sp. z o.o. - general building works connected with erection of buildings, general building engineering and civil engineering, building production, developing and selling real estate,
- Deweloper Sp. z o.o. - building and assembly production,
- Construction Invest Sp. z o.o. - developing and selling own real estate,
- Porta Transport Sp. z o.o. - transport services.

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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 Group companies is unlimited.

**Basic information about consolidation**

The consolidated financial statements of J.W. Construction Holding S.A. as at 31 December 2007 were prepared based on financial statements of the Capital Group companies in such a manner as to present the financial standing and assets of the Capital Group as if the Group was one company.

The parent company and subsidiaries were consolidated by summing up particular items of assets, equity, liabilities, income and expenses, in order to present financial information about the capital group in the consolidated financial statements in such a manner as if it was one business unit.

The consolidation covered relevant offsetting of mutual receivables and liabilities, income and expenses referring to operations between consolidated companies, as well as gains and losses on assets subject to consolidation.

Moreover, exclusions covered the value of holdings of the parent company - denominated in acquisition price - in equity of subsidiaries, with the part of net assets of the subsidiaries - measured at fair value - corresponding to holdings of the parent company in equity of subsidiaries.

The data derived from the financial statements, being the basis for consolidation, were established and transformed in accordance with the principles of accounting resolved by the manager of the parent company in order to significantly standardise the principles of accounting applied by the companies included in the consolidated financial statements.

The consolidated financial statements cover the statements of the parent company and subsidiaries controlled by the same. The control is understood as an ability to manage the operational and financial policies of a company by the parent company in order to derive economic benefits from the same.

A subsidiary acquired during the reporting period is included in the consolidated financial statements starting from the day of taking up the control by the parent company. As at the day of acquisition of the subsidiary (taking up the control) assets, equity and liabilities, and contingent liabilities of the subsidiary are measured at fair value. Acquisition price exceeding fair value of acquired net assets constitutes goodwill and is tested for impairment. The excess of net assets taken over, denominated in fair value, is disclosed in the income statement for the financial year of acquisition.

The consolidated financial statements cover financial statements of the parent - J.W. Construction Holding S.A. and financial statements 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. and Deweloper Sp. z o.o. for 2006;
- 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., Przedsiębiorstwo Turystyczne "Czarny Potok" S.A., Deweloper Sp. z o.o. in 2007, Porta Transport Sp. z o.o., Construction Invest Sp. z o.o. for 2007.

In the years 2006-2007 the parent company excluded the following subsidiaries from the obligatory consolidation:  
*In 2006:*

- Business Financial Construction Sp. z o.o. - 100%
- Dremet Sp. z o.o. - 100%
- J.W. Construction AZS Politechniki Warszawskiej S.A. - 75%
- KSP Polonia Warszawa S.S.A. - 100%
- Construction Invest Sp. z o.o. - 100%
- J.W. Agro Sp. z o.o. - 100%
- Hotel 500 Sp. z o.o. - 100%
- Abimel Trading Sp. z o.o. - 100%.

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*In 2007:*

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

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 assumption, benefits from collected information should exceed the costs of providing the same. It was found out that the cost of collecting information about subsidiaries not covered by consolidation, as well as the cost of consolidating them 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 accurate and clear presentation of assets and the financial standing, as well as earnings of the Capital Group.

#### **Going concern principle and comparable 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 day the Capital Group of J.W. Construction Holding S.A. did not find any circumstances threatening the going concern assumption. The consolidated financial reporting is prepared in accordance with the historical cost method. The consolidated financial information was not measured with any other method, which guarantees that the financial statements are comparable.

#### **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 approved by the European Union. In the consolidated historical financial information J.W. Construction Holding S.A. applied all International Financial Reporting Standards valid for the periods commencing on 1 January 2007 and standards that came into force before 31 December 2007. Harmonising the principles (policy) of accounting with IFRS, in view of the below issues, J.W. Construction Holding S.A. assumed that apart from 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 bad debt allowance. Bad debt allowance is established taking account of expected risk connected with receivables and established collateral having impact on effective debt collection. Although the assumptions are made in accordance with the best knowledge, real results may be different than expected.
- Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to 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 financial statements 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 different than expected by the entity and the created provisions may prove insufficient.
- The entity gains revenues from services performed by the Issuer based on contracts for an agreed time. Services performed by the Issuer are long-term ones and their term of performance is longer than 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 entity 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 annually, in accordance with IAS 36.

### ***Tangible assets***

Tangible assets cover resources controlled by the entity (owned by the same) as a result of past events, from which future economic benefits are expected to flow to the entity and which are kept by the same for use in production or delivery 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 more than 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 valued 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 were made. 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 and 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 earlier revalued assets adjust the revaluation reserve up to the amounts disclosed in equity, and below the acquisition price - 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 value in use. Impairment losses are reversed when the circumstances due to which they were made no longer exist. Impairment loss reversals are disclosed in the income statement except for the ones which earlier reduced the revaluation reserve, and then they adjust the said reserve up to the value of earlier made reduction.

### ***Investment real estate***

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

### ***Leases***

A lease is an agreement whereby a lessor conveys to a lessee, in return for a payment or series of payments, the right to use an asset for agreed 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.

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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 for other purchased assets of the similar type. The period of amortisation or depreciation is equal to the period of lease unless after the end of the lease the company plans 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 charged to 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:

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

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

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

**Work in progress** covers expenditures on building of 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 principles referred to under item "Long-term developer contracts".

***Costs of borrowings***

Costs of borrowings comprise interest, exchange losses and other financial expenses incurred by the entity due to borrowing. Group Companies defer costs of borrowing, which may be allocated directly to acquisition (lands 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, construction completion date. Other costs of borrowings are recognised in the period in which they were incurred, regardless of the manner of borrowing utilisation.

***Current and non-current receivables***

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

***Guarantee deposits***

Guarantee deposits being parts of receivables, retained by service recipients 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 effective discount rate.

***Cash and cash equivalents***

Cash on hand and with banks, as well as current deposits kept to maturity are measured at their 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, 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 entity.

**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 of previous periods,
- a provision for unused annual leaves of employees, recognised based on records on unused days of annual leaves of particular employees as at a given date and their daily gross salaries plus social insurance contributions of 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 essence of developer contracts is that construction of flats is generally financed by the principal over the whole project with contractually agreed advances and upon completion of the investment process the ownership right is transferred to the flat buyer. Such contracts are performed in the period of 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 income and expenses on developer contracts in accordance with the percentage-of-completion method. Execution of the assumed income and expense budget is the basis for accounting. The stage of completion of particular projects is established for each accounting period based on percentage of completion of construction expenses and sales budget. Execution of construction expenses is established based on the value of performed work compared to budgeted expenses. The stage of completion of revenues from sales is established by way of comparing revenues under concluded preliminary sales agreements and the projected total income based on budgeted revenues from sales.

If the stage of completion of an unfinished service or the projected total cost of its performance may not be measured reliably, income is 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 percentage is achieved:

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

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

- a)  $\text{income} = \text{budgeted income} * (\text{income ratio} * \text{expense ratio});$
- b)  $\text{expenses} = \text{budgeted expenses} * (\text{income ratio} * \text{expense ratio}).$

So established income reduces deferred income (balance sheet) and increases revenues from sales of products (income statement). If the value of so established income is higher than the value of advances in deferred income for the given project, "uninvoiced payables" increasing deferred income are disclosed simultaneously with current prepaid expenses in 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 uninvoiced work" increasing work in progress is disclosed simultaneously with accrued expenses in liabilities. The Group applies the aforesaid manner of developer contract accounting until the construction is completed.

When a building is transferred for use the value of particular elements is transferred to finished products, where the said elements are disclosed until the preliminary agreement is concluded (in cases where not 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 under developer activities. The document indicated significant differences between application of standards under IAS 11 and IAS 18 for developer activities. The changes referred to the moment of recognitions of revenues from housing building sales based on preliminary agreements and indicated the need to modify the current standards and their official interpretation.

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Based on initially published conclusions the authors suggest to ban application of IAS 11 (the so-called percentage-of-completion method) for construction and sales of housing buildings under developer activities and instead of that to apply the completed-contract method - IAS 18.

When IFRIC accepts the final version, the Group will be obliged to change the principles of accounting. That may result in a change of recognition of revenues from developer contracts in particular reporting periods.

***Long-term construction contracts***

As a construction services provider, 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 reliably. In accordance with the said method revenues from an unfinished construction service are established at the end of the month 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 the stage of completion can be measured reliably. Revenues from an unfinished building contract are disclosed proportionally to costs incurred at a given moment of its performance. Income, expenses and profits are disclosed proportionally to the stage of work completion.

Measuring the stage of completion of a construction contract the Group applies such method which will allow it to reliably establish the stage of completion of work as at a given date. Depending on the nature of a contract the said method may comprise:

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

Measuring the stage of completion of a construction service, based on contractual costs 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 initially recognised at acquisition price equal to fair value of received cash less costs of funding. Borrowings are subsequently measured at acquisition price adjusted with effective interest rate. All effects of the adjusted acquisition price and effects of derecognition of the 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 day 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***

Held-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 costs of sales.

Assets can be classified as held for sale 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 past events, the value of which can be measured reliably and the settlement of which will result in the use of present or future assets of the entity.

Based on their characteristics, liabilities can be divided into:

- current liabilities,
- non-current liabilities,



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- financial liabilities,
- contingent liabilities.

Current liabilities are a set of trade payables and all or this part of other liabilities which fall due within one year of the balance sheet date. Non-current liabilities are this part of 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 entity 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 recognises revenues at the amount of probable economic benefits flowing due to a transaction, which can be measured reliably. Revenues are recognised on an accrual basis, regardless of the date of payment receipt.

Revenues from sales of developer services - flats are disclosed in the manner provided under "Long-term developer contracts".

Revenues from sales of construction services are recognised in the period of service performance, on the basis of the stage of completion of a concrete transaction, established based on percentage of actually performed work in overall services to be performed.

***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 i.a.: interest connected with loans and cash loans granted and used, default interest received and paid, foreign exchange gains and losses, commissions paid and received, gains and losses on sales 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 financial year. Tax profit (loss) differs from net accounting profit (loss) as taxable income and tax deductible costs of next years are excluded, as well as non-taxable cost and income items. Tax expense is calculated at tax rates applicable in a given financial year.

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**B. CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>	<b>Note</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>NON-CURRENT ASSETS</b>		<b>381,045,178.06</b>	<b>329,174,125.39</b>
Intangible assets	1	12,357,049.65	12,522,507.31
Goodwill on subsidiaries and associates	2	16,801,419.29	16,801,419.29
Tangible assets	3	299,290,898.50	271,957,093.53
Investment real estate	4	12,264,900.36	0.00
Other financial assets	5	15,337,952.98	5,033,744.50
Deferred income tax assets	15	12,772,358.97	11,267,297.35
Trade and other receivables	6	12,220,598.30	11,592,063.41
Prepaid expenses		0.00	0.00
<b>CURRENT ASSETS</b>		<b>1,130,522,116.08</b>	<b>552,909,438.94</b>
Inventories	7	28,319,047.22	55,112,331.62
Construction contracts	7	875,120,902.36	403,563,559.20
Trade and other receivables	8	66,389,507.18	40,181,969.62
Other financial assets	9	73,692,807.18	6,683,595.25
Cash and cash equivalents	10	75,331,769.20	37,380,444.49
Prepaid expenses	11	11,668,082.94	9,987,538.77
<b>HELD-FOR-SALE ASSETS</b>	<b>30</b>	<b>0.00</b>	<b>25,461,578.17</b>
<b>Total assets</b>		<b>1,511,567,294.14</b>	<b>907,545,142.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>		<b>549,508,306.25</b>	<b>193,449,998.31</b>
Share capital	12	10,939,656.00	10,250,000.00
Revaluation reserve		0.00	0.00
Other capital	13	383,269,153.02	77,404,293.16
Retained earnings		7,195,257.85	-26,221,694.93
Net profit / loss		148,104,239.39	132,017,400.08
<b>LIABILITIES</b>		<b>962,058,987.89</b>	<b>695,970,765.15</b>
<b>Non-current liabilities</b>		<b>370,799,040.28</b>	<b>350,433,884.70</b>
Borrowings	14	206,406,678.76	220,845,904.84
Deferred income tax liabilities	15	68,806,200.32	33,659,800.12
Retirement benefit obligations	16	598,565.82	443,561.75
Provision for other liabilities and charges	17	14,002,662.21	14,248,875.55
Other liabilities	18	80,984,933.17	81,235,742.44
<b>Current liabilities</b>		<b>591,259,947.61</b>	<b>345,536,880.45</b>
Trade and other payables	19	106,577,539.29	77,923,790.90
Construction contracts	7	156,479,497.27	105,538,118.54
Borrowings	14	156,735,191.05	107,982,788.49
Provision for other liabilities and charges	17	18,627,623.99	10,459,736.99
Other liabilities	19	152,840,096.01	43,632,445.53
<b>LIABILITIES UNDER HELD-FOR-SALE ASSETS</b>	<b>30</b>	<b>0.00</b>	<b>18,124,379.04</b>
<b>Total equity and liabilities</b>		<b>1,511,567,294.14</b>	<b>907,545,142.50</b>

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**CONSOLIDATED INCOME STATEMENT**

	Note	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
<b>Net revenues from sales of products, goods and materials, of which:</b>	24	<b>781,087,491.80</b>	<b>726,308,459.48</b>
Net revenues from sales of products		767,452,151.25	715,332,092.39
Net revenues from sales of goods and materials		13,635,340.55	10,976,367.09
<b>Costs of products, goods and materials sold, of which:</b>	25	<b>532,491,955.06</b>	<b>500,301,862.79</b>
Manufacturing cost of products sold		518,493,376.08	489,563,658.48
Value of goods and materials sold		13,998,578.98	10,738,204.31
<b>Gross profit (loss) on sales</b>		<b>248,595,536.74</b>	<b>226,006,596.69</b>
<b>Costs of sales</b>	25	<b>28,554,750.66</b>	<b>24,091,115.93</b>
<b>Overhead costs</b>	25	<b>24,877,112.20</b>	<b>20,802,689.85</b>
<b>Revaluation of investment real estate</b>		<b>3,921,359.17</b>	
<b>Profit (loss) on sales</b>		<b>199,085,033.05</b>	<b>181,112,790.91</b>
<b>Other operating income</b>	26	<b>9,112,638.18</b>	<b>13,736,939.30</b>
Profit on disposal of non-financial fixed assets		1,723,691.44	9,253,681.13
Subsidies		0.00	0.00
Other operating income		7,388,946.74	4,483,258.17
<b>Other operating expenses</b>	27	<b>9,584,822.16</b>	<b>14,743,169.77</b>
Loss on disposal of non-financial fixed assets		260,875.55	50,617.93
Revaluation of non-financial assets		1,362,295.44	3,414,851.33
Other operating expenses		7,961,651.17	11,277,700.51
<b>Operating profit (loss)</b>		<b>198,612,849.07</b>	<b>180,106,560.44</b>
<b>Financial income</b>	28	<b>9,063,011.16</b>	<b>4,172,834.56</b>
Dividends and participation in profits, of which:		0.00	0.00
Interest		7,971,507.54	2,065,715.46
Profit on disposal of investments		0.00	0.00
Revaluation of investments		0.00	0.00
Other		1,091,503.62	2,107,119.10
<b>Financial expenses</b>	29	<b>23,604,364.54</b>	<b>15,991,224.05</b>
Interest		22,589,113.34	15,145,725.27
Loss on disposal of investments		0.00	0.00
Revaluation of investments		0.00	15,440.00
Other		1,015,251.20	830,058.78
<b>Profit (loss) before interest, extraordinary items and taxes</b>		<b>184,071,495.69</b>	<b>168,288,170.95</b>
<b>Gains (losses) on held-for-sale assets</b>		<b>0.00</b>	<b>-1,071,692.71</b>
Gains on held-for-sale assets		0.00	-1,071,692.71
Losses on held-for-sale assets		0.00	0.00
<b>Profit (loss) before tax</b>		<b>184,071,495.69</b>	<b>167,216,478.24</b>
<b>Income tax</b>	22	<b>2,340,915.07</b>	<b>14,823,592.90</b>
<b>Deferred tax</b>	22	<b>33,626,341.23</b>	<b>20,429,716.28</b>
<b>Other mandatory deductions from profit (loss increase)</b>		<b>0.00</b>	<b>-54,231.02</b>
<b>Net profit (loss)</b>		<b>148,104,239.39</b>	<b>132,017,400.08</b>

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**CONSOLIDATED CASH FLOW STATEMENT**

	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
<b>Operating cash flows - indirect method</b>		
<b>Net profit (loss)</b>	<b>148,104,239.39</b>	<b>132,017,400.08</b>
<b>Total adjustments, of which:</b>	<b>81,694,344.58</b>	<b>29,258,255.07</b>
Depreciation and amortisation	13,313,077.78	10,733,218.02
(Gains) losses on fair value valuation of derivatives	0.00	0.00
Exchange (gains) losses on investment and financial activities	0.00	0.00
Investment profit (loss)	0.00	-9,169,063.20
Investment profit (loss) - interests	0.00	0.00
Interest and dividends	-29,327,821.72	0.00
Income tax	0.00	35,253,309.18
Movements in provisions and accruals	88,581,378.84	-2,728,321.03
Other adjustments, of which:	9,127,709.68	-4,830,887.90
- adjustment on goodwill	0.00	-365,908.80
- net assets of first-time consolidated companies	0.00	0.00
- property, plant and equipment acquired under combination	0.00	19,036.77
- property, plant and equipment - first-time consolidation	0.00	-360,646.59
- movements in held-for-sale assets	9,060,483.05	-7,337,199.13
- reduction of interests - first-time consolidation	0.00	3,828,500.00
- movements in equity due to:	0.00	0.00
- movements in property, plant and equipment - internal movement	0.00	-614,670.15
- other adjustments	67,226.63	0.00
<b>Movements in working capital</b>	<b>-446,537,604.71</b>	<b>-206,083,623.96</b>
Movements in inventories	14,720,138.84	-29,107,450.40
Movements in construction contracts	-470,534,225.25	-152,361,158.51
Movements in receivables	-21,051,577.95	-9,774,393.21
Movements in current liabilities, except for borrowings	30,328,059.66	-14,840,621.84
<b>Net operating cash flows</b>	<b>-216,739,020.74</b>	<b>-63,139,605.80</b>
<b>Investment cash flows</b>		
Disposal of intangible assets, tangible assets and other non-current assets	3,688,832.50	10,253,790.91
Purchase of intangible assets, tangible assets and other non-current assets	-23,256,277.27	-5,373,328.98
Expenditures on held-for-sale assets	0.00	-477,194.50
Purchase of equity and debt instruments	450,000,000.00	0.00
Disposal of equity and debt instruments	-510,000,000.00	0.00
Loans granted	-9,669,341.18	-8,728,949.79
Loan repayments	225,366.15	3,731,719.69
Other purchase of financial assets	-10,376,472.99	-2,742,197.77
Other disposal of financial assets	51,010.00	0.00
Dividends received	0.00	0.00
Interest received	2,696,110.00	0.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	0.00	0.00
<b>Net investment cash flows</b>	<b>-96 640 772.79</b>	<b>-3,336,160.44</b>
<b>Financial cash flows</b>		

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Net proceeds from issue of shares (interests), other equity instruments and capital contributions	244,827,880.00	5,822,500.00
Purchase of treasury shares or repayment of interests		0.00
Borrowings	330,343,249.27	467,934,764.52
Borrowing repayments	-292,520,320.45	-411,323,447.86
Issue of debt securities	266,000,000.00	35,000,000.00
Redemption of debt securities	-160,500,000.00	0.00
Payments of liabilities under financial lease agreements	-16,622,273.10	-12,748,146.39
Dividends and other participations in profits	0.00	0.00
Interest paid	-20,197,417.48	-14,776,245.50
Other financial proceeds	0.00	0.00
Other financial expenditures	0.00	0.00
<b>Net financial cash flows</b>	<b>351,331,118.24</b>	<b>69,909,424.77</b>
<b>NET DECREASE/(INCREASE) IN CASH</b>	<b>37,951,324.71</b>	<b>3,433,658.53</b>
Cash and cash equivalents at the beginning of the year	37,380,444.49	16,209,501.92
- foreign exchange gains/(losses) on cash	0.00	0.00
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>75,331,769.20</b>	<b>19,643,160.45</b>

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

2007	Share capital	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity attributable to shareholders of the parent company	Minority interest	Equity
As at 31 December 2006	10,250,000.00	0.00	74,810,512.66	2,703,534.25	-109,753.75	-26,221,694.93	132,017,400.08	193,449,998.31	0.00	193,449,998.31
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustment due to transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 1 January 2007	10,250,000.00	0.00	74,810,512.66	2,703,534.25	-109,753.75	-26,221,694.93	132,017,400.08	193,449,998.31	0.00	193,449,998.31
Share issue	689,656.00	0.00	233,714,168.61	0.00	0.00	0.00	0.00	234,403,824.61	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	0.00	-29,212,500.00
Gains / (losses) on revaluation of property, plant and equipment, investment real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign entities	0.00	0.00	0.00	0.00	105,931.56	0.00	0.00	105,931.56	0.00	105,931.56
Gains (losses) on business acquisitions (single 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	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	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	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	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>	<b>0.00</b>	<b>207,954,068.56</b>
Net profit (loss) for the financial year	0.00	0.00	0.00	0.00	0.00	0.00	148,104,239.39	148,104,239.39	0.00	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>	<b>0.00</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	0.00	0.00
As at 30 December 2007	10,939,656.00	0.00	377,696,720.04	5,576,255.17	-3,822.19	7,195,257.85	148,104,239.39	549,508,306.25	0.00	549,508,306.25

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2006	Share capital	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity attributable to shareholders of the parent company	Minority interest	Equity
As at 31 December 2005	6,000,000.00	0.00	67,612,939.79	43,534,861.75	-22,102.33	-8,637,092.29	11,273,851.03	119,762,457.95	0.00	119,762,457.95
Basic error corrections	0.00	0.00	6,746,885.30	0.00	0.00	0.00	0.00	6,746,885.30	0.00	6,746,885.30
Adjustment due to transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 1 January 2006	6,000,000.00	0.00	74,359,825.10	43,534,861.75	-22,102.33	-8,637,092.29	11,273,851.03	126,509,343.26	0.00	126,509,343.26
Share issue	4,250,000.00	0.00	1,572,500.00	0	0.00	0.00	0.00	5,822,500.00	0.00	5,822,500.00
Dividends paid	0.00	0.00	0.00	-67,882,974.34	0.00	0.00	0.00	-67,882,974.34	0.00	-67,882,974.34
Gains / (losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign entities	0.00	0.00	0.00	0.00	-109,753.75	0.00	0.00	-109,753.75	0.00	-109,753.75
Profit / (loss) on business acquisitions	0.00	0.00	737,560.73	0.00	0.00	-3,705,921.83	0	-2,968,361.10	0.00	-2,968,361.10
Changes in the principles of accounting / presentation	0.00	0.00	277,974.34	0	22,102.33	-300,076.67	0.00	0.00	0.00	0.00
First-time consolidation / Czarny Potok	0.00	0.00	6,903.93	51,197.41	0	3,742.83	0.00	61,844.17	0.00	0.00
Total profit / (loss) recognised directly in equity	4,250,000.00	0.00	2,594,939.00	-67,831,776.93	-87,651.42	-4,002,255.67	0.00	-65,076,745.02	0.00	-65,138,589.19
Net profit (loss) for the financial year	0.00	0.00	0.00	0.00	0.00	0.00	132,017,400.08	132,017,400.08	0.00	132,017,400.08
Total profit / (loss) recognised in equity and net earnings	4,250,000.00	0.00	2,594,939.00	-67,831,776.93	-87,651.42	-4,002,255.67	132,017,400.08	66,940,655.06	0.00	66,940,655.06
Increase / decrease from profit distribution	0	0.00	-2,144,251.43	27,000,449.43	0.00	-13,582,346.96	-11,273,851.03	0.00	0.00	0.00
As at 31 December 2006	10,250,000.00	0.00	74,810,512.66	2,703,534.25	-109,753.75	-26,221,694.93	132,017,400.08	193,449,998.31	0.00	193,449,998.31

**C. ADDITIONAL INFORMATION**

**INFORMATION ABOUT SIGNIFICANT EVENTS OF PREVIOUS YEARS, DISCLOSED IN THESE FINANCIAL STATEMENTS**

These Financial Statements of the Group do not disclose any significant events of previous years.

**INFORMATION ABOUT SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE, NOT DISCLOSED IN THESE FINANCIAL STATEMENTS**

The Financial Statements of the Group prepared for 2007 disclose any and all events that occurred until the day of these statements i.e. 23 May 2008 and had impact on the Financial Statements for 2007.

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

In 2007 the Group did not change the principles of accounting.

**NOTES TO THE BALANCE SHEET**

**Note 1. Intangible assets**

<b>INTANGIBLE ASSETS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) research and development	0.00	0.00
b) goodwill on consolidation	3,047,895.06	3,047,895.06
c) other intangible assets	9,309,154.59	9,474,612.25
d) advances on intangible assets	0.00	0.00
<b>Total intangible assets</b>	<b>12,357,049.65</b>	<b>12,522,507.31</b>

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

<b>MOVEMENTS IN INTANGIBLE ASSETS PER GROUPS OF ASSETS IN 2007</b>				
<b>Group of assets</b>		<b>Goodwill</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
<b>Value</b>	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
<b>Amortisation</b>	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
<b>Opening balance (net)</b>		<b>3,047,895.06</b>	<b>9,474,612.25</b>	<b>12,522,507.31</b>
<b>Closing balance (net)</b>		<b>3,047,895.06</b>	<b>9,309,154.59</b>	<b>12,357,049.65</b>



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<b>MOVEMENTS IN INTANGIBLE ASSETS PER GROUPS OF ASSETS IN 2006</b>				
<b>Group of assets</b>		<b>Goodwill</b>	<b>Other intangible assets</b>	<b>Total intangible assets</b>
<b>Value</b>	Opening balance	1,173.00	9,575,670.44	9,576,843.44
	Combination	3,046,722.06	11,251.00	3,057,973.06
	Total upon combination	3,047,895.06	9,586,921.44	12,634,816.50
	Receipts	0.00	4,442,189.42	4,442,189.42
	Movements	0.00	0.00	0.00
	Issues	0.00	471,812.30	471,812.30
	First-time consolidation	0.00	0.00	0.00
	Closing balance	3,047,895.06	13,557,298.56	16,605,193.62
<b>Amortisation</b>	Opening balance	0.00	3,085,734.33	3,085,734.33
	Combination	0.00	11,251.00	11,251.00
	Total upon combination	0.00	3,096,985.33	3,096,985.33
	Amortisation for the year	0.00	1,136,091.40	1,136,091.40
	Increase	0.00	0.00	0.00
	Decrease	0.00	150,390.42	150,390.42
	First-time consolidation	0.00	0.00	0.00
	Closing balance	0.00	4,082,686.31	4,082,686.31
<b>Opening balance (net)</b>		<b>3,047,895.06</b>	<b>6,489,936.11</b>	<b>9,537,831.17</b>
<b>Closing balance (net)</b>		<b>3,047,895.06</b>	<b>9,474,612.25</b>	<b>12,522,507.31</b>

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

As at 31 December 2007 and 31 December 2006 there were no circumstances requiring the Company to make write-downs on intangible assets.

In 2006-2007 the Group did not implement any research and development and did not incur any costs on the same.

The Companies did not hold any advances on intangible assets.

Intangible assets were not pledged as collateral.

<b>BALANCE SHEET INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) own	5,859,447.32	5,532,161.40
b) leased	6,497,602.33	6,990,345.91
<b>TOTAL BALANCE SHEET INTANGIBLE ASSETS</b>	<b>12,357,049.65</b>	<b>12,522,507.31</b>

<b>LEASE</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Gross intangible assets	9,552,213.97	9,226,398.66
Amortisation	3,054,611.64	2,236,052.75
<b>Balance sheet value of leased intangible assets</b>	<b>6,497,602.33</b>	<b>6,990,345.91</b>
Leased intangible assets to total intangible assets (in %)	52.58%	55.82%
<b>Lease liabilities</b>	<b>3,546,431.41</b>	<b>2,909,390.37</b>
Amortisation of leased assets recognised as operating expenses	818,558.89	664,509.51
Interest on lease agreements recognised as financial expenses	781,178.26	219,970.59

Due to development of the Group, in 2003 the Management Board resolved to change software to be implemented in the Group. In 2003 the parent company launched implementation of the SAP integrated system. Upon implementation of the system in the parent company, the system was implemented in other Group companies conducting business activity similar to the one of the parent company. That project required expenditures for computer hardware, licences, software and system implementation. The Group raised some

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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 2007 the aggregate value of leased assets amounted to PLN 11,307,238.24.

**Note 2. Goodwill of subsidiaries**

<b>GOODWILL OF SUBSIDIARIES</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) goodwill - subsidiaries	16,801,419.29	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>16,801,419.29</b>	<b>16,801,419.29</b>

The goodwill of subsidiaries was established as the surplus of acquisition price determined by entities and fair value of acquired net assets, lower than the same.

**Note 3. Tangible assets**

<b>TANGIBLE ASSETS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) property, plant and equipment, of which:	276,986,505.09	253,373,034.92
- land (including under perpetual usufruct)	28,239,578.77	21,698,653.68
- buildings and structures	217,525,561.13	214,940,740.17
- machines and equipment	15,324,752.82	9,987,812.67
- vehicles	11,470,757.57	5,289,091.30
- other property, plant and equipment	4,425,854.80	1,456,737.09
b) constructions in progress	22,288,417.42	18,558,958.61
c) advances on constructions in progress	15,975.99	25,100.00
<b>Total tangible assets</b>	<b>299,290,898.50</b>	<b>271,957,093.53</b>

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MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT PER GROUPS IN 2007										
Group of assets		Land (including under perpetual usufruct)	Buildings and structures	Machines and equipment	Vehicles	Other property, plant and equipment	Total property, plant and equipment	Constructions in progress	Advances on constructions in progress	Total tangible assets
<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
Revaluation charges - beginning of the period	0.00	0.00	0.00	0.00	0.00	0.00	2,019,617.50	0.00	2,019,617.50	
Increase / made	0.00	0.00	0.00	0.00	0.00	0.00	2,549,852.46	0.00	2,549,852.46	
Revaluation charges - end of the period	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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MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT PER GROUPS IN 2006										
Group of assets		Land (including under perpetual usufruct)	Buildings and structures	Machines and equipment	Vehicles	Other property, plant and equipment	Total property, plant and equipment	Constructions in progress	Advances on constructions in progress	Total tangible assets
<b>Gross value</b>	Opening balance	21,622,330.28	230,285,915.23	23,731,905.69	5,358,102.14	8,984,998.71	289,983,252.05	15,671,219.63	25,100.00	305,679,571.68
	Combination*	55,253.95	2,735,379.07	763,111.95	15,312.50	352.97	3,569,410.44	0.00	0.00	3,569,410.44
	Total upon combination	21,677,584.23	233,021,294.30	24,495,017.64	5,373,414.64	8,985,351.68	293,552,662.49	15,671,219.63	25,100.00	309,248,982.12
	First-time consolidation**	46,017.00	459,814.85	322,468.68	12,571.02	234,132.07	1,075,003.62	327,868.85	0.00	1,402,872.47
	Receipts	57,410.00	76,349.87	2,244,561.51	3,987,564.47	423,103.62	6,788,989.47	5,541,138.15	0.00	12,330,127.62
	Issues	0.00	121,704.08	728,276.11	1,295,188.96	40,046.78	2,185,215.93	497,377.32	0.00	2,682,593.25
	Closing 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
<b>Depreciation</b>	Opening balance	27,157.75	13,179,282.08	12,954,976.60	3,107,181.68	6,780,456.57	36,049,054.68	464,273.20	0.00	36,513,327.88
	Combination	0.00	495,884.53	647,840.84	15,312.50	352.97	1,159,390.84	0.00	0.00	1,159,390.84
	Total upon combination	27,157.75	13,675,166.61	13,602,817.44	3,122,494.18	6,780,809.54	37,208,445.52	464,273.20	0.00	37,672,718.72
	First-time consolidation	46,017.00	459,814.85	287,787.22	12,571.02	236,035.79	1,042,225.88	0.00	0.00	1,042,225.88
	Depreciation for the year	9,182.80	4,370,503.75	3,205,237.44	858,194.07	1,154,008.56	9,597,126.62	0.00	0.00	9,597,126.62
	Decrease	0.00	10,470.44	749,883.05	1,203,989.40	25,050.39	1,989,393.28	0.00	0.00	1,989,393.28
	Closing 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
Revaluation charges - beginning of the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Increase / made	0.00	0.00	0.00	0.00	0.00	0.00	2,019,617.50	0.00	0.00	
Revaluation charges - end of the period	0.00	0.00	0.00	0.00	0.00	0.00	2,019,617.50	0.00	0.00	
<b>Opening balance (net)</b>	<b>21,595,172.53</b>	<b>217,106,633.15</b>	<b>10,776,929.09</b>	<b>2,250,920.46</b>	<b>2,204,542.14</b>	<b>253,934,197.37</b>	<b>15,206,946.43</b>	<b>25,100.00</b>	<b>272,735,654.24</b>	
<b>Closing 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>	

\* In 2006 Łucka InvestCo Sp. z o.o. and J.B. Financial Trust Sp. z o.o. (target companies) were merged with J.W. Construction Holding S.A. (surviving company)

\*\* In 2006 Deweloper Sp. z o.o. was consolidated for the first time

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

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

<b>BALANCE SHEET TANGIBLE ASSETS (OWNERSHIP STRUCTURE)</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) own	209,574,426.63	193,124,969.35
b) leased	89,716,471.87	78,832,124.18
<b>TOTAL BALANCE SHEET TANGIBLE ASSETS</b>	<b>299,290,898.50</b>	<b>271,957,093.53</b>

<b>LEASE</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Gross tangible assets	106,964,036.00	90,656,183.28
Depreciation	17,247,564.13	11,824,059.10
<b>Balance sheet value of leased tangible assets</b>	<b>89,716,471.87</b>	<b>78,832,124.18</b>
Leased tangible assets to total tangible assets (in %)	29.90%	28.99%
<b>Lease liabilities</b>	<b>78,512,867.09</b>	<b>77,572,027.92</b>
Depreciation of leased assets recognised as operating expenses	5,723,355.23	4,187,859.33
Interest on lease agreements recognised as financial expenses	5,580,242.62	6,373,848.46

Due to development of the Group, in 2003 the Management Board resolved to change software to be implemented 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 conducting business activity similar to the parent's one. That project required expenditures for computer hardware, licences, software and system implementation. The Group raised 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 2007 the aggregate value of leased assets amounted to PLN 11,307,238.24.

On 29 December 2004 the parent company executed a 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 to conduct the business. In the years 2006-2007 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 sales were established at PLN 30,545,000. The said real estate was 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 deferred the surplus of revenues from sales of leased asset over its carrying value for the term of 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. At the moment of entering into the transaction the fair value of the leased asset (PLN 19,860,048.69) was higher than revenues from its sales (PLN 18,444,200.52), due to which the Company - in accordance with IAS 17 "Leasing" - immediately recognised a loss on sales in earnings of the given financial year.

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In the years 2006-2007 the following non-current assets were disclosed on an off-balance sheet basis:

COMPANY	ANNEX	AGREEMENT / ANNEX DATE	TERM	SUBJECT MATTER OF THE AGREEMENT	AMOUNT
"PALISANDER" Sp. z o.o.; Agreement No. 14/r/04		18.03.2004	Permanent agreement	Formwork	Monthly invoice
Capital city of Warsaw; Agreement No. P-590		30.08.2007	01.08.2007-30.11.2007	Lease of land	30,936.60 per month
Capital city of Warsaw; Agreement No. B-429		19.06.2007	01.07.2007-31.08.2007	Lease of land	11,436.77 per month
Capital city of Warsaw; Agreement No. B-420		02.04.2007	01.04.2007-31.12.2007	Lease of land	2,483.31 per month
Capital city of Warsaw; Agreement No. WH/B-22/2		30.03.2007	01.04.2007-31.01.2008	Lease of land	1,908.91 per month
Capital city of Warsaw; Agreement No. P-541		12.01.2007	01.12.2006-31.03.2007	Lease of land	21,978.37 per month
Capital city of Warsaw; Agreement No. 281/2007		2007	01.10.2007-31.12.2008	Lease of land	7,245.34 per month
BOGUSŁAW STANETA; Agreement No. 23/12/07		31.12.2007	31.12.2008		2,000 per month
Regionalny Zarząd Gospodarki Wodnej; Agreement No. um634/mz/04		29.12.2004	01.01.2005-31.12.2007		71.57% of minimum salary of employees, in accordance with the act of 10.10.2002/ per month
J.W. Industries Sp. z o.o.		01.09.2003	01.09.2003-26.09.2007	Lease of plot 16/3 of the area of 3000 m2, a part of plot 23/3 of the area of 15 200 m2 located in Mielec, plot 16/2 of the area 4600 m2	USD 4.08/ per month/ per one hotel module
J.W. System Sp. z o.o.; Agreement No. 7/2001		18.12.2001	01.01.2002 - for indefinite period	Lease of formwork	PLN 36/ per 1 m2/ wall formwork/ per month; PLN 20/ m2/ ceiling formwork/ month; PLN 5/ lease of a rest/ per month; PLN 3.50/ lease of 1 tripod/ month
	Annex 1	09.08.2002	01.01.2002 - for indefinite period	Lease of formwork	PLN 97.50/ 1 scaffold deck/ per month; PLN 135.00/ 1 scaffold deck / per month/ PLN 20.70/ 1 m2/ per month; PLN 3.50 per 1 tube spindle/ per month
		10.03.2003	10.03.2003 - for indefinite period	Lease of machines and equipment	PLN 1,400.00/ per month
EFH Żurawie Wieżowe Sp. z o.o.; Agreement No. effh/13/104/2004/w		01.01.2004	01.01.2004 - for indefinite period	Lease of 2 complete climbing mechanisms	PLN 3,000.00 + VAT on each mechanism/ per month
Honorata and Henryk Kalinowski		03.10.2001	08.10.2001 - until the investment is completed	Land of the area of 3,478 m2, ul. Aluzyjna, Warsaw, for builder's yard of a housing estate - Dąbrówka Wiślana	PLN 2,500.00/ per month

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	Annex 1	31.01.2003	08.10.2001-30.06.2003	Unchanged	Unchanged
	Annex 2	27.06.2003	Until 30.09.2003	Unchanged	Unchanged
	Annex 4	28.11.2003	Until 29.02.2004	Unchanged	Unchanged
	Annex 5	27.02.2004	01.03.200-30.09.2004	Unchanged	2,000.00/per month
	Annex 6	27.02.2004	01.10.2004-30.09.2005	Unchanged	2,000.00/ per month
	Annex 7	26.09.2005	01.10.2005-30.09.2006	Unchanged	2,500.00/ per month
	Annex 8	18.09.2006	01.10.2006-30.09.2007	Unchanged	5,000.00/ per month
Gemini 1 S.C.		04.12.2003	03.12.1003-31.12.2008	Business premises at ul. Konstytucji 2 in Warsaw for a shop	PLN 13,000.00 +VAT / per month
INTRACO		Assignment of 27.05.2003 to Agreement No. 7/b/2000 of 12.04.2000	01.06.2003 - for indefinite period	Premises in the FOREIGN TRADE CENTRE building in Warsaw at ul. Stawki, area: 52.16 m2	USD 32 + VAT/ m2/ per month
	Annex 1	07.04.2003	10.04.2003 - for definite period	Change of previous premises to premises in the FOREIGN TRADE CENTRE building in Warsaw at ul. Stawki, area: 258.43 m2	USD 28 + VAT/ m2/ per month
Maria Rembelska; Agreement No. 079/03/05		10.03.2005	11.03.2005-10.03.2015	Lease of real estate of the area of 19,763 m2	PLN 4,000.00/ per annum
Cws-Boco Polska		01.07.2005	For indefinite period	Lease of dust absorbing mats	As invoiced
Andrzej Grzybowski; Agreement No. 35/08/07		10.08.07	For indefinite period	Lease of a plot	As invoiced
Jan Krajewski; Agreement No. 90/03/07		30.03.07	Until 31.03.08	Lease of a plot	As invoiced
Instytut Rolnictwa i Gospodarki Żywnościowej		01.03.07	For indefinite period	Business premises at ul. Świętokrzyska	As invoiced
Parafia Rzymskokatolicka Narodzenia Pańskiego; Agreement No. 74/06/07		29.06.2007	Until 01.07.2008	Lease of land	PLN 4,270.00/ per month
PZL – Mielec; Agreement No. 88/09/07		26.09.2007	27.09.2007-26.09.2008	Lease of plots	106,400.00 + VAT

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**Note 4. Investment real estate**

<b>Other non-current investments</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) investment real estate	12,264,900.36	0.00
b) other	0.00	0.00
<b>Total other non-current investments</b>	<b>12,264,900.36</b>	<b>0.00</b>

**Note 5. Other financial assets**

<b>OTHER FINANCIAL ASSETS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) shares or interests	15,337,952.98	5,033,744.50
b) loans granted	0.00	0.00
c) other non-current investments	0.00	0.00
<b>Total non-current financial assets</b>	<b>15,337,952.98</b>	<b>5,033,744.50</b>

<b>NON-CURRENT FINANCIAL ASSETS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) in subsidiaries	15,308,322.98	5,031,744.50
- shares or interests	15,308,322.98	5,031,744.50
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	0.00	0.00
- other non-current financial assets	0.00	0.00
b) in other parties	29,630.00	2,000.00
- shares or interests	29,630.00	2,000.00
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	0.00	0.00
- other non-current financial assets	0.00	0.00
c) other non-current investments	0.00	0.00
<b>Total non-current financial assets</b>	<b>15,337,952.98</b>	<b>5,033,744.50</b>

<b>MOVEMENTS IN NON-CURRENT FINANCIAL ASSETS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) opening balance	5,033,744.50	11,569,808.57
- interests	5,033,744.50	8,418,050.00
- loans granted	0.00	1,680,589.63
- other	0.00	1,471,168.94
b) increase (due to)	19,021,132.98	479,000.00
- interests	19,021,132.98	479,000.00
- loans granted	0.00	0.00
- other	0.00	0.00
c) decrease (due to)	8,716,924.50	7,015,064.07
- interests	8,716,924.50	3,863,305.50
- loans granted	0.00	1,680,589.63
- other	0.00	1,471,168.94
d) closing balance	15,337,952.98	5,033,744.50
- interests	15,337,952.98	5,033,744.50
- loans granted	0.00	0.00
- other	0.00	0.00



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No.	A Name of a unit (and its legal form)	B Domicile	C Business	D Type of relation (direct / indirect subsidiary, fellow subsidiary, associate)	E Consolidation method / equity method or information that the entity is not subject to consolidation / equity method of accounting	F Date of control / joint control / significant influence acquisition	G Value of shares / interests at acquisition price	H Revaluation adjustments (aggregate)	I Carrying value of shares / interests	J % 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	14.11.2003	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 activities	subsidiary	fully consolidated	14.11.2003	1,272.90	0.00	1,272.90	100.00%
3.	Przedsiębiorstwo Turystyczne "Czarny Potok" S.A. (joint-stock company)	Krynica Górska	hotel activities	subsidiary	fully consolidated	16.12.2004	7,000,000.00	0.00	7,000,000.00	100.00%
4.	Business Financial Construction Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	16.06.2003	4,346,500.00	0.00	4,346,500.00	99.99%
5.	Project 55 Sp. z o.o. (limited liability company)	Warsaw	developer activities	subsidiary	fully consolidated	13.01.2005	19,655,537.59	0.00	19,655,537.59	99.99%
6.	Interlokum Sp. z o.o. (limited liability company)	Warsaw	developer activities	subsidiary	fully consolidated	23.11.2004	49,500.00	0.00	49,500.00	99.00%
7.	Lokum Sp. z o.o. (limited liability company)	Warsaw	developer activities	subsidiary	fully consolidated	13.09.2005	3,778,000.00	0.00	3,778,000.00	99.99%
8.	Deweloper Sp. z o.o. (limited liability company)	Siemianowice Śląskie	construction activities	subsidiary	fully consolidated	08.09.2004	49,500.00	0.00	49,500.00	99.00%
9.	Dremet - Projekt Sp. z o.o. (limited liability company)	Warsaw	architectural and designing activities	subsidiary	not consolidated	14.11.2003	51,800.00	0.00	51,800.00	99.96%
10.	Królewski Port Żerań Sp. z o.o. (limited liability company)	Warsaw	developer activities	associate	not consolidated	08.09.2000	500,000.00	500,000.00	0.00	4.92%
11.	KSP Polonia Warszawa S.S.A. (sport joint-stock company)	Warsaw	sports	subsidiary	not consolidated	30.03.2006	15,440.00	15,440.00	0.00	100.00%
12.	TBS Nowy Dom Sp. z o.o. (limited liability company)	Ząbki	social building	associate	not consolidated	30.09.2006	1,000.00	0.00	1,000.00	2.00%
13.	Construction Invest Sp. z o.o. (limited liability company)	Ząbki	real estate development and sale	subsidiary	fully consolidated	25.01.2006	50,000.00	0.00	50,000.00	100.00%
14.	J.W. Construction AZS Politechniki Warszawskiej S.A. (joint-stock company)	Warsaw	sports	subsidiary	not consolidated	07.09.2006	375,000.00	0.00	375,000.00	75.00%
15.	J.W. Construction S.A. (joint-stock company)	Ząbki	construction activities	subsidiary	not consolidated	26.09.2007	500,000.00	0.00	500,000.00	100.00%
16.	J.W. Construction 1 Sp. z o.o. (limited liability company)	London	services	associate	not consolidated	31.07.2007	5,618.00	0.00	5,618.00	100.00%
17.	J.W. Bułgaria Sp. z o.o. (limited liability company)	Sofia	developer activities	subsidiary	not consolidated	08.10.2007	9,854.98	0.00	9,854.98	100.00%

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18.	Porta Transport Sp. z o.o. (limited liability company)	Szczecin	transport activities	subsidiary	fully consolidated	12.11.2007	19,118,737.41	0.00	19,118,737.41	100.00%
19.	Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (limited liability company)	Sochi	developer activities	subsidiary	not consolidated	07.12.2007	9,810,000.00	0.00	9,810,000.00	70.00%

<b>Indirect relations</b>										
20.	TBS Marki Sp. z o.o. (limited liability company)	Warsaw	social building	subsidiary	fully consolidated	18.10.2006	500.00	0.00	500.00	0.01%
21.	Business Financial Construction Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	16.06.2003	500.00	0.00	500.00	0.01%
22.	Interlokum Sp. z o.o. (limited liability company)	Warsaw	developer activities	subsidiary	fully consolidated	18.10.2006	500.00	0.00	500.00	1.00%
23.	Lokum Sp. z o.o. (limited liability company)	Warsaw	developer activities	subsidiary	fully consolidated	18.10.2006	500.00	0.00	500.00	0.01%
24.	Project 55 Sp. z o.o. (limited liability company)	Warsaw	developer activities	subsidiary	fully consolidated	13.01.2005	500.00	0.00	500.00	0.01%
25.	Deweloper Sp. z o.o. (limited liability company)	Siemianowice Śląskie	construction activities	subsidiary	fully consolidated	18.10.2006	500.00	0.00	500.00	1.00%
26.	Dremet - Projekt Sp. z o.o. (limited liability company)	Warsaw	architectural and designing activities	subsidiary	not consolidated	14.11.2003	200.00	0.00	200.00	0.04%
27.	Stadnina Mazowiecka Sp. z o.o. (limited liability company)	Warsaw	services	subsidiary	not consolidated	19.02.2007	50,000.00	0.00	50,000.00	100.00%
28.	Karczma Regionalna Sp z o.o. (limited liability company)	Krynica Górská	hotel activities	subsidiary	not consolidated	16.12.2004	208,550.00	0.00	208,550.00	8.06%
29.	Fabryka Maszyn i Urządzeń FAMAK S.A. (joint-stock company)	Kluczbork	production activities	associate	not consolidated	12.11.2007	29,630.00	0.00	29,630.00	0.04%

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**Summary financial information about subsidiaries and associates**

The table below presents the data on most companies of the Capital Group. Other Companies commenced business activities after 31 December 2007, have any other day assigned as the balance sheet day or costs of obtaining data were higher than benefits from the same.

<b>TBS "Marki" Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	21,398,952.23	19,197,290.04
Non-current assets	166,020,089.64	167,523,151.21
Equity	61,964,552.50	61,608,169.36
Current liabilities	4,871,019.42	4,651,260.67
Non-current liabilities	109,132,522.77	109,194,309.75
Earnings	356,383.14	502,074.18
Value of shares at acquisition price	13,360,000.00	13,360,000.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	13,360,000.00	13,360,000.00
Direct holding of the parent company	99.99%	99.99%
Indirect holding of the parent company (through a subsidiary - Interlokum Sp. z o.o.)	0.01%	0.01%
<b>J.W. Construction International Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	4,343,869.01	3,799,147.02
Non-current assets	22,650,902.07	29,687,190.34
Equity	87,834.82	-1,132,871.64
Current liabilities	26,521,868.98	33,123,721.44
Non-current liabilities	0.00	1,495,487.55
Earnings	90,384.11	-361,486.72
Value of shares at acquisition price	1,272.90	1,272.90
Write-down	0.00	1,272.90
Balance sheet value of shares/interests	1,272.90	0.00
Holding	100.00%	100.00%
<b>Project 55 Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	127,235,835.86	135,178,729.38
Non-current assets	343,124.00	474,295.00
Equity	17,618,760.53	14,081,613.58
Current liabilities	90,126,273.53	471,795.04
Non-current liabilities	13,211,389.97	75,485,435.56
Earnings	3,537,146.94	16,257,523.15
Value of shares at acquisition price	19,656,843.09	19,656,843.09
Write-down	0.00	0.00
Balance sheet value of shares/interests	19,656,843.09	19,656,843.09
Direct holding of the parent company	99.99%	99.99%
Indirect holding 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 2007</b>	<b>31 December 2006</b>
Current assets	77,111,110.97	32,913,663.81
Non-current assets	153,290.40	95,828.32
Equity	19,973,464.65	5,106,941.16
Current liabilities	32,619,486.52	3,974.27
Non-current liabilities	2,925,320.69	25,962,534.79
Earnings	14,866,523.49	6,073,754.85
Value of shares at acquisition price	50,000.00	50,000.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	50,000.00	50,000.00
Direct holding of the parent company	99.00%	99.00%
Indirect holding of the parent company (through a subsidiary - Lokum Sp. z o.o.)	1.00%	1.00%

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<b>Lokum Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	37,657,284.41	22,886,763.31
Non-current assets	4,001,175.00	1,000.00
Equity	9,824,400.33	2,849,318.68
Current liabilities	13,569,302.28	18,544.91
Non-current liabilities	16,802,957.38	14,667,309.47
Earnings	6,993,081.65	-874,142.66
Value of shares at acquisition price	3,778,500.00	3,778,500.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	3,778,500.00	3,778,500.00
Direct holding of the parent company	99.99%	100%
Indirect holding of the parent company (through a subsidiary - Interlokum Sp. z o.o.)	0.01%	0%
<b>Deweloper Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	4,913,582.85	2,622,037.43
Non-current assets	113,670.49	301,422.74
Equity	1,904,797.11	219,656.54
Current liabilities	2,838,598.92	2,317,112.21
Non-current liabilities	47,885.35	386,691.42
Earnings	1,685,140.57	167,204.57
Value of shares at acquisition price	50,000.00	50,000.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	50,000.00	50,000.00
Direct holding of the parent company	99.00%	99.00%
Indirect holding of the parent company (through a subsidiary - TBS "Marki" Sp. z o.o.)	1.00%	1.00%
<b>Przedsiębiorstwo Turystyczne "Czarny Potok" S.A.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	331,809.93	335,621.42
Non-current assets	2,258,492.94	2,320,033.26
Equity	2,354,239.13	2,559,386.88
Current liabilities	96,719.47	66,049.49
Non-current liabilities	0.00	0.00
Earnings	-205,147.75	-85,296.91
Value of shares at acquisition price	7,000,000.00	7,000,000.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	7,000,000.00	7,000,000.00
Holding	100%	100%
<b>Construction Invest Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	2,872,351.78	2,804,770.40
Non-current assets	42,800.00	0.00
Equity	-136,961.89	6,599.56
Current liabilities	3,052,113.67	2,798,001.70
Non-current liabilities	0.00	0.00
Earnings	-151,372.45	-43,400.44
Value of shares at acquisition price	50,000.00	50,000.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	50,000.00	50,000.00
Holding	100%	100%

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<b>Porta Transport Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	5,637,454.98	0.00
Non-current assets	10,757,598.02	0.00
Equity	14,770,847.34	0.00
Current liabilities	1,443,891.81	0.00
Non-current liabilities	7,791.85	0.00
Earnings	-122,911.39	0.00
Value of shares at acquisition price	19,118,737.41	0.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	19,118,737.41	0.00
Holding	100%	0.00
<b>TBS Nowy Dom Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	1,312.00	1,097.00
Non-current assets	0.00	0.00
Equity	-6,058.94	-5,051.92
Current liabilities	7,370.94	6,148.92
Non-current liabilities	0.00	0.00
Earnings	-1,007.02	-1,112.96
Value of shares at acquisition price	1,000.00	1,000.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	1,000.00	1,000.00
Direct holding of the parent company	2.00%	2.00%
<b>Business Financial Construction Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	3,611,899.03	2,885,818.74
Non-current assets	1,330,836.93	2,591,056.00
Equity	4,032,450.22	4,149,423.07
Current liabilities	910,285.74	1,426,589.94
Non-current liabilities	0.00	0.00
Earnings	-32,874.09	-85,392.16
Value of shares at acquisition price	4,347,000.00	4,347,000.00
Write-down	0.00	0.00
Balance sheet value of shares/interests	4,347,000.00	4,347,000.00
Holding	100%	100%
<b>Dremet-Projekt Sp. z o.o.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	319,876.41	285,456.65
Non-current assets	0.00	0.00
Equity	219,414.63	210,246.69
Current liabilities	100,461.78	75,209.96
Non-current liabilities	0.00	0.00
Earnings	-38,296.11	0.00
Value of shares at acquisition price	52,000.00	2,600.00
Write-down	0.00	2,600.00
Balance sheet value of shares/interests	52,000.00	0.00
Direct holding of the parent company	99.96%	100.00%
Indirect holding of the parent company (through a subsidiary - Business Financial Construction Sp. z o.o.)	0.04%	
<b>KSP Polonia Warszawa S.S.A.</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Current assets	600,343.53	1,094,829.82
Non-current assets	746,120.04	800,179.64
Equity	-10,789,430.93	4,731,254.44
Current liabilities	11,204,050.73	5,079,022.38
Non-current liabilities	0.00	0.00
Earnings	-5,388,987.57	-3,307,405.09
Value of shares at acquisition price	15,440.00	15,440.00
Write-down	15,440.00	15,440.00
Balance sheet value of shares/interests	0.00	0.00
Direct holding of the parent company	100.00%	100.00%

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**Note 6. Non-current receivables**

<b>NON-CURRENT RECEIVABLES</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) from related parties	0.00	1,313.44
b) from other parties	12,220,598.30	11,590,749.97
<b>Total receivables</b>	<b>12,220,598.30</b>	<b>11,592,063.41</b>

The main item of non-current receivables in the years 2006-2007 was a security deposit of PLN 9,545,000 paid by the parent company as security for receivables of the financing party under the sale and lease back agreement described to under "Sale and lease back". Besides that, non-current receivables contained a guarantee deposit paid by the parent company in accordance with the schedule attached to the lease agreement for real estate located in Ząbki.

**Note 7. Inventories**

<b>INVENTORIES</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) materials	11,540,927.73	10,171,364.42
b) semi-finished products and work in progress	5,681,697.51	25,395,194.29
c) finished products	2,290,568.38	1,058,283.98
d) goods	8,406,826.93	7,806,119.41
e) trade advances	399,026.67	10,681,369.52
<b>Total inventories</b>	<b>28,319,047.22</b>	<b>55,112,331.62</b>

<b>INVENTORIES (with write-downs)</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) materials	15,192,927.73	15,560,403.42
<i>including write-down</i>	<i>3,652,000.00</i>	<i>5,389,039.00</i>
b) semi-finished products and work in progress	5,681,697.51	25,395,194.29
<i>including write-down</i>	<i>0.00</i>	<i>0.00</i>
c) finished products	2,290,568.38	1,058,283.98
<i>including write-down</i>	<i>0.00</i>	<i>0.00</i>
d) goods	8,916,826.93	8,814,460.09
<i>including write-down</i>	<i>510,000.00</i>	<i>1,008,340.68</i>
e) trade advances	399,026.67	10,902,950.08
<i>including write-down</i>	<i>0.00</i>	<i>221,580.56</i>
<b>Total inventories</b>	<b>32,481,047.22</b>	<b>61,731,291.86</b>
<b>Total write-downs</b>	<b>4,162,000.00</b>	<b>6,618,960.24</b>
<b>Total inventories (upon write-offs)</b>	<b>28,319,047.22</b>	<b>55,112,331.62</b>

Costs connected with write-downs on inventories were disclosed in the income statement under other operating expenses.

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**Construction contracts**

	<b>31 December 2007</b>	<b>31 December 2006</b>
Planned revenues from current projects	4,874,487,515.98	3,567,795,143.71
Planned costs of current projects	3,334,008,554.74	2,337,028,767.62
Planned margin on implemented projects	1,540,478,961.23	1,230,766,376.09
Cumulated revenues recognised in the income statement	695,777,102.08	665,603,714.28
Cumulated costs recognised in the income statement	455,544,562.70	454,002,262.76
Cumulated margin recognised in the income statement	240,232,539.38	211,601,451.52
Margin for recognition in next periods	1,300,246,421.85	1,019,164,924.57
Planned margin on implemented projects	31.12%	35.12%
<b>Construction contracts presented as current assets</b>	<b>875,120,902.36</b>	<b>403,563,559.20</b>
<b>Construction contracts presented as current liabilities</b>	<b>156,479,497.27</b>	<b>105,538,118.54</b>
<b>CONSTRUCTION CONTRACTS (current assets)</b>		
a) semi-finished products and work in progress	283,013,096.53	170,308,989.28
b) finished products	25,264,985.54	28,932,181.16
c) prepaid expenses	10,675,250.12	5,650,846.21
d) uninvoiced receivables	556,167,570.16	198,671,542.55
<b>Total construction contracts</b>	<b>875,120,902.36</b>	<b>403,563,559.20</b>
<b>CONSTRUCTION CONTRACTS (current liabilities)</b>		
a) advances - sale of flats	83,391,903.91	84,577,546.83
b) work performed but uninvoiced	71,621,632.65	20,038,982.92
d) other	1,465,960.71	921,588.79
<b>Total construction contracts</b>	<b>156,479,497.27</b>	<b>105,538,118.54</b>

The table above presents planned revenues and planned costs referring to construction contracts completed in 2004 and following years covered by historical financial information. The table also presents construction contracts (at estimated values) being implemented in the years 2004-2007, as well as the value of income and expenses recognised in the income statement in particular years due to implementation of building projects (the said values refer to construction contracts completed in 2004 and following years covered by historical financial information).

Construction contracts - the following amounts were recognised as assets:

- costs incurred due to implementation of works, exceeding costs connected with works performed as per the percentage of completion,
- revenues from performed works – as per the percentage of completion – exceeding revenues invoiced or advances paid.

Construction contracts - the following amounts were recognised as liabilities:

- advances paid by counterparties in connection with performed works,
- costs connected with performed works – as per the percentage of completion – exceeding costs incurred to date.

The percentage of completion was established based on surveys of performed work.

In 2006 the Group changed the principles of accounting in the scope of developer contract measurement. Developer contracts continued in 2006 were measured on a retrospective basis, in accordance with IAS 8 paragraph 22. In 2007 the entity continued the accepted principles. Due to changes in the principles of accounting introduced in 2007 net earnings for 2007 went up by PLN 43,976 thousand.

**Carrying value of inventories and construction contracts pledged as collateral**

<b>INVENTORIES AND CONSTRUCTION CONTRACTS PLEGGED AS COLLATERAL</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Carrying value of real estate pledged as collateral – loans	808,375,177.86	566,278,322.39
Real estate pledged as collateral – loans	578,687,076.26	723,360,980.26

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**Note 8. Trade and other receivables**

Bad debt 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 2007</b>	<b>31 December 2006</b>
a) trade receivables - related parties	6,221,403.61	5,763,012.48
b) trade receivables - other parties	24,794,453.30	20,810,834.67
c) taxes, subsidies, customs duties, social and health insurance and other payments	32,579,423.65	11,931,123.69
d) other	2,794,226.62	1,676,998.78
<b>Total receivables</b>	<b>66,389,507.18</b>	<b>40,181,969.62</b>

<b>CURRENT RECEIVABLES, NET</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) trade receivables - related parties	6,221,403.61	5,719,444.48
<i>including bad debt allowance</i>	<i>0.00</i>	<i>0.00</i>
b) trade receivables - other parties	29,468,497.26	26,514,636.78
<i>including bad debt allowance</i>	<i>4,674,043.96</i>	<i>5,703,802.11</i>
c) taxes, subsidies, customs duties, social and health insurance and other payments	32,579,423.65	11,931,123.69
<i>including bad debt allowance</i>		<i>0.00</i>
d) other	2,794,226.62	1,720,566.78
<i>including bad debt allowance</i>	<i>0.00</i>	<i>0.00</i>
<b>Total current receivables, gross</b>	<b>71,063,551.14</b>	<b>45,885,771.73</b>
<b>Total bad debt allowance</b>	<b>4,674,043.96</b>	<b>5,703,802.11</b>
<b>Total current receivables, net</b>	<b>66,389,507.18</b>	<b>40,181,969.62</b>

**Note 9. Other current financial assets**

<b>CURRENT INVESTMENTS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) in subsidiaries	6,975,933.85	5,789,968.94
- shares or interests	0.00	0.00
- debt securities	0.00	0.00
- other securities	0.00	0.00
- loans granted	6,975,933.85	5,789,968.94
- other current financial assets	0.00	0.00
b) in other parties	66,716,873.33	893,626.31
- shares or interests	0.00	0.00
- debt securities	0.00	0.00
- other securities	60,000,000.00	0.00
- loans granted	6,716,873.33	886,488.67
- other current financial assets	0.00	7,137.64
<b>Total current investments</b>	<b>73,692,807.18</b>	<b>6,683,595.25</b>



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<b>MOVEMENTS IN CURRENT INVESTMENTS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) opening balance	6,683,595.25	2,916,018.38
- shares or interests	0.00	0.00
- loans granted	6,676,457.61	2,872,774.88
- other	7,137.64	43,243.50
- other securities	0.00	0.00
b) increase (due to)	69,675,500.00	8,728,949.79
- shares or interests	0.00	0.00
- loans granted	9,675,500.00	8,728,949.79
- other	0.00	0.00
- other securities	60,000,000.00	0.00
c) decrease (due to)	2,680,563.35	4,961,372.92
- shares or interests	0.00	0.00
- loans granted	2,673,425.71	4,925,267.06
- other	7,137.64	36,105.86
- other securities	0.00	0.00
d) closing balance	73,692,807.18	6,683,595.25
- shares or interests	0.00	0.00
- loans granted	13,678,531.90	6,676,457.61
- other	14,275.28	7,137.64
- other securities	60,000,000.00	0.00

<b>No.</b>	<b>Settlement date</b>	<b>Redemption date</b>	<b>Par value of bonds as at 31 Dec 2006 (OB)</b>	<b>Increase to 31 Dec 2007</b>	<b>Decrease to 31 Dec 2007</b>	<b>Closing balance as at 31 Dec 2007</b>
1	28.06.2007	25.07.2007	0.00	60,000,000.00	60,000,000.00	0.00
2	03.07.2007	03.09.2007	0.00	50,000,000.00	50,000,000.00	0.00
3	03.07.2007	03.10.2007	0.00	60,000,000.00	60,000,000.00	0.00
4	09.08.2007	28.09.2007	0.00	30,000,000.00	30,000,000.00	0.00
5	09.08.2007	12.09.2007	0.00	30,000,000.00	30,000,000.00	0.00
6	03.09.2007	14.09.2007	0.00	50,000,000.00	50,000,000.00	0.00
7	14.09.2007	08.11.2007	0.00	50,000,000.00	50,000,000.00	0.00
8	03.10.2007	07.11.2007	0.00	60,000,000.00	60,000,000.00	0.00
9	07.11.2007	07.12.2007	0.00	60,000,000.00	60,000,000.00	0.00
10	07.12.2007	17.01.2008	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 were measured at par value.

<b>CASH AND CASH EQUIVALENTS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) cash on hand and with bank	28,228,135.90	19,506,061.04
b) other cash	46,011,447.15	17,870,104.29
c) other cash equivalents	1,092,186.15	4,279.16
<b>Total cash</b>	<b>75,331,769.20</b>	<b>37,380,444.49</b>

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**Note 11. Current prepaid expenses**

Prepaid expenses	31 December 2007	31 December 2006
- property insurance	0.00	300,073.93
- interest	4,030,311.05	903,196.33
- costs of commissions	5,434,870.24	4,393,956.15
- perpetual usufruct	0.00	0.00
- taxes	0.00	0.00
- other	2,202,901.65	4,390,312.36
<b>Total prepaid expenses</b>	<b>11,668,082.94</b>	<b>9,987,538.77</b>

Other prepaid expenses of the Group recorded incurred costs connected with deferred income. The main item were costs of commissions received by salesmen for sale of flats. The said commissions were allocated to concrete units/ flats sold by the Group and deferred until flats were delivered to the buyer.

**Note 12. Share capital**

Pursuant to Resolution 1 of the Management Board of J.W. Construction Holding S.A. ("Company") of 15 May 2007 (recorded by Anna Sota, notary public in Warsaw, under register A 6725/2007) on amending Resolution 2 of the Management Board of 22 March 2007 on increasing share capital by way of issuing shares within the authorised capital, adopted in accordance with Article 444, Article 446 and Article 432 §1 of the Code of Commercial Companies and Article 7 of the Statutes of the Company, in connection with Resolution 8 of the General Meeting of the Company of 16 February 2007, with Resolution 2 of the Supervisory Board of the Company of 21 March 2007, the Management Board of the Company increased its share capital by issuing 3,448,280 B-class shares with a par value of PLN 0.20 each. B-class shares were subscribed to by investors under public offering with the subscription opening date of 17 May 2007 and subscription closing date of 29 May 2007.

The share premium was allocated for increasing supplementary capital.

**SHARE CAPITAL (STRUCTURE) as at 31 December 2007**

Class/issue	Share type	Type of preference	Type of restriction	Number of shares	Value of class/issue per par value	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	28.02.2007	
B	Bearer	-	-	3,448,280	689,656.00	Cash	27.06.2007	01.01.2008
<b>Total number of shares</b>				54,698,280				
<b>Total share capital</b>					10,939,656			
<b>Par value of a share = PLN 0.20</b>								

**SHARE CAPITAL (STRUCTURE) as at 31 December 2006**

Class/issue	Share type	Type of preference	Type of restriction	Number of shares	Value of class/issue per par value	Coverage of capital	Date of registration	Right to dividend (from)
A	Registered	Right to vote 2 : 1	-	500,000	500,000	Assets of a transformed company - TBM Batory Sp. z o.o.	15.01.2001	01.01.2001
B	Bearer	-	-	5,500,000	5,550,000	Cash	16.07.2001	01.01.2002
C	Bearer	-	-	4,250,000	4,250,000	Cash	28.02.2006	01.01.2006
<b>Total number of shares</b>				10,250,000				
<b>Total share capital</b>					10,250,000			
<b>Par value of a share = PLN 1.00</b>								

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As at 31 December 2007 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	19,241,219	35.18%	19,241,219	35.18%
Other	10,008,761	18.30%	10,008,761	18.30%

**Note 13. Other capital**

OTHER CAPITAL	31 December 2007	31 December 2006
a) supplementary capital	377,696,720.04	74,810,512.66
b) other reserve capital	5,576,255.17	2,703,534.25
c) translation reserve	-3,822.19	-109,753.75
<b>Total other capital</b>	<b>383,269,153.02</b>	<b>77,404,293.16</b>

As at 31 December 2007 and 31 December 2006 shares of the parent company were not held by the subsidiaries and associates.

In the years 2006-2007 no appropriations from net profit were made during the financial year. No treasury shares were acquired.

**Note 14. Borrowings**

BORROWINGS	31 December 2007	31 December 2006
a) loans	362,434,992.07	299,095,733.69
<i>of which: non-current</i>	<i>206,406,678.76</i>	<i>220,845,904.84</i>
<i>current</i>	<i>156,028,313.31</i>	<i>78,249,828.85</i>
b) cash loans	706,877.74	29,732,959.64
<i>of which: non-current</i>	<i>0.00</i>	<i>0.00</i>
<i>current</i>	<i>706,877.74</i>	<i>29,732,959.64</i>
<b>Total borrowings</b>	<b>363,141,869.81</b>	<b>328,828,693.33</b>
<b>Borrowings - non-current</b>	<b>206,406,678.76</b>	<b>220,845,904.84</b>
<b>Borrowings - current</b>	<b>156,735,191.05</b>	<b>107,982,788.49</b>

LOANS PER MATURITY	31 December 2007	31 December 2006
Up to 1 year	156,028,313.31	78,249,828.85
Over 1 year up to 2 years	101,057,039.64	113,429,977.09
Over 2 years up to 5 years	1,063,000.00	0.00
Over 5 years	104,286,639.12	107,415,927.75
<b>Total loans, of which:</b>	<b>362,434,992.07</b>	<b>299,095,733.69</b>
- non-current	206,406,678.76	220,845,904.84
- current	156,028,313.31	78,249,828.85

CASH LOANS PER MATURITY	31 December 2007	31 December 2006
Up to 1 year	706,877.74	29,732,959.64
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>706,877.74</b>	<b>29,732,959.64</b>
- non-current	0.00	0.00
- current	706,877.74	29,732,959.64

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

The below items were 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 were not subject to compensation.

<b>DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES</b>	<b>31 December 2007</b>		
	<b>Deferred income tax assets</b>	<b>Deferred income tax liabilities</b>	<b>Net value</b>
Tangible assets	8,134,869.63	933,294.15	7,201,575.47
Investment real estate	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00
Investments in subsidiaries, fellow subsidiaries and associates	231,430.42	-22,488.40	253,918.82
Other financial assets	0.00	0.00	0.00
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	-1,109,072.45	64,585,566.20	-65,694,638.65
Trade and other receivables	888,068.35	0.00	888,068.35
Income tax receivables	0.00	0.00	0.00
Prepayments and accruals	1,320,985.58	1,694,869.27	-373,883.69
Cash and cash equivalents	0.00	0.00	0.00
Other financial assets	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Provisions	355,100.50	0.00	355,100.50
Trade and other payables	2,353,332.45	0.00	2,353,332.45
Other financial liabilities	0.00	0.00	0.00
Other	597,644.50	1,614,959.09	-1,017,314.59
<b>Deferred income tax assets / liabilities disclosed in the balance sheet</b>	<b>12,772,358.98</b>	<b>68,806,200.31</b>	<b>-56,033,841.33</b>

**Note 16. Retirement benefit obligations**

<b>MOVEMENTS IN RETIREMENT BENEFIT OBLIGATIONS</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Opening balance	443,561.75	373,000.00
Increase	155,004.07	70,561.75
Dissolution	0.00	0.00
<b>Closing balance</b>	<b>598,565.82</b>	<b>443,561.75</b>

In the years 2006-2007 current provisions for retirement benefit obligations were not created.

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

<b>PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
<b>a) current, including:</b>	<b>18,627,623.99</b>	<b>10,459,736.99</b>
- accrued expenses, including:	16,602,309.26	9,059,736.99
- <i>provision for guarantee repairs</i>	6,952,555.70	5,721,374.16
- <i>other</i>	9,649,753.56	3,338,362.83
- other provisions, including:	2,025,314.73	1,400,000.00
- <i>provisions for future liabilities</i>	1,095,950.00	1,000,000.00
- <i>provision for unused annual leaves</i>	804,364.73	400,000.00
- <i>provision for audit of the financial statements</i>	125,000.00	0.00
<b>b) non-current, including:</b>	<b>14,002,662.21</b>	<b>14,248,875.55</b>
- accrued expenses, including:	14,002,662.21	14,248,875.55
- <i>participation in costs of construction - TBS Marki</i>	4,771,919.86	4,611,240.76
- <i>deferred income - loan remittance - TBS Marki</i>	6,457,772.02	6,473,472.17
- <i>deferred revenues from sales exceeding carrying value/sale and lease back</i>	2,685,180.69	3,145,497.38
- <i>other</i>	87,789.64	18,665.24
<b>Total provisions for other liabilities and charges</b>	<b>32,630,286.20</b>	<b>24,708,612.54</b>

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

<b>OTHER NON-CURRENT LIABILITIES</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) other financial liabilities	69,873,691.86	71,862,811.71
b) other non-current liabilities	11,111,241.31	9,372,930.73
<b>Total other liabilities</b>	<b>80,984,933.17</b>	<b>81,235,742.44</b>

In the year 2006-2007 other financial liabilities comprised i.a. liabilities under concluded lease agreements. Detailed description of the leased asset is presented under "Lease", "Intangible assets" in Note 1 and "Tangible assets" in Note 2. Other financial liabilities included i.a. liabilities to subcontractors due to received deposits.

**Note 19. Trade and other payables**

<b>TRADE AND OTHER PAYABLES</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) trade payables - other parties	81,580,218.70	50,512,743.35
b) trade payables - related parties	2,228,117.06	2,177,339.46
c) taxes, customs duties, insurance and other payments	5,123,409.94	16,503,895.31
d) salaries	3,860,780.59	2,601,245.51
e) trade advances received	132,951.06	263,940.03
f) other	13,652,061.93	5,864,627.25
<b>Total trade and other payables</b>	<b>106,577,539.28</b>	<b>77,923,790.90</b>

<b>OTHER LIABILITIES</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
a) issue of debt securities*	140,500,000.00	35,000,000.00
b) other financial liabilities	12,340,096.01	8,632,445.53
<b>Total other liabilities</b>	<b>152,840,096.01</b>	<b>43,632,445.53</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 an issuing agent, payment agent, depository and dealer. Besides the bank is the underwriter up to the aggregate amount of PLN 25,000,000. The maximum value of the programme is PLN 250,000,000. The lifetime of the programme, during which bonds may be issued, is three years i.e. until 17 November 2009. Bonds may be issued in tranches of at least PLN 3,000,000 each. Bonds are not designated for issue under public offering.

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No.	Issue date	Redemption date	Par value of bonds as at 31 Dec 2006 (OB)	Increase to 31 Dec 2007	Decrease to 31 Dec 2007	Closing balance as at 31 Dec 2007
1	29.11.2006	31.01.2007	25,000,000.00	0.00	25,000,000.00	0.00
2	20.12.2006	21.03.2007	10,000,000.00	0.00	10,000,000.00	0.00
3	04.01.2007	07.02.2007	0.00	15,000,000.00	15,000,000.00	0.00
4	15.01.2007	12.10.2007	0.00	10,000,000.00	10,000,000.00	0.00
5	22.01.2007	22.10.2007	0.00	10,500,000.00	10,500,000.00	0.00
6	31.01.2007	27.04.2007	0.00	25,000,000.00	25,000,000.00	0.00
7	07.02.2007	21.03.2007	0.00	15,000,000.00	15,000,000.00	0.00
8	21.03.2007	22.06.2007	0.00	15,000,000.00	15,000,000.00	0.00
9	21.03.2007	14.09.2007	0.00	10,000,000.00	10,000,000.00	0.00
10	11.04.2007	11.04.2008	0.00	40,000,000.00	0.00	40,000,000.00
11	27.04.2007	27.07.2007	0.00	25,000,000.00	25,000,000.00	0.00
12	27.04.2007	25.04.2008	0.00	10,000,000.00	0.00	10,000,000.00
13	18.05.2007	16.05.2008	0.00	24,500,000.00	0.00	24,500,000.00
14	20.06.2007	19.06.2008	0.00	66,000,000.00	0.00	66,000,000.00
	<b>Total</b>		<b>35,000,000.00</b>	<b>266,000,000.00</b>	<b>160,500,000.00</b>	<b>140,500,000.00</b>

**Note 20. Risk management**

Interest rate risk

The Companies of the Group raised funds for implementation of their projects based on floating interest rate loans. Those were mainly loans incurred for the period of construction of a given investment - on the average for 1.5 year. It was assumed that in such period the interest rate risk did not require additional hedging options. The only non-current liabilities were liabilities of TBS Marki - a Group company, under loans incurred with the National Housing Fund on entirely separate terms and conditions.

Currency risk

Within the whole J.W. Construction Group the only companies not to conclude transactions in PLN were two companies: J.W. Construction International, a Russian law company and J.W. Construction Bulgaria EOOD, a Bulgarian law company. Settlements made in Russia in USD did not require additional hedging since both revenues were earned and costs were incurred in dollars. The Bulgarian company has just commenced its activities.

Credit risk and mortgage loan availability risk

A very significant part of Group's clients made purchases with bank loans. Risks connected with offered loans were secured with insurance of particular debts on behalf of clients. There was no significant credit risk concentration in any group of clients. Moreover, the Group systematically evaluated payments made by the clients, as well as their financial standing. However, a smaller availability of mortgage loans should be taken into account due to more strict loan granting conditions connected, among other things, with the situation of mortgage loans on the US market and a significant growth in prices of flats over the last year. That may result in a smaller demand for flats.

Liquidity risk

The Group paid special attention to keeping the balance between financing its investment activities and timely payment of its liabilities. Liquidity ratios (including current debt at 31 March 2008: 2.7) were satisfactory, which proves that the risk in this area was low.

Risk connected with administrative decisions

Developer activities were based on administrative decisions required in connection with the present or future projects. The lack of licences, permits or concessions or untimely obtainment of the same might have negative impact on the ability to commence, conduct or complete present or new developer projects by the Group. All those factors might have impact on cash flows and overall activities.

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Financial statements item	Value in PLN	Interest rate risk				Currency risk				Other pricing risks			
		Impact on earnings		Impact on equity		Impact on earnings		Impact on equity		Impact on earnings		Impact on equity	
		+ 50 b.p. in PLN	- 50 b.p. in PLN	+ 50 b.p. in PLN	- 50 b.p. in PLN	+10%	-10%	+10%	-10%	+6%	-6%	+6%	-6%
		+ 25 b.p. in USD	- 25 b.p. in USD	+ 25 b.p. in USD	- 25 b.p. in USD								
<b>Financial assets</b>													
Cash in current accounts and cash equivalents	29,320	147	-147										
Bank deposits	46,011	230	-230										
Bonds held	60,000	300	-300										
Loans granted in USD	3,028	8	-8			303	-303						
Loans granted in PLN	10,665	53	-53										
<b>Impact on financial assets before tax</b>		<b>684</b>	<b>-684</b>	<b>0</b>	<b>0</b>	<b>303</b>	<b>-303</b>	<b>0</b>	<b>0</b>				
Tax (19%)		-130	130	0	0	-58	58	0	0				
<b>Impact on financial assets after tax</b>		<b>554</b>	<b>-554</b>	<b>0</b>	<b>0</b>	<b>245</b>	<b>-245</b>	<b>0</b>	<b>0</b>				
<b>Financial liabilities</b>													
Bonds issued	140,500	-703	703										
Bank loans	362,435	-1,812	1,812										
<b>Impact on financial liabilities before tax</b>		<b>-2,515</b>	<b>2,515</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Tax (19%)		478	-478	0	0	0	0	0	0				
<b>Impact on financial liabilities after tax</b>		<b>-2,037</b>	<b>2,037</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Total increase / (decrease)</b>		<b>-1,483</b>	<b>1,483</b>	<b>0</b>	<b>0</b>	<b>245</b>	<b>-245</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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**Note 21. Earnings per share**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	31 December 2007	31 December 2006
<b>Profits</b>		
(A) Profits of the Group disclosed in the consolidated financial statements	148,104,239.39	132,017,400.08
<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 *	53,016,653.00	9,563,013.00
(C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share*	53,016,653.00	9,563,013.00
<b>Basic earnings per share = (A)/(B)</b>	<b>2.79</b>	<b>13.81</b>
<b>Diluted earnings per share = (A)/(B)</b>	<b>2.79</b>	<b>13.81</b>

\* In accordance with IAS 33 "Earnings per share" the number of shares assumed for the purpose of calculating basic earning 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 redeemed 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). In accordance with the aforesaid:

Weighted average number of shares in 2006 = 6,000,000 + 4,250,000\*306/365 = 9,563,013 shares

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 2007 - 31 December 2007	1 January 2006 - 31 December 2006
a) current income tax	2,340,915.07	14,823,592.90
b) deferred income tax	33,626,341.23	20,429,716.28
<b>Total income tax</b>	<b>35,967,256.30</b>	<b>35,253,309.18</b>

**Note 23. Segment reporting**

**Business segments**

It was assumed that the primary division into segments will be business segments. The Group operates mainly in three following segments:

- developer activities,
- social building industry,
- hotel activities.

In accordance with IAS 14 "Segment reporting" financial data on particular business segments were prepared in accordance with the principle that income and expenses, as well as assets, equity 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 were 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 settlements are presented under "Eliminations".

The developer activities are an exception, as here separate financial statements of companies conducting such activities were consolidated. In 2007 that segment was composed of J.W. Construction Holding SA, Project 55 Sp. z o.o., Lokum Sp. z o.o. and Interlokum Sp. z o.o. Moreover, in 2007 a segment "transport" was separated, referring to a subsidiary - Porta Transport Sp. z o.o. consolidated for the first time in the said financial year. The business of that company in 2007 comprised i.a. transport services.

The basic type of goods and services under each business segment:

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



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2007		Developer activities	Hotel activities	Social building	Other construction	Transport activities	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	Non-current 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	Current 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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2006		Developer activities	Hotel activities	Social building	Other construction	Eliminations	Total
<b>A.</b>	<b>Non-current assets</b>	<b>113,888,397.40</b>	<b>94,408,018.47</b>	<b>167,523,151.21</b>	<b>301,422.74</b>	<b>-46,946,864.43</b>	<b>329,174,125.39</b>
I	Intangible assets	12,512,275.75	10,112.81	118.75	0.00	0.00	12,522,507.31
II	Goodwill of subsidiaries	12,390,453.72	0.00	0.00	0.00	4,410,965.57	16,801,419.29
III	Tangible assets	58,908,687.28	83,959,250.99	162,994,584.83	68,237.69	-33,973,667.26	271,957,093.53
IV	Non-current receivables	1,813,878.36	9,545,000.00	0.00	233,185.05	0.00	11,592,063.41
V	Non-current investments	25,234,694.50	208,550.00	500.00	0.00	-20,410,000.00	5,033,744.50
VI	Non-current prepaid expenses	3,028,407.79	685,104.67	4,527,947.63	0.00	3,025,837.26	11,267,297.35
<b>B.</b>	<b>Current assets</b>	<b>540,588,159.06</b>	<b>3,066,891.53</b>	<b>19,197,290.04</b>	<b>2,622,037.43</b>	<b>-12,564,939.12</b>	<b>552,909,438.94</b>
I	Inventories	258,188,054.72	162,314.85	7,404,409.72	182,809.71	-5,933,240.73	260,004,348.27
II	Current receivables	36,859,708.24	1,652,354.29	1,068,369.15	2,005,902.59	-1,404,364.65	40,181,969.62
III	Current investments	37,528,658.05	645,131.29	10,691,276.07	426,308.07	-5,227,333.74	44,064,039.74
IV	Current prepaid expenses	208,011,738.06	607,091.10	33,235.10	7,017.06	0.00	208,659,081.32
<b>C.</b>	<b>Held-for-sale assets</b>	<b>25,461,578.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total assets</b>		<b>679,938,134.63</b>	<b>97,474,910.00</b>	<b>186,720,441.25</b>	<b>2,923,460.17</b>	<b>-59,511,803.55</b>	<b>907,545,142.50</b>
<b>A.</b>	<b>Equity</b>	<b>175,595,186.96</b>	<b>2,177,934.35</b>	<b>61,608,169.36</b>	<b>219,656.54</b>	<b>-46,150,948.90</b>	<b>193,449,998.31</b>
<b>D.</b>	<b>Liabilities and provisions for liabilities</b>	<b>539,855,679.85</b>	<b>59,784,243.47</b>	<b>125,112,271.89</b>	<b>2,703,803.63</b>	<b>-13,360,854.65</b>	<b>714,095,144.19</b>
I	Provisions for liabilities	33,697,834.63	1,253,143.29	77,931.85	0.00	481,822.19	35,510,731.97
II	Non-current liabilities	143,793,979.46	50,121,465.42	109,194,309.75	386,691.42	-1,414,798.77	302,081,647.28
III	Current liabilities	224,118,594.58	4,741,501.21	4,651,260.67	2,317,112.21	-6,289,443.76	229,539,024.92
IV	Accrued expenses	120,120,892.13	3,668,133.55	11,188,769.62	0.00	-6,138,434.32	128,839,360.98
V	Liabilities under held-for-sale assets	18,124,379.04	0.00	0.00	0.00	0.00	18,124,379.04
	Exclusions - branch H500	-35,512,732.18	35,512,732.18	0.00	0.00	0.00	0.00
<b>Total equity and liabilities</b>		<b>679 938 134.63</b>	<b>97,474,910.00</b>	<b>186,720,441.25</b>	<b>2,923,460.17</b>	<b>-59,511,803.54</b>	<b>907,545,142.50</b>

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2007	Developer activities	Hotel activities	Social building	Other construction	Transport activities	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>
Manufacturing cost 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>Costs of sales</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 costs</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	1,465,665.10	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) before tax</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>

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2006	Developer activities	Hotel activities	Social building	Other construction	Eliminations	Total
<b>Net revenues from sales of products, goods and materials, of which:</b>	<b>691,925,780.74</b>	<b>17,373,318.70</b>	<b>9,453,404.41</b>	<b>7,555,955.63</b>	<b>0.00</b>	<b>726,308,459.48</b>
Net revenues from sales of products	681,006,730.36	17,355,678.09	9,453,404.41	7,516,279.53	0.00	715,332,092.39
Net revenues from sales of goods and materials	10,919,050.38	17,640.61	0.00	39,676.10	0.00	10,976,367.09
<b>Costs of products, goods and materials sold, of which:</b>	<b>475,349,538.13</b>	<b>14,027,539.80</b>	<b>5,542,596.78</b>	<b>5,660,274.92</b>	<b>-278,086.84</b>	<b>500,301,862.79</b>
Manufacturing cost of products sold	464,624,102.51	14,016,742.20	5,542,596.78	5,658,303.83	-278,086.84	489,563,658.48
Value of goods and materials sold	10,725,435.62	10,797.60	0.00	1,971.09	0.00	10,738,204.31
<b>Gross profit (loss) on sales</b>	<b>216,576,242.61</b>	<b>3,345,778.90</b>	<b>3,910,807.63</b>	<b>1,895,680.71</b>	<b>278,086.84</b>	<b>226,006,596.69</b>
Costs of sales	23,156,444.74	934,671.19	0.00	0.00	0.00	24,091,115.93
Overhead costs	17,663,503.33	560,352.99	963,093.88	1,615,739.65	0.00	20,802,689.85
<b>Profit (loss) on sales</b>	<b>175,756,294.54</b>	<b>1,850,754.72</b>	<b>2,947,713.75</b>	<b>279,941.06</b>	<b>278,086.84</b>	<b>181,112,790.91</b>
Other operating income	11,643,897.54	622,768.51	2,718,712.26	1,560.99	-1,250,000.00	13,736,939.30
Other operating expenses	14,335,174.75	85,497.29	1,564,010.25	8,487.48	-1,250,000.00	14,743,169.77
<b>Operating profit (loss)</b>	<b>173,065,017.33</b>	<b>2,388,025.94</b>	<b>4,102,415.76</b>	<b>273,014.57</b>	<b>278,086.84</b>	<b>180,106,560.44</b>
Financial income	2,721,071.23	692,413.12	322,313.43	5,564.66	431,472.12	4,172,834.56
Financial expenses	8,090,888.66	3,371,681.45	3,922,630.01	37,426.66	568,597.27	15,991,224.05
<b>Profit (loss) before tax</b>	<b>167,695,199.90</b>	<b>-291,242.39</b>	<b>502,099.18</b>	<b>241,152.57</b>	<b>140,961.69</b>	<b>168,288,170.95</b>
<b>Profit (loss) on held-for-sale assets</b>	<b>-1,071,692.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,071,692.71</b>
<b>Gross profit (loss)</b>	<b>166,623,507.19</b>	<b>-291,242.39</b>	<b>502,099.18</b>	<b>241,152.57</b>	<b>140,961.69</b>	<b>167,216,478.24</b>
Income tax	34,922,815.39	175,507.05	25.00	73,948.00	26,782.72	35,199,078.16
<b>Net profit (loss)</b>	<b>131,700,691.80</b>	<b>-466,749.44</b>	<b>502,074.18</b>	<b>167,204.57</b>	<b>114,178.97</b>	<b>132,017,400.08</b>

Geographic segments (domestic/foreign) were not separated in the year 2006-2007 due to the fact that 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. conducting building production and developer activities in the territory of Russia were insignificant in the period covered by historical financial information, compared to the volume of turnovers of the Group.

**NOTES TO THE CONSOLIDATED INCOME STATEMENT**

**Note 24. Operating income**

<b>Operating income</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
Revenues from sales of products	695,777,102.08	665,603,714.28
Revenues from sales of services	71,675,049.17	49,728,378.11
Revenues from sales of goods	13,635,340.55	10,976,367.09
<b>Total income</b>	<b>781,087,491.80</b>	<b>726,308,459.48</b>

	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
<b>Revenues from sales, of which:</b>	<b>781,087,491.80</b>	<b>726,308,459.48</b>
- sales of products - flats	695,777,102.08	665,603,714.28
- sales of services	71,675,049.17	49,728,378.11
- sales of goods	13,635,340.55	10,976,367.09

	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
<b>Revenues from sales of products and services per business segments</b>	<b>767,452,151.25,</b>	<b>715,332,092.39</b>
- developer activities	708,657,356.93	681,006,730.36
- hotel activities	18,051,250.82	17,355,678.09
- social building	10,217,867.30	9,453,404.41
- transport activities	16,216,744.96	0.00
- construction	14,308,931.24	7,516,279.53

	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
<b>Revenues from sales of products - flats per geographic segments</b>	<b>695,777,102.08</b>	<b>665,603,714.28</b>
- Warsaw and vicinity	595,258,360.97	612,838,733.66
- Gdynia	43,297,847.98	1,954,769.80
- Łódź	38,371,107.53	21,985,746.73
- Russia	18,849,785.60	28,824,464.09

	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
<b>Revenues from sales of services per segments</b>	<b>71,675,049.17</b>	<b>49,728,378.11</b>
- hotel	18,051,250.82	17,355,678.09
- real estate management	12,691,164.51	13,647,534.32
- construction	14,308,931.24	7,516,279.53
- transport	16,216,744.96	0.00
- other	10,406,957.64	11,208,886.17

	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
<b>Revenues from sales of hotel services per geographic segments</b>	<b>18,051,250.82</b>	<b>17,355,678.09</b>
- Warsaw and vicinity	6,543,073.61	6,408,821.48
- Tarnowo	3,913,821.18	4,239,472.32
- Stryków	4,907,412.77	4,137,872.10
- Cieszyn	953,428.75	789,099.27
- Święta Lipka	925,377.75	741,572.72
- Krynica Górská	808,136.76	1,038,840.20

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**Note 25. Operating expenses**

<b>OPERATING EXPENSES</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
Costs of products sold	438,908,125.42	454,002,262.76
Costs of services sold	79,585,250.66	35,561,395.72
Costs of goods sold	13,998,578.98	10,738,204.31
<b>Total operating expenses</b>	<b>532,491,955.06</b>	<b>500,301,862.79</b>

<b>Costs of sales and overhead costs</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
Costs of sales	28,554,750.66	24,091,115.93
Overhead costs	24,877,112.20	20,802,689.85
<b>Total costs of sales and overhead costs</b>	<b>53,431,862.86</b>	<b>44,893,805.78</b>

<b>Expenses by type</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
Depreciation and amortisation	13,313,077.78	10,733,218.02
Materials and power	207,119,396.60	178,448,315.18
Outsourcing	284,959,262.04	166,008,091.77
Fees and taxes	9,711,331.58	5,956,933.30
Salaries	61,647,487.42	48,757,423.18
Social insurance and other payments	11,433,891.05	9,119,847.91
Other expenses by nature	15,266,825.50	14,530,338.96
<b>Total expenses by type</b>	<b>603,451,271.97</b>	<b>433,554,168.32</b>
Movement	31,526,033.02,	-100,903,295.94

**Note 26. Other operating income**

<b>OPERATING INCOME</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
a) profit on disposal of non-financial fixed assets	1,723,691.44	9,253,681.13
b) other operating income	7,388,946.74	4,483,258.17
<b>Total operating income</b>	<b>9,112,638.18</b>	<b>13,736,939.30</b>

**Note 27. Other operating expenses**

<b>OPERATING EXPENSES</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
a) loss on disposal of non-financial fixed assets	260,875.55	50,617.93
b) revaluation of non-financial assets	1,362,295.44	3,414,851.33
c) other operating expenses	7,961,651.17	11,277,700.51
<b>Total operating expenses</b>	<b>9,584,822.16</b>	<b>14,743,169.77</b>

**Note 28. Financial income**

<b>FINANCIAL INCOME</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
a) interest	7,971,507.54	2,065,715.46
b) revaluation of investments	0.00	0.00
c) other	1,091,503.62	2,107,119.10
<b>Total financial income</b>	<b>9,063,011.16</b>	<b>4,172,834.56</b>

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**Note 29. Financial expenses**

<b>FINANCIAL EXPENSES</b>	<b>1 January 2007 - 31 December 2007</b>	<b>1 January 2006 - 31 December 2006</b>
a) interest	22,589,113.34	15,145,725.27
b) revaluation of investments	0.00	15,440.00
c) other	1,015,251.20	830,058.78
<b>Total financial expenses</b>	<b>23,604,364.54</b>	<b>15,991,224.05</b>

**Note 30. Held-for-sale assets and liabilities under the same**

In accordance with IFRS 5 "Held-for-sale assets and discontinued operations" the Group presented held-for-sale assets and liabilities as separate items of the balance sheet. The said items referred to a branch - "Zakład Produkcji Rolnej" registered on 12 September 2006. In accordance with a resolution of the general meeting of J.W. Agro Sp. z o.o. of 1 February 2007, share capital of the said company was increased by PLN 8,646,450 and it was decided that all shares in the increased share capital would be taken up by the parent company and covered by a contribution in kind in the form of an organised part of an enterprise – the branch "Zakład Produkcji Rolnej". The General Meeting of the parent company approved the contribution in kind (agricultural real estate in Nowogard and vicinity). On 7 February 2007 the parent company concluded an agreement with J.W. Agro Sp. z o.o. for transfer of ownership of the said real estate.

<b>Item</b>	<b>31 December 2007</b>
<b>HELD-FOR-SALE ASSETS</b>	<b>25,461,578.17</b>
- own land	21,903,461.93
- buildings and structures	962,895.00
- receivables	184,792.84
- inventories (production in progress)	2,408,723.00
- prepaid expenses	1,705.40
<b>LIABILITIES UNDER HELD-FOR-SALE ASSETS</b>	<b>18,124,379.04</b>
- liabilities under loans	18,080,000.00
- other liabilities	44,379.04
<b>EARNINGS ON HELD-FOR-SALE ASSETS</b>	<b>-1,071,692.71</b>
- financial expenses (interest, commissions)	1,070,866.01
- overhead costs	826.70

**Note 31. Related party transactions**

During the period covered by historical financial information the parent company was a party to related party transactions presented below, as defined in Regulation No. 1606/2002 and IAS 24. The transactions were described in a table listing commercial agreements, loan agreements and agreements connected with transactions on equity, entered into by the parent company with related parties.

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

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

COUNTERPARTY	SUBJECT OF A TRANSACTION / AGREEMENT	1 JANUARY 2007 - 31 DECEMBER 2007	1 JANUARY 2006 - 31 DECEMBER 2006
<b>Related parties subject to consolidation</b>			
Project 55 Sp. z o.o.	Media – building site	755,207.53	0.00
TBS Marki Sp. z o.o.	Media – direct charge	15,267.27	10,829.53
TBS Marki Sp. z o.o.	Other	21,119.26	2,011.39
Deweloper Sp. z o.o.	Building works	2,204,719.53	0.00
Interlokum Sp. z o.o.	Media – direct charge	10,722.90	0.00
Interlokum Sp. z o.o.	Other	37,377.06	0.00
Lokum Sp. z o.o.	Media – direct charge	6,048.99	0.00
<b>Related parties excluded from consolidation</b>			
Business Financial Construction Sp. z o.o.	Marketing and commercial service	4,626,630.09	5,250,578.80
<b>Partied indirectly related with the parent company</b>			
J.W. System Sp. z o.o.	Lease of formwork	2,283,887.99	2,313,149.40
J.W. System Sp. z o.o.	Building works	0.00	30,677.62
Metalcon Sp. z o.o.	Building works	4,795,915.07	2,540.98
Metalcon Sp. z o.o.	Repairs	4,016.50	0.00
Metalcon Sp. z o.o.	Aluminium joinery fitting	4,512.00	0.00
Metalcon Sp. z o.o.	Other	2,963.11	181.56
Promar Sp. z o.o.	Building works	1,707,111.97	15,468.45
Promar Sp. z o.o.	Purchase of materials	112,824.77	0.00
Promar Sp. z o.o.	Other services	14,860.45	0.00
J.W. Construction 1 limited	Costs of an office in London	199,080.83	0.00
J.W. Construction 1 limited	Costs of a reception in the embassy	54,842.35	0.00
REM S.A.	Real estate management	0.00	1,568,368.62
Klub Piłkarski Polonia Warszawa S.A.	Outdoor advertising	3,600,000.00	530,000.00
Klub Piłkarski Polonia Warszawa S.A.	Tickets for games	0.00	11,682.24
J.W. Construction-Akademicki Związek Sportowy Politechniki Warszawskiej S.A.	Advertising	1,300,000.00	361,811.00
J.W. Construction-Akademicki Związek Sportowy Politechniki Warszawskiej S.A.	Other	0.00	4,703.40



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

COUNTERPARTY	SUBJECT OF A TRANSACTION / AGREEMENT	1 JANUARY 2007 - 31 DECEMBER 2007	1 JANUARY 2006 - 31 DECEMBER 2006
<b>Related parties subject to consolidation</b>			
Project 55 Sp. z o.o.	Designing works	2,537,660.31	1,599,778.50
Project 55 Sp. z o.o.	Building works	77,854,307.74	126,656,196.33
Project 55 Sp. z o.o.	Commercial and marketing services	0.00	2,061,770.00
Project 55 Sp. z o.o.	Office services	272,074.00	270,000.00
Project 55 Sp. z o.o.	Direct charge	64,734.58	52,700.00
Project 55 Sp. z o.o.	Implementation of investments	834,476.00	0.00
Project 55 Sp. z o.o.	Other	49,458.68	217,279.67
Interlokum Sp. z o.o.	Designing works	268,600.67	785,224.23
Interlokum Sp. z o.o.	Building works	33,131,133.97	25,365,686.02
Interlokum Sp. z o.o.	Commercial and marketing services	0.00	1,296,450.00
Interlokum Sp. z o.o.	Office services	257,106.00	214,728.00
Interlokum Sp. z o.o.	Sales of assets	0.00	1,500.00
Interlokum Sp. z o.o.	Direct charge	0.00	3,600.00
Interlokum Sp. z o.o.	Implementation of investments	203,423.00	0.00
Interlokum Sp. z o.o.	Other	4,417.33	55,505.24
Lokum Sp. z o.o.	Designing works	1,271,625.66	313,470.33
Lokum Sp. z o.o.	Building works	29,587,051.00	12,615,923.70
Lokum Sp. z o.o.	Implementation of investments	115,334.00	0.00
Lokum Sp. z o.o.	Commercial and marketing services	555,000.00	712,500.00
Lokum Sp. z o.o.	Office services	121,969.00	100,800.00
Lokum Sp. z o.o.	Sales of assets	0.00	1,000.00
Lokum Sp. z o.o.	Direct charge	3,885.60	0.00
Lokum Sp. z o.o.	Other	4,416.19	4,939.52
TBS Marki Sp. z o.o.	Sales of assets	0.00	500.00
TBS Marki Sp. z o.o.	Sales of goods and services	600.00	471.20
TBS Marki Sp. z o.o.	Direct charge	23,562.66	15,715.99

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

TBS Marki Sp. z o.o.	Other	56,710.12	60,311.54
Deweloper Sp. z o.o.	Direct charge	29,979.37	539,105.23
Deweloper Sp. z o.o.	Sales of assets	48,360.66	0.00
Construction Invest Sp. z o.o.	Other	1,001.65	850.67
J.W. Construction International	Designing works	2,991,687.11	0.00
PT Czarny Potok SA	Direct charge	119.74	0.00
<b>Related parties excluded from consolidation</b>			
Business Financial Construction Sp. z o.o.	Direct charge	188,696.54	161.25
Business Financial Construction Sp. z o.o.	Other	3,734.25	4,180.88
DREMET-Project Sp. z o.o.	Other	900.00	0.00
DREMET-Project Sp. z o.o.	Direct charge	2,060.54	0.00
J.W. Construction SA	Other	1,000.00	0.00
Klub Sportowy Piłkarski Polonia SSA	Other	136,541.67	0.00
Klub Sportowy Piłkarski Polonia SSA	Direct charge	7,008.32	0.00
<b>Partied indirectly related with the parent company</b>			
J.W. System Sp. z o.o.	Sales of products	6,395.89	63,296.53
J.W. System Sp. z o.o.	Sales of goods and materials	72,111.04	0.00
J.W. System Sp. z o.o.	Direct charge	172,774.14	203,776.84
J.W. System Sp. z o.o.	Other	119,768.12	152,936.94
Metalcon Sp. z o.o.	Sales of products	76,031.55	1,798,855.07
Metalcon Sp. z o.o.	Sales of goods and materials	4,042,559.47	0.00
Metalcon Sp. z o.o.	Direct charge	168,613.49	174,071.82
Metalcon Sp. z o.o.	Other	418,138.37	97,945.62
Promar Sp. z o.o.	Sales of products	0.00	341,031.17
Promar Sp. z o.o.	Sales of goods and materials	379,772.84	0.00
Promar Sp. z o.o.	Direct charge	44,920.40	48,591.92
Promar Sp. z o.o.	Other	80,720.07	26,614.43
Construction Unlimited Sp. z o.o.	Other	2,807.35	3,135.67
T.B.S. Nowy Dom Sp. z o.o.	Other	1,001.65	1,112.24

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

J.W. Agro Sp. z o.o.	Other	637,251.00	0.00
J.W. Agro Sp. z o.o.	Direct charge	376,149.08	0.00
J.W. Agro Sp. z o.o.	Sales of assets	3,114.75	0.00
J.W. Consulting Sp. o.o.	Other	3,600.00	0.00
J.W. Consulting Sp. o.o. JW3	Other	600.00	0.00
J.W. Consulting Sp. o.o. JW5	Other	600.00	0.00
J.W. Consulting Sp. o.o. JW1	Other	1,067.00	0.00
HOTEL 500 Sp. z o.o.	Other	1,010.00	0.00
REM S.A.	Other	45,000.00	0.00
Stadnina Mazowiecka Sp. z o.o.	Other	2,000.00	0.00
Załużbice Development Sp. z o.o.	Management services	303,883.09	854,230.07
Załużbice Development Sp. z o.o.	Direct charge	557,890.89	453,117.19
Załużbice Development Sp. z o.o.	Other	2,013.38	1,045.22

**Advances paid by related parties to J.W. Construction Holding S.A.**

Company	Advance	1 JANUARY 2007 - 31 DECEMBER 2007	1 JANUARY 2006 - 31 DECEMBER 2006
<b>Advances paid</b>			
Interlokum Sp. z o.o.	Advances on building works and designing services	0.00	6,259,001.65
Lokum Sp. z o.o.	Advances on building works and designing services	0.00	2,413,011.08
<b>Advances not settled as at the balance sheet date</b>			
TBS Marki Sp. z o.o.	Advance due to sales of flats in Radzymin	0.00	5,810,565.47
Interlokum Sp. z o.o.	Advances on building works and designing services	216,503.07	6,259,001.65
Lokum Sp. z o.o.	Advances on building works and designing services	0.00	2,413,011.08
Przedsiębiorstwo Turystyczne "Czarny Potok" S.A.	Advances on works and designing services	327,868.85	327,868.85
Hotel Malbork Sp. z o.o.	Advances on building and assembly works	921,688.79	921,688.79

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

**J.W. Construction Holding S.A. as a payer of share capital or capital contributions and a buyer of shares**

COUNTERPARTY	SUBJECT OF A TRANSACTION / AGREEMENT	1 JANUARY 2007 - 31 DECEMBER 2007	1 JANUARY 2006 - 31 DECEMBER 2006
Business Financial Construction Sp. z o.o.	Purchase of shares in REM S.A.	0.00	33,000.00
Construction Invest Sp. z o.o.	Company formation	0.00	50,000.00
J.W. Agro Sp. z o.o.	Company formation	0.00	24,500.00
Hotel 500 Sp. z o.o.	Company formation	0.00	24,500.00
REM S.A.	Share capital increase	0.00	400,000.00
Interlokum Sp. z o.o.	Sale of shares in Project 55 Sp. z o.o.	0.00	1,305.50
Interlokum Sp. z o.o.	Sale of shares in Lokum Sp. z o.o.	0.00	500.00
Interlokum Sp. z o.o.	Sale of shares in T.B.S. Marki Sp. z o.o.	0.00	500.00
T.B.S. Marki Sp. z o.o.	Sale of shares in Deweloper Sp. z o.o.	0.00	500.00
Lokum Sp. z o.o.	Sale of shares in Interlokum Sp. z o.o.	0.00	500.00
Lokum Sp. z o.o.	Sale of shares in Business Financial Construction Sp. z o.o.	0.00	500.00
EHT	Sale of shares in Załubice Development Sp. z o.o.	0.00	31,863,333.00
EHT	Sale of shares in REM	0.00	9,100,000.00
EHT	Purchase of shares in JB Financial Trust Sp. z o.o.	0.00	3,393,100.00
Promar Sp. z o.o.	Purchase of shares in Abimel Trading Sp. z o.o.	0.00	4,000.00
Klub Uczelniany AZS Politechnika Warszawa S.A.	Purchase of shares	0.00	78,975.00
J.W. Construction-Akademicki Związek Sportowy Politechniki Warszawskiej S.A.	Paying up share capital	0.00	296,025.00
J.W. Construction S.A.	Company formation	500,000.00	0.00
Ośrodek Wypoczynkowy OGONIOK	Purchase of shares	9,810,000.00	0.00
Porta Transport Sp. z o.o.	Purchase of shares	19,118,737.41	0.00
J.W. Construction Bułgaria Eood	Company formation	9,854.98	0.00
J.W. Construction 1 Limited	Purchase of shares	5,618.00	0.00
J.W. Industries Sp. z o.o.	Purchase of shares	50,000.00	0.00
Dremet Project Sp. z o.o.	Share capital increase	49,210.00	0.00
J.W. Agro Sp. z o.o.	Contribution in kind	8,646,450.00	0.00
J.W. Agro Sp. z o.o.	Sale of shares	9,380,000.00	0.00

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

**J.W. Construction Holding S.A. as a dividend payer (value of liability)**

Related party	Subject of a transaction*	31 December 2007	31 December 2006
EHT	Dividend	14,505,531.00	33,707,390.33
Józef Wojciechowski	Dividend	8,449,894.89	27,682,223.05
SEZAM II	Dividend	4,275,000.00	0.00

**TRANSACTIONS WITH RELATED PARTIES (Management Board and Supervisory Board Members, their families and relatives)**

Related party	Function	Subject of a transaction*	31 December 2007	31 December 2006
Jerzy Zdrzałka	Management Board	Advisory services	40,000.00	140,644.00
Matkowska-Consulting Krystyna Matkowska	Relatives of Management Board and Supervisory Board members	Advisory services	175,000.00	389,000.00
* transactions excluding remuneration (contracts of employment, contracts of mandate), travelling allowances and received advances				
Józef Wojciechowski	Supervisory Board	Cash loans received by JWCH	0.00	27,682 223.05
Józef Wojciechowski	Supervisory Board	Advances (to be accounted for)	288,135.98	0.00
Katarzyna Szajnowald	Supervisory Board	Advances (to be accounted for)	59,568.82	0.00
Maciej Gnoiński	Supervisory Board	Advisory services	0.00	47,665.62
Maciej Gnoiński	Supervisory Board	Advances (to be accounted for)	10,000.00	0.00
Related party	Function	Subject of a transaction	31 December 2007	31 December 2006
			Contractual value	Advances paid
Grażyna Szafarowska	Management Board	Sale of a flat	306,013.77	0.00
Roman Kobylński	Supervisory Board	Sale of a flat	615,758.75	0.00
Krystyna Matkowska	Relatives of Management Board and Supervisory Board members	Sale of a flat	234,914.12	0.00
Adam Czyż	Relatives of Management Board and Supervisory Board members	Sale of a flat	282,538.24	0.00
Elżbieta Czyż Eliaszuk	Relatives of Management Board and Supervisory Board members	Sale of a flat	221,670.11	0.00
Elżbieta Czyż Eliaszuk	Relatives of Management Board and Supervisory Board members	Sale of a flat	226,194.00	0.00
The aforesaid amounts referring to sales of flats are gross values (value of the agreement and paid advances)				

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

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

NAME OF A COMPANY	Receivables from related parties		Liabilities to related parties	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
EHT	870,449.04	870,449.00	38,621.13	38,621.13
REM S.A.	540,173.17	376,159.79	199,297.78	281,252.72
Załużbice Development Sp. z o.o.	1,055,590.50	0.00	775,476.14	1,131,214.21
Zakład Produkcji Marmurów Promar Sp. z o.o.	1,427,365.48	995,391.85	570,205.29	572,789.99
Zakład Produkcji Szalunków J.W. System Sp. z o.o.	16,398.02	823,627.53	931,604.73	3,228,648.01
Zakład Produkcji Metalowej Metalcon Sp. z o.o.	3,269,338.25	2,953,794.16	2,060,185.75	1,883,762.78
J.W. Agro Sp. z o.o.	3,254,729.03	0.00	0.00	0.00
Hotel 500 Sp. z o.o.	1,232.20	1,500.00	0.00	24,500.00
Interlokum Sp. z o.o.	14,772,971.87	11,806,707.20	0.00	0.00
KSP Polonia Warszawa S.S.A.	8,782,261.56	3,105,046.86	0.00	0.00
Project 55 Sp. z o.o.	67,758,821.42	47,136,106.29	0.00	0.00
Lokum Sp. z o.o.	14,701,018.37	4,394,077.35	7,379.77	0.00
Deweloper Sp. z o.o.	1,171.08	574,870.27	266,318.62	0.00
Construction Invest Sp. z o.o.	2,993,520.69	2,848,170.84	0.00	2,794,094.21
TBS Nowy Dom Sp. z o.o.	7,370.94	0.00	1,000.00	0.00
J.W. International Sp. z o.o.	3,094,325.38	1,639,991.42	0.00	0.00
TBS Marki Sp. z o.o.	0.00	79,663.72	1,999,448.88	2,046,788.62
Przedsiębiorstwo Turystyczne "Czarny Potok" S.A.	150,223.94	0.00	0.00	1,338.50
Business Financial Construction Sp. z o.o.	0.00	18,808.42	2,602,531.13	0.00
Dremet-Projekt Sp. z o.o.	0.00	0.00	216,131.14	278,232.88
Królewski Port Żerań Sp. z o.o.	5,396,764.70	5,396,764.70	0.00	
J.W. Construction 1 LTD	87,547.79	0.00	0.00	0.00
J.W. Consulting J.W. 1	813.25	0.00	0.00	0.00
J.W. Consulting J.W. 3	732.00	0.00	0.00	0.00
J.W. Consulting J.W. 5	732.00	0.00	0.00	0.00
Stadnina Mazowiecka Sp. z o.o.	4,605,367.75	0.00	0.00	0.00

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

	Receivables from related parties**		Liabilities to related parties***	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
<b>Management Board and Supervisory Board members and their relatives</b>				
Barbara Czyż	0.00	0.00	0.00	4,332.18
Bożena Malinowska	0.00	0.00	165.00	11,236.06
Grażyna Szafarowska	4,359.58	0.00	0.00	13,027.99
Irmina Łopuszyńska	510.00	0.00	0.00	11,044.56
Jerzy Zdrzałka	0.00	0.00	176.94	10,919.63
Ryszard Matkowski	42.72	15,000.00	0.00	29,388.00
Tomasz Panabażys	0.00	0.00	69.54	11,432.68
Wojciech Rajchert	0.00	0.00	23.00	14,389.14
Józef Wojciechowski	288,135.98	0.00	0.00	28,733,248.38
Katarzyna Szajnwald	59,568.82	0.00	0.00	0.00
Maciej Gnoiński	72,304.64	63,685.13	0.00	51,535.56

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

\*\* Receivables from related parties (Management Board and Supervisory Board members) refer to telephone charges, advances to be accounted for, cash loans and other receivables.

\*\*\* Liabilities to related parties (Management and Supervisory Board members) refer to costs of remuneration, travelling allowances, advances accounted for, received cash loans and other liabilities.

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

**LOAN AGREEMENTS**

LOANS GRANTED BY THE PARENT COMPANY	AGREEMENT DATE	Principal	Interest	Principal	Interest
Counterparty	Date*	1 January 2007 - 31 December 2007	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006	1 January 2006 - 31 December 2006
J.W. Construction International Sp .z o.o.	05.05.2003	0.00		0.00	
J.W. Construction International Sp .z o.o.	21.05.2004	0.00		0.00	
J.W. Construction International Sp .z o.o.	27.08.2004	0.00		0.00	
J.W. Construction International Sp .z o.o.	20.10.2004	0.00		0.00	293,358.05
J.W. Construction International Sp .z o.o.	19.06.2007	3,450,000.00	120,337.09	0.00	0.00
Interlokum Sp. z o.o.	01.07.2005	0.00	302,431.99	0.00	285,426.43
Lokum Sp. z o.o.	01.12.2005	0.00	0.00	0.00	44,343.75
Deweloper Sp. z o.o.	06.12.2005	0.00	20,022.45	0.00	23,257.09
Construction Invest Sp. z o.o.	05.10.2006	0.00		2,754,117.00	41,109.02
Construction Invest Sp. z o.o.	07.08.2007	0.00	184,127.83	0.00	0.00
KSP Polonia Warszawa SSA	11.07.2006	0.00	0.00		
KSP Polonia Warszawa SSA	03.04.2006	0.00	0.00		
KSP Polonia Warszawa SSA	05.10.2006	0.00	0.00		
KSP Polonia Warszawa SSA	22.06.2006	0.00	0.00		
KSP Polonia Warszawa SSA	09.11.2006	0.00	0.00	2,926,040.07	68,702.85
KSP Polonia Warszawa SSA	16.03.2007			0.00	0.00
KSP Polonia Warszawa SSA	11.09.2007			0.00	0.00
KSP Polonia Warszawa SSA	29.10.2007			0.00	0.00
KSP Polonia Warszawa SSA	29.11.2007	4,935,500.00	263,745.75	0.00	0.00
REM S.A.	23.03.2006	0.00	0.00	2,767,000.00	60,188.54
REM S.A.	28.03.2006	0.00	0.00	46,000.00	948.61
Zakład Produkcji Marmurów Promar Sp. z o.o.	30.08.2005	0.00	13,236.02	0.00	11,965.54
Stadnina Mazowiecka Sp. z o.o.	25.09.2007			0.00	0.00
Stadnina Mazowiecka Sp. z o.o.	29.10.2007	4,550,000.00	52,927.75	0.00	0.00

\* the date of the main agreement (without annexes executed later on). The aforesaid statement presents interest accrued in particular years and the principal paid in accordance with terms and conditions of particular loan agreements.



J.W. Construction Holding S.A.  
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LOANS INCURRED WITH RELATED PARTIES	AGREEMENT DATE	Principal	Interest	Principal	Interest
Counterparty	Date*	1 January 2007 - 31 December 2007	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006	1 January 2006 - 31 December 2006
TBS Marki Sp. z o.o.	29.08.2006	0.00	99,621.67	1,500,000.00	31,540.83
Załubice Development Sp. z o.o.	16.12.2003	0.00	27,042.40	0.00	24,786.03
Załubice Development Sp. z o.o.	25.01.2001	0.00	0.00	0.00	943.39
EHT S.A.	31.12.2006	0.00	0.00	7,463,020.18	0.00
Pan Józef Wojciechowski	31.12.2006	0.00	728,910.34	27,682,223.05	143,255.50

\* the date of the main agreement (without annexes executed later on). The aforesaid statement presents interest accrued in particular years and the principal paid in accordance with terms and conditions of particular loan agreements. Balances of loans received and granted as at the balance sheet day are presented in the table "Intercompany balances 2006-2007".

J.W. Construction Holding S.A.  
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**Note 32. Salaries of the Management Board and Supervisory Board members of the Company**

Below are presented salaries of the Management Board and Supervisory Board members of the Group Companies covered by historical financial information. The said salaries cover both amounts paid and due to the Management Board and Supervisory Board members for holding the office.

<b>J.W. Construction Holding S.A.</b>	<b>2007</b>	<b>2006</b>
<b>Management Board</b>		
Ryszard Matkowski	353,000.00	36,000.00
Barbara Czyż	78,000.00	85,000.00
Grażyna Szafarowska	229,000.00	206,697.97
Jerzy Zdrzałka	363,750.00	13,363.63
Bożena Malinowska	204,000.00	162,389.06
Wojciech Rajchert	259,000.00	213,176.72
Tomasz Panabażys	184,666.60	180,600.00
Irmina Łopuszyńska	0.00	115,642.85
<b>Supervisory Board</b>		
Józef Wojciechowski	0.00	0.00
Katarzyna Szajnwald	0.00	0.00
Maciej Gnoiński	0.00	0.00
Pietraszkiewicz Henryk	20,900.00	0.00
Obłękowski Jacek	20,900.00	0.00
Rocki Marek	20,900.00	0.00
Kobyliński Roman	20,900.00	0.00
<b>TBS "Marki" Sp. z o.o.</b>		
<b>2007</b>		
<b>2006</b>		
<b>Management Board</b>		
Barbara Czyż	180,000.00	180,000.00
Zbigniew Kłaczyński	31,648.44	0.00
<b>Supervisory Board</b>		
Maciej Gnoiński	0.00	0.00
Zdzisław Chamłuk	0.00	0.00
Marek Skrzypczyński	0.00	0.00
Kazimierz Kędzierski	0.00	0.00
<b>Przedsiębiorstwo Turystyczne "Czarny Potok" S.A.</b>		
<b>2007</b>		
<b>2006</b>		
<b>Management Board</b>		
Maciej Gnoiński	0.00	0.00
<b>Supervisory Board</b>		
Ryszard Matkowski	0.00	0.00
Izabella Zinkowska	0.00	0.00
Piotr Szczurowski	0.00	0.00
<b>Deweloper Sp. z o.o.</b>		
<b>2007</b>		
<b>2006</b>		
<b>Management Board</b>		
Barbara Blida	0.00	0.00
Czesław Czyż	240,000.00	240,000.00

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Interlokum Sp. z o.o.	2007	2006
<b>Management Board</b>		
Wojciech Rajchert	6,000.00	0.00
Project55 Sp. z o.o.	2007	2006
<b>Management Board</b>		
Grażyna Szafarowska	0.00	0.00
Lokum Sp. z o.o.	2007	2006
<b>Management Board</b>		
Agata Wróbel	0.00	0.00
Construction Invest Sp. z o.o.	2007	2006
<b>Management Board</b>		
Agata Wróbel	0.00	0.00
J.W. Construction International Sp. z o.o.	2007	2006
<b>Management Board</b>		
Małgorzata Pawlak (data in RBL)	48,000.00	112,445.14

During the period covered by historical financial information the Group did not pay any benefits to the top managerial staff, in the form of current employee benefits, post-employment benefits, other non-current benefits, termination benefits and share-based payments.

**Information about average headcount per occupational groups**

Occupational group	31 December 2007	31 December 2006
Management Board	8	8
Managers	41	36
Administration	390	386
Other employees	669	548
<b>Total</b>	<b>1,108</b>	<b>978</b>

**Note 33. Significant events after the balance sheet date**

Issue of bonds

On 9 January 2008 the Company issued PLN 38,000,000 worth of tranches of bonds.

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

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

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

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

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

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

J.W. Construction Holding S.A.  
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Repayment of bonds

On 9 April 2008 the Company redeemed 380 bonds of the total par value of PLN 38,000,000.

On 11 April 2008 the Company redeemed 400 bonds of the total par value of PLN 40,000,000.

On 25 April 2008 the Company redeemed 100 bonds of the total par value of PLN 10,000,000.

On 16 May 2008 the Company redeemed 245 bonds of the total par value of PLN 24,500,000.

Purchase of debt securities

1) The agreement of 11 January 2008 for sale of 380 bonds by BRE Bank S.A., of 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., of 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., of 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., of 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., of 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

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

Repayment of loans

On 31 January 2008 the Company repaid a revolving working capital loan incurred with PKO BP S.A. for PLN 10,000,000 for the purpose of financing current operations of the Company.

On 29 February 2008 the Company repaid an investment loan incurred with Bank Millennium S.A. for PLN 6,500,000 for the purpose of partial funding of an investment – "Osiedle Pyry".

On 4 April 2008 a subsidiary - Project 55 Sp. z o.o. repaid a loan incurred with Bank Millennium S.A. for PLN 40,000,000 or its equivalent in CHF, EUR, USD, for the purpose of partial funding of investment expenditures connected with implementation of a housing estate at ul. Górczewska and Powstańców Śląskich in Warsaw.

On 30 April 2008 a subsidiary - Interlokum Sp. z o.o. repaid a loan incurred with Bank PKO BP S.A. for PLN 20,600,000 for the purpose of co-funding of an investment - "Rezydencja na Skarpie" located in Warsaw.

Concluded loan agreements and annexes

On 29 January 2008 the Company executed Agreement No. 28 1020 1156 7696 0008 9771 with Bank PKO BP S.A. for a non-revolving working capital loan for PLN 10,000,000. The purpose of the loan was financing repayment of a revolving working capital loan incurred under Agreement No. 202-127/1/1/3/2006 of 3 July 2006, as amended with Annex No. 1 of 29 December 2006 and Annex No. 2 of 21 December 2007. The loan was granted from 29 January 2008 to 28 December 2010.

On 4 April 2008 the Company concluded Annex No. 8 to Loan Agreement No. 10/GOSP/2005 for a working capital loan in a current account executed with Invest Bank S.A. on 28 September 2005 for covering current payment obligations due to the conducted business activity. By virtue of the annex the value of the granted loan was increased from PLN 7,000,000 to PLN 15,000,000.

On 8 April 2008 the Company concluded Annex No. 3 to Loan Agreement No. 77428892 of 27 July 2006 for a revolving housing building loan for partial funding of expenditures connected with implementation of an investment located in Warsaw at ul. Lazurowa. By virtue of the annex the lending period was extended to 30 September 2009.

On 11 April 2008 the Company concluded Annex No. 2 to Loan Agreement No. 368/09/2007/1102/K/OBR for a revolving working capital loan executed 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 value was increased from PLN 60,000,000 to PLN 115,000,000.

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On 29 April 2008 the Company concluded Annex No. 2 to Loan Agreement No. 11/GOSP/2007 of 27 September 2007 for an investment loan for financing and refinancing implementation of a housing estate - "Uroczysko" in Katowice. By virtue of the annex the lending period was extended to 31 December 2008.

On 14 May 2008 the Company concluded Annex No. 10 to Loan Agreement No. 169/DKS/01 of 10 December 2001 for a short-term loan in a current account. By virtue of the annex the lending period was extended to 16 May 2009.

On 5 May 2008 a subsidiary - Lokum Sp. z o.o. concluded Annex No. 3 to Loan Agreement No. 75298961 of 1 June 2006 for a revolving housing building loan for funding investment expenditures connected with implementation of a housing estate - "Willa Konstancin". By virtue of the annex the lending period was extended to 31 July 2008.

Extraordinary General Meeting

The Extraordinary General Meeting of the Company was held on 1 April 2008. The General Meeting resolved to give consent to selling organised parts of the enterprise in the form of branches of the Company 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 Company.

On 30 April 2008 the Extraordinary General Meeting of a 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 of a par value of PLN 1 each. The entire issue was taken up by the Company and covered with an in-kind contribution in the form of a branch of the Company operating as J.W. Construction Holding S.A. Oddział "Budownictwo" domiciled in Ząbki. In performance of the said resolution an agreement for taking up shares was executed between the Company and J.W. Construction S.A. domiciled in Ząbki. On the same day an agreement was executed between the Company and J.W. Construction S.A. domiciled in w Ząbki, transferring the ownership to an organised part of the enterprise in the form of a branch of the Company which operated as J.W. Construction Holding S.A. Oddział "Budownictwo" domiciled in Ząbki.

On 30 April 2008 the Extraordinary General Meeting of a 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 way of issuing 5,518 shares of a par value of PLN 200 each. The entire issue was taken up by the Company and covered with an in-kind contribution in the form of a branch of the Company operating as J.W. Construction Holding S.A. Oddział "Pracownia Projektowa" (*Branch: "Designing Workroom"*) domiciled in Ząbki. In performance of the said resolution the Company made a representation on taking up the newly issued shares. On the same day an agreement was executed between the Company and J.W. Projekt Spółka z o.o. domiciled in Warsaw, transferring the ownership to an organised part of the enterprise in the form of a branch of the Company which operated as J.W. Construction Holding S.A. Oddział "Pracownia Projektowa" domiciled in Ząbki.

On 30 April 2008 the Extraordinary General Meeting of a 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 way of issuing 307,900 shares of a par value of PLN 50 each. The entire issue was taken up by the Company and covered with an in-kind contribution in the form of a branch of the Company operating as J.W. Construction Holding S.A. Oddział "Zakład Prefabrykacji Budowlanej" domiciled in Ząbki. In performance of the said resolution the Company made a representation on taking up the newly issued shares. On the same day an agreement was executed between the Company and JWCH Produkcja Budowlana Spółka z o.o. domiciled in Ząbki, transferring the ownership to an organised part of the enterprise in the form of a branch of the Company which operated as J.W. Construction Holding S.A. Oddział "Zakład Prefabrykacji Budowlanej" domiciled in Ząbki.

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The value of assets and liabilities transferred as in-kind contributions to particular companies:

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>16,487,334.30</b>	<b>33,886,607.34</b>	<b>1,738,299.38</b>
Non-current assets	11,098 372.83	13,254,477.35	437,225.70
Current assets	5,388,961.47	20,632,129.99	1,301,073.68
<b>Total equity and liabilities</b>	<b>1,092,380.17</b>	<b>22,859,988.68</b>	<b>634,810.35</b>
Liabilities	1,092,380.17	22,859,988.68	634,810.35

Change of information about a significant agreement

On 30 April 2008 the Company was notified by a Natural Person about his withdrawal from some contracts providing for an obligation to build and sell flats under an investment - "GÓRCZEWSKA PARK" ("Contracts"). From the total of 88 Contracts the Natural Person resigned from 40 Contracts and simultaneously paid the amounts due for terminated contracts as a payment for a part of sales price for flats purchased from a subsidiary of the Company - Project 55 Sp. z o.o domiciled in Warsaw. In 2007 the effect on earnings was below 2% of income, expenses, gross profit and net profit, therefore, the Management Board resolved not to adjust the earnings for 2007.

Other events are presented in the Management Board's Business Report.

**Note 34. Selected financial data containing key items of the financial statements (also converted into EURO) in '000**

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 balance sheet as at the end of the period from 1 January to 31 December 2006 was translated into EUR at the rate established by the National Bank of Poland as at the said day i.e. PLN / EUR 3.8312.

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.

The income statement for the period from 1 January 2006 to 31 December 2006 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 3.8991.

Consolidated balance sheet item	31 December 2007		31 December 2006	
	PLN	EUR	PLN	EUR
<b>Total assets</b>	<b>1,511,567</b>	<b>421,990</b>	<b>907,545</b>	<b>236,883</b>
Non-current assets	381,045	106,378	329,174	85,919
Current assets	1,130,522	315,612	552,909	144,318
Held-for-sale assets	0	0	25,462	6,646
<b>Total equity and liabilities</b>	<b>1,511,567</b>	<b>421,990</b>	<b>907,545</b>	<b>236,883</b>
Equity	549,508	153,408	193,450	50,493
Non-current liabilities	370,799	103,517	350,434	91,468
Current liabilities	591,260	165,064	345,537	90,190
Held-for-sale liabilities	0	0	18,124	4,731

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Consolidated income statement item	1 January 2007 - 31 December 2007		1 January 2006 - 31 December 2006	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	781,087.49	206,812.44	726,308.46	186,275.93
Costs of products, goods and materials sold	532,491.96	140,990.56	500,301.86	128,312.14
<b>Gross profit (loss) on sales</b>	<b>248,595.54</b>	<b>65,821.88</b>	<b>226,006.60</b>	<b>57,963.79</b>
Costs of sales	28,554.75	7,560.58	24,091.12	6,178.64
Overhead costs	24,877.11	6,586.84	20,802.69	5,335.25
Profit (loss) on sales	199,085.03	52,712.74	181,112.79	46,449.90
Operating profit (loss)	198,612.85	52,587.72	180,106.56	46,191.83
<b>Gross profit (loss)</b>	<b>184,071.50</b>	<b>48,737.53</b>	<b>167,216.48</b>	<b>42,885.92</b>
Income tax	35,967.26	9,523.23	35,199.08	9,027.49
<b>Net profit (loss)</b>	<b>148,104.24</b>	<b>39,214.30</b>	<b>132,017.40</b>	<b>33,858.43</b>

**Note 35. Off-balance sheet items**

OFF-BALANCE SHEET LIABILITIES	31 December 2007	31 December 2006
Investment real estate pledged as collateral – loans	747,077,076.26	687,796,687.00
Other companies' real estate pledged as collateral – loans	3,500,000.00	0.00
Blank promissory notes*	416,978,822.68	391,619,804.29
Other**	10,000,000.00	25,226,084.63
Transfer of receivables	4,299,600.00	4,299,600.00
Registered pledge and transfer of ownership of modules	20,000,000.00	0.00
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.	40,000,000.00	40,000,000.00
Guarantees to the benefit of Lokum sp. z o.o.	16,500,000.00	16,500,000.00
Guarantees to the benefit of Interlokum sp. z o.o.	20,600,000.00	20,600,000.00
Guarantees to the benefit of Budokrusz Sp. z o.o.	2,500,000.00	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 i.a. in the form of a freeze on bank accounts, assignment or rights under insurance policies.

The table above presents all collateral under concluded loan agreements. Since several items of collateral were established under particular loan agreements, the value of collateral was not summed up.

As at 31 December 2007 there were realised guarantees to remove failures and defects under insurance granted by banks and insurance institutions to the benefit of the Issuer. Moreover, there were blank promissory notes issued to the benefit of J.W. Construction Holding S.A. to secure rights of the Company under guarantees granted by counterparties, which may be filled in by JWCH S.A. at any time with the amount corresponding to costs of failure and defect removal. As at 31 December 2007 the total value of guarantees was PLN 35 million.

**Note 36. Significant issues in litigation**

As at 31 December 2007 the Companies of the Capital Group were not parties to significant litigations.

**Note 37. Changes in the membership of the Management Board and Supervisory Board of J.W. Construction Holding SA**

**Management Board**

As at 31 December 2006 the Management Board of J.W. Construction Holding S.A. was composed of:

- Mr. Ryszard Matkowski                      CEO of the Holding
- Mr. Jerzy Zdrzałka                              CEO
- Ms. Barbara Czyż                                Management Board Member
- Ms. Grażyna Maria Szafarowska            Management Board Member
- Ms. Bożena Regina Malinowska            Management Board Member
- Ms. Irmina Łopuszyńska                      Management Board Member
- Mr. Wojciech Rajchert                        Management Board Member
- Mr. Tomasz Panabażys                        Management Board Member

As at 31 December 2007 the Management Board of J.W. Construction Holding S.A. was composed of:

- Mr. Jerzy Zdrzałka                              CEO
- Ms. Barbara Czyż                                Management Board Member
- Ms. Grażyna Maria Szafarowska            Management Board Member
- Ms. Bożena Regina Malinowska            Management Board Member
- Ms. Irmina Łopuszyńska                      Management Board Member
- Mr. Wojciech Rajchert                        Management Board Member

During 2007 the membership of the Management Board of the Company was changed as follows:

- On 21 September 2007 Ryszard Matkowski was recalled from the office of the CEO of the Holding by a shareholder exercising personal rights;
- On 31 October 2007 Mr. Tomasz Panabażys resigned from the office of the Management Board Member as of 1 November 2007.

**Supervisory Board**

As at 31 December 2006 the Supervisory Board was composed of:

- Mr. Józef Kazimierz Wojciechowski      Supervisory Board Chairman
- Mr. Maciej Gnoiński                            Supervisory Board Member
- Ms. Katarzyna Anna Szajnwald              Supervisory Board Member

In 2007 the membership of the Supervisory Board was changed as follows by the General Meeting of J.W. Construction Holding SA:

- with Resolution No. 4 of 16 February 2007 the General Meeting recalled the then current Members of the Supervisory Board: Józef Wojciechowski, Maciej Gnoiński and Katarzyna Szajnwald;
- with Resolution No. 5 of 16 February 2007 the General Meeting appointed the following persons as Members of the Supervisory Board: Józef Wojciechowski, Roman Kobylński, Maciej Rocki, Henryk Pietraszkiewicz and Jacek Obłękowski.

As at 31 December 2007 the Supervisory Board was composed of:

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



J.W. Construction Holding S.A.  
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Signature of the preparer of the Financial Statements

Irmina Łopuszyńska Chief Accountant Management Board Member	Signature
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Signatures of the Management Board Members

Jerzy Zdrzałka CEO	Signature
Grażyna Szafarowska Management Board Member	Signature
Barbara Czyż Management Board Member	Signature
Bożena Malinowska Management Board Member	Signature
Wojciech Rajchert Management Board Member	Signature

Ząbki, 23 May 2008