

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

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



J.W. Construction Holding S.A.
Financial Statements
for the period from 1 January 2007 to 31 December 2007

1. INTRODUCTION TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

J.W. Construction Holding S.A. ("Company", "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 0000028142.

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

Going concern principle and comparable financial statements

J.W. Construction Holding S.A. assumes that it will operate as a going concern and that financial statements are comparable. As at the balance sheet day the Company did not find any circumstances threatening the going concern assumption. The financial reporting is prepared in accordance with the historical cost method. The financial information was not measured with any other method, which guarantees that the financial statements are comparable.

Declaration of unconditional compliance with IFRS

The financial statements of J.W. Construction Holding S.A. were prepared in accordance with the International Financial Reporting Standards approved by the European Union. In the 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 Company. 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 Company based on contracts for an agreed time. Services performed by the Company are long-term ones and their term of performance is longer than six months.

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Business combinations

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

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

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

Policy of accounting

Intangible assets

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

- a) they are identifiable,
- b) the 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 method under the initially estimated earnings from assets already held. straight-line for the period of useful life of particular assets.

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

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

Impairment of tangible assets and intangible assets

Whenever there are indications that tangible assets and intangible assets may be impaired, the said assets are tested for impairment 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.

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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.

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. The Company defers 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 Company.

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Guarantee deposits securing claims of the Company against sub-contractors are disclosed as payables in liabilities. Deposits are measured as at the balance sheet date at acquisition price adjusted with 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 Company defers 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 Company recognises 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 Company 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 Company 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 Company applies the "zero-profit" method to the first phase of an implemented project, until the following percentage is achieved:

income - percentage of completion over 50% (value of income under concluded agreements / value of budgeted revenues);

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 Company applies the aforesaid manner of developer contract accounting until the construction is completed.

When a building is commissioned 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).

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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.

Based on initially published conclusions the authors suggest banning 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 Company 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 Company applies the regulations under IAS 11 "Construction contracts" for accounting and recognition of construction services.

a) Zero-profit method

The zero-profit method is applied when it is not possible to measure the stage of completion 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.

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Liabilities

Liabilities are obligations of the Company, 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,
- 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 Company recognises revenues at the amount of probable economic benefits flowing due to a transaction, which can be measured reliably. Revenues are recognised on an accrual basis, regardless of the date of payment receipt.

Revenues from sales of developer services - 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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Balance sheet

ASSETS		31 December 2007	31 December 2006
NON-CURRENT ASSETS		285,037,691.03	277,342,708.80
Intangible assets	1	9,306,220.46	9,474,493.50
Goodwill on subsidiaries and associates	1	3,047,895.06	3,047,895.06
Tangible assets	2	154,109,973.09	139,597,628.31
Investment real estate		8,264,725.36	0.00
Other financial assets	3	78,161,820.88	50,322,610.99
Deferred income tax assets	13	5,265,762.39	5,256,984.85
Trade and other receivables	4	26,881,293.79	69,643,096.09
Prepaid expenses		0.00	0.00
CURRENT ASSETS		909,120,983.02	453,266,861.01
Inventories	5	23,528,107.87	20,878,076.32
Construction contracts	6	611,531,835.73	353,129,189.37
Trade and other receivables	7	126,616,840.75	27,986,269.35
Other financial assets	8	84,598,389.16	12,113,322.14
Cash and cash equivalents	9	51,866,374.15	29,550,080.27
Prepaid expenses	10	10,979,435.36	9,609,923.56
HELD-FOR-SALE ASSETS		0.00	25,461,578.17
Total assets		1,194,158,674.05	756,071,147.98
EQUITY AND LIABILITIES			
EQUITY		494,789,292.70	168,519,656.44
Share capital	11	10,939,656.00	10,250,000.00
Revaluation reserve		0.00	0.00
Treasury shares		0.00	0.00
Other capital	11	364,845,121.10	59,670,174.64
Retained earnings	11	-404,512.14	1,903,386.64
Net profit / loss		119,409,027.74	96,696,095.16
LIABILITIES		699,369,381.35	569,427,112.50
Non-current liabilities		214,305,496.09	167,712,814.87
Borrowings	12	86,474,600.61	63,602,588.11
Deferred income tax liabilities	13	47,738,302.51	23,059,761.59
Retirement benefit obligations	14	373,000.00	373,000.00
Provision for other liabilities and charges	15	2,685,180.69	3,145,497.38
Other liabilities	16	77,034,412.28	77,531,967.79
Current liabilities		485,063,885.26	401,714,297.63
Trade and other payables	17	99,052,002.15	76,322,975.97
Construction contracts	6	118,536,013.05	163,724,945.10
Borrowings	12	96,792,357.21	104,060,481.67
Provision for other liabilities and charges	15	17,929,561.14	13,973,449.36
Other liabilities	17	152,753,951.71	43,632,445.53
LIABILITIES UNDER HELD-FOR-SALE ASSETS		0.00	18,124,379.04
Total equity and liabilities		1,194,158,674.05	756,071,147.98

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Income statement

		1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Net revenues from sales of products, goods and materials, of which:	18	683,412,300.65	578,940,037.30
Net revenues from sales of products		669,972,263.24	568,020,986.92
Net revenues from sales of goods and materials		13,440,037.41	10,919,050.38
Costs of products, goods and materials sold, of which:	19	480,553,850.17	412,776,037.94
Manufacturing cost of products sold		466,695,900.53	402,050,602.32
Value of goods and materials sold		13,857,949.64	10,725,435.62
Gross profit (loss) on sales		202,858,450.48	166,163,999.36
Costs of sales		27,286,710.77	21,473,855.61
Overhead costs		20,332,886.50	17,754,101.17
Revaluation of investment real estate		1,867,792.26	
Profit (loss) on sales		157,106,645.47	126,936,042.58
Other operating income	20	6,706,123.23	11,680,546.28
Profit on disposal of non-financial fixed assets		1,269,523.69	9,249,937.83
Subsidies		0.00	0.00
Other operating income		5,436,599.54	2,430,608.45
Other operating expenses	21	6,982,608.53	13,825,551.64
Loss on disposal of non-financial fixed assets		0.00	0.00
Revaluation of non-financial assets		1,045,341.95	3,407,184.87
Other operating expenses		5,937,266.58	10,418,366.77
Operating profit (loss)		156,830,160.17	124,791,037.22
Financial income	22	8,700,190.17	4,026,336.39
Dividends and participation in profits, of which:		0.00	0.00
Interest		7,618,170.80	2,411,059.49
Profit on disposal of investments		0.00	0.00
Revaluation of investments		0.00	0.00
Other		1,082,019.37	1,615,276.90
Financial expenses	23	19,488,752.54	11,460,331.49
Interest		18,781,174.89	11,245,369.51
Loss on disposal of investments		0.00	0.00
Revaluation of investments		0.00	15,440.00
Other		707,577.65	199,521.98
Profit (loss) before interest, extraordinary items and taxes		146,041,597.80	117,357,042.12
Gains (losses) on held-for-sale assets		0.00	-1,071,692.71
Gains on held-for-sale assets		0.00	0.00
Losses on held-for-sale assets		0.00	1,071,692.71
Profit (loss) before tax		146,041,597.80	116,285,349.41
Income tax	24	1,962,806.69	14,853,453.79
Deferred tax	24	24,669,763.38	4,735,800.46
Other mandatory deductions from profit (loss increase)		0.00	0.00
Net profit (loss)		119,409,027.74	96,696,095.16

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Statement of changes in equity

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

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	Share capital	Revaluation reserve	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2005	6,000,000.00	0.00	55,487,029.05	43,354,580.64	0.00	1,693,470.70	30,317,315.95	136,852,396.34
Basic error corrections	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
As at 1 January 2006	6,000,000.00	0.00	55,487,029.05	43,354,580.64	0.00	1,693,470.70	30,317,315.95	136,852,396.34
Share issue	4,250,000.00	0.00	1,572,500.00	0.00	0.00	0.00	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
Gains / (losses) on revaluation of property, plant and equipment and investment real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign entities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax on items recognised in equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions (separate jwch)	0.00	0.00	737,560.73	0.00	0.00	-3,705,921.83	0.00	-2,968,361.10
Changes in the principles of accounting / presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total profit / (loss) recognised in equity	4,250,000.00	0.00	2,310,060.73	-67,882,974.34	0.00	-3,705,921.83	0.00	-65,028,835.44
Net profit (loss) for the financial year	0.00	0.00	0.00	0.00	0.00	0.00	96,696,095.16	96,696,095.16
Total profit / (loss) recognised in equity and net earnings	4,250,000.00	0.00	2,310,060.73	-67,882,974.34	0.00	-3,705,921.83	96,696,095.16	31,667,259.72
Increase / decrease from profit distribution	0.00	0.00	-598,970.87	27,000,449.43	0.00	3,915,837.78	-30,317,315.95	0.39
As at 31 December 2006	10,250,000.00	0.00	57,198,118.91	2,472,055.73	0.00	1,903,386.64	96,696,095.16	168,519,656.44

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Cash flow statement (indirect method)

Operating cash flows - indirect method	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Net profit (loss)	119,409,027.74	96,696,095.16
Total adjustments, of which:	-38,574,194.78	6,744,585.10
Depreciation and amortisation	10,564,084.66	11,937,158.36
Investment profit (loss)	0.00	-2,126,377.99
Investment profit (loss) - interests	0.00	-8,095,194.50
Interest and dividends	-29,327,821.72	6,021,497.62
Movements in provisions and accruals	-28,816,940.77	-2,661,255.89
Other adjustments, of which:	9,006,483.05	1,668,757.50
- movements in held-for-sale assets	7,337,199.13	0.00
- business acquisitions	1,723,283.92	0.00
- other adjustments	-54,000.00	1,668,757.50
Movements in working capital	-261,134,193.02	-96,243,922.01
Movements in inventories	-10,914,756.91	11,729,563.27
Movements in construction contracts	-258,402,646.36	-83,353,378.48
Movements in receivables	-56,432,560.40	-27,134,149.41
Movements in current liabilities, except for borrowings	64,615,770.65	2,514,042.61
Net operating cash flows	-180,299,360.07	7,196,758.26
Investment cash flows		
Disposal of intangible assets, tangible assets and other non-current assets	3,478,315.31	1,650,856.20
Purchase of intangible assets, tangible assets and other non-current assets	-23,167,458.20	-9,074,984.60
Expenditures on held-for-sale assets	0.00	0.00
Purchase of equity and debt instruments	-510,000,000.00	0.00
Disposal of equity and debt instruments	450,000,000.00	0.00
Loans granted	-13,129,341.18	-9,127,381.96
Loan repayments	2,423,153.07	645,675.27
Other purchase of financial assets	0.00	-2,945,260.32
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	3,086,095.79	1,544,990.93
Disposal of subsidiaries	49,010.00	8,600,000.00
Acquisition of subsidiaries	-29,494,210.39	-2,584,606.95
Net investment cash flows	-116,754,435.60	-11,290,711.43
Financial cash flows		
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	0.00
Borrowings	233,282,025.70	142,527,584.37
Borrowing repayments	-235,655,633.99	-139,723,583.41
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	-12,436,155.65
Dividends and other participations in profits	0.00	0.00
Interest paid	-11,962,826.16	-12,658,332.60

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Other financial proceeds	917.10	0.00
Other financial expenditures	0.00	0.00
Net financial cash flows	319,370,089.55	18,532,012.71
NET DECREASE/(INCREASE) IN CASH	22,316,293.88	14,438,059.54
Cash and cash equivalents at the beginning of the year	29,550,080.27	15,112,020.73
- foreign exchange gains/(losses) on cash	0.00	0.00
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	51,866,374.15	29,550,080.27

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2. NOTES TO THE BALANCE SHEET

Note 1. Intangible assets

INTANGIBLE ASSETS	31 December 2007	31 December 2006
a) research and development	0.00	0.00
b) goodwill on consolidation	3,047,895.06	3,047,895.06
c) other intangible assets	9,306,220.46	9,474,493.50
d) advances on intangible assets	0.00	0.00
Total intangible assets	12,354,115.52	12,522,388.56

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

Group of assets		Goodwill	Other intangible assets	Total intangible assets
Value	Opening balance	3,047,895.06	13,704,332.00	16,752,227.06
	Combination	0.00	0.00	0.00
	Opening balance, adjusted	3,047,895.06	13,704,332.00	16,752,227.06
	Receipts	0.00	1,341,583.07	1,341,583.07
	Movements	0.00	0.00	0.00
	Issues	0.00	276,974.60	276,974.60
	Closing balance	3,047,895.06	14,768,940.47	17,816,835.53
Amortisation	Opening balance	0.00	4,229,838.50	4,229,838.50
	Combination	0.00	0.00	0.00
	Opening balance, adjusted	0.00	4,229,838.50	4,229,838.50
	Amortisation for the year	0.00	1,272,772.32	1,272,772.32
	Increase	0.00	0.00	0.00
	Decrease	0.00	39,890.81	39,890.81
	Closing balance	0.00	5,462,720.01	5,462,720.01
Opening balance (net)		3,047,895.06	9,474,493.50	12,522,388.56
Closing balance (net)		3,047,895.06	9,306,220.46	12,354,115.52

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 Company did not implement any research and development and did not incur any costs on the same. The Company did not hold any advances on intangible assets.

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Note 2. Tangible assets

TANGIBLE ASSETS	31 December 2007	31 December 2006
a) property, plant and equipment, of which:	132,514,225.16	121,114,841.07
- land (including under perpetual usufruct)	14,830,942.83	13,305,834.83
- buildings and structures	91,689,435.14	93,027,577.23
- machines and equipment	11,618,011.60	8,203,802.73
- vehicles	10,002,345.31	5,135,606.81
- other property, plant and equipment	4,373,490.28	1,442,019.47
b) constructions in progress	21,595,747.93	18,457,687.24
c) advances on constructions in progress	0.00	25,100.00
Total tangible assets	154,109,973.09	139,597,628.31

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 rendered for use.

In 2006 and 2007 the Company made a write-down on hotel modules, reducing their carrying value to realisable value. As at 31 December 2006 and 31 December 2007 there were no property, plant and equipment manufactured for own needs.

As at 31 December 2006 and 31 December 2007 the Company held land under perpetual usufruct worth PLN 46,146.15.

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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
Gross value	Opening balance	13,305,834.83	106,673,770.68	24,175,913.22	7,895,631.54	9,029,136.99	161,080,287.26	20,111,004.74	25,100.00	181,216,392.00,
	Combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total upon combination	13,305,834.83	106,673,770.68	24,175,913.22	7,895,631.54	9,029,136.99	161,080,287.26	20,111,004.74	25,100.00	181,216,392.00
	First-time consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Receipts	1,027,680.00	1,877,804.71	6,243,407.49	7,922,801.16	3,705,646.47	20,777,339.83	12,814,871.83	0.00	33,592,211.66
	Movements	497,428.00	390,180.42	1,810,002.13	0.00	0.00	2,697,610.55		0.00	2,697,610.55
	Issues	0.00	0.00	1,701,727.32	1,687,889.28	660.80	3,390,277.40	7,126,958.68	25,100.00	10,542,336.08
	Closing balance	14,830,942.83	108,941,755.81	30,527,595.52	14,130,543.42	12,734,122.66	181,164,960.24	25,798,917.89	0.00	206,963,878.13
Depreciation	Opening balance	0.00	13,646,193.45	15,972,110.49	2,760,024.73	7,587,117.52	39,965,446.19	1,653,317.50	0.00	41,618,763.69
	Combination	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total upon combination	0.00	13,646,193.45	15,972,110.49	2,760,024.73	7,587,117.52	39,965,446.19	1,653,317.50	0.00	41,618,763.69
	First-time consolidation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Depreciation for the year	0.00	3,598,127.22	3,283,310.15	1,635,654.17	774,220.80	9,291,312.34	0.00	0.00	9,291,312.34
	Decrease	0.00	-8,000.00	345,836.72	267,480.79	705.94	606,023.45	0.00	0.00	606,023.45
	Revaluation	0.00	0.00	0.00	0.00	0.00	0.00	-2,549,852.46	0.00	-2,549,852.46
	Closing balance	0.00	17,252,320.67	18,909,583.92	4,128,198.11	8,360,632.38	48,650,735.08	4,203,169.96	0.00	52,853,905.04
Opening balance (net)		13,305,834.83	93,027,577.23	8,203,802.73	5,135,606.81	1,442,019.47	121,114,841.07	18,457,687.24	25,100.00	139,597,628.31
Closing balance (net)		14,830,942.83	91,689,435.14	11,618,011.60	10,002,345.31	4,373,490.28	132,514,225.16	21,595,747.93	0.00	154,109,973.09

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Note 3. Non-current investments

NON-CURRENT FINANCIAL ASSETS	31 December 2007	31 December 2006
a) shares or interests	78,161,820.88	48,717,537.59
b) loans granted	0.00	1,605,073.40
c) other non-current investments	0.00	0.00
Total non-current financial assets	78,161,820.88	50,322,610.99

NON-CURRENT FINANCIAL ASSETS	31 December 2007	31 December 2006
a) in subsidiaries	78,160,820.88	50,321,610.99
- shares or interests	78,160,820.88	48,716,537.59
- other securities	0.00	0.00
- loans granted	0.00	1,605,073.40
- other non-current financial assets	0.00	0.00
b) in other parties	1,000.00	1,000.00
- shares or interests	1,000.00	1,000.00
- 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
Total non-current financial assets	78,161,820.88	50,322,610.99

MOVEMENTS IN NON-CURRENT FINANCIAL ASSETS	31 December 2007	31 December 2006
a) opening balance	50,322,610.99	66,291,273.23
- interests	48,717,537.59	55,141,165.09
- loans granted	1,605,073.40	11,150,108.14
- other	0.00	0.00
b) increase (due to)	38,193,743.29	4,354,640.00
- interests	38,193,743.29	4,354,640.00
- loans granted	0.00	0.00
- other	0.00	0.00
c) decrease (due to)	10,354,533.40	20,323,302.24
- interests	8,749,460.00	10,778,267.50
- loans granted	1,605,073.40	9,545,034.74
- other	0.00	0.00
d) closing balance	78,161,820.88	50,322,610.99
- interests	78,161,820.88	48,717,537.59
- loans granted	0.00	1,605,073.40
- other	0.00	0.00

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No.	A	B	C	D	E	F	G	H	I	J
	Name of a unit (and its legal form)	Domicile	Business	Type of relation (direct / indirect subsidiary, fellow subsidiary, associate)	Consolidation method / equity method or information that the entity is not subject to consolidation / equity method of accounting	Date of control / joint control / significant influence acquisition	Value of shares / interests at acquisition price	Revaluation adjustments (aggregate)	Carrying value of shares / interests	% 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	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	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	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	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	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	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	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	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	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	subsidiary	not consolidated	08.10.2007	9,854.98	0.00	9,854.98	100.00%
18.	Porta Transport Sp. z o.o. (limited liability company)	Szczecin	transport	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	subsidiary	not consolidated	07.12.2007	9,810,000.00	0.00	9,810,000.00	70.00%

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Note 4. Non-current receivables

NON-CURRENT RECEIVABLES	31 December 2007	31 December 2006
a) from related parties	14,677,280.72	58,285,531.17
b) from other parties	12,204,013.07	11,357,564.92
Total receivables	26,881.293.79	69,643,096.09

The main item of non-current receivables were security deposits retained by subsidiaries due to performance bonds. Moreover, non-current receivables comprised a security deposit (securing receivables of the financing party under the sale and lease back agreement) and additionally a guarantee deposit paid by the Company in accordance with the schedule attached to the lease agreement for real estate located in Ząbki (office building).

Note 5. Inventories

INVENTORIES	31 December 2007	31 December 2006
a) materials	11,111,116.27	9,656,247.14
b) semi-finished products and work in progress	5,774,162.45	2,513,880.95
c) finished products	2,290,568.38	1,058,283.98
d) goods	4,330,616.79	6,264,638.70
e) trade advances	21,643.98	1,385,025.55
Total inventories	23,528,107.87	20,878,076.32

INVENTORIES	31 December 2007	31 December 2006
a) materials	14,763,116.27	15,045,286.14
<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	5,774,162.45	2,767,238.30
<i>including write-down</i>	<i>0.00</i>	<i>253,357.35</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	4,840,616.79	7,272,979.38
<i>including write-down</i>	<i>510,000.00</i>	<i>1,008,340.68</i>
e) trade advances	21,643.98	1,606,606.11
<i>including write-down</i>	<i>0.00</i>	<i>221,580.56</i>
Total inventories	27,690,107.87	27,750,393.91
Total write-downs	4,162,000.00	6,872,317.59
Total inventories (upon write-offs)	23,528.107.87	20,878,076.32

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

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Note 6. Construction contracts

	31 December 2007	31 December 2006
Planned revenues from current projects	4,007,947,667.68	2,610,034,279.92
Planned costs of current projects	2,803,308,087.62	1,741,714,333.98
Planned margin on implemented projects	1,204,639,580.06	868,319,945.94
Cumulated revenues recognised in the income statement	505,007,147.49	324,249,050.63
Cumulated costs recognised in the income statement	327,370,683.47	230,448,798.51
Cumulated margin recognised in the income statement	177,636,464.02	93,800,252.12
Margin for recognition in next periods	1,027,003,116.04	774,519,693.82
Planned margin on implemented projects	29.32%	33.88%
Construction contracts presented as current assets	611,531,835.73	353,129,189.37
Construction contracts presented as current liabilities	118,536,013.05	163,724,945.10
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	240,241,385.93	218,345,796.42
b) finished products	23,450,878.42	28,932,181.16
c) prepaid expenses	10,675,250.12	5,650,846.21
d) uninvoiced receivables	337,164,321.26	100,200,365.58
Total construction contracts	611,531,835.73	353,129,189.37
CONSTRUCTION CONTRACTS (current liabilities)		
a) advances - sale of flats	83,391,903.91	91,572,339.05
b) work performed but uninvoiced	33,678,148.43	62,014,632.61
d) other	1,465,960.71	10,137,973.44
Total construction contracts	118,536,013.05	163,724,945.10

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.
In 2006 the Company 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 70 969 thousand.

INVENTORIES AND CONSTRUCTION CONTRACTS PLEGDED AS COLLATERAL	31 December 2007	31 December 2006
Carrying value of investment real estate pledged as collateral – loans	403,106,661.24	151,318,433.70
Investment real estate pledged as collateral – loans	425,305,076.26	373,214,687.00
Leasehold real estate pledged as collateral – loans	3,500,000.00	0.00

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Note 7. Trade and other receivables

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

CURRENT RECEIVABLES	31 December 2007	31 December 2006
a) trade receivables - related parties	83,444,692.81	5,985,861.80
b) trade receivables - other parties	18,159,420.99	16,299,266.30
c) taxes, subsidies, customs duties, social and health insurance and other payments	22,257,605.18	3,399,799.11
d) other	2,755,121.77	2,301,342.14
Total receivables	126,616,840.75	27,986,269.35

CURRENT RECEIVABLES, NET	31 December 2007	31 December 2006
a) trade receivables - related parties	83,444,692.81	5,985,861.80
<i>including bad debt allowance</i>	<i>0.00</i>	<i>0.00</i>
b) trade receivables - other parties	22,833,464.95	22,003,068.41
<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	22,257,605.18	3,399,799.11
<i>including bad debt allowance</i>	<i>0.00</i>	<i>0.00</i>
d) other	2,755,121.77	2,301,342.14
<i>including bad debt allowance</i>	<i>0.00</i>	<i>0.00</i>
Total current receivables, gross	131,290,884.71	33,690,071.46
Total bad debt allowance	4,674,043.96	5,703,802.11
Total current receivables, net	126,616,840.75	27,986,269.35

Note 8. Current financial assets

CURRENT INVESTMENTS	31 December 2007	31 December 2006
a) in subsidiaries	17,898,469.14	11,226,833.47
- shares or interests	0.00	0.00
- other securities	0.00	0.00
- loans granted	17,898,469.14	11,226,833.47
- other current financial assets	0.00	0.00
b) in other parties	66,699,920.02	886,488.67
- shares or interests	0.00	0.00
- other securities	60,000,000.00	0.00
- loans granted	6,699,920.02	886,488.67
- other current financial assets	0.00	0.00
Total current investments	84,598,389.16	12,113,322.14

MOVEMENTS IN CURRENT FINANCIAL ASSETS	31 December 2007	31 December 2006
a) opening balance	12,113,322.14	3,299,950.49
- shares or interests	0.00	0.00
- other securities	0.00	0.00
- loans granted	12,113,322.14	3,299,950.49
- other current financial assets	0.00	0.00
b) increase (due to)	74,110,748.97	16,039,957.34
- shares or interests	0.00	0.00
- other securities	60,000,000.00	0.00
- loans granted	14,110,748.97	16,039,957.34

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- other current financial assets	0.00	0.00
c) decrease (due to)	1,625,681.95	7,226,585.69
- shares or interests	0.00	0.00
- other securities	0.00	0.00
- loans granted	1,625,681.95	7,226,585.69
- other current financial assets	0.00	0.00
d) closing balance	84,598,389.16	12,113,322.14
- shares or interests	0.00	0.00
- other securities	60,000,000.00	0.00
- loans granted	24,598,389.16	12,113,322.14
- other current financial assets	0.00	0.00

Note 9. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	31 December 2007	31 December 2006
a) cash on hand and with bank	23,524,995.74	20,547,680.27
b) other cash	28,291,530.80	9,000,000.00
c) other cash equivalents	49,847.61	2,400.00
Total cash	51,866,374.15	29,550,080.27

Note 10. 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	1,514,254.07	4,012,697.15
Total prepaid expenses	10,979,435.36	9,609,923.56

Other prepaid expenses of the Company recorded i.a. 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 Company and deferred until flats were delivered to the buyer.

Note 11. Share capital other 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.

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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	Cash	27.06.2007	01.01.2008
Total number of shares				54,698,280				
Total share capital					10,939,656			
Par value of a share = PLN 0.20								

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%

OTHER CAPITAL	31 December 2007	31 December 2006
a) supplementary capital	359,500,344.45	57,198,118.91
b) other reserve capital	5,344,776.65	2,472,055.73
c) retained earnings	-404,512.14	1,903,386.64
Total other capital	364,440,608.96	61,573,561.28

Note 12. Borrowings

BORROWINGS	31 December 2007	31 December 2006
a) loans	182,560,080.08	139,029,171.97
<i>of which: non-current</i>	<i>86,474,600.61</i>	<i>63,602,588.11</i>
<i>current</i>	<i>96,085,479.47</i>	<i>75,426,583.86</i>
b) cash loans	706,877.74	28,633,897.81
<i>of which: non-current</i>	<i>0.00</i>	<i>0.00</i>
<i>current</i>	<i>706,877.74</i>	<i>28,633,897.81</i>
Total borrowings	183,266,957.82	167,663,069.78
Borrowings - non-current	86,474,600.61	63,602,588.11
Borrowings - current	96,792,357.21	104,060,481.67

LOANS PER MATURITY	31 December 2007	31 December 2006
Up to 1 year	96,085,479.47	75,426,583.86
Over 1 year up to 2 years	85,411,600.61	60,649,588.11
Over 2 years up to 5 years	1,063,000.00	0.00
Over 5 years	0.00	2,953,000.00
Total loans, of which:	182,560,080.08	139,029,171.97
- non-current	86,474,600.61	63,602,588.11
- current	96,085,479.47	75,426,583.86

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CASH LOANS PER MATURITY	31 December 2007	31 December 2006
Up to 1 year	706,877.74	28,633,897.81
Over 1 year up to 2 years	0.00	0.00
Over 2 years up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total loans, of which:	706,877.74	28,633,897.81
- non-current	0.00	0.00
- current	706,877.74	28,633,897.81

Note 13. Deferred income tax assets and liabilities

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31 December 2007		
	Deferred income tax assets	Deferred income tax liabilities	Net value
Tangible assets	868,199.29	933,294.15	-65,094.86
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	-1,348,998.70	43,517,668.40	-44,866,667.10
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
Deferred income tax assets / liabilities disclosed in the balance sheet	5,265,762.39	47,738,302.51	-42,472,540.12

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Note 14. Retirement benefit obligations

MOVEMENTS IN RETIREMENT BENEFIT OBLIGATIONS	31 December 2007	31 December 2006
Opening balance	373,000.00	373,000.00
Increase	0.00	0.00
Dissolution	0.00	0.00
Closing balance	373,000.00	373,000.00

Note 15. Provisions for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31 December 2007	31 December 2006
a) current, including:	17,929,561.14	13,973,449.36
- accrued expenses, including:	15,904,246.41	12,573,449.36
- <i>provision for guarantee repairs</i>	6,952,555.70	5,721,374.16
- <i>other</i>	8,951,690.71	6,852,075.20
- 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) non-current, including:	2,685,180.69	3,145,497.38
- accrued expenses, including:	2,685,180.69	3,145,497.38
- <i>deferred revenues from sales exceeding carrying value/sale and lease back</i>	2,685,180.69	3,145,497.38
- <i>other</i>	0.00	0.00
- other provisions	0.00	0.00
Total provisions for other liabilities and charges	20,614,741.83	17,118,946.74

Note 16. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES	31 December 2007	31 December 2006
a) other financial liabilities	69,805,346.79	71,848,972.76
b) other non-current liabilities	7,229,065.49	5,682,995.03
Total other liabilities	77,034,412.28	77,531,967.79

Other financial liabilities comprised i.a. liabilities under concluded lease agreements.

Note 17. Trade and other payables

TRADE AND OTHER PAYABLES	31 December 2007	31 December 2006
a) trade payables - other parties	77,415,253.27	47,931,325.35
b) trade payables - related parties	1,789,665.78	2,106,777.84
c) taxes, customs duties, insurance and other payments	4,043,987.96	16,129,070.75
d) salaries	3,430,272.52	2,503,019.54
e) trade advances received	132,951.06	263,940.03
f) other	12,239,871.56	7,388,842.46
Total trade and other payables	99,052,002.15	76,322,975.97

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OTHER LIABILITIES	31 December 2007	31 December 2006
a) issue of debt securities	140,500,000.00	35,000,000.00
b) other financial liabilities	12,253,951.71	8,632,445.53
Total other liabilities	152,753,951.71	43,632,445.53

* 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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3. NOTES TO THE INCOME STATEMENT

Note 18. Operating income

OPERATING INCOME	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Revenues from sales of products	505,007,147.49	324,358,689.97
Revenues from sales of services	164,965,115.75	243,662,296.95
Revenues from sales of goods	13,440,037.41	10,919,050.38
Total income	683,412,300.65	578,940,037.30

	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Revenues from sales, of which:	683,412,300.65	578,940,037.30
- sales of products - flats	505,007,147.49	324,358,689.97
- sales of services	164,965,115.75	243,662,296.95
- sales of goods	13,440,037.41	10,919,050.38

	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Revenues from sales of products and services per business segments	669,972,263.24	568,020,986.92
- developer activities	515,473,583.21	339,262,529.53
- hotel activities	17,243,114.06	16,316,837.89
- real estate management	2,473,297.21	4,194,129.91
- construction	134,782,268.76	208,247,489.59

	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Revenues from sales of products - flats per geographic segments	505,007,147.49	324,358,689.97
- Warsaw and vicinity	423,338,191.98	300,418,173.44
- Gdynia	38,371,107.53	21,985,746.73
- Łódź	43,297,847.98	1,954,769.80

	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Revenues from sales of services per segments	164,965,115.75	243,662,296.95
- hotel	17,243,114.06	16,316,837.89
- real estate management	2,473,297.21	4,194,129.91
- construction	134,782,268.76	208,247,489.59
- other	10,466,435.72	14,903,839.56

	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Revenues from sales of hotel services per geographic segments	17,243,114.06	16,316,837.89
- 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

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Note 19. Operating expenses

OPERATING EXPENSES	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Costs of products sold	336,117,117.25	230,576,233.51
Costs of services sold	130,578,783.28	171,474,368.81
Costs of goods sold	13,857,949.64	10,725,435.62
Total operating expenses	480,553,850.17	412,776,037.94

Costs of sales and overhead costs	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Costs of sales	27,286,710.77	21,473,855.61
Overhead costs	20,332,886.50	17,754,101.17
Total costs of sales and overhead costs	47,619,597.27	39,227,956.78

Expenses by type	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
Depreciation and amortisation	10,561,130.83	9,437,704.68
Materials and power	196,725,081.81	175,665,398.07
Outsourcing	272,912,713.73	162,102,627.28
Fees and taxes	8,327,945.04	5,580,903.26
Salaries	52,765,851.34	46,623,786.03
Social insurance and other payments	9,610,314.04	8,931,071.12
Other expenses by nature	14,256,154.75	14,334,254.26
Total expenses by type	565,159,191.54	422,675,744.70
Movement	50,843,693.74	-18,602,814.40

Note 20. Other operating income

OPERATING INCOME	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
a) profit on disposal of non-financial fixed assets	1,269,523.69	9,249,937.83
b) other operating income	5,436,599.54	2,430,608.45
Total operating income	6,706,123.23	11,680,546.28

Note 21. Other operating expenses

OPERATING EXPENSES	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
a) loss on disposal of non-financial fixed assets	0.00	0.00
b) revaluation of non-financial assets	1,045,341.95	3,407,184.87
c) other operating expenses	5,937,266.58	10,418,366.77
Total operating expenses	6,982,608.53	13,825,551.64

Note 22. Other financial income

FINANCIAL INCOME	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
a) interest	7,618,170.80	2,411,059.49
b) revaluation of investments	0.00	0.00
c) other	1,082,019.37	1,615,276.90
Total financial income	8,700,190.17	4,026,336.39

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Note 23. Other financial expenses

FINANCIAL EXPENSES	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
a) interest	18,781,174.89	11,245,369.51
b) revaluation of investments	0.00	15,440.00
c) other	707,577.65	199,521.98
Total financial expenses	19,488,752.54	11,460,331.49

Note 24. Income tax

INCOME TAX	1 January 2007 - 31 December 2007	1 January 2006 - 31 December 2006
a) current income tax	1,962,806.69	14,853,453.79
b) deferred income tax	24,669,763.38	4,735,800.46
Total income tax	26,632,570.07	19,589,254.25

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4. OTHER EXPLANATORY NOTES

Note 25. Headcount

Occupational group	31 December 2007	31 December 2006
Management Board	6	6
Managers	36	30
Administration	386	366
Other employees	617	516
Total	1,045	918

Civil law agreements	31 December 2007	31 December 2006
Contracts of employment	1,045	918
Contracts for a specific work	143	292
Contracts of mandate	16	22
Total	1,204	1,232

Note 26. Salaries of the Management Board and the Supervisory Board

Occupational group	31 December 2007	31 December 2006
Management Board	1,891,416.60	1,012,870.23
Supervisory Board	83,600.00	0.00
Total salaries	1,975,016.60	1,012,870.23

Note 27. Off-balance sheet items

OFF-BALANCE SHEET LIABILITIES	31 December 2007	31 December 2006
Investment real estate pledged as collateral – loans	425,305,076.26	373,214,687.00
Other companies' real estate pledged as collateral – loans	3,500,000.00	0.00
Blank promissory notes*	339,678,822.68	314,519,804.29
Other**	10,000,000.00	25,226,084.63
Transfer of receivables	0.00	0.00
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 Company. Moreover, there were blank promissory notes issued to the benefit of J.W. Construction Holding S.A. to secure rights of the Company under guarantees granted by counterparties, which 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.

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Note 28. Transactions with related parties – balances

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
J.W. Construction-Akademicki Związek Sportowy Politechniki Warszawskiej S.A.	0.00	0.00	0.00	5,124.00
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

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5. ADDITIONAL INFORMATION

Note 29. Significant events after the date of these financial statements

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.

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".

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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. 202-127/11/3/2006 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.

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 - "Uroczyisko" 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.

Extraordinary General Meeting

An 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 Żąbki, J.W. Construction Holding S.A. Oddział "Pracownia Architektoniczna" (*Branch: "Architectonic Workroom"*) domiciled in Żąbki and J.W. Construction Holding S.A. Oddział "Zakład Prefabrykacji Budowlanej" (*Branch: "Building Prefabrication Plant"*) domiciled in Żąbki, 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 Żąbki 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 Żąbki. 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 Żąbki. On the same day an agreement was executed between the Company and J.W. Construction S.A. domiciled in w Żąbki, 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 Żąbki.

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 Żąbki. 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 Żąbki.

On 30 April 2008 the Extraordinary General Meeting of a subsidiary - JWCH Produkcja Budowlana Spółka z o.o. domiciled in Żąbki 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 Żąbki. 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 Żąbki, 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 Żąbki.

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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.
Total assets	16,487,334.30	33,886,607.34	1,738,299.38
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
Total equity and liabilities	1,092,380.17	22,859,988.68	634,810.35
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 30. 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.

Balance sheet item	31 December 2007		31 December 2006	
	PLN	EUR	PLN	EUR
Total assets	1,194,159	333,378	756,071	197,346
Non-current assets	285,038	79,575	277,343	72,391
Current assets	909,121	253,803	453,267	118,309
Held-for-sale assets	0	0	25,462	6,646
Total equity and liabilities	1,194,159	333,378	756,071	197,346
Equity	494,789	138,132	168,520	43,986
Non-current liabilities	214,305	59,828	167,713	43,776
Current liabilities	485,064	135,417	401,714	104,853
Held-for-sale liabilities	0	0	18,124	4,731

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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	683,412	180,950	578,940	148,480
Costs of products, goods and materials sold	480,554	127,239	412,776	105,864
Gross profit (loss) on sales	202,858	53,712	166,164	42,616
Costs of sales	27,287	7,225	21,474	5,507
Overhead costs	20,333	5,384	17,754	4,553
Profit (loss) on sales	157,107	41,598	126,936	32,555
Operating profit (loss)	156,830	41,525	124,791	32,005
Gross profit (loss)	146,042	38,668	116,285	29,824
Income tax	26,633	7,052	19,589	5,024
Net profit (loss)	119,409	31,617	96,696	24,800

Note 31. Significant issues in litigation

As at 31 December 2007 the Company was not a party to significant litigations.

Note 32 Changes in the membership of the Management Board and Supervisory Board

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:

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- 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 Kobyliński, 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 Kobyliński Supervisory Board Member
- Mr. Jacek Obłękowski Supervisory Board Member
- Mr. Marek Rocki Supervisory Board Member

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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, 21 May 2008