Financial Statements
for the period from 1 January 2010
to 31 December 2010.

Prepared in accordance with International
Financial Reporting Standards

Ząbki, 15 March 2011

1. INTRODUCTION TO THE FINANCIAL STATEMENT

1. General Information

J.W. Construction Holding S.A. ("JWCH")., a joint-stock company domiciled in Ząbki at ul. Radzymińska 326, REGON id. no.: 010621332 was initially registered as Towarzystwo Budowlano-Mieszkaniowe Batory Sp. z o.o., a limited liability company, on 7 March 1994 under number RHB 39782. On 15 January 2001 it was transformed into a joint-stock company and registered with the District Court for Warsaw under number RHB 63464. On 16 July 2001 the Company changed its name to the current "J.W. Construction Holding S.A." and was entered into the National Court Register under number KRS 0000028142.

In accordance with the Polish Classification of Activities (Polska Klasyfikacja Działalności -PKD) the core business of the Company is development and sale of own properties for the Company's own account. The subject of the Company's activity is also the implementation of the building, designing and supportive production, as well as trade in real estate, sale of aggregates and hotel services.

As at 31 December 2010 the lifetime of the Company is unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

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

Declaration of unconditional compliance with IFRS
The financial statements of J.W. Construction Holding S.A., were prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.
J.W. Construction Holding S.A. has assumed that besides accounting estimates, also a professional judgement of the management was significant for the financial statements.

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

- Estimation of impairment allowance. Impairment allowance is established taking account of expected risk connected with receivables and created collateral having impact on effective debt collection. Although the assumptions are made using the best knowledge, real results may be different than expected.

Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to the highly volatile economy it may happen that real earnings and tax income are different than planned.

- Estimation of potential costs of fiscal and court proceedings pending against the parent company. When preparing the financial statements the opportunities and risks connected with pending proceedings are reviewed on a case by case basis, and provisions for potential losses are created accordingly. However, it is also possible that a court or a fiscal authority makes a judgement or issues a decision other than expected by the company and the created provisions may prove insufficient.

- The company gains revenues from services supplied by the Issuer under contracts for a specified time. Services supplied by the Issuer are long-term ones and their term of performance is over six months.

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

The results of applying new standards of accounting and changes to the accounting policy

The principles (policy) of accounting that were used for preparation of this financial statements for the financial year ended on 31 December 2010 are consistent with those used for preparation of the financial statements for the financial year ended on 31 December 2009, with the exception of changes described below. The Company applied the same principles for the current and comparable period unless the standard or interpretation assumed only a prospective application.

- **Changes resulting from changes to IFRS**

The following new or revised standards or interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee are applied from 1 January 2010:

- The revised IFRS 3 *Business Combinations* published on 10 January 2008.
- The revised IFRS 27 *Business Combinations* published on 10 January 2008.
- The revised IFRS 1 *First-time Adoption Of International Financial Reporting Standards* published on 27 November 2008,
- The revised IFRS 1 *First-time Adoption Of International Financial Reporting Standards* published on 23 July 2009,
- The amendment to IAS 39 *Eligible Hedged Items Amendments to IAS 39 Financial Instruments: Recognition and Measurement* published on 31 July 2008
- The revised IFRS 2 *Business Combinations* published on 18 June 2009.
- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (*2007-2009 Annual Improvements*)
- IFRIC 12 Interpretations *Service Concession* published on 30 November 2006,
- IFRIC 15 Interpretations *Agreements for the Construction of Real Estate* published on 03 July 2008,
- IFRIC Interpretation 16 *Hedges of a Net investment in a Foreign Operation* published on 03 July 2008,
- IFRIC Interpretations 17 *Distribution of non-cash assets to owners* published on 27 November 2008,
- IFRIC Interpretations 18 *Transfer of Assets from Customers* published on 29 January 2009,

Their adaptation did not affect the results of the Company's activity and financial situation, but resulted only in changes of applied accounting policy or eventually in expending of the scope of required disclosures or terminology used.

The main consequences of the application of new regulations:

- The revised IFRS 3 *Business Combinations*

The revised IFRS 3 was published on 10 January 2008. IFRS 3 applies prospectively to business combinations from the date of acquisition, but not earlier than 1 July 2009. The applied changes include e.g the possibility of choice how to recognize the non-controlling interest according to their fair value, or according to their participation in the fair value of identified net assets; in the case of multi-stage acquisitions - the necessity of revaluation of previously owned shares to fair value at the date of acquisition of control with reference to the difference in the profit and loss account and additional guidance on the application of the acquisition method of acquisition, including the seeking of transaction costs as a period expense in the period in which it was incurred.

The application of the revised standard had no impact on the Company's report and estimation of its impact in the future is not possible.

- The revised IFRS 27 *Consolidated and Separate Financial Statements*

The revised IFRS 27 was published on 10 January 2008. It is applicable to annual periods beginning on or after 1 July 2009. The Standard requires that the effects of transactions with shareholders holding non-controlling interest should be recognized directly in equity, if control over the entity is maintained by the parent company. The Standard itemize also a way of posting in case of control loss over a subsidiary, i.e. it requires the revaluation of the remaining shares to fair value and recognizing the difference in the profit and loss account.

The application of the revised standard had no impact on the Company's report and estimation of its impact in the future is not possible.

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

The revised IFRS 1 was published on 27 November 2008 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on or after 01 July 2009. The revised standard does not contain any significant changes of substance, while it proposes a new standard structure and integrates into a single document all the changes that have taken place so far.

The application of the revised standard did not affect the statement of the Company.

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

The revised IFRS 1 was published on 23 July 2009 and is applicable to annual periods Extinguishing Financial Liabilities with Equity Instruments- applicable to annual periods beginning on or after 01 January 2010. The revised standard introduces two additional exemptions for entities applying International Financial Reporting Standards for the first time.

The amended IFRS 1 had no impact on the financial statements of the Company.

- The amendment to IAS 39 *Eligible Hedged Items Amendments to IAS 39 Financial Instruments: Recognition and Measurement*

The amendment to IAS 39 was published on 31 July 2008 and is applicable to annual periods beginning on or after 01 July 2009. The change precises the qualification principles and conditions to be met by financial position in order to be classified as a hedged item. The adopted changes illustrate how the basic principles of the existing hedge accounting should be applied in case of unilateral designation of risk (i.e. changes in the value of cash flows or the fair value of the hedged item, only just below or above the level of a fixed variable) and the inflation constituting a part of the cash flows for a financial instrument - as the hedged items.

The application of the amendment to the standard had no impact on the financial statements of the Company.

- The amendment to IFRS 2 *Share-based payment*

The amendment to IFRS 2 was published on 18 June 2009. It is applicable to annual periods beginning on or after 01 January 2010. The amendment to the standard explains how the subsidiary in the group should present some share-based payments in its financial statements. The transactions in which the entity receives goods or services which are paid by other entity in the group should be shown in books of the entity receiving goods or services, regardless of which entity settles the transaction and the way of payment.

The application of the amendment to the standard had no impact on the financial statements of the Company.

- The amendments to different standards resulting from the annual review of the International Financial Reporting Standards (*2007-2009 Annual Improvements*)

On 16 April 2009, next changes to twelve standards resulting from the annual review performed by the International Accounting Standards Board in August 2008 were published. The changes aim at removing inconsistencies and clarifying standards. They are applicable to annual periods beginning on or after 01 July 2009 (it depends on a standard). In the scope of changes, e.g IAS 17 *Leases* was modified, the changes introduce necessity for a separate assessment of the lease nature in respect of the land and buildings. The change requires a reassessment of the classification of land in the lease, based on information existing at the commencement of the lease. In assessing the nature of the lease in respect of lands, their unlimited economic life should be taken into account. Newly classified leasing as finance lease, in principle, requires a retrospective recognition in the financial statements.

The Company applied these amendments in accordance with EU guidelines - later than planned at a time of their publication. The application of the interpretation had no impact on the financial statements of the Company.

- IFRIC 12 Interpretation *Service Concession Arrangements*

IFRIC 12 Interpretation was published on 30 November 2006 and it is applicable to annual periods beginning on or after 01 January 2008. The Interpretation provides guidance within the application of existing standards by entities participating in a service concession agreements between the public and private sectors. IFRIC 12 Interpretation applies to agreements where the ordering party controls what services are provided with the aid of infrastructure, to whom and at what price they are provided.

The Company applied this interpretation in accordance with EU guidelines - later than planned at a time of their publication. The application of the interpretation had no impact on the financial statements of the Company.

- IFRIC 15 Interpretation *Agreements for the Construction of Real Estate*

IFRIC 15 Interpretation was published on 03 July 2008 and it is applicable to annual periods beginning on or after 01 January 2009. The interpretation applies to real estate developers. This interpretation provides guidance on what time and how revenues from sales of property and related expenses of sale should be recognized , when the agreement between the developer and the purchaser is concluded before completion of the property. It also includes guidance on how to determine whether the agreement on the construction of the property subjects to IAS 11 and IAS 18 requirements.

The Company applied this interpretation in accordance with EU guidelines - later than planned at a time of their publication. The application of the interpretation had no impact on the financial statements of the Company.

- IFRIC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

IFRIC 16 Interpretation was published on 03 July 2008 and it is applicable to annual periods beginning on or after 01 October 2008. The interpretation applies to entities applying the investments hedges in foreign entities and provides information and clarification of when and how the hedge can be made.

The Company applied this interpretation in accordance with EU guidelines - later than planned at a time of their publication. The application of the interpretation had no impact on the financial statements of the Company.

- IFRIC Interpretations 17 *Distribution of non-cash assets to owners*

IFRIC 17 Interpretation was published on 27 November 2008 and it is applicable to annual periods beginning on or after 01 July 2009. This Interpretation provides guidance on accounting for transactions involving the transfer of non-cash assets to shareholders.

The application of the interpretation had no impact on the financial statements of the Company.

- IFRIC Interpretations 18 *Transfers of Assets from Customers*

IFRIC 18 Interpretation was published on 29 January 2009 and it is applicable to annual periods beginning on or after 01 July 2009. This Interpretation provides guidance on the recognition of assets obtained in order to ensure the transferors those access assets to public services such as electricity, gas and water.

The application of the interpretation had no impact on the financial statements of the Company.

- **Changes made by the Company itself**

The Company did not make any presentation adjustments of comparable data for the financial year ended on 31 December 2010.

Policy of accounting

Intangible assets

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

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

Intangible assets are amortised with the straight-line method for the period of their expected useful life.
Intangible assets of an indefinite useful life (goodwill) are not amortised but tested for impairment on an annual basis, in accordance with IAS 36.

Tangible assets

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

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

Subsequent expenditures on tangible assets are included in their carrying value if it is probable that the business entity will gain future economic benefits exceeding the ones obtainable under the initially estimated earnings from assets held before such expenditures. Current costs of maintenance and repairs are expensed in the period in which they were incurred.
Fixed small assets with a value below PLN 3,500,00 are amortized once on the date of purchase. In case of fixed assets, which permanently lost their economic usefulness , unplanned depreciation charge included in other operating costs is made.
The Company verified the value of their assets. Fixed assets that are disclosed in the financial statements do not differ from their assumed cost.

Impairment of tangible assets and intangible assets

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

Investment real estate

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

Lease

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

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

Lease payments are divided into financial expenses (presented in the income statement for a given period) and principal payments, reducing the liability under the lease. Financial expenses are disclosed directly in the income statement. Leased assets disclosed in the balance sheet are amortised and depreciated under the same principles as other purchased assets of a similar kind. The period of amortisation or depreciation is equal to the period of lease unless after the end of the lease the company intends to buy the ownership right to the leased asset.
Any lease that does not satisfy the criteria of a financial lease is classified as an operating lease. Payments made under an operating lease are expensed in the income statement on a straight-line basis over the period of lease.

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

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

Finished products are components of the completed projects (residential homes, multifamily housing), such as apartments, commercial spaces, basements, garage and parking places. Finished products are components of completed projects (housing estates, multi-family housing estates) such as apartments, commercial premises, basements, garages, garage places, parking places. This item comprises other finished products used in the production process of the company. Finished products are measured at the lower of acquisition price (manufacturing cost - including direct costs and a substantiated part of indirect costs as well as costs of borrowings incurred until the production completion date) and a net realizable value.
Should the acquisition price or manufacturing cost be higher than the expected net realisable value, the company discloses an impairment loss adjusting costs of goods sold.

Production in progress covers expenditures made on building housing estates and costs connected with supporting production. Supporting production is measured at manufacturing cost. Production connected with building of housing estates is valued in accordance with IAS 11.

Borrowing Costs
Costs of borrowings comprise interest, exchange losses and other financial expenses incurred by the company due to borrowings. The Company defers costs of borrowings that may be allocated directly to acquisition (land and construction services), construction or manufacturing of an asset as a part of acquisition price or manufacturing cost of such asset. The said costs are deferred until the production or construction completion date. Other costs of borrowings are recognised in the period in which they are incurred, regardless of the manner of using the borrowings.

Current and non-current receivables
Receivables are disclosed in the financial statements at the amount due less impairment allowance. Receivables are remeasured taking account of the probability of their payment, by way of making impairment allowance. Impairment allowance is included in other operating expenses or financial expenses, respectively, depending on the type of receivables covered by such allowance. Remitted, prescribed or uncollectible debts reduce the impairment allowance earlier recognised for the same. Remitted, prescribed or uncollectible debts for which no or only some impairment allowance was recognized are charged to other operating expenses or financial expenses, respectively.

Guarantee deposits
Guarantee deposits being parts of receivables, retained by customers under contractual provisions as security for the guarantee and warranty period, are disclosed in assets of the Companies.
Guarantee deposits securing claims of the Company against sub-contractors are disclosed as payables in liabilities. Deposits are measured as at the balance sheet date at acquisition price adjusted with an effective discount rate.

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

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

Provisions for liabilities
Provisions are liabilities of uncertain amount or timing. The Group companies recognise provisions when all the following conditions are fulfilled:
- the company has a present (legal or constructive) obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of such obligation.

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

Long-term developer contracts
The core business of the Company is the realization of development contracts. The core business of the Group is performance of developer contracts. The characteristic feature of developer contracts is the construction of apartments that are generally financed by the principal over the whole project, by way of contractually agreed advances, and then - after the investment process has been completed - the ownership right is transferred to the apartment buyer. Such contracts are performed for over 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 production in progress under inventories. From 1 January 2009, the Group recognizes revenues and expenses regarding the developer contracts in accordance with the IFRIC 15 interpretation : " Agreements for the construction of real estate", published in July 2008. This interpretation concerns the moment of recognition of revenue from sales of property and it is applicable to annual financial statements that were done for the periods from 1 January 2009.

Until 31 December 2008, the Company recognized revenue from developer services by the percentage of completion method according to IAS 11 "Construction Contracts". The stage of each project was determined for each accounting period based on the analysis of the percentage of completion of the construction costs and sales budget. Implementation of the construction costs was determined on the basis of the analysis of completed works in relation to the planned costs. The degree of the progress of the sales revenue was established by comparing the revenue value arising form signed preliminary agreements to sell with the expected total income based on budget from sales revenues.

From 2009, the Company recognizes revenues from developer contracts – sale of immovable property to the purchaser upon the transfer of control and significant risk of ownership. Transfer of control and significant risk of ownership take place the latest on the date of concluding the contract in a form of a notarial deed.
The Company using the interpretation of IFRIC 15 recognizes revenue from the sale of the property after meeting the following conditions:
- Obtaining a permit for the use,
- Payment of 100% of value of the premises, garage, etc…,
- Receiving property transfer protocol.

Long-term developer contracts
As a provider of construction services, the Company applies the regulations under IAS 11 "Construction Contracts" for accounting and recognition of construction services:

a) Zero-profit method
The zero-profit method is applied when it is not possible to measure the stage of completion of an unfinished construction service reliably. In accordance with the said method revenues from an unfinished construction service are established at a month end at costs incurred in the said month, not higher than costs probable to be covered by the principal in future. When invoiced revenues exceed incurred costs, a relevant part of revenues is derecognised to deferred income.
b) Percentage-of-completion method
The percentage-of-completion method is applied when it is possible to measure the stage of completion of an unfinished construction service reliably. Revenues from an unfinished construction contract are disclosed pro rata to costs incurred at a given moment of its performance. Revenues, expenses and profits are disclosed proportionally to the stage of work completion.
To measure the stage of completion of a construction contract the Company applies a method that will allow it to reliably establish the stage of completion of works as at a given date. Depending on the nature of a contract such method may comprise:

- establishing costs of the contract incurred due to work performed to date proportionally to estimated total costs of such contract,
- surveying the work performed,

- comparing physically completed parts of work with contractual works.

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

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

Deferred income tax
Deferred income tax assets and liabilities are estimated based on temporary differences between the value of assets and liabilities disclosed in books and their tax value and a tax loss deductible in future from the tax base.
Income tax liabilities are recognised for temporary positive differences at the amount of income tax payable in future.

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

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

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

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

Based on their characteristics, liabilities can be divided into:
- current liabilities,
- non-current liabilities,
- financial liabilities,
- contingent liabilities.

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

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

Contingent liabilities are obligations dependent on occurrence of certain events. Contingent liabilities are disclosed in additional information and notes.
Liabilities are measured as at the balance sheet date in the amount due.

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

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

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

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

Other income, expenses, gains and losses
Other operating income and expenses are income and expenses not connected directly with operating activities.

Financial income and expenses comprise, among other things, interest connected with loans and credits granted and used, default interest received and paid, foreign exchange gains and losses, commissions paid and received, gains and losses on sale of securities, provisions dissolved and created in the burden of financial expenses.

Extraordinary profits and losses present financial results of events that come into existence outside the main business of the company.

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

2. Financial Statements

Balance sheet statement

ASSETS	Note	31 -12 -2010	31 -12 -2009
Non-current assets		**459,791,862.46**	**317,537,123.02**
Intangible assets	1	5,859,636.91	6,779,002.50
Tangible assets	2	215,177,955.20	180,707,112.26
Investment real estate	3	115,735,797.61	8,419,180.91
Other financial assets	4	100,730,514.50	99,486,695.22
Deferred income tax assets	13	7,802,522.34	8,375,436.23
Trade and other receivables	5	14,485,435.90	13,769,695.90
Accruals		0.00	0.00
CURRENT ASSETS		**791,078,042.37**	**1,048,777,386.71**
Inventories	6	8,156,639.50	8,245,795.92
Construction contracts	6	580,943,684.19	890,088,007.50
Trade and other receivables	7	60,973,311.15	57,781,983.10
Other financial assets	8	63,775,565.67	63,575,086.06
Cash and cash equivalents	9	60,694,071.17	17,584,685.48
Accruals	10	16,534,770.69	11,501,828.65
Total Assets		**1,250,869,904.83**	**1,366,314,509.73**
EQUITY AND LIABILITIES			
EQUITY		**472,795,372.14**	**393,394,325.73**
Share capital	11	10,814,656.00	10,939,656.00
Revaluation capital		7,471,818.19	7,471,818.19
Own shares		0.00	-4,429,867.11
Other capital	11	375,107,851.54	586,502,062.10
Retained earnings		0.00	-284,231,365.01
Net profit / loss		79,401,046.41	77,142,021.56
LIABILITIES		**778,074,532.69**	**972,920,184.00**
Non-current liabilities,		**261,564,232.15**	**87,047,516.94**
Borrowings	12	45,128,086.08	10,567,867.05
Deferred income tax liabilities	13	19,598,476.05	11,427,287.73
Retirement benefit obligations		373,000.00	373,197.28
Provision for other liabilities and charges	14	1,304,230.62	1,764,547.31
Other liabilities	15	195,160,439.40	62,914,617.57
Current liabilities		**516,510,300.54**	**885,872,667.06**
Trade and other payables	16	132,529,634.36	171,725,223.44
Construction contracts	6	141,187,127.70	297,585,007.82
Borrowings	12	95,123,744.32	268,046,115.81
Provision for other liabilities and charges	14	13,537,292.76	18,426,819.97
Other liabilities	16	134,132,501.40	130,089,500.02
Total Equity and Liabilities		**1,250,869,904.83**	**1,366,314,509.73**

Income statement

	Note	for the period 01 -01 -2010 to 31-12-2010	for the period 01 -01 -2009 to 31-12-2009
Net revenues from sales of products, goods and materials, of which:	**17**	**576,656,528.55**	**548,048,236.29**
Net revenues from sales of products		570,617,351.44	539,834,387.15
Net revenues from sales of goods and materials		6,039,177.11	8,213,849.14
Costs of products, goods and materials sold, of which:	**18**	**426,108,183.22**	**407,467,892.27**
Manufacturing cost of products sold		419,942,844.72	398,508,642.21
Value of goods and materials sold		6,165,338.50	8,959,250.06
Gross profit (loss) on sales		**150,548,345.33**	**140,580,344.02**
Selling expenses		27,412,972.36	19,513,690.53
Overhead expenses		16,126,797.77	13,508,342.43
Revaluation of investment properties		10,191,262.90	0.00
Profit (loss) on sales		**117,199,838.10**	**107,558,311.06**
Other operating income	19	16,392,815.31	3,928,670.31
Other operating expenses	20	6,665,399.31	2,545,809.21
Operating profit (loss)		**126,927,254.10**	**108,941,172.16**
Financial income	21	6,098,039.45	6,357,769.49
Financial expenses	22	31,234,841.93	25,229,609.40
Profit (loss) on ordinary activities		**101,790,451.62**	**90,069,332.25**
Gross profit (loss)		**101,790,451.62**	**90,069,332.25**
Income tax	23	22,389,405.21	12,927,310.69
Net profit (loss)		**79,401,046.41**	**77,142,021.56**

Other comprehensive income:		**0.00**	**0.00**
Exchange differences on foreign operations conversion		0.00	0.00
Profit/loss from acquisitions		0.00	0.00
Profit from revaluation of tangible fixed assets		0.00	0.00
Other comprehensive income:		0.00	0.00
Total revenue		**79,401,046.41**	**77,142,021.56**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		for the period 01 -01 -2010 to 31-12-2010	for the period 01 -01 -2009 to 31-12-2009
Profits			
(A) Profits of the Group disclosed in the consolidated financial statements		79,401,046.41	77,142,021.56
Number of shares			
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *		54,486,882.94	54,698,280.00
(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*		54,486,882.94	54,698,280.00
Basic earnings per share = (A)/(B)		**1.46**	**1.41**
Diluted earnings per share = (A)/(B)		**1.46**	**1.41**

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

weighted average number of shares in 2010 = 54 698 280 - 625 000 * 180/272 = 54 486 883 shares
During the analysed period there were no circumstances to dilute the number of shares.

Changes in equity

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings	Net earnings	Equity
As at 31 December 2009	**10,939,656.00**	**-4,429,867.11**	**7,471,818.19**	**580,770,474.91**	**5,731,587.19**	**-284,231,365.01**	**77,142,021.56**	**393,394,325.73**
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 01 January 2010	**10,939,656.00**	**-4,429,867.11**	**7,471,818.19**	**580,770,474.91**	**5,731,587.19**	**-284,231,365.01**	**77,142,021.56**	**393,394,325.73**
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share redemption	-125,000.00	4,429,867.11		-4,304,867.11				
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of fixed assets and investment properties	0.00	0.00		0.00	0.00	0.00	0.00	0.00
Gains/(losses) on revaluation of available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00					0.00	0.00
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total profit / (loss) recognised directly in equity	**-125,000.00**	**4,429,867.11**	**0.00**	**-4,304,867.11**	**0.00**	**0.00**	**0.00**	**0.00**
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	79,401,046.41	79,401,046.41
Total profit / (loss) recognised in equity and net earnings	**-125,000.00**	**4,429,867.11**	**0.00**	**-4,304,867.11**	**0.00**	**0.00**	**79,401,046.41**	**79,401,046.41**
Increase / decrease from profit distribution	0.00	0.00	0.00	-207,089,343.45	0.00	284,231,365.01	-77,142,021.56	0.00
As at 31 December 2010	**10,814,656.00**	**0.00**	**7,471,818.19**	**369,376,264.35**	**5,731,587.19**	**0.00**	**79,401,046.41**	**472,795,372.14**

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2008	10,939,656.00	-2,476,626.31	7,471,818.19	478,511,684.07	5,731,587.19	0.00	-195,918,804.05	16,994,124.93	321,253,440.03
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	-370,528.00	0.00	-370,528.00
IFRS adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 01 January 2008	**10,939,656.00**	**-2,476,626.31**	**7,471,818.19**	**478,511,684.07**	**5,731,587.19**	**0.00**	**-196,289,332.05**	**16,994,124.93**	**320,882,912.03**
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	-1,953,240.80	0.00	0.00	0.00	0.00	0.00	0.00	-1,953,240.80
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on revaluation of fixed assets and investment properties	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	0.00
Gains / (losses) on cash flow hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange gains / (losses) on translation of financial statements of foreign operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax referring to items attributed to equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00				0.00		0.00	0.00
Profit/loss from the inclusion/exclusion of companies to consolidate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Changes in accounting policies/presentation	0.00	0.00	0.00	0.00	0.00	0.00	-84,894,137.90	0.00	-84,894,137.90
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	-3,047,895.06	0.00	-3,047,895.06
Transformation to IFRS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total profit / (loss) recognised directly in equity	**0.00**	**-1,953,240.80**	**0.00**	**0.00**	**0.00**	**0.00**	**-87,942,032.96**	**0.00**	**-89,895,273.76**
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	77,142,021.56	77,142,021.56
Total profit / (loss) recognised in equity and net earnings	**0.00**	**-1,953,240.80**	**0.00**	**0.00**	**0.00**	**0.00**	**-87,942,032.96**	**77,142,021.56**	**-12,753,252.20**
Increase / decrease from profit distribution	0.00	0.00	0.00	102,258,790.84	0.00	0.00		-16,994,124.93	85,264,665.90
As at 31 December 2009	**10,939,656.00**	**-4,429,867.11**	**7,471,818.19**	**580,770,474.91**	**5,731,587.19**	**0.00**	**-284,231,365.01**	**77,142,021.56**	**393,394,325.72**

Cash flow statements (indirect method)

Operating cash flow - two-step method	for the period 01 -01 -2010 to 31-12-2010	for the period 01 -01 -2009 to 31-12-2009
Net profit (loss)	**79,401,046.41**	**77,142,021.56**
Total adjustments, of which:	**36,612,225.55**	**34,834,552.86**
Depreciation and amortisation	7,016,461.51	7,760,109.74
(Profits) losses on exchange differences related to investment and financial activities	696,306.47	757,869.80
(Profits) loss from investment activities	-791,407.35	1,401,615.67
Interest and dividends	25,830,801.02	17,507,183.59
Changes in provisions and accruals	1,611,118.99	7,392,189.88
Change in investment properties	0.00	-76,314.33
Other adjustments:	2,248,944.91	91,898.51
- other adjustments	2,248,944.91	91,898.51
Changes in working capital	**96,961,900.08**	**-22,367,773.06**
Change in inventories	-1,070,843.58	-1,960,763.86
Change in construction contracts	149,861,574.09	-36,950,074.06
Changes in receivables	-4,818,334.09	14,490,082.60
Changes in current liabilities, except for borrowings	-47,010,496.34	2,052,982.26
Operating cash flow	**212,975,172.04**	**89,608,801.36**
Investment activity cash flows		
Disposal of tangible and intangible assets and other non-current assets	1,674,592.42	3,000,000.00
Purchase of tangible and intangible assets and other non-current assets	-138,053,619.09	-14,784,020.52
Expenses associated with the asset to be sold	0.00	0.00
Purchase of equity instruments and debt instruments	-574,733.96	102,520,200.00
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-1,304,047.00	-2,013,816.00
Loans repaid	2,551,541.95	200,000.00
Other purchase of financial assets	30,100,000.00	0.00
Other disposal of financial assets	-30,100,000.00	0.00
Dividends received	0.00	990,000.00
Interest received	77,049.25	129,419.95
Disposal of subsidiaries	25,000.00	1.00
Acquisition of subsidiaries	0.00	-554,644.62
Net investment cash flow	**-135,604,216.43**	**89,487,139.81**
Financing cash flow		
Net proceeds from issue of shares, other equity instruments and additional capital contributions	0.00	0.00
Purchase of own shares or repayment of shares	0.00	-1,953,240.80
Borrowings	290,567,158.83	498,531,557.79
Borrowings repaid	-428,411,151.23	-548,547,208.97
Debt securities issued	130,000,000.00	0.00
Debt securities redeemed	0.00	-71,000,000.00
Payments under financial lease agreements	-9,898,922.10	-10,086,399.69
Dividends and other shared profits	0.00	0.00
Interest paid	-25,597,047.09	-31,551,208.03
Other financial proceeds (including notes)	29,336,400.00	0.00
Other financial expenditures (including notes)	-20,258,008.33	-20,274,212.65
Net financing cash flow	**-34,261,569.92**	**-184,880,712.35**
NET DECREASE/(INCREASE) IN CASH	**43,109,385.69**	**-5,784,771.18**
Cash and cash equivalents at the beginning of the year	17,584,685.48	23,369,456.66
- foreign exchange gains/(losses) on cash		
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**60,694,071.17**	**17,584,685.48**

3. EXPLANATORY NOTES TO THE BALANCE SHEET

Note 1. Intangible assets

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

Intangible assets	31 -12 -2010	31 -12 -2009
a) research and development	0.00	0.00
b) goodwill on consolidation	0.00	0.00
c) other intangible assets	5,859,636.91	6,779,002.50
d) advances on intangible assets	0.00	0.00
Total intangible assets	**5,859,636.91**	**6,779,002.50**

Changes in intangible assets	Software	Total intangible assets	TOTAL
a) the gross value of intangible assets at the opening period	**13,933,033.30**	**0.00**	**13,933,033.30**
b) increase (due to)	**266,958.25**	**0.00**	**266,958.25**
- purchase	266,958.25	0.00	266,958.25
- Adoption of the investment	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00
- borrowing costs	0.00	0.00	0.00
c) decrease (due to)	**0.00**	**0.00**	**0.00**
- sale	0.00	0.00	0.00
- in liquidation	0.00	0.00	0.00
-an in- kind contribution	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00
d) the gross value of intangible assets at the closing period	**14,199,991.55**	**0.00**	**14,199,991.55**
e) accumulated depreciation at opening period	**7,154,030.80**	**0.00**	**7,154,030.80**
f) amortization for the period (due to)	**1,186,323.84**	**0.00**	**1,186,323.84**
- Depreciation (a copy of the annual)	1,186,323.84	0.00	1,186,323.84
- in liquidation	0.00	0.00	0.00
- sale	0.00	0.00	0.00
g) accumulated depreciation at closing period	**8,340,354.64**	**0.00**	**8,340,354.64**
h) impairment losses at beginning of period	**0.00**	**0.00**	**0.00**
- Increase	**0.00**	**0.00**	**0.00**
h) impairment write-offs	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00
- Decrease	**0.00**	**0.00**	**0.00**
- reversal of impairment write-offs - to financial result	0.00	0.00	0.00
- Reclassification between generic groups	0.00	0.00	0.00
- depreciation of in-kind contribution	0.00	0.00	0.00
i) impairment write-offs at the closing period		**0.00**	**0.00**
j) the gross value of intangible assets at the opening period	**6,779,002.50**	**0.00**	**6,779,002.50**
k) the net value of intangible assets at the closing period	**5,859,636.91**	**0.00**	**5,859,636.91**

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

As at 31 December 2010 and 31 December 2009 there were no circumstances requiring the Company to make impairment allowance on intangible assets.

In 2009, the Company cleared the value of the company with the capital of PLN3,047,895.06. Goodwill was established by merging Łucka InvestCo Sp. z o.o with JWCH S.A (transferee company). The connection was under Article 492, Sec.1, Item 1 of the Polish Commercial Companies Code by transferring all the assets of Łucka InvestCo Sp. z o.o (oferee company) to JWCH S.A (transferee company). The Company JWCH at the acquisition date, held 100% of shares of Łucka InvestCo Sp. z o.o.

The Company did not conduct in 2009-2010 any development works and no costs were incurred on them. The Company did not have any advances on intangible assets.

Note 2. Tangible assets

Tangible assets	**31 -12 -2010**	**31 -12 -2009**
a) property, plant and equipment, of which:	119,258,547.90	113,406,254.29
- land (including right of perpetual usufruct)	21,236,333.02	21,320,254.03
- buildings and structures	91,820,994.03	83,059,029.93
- plant and machinery	2,819,138.81	3,472,078.78
- motor vehicles	3,197,837.58	5,304,736.83
- other property, plant and equipment	184,244.46	250,154.72
b) constructions in progress	95,919,407.30	67,300,857.97
c) advances on constructions in progress	0.00	0.00
Total tangible assets	**215,177,955.20**	**180,707,112.26**

Tangible assets are initially disclosed at acquisition price or manufacturing cost. Upon initial recognition tangible assets are measured at acquisition price or manufacturing cost less amortisation and impairment losses. Tangible assets are amortised with the straight-line method for the period of their expected economic useful life.

The assets that are under construction are valued at the amount of the total cost of remaining in direct relation to their acquisition or construction, less accumulated permanent loss of value. The assets under construction are not depreciated until they are completed and commissioned.

In 2010 , the allowance for hotel modules leading their carrying amount to possibly obtained prices. The amount of the allowance as at 31 December was PLN 6.6 million.

FIXED ASSETS MOVEMENT	Land	buildings and structures	plant and machinery	Means of transport:	other property, plant and equipment	Assets in constructions	**TOTAL**
a) the gross value of tangible fixed assets at the opening period	**21,386,723.03**	**100,699,221.17**	**20,187,071.57**	**12,069,908.36**	**6,757,202.97**	**71,758,217.93**	**232,858,345.03**
b) increase (due to)	**0.00**	**11,870,115.20**	**938,940.43**	**311,947.73**	**31,992.27**	**31,940,396.46**	**45,093,392.09**
- stock-outs	0.00	0.00	179,169.58	311,947.73	27,839.08	30,780,396.46	**31,299,352.85**
- Adoption of the investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Transfer from stock	0.00	11,870,115.20	0.00	0.00	0.00	1,160,000.00	**13,030,115.20**
- valuation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) movement to tangible fixed assets under construction	0.00	0.00	759,770.85	0.00	4,153.19	0.00	**763,924.04**
- Extension of the capital group	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
- Other movements - fixed assets under construction	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
c) decrease (due to)	**78,808.01**	**191,554.67**	**3,148,809.22**	**3,455,235.67**	**3,269,960.52**	**1,171,276.93**	**11,315,645.02**
- sale	78,808.01	0.00	1,321,876.72	2,910,756.96	0.00	0.00	**4,311,441.69**
- in liquidation	0.00	0.00	1,821,226.23	490,324.39	3,269,960.52	295,761.31	**5,877,272.45**
- cession	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
- movement to tangible fixed assets under construction	0.00	0.00	0.00	0.00	0.00	763,924.04	**763,924.04**
- Reclassification to another generic group	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Other value adjustments	0.00	191,554.67	5,706.27	54,154.32		111,591.58	**363,006.84**
d) the gross value of tangible fixed assets at the closing period	**21,307,915.02**	**112,377,781.70**	**17,977,202.78**	**8,926,620.42**	**3,519,234.72**	**102,527,337.46**	**266,636,092.10**
e) accumulated depreciation at the opening period	**66,469.00**	**17,640,191.24**	**16,714,992.79**	**6,765,171.53**	**6,507,048.25**	**0.00**	**47,627,403.81**
f) amortization for the period (due to)	**5,113.00**	**2,916,596.43**	**-1,556,928.82**	**-1,036,388.69**	**-3,172,057.99**	**0.00**	**-2,843,666.07**
- annual depreciation allowance	5,113.00	2,916,596.43	1,092,968.27	1,728,802.19	86,657.78	0.00	**5,830,137.67**
decrease (due to)	0.00	0.00	**2,649,897.09**	**2,765,190.88**	**3,258,715.77**	0.00	**8,652,913.89**
- sale of fixed assets	0.00	0.00	860,503.31	2,337,712.26	0.00	0.00	**3,198,215.57**
- liquidation of fixed assets	0.00	0.00	1,810,283.63	427,478.62	3,258,715.77	0.00	**5,496,478.02**
- Reclassification to another category	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- other (Increase)	0.00	0.00	20,889.85	0.00	0.00	0.00	**20,889.85**
g) accumulated depreciation at closing period	71,582.00	**20,556,787.67**	**15,158,063.97**	**5,728,782.84**	**3,334,990.26**	**0.00**	**44,778,624.74**
h) impairment losses at beginning of period	0.00	0.00	0.00	0.00	0.00	4,457,359.96	**4,457,359.96**
b) increase (due to)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**2,150,570.20**	**2,150,570.20**
- impairment losses charged to financial results	0.00	0.00	0.00	0.00	0.00	2,150,570.20	**2,150,570.20**
decrease (due to)	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
- sale of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- liquidation of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) impairment write-offs at the closing period	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**6,607,930.16**	**6,607,930.16**
j) the net value of tangible fixed assets at the opening period	**21,320,254.03**	**83,059,029.93**	**3,472,078.78**	**5,304,736.83**	**250,154.72**	**67,300,857.97**	**180,707,112.26**
k) the net value of tangible fixed assets at the closing period	**21,236,333.02**	**91,820,994.03**	**2,819,138.81**	**3,197,837.58**	**184,244.46**	**95,919,407.30**	**215,177,955.20**

Note 3. Investment real estate

The Company recognizes that the investment properties, as at the balance sheet date ,are measured at fair values.

Other long-term investments	**31 -12 -2010**	**31 -12 -2009**
a) investment real estate	115,735,797.61	8,419,180.91
b) other	0.00	0.00
Total other long-term investments	**115,735,797.61**	**8,419,180.91**

Note 4. Long-term financial assets

LONG-TERM FINANCIAL ASSETS	**30 -06 -2010**	**31 -12 -2009**
a) shares	100,730,514.50	99,275,132.50
b) loans granted	0.00	211,562.72
c) other long-term investments	0.00	0.00
Total long-term financial assets	**100,730,514.50**	**99,486,695.22**

LONG-TERM FINANCIAL ASSETS	**31 -12 -2010**	**31 -12 -2009**
a) in subsidiaries	100,516,319.88	99,272,500.60
- shares	100,516,319.88	99,060,937.88
- other securities	0.00	0.00
- loans granted	0.00	211,562.72
- other long-term financial assets	0.00	0.00
b) in other parties	214,194.62	214,194.62
- shares	214,194.62	214,194.62
- other securities	0.00	0.00
- loans granted	0.00	0.00
- other long-term financial assets	0.00	0.00
c) other long-term investments	0.00	0.00
Total long-term financial assets	**100,730,514.50**	**99,486,695.22**

CHANGE IN LONG-TERM FINANCIAL ASSETS	**31 -12 -2010**	**31 -12 -2009**
a) opening balance	99,486,695.22	139,230,482.49
- shares	99,275,132.50	99,095,487.88
- loans granted	211,562.72	40,134,994.61
-other	0.00	0.00
b) increase (due to)	1,461,000.00	766,207.34
- shares	1,461,000.00	554,644.62
- loans granted	0.00	211,562.72
-other	0.00	0.00
c) decrease (due to)	217,180.72	40,509,994.61
- shares	5,618.00	375,000.00
- loans granted	211,562.72	40,134,994.61
-other	0.00	0.00
d) closing balance	100,730,514.50	99,486,695.22
- shares	100,730,514.50	99,275,132.50
- loans granted	0.00	211,562.72
-other	0.00	0.00

Name of a unit (and its legal form)	Domicile	Business	Relation	Method of consolidation	Date of assuming control	Value of shares at acquisition price	Revaluation adjustments (total)	Carrying value of shares	% of total number of votes in the general meeting
TBS Marki Sp.z o.o.	Warsaw	social building	subsidiary	full consolidation	14/11/2003	13,359,500.00	0.00	13,359,500.00	99.99%
J.W. Construction International Sp. z o.o	Kolomna (Russia)	Construction and property development activities	subsidiary	full consolidation	14/11/2003	1,272.90	0.00	1,272.90	100.00%
Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	4,346,500.00	0.00	4,346,500.00	99.99%
Project 55 Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	13/01/2005	19,656,037.59	0.00	19,656,037.59	100.00%
Interlokum Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	23/11/2004	50,000.00	0.00	50,000.00	100.00%
Lokum Sp. z oo	Warsaw	developer activity	subsidiary	full consolidation	13/09/2005	3,778,000.00	0.00	3,778,000.00	99.99%
Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	08/09/2004	49,500.00	0.00	49,500.00	99.00%
JW Projekt Sp. z o.o.	Warsaw	architecture and designing	subsidiary	full consolidation	14/11/2003	1,155,400.00	0.00	1,155,400.00	99.98%
Królewski Port Żerań Sp. z o.o.	Warsaw	developer activity	associate	not consolidated	08/09/2000	500,000.00	500,000.00	0.00	4.92%
Polonia S.S.A	Warsaw	sports	subsidiary	not consolidated	30/03/2006	15,440.00	15,440.00	0.00	100.00%
TBS Nowy Dom Sp. z o.o.	Ząbki,	social building	associate	not consolidated	30/09/2006	1,000.00	0.00	1,000.00	2.00%
Construction Invest Sp. z o.o.	Ząbki,	real estate development and sale	subsidiary	full consolidation	25/01/2006	50,000.00	0.00	50,000.00	100.00%
J.W. Construction S.A.	Ząbki,	construction	subsidiary	full consolidation	26/09/2007	11,526,617.00	0.00	11,526,617.00	99.99%
J.W. Bułgaria Sp. z o.o.	Sofia	developer activity	subsidiary	not consolidated	08/10/2007	9,854.98	0.00	9,854.98	100.00%
Porta Transport Sp. z o.o. in liquidation	Szczecin	transport	subsidiary	full consolidation	12/11/2007	19,118,737.41	0.00	19,118,737.41	100.00%
YAKOR HOUSE Sp. z oo	Sochi	developer activity	subsidiary	full consolidation	07/12/2007	9,810,000.00	0.00	9,810,000.00	70.00%
JWCH Produkcja Budowlana Sp. z o.o.	Ząbki,	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	15,494,950.00	0.00	15,494,950.00	99.99%
JWCH Budownictwo Drogowe Sp. z o.o.	Ząbki,	road construction	subsidiary	full consolidation	07/02/2008	2,059,950.00	0.00	2,059,950.00	99.99%
Trinity Self Companies (currently SASPOL INFRASTRUCURE Sp. z o.o)	Warsaw	participation in public tenders as a leader of the consortium	associate	not consolidated	06/10/2009	4,644.62	0.00	4,644.62	25.00%
Stadnina Mazowiecka Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	19/02/2007	50,000.00	0.00	50,000.00	100.00%
Karczma Regionalna Sp.z o.o.	Krynica Górska	hotel activity	subsidiary	not consolidated	16/12/2004	208,550.00	0.00	208,550.00	8.06%

Note 5. Non-current receivables

NON-CURRENT RECEIVABLES	31 -12 -2010	31 -12 -2009
a) guarantee receivables	0.00	0.00
b) deposit receivables(leasing)	14,485,435.90	13,769,695.90
b) other receivables	0.00	0.00
Total receivables	**14,485,435.90**	**13,769,695.90**

Non-current receivables include a security deposit for the lease of hotels (securing receivables of the financing party under the sale and lease back agreement) and a guarantee deposit paid by the Company in accordance with the schedule appended to the lease agreement for real estate located in Ząbki (office building).

Note 6. Inventories and construction contracts

INVENTORIES	31 -12 -2010	31 -12 -2009
a) materials	743,291.77	1,659,488.02
b) semi-finished products and work in progress	0.00	0.00
c) finished products	0.00	4,062.48
d) goods	7,242,336.37	6,420,412.42
e) trade advances	171,011.36	161,833.00
Total inventories	**8,156,639.50**	**8,245,795.92**

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

CONSTRUCTION CONTRACTS	31 -12 -2010	31 -12 -2009
a) semi-finished products and work in progress	245,855,355.84	581,021,366.81
b) finished products	325,019,397.89	304,459,354.89
c) advances for supplies	9,439,998.57	4,302,012.76
d) short-term prepayments	628,931.89	305,273.04
Total construction contracts	**580,943,684.19**	**890,088,007.50**

Construction contracts - the assets comprise , among other things, amounts of expenditure on projects, the value of finished premises, which were not passed on to customers.

CONSTRUCTION CONTRACTS	31 -12 -2010	31 -12 -2009
a) accruals	141,187,127.70	297,585,007.82
Total construction contracts	**141,187,127.70**	**297,585,007.82**

Accruals	31 -12 -2010	31 -12 -2009
-advances on the premises	137,990,854.57	293,888,024.06
-provisions for works	2,232,770.73	2,733,481.36
-other	963,502.40	963,502.40
The total value of accruals	**141,187,127.70**	**297,585,007.82**

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

Due to the conducted activity the Company takes loans secured among other things with mortgage on real estate. As at 31 December 2010 the Company established collaterals in the form of mortgage on real estate presented as inventories and construction contracts in the amount of PLN 193 million and presented as property, plant and equipment in the amount of PLN 123.0 million. Additionally, the company established collaterals on foreign properties in the amount of PLN 5.0 million. The value of mortgage is established at the amount of the granted loan (or higher), therefore, it is significantly higher than the value of real estate disclosed in assets of the Company. As at 31 December 2010 loan liabilities amounted to PLN 140.2 million.

Note 7. Trade and other receivables

CURRENT RECEIVABLES	31 -12 -2010	31 -12 -2009
a) trade receivables - related parties	22,488,677.17	20,000,743.85
b) trade receivables - other parties	28,691,050.13	28,754,830.11
c) taxes, subsidies, customs duties, social and health insurance and other payments	5,035,110.75	6,064,226.92
b) other	4,758,473.10	2,962,182.22
Total receivables	**60,973,311.15**	**57,781,983.10**

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

Note 8. Short-term financial assets

SHORT-TERM INVESTMENTS	31 -12 -2010	31 -12 -2009
a) shares	0.00	0.00
b) loans granted	63,659,823.94	63,467,481.88
c) other securities	115,741.73	107,604.18
d) other short-term investments	0.00	0.00
Total long-term financial assets	**63,775,565.67**	**63,575,086.06**

SHORT-TERM INVESTMENTS	31 -12 -2010	31 -12 -2009
a) in subsidiaries	63,659,823.94	55,470,531.46
- shares	0.00	0.00
- other securities	0.00	0.00
- loans granted	63,659,823.94	55,470,531.46
- other short-term financial assets	0.00	0.00
b) in other parties	115,741.73	8,104,554.60
- shares	0.00	0.00
- other securities	115,741.73	107,604.18
- loans granted	0.00	7,996,950.42
- other short-term financial assets	0.00	0.00
Total value of short-term investments	**63,775,565.67**	**63,575,086.06**

CHANGE IN SHORT-TERM INVESTMENTS	31 -12 -2010	31 -12 -2009
a) opening balance	63,575,086.05	20,841,763.00
- shares	0.00	0.00
- other securities	107,604.17	0.00
- loans granted	63,467,481.88	20,841,763.00
- other short-term financial assets	0.00	0.00
b) increase (due to)	200,479.62	44,366,457.51
- shares	0.00	0.00
- other securities	8,137.56	107,604.17
- loans granted	192,342.06	44,258,853.34
- other short-term financial assets	0.00	0.00
c) decrease (due to)	0.00	1,633,134.46
- shares	0.00	0.00
- other securities	0.00	0.00
- loans granted	0.00	1,633,134.46
- other short-term financial assets	0.00	0.00
d) closing balance	63,775,565.67	63,575,086.05
- shares	0.00	0.00
- other securities	115,741.73	107,604.17
- loans granted	63,659,823.94	63,467,481.88
- other short-term financial assets	0.00	0.00

Note 9. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	**31 -12 -2010**	**31 -12 -2009**
a) cash on hand and with bank	15,322,456.28	17,131,859.30
b) other cash	45,315,718.44	399,980.57
c) other cash equivalents	55,896.45	52,845.61
Total cash	**60,694,071.17**	**17,584,685.48**

Note 10. Short-term prepayments

ACCRUALS	**31 -12 -2010**	**31 -12 -2009**
- short-term prepayments	16,380,221.15	11,501,828.65
The total value of accruals	**16,380,221.15**	**11,501,828.65**

Accruals	**31 -12 -2010**	**5,859,636.91**
- property insurance	117,514.62	230,507.83
- interest	5,353,925.45	542,107.33
- commission expenses	9,752,418.96	9,884,791.87
- property tax, perpetual usufruct, road tax	0.00	0.00
- social fund	0.00	0.00
-other	1,310,911.66	844,421.62
The total value of accruals	**16,534,770.69**	**11,501,828.65**

In the position of other prepaid expenses, the Company recognizes e.g. costs incurred in connection with deferred income. The main item are expenses incurred on commissions received by salesmen for sale of apartments. The said commissions are allocated to concrete apartments/premises sold by the Company and are deferred until premises are delivered to the buyer.

Note 11. Equity and other capital

Class / issue	Share type	Type of preference shares	Types of restrictions on rights to shares	Number of shares	Par value of class/issue	Coverage of capital	Registration Date	Right to dividend (from)
A and B	Bearer		-	54,073280	10,814 656	Assets of a transformed company - TBM Batory Sp. z o.o. / Cash	01/07/2010*	
Total number of shares				54,073,280				
Total share capital					10,814 656			
Par value of one share = PLN 0.20								

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

At 31 December 2010 the shareholding structure was as follows:

Company	Number of shares	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	15.413.713	28.51 %	15.413.713	28.51 %
EHT S.A domicilied in Luxembourg	18.568.300	34.34 %	18.568.300	34.34 %
Other *	14.211.267	25.98 %	14.211.267	25.98 %

of which:

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

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

[x] on 15 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A, as at 9 April 2010 it was 2.740.767 shares representing 5.01 % of the share capital of the Company entitling to 2.740.767 votes at the General Meeting of the Company and representing 5.01 % of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

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

Company	Number of shares	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	15.413.713	28.51 %	15.413.713	28.51 %
EHT S.A domicilied in Luxembourg	18.568.300	34.34 %	18.568.300	34.34 %
Other *	14.211.267	25.98 %	14.211.267	25.98 %

of which:

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

[x] on 9 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A, as at 9 April 2010 it was 3,245,668 shares representing 5.93% of the share capital of the Company entitling to 3,245,668 votes at the General Meeting of the Company and representing 5.93% of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.
[x] on 15 April 2010, the Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by PKO TFI S.A, as at 9 April 2010 it was 2.740.767 shares representing 5.01 % of the share capital of the Company entitling to 2.740.767 votes at the General Meeting of the Company and representing 5.01 % of the total number of votes. In accordance with applicable law, a shareholder must notify the Company of exceeding the threshold of 5% and 10% of the total number of shares of the Company. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

OTHER CAPITAL	31 -12 -2010	31 -12 -2009
a) supplementary capital	369,376,264.35	580,770,474.91
b) other reserve capital	5,731,587.19	5,731,587.19
Total other capital	**375,107,851.54**	**586,502,062.10**

The Company's supplementary capital comes from the retained earnings that were obtained in the previous years, and from the surplus value of the issue over the nominal value of issued shares.

Note 12. Borrowings

In a financial year 2010 and from the balance sheet date until the date of these financial statements none of the concluded loan agreements was terminated by the bank.

BORROWINGS	31 -12 -2010	31 -12 -2009
a) loans	140,213,209.27	278,575,361.73
of which: long-term	*45,128,086.08*	*10,567,867.05*
Short-term	*95,085,123.19*	*268,007,494.68*
b) loans	38,621.13	38,621.13
of which: long-term	*0.00*	*0.00*
Short-term	*38,621.13*	*38,621.13*
Total borrowings	**140,251,830.40**	**5,859,636.91**
Borrowings - long-term	**45,128,086.08**	**10,567,867.05**
Borrowings - short-term	**95,123,744.32**	**268,046,115.81**

LOANS PER MATURITY	31 -12 -2010	31 -12 -2009
Up to 1 year	95,085,123.19	268,007,494.68
Over 1 year up to 2 years	25,496,829.57	8,866,376.00
Over 2 year up to 5 years	19,631,256.51	1,701,491.05
Over 5 years		0.00
Total loans, including:	**140,213,209.27**	**278,575,361.73**
- long-term	45,128,086.08	10,567,867.05
- short-term	95,085,123.19	268,007,494.68

Note 13. Deferred income tax assets

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31 -12 -2010		
	Deferred income tax assets	**Deferred tax liabilities**	**Net value**
Tangible assets	1,255,506.73	1,454,120.22	-198,613.49
Investment real estate	0.00	2,291,220.48	-2,291,220.48
Total intangible assets	0.00	0.00	0.00
Other financial assets	2,056,527.31	0.00	2,056,527.31
Non-current receivables	0.00	0.00	0.00
Inventories and construction contracts	0.00	8,797,735.29	-8,797,735.29
Trade and other receivables	1,003,395.81	0.00	1,003,395.81
Income tax receivables	0.00	0.00	0.00
Accruals	0.00	0.00	0.00
Cash and cash equivalents	0.00	0.00	0.00
Borrowings	2,368,932.64	2,977,833.34	-608,900.71
Provisions	778,892.84	0.00	778,892.84
Trade and other receivables	0.00	0.00	0.00
Other financial liabilities	0.00	0.00	0.00
Other	4,003.05	2,363,974.60	-2,359,971.55
Deferred income tax assets / liabilities disclosed in the balance sheet	**7,467,258.38**	**17,884,883.93**	**-10,417,625.55**

Note 14. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31 -12 -2010	31 -12 -2009
a) short-term, of which:	**13,537,292.76**	**18,426,819.97**
- accrued expenses, including:	9,810,856.76	9,004,159.24
- interests charged	3,883,074.64	3,020,296.78
- rent deposits	497,159.98	628,149.19
-other	*5,430,622.14*	5,355,713.27
- other provisions, including:	3,726,436.00	9,422,660.73
- provisions for future liabilities	*0.00*	1,000,000.00
- provisions for guarantee repairs	*3,000,000.00*	7,480,296.00
- other provisions	*726,436.00*	942,364.73
a) long-term, of which:	**1,304,230.62**	**1,764,547.31**
- accrued expenses, including:	1,304,230.62	1,764,547.31
- deferred surplus of revenues from sales over the carrying value/sale and lease back	*1,304,230.62*	*1,764,547.31*
Total provisions for other liabilities and charges	**14,841,523.38**	**20,191,367.28**

Note 15. Other non-current liabilities

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

OTHER NON-CURRENT LIABILITIES	31 -12 -2010	31 -12 -2009
a) lease obligations	45,573,433.11	49,835,850.77
b) deposit liabilities	9,113,295.63	5,374,587.00
c) liabilities from securities	130,000,000.00	0.00
d) other non-current liabilities	0.00	4,032,323.33
e) bill-of-exchange liabilities	10,473,710.66	3,671,856.47
Total other liabilities	**195,160,439.40**	**62,914,617.57**

Note 16. Trade and other payables

TRADE AND OTHER PAYABLES	31 -12 -2010	31 -12 -2009
a) trade payables - other parties	12,112,679.45	19,754,317.04
b) trade payables - related parties	52,935,082.70	92,778,263.29
c) taxes, customs duties, insurance and other payments	11,587,781.11	10,104,302.86
d) salaries	1,384,487.43	1,101,896.30
e) trade advances received	0.00	0.00
f) loans granted- related parties	21,341,586.12	20,233,292.67
f) liabilities on bill of exchange - related parties	24,242,023.21	17,723,079.45
b) other	8,925,994.34	10,030,071.83
Total trade and other payables	**132,529,634.36**	**171,725,223.44**

OTHER LIABILITIES	31 -12 -2010	31 -12 -2009
a)issue of debt securities	2,639,039.00	0.00
b) lease liabilities - foreign	125,624,844.53	118,656,599.02
c) lease liabilities	5,868,617.87	11,432,901.00
d) other financial liabilities	0.00	0.00
Total other liabilities	**134,132,501.40**	**130,089,500.02**

4. NOTES TO THE INCOME STATEMENT

Note 17. Operating income

OPERATING INCOME	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
Revenues from sales of products	540,313,326.99	501,699,116.54
Revenues from sales of services	30,304,024.45	38,135,270.61
Revenues from sales of goods	6,039,177.11	8,213,849.14
Total income	**576,656,528.55**	**548,048,236.29**

	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
Revenues from sales, of which:	**576,656,528.55**	**548,048,236.29**
- sales of products - premises	540,313,326.99	501,699,116.54
- sales of services	30,304,024.45	38,135,270.61
- sales of goods	6,039,177.11	8,213,849.14

	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
Revenues from sales of products and services per business segment	**570,617,351.44**	**539,834,387.15**
developer activity	552,541,616.11	520,736,891.30
hotel activities	15,217,892.61	15,499,936.35
- property management	2,857,842.72	3,597,559.50

	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
Revenues from sales of products - premises per geographic segments	**540,313,326.99**	**501,699,116.54**
- Warsaw and vicinity	514,857,290.77	429,393,481.50
-Gdynia	16,615,490.27	37,004,672.02
- Łódź	6,645,460.73	31,508,850.86
- Katowice	2,195,085.22	3,792,112.16

	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
Revenues from sales of hotel services per geographic segments	**15,217,892.61**	**15,499,936.35**
- Warsaw and vicinity	5,342,753.87	5,632,496.60
- Tarnowo	5,259,657.24	4,486,666.08
- Stryków	2,954,971.13	3,918,624.83
- Cieszyn	1,274,126.90	1,194,014.65
- Święta Lipka	0.00	144,101.72
- Krynica Górska	386,383.47	124,032.47

Note 18. Operating expenses

Operating expenses	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
Costs on sale of products	395,114,810.36	366,456,606.45
Costs on sale of services	24,828,034.36	32,052,035.76
Costs on sale of goods	6,165,338.50	8,959,250.06
Total costs of products, services and goods sold	**426,108,183.22**	**407,467,892.27**

Selling and overhead expenses	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
Selling expenses	27,412,972.36	19,513,690.53
Overhead expenses	16,126,797.77	13,508,342.43
Total selling and overhead expenses	**43,539,770.13**	**33,022,032.96**

Costs according to types	1 January 2010 - 31 December 2010	1 January 2009 - 31 December 2009
Depreciation and amortisation	7,016,461.51	7,760,109.74
Cost of materials and energy	5,152,536.60	15,842,963.20
Services made by other contractions	120,870,629.13	279,933,530.36
Taxes and duties	5,468,211.61	5,597,683.81
Wages and Salaries	20,393,527.90	18,005,753.74
Services for the benefit of employees	13,258,166.75	3,071,684.86
Other costs	6,707,092.70	14,473,676.73
Total costs according to types	**178,866,626.20**	**344,685,402.44**

Note 19. Other operating income

OPERATING INCOME	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) profit from disposal of non-financial fixed assets	804,986.04	0.00
b) other operating income	15,587,829.27	3,928,670.31
Total operating income	**16,392,815.31**	**3,928,670.31**

OPERATING INCOME	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 30-06-2009
a) profit from disposal of non-financial fixed assets	804,986.04	0.00
b) handling charges	7,428,623.55	2,482,014.59
c) provisions	1,435,660.46	0.00
g) other (including compensation for land dedicated for roads)	6,723,545.26	1,446,655.72
Total operating expenses	**16,392,815.31**	**3,928,670.31**

Note 20. Other operating expenses

OPERATING EXPENSES	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) loss on disposal of non-financial fixed assets	0.00	1,401,615.67
b) revaluation of non-financial assets	0.00	0.00
c) other operating expenses	6,665,399.31	1,144,193.54
Total operating expenses	**6,665,399.31**	**2,545,809.21**

OPERATING EXPENSES	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 30-06-2009
a) loss on disposal of non-financial fixed assets	0.00	1,401,615.67
b) revaluation of non-financial assets	0.00	-1,708,292.51
c) provisions	1,796,681.42	0.00
d) compensation, penalties and damages	727,734.21	615,914.55
e) compensation fee	1,845,992.87	968,469.67
f) litigation costs	360,520.58	219,437.34
g) other	1,934,470.23	1,048,664.49
Total operating expenses	**6,665,399.31**	**2,545,809.21**

Note 21. Financial income

FINANCIAL INCOME	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) dividends	0.00	990,000.00
b) interest	5,775,676.23	4,305,113.23
c) revaluation of investment	0.00	0.00
b) other	322,363.22	1,062,656.26
Total financial income	**6,098,039.45**	**6,357,769.49**

Financial income	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) dividends	0.00	990,000.00
b) interests from customers	1,635,778.94	1,048,164.66
c) loan interests	1,989,652.72	2,328,483.45
d) deposit interests	1,230,460.11	51,763.10
e) bill interests	10,213.48	7,562.50
f) other interests	909,559.29	869,055.11
g) foreign exchange differences	306,204.45	0.00
h) revaluation of the investment value	0.00	0.00
i) other	16,170.46	1,062,740.67
Total	**6,098,039.45**	**6,357,769.49**

Note 22. Financial expenses

FINANCIAL EXPENSES	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) interests	30,673,359.63	24,052,391.39
b) revaluation of investment	0.00	0.00
c) other	561,482.30	1,177,218.01
Total financial expenses	**31,234,841.93**	**25,229,609.40**

FINANCIAL EXPENSES	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) interest, commission, credits	7,458,808.81	9,380,475.72
b) interests - leases	3,094,403.21	4,308,783.97
c) interest-loans	1,108,293.45	1,203,386.56
d) interest-bills	11,470,396.03	7,262,903.08
e) interest-bond issue	6,175,758.37	1,288,477.29
f) other interests	1,365,699.76	597,943.07
g) foreign exchange differences	556,443.30	1,080,587.41
h) other	5,039.00	107,052.30
Total financial expenses	**31,234,841.93**	**25,229,609.40**

Note 23. Income tax

INCOME TAX	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) income tax	13,645,303.00	11,638,936.00
b) deferred income tax	8,744,102.21	1,288,374.69
Total income tax	**22,389,405.21**	**12,927,310.69**

Reconciliation of effective tax rate	**2010**
Gross Profit / (loss) before tax from continuing operations	101,790,451.62
Profit / (loss) before tax from abandoned operations	0.00
Gross profit (loss) before tax	**101,790,451.62**
Tax at statutory tax rate of 19%	19,340,185.81
Adjustments to current income tax from previous years	0.00
Differences arising from not established reserves and assets in previous years	-45,409.14
Non tax deductible expenses -permanent differences	3,094,628.54
Other	0.00
Tax at effective tax rate	**22,389,405.21**
Income tax (charge) shown in the profit and loss account	22,389,405.21
of which:	
current	13,645,303.00
deffered	8,744,102.21

5. OTHER NOTES

Note 24. Headcount

Occupational Group	**31 -12 -2010**	**31 -12 -2009**
The Management	1	1
Managers	33	24
Administration	241	200
Other employees	124	100
Total	**399**	**325**

Contracts	**31 -12 -2009**	**31 -12 -2009**
The employment contract	399	325
Commission contract	124	90
Contract for a specific task	4	8
TOTAL	**527**	**423**

Note 25. The Remuneration of the Management Board and Supervisory Board of the Company.
The presented figures refer to remuneration for holding an office of the Management Board and Supervisory Board Member. They do not include remuneration due to other forms of employment (also in other companies of the Group). The remuneration due to other titles is presented in the consolidated financial statements.

Wages and Salaries	**31 -12 -2010**
The Management Board of the Company	1,177,296.20
The Supervisory Board	218,671.43
Total remuneration	**1,395,967.63**

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

Note 26. Off-accounting

OFF-BALANCE SHEET LIABILITIES	**31 -12 -2010**
Investment real estate pledged as collateral - loans	312,092,896.00
Other companies' real estate pledged as collateral - loans	5,000,000.00
Blank promissory notes	306,867,358.36
Enforceable title	259,344,320.00
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Guarantees to the benefit of J.W Construction S.A.	2,900,000.00
Guarantees to the benefit of ZPM Metalcon Sp z o.o.	800,000.00
Guarantees to the benefit of JWCH Produkcja Budowlana sp. z o.o.	500,000.00
Guarantees to the benefit of Deweloper Sp. z o.o.	110,715.00

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

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 2010 there were disclosed insurance guarantees to remove failures and defects, granted by banks and insurance institutions to the benefit of the Company. Moreover, there were blank promissory notes issued to the benefit of J.W. Construction Holding S.A. to secure rights of such companies under guarantees granted by counterparties, which JWCH S.A companies may fill in at any time with the amount corresponding to the costs of failure and defect removal. As at 31 December 2010 the total value of guarantees was PLN 19.7million.

Note 27. Transactions with related companies-balance
All transactions concluded in 2010 by the Company with the related parties were concluded on market terms.

		Receivables from related parties		**Liabilities to related parties**	
No.	**COMPANY NAME**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**
1.	TBS Marki Sp. z o.o.	10,878.25	0.00	23,459,075.35	22,423,424.90
2.	JW. Construction International Sp. z o.o	14,859,173.91	14,161,890.46	0.00	0.00
3.	Business Financial Construction Sp. z o.o.	24,754.13	0.00	3,076,242.48	2,251,427.98
4.	Project 55 Sp. z o.o.	0.00	0.00	5,963,891.71	8,843,603.19
5.	Interlokum Sp. z o.o.	0.00	285,000.00	5,963,748.86	6,287,625.41
6.	Lokum Sp. z oo	121,514.11	19,168.89	1,452,654.93	0.00
7.	Deweloper Sp. z o.o.	112,201.47	0.00	20,000.00	21,620.56
8.	JW. Projekt Sp. z o.o.	3,345,187.42	2,136,498.95	327,443.69	17,269.11
10.	TBS Nowy Dom Sp. z o.o.	10,837.02	9,639.18	1,000.00	0.00
11.	Construction Invest Sp. z o.o.	4,096,571.76	3,770,743.23	0.00	0.00
12.	JW. Construction S.A.	332,194.72	2,050,387.83	69,107,931.33	103,213,488.88
13.	J.W.Bułgaria	35,152,442.71	30,514,275.75		0.00
14.	Porta Transport Sp. z o.o. in liquidation	30,561.00	21,829.01	5,482,016.64	0.00
15.	Yakor House Sp.z o.o.	9,794,255.25	7,352,340.43	0.00	0.00
16.	JWCH Produkcja Budowlana Sp. z o.o.	10,304,420.09	7,392,537.18	18,690.98	0.00
17.	JWCH Budownictwo Drogowe Sp. z o.o.	2,501,484.39	2,332,175.13	0.00	0.00
18.	Trinity Self Companies (nastąpiła zmiana nazwy becnie SASPOL INFRASTRUKTURE Sp. z o.o.)	40,000.00	40,000.00	0.00	0.00

6. D. SUPPLEMENTARY INFORMATION

Note 28. Events during the accounting year

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

Changes in the Board
On 26 January 2010 ,Mr. Marek Samarcew, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was appointed as the Member of the Management Board.
On 14 June 2010 Mrs. Barbara Czyż resigned from the Management Board.
On 5 August 2010, the Supervisory Board recalled Mrs. Grażyna Szafarowska from the Management Board.
On 25 October 2010 Mr. Piotr Ciszewski resigned from the Management Board.

Changes in the Supervisory Board
On 21 January 2010 ,Mr. Marek Maruszyński, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was appointed as the Member of the Supervisory Board.
On 9 April 2010, the Company received a statement from Mr. Marek Maruszyński -the Member of the Supervisory Board on his resignation from the membership in the Supervisory Board.
On 13 May 2010, Mr. Andrzej Podsiadlo was appointed as the member of the Supervisory Board.
In connection with the end of term on 18 May 2010, the Annual General Meeting appointed the following persons to the Supervisory Board: Jarosław Król as the Member of the Supervisory Board and Mr. Marcin Michnicki as the Member of the Supervisory Board.
In view of the end of term, on 20 May 2010, the Company received a statement from the shareholder holding more than 50% of the shares on the exercising his personal right in the form of appointment Mr. Józef Wojciechowski and Mr. Józef Oleksy to the Supervisory Board.

The Extraordinary General Meeting
On 8 April 2010, the Extraordinary General Meeting was held, the EGM made amendments to the Articles of Association and determined the amount of remuneration for delegating to perform supervisory duties by a Member of the Supervisory Board.

On 18 May 2010 the Extraordinary General Meeting was held. The EGM approved the Unitary and Consolidated Financial Statements of the Company , the Management Commentary on the Company and the Capital, Group, granted the discharge to the members of the Company's bodies, and allocated the whole

earned profit to capital reserves. Except above resolutions which were subject matter of a debate of each Extraordinary General Meeting, some other resolutions were passed, resolutions regarded:
- approval of the Supervisory Board for another term of office;
- Redemption of 625,000 shares purchased within the share redemption and cancellation program by the reduction of share capital by the amount of PLN 125,000;
- The resolutions adopted by the Extraordinary General Meeting on 20 April 2007 on the conditional capital increase were repealed in connection with the termination of this conditional increase;
-On ....the Extraordinary General Meeting agreed on the issuance of bonds convertible into own shares and a conditional capital increase resulting from the issuance.

On 1 July 2010, the District Court for the Capital City of Warsaw XIV Commercial Division of the National Court Register registered in the Register of Entrepreneurs of the National Court Register the changes in the Articles of the Association including the redemption of 625,000 shares by reducing the share capital by the amount of PLN 125,000.

Occupancy permits

On 14 June 2010, the Company received the final occupancy permit for "Lewandów Park" Stage I investment in Lewandów Street in Warsaw - 423 premises.

On 16 June 2010, the Company received the final occupancy permit for "Wiślana Aleja" investment in Odkryta Street in Warsaw - 200 premises.

On 16 July 2010, the Company received the final occupancy permit for "Bursztynowe Osiedle" investment in Korkowa Street in Warsaw - 328 premises.

On 12 October 2010, the Company received the final occupancy permit for "Lewandów Park" Stage II investment in Lewandów Street in Warsaw - 1,275 premises.

A building permit

On 3 November 2010, the Company received a final building permit for the construction of "Łódź Tymienieckiego II" ,a multi-family housing estate in Tymienieckiego Street in Lódź.

Credit agreements

On 9 July 2010, the Company concluded the investment loan agreement with Millenium Bank S.A in the amount of PLN 19,500,000 for financing the "Jerozolimskie Point" investment.

On 29 November 2011, the Company concluded a working-capital credit with Bank Polskiej Spółdzielczości S.A in the amount of PLN 30 milion for financing the purchase of real estate located in Spokojna and Leśna Street, in Gdynia.

In 2010, the Company repaid the following credits:

- On 2 May 2010, the Company repaid an investment loan in the amount of PLN 9,600,000 which was granted by Invest Bank S.A dedicated to finance the purchase of propeties located in Łeba.
- On 22 June 2010, the Company repaid a loan in the amount of PLN 115 million, granted by Bank Ochrony Środowiska S.A dedicated to finance the implementation of " Górczewska Park" investment in Warsaw.
- On 23 September 2010, the Company repaid a revolving working-capital loan in the amount of PLN 29,500,000, granted by Bank PKO BP S.A dedicated to finance the implementation of " Lewandów I" investment in Warsaw.
- On 30 November 2010, the Company repaid a non-revolving working-capital loan in the amount of PLN 17.300.000, granted by Bank PKO BP S.A
- On 06 December 2010, the Company repaid a loan in the amount of PLN 35 million, granted by Fortis Bank Polska S.A dedicated to finance the implementation of " Wiślana Aleja" investment in Warsaw.
- On 28 December 2010, the Company repaid a non-revolving working-capital loan in the amount of PLN 10.000.000, granted by Bank PKO BP S.A

In 2010, the following changes occurred in credit agreements that were concluded in the previous years:

- On 4 May 2010, the Company signed an annex to the working-capital credit granted by Invest Bank S.A. In virtue of the annex, the loan value was raised to PLN 10,000,000 and repayment date was postponed until 25 April 2011.
- On 22 June 2010, the Company signed an annex to an overdraft facility agreement with Bank Millennium S.A . In virtue of the annex, the credit's repayment date was postponed until 23 December 2010.

Park II" in Warsaw. In virtue of the annex, the credit's repayment date was postponed until 31 March 2011.

- On 30 June 2010, the Company signed an annex to the investment credit agreement with PKO BP S.A dedicated to finance the implementation of "Czarny Potok" investment in Krynica Górska. In virtue of the annex, the credit's repayment date was postponed until 31 December 2018.
- On 27 September 2010, the Company signed an annex to the working-capital credit agreement with Bank Polskiej Spółdzielczości S.A. dedicated to finance the implementation of "Bursztynowe Osiedle" investment in Warszawa. In virtue of the annex, the credit's repayment date was postponed until 30 April 2011.
- On 29 September 2010, the Company signed an annex to the non-revolving credit, granted by Fortis Bank Polska S.A dedicated to finance the implementation of " Wiślana Aleja" investment in Warsaw. In virtue of the annex, the credit's repayment date was postponed until 30 December 2010.
- On 23 December 2010, the Company signed an annex to the working-capital credit with Bank PKO BP S.A dedicated to finance the implementation of the investment "Lewandów

Acquisition of land

On 26 April 2010, the Company concluded an agreement with the city of Gdynia on acquisition of the property located in Sochaczewska, Płocka and Łowiecka Street, in Gdynia with a total area of 7,825 m2. The conclusion of the agreement was the result of winning the tender by the Company on 31 March 2010 which was organized by the city of Gdynia in order to sell the above described property. City Hall of Gdynia transferred to the Company owned land development conditions allowing to place a multifamily and single family housing development with a total area of approximately 3,200 m2 of usable space. The price at which the Company acquired the subject property does not exceed 10% of the Company's equity.

On 26 April 2010, the Company concluded an agreement on acquisition of the property located in Poznań, in Stare Miasto district, in Władysław Jagiełło housing estate with a total area of 5,219 m2. According to land development conditions, on the subject plot there is a possibility to build about 8,000 m2 of usable space. The price at which the Company acquired the subject property does not exceed 10% of the Company's equity.

On 24 May 2010, the Company concluded an agreement with the city of Gdynia on acquisition of the property located in Powstania Wielkopolskiego/Powstania Śląskiego Street in Gdynia with a total area of 4,150 m2. The conclusion of the agreement was the result of winning the tender by the Company on 26 April 2010 which was organized by the city of Gdynia in order to sell the above described property. City Hall of Gdynia transferred to the Company owned land development conditions allowing to place a multifamily and single family housing development with a total area of approximately 3,000 m2 of usable space. The price at which the Company acquired the subject property does not exceed 10% of the Company's equity.

On 11 September 2010, the Company concluded an agreement on obtaining a right of perpetual usufruct of the properties located in Powstańców Śląskich Street in Wrocław with a total area of 3,621 m2. On the subject plot the Company is going to implement a building investment with residential, office and hotel functions. The price at which the Company acquired the property in question does not exceed 10% of the Company's equity.

On 30 September 2010 the Company acquired a property situated in Zegrze Południowe - Rybaki, representing a plot of land No. 140 / 4 with an area of 0.9300 ha built-up with a hotel and gastronomy part. Acquisition agreement was a result of the operating lease completion of the property from 31 August 2001. The price at which the Company acquired the property in question does not exceed 10% of the Company's equity.

On 29 October 2010, the Company concluded an agreement on transferring the right of perpetual usurfuct of the property located in Katowice in the area of Tysiąclecia and Chrobry Street with a total area of 23.480 m2. On the subject property, the Company intends to implement an investment with an usable area of approximately 35 000 sqm. The price at which the Company acquired the property in question does not exceed 10% of the Company's equity.

On 9 December 2010, the Company concluded an agreement with the city of Gdynia on acquisition of the property consisting of plots located in Spokojna Street in Gdynia with a total area of 57,488 m2. On the subject plot, the Company intends to build a multifamily housing estate and commercial spaces in accordance with applicable local spatial management plan. The conclusion of the agreement was the result of winning the tender by the Company which was organized by the city of Gdynia in order to sell the above described property. The price at which the Company acquired the property in question does not exceed 10% of the Company's equity.

Significant agreements on investments implementation

In 2010, the Company , as a new and significant agreement on the implementation of building works, classified only one agreement which was concluded on 2 March 2010 with a subsidiary J.W Construction S.A domiciled in Ząbki - as the General Contractor, the subject of the agreement is the construction of the office building by the General Contractor on the property located in Al. Jerozolimskie and Badylarska Street. The value of remuneration, in an agreement was specified as the sum of the elements listed in a material and financial scope of works in the amount of PLN net 15,994,691. The facility is expected to commissioning at the end of the third quarter of 2011.

Note 29. Events which occurred after the balance sheet date

Significant agreements on investments implementation

On 17 January 2011, the Company concluded an agreement with a subsidiary J.W Construction S.A domiciled in Ząbki - as the General Contractor. The agreement concerns the implementation of 9 multifamily buildings with related facilities by the General Contractor on a property located in Tymienieckiego Street, in Łódź with a total usable floor area of 12,225.40 m2. The value of remuneration was specified in an agreement as a lump sum in the amount of PLN net 35,441,434.60. Obtaining occupancy permit was set on 30 September 2012.

Credit Agreements

Credit Agreements

On 18 February 2011, the Company concluded an investment credit with Invest Bank S.A for the amount of PLN 33 million. The credit is allocated for the implementation of Łódz Centrum II investment. The maturity date was set for March 31, 2013

Note 30. Selected financial data including the main items of the financial statements (also converted to EURO) in thousands of PLN

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

In order to convert the balance for the period from 1 January 2010 – 31 December 2009, the average EUR exchange rate, that was determined by the National Bank of Poland on that day; was PLN 4.1082/ EUR

In order to convert the income statement for the period from 01.01.2010 – 31.12.2010, the average EUR exchange rate , that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; was PLN 4,0044/EUR.

In order to convert the income statement for the period from 01.01.2010 – 31.12.2010, the average EUR exchange rate was assumed, that was calculated as the arithmetic mean of exchange rates on the last day of month of the given period, as determined by the National Bank of Poland on that day; the exchange rate PLN 4.3406 / EURO.

Consolidated balance sheet item of the Issuer	31 -12 -2010		31 -12 -2009	
	PLN	EUR	PLN	EUR
Total Assets	**1,250,870**	**315,852**	**1,366,315**	**332,582**
Non-current assets	459,792	116,100	317,537	77,293
Current assets	791,078	199,752	1,048,777	255,289
Total Equity and Liabilities	**1,250,870**	**315,852**	**1,366,315**	**332,582**
Equity	472,795	119,384	393,394	95,758
Non-current liabilities,	261,564	66,047	87,048	21,189
Current liabilities	516,510	130,422	885,873	215,635

Consolidated income statement item	1 January 2010 - 31 December 2010		1 January 2009 - 31 December 2009	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	576,657	144,007	548,048	126,260
Costs of products, goods and materials sold	426,108	106,411	407,468	93,873
Gross profit (loss) on sales	**150,548**	**37,596**	**140,580**	**32,387**
Selling expenses	27,413	6,846	19,514	4,496
Overhead expenses	16,127	4,027	13,508	3,112
Profit (loss) on sales	117,200	29,268	107,558	24,779
Operating profit (loss)	126,927	31,697	108,941	25,098
Gross profit (loss)	**101,790**	**25,420**	**90,069**	**20,750**
Income tax	22,389	5,591	12,927	2,978
Net profit (loss)	**79,401**	**19,829**	**77,142**	**17,772**

Note 31. Significant issues in litigation

In 2010 there were no pending procedures in a court, arbitration tribunal or public administration authority, regarding liabilities or receivables of J.W. Construction Holding SA or its subsidiaries, the total value of which would constitute at least 10% of equity of the Company.

Note 32. Financial instruments and hedge accounting

In 2010 the Company did not apply hedge accounting and did not hold embedded derivatives.

The Company does not use derivatives. The Company uses bank credits, loans, bond issues as well as financial leases.

The main financial assets of the Company include shares in associated Companies, loans for related companies and bank deposits.

The fair values of particular classes of financial instruments

The following table shows a comparison of the carrying amounts and fair values of all financial instruments of the Company, divided into different classes and categories of assets and liabilities.

	Category	**Carrying value**		**Fair value**	
	in accordance with IAS 39	**31 December 2010**	**31 December 2009**	**31 December 2010**	**31 December 2009**
Financial assets					
Long term financial assets in related entities	DDS	100,730,514.50	99,060,937.88	-	-
Long term financial assets in related entities	DDS	214,194.62	214,194.62	-	-
Short-term loans	PiN	63,775,565.67	63,575,086.06	63,775,565.67	63,575,086.06
Trade and other receivables	PiN	55,938,200.40	51,717,756.18	55,938,200.40	51,717,756.18
Cash and cash equivalents	WwWGpWF	60,694,071.17	17,584,684.48	60,694,071.17	17,584,684.48
Financial liabilities					
Loans with a variable interest rate	PZFwgZK	140,213,209.27	278,575,361.73	140,213,209.27	278,575,361.73
Loans from related companies	PZFwgZK	21,341,586.12	20,233,292.67	21,341,586.12	20,233,292.67
Liabilities from long-term financial lease	PZFwgZK	45,573,433.11	49,835,850.77	45,573,433.11	49,835,850.77
Liabilities from short-term financial lease	PZFwgZK	5,868,617.87	11,432,901.00	5,868,617.87	11,432,901.00
Trade and other receivables	PZFwgZK	73,973,756.49	122,562,652.16	73,973,756.49	122,562,652.16
Bonds	PZFwgZK	132,639,039.00		132,639,039.00	
Liabilities from long-term deposits	PZFwgZK	9,113,295.63	5,374,587.00	9,113,295.63	5,374,587.00
bill payables - other	PZFwgZK	125,624,844.53	118,656,599.02	125,624,844.53	118,656,599.02
Bill payables -related	PZFwgZK	34,715,733.87	21,394,935.92	34,715,733.87	21,394,935.92
UdtW - Financial assets held to maturity,					
WwWGpWF - assets / liabilities at fair value by ffinancial result,					
PiN - Loans and receivables					
DDS - Financial assets available for sale					

Interest rate risk

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

December 31, 2010 - fixed interest rate				
	Up to 1 year	**Up to 2 year**	**from 2 - 5 years**	**Total**
financial lease liabilities	5,868,617.87	15,674,249.73	29,899,183.38	51,442,050.98
December 31, 2010 - variable interest rate				
	Up to 1 year	**Up to 2 year**	**from 2 - 5 years**	**Total**
Cash Assets	60,694,071.17	-	-	60,694,071.17
Loans for related companies	63,775,565.67	-	-	63,775,565.67
Loans from related companies	21,341,586.12			21,341,586.12
Bank Loans	95,085,123.19	25,496,829.57	19,631,256.51	140,213,209.27
Bonds liaibilities	2,639,039.00		130,000,000.00	132,639,039.00

COLLATERALS

The Company does not apply hedge accounting.

Note 33. Suggested profit distribution

The Management Board will suggest allotting the profit generated in 2010 to increase the supplementary capital.

Note 34. Changes in the Management and Supervisory Board

The Management Board of the Company

As at 1 January 2010 the Management Board of the Company was composed of:

- Mr. Robert Wojcik Vice President of the Management Board
- Ms. Barbara Czyż Vice President of the Management Board
- Ms. Grazyna Maria Szafarowska Member of the Management Board
- Mr. Piotr Ciszewski Member of the Management Board
- Mr. Tomasz Panabażys Member of the Management Board
- Mr. Wojciech Rajchert Member of the Management Board

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

- On 26 January 2010 ,Mr. Marek Samarcew, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was appointed as the Member of the Management Board.
- On 14 June 2010 Mrs. Barbara Czyż resigned from the Management Board.
- On 5 August 2010, the Supervisory Board recalled Mrs. Grażyna Szafarowska from the Management Board.
- On 25 October 2010 Mr. Piotr Ciszewski resigned from the Management Board.

As at 31 December 2010 the Management Board of the Company was composed of:

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

From the balance sheet date until the date of the report in the Management Board, there were no changes.

After that date until the date of the financial statements, the following changes in the composition of the Management Board occured:

- On 11 January 2011, Mr. Robert Wójcik changed his position, currently he is the Member of the Management Board,
- On 17 January 2011, Mr. Tomasz Panabażys changed his position, currently he is the Vice-President of the Management Board,

The Supervisory Board

As at 1 January 2010 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski, Chairman of the Supervisory Board
- Mr. Henryk Pietraszkiewicz Vice- Chairman of the Supervisory Board
- Mr. Jacek Obłękowski Member of the Supervisory Board
- Mr. Józef Oleksy Member of the Supervisory Board

In the current period , the following changes in the composition of the Management Board occured:
On 21 January 2010 ,Mr. Marek Maruszyński, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was appointed as the Member of the Supervisory Board.

On 9 April 2010, the Company received a statement from Mr. Marek Maruszyński -the Member of the Supervisory Board on his resignation from the membership in the Supervisory Board.
On 13 May 2010 ,Mr. Andrzej Podsiadło, on the basis of the personal right entitled to the shareholder who holds more than 50% of the shares, was appointed as the Member of the Supervisory Board.

In connection with the end of term on 18 May 2010, the Annual General Meeting appointed the following persons to the Supervisory Board: Mr. Henryk Pietraszkiewicz as the Vice-Chairman of the Supervisory Board, Mr. Jarosław Król as the Member of the Supervisory Board and Mr. Marcin Michnicki as the Member of the Supervisory Board.

In view of the end of term, on 20 May 2010, the Company received a statement from the shareholder holding more than 50% of the shares on the exercising his personal right in the form of appointment Mr. Józef Wojciechowski and Mr. Józef Oleksy to the Supervisory Board.

As at 31 December 2010 the Supervisory Board of the Company was composed of:

- Mr. Józef Kazimierz Wojciechowski Chairman of the Supervisory Board
- Mr. Henryk Pietraszkiewicz - Vice- Chairman of the Supervisory Board
- Mr. Józef Oleksy Vice-Chairman of the Supervisory Board
- Mr. Andrzej Podsiadło Member of the Supervisory Board
- Mr. Jarosław Król Member of the Supervisory Board
- Mr. Marcin Michnicki Member of the Supervisory Board

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

Note 34. The targets and principles of financial risk management

The main financial instruments used by the Company include bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the activities of the Company. The Company also has other financial instruments such as receivables, trade payables, which are formed directly in the course of the Company's activities.

The main risks arising from financial instruments of the Company include interest rate risk, liquidity risk and credit risk. Board review and agree on rules for the administration any of these risks - they were briefly described below. The company also monitors market price risk relating to its possession of all financial instruments.

Interest rate risk

The Company has credit liabilities, for which interest are calculated on the basis of the variable interest rate, and therefore there is a risk of growth of interest in relation to the moment of the agreement conclusion.

Due to the fact that the Company had, during the reporting period, both assets and liabilities with variable rate, which counterbalanced the risk, and due to slight fluctuations of interest rates in recent periods, as well as the lack of expected rapid changes of interest rates in subsequent reporting periods, the Company did not apply any interests rate securities as at 31 December 2010, considering that the interest rate risk is not significant.

Regardless of the current situation, the Company monitors its exposure to interest rate risk and interest rate forecasts and does not preclude the adoption of the precautionary measures in the future.

The Company allocates the financing cost from investment credits for various development projects, which means that the impact of changes in interest rates has a deferred result.

The following table shows the sensitivity of the gross financial result for reasonably possible changes of interest rates, assuming that other factors remain unchanged (in connection with the variable rate liabilities.

	Increase / decrease in the percentage points	The influence on gross profit
Closing balance on 31 December 2010		
PLN	*1%*	*-1,800*
PLN	*-1%*	*2,308*

Currency risk

The Group is exposed to the exchange rate risk changes due to a loan granted in EUR and USD currency to the related companies.

The following table shows the sensitivity of the gross financial result to the possible changes of the currency rates, assuming that other factors remain unchanged (in relation to receivables and loans in foreign currencies).

EUR/PLN rate change	The fair value as at 31.12.2010 (in thousand)	The value of the assets to the historical value	The value of the financial assets	Changes (in thousand)
decrease by 20%	35,248	80%	28,199	7,049
decrease by 10%	35,248	90%	31,723	3,525
no change	35,248	100%	35,248	0
increase by 10%	35,248	110%	38,773	-3,525
increase by 20%	35,248	120%	42,298	-7,050
EUR/PLN rate change	**The fair value as at 31.12.2010 (in thousand)**	**The value of the assets to the historical value**	**The value of the financial assets**	**Changes (in thousand)**
decrease by 20%	17,250	83%	14,275	-2,975
decrease by 10%	17,250	93%	15960	-1,290
no change	17,250	100%	17,250	0
increase by 10%	17,250	107%	18,540	1,290
increase by 20%	17,250	117%	20,225	2,975

Credit Risk

The Company is exposed to the credit risk which is defined as the risk that creditors do not fulfil their obligations and thereby make the Company incur losses.

When it comes to a loan for a related company, the risk is considered irrelevant due to ongoing monitoring of financial standing and the control.

The maximum exposure to credit risk is PLN 29 691.000 at the balance sheet day was estimated as the carrying value of trade payables from other companies.

In the assessment of the Management Board, the credit risk is included in the financial statements in the position of write-downs.

The credit risk associated with bank deposits is considered irrelevant, because the Company concludes transactions with institutions that have well-established financial position.

Liquidity risk

The Company is exposed to the liquidity risk, defined as the risk of losing the ability to settle liabilities in a timely manner. The risk results from potential restriction of access to financial markets, which may result in inability to obtain new financing or refinancing its debt.

Note 35. Capital Management

The Company manages its capital in order to maintain the capacity to continue operations including the implementation of the planned investments, in order to generate returns for shareholders and benefits to other stakeholders.

In accordance with market practice, the Company monitors its capital, among other things, on the basis of equity ratio and the ratio of loans, credits and other financing sources / EBITDA.

The equity ratio is calculated as the ratio of net tangible assets (equity diminished by the value of intangible assets) to total assets.

The ratio of credits, loans and other financing sources / EBITDA is calculated as the ratio of credits, loans and other financing sources to EBITDA. Credits, loans and other financing sources presents a total amount of liabilities arising from credits, loans and lease, while EBITDA presents an operating profit after adding depreciation.

In order to maintain a liquidity and the credit capacity allowing to attract an external financing with a reasonable level of costs, the Company intends to maintain the equity ratio at the level no lower than 0.3, and the ratio of credits, loans and other financing sources / EBITDA at the level of 35.

	31 December 2010
Interest-bearing loans and borrowings	140,251,830.40
Trade and other receivables	602,074,405.56
Minus cash and cash equivalents	-60,694,071.17
Net debt	681,632,164.79
Equity	472,795,372.14
Net unrealized gains reserve	0
Total share capital	472,795,372.14
Capital and net debt	1,154,427,536.93
Equity ratio	40.95%
Credits ratio	59.05%

Note 36. Information on the agreement with the entity authorized to audit the financial statements and review of financial statements

On 26 July 2010, the Company concluded an agreement, with BDO Sp. Ltd., a company authorized to perform audits of financial statements, on performing the interim review and audit of financial statements for the year 2010.

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

Signature of the preparer of the Financial Statements

Irmina Łopuszyńska Chief Accountant	Signature

Signatures of Board Members

Tomasz Panabażys Vice President	Signature
Wojciech Rajchert Member of the Management Board	Signature
Robert Wójcik Member of the Management Board	Signature
Marek Samarcew Member of the Management Board	Signature

Ząbki, 15 March 2011.