J.W.CONSTRUCTION HOLDING S.A.

Consolidated 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

A. INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENT

1. GENERAL INFORMATION ABOUT THE PARENT COMPANY

J.W. Construction Holding S.A. ("JWCH"), a joint-stock company domiciled in Ząbki at ul. Radzymińska 326, REGON id. no.: 010621332 was initially registered as Towarzystwo Budowlano-Mieszkaniowe Batory Sp. z o.o., a limited liability company, on 7 March 1994 under number RHB 39782.On 15 January 2001 it was transformed into a joint-stock company and registered with the District Court for Warsaw under number RHB 63464. On 16 July 2001 the Company changed its name to the current "J.W. Construction Holding S.A." and was entered into the National Court Register under number KRS 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 Parent Company was unlimited. The accounting year of the Company is a calendar year i.e. the period from 1 January to 31 December.

2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

Basic information about the Group comprising the holding entity and the companies subsidiary on the holding entity covered in the consolidated financial statement

The Group’s structure and the holding entity’s share in the share capital of subjects belonging to the Group as at 31 December, 2010 are presented in the table below:

Company	Country of registration	Parent company’s share in share capital	Parent company’s share in voting rights	Method of consolidation
Subsidiaries:				
Lokum Sp. z oo	Poland	99.99%	99.99%	full consolidation
Interlokum Sp. z o.o.	Poland	99.00%	99.00%	full consolidation
Project 55 Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
Deweloper Sp. z o.o.	Poland	99.00%	99.00%	full consolidation
J.W. Construction International Sp. z o.o	Russia	100.00%	100.00%	full consolidation
J.W. Construction S.A.	Poland	99.99%	99.99%	full consolidation
JWCH Produkcja Budowlana Sp. z o.o.	Poland	99.99%	99.99%	full consolidation
JWCH Budownictwo Drogowe Sp. z o.o.	Poland	99.95%	99.95%	full consolidation
JW Projekt Sp. z o.o.	Poland	99.98%	99.98%	full consolidation
Porta Transport Sp. z o.o. in liquidation	Poland	100.00%	100.00%	full consolidation
Construction Invest Sp. z o.o.	Poland	100.00%	100.00%	full consolidation
Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.)	Russia	70.00%	70.00%	full consolidation
Stadnina Mazowiecka Sp. z o.o.	Poland	100.00%	100.00%	full consolidation

The core business of the Group's companies is:

- Lokum Sp. z oo - Development and sale of own properties for its own account
- Interlokum Sp. z o.o. - Development and sale of own properties for its own account
- Project 55 Sp. z o.o. - Development and sale of own properties for its own account
- Towarzystwo Budownictwa Społecznego „Marki" Sp. z o.o. - sale and administration of social building estates,
- J.W. Construction International Sp. z o.o - general building works connected with erection of buildings, general building and civil engineering, building production,
- Ośrodek Wypoczynkowy "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.) - Development and sale of properties for its own account
- Deweloper Sp. z o.o. - building and assembly production,
- Construction Invest Sp. z o.o. - Development and sale of properties for its own account
- Porta Transport Sp. z o.o. - transport services,
- J.W. Construction S.A. - building production,
- JW Projekt Sp. z o.o. - designing services,
- JWCH Produkcja Budowlana Sp. z o.o. - prefabricated units production for the building industry,
- JWCH Budownictwo Drogowe Sp. z o.o. - road construction
- Stadnina Mazowiecka Sp. z o.o. - service activities.

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

Preparation of the consolidated financial statements

The consolidated financial statements for the years 2009-2010 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a manner as if the Group was one company. The consolidated financial statements cover the financial statements of the parent company -J.W. Construction Holding S.A. and financial statement of the following subsidiaries of the parent company.

In the years 2009-2010 the parent company excluded the following subsidiaries from the obligatory consolidation:

In 2009:

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

In 2010:

- Business Financial Construction Sp. z o.o.-100%
- Polonia SSA - 100%
- J.W. Bułgaria Sp. z o.o.-100%

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

Going concern assumption and comparability of financial statements

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

Declaration of unconditional compliance with IFRS
The consolidated financial statements of the Capital Group of J.W. Construction Holding S.A., covering the parent company and its subsidiaries, were prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.
The Management Board of the Parent Company of J.W. Construction Holding S.A. has assumed that besides accounting estimates, a professional judgement of the management was significant for the financial statements**.**

Significant estimations and assumptions.
Estimations and judgments are subject to periodic verification of the Capital Group companies. When making estimations J.W. Construction Holding S.A. makes the followingassumptions 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 taxincome 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.

Due to the necessity of accounting changes in the valuation of developer contracts, the Group examined the transformations of the results of previous years. The data for previous years were converted in accordance with new principles, but some information was based on estimates. The final conversion ended on 31 December 2009.

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.
- 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 Group'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 Group'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 enitity 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 Group'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 Group.

- 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 Group.

- 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 Group.

- 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 Group.

- 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 Group 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 Group.

- 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 Group 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 Group.

- 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 Group 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 Group.

- 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 Group 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 Group.

- 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 Group.

- 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 Group.

- **Changes made by the Group itself**

The Group adjusted the presentation of comparative data as at 31 December 2009 and 1 January 2009.
This adjustment is connected with the change in presentation of a participating shares in TBS Marki Sp. z oo.
The change was introduced retrospectively, which resulted in a change of comparable data.

The Correction is as follows:

	Before correction	**Correction**	**After correction**
Equity as at 31.12.2009	**416,207,350.49**	**-44,692,030.95**	**371,515,319.54**
Share capital	10,939,656.00		10,939,656.00
Revaluation capital	7,471,818.19		7,471,818.19
Own shares	-4,429,867.11		-4,429,867.11
Other capital	654,297,098.76	-44,692,030.95	609,605,067.81
Retained earnings	-352,468,231.69		-352,468,231.69
Net profit / loss	100,396,876.34		100,396,876.34

Current liabilities as at 31.12.2009	**903,049,230.68**	**44,692,030.95**	**947,741,261.63**
Trade and other payables	111,150,535.42		111,150,535.42
Construction contracts	391,142,616.69		391,142,616.69
Borrowings	276,689,294.52		276,689,294.52
Derivatives	0.00		0.00
Provision for other liabilities and charges	27,127,164.50		27,127,164.50
Other liabilities	96,939,619.55	44,692,030.95	141,631,650.50

	Before correction	Correction	After correction
Equity as at 1.1.2009	**276,345,837.06**	**-44,692,030.95**	**276,345,837.06**
Share capital	10,939,656.00		10,939,656.00
Revaluation capital	7,471,818.19		7,471,818.19
Own shares	-2,476,626.31		-2,476,626.31
Other capital	539,555,117.83	-44,692,030.95	494,863,086.88
Retained earnings	-317,280,325.72		-317,280,325.72
Net profit / loss	82,828,228.02		82,828,228.02

Current liabilities as at 1.1.2009	**1,192,829,852.15**	**44,692,030.95**	**1,237,521,883.09**
Trade and other payables	140,571,610.24		140,571,610.24
Construction contracts	657,267,781.25		657,267,781.25
Borrowings	269,178,721.05		269,178,721.05
Derivatives	0.00		0.00
Provision for other liabilities and charges	26,366,319.53		26,366,319.53
Other liabilities	99,445,420.08	44,692,030.95	144,137,451.03

In previous years, the Group presented the participating sharesin the supplementary capital in accordance with the circular letter sent to TBS Marki Sp. z oo by BGK recommending such a presentation of these shares. In reference to some works on the change of the resolution which regulates the activity of Towarzystwo Budownictwa Społecznego, the Capital Group changed the shares presentation and recognize them as accurals of liabilities.

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.

On the balance sheet day, the investment property is evaluated according to the model of the purchase price, that is the purchase price or production cost reduced by depreciation allowances and impairment losses.

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.

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

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.
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Long-term developer contracts
The core business of the Issuer Group 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 work 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", publishedin 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 Group 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 Group 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 Group 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 Group of Issuer applies the regulations under IAS 11 "Construction Contracts" for accounting and recognition of construction services:

a) Zero-profit method

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

b) Percentage-of-completion method

The percentage-of-completion method is applied when it is possible to measure the stage of completion of an unfinished construction service reliably. Revenues from an unfinished construction contract are disclosed pro rata to costs incurred at a given moment of its performance. Revenues, expenses and profits are disclosed proportionally to the stage of work completion.
To measure the stage of completion of a construction contract the Group applies a method that will allow it to reliably establish the stage of completion of works as at a given date. Depending on the nature of a contract such method may comprise:

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

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

Borrowings

Borrowings are recognised at acquisition price equal to fair value of received cash less costs of acquisition.
Borrowings are subsequently measured at acquisition price adjusted with an effective interest rate. All effects of the adjusted acquisition price and effects of derecognition of a liability from the balance sheet or recognition of its impairment are disclosed in the 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 Group of Issuers recognise revenues at the amount of probable economic benefits flowing due to a transaction, which can be measured reliably. Revenues are recognised on an accrual basis, regardless of the date of payment receipt.

Revenues from sales of developer services - apartments - are disclosed in the mannerprovided 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.

B. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS	Note	31 -12 -2010	31 -12 -2009	01 -01 -2009
Non-current assets		**570,563,905.88**	**425,652,804.47**	**472,700,833.88**
Intangible assets	1	5,951,536.39	6,806,122.55	11,235,197.00
Goodwill of subsidiaries	2	12,389,648.22	12,389,648.22	12,390,453.72
Tangible assets	3	389,520,877.03	359,654,819.12	354,679,921.88
Investment real estate	4	124,271,404.71	12,401,059.31	12,352,400.98
Other financial assets	5	4,600,378.60	4,993,980.00	45,110,846.59
Deferred income tax assets	15	19,000,801.03	15,603,170.14	23,413,913.50
Trade and other receivables	6	14,829,259.90	13,804,005.13	13,518,100.22
Accruals		0.00	0.00	0.00
CURRENT ASSETS		**811,615,565.19**	**1,097,310,440.53**	**1,321,607,035.02**
Inventories	7	31,935,617.82	38,436,055.05	42,865,904.64
Construction contracts	7	594,363,748.02	916,170,146.18	1,147,763,112.23
Trade and other receivables	8	59,610,326.41	57,331,713.05	77,497,815.63
Other financial assets	9	36,286,820.86	43,745,024.23	2,731,543.80
Cash and cash equivalents	10	68,073,570.55	27,162,017.40	36,685,233.13
Accruals	11	21,345,481.53	14,465,484.62	14,063,425.59
Total Assets		**1,382,179,471.07**	**1,522,963,245.00**	**1,794,307,868.90**
EQUITY AND LIABILITIES				
EQUITY		**462,891,134.22**	**371,515,319.54**	**276,345,837.06**
Share capital	12	10,814,656.00	10,939,656.00	10,939,656.00
Revaluation capital		7,471,818.19	7,471,818.19	7,471,818.19
Own shares		0.00	-4,429,867.11	-2,476,626.31
Other capital	13	410,726,737.47	609,605,067.81	494,863,086.88
Retained earnings		-58,133,798.21	-352,468,231.69	-317,280,325.72
Net profit / loss		92,011,720.77	100,396,876.34	82,828,228.02
LIABILITIES		**919,288,336.84**	**1,151,447,925.47**	**1,517,962,031.85**
Non-current liabilities,		**414,416,359.18**	**203,706,663.84**	**280,440,148.75**
Borrowings	14	146,840,247.63	113,407,529.12	168,305,639.77
Deferred income tax liabilities	15	17,026,492.94	6,666,818.16	15,481,340.75
Retirement benefit obligations	16	474,000.00	373,197.28	436,924.50
Provision for other liabilities and charges	17	57,683,463.83	12,773,133.76	13,368,786.83
Other liabilities	18	192,392,154.78	70,485,985.52	82,847,456.89
Current liabilities		**504,871,977.65**	**947,741,261.62**	**1,237,521,883.09**
Trade and other payables	19	75,783,736.63	111,150,535.42	140,571,610.24
Construction contracts	7	152,148,475.50	391,142,616.69	612,575,750.29
Borrowings	14	108,425,137.41	276,689,294.52	269,178,721.05
Provision for other liabilities and charges	17	22,551,700.82	27,127,164.50	26,366,319.53
Other liabilities	19	145,962,927.30	141,631,650.50	188,829,481.99
Total Equity and Liabilities		**1,382,179,471.06**	**1,522,963,245.00**	**1,794,307,868.91**

Consolidated income statement

	Note	1 January 2010 - 31 December 2010	1 January 2009 - 31 December 2009
Net revenues from sales of products, goods and materials, of which:	**24**	**620,025,803.53**	**713,283,680.03**
Net revenues from sales of products		615,706,057.29	707,442,953.32
Net revenues from sales of goods and materials		4,319,746.24	5,840,726.71
Costs of products, goods and materials sold, of which:	**25**	**442,403,611.39**	**527,977,786.84**
Manufacturing cost of products sold		438,157,369.05	524,270,770.51
Value of goods and materials sold		4,246,242.34	3,707,016.33
Gross profit (loss) on sales		**177,622,192.14**	**185,305,893.19**
Selling expenses		28,535,298.57	20,752,591.17
Overhead expenses		28,883,795.16	25,684,483.66
Revaluation of investment properties		10,191,262.90	0.00
Profit (loss) on sales		**130,394,361.31**	**138,868,818.36**
Other operating income	26	20,860,326.33	10,836,266.60
Other operating expenses	27	8,833,063.14	6,973,017.46
Operating profit (loss)		**142,421,624.50**	**142,732,067.50**
Financial income	28	6,497,913.60	8,469,183.51
Financial expenses	29	35,519,451.24	31,986,179.32
Profit (loss) on ordinary activities		**113,400,086.86**	**119,215,071.70**
Results on assets held for sale			
Gross profit (loss)		**113,400,086.86**	**119,215,071.70**
Income tax	22	21,388,366.08	18,818,195.36
Net profit (loss)		**92,011,720.77**	**100,396,876.34**

Other comprehensive income:		**-635,906.10**	**0.00**
Exchange differences on foreign operations conversion		-33,128.76	0.00
Profit/loss from acquisitions		-602,777.34	0.00
Profit from revaluation of tangible fixed assets		0.00	0.00
Other comprehensive income:		0.00	0.00
Total revenue		**91,375,814.67**	**100,396,876.34**

Consolidated cash flow statements

Operating cash flow - two-step method	**01 -01 -2010 to 31-12-2010**	**01 -01 -2009 to 31-12-2009**
Net profit (loss)	**92,011,720.77**	**100,396,876.34**
Total adjustments, of which:	**80,308,250.75**	**36,524,312.32**
Depreciation and amortisation	12,865,098.91	14,034,256.29
(Profits) losses on exchange differences related to investment and financial activities	1,293,751.00	1,346,206.44
(Profits) loss from investment activities	-3,489,460.53	-103,865.33
Interest and dividends	24,488,156.85	23,120,704.70
Changes in provisions and accruals	43,285,030.91	-1,534,506.56
Other adjustments	1,865,673.61	-338,483.22
- other adjustments	1,865,673.61	-338,483.22
Changes in working capital	**44,807,223.12**	**-28,021,069.33**
Change in inventories	5,340,437.23	4,429,849.59
Change in construction contracts	79,927,387.87	-16,273,037.22
Change in investment properties	0.00	0.00
Changes in receivables	-3,300,821.14	19,880,197.67
Changes in current liabilities, except for borrowings	-37,159,780.84	-36,058,079.38
	0.00	**0.00**
Net operating cash flows	**217,127,194.64**	**108,900,119.33**
Investment activity cash flows	0.00	0.00
Disposal of tangible and intangible assets and other non-current assets	4,867,191.22	4,130,229.84
Purchase of tangible and intangible assets and other non-current assets	-138,950,863.45	-19,055,664.49
Expenses associated with the asset to be sold	0.00	0.00
Purchase of equity instruments and debt instruments	0.00	0.00
Disposal of equity instruments and debt instruments	0.00	0.00
Loans granted	-115,397.00	-387,733.47
Loans repaid	1,963,041.95	0.00
Other purchase of financial assets	0.00	-100,000.00
Other disposal of financial assets	0.00	0.00
Dividends received	0.00	0.00
Interest received	0.00	148,526.00
Disposal of subsidiaries	0.00	0.00
Acquisition of subsidiaries	0.00	0.00
Net investment cash flow	**-132,236,027.28**	**-15,264,642.12**
Financing cash flow	0.00	0.00
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	,	-1,953,240.80
Borrowings	304,230,385.34	501,342,007.79
Borrowings repaid	-439,061,823.93	-549,334,666.73
Debt securities issued	130,000,000.00	0.00
Debt securities redeemed	0.00	-71,000,000.00
Payments under financial lease agreements	-11,303,490.31	-11,752,957.87
Dividends and other shared profits	0.00	0.00
Interest paid	-25,684,685.34	-36,159,836.28
Other financial proceeds (including notes)	4,500,000.00	88,700,000.00
Other financial expenditures (including notes)	-6,660,000.00	-23,000,000.00
Net financing cash flow	**-43,979,614.24**	**-103,158,693.89**
NET DECREASE/(INCREASE) IN CASH	**40,911,553.12**	**-9,523,216.68**
Cash and cash equivalents at the beginning of the year	27,162,017.40	36,685,233.13
- foreign exchange gains/(losses) on cash	0.00	0.00
CLOSING BALANCE OF CASH AND CASHEQUIVALENTS	**68,073,570.55**	**27,162,017.40**

Consolidated statement of changes in equity

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	other rcapital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings	Equity
As at 31 December 2009	**10,939,656.00**	**-4,429,867.11**	**7,471,818.19**	**648,628,900.79**	**5,731,587.19**	**-63,389.21**	**-352,468,231.69**	**100,396,876.34**	**416,207,350.50**
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Corrections from changes in a presentation	0.00	0.00	0.00	-44,692,030.96	0.00	0.00	0.00	0.00	**-44,692,030.96**
As at 01 January 2009	**10,939,656.00**	**-4,429,867.11**	**7,471,818.19**	**603,936,869.83**	**5,731,587.19**	**-63,389.21**	**-352,468,231.69**	**100,396,876.34**	**371,515,319.54**
Additional equity contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Purchase of own shares		0.00							**0.00**
Share redemption	-125,000.00	4,429,867.11	0.00	-4,304,867.11	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	**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	-33,128.76	0.00	0.00	**-33,128.76**
Gains / (losses) on business acquisitions(unitary jwch)	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	0.00	0.00	0.00
Consolidation adjustments	0.00	0.00	0.00	0.00	0.00	0.00		0.00	**0.00**
Inclusion of the Company to the consolidation	0.00	0.00	0.00	0.00	0.00	0.00	-602,777.34	0.00	**-602,777.34**
Total profit / (loss) recognised directly in equity	10,814,656.00	0.00	7,471,818.19	599,632,002.72	5,731,587.19	-96,517.97	-353,071,009.03	100,396,876.34	**370,879,413.44**
Net profit (loss) for the accounting year	0.00	0.00	0.00		0.00	0.00	0.00	92,011,720.77	**92,011,720.77**
Total profit / (loss) recognised in equity and net earnings	10,814,656.00	0.00	7,471,818.19	599,632,002.72	5,731,587.19	-96,517.97	-353,071,009.03	192,408,597.12	**462,891,134.21**
Increase / decrease from profit distribution	0.00	0.00	0.00	-196,129,239.96	1,588,905.49	0.00	294,937,210.81	-100,396,876.34	**0.00**
As at 31 December 2010	**10,814,656.00**	**0.00**	**7,471,818.19**	**403,502,762.76**	**7,320,492.68**	**-96,517.97**	**-58,133,798.22**	**92,011,720.77**	**462,891,134.21**

	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**	**533,909,791.85**	**5,731,587.19**	**-86,261.20**	**-317,280,325.77**	**82,828,228.02**	**321,037,867.97**
Basic error corrections	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corrections from changes in a presentation	0.00	0.00	0.00	-44,692,030.96	0.00	0.00	0.00	0.00	-44,692,030.96
As at 01 January 2009	**10,939,656.00**	**-2,476,626.31**	**7,471,818.19**	**489,217,760.89**	**5,731,587.19**	**-86,261.20**	**-317,280,325.77**	**82,828,228.02**	**276,345,837.01**
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	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	22,871.99	-249,130.02	0.00	-226,258.03
Gains / (losses) on business acquisitions(unitary jwch)	0.00	0.00	0.00	0.00	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	0.01	0.00	0.00	-3,047,895.00	0.00	-3,047,894.99
Consolidation adjustments	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**	**0.01**	**0.00**	**22,871.99**	**-3,297,025.02**	**0.00**	**-5,227,393.82**
Net profit (loss) for the accounting year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100,396,876.34	100,396,876.34
Total profit / (loss) recognised in equity and net earnings	**0.00**	**-1,953,240.80**	**0.00**	**0.01**	**0.00**	**22,871.99**	**-3,297,025.02**	**100,396,876.34**	**95,169,482.52**
Increase / decrease from profit distribution	0.00	0.00	0.00	114,719,108.93	0.00	0.00	-31,890,880.90	-82,828,228.02	0.00
As at 31 December 2009	**10,939,656.00**	**-4,429,867.11**	**7,471,818.19**	**603,936,869.82**	**5,731,587.19**	**-63,389.21**	**-352,468,231.69**	**100,396,876.34**	**371,515,319.53**

C. D. SUPPLEMENTARY INFORMATION

SIGNIFICANT PREVIOUS-YEAR EVENTS DISCLOSED IN THE FINANCIALSTATEMENTS

The financial statements of the Group do not disclose other than those significant events from previous years that were already described.

SIGNIFICANT AFTER-BALANCE SHEET DATE EVENTS NOT DISCLOSED INTHESE FINANCIAL STATEMENTS

The financial statements of the Group for 2010 disclose all events that occurred until the day of these statements i.e. till 15 March 2011 and had effect on the Consolidated Financial Statements of the Group for the period from 1 January 2010 to 31 December 2010.

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

This adjustment is connected with the change in presentation of a participating shares in TBS Marki Sp. z oo. The change was described in a detailed way in the part " Changes to IFRS".

FUNCTIONAL AND PRESENTATION CURRENCY

Items presented in the financial statements of particular companies of the Group are measured with the currency of the basic economic environment where the company has a fixed establishment (functional currency).
The functional and presentation currency of the parent company is Polish zloty (PLN). The reporting currency of the financial statements of the Group is Polish zloty (PLN). The functional currency of some companies of the Group is other currency than Polish zloty. Financial statements of those companies, prepared in their functional currencies, are included in these consolidated financial statements upon translation into PLN in accordance with IAS 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	5,951,536.39	6,806,122.55
d) advances on intangible assets	0.00	0.00
Total intangible assets	**5,951,536.39**	**6,806,122.55**

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 straightline 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 Group to make impairment allowance on intangible assets.

In 2009, the Parent 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 theacquisition date, held 100% of shares of Łucka InvestCo Sp. z o.o.

Items of the group's assets		Goodwill	Other intangible assets	Total other intangible assets
	Opening balance	0.00	**15,161,383.87**	**15,161,383.87**
	Mergers	0.00		
	Total post-merger	0.00	15,161,383.87	15,161,383.87
	Revenues	0.00	375,999.67	375,999.67
	Relocations	0.00		
	Outgoings	0.00		
	Balance sheet at the end of the financial year	0.00	**15,537,383.54**	**15,537,383.54**
	Opening balance	0.00	**8,355,261.32**	**8,355,262.32**
	Mergers	0.00		
	Total post-merger	0.00	8,355,261.32	8,355,262.32
	Depreciation for the year	0.00	1,230,584.83	1,230,584.83
	Increase	0.00		
	Decrease	0.00		
	Balance sheet at the end of the financial year	0.00	**9,585,846.15**	**9,585,847.15**
Net balance sheet at beginning of financial year		0.00	6,806,122.55	6,806,121.55
Net balance sheet at the end of the financial year		0.00	**5,951,537.39**	**5,951,536.39**

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

Note 2. Goodwill of subsidiaries

Goodwill of subsidiaries	**31 -12 -2010**	**31 -12 -2009**
a) goodwill - subsidiaries	12,389,648.22	12,389,648.22
b) goodwill - fellow subsidiaries	0.00	0.00
c) goodwill - associates	0.00	0.00
Total intangible assets	**12,389,648.22**	**12,389,648.22**

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

This value concerns the acquisition of Project 55 Sp. z o.o.

Note 3. Tangible assets

Tangible assets	**31 -12 -2010**	**31 -12 -2009**
a) property, plant and equipment, of which:	279,519,024.57	278,832,643.75
- land (including right of perpetual usufruct)	45,234,697.07	45,416,381.21
- buildings and structures	216,074,744.11	209,377,926.24
- plant and machinery	11,196,103.38	14,688,034.15
- motor vehicles	4,775,952.51	7,540,862.40
- other property, plant and equipment	2,237,527.49	1,809,439.75
b) constructions in progress	110,001,852.46	80,822,175.37
c) advances on constructions in progress	0.00	0.00
Total tangible assets	**389,520,877.03**	**359,654,819.12**

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 straightline 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.

Group of non-current assets		land (including right of perpetual usufruct)	buildings and structures	plant and machinery	means of transport:	other property, plant and equipment	**Total property, plant and equipment**	Assets in constructions	Advances on assets in constructions	Total tangible assets
value	Opening balance	46,881,067.81	246,334,082.01	44,450,774.49	26,501,517.07	13,971,638.78	**378,139,080.16**	83,836,301.03	0.00	461,975,381.19
	Mergers-revaluations	0.00	0.00	0.00	0.00	0.00	**0.00**	-	0.00	0.00
	Total post-merger	46,881,067.81	246,334,082.01	44,450,774.49	26,501,517.07	13,971,638.78	**378,139,080.16**	83,836,301.03	0.00	461,975,381.19
	Inclusion to the consolidation	0.00	0.00	0.00	0.00	0.00	**0.00**	-	0.00	0.00
	Revenues	**0.00**	**12,144,396.80**	**1,550,659.79**	**972,758.63**	**1,130,009.96**	**15,797,825.18**	**32,188,380.60**	0.00	47,986,205.78
	Relocations	0.00			0.00	0.00	**0.00**		0.00	0.00
	Outgoings	**78,808.01**	**951,453.59**	**6,379,397.22**	**9,424,366.88**	**3,351,125.40**	**20,185,151.10**	**1,298,276.93**	0.00	21,483,428.03
	Balance sheet at the end of the financial year	46,802,259.80	257,527,025.22	39,622,037.06	18,049,908.82	11,750,523.34	**373,751,754.24**	114,726,404.70	0.00	488,478,158.94
depreciation	Opening balance	1,464,686.60	36,956,155.77	29,762,740.34	18,960,654.67	12,162,199.03	**99,306,436.41**	464,273.20	0.00	99,770,709.61
	Merger	0.00	0.00	0.00	0.00	0.00	**0.00**	-	0.00	0.00
	Total post-merger	1,464,686.60	36,956,155.77	29,762,740.34	18,960,654.67	12,162,199.03	**99,306,436.41**	464,273.20	0.00	99,770,709.61
	Inclusion to the consolidation	0.00	0.00	0.00	0.00	0.00	**0.00**	-	0.00	0.00
	Depreciation for the year	**102,876.13**	**5,173,824.02**	**3,730,084.24**	**2,055,832.75**	**667,193.25**	**11,729,810.39**	**-**	0.00	11,729,810.39
	Increases	0.00	0.00	0.00	0.00	0.00	**0.00**	-	0.00	0.00
	reduction / increase in relocation	**0.00**	**677,698.68**	**5,066,890.90**	**7,742,531.11**	**3,316,396.43**	**16,803,517.12**	**202,201.34**	0.00	17,005,718.46
	Closing balance	1,567,562.73	41,452,281.11	28,425,933.68	13,273,956.31	9,512,995.85	**94,232,729.68**	666,474.54	0.00	94,899,204.22
Revaluation descriptions	Opening balance	0.00	0.00	0.00	0.00	0.00	**0.00**	2,549,852.46	0.00	2,549,852.46
	Balance sheet at the end of the financial year	0.00	0.00	0.00	0.00	0.00	**0.00**	6,607,930.16	0.00	6,607,930.16
Net balance sheet at beginning of financial year		**45,416,381.21**	**209,377,926.24**	**14,688,034.15**	**7,540,862.40**	**1,809,439.75**	**278,832,643.75**	**80,822,175.37**	**0.00**	**359,654,819.12**
Net closing balance		**45,234,697.07**	**216,074,744.11**	**11,196,103.38**	**4,775,952.51**	**2,237,527.49**	**279,519,024.56**	**110,001,852.46**	**0.00**	**389,520,877.02**

On 29 December 2004 the parent company executed the Real Estate Lease Agreement (No. 0/WA/2004/615/N) with Bankowy Fundusz Leasingowy, for an office building at ul. Radzymińska 326 in Ząbki. Net value of the leased asset was PLN 20,000,000.00 (of which: land - PLN 1,328,613.00 and infrastructure - PLN 18,671,387.00).
The Group also uses services of lease companies when purchasing building equipment, trucks and passenger cars necessary for ordinary operations. In the years 2007-2008 the Group used services of BEL Leasing Sp. z o.o., Europejski Fundusz Leasingowy, Bankowy Fundusz Leasingowy and ECS International Polska Sp. z o.o.

Sale-and-leaseback
On 30 November 2004 the parent company executed a financial sale and lease backagreement for developed real estate located in Tarnów Podgórny. The total net value of the leased asset was PLN 25,941,833.10 while revenues from sale were established at PLN 30,545,000. The said real estate is a plot of land developed with a hotel building and a restaurant, as well as internal and external technical infrastructure. In accordance with IAS 17 "Lease" the Company defers revenues from sale of the leased asset exceeding the carrying value of the same for the term of the lease.
On 31 August 2001 "Hotele 500" Sp. z o.o. executed a financial sale and lease backagreement for real estate located in Zegrze Południowe. When entering into the transaction the fair value of the leased asset (PLN 19,860,048.69) was higher than revenues from its sale (PLN 18,444,200.52) due to which the Company - in accordance with IAS 17 "Lease" - immediately recognised a loss on sale in earnings for a given accounting year.

Note 4. Investment real estate

Other long-term investments	**31 -12 -2010**	**31 -12 -2009**
a) investment real estate	124,271,404.71	12,401,059.31
b) other	0.00	0.00
Total other long-term investments	**124,271,404.71**	**12,401,059.31**

Note 5. Other financial assets

LONG-TERM FINANCIAL ASSETS	**31 -12 -2010**	**31 -12 -2009**
a) shares	4,600,378.60	4,605,996.60
b) loans granted	0.00	387,983.40
c) other long-term investments	0.00	0.00
Total long-term financial assets	**4,600,378.60**	**4,993,980.00**

LONG-TERM FINANCIAL ASSETS	**31 -12 -2010**	**31 -12 -2009**
a) in subsidiaries	4,356,553.98	4,446,019.91
- shares	4,356,553.98	4,362,171.98
- debt securities	0.00	0.00
- other securities	0.00	83,847.93
- loans granted	0.00	0.00
- other long-term financial assets	0.00	0.00
b) in other parties	243,824.62	547,960.09
- shares	243,824.62	243,824.62
- debt securities	0.00	0.00
- other securities	0.00	304,135.47
- 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	**4,600,378.60**	**4,993,980.00**

	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
1.	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%
2.	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%
3.	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%
4.	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%
5.	Interlokum Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	23/11/2004	50,000.00	0.00	50,000.00	99.00%
6.	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%
7.	Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	08/09/2004	49,500.00	0.00	49,500.00	99.00%
8.	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%
9.	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%
10.	KSP Polonia Warszawa SSA	Warsaw	sports	subsidiary	not consolidated	30/03/2006	15,440.00	15,440.00	0.00	100.00%
11.	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%
12.	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%
13.	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%
14.	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%
15.	Porta Transport Sp. z o.o.	Szczecin	transport	subsidiary	full consolidation	12/11/2007	19,118,737.41	0.00	19,118,737.41	100.00%
16.	Yakor House Sp.z o.o.	Sochi	developer activity	subsidiary	full consolidation	07/12/2007	9,810,000.00	0.00	9,810,000.00	70.00%
17.	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%
18.	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%
19.	Stadnina Mazowiecka Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	30/06/2010	50,000.00	0.00	50,000.00	100.00%

Indirect ties										
20.	TBS Marki Sp.z o.o.	Warsaw	social building	subsidiary	full consolidation	18/10/2006	500.00	0.00	500.00	0.01%
21.	Business Financial Construction Sp. z o.o.	Warsaw	services	subsidiary	not consolidated	16/06/2003	500.00	0.00	500.00	0.01%
22.	Lokum Sp. z oo	Warsaw	developer activity	subsidiary	full consolidation	18/10/2006	500.00	0.00	500.00	0.01%

23.	Deweloper Sp. z o.o.	Siemianowice Slaskie	construction	subsidiary	full consolidation	18/10/2006	500.00	0.00	500.00	1.00%
24.	JW Projekt Sp. z o.o.	Warsaw	architecture and designing	subsidiary	full consolidation	14/11/2003	200.00	0.00	200.00	0.01%
25.	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%
26.	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%
27.	J.W. Construction S.A.	Ząbki,	construction	subsidiary	full consolidation	26/09/2007	1.00	0.00	1.00	0.01%
28.	JWCH Produkcja Budowlana Sp. z o.o.	Ząbki,	prefabricated unit production for the building industry	subsidiary	full consolidation	19/02/2008	50.00	0.00	50.00	0.01%
29.	Fabryka Maszyn i Urzadzeń FAMAK S.A.	Kluczbork	production	associate	not consolidated	12/11/2007	29,630.00	0.00	29,630.00	0.04%
30.	JWCH Budownictwo Drogowe Sp. z o.o.	Ząbki,	road construction	subsidiary	full consolidation	07/02/2008	50.00	0.00	50.00	0.01%

Note 6. Non-current receivables

NON-CURRENT RECEIVABLES	31 -12 -2010	31 -12 -2009
a) guarantee receivables	0.00	0.00
b) deposit receivables(leasing)	14,829,259.90	13,804,005.13
b) other receivables	0.00	0.00
Total receivables	**14,829,259.90**	**13,804,005.13**

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

Note 7. Inventories and construction contracts

INVENTORIES	31 -12 -2010	31 -12 -2009
a) materials	2,809,774.57	5,151,425.88
b) semi-finished products and work in progress	395,201.74	2,524,109.81
c) finished products	1,229,629.54	3,816,622.58
d) goods	27,300,832.39	26,750,150.56
e) trade advances	200,179.58	193,746.22
Total inventories	**31,935,617.82**	**38,436,055.05**

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

CONSTRUCTION CONTRACTS	31 -12 -2010	31 -12 -2009
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	259,168,783.11	575,936,919.83
b) finished products	321,650,022.39	333,017,193.60
c) advances for supplies	12,512,617.65	5,069,693.39
d) short-term prepayments	1,032,324.86	2,146,339.36
Total construction contracts	**594,363,748.02**	**916,170,146.18**
CONSTRUCTION CONTRACTS (current liabilities)		
a) accruals	152,148,475.50	346,450,585.73
Total construction contracts	**152,148,475.50**	**346,450,585.73**

Due to the conducted activity the Company takes loans secured among other things withmortgage on real estate. As at 31 December 2010 the Company established collateral in the form of mortgage on real estate presented as inventories and construction contracts at PLN 206.00 million and presented as property, plant and equipment at PLN 289.70 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 248.20 million.

Accruals	31 -12 -2010	31 -12 -2009
-advances on the premises	148,952,202.37	339,732,995.63
-provisions for works	2,232,770.73	2,733,481.36
-other	963,502.40	3,984,108.74
The total value of accruals	**152,148,475.50**	**346,450,585.73**

Note 8. Trade and other receivables

CURRENT RECEIVABLES	31 -12 -2010	31 -12 -2009
a) trade receivables - related parties	375,026.55	0.00
b) trade receivables - other parties	41,699,306.90	39,832,649.21
c) taxes, subsidies, customs duties, social and health insurance and other payments	12,721,118.07	14,732,929.31
b) other	4,814,874.90	2,766,134.53
Total receivables	**59,610,326.41**	**57,331,713.05**

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

Note 9. Other short-term financial assets

SHORT-TERM INVESTMENTS	31 -12 -2010	31 -12 -2009
a) shares	0.00	0.00
b) loans granted	36,171,079.13	43,637,420.05
c) other investments	115,741.73	107,604.18
Total value of short-term investments	**36,286,820.86**	**43,745,024.23**

SHORT-TERM INVESTMENTS	31 -12 -2010	31 -12 -2009
a) in subsidiaries	36,166,439.13	35,640,469.63
- shares	0.00	0.00
- debt securities	0.00	0.00
- other securities	36,166,439.13	0.00
- loans granted	0.00	35,640,469.63
- other short-term financial assets	0.00	0.00
b) in other parties	120,381.73	8,104,554.60
- shares	0.00	0.00
- debt securities	115,741.73	0.00
- other securities	4,640.00	107,604.18
- loans granted	0.00	7,996,950.42
c) other short-term investments	0.00	0.00
Total value of short-term investments	**36,286,820.86**	**43,745,024.23**

Note 10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31 -12 -2010	31 -12 -2009
a) cash on hand and with bank	19,921,572.24	23,683,191.22
b) other cash	48,096,101.86	2,249,980.57
c) other cash equivalents	55,896.45	1,228,845.61
Total cash	**68,073,570.55**	**27,162,017.40**

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

Note 11. Short-term prepayments

ACCRUALS	31 -12 -2010	31 -12 -2009
- short-term prepayments	21,345,481.53	14,465,484.62
The total value of accruals	**21,345,481.53**	**14,465,484.62**

Accruals	31 -12 -2010	31 -12 -2009
- property insurance	117,514.62	230,507.83
- interest	5,353,925.45	542,107.33
- commission expenses	9,889,276.55	9,884,791.87
- property tax, perpetual usufruct, road tax	0.00	0.00
- social fund	0.00	0.00
- other	5,984,764.91	3,808,077.59
The total value of accruals	**21,345,481.53**	**14,465,484.62**

Other prepaid expenses of the Group record costs incurred in connection with deferredincome. The main item are expenses incurred on commissions received by salesmen for sale of apartments. The said commissions are allocated to concrete apartments/premises sold by the Group and are deferred until premises are delivered to the buyer.

Note 12. 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.

Note 13. Other capital

OTHER CAPITAL	31 -12 -2010	31 -12 -2009	01 -01 -2009
a) supplementary capital	403,502,762.76	603,936,869.83	489,217,760.89
b) other reserve capital	7,320,492.68	5,731,587.19	5,731,587.19
c) translation reserve	-96,517.97	-63,389.21	-86,261.20
Total other capital	**410,726,737.47**	**609,605,067.81**	**494,863,086.88**

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 14. Borrowings

BORROWINGS	31 -12 -2010	31 -12 -2009
a) loans	248,221,563.91	385,793,436.98
of which: long-term	*146,840,247.63*	*113,407,529.12*
Short-term	*101,381,316.28*	*272,385,907.86*
b) loans	7,043,821.13	4,303,386.66
of which: long-term	*0.00*	*0.00*
Short-term	*7,043,821.13*	*4,303,386.66*
Total borrowings	**255,265,385.04**	**390,096,823.64**
Borrowings - long-term	**146,840,247.63**	**113,407,529.12**
Borrowings - short-term	**108,425,137.41**	**276,689,294.52**

In 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.

LOANS PER MATURITY	31 -12 -2010	31 -12 -2009
Up to 1 year	101,381,316.28	272,385,907.86
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	101,712,161.55	102,839,662.07
Total loans, including:	**248,221,563.91**	**385,793,436.98**
- long-term	146,840,247.63	113,407,529.12
- short-term	101,381,316.28	272,385,907.86

CASH LOANS PER MATURITY	31 -12 -2010	31 -12 -2009
Up to 1 year	7,043,821.13	4,303,386.66
Over 1 year up to 2 years	0.00	0.00
Over 2 year up to 5 years	0.00	0.00
Over 5 years	0.00	0.00
Total loans, of which:	**7,043,821.13**	**4,303,386.66**
- long-term	0.00	0.00
- short-term	7,043,821.13	4,303,386.66

including TBS Marki Sp. z o.o.

BORROWINGS	31 -12 -2010	31 -12 -2009
a) loans	106,339,563.51	107,218,075.25
of which: long-term	*101,775,504.03*	*102,839,662.07*
Short-term	*4,564,059.48*	*4,378,413.18*
b) loans	0.00	0.00
of which: long-term	*0.00*	*0.00*
Short-term	*0.00*	*0.00*
Total borrowings	**106,339,563.51**	**107,218,075.25**
Borrowings - long-term	**101,775,504.03**	**102,839,662.07**
Borrowings - short-term	**4,564,059.48**	**4,378,413.18**

Note 15. Deferred income tax assets

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

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

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	31 -12 -2010		
	Deferred income tax assets	**Deferred tax liabilities**	**Net value**
Tangible assets	6,924,381.33	1,454,120.22	5,470,261.11
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	2,405,572.00	-2,405,572.00
Trade and other receivables	1,003,395.81	0.00	1,003,395.81
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	334,898.82	2,363,974.60	-2,029,075.78
Deferred income tax assets / liabilities disclosed in the balance sheet	**13,467,028.75**	**11,492,720.65**	**1,974,308.10**

Note 16. Retirement benefit obligations

CHANGE IN RETIREMENT BENEFIT OBLIGATIONS	31 -12 -2010	31 -12 -2009
Opening balance	373,197.28	436,924.50
Increases	101,000.00	0.00
Decreases	197.28	63,727.22
Closing balance	**474,000.00**	**373,197.28**

Note 17. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31 -12 -2010	31 -12 -2009
a) short-term, of which:	**22,551,700.82**	**27,127,164.50**
- accrued expenses, including:	14,876,329.82	14,571,988.77
- interests charged	3,883,074.64	3,020,296.78
- rent deposits	497,159.98	*628,149.19*
-other	10,496,095.20	*13,943,839.58*
- other provisions, including:	7,675,371.00	12,555,175.73
- provisions for future liabilities	0.00	*1,000,000.00*
- provisions for guarantee repairs	6,407,935.00	*10,387,811.00*
- other provisions	1,267,436.00	*1,167,364.73*
a) long-term, of which:	**57,683,463.83**	**12,773,133.76**
- accrued expenses, including:	57,683,463.83	12,773,133.76
- participation in costs of construction -TBS Marki	*50,073,278.59*	*4,652,086.02*
- deffered income- loan remittance-TBS Marki	*6,305,954.62*	*6,356,500.42*
- deferred surplus of revenues from sales over the carrying value/sale and lease back	*1,304,230.62*	*1,764,547.32*
Total provisions for other liabilities and charges	**80,235,164.65**	**39,900,298.26**

Note 18. Other non-current liabilities

OTHER NON-CURRENT LIABILITIES	31 -12 -2010	31 -12 -2009
a) lease obligations	47,268,288.91	53,061,317.61
b) deposit liabilities	10,788,230.02	13,601,695.20
c) other non-current liabilities	4,335,635.85	3,822,972.71
d)note liabilities	0.00	0.00
e) bonds	130,000,000.00	0.00
Total other liabilities	**192,392,154.78**	**70,485,985.52**

In the years 2009-2010 other financial liabilities comprised among other things liabilities under concluded lease agreements. The detailed description of leased assets is presented under "Lease" in the note on "Intangible assets" and "Tangible assets". Other financial liabilities included among other things liabilities to subcontractors due to received security deposits.

Note 19. Trade and other payables

TRADE AND OTHER PAYABLES	31 -12 -2010	31 -12 -2009
a) trade payables - other parties	41,768,119.07	75,586,471.47
b) trade payables - related parties	1,281,887.11	1,577,506.72
c) taxes, customs duties, insurance and other payments	19,733,531.43	19,240,042.11
d) salaries	2,595,816.20	2,791,292.41
e) trade advances received	0.00	0.00
b) other	10,404,382.83	11,955,222.72
Total trade and other payables	**75,783,736.63**	**111,150,535.42**

OTHER LIABILITIES	31 -12 -2010	31 -12 -2009	01 -01 -2009
a)issue of debt securities	2,639,039.00	0.00	71,000,000.00
b) note liabilities	136,257,185.67	129,440,719.18	56,660,530.21
c) lease liabilities	7,066,702.63	11,432,901.00	16,476,920.82
d) other financial liabilities	0.00	758,030.32	44,692,030.96
Total other liabilities	**145,962,927.30**	**141,631,650.50**	**188,829,481.99**

Note 20. Risk Management

The main financial instruments used by the Group include bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the activities of the Group. The Group also has other financial instruments such as receivables, trade payables,which are formed directly in the course of the Group's activities and cash.
The Group's companies do not conclude transactions involving derivatives.
The main risks arising from the Group's financial instruments include interest rate risk, currency risk, liquidity risk and credit risk. The Management Board verify and agree principles of managing each of these risks - the principles are briefly described below.

Interest rate risk

The Group 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 Group 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 Group did not apply any interests rate securities as at 31/12/2010, considering that the interest rate risk is not significant.
Regardless of the current situation, the Group 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 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. The influence on the Group's equity is not shown.
The analysis does not include the credit in TBS Marki Sp. Ltd., which is a preferential credit, procured on different principles, where the risk is limited.

	Increase / decrease in the percentage points	**The influence on gross profit per year**
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 to the related Company which is excluded from the consolidation.

The following table shows the sensitivity of the gross financial result to the possible changes of EUR 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

Credit Risk
The Group 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 41 699.000 at the balance sheet day was estimated as the carrying value of trade payables from other companies.
In the assessment of the Management Board of the Parent Company, 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 Group concludes transactions with institutions that have well-established financial position.

Liquidity risk
The Group 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 21. Earnings per share

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		92,011,720.77	100,396,876.34
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)		**1.69**	**1.84**
Diluted earnings per share = (A)/(B)		**1.69**	**1.84**

* 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 thenumber of shares.

Note 22. Income tax

INCOME TAX	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) Current income tax	14,426,322.19	19,569,144.00
b) deferred income tax	6,962,043.89	-750,948.64
Total Income tax	**21,388,366.08**	**18,818,195.36**

Reconciliation of effective tax rate	**2010**
Gross Profit / (loss) before tax from continuing operations	113,400,086.86
Profit / (loss) before tax from abandoned operations	0.00
Gross profit (loss) before tax	**113,400,086.86**
Tax at statutory tax rate of 19%	21,546,016.50
Adjustments to current income tax from previous years	0.00
Differences arising from not established reserves and assets in previous years	-58,057.00
Non tax deductible expenses -permanent differences	1,051,918.87
Exempt Income TBS	-1,472,199.02
Other	320,686.74
Tax at effective tax rate	**21,388,366.09**
Income tax (charge) shown in the profit and loss account	21,388,366.08
of which:	
current	14,426,322.19
deffered	6,962,043.89

Note 23. Segment Reporting

Branch Segments
As assumed, the primary division of activity into segments is the division based on branch segments. The business of the Group is conducted mainly in three following segments:

- developer activity
- social building
- hotel activities

Pursuant to IFR14 'Reporting concerning segments of activity', when drawing up financial data concerning particular segments of activity, according to the principle applied revenue and expenses along with assets and liabilities of a segment are established before the moment of consolidation when the settlement of balance sheet statements and transactions carried out among the Group's economic entities are excluded, with an exception of cases where this type of settling balances among entities were done within one segment. Internal transactions within the segment's framework were eliminated.
Financial data concerning the particular segments of activity include individual financial statements of Group's companies without the exclusions of balance sheet statements and transactions made, while the exclusion of revenue, expenses and mutual statements were presented in the 'Elimination' column. Developer activity in which consolidation of individual statements of companies running this kind of business was made, is an exception. In 2009 that segment was composed of J.W. Construction Holding SA, Project 55 Sp. z o.o., Lokum Sp. z o.o., Interlokum Sp. z o.o. and Construction Invest. The basic type of goods and services under each business segment:

- developer activity- the implementation of the building, designing and supporting production and sale of properties,
- social housing construction - sale and administration of social building estates,
- other construction - implementation of construction - assembly production
- transport services,
- hotel activities - catering and hotel services connected with the organization of tourism and recreation.

2010	developer activity	hotel activities	social building	construction	transport	eliminations	Total
Net revenues from sales of products, goods and materials, of which:	**576,181,695.15**	**15,217,892.61**	**12,061,215.86**	**122,225,883.53**	**6,326,457.12**	**-111,987,340.74**	**620,025,803.53**
Net revenues from sales of products	572,793,854.74	15,217,892.61	12,061,215.86	121,063,353.33	6,323,372.83	-111,753,632.08	615,706,057.29
Net revenues from sales of goods and materials	3,387,840.41	0.00	0.00	1,162,530.20	3,084.29	-233,708.66	4,319,746.24
Costs of products, goods and materials sold, of which:	**394,915,023.27**	**14,774,457.27**	**6,728,902.35**	**114,043,175.78**	**4,604,219.82**	**-97,019,204.73**	**438,046,573.76**
Manufacturing cost of products sold	391,401,021.47	14,774,457.27	6,728,902.35	113,077,337.87	4,604,108.53	-96,785,496.07	433,800,331.42
Value of goods and materials sold	3,514,001.80	0.00	0.00	965,837.91	111.29	-233,708.66	4,246,242.34
Gross profit (loss) on sales	**181,266,671.88**	**443,435.34**	**5,332,313.51**	**8,182,707.75**	**1,722,237.30**	**-14,968,136.01**	**181,979,229.77**
Selling expenses	28,317,334.38	0.00	0.00	217,964.19	0.00	0.00	**28,535,298.57**
Overhead expenses	15,866,199.08	462,444.33	975,813.58	9,051,607.74	2,801,412.03	-273,681.61	**28,883,795.16**
Revaluation of investment properties	10,191,262.90	0.00	0.00	0.00	0.00	0.00	**10,191,262.90**
Profit (loss) on sales	**147,274,401.32**	**-19,008.99**	**4,356,499.93**	**-1,086,864.18**	**-1,079,174.73**	**-14,694,454.40**	**134,751,398.94**
Other operating income	15,924,676.02	507,120.09	248,967.36	1,524,191.04	3,590,372.89	-935,001.07	20,860,326.33
Other operating expenses	8,051,642.99	21,179.70	858,352.69	1,108,707.52	1,624,740.37	-2,831,560.13	8,833,063.14
Operating profit (loss)	**155,147,434.35**	**466,931.40**	**3,747,114.60**	**-671,380.66**	**886,457.78**	**-12,797,895.34**	**146,778,662.13**
Financial income	7,208,944.37	915,255.35	1,439,859.13	896,061.57	436,886.00	935,001.07	11,832,007.49
Financial expenses	29,677,221.60	1,435,028.46	4,495,859.81	1,900,261.27	513,613.86	2,831,560.13	40,853,545.13
Profit (loss) on ordinary activities	**132,679,157.12**	**-52,841.71**	**691,113.92**	**-1,675,580.36**	**809,729.92**	**-14,694,454.40**	**117,757,124.49**
Gross profit (loss)	**132,679,157.12**	**-52,841.71**	**691,113.92**	**-1,675,580.36**	**809,729.92**	**-14,694,454.40**	**117,757,124.49**
Income tax	14,002,615.19	0.00	64,299.00	81,110.00	278,298.00	0.00	14,426,322.19
Deferred tax	13,178,388.01	1.48	0.00	1,130,149.16	-197,510.79	-2,791,946.34	11,319,081.52
Net profit (loss)	**105,498,153.92**	**-52,843.19**	**626,814.92**	**-2,886,839.52**	**728,942.71**	**-11,902,508.07**	**92,011,720.77**

2009	developer activity	hotel activities	social building	construction	transport	eliminations	Total
Net revenues from sales of products, goods and materials, of which:	**664,577,326.97**	**15,510,927.67**	**11,540,458.36**	**278,675,307.56**	**10,261,781.28**	**-267,282,121.81**	**713,283,680.03**
Net revenues from sales of products	660,292,350.20	15,499,936.35	11,540,458.36	274,427,719.68	10,259,960.43	-264,577,471.70	707,442,953.32
Net revenues from sales of goods and materials	4,284,976.77	10,991.32	0.00	4,247,587.88	1,820.85	-2,704,650.11	5,840,726.71
Costs of products, goods and materials sold, of which:	**480,835,018.03**	**15,186,953.26**	**6,449,506.10**	**255,919,724.37**	**9,954,385.35**	**-240,367,800.27**	**527,977,786.84**
Manufacturing cost of products sold	475,801,331.00	15,179,271.28	6,449,506.10	254,551,034.25	9,952,778.04	-237,663,150.16	524,270,770.51
Value of goods and materials sold	5,033,687.03	7,681.98	0.00	1,368,690.12	1,607.31	-2,704,650.11	3,707,016.33
Gross profit (loss) on sales	**183,742,308.94**	**323,974.41**	**5,090,952.26**	**22,755,583.19**	**307,395.93**	**-26,914,321.54**	**185,305,893.19**
Selling expenses	20,743,473.70	0.00	0.00	8,917.47	200.00	0.00	**20,752,591.17**
Overhead expenses	13,914,966.31	435,870.42	968,481.20	7,474,227.75	3,164,277.98	-273,340.00	**25,684,483.66**
Profit (loss) on sales	**149,083,868.93**	**-111,896.01**	**4,122,471.06**	**15,272,437.97**	**-2,857,082.05**	**-26,640,981.54**	**138,868,818.36**
Other operating income	3,700,634.57	481,331.61	1,447,377.27	1,349,106.91	5,004,399.68	-1,146,583.44	10,836,266.60
Other operating expenses	1,620,477.02	682,793.04	1,199,157.05	1,681,690.33	3,533,205.21	-1,744,305.19	6,973,017.46
Operating profit (loss)	**151,164,026.48**	**-313,357.44**	**4,370,691.28**	**14,939,854.55**	**-1,385,887.58**	**-26,043,259.79**	**142,732,067.50**
Financial income	5,622,365.34	638,688.02	1,789,006.35	197,672.19	221,451.61	0.00	8,469,183.51
Financial expenses	22,904,852.31	2,520,497.38	4,503,505.14	1,159,456.51	300,146.23	597,721.75	31,986,179.32
Profit (loss) on ordinary activities	**133,881,539.51**	**-2,195,166.80**	**1,656,192.49**	**13,978,070.23**	**-1,464,582.20**	**-26,640,981.54**	**119,215,071.70**
Gross profit (loss)	**133,881,539.51**	**-2,195,166.80**	**1,656,192.49**	**13,978,070.23**	**-1,464,582.20**	**-26,640,981.54**	**119,215,071.70**
Income tax	15,943,894.00	0.00	0.00	3,557,963.00	0.00		19,501,857.00
Deferred tax	1,052,795.33	561,406.78	67,287.00	-266,790.26	-36,574.00	-2,061,786.49	-683,661.64
Net profit (loss)	**116,884,850.18**	**-2,756,573.58**	**1,588,905.49**	**10,686,897.49**	**-1,428,008.20**	**-24,579,195.04**	**100,396,876.34**

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

Note 24. 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	564,994,233.40	649,526,973.99
Revenues from sales of services	50,711,823.89	57,915,979.33
Revenues from sales of goods	4,319,746.24	5,840,726.71
Total income	**620,025,803.53**	**713,283,680.03**

	from 01-01-2010 to 31-12-2010	**from 01-01-2009 to 31-12-2009**
Revenues from sales, of which:	**620,025,803.53**	**713,283,680.03**
- sales of products - premises	562,984,160.33	648,298,761.39
- sales of products - other	2,010,073.07	1,228,212.60
- sales of services	50,711,823.89	57,915,979.33
- sales of goods	4,319,746.24	5,840,726.71

	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	**615,706,057.29**	**707,442,953.32**
developer activity	577,585,598.77	664,766,839.99
hotel activities	15,217,892.61	15,499,936.35
social building	12,061,215.86	10,586,369.24
- transport services,	170,126.37	5,273,638.68
-construction	10,671,223.68	11,316,169.06

	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	**562,984,160.33**	**648,298,761.39**
- Warsaw and vicinity	527,277,123.14	540,800,036.69
-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
- Russia	10,251,000.97	35,193,089.66

	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 25. 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	393,541,788.93	473,344,923.34
Costs on sale of services	44,615,580.12	50,925,847.17
Costs on sale of goods	4,246,242.34	3,707,016.33
Total costs of products, services and goods sold	**442,403,611.39**	**527,977,786.84**

Selling and overhead expenses	**from 01-01-2010 to 31-12-2010**	**from 01-01-2009 to 31-12-2009**
Selling expenses	28,535,298.57	20,752,591.17
Overhead expenses	28,883,795.16	25,684,483.66
Total selling and overhead expenses	**57,419,093.73**	**46,437,074.83**

Costs according to types	**from 01-01-2010 to 31-12-2010**	**from 01-01-2009 to 31-12-2009**
Depreciation and amortisation	12,865,098.91	14,034,256.29
Cost of materials and energy	99,793,101.04	68,803,314.82
Services made by other contractions	113,899,658.95	207,370,615.95
Taxes and duties	7,619,785.44	8,555,709.47
Wages and Salaries	46,321,649.41	52,093,133.95
Services for the benefit of employees	17,990,614.66	9,318,292.55
Other costs	8,712,305.14	17,975,494.12
Total costs according to types	**307,202,213.55**	**378,150,817.15**

Note 26. 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	3,489,460.53	0.00
b) other operating income	17,370,865.80	10,836,266.60
Total operating income	**20,860,326.33**	**10,836,266.60**

Note 27. 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	255,032.23
b) revaluation of non-financial assets	421,004.70	364,047.85
c) other operating expenses	8,412,058.44	6,353,937.38
Total operating expenses	**8,833,063.14**	**6,973,017.46**

Note 28. Financial income

FINANCIAL INCOME	**from 01-01-2010 to 31-12-2010**	**from 01-01-2009 to 31-12-2009**
a) dividends	0.00	0.00
b) interest	4,938,779.22	5,042,442.06
c) revaluation of investment	0.00	0.00
b) other	1,559,134.38	3,426,741.45
Total financial income	**6,497,913.60**	**8,469,183.51**

Note 29. Financial expenses

FINANCIAL EXPENSES	from 01-01-2010 to 31-12-2010	from 01-01-2009 to 31-12-2009
a) interests	33,180,627.86	27,896,768.10
b) revaluation of investment	0.00	0.00
c) other	2,338,823.38	4,089,411.22
Total financial expenses	**35,519,451.24**	**31,986,179.32**

Note 30. Transactions with related parties

All transactions with the related parties were concluded on market terms.

BALANCES WITH RELATED PARTIES (from the viewpoint of the parent companz) *

		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

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

J.W. Construction Holding S.A. as a recipient of products or services (transactions for more than 100 thousand).

COUNTERPARTY	Subject of a transaction/agreement	01.01.2010-31.12.2010	01.01.2009-31.12.2009
Related parties subject to consolidation			
Project 55 Sp. z o.o.	media- direct charge	0.00	305,441.57
J.W. Projekt	designing works	3,416,614.61	0.00
J.W.Construction S.A.	building works	109,131,728.90	264,871,272.08
J.W.Construction S.A.	guarantee repairs	515,973.22	916,685.17
J.W.Construction S.A.	other	1,226,335.46	117,893.36
J.W.Construction S.A.	investment projects services	0.00	1,038,392.72
J.W.Construction S.A.	purchase of materials and goods	385.64	186,109.60

J.W. Construction Holding S.A. as a recipient of products or services (transactions for more than 100 thousand).

	Subject of a transaction/agreement	**01.01.2010-31.12.2010**	**01.01.2009-31.12.2009**
Related parties subject to consolidation			
Deweloper Sp. z o.o.	sale of assets	0.00	116,819.94
J.W.Construction S.A.	sale of goods and materials	251,415.95	310,104.23
J.W.Construction S.A.	other services	545,778.97	3,602,695.74
J.W.Construction S.A.	direct charge	2,519,713.47	5,631,567.87
J.W.Construction S.A.	other	2,372,552.76	0.00
J.W.Construction S.A.	sale of assets	347,012.95	0.00
Construction Invest Sp. z o.o.	other	17,918.84	208,344.63
JW. Construction International Sp.	secondment of staff	0.00	4,525,903.27
J.W.Projekt Sp. z o.o	other	440,758.86	672,505.05
JWCH Produkcja Budowlana Sp. z o.o.	other	253,879.68	2,609,378.25
JWCH Produkcja Budowlana Sp. z o.o.	direct charge	57,779.07	145,656.93
JWCH Produkcja Budowlana Sp. z o.o.	other services	1,632,106.67	0.00
Porta Transport Sp. z o.o. in liquidation	other services	144,000.00	145,257.98

Note 31. Remuneration of members of authorities of the Company, the structure ofemployment.

Below is presented remuneration for 2010. The tables contain aggregate data of members of authorities of all companies of the Parent Company per remuneration for offices held in Group Companies, employment in Group Companies and other forms of remuneration.

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

Other Companies of the Capital Group	2010
The Management	
Czyż Barbara	195,000.00
Wójcik Robert	44,677.93
Szafarowska Grażyna	224,607.69
Wojciech Rajchert	210,554.16
Panabażys Tomasz	250,726.21
Ciszewski Piotr	0.00
Samarcew Marek	0.00
The Supervisory Board	
Król Jarosław	0.00
Maruszyński Marek	0.00
Michnicki Marcin	0.00
Obłękowski Jacek	0.00
Oleksy Józef	36,000.00
Pietraszkiewicz Henryk	0.00
Podsiadło Andrzej	0.00
Wojciechowski Józef	0.00

Average headcount per occupational groups in the Parent Company

Occupational Group	31 -12 -2009	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 32. Significant 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 approvedthe 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 31 March 2010, the Company from the Group operating under the name of JW Construction S.A domiciled in Ząbki concluded an overdraft facility agreement with PKO BP. S.A in the amount of PLN 7,000,000.

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

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 33. 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

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

A building permit

On 22 February 2011, the Company obtained a building permit for the construction of , "Nowa Dana" multi service-office investment in Al. Wyzwolenia/Odzieżowa Street in Szczecin. On a subject property, the Company intends to implement the investment with a total area of m2 of 33,966 m2 . The permit is not final.

On 4 March 2011, the Company obtained a building permit for the construction of a multifunctional and multifamily building in Jaroczyńskiego Street, Poznan. On subject property, the Company intends to build a multifamily twosegment buidling with 6 and 7 storeys and 182 premises. The permit is not final.

Note 34. Selected financial data including the main items of the financial statements 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	31 -12 -2010		31 -12 -2009	
	PLN	EUR	PLN	EUR
Total Assets	**1,382,179**	**349,009**	**1,522,963**	**370,713**
Non-current assets	570,564	144,071	425,653	103,611
Current assets	811,616	204,938	1,097,310	267,102
Total Equity and Liabilities	**1,382,179**	**349,009**	**1,522,963**	**370,713**
Equity	462,891	116,883	371,515	90,433
Non-current liabilities,	414,416	104,643	203,707	49,585
Current liabilities	504,872	127,483	947,741	230,695

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	620,026	154,838	713,284	164,327
Costs of products, goods and materials sold	442,404	110,481	527,978	121,636
Gross profit (loss) on sales	**177,622**	**44,357**	**185,306**	**42,691**
Selling expenses	28,535	7,126	20,753	4,781
Overhead expenses	28,884	7,213	25,684	5,917
Profit (loss) on sales	130,394	32,563	138,869	31,993
Operating profit (loss)	142,422	35,567	142,732	32,883
Gross profit (loss)	**113,400**	**28,319**	**119,215**	**27,465**
Income tax	21,388	5,341	18,818	4,335
Net profit (loss)	**92,012**	**22,978**	**100,397**	**23,130**

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 35. Off-accounting

COLLATERALS	**31 -12 -2010**
Investment real estate pledged as collateral - loans	495,692,896.00
Other companies' real estate pledged as collateral - loans	0.00
blank bill	316,752,578.92
Executory titles	259,344,320.00
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22,400,000.00
Guarantees to the benefit of JWCH Budownictwo Drogowe sp. z o.o.	0.00
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 ZPM Metalcon Sp z o.o.	500,000.00
Warranty for 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 rightsunder 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 22.4million.

Note 36. Significant issues in litigation

In 2009 there were no procedures pending before a court, arbitration tribunal or publicadministration 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 37. Financial instruments and hedge accounting

The Group does not use derivatives. The Group uses bank credits, loans, bond issues as well as financial leases. The main financial assets of the Company is a loan for the related not consolidated Company as well as cash and cash equivalents.

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	4,600,378.60	4,993,980.00	-	-
Long term financial assets in related entities	DDS	115,741.73	107,604.18	-	-
Short-term loans	PiN	36,171,079.13	43,637,420.05	36,171,079.13	43,637,420.05
Trade and other receivables	PiN	46,889,208.35	42,598,783.74	46,889,208.35	42,598,783.74
Cash and cash equivalents	WwWGpWF	68,073,570.55	27,162,017.40	68,073,570.55	27,162,017.40
Financial liabilities					
Loans with a variable interest rate	PZFwgZK	248,221,563.91	385,793,436.98	248,221,563.91	385,793,436.98
Loans from related companies	PZFwgZK	7,043,821.13	4,303,386.66	7,043,821.13	4,303,386.66
Liabilities from long-term financial lease	PZFwgZK	47,268,288.91	53,061,317.61	47,268,288.91	53,061,317.61
Liabilities from short-term financial lease	PZFwgZK	7,066,702.63	11,432,901.00	7,066,702.63	11,432,901.00
Trade and other receivables	PZFwgZK	53,454,389.01	89,119,200.91	53,454,389.01	89,119,200.91
Bonds	PZFwgZK	132,639,039.00	-	132,639,039.00	-
Liabilities from long-term deposits	PZFwgZK	10,788,230.02	13,601,695.20	10,788,230.02	10,788,230.02
Note liabilities	PZFwgZK	136,257,185.67	129,440,719.18	136,257,185.67	129,440,719.18
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					
PZFwgZK - Other financial liabilities measured at amortized cost					

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**	**Over 5 years**	**Total**
financial lease liabilities	7,066,702.63	18,195,407.62	29,072,881.29		54,334,991.54
December 31, 2010 - variable interest rate					
	Up to 1 year	**Up to 2 year**	**from 2 - 5 years**	**Over 5 years**	**Total**
Cash Assets	68,073,570.55	-	-	-	68,073,570.55
Loans from related not consolidated companies	36,171,079.13	-	-	-	36,171,079.13
Loans	7,043,821.13				7,043,821.13
Bank Loans	101,381,316.28	25,496,829.57	19,631,256.51	101,712,161.55	248,221,563.91
Bonds liaibilities	2,639,039.00		130,000,000.00	130,000,000.00	132,639,039.00

COLLATERALS

The Company does not apply hedge accounting.

Note 38. Changes in the Management and Supervisory Board of the Parent Company in the Capital Group - J.W Construction Holding SA

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 39. Capital Management

The Group manages its capital in order to maintain the capacity to continue operations, in order to generate returns for shareholders and benefits to other stakeholders.
In accordance with market practice, the Group 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 Group 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 3-5.

	31 December 2010
Interest-bearing loans and borrowings	248,221,563.91
Trade and other receivables	670,050,794.68
Minus cash and cash equivalents	-68,073,570.55
Net debt	850,198,788.04
Equity	462,897,948.42
Net unrealized gains reserve	0.00
Total share capital	462,897,948.42
Capital and net debt	1,313,096,736.46
Equity ratio	35.25%
Credits ratio	64.75%

Note 40. 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 consolidated financial statements for the year ended on 31.12.2010 amounted to PLN 78 thousand, of which PLN 48 thousand for the annual consolidated survey, while PLN 30 thousand for the review of interim consolidated financial statements. The remuneration of the auditor for auditing the consolidated financial statements prepared for the 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. The given amounts are net amounts.

In addition, the Company concluded also additional agreements with BDO Sp. z oo on the audit of financial statements of subsidiaries included in the Capital Group of J.W Construction Holding SA: TBS Marki Sp. z o.o based in Warsaw -the agreement on auditing the statements for the year 2010 was concluded in 2010, the remunaration is PLN 16.8 thousand, JWCH Produkcja Budowlana Spółka z o.o based in Ząbki- the agreement on auditing the statements for the year 2009, was concluded in 2009, the remuneration is PLN 15 thousand, J.W. Construction S.A based in Ząbki concluded agreement on auditing the statements for the year 2010, was concluded in 2011, the remuneration is PLN 45 thousand.
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
Mark Samarcew Member of the Management Board	Signature

Ząbki, 15 March 2011.