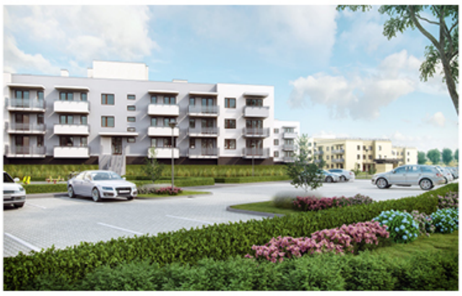
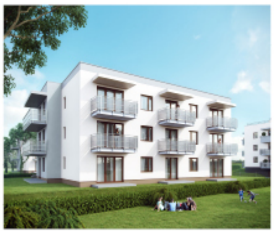
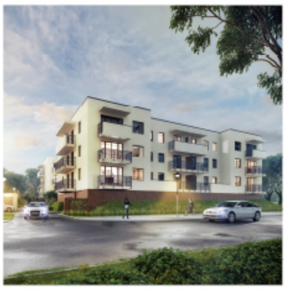
Company Financial Statement for the period between January 1, 2015 and December 31, 2015


Prepared in accordance with the International Financial Accounting Standards

Ząbki, this 17th day of March, 2016

1. INTRODUCTION TO CONSOLIDATED FINANCIAL STATEMENT

1. GENERAL INFORMATION

J.W. Construction Holding S.A., hereinafter referred to as Company, is a joint-stock company with its registered office in Ząbki, Poland at 326 Radzymińska street, 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 (Poland Klasyfikacja Działalności) 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 of December 31, 2015, the lifetime of the Company is unlimited. The business year of the Company is a calendar year, i.e. the period between January 1 and December 31.

This financial statement was approved by the management of the company on March 17, 2016 with the publishing date of March 17, 2016. If there were any significant changes that had to be disclosed, the financial statement may be amended after it was prepared prior to approval solely by the management of the company.

2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

Going concern basis and comparability of financial statements

J.W. Construction Holding S.A. assumes that it will operate as a going concern and that financial statements are comparable. As at the balance sheet date the company of J.W. Construction Holding S.A. did not find out any threats to the going concern assumption. The financial reporting is prepared in accordance with the historical cost convention. The financial 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 financial statement of J.W. Construction Holding S.A. was prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.
J.W. Construction Holding S.A. has assumed that besides accounting estimates, also a professional judgement of the management was significant for the financial statements.

Significant estimations and assumptions

Estimations and judgements are subject to periodic verification of the Company. When making estimations J.W. Construction Holding S.A. makes the following assumptions referring to the future;
- Estimation of impairment allowance. Impairment allowance is established taking account of expected risk connected with receivables and created collateral having impact on effective debt collection. Although the assumptions are made using the best knowledge, real results may be different than expected.
- Estimations connected with establishing deferred tax assets in accordance with IAS 12. Due to the highly volatile economy it may happen that real earnings and tax income are different than planned.
- Estimation of potential costs of fiscal and court proceedings pending against the parent company. When preparing the financial statements the opportunities and risks connected with pending proceedings are reviewed on a case by case basis, and provisions for potential losses are created accordingly. However, it is also possible that a court or a fiscal authority makes a judgement or issues a decision other than expected by the company and the created provisions may prove insufficient. .
- The company gains revenues from services supplied by the Issuer under contracts for a specified time. Services supplied by the Issuer are long-term ones and their term of performance is over six months.
- The fair value of the investment real estate is determined by independent, professional entities responsible for real estate valuation. The management board verifies the valuations of real estate by comparing them with similar market transactions and other investment real estate information that is possible to receive.

Merger of units

In H1 of 2015 there a registration of the merger by and between Issuer and the subsidiaries thereof took place:
- J.W. Group Sp. z o.o. with its business seat in Ząbki, Poland,
- J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.1 SKA with its business seat in Ząbki, Poland,
- J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.2 SKA with its business seat in Ząbki, Poland,
- Lokum Sp. z o.o. with its business seat in Warsaw,
- J.W. 6 Sp. z o.o. with is business seat in Ząbki, Poland,

The merger took place in accordance with the articles 492 §1 section 1 of the Polish Code of Commercial Companies through the transfer of all the assets of the companies being taken over to the Issuer (merger through acquisition).

The effect of the application of new accounting standards and the changes in accounting policy

The principles (policy) of accounting that were used for preparation of this financial statements for H1 of 2015 are consistent with those used for preparation of the financial statement for the financial year of 2014, with the exception of changes described below.

- **Changes resulting from the changes to IFR**

The following new or revised standards or interpretations issued by the International Accounting Standards Board or IFRS Interpretations Committee are in force from January 1, 2015:

- Changes to various standards resulting from the annual review of the International Accounting Standards (Annual Improvements 2010-2012)
- Changes to various standards resulting from the annual review of the International Accounting Standards (Annual Improvements 2011-2013)
- Changes to International Reporting Standards 19, Defined Benefit Plans, Employee Contributions
- Interpretation of the International Accounting Standards Board: Public Levies

Their adaptation did not affect the results of the Company's activity and financial situation, but resulted only in changes of applied accounting policy or, in some cases, in extending of the scope of required disclosures or terminology used.
The main consequences of the application of new regulations:

- Changes to various standards resulting from an annual review of the International Standards of Financial Reporting (*Annual Improvements* 2010-2012)

On December 12, 2013 there were further changes made to seven standards resulting from the project of proposed changes to IFRS published on May 2012. The mostly apply to annual reports starting on July 1 1, 2014 or later.
As a result of the conducted review of the International Standards of Financial Reporting, 7 minor amendments were introduced:
– in IFRS 2 *Share-based payment,* definitions for "vesting condition" and a "market condition" were corrected. 2 new definitions were introduced, namely a definition of a "performance condition" and a "service condition". In IFRS 3 *Business combinations,* it was specified that obligations related to a conditional payment meeting the definition of a financial obligation are subject to valuation as of the day ending a reporting period up to a fair value, and the result of valuation is entered into a profit and loss report,
– in IFRS 8 *Operating segments* introduces a requirement to disclose information regarding an opinion of a company management's board used for the criteria of combining operating segments referred to in section 12 of IFRS 8 together with a short description and the utilization of indicators showing similar economic features of combined segments,
– in IFRS 13 *Fair value* a specification was introduced to the *IFRS 13 Justification of motions* explaining that the removal of B5.4.12 and AG79 from the IFRS 9 and IAS 39 should not be wrongly interpreted as an intention of the Council to remove a valuation possibility of short-term receivables and trade obligations currently valuated based on a nominal value indicated in an invoice,
– in IAS 16 *Fixed assets* and IAS 38 *Intangible assets*, information on correcting balance sheet value or possible write-offs of elements of fixed assets valuated for the days ending a reporting period was specified,
– in IAS 24 *Related Party Disclosures,* a new regulation was added that made a definition for determining relations between entities more precise.
The application of changed standards does not have an important impact on the financial report of the Group.

- Changes to various standards resulting from an annual review of the International Standards of Financial Accounting (*Annual Improvements 2011-2013*)

On December 12, 2013, changes to 4 standards resulting from a project of proposed changes were introduced to the International Financial Reporting Standards published in November 2012. They apply to various working periods starting on July 1, 2014 or later.
As a result of the conducted of review of IFRS, minor changes were introduced into the following standards:
– IFRS 1 *Application IFRS for the first time,*
– IFRS 3 *Business combinations,*
– IFRS 13 *Fair value,*
– IAS 40 *Investment real estate*.
The application of changed standards has no significant influence on the Group's financial report.

- Changes to IFRS 19 *Employee benefits*

A new interpretation was published on November 21, 2013 and has application towards annual periods starting from July 1, 2014 or later. These changes render accounting principles more precise, and in some cases simplify them, for employee benefits (or other third parties) paid to appropriate plans. Company.
The application of the modified standard has no significant influence on the Group's financial statement dur to the lack of certain benefits plans that would relate to employee contributions.

- IFRIC 21 interpretation *Public levies*

This interpretation has guidelines regarding the identification of a moment when an obligation to bear certain public levies should be entered into ledgers, other than those indicated in the current international financial reporting standards, such as IAS 12 *Income tax*. In some jurisdictions, regulations regarding the existence of certain levies show that there is a correlation between a tax payment obligation and an occurrence of certain events. Due to a complicated character of certain regulations, units did not always have clarity as to a proper moment when certain tax obligations should be entered into ledgers. In accordance with the new interpretation, an event obliging an entity to make a certain payment to the state should be an action that directly causes such an obligation. If, for instance, an obligation to bear a certain tax depends on receiving certain revenue in a given period of time, then an action causing this obligation is the generation of revenue in a current period. According to the findings of the Interpretation Committee, a business entity does not have a customary obligation to make a certain tax payment as a result of prospect actions, even though a business entity has no real possibility to stop conducting its business activity in the future. Also, it was underlined that an obligation to make a certain payment should be presented successively if an event causing a payment obligation takes places during some period of time.

- **Changes made by the Group itself**

The Group did not make a correction of presentation of comparable data for H1 of 2014 and/or for December 31, 2014.

Not effective standards (New standards and interpretations)

In this financial statement, the Group did not decide of an earlier use of published standards or interpretations before their effective date.

The following standards and interpretations were issued by the IFRS Interpretations Committee and IFRIC and not yet entered into force on the balance sheet date::

- IFRS 9 *Financial Instruments*

This new standard was published on July 24, 2014 and is applicable towards annual periods starting from January 1, 2018 or later. The purpose of this standard to arrange in order the classification of financial assets and introduction of a unified approach towards the assessment of the loss of value regarding all financial instruments. This standard also introduces a new hedge accounting model in order to unify the principles for presentation of risk management information in financial statements. Company shall apply the modified standard in the scope of introduced changes from January 1, 2018. On the day on which this financial statement was prepared it was not possible to convincingly assess the influence of the application of this standard. Company started the analysis of the introduction of this new standard.

- IFRS 14 *Regulatory Deferral Accounts*

This new standard was published on January 30, 2014 and is applicable to annual periods starting on January 1, 2016 or later. It has a transitory character due to conducted work on the part of IFRS regarding the regulation of how operations shall be settled in new conditions of price regulations. This standard introduces new principles of presentation of assets and liabilities due to transactions with regulated prices when an entity decides to adopt IFRS. Company shall adopt the new standard from January 1, 2016. Adoption of the new standard has no influence on Company financial statement.

- IFRS 15 *Revenue from contracts with customers*

This new unified standard was published on May 28, 2014 and is applicable towards annual reports starting on January 1, 2017 or later and its earlier application is permitted. This standard establishes new framework for presentation of revenue and involves principles that shall replace the majority of guidelines in the scope of presentation of existing revenue currently found in IFRS, in particular in IFRS 18 Revenue, IFRS 11 Construction service contract and the interpretations related thereto. On the day of preparation of the foregoing financial statement, it is not feasible to prepare a convincing assessment of the influence of application of this new standard. The Group has initiated the analysis of the consequences of the introduction of this new standard.

- MSSF 16 *Leasing*

This new standard was published on January 13, 2016 and apples to annual period starting on January 1, 2019 or later. Its earlier application is allowed (on the condition of the parallel application of the IFRS 15). This standard replaces current regulations regarding leasing (e.g. IFRS 17) and drastically changes the approach towards lease agreements of various character. It makes leaseholders disclose assets and liabilities in balance sheets that relate to lease agreements no matter their type. As of the day of the preparation of the financial statement it is not possible to reliably assess the effect of the application of this new standard. The group started the analysis of the effects of the application of this new standard.

- Changes to IFRS 11 *Joint arrangements*

Changes to IFRS 11 were published on May 6, 2014 and apply towards annual periods starting on January 1, 2016 or later. The purpose of the changes is a detailed disclosure of the guidelines explaining the way transactions regarding acquisition through common endeavors constituting a venture should be presented in. The changes require that identical principles should be utilized as during mergers of entities. The application of the changed standards shall have no significant impact on Company's financial statement.

- Changes to IAS 16 and IAS 38 *Explanations in the scope of accepted methods for presentation of write-offs and amortization*

Changes to IFRS 16 *Fixed assets* and IAS 38 *Intangible assets* were published on May 12, 2014 and are applied to the periods starting on January 1, 2016 or later. The change constitutes an additional explanation towards permitted amortization methods. The goal of the changes is to indicate whether the method for calculating a write-off basis for tangible and intangible assets bases on revenue is not appropriate but in the case of intangible assets this method can be applied in appropriate circumstances. The application of the changed standards shall have no significant impact on Group's financial statement

- Changes to IAS 16 and IAS 41 Agriculture: *Agricultural production*

Changes to IFRS 16 and 41 were published on June 30, 2014 and they are applied to annual reports starting on January 1, 2016 or later. This changes shows that plants produced should be presented in the same way as fixed assets in the scope of IAS 16. As a result produced plants should be seen through the prism of IAS 16 instead of IAS 41. Agricultural production produced through produced plants are subject to IAS 41. The application of the changed standards shall have no impact on Company's financial statement.

- Changes to IAS 16 and IAS 41 Agriculture: *Agricultural production*

Changes to IFRS 16 and 41 were published on June 30, 2014 and they are applied to annual reports starting on January 1, 2016 or later. This changes shows that plants produced should be presented in the same way as fixed assets in the scope of IAS 16. As a result produced plants should be seen through the prism of IAS 16 instead of IAS 41. Agricultural production produced through produced plants are subject to IAS 41. The application of the changed standards shall have no impact on Company's financial statement.

- Changes to IAS 27: Ownership rights methods in separate financial statements

Changes to IAS 27 were published on August 12, 2014 and apply to the periods starting on January 1, 2016 or later. They bring IFRS back a possibility to present in separate financial statement financial investments in related units, common enterprises and affiliated units using the ownership rights method. In case of choosing this method it is required that this method is applied to every investment in a given category.

- Changes to IFRS 10 and IAS 28: Sale or transfer of assets between investor and its affiliated units or a common enterprise

Changes to IFRS 10 and IAS 28 were published on September 11, 2014 and apply to annual reports starting on January 1, 2016 or later. The changes refer to the accounting aspect of transactions in which a domination unit loses control over an affiliated unit that is not a business in accordance with the definition in IRFS 3 "Merger of Units" by way of sale of all or part of units in an affiliated unit to another affiliated unit or a common enterprise presented by the ownership right method. As of the date of preparation of the foregoing financial statement it is not possible to assess convincingly the effect of the application of the new standard.

- Changes to various standards resulting from an annual review of Internal Financial Reporting Standards (*Annual Improvements 2012-2014*)

On September 25, 2014, as a result of a review of IFRS, minor changes were introduced to the 4 following standards:

- IFRS 5 Non-current assets held for sale (or for distribution to owners) within the scope of reclassification of assets or a group for sale from "held for sale" to "held for distribution of owners" and vice versa,

- IFRS 7 Financial instruments: disclosures, within the scope of but not limited to the application of changes to IFRS 7 regarding compensation of assets and financial obligations to condensed interim financial reports,

- IAS 19 Employee benefits, within the scope the currency of "high value corporate bonds" used for the determination of a discount rate,

- IAS 34 Interim Financial Reporting within the scope of specification how disclosures required by 16A of IAS 34 should be placed in a different place of an interim report.

They apply mostly to annual periods starting on January 1, 2016 or later. The company will apply changed standards in the scope of made changes from January 1, 2016 unless a different effective date was provided for. According to the company, the application of changed standards will not have a significant impact on the financial report of the company except for an amendment to IAS 34 that could cause additional disclosures in interim financial reports of the company.

- Changes to IAS 1: Initiative in disclosure matter*s*

On December 18, 2014 as part of a large initiative with an eye to improving presentation and disclosure in financial reports changes to IAS 1 were published. These changes are to further encourage entities to apply professional assessment in defining what information to be disclosed in financial reports. For example, the changes render more precise the issue whether the significance regards the entirety of financial reports and whether inclusion of non-significant information can reduce the usefulness of precisely financial information. Also they render more precise whether the units should apply a professional assessment when describing which place and what order information in case of disclosure of financial information should be presented in. The published changes are also accompanied by the project of changes for IAS 7: Cash flow statement increasing the requirements for financial activity and cash and their equivalent units.
The changes can be applied immediately and it is obligatory to use them for annual reports starting on January 2016 or later. Company started an analysis of the effect of introduction of the changes. Company shall adopt the changes on January 2016 at the latest and their effect can be the change of scope/authorization form presented in the financial statement.

- Changes to IFRS 10, IFRS 12 and IFRS 28: Investment units: exception from consolidation

Changes to IFRS 10, IFRS 12 and IFRS 28 were published on December 18, 2014 and are applied towards annual periods starting on January 1, 2016 or later and their purpose is to render more precise the requirements in the scope of accounting of investment units.
The Group expects that the application of the changed standards shall have no influence on Group's financial statement.

- Changes in IAS 12: *Disclosure of assets due to deferred income tax due to unrealized losses*.

Changes to IAS 12 were published on January 19, 2016 and apply to annual periods starting on January 1, 2017 or later. Their goal is to make requirements more precise regarding the disclosure of assets due to deferred tax regarding financial debt instruments assessed in fair value.

The company expects that the application of the changed standards shall have no influence on Group's financial statement.

Company expects that the application of the changed standards shall have no influence on Company's financial statement. IFRS in the shape approved by EU to not significantly differ from the regulations adopted by the International Accounting Standards Council with the exception of those standards, interpretations and changes thereto that on the day of approval of the foregoing financial statement for publication were not yet approved for application by EU:

- IFRS 9 *Financial instruments* published on July 24, 2014,
- IFRS 14 *Regulatory Deferral Accounts* published on January 30, 2014,
- IFRS 15 *Revenue from the Contracts with Customers* published on May 28, 2014,
- MSSF 16 *Leasing* published on January 13, 2016,
- Changes to IFRS 10 and IAS 28: *Sale or transfer of assets between investor and its affiliated unit or common enterprise* published on September 11, 2014,
- Changes to IAS 10, IAS 12 and IAS 28: *Investment units: application of the exception from consolidation*,
- Changes to IAS 12: *Disclosure of assets due to deferred income tax due to unrealized losses* published on January 19, 2016

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 recognizable 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 which may occur 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 amortized with the straight-line method for the period of their expected useful life.
Intangible assets of an indefinite useful life (goodwill) are not amortized 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 recognizes 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: 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 1,25% – 4,5%
- Machinery and equipment: 6% - 30%
- Means of transport: 12,5% - 20%
- Other fixed assets: 5% - 50%

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 re-measured 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 recognized 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.

After initial recognition, an entity using a model of fair value measurement, measures at the fair value all investment properties and investment properties under construction, with the exception of cases where an entity can not reliably determine the fair value of investment properties. The gain or loss arising from changes in fair value of investment property affects net profit or net loss for the period in which the change occurred.

Leasing

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 a component of assets and liabilities:

- in the amount equal to the market value of the leased asset,
- the present (discounted) value of lease payments, depending on which amount is lower.

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 amortized and depreciated under the same principles as other purchased assets of a similar kind. The period of amortization 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 realizable value, the company discloses an impairment loss adjusting costs of goods sold. The depletion of finished products is performed through detailed identification of particular items.

Work in progress covers expenditures made on building housing estates and costs connected with auxiliary production. Auxiliary 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 recognized 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 measured 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 recognized 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 Company.
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 of 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, recognized as a result of past events and from which future economic benefits are expected to flow to the company.

Provisions for liabilities
Provisions are liabilities of uncertain amount or timing. The Group companies recognize 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, recognized based on records on unused days of annual leaves of particular employees at a given date and their daily gross salaries plus social insurance premiums paid by the Employer,
- provision for retirement benefits,
- deferred income tax liabilities.

Long-term developer contracts
The core business of the 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", published in July 2008. This interpretation concerns the moment of recognition of revenue from sales of property.
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 changed the accounting policy for the moment of transferring the control and significant risks to the Buyer. After the amendment, the Group using the interpretation of IFRIC 15 recognizes revenue from the sale of the property after meeting the following conditions:
- date of completion:
- 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:

<u>a) Zero-profit method</u>
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 transferred to deferred income.

<u>b) Percentage-of-completion method</u>
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,
- measurement of works 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 recognized 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 recognition 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 recognized for temporary positive differences at the amount of income tax payable in future.

Deferred income tax assets are recognized 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 realize 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 realized 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 unfavorable 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 recognized at the amount of probable obligations falling to the reporting period.

Revenues

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

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

Revenues from sales of construction services are recognized 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 trading year.

2. FINANCIAL STATEMENT

In H1 of 2015 a merger took place between the dominant entity with its subsidiaries, namely Lokum Sp. z o.o., J.W. 6 Sp. z o.o., J.W. Group Sp. z o.o., J.W. Group Sp. z o.o. 1 S.K.A., J.W. Group Sp. z o.o. 2 S.K.A. Due to the above reasons the financial statement of the dominant entity that took over the assets of the merged companies includes data for the previous business year described in such a way as if the merger took place at the beginning of the previous business year.

Report on financial situation

ASSETS	Nota	31-12-2015	31-12-2014
FIXED ASSETS		**842 997 161,94**	**871 786 539,70**
Intangible assets	1	12 743 704,03	13 813 183,04
Tangible assets	2	227 400 157,30	233 175 818,19
Investment real estate	3	405 269 174,24	423 078 384,94
Other financial assets	4	178 339 779,28	186 198 856,92
Deferred income tax assets	13	17 478 087,72	15 155 749,21
Trade and other receivables	5	1 766 259,37	364 547,40
CURRENT ASSETS		**472 692 002,41**	**411 190 757,88**
Inventories	6	27 822 881,13	28 630 089,30
Construction contracts	6	267 739 043,96	260 652 372,88
Trade and other receivables	7	53 473 215,20	71 727 977,57
Other financial assets	8	42 030 670,09	25 224 364,59
Cash and cash equivalents	9	73 600 261,65	16 180 647,26
Accruals	10	8 025 930,38	8 775 306,28
Total Assets		**1 315 689 164,35**	**1 282 977 297,58**
EQUITY AND LIABILITIES			
EQUITY		**674 694 704,07**	**659 655 119,82**
Share capital	11	17 771 888,60	17 771 888,60
Revaluation capital		7 493 208,19	7 493 208,19
Other capital	11	640 069 533,01	618 190 229,43
Retained earnings		-5 679 509,99	-3 398 696,37
Net profit / loss		15 039 584,26	19 598 489,97
LIABILITIES		**640 994 460,28**	**623 322 177,76**
Non-current liabilities		**300 856 821,59**	**377 326 174,36**
Borrowings	12	50 841 566,42	72 849 327,73
Deferred income tax liabilities	13	38 243 749,24	32 609 672,74
Retirement benefit obligations		200 416,45	168 159,45
Provision for other liabilities and charges	14	0,00	0,00
Other liabilities	15	211 571 089,48	271 699 014,44
Current liabilities		**340 137 638,69**	**245 996 003,40**
Trade and other payables	16	112 913 932,78	77 100 606,82
Construction contracts	6	51 892 131,72	69 755 106,04
Borrowings	12	13 667 098,43	63 926 507,89
Provision for other liabilities and charges	14	12 161 856,31	10 750 846,25
Other liabilities	16	149 502 619,45	24 462 936,40
EQUITY AND LIABILITIES		**1 315 689 164,35**	**1 282 977 297,58**

Total income statement

	Nota	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
Net revenues from sales of products, goods and materials, of which:	17	**207 880 323,75**	**269 514 271,41**
Net revenues from sales of products		205 999 038,62	268 075 241,77
Net revenues from sales of goods and materials		1 881 285,13	1 439 029,64
Costs of products, goods and materials sold, of which:	18	**166 510 845,36**	**233 286 665,44**
Manufacturing cost of products sold		164 597 595,73	231 830 794,53
Value of goods and materials sold		1 913 249,63	1 455 870,91
Gross profit (loss) on sales		**41 369 478,39**	**36 227 605,97**
Sales costs	18	22 776 924,84	21 741 062,80
Overheads	18	11 105 867,79	10 688 161,55
Revaluation of investment properties	3	31 329 588,34	28 392 993,33
Profit (loss) on sales		**38 816 274,10**	**32 191 374,95**
Other operating income	19	1 884 100,96	10 250 553,62
Other operating expenses	20	14 062 610,45	6 522 814,69
Operating profit (loss)		**26 637 764,61**	**35 919 113,88**
Financial Revenues	21	10 779 776,73	16 003 687,16
Profit (loss) on business activity	22	19 066 219,08	27 056 225,86
Profit (loss) on business activity		**18 351 322,26**	**24 866 575,18**
Gross profit (loss)		**18 351 322,26**	**24 866 575,18**
Income tax	13, 23	3 311 738,00	5 268 085,21
Net profit (loss)		**15 039 584,26**	**19 598 489,97**

Other comprehensive income:		**0,00**	**0,00**
Foreign exchange rate operation differences		0,00	0,00
Profit/loss from acquisitions		0,00	0,00
Profit from revaluation of tangible fixed assets		0,00	0,00
Other comprehensive income		0,00	0,00
Total revenue		**15 039 584,26**	**19 598 489,97**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
Profits			
(A) Profit resulting from the financial statements		15 039 584,26	19 598 489,97
Number of shares			
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of Company Shareholders) for the purpose of calculating earnings per share		88 859 443,00	62 841 299,17
(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		88 859 443,00	62 841 299,17
Basic earnings per share = (A)/(B)		**0,17**	**0,31**
Diluted earnings per share = (A)/(B)		**0,17**	**0,31**

* 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). In the analyzed period C-series share were issued, which influenced share dilution..

Statement of changes in equity

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital reserves	Hedge valuation reserve and currency translation reserve	Retained earnings	Net earnings
As at December 31, 2014	**17 771 888,60**	**0,00**	**7 493 208,19**	**612 458 642,24**	**5 731 587,19**	**-3 398 696,37**	**19 598 489,97**	**659 655 119,82**
Basic error corrections	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	0,00	0,00	0,00	0,00	**0,00**
As at January 1, 2015	**17 771 888,60**	**0,00**	**7 493 208,19**	**612 458 642,24**	**5 731 587,19**	**-3 398 696,37**	**19 598 489,97**	**659 655 119,82**
Share issuance	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Purchase of own shares	0,00	0,00		0,00				**0,00**
Share redemption	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Dividends paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) on revaluation of available-for-sale assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) on cash flow hedges	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Exchange gains / (losses) on translation of financial statements of foreign operations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Gains / (losses) on business acquisitions(unitary JWCH)	0,00	0,00		0,00	0,00	0,00	0,00	**0,00**
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Adjustments	0,00	0,00	0,00	0,00	0,00	0,45	0,00	**0,45**
Transformation to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Total profit / (loss) recognized directly in equity	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,45**	**0,00**	**0,45**
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	15 039 584,26	**15 039 584,26**
Total profit / (loss) recognized in equity and net earnings	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,45**	**15 039 584,26**	**15 039 584,71**
Increase / decrease from profit distribution	0,00	0,00	0,00	21 879 303,58	0,00	-2 280 814,07	-19 598 489,97	**-0,46**
As of December 31, 2015	**17 771 888,60**	**0,00**	**7 493 208,19**	**634 337 945,82**	**5 731 587,19**	**-5 679 509,99**	**15 039 584,26**	**674 694 704,07**

Financial statement for the period between January 1 and December 31, 2015

	Share Capital	Own shares (negative figure)	Revaluation capital	Supplementary capital	Other capital	Retained earnings from previous years	Net earnings	Equity
As of December 31, 2013	**10 814 656,00**	**0,00**	**7 493 208,19**	**497 748 882,16**	**5 731 587,19**	**0,82**	**11 876 418,04**	**533 664 752,40**
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
IFRS adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
As of January 1, 2014	**10 814 656,00**	**0,00**	**7 493 208,19**	**497 748 882,16**	**5 731 587,19**	**0,82**	**11 876 418,04**	**533 664 752,40**
Issuance of shares	6 957 232,60	0,00	0,00	101 744 205,56	0,00	0,00	0,00	**108 701 438,16**
Share redemption	0,00	0,00		0,00				**0,00**
Purchase of own shares	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Dividends paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Gains / (losses) on business acquisitions(part of Company)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profit/loss from the inclusion/exclusion of companies for consolidation	0,00	0,00		1 089 136,48	0,00	-3 398 697,19	0,00	**-2 309 560,71**
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Transformation to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Issuance of shares	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Total profit / (loss) recognized directly in equity	**6 957 232,60**	**0,00**	**0,00**	**102 833 342,04**	**0,00**	**-3 398 697,19**	**0,00**	**106 391 877,45**
Net profit (loss) for the business year	0,00	0,00	0,00	0,00	0,00	0,00	19 598 489,97	**19 598 489,97**
Total profit / (loss) recognized in equity and net earnings	**6 957 232,60**	**0,00**	**0,00**	**102 833 342,04**	**0,00**	**-3 398 697,19**	**19 598 489,97**	**125 990 367,42**
Increase / decrease from profit distribution	0,00	0,00	0,00	11 876 418,04	0,00	0,00	-11 876 418,04	**0,00**
As of December 31, 2014	**17 771 888,60**	**0,00**	**7 493 208,19**	**612 458 642,24**	**5 731 587,19**	**-3 398 696,37**	**19 598 489,97**	**659 655 119,82**

Cash flow statements (indirect method)

Cash flows from business operations - indirect method	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
Net profit (loss)	**15 039 584,26**	**19 598 489,97**
Item adjustments:	**2 225 523,28**	**12 156 602,17**
Depreciation and amortization	7 456 504,30	4 895 373,71
(Profits) loss on foreign exchange differences regarding financial and investment activities	-1 859 097,82	-3 282 242,98
(Profits) loss from investment activities	5 167 194,77	2 038 083,49
Interest and dividends	16 702 155,52	32 449 832,11
Changes in provisions and accruals	6 000 280,25	5 592 074,50
Change in investment properties	-31 329 588,34	-28 392 993,33
Other adjustments:	88 074,60	-1 143 525,33
- other adjustments	88 074,60	-1 143 525,33
Changes in working capital	**45 218 081,74**	**136 052 671,35**
Change in inventories	807 208,17	764 601,57
Change in construction contract	41 893 596,41	156 795 055,26
Changes in receivables	5 601 821,30	-11 171 814,45
Changes in current liabilities, except for borrowings	-3 084 544,14	-10 335 171,03
Operating cash flow	**62 483 189,28**	**167 807 763,49**
Investment activity cash flows		
Disposal of tangible and intangible assets and other non-current assets	5 554 525,20	8 378 169,44
Acquisition of tangible and intangible assets and other non-current assets	-21 266 724,57	-7 065 293,32
Expenses related to assets earmarked for sale	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	-789 699,00	-8 746 247,20
Loans repaid	3 206 200,00	2 223 681,97
Other purchase of financial assets	0,00	-1 300 000,00
Other disposal of financial assets	0,00	1 300 000,00
Dividends received	0,00	0,00
Interest received	253 408,07	52 113,74
Disposal of subsidiaries	10 000,00	4 644,62
Acquisition of subsidiaries	-8 935 000,00	-78 613 064,41
Disposal of tangible and intangible assets and other non-current assets	**-21 967 290,30**	**-83 765 995,16**
Acquisition of tangible and intangible assets and other non-current assets		
Expenses related to assets earmarked for sale	0,00	28 915 480,76
Purchase of equity instruments and debt instruments	0,00	0,00
Disposal of equity instruments and debt instruments	15 027 269,25	72 859 057,66

Loans granted	-87 558 401,42	-114 873 193,45
Loans repaid	77 620 000,00	0,00
Other purchase of financial assets	-10 570 000,00	-10 570 000,00
Other disposal of financial assets	-64 136,08	-4 215 624,01
Dividends received	0,00	0,00
Interest received	-22 301 016,34	-33 962 122,50
Disposal of subsidiaries	44 750 000,00	1 400 000,00
Acquisition of subsidiaries	0,00	-18 352 755,80
Net financing cash flow	**16 903 715,41**	**-78 799 157,34**
NET DECREASE/(INCREASE) IN CASH	**57 419 614,39**	**5 242 610,99**
Cash and cash equivalents at the beginning of the year	16 180 647,26	10 938 036,27
- foreign exchange gains/(losses) on cash		
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**73 600 261,65**	**16 180 647,26**

3. Explanatory notes to the report on the financial situation

Note 1. Intangible assets

Intangible assets	31-12-2015	31-12-2014
a) research and development expenses	0,00	0,00
b) goodwill	12 389 648,22	12 389 648,22
c) other intangible assets	354 055,81	1 423 534,82
d) advances on intangible assets	0,00	0,00
Total intangible assets	**12 743 704,03**	**13 813 183,04**

The initial presentation of intangible values takes place in accordance with the cost of acquisition of creation thereof. After the initial presentation, intangible assets are valuated according to the costs of acquisition or creation decreased by a write-down or a write-off due to permanent loss of value. Intangible assets are linearly amortized in the period corresponding to the period of their economic life. A period and amortization method are verified by the end of each business year.

A key position in other intangible assets is the integrated system SAP.

As of December 31, 2015, there were no circumstances as a result of which the Company should create write-downs for intangible assets.

In the years 2014-2015, as part of the Group, there were development works conducted and no costs were incurred as a result of this. The companies did not have advancements for intangible assets.

As at 31 December 2015 there is no impairment of goodwill. This value is bound to a real estate investment, from which future cash flow is expected. The management board analyzed the loss of assets in accordance with IAS 32, e.g. through the comparison of the real estate book value (including goodwill) with

The management board analyzed the loss of the value of assets in accordance with IAS 36, e.g. the comparison of the book value of real estate with goodwill against market value.

CHANGES OF INTANGIBLE ASSETS (BY GROUP TYPE) 31-12-2015	Goodwill	Computer software	TOTAL
a) the gross value of tangible fixed assets at the opening period	**12 389 648,22**	**14 900 250,88**	**27 289 899,10**
b) increase (due to)	**0,00**	**85 906,00**	**85 906,00**
a) the gross value of tangible fixed assets at the opening period	0,00	85 906,00	85 906,00
c) decrease (due to)	**0,00**	**0,00**	**0,00**
- sale	0,00	0,00	0,00
d) the gross value of tangible fixed assets at the closing period	**12 389 648,22**	**14 986 156,88**	**27 375 805,10**
e) accumulated depreciation at the opening period	**0,00**	**13 476 716,06**	**13 476 716,06**
f) amortization for the period (due to)	**0,00**	**1 155 385,01**	**1 155 385,01**
- annual depreciation allowance	0,00	1 155 385,01	1 155 385,01
g) accumulated depreciation at closing period	**0,00**	**14 632 101,07**	**14 632 101,07**
h) impairment losses at beginning of period	0,00	0,00	**0,00**
- increase	**0,00**	**0,00**	**0,00**
- write-down due to a permanent value loss	0,00	0,00	0,00
- decrease	**0,00**	**0,00**	**0,00**
i) impairment write-offs at the closing period	**0,00**		**0,00**
j) the net value of tangible fixed assets at the opening period	**12 389 648,22**	**1 423 534,82**	**13 813 183,04**
k) the net value of tangible fixed assets at the closing period	**12 389 648,22**	**354 055,81**	**12 743 704,03**

CHANGES OF INTANGIBLE ASSETS (BY GROUP TYPE) 31-12-2015	Goodwill	Computer software	TOTAL
a) the gross value of tangible fixed assets at the opening period	**12 389 648,22**	**14 852 694,45**	**27 242 342,67**
b) increase (due to)	**0,00**	**47 556,43**	**47 556,43**
a) the gross value of tangible fixed assets at the opening period	0,00	47 556,43	47 556,43
c) decrease (due to)	**0,00**	**0,00**	**0,00**
- sale	0,00	0,00	0,00
d) the gross value of tangible fixed assets at the closing period	**12 389 648,22**	**14 900 250,88**	**27 289 899,10**
e) accumulated depreciation at the opening period	**0,00**	**12 357 201,38**	**12 357 201,38**
f) amortization for the period (due to)	**0,00**	**1 119 514,68**	**1 119 514,68**
- annual depreciation allowance	0,00	1 119 514,68	1 119 514,68
g) accumulated depreciation at closing period	**0,00**	**13 476 716,06**	**13 476 716,06**
h) impairment losses at beginning of period	0,00	0,00	**0,00**
- increase	**0,00**	**0,00**	**0,00**
- write-down due to a permanent value loss	0,00	0,00	0,00
- decrease	**0,00**	**0,00**	**0,00**
i) impairment write-offs at the closing period	0,00	0,00	0,00
j) the net value of tangible fixed assets at the opening period	**0,00**	**0,00**	**0,00**
k) the net value of tangible fixed assets at the closing period	**12 389 648,22**	**2 495 493,07**	**14 885 141,29**
d) the gross value of tangible fixed assets at the closing period	**12 389 648,22**	**1 423 534,82**	**13 813 183,04**

Note 2. Fixed assets

Fixed assets	**31-12-2015**	**31-12-2014**
a) fixed assets, including:	223 915 997,69	229 821 259,78
- land (including right of perpetual usufruct)	14 969 731,64	15 006 566,26
- buildings and structures	187 145 322,61	190 053 600,68
- plant and machinery	13 155 230,72	14 859 197,02
- motor vehicles	115 845,92	352 797,93
- other fixed assets	8 529 866,80	9 549 097,89
b) constructions in progress	3 484 159,61	3 354 558,41
c) advances on constructions in progress	0,00	0,00
Total tangible assets	**227 400 157,30**	**233 175 818,19**

The initial presentation of fixed assets takes place in accordance with the acquisition or creation cost thereof. After the initial presentation, fixed assets are valuated as of a balance sheet date in accordance with the cost of their acquisition or creation decreased by a write-off and accumulated write-offs due to their loss of value. Fixed assets are linearly amortized in the period corresponding to the estimated period of their economic life.

Fixed assets under construction are valuated in accordance with the direct total costs borne by their acquisition or creation decreased by write-offs as a result of their permanent loss of value. Fixed assets under construction are amortized until their construction is finished and taken over for occupancy.

The “other fixed assets” row comprises equipment, office equipment and other tools.

In 2015, the company did not activate financial costs in the fixed assets column.

The Management Board of the dominant entity, having reviewed amortization rates being applied to the Group, decided on January 1, 2013 to update balance sheet amortization rates being applied in the Czarny Potok hotel, the 500 hotel group in the scope regarding hotels, as well as other activity in other activity of the Capital Group in the scope of the amortization of the company headquarters building and sewage treatment facility in Ożarów Mazowiecki near Warsaw.

between 01-01-2015 and 31-12-2015	Land (including right of perpetual usufruct)	Buildings and structures	Plant and machinery	Motor vehicles	Other fixed assets	Assets in constructions	Total tangible assets
a) the gross value of tangible fixed assets at the opening period	**15 006 566,26**	**214 089 893,16**	**26 876 677,87**	**2 602 216,81**	**15 928 734,05**	**3 354 558,41**	**277 858 646,56**
b) increase (due to)	**0,00**	**2 523 678,88**	**140 509,00**	**3 328,76**	**631 752,61**	**2 732 254,31**	**6 031 523,56**
- purchase	0,00	82 560,00	140 509,00	3 328,76	606 883,19	274 540,92	**1 107 821,87**
- investment acquisition	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
- transfer from costs 4*	0,00	0,00	0,00	0,00	24 869,42	16 594,51	**41 463,93**
- repair works Stryków	0,00	667 000,00	0,00	0,00	0,00	667 000,00	**1 334 000,00**
- repair works Tarnów	0,00	1 774 118,88	0,00	0,00	0,00	1 774 118,88	**3 548 237,76**
c) decrease (due to)	**36 834,62**	**3 563 893,05**	**1 814 884,09**	**196 621,85**	**0,00**	**2 602 653,11**	**8 214 886,72**
- sale	0,00	552 431,00	79 562,98	196 621,85	0,00	0,00	**828 615,83**
- likwidacja środka trwałego	0,00	0,00	984 110,32	0,00	0,00	96 633,03	**1 080 743,35**
- sale of Teresin real estate	36 834,62	3 002 333,48	751 210,79	0,00	0,00	64 901,20	**3 855 280,09**
- transfer to fixed assets	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
- sales of units transferred from ready inventory	0,00	9 128,57	0,00	0,00	0,00	0,00	**9 128,57**
- repair works at Stryków	0,00	0,00	0,00	0,00	0,00	667 000,00	**667 000,00**
- repair works at Tarnów	0,00	0,00	0,00	0,00	0,00	1 774 118,88	**1 774 118,88**
d) the gross value of tangible fixed assets at the closing period	**14 969 731,64**	**213 049 678,99**	**25 202 302,78**	**2 408 923,72**	**16 560 486,66**	**3 484 159,61**	**275 675 283,40**
e) accumulated depreciation at the opening period	**0,00**	**24 036 292,48**	**12 017 480,85**	**2 244 405,55**	**6 384 649,49**	**0,00**	**44 682 828,37**
f) amortization for the period (due to)	**0,00**	**1 868 063,90**	**29 591,21**	**43 658,92**	**1 650 983,70**	**0,00**	**3 592 297,73**
- annual depreciation allowance	0,00	2 975 244,41	1 434 610,41	240 280,77	1 650 983,70	0,00	6 301 119,29
decrease (due to)	**0,00**	**1 107 180,51**	**1 405 019,20**	**196 621,85**	**0,00**	0,00	**2 708 821,56**
- sale of a fixed asset	0,00	35 975,06	79 562,98	196 621,85	0,00	0,00	**312 159,89**
- liquidation of a fixed asset	0,00	1 007,93	982 680,32	0,00	0,00	0,00	**983 688,25**
- sprzedaż nieruchomości Teresin	0,00	1 070 197,52	342 775,90	0,00	0,00	0,00	**0,00**
g) accumulated depreciation at closing period	0,00	**25 904 356,38**	**12 047 072,06**	**2 288 064,47**	**8 035 633,19**	**0,00**	**48 275 126,10**
h) impairment losses at beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
i) impairment write-offs at the closing period	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
j) the net value of tangible fixed assets at the opening period	**15 006 566,26**	**190 053 600,68**	**14 859 197,02**	**357 811,26**	**9 544 084,56**	**3 354 558,41**	**233 175 818,19**

k) the net value of tangible fixed assets at the closing period	**14 969 731,64**	**187 145 322,61**	**13 155 230,72**	**120 859,25**	**8 524 853,47**	**3 484 159,61**	**227 400 157,30**

between 01-01-2014 and 31-12-2014	**Land**	**buildings and structures**	**plant and machinery**	**Means of transport**	**other property, plant and equipment**	**Assets in constructions**	**TOTAL**
a) the gross value of tangible fixed assets at the opening period	**15 666 495,99**	**231 869 609,36**	**26 765 373,51**	**3 410 979,62**	**16 208 226,93**	**3 158 295,39**	**297 078 980,80**
b) increase (due to)	**199 822,00**	**72 000,00**	**116 481,03**	**27 073,17**	**174 472,39**	**196 263,02**	**786 111,61**
- purchase	0,00	72 000,00	116 481,03	27 073,17	174 472,39	172 389,70	**562 416,29**
- capital expenditure for tangible fixed assets under construction	0,00	0,00	0,00	0,00	0,00	23 873,32	**23 873,32**
- Czarny Potok land exchange	199 822,00	0,00	0,00	0,00	0,00	0,00	**199 822,00**
c) decrease (due to)	**859 751,73**	**17 851 716,20**	**5 176,67**	**835 835,98**	**453 965,27**	**0,00**	**20 006 445,85**
- sale	0,00	1 501 812,90	3 360,40	843 835,98	0,00	0,00	**2 349 009,28**
- sale of Hotel Cieszyn	793 323,33	3 345 846,93	1 816,27	0,00	453 965,27	0,00	**4 594 951,80**
- adjustment of wrong accounting	0,00	0,00	0,00	-8 000,00	0,00	0,00	**-8 000,00**
- lease object correction	0,00	13 004 056,37	0,00	0,00	0,00	0,00	**13 004 056,37**
- sale to the Municipality	3 878,40	0,00	0,00	0,00	0,00	0,00	**3 878,40**
- Czarny Ptok land exchange	62 550,00	0,00	0,00	0,00	0,00	0,00	**62 550,00**
d) the gross value of tangible fixed assets at the closing period	**15 006 566,26**	**214 089 893,16**	**26 876 677,87**	**2 602 216,81**	**15 928 734,05**	**3 354 558,41**	**277 858 646,56**
e) accumulated depreciation at the opening period	**0,00**	**24 687 101,85**	**10 555 686,41**	**2 763 686,51**	**5 285 550,29**	**0,00**	**43 292 025,06**
f) amortization for the period (due to)	**0,00**	**-650 809,37**	**1 461 794,44**	**-519 280,96**	**1 099 099,20**	**0,00**	**1 390 803,31**
- annual depreciation allowance	0,00	3 241 225,65	1 466 971,11	306 309,63	1 548 477,11	0,00	6 562 983,50
decrease (due to)	**0,00**	**3 892 035,02**	**5 176,67**	**825 590,59**	**449 377,91**	0,00	**5 172 180,19**
- sale of fixed assets	0,00	1 020 305,91	5 176,67	828 577,26	449 377,91	0,00	**2 303 437,75**
- other (dicreases) adjustments leasing	0,00	2 871 729,11	0,00	0,00	0,00	0,00	**2 871 729,11**
g) accumulated depreciation at closing period	0,00	**24 036 292,48**	**12 017 480,85**	**2 244 405,55**	**6 384 649,49**	**0,00**	**44 682 828,37**
h) impairment losses at beginning of period	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
increase (due to)	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
decrease (due to)	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
i) impairment write-offs at the closing period	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
j) the net value of tangible fixed assets at the opening period	**15 666 495,99**	**207 182 507,51**	**16 209 687,10**	**647 293,11**	**10 922 676,64**	**3 158 295,39**	**253 786 955,74**

k) the net value of tangible fixed assets at the closing period	**15 006 566,26**	**190 053 600,68**	**14 859 197,02**	**357 811,26**	**9 544 084,56**	**3 354 558,41**	**233 175 818,19**

Note 3. Investment real estate

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

Other long-term investments	**31-12-2015**	**31-12-2014**
a) investment properties	405 269 174,24	423 078 384,94
b) other	0,00	0,00
Total other long-term investments	**405 269 174,24**	**423 078 384,94**

CHANGE IN INVESTMENT PROPERTIES	**Fair value**	**Acc. to historical cost**	**Value of investment properties in total**
a) state for the beginning of the period	**361 978 481,49**	**61 099 903,45**	**423 078 384,94**
expenditure incurred	236 150 245,32	53 923 648,11	290 073 893,43
Financial expenses	24 549 092,80	7 176 255,34	31 725 348,14
revaluation value	101 279 143,37	0,00	101 279 143,37
b) increase (due to)	**53 453 662,65**	**6 017 236,37**	**59 470 899,02**
expenditure incurred	7 394 435,35	4 704 893,82	12 099 329,17
Financial expenses	4 220 206,10	1 312 342,55	5 532 548,65
revaluation value	41 839 021,20		41 839 021,20
Change in construction contracts	0,00		0,00
c) decrease (due to)	**25 551 242,22**	**51 728 867,50**	**77 280 109,72**
incurred expenses - sale, corrections	78 801,00	4 129 314,45	4 208 115,45
financial expenses	0,00		0,00
revaluation value	10 737 850,37		10 737 850,37
change in construction contracts	14 734 590,85	47 599 553,05	62 334 143,90
d) closing balance	**389 880 901,92**	**15 388 272,32**	**405 269 174,24**
expenditures	228 731 288,82	6 899 674,43	235 630 963,25
Financial expenses	28 769 298,90	8 488 597,89	37 257 896,79
revaluation value	132 380 314,20	0,00	132 380 314,20

In the reporting year of 2013, Company changed its investment strategy towards some pieces of real estate. They were initially classified as inventories as investment projects were planned to be carried out there. Due to the change of the business model, these pieces of real estate will be held in Company investment portfolio expecting an increase of their value.
J.W. Construction Holding S.A for the purpose of the investment property evaluation orders the preparation of appraisal report with determining the market value to independent Property Valuers, having the appropriate permissions. In order to determine the valuation, the property valuer use the principles in accordance with General National Principles of Valuation adopted by the Polish Federation of Valuers' Associations where the market value is the most probable price obtainable on the market at the measurement date.

In order to determine the market value, the property valuer determines the optimal or the most probable way of the property use by properly selected method of valuation. The property valuer especially takes into account the purpose of the valuation, the type and location of the property, destiny in the local plan, the level of equipment in the technical infrastructure and the available data on prices, income and similar real estate characteristics.

In the hierarchy of the fair value estimation of the investment properties are classified to Level 3, where:
1 - Quoted prices, which are not adjusted, in an active market for identical assets and liabilities that the entity can access at the measurement date.
2 - Inputs, other than quoted prices, that are observable, either directly or indirectly.
3 - Unobservable inputs.
The hierarchy is determined on the basis of the lowest level of inputs.

The following methods to determine the market value of the property in presented reports by the property valuers from accounting records of J.W. Construction Holding S.A were used:

- income-based valuation method
- comparison in pairs method

- residual method

The following key assumptions were adopted to use the income-based valuation method:

KEY ASSUMPTIONS	**Values**
long-term profitability of investments	2,00% - 2,10%
rn - the real estate risk premium	3,00% - 5,00%
rs - the real estate risk premium (initial phase)	2,05% - 2,50%
capitalization rate	**7,40% - 9,50%**

Note 4. Long-term financial assets

LONG-TERM FINANCIAL ASSETS	**31-12-2015**	**31-12-2014**
a) shares	156 587 493,81	147 662 493,81
b) loans granted	21 752 285,47	38 536 363,11
c) other long-term investments	0,00	0,00
Total long-term financial assets	**178 339 779,28**	**186 198 856,92**

LONG-TERM FINANCIAL ASSETS	**31-12-2015**	**31-12-2014**
a) in subsidiaries	178 130 229,28	185 989 306,92
- shares	156 377 943,81	147 452 943,81
- other securities	0,00	0,00
- loans granted	21 752 285,47	38 536 363,11
- other long-term financial assets	0,00	0,00
b) in other units	209 550,00	209 550,00
- shares	209 550,00	209 550,00
- other securities	0,00	0,00
- loans granted	0,00	0,00
- other long-term financial assets	0,00	0,00
Total long-term financial assets	**178 339 779,28**	**186 198 856,92**

	Name of entity with the indication of its legal status	Registered office	Business	Relation	Applied consolidation methid	Date of assuming control	Value of shares/interests at acquisition price	Correction updating value (total)	Write-downs to the amont of book value of the contribution in kind	Balance sheet value of shares	% of total number of votes in the general meeting
1	TBS Marki Sp.z o.o.	Warsaw	construction of social buildings	subsidiary	full consolidation	14.11.2003	13 360 000,00	0,00	0,00	13 360 000,00	100,00%
2	Business Financial Construction Sp. z o.o.	Warsaw	developer activity	subsidiary	full consolidation	16.06.2003	4 347 000,00	0,00	0,00	4 347 000,00	99,99%
3	J.W. Construction Bułgaria Sp. z o.o.	Varna (Bulgaria)	developer activity	subsidiary	not consolidated	08.10.2007	9 854,98	0,00	0,00	9 854,98	100,00%
4	Yakor House Sp. z o.o.	Sochi (Russia)	developer activity	subsidiary	full consolidation	07.12.2007	9 810 000,00	0,00	0,00	9 810 000,00	70,00%
5	J.W. Construction Sp. z o.o.	Ząbki	prefabricated unit production for the building industry	subsidiary	full consolidation	19.02.2008	57 451 956,00	0,00	30 430 356,00	27 021 600,00	99,99%
6	J.W. Marka Sp. z o.o.	Ząbki	dzierżawa własności intelektualnej	subsidiary	full consolidation	23.08.2011	155 841 000,00	0,00	155 779 575,58	61 424,42	100,00%
7	Seahouse Sp.z o.o.	Ząbki	developer activity	subsidiary	full consolidation	18.10.2012	10 950 000,00	0,00	0,00	10 950 000,00	100,00%
8	Nowe Tysiąclecie Sp.z o.o.	Ząbki	developer activity	subsidiary	full consolidation	11.06.2013	15 240 000,00	0	0	15 240 000,00	100,00%
9	Dana Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22.11.2013	10 064 950,00	0,00	0,00	10 064 950,00	99,99%
10	Bałtycka Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	23.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
11	Berensona Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	28.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
12	Bliska Wola 1 Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22.01.2014	28 535 700,00	0,00	0,00	28 535 700,00	100,00%
13	Bliska Wola 2 Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	29.01.2014	13 820 000,00	0,00	0,00	13 820 000,00	100,00%
14	Wola Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	23.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
15	Bliska Wola 4 Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	24.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
16	Zdziarska Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
17	Łódź Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	22.01.2014	3 800 000,00	0,00	0,00	3 800 000,00	100,00%

	Name of entity with the indication of its legal status	Registered office	Business	Relation	Applied consolidation methid	Date of assuming control	Value of shares/interests at acquisition price	Correction updating value (total)	Write-downs to the amont of book value of the contribution in kind	Balance sheet value of shares	% of total number of votes in the general meeting
18	Porta Transport Sp. z o.o. w likwidacji	Szczecin	developer activity	subsidiary	full consolidation	24.04.2014	19 309 914,41	0,00	0,00	19 309 914,41	100,00%
19	Lewandów Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	24.07.2014	5 000,00	0,00	0,00	5 000,00	100,00%
20	Sochaczewska Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	25.07.2014	5 000,00	0,00	0,00	5 000,00	100,00%
21	Osada Wiślana Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	16.07.2014	5 000,00	0,00	0,00	5 000,00	100,00%
22	Parkowa Invest Sp. z o.o.	Ząbki	developer activity	subsidiary	full consolidation	16.07.2014	5 000,00	0,00	0,00	5 000,00	100,00%
23	J.W. Ergo Energy Sp. z o.o.	Ząbki	developer activity	subsidiary	not consolidated	06.10.2014	2 500,00	0,00	0,00	2 500,00	50,00%

Note 5. Non-current receivables

NON-CURRENT RECEIVABLES	**31-12-2015**	**31-12-2014**
a) guarantee receivables	0,00	0,00
b) deposit receivables(lease)	0,00	0,00
b) other receivables	1 766 259,37	364 547,40
Total receivables	**1 766 259,37**	**364 547,40**

In other long-term receivables, the sums of settlements with a special purpose vehicle from guaranteed used funds are presented.

Note 6. Inventories and construction contracts

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

INVENTORIES	**31-12-2015**	**31-12-2014**
a) materials	1 314 821,92	1 250 199,99
b) semi-finished products and work in progress	0,00	0,00
c) finished products	0,00	0,00
d) goods	26 507 109,62	27 379 839,72
e) trade advances	949,59	49,59
Total inventories	**27 822 881,13**	**28 630 089,30**

Every month, the Company carries out the inventorying and compares the amount of inventories against budgets and realized sales transactions through detailed analysis of every item.

Construction contracts - assets constitute expenditure in relation to realized projects, the value of ready units that have not been taken over by customers.

CONSTRUCTION CONTRACTS	**31-12-2015**	**31-12-2014**
CONSTRUCTION CONTRACTS (CURRENT ASSETS)	247 413 025,92	188 975 155,51
a) semi-finished products and work in progress	18 039 749,45	69 777 417,66
b) finished products	2 167 650,52	840 324,31
c) advances for supplies	118 618,07	1 059 475,40
d) short-term prepayments	**267 739 043,96**	**260 652 372,88**

Kontrakty budowlane – pasywa stanowią min. kwoty zaliczek wpłaconych przez kontrahentów w związku z realizowanymi pracami.

CONSTRUCTION CONTRACTS	**31-12-2015**	**31-12-2014**
a) Accruals	51 892 131,72	69 755 106,04
Total construction contracts	**51 892 131,72**	**69 755 106,04**

ACCRUALS	**31-12-2015**	**31-12-2014**
- advances on premises	47 932 749,45	66 997 275,33
- works reserves	3 318 602,58	2 308 822,89
- other	640 779,69	449 007,82
The total value of accruals	**51 892 131,72**	**69 755 106,04**

The company, in connection with the business activities, incur loans that are secured with the mortgage on the property. As at December 31, 2015, the Company established securities in the form of mortgages presented in inventories and construction contracts with the total value of PLN 363,8 million. The value of the mortgage is established on the amount of the credit granted (or higher), therefore, this amount exceeds the value of the property shown in assets of the Companies of the Group. As at December 31, 2015, the loan liabilities amounted to PLN 57,3 million.

The company, in connection with the business activities, issue the bonds that are secured with the mortgage on the property. As at December 31, 2015, the company established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 335 m. and in the form of mortgages on foreign properties in the amount of PLN 10 m. The value of the mortgage is established on the amount of the bond issued (or higher), therefore, this amount exceeds the value of the property shown in assets of the company. As at December 31, 2015, the liabilities from bonds issued amounted to PLN 314,1 m.

Note 7. Trade and other receivables

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

CURRENT RECEIVABLES	31-12-2015	31-12-2014
a) trade receivables - related entities	17 112 489,72	19 410 909,31
b) trade receivables - other entities	24 409 019,29	25 380 679,31
c) taxes, subsidies, customs duties, social and health insurance and other payments	7 536 526,50	9 078 060,19
d) other	4 415 179,69	17 858 328,76
Total receivables	**53 473 215,20**	**71 727 977,57**

AGE STRUCTURE OF TRADE RECEIVABLES	31-12-2015
Not overdue	39 618 535,86
Overdue for 3 months	827 407,71
Overdue between 3 and 6 months	439 786,26
Overdue between 6 and 1 year	370 269,23
Overdue for longer than 1 year	265 509,95
Gross delivery and service receivables	**41 521 509,01**
Write-downs updating receivables	0,00
Net delivery and service receivables	**41 521 509,01**

Tax liabilities are VAT liabilities constituting PLN 7,5 million as of December 31, 2015.

The company created write-downs that update the values of receivables that were not disclosed in operational costs. Write-downs were prepared in accordance with the best knowledge and experience of the Company based on individual analysis of relevant balances.

CHANGE OF THE STATE OF WRITE-DOWNS UPDATING THE VALUES OF TRADE AND OTHER RECEIVABLES	31-12-2015	31-12-2014
As of the beginning of the period	8 458 150,07	8 351 525,96
a) increase	0,00	111 989,06
b) decrease	1 182 026,09	5 364,95
As of the end of the period	**7 276 123,98**	**8 458 150,07**

Write-downs related to the entirety of overdue sums

Costs and revenues related to the creation and annulment of write-downs updating the values of receivables are properly disclosed in other operational costs and operational revenue.

As of the balance sheet days, there were no delivery and service receivables or other receivables in foreign currencies.

Note 8. Short-term financial assets

SHORT-TERM INVESTMENTS	31-12-2015	31-12-2014
a) shares	0,00	0,00
b) loans granted	41 684 323,27	24 893 418,34
c) other securities	346 346,82	330 946,25
d) other short-term investments	0,00	0,00
Total long-term financial assets	**42 030 670,09**	**25 224 364,59**

SHORT-TERM INVESTMENTS	31-12-2015	31-12-2014
a) in subsidiaries	41 628 838,73	23 942 962,34
- shares	0,00	0,00
- other securities	0,00	0,00

SHORT-TERM INVESTMENTS	31-12-2015	31-12-2014
- loans granted	41 628 838,73	23 942 962,34
- other short-term financial assets	0,00	0,00
b) in other entities	401 831,36	1 281 402,25
- shares	0,00	0,00
- other securities	346 346,82	330 946,25
- loans granted	55 484,54	950 456,00
- other short-term financial assets	0,00	0,00
Total value of short-term investments	**42 030 670,09**	**25 224 364,59**

Note 9. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	31-12-2015	31-12-2014
a) cash on hand and with bank	16 953 072,45	15 929 637,88
b) other cash	56 642 004,15	242 802,02
c) other cash equivalents	5 185,05	8 207,36
Total cash	**73 600 261,65**	**16 180 647,26**

Other cash means constitute deposits with a matuiry date under 3 months.

CASH IN ESCROW ACCOUNTS	31-12-2015	31-12-2014
Cash in escrow accounts	**7 475 720,76**	**12 532 334,90**
J.W. Construction Holding SA	7 475 720,76	12 532 334,90

Nota 10. Krótkoterminowe rozliczenia międzyokresowe

ACCRUALS	31-12-2015	31-12-2014
a) short-term prepayments	8 025 930,38	8 775 306,28
Total value of accruals	**8 025 930,38**	**8 775 306,28**

In the position of other prepaid expenses, the Company recognizes e.g 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 Company and are deferred until premises are delivered to the buyer.

Accruals	31-12-2015	31-12-2014
- property insurance	20 376,24	18 466,03
- interest	3 538 277,06	1 512 682,54
- commission expenses	3 209 553,66	5 146 113,82
- real estate tax, road tax, perpetual usufruct tax	0,00	0,00
- other	1 257 723,42	2 098 043,89
The total value of accruals	**8 025 930,38**	**8 775 306,28**

Nota 11. Share capital

Share capital and other capitals

Series / issue	**Share type**	Type of share preference	**Types of restrictions on rights to shares**	Number of shares	**Par value of class/issue**	**Coverage of capita**	**Registration Date**	**Right to dividend (since)**
A i B	bearer		-	54 073 280	10 814 656	Assets of a transformed company - TBM Batory Sp. z o.o. / Cash	01.07.2010*	
C				34 786 163	6 957 232,60	Cash	30.09.2014	
Total number of shares				88 859 443				
Total share capital					17 771 888,60			
Par value of one share = PLN 0.20								

* registration by the court of the A and B shares series into one shares series marked as A and B as a result of the redemption of 625,000 shares acquired as a result of the own share buyout program conducted by the company with an eye of redemption

As at 31 December, 2015 the shareholding structure was as follows

Shareholder	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	23.917.739	26,92 %	23.917.739	26,92 %
EHT S.A.	32.494.525	36,57 %	32.494.525	36,57 %
Other[x]	32.447.179	36,52 %	32.447.179	36,52 %

[x]W tym

Shareholder	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
TFI PZU S.A.	Between 5 and 10% of shares[xx]			

[xx] on July 22, 2015, Company received a notification on exceeding a 5% share threshold by the funds managed by the Towarzystwo Funduszy Inwestycyjnych PZU S.A. As of the day of the notification thereof, the number of such shares was 5,139,931, which constituted 5,7843 % of shares in the Company share capital and entitled the Towarzystwo Funduszy Inwestycyjnych S.A. to 5,7843% of the general number of votes. In accordance with the current provisions of law, a shareholder is obliged to inform the Company about exceeding a 5% share threshold, and then about exceeding a 10% threshold regarding the general number of Company shares. As of today, the Company has not received any notification from a shareholder that included information about exceeding a 5% share threshold or decreasing the number thereof under a 10% threshold.

Information on Company shareholders as of the day on which the financial statement was prepared

Shareholder	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	23.917.739	26,92 %	23.917.739	26,92 %
EHT S.A.	32.494.525	36,57 %	32.494.525	36,57 %
Other[x]	32.447.179	36,52 %	32.447.179	36,52 %

[x]Including

Shareholder	Number of shares held	% of share capital	Number of votes	% of total number of votes in the General Meeting
Funds managed by Towarzystwo Funduszy Inwestycyjnych PZU S.A	Between 5 and 10% of shares[xx]			

[xx] on July 21, 2015, Company received a notification on exceeding a 5% share threshold by the funds managed by the Towarzystwo Funduszy Inwestycyjnych PZU S.A. As of the day of the notification thereof, the number of such shares was 5,139,931, which constituted 5,7843 % of shares in the Company share capital and entitled the Towarzystwo Funduszy Inwestycyjnych S.A. to 5,7843% of the general number of votes. In accordance with the current provisions of law, a shareholder is obliged to inform the Company about exceeding a 5% share threshold, and then about exceeding a 10% threshold regarding the general number of Company shares. As of today, the Company has not received any notification from a shareholder that included information about exceeding a 5% share threshold or decreasing the number thereof under a 10% threshold.

On May 15, 2015, Pioneer Open-ended Investment Fund managed by PPIM S.A. informed the Issuer of the fact of going under a 5% share and vote at the Annual Meeting of Shareholders threshold.

OTHER CAPITAL	**31-12-2015**	**31-12-2014**
a) supplementary capital	634 337 945,82	612 458 642,24
b) other reserve capital	5 731 587,19	5 731 587,19
Total other capital	**640 069 533,01**	**618 190 229,43**

Supplementary capital in the capital company comes from the earned profit from previous years and from the surplus of the issuance value over the nominal value of issued shares.

Other reserve capitals constitute reserves earmarked for dividend.

Note 12. Borrowings

In 2015 and from the balance sheet date until the day on which the consolidated financial statement was prepared none of the signed credit agreements was terminated by the bank.

BORROWINGS	**31-12-2015**	**31-12-2014**
a) credits	57 298 512,44	125 186 944,61
of which: long-term	*47 741 232,44*	*64 664 200,42*
Short-term	*9 557 280,00*	*60 522 744,19*
b) loans	7 210 152,41	11 588 891,01
of which: long-term	*3 100 333,98*	*8 185 127,31*
Short-term	*4 109 818,43*	*3 403 763,70*
Total borrowings	**64 508 664,85**	**136 775 835,62**
Borrowings - long-term	**50 841 566,42**	**72 849 327,73**
Borrowings - short-term	**13 667 098,43**	**63 926 507,89**

CREDITS PER MATURITY	**31-12-2015**	**31-12-2014**
Up to 1 year	9 557 280,00	60 522 744,19
Over 1 year up to 2 years	13 036 761,87	24 551 174,47
Over 2 year up to 5 years	33 758 069,95	35 287 461,60
Over 5 years	946 400,62	4 825 564,35
Total loans, including:	**57 298 512,44**	**125 186 944,61**
- long-term	47 741 232,44	64 664 200,42
- short-term	9 557 280,00	60 522 744,19

CREDITS PER MATURITY	**31-12-2015**	**31-12-2014**
Up to 1 year	4 109 818,43	3 403 763,70
Over 1 year up to 2 years	3 100 333,98	8 185 127,31
Over 2 year up to 5 years	0,00	0,00
Over 5 years	0,00	0,00
Total loans, including:	**7 210 152,41**	**11 588 891,01**
- long-term	3 100 333,98	8 185 127,31
- short-term	4 109 818,43	3 403 763,70

Note 13. Deferred income tax assets

The applicable rate of income tax for 2015 and 2014 was 19%.

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	**31-12-2015**		
	Deferred income tax assets	**Deferred tax reserve**	**Net value**
Tangible assets	0,00	5 990 810,97	-5 990 810,97
Investment real estate	0,00	25 152 259,70	-25 152 259,70
Intangible assets	0,00	0,00	0,00
Investments in subsidiaries, joint subsidiaries and affiliated companies	0,00	4 517 385,68	-4 517 385,68
Other financial assets	0,00	616 647,04	-616 647,04
Non-current receivables	0,00	1 346 118,34	-1 346 118,34
Inventories and construction contracts	0,00	0,00	0,00
Trade and other receivables	0,00		0,00
Income tax receivables	0,00	609 815,20	-609 815,20
Accruals	0,00	0,00	0,00
Cash and cash equivalents	3 751 926,22	0,00	3 751 926,22
Borrowings	73 376,33	0,00	73 376,33
Provisions	2 892 477,50	0,00	2 892 477,50
Trade and other receivables	10 760 307,67	10 712,32	10 749 595,35
Other financial liabilities	**17 478 087,72**	**38 243 749,24**	**-20 765 661,52**
Other			

Deferred income tax assets / liabilities disclosed in the balance sheet			

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES	**31-12-2014**		
	Deferred income tax assets	**Deferred tax reserve**	**Net value**
Tangible assets	0,00	6 391 462,11	-6 391 462,11
Investment real estate	0,00	18 748 452,68	- 18 748 452,68
Intangible assets	0,00	0,00	0,00
Investments in subsidiaries, joint subsidiaries and affiliated companies	0,00	3 910 553,68	-3 910 553,68
Other financial assets	0,00	1 298 459,46	-1 298 459,46
Non-current receivables	259 307,43	1 346 118,34	-1 086 810,91
Inventories and construction contracts	3 301 558,34	0,00	3 301 558,34
Trade and other receivables	34 313,20	911 412,94	-877 099,74
Income tax receivables	0,00	0,00	0,00
Accruals	0,00	0,00	0,00
Cash and cash equivalents	1 566 280,38	0,00	1 566 280,38
Borrowings	3 534 813,61	0,00	3 534 813,61
Provisions	6 459 476,24	3 213,54	6 456 262,71
Trade and other receivables	**15 155 749,21**	**32 609 672,74**	**-17 453 923,53**

INCOME TAX	**od 01-01-2015 do 31-12-2015**	**od 01-01-2014 do 31-12-2014**
	0,00	0,00
a) current income tax	3 311 738,00	5 268 085,21
b) deferred income tax	**3 311 738,00**	**5 268 085,21**
Total income tax		

CHANGE OF THE STATE OF DEFERRED INCOME TAX	**31-12-2015**
Change of the assets towards the deferred tax	2 322 338,50
Change of the reserves towards the deferred tax	-5 634 076,50
Change of the deferred tax in total	**-3 311 738,00**
Deferred tax disclosed in the profit and loss account	**3 311 738,00**
Deferred income tax included in total revenue	**0,00**

Note 14. Provision for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	**31-12-2015**	**31-12-2014**
a) short-term, of which:	**12 161 856,31**	**10 750 846,25**
- accrued expenses, including:	10 819 506,40	10 052 554,34
- interests charged	1 572 025,00	1 538 100,81
- rent deposits	480 433,64	477 649,38
- hotel advances	3 522 741,67	2 402 437,56
- other	*5 244 306,09*	5 634 366,59
- other provisions, including:	1 342 349,91	698 291,91
- reservce for future liabilities	*0,00*	0,00
- provisions for guarantee repairs	*0,00*	0,00
- other provisions	*1 342 349,91*	698 291,91
a) long-term, of which:	**0,00**	**0,00**
- accrued expenses, including:	0,00	0,00
- sales revenue surpluses settled over the balance sheet value / sale-and-lease-back	*0,00*	*0,00*
Provision for other liabilities and charges in total	**12 161 856,31**	**10 750 846,25**

Note 15. Other long-term liabilities

OTHER LONG-TERM LIABILITIES	31-12-2015	31-12-2014
a) lease obligations	8 324,99	67 112,46
b) deposit liabilities	23 086 165,86	1 745 535,65
c) security paper and bond obligations	171 750 805,00	231 060 000,00
d) other non-current liabilities	0,00	0,00
e) note liabilities to related companies	16 725 793,63	7 162 806,24
f) note liabilities to foreign companies	0,00	6 007 576,49
g) received loans - related entities	0,00	25 655 983,60
Total other liabilities	**211 571 089,48**	**271 699 014,44**

All lease receivables are in Polish zloty. The fair value of lease receivables corresponds to its book value and constitutes PLN 86.987,14 as of December 31, 2015, PLN 8.324,99 of which constitutes long-term obligations.

Note 16. Trade and other payables

TRADE AND OTHER PAYABLES	31-12-2015	31-12-2014
a) trade payables - other parties	15 588 723,89	14 091 292,72
b) trade payables - related parties	10 646 605,42	39 662 166,47
c) taxes, customs duties, insurance and other payments	1 761 239,26	2 088 667,10
d) salaries	1 647 925,07	1 365 959,76
e) received delivery advances	0,00	0,00
f) received loans - related entities	23 970 953,26	0,00
g) promissory note liabilities - related parties	47 779 391,56	11 511 844,52
h) other	11 519 094,32	8 380 676,25
Total trade and other payables	**112 913 932,78**	**77 100 606,82**

OTHER LIABILITIES	31-12-2015	31-12-2014
a) debt securities issue- liabilities	142 411 358,83	15 958 342,56
b) promissory note liabilities	7 012 598,47	0,00
c) financial lease liabilities	78 662,15	8 504 593,84
d) other financial liabilities	0,00	0,00
Total other liabilities	**149 502 619,45**	**24 462 936,40**

4. EXPLANATORY NOTES TO PROFIT AND LOSS ACCOUNT

NotE 17. Operating income

OPERATING INCOME	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Revenues from sales of products	122 530 205,98	168 020 577,99
Revenues from sales of services	83 468 832,64	100 054 663,78
Revenues from sales of goods	1 881 285,13	1 439 029,64
Total income	**207 880 323,75**	**269 514 271,41**

	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Proceeds from sales, including:	**207 880 323,75**	**269 514 271,41**
- sales of products - units, plots, buildings	122 530 205,98	168 020 577,99
- sales of services	83 468 832,64	100 054 663,78
- sales of goods	1 881 285,13	1 439 029,64

	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Revenues from sales of products and services per segment	**205 999 038,62**	**268 075 241,77**
-developer activity	165 084 361,99	228 031 011,98
-hotel activity	34 910 845,02	33 794 978,74
-real estate management	6 003 831,61	6 249 251,05

	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Revenues from sales of products - premises, plots, buildings per geographic segments	**122 530 205,98**	**168 020 577,99**
--Warsaw and the surrounding area	99 916 944,92	91 908 405,03
-Gdynia	15 661,74	-33 054,40
- Łódź	3 182 326,69	7 079 206,21
- Katowice, Zdziarska, Lewandów_building plot	4 452 362,77	44 196 450,00
- Katowice	0,00	0,00
- Poznań	14 962 909,86	24 869 571,15
- Sopot	0,00	0,00

	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Revenue from hotel services by geographical segment	**34 910 845,02**	**33 794 978,74**
- Warsaw and the surrounding area	5 973 221,22	5 217 030,29
- Tarnowo	5 456 985,97	5 341 423,73
- Stryków	3 622 850,56	3 533 471,33
- Cieszyn	0,00	245 186,59
- Krynica Górska	19 857 787,27	19 457 866,80

Note 18. Operating expenses

OPERATING EXPENSES	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Costs on sale of products	98 764 081,43	150 343 748,65
Costs on sale of services	65 833 514,30	81 487 045,88
Costs on sale of goods	1 913 249,63	1 455 870,91
Total costs of products, services and goods sold	**166 510 845,36**	**233 286 665,44**

Sales and overhead expenses	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Sales expenses	22 776 924,84	21 741 062,80
Overhead expenses	11 105 867,79	10 688 161,55
Total sales and overhead expenses	**33 882 792,63**	**32 429 224,35**

Costs by type	from 01-01-2015 to 31-12-2015	from 01-01-2014 to 31-12-2014
Depreciation and amortization	7 456 504,30	4 895 373,71
Cost of materials and energy	13 296 582,16	12 414 166,51
Services rendered by other contractions	93 460 550,35	70 313 774,60
Taxes and duties	13 060 717,18	13 004 763,56
Wages and Salaries	24 104 381,40	22 180 562,15
Social security and other payments to the benefit of employees	4 056 648,05	3 741 368,74
Other costs of type	7 023 999,78	8 245 418,56
Total costs according to types	**162 459 383,22**	**134 795 427,83**

Note19. Other operating revenue

OPERATING INCOME	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
a) income from sale of non-financial fixed assets	0,00	0,00
b) other operating income	1 884 100,96	10 250 553,62
Total operating income	**1 884 100,96**	**10 250 553,62**

OPERATING INCOME	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
a) profit from disposal of non-financial fixed assets	0,00	0,00
b) handling charges	271 539,04	5 073 153,01
c) reserves	505 711,09	1 041 040,57
d) assets disclosure	0,00	0,00
e) other (including compensation, contractual fines)	1 106 850,83	4 136 360,04
Total operating expenses	**1 884 100,96**	**10 250 553,62**

Note 20. Other operating expenses

OPERATING COSTS	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
a) loss on disposal of non-financial fixed assets	5 167 194,77	1 958 118,25
b) revaluation of non-financial assets	495 899,29	0,00
c) other operating expenses	8 399 516,39	4 564 696,44
Total operating expenses	**14 062 610,45**	**6 522 814,69**

OPERATING COSTS	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
a) loss on the sale of non-financial fixed assets	5 167 194,77	1 958 118,25
b) revaluation of non-financial assets	495 899,29	0,00
c) reserves	57 447,33	8 442,53
d) compensation, penalties and damages	2 508 721,47	1 469 792,60
e) compensation fee	53,80	16 141,47
f) litigation costs	397 581,09	390 065,07
g) other (including the financial supervision authority)	5 435 712,70	2 680 254,77
Total operating expenses	**14 062 610,45**	**6 522 814,69**

Note 21. Financial income

FINANCIAL INCOME	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
a) dividends	4 677 348,01	9 697 228,40
b) interest	4 170 217,59	2 334 020,54
c) revaluation of investment	0,00	0,00
d) profit on disposal of investments	0,00	0,00
e) other	1 932 211,13	3 972 438,22
Total financial income	**10 779 776,73**	**16 003 687,16**

Financial income	between 01-01-2015 and 31-12-2015	between 01-01-2014 and 31-12-2014
a) dividends	4 677 348,01	9 697 228,40
b) interests from customers	308 113,52	465 258,33
c) loan interest	1 315 550,34	1 252 746,51
d) deposit interest, bank interest	135 344,62	19 790,25
e) interest on promissory notes	17 356,08	59 279,00
f) other interest	2 393 853,03	536 946,45

g) foreign exchange differences	1 862 702,22	3 287 744,49
h) revaluation of investment	0,00	0,00
i) profit on disposal of investments	0,00	0,00
j) other	69 508,91	684 693,73
Total	**10 779 776,73**	**16 003 687,16**

Note 22. Financial expenses

FINANCIAL EXPENSES	**between 01-01-2015 and 31-12-2015**	**between 01-01-2014 and 31-12-2014**
a) interest	19 065 825,26	26 904 303,73
b) revaluation of investment	0,00	0,00
c) loss on disposal of investments	0,00	0,00
d) other	393,82	151 922,13
Total financial expenses	**19 066 219,08**	**27 056 225,86**

FINANCIAL EXPENSES	**between 01-01-2015 and 31-12-2015**	**between 01-01-2014 and 31-12-2014**
a) interest, commissions, credits	4 726 804,71	8 411 077,90
b) interest - leases	166 411,97	1 748 912,89
c) interest - loans	1 033 508,16	1 442 066,17
d) interest - promissory notes	2 355 161,15	2 025 422,19
e) interest-bond issue	9 832 061,23	12 103 974,12
f) other interest	951 878,04	1 172 850,46
g) foreign exchange differences	0,00	0,00
h) loss on disposal of investments	0,00	0,00
i) other	393,82	151 922,13
Total financial expenses	**19 066 219,08**	**27 056 225,86**

Note 23. Income tax

INCOME TAX	**between 01-01-2015 and 31-12-2015**	**between 01-01-2014 and 31-12-2014**
a) income tax	0,00	0,00
b) deferred income tax	3 311 738,00	5 268 085,21
Total income tax	**3 311 738,00**	**5 268 085,21**

Reconciliation of effective tax rate	**between 01-01-2015 and 31-12-2015**	**between 01-01-2014 and 31-12-2014**
Gross Profit / (loss) before tax from continuing operations	18 351 322,26	24 866 575,18
Profit / (loss) before tax from abandoned operations	0,00	0,00
Gross profit (loss) before tax	**18 351 322,26**	**24 866 575,18**
Income tax (charge) indicated in the profit and loss account	**3 311 738,00**	**5 268 085,21**
including		
current	0,00	0,00
deferred	3 311 738,00	5 268 085,21
Tax at statutory tax rate of 19%	**3 486 751,23**	**4 724 649,28**
Adjustments to current income tax from previous years	0,00	0,00
Differences arising from not established reserves and assets in previous years	543 159,30	11 725 041,88
Expenditure not constituting tax deductible expenses - permanent differences	3 213 066,45	1 043 046,74
Dividend	-4 677 348,01	-9 907 899,54
Adjusted income tax	**17 430 200,00**	**27 726 764,26**
Tax at effective tax rate	**3 311 738,00**	**5 268 085,21**

5. EXPLANATORY NOTES EXPLAINING OTHER NOTES

Note 24. Headcount

Company	**2015**	**2014**
Management Board	3	3
Managers	13	24
Administration	159	178
Other employees	85	108
Total	**260**	**313**

Contracts	**2015**	**2014**
The employment contract	260	260
Commission contracts	247	271
Contracts for a specific task	4	3
TOTAL	**511**	**534**

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

JW Construction Holding S.A.	**between 01-01-2015 and 31-12-2015**	**between 01-01-2014 and 31-12-2014**
Management Board		
Rajchert Wojciech	242 500,00	243 000,00
Łopuszyńska Irmina	0,00	196 304,35
Starzyńska Magdalena	218 031,28	193 875,15
Ostrowska Małgorzata	175 152,00	162 552,00
Suprynowicz Piotr	12 500,00	0,00

JW Construction Holding S.A.	**between 01-01-2015 and 31-12-2015**	**between 01-01-2014 and 31-12-2014**
Supervisory Board		
Wojciechowski Józef	0,00	0,00
Szwarc-Sroka Małgorzata	220 283,73	0,00
Łopuszyńska Irmina	233 842,47	0,00
Czyż Barbara	142 920,61	0,00
Michnowicz Laura	21 763,47	0,00
Król Jarosław	3 800,00	24 000,00
Oleksy Józef	2 500,00	150 000,00
Podsiadło Andrzej	3 800,00	24 000,00
Samarcew Marek	23 750,00	150 000,00
Murawski Jacek	0,00	45 000,00

Note 26. Off-balance sheet entries

OFF-BALANCE SHEET COLLATERALS - credit agreements	**31-12-2015**
Investment real estate pledged as collateral - loans	363 788 936,00
Blank bills*	221 914 028,00
Writs of execution	241 573 543,05
Assignment of the insurance contract	194 289 046,00
A guarantee granted by Company to BZ WBK SA /Dana Invest/	28 056 975,52
A guarantee granted by Company to BPS /Łódź Invest/	30 983 768,78
A guarantee granted by Company towards Nowe Tysiąclecie-loan	67 500 000,00
Registered pledge on Company shares in Nowe Tysiąclecie	67 500 000,00

Registered pledge on Company shares in Dana Invest	23 499 581,61
Registered pledge on Company shares in Łódż Invest	23 237 826,58

* the amounts of collateral in the form of blank promissory notes are presented up to the full value of the principal liability

The above table presents all the collaterals arising from loan agreements to secure the payment obligations. Due to the fact that within particular loan agreements several collaterals were established, the summary of collateral values was not made.

As at 31 December 2015 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 the Companies may fill in at any time with the amount corresponding to the costs of failure and defect removal. As of 31 December 2015 the total value of guarantees was PLN 1,1m and EUR 0thousand (JW. Construction Holding SA

OFF- BALANCE SHEET COLLATERALS - other	31-12-2015
Investment real estate pledged as collateral - bonds	335 000 000,00
Writs of execution	1 134 750,00
Guarantees to the benefit of J.W. Construction Sp. z o.o.	7 000 000,00
Guarantees to the benefit of Capital City of Warsaw	151 300,00
Guarantees to the benefit of TBS "Marki" Sp z o.o.	22 400 000,00

* kwoty zabezpieczeń w postaci weksli in blanco zaprezentowane zostały do pełnej wysokości zobowiązania głównego

Note 27. Transactions with related companies - balances

The Company within its business activity enters into transactions with related companies especially in the scope of the management of sales, administrative services, rental property, execution of works, the provision of guarantees, financing. Below, there are transactions with subsidiaries and other affiliated companies, the value of which in 2015 was significant from the point of view of the presented data. Materiality threshold was adopted for commercial transactions over PLN 100 thousand with the remaining 10% of equity. All transactions concluded in 2015 by the Company or a subsidiary with the related parties were concluded on market terms.

	Receivables from related parties	
COMPANY NAME	**31-12-2015**	**31-12-2014**
TBS Marki Sp. z o.o.	121 707,97	121 414,69
J.W. Construction Bułgaria	0,00	37 134 740,49
Yakor House Sp.z o.o.	0,00	19 470 996,33
J.W. Marka Sp. z o. o.	561 558,64	5 315 690,31
J.W.Group Sp. z o.o. 1 SKA	0,00	76 100 344,73
Lokum Sp. z o.o.	0,00	6 900,12
Business Financial Construction Sp. z o.o.	347,38	0,00
Seahouse Sp. z o.o.	402 730,80	1 262 298,86
J.W. Construction Sp. z o.o.	11 379 373,95	21 340 462,08
Nowe Tysiąclecie Sp. Z o.o.	1 336 235,48	1 290 259,16
Dana Invest Sp. Z o.o.	366 178,26	571 830,46
Porta Transport Sp. z o.o.w likwidacji (in liquidation)	14 760,00	0,00
Bałtycka Invest Sp. Z o.o.	13 089,66	0,00
Berensona Invest Sp. Z o.o.	14 245,86	0,00
Bliska Wola 1 Sp. Z o.o.	2 830 782,78	2 948 573,11
Bliska Wola 2 Sp. Z o.o.	1 585 627,17	626 947,28
Bliska Wola 4 Sp. Z o.o.	14 245,86	0,00
Łódź Invest Sp. Z o.o.	727 895,88	793 935,64

	Liabilities to related parties	
COMPANY NAME	**31-12-2015**	**31-12-2014**
TBS Marki Sp. z o.o.	0,00	30 131 436,07
J.W. Marka Sp. z o. o.	0,00	6 006 803,49
Business Financial Construction Sp. z o.o.	1 067 332,12	2 858 256,88
J.W. Construction Sp. z o.o.	8 847 589,59	24 679 149,88
Nowe Tysiąclecie Sp. Z o.o.	40 994,46	0,00

Porta Transport Sp. z o.o.w likwidacji (in liquidation)	0,00	14 202 453,46
Bliska Wola 1 Sp. Z o.o.	23 526,05	0,00

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

COUNTERPARTY TO TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	between 01-01-2015 do 31-12-2015	between 01-01-2014 do 31-12-2014
J.W. Marka Sp. Z o.o.	marketing services	524 806,40	497 100,00
J.W. Marka Sp. Z o.o.	trademark licence fee	3 764 467,56	4 496 982,66
Business Financial Construction Sp. z o.o.	marketing services	2 326 252,52	2 001 939,33
J.W.Construction Sp. z o.o.	construction works at -interior design Zdziarska I	1 856 538,77	58 461,16
J.W.Construction Sp. z o.o.	construction works at Ożarów Domki	510 401,14	2 063 511,37
J.W.Construction Sp. z o.o.	construction works at Poznań	0,00	403 000,00
J.W.Construction Sp. z o.o.	construction works at Zdziarska II	10 413 345,66	0,00
J.W.Construction Sp. z o.o.	construction works at Katowice	0,00	189 751,24
J.W.Construction Sp. z o.o.	construction works at Kasprzaka	3 821 330,84	0,00
Nowe Tysiąclecie sp zo.o.	reinvoicing(electric energy)	149 203,86	0,00

J.W. Construction Holding S.A. as the party rendering (selling) services (transactions for more than PLN 100 thousand)

COUNTERPARTY TO TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	between 01-01-2015 do 31-12-2015	between 01-01-2014 do 31-12-2014
TBS Marki Sp. z o.o.	real estate administration	159 144,36	153 161,15
TBS Marki Sp. z o.o.	other services	813 230,58	0,00
J.W. Group Sp. Z o.o. 1 SKA	administrative services	0,00	517 368,00
J.W. Group Sp. Z o.o. 1 SKA	other services	0,00	201 596,10
J.W. Group Sp. Z o.o. 1 SKA	sales services	0,00	625 584,00
Seahouse Sp. z o.o.	administrative services	200 000,00	315 394,00
Seahouse Sp. z o.o.	sales services	262 992,00	262 992,00
Seahouse Sp. z o.o.	other services	0,00	193 456,00
J.W.Construction Sp. z o.o.	reinvoicing - other	380 880,40	260 252,58
J.W.Construction Sp. z o.o.	other services	816 242,20	0,00
J.W.Construction Sp. z o.o.	real estate rental	0,00	634 140,84
J.W.Construction Sp. z o.o.	administrative services	755 594,00	911 098,00
J.W.Construction Sp. z o.o.	guaranteed repair work	836 396,31	2 796 492,72
J.W.Construction Sp. z o.o.	headquarters building rental	634 140,84	0,00
Nowe Tysiąclecie Sp. Z o.o.	construction and fitting services	19 297 949,11	8 121 082,89
Nowe Tysiąclecie Sp. Z o.o.	design services	463 841,69	123 854,10
Nowe Tysiąclecie Sp. Z o.o.	administrative services	366 240,00	366 242,00
Nowe Tysiąclecie Sp. Z o.o.	sales services	255 408,00	127 704,00
Nowe Tysiąclecie Sp. Z o.o.	goods	4 290 000,00	0,00
Dana Invest Sp. Z o.o.	design services	0,00	1 000 000,00
Dana Invest Sp. Z o.o.	administrative services	667 278,00	669 990,00
Dana Invest Sp. Z o.o.	other services	119 187,84	108 358,56
Porta Transport Sp .z o.o. w likwidacji	real estate rental	144 000,00	146 437,00
Bliska Wola 1 Sp. Z o.o.	administrative services	3 548 400,00	3 398 400,00
Bliska Wola 1 Sp. Z o.o.	sales services	658 356,00	438 904,00
Bliska Wola 2 Sp. Z o.o.	administrative services	2 581 227,24	1 920 818,18
Bliska Wola 2 Sp. Z o.o.	sales services	534 624,00	200 484,00
Bliska Wola 2 Sp. Z o.o.	design services	156 447,00	0,00
Łódź Invest Sp. Z o.o.	design work documentation sale	0,00	195 000,00
Łódź Invest Sp. Z o.o.	administrative services	366 180,00	501 518,00

Łódź Invest Sp. Z o.o.	construction services	7 963 450,00	3 617 823,00
Łódź Invest Sp. Z o.o.	sales services	163 728,00	0,00

Within the Capital Group, J.W. Construction Holding S.A. acts in the capacity of a general contractor towards entities affiliated directly or indirectly. In 2014, Company carried out transactions with Łódź Invest sp. z o.o. with the value of PLN 7.963.450 and with Nowe Tysiąclecie sp. z o.o. with the value of PLN 19,297,949,11.

Transactions related to capital investments, financial assets were described in significant events prior to balance sheet date and thereafter. Other transactions entered into related entities do not exceed the significance threshold.

All transactions entered into by the Issuer and its subsidiaries are entered into on market conditions.

6. OTHER INFORMATION

Note 28. Events that took place in the business year

Information on credit loans granted to the company as well as those that the company received a notice to.

Loans that the company received noticed to

Both in 2015 and in the period since the balance sheet date until the date of the preparation of this statement on the company activity for 2015 there were no credit agreements that the company received any notice to.

Received loans

In 2015 the company entered into the following credits:

In order to convert the balance sheet data on the last day of the period between January 1, 2014 through 31, 2014 the adopted exchange rate of euro was fixed by the National Bank of Poland, which was PLN 4,2636 per 1 euro.

On September 10, 2015, the dominant entity entered into an agreement with BOŚ Bank S.A. on a revolving credit for co-financing of the realization costs of residential development investment, namely Zielona Dolina III in Warsaw to the amount of PLN 5.000.000. The credit payment date was set on September 30, 2017.

On September 10, 2015, the dominant entity entered into an agreement with BOŚ Bank S.A. on a revolving credit for co-financing of the realization costs of residential development investment, namely Zielona Dolina II stage I in Warsaw to the amount of PLN 35.000.000. The credit payment date was set on October 31, 2017.

In 2015 the companies from the Group paid the following credits:
On February 2, 2015, the dominant entity carried out the payment of entire revolving credit to the amount of PLN 21.000.000 for co-financing of the Oaza Piątkowo investment at Jaroczyńskiego street in Poznan granted by Banku Millennium.

On April 15, 2015, the dominant entity fully paid the revolving credit to the amount of PLN 30.000.000 earmarked for financing current activity granted by Bank Polskiej Spółdzielczości S.A.

On May 27, 2015, the dominant entity fully paid the investment credit for financing tasks related to the protection of natural environment, i.e. refinancing costs related to the realization of the sewage system and sewage treatment facility in Ożarów Mazowiecki in the amount of PLN 13.874.000.

On May 28, 2015, the dominant entity carried out the entire payment of a non-revolving credit to the amount of PLN 13.000.000 earmarked for financing of current activity granted by the BOS S.A. bank.

In 2015, there were significant changes in credit loan agreements entered into in previous years:

On March 17, 2015, the dominant entity signed an annex to a credit agreement in the current account entered into with Bank Millennium S.A. Based on the annex, the payment date was set on September 23 and due to a partial payment, the limit of the credit was decreased to the amount of PLN 4 670 000, i. .e the sum of PLN 16 830 000. On September 15, 2015, the company signed another annex to the agreement. Based on the annex the payment and the utilization date was extended. The day for the credit payment was set on March 23, 2016

On April 23, May 20, December 22, 2015, the Company signed an annex to the revolving credit agreement granted by Bank Polskiej Spółdzielczości S.A. in the final sum of PLN 6.944.327 that was earmarked for financing current activity. Based on the annexes, the utilization date was extended, and a new payment schedule was agreed upon. The new payment date was set on December 31, 2016.

Security paper issuance

In the reporting period, the dominant entity carried out unsecured bonds of the JWC1217 series in the amount of 120.000 units with the nominal value of PLN 1.000.each

The basis for the issuance of bonds was the Company decision no. 1 made on November 23, 2015 pursuant to which the maximum issuance program was to be PLN 120.000.000, The proposals to acquire new bonds were to be directed to individually selected addresses in the amount not larger than 149 people. The bonds are in the form of documents, and there are registered and settled by the national depository of security papers in Warsaw.

On December 4, 2015, the management board of the dominant entity made a decision no.1 pursuant to which it carried out partial assignment of bonds to Investors.

On December 9, 2015, the management board of the national depository of security papers in Warsaw by way of a decision no. 845/2015 carried out partial registration of the JWC1217 series and assigned them the ISIN PLJWC0000100 code.

The bonds were issued on December 10, 2015 for the period of 2 years with partial buyout thereof on December 9, 2016 and the final buyout date planned on December 8, 2017.

The bond interest is accrued based on the WIBOR 6M+ margin, interest is paid every 6 months.

The financial means received from the issuance of bonds were earmarked for the payment of the Company indebtedness due to the JWX0415 JWC415 (PLJWC0000043) series bonds and the JWC0116 (PLJWC0000050) series bonds, as well as on the financing of current activity of the Company, including land purchase.

Bond buyout

6 On December 10, 2015, the dominant entity carried out a partial buyout of bonds:

- 65 bond units with the nominal value of PLN 80,0000, each of the JWC0116 (PLJWC0000050) series;
- 3.718 bond units with the value of 10.000, each of the JWX0415 JWC415 (PLJWC0000043) series.

The buyout was carried out before the planned date of January 25, 2016 due to the fact that the holders of the bonds subscribed to the bonds of the JWC1217 (PLJWC000050) series, and carried out partial payment of newly issued bonds with the already held bonds.

The change of the bond buyout date

The dominant entity received the permission of the bond holders holding the JWX0116 to change the issuance conditions consisting in the extension of the buyout date. The new date of the JWX0116 repayment was set on January 26, 2018.

Sale of real estate to subsidiaries

On April 27, 2015 an agreement was signed entered into the notary's record no. A 3959/2015 whose subject was to sell by the Issuer to Nowe Tysiąclecie Spółka z o.o. with its business seat in Ząbki, Poland, a subsidiary, the right of perpetual usufruct to the plots no. 43/9 and 52/5 with the total value of 0,4634 ha for which the district court in Katowice - Wschód in Katowice XI Division of Land Registers maintains a land register no. KA1K 00127396/0. Together with the real estate subject to sale was also project documentation being the basis for the issuance of a building permit for a multifamily living building.

Increase of the share capital in subsidiaries

On March 19, 2015, the extraordinary meeting of shareholders of Dana Invest Sp. z o.o. with its business seat in Ząbki, Poland made a decision taken into the protocol by Ewa Rokos into the register no. A 2513/2015, a notary in Warsaw, regarding the increase of the share capital from the sum of PLN 7.985.000 to the sum of PLN 8.415.000, i.e. by the sum of PLN 430.000 by way of creation of 8,600 new shares with the value of PLN 50 each. All shares were taken over by the Issuer as the former partner.

On September 19, 2015, the extraordinary meeting of shareholders of Dana Invest Sp. z o.o. with its business seat in Ząbki, Poland made a decision taken into the protocol by Ewa Rokos into the register no. A 9897/2015, a notary in Warsaw, regarding the increase of the share capital from the sum of PLN 8.415.000 to the sum of PLN 10.065.000, i.e. by the sum of PLN 430.000 by way of creation of 33.000 new shares with the value of PLN 50 each. All shares were taken over by the Issuer as the former partner.

On May 8, 2015, the extraordinary meeting of shareholders of Nowe Tysiąclecie Sp. z o.o. with its business seat in Ząbki, Poland made a decision taken into the protocol by Ewa Rokos into the register no. A 4384/2015, a notary in Warsaw, regarding the increase of the share capital from the sum of PLN 8.385.000 to the sum of PLN 15.240.000, i.e. by the sum of PLN 137.100 by way of creation of 6.855.000 new shares with the value of PLN 50 each. All shares were taken over by the Issuer as the former partner.

Corporate events

Extraordinary General Meeting
On February 26, 2015 the extraordinary meeting of the Issuer's shareholders took place during which decision were made regarding the change of the composition of the supervisory board and changed the way of the compensation thereof.
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Annual General Meeting
On May 25, 2015, the general meeting of shareholders took place that in addition to the receipt and approval of the financial statement and the statement of the management board on the activity of the Issuer and its Capital Group in 2014, the way of loss coverage for 2014 and granting the vote of approval to the management board members regarding the performance of their duties in 2014, also made a decision regarding the merger of the Issuer with the subsidiaries thereof on the conditions agreed upon in the merger plan of March 16, 2015.

Merger registration

On July 3, 2015 the district court for the capital city of Warsaw, XIV Economic Division of the National Court Register issued a decision based on which a merger took place between the Issuer with the subsidiaries thereof, namely
J.W. Group Sp. z o.o. with its business seat in Ząbki, J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.1 SKA with its business seat in Ząbki, J.W. Group Spółka z ograniczoną odpowiedzialnością J.W.2 SKA with its business seat in Ząbki, Lokum Sp. z o.o. with its business seat in Ząbki and J.W. 6 Sp. z o.o. with its business seat in Ząbki. The merger took place in the way described in art. 492 §1 section 1 of the Polish Code of Commercial Companies through the transfer of all the assets of the companies being taken over to the Issuer (merger though acquisition).

Note 29. Events which occurred after the balance sheet date

Bond buyout
On January 25, 2016 the Company carried out the buyout of the bonds:
- 5.782 bond items with the nominal value of PLN 10.000 each marked as ISIN PLJWC0000043
- 992 bond items with the nominal value of PLN 80.000 each marked as ISIN PLJWC0000050.

The buyout and payment on this day of the described bonds with together with the bond redemption on December 10, 2015 that were acquired in exchange for the issuance of the ISIN PLJWC00050 bonds means the repayment of those two bond issuances.

Bonds quotations
On February 12, 2016 the Company bonds of the JWC1217 series (ISIN PLJWC000050) in the amount of 120.000 pieces with the nominal value of PLN 120.000.000 are quoted on Catalyst

Increase of share capital
J.W. Marka Sp. z o.o.
On February 8, 2016, pursuant to a notary deed, number in register Rep. A 1189/2016, prepared by Anna Sota, a notary in Warsaw, the share capital was increased in Dana Invest Sp. z o.o with its business seat in Ząbki, a subsidiary. The share capital was increased from PLN 10.065.000 to the sum of PLN 11.125.850, i.e. by the sum of PLN 1.060.850 by way of creation of 21.217 new shares with the nominal value of PLN 50 each and the issuance value of PLN 200 each. The shares were fully taken over in exchange for a cash contribution.

On February 26, 2016, pursuant to a notary deed, number in register Rep. A 2096/2016, prepared by Anna Sota, a notary in Warsaw, the share capital was increased in J.W. Marka Sp. z o.o with its business seat in Ząbki, a subsidiary. The share capital was increased from PLN 158.838.000 to the sum of PLN 189.658.450, i.e. by the sum of PLN 30.820.450 by way of creation of 616.409 new shares with the nominal value of PLN 50. The shares were fully taken over by the Company in exchange for a contribution in kind in the form of 145.558 shares with the nominal value of PLN 7.277.900 in Bliska Wola 1 Sp. z o.o. with its business seat in Ząbki, Poland.

On February 26, 2016 by way of the exercise of the above-mentioned decision and a statement on taking over shares, a new agreement was entered into based on which the Company transferred to J.W. Marka Sp. z o.o. with its business seat in Ząbki 145,558 shares with the nominal value of PLN 7.277.900 held in the company Bliska Wola 1 Sp. z o.o. with its business seat in Ząbki, Poland.

On March 14, 2016, the district court for the capital city of Warsaw in Warsaw, XIV Economic Register of the National Court Register registered the increase of the capital in J.W. Marka Sp. z o.o. with its business seat in Ząbki, Poland by the sum of PLN 30.820.450 to the sum of PLN 189.658.450.

J.W. Construction Sp. z o.o.

On February 26, 2016, pursuant to a notary deed, number in register Rep. A 2106/2016, prepared by Anna Sota, a notary in Warsaw, the share capital was increased in J.W. Construction Sp. z o.o. with its business seat in Ząbki, a subsidiary. The share capital was increased from PLN 27.021.650 to the sum of PLN 39.767.150, i.e. by the sum of PLN 12.745.500 by way of creation of 254.910 new shares with the nominal value of PLN 50 each and the issuance value of PLN 200 each.

The shares were fully taken over by the company in exchange for a contribution in kind in the form of 71.604 shares with the nominal value of PLN 3.580.200 in Bliska Wola 2 Sp. z o.o. with its business seat in Ząbki, Poland.

On February 26, 2016 by way of the exercise of the above-mentioned decision and a statement on taking over shares, a new agreement was entered into based on which the Company transferred to J.W. Construction Sp. z o.o. with its business seat in Ząbki 71.604 shares with the nominal value of PLN 3.580.200 held in the company Bliska Wola 2 sp. z o.o. with its business seat in Ząbki, Poland.

Note 30. Selected financial data including basic items of the consolidated financial statements in thousands PLN (also denominated to euro).

In order to convert the balance sheet data on the last day of the period between January 1, 2015 through 31, 2015 the adopted exchange rate of euro was fixed by the National Bank of Poland, which was PLN 4,2615 per 1 euro.

In order to convert the balance sheet data on the last day of the period between January 1, 2014 through December 31, 2014 the adopted exchange rate of euro was fixed by the National Bank of Poland, which was PLN 4,2623 per 1 euro.

In order to convert the profit and loss account data for the period between January 1, 2015 through December 31, 2015, the adopted exchange rate of euro was fixed by the National Bank of Poland, which was PLN 4,1848 per 1 euro.

In order to convert the profit and loss account data for the period between January 1, 2014 through December 31, 2014, the adopted exchange rate of euro was fixed by the National Bank of Poland, which was PLN 4,1893 per 1 euro.
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Balance sheet's item	31-12-2015		31-12-2014	
	PLN	EUR	PLN	EUR
Total Assets	**1 315 689**	**308 739**	**1 282 977**	**301 006**
Fixed assets	842 997	197 817	871 787	204 534
Current assets	472 692	110 922	411 191	96 472
Total equity and liabilities	**1 315 689**	**308 739**	**1 282 977**	**301 006**
Equity	674 695	158 323	659 655	154 765
Long-term liabilities	300 857	70 599	377 326	88 526
Short-term liabilities	340 138	79 816	245 996	57 714

Consolidated profit and loss account item	between 01-01-2015 and 31-12-2015		between 01-01-2014 and 31-12-2014	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	207 880	49 675	269 514	64 335
Costs of products, goods and materials sold	166 511	39 790	233 287	55 687
Gross profit (loss) on sales	**41 369**	**9 886**	**36 228**	**8 648**
Sales costs	22 777	5 443	21 741	5 190
Overheads	11 106	2 654	10 688	2 551
Profit (loss) on sales	38 816	9 276	32 191	7 684
Operating profit (loss)	26 638	6 365	35 919	8 574
Gross profit (loss)	**18 351**	**4 385**	**24 867**	**5 936**
Income tax	3 312	791	5 268	1 258
Net profit (loss)	**15 040**	**3 594**	**19 598**	**4 678**

Nota 36. Significant issues in litigation

As at December 31, 2015, the Company a party to the lawsuits brought in its name the value of which is PLN 113m. The lawsuit brought by Company with the largest value that exceeded 10 % of Company equity is the court proceedings started on April 26, 2012 consisting in suing the Capital City of Warsaw ("Defendant") a petition for commitment of the Defendant to submit a declaration of intent for the acquisition from the Company right of perpetual use of the plot no 2/6 with the area of 3,2605 ha for which the District Court for Warsaw- Mokotów, X Division of Land Registry maintains a land and mortgage registry no WA4M/00413015/1 KW ("Property") for a net price of PLN 91,130,975 together with interest from the date of 8 January 2010. The company filed a petition according to the Article 36.1 point. 2) of the Act of 27 March 2003 on spatial planning and development (Journal of Laws 2003.80.717) in connection with the adoption by the Respondent of the area development plan area of Olbrachta Street (approved by the resolution of the City of Warsaw No. LVI/1669/2009, which entered into force on 3 August 2009) ("Plan"). The property has been earmarked for the N-S Route. In the period when the Company acquired the Property, the zoning plan of the property was not obligatory. With the adoption of the Plan and as a result of this adoption, there has been a significant restriction on the use of the Property by the Company, therefore the Company has the right to request to redeem to purchase/buy out the Property by the Defendant. The Company applied to the Defendant with a request to take steps to voluntary purchase of the Property by the Respondent but the request was refused.
On March 24, 2015, the court of first instance dismissed the claim of the Company. On March 31, 2015, the Company filed an appeal against the judgment as the Company believes that the clam has valid merits and a favourable judgment should be made in accordance with the Company's claim.
As at December 31, 2015, the value of court actions against the Company does not exceed 10% of the Company share capital.
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Note 32. Financial instruments and hedge accounting

The company does not use derivatives. The company uses banks loans, issues bonds and enters into financial lease contracts. The main financial assets of the company constitute a loan to the tied, unconsolidated company and cash and equivalents thereof.
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The fair values of particular classes of financial instruments

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

	Category in accordance with IAS 39	Balance sheet value		Fair value	
		31-12-2015	31-12-2014	31-12-2015	31-12-2014
Financial assets					
Long term financial assets in related entities	DDS	156 377 943,81	147 452 943,81	0,00	0,00
Long term financial assets in other entities	DDS	209 550,00	209 550,00	0,00	0,00
Short-term loans	PiN	41 684 323,27	24 893 418,34	41 684 323,27	24 893 418,34
Trade and other receivables		45 936 688,70	62 649 917,38	45 936 688,70	62 649 917,38
Cash and cash equivalents	WwWGpWF				
		73 600 261,65	16 180 647,26	73 600 261,65	16 180 647,26
Financial liabilities					
Loans with a floating interest rate	PZFwgZK	57 298 512,44	125 186 944,61	57 298 512,44	125 186 944,61
Loans from related or 3-rd party companies	PZFwgZK	23 970 953,26	25 655 983,60	23 970 953,26	25 655 983,60
Liabilities from long-term financial lease	PZFwgZK	8 324,99	67 112,46	8 324,99	67 112,46
Short-term financial lease obligations	PZFwgZK	78 662,15	8 504 593,84	78 662,15	8 504 593,84
Delivery and service liabilities and other	PZFwgZK	37 754 423,62	62 134 135,44	37 754 423,62	62 134 135,44
Bonds	PZFwgZK	314 162 163,83	247 018 342,56	314 162 163,83	247 018 342,56
Long-term guarantee receivables	PZFwgZK	23 086 165,86	1 745 535,65	23 086 165,86	1 745 535,65
Promissory notes liabilities - other	PZFwgZK	7 012 598,47	6 007 576,49	7 012 598,47	6 007 576,49
Promissory notes liabilities - related companies	PZFwgZK	16 725 793,63	7 162 806,24	16 725 793,63	7 162 806,24

UdtW – Financial assets held to maturity,
WwWGpWF – assets / liabilities at fair value through profit/loss,
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 Financial Group's financial instruments which are exposed to interest rate risk, in division into particular age categories.

December 31, 2015 - floating interest rate	**up to1 year**	**1 to 2 years**	**2 - 5 years**	**Total**
Cash Assets	73 600 261,65	0,00	0,00	73 600 261,65
Financial assets - short-term loans	41 684 323,27	0,00	0,00	41 684 323,27
Loans from related companies	0,00	23 970 953,26	0,00	23 970 953,26
Bank Loans	9 557 280,00	13 036 761,87	34 704 470,57	57 298 512,44
Bond obligations	142 411 358,83	171 750 805,00	0,00	314 162 163,83

Collaterals
The Company does not apply hedge accounting.

Note 33. Proposal regarding the distribution of profit

The management board of the Company shall make a proposal regargin the distribution of profit for 2015 to increase the reserve capital.

Note 34. Changes in the Management and Supervisory Board

Management Board:

As of 01.01.2015 Company Management Board was composed of :
Wojciech Rajchert – Board Member
Magdalena Starzyńska – Board Member
Małgorzata Ostrowska – Board Member

As of 31.12.2015 Company Management Board was composed of :
Wojciech Rajchert – Board Member
Magdalena Starzyńska – Board Member
Małgorzata Ostrowska – Board Member
Piotr Suprynowicz – Board Member

In 2015, there were following changes in the composition of the Company management board:
- on August 3, 2015, the Company received a statement of the authorized shareholder to appoint Mr. Piotr Suprynowicz to the management board. The appointment was exercised based on personal authorization granted by the Company statutes.

Supervisory Board:

As of 01.01.2015, the Company supervisory board was comprised of:
Józef Wojciechowski – the president of the supervisory board
Józef Oleksy – the-vice president of the supervisory board
Jarosław Król – supervisory board member
Marek Samarcew – supervisory board member
Andrzej Podsiadło – supervisory board member
Barbara Czyż – supervisory board member

As of 31.12.2015, the Company supervisory board was comprised of:
Józef Wojciechowski – the president of the supervisory board
Irmina Łopuszyńska – supervisory board member
Małgorzata Szwarc - Sroka– supervisory board member
Barbara Czyż – supervisory board member
Laura Michnowicz– supervisory board member

In 2015 , the following changes took part in the composition of the supervisory board:
- on January 9, Mr. Józef Oleksy died
- on February 26, 2015, an extraordinary general meeting of shareholders made the decisions to:
    - dismiss Mr. Andrzej Podsiadło from the supervisory board of the company;
    - dismiss Mr. Jarosław Król from the supervisory board of the company;
    - appoint Mrs. Małgorzata Szwarc – Sroka to the supervisory board of the company.
- on February 26, 2015, the company received notification of the exercise of the personal right of the shareholder with more than 50% of shares to:
    - dismiss Mr. Marek Samarcew from the supervisory board of the company;
    - appoint Mrs. Irmina Łopuszyńska to the supervisory board of the company;
    - appoint Mrs. Laura Michnowicz to the supervisory board of the company;

Note 35. Targets and principles of financial risk management

The main financial instruments used by Company comprise bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the activities of the Company. The Company also has other financial instruments such as receivables, trade payables, which are formed directly in the course of the Company's activities.
The main risks arising from financial instruments of the Company include interest rate risk, liquidity risk and credit risk. Board review and agree on rules for the administration any of these risks - they were briefly described below. The company also monitors market price risk relating to its possession of all financial instruments.

Interest rate risk

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

Due to the fact that Company had, during the reporting period, both assets and liabilities with variable rate, which counterbalanced the risk, and due to slight fluctuations of interest rates in recent periods, as well as the lack of expected rapid changes of interest rates in subsequent reporting periods, Company did not apply any interests rate securities as at 31.12.2015, considering that the interest rate risk is not significant.

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

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

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

	Increase/decrease in percentage points	**Influence on gross financial result in thousands of Polish zlotys**
PLN	1%	-3 556
PLN	-1%	3 556

Currency risk

Company is exposed to currency exchange rate change risks do to the loans granted in a given currency. These loans are granted in EUR and USD.

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

decrease by 20% decrease by 10%	**Fair value as of December 31, 2015 (in thousands of Polish zlotys)**	**The value of the assets to the historical value**	**The value of the financial assets**	**change (in thousands of PLN))**
no change	31 899	80%	25 519	6 380
increase by 10%	31 899	90%	28 709	3 190
increase 20%	31 899	100%	31 899	0
decrease by 20%	31 899	110%	35 089	-3 190
decrease by 10%	31 899	120%	38 279	-6 380

USD/PLN exchange rate change	**Fair value as of December 31, 2015 (in thousands of Polish zlotys)**	**The value of the assets to the historical value**	**The value of the financial assets**	**change (in thousands of PLN)**
decrease by 20%	16 630	80%	13 304	3 326
decrease by 10%	16 630	90%	14 967	1 663
no change	16 630	100%	16 630	0
increase by 10%	16 630	110%	18 293	-1 663
increase by 20%	16 630	120%	19 956	-3 326

Credit Risk

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

In case of liabilities of and loans for related companies, the risk is considered irrelevant due to ongoing monitoring of financial standing and the control.

The maximum exposure to credit risk is PLN 19,599,000 at the balance sheet day was estimated as the carrying value of trade payables from other companies.

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

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

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

Note 36. Capital Management
Company manages its capital in order to maintain the capacity to continue operations including the implementation of the planned investments, in order to generate returns for shareholders and benefits to other stakeholders.
In accordance with market practice, the Company monitors its capital, among other things, on the basis of equity ratio and the ratio of loans, credits and other financing sources / EBITDA.

The equity ratio is calculated as the ratio of net tangible assets (equity diminished by the value of intangible assets) to total assets.
The ratio of credits, loans and other financing sources / EBITDA is calculated as the ratio of credits, loans and other financing sources to EBITDA. Credits, loans and other financing sources presents a total amount of liabilities arising from credits, loans and lease, while EBITDA presents an operating profit after adding depreciation

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

	December 31, 2015	**December 31, 2014**
Interest-bearing loans and borrowings	64 508 664,85	136 775 835,62
Trade and other receivables	640 994 460,27	623 322 177,76
Minus cash and cash equivalents	-73 600 261,65	-16 180 647,26
Net debt	631 902 863,47	743 917 366,12
Company Equity	674 694 704,07	659 655 119,82
Net unrealized gains reserves		0,00
Total capital	674 694 704,07	659 655 119,82
Capital and net debt	1 306 597 567,55	1 403 572 485,94
Equity ratio	51,64%	47,00%
Credits ratio	48,36%	53,00%

Note 37. Information on the agreement with the entity authorized to audit the financial statement and conduct reviews thereof

On August 6, 2015, the Company entered into an agreement with BDO sp. z o.o., an entity eligilble to audit financial statements, on the preparation of an interim and annual financial report for the year 2015.

Auditor's remuneration for auditing the financial statement prepared for the business year ending on December 31, 2015 was fixed at PLN 175 thousand, PLN 125 thousand of which pertaining to the review and audit of the entities being part of Company and PLN 50 thousand to an interim review and annual audit of the consolidated financial statement.

Auditor's remuneration for the services related to the consolidated financial statements prepared for the business year ended on December 31, 2015 amounted to PLN 50 thousand, PLN 25 thousand of which pertained to the annual consolidated financial statement, and PLN 25 thousand to the review of interim consolidated financial statement. Auditor's remuneration for the services related to the preparation of financial statements for the business year ended on December 31, 2015 for the entities being part of Company amounted to PLN 125 thousand, PLN 85 thousand of which pertained to the annual audit of the entities being part of Company, and PLN 40 thousand to the interim report. These sums are net sums.

Auditor’s remuneration for the services related to the consolidated financial statements prepared for the business year ended on December 31, 2014 amounted to PLN 50 thousand, PLN 25 thousand of which pertained to the annual consolidated financial statement, and PLN 25 thousand to the review of interim consolidated financial statement. Auditor’s remuneration for the services related to the preparation of financial statements for the business year ended on December 31, 2014 for the entities being part of Company amounted to PLN 125 thousand, PLN 85 thousand of which pertained to the annual audit of the entities being part of Company, and PLN 40 thousand to the interim report. These sums are net sums.

Nota 38. Informacje na temat zatwierdzenia sprawozdania finansowego za rok ubiegły

The consolidated financial statement for 2014 was approved by General Meeting of Shareholders on May 25, 2015

The table below includes the signature of the person preparing the financial statement as well as the signatures of the management board members

Małgorzata Pisarek Główny Księgowy	Podpis

Podpisy Członków Zarządu

Wojciech Rajchert Członek Zarządu	Podpis
Magdalena Starzyńska Członek Zarządu	Podpis
Małgorzata Ostrowska Członek Zarządu	Podpis M. Ostrowska
Piotr Suprynowicz Członek Zarządu	Podpis

Ząbki, this 17-th day of March, 2016