



## **Consolidated Financial Statement**

**for the period between  
between January 1, 2014  
through December 31, 2014**

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



## A. INTRODUCTION TO CONSOLIDATED FINANCIAL STATEMENT

### 1. GENERAL INFORMATION ABOUT THE DOMINANT ENTITY

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 Radzywińska 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, 2014, the lifetime of the Company is unlimited. The business year of the Company is a calendar year i.e. the period from January 1 through December 31.

The foregoing report was approved by the Management Board of the Capital Group on February 25, 2015 with the publication date of March 19, 2015. If there are any significant changes requiring disclosure, the financial statement can be changed after the modification thereof prior to approval solely by the Management Board of the Capital Group

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

#### Basic information about the Group comprising the holding entity and the subsidiaries of the holding entity covered in the consolidated financial statement

The Group's structure and the holding entity's share in the share capital of subjects belonging to the Group as at 31 December 2013 are presented in the table below:

| Company  | Country of registration | Parent company's share in share capital | Parent company's share in voting rights | Method of consolidation |
|--|-------------------------|---|---|-------------------------|
| <b>Subsidiaries:</b>                                   |                         |   |   |                         |
| Lokum Sp. z o.o.                                       | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| J.W. Construction Sp. z o.o.                           | Poland                  | 99,99%                                  | 99,99%                                  | full consolidation      |
| Porta Transport Sp. z o.o. in liquidation              | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| JW Group Sp. z o.o.                                    | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| JW Group Sp. z o.o. 1 SKA                              | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| JW Group Sp. z o.o. 2 SKA                              | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| JW. Marka Sp. z o.o.                                   | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Yakor House Sp. z o.o.                                 | Russia                  | 70,00%                                  | 70,00%                                  | full consolidation      |
| Seahouse Sp. z o.o.                                    | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| J.W. 6 Sp. z o.o.                                      | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Nowe Tysiąclecie Sp. z o.o.                            | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Business Financial Construction Sp. z o.o.             | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Dana Invest Sp. z o.o.                                 | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Bałtycka Invest Sp. z o.o.                             | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Berenzona Invest Sp. z o.o.                            | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Bliska Wola 1 Sp z o.o.                                | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Bliska Wola 2 Sp z o.o.                                | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Bliska Wola 3 Sp z o.o.                                | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Bliska Wola 4 Sp z o.o.                                | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Bliska Wola 5 Sp z o.o.                                | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Zdziarska Invest Sp z o.o.                             | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Łódź Invest Sp z o.o.                                  | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Lewandów Invest Sp. z o.o.                             | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| MT Invest Sp. z o.o.                                   | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Sochaczewska Invest Sp. z o.o.                         | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |

| Company                   | Country of registration | Parent company's share in share capital | Parent company's share in voting rights | Method of consolidation |
|---------------------------|-------------------------|---|---|-------------------------|
| Osada Wiślana Sp. z o.o.  | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |
| Parkowa Invest Sp. z o.o. | Poland                  | 100,00%                                 | 100,00%                                 | full consolidation      |

The core business of the Group's companies is:

- Lokum Sp. z o.o. – Development and sale of own properties on its own account,
- JW Group Sp. z o.o. 1 SKA – Development and sale of own properties on its own account,
- JW Group Sp. z o.o. 2 SKA – Development and sale of own properties on its own account,
- JW Group Sp. z o.o. – Development and sale of own properties on its own account,
- JW. Marka Sp. z o.o. – marketing activity,
- Towarzystwo Budownictwa Społecznego „Marki” Sp. z o.o. – sale and administration of social building estates,
- Tourist resort "Ogoniok" Sp. z o.o. (currently Yakor House Sp. z o.o.) - Development and sale of properties for its own account,
- Porta Transport Sp. z o.o. – transport services,
- J.W. Construction Sp. z o.o. – prefabricated units production for the building industry,
- Seahouse Sp. z o.o. – Development and sale of own properties on its own account,
- J.W. 6 Sp. z o.o. - Development and sale of own properties on its own account,
- Nowe Tysiąclecie Sp. z o.o. - Development and sale of own properties on its own account,
- Business Financial Construction Sp. z o.o. – marketing and sales,
- Dana Invest Sp. z o.o. – Development and sale of own properties on its own account,
- Bałtycka Invest Sp. z o.o. – Development and sale of own properties on its own account,
- Berensona Invest Sp. z o.o. – Development and sale of own properties on its own account,
- Bliska Wola 1 Sp. z o.o. – Development and sale of own properties on its own account,
- Bliska Wola 2 Sp. z o.o. – Development and sale of own properties on its own account,
- Bliska Wola 3 Sp. z o.o. – Development and sale of own properties on its own account,
- Bliska Wola 4 Sp. z o.o. – Development and sale of own properties on its own account,
- Bliska Wola 5 Sp. z o.o. – Development and sale of own properties on its own account,
- Zdziarska Invest Sp. z o.o. – Development and sale of own properties on its own account,
- Łódź Invest Sp. z o.o. – Development and sale of own properties on its own account,
- Lewandów Invest Sp. z o.o. – Development and sale of own properties on its own account,
- MT Invest Sp. z o.o. – Development and sale of own properties on its own account,
- Sochaczewska Invest Sp. z o.o. – Development and sale of own properties on its own account,
- Osada Wiślana Sp. z o.o. – Development and sale of own properties on its own account,
- Parkowa Invest Sp. z o.o. – Development and sale of own properties on its own account.

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

#### Preparation of the consolidated financial statements

The consolidated financial statements for the years 2013-2014 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a manner as if the Group was one company. The consolidated financial statements cover the financial statements of the parent company -J.W. Construction Holding S.A. and financial statements controlled by the holding entity of the subsidiaries.

Jednostka dominująca dokonała w latach 2013-2014 wyłączenia z obowiązku objęcia konsolidacją następujących jednostek podporządkowanych:

*In 2013:*

- J.W. Construction Bulgaria Sp. z o.o.-100%
- Dana Invest Sp. z o.o. -100%

*In 2014:*

- J.W. Construction Bulgaria Sp. z o.o.-100%
- JW. Ergo Energy -50%

The legal basis for the applied exclusion of companies from the consolidated financial statements were the conceptual framework of the International Financial Reporting Standards relating to restrictions on the usefulness and reliability of the information. Under these assumptions the benefits received by the acquired information must exceed the costs of providing them. It was found that the cost of obtaining information on non-consolidated subsidiaries, and their inclusion in the cost of consolidation outweigh the benefits achieved in this respect. Furthermore, when making the exclusion of subordinated companies from consolidation, the driven fact was that they were not essential for a true and fair presentation of the financial position and results of the Capital Group.

**Going concern basis and comparability of financial statements**

J.W. Construction Holding S.A. Capital Group 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.

**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 results of applying new standards of accounting and changes to the accounting**

The principles (policy) of accounting that were used for preparation of this financial statements for the financial year end of 2014 are consistent with those used for preparation of the financial statements for the financial year of 2013, with the exception of changes described below. Company applied the same principles for the current and comparable period unless the standard or interpretation assumed only a prospective application.

- **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 applied from January 1, 2014:

- IFRS 10 *Consolidated Financial Statement*
- IFRS 11 *Joint arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 *Separate Financial Statements*
- IAS 28 *Investments in Associates and Joint Ventures*
- Changes to IAS 32 *Compensation of assets and financial obligations*
- *Guidelines to transitional provisions (Amendments to MSSF 10, MSSF 11 and MSSF 12)*
- *Investment units (Changes to MSSF 10, MSSF 12 and MSR 27)*
- Changes to IAS 36 *Recoverable amount disclosures for non-financial assets*
- Changes to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

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

The main consequences of the application of new regulations:

- IFRS 10 *Consolidated Financial Statements*

A new standard was published on May 12, 2011 and is to substitute SIC 12 Consolidation - Special Purpose Vehicles and a part of IFRS 27 Consolidated and separate financial statements. This standard defines the notion of control as a factor determining whether an entity should be subject to a consolidated financial statement and whether it has guidelines assisting in determining whether an entity exercises a control or not. Application of the revised standards does not have any significant impact on the financial statements of Company.

- IFRS 11 *Joint arrangements*

A new standard published on May 12, 2011 and is to substitute SIC 13 Jointly Controlled Entities - non pecuniary contributions of partners and IFRS 31 - Shares in common ventures. This standard puts emphasis on the law and obligations resulting from the common agreements irrespectively of their legal form and eliminates inconsistencies in reporting by defining the method of settlement of shares in jointly controlled entities. The application of this standard has no significant impact on Company financial statement.

- IFRS 12 *Disclosure information in regard to shares in other units*

A new standard was published on May 12, 2011 and involves the requirements for information disclosure in regard to engagement in new entities and investments. The application of the new standard shall have no significant influence on Company financial statement.

- IFRS 27 *Disclosure of Interests in Other Entities*

A new standard published on May 12, 2011 and results first of all from previous IAS 27 to new IFRS 10 and IFRS 11. This new standard involves the requirements in the scope of presentation and disclosure in a separate financial report of

an investment in affiliated entities, related and common endeavors. This standard shall substitute IAS 27 *Consolidated and separate financial statements*. The application of the new standard shall have no significant influence on Company's financial statement.

- IFRS 28 *Investments in Associates and Joint Ventures*

A new standard was published on May 12, 2011 and regards investment settlement in related entities. It describes the requirements for application of the ownership right method in investments in affiliated entities and in commonly controlled entities. This standard shall substitute previous IAS 28 *Investments in affiliated entities*. The application of the new standard shall have no effect on Company's financial statement.

- Changes to IFRS 32 *Compensation of assets and financial obligations*

Changes to IAS 32 were published on December 16, 2011 and apply to annual periods starting on January 1, 2014 or later. The changes are an answer towards inconsistencies in the application of the criteria for compensation existing in IAS 31. The application of this new standard shall have no significant influence on Company's financial statement.

- *Guidelines to transitional provisions (Amendments to IFRS 10, IFRS 11 and IFRS 12)*

The guidelines were published on June 28, 2012 and involve additional information regarding the application of IFRS 10, IFRS 11 and IFRS 12, including presentation of contrast data in case of the IFRS 10. The application of these changes shall have no significant influence on Company's financial statement.

- Investment units (*Changes to IFRS 10, IFRS 12 and IAS 27*)

The guidelines were published on October 31, 2012 and involve other principles regarding the application of IFRS 10 and IFRS 12 in case of units characteristic of investment funds. The application of this standard shall have no significant impact on Company's financial statement.

- Changes to IAS 36 Recoverable amount disclosures for non-financial assets

The changes were published on May 29, 2013 and apply towards annual period starting on January 1, 2014 or later. The changes result in modification of the disclosures in relation to the non-financial impairment of assets, they *inter alia* require that recoverable amount of an asset is disclosed (an entity earning cash flows) only in the periods when value depreciation is presented or the value of a given asset (or entity) is reserved. With the exception of goodwill and certain intangible assets for which an annual impairment test is required, entities are required to conduct impairment tests where there is an indication of impairment of an asset, and the test may be conducted for a 'cash-generating unit' where an asset does not generate cash inflows that are largely independent of those from other assets.

The application of this standard shall have no important influence on Company's financial statement.

- Changes to IAS 39 *Zmiany do MSR 39 Novation (renewal) if derivatives and continuation of hedge accounting*

The changes were published on June 27, 2013 and they apply towards annual periods starting on January 1, 2014 or later. The changes allow for continuation of the application of hedge accounting (on certain conditions) in case when a derivative being a securing instrument is renewable as a result of legal regulations and as a result there are no changes of the settlement institution. Changes of IAS 39 are an effect of the changes in the legal regulations in many countries the effect of which being obligatory of settlement of existing derivatives not traded on stock exchanges and their renewal with the central settlement institution. The application of these changes shall have no influence on the financial statement of the Capital Group.

Application of the above changes shall not influence the financial statement of the Capital Group.

▪ **Changes made by the Group itself**

Company did not make a correction of presentation of comparable data for the year ended on 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. Company has initiated the analysis of the consequences of the introduction of this new standard.

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

On December 12, 2014 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 Jul 1, 2014 or later.

Company applies the changed standards in the scope of changes from January 1, 2015 unless there is another time limit established. The application of the changed standards has no significant influence on Company financial statement.

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

On December 12, 2013 further changes were published towards 4 standards resulting from the project of proposed changes to International Financial Reporting Standards published in November of 2012. They apply mostly to annual periods starting on July 1, 2014 or later.

Company shall implement changed standards in the scope of the changes applicable from January 1, 2014 unless there is no implementation date.

Application of the changed standards shall no have any significant influence on Company financial statement.

- 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 shall apply the changed standard in the scope of introduced changes from January 1, 2015. The application of changed standards shall have no influence on Company's financial statement.

- IFRIC 21 interpretation *Public levies*

A new interpretation was published on May 20, 2013 and applies to annual period starting on January 1, 2014 or later. This interpretation involves guidelines regarding which periods given obligations to pay public levies should be disclosed in. Company shall apply this new interpretation from the date fixed in European Commission's regulation allowing this interpretation in the European Union, which is from January 1, 2015. The application of the new standards shall have no influence on Company financial statement.

- 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 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.

The application of the changed standards shall have no significant influence on Company's financial statement.

- 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 IFRS 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 International Financial Reporting Standards (*Annual Improvements 2012-2014*)

On September 2014, there were further changes published to 4 standards resulting from the project of proposed changes to International Financial Reporting Standards published in December 2013. They apply mostly to annual periods starting on January 1, 2016 or later.

Company shall apply the changed standards in the scope of introduced changes on January 1, 2016 unless there is another time for their adoption. The application of these standards shall have no significant influence on Company financial statement.

- Changes to IAS 1: Initiative in disclosure matters

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.

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 do 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,
- Changes to IFRS 11 *Presentation of acquisition of assets through common endeavors* published on May 6, 2014,
- Changes to IAS 16 and IAS 38 *Explanations in the scope of accepted methods for disclosure of write-offs and amortization* published on May 12, 2014,
- Changes to IAS 16 and IAS 41: *Agriculture produce* published on June 30, 2014,
- Changes to IAS 27: *Methods for ownership right in separate financial statements* published on August 12, 2014,
- 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 various standards resulting from an annual review of International Financial Reporting Standards (*Annual Improvements 2012-2014*) published on September 25, 2014,
- Changes to IAS 1 : Initiative in matters of disclosure,
- Changes to IAS 10, IAS 12 and IAS 28: *Investment units: application of the exception from consolidation.*

## Policy of accounting

### **Intangible assets**

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

- they are identifiable,
- the company controls such assets, due to which it is entitled to future economic benefits that are attributable to them and is able to restrict third party access to such benefits,
- they generate future economic benefits 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 amortised with the straight-line method for the period of their expected useful life.

Intangible assets of an indefinite useful life (goodwill) are not amortised but tested for impairment on an annual basis, in accordance with IAS 36.

**Tangible assets**

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

Tangible assets are measured at acquisition price or manufacturing cost. Tangible assets are depreciated with the straight-line method for the period of their useful life as follows: 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%

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

Fixed small assets with a value below PLN 3,500,00 are amortized once on the date of purchase. In case of fixed assets, which permanently lost their economic usefulness, unplanned depreciation charge included in other operating costs is made.

The Company verified the value of their assets. Fixed assets that are disclosed in the financial statements do not differ from their assumed cost.

**Impairment of tangible assets and intangible assets**

Whenever there are indications that tangible assets and intangible assets may be impaired, the said assets are tested for impairment. The established amounts of impairment losses reduce the carrying value of an asset subject to impairment and are disclosed in the income statement.

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

**Investment real estate**

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

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 amortised and depreciated under the same principles as other purchased assets of a similar kind. The period of amortisation or depreciation is equal to the period of lease unless after the end of the lease the company intends to buy the ownership right to the leased asset.

Any lease that does not satisfy the criteria of a financial lease is classified as an operating lease. Payments made under an operating lease are expensed in the income statement on a straight-line basis over the period of lease.



**Inventories**

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

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

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

Should the acquisition price or manufacturing cost be higher than the expected net realisable value, the company discloses an impairment loss adjusting costs of goods sold. 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 recognised in the period in which they are incurred, regardless of the manner of using the borrowings.

**Current and non-current receivables**

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

**Guarantee deposits**

Guarantee deposits being parts of receivables, retained by customers under contractual provisions as security for the guarantee and warranty period, are disclosed in assets of the 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, recognised 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 recognise provisions when all the following conditions are fulfilled:

- the company has a present (legal or constructive) obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of such obligation.

Provisions for liabilities in J.W. Construction Holding S.A. comprise:

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

**Long-term developer contracts**

The core business of the 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:

**a) Zero-profit method**

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

**b) Percentage-of-completion method**

The percentage-of-completion method is applied when it is possible to measure the stage of completion of an unfinished construction service reliably. Revenues from an unfinished construction contract are disclosed pro rata to costs incurred at a given moment of its performance. Revenues, expenses and profits are disclosed proportionally to the stage of work completion.

To measure the stage of completion of a construction contract the Group applies a method that will allow it to reliably establish the stage of completion of works as at a given date. Depending on the nature of a contract such method may comprise:

- establishing costs of the contract incurred due to work performed to date proportionally to estimated total costs of such contract,
- 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 recognised at acquisition price equal to fair value of received cash less costs of acquisition.

Borrowings are subsequently measured at acquisition price adjusted with an effective interest rate. All effects of the adjusted acquisition price and effects of derecognition of a liability from the balance sheet or recognition of its impairment are disclosed in the profit and loss account.

**Deferred income tax**

Deferred income tax assets and liabilities are estimated based on temporary differences between the value of assets and liabilities disclosed in books and their tax value and a tax loss deductible in future from the tax base.

Income tax liabilities are recognised for temporary positive differences at the amount of income tax payable in future.

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

**Held-for-sale assets and discontinued operations**

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

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

### **Liabilities**

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

Based on their characteristics, liabilities can be divided into:

- current liabilities,
- non-current liabilities,
- financial liabilities,
- contingent liabilities.

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

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

Contingent liabilities are obligations dependent on occurrence of certain events. Contingent liabilities are disclosed in additional information and notes.

Liabilities are measured as at the balance sheet date in the amount due.

### **Accrued expenses**

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

### **Revenues**

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

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

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

### **Other income, expenses, gains and losses**

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

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

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

### **Taxes**

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

**B. CONSOLIDATED FINANCIAL STATEMENT**

**Consolidated report on the financial situation**

| <b>ASSETS</b>                               | <b>Note</b> | <b>December 31, 2014</b> | <b>December 31, 2013</b> |
|---|-------------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>                         |             | <b>904 778 822,33</b>    | <b>885 361 987,57</b>    |
| Intangible assets                           | 1           | 13 813 299,05            | 14 885 329,57            |
| Tangible assets                             | 3           | 388 885 904,88           | 412 419 885,53           |
| Investment real estate                      | 4           | 434 616 169,65           | 427 787 324,54           |
| Other financial assets                      | 5           | 36 753 504,22            | 717 621,46               |
| Deferred income tax assets                  | 15          | 30 261 357,39            | 28 088 329,53            |
| Trade and other receivables                 | 6           | 448 587,14               | 1 463 496,93             |
| <b>CURRENT ASSETS</b>                       |             | <b>545 466 771,69</b>    | <b>522 145 025,35</b>    |
| Inventories                                 | 7           | 31 075 008,40            | 32 041 469,79            |
| Construction contracts                      | 7           | 391 963 458,94           | 363 364 089,35           |
| Trade and other receivables                 | 8           | 68 831 829,96            | 63 410 122,10            |
| Other financial assets                      | 9           | 1 892 075,40             | 35 980 677,19            |
| Cash and cash equivalents                   | 10          | 41 320 236,05            | 15 818 508,58            |
| Accruals                                    | 11          | 10 384 162,94            | 11 530 158,33            |
| <b>Total Assets</b>                         |             | <b>1 450 245 594,02</b>  | <b>1 407 507 012,92</b>  |
| <b>EQUITY AND LIABILITIES</b>               |             |                          |                          |
| <b>EQUITY</b>                               |             | <b>627 158 202,23</b>    | <b>513 374 216,23</b>    |
| Share capital                               | 12          | 17 771 888,60            | 10 814 656,00            |
| Revaluation capital                         |             | 7 490 208,19             | 7 490 208,19             |
| Other capital                               | 13          | 609 004 048,81           | 496 930 783,02           |
| Retained earnings                           |             | -15 448 962,94           | -13 305 438,50           |
| Net profit / loss                           |             | 8 341 019,57             | 11 444 007,52            |
| <b>LIABILITIES</b>                          |             | <b>823 087 391,79</b>    | <b>894 132 796,69</b>    |
| <b>Non-current liabilities</b>              |             | <b>522 899 863,10</b>    | <b>589 186 336,69</b>    |
| Borrowings                                  | 14          | 194 036 892,71           | 189 181 456,93           |
| Deferred income tax liabilities             | 15          | 28 098 685,78            | 22 792 392,42            |
| Retirement benefit obligations              | 16          | 208 947,48               | 161 777,01               |
| Provision for other liabilities and charges | 17          | 55 373 146,15            | 55 248 994,91            |
| Other liabilities                           | 18          | 245 182 190,98           | 321 801 715,42           |
| <b>Current liabilities</b>                  |             | <b>300 187 528,68</b>    | <b>304 946 460,00</b>    |
| Trade and other payables                    | 19          | 59 964 347,48            | 85 997 568,21            |
| Construction contracts                      | 7           | 118 584 362,41           | 25 115 826,84            |
| Borrowings                                  | 14          | 82 182 960,94            | 143 269 544,92           |
| Provision for other liabilities and charges | 17          | 14 992 921,45            | 16 818 245,53            |
| Other liabilities                           | 19          | 24 462 936,40            | 33 745 274,50            |
| <b>EQUITY AND LIABILITIES razem</b>         |             | <b>1 450 245 594,02</b>  | <b>1 407 507 012,92</b>  |

**Consolidated income statement**

|  | Note      | from January 1, 2014<br>to December 31, 2014 | from January 1, 2013<br>to December 31, 2013 |
|--|-----------|--|--|
| <b>Net revenues from sales of products, goods and materials, of which:</b> | <b>24</b> | <b>212 835 707,19</b>                        | <b>327 532 948,73</b>                        |
| Net revenues from sales of products  |           | 211 489 747,05                               | 325 291 981,96                               |
| Net revenues from sales of goods and materials                             |           | 1 345 960,14                                 | 2 240 966,77                                 |
| <b>Costs of products, goods and materials sold, of which:</b>              | <b>25</b> | <b>171 273 755,67</b>                        | <b>258 522 682,09</b>                        |
| Manufacturing cost of products sold  |           | 169 896 856,18                               | 254 213 144,18                               |
| Value of goods and materials sold  |           | 1 376 899,49                                 | 4 309 537,91                                 |
| <b>Gross profit (loss) on sales</b>  |           | <b>41 561 951,52</b>                         | <b>69 010 266,64</b>                         |
| <b>Sales costs</b>   | <b>25</b> | <b>18 991 609,98</b>                         | <b>20 171 083,64</b>                         |
| <b>Overheads</b>   | <b>25</b> | <b>14 728 313,74</b>                         | <b>20 666 909,76</b>                         |
| <b>Revaluation of investment properties</b>                                |           | <b>28 392 993,33</b>                         | <b>14 457 466,24</b>                         |
| <b>Profit (loss) on sales</b>  |           | <b>36 235 021,13</b>                         | <b>42 629 739,48</b>                         |
| Other operating income   | 26        | 5 971 445,95                                 | 18 130 488,63                                |
| Other operating expenses   | 27        | 6 960 087,35                                 | 12 291 778,08                                |
| <b>Operating profit (loss)</b>   |           | <b>35 246 379,73</b>                         | <b>48 468 450,03</b>                         |
| Revenues finansowe   | 28        | 4 516 772,40                                 | 2 728 265,79                                 |
| Profit (loss) on business activity   | 29        | 27 970 289,05                                | 38 360 372,98                                |
| <b>Profit (loss) on business activity</b>                                  |           | <b>11 792 863,08</b>                         | <b>12 836 342,84</b>                         |
| <b>Gross profit (loss)</b>   |           | <b>11 792 863,08</b>                         | <b>12 836 342,84</b>                         |
| Income tax   | 22        | 3 451 843,51                                 | 1 392 335,32                                 |
| <b>Net profit (loss)</b>   |           | <b>8 341 019,57</b>                          | <b>11 444 007,52</b>                         |

|   |  |                      |                      |
|---|--|----------------------|----------------------|
| <b>Other comprehensive income:</b>                    |  | <b>-3 258 471,73</b> | <b>-1 325 846,90</b> |
| Exchange differences on foreign operations conversion |  | -3 252 421,68        | 754 408,15           |
| Profit/loss from acquisitions                         |  | 0,00                 | 0,00                 |
| Profit from revaluation of tangible fixed assets      |  | 0,00                 | 0,00                 |
| Other comprehensive income                            |  | -6 050,05            | -2 080 255,05        |
| <b>Total revenue</b>                                  |  | <b>5 082 547,84</b>  | <b>10 118 160,62</b> |

| <b>CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE</b>  |  | from January 1, 2014 to<br>December 31, 2014 | from January 1 to<br>December 31, 2013 |
|---|--|--|--|
| <b>Profits</b>  |  |  |  |
| (A) Profits of the Group disclosed in the consolidated financial statements   |  | 8 341 019,57                                 | 11 444 007,52                          |
| <b>Number of shares</b>   |  |  |  |
| (B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share* |  | 62 841 299,17                                | 54 073 280,00                          |
| (C) Number of 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   |  | 62 841 299,17                                | 54 073 280,00                          |
| <b>Basic earnings per share = (A)/(B)</b>   |  | <b>0,13</b>                                  | <b>0,21</b>                            |
| <b>Diluted earnings per share = (A)/(B)</b>   |  | <b>0,13</b>                                  | <b>0,21</b>                            |

**Consolidated cash flow statements**

|  | <b>from January 1,<br/>2014<br/>do December 31,<br/>2014</b> | <b>from January 1, 2013<br/>do December 31, 2013</b> |
|--|--|--|
| <b>Operating cash flow - two-step method</b>   |  |  |
| <b>Net profit (loss)</b>   | <b>8 341 019,57</b>  | <b>11 444 007,52</b>                                 |
| <b>Item adjustments</b>  | <b>12 524 231,90</b>   | <b>43 138 215,62</b>                                 |
| Depreciation and amortisation  | 7 818 645,05   | 12 171 901,78  |
| (Profit) loss on foreign exchange differences  | 0,00   | -478 435,79  |
| (Profits) loss from investment activities  | 1 023 723,95   | 1 735 845,43   |
| (Profits) loss from investment activities - shares   | 0,00   |  |
| Interest and dividends   | 33 810 954,17  | 38 924 008,45  |
| Changes in provisions and accruals   | 2 625 258,52   | 2 251 480,23   |
| Other adjustments  | -32 754 349,80   | -11 466 584,48                                       |
| - investment real estate write-off   | -28 392 993,33   | -14 457 466,27                                       |
| - Other adjustments  | -4 361 356,47  | 2 990 881,79   |
| <b>Changes in working capital</b>  | <b>67 052 622,93</b>   | <b>68 460 140,06</b>                                 |
| Change in inventories  | 966 461,39   | -495 142,95  |
| Change in construction contracts   | 108 329 010,69   | 82 935 678,29  |
| Changes in receivables   | -13 951 798,07   | 11 785 160,90  |
| Changes in current liabilities, except for borrowings  | -28 291 051,08   | -25 765 556,18                                       |
| <b>Net operating cash flows</b>  | <b>87 917 874,40</b>   | <b>123 042 363,20</b>                                |
| <b>Investment activity cash flows</b>  |  |  |
| Disposal of tangible and intangible assets and other non-current assets                          | 1 323 825,35   | 16 084 901,91  |
| Purchase of tangible and intangible assets and other non-current assets                          | -23 214 284,94   | -17 549 192,00                                       |
| Expenses related to assets earmarked for sale  | 0,00   | 0,00   |
| Purchase of equity instruments and debt instruments  | -1 002 500,00  | -667 000,00  |
| Disposal of equity instruments and debt instruments  | 1 000 000,00   | 1 244 796,50   |
| Loans granted  | -376 397,20  | -107 409,50  |
| Loans repaid   | 0,00   | 0,00   |
| Other purchase of financial assets   | 0,00   | -5 000,00  |
| Other disposal of financial assets   | 0,00   | 0,00   |
| Dividends received   | 0,00   | 0,00   |
| Interest received  | 43 062,25  | 0,00   |
| Disposal of subsidiaries   | 0,00   | 0,00   |
| Acquisition of subsidiaries:   | 0,00   | 0,00   |
| <b>Net investment cash flow</b>  | <b>-22 226 294,54</b>  | <b>-998 903,09</b>                                   |
| <b>Financing cash flow</b>   |  |  |
| Net proceeds from issue of shares, other equity instruments and additional capital contributions | 28 915 480,76  | 0,00   |
| Purchase of own shares or repayment of shares  | 0,00   | 0,00   |
| Borrowings   | 110 708 404,39   | 66 084 730,47  |
| Borrowings repaid  | -127 238 743,12  | -121 124 752,91                                      |
| Debt securities issued   | 0,00   | 0,00   |
| Debt securities redeemed   | -10 570 000,00   | -24 300 000,00                                       |
| Payments under financial lease agreements  | -4 215 624,01  | -4 528 810,09  |
| Dividends and other shared profits   | 0,00   | 0,00   |
| Interest paid  | -36 876 332,77   | -40 465 197,51                                       |
| Other financial proceeds (including notes)   | 0,00   | 1 380 000,00   |
| Other financial expenditures (including notes)   | -913 037,64  | 0,00   |
| <b>Net financing cash flow</b>   | <b>-40 189 852,39</b>  | <b>-122 954 030,04</b>                               |
| <b>NET DECREASE / (INCREASE) IN CASH</b>   | <b>25 501 727,47</b>   | <b>-910 569,93</b>                                   |
| Cash and cash equivalents at the beginning of the year   | 15 818 508,58  | 16 729 078,51  |
| - foreign exchange gains/(losses) on cash  | 0,00   | 0,00   |
| <b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>  | <b>41 320 236,05</b>   | <b>15 818 508,58</b>                                 |



Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

**Consolidated statement of changes in equity**

|  | Share Capital        | Own shares<br>(negative<br>figure) | Revaluation<br>capital | Supplementary<br>capital | Other capital<br>reserves | Hedge<br>valuation<br>reserve and<br>currency<br>translation<br>reserve | Retained<br>earnings  | Net earnings         | EQUITY                |
|--|----------------------|------------------------------------|------------------------|--------------------------|---------------------------|---|-----------------------|----------------------|-----------------------|
| <b>As at 31 December 2013</b>  | <b>10 814 656,00</b> | <b>0,00</b>                        | <b>7 490 208,19</b>    | <b>488 506 357,82</b>    | <b>7 947 307,60</b>       | <b>477 117,60</b>   | <b>-13 305 438,50</b> | <b>11 444 007,52</b> | <b>513 374 216,23</b> |
| Basic error corrections  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Corrections from changes in a presentation   | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| <b>As at 01 January 2014</b>   | <b>10 814 656,00</b> | <b>0,00</b>                        | <b>7 490 208,19</b>    | <b>488 506 357,82</b>    | <b>7 947 307,60</b>       | <b>477 117,60</b>   | <b>-13 305 438,50</b> | <b>11 444 007,52</b> | <b>513 374 216,23</b> |
| Share issuance   | 6 957 232,60         | 0,00                               | 0,00                   | 101 744 205,56           | 0,00                      | 0,00  | 0,00                  | 0,00                 | 108 701 438,16        |
| Purchase of own shares   | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 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                 | 0,00                  |
| Dividends paid   | 0,00                 | 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                 | 0,00                  |
| Profits (losses) on cash flow hedges   | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Exchange gains / (losses) on translation of financial statements of foreign operations | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | -3 252 149,61   | -272,07               | 0,00                 | -3 252 421,68         |
| Gains / (losses) on business acquisitions(unitary jwch)                                | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Changes in accounting policies/presentation  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Consolidation adjustments  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 2 161,95              | 0,00                 | 2 161,95              |
| Włączenie spółki do konsolidacji   | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | -8 212,00             | 0,00                 | -8 212,00             |
| Total profit / (loss) recognised directly in equity                                    | 17 771 888,60        | 0,00                               | 7 490 208,19           | 590 250 563,38           | 7 947 307,60              | -2 775 032,01   | -13 311 760,62        | 11 444 007,52        | 618 817 182,66        |
| Net profit (loss) for the accounting year  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 8 341 019,57         | 8 341 019,57          |
| Total profit / (loss) recognised in equity and net earnings                            | 17 771 888,60        | 0,00                               | 7 490 208,19           | 590 250 563,38           | 7 947 307,60              | -2 775 032,01   | -13 311 760,62        | 19 785 027,09        | 627 158 202,23        |
| Increase / decrease from profit distribution   | 0,00                 | 0,00                               | 0,00                   | 13 581 209,84            | 0,00                      | 0,00  | -2 137 202,32         | -11 444 007,52       | 0,00                  |
| <b>As at 31 December 2014</b>  | <b>17 771 888,60</b> | <b>0,00</b>                        | <b>7 490 208,19</b>    | <b>603 831 773,22</b>    | <b>7 947 307,60</b>       | <b>-2 775 032,01</b>  | <b>-15 448 962,94</b> | <b>8 341 019,57</b>  | <b>627 158 202,23</b> |



Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|  | Share Capital        | Own shares<br>(negative<br>figure) | Revaluation<br>capital | Supplementary<br>capital | Other capital<br>reserves | Hedge valuation<br>reserve and<br>currency<br>translation reserve | Retained<br>earnings  | Net earnings         | EQUITY                |
|--|----------------------|------------------------------------|------------------------|--------------------------|---------------------------|---|-----------------------|----------------------|-----------------------|
| <b>As at 31 December 2012</b>  | <b>10 814 656,00</b> | <b>0,00</b>                        | <b>7 490 208,19</b>    | <b>500 115 552,27</b>    | <b>7 947 307,60</b>       | <b>-277 290,55</b>  | <b>-32 387 426,13</b> | <b>9 553 048,22</b>  | <b>503 256 055,60</b> |
| Basic error corrections  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Corrections from changes in a presentation   | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| <b>As at 01 January 2013</b>   | <b>10 814 656,00</b> | <b>0,00</b>                        | <b>7 490 208,19</b>    | <b>500 115 552,27</b>    | <b>7 947 307,60</b>       | <b>-277 290,55</b>  | <b>-32 387 426,13</b> | <b>9 553 048,22</b>  | <b>503 256 055,60</b> |
| Additional equity contributions  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Purchase of own shares   | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 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                 | 0,00                  |
| Dividends paid   | 0,00                 | 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                 | 0,00                  |
| Profits (losses) on cash flow hedges   | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Exchange gains / (losses) on translation of financial statements of foreign operations | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 754 408,15  | 0,00                  | 0,00                 | 754 408,15            |
| Gains / (losses) on business acquisitions(unitary jwch)                                | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Changes in accounting policies/presentation  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 0,00                 | 0,00                  |
| Consolidation adjustments  | 0,00                 | 0,00                               | 0,00                   | -34,00                   | 0,00                      | 0,00  | 34,00                 | 0,00                 | 0,00                  |
| Inclusion of the Company to the consolidation  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | -2 080 255,05         | 0,00                 | -2 080 255,05         |
| Total profit / (loss) recognised directly in equity                                    | 10 814 656,00        | 0,00                               | 7 490 208,19           | 500 115 518,27           | 7 947 307,60              | 477 117,60  | -34 467 647,18        | 9 553 048,22         | 501 930 208,70        |
| Net profit (loss) for the accounting year  | 0,00                 | 0,00                               | 0,00                   | 0,00                     | 0,00                      | 0,00  | 0,00                  | 11 444 007,52        | 11 444 007,52         |
| Total profit / (loss) recognised in equity and net earnings                            | 10 814 656,00        | 0,00                               | 7 490 208,19           | 500 115 518,27           | 7 947 307,60              | 477 117,60  | -34 467 647,18        | 20 997 055,74        | 513 374 216,22        |
| Increase / decrease from profit distribution   | 0,00                 | 0,00                               | 0,00                   | -11 609 160,45           | 0,00                      | 0,00  | 21 162 208,67         | -9 553 048,22        | 0,00                  |
| <b>As at 31 December 2013</b>  | <b>10 814 656,00</b> | <b>0,00</b>                        | <b>7 490 208,19</b>    | <b>488 506 357,81</b>    | <b>7 947 307,60</b>       | <b>477 117,60</b>   | <b>-13 305 438,50</b> | <b>11 444 007,52</b> | <b>513 374 216,23</b> |



## C. SUPPLEMENTARY INFORMATION

### INFORMATION ABOUT SIGNIFICANT EVENTS REGARDING PREVIOUS YEARS IN THE FINANCIAL STATEMENT FOR THE BUSINESS YEAR

The foregoing financial statement of the Group does not disclose any other significant events than those from previous years that had been already described

### SIGNIFICANT AFTER-BALANCE SHEET DATE EVENTS NOT DISCLOSED IN THESE FINANCIAL STATEMENTS

The financial statements of the Group for 2014 disclose all events that occurred until the day of these statements i.e till 25 March 2014 and had effect on the Consolidated Financial Statements of the Group for the period from 01 January 2014 to 31 December 2014.

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

In 2014, the Group changed the moment of transferring the control and significant risks to the recipients of the premises. The change did not cause a necessity of comparable data (the description is placed in the part on applied accounting principles).

### FUNCTIONAL AND PRESENTATION CURRENCY

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

### EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

#### Note 1. Intangible assets

| Intangible assets                    | December 31, 2014    | December 31, 2013    |
|--------------------------------------|----------------------|----------------------|
| a) research and development expenses | 0,00                 | 0,00                 |
| b) goodwill on consolidation         | 12 389 648,22        | 12 389 648,22        |
| c) other intangible assets           | 1 423 650,83         | 2 495 681,35         |
| d) advances on intangible assets     | 0,00                 | 0,00                 |
| <b>Total intangible assets</b>       | <b>13 813 299,05</b> | <b>14 885 329,57</b> |

As at 31 December 2014, there is no impairment of goodwill. This value is bound to a real estate investment, from which future cash flow is expected.

| Items of the group's assets                                   |  | Goodwill             | Other intangible assets | Total intangible assets |
|---|--|----------------------|-------------------------|-------------------------|
| value   | Opening balance                                | 12 389 648,22        | 15 800 013,58           | 28 189 661,80           |
|   | Mergers  | 0,00                 | 0,00                    | 0,00                    |
|   | Total post-merger                              | 12 389 648,22        | 15 800 013,58           | 28 189 661,80           |
|   | Merger   | 0,00                 | 0,00                    | 0,00                    |
|   | Revenues                                       | 0,00                 | 47 556,43               | 47 556,43               |
|   | In-kind contribution                           | 0,00                 | 0,00                    | 0,00                    |
|   | Expenses                                       | 0,00                 | 0,00                    | 0,00                    |
|   | Balance sheet at the end of the financial year | 12 389 648,22        | 15 847 570,01           | 28 237 218,23           |
| depreciation  | Opening balance                                | 12 389 648,22        | 13 304 332,23           | 25 693 980,45           |
|   | Mergers  | 0,00                 | 0,00                    | 0,00                    |
|   | Total post-merger                              | 12 389 648,22        | 13 304 332,23           | 25 693 980,45           |
|   | Merger   | 0,00                 | 0,00                    | 0,00                    |
|   | Depreciation for the year                      | 0,00                 | 1 119 586,95            | 1 119 586,95            |
|   | Increase                                       | 0,00                 | 0,00                    | 0,00                    |
|   | Decrease                                       | 0,00                 | 0,00                    | 0,00                    |
|   | Balance sheet at the end of the financial year | 12 389 648,22        | 14 423 919,18           | 26 813 567,40           |
| <b>Opening balance (netto)</b>                                |  | <b>12 389 648,22</b> | <b>2 495 681,35</b>     | <b>14 885 329,57</b>    |
| <b>Balance sheet at the end of the financial year (netto)</b> |  | <b>12 389 648,22</b> | <b>1 423 650,83</b>     | <b>13 813 299,05</b>    |

## Note 2. Goodwill of subsidiaries

Does not occur.

## Nota 3. Tangible assets

| Tangible assets                                | December 31, 2014     | December 31, 2013     |
|--|-----------------------|-----------------------|
| a) fixed assets, including:                    | 371 363 273,68        | 394 823 772,35        |
| - land (including right of perpetual usufruct) | 37 957 900,43         | 38 713 219,24         |
| - buildings and structures                     | 306 203 524,79        | 325 218 776,45        |
| - plant and machinery                          | 17 082 076,73         | 18 904 467,95         |
| - motor vehicles                               | 534 251,75            | 997 837,47            |
| - other fixed assets                           | 9 585 519,98          | 10 989 471,24         |
| b) constructions in progress                   | 17 522 631,20         | 17 596 113,18         |
| c) advances on constructions in progress       | 0,00                  | 0,00                  |
| <b>Total tangible assets</b>                   | <b>388 885 904,88</b> | <b>412 419 885,53</b> |

The Company did not activate any financial expenses in fixed assets item in 2013.

The Management Board of the Parent Company, after reviewing the amount of depreciation rates applicable to the Group, decided with effect from 1 January 2013 to update the balance sheet depreciation rates applicable at the Department of "Czarny Potok", in the Department of "Hotele 500" in relation to hotels as well as other activities of the Company in the scope of redemption of the office building and wastewater treatment plants in Ozarów.



Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

| Group of non-current assets       |  | Land (including right of perpetual usufruct) | Buildings and structures | Plant and machinery  | Motor vehicles    | Other fixed assets   | Assets in constructions | Total tangible assets |
|-----------------------------------|--|--|--------------------------|----------------------|-------------------|----------------------|-------------------------|-----------------------|
| value                             | Opening balance                                | 40 495 367,21                                | 374 827 222,07           | 43 663 776,95        | 5 714 775,72      | 20 826 567,81        | 17 596 113,18           | <b>503 123 822,94</b> |
|                                   | Merger-revaluations                            | 0,00   | 0,00                     | 0,00                 | 0,00              | 0,00                 | 0,00                    | <b>0,00</b>           |
|                                   | Total post-merger                              | 40 495 367,21                                | 374 827 222,07           | 43 663 776,95        | 5 714 775,72      | 20 826 567,81        | 17 596 113,18           | <b>503 123 822,94</b> |
|                                   | Revenues                                       | 199 822,00                                   | 72 000,00                | 328 574,36           | 95 081,67         | 175 972,39           | 126 518,02              | <b>997 968,44</b>     |
|                                   | Relocations                                    | 0,00   | 0,00                     | 0,00                 | 0,00              | 0,00                 | 0,00                    | <b>0,00</b>           |
|                                   | Expenses                                       | 859 751,73                                   | 19 512 395,89            | 138 229,67           | 1 137 808,96      | 459 965,27           | 200 000,00              | <b>22 308 151,52</b>  |
|                                   | Balance sheet at the end of the financial year | 39 835 437,48                                | 355 386 826,18           | 43 854 121,64        | 4 672 048,43      | 20 542 574,93        | 17 522 631,20           | <b>481 813 639,86</b> |
| depreciation                      | Opening balance                                | 1 782 147,97                                 | 49 608 445,62            | 24 759 309,00        | 4 716 938,25      | 9 837 096,57         | 0,00                    | <b>90 703 937,41</b>  |
|                                   | Merger   | 0,00   | 0,00                     | 0,00                 | 0,00              | 0,00                 | 0,00                    | <b>0,00</b>           |
|                                   | Total post-merger                              | 1 782 147,97                                 | 49 608 445,62            | 24 759 309,00        | 4 716 938,25      | 9 837 096,57         | 0,00                    | <b>90 703 937,41</b>  |
|                                   | Depreciation for the year                      | 95 389,08                                    | 5 146 213,39             | 2 152 197,09         | 517 464,67        | 1 596 691,61         | 0,00                    | <b>9 507 955,84</b>   |
|                                   | Relocations/in-kind contribution               | 0,00   | 0,00                     | 0,00                 | 0,00              | 0,00                 | 0,00                    | <b>0,00</b>           |
|                                   | Increases                                      | 0,00   | 0,00                     | 0,00                 | 0,00              | 0,00                 | 0,00                    | <b>0,00</b>           |
|                                   | Decreases                                      | 0,00   | 5 571 357,62             | 139 461,18           | 1 096 606,24      | 476 733,23           | 0,00                    | <b>7 284 158,27</b>   |
| Closing balance                   | 1 877 537,05                                   | 49 183 301,39                                | 26 772 044,91            | 4 137 796,68         | 10 957 054,95     | 0,00                 | <b>92 927 734,98</b>    |                       |
| Revaluation descriptions          | Write-offs change                              | 0,00   | 0,00                     | 0,00                 | 0,00              | 0,00                 | 0,00                    | <b>0,00</b>           |
|                                   | Balance sheet at the end of the financial year | 0,00   | 0,00                     | 0,00                 | 0,00              | 0,00                 | 0,00                    | <b>0,00</b>           |
| <b>Opening balance (net vlue)</b> |  | <b>38 713 219,24</b>                         | <b>325 218 776,45</b>    | <b>18 904 467,95</b> | <b>997 837,47</b> | <b>10 989 471,24</b> | <b>17 596 113,18</b>    | <b>412 419 885,53</b> |
| <b>Closing balance (net)</b>      |  | <b>37 957 900,43</b>                         | <b>306 203 524,79</b>    | <b>17 082 076,73</b> | <b>534 251,75</b> | <b>9 585 519,98</b>  | <b>17 522 631,20</b>    | <b>388 885 904,88</b> |

**Note 4. Investment real estate**

| <b>Other long-term investments</b>       | <b>December 31, 2014</b> | <b>December 31, 2013</b> |
|--|--------------------------|--------------------------|
| a) investment properties                 | 434 616 169,65           | 427 787 324,54           |
| b) other                                 | 0,00                     | 0,00                     |
| <b>Total other long-term investments</b> | <b>434 616 169,65</b>    | <b>427 787 324,54</b>    |

In 2013, the Group changed its business strategy in relation to the property constituting the right of perpetual usufruct of a plot located in Warsaw. The property was originally classified as "inventories", as it was intended to implement the investment project on the property. Due to changes in the business model, the property will be held in the investment portfolio of the Capital Group in anticipation of the increase in its value.

| <b>CHANGE IN INVESTMENT PROPERTIES</b> | <b>Fair value</b>     | <b>Acc. to historical cost</b> | <b>Value of investment properties in total</b> |
|--|-----------------------|--------------------------------|--|
| <b>a) opening balance</b>              | <b>405 030 613,16</b> | <b>22 756 711,38</b>           | <b>427 787 324,54</b>                          |
| expenditure incurred                   | 305 292 921,53        | 21 408 694,54                  | 326 701 616,07                                 |
| Financial expenses                     | 26 851 541,59         | 1 348 016,84                   | 28 199 558,43                                  |
| revaluation value                      | 72 886 150,04         | 0,00                           | 72 886 150,04                                  |
| <b>b) increase (due to)</b>            | <b>45 937 198,78</b>  | <b>8 364 063,36</b>            | <b>54 301 262,14</b>                           |
| expenditure incurred                   | 5 560 660,65          | 8 364 063,36                   | 13 924 724,01                                  |
| Financial expenses                     | 8 512 995,57          | 0,00                           | 8 512 995,57                                   |
| revaluation value                      | 31 863 542,56         | 0,00                           | 31 863 542,56                                  |
| Change in construction contracts       | 0,00                  | 0,00                           | 0,00   |
| <b>c) decrease (due to)</b>            | <b>47 218 337,64</b>  | <b>254 079,39</b>              | <b>47 472 417,03</b>                           |
| incurred expenses - sale, corrections  | 38 660 806,85         | 254 079,39                     | 38 914 886,24                                  |
| Financial expenses                     | 4 987 205,86          | 0,00                           | 4 987 205,86                                   |
| revaluation value                      | 3 470 549,23          | 0,00                           | 3 470 549,23                                   |
| Change in construction contracts       | 99 775,70             |                                | 99 775,70                                      |
| <b>d) closing balance</b>              | <b>403 749 474,30</b> | <b>30 866 695,35</b>           | <b>434 616 169,65</b>                          |
| expenditures                           | 272 092 999,63        | 29 518 678,51                  | 301 611 678,14                                 |
| Financial expenses                     | 30 377 331,30         | 1 348 016,84                   | 31 725 348,14                                  |
| revaluation value                      | 101 279 143,37        | 0,00                           | 101 279 143,37                                 |

The Capital Group of J.W. Construction Holding S.A for the purpose of the investment property appraisal 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 appraiser use the principles in accordance with General National Principles of Valuation adopted by the Polish Federation of Appraisers' Associations where the market value is the most probable price obtainable on the market at the measurement date.

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.

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.

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:

| <b>KEY ASSUMPTIONS</b>                            | <b>Values</b>        |
|---|----------------------|
| 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%        |
| <b>capitalization rate</b>                        | <b>7,40% - 9,50%</b> |

**Note 5. Other financial assets**

| <b>LONG-TERM FINANCIAL ASSETS</b>       | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|---|---------------------------|---------------------------|
| a) shares                               | 221 854,98                | 228 999,60                |
| b) loans granted                        | 36 531 649,24             | 488 621,86                |
| c) other long-term investments          | 0,00                      | 0,00                      |
| <b>Total long-term financial assets</b> | <b>36 753 504,22</b>      | <b>717 621,46</b>         |

| <b>LONG-TERM FINANCIAL ASSETS</b>       | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|---|---------------------------|---------------------------|
| a) in subsidiaries                      | 36 543 954,22             | 503 426,84                |
| - shares                                | 12 304,98                 | 14 804,98                 |
| - debt securities                       | 0,00                      | 0,00                      |
| - other securities                      | 0,00                      | 0,00                      |
| - loans granted                         | 36 531 649,24             | 488 621,86                |
| - other long-term financial assets      | 0,00                      | 0,00                      |
| b) in other parties                     | 209 550,00                | 214 194,62                |
| - shares                                | 209 550,00                | 214 194,62                |
| - debt securities                       | 0,00                      | 0,00                      |
| - other securities                      | 0,00                      | 0,00                      |
| - loans granted                         | 0,00                      | 0,00                      |
| - other long-term financial assets      | 0,00                      | 0,00                      |
| c) other long-term investments          | 0,00                      | 0,00                      |
| <b>Total long-term financial assets</b> | <b>36 753 504,22</b>      | <b>717 621,46</b>         |



Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|    | Name of a unit (and its legal form)        | Registered office | Type of business activity                               | Relation   | Method of consolidation | Date of assuming control | Value of shares/interests at acquisition price | Write-offs up to book value of in-kind contribution | Carrying 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  | 13 360 000,00            | 100,00%   |
| 2  | Business Financial Construction Sp. z o.o. | Warsaw            | services  | subsidiary | full consolidation      | 16.06.2003               | 4 346 500,00                                   | 0,00  | 4 346 500,00             | 99,99%  |
| 3  | Lokum Sp. z o.o.                           | Warsaw            | real estate development activity                        | subsidiary | full consolidation      | 13.09.2005               | 3 778 500,00                                   | 0,00  | 3 778 500,00             | 100,00%   |
| 4  | J.W. Construction Bulgaria Sp. z o.o.      | Varna(Bulgaria)   | real estate development activity                        | subsidiary | not consolidated        | 08.10.2007               | 9 854,98                                       | 0,00  | 9 854,98                 | 100,00%   |
| 5  | Yakor House Sp. z o.o.                     | Sochi(Russia)     | real estate development activity                        | subsidiary | full consolidation      | 07.12.2007               | 9 810 000,00                                   | 0,00  | 9 810 000,00             | 70,00%  |
| 6  | 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                                  | 30 430 356,00                                       | 27 021 600,00            | 99,99%  |
| 7  | JW. Marka Sp. z o.o.                       | Ząbki             | lease of intellectual property                          | subsidiary | full consolidation      | 23.08.2011               | 155 841 000,00                                 | 155 779 575,58                                      | 61 424,42                | 100,00%   |
| 8  | J.W. Group Sp. z o.o.                      | Ząbki             | management of other entities                            | subsidiary | full consolidation      | 23.02.2012               | 50 000,00                                      | 0,00  | 50 000,00                | 100,00%   |
| 9  | J.W. Group Sp. z o.o. 1 SKA                | Ząbki             | real estate development activity                        | subsidiary | full consolidation      | 26.03.2012               | 62 074 000,00                                  | 0,00  | 62 074 000,00            | 100,00%   |
| 10 | J.W. Group Sp. z o.o. 2 SKA                | Ząbki             | real estate development activity                        | subsidiary | full consolidation      | 26.03.2012               | 50 000,00                                      | 0,00  | 50 000,00                | 100,00%   |
| 11 | Seahouse Sp. z o.o.                        | Ząbki             | real estate development activity                        | subsidiary | full consolidation      | 18.10.2012               | 10 950 000,00                                  | 0,00  | 10 950 000,00            | 100,00%   |
| 12 | J.W. 6 Sp. z o.o.                          | Ząbki             | real estate development activity                        | subsidiary | full consolidation      | 16.11.2012               | 50 000,00                                      | 0,00  | 50 000,00                | 100,00%   |
| 13 | Nowe Tysiąclecie Sp. z o.o.                | Ząbki             | real estate development activity                        | subsidiary | full consolidation      | 11.06.2013               | 8 385 000,00                                   | 0   | 8 385 000,00             | 100,00%   |
| 14 | Dana Invest Sp. z o.o.                     | Ząbki             | real estate development activity                        | subsidiary | full consolidation      | 22.11.2013               | 7 984 950,00                                   | 0,00  | 7 984 950,00             | 100,00%   |
| 15 | Bałtycka Invest Sp. z o.o.                 | Ząbki             | real estate development                                 | subsidiary | full consolidation      | 23.01.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |

Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|    | Name of a unit (and its legal form) | Registered office | Type of business activity        | Relation   | Method of consolidation | Date of assuming control | Value of shares/interests at acquisition price | Write-offs up to book value of in-kind contribution | Carrying value of shares | % of total number of votes in the general meeting |
|----|-------------------------------------|-------------------|----------------------------------|------------|-------------------------|--------------------------|--|---|--------------------------|---|
|    |                                     |                   | activity                         |            |                         |                          |  |   |                          |   |
| 16 | Berensona Invest Sp. z o.o.         | Ząbki             | real estate development activity | subsidiary | full consolidation      | 28.01.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 17 | Bliska Wola 1 Sp. z o.o.            | Ząbki             | real estate development activity | subsidiary | full consolidation      | 22.01.2014               | 28 535 700,00                                  | 0,00  | 28 535 700,00            | 100,00%   |
| 18 | Bliska Wola 2 Sp. z o.o.            | Ząbki             | real estate development activity | subsidiary | full consolidation      | 29.01.2014               | 13 820 000,00                                  | 0,00  | 13 820 000,00            | 100,00%   |
| 19 | Bliska Wola 3 Sp. z o.o.            | Ząbki             | real estate development activity | subsidiary | full consolidation      | 23.01.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 20 | Bliska Wola 4 Sp. z o.o.            | Ząbki             | real estate development activity | subsidiary | full consolidation      | 24.01.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 21 | Bliska Wola 5 Sp. z o.o.            | Ząbki             | real estate development activity | subsidiary | full consolidation      | 29.01.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 22 | Zdziarska Invest Sp. z o.o.         | Ząbki             | real estate development activity | subsidiary | full consolidation      | 22.01.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 23 | Łódź Invest Sp. z o.o.              | Ząbki             | real estate development activity | subsidiary | full consolidation      | 22.01.2014               | 3 800 000,00                                   | 0,00  | 3 800 000,00             | 100,00%   |
| 24 | Porta Transport                     | Szczecin          | real estate development activity | subsidiary | full consolidation      | 24.04.2014               | 19 309 914,41                                  | 0,00  | 19 309 914,41            | 100,00%   |
| 25 | Lewandów Invest Sp. z o.o.          | Ząbki             | real estate development activity | subsidiary | full consolidation      | 24.07.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 26 | Sochaczewska Invest Sp. z o.o.      | Ząbki             | real estate development activity | subsidiary | full consolidation      | 25.07.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 27 | Osada Wiślana Sp. z o.o.            | Ząbki             | real estate development activity | subsidiary | full consolidation      | 16.07.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 28 | Parkowa Invest Sp. z o.o.           | Ząbki             | real estate development activity | subsidiary | full consolidation      | 16.07.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |



Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|    | Name of a unit (and its legal form) | Registered office | Type of business activity        | Relation     | Method of consolidation | Date of assuming control | Value of shares/interests at acquisition price | Write-offs up to book value of in-kind contribution | Carrying value of shares | % of total number of votes in the general meeting |
|----|-------------------------------------|-------------------|----------------------------------|--------------|-------------------------|--------------------------|--|---|--------------------------|---|
| 29 | MT Invest Sp. z o.o.                | Ząbki             | real estate development activity | subsidiary   | full consolidation      | 28.07.2014               | 5 000,00                                       | 0,00  | 5 000,00                 | 100,00%   |
| 30 | JW. Ergo Energy Sp. z o.o.          | Ząbki             | equipment lease                  | related unit | not consolidated        | 26.11.2014               | 2 500,00                                       | 0,00  | 2 500,00                 | 50,00%  |

| Indirect ties |  |                   |   |                 |                         |                          |  |   |                          |   |
|---------------|--|-------------------|---|-----------------|-------------------------|--------------------------|--|---|--------------------------|---|
|               | Name of a unit (and its legal form)        | Registered office | Type of business activity                               | Relation        | Method of consolidation | Date of assuming control | Value of shares/interests at acquisition price | Write-offs up to book value of in-kind contribution | Carrying value of shares | % of total number of votes in the general meeting |
| 30            | TBS Nowy Dom Sp. z o.o.                    | Ząbki             | construction of social buildings                        | associated unit | not consolidated        | 30.09.2006               | 1 000,00                                       | 0,00  | 1 000,00                 | 2,00%   |
| 31            | Business Financial Construction Sp. z o.o. | Warsaw            | services  | subsidiary      | not consolidated        | 16.06.2003               | 500,00   | 0,00  | 500,00                   | 0,01%   |
| 32            | Karczma Regionalna Sp. z o.o.              | Krynica Górska    | hotel services  | subsidiary      | not consolidated        | 16.12.2004               | 208 550,00                                     | 0,00  | 208 550,00               | 8,06%   |
| 33            | J.W. Construction Sp. z o.o.               | Ząbki             | prefabricated unit production for the building industry | subsidiary      | full consolidation      | 19.02.2008               | 50,00  | 0,00  | 50,00                    | 0,01%   |



**Note 6. Non-current receivables**

| <b>NON-CURRENT RECEIVABLES</b> | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--------------------------------|---------------------------|---------------------------|
| a) guarantee receivables       | 448 587,14                | 1 463 496,93              |
| b) deposit receivables( lease) | 0,00                      | 0,00                      |
| b) other receivables           | 0,00                      | 0,00                      |
| <b>Total receivables</b>       | <b>448 587,14</b>         | <b>1 463 496,93</b>       |

**Note 7. Inventories and construction contracts**

| <b>INVENTORIES</b>                             | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--|---------------------------|---------------------------|
| a) materials                                   | 2 948 465,09              | 3 099 513,54              |
| b) semi-finished products and work in progress | 0,00                      | 96 992,59                 |
| c) finished products                           | 539 363,00                | 561 794,42                |
| d) goods                                       | 27 580 050,72             | 28 283 119,65             |
| e) trade advances                              | 7 129,59                  | 49,59                     |
| <b>Total inventories</b>                       | <b>31 075 008,40</b>      | <b>32 041 469,79</b>      |

| <b>CONSTRUCTION CONTRACTS</b>                       | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|---|---------------------------|---------------------------|
| <b>CONSTRUCTION CONTRACTS (CURRENT ASSETS)</b>      |                           |                           |
| a) semi-finished products and work in progress      | 305 213 073,85            | 197 500 841,18            |
| b) finished products                                | 83 580 514,31             | 162 972 438,90            |
| c) advances for supplies                            | 3 051 252,71              | 2 832 422,72              |
| d) short-term prepayments                           | 118 618,07                | 58 386,55                 |
| <b>Total construction contracts</b>                 | <b>391 963 458,94</b>     | <b>363 364 089,35</b>     |
| <b>CONSTRUCTION CONTRACTS (Current liabilities)</b> |                           |                           |
| a) Accruals   | 118 584 362,41            | 25 115 826,84             |
| <b>Total construction contracts</b>                 | <b>118 584 362,41</b>     | <b>25 115 826,84</b>      |

The Companies of the Group, in connection with the business activities, incur loans that are secured with the mortgage on the property. As at 31 December 2014, the Company established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 385,400,000 and presented in fixed assets with the value of PLN 338,800,000. 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 31 December 2014, the loan liabilities amounted to PLN 264,400,000. (excluding credits of TBS Marki Sp. z o.o., liabilities amount to PLN 164,0 million).

The Companies of the Group, in connection with the business activities, issue the bonds that are secured with the mortgage on the property. As at 31 December 2014, the Companies of the Group established securities in the form of mortgages presented in inventories and construction contracts with the value of PLN 355 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 Group's Companies. As at 31 December 2014, the liabilities from bonds issued amounted to PLN 299.8 m.

| <b>Accruals</b>                    | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|------------------------------------|---------------------------|---------------------------|
| - advances on premises             | 110 987 387,83            | 25 114 896,84             |
| - works reserves                   | 7 138 887,90              | 0,00                      |
| - other                            | 458 086,68                | 930,00                    |
| <b>The total value of accruals</b> | <b>118 584 362,41</b>     | <b>25 115 826,84</b>      |

**Note 8. Current receivables**

| <b>CURRENT RECEIVABLES</b>  | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|---|---------------------------|---------------------------|
| a) trade receivables - related parties  | 409,80                    | 0,00                      |
| b) trade receivables - other parties  | 29 425 255,88             | 31 616 290,67             |
| c) taxes, subsidies, customs duties, social and health insurance and other payments | 16 712 015,70             | 10 041 835,43             |
| d) other  | 22 694 148,59             | 21 751 996,01             |
| <b>Total receivables</b>  | <b>68 831 829,96</b>      | <b>63 410 122,10</b>      |

**Note 9. Other financial assets**

| <b>SHORT-TERM INVESTMENTS</b>                | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--|---------------------------|---------------------------|
| a) shares                                    | 0,00                      | 0,00                      |
| b) loans granted                             | 1 561 129,15              | 35 668 280,76             |
| c) other investments                         | 330 946,25                | 312 396,43                |
| <b>Total value of short-term investments</b> | <b>1 892 075,40</b>       | <b>35 980 677,19</b>      |

| <b>SHORT-TERM INVESTMENTS</b>                | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--|---------------------------|---------------------------|
| a) in subsidiaries                           | 610 673,15                | 35 104 952,53             |
| - shares                                     | 0,00                      | 0,00                      |
| - debt securities                            | 0,00                      | 0,00                      |
| - other securities                           | 0,00                      | 0,00                      |
| - loans granted                              | 610 673,15                | 35 104 952,53             |
| - other short-term financial assets          | 0,00                      | 0,00                      |
| b) in other parties                          | 1 281 402,25              | 875 724,66                |
| - shares                                     | 0,00                      | 0,00                      |
| - debt securities                            | 0,00                      | 0,00                      |
| - other securities                           | 330 946,25                | 312 396,43                |
| - loans granted                              | 950 456,00                | 563 328,23                |
| - other short-term financial assets          | 0,00                      | 0,00                      |
| c) other short-term investment               | 0,00                      | 0,00                      |
| <b>Total value of short-term investments</b> | <b>1 892 075,40</b>       | <b>35 980 677,19</b>      |

**Note 10. Cash and cash equivalents**

| <b>CASH AND CASH EQUIVALENTS</b> | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|----------------------------------|---------------------------|---------------------------|
| a) cash on hand and with bank    | 41 069 226,67             | 12 908 360,76             |
| b) other cash                    | 242 802,02                | 2 907 702,37              |
| c) other cash equivalents        | 8 207,36                  | 2 445,45                  |
| <b>Total cash</b>                | <b>41 320 236,05</b>      | <b>15 818 508,58</b>      |

|                                | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--------------------------------|---------------------------|---------------------------|
| <b>cash in escrow accounts</b> | <b>27 985 800,26</b>      | <b>2 525 706,61</b>       |
| J.W. Construction Holding SA   | 0,00                      | 157 450,00                |
| Seahouse Sp. z o.o.            | 2 470 127,57              | 747 347,66                |
| J.W. Group Sp. z o.o. 1 SKA    | 12 532 334,90             | 1 620 908,95              |
| Bliska Wola 1 Sp. z o.o.       | 1 915 596,84              | 0,00                      |
| Nowe Tysiąclecie Sp. z o.o.    | 4 189 728,40              | 0,00                      |
| Bliska Wola 2 Sp. z o.o.       | 6 439 974,46              | 0,00                      |
| Łódź Invest Sp. z o.o.         | 438 038,09                | 0,00                      |

**Note 11. Accruals**

| <b>ACCRUALS</b>                    | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|------------------------------------|---------------------------|---------------------------|
| a) short-term accruals             | 10 384 162,94             | 11 530 158,33             |
| <b>The total value of accruals</b> | <b>10 384 162,94</b>      | <b>11 530 158,33</b>      |

**Note 12. Share capital**

| SHARE CAPITAL (STRUCTURE) as at 31 December 2014 |            |                          |   |                  |  |  |                   |                   |
|--|------------|--------------------------|---|------------------|--|--|-------------------|-------------------|
| Class / issue                                    | Share type | Type of share preference | Types of restrictions on rights to shares | Number of shares | Wartość serii/ emisji wg wartości nominalnej | Coverage of capital  | Registration Date | Right to dividend |
|  |            |                          |   |                  |  |  |                   | (from)            |
| A and B <sup>x</sup>                             | Bearer     |                          | -   | 54 073 280       | 10 814 656                                   | Assets of a transformed company - TBM Batory Sp. z o.o. / Cash | 01/07/2010        |                   |
| C  | Bearer     |                          |   | 34 786 163       | 6 957 232,60                                 |  | 30/09/2014        |                   |
| <b>Total number of shares</b>                    |            |                          |   | 88 859 443       |  |  |                   |                   |
| <b>Total share capital</b>                       |            |                          |   |                  | 17 771 888,60                                | cash   |                   |                   |
| <b>Par value of one share = 0,20 zł</b>          |            |                          |   |                  |  |  |                   |                   |

<sup>x</sup> On 18 May 2010, the General Meeting („General”) adopted the Resolution No.26 on the basis of which the District Court of the Capital City of Warsaw XIV Division of the National Court Register registered on 1 July 2010 the decrease in share capital of the Company from PLN 10.939.656 to PLN 10.814.656 that is PLN 125,000 by cancellation of 625,000 shares. The General was recorded in the minutes by a notary from Warsaw Krzysztof Kruszewski under a notarial deed with a number Rep. A 6811/2010.

Redeemed shares were owned by the Company which were acquired on the basis of the Resolution No.26 of the General Meeting of 19 June 2008 as a result of purchasing its own shares for redemption. Redeemed shares were purchased by net profit contained in the supplementary capital, in accordance with the Article 360.2.2 of the Code of Commercial Companies there was no convocation procedure. The average price of redeemed shares amounted to PLN 7,09.

At 31 December 2014 the shareholding structure was as follows:

| Company                         | 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 domiciled in Luxembourg | 32.494.525            | 36,57 %            | 32.494.525      | 36,57 %   |
| Other*                          | 32.447.179            | 36,52 %            | 32.447.179      | 36,52 %   |

\* of which

|                        |   |
|------------------------|---|
| Pioneer Pekao TFI S.A. | Between 5 and 10% of the shares <sup>xx</sup> |
|------------------------|---|

<sup>x</sup> On October 3, 2014 Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by Pioneer Pekao Investment Management S.A. As of that day it was 4.709.089 shares, which constituted 5,30 % of the shares in the company share capital and allowed Pioneer Pekao Investment Management S.A. to represent 5,3 % of the vote. According to the law, a shareholder is obliged to inform Company about exceeding 5% threshold and 10% threshold of holding company shares. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

*Pan Józef Wojciechowski kontroluje Spółkę EHT S.A. z siedzibą w Luksemburgu*

Information about the Company's Shareholders as at the date of the preparation of this report

| Company                         | 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 domiciled in Luxembourg | 32.494.525            | 36,57 %            | 32.494.525      | 36,57 %   |
| Other *                         | 32.447.179            | 36,52 %            | 32.447.179      | 36,52 %   |

\* of which

|                        |   |
|------------------------|---|
| Pioneer Pekao TFI S.A. | Between 5 and 10% of the shares <sup>xx</sup> |
|------------------------|---|

<sup>x</sup> On October 3, 2014 Company received a notification on exceeding a 5% threshold of the share capital of the Company by the Funds managed by Pioneer Pekao Investment Management S.A. As of that day it was 4.709.089 shares, which constituted 5,30 % of the shares in the company share capital and allowed Pioneer Pekao Investment Management S.A. to represent 5,3 % of the vote. According to the law, a shareholder is obliged to inform Company about exceeding 5% threshold and 10% threshold of holding company shares. To date, the Company has not received any notice from a shareholder, which would include information about reducing the number of shares held less than 5% or increase above 10% of the share capital of the Company.

*Mr. Józef Wojciechowski controls EHT S.A. domiciled in Luxembourg.*

### Note 13. Other capital

| OTHER CAPITAL            | December, 31, 2014 | December, 31, 2013 |
|--------------------------|--------------------|--------------------|
| a) supplementary capital | 603 831 773,22     | 488 506 357,82     |

Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|                            |                       |                       |
|----------------------------|-----------------------|-----------------------|
| b) other reserve capital   | 7 947 307,60          | 7 947 307,60          |
| c) translation reserve     | -2 775 032,01         | 477 117,60            |
| <b>Total other capital</b> | <b>609 004 048,81</b> | <b>496 930 783,02</b> |

#### Note 14. Borrowings

In 2014 and from the balance sheet date until the date of these financial statements none of the concluded loan agreements was terminated by the bank.

| <b>BORROWINGS</b>              | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--------------------------------|---------------------------|---------------------------|
| a) credits                     | 264 630 962,61            | 328 425 301,37            |
| <i>of which: long-term</i>     | <i>185 851 765,40</i>     | <i>188 124 740,28</i>     |
| <i>Short-term</i>              | <i>78 779 197,21</i>      | <i>140 300 561,09</i>     |
| b) loans                       | 11 588 891,04             | 4 025 700,48              |
| <i>of which: long-term</i>     | <i>8 185 127,31</i>       | <i>1 056 716,65</i>       |
| <i>Short-term</i>              | <i>3 403 763,73</i>       | <i>2 968 983,83</i>       |
| <b>Total borrowings</b>        | <b>276 219 853,65</b>     | <b>332 451 001,85</b>     |
| <b>Borrowings - long-term</b>  | <b>194 036 892,71</b>     | <b>189 181 456,93</b>     |
| <b>Borrowings - short-term</b> | <b>82 182 960,94</b>      | <b>143 269 544,92</b>     |

| <b>LOANS PER MATURITY</b>      | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--------------------------------|---------------------------|---------------------------|
| Up to 1 year                   | 78 779 197,21             | 140 300 561,09            |
| Over 1 year up to 2 years      | 54 665 267,03             | 52 612 919,95             |
| Over 2 year up to 5 years      | 49 555 405,14             | 42 170 343,57             |
| Over 5 years                   | 81 631 093,23             | 93 341 476,76             |
| <b>Total loans, including:</b> | <b>264 630 962,61</b>     | <b>328 425 301,37</b>     |
| - long-term                    | 185 851 765,40            | 188 124 740,28            |
| - short-term                   | 78 779 197,21             | 140 300 561,09            |

Including the loans taken by the Company of TBS Marki Sp. z o.o – the companies form the Group, which took the loan from the National Housing Fund on an entirely separate conditions, regulated by the Ordinance of 26 October 1995 in the Act on Some Forms of Supporting Housing Construction (Journal of Laws 00.98.1070.unitary text).

| <b>BORROWINGS</b>              | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--------------------------------|---------------------------|---------------------------|
| a) credits                     | 100 585 434,78            | 102 746 434,07            |
| <i>of which: long-term</i>     | <i>95 775 205,14</i>      | <i>97 990 452,89</i>      |
| <i>Short-term</i>              | <i>4 810 229,64</i>       | <i>4 755 981,18</i>       |
| b) loans                       | 0,00                      | 0,00                      |
| <i>of which: long-term</i>     | <i>0,00</i>               | <i>0,00</i>               |
| <i>Short-term</i>              | <i>0,00</i>               | <i>0,00</i>               |
| <b>Total borrowings</b>        | <b>100 585 434,78</b>     | <b>102 746 434,07</b>     |
| <b>Borrowings - long-term</b>  | <b>95 775 205,14</b>      | <b>97 990 452,89</b>      |
| <b>Borrowings - short-term</b> | <b>4 810 229,64</b>       | <b>4 755 981,18</b>       |

| <b>LOANS PER MATURITY</b>      | <b>December, 31, 2014</b> | <b>December, 31, 2013</b> |
|--------------------------------|---------------------------|---------------------------|
| Up to 1 year                   | 4 810 229,64              | 4 755 981,18              |
| Over 1 year up to 2 years      | 4 701 732,72              | 4 755 981,18              |
| Over 2 year up to 5 years      | 14 267 943,54             | 14 267 943,57             |
| Over 5 years                   | 76 805 528,88             | 78 966 528,14             |
| <b>Total loans, including:</b> | <b>100 585 434,78</b>     | <b>102 746 434,07</b>     |
| - long-term                    | 95 775 205,14             | 97 990 452,89             |
| - short-term                   | 4 810 229,64              | 4 755 981,18              |

#### Note 15. Deferred income tax assets

| <b>DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES</b> | <b>December, 31, 2014</b> |                  |
|---|---------------------------|------------------|
|   | <b>Deferred income</b>    | <b>Net value</b> |
|   |                           |                  |

Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|  | tax assets           | Deferred tax reserve |                     |
|--|----------------------|----------------------|---------------------|
| Tangible assets  | 5 978 409,45         | 6 399 805,20         | -421 395,74         |
| Investment real estate   | 78 828,86            | 13 312 510,52        | -13 233 681,66      |
| Intangible assets  | 0,00                 | 0,00                 | 0,00                |
| Investments in subsidiaries, joint subsidiaries and affiliated companies       | 0,00                 | 0,00                 | 0,00                |
| Other financial assets   | 0,00                 | 3 910 553,68         | -3 910 553,68       |
| Non-current receivables  | 0,00                 | 0,00                 | 0,00                |
| Inventories and construction contracts   | 986 639,30           | -1 329 846,19        | 2 316 485,50        |
| Trade and other receivables  | 3 424 275,93         | 4 400 277,01         | -976 001,08         |
| Income tax receivables   | 3 301 558,34         | 0,00                 | 3 301 558,34        |
| Accruals   | 34 313,20            | 911 412,94           | -877 099,74         |
| Cash and cash equivalents  | 0,00                 | 0,00                 | 0,00                |
| Borrowings   | 0,00                 | 0,00                 | 0,00                |
| Provisions   | 328 289,33           | 0,00                 | 328 289,33          |
| Trade and other receivables  | 2 103 905,05         | 0,00                 | 2 103 905,05        |
| Other financial liabilities  | 3 554 111,97         | 0,00                 | 3 554 111,97        |
| Other  | 10 471 025,96        | 493 972,63           | 9 977 053,33        |
| <b>Deferred income tax assets / liabilities disclosed in the balance sheet</b> | <b>30 261 357,39</b> | <b>28 098 685,78</b> | <b>2 162 671,62</b> |

**Note 16. Retirement benefit obligations**

| CHANGE IN RETIREMENT BENEFIT OBLIGATIONS | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| Opening balance                          | 161 777,01        | 455 276,52        |
| Increases                                | 47 170,47         | 0,00              |
| Decreases                                | 0,00              | 293 499,51        |
| <b>Closing balance</b>                   | <b>208 947,48</b> | <b>161 777,01</b> |

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

| PROVISIONS FOR OTHER LIABILITIES AND CHARGES                | December 31, 2014    | December 31, 2013    |
|---|----------------------|----------------------|
| <b>a) short-term, of which:</b>                             | <b>14 992 921,45</b> | <b>16 818 245,53</b> |
| - accrued expenses, including:                              | 12 607 578,98        | 13 676 660,90        |
| - <i>interests charged</i>                                  | 1 538 100,81         | 2 223 423,34         |
| - <i>rent deposits</i>                                      | 477 649,38           | 477 649,38           |
| - <i>other</i>  | 10 591 828,79        | 10 975 588,18        |
| - other provisions, including:                              | 2 385 342,47         | 3 141 584,63         |
| - <i>provisions for guarantee repairs</i>                   | 1 509 355,90         | 2 022 273,21         |
| - <i>other provisions</i>                                   | 875 986,57           | 1 119 311,42         |
| <b>a) long-term, of which:</b>                              | <b>55 373 146,15</b> | <b>55 248 994,91</b> |
| - accrued expenses, including:                              | 55 373 146,15        | 55 248 994,91        |
| - <i>participation in costs of construction - TBS Marki</i> | 49 269 374,73        | 49 094 677,69        |
| - <i>deferred income- loan remittance-TBS Marki</i>         | 6 103 771,42         | 6 154 317,22         |
| <b>Provision for other liabilities and charges razem</b>    | <b>70 366 067,60</b> | <b>72 067 240,44</b> |

**Note 18. Other long-term liabilities**

| OTHER LONG-TERM LIABILITIES      | December 31, 2014 | December 31, 2013 |
|----------------------------------|-------------------|-------------------|
| a) lease obligations             | 67 112,46         | 117 280,26        |
| b) deposit liabilities           | 3 265 478,95      | 5 584 401,99      |
| c) other non-current liabilities | 4 782 023,08      | 17 738 930,39     |
| d) note liabilities              | 6 007 576,49      | 6 461 102,78      |
| e) bonds                         | 231 060 000,00    | 291 900 000,00    |

|                                |                       |                       |
|--------------------------------|-----------------------|-----------------------|
| <b>Total other liabilities</b> | <b>245 182 190,98</b> | <b>321 801 715,42</b> |
|--------------------------------|-----------------------|-----------------------|

**Note 19. Trade and other payables**

| <b>TRADE AND OTHER PAYABLES</b>                        | <b>December 31, 2014</b> | <b>December 31, 2013</b> |
|--|--------------------------|--------------------------|
| a) trade payables - other parties                      | 46 789 783,14            | 48 934 213,75            |
| b) trade payables - related parties                    | 0,00                     | 0,00                     |
| c) taxes, customs duties, insurance and other payments | 4 378 729,66             | 6 699 846,39             |
| d) salaries  | 1 860 883,14             | 1 753 059,13             |
| e) trade advances received                             | 0,00                     | 0,00                     |
| f) other   | 6 934 951,54             | 28 610 448,94            |
| <b>Total trade and other payables</b>                  | <b>59 964 347,48</b>     | <b>85 997 568,21</b>     |

| <b>OTHER LIABILITIES</b>              | <b>December 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------------------|--------------------------|--------------------------|
| a) debt securities issue- liabilities | 15 958 342,56            | 7 949 363,10             |
| b) promissory note liabilities        | 0,00                     | 121 804,98               |
| c) financial lease liabilities        | 8 504 593,84             | 25 674 106,42            |
| d) other financial liabilities        | 0,00                     | 0,00                     |
| <b>Total other liabilities</b>        | <b>24 462 936,40</b>     | <b>33 745 274,50</b>     |

**Note 20. Risk Management**

The main financial instruments used by the Group include bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the activities of the Group. The Group also has other financial instruments such as receivables, trade payables, which are formed directly in the course of the Group's activities and cash of the Companies of the Group does not include transactions with participation of derivatives.

The main risks arising from the Group's financial instruments include interest rate risk, currency risk, liquidity risk and credit risk. The Management Board verify and agree principles of managing each of these risks - the principles are briefly described below.

**Interest rate risk**

The Group has credit liabilities, for which interest are calculated on the basis of the variable interest rate, and therefore there is a risk of growth of interest in relation to the moment of the agreement conclusion. Due to the fact that the Group had, during the reporting period, both assets and liabilities with variable rate, which counterbalanced the risk, and due to slight fluctuations of interest rates in recent periods, as well as the lack of expected rapid changes of interest rates in subsequent reporting periods, the Group did not apply any interests rate securities as at 31 December 2014, considering that the interest rate risk is not significant.

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

The following table shows the sensitivity of the gross financial result for reasonably possible changes of interest rates, assuming that other factors remain unchanged (in connection with the variable rate liabilities. The influence on the Group's equity is not shown. The analysis does not include the credit in TBS Marki Sp. Ltd., which is a preferential credit, procured on different principles, where the risk is limited..

|     | <b>Increase/decrease in the percentage points</b> | <b>The influence on gross profit in thousands of PLN</b> |
|-----|---|--|
| PLN | 1%  | -4 454   |
| PLN | -1%   | 4 454  |

**Currency risk**

The Group is not exposed to currency risk as foreign currency loans were granted to subsidiaries, which are consolidated. Other transactions in foreign currencies have a negligible impact on the financial results of the Group.

### Credit Risk

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

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

The maximum exposure to credit risk is PLN 53 368 at the balance sheet day was estimated as the carrying value of trade payables from other companies.

In the assessment of the Management Board of the Parent Company, the credit risk is included in the financial statements in the position of write-downs. The credit risk associated with bank deposits is considered insignificant, because the Group concludes transactions with institutions that have well-established financial position.

### Liquidity Risk

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

### Note 21. Earnings per share

| CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE  | za okres<br>from January 1, 2014<br>do December 31, 2014 | za okres<br>from January 1, 2013<br>do December 31, 2013 |
|--|--|--|
| <b>Profits</b>   |  |  |
| (A) Profits of the Group disclosed in the consolidated financial statements  | 8 341 019,57   | 11 444 007,52  |
| <b>Number of shares</b>  |  |  |
| (B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share *       | 62 841 299,17  | 54 073 280,00  |
| (C) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating diluted earnings per share | 62 841 299,17  | 54 073 280,00  |
| <b>Basic earnings per share = (A)/(B)</b>  | <b>0,13</b>  | <b>0,21</b>  |
| <b>Diluted earnings per share = (A)/(B)</b>  | <b>0,13</b>  | <b>0,21</b>  |

\* 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). During the analysed period there were no circumstances to dilute the number of shares..

### Note 22. Income tax

In 2014 the Group companies paid a total amount of PLN 318.578,00 of corporate income tax.

| INCOME TAX               | from January 1, 2014 to<br>December 31, 2014 | from January 1, 2013 to<br>December 31, 2013 |
|--------------------------|--|--|
| a) Income tax bieżący    | 318 578,00                                   | 111 719,00                                   |
| b) Income tax odroczoney | 3 133 265,51                                 | 1 280 616,32                                 |
| <b>Income tax razem</b>  | <b>3 451 843,51</b>                          | <b>1 392 335,32</b>                          |

| Reconciliation of effective tax rate                        | from January 1,<br>2014<br>to December 31,<br>2014 | from January 1,<br>2013 od 01-01-<br>2013<br>to December 31m<br>2014 |
|---|--|--|
| Gross Profit / (loss) before tax from continuing operations | 11 792 863,08                                      | 12 836 342,84  |
| Profit / (loss) before tax from abandoned operations        | 0,00   | 0,00   |
| <b>Gross profit (loss) before tax</b>                       | <b>11 792 863,08</b>                               | <b>12 836 342,84</b>   |

Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|  |                      |                      |
|--|----------------------|----------------------|
| TBS revenue exempted from tax  | 392 201,06           | 857 981,74           |
| <b>Gross profit (loss) before tax</b>  | <b>11 400 662,02</b> | <b>11 978 361,10</b> |
| Tax at statutory tax rate of 19%   | 2 166 125,78         | 2 275 888,61         |
| Unrealized tax loss of JWC   | 666 787,88           | 609 652,03           |
| Deferred taxes not created in previous years                                 | 687 363,46           | -1 304 065,55        |
| Expenditure not constituting tax deductible expenses - permanent differences | 229 150,17           | 913 360,61           |
| J.W. Marka tax advantage   | -187 068,50          | -1 652 753,51        |
| Assets not created due to losses   | 0,00                 | 910 495,97           |
| Consolidation correction regarding sales, shares and interest                | 915 672,93           | -360 242,84          |
| Other  | 6 499,06             | 0,00                 |
| Investment real estate appraisal   | -1 032 687,27        | 0,00                 |
| <b>Tax at effective tax rate</b>   | <b>3 451 843,51</b>  | <b>1 392 335,32</b>  |
| Income tax (charge) shown in the profit and loss account                     | 3 451 843,51         | 1 392 335,32         |
| <i>including</i>   |                      |                      |
| current  | 318 578,00           | 111 719,00           |
| deffered   | 3 133 265,51         | 1 280 616,32         |

### Note 23 . Segment Reporting

#### Branch Segments

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

- developer activity
- social building
- hotel activities

Pursuant to IFR14 'Reporting concerning segments of activity', when drawing up financial data concerning particular segments of activity, according to the principle applied revenue and expenses along with assets and liabilities of a segment are established before the moment of consolidation when the settlement of balance sheet statements and transactions carried out among the Group's economic entities are excluded, with an exception of cases where this type of settling balances among entities were done within one segment. Internal transactions within the segment's framework were eliminated.

Financial data concerning the particular segments of activity include individual financial statements of Group's companies without the exclusions of balance sheet statements and transactions made, while the exclusion of revenue, expenses and mutual statements were presented in the 'Elimination' column. Developer activity in which consolidation of individual statements of companies running this kind of business was made, is an exception. In 2012, the segment was comprised of the following entities: JW. Construction Holding SA., - Lokum Sp. z o.o. , Seahouse Sp.z o.o., JW Group Sp. z o.o., JW Group Sp. z o.o. 1 SKA, JW Group Sp. z o.o. 2 SKA. The primary kind of goods and services within the framework of each branch segment:

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





Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

| 01.01.2014-31.12.2014   | Real estate development activity | Business activity related to hotels | Construction of social buildings | Real estate construction | Transport activity, other | Eliminations          | Total                 |
|---|----------------------------------|-------------------------------------|----------------------------------|--------------------------|---------------------------|-----------------------|-----------------------|
| <b>Net revenues from sales of products, goods and materials, including:</b> | <b>150 285 575,14</b>            | <b>33 799 243,95</b>                | <b>12 890 287,91</b>             | <b>76 981 459,18</b>     | <b>3 858 705,96</b>       | <b>-64 979 564,95</b> | <b>212 835 707,19</b> |
| Net revenues from sales of products   | 149 174 373,08                   | 33 794 978,74                       | 12 870 539,13                    | 76 766 147,96            | 3 848 888,29              | -64 965 180,15        | 211 489 747,05        |
| Net revenues from sales of goods and materials                              | 1 111 202,06                     | 4 265,21                            | 19 748,78                        | 215 311,22               | 9 817,67                  | -14 384,80            | 1 345 960,14          |
| <b>Costs of products, goods and materials sold, of which, including:</b>    | <b>123 292 868,45</b>            | <b>30 646 645,84</b>                | <b>7 988 180,64</b>              | <b>71 539 869,25</b>     | <b>1 505 780,98</b>       | <b>-63 699 589,49</b> | <b>171 273 755,67</b> |
| Manufacturing cost of products sold   | 122 165 565,83                   | 30 641 639,92                       | 7 968 146,70                     | 71 310 739,11            | 1 495 969,31              | -63 685 204,69        | 169 896 856,18        |
| Value of goods and materials sold   | 1 127 302,62                     | 5 005,92                            | 20 033,94                        | 229 130,14               | 9 811,67                  | -14 384,80            | 1 376 899,49          |
| <b>Gross profit (loss) on sales</b>   | <b>26 992 706,69</b>             | <b>3 152 598,11</b>                 | <b>4 902 107,27</b>              | <b>5 441 589,93</b>      | <b>2 352 924,98</b>       | <b>-1 279 975,46</b>  | <b>41 561 951,52</b>  |
| <b>Sales costs</b>  | <b>21 980 317,55</b>             | <b>2 425 926,69</b>                 | <b>0,00</b>                      | <b>89 080,09</b>         | <b>-5 503 714,35</b>      | <b>0,00</b>           | <b>18 991 609,98</b>  |
| <b>Overheads</b>  | <b>8 609 683,24</b>              | <b>1 118 704,31</b>                 | <b>1 057 786,54</b>              | <b>2 358 693,53</b>      | <b>1 859 125,80</b>       | <b>-275 679,68</b>    | <b>14 728 313,74</b>  |
| <b>Revaluation of investment properties</b>                                 | <b>28 392 993,33</b>             | <b>0,00</b>                         | <b>0,00</b>                      | <b>0,00</b>              | <b>0,00</b>               | <b>0,00</b>           | <b>28 392 993,33</b>  |
| <b>Profit (loss) on sales</b>   | <b>24 795 699,23</b>             | <b>-392 032,89</b>                  | <b>3 844 320,73</b>              | <b>2 993 816,31</b>      | <b>5 997 513,53</b>       | <b>-1 004 295,78</b>  | <b>36 235 021,13</b>  |
| Other revenue from operations   | 4 762 695,43                     | 671 553,93                          | 206 059,82                       | 323 029,53               | 8 107,24                  | 0,00                  | 5 971 445,95          |
| Other costs related to operations   | -662 758,62                      | 2 375 601,77                        | 137 552,12                       | 5 102 223,37             | 7 468,71                  | 0,00                  | 6 960 087,35          |
| <b>Operating profit (loss)</b>  | <b>30 221 153,28</b>             | <b>-2 096 080,73</b>                | <b>3 912 828,43</b>              | <b>-1 785 377,53</b>     | <b>5 998 152,06</b>       | <b>-1 004 295,78</b>  | <b>35 246 379,73</b>  |
| Financial revenue   | 2 993 641,67                     | 561 026,89                          | 1 222 316,76                     | 1 513 138,22             | 877 470,07                | -2 650 821,21         | 4 516 772,40          |
| Financial expenses  | 24 046 073,95                    | 3 194 775,82                        | 2 650 297,50                     | 718 320,98               | 11 642,01                 | -2 650 821,21         | 27 970 289,05         |
| <b>Profit (loss) on economic activity</b>                                   | <b>9 168 721,00</b>              | <b>-4 729 829,66</b>                | <b>2 484 847,69</b>              | <b>-990 560,29</b>       | <b>6 863 980,12</b>       | <b>-1 004 295,78</b>  | <b>11 792 863,08</b>  |
| <b>Gross profit (loss)</b>  | <b>9 168 721,00</b>              | <b>-4 729 829,66</b>                | <b>2 484 847,69</b>              | <b>-990 560,29</b>       | <b>6 863 980,12</b>       | <b>-1 004 295,78</b>  | <b>11 792 863,08</b>  |
| <b>Net profit (loss)</b>  | <b>6 379 367,44</b>              | <b>-4 729 829,66</b>                | <b>2 404 927,69</b>              | <b>-1 508 639,57</b>     | <b>6 556 294,12</b>       | <b>-761 100,44</b>    | <b>8 341 019,57</b>   |



Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

| From January 1, 2013 to December 31, 2013                                   | Real estate development activity | Business activity related to hotels | Construction of social buildings | Real estate construction | Transport activity, other | Eliminations          | Total                 |
|---|----------------------------------|-------------------------------------|----------------------------------|--------------------------|---------------------------|-----------------------|-----------------------|
| <b>Net revenues from sales of products, goods and materials, including:</b> | <b>261 840 546,95</b>            | <b>23 304 132,93</b>                | <b>12 930 971,33</b>             | <b>65 557 372,56</b>     | <b>3 264 091,15</b>       | <b>-39 364 166,19</b> | <b>327 532 948,73</b> |
| Net revenues from sales of products   | 260 071 242,91                   | 23 304 132,93                       | 12 924 971,33                    | 65 028 688,78            | 3 263 912,97              | -39 300 966,96        | 325 291 981,96        |
| Net revenues from sales of goods and materials                              | 1 769 304,04                     | 0,00                                | 6 000,00                         | 528 683,78               | 178,18                    | -63 199,23            | 2 240 966,77          |
| <b>Costs of products, goods and materials sold, of which, including:</b>    | <b>194 652 176,50</b>            | <b>27 231 701,08</b>                | <b>8 282 553,56</b>              | <b>62 558 090,50</b>     | <b>1 383 204,28</b>       | <b>-35 585 043,83</b> | <b>258 522 682,09</b> |
| Manufacturing cost of products sold   | 190 916 684,98                   | 27 231 701,08                       | 8 058 402,30                     | 62 145 174,32            | 1 383 026,10              | -35 521 844,60        | 254 213 144,18        |
| Value of goods and materials sold   | 3 735 491,52                     | 0,00                                | 224 151,26                       | 412 916,18               | 178,18                    | -63 199,23            | 4 309 537,91          |
| <b>Gross profit (loss) on sales</b>   | <b>67 188 370,45</b>             | <b>-3 927 568,15</b>                | <b>4 648 417,77</b>              | <b>2 999 282,06</b>      | <b>1 880 886,87</b>       | <b>-3 779 122,36</b>  | <b>69 010 266,64</b>  |
| <b>Sales costs</b>  | <b>26 588 710,56</b>             | <b>2 178 540,54</b>                 | <b>0,00</b>                      | <b>70 379,94</b>         | <b>-8 666 547,40</b>      | <b>0,00</b>           | <b>20 171 083,64</b>  |
| <b>Overheads</b>  | <b>12 809 185,91</b>             | <b>1 988 328,99</b>                 | <b>951 455,25</b>                | <b>3 023 247,54</b>      | <b>2 169 978,35</b>       | <b>-275 286,28</b>    | <b>20 666 909,76</b>  |
| <b>Revaluation of investment properties</b>                                 | <b>14 457 466,24</b>             | <b>0,00</b>                         | <b>0,00</b>                      | <b>0,00</b>              | <b>0,00</b>               | <b>0,00</b>           | <b>14 457 466,24</b>  |
| <b>Profit (loss) on sales</b>   | <b>42 247 940,21</b>             | <b>-8 094 437,68</b>                | <b>3 696 962,52</b>              | <b>-94 345,42</b>        | <b>8 377 455,92</b>       | <b>-3 503 836,08</b>  | <b>42 629 739,48</b>  |
| Other revenue from operations   | 10 295 910,97                    | 747 572,11                          | 394 218,82                       | 5 394 557,07             | 226 983,59                | 1 071 246,07          | 18 130 488,63         |
| Other costs related to operations   | 5 445 987,19                     | 2 770 378,51                        | 313 962,09                       | 4 120 432,41             | -358 982,12               | 0,00                  | 12 291 778,08         |
| <b>Operating profit (loss)</b>  | <b>47 097 863,99</b>             | <b>-10 117 244,08</b>               | <b>3 777 219,25</b>              | <b>1 179 779,24</b>      | <b>8 963 421,63</b>       | <b>-2 432 590,01</b>  | <b>48 468 450,03</b>  |
| Financial revenue   | 13 012 762,46                    | 577 273,31                          | 1 298 668,43                     | 1 483 125,24             | 685 051,75                | -14 328 615,40        | 2 728 265,79          |
| Financial expenses  | 32 573 414,80                    | 4 262 137,44                        | 4 217 905,94                     | 1 085 209,14             | 40 259,68                 | -3 818 554,02         | 38 360 372,98         |
| <b>Profit (loss) on economic activity</b>                                   | <b>27 537 211,66</b>             | <b>-13 802 108,21</b>               | <b>857 981,74</b>                | <b>1 577 695,34</b>      | <b>9 608 213,70</b>       | <b>-12 942 651,39</b> | <b>12 836 342,84</b>  |
| <b>Gross profit (loss)</b>  | <b>27 537 211,66</b>             | <b>-13 802 108,21</b>               | <b>857 981,74</b>                | <b>1 577 695,34</b>      | <b>9 608 213,70</b>       | <b>-12 942 651,39</b> | <b>12 836 342,84</b>  |
| <b>Net profit (loss)</b>  | <b>25 928 183,24</b>             | <b>-13 565 886,21</b>               | <b>857 981,74</b>                | <b>846 810,06</b>        | <b>9 338 777,70</b>       | <b>-11 961 859,01</b> | <b>11 444 007,52</b>  |

**EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS REGARDING TOTAL REVENUE**

**Note 24. Operating income**

| <b>OPERATING INCOME</b>         | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|---------------------------------|--|--|
| Revenues from sales of products | 135 477 820,19                                   | 244 295 968,48                                   |
| Revenues from sales of services | 76 011 926,86                                    | 80 996 013,48                                    |
| Revenues from sales of goods    | 1 345 960,14                                     | 2 240 966,77                                     |
| <b>Total income</b>             | <b>212 835 707,19</b>                            | <b>327 532 948,73</b>                            |

|   | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|---|--|--|
| <b>Proceeds from sales, including:</b>        | <b>212 835 707,19</b>                            | <b>327 532 948,73</b>                            |
| - sales of products - units, plots, buildings | 130 621 013,25                                   | 239 571 795,12                                   |
| - sales of other goods                        | 4 856 806,94                                     | 3 774 173,36                                     |
| - sales of services                           | 76 011 926,86                                    | 81 946 013,48                                    |
| - sales of goods                              | 1 345 960,14                                     | 2 240 966,77                                     |

|   | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|---|--|--|
| <b>Revenues from sales of products - premises, plots, buildings per geographic segments</b> | <b>211 489 747,05</b>                            | <b>325 291 981,96</b>                            |
| - developer activity  | 145 332 154,50                                   | 260 614 626,39                                   |
| - business activity related to hotels   | 33 794 978,74                                    | 23 304 132,93                                    |
| -construction of social and administration of social buildings                              | 12 870 539,13                                    | 12 924 971,33                                    |
| - transport services  | 0,00   | 0,00   |
| -real estate construction   | 19 492 074,68                                    | 28 448 251,31                                    |

|   | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|---|--|--|
| <b>Revenues from sales of products - premises, plots, buildings per geographic segments</b> | <b>130 621 013,25</b>                            | <b>239 571 795,12</b>                            |
| -Warsaw and the surrounding area  | 91 908 405,03                                    | 215 614 824,18                                   |
| -Gdynia   | 6 763 830,86                                     | 847 902,23                                       |
| - Łódź  | 7 079 206,21                                     | 17 544 512,32                                    |
| - Poznań  | 24 869 571,15                                    | 5 564 556,39                                     |

|  | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|--|--|--|
| <b>Revenue from hotel services by geographical segment</b> | <b>33 794 978,74</b>                             | <b>23 304 132,93</b>                             |
| -Warsaw and the surrounding area                           | 5 217 030,29                                     | 5 000 007,43                                     |
| - Tarnowo  | 5 341 423,73                                     | 5 028 000,23                                     |
| - Stryków  | 3 533 471,33                                     | 3 072 040,52                                     |
| - Cieszyn  | 245 186,59                                       | 787 487,74                                       |
| - Krynica Górská   | 19 457 866,80                                    | 9 416 597,01                                     |

**Note 25. Operating expenses**

| <b>OPERATING EXPENSES</b>                               | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|---|--|--|
| Costs on sale of products                               | 112 033 487,34                                   | 180 901 634,61                                   |
| Costs on sale of services                               | 57 863 368,84                                    | 73 311 509,57                                    |
| Costs on sale of goods                                  | 1 376 899,49                                     | 4 309 537,91                                     |
| <b>Total costs of products, services and goods sold</b> | <b>171 273 755,67</b>                            | <b>258 522 682,09</b>                            |

| Sales and overhead expenses              | from Jan 1, 2014 through<br>Dec 31, 2014 | from Jan 1, 2013 through<br>Dec 31, 2013 |
|--|--|--|
| Sales expenses                           | 18 991 609,98                            | 20 171 083,64                            |
| Overhead expenses                        | 14 728 313,74                            | 20 666 909,76                            |
| <b>Total sales and overhead expenses</b> | <b>33 719 923,72</b>                     | <b>40 837 993,40</b>                     |

| Costs by type  | from Jan 1, 2014 through<br>Dec 31, 2014 | from Jan 1, 2013 through<br>Dec 31, 2013 |
|--|--|--|
| Depreciation and amortisation                                  | 7 818 645,05                             | 12 171 901,78                            |
| Cost of materials and energy                                   | 25 938 367,77                            | 18 323 307,06                            |
| Services rendered by other contractions                        | 107 087 873,59                           | 97 063 754,79                            |
| Taxes and duties   | 10 711 394,88                            | 9 170 750,41                             |
| Wages and Salaries   | 28 661 433,99                            | 28 896 818,87                            |
| Social security and other payments to the benefit of employees | 4 786 764,94                             | 4 888 008,98                             |
| Other costs of type  | 10 283 385,93                            | 13 091 058,41                            |
| <b>Total costs according to types</b>                          | <b>195 287 866,15</b>                    | <b>183 605 600,30</b>                    |

**Nota 26. Other operating income**

| OPERATING INCOME                                  | from Jan 1, 2014 through<br>Dec 31, 2014 | from Jan 1, 2013 through<br>Dec 31, 2013 |
|---|--|--|
| a) income from sale of non-financial fixed assets | 0,00                                     | 0,00                                     |
| b) other operating income                         | 5 971 445,95                             | 18 130 488,63                            |
| <b>Total operating income</b>                     | <b>5 971 445,95</b>                      | <b>18 130 488,63</b>                     |

| OPERATING INCOME                                      | from Jan 1, 2014 through<br>Dec 31, 2014 | from Jan 1, 2013 through<br>Dec 31, 2013 |
|---|--|--|
| a) profit from disposal of non-financial fixed assets | 0,00                                     | 0,00                                     |
| b) handling charges                                   | 0,00                                     | 86 111,05                                |
| c) reserves   | 1 041 040,57                             | 719 593,15                               |
| d) assets disclosure                                  | 0,00                                     | 4 948 044,20                             |
| e) other (including compensation, contractual fines)  | 4 930 405,38                             | 12 376 740,23                            |
| <b>Total operating expenses</b>                       | <b>5 971 445,95</b>                      | <b>18 130 488,63</b>                     |

**Note 27. Other operating expenses**

| OPERATING EXPENSES                                | from Jan 1, 2014 through<br>Dec 31, 2014 | from Jan 1, 2013 through<br>Dec 31, 2013 |
|---|--|--|
| a) loss on disposal of non-financial fixed assets | 2 008 951,21                             | 1 735 845,43                             |
| b) revaluation of non-financial assets            | 0,00                                     | 75 620,06                                |
| c) other operating expenses                       | 4 951 136,14                             | 10 480 312,59                            |
| <b>Total operating expenses</b>                   | <b>6 960 087,35</b>                      | <b>12 291 778,08</b>                     |

| OPERATING EXPENSES                            | from Jan 1, 2014 through<br>Dec 31, 2014 | from Jan 1, 2013 through<br>Dec 31, 2013 |
|---|--|--|
| a) loss on sale of non-financial fixed assets | 2 008 951,21                             | 1 735 845,43                             |
| b) revaluation of non-financial assets        | 0,00                                     | 75 620,06                                |
| c) reserves                                   | 8 442,53                                 | 1 699 144,91                             |
| d) compensation, penalties and damages        | 1 469 792,60                             | 843 037,49                               |
| e) compensation fees                          | 16 141,47                                | 24 598,73                                |
| f) other                                      | 3 456 759,54                             | 7 913 531,46                             |
| <b>Total operating expenses</b>               | <b>6 960 087,35</b>                      | <b>12 291 778,08</b>                     |

**Note 28. Financial income**

| <b>FINANCIAL INCOME</b>              | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|--------------------------------------|--|--|
| a) dividends                         | 0,00   | 0,00   |
| b) interest                          | 1 865 944,99                                     | 1 968 434,91                                     |
| c) profit on disposal of investments | 0,00   | 759 830,88                                       |
| d) other                             | 2 650 827,41                                     | 0,00   |
| <b>Total financial income</b>        | <b>4 516 772,40</b>                              | <b>2 728 265,79</b>                              |

| <b>Financial income</b>              | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|--------------------------------------|--|--|
| a) dividends                         | 0,00   | 0,00   |
| b) interests from customers          | 515 431,13                                       | 608 854,61                                       |
| c) loan interest                     | 628 068,31                                       | 617 851,67                                       |
| d) deposit interest                  | 35 226,55  | 48 183,45  |
| e) interest on promissory notes      | 61 609,07  | 54 322,16  |
| f) other interest                    | 625 609,93                                       | 639 223,02                                       |
| g) profit on disposal of investments | 0,00   | 0,00   |
| h) foreign exchange differences      | 0,00   | 759 830,88                                       |
| i) other                             | 2 650 827,41                                     | 0,00   |
| <b>Total</b>                         | <b>4 516 772,40</b>                              | <b>2 728 265,79</b>                              |

**Note 29. Financial expenses**

| <b>FINANCIAL EXPENSES</b>          | <b>from Jan 1, 2014 through<br/>Dec 31, 2014</b> | <b>from Jan 1, 2013 through<br/>Dec 31, 2013</b> |
|------------------------------------|--|--|
| a) interest                        | 27 731 726,17                                    | 37 681 881,99                                    |
| b) loss on disposal of investments | 0,00   | 29 630,00  |
| c) loss on disposal of investments | 238 562,88                                       | 648 860,99                                       |
| <b>Total financial expenses</b>    | <b>27 970 289,05</b>                             | <b>38 360 372,98</b>                             |

| <b>FINANCIAL EXPENSES</b>          | <b>od from January 1, 2014<br/>do December 31, 2014</b> | <b>od 01-01-2013<br/>do December 31, 2013</b> |
|------------------------------------|---|---|
| a) interest, commissions, credits  | 13 543 395,99   | 17 103 461,74                                 |
| b) interest - leases               | 1 748 912,89  | 2 134 731,16                                  |
| c) interest - loans                | 606 262,84  | 116 380,29                                    |
| d) interest - promissory notes     | 387 828,72  | 2 606 692,85                                  |
| e) interest-bond issue             | 10 034 983,49   | 12 677 400,20                                 |
| f) other interest                  | 1 410 342,24  | 3 043 215,75                                  |
| g) loss on disposal of investments | 0,00  | 29 630,00                                     |
| h) other                           | 238 562,88  | 648 860,99                                    |
| <b>Total financial expenses</b>    | <b>27 970 289,05</b>                                    | <b>38 360 372,98</b>                          |

**Note 30. Transactions with related companies**

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 2014 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 2014 by the Company or a subsidiary with the related parties were concluded on market terms.

| COMPANY NAME                               | Receivables from related parties |                   |
|--|----------------------------------|-------------------|
|  | December 31, 2014                | December 31, 2013 |
| TBS Marki Sp. z o.o.                       | 121 414,69                       | 98 758,16         |
| J.W. Construction Bulgaria                 | 37 134 740,49                    | 35 178 398,37     |
| Yakor House Sp. z o.o.                     | 19 470 996,33                    | 16 105 685,73     |
| J.W. Marka Sp. z o. o.                     | 5 315 690,31                     | 8 632 665,26      |
| J.W. Group Sp. z o.o. 1 SKA                | 76 100 344,73                    | 120 629 925,09    |
| Lokum Sp. z o.o.                           | 6 900,12                         | 262 973,24        |
| Business Financial Construction Sp. z o.o. | 0,00                             | 4 809 914,41      |
| Seahouse Sp. z o.o.                        | 1 262 298,86                     | 622 036,95        |
| J.W. Construction Sp. z o.o.               | 21 340 462,08                    | 4 545 588,92      |
| Nowe Tysiąclecie Sp. z o.o.                | 1 290 259,16                     | 169 922,04        |
| Dana Invest Sp. z o.o.                     | 571 830,46                       | 765,06            |
| Łódź Invest Sp. z o.o.                     | 793 935,64                       | 371,46            |
| Bliska Wola 1 Sp. z o.o.                   | 2 948 573,11                     | 427,55            |
| Bliska Wola 2 Sp. Z o.o.                   | 626 947,28                       | 0,00              |

| COMPANY NAME                               | Liabilities to related parties |                   |
|--|--------------------------------|-------------------|
|  | December 31, 2014              | December 31, 2013 |
| TBS Marki Sp. z o.o.                       | 30 131 436,07                  | 29 021 553,65     |
| J.W. Marka Sp. z o. o.                     | 6 006 803,49                   | 10 676 028,81     |
| Business Financial Construction Sp. z o.o. | 2 858 256,88                   | 3 031 684,35      |
| J.W. Construction Sp. z o.o.               | 24 679 149,88                  | 47 226 991,28     |
| Porta Transport Sp. z o.o. in liquidation  | 14 202 453,46                  | 12 728 684,71     |

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

| COUNTERPARTY TO THE TRANSACTION            | SUBJECT OF TRANSACTION / AGREEMENT                           | from Jan 1, 2014 through Dec 31, 2014 | from Jan 1, 2013 through Dec 31, 2013 |
|--|--|---------------------------------------|---------------------------------------|
| J.W. Marka Sp. z o.o.                      | marketing services   | 497 100,00                            | 735 180,00                            |
| J.W. Marka Sp. z o.o.                      | licensing fee for trademark                                  | 4 496 982,66                          | 8 233 149,80                          |
| Business Financial Construction Sp. z o.o. | marketing services   | 2 001 939,33                          | 2 107 758,62                          |
| J.W. Construction Sp. z o.o.               | construction work & finishing at Lewandów 1                  | 36 938,77                             | 374 947,40                            |
| J.W. Construction Sp. z o.o.               | construction work & finishing at Lewandów 2                  | 19 145,44                             | 184 628,21                            |
| J.W. Construction Sp. z o.o.               | construction work & finishing at Kręczki Kaputy              | 18 060,31                             | 160 530,00                            |
| J.W. Construction Sp. z o.o.               | construction work & finishing at Świątowida                  | 0,00                                  | 134 571,92                            |
| J.W. Construction Sp. z o.o.               | construction work & finishing at Zdziarska I                 | 58 461,16                             | 673 370,07                            |
| J.W. Construction Sp. z o.o.               | construction work - single-family homes in Ożarów Mazowiecki | 2 063 511,37                          | 675 132,05                            |
| J.W. Construction Sp. z o.o.               | construction work in Poznan                                  | 403 000,00                            | 23 136 948,07                         |
| J.W. Construction Sp. z o.o.               | construction work in Szczecin Hanza Tower                    | 0,00                                  | 458 257,13                            |
| J.W. Construction Sp. z o.o.               | construction work at Świątowida                              | 0,00                                  | 601 817,43                            |
| J.W. Construction Sp. z o.o.               | construction work at Zdziarska                               | 0,00                                  | 571 149,27                            |
| J.W. Construction Sp. z o.o.               | construction work in Katowice                                | 189 751,24                            | 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     | from Jan 1, 2014 through Dec 31, 2014 | from Jan 1, 2013 through Dec 31, 2013 |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| TBS Marki Sp. z o.o.                      | real estate administration        | 153 161,15                            | 132 620,30                            |
| J.W. Group Sp. Z o.o. 1 SKA               | administrative services           | 517 368,00                            | 518 025,00                            |
| J.W. Group Sp. Z o.o. 1 SKA               | other services                    | 201 596,10                            | 0,00                                  |
| J.W. Group Sp. Z o.o. 1 SKA               | sales services                    | 625 584,00                            | 208 528,00                            |
| Seahouse Sp. z o.o.                       | administrative services           | 315 394,00                            | 419 097,00                            |
| Seahouse Sp. z o.o.                       | sales services                    | 262 992,00                            | 109 129,00                            |
| Seahouse Sp. z o.o.                       | other services                    | 193 456,00                            | 0,00                                  |
| J.W. Construction Sp. z o.o.              | re-invoiced - other               | 260 252,58                            | 466 771,94                            |
| J.W. Construction Sp. z o.o.              | real estate rental                | 634 140,84                            | 581 857,37                            |
| J.W. Construction Sp. z o.o.              | administrative services           | 911 098,00                            | 772 385,00                            |
| J.W. Construction Sp. z o.o.              | guaranteed repair work            | 2 796 492,72                          | 394 320,86                            |
| Nowe Tysiąclecie Sp. z o.o.               | construction and fitting services | 8 121 082,89                          | 0,00                                  |
| Nowe Tysiąclecie Sp. z o.o.               | design services                   | 123 854,10                            | 329 445,00                            |
| Nowe Tysiąclecie Sp. z o.o.               | administrative services           | 366 242,00                            | 98 547,00                             |
| Nowe Tysiąclecie Sp. z o.o.               | sales services                    | 127 704,00                            | 36 923,00                             |
| Dana Invest Sp. z o.o.                    | design services                   | 1 000 000,00                          | 0,00                                  |
| Dana Invest Sp. z o.o.                    | administrative services           | 669 990,00                            | 320,00                                |
| Dana Invest Sp. z o.o.                    | other services                    | 108 358,56                            | 0,00                                  |
| Porta Transport Sp. z o.o. in liquidation | real estate rental                | 146 437,00                            | 144 000,00                            |
| Bliska Wola 1 Sp. z o.o.                  | administrative services           | 3 398 400,00                          | 0,00                                  |
| Bliska Wola 1 Sp. z o.o.                  | sales services                    | 438 904,00                            | 0,00                                  |
| Bliska Wola 2 Sp. z o.o.                  | administrative services           | 1 920 818,18                          | 0,00                                  |
| Bliska Wola 2 Sp. z o.o.                  | sales services                    | 200 484,00                            | 0,00                                  |
| Łódź Invest Sp. z o.o.                    | design work documentation sale    | 195 000,00                            | 0,00                                  |
| Łódź Invest Sp. z o.o.                    | administrative services           | 501 518,00                            | 0,00                                  |
| Łódź Invest Sp. z o.o.                    | construction and fitting services | 3 617 823,00                          | 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 3,617,823 and with Nowe Tysiąclecie sp. z o.o. with the value of PLN 8,121,082,89.

Transactions with capital investments, financial assets were described in the event before the balance sheet date and thereafter. Other transactions entered into with related entities do not exceed the significance threshold.

All transactions by the Issuer or affiliated entities are entered into on market conditions.

**Note 31. Remuneration of the Management Board and Supervisory Board of the Company of the Capital Group, employment structure**

Below the figures regarding remuneration for 2014 can be found. Data regarding cumulative remuneration of the persons being part of the Management Board and Supervisory Board of the dominant entity divided into categories related to fulfilled functions in companies of the capital Group, type of employment in companies of the capital Group, as well as other forms of employment is presented:

| JW Construction Holding S.A. | from Jan 1, 2014<br>through Dec 31, 2014 | from Jan 1, 2013<br>through Dec 31, 2013 |
|------------------------------|--|--|
| <b>Management Board</b>      |  |  |
| Rajchert Wojciech            | 243 000,00                               | 240 000,00                               |
| Łopuszyńska Irmina           | 196 304,35                               | 252 000,00                               |
| Starzyńska Magdalena         | 193 875,15                               | 195 900,00                               |
| Ostrowska Małgorzata         | 162 552,00                               | 100 579,71                               |
| Konkel Anna                  | 0,00                                     | 139 845,24                               |
| Wójcik Robert                | 0,00                                     | 32 000,00                                |

| JW Construction Holding S.A. | from Jan 1, 2014<br>through Dec 31, 2014 | from Jan 1, 2013<br>through Dec 31, 2013 |
|------------------------------|--|--|
| <b>Supervisory Board</b>     |  |  |
| Król Jarosław                | 24 000,00                                | 24 000,00                                |
| Oleksy Józef                 | 150 000,00                               | 156 000,00                               |
| Podsiadło Andrzej            | 24 000,00                                | 24 000,00                                |
| Samarcew Marek               | 150 000,00                               | 156 000,00                               |
| Wojciechowski Józef          | 0,00                                     | 0,00                                     |
| Murawski Jacek               | 45 000,00                                | 0,00                                     |

| Other Companies of the Capital Group | from Jan 1, 2014<br>through Dec 31, 2014 | from Jan 1, 2013<br>through Dec 31, 2013 |
|--------------------------------------|--|--|
| <b>Management Board</b>              |  |  |
| Rajchert Wojciech                    | 0,00                                     | 0,00                                     |
| Łopuszyńska Irmina                   | 0,00                                     | 0,00                                     |
| Starzyńska Magdalena                 | 15 600,00                                | 9 603,23                                 |
| Ostrowska Małgorzata                 | 41 448,00                                | 41 448,00                                |
| Konkel Anna                          | 0,00                                     | 0,00                                     |
| Wójcik Robert                        | 0,00                                     | 0,00                                     |

| Other companies of the Capital Group | from Jan 1, 2014<br>through Dec 31, 2014 | from Jan 1, 2013<br>through Dec 31, 2013 |
|--------------------------------------|--|--|
| <b>Supervisory Board</b>             |  |  |
| Król Jarosław                        | 0,00                                     | 0,00                                     |
| Oleksy Józef                         | 0,00                                     | 0,00                                     |
| Podsiadło Andrzej                    | 0,00                                     | 0,00                                     |
| Samarcew Marek                       | 0,00                                     | 0,00                                     |
| Wojciechowski Józef                  | 0,00                                     | 0,00                                     |
| Murawski Jacek                       | 0,00                                     | 0,00                                     |

**Information on average employment at the Dominant Company divided into professional groups**

| Company              | December 31, 2014 | December 31, 2013 |
|----------------------|-------------------|-------------------|
| Management           | 3                 | 4                 |
| Directors            | 24                | 23                |
| Administrative staff | 178               | 192               |
| Other employees      | 108               | 118               |
| <b>In total</b>      | <b>313</b>        | <b>337</b>        |

| Contracts                     | December 31, 2014 | December 31, 2013 |
|-------------------------------|-------------------|-------------------|
| Employment contracts          | 313               | 337               |
| Commission contracts          | 271               | 181               |
| Contracts for a specific task | 3                 | 2                 |
| <b>In total</b>               | <b>587</b>        | <b>520</b>        |



## Note 32. Significant events during the business year

### Decisions related to real estate development activity

#### a) Building permits

On April 3, 2014 J.W. Group Sp. z o.o. 1 SKA obtained a building permit for the construction of a living and business complex, i.e. building B1 with an underground garage located at Ordonia street in Warsaw. The permit is final and binding.

On May 5, 2014 J.W. Group Sp. z o.o. 1 SKA obtained a building permit for the construction of a living and business complex, i.e. building B2 with an underground garage located in Warsaw at Ordonia street in Warsaw. The building permit is final and binding.

On October 17, 2014, Company obtained a building permit for the construction of a multi-family building complex called Bernadowo Park, located at Lesna and Parkowa streets in Gdynia. The permit is final and binding.

#### b) Occupancy permits

On January 20, 2014, Company filed for 2 occupancy permits for 2 single-family homes on Villa Campina community in Ozarów Mazowiecki. These occupancy permits were granted with no reservations on February 5, 2014.

On January 30, 2014, Company received an occupancy permit for a multi-family community "Oaza Piątkowo" by Jaroczyńskiego street in Poznan. The permit is final and binding

On October 1, 2014, Seahouse sp. z o.o. obtained a building permit for occupancy of a multi-family building complex with a garage and technical infrastructure at Powstania Wielkopolskiego and Powstania Śląskiego streets in Warsaw known as Rezydencja Redlowo in Gdynia. The permit is final and binding.

### Credit agreements

#### Concluded :

On January 29, 2014, Company and BOS S.A., an investment bank, entered into an agreement on financing the endeavors related to the protection of the natural environment, which is refinancing of the costs related to the construction of a water treatment facility as well as the sewage network in Ożarów Mazowiecki in the amount of PLN 13,874,000. The payment date was fixed on December 31, 2017.

On September 8, 2014 Bliska Wola 2 sp. z o.o. with its registered office in Zabki, a Company's subsidiary, entered into a credit agreement with Bank Zachodni WBK S.A. with its registered office in Warsaw in the amount of PLN 47,764,710. The financial means are mostly earmarked for financing of the construction of Bliska Wola, B2 phase real estate investment at Kasprzaka street in Warsaw.

On September 11, 2014, Dana Invest Sp. z o.o. with its registered office in Zabki, a Company's subsidiary, entered into a revolving-credit agreement with Bank Zachodni WBK S.A. with its registered office Wroclaw in the amount of PLN 1.500.000 earmarked for the payment of VAT tax borne in relation to the construction of a real estate investment in the form of adaptation of the Stara Dana building in Szczecin to the hotel needs.

On December 9, 2014, Łódź Invest sp. z o.o. with its registered office in Zabki, a Company's subsidiary, entered into a working capital facility agreement with the bank consortium of Banki Polskiej Spółdzielczości for co-financing of the construction of Osiedle Centrum III, a real estate investment at Tymienieckiego street in Lodz, in the amount of PLN 15.141.884. The payment date has been set for December 31, 2016.

On December 9, 2014, Łódź Invest sp. z o.o. with its registered office in Zabki entered into a revolving credit agreement for financing of the payment of VAT tax related to the construction of Osiedle Centrum III, a real estate investment at Tymienieckiego street in Lodz in the amount of PLN 350,000. The payment date has been set for December 31, 2016.

#### Paid

On February 27, 2014, Company paid in full an investment credit in the amount of PLN 20,000,000 for refinancing of the costs of construction of 292 residential units in the Villa Campina community in Ożarów Mazowiecki that was granted by Getin Noble Bank S.A.

On October 10, 2014, Company paid the investment credits for co-financing of the construction of Phase 1 of Zielona Dolina investment at Zdziarska street in Warsaw that was granted by BOS Banks SA:

in the amount of PLN 41,000,000 – sub-phase 1 of Zielona Dolina I

in the amount of PLN 46,000,000 - sub-phase 1 of Zielona Dolina I

On November 4, 2014, Company paid in full a non-renewable working capital loan granted by Plus Banks S.A. in the amount of PLN 10,000,000 for financing of the current activity.

#### Amended

On February 19, 2014, Company signed an appendix to a credit agreement in a current account entered into Bank Millennium S.A. Based on the appendix, the payment date falls at August 21, 2014.

On April 25, 2014 and May 12, 2014, Company signed appendices to the revolving credit agreement with Bank Polskiej Spółdzielczości S.A. in the amount of PLN 10,000,000 earmarked for financing current business activity. On the basis of the Appendices, the time for the use of credit as well as payment date were extended. The final payment day of the credit falls on April 24, 2015..

On April 24, 2014, Company signed an appendix to a working capital loan on a current account granted by Plus Bank (formerly known as Invest Banks S.A.) in the amount of PLN 15,000,000. Based on the Appendix, the time for the use of credit as well as payment time were extended. The final payment date falls on April 25, 2016.

On April 24, 2014, Company signed an appendix to a working capital loan on a current account granted by PKO BP S.A. in the amount of PLN 10,000,000. Based on the appendix, the time for the use of credit as well as payment date were extended. The final credit payment date was fixed on April 27, 2015.

On July 1, 2014 a subsidiary of the Issuer known as J.W. Construction sp. z o.o. with its registered office in Zabki Poland signed an appendix to a credit agreement in the current account granted by PKO BP S.A. with its registered office in Warsaw in the amount of PLN 7,000,000. Payment data and the time limit for use of credit were extended. New payment date has been set for July 4, 2015.

On August 20, 2014, Company signed an appendix to a working capital loan on a current account with Bank Millennium S.A. with its registered office in Warsaw. Based on the appendix, the payment date falls on February 21, 2015.

On October 31, 2014, Company signed an appendix to a revolving credit agreement granted by Bank Polskiej Spółdzielczości S.A. in the amount of PLN 3,000,000. Based on the appendix, the time for the use of credit as well as payment date were extended. The new payment date was falls on August 31, 2016.

#### **Increase of the share capital**

In the audited period, Company issued C-series shares.

The basis for the issuance was a resolution by an extraordinary General Shareholder Meeting of April 9, 2014.

The issuance was conducted in the following fashion:

#### Approval of the issuance prospectus

On July 14, 2014, the Financial Supervision Authority approved the issuance prospectus of Company prepared in the form of a unified document in relation to the public offer in the territory of the Republic of Poland of C-series shares, an intention to allow trading of the C-series shares in the regulated market, rights to C-series shares and rights to acquisition of the C-series shares. The prospectus was made available to the public knowledge on July 17, 2014.

#### Fixing of the first listing of the acquisition rights to C-series shares

On July 17, 2014, the Management of the Warsaw Stock Exchange allowed listing of the C-series shares of the Issuer on the Warsaw Stock Exchange.

#### Run of the listing:

Company conducted public offering of the C-series shares on the following dates:

June 4, 2014 - Subscription Rights Date

July 17, 2014, 17 - Publication of the Prospectus

In the period between July 18, 2014 and July 31, 2014 — Receiving of basic subscriptions and additional subscriptions as part of exercising of the subscription right.

On August 21, 2014, Company Management Board made a resolution on the allotment of C-shares that were subscribed for. The allotment encompassed 34,786,163 C-series shares with the total nominal value of PLN 6,957,232.60. C-series shares issuance was successfully completed and 34,786,163 shares were subscribed for and fully paid for an issue price of PLN 3.15 a share. The total value of all the shares paid for was PLN 109,576 thousand.

On September 30, 2014, the District Court for the capital city of Warsaw in Warsaw, XIV Economic Division of the National Court Register registered an increase of the share capital of Company in connection with the public offering of C-series shares. The share capital of Company was increased by PLN 6,957,232.60 to the amount of PLN 17,771,888.60 a share and the number of shares was increased by 34,786,163 units and comprises now 88,859,443 units.

### **Bond redemption**

On April 28, 2014, Company carried out partial redemption of the value of each bond issued based on Company's Management Board resolution of December 12, 2012 totaling 1,057 units with the nominal value of 100,000 each and total value of 105,700,000 marked ISIN PLJWC0000050 of the National Depository for Securities. The redemption encompassed 10% of the nominal value of each bond, i.e. PLN 10,000 with the total value of PLN 105,700,000. The redemption of 10% of each bond resulted from the issuance conditions. As of now, the nominal value of each of 1,057 bonds is PLN 90,000, and the value of obligation resulting from the issued bonds is PLN 95,130,000.

On July 25, 2014, Company redeemed the bonds issued based on Company's Management Board resolution of April 24, 2013 totaling 9,120 units with the nominal value of PLN 10,000 each marked JWX0116. The bonds subject to redemption were 3,970 bonds totaling PLN 39,700,000. The redeemed bonds were written off on September 9, 2014.

### **Sales of plots of land agreements within the Capital Group**

On March 21, 2014, an agreement for the sale of the plot of land marked as 104/4 from S9 section located in Lodz at Tyminieckiego 16 A with an area of 0,7014ha for which District Court for Łódź-Śródmieście in Lodz, XIV Division of land registers maintains a land register no. LD1M/00111879/7 to Łódź Invest sp. z o.o. with its registered office in Zabki. This transaction was entered into the Repertory no. A 3310/The subject of the sale, together with the real estate, was also the project documentation being the basis for the building permit for multi-family homes. This agreement was the continuation of the Issuer's actions with the purpose of realization of new investments in special purpose vehicles.

On April 3, 2014 an agreement was entered into registered in the Repertory no. A3821/2014 with the purpose of sale by the Issuer to Dana Spółka z o.o. with its registered office in Zabki, a related entity, a land plot marked 22/4 from the 1026 section located in Szczecin by 50 Aleja Wyzwolenia street with the area of 0,1022 ha for which the District Court Szczecin-Prawobrzeże i Zachód in Szczecin, X Division of Land Registers maintains a land register no. SZ1S/00082677/6. The subject of the sale, together with the real estate, was also the project documentation being the basis for conversion and adaptation of the existing service building to a hotel with a conference and spa center.

On July 3, 2014, J.W. Group sp. z o.o. 1 S.K.A. ("Seller") and Bliska Wola 1 sp. z o.o. ("Buyer") entered into an agreement on the transfer of the land perpetual usufruct right. This transaction was entered into the Repertory no. 1555/2014. Upon the agreement, Seller by delivering on the obligation resulting from a conditional sale agreement of May 16, 2014 (Repertory no. 212/2014), amended on May 30, 2014 (Repertory no. 591/2014) transferred to the land perpetual usufruct right regarding plots of land located in at Kasprzaka 29/31 in Warsaw with an area of 17,827 sq. m., marked as 3/13 and 3/12, Section 6-05-05 in the land register no. WA4M/00440538/1 for the gross sum of PLN 26.190.740,55. Seller transferred to Buyer all decisions, agreements and arrangements regarding the real estate in question, including project documentation, as well as all rights resulting from the decision no. 119/WOL/2014 by the President of Warsaw of April 3, 2014.

On July 3, 2014 an agreement on the transfer of real estate perpetual usufruct between J.W. Group sp. z o.o. 1 S.K.A. ("Seller") and Bliska Wola 2 sp. z o.o. ("Buyer"), Company's subsidiaries was entered into (Repertory A no. 1562/2014). Seller by delivering on its obligation following from a conditional agreement of May 16, 2014 (Repertory A 207/2014) and transferred to Buyer a perpetual usufruct right to plots of land located in Warsaw at Kasprzaka 29/31 with an area of 7,120 sq. m. marked no. 3/17 and 3/18 from Section 6-05-05 entered into a land register no. WA4M/00440539/8 for the gross price of PLN 13.912.233,57. Seller unconditionally transferred all the decisions, agreements and arrangements to the real estate, including project documentation and all the rights from Decision no. 151/WOL/2014 issued on behalf of President of Warsaw of May 5, 2014.

On July 3, 2014, an agreement on the transfer of real estate perpetual usufruct between J.W. Group sp. z o.o. 1 S.K.A. ("Seller") and Bliska Wola 1 sp. z o.o. ("Buyer") (Repertory no. 1569/2014), Company's subsidiaries, was entered into. Seller unconditionally transferred to Buyer a perpetual usufruct right to the real estate with buildings thereon located in Warsaw, Wola District, in Mazowieckie Voivodeship, at Kasprzaka 29/31 entered into a land register no. WA4M/00440028/3. The real estate in question were plots of land no. 3/5 with an area of approx. 4,000 sq. m. and 3/6 with an area of 4,389 sq. m. for the gross price of PLN 6.448.149,54.

### **Entering into a significant agreement regarding an increase of the share capital of a related company**

Company, on June 3, 2014, entered into an agreement with J.W. Group Spółka z ograniczoną odpowiedzialnością 1

SKA with its registered office in Ząbki, a related company, hereinafter referred to as JWG.

The agreement regards obtaining 732 B-series shares issued by JWG following a resolution of the General Meeting of Shareholders of December 6, 2013. Obtaining takes place by way of private subscription. The nominal value of each obtained share is PLN 41,000, and the issue price is PLN 82,000. Total nominal value of the obtained shares is PLN 30,012,000, and the issue value is PLN 60,024,000. Company is an only shareholder in JWG.

#### Entering into a significant agreement by and between subsidiaries

On May 20, 2014, a contract between J.W. Construction sp. z o.o. with its registered office in Zabki ("Contractor") and J.W. Group sp. z o.o. 1 SKA with its registered office in Zabki ("Employer") was entered into the subject of which is the realization of comprehensive construction of a multifamily building using Contractor's materials, development of the surrounding area as well as the necessary infrastructure, including road surfaces, parking lots, pavements of concrete blocks, fencing in accordance with the building permit and working design, elements of land development on the community at Kasprzaka (B1 phase) in Warsaw, completion of external work outside the construction site, including appropriate roads, networks, central park, demolition of existing structures as well as providing Employer with an occupancy permit in accordance with the architectural and construction design, project documentation and finishing standards, hereinafter referred to as Contract. Completion date for Contract works was set on February 15, 2016 and the deadline for obtaining an occupancy permit was set to be within 60 days of the final acceptance. Contract remuneration is 103,001,918 (say one hundred three million one thousand nine hundred eighteen Polish zlotys net) as a lump sum remuneration encompassing the entire scope works.

#### Creation of mortgage

On September 24, a mortgage to the amount of PLN 71.647.065 was created on the perpetual usufruct for the plots of land no. 3/17 and 3/18 with a total area of 0,7120 ha located in Warsaw at Kasprzaka 29/31 for which a land register no. WA4M/00440539/8 is maintained. The mortgage was created by Bliska Wola 2 sp. z o.o. with its registered office in Zabki, a holder of the perpetual usufruct right to the real estate, to the benefit of Bank Zachodni WBP S.A. with its registered office Zabki in relation to the bank loan granted to Bliska Wola 2 sp. z o.o.

#### Concluding agreements on creation of pledges

On September 22, 2014, agreements on regular and registered pledges were entered into constituting a surety on Bank Zachodni WBK S.A.'s liabilities with its registered office in Wrocław (Bank) resulting from a credit agreement entered into September 8, 2014 between Bank and Bliska Wola 2 Spółka z o.o. with its registered office in Ząbki (BW2), an entity related to Company.

1) Agreement entered into Company and Bank regarding creation of financial pledges and registered pledges on behalf of Bank on 100 units with the nominal value of PLN 50 each and with a total value of PLN 5000 constituting 100% of the share capital in Bliska Wola 2 Spółka z o.o. with its registered office Zabki..

a) By way of the above-described agreement a registered pledge was created up to the maximum surety sum of PLN 71,647,065. The pledge was created with the expiry date fixed on the day on which the obligations resulting from the credit agreement are fully paid.

b) By way of the above-described agreement the following financial pledges were created :

- up to the maximum sum of the surety, PLN 61,147,065 as a guarantee for a real state development loan in the amount of PLN 40,764,710;

- up to the maximum sum of the surety, PLN 4,500,000 as a guarantee for a VAT credit in the amount of PLN 3,000,000;

- up to the maximum sum of surety, PLN 6,000,000 as a guarantee for an investment credit in the amount of PLN 4,000,000;

The above-mentioned financial pledges were created with the expiry date falling on September 30, 2020 or on the day of full payment of the obligations resulting from credit agreements depending on which date falls earlier.

2) Agreement entered into by Company and Bank regarding creation of financial pledges and registered pledges on the financial means stored in a residential real estate escrow account, maintained by the Bank, whose value changes over time.

a) By way of the above-described agreement a registered pledge was created up to the maximum surety sum of PLN 71,647,065. The pledge was created with the expiry date fixed on the day on which the obligations resulting from the credit agreement are fully paid.

b) By way of the above-described agreement the following financial pledges were created:

- up to the maximum sum of the surety, PLN 61,147,065 as a guarantee for a real state development loan in the amount of PLN 40,764,710;

- up to the maximum sum of the surety, PLN 4,500,000 as a guarantee for a VAT credit in the amount of PLN 3,000,000;

- up to the maximum sum of surety, PLN 6,000,000 as a guarantee for an investment credit in the amount of PLN 4,000,000;

The above-mentioned financial pledges were created with the expiry date falling on September 30, 2020 or on the day of full payment of the obligations resulting from credit agreements depending on which date falls earlier.

#### **Guarantee**

On September 8, 2014, Company provided a surety towards Bank Zachodni WBK S.A. (Bank) with its registered office in Wrocław in relation to the credit agreement entered into the bank and Bliska Wola 2 Spółka z o.o. (BW 2) with its registered office in Ząbki, a Company's subsidiary.

Company assured the payment of the assumed obligations by BW2 towards Bank comprising the following loans:

- 1) real estate development credit with the maximum amount of PLN 40,764,710, the maximum surety up to PLN 61,147,065;
- 2) VAT loan in the maximum amount of PLN 3,000,000, the amount of surety up to PLN 4,500,000.
- 3) investment loan in the maximum amount of PLN 4,000,000, the maximum amount of surety up to PLN 6,000,000.

Total amount of guaranteed loans by Company is PLN 47,764,710, and the amount of sureties is PLN 71,647,065. The surety was provided for the time period with the expiry date of December 30, 2020 inclusive.

#### **Increase of share capital in related companies**

On March 21, 2014, an extraordinary Meeting of Shareholders of Łódź Invest Spółka z o.o. with its registered office in Ząbki made a resolution regarding the increase of share capital from PLN 5,000 to PLN 3,700,00, i.e. by a factor of PLN 3,695,000 by way of creation of 73,900 new shares with the value of PLN 50 each. This fact was entered into the protocol prepared by Anna Sota, a notary in Warsaw in the Repertory no. A 3317/2014. All the shares were obtained by the Issuer as a current partner. On April 10, 2014 the share capital was increased by the Court.

On June 26, 2014 an extraordinary Meeting of Shareholder of Dana Invest Spółka z o.o. with its registered office in Ząbki made a resolution on the increase of the share capital from PLN 5,765,000 to PLN 6,265,000, i.e. by a factor of PLN 500,000 by way of creation of 10,000 new shares with the value of PLN 50 each. This fact was entered into the protocol prepared by Ewa Rokos, a notary in Warsaw in the Repertory n. A 1339/2014. All the shares were obtained by the Issuer as a current partner.

On July 31, 2014 an extraordinary Meeting of Shareholders of Dana Invest Spółka z o.o. made a resolution as a result of which the share capital was increased to the amount of PLN 7,985,000. This fact was entered into the protocol by Krzysztof Kruszewski, a notary, in the Repertory no. A 1761/2014 that was changed following a resolution of December 9, 2014, which was entered into the protocol by Ewa Rokos, a notary in Warsaw, in the Repertory no. A 6466/2014. All the shares were obtained by the Issuer as a current partner.

On July 7, 2014, an extraordinary General Shareholder Meeting of Nowe Tysiąclecie Spółka z o.o. ("NT") with its registered office Ząbki made a resolution as result of which the share capital of NT was increased to the amount of PLN 8,385,000. This fact was entered into a protocol prepared by Ewa Rokos, a notary in Warsaw in the Repertory no. A 1633/2014, that was changed by way of a resolution of December 22, 2014 that was entered into a protocol by Ewa Rokos in the Repertory no. A6947/2014. All the shares were obtained by the Issuer as a current partner.

On August 4, 2014, an extraordinary General Meeting of Shareholders of Bliska Wola 1 Spółka z o.o. with its registered office Ząbki made a resolution on the increase of the share capital from the amount of PLN 5,000 to the amount of PLN 14,270,350, i.e. by a factor of PLN 14,625,350 by way of creation of 285,307 new shares with the value of PLN 50 each. This fact was entered into a protocol by Ewa Rokos, a notary in Warsaw, in the Repertory no. 2660/2014. All the shares were obtained by the Issuer as a current owner.

On August 21, 2014 an extraordinary General Meeting of Shareholders of Bliska Wola 2 Spółka z o.o. with its registered office in Ząbki made a resolution on the increase of the share capital from PLN 5,000 to the amount of PLN 6,805,000, i.e. by a factor of PLN 6,800,000 by way of creation of 136,100 new shares with the value of PLN 50 each. This fact was entered into a protocol by Ewa Rokos, a notary in Warsaw, into the Repertory no. 3072/2014. All the shares were obtained by the Issuer as a current partner. On November 7, 2014 a new resolution was made regarding an increase of

the share capital as a result of which the share capital was increased to the amount of PLN 7,020,000. This fact was entered into a protocol by Ewa Rokos, a notary in Warsaw, in the Repertory no. A5397/2014.

**Note 33. Events which occurred after the balance sheet date**

Occupancy permit

On January 25, Company received a building permit for construction of multi-family homes and semi-detached buildings located in Gdynia at Sochaczewska/Plocka streets. The permit is not final and binding.

Credit agreements

On February 10, 2015, Company entered into an investment credit agreement with Getin Noble Bank SA regarding co-financing of realization of an residential real estate investment "Bernadowo Park" in Gdynia with the value of PLN 30,900,000 with the payment date of December 20, 2017.

Credit repayment

On February 2, 2015, Company paid in full an open-end credit allotted to co-financing of realization of the Oaza Piątkowo investment at Jaroczyńskiego street in Poznan to the amount of PLN 21,000,000.

**Note 34. Selected financial data including basic items of the consolidated financial statements in thousands PLN**

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.

In order to convert the balance sheet data on the last day of the period between January 1, 2013 through December 31, 2013 the adopted exchange rate of euro was fixed by the National Bank of Poland, which was PLN 4,1472 per 1 euro.

In order to convert the profit and loss account data for the period between January 1, 2013 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.

In order to convert the profit and loss account data for the period between January 1, 2013 through December 31, 2013, the adopted exchange rate of euro was fixed by the National Bank of Poland, which was PLN 4,2110 per 1 euro

| Consolidated balance sheet's item   | December 31, 2014 |                | December 31, 2013 |                |
|-------------------------------------|-------------------|----------------|-------------------|----------------|
|                                     | PLN               | EUR            | PLN               | EUR            |
| <b>Total Assets</b>                 | <b>1 450 246</b>  | <b>340 250</b> | <b>1 407 507</b>  | <b>339 387</b> |
| Fixed assets                        | 904 779           | 212 275        | 885 362           | 213 484        |
| Current assets                      | 545 467           | 127 975        | 522 145           | 125 903        |
| <b>Total equity and liabilities</b> | <b>1 450 246</b>  | <b>340 250</b> | <b>1 407 507</b>  | <b>339 387</b> |
| Equity                              | 627 158           | 147 141        | 513 374           | 123 788        |
| Long-term liabilities               | 522 900           | 122 680        | 589 186           | 142 068        |
| Long-term liabilities               | 300 188           | 70 429         | 304 946           | 73 531         |

| Consolidated profit and loss account item                | from January 1, 2014 through December 12, 2014 |        | from January 1, 2013 through December 31m 2013 |        |
|--|--|--------|--|--------|
|  | PLN  | EUR    | PLN  | EUR    |
| Net revenues from sales of products, goods and materials | 212 836  | 50 805 | 327 533  | 77 781 |

Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

|   |               |              |               |               |
|---|---------------|--------------|---------------|---------------|
| Costs of products, goods and materials sold | 171 274       | 40 884       | 258 523       | 61 393        |
| <b>Gross profit (loss) on sales</b>         | <b>41 562</b> | <b>9 921</b> | <b>69 010</b> | <b>16 388</b> |
| Sales expenses                              | 18 992        | 4 533        | 20 171        | 4 790         |
| Overheads                                   | 14 728        | 3 516        | 20 667        | 4 908         |
| Profit (loss) on sales                      | 36 235        | 8 650        | 42 630        | 10 123        |
| Operating profit (loss)                     | 35 246        | 8 414        | 48 468        | 11 510        |
| <b>Gross profit (loss)</b>                  | <b>11 793</b> | <b>2 815</b> | <b>12 836</b> | <b>3 048</b>  |
| Income tax                                  | 3 452         | 824          | 1 392         | 331           |
| <b>Net profit (loss)</b>                    | <b>8 341</b>  | <b>1 991</b> | <b>11 444</b> | <b>2 718</b>  |

| Issuer's balance sheet item         | December 31, 2014 |                | December 31, 2013 |                |
|-------------------------------------|-------------------|----------------|-------------------|----------------|
|                                     | PLN               | EUR            | PLN               | EUR            |
| <b>Total Assets</b>                 | <b>1 199 412</b>  | <b>281 400</b> | <b>1 288 027</b>  | <b>310 578</b> |
| Fixed assets                        | 836 512           | 196 258        | 801 365           | 193 230        |
| Current assets                      | 362 900           | 85 142         | 486 662           | 117 347        |
| <b>Total equity and liabilities</b> | <b>1 199 412</b>  | <b>281 400</b> | <b>1 288 027</b>  | <b>310 578</b> |
| Equity                              | 638 932           | 149 903        | 533 665           | 128 681        |
| Long-term liabilities               | 370 828           | 87 002         | 459 263           | 110 741        |
| Short-term liabilities              | 189 652           | 44 495         | 295 099           | 71 156         |

| Profit and loss account item                             | from January 1, 2014 through December 31, 2014 |              | from January 1, 2013 through |               |
|--|--|--------------|------------------------------|---------------|
|  | PLN  | EUR          | PLN                          | EUR           |
| Net revenues from sales of products, goods and materials | 211 884  | 50 578       | 291 473                      | 69 217        |
| Costs of products, goods and materials sold              | 173 635  | 41 448       | 235 344                      | 55 888        |
| <b>Gross profit (loss) on sales</b>                      | <b>38 249</b>                                  | <b>9 130</b> | <b>56 129</b>                | <b>13 329</b> |
| Sales expenses   | 21 603   | 5 157        | 27 394                       | 6 505         |
| Overheads  | 10 684   | 2 550        | 13 263                       | 3 150         |
| Profit (loss) on sales                                   | 5 520  | 1 318        | 31 362                       | 7 448         |
| Operating profit (loss)                                  | 9 268  | 2 212        | 34 092                       | 8 096         |
| <b>Gross profit (loss)</b>                               | <b>-3 998</b>                                  | <b>-954</b>  | <b>14 171</b>                | <b>3 365</b>  |
| Income tax   | -565   | -135         | 2 295                        | 545           |
| <b>Net profit (loss)</b>                                 | <b>-3 434</b>                                  | <b>-820</b>  | <b>11 876</b>                | <b>2 820</b>  |

**Nota 35. Off-balance sheet entries**

| <b>OFF-BALANCE SHEET COLLATERALS - credit agreements</b>  | <b>December 31, 2014</b> |
|---|--------------------------|
| Investment real estate pledged as collateral - loans  | 724 214 515,03           |
| blank bills*  | 276 342 400,15           |
| Executory titles  | 1 803 934 401,83         |
| Pledge on shares of JWCH in Seahouse  | 25 500 000,00            |
| Assignment of the insurance contract  | 354 869 768,00           |
| Guarantees to the benefit of Bank Zachodni WBK on the investment credit of the Company of Seahouse Sp. z o.o. | 25 500 000,00            |
| A guarantee granted by Company to BWZ BK SA /BLISKA WOLA 2/   | 71 647 065,00            |
| A guarantee granted by Company to BZ WBK SA /Dana Invest/   | 28 056 975,52            |
| A guarantee granted by Company to BPS /Łódź Invest/   | 15 491 884,39            |
| Registered pledge on Company shares in Dana Invest  | 21 042 731,64            |
| A guarantee granted by Company towards Nowe Tysiąclecie-loan  | 31 500 000,00            |
| Registered pledge on Company shares in Nowe Tysiąclecie   | 31 500 000,00            |
| Registered pledge on Company shares in Bliska Wola 2  | 71 647 065,00            |
| Financial pledges on Company shares in Bliska Wola 2  | 71 647 065,00            |
| Registered pledge on Company shares in Łódź Invest  | 23 237 826,58            |
| Registered pledge due to having a bank account  | 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.

| <b>OFF-BALANCE SHEET COLLATERALS - other</b>              | <b>December 31, 2014</b> |
|---|--------------------------|
| Investment real estate pledged as collateral - bonds      | 335 000 000,00           |
| blank bill  | 18 558 708,50            |
| Executory titles  | 1 134 750,00             |
| Guarantees to the benefit of TBS "Marki" Sp z o.o.        | 22 400 000,00            |
| 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               |

As at 31 December 2014 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 2014 the total value of guarantees was PLN 11,5m and EUR 1,3 thousand (JW. Construction Holding SA) and PLN 6,0m AND 103,2 thousand Euro (J.W. Construction sp. z o.o.).

**Note 36. Significant issues in litigation**

As of December 31, 2014 Company was a party to the lawsuits brought in its name the value of which is 118m in total. 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.



After the preparation of the financial statement, a court decision was issued that dismissed the Company claim. Company filed a petition for proper justification to make an appeal.

### Note 37. Financial instruments and hedge accounting

The Company does not use derivatives. The Company uses bank credits, loans, bond issues as well as financial leases. The main financial assets of the Company include shares in associated Companies, loans for related companies and bank deposits.

#### The fair values of particular classes of financial instruments

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

|  | Category<br>in<br>accordance<br>with IAS 39 | Balance sheet value  |                      | Fair value           |                      |
|--|---|----------------------|----------------------|----------------------|----------------------|
|  |   | December 31,<br>2014 | December 31,<br>2013 | December 31,<br>2014 | December 31,<br>2013 |
| <b>Financial assets</b>                        |   |                      |                      |                      |                      |
| Long term financial assets in related entities | DDS   | 12 304,98            | 14 804,98            | 0,00                 | 0,00                 |
| Long term financial assets in other entities   | DDS   | 209 550,00           | 214 194,62           | 0,00                 | 0,00                 |
| Short-term loans                               | PiN   | 0,00                 | 563 328,23           | 0,00                 | 563 328,23           |
| Trade and other receivables                    | PiN   | 52 119 814,27        | 0,00                 | 52 119 814,27        | 53 368 286,67        |
| Cash and cash equivalents                      | WwWGpWF                                     | 41 320 236,05        | 53 368 286,67        | 0,00                 | 15 818 508,58        |
| <b>Financial liabilities</b>                   |   |                      |                      |                      |                      |
| Loans with a floating interest rate            | PZFwgZK                                     | 264 630 962,64       | 328 425 301,37       | 264 630 962,64       | 328 425 301,37       |
| Loans from related or 3-rd party companies     | PZFwgZK                                     | 11 588 891,04        | 4 025 700,48         | 11 588 891,04        | 4 025 700,48         |
| Liabilities from long-term financial lease     | PZFwgZK                                     | 67 112,46            | 117 280,26           | 0,00                 | 47 268 288,91        |
| Short-term financial lease obligations         | PZFwgZK                                     | 8 504 593,84         | 25 674 106,42        | 0,00                 | 7 066 702,63         |
| Trade and other receivables                    | PZFwgZK                                     | 53 724 734,68        | 77 544 662,69        | 53 724 734,68        | 77 544 662,69        |
| Bonds  | PZFwgZK                                     | 247 018 342,56       | 299 849 363,10       | 247 018 342,56       | 299 849 363,10       |
| Liabilities from long-term deposits            | PZFwgZK                                     | bw2                  | 5 584 401,99         | bw2                  | 5 584 401,99         |
| Promissory notes liabilities                   | PZFwgZK                                     | 6 007 576,49         | 6 582 907,76         | 6 007 576,49         | 6 582 907,76         |

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, 2014 - floating interest rate | do 1 roku     | 1 do 2 lat | 2 - 5 lat | powyżej 5 lat | Ogółem        |
|--|---------------|------------|-----------|---------------|---------------|
| Cash Assets                                | 41 320 236,05 | 0,00       | 0,00      | 0,00          | 41 320 236,05 |
| Financial assets - short-term              | 0,00          | 0,00       | 0,00      | 0,00          | 0,00          |

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|                              |               |                |               |               |                |
|------------------------------|---------------|----------------|---------------|---------------|----------------|
| loans                        |               |                |               |               |                |
|                              |               |                |               |               | 11 588 891,04  |
| Loans from related companies | 11 588 891,04 | 0,00           | 0,00          | 0,00          |                |
| Bank Loans                   | 78 779 197,21 | 54 611 018,57  | 49 555 405,14 | 81 631 093,23 | 264 576 714,15 |
| Bond obligations             | 15 958 342,56 | 231 060 000,00 | 0,00          | 0,00          | 247 018 342,56 |

**Collaterals**

The Company does not apply hedge accounting.

**Nota 38. Changes in the Management and Supervisory Board of the Dominant Entity in the Capital Group - J.W. Construction Holding S.A.**

Management Board:

As of December 31, 2014 Company Management Board was composed of :

Wojciech Rajchert – Board Member  
Magdalena Starzyńska – Board Member  
Małgorzata Ostrowska – Board Member

During 2014, the composition of the Management Board of the Company was changed as follows:

On May 30, 2014, due to the expiry of the current term on June 1, 2014 and fixing the number of Management Board Members and Supervisory Board Members at 4 persons, the Supervisory Board appointed the following persons to the Management Board of 3<sup>rd</sup> joint term:

Mr. Wojciech Rajchert – Board Member  
Ms. Magdalena Starzyńska – Board Member

On the same day, Company received a statement from an eligible shareholder regarding appointment to the Management Board of 3<sup>rd</sup> joint term the following persons:

Ms. Irmina Łopuszyńska – Board Member  
Ms. Małgorzata Ostrowska – Board Member

On October 9, 2014 Company received a statement from an eligible shareholder regarding dismissal of Ms. Irmina Łopuszyńska from the Management Board following a personal entitlement granted bases on Company articles of association.

**Supervisory Board**

As of January 1, 2014, Company Supervisory Board was composed of:

Mr. Józef Wojciechowski - Chairman of Supervisory Board  
Mr. Józef Oleksy – Vice Chairman of Supervisory Board  
Mr. Andrzej Podsiadło – Member of Supervisory Board  
Mr. Jarosław Król – Member of Supervisory Board  
Mr. Marek Samarcew - Member of Supervisory Board  
Ms. Barbara Czyż – Member of Supervisory Board

In 2013, composition of the Supervisory Board of the Company was changed as follows:

On May 15, 2014 an ordinary General Meeting of Shareholders took place that approved the financial statement for the entities being part of Company, as well as the consolidated financial statement for 2013, Management reports on Company activity and Company's Capital Group, discharged Members of Company's governing bodies, conducted the division of profit by way of allotting it in full to the reserve capital.

The ordinary General Meeting of Shareholders also made a resolution regarding the number of Supervisory Board Members for the current and next term and appointing to the Supervisory Board:

Mr Jacek Murawski  
Mr Andrzej Podsiadło  
Mr Jarosław Król

In the same year, Company received declarations of the eligible shareholder regarding appointment to the Supervisory Board:

Mr Józef Wojciechowski  
Mr Józef Oleksy  
Mr Marek Samarcew

On October 9, 2014, an extraordinary General Shareholder Meeting adopted a resolution regarding dismissal Mr. Jacek Murawski from the Supervisory Board of Company.

On October 9, 2014, an extraordinary General Shareholder Meeting adopted a resolution regarding appointing of Ms. Barbara Czyż to the Supervisory Board of Company.

### Note 39. 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, 2014 | December 31, 2013 |
|---------------------------------------|-------------------|-------------------|
| Interest-bearing loans and borrowings | 276 219 853,68    | 332 451 001,85    |
| Trade and other receivables           | 546 867 538,14    | 561 681 794,84    |
| Minus cash and cash equivalents       | -41 320 236,05    | -15 818 508,58    |
| Net debt                              | 781 767 155,76    | 878 314 288,11    |
| Company Equity                        | 627 158 202,23    | 513 374 216,23    |
| Net unrealized gains reserves         | 0                 | 0,00              |
| Total capital                         | 627 158 202,23    | 513 374 216,23    |
| Capital and net debt                  | 1 408 925 357,99  | 1 391 688 504,34  |
| Equity ratio                          | 44,51%            | 32,69%            |
| Credits ratio                         | 55,49%            | 67,31%            |

### Note 40. Information on the agreement with the entity authorized to audit the financial statement and conduct the review of the consolidated financial statement

On July 24, 2014, Company entered into an agreement with BDO sp. z o.o., an entity eligible to audit financial statements, on the preparation of an interim and annual financial report for the year 2014.

Auditor's remuneration for auditing the financial statement prepared for the business year ending on December 31, 2014 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, 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



Consolidated financial statement for the period between January 1, 2014 and December 31, 2014

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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 audit of the financial statement prepared for the previous business year ended on December 31, 2013 amounted to PLN 175 thousand, PLN 125 thousand of which pertained to the review and audit of the financial statement of entities being part of Company, PLN 50 thousand of which to the interim report and the audit of the annual consolidated financial statement.

Auditor's remuneration for the services rendered in relation to the consolidated financial statements for the business year ended on December 31, 2013 amounted to PLN 50 thousand, PLN 25 thousand pertained to the annual consolidated financial statement and the other PLN 25 thousand to the interim consolidated financial statement. Auditor's remuneration for the services rendered in relation to the financial statements of entities being part of Company for the business year ended on December 31, 2013 amounted to PLN 120 thousand, PLN 85 thousand of which pertained to the annual financial statement, and PLN 40 thousand to the interim report. These sums are net sums.

**Note 41. Information on the approval of the consolidated financial statement for the previous year**

The consolidated financial statement for 2013 was approved by General Meeting of Shareholders on May 15, 2014.

Signature of the person preparing the Financial Statement

|  |           |
|--|-----------|
| Irmina Łopuszyńska<br>Chief Accountant | Signature |
|--|-----------|

Signatures of Management Board Members

|                                      |           |
|--------------------------------------|-----------|
| Wojciech Rajchert<br>Board Member    | Signature |
| Magdalena Starzyńska<br>Board Member | Signature |
| Małgorzata Ostrowska<br>Board Member | Signature |

Ząbki, Poland on February 25, 2015