

**Report on the consolidated financial statements of
the Capital Group of J.W. Construction Holding S.A.
with J.W. Construction Holding as the Parent Company**

**for the financial year
from 1 January 2010 to 31 December 2010**

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I. GENERAL INFORMATION

1. Identification particulars of the Parent Company

1.1. Name and legal form

J.W. Construction Holding Spółka Akcyjna (a joint-stock company).

1.2. Domicile

The Company is domiciled in Ząbki, at ul. Radzyńska 326.

1.3. Business

During the audited period the core business of the Company comprised building and sale of housing and commercial real estate. J.W Construction Holding S.A. implemented developer projects on its own and through special purpose vehicles.

The real business is compliant with the one disclosed in the National Court Register.

1.4. Legal basis

J.W. Construction Holding S.A. operates under:

- the Articles of Association of the Company, drawn up as a notarial deed on 28 December 2000 (Register A 16595/2000), as amended and
- the Code of Commercial Companies of 15 September 2000 (Journal of Laws No. 94, Item 1037, as amended).

1.5. Registration with the Business Court

On 16 July 2001 the Company was registered with the National Court Register at the District Court for Warsaw, under number KRS 0000028142.

1.6. Registration with the Revenue Office and the Provincial Statistical Office

tax number NIP 125-00-28-307

statistical number REGON 010621332

1.7. Equity of the Parent Company

As at 31 December 2010 the share capital of the Company amounted to PLN 10 814 656.00 and was divided into 54 698 280 shares with a par value PLN 0.20 each.

On 18 May 2010, pursuant to Resolution No. 26, the General Meeting of the Shareholders acting pursuant to article 359 of the CCC and the Articles of Association decided to redeem its own shares purchased from the net profit located in the supplementary capital. In connection with the redemption of shares under Article 455 of the CCC, the value of the Company's capital share was reduced from the amount of PLN 10 939 656.00 by the amount of PLN 125 000.00. The aim of the reduction was to redeem of own shares purchased by the Company and transfer the reduction amount to the supplementary capital, in accordance with the article 457.2 of the CCC.

The Shareholders holding directly, or indirectly through subsidiaries, at least 5% of the total number of votes in the General Meeting as at the end of 2009 and 2010 were as follows:

As at 31 December 2009

Shareholder	Shares		% of share capital
	Number	Value (PLN)	
EHT S.A.	24 448 300	4,889,660.00.	44.70%
Mr. Józef Wojciechowski	15 413 713	3,082,742.60.	28.18%
Own shares	625,000.	125,000.00.	1.14%
Other shareholders	14,211267	2,842,253.40.	25.98%
TOTAL	54,698,280.	10,939,656.00.	100.00%

As at 31 December 2010

Shareholder	Shares		% of share capital
	Number	Value (PLN)	
EHT S.A.	18,568,300	3,713,660.00.	34.34%
Mr. Józef Wojciechowski	15 413 713	3,082,742.60.	28.51%
Funds managed by PKO TFI S.A	3,245,668	649,133.60.	6.00%
Funds managed by Pioneer TFI	2,740,362	548,072.40.	5.07%
Other shareholders	14,105,237	2,821,047.40.	26.09%
TOTAL	54,073,280.	10,814,656.00.	100.00%

The shareholding structure of the Company and its share capital value from the balance sheet date until the date of this audit report on the financial statements was slightly changed. In reference to the above, shareholders holding directly, or indirectly through subsidiaries, at least 5% of the total number of votes in the General Meeting as at 15 March 2011 were as follows:

As at 15 March 2011

Shareholder	Shares		% of share capital
	Number	Value (PLN)	
EHT S.A.	18,568,300	3,713,660.00.	34.34%
Mr. Józef Wojciechowski	15 413 713	3,082,742.60.	28.51%
Funds managed by PKO TFI S.A	3,245,668	649,133.60.	6.00%
Funds managed by Pioneer TFI	2,740,362	548,072.40.	5.07%
Other shareholders	14,105,237	2,821,047.40.	26.09%
TOTAL	54,073,280.	10,814,656.00.	100.00%

In case of investment funds, whose share capital of the Company is in the range from 5% to 10%, they may freely buy and sell shares of the Company without any obligation to inform about the current state ownership. Therefore, the shareholding as at the date of this report is identical with the shareholding as at the balance sheet date.

As at 31 December 2010 the equity of the Company consists of the following items:

- Revaluation capital PLN 7,472,000
- other reserves PLN 375,108,000
- Net profits PLN 79,401,000

Total equity as at 31 December 2010 was positive and amounted to PLN 472,795,000.

1.8. The Management Board of the Parent Company

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

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

During the audited period the composition of the Management Board of the Company was changed as follows:

- on 25 January 2010 pursuant to the statement of Mr. Józef Wojciechowski, Mr. Marek Samarcew was appointed as the Member of the Management of the Board;
- on 14 June 2010 Ms. Barbara Czyż resigned from her function as the Member of the Management Board and Vice -Chairman of the Board;
- On 5 August 2010, pursuant to the resolution of the Supervisory Board Ms. Grażyna Szafarowska was recalled from the Management Board.

- On 25 October 2010 Mr. Piotr Ciszewski resigned from the position of the Member of the Management Board.

In the period from the balance sheet date until the end of the audit the composition of the Management Board of the Company was changed as follows:

- on 11 January 2011 pursuant to the statement of Mr. Józef Wojciechowski, Mr. Robert Wójcik changed his position from the Vice-Chairman of the Management Board to the Member of the Management Board;
- on 17 January 2011 pursuant to the statement of Mr. Józef Wojciechowski, Mr. Tomasz Panabażys changed his position from the Member of the Management Board to the Vice-Chairman of the Management Board.

As at the date of stand-alone annual financial statements of the Company the Management Board of the Company was composed of:

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

1.9. The Supervisory Board

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

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

During the audited period the composition of the Supervisory Board of the Company was changed as follows:

- on 25 January 2010 pursuant to the statement of Mr. Józef Wojciechowski, Mr. Marek Maruszyński was appointed as the Member of the Supervisory Board;
- on 8 April 2010, Mr. Marek Maruszyński resigned from his position as the Member of the Supervisory Board;
- on 13 May 2010 pursuant to the statement of Mr. Józef Wojciechowski, Mr. Andrzej Podsiadło was appointed as the Member of the Supervisory Board;
- In connection to the expiration of the term of office of Mr. Jacek Obłąkowski under the Article 386 of the CCC, Mr. Jacek Obłąkowski's mandate expired;
- on 18 May 2010 under Resolution No. 23 of the General Meeting of Shareholders, Mr. Henryk Pietraszkiewicz was appointed as the Vice-Chairman of the Supervisory Board;
- on 18 May 2010 under Resolution No. 24 of the General Meeting of Shareholders, Mr. Jarosław Król was appointed as the Member of the Supervisory Board;

- on 18 May 2010 under Resolution No. 25 of the General Meeting of Shareholders, Mr. Marcin Michnicki was appointed as the Member of the Supervisory Board;

In the period from the balance sheet date until the end of the audit the composition of the Supervisory Board wasn't changed.

As at the date of stand-alone annual financial statements of the Company for the financial year 2010 the Supervisory Board of the Company was composed of:

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

2. Companies of the Capital Group

2.1. The Parent Company

The financial statements of J.W Construction Holding S. A was prepared as at 31 December 2010 and covered the period from 1 January 2010 to 31 December 2010.

The financial statements were audited by BDO Sp.z o.o under the direction of by the certified auditor Edyta Kalińska (Registration No. 10336) and received an unqualified opinion.

Balance sheet total	PLN 1,250,870
EarningsNet profit/loss	PLN 79,401,000
Increase in equity	PLN 79,401,000
Increase in cash	PLN 79,401,000
Revenues from sales	PLN 576,567,000

2.2. Subsidiaries

The financial statements of most of the subsidiaries were prepared in accordance with the principles (policy) of accounting under the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Community regulations and to the extent not provided thereunder - in accordance with the Act on Accounting and executory provisions issued under the same. Other financial statements of subsidiaries were prepared in accordance with the provisions under the Accounting Act, and for the purpose of the consolidation of the Group in the consolidated financial statements include the appropriate adjustments and transforms according to the principles of accounting in accordance with IAS / IFRS.

All financial statements cover the period from 1 January 2010 to 31 December 2010, unless otherwise noted.

As at 31 December 2010 the Company controlled or jointly controlled the following subsidiaries or fellow subsidiaries directly included in the consolidated financial statements:

1. Lokum Sp. z oo
Domicile: Warsaw
Business: real estate development and sale
Method of consolidation: full consolidation
Ownership structure: 99.99% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

2. Interlokum Sp. z o.o.
Domicile: Warsaw
Business: real estate development and sale
Method of consolidation: full consolidation
Ownership structure: 100.00% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

3. Project 55 Sp. z o.o.
Domicile: Warsaw
Business: real estate development and sale
Method of consolidation: full consolidation
Ownership structure: 100.00% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

4. TBS Marki Sp. z o.o.
Domicile: Warsaw
Business: social building
Method of consolidation: full consolidation
Ownership structure: 99.99% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
The entity authorized to audit: BDO Sp. z o.o.
Opinion: qualified

The audit opinion on TBS Marki Sp. z o.o. contains the following qualification:

“The audit disclosed that non-current accrued expenses of TBS MARKI Sp. z o.o. presented the amount of PLN 2,565,571.25 being capitalised interest on an investment credit. The said interest covered the period from 2001 to 2010 i.e. the period of loan repayment after handing the

constructed structures over for use. In the opinion of the auditors capitalised interest increasing the outstanding principal of a loan should not be deferred as they do not satisfy the requirements of Article 3.1.12 of the Act on Accounting. Interest charged by the bank during the periods of their accrual should be disclosed in financial expenses.”

In the consolidated financial statements, the Parent Company recognized a consolidated adjustment for impairment loss on said assets.

5. Deweloper Sp. z o.o.

Domicile: Siemianowice Slaskie
Business: building and assembly production,
Method of consolidation: full consolidation
Ownership structure: 99% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

6. J.W. Construction International Sp. z o.o

Domicile: Kolomna, Russia
Business: developer and investor activity
Method of consolidation: full consolidation
Ownership structure: 100% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

7. Porta Transport Sp. z o.o. in liquidation

Domicile: Szczecin
Business: transport services,
Method of consolidation: full consolidation
Ownership structure: 100% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

8. Construction Invest Sp. z o.o.

Domicile: Ząbki,
Business: real estate development and sale
Method of consolidation: full consolidation
Ownership structure: 100% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

9. J.W. Construction S.A.

Domicile: Ząbki,
Business: building production,
Method of consolidation: full consolidation
Ownership structure: 99.99% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010

The entity authorized to audit: BDO Sp. z o.o.
Opinion: unqualified

10. JWCH Produkcja Budowlana Sp. z o.o.

Domicile: Ząbki,
Business: prefabricated unit production for the building industry
Method of consolidation: full consolidation
Ownership structure: 99.99% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
The entity authorized to audit: Wielkopolskie Centrum Audytorsko - Księgowe Sp. z o.o.
Opinion: unqualified

11. JWCH Budownictwo Drogowe Sp. z o.o.

Domicile: Ząbki,
Business: road infrastructure construction
Method of consolidation: full consolidation
Ownership structure: 99.95% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

12. JW Projekt Sp. z o.o.

Domicile: Warsaw
Business: architecture and designing
Method of consolidation: full consolidation
Ownership structure: 99.98% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

13. YAKOR HOUSE Sp. z oo

Domicile: Sochi, Russia
Business: developer activity
Method of consolidation: full consolidation
Ownership structure: 70% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

14. Stadnina Mazowiecka Sp. z o.o.

Domicile: Ząbki,
Business: purchase and sale of properties
Method of consolidation: full consolidation
Ownership structure: 100% JWCH S.A
Period covered by this report: from 1 January 2010 to 31 December 2010
Opinion: not audited

2.3. Entities excluded from consolidation

In 2010 the Parent Company excluded the following subsidiaries from the obligatory consolidation:

- Business Financial Construction Sp. z oo domiciled in Warsaw-99.9% (a subsidiary);
- Polonia SSA, domiciled in Warsaw - 100% (a subsidiary);
- J.W. Bułgaria Sp. z o.o domiciled in Sofia - 100% (a subsidiary);

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

3. Particulars of the audited consolidated financial statements

The audit covered the consolidated financial statements of the Capital Group of J.W. Construction Holding S.A. for the period from 1 January 2010 to 31 December 2010, comprised of:

- consolidated statement of financial position as at 31 December 2010 with total assets and total equity and liabilities of PLN 1 382 179 ;
- consolidated income statement for the period from 1 January 2010 to 31 December 2010 with net profit of PLN 92 012 000;
- consolidated statement of comprehensive income for the period from 1 January 2010 to 31 December 2010 with net profit of **PLN 91 375 000**;
- consolidated statement of changes in equity for the period from 1 January 2010 to 31 December 2010 with an increase in equity by PLN 46 684 000 ;
- consolidated statement of cash flow for the period from 1 January 2010 to 31 December 2010 with an increase in cash by PLN 40 912 000 net;
- additional information and notes presenting the applied principles of accounting, notes to the financial statements and notes to off-balance sheet items.

and the Management Commentary on the Company for 2010

4. Particulars of the licensed auditing firm and the certified auditor conducting the audit

The audit of the consolidated financial statements of the Capital Group of J.W. Construction Holding domiciled in Żabki for the accounting year 2010 was conducted by BDO Sp. z o.o. domiciled in

Warsaw, at ul.Postępu 12 in Warsaw, a licensed auditing firm registered with the National Board of Certified Auditors under number 3355.

The certified auditor was chosen by the Supervisory Board of the audited Company by virtue of its Resolution No. 1 of 8 July 2010.

The audit was conducted pursuant to the audit agreement concluded on 26 July 2010 by the certified auditor Edyta Kalińska (Reg. No. 10336).

We represent that BDO Sp. Ltd., its Management Board, the certified auditor with the teams auditing the above-mentioned statements meet the requirements for issuing an objective and independent opinion on the audited financial statements - in accordance with the article 56.3 and 4 of the Act on certified auditors, their self-government and entities authorised to audit financial statements and on public supervision. (Journal of Laws of 2009, No. 77, item 649).

The Parent Company made all the representations and explanations and provided all the information necessary to conduct the audit and requested by the certified auditor during the audit. The Company also informed that no significant events occurred in the period from the balance sheet date to the day of the representation.

The certified auditor was not limited in choosing appropriate methods of auditing.

5. Information on financial statements for the previous year

The opening balance was based on the consolidated financial statements for the period from 1 January 2009 to 31 December 2009, audited by BDO Sp. z o.o. and was given an opinion without any objections.

The consolidated financial statements of the Capital Group for the period from 1 January 2010 to 31 December 2010 and the Management Commentary on the Capital Group for 2009 were approved with Resolutions No. 5 of the Annual General Meeting of 18 May 2010 drawn up as a notarial deed register Reg. A No.: 6811/2010.

The consolidated financial statements for 2009 were submitted to the Tax Office of the proper venue and to the National Court Register. The consolidated financial statements of the Capital Group for 2009 were published in the Monitor Polski B official bulletin 5 August 2010.

6. Other information

The Capital Group changed a presentation of participating shares in TBS Marki Sp. z oo. The changes were made retrospectively converting comparable data on 31.12.2009 and 01.01.2009. In connection with this change, the financial statements for the previous years differ from the previously approved financial statements.

II. FINANCIAL ANALYSIS OF THE COMPANY

Below are presented selected items of the income statement and balance sheet in thousands of zlotys as well as key financial ratios compared to the same items for the previous years. The following analysis is presented based on carrying values of the Capital Group, without the effect of inflation.

1. Key items from the income statement

Detailed list	2010.	% of revenues from sales	2009.	% of revenues from sales	2008.
Revenues from sales of goods and products	620,026.	100.0%	713,284.	100.0%	758,939.
Costs of goods and products sold	442,404.	71.4%	527,978.	74.0%	565,814.
Gross profit on sales	177,622.	28.6%	185,306.	26.0%	193,125.
Selling and overhead expenses	57,419.	9.3%	46,437.	6.5%	54,306.
Revaluation of investment properties	10,191.				
Profit on sales	130,394.	21.0%	138,869.	19.5%	138,819.
Other operating income	12,027.	1.9%	3,863.	0.5%	(15,696)
Financial net	(29,022)	(4.7%)	(23,517)	(3.3%)	(14,333)
Gross profit	113,400.	18.3%	119,215.	16.7%	108,790.
Income tax	21,388.	3.4%	18,818.	2.6%	35,967.
Net profit	92,012.	14.8%	100,397.	14.1%	72,822.

Detailed list	2010.	Dynamics 2009/2008	2009.	Dynamics 2008/2007	2008.
Revenues from sales	620,026.	86.93%	713,284.	93.98%	758,939.
Costs of goods and products sold	442,404.	83.79%	527,978.	93.31%	565,814.
Gross profit on sales	177,622.	95.85%	185,306.	95.95%	193,125.

2. The key values of the financial position

ASSETS	31/12/2010	% of balance sheet total	31/12/2009	% of balance sheet total	01/01/2009	% of balance sheet total
Non-current assets	570,564.	41.3%	425,653.	27.9%	472,701.	26.3%
Intangible assets	5,952.	0.4%	6,806.	0.4%	11,235.	0.6%
Goodwill	12,390.	0.9%	12,390.	0.8%	12,390.	0.7%
Tangible assets	389,521.	28.2%	359,655.	23.6%	354,680.	19.8%
Non-current receivables	14,829.	1.1%	13,804.	0.9%	13,518.	0.8%
Long-term investments	128,872.	9.3%	17,395.	1.1%	57,463.	3.2%
Long-term accruals	19,001.	1.4%	15,603.	1.0%	23,414.	1.3%
Current assets	811,616.	58.7%	1,097,310.	72.1%	1,321,607.	73.7%
Inventories	31,936.	2.3%	38,436.	2.5%	42,866.	2.4%
Current receivables	59,610.	4.3%	57,332.	3.8%	77,498.	4.3%
Short-term investments	104,360.	7.6%	70,907.	4.7%	39,417.	2.2%
Short-term prepayments	21,345.	1.5%	14,465.	0.9%	14,063.	0.8%
Construction contracts	594,364.	43.0%	916,170.	60.2%	1,147,763.	64.0%
TOTAL ASSETS	<u>1,382,179.</u>	100.0%	<u>1,522,963.</u>	100.0%	<u>1,794,308.</u>	100.0%
EQUITY AND LIABILITIES						
Equity	462,891.	33.5%	371,515.	24.4%	276,346.	15.4%
Liabilities and reserves for liabilities	919,288.	66.5%	1,151,448.	75.6%	1,517,962.	84.6%
Provisions for liabilities	25,176.	1.8%	19,595.	1.3%	28,716.	1.6%
Non-current liabilities,	340,218.	24.6%	183,894.	12.1%	251,153.	14.0%
Current liabilities	329,832.	23.9%	529,471.	34.8%	553,888.	30.9%
Accruals	71,913.	5.2%	27,345.	1.8%	26,938.	1.5%
Accruals	152,148.	11.0%	391,143.	25.7%	657,268.	36.6%
TOTAL LIABILITIES	<u>1,382,179.</u>	100.0%	<u>1,522,963.</u>	100.0%	<u>1,794,308.</u>	100.0%

3. Key financial ratios

Liquidity ratios	2010.	2009.	2008.
Liquidity ratios I			
$\frac{\text{total current assets}}{\text{current liabilities}}$	2.5.	2.1.	2.4.
Liquidity ratios II			
$\frac{\text{total current assets- inventories}}{\text{current liabilities}}$	2.4.	2.0.	2.3.
Activity ratios			
Reveivables turnover in days			
$\frac{\text{average trade receivables *) x 365}}{\text{Revenues from sales}}$	24.	19.	8.
Inventories turnover in days			
$\frac{\text{average inventories *) x 365}}{\text{cost of products, goods and services sold}}$	29.	28.	28.
Return ratios			
Net profit margin on sales			
$\frac{\text{Net profit/loss}}{\text{Revenues from sales}}$	14.8%	14.1%	9.6%
Return on sales			
$\frac{\text{operating income}}{\text{Revenues from sales}}$	28.6%	26.0%	25.4%
ROA			
$\frac{\text{Net profit/loss}}{\text{total assets}}$	6.7%	6.6%	4.1%
ROE			
$\frac{\text{Net profit/loss}}{\text{Equity}}$	19.9%	27.0%	26.4%
Debt ratios			
Payables turnover in days			
$\frac{\text{average trade payables *) x 365 days}}{\text{cost of products, goods and services sold}}$	51.	67.	75.
Debt ratio			
$\frac{\text{liabilities and provisions for liabilities}}{\text{Equity}}$	61.3%	73.8%	83.1%

Total liabilities			
Efficiency of shares			
BVPS in PLN			
Equity	8.46.	6.79.	5.05.
number of shares			
Net profit/loss per share in PLN			
Net profit/loss	1.68.	1.84.	1.33.
number of shares			

**) average receivables, inventories and payables are calculated as arithmetic mean of the value of the items in the opening balance sheet and in the closing one.*

4. Interpretation of ratios and overall economic situation of the Capital Group

In the audited period, the Company generated profit of PLN 92,012,000.

The main source of profit generated by the Capital Group, in the audited period, were revenues from sales under the Parent Company's activity.

The Capital Group's balance sheet structure did not change significantly in comparison to the previous year except for the value of long-term investment, whose share in the assets went up to the level of 9.3% (1.1% last year). This increase was a result of a purchase of properties without a specific use classified as investment property.

An analysis of the structure of equity and liabilities proved that in the audited period the business activity of the Capital Group in 2010 was financed in 33% with equity and in 67% with external capital. The financing structure is safer than last year.

In the audited period, ROA of the Capital Group did not change significantly compared to the previous year. The ROS ratio went up by 2 percentage points. The ROE ratio went down by 7 percentage points, what was a result of lower net income and an increase in equity.

In comparison to the previous year, the level of liquidity of the Group has slightly improved. As a result of decrease in liabilities, debt ratios improved.

In the audited period the collection rate for liabilities increased in comparison to the previous period, which is associated with a decrease in revenues.

The average period of keeping inventories has not changed over the previous year.

III. SPECIFIC INFORMATION

1. Principles of consolidation of the financial statements

The consolidated financial statements of the Capital Group, with J.W. Construction Holding S.A. as the parent company, were prepared in accordance with the principles of the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Community regulations and to the extent not provided thereunder - in accordance with the Act on Accounting and supporting regulations issued under the same as well as based on correct books of accounts.

The Capital Group adopted the same standard principles and methods of measurement of particular assets, income and expenses as well as presentation of financial data.

Financial statements of entities covered by the consolidated financial statements were prepared as at the same balance sheet date as the financial statements of the parent company.

2. Additional information to the consolidated financial statement

The Capital Group of J.W. Construction Holding prepared in the correct additional information covering the applied principles of accounting, notes to the financial statements, as well as additional information and notes in accordance with the International Financial Reporting Standards, and to the extent not regulated in these standards - in accordance with the requirements of the Act on Accounting (Journal of Laws of 2009, No. 152, Item 1223, as amended) and executive provisions regulations issued under the same.

The additional information is complete and the figures contained in the same are compliant with other elements of the audited consolidated financial statements.

3. Consolidated statement of changes in equity

The consolidated statement of changes in consolidated equity was prepared accurately and it is correctly connected with the consolidated balance sheet and consolidated income statement.

The data presented in the statement of changes in consolidated equity show the changes in equity of the Group in a fair and correct manner.

4. Consolidated cash flow statements

The cash flow statement was prepared correctly with a two-step method in accordance with the principles (policy) of accounting under the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Community regulations and to the extent not provided thereunder - in accordance with the Act on Accounting and executive provisions issued under the same.

5. Parent Company's Management Commentary on the Capital Group

In accordance with Article 49 of the Act on Accounting, the Code of Commercial Companies and the Regulation of the Minister of Finance of 19 February 2009 on Current and Periodic Filings of Issuers of Securities and Conditions for Recognising Filings Required under Regulations of a Non-member State as Equivalent (Journal of Laws of 2009 No. 33, Item 259), the Management Board prepared the Management Commentary on the Capital Group of J.W. Construction Holding for the audited period.

Information presented in the Management Commentary on the Group complies with the information presented in the audited consolidated financial statements.

6. Statement of the Management Board of the Parent Company

The Management Board of the Parent Company of J.W. Construction Holding S.A. made a written statement that all data were recognised in books of accounts, all contingent liabilities were disclosed as well as all events that are significant for the Capital Group of J.W. Construction Holding and occurred after the balance sheet date.

Poznań, 15 March 2011

BDO Sp. z o.o.
Powstańców Śląskich Postępu 12
02-676 Warszawa
Registration number 3355

Auditor:

Edyta Kalińska

Certified auditor with Reg. No. 10336.

Acting for BDO:

Krystyna Sakson

Member of the Management Board

Certified auditor with Reg. No. 7899.