UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY 2018 AND 31 DECEMBER 2018

Ząbki, dn. 21.03.2019 r.

JW CONSTRUCTION

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A. INTRODUCTION TO UNCONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Name, registered office, registration authorities, subject of the Company's activity

J.W. Construction Holding S.A. hereinafter referred to as ("JWCH") with its registered office in Ząbki at 326 Radzymińsa St., REGON no. 010621332, was initially registered as Towarzystwo Budowlano-Mieszkaniowe Batory sp. z o.o. on March 7, 1994 under the 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. 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 construction, designing and supportive production, as well as trade in real estate, sales of aggregates and hotel services.

1.2 Lifetime, financial year

As at December 31, 2018, the lifetime of the Company is unlimited. The financial year for the company is a calendar year, i.e. the period between January 1 and December 31.

1.3 Governing Bodies of the Company

Management Board

Management Board Members

As at 31 December 2018 the Management Board comprises of:
Wojciech Rajchert – Management Board Member
Małgorzata Pisarek – Management Board Member
Małgorzata Ostrowska – Management Board Member
Piotr Suprynowicz – Management Board Member

The following changes were made to the Management Board in 2018:
On September 6, 2018 Małgorzata Pisarek was appointed to the Management Board of the Company on the basis of personal right granted to the Shareholder.
On 27 December 2018, effective as at 31 December 2018, Magdalena Starzyńska resigned from the Management Board of the Company.

As at the date of preparing these financial statements the Management Board comprises of:
Wojciech Rajchert – Management Board Member
Małgorzata Pisarek – Management Board Member
Małgorzata Ostrowska – Management Board Member
Piotr Suprynowicz – Management Board Member

Supervisory Board

Supervisory Board Members

Supervisory Board Members
As at 31 December 2018 the Supervisory Board comprises of:
Józef Wojciechowski – Chairman of the Supervisory Board
Małgorzata Szwarc - Sroka – Supervisory Board Member
Irmina Łopuszyńska Supervisory Board Member
Jacek Radziwilski – Supervisory Board Member
Barbara Czyż – Supervisory Board Member
Marek Maruszyński – Supervisory Board Member
Ryszard Matkowski – Supervisory Board Member

The following changes were made to the Supervisory Board in 2018:
On 16 January 2018, Barbara Czyż submitted her resignation from the Supervisory Board
On 16 January 2018, Ryszard Matkowski was appointed to the Supervisory Board by the Extraordinary General Meeting
On January 16, 2018 Barbara Czyż was appointed to the Supervisory Board of the Company on the basis of personal right granted to the Shareholder.

As at the date of preparing these financial statements the Supervisory Board comprises of:
Józef Wojciechowski – Chairman of the Supervisory Board
Małgorzata Szwarc - Sroka – Supervisory Board Member
Irmina Łopuszyńska Supervisory Board Member
Jacek Radziwilski – Supervisory Board Member
Barbara Czyż – Supervisory Board Member
Marek Maruszyński – Supervisory Board Member
Ryszard Matkowski – Supervisory Board Member

Audit Comittee

As at 31 December 2018 the Audit Comittee comprises of:
Ryszard Matkowski– Chairman (independent Supervisory Board Member)
Irmina Łopuszyńska – Member
Marek Maruszński – Member (independent Supervisory Board Member)

The following changes were made to the Audit Comittee in 2018:
On 30 January 2018, Jacek Radziwilski submitted his resignation from the Audit Comittee
On 1 February 2018, Ryszard Matkowski was appointed to the Audit Comittee

As at the date of preparing these financial statements the Audit Comittee comprises of:
Ryszard Matkowski – Chairman (independent Supervisory Board Member)
Irmina Łopuszyńska – Member
Marek Maruszński – Member (independent Supervisory Board Member)

1.4 Approval of the financial statements for publishing

These financial statements was approved by the Company's Management Board on 21 March 2018. If significant changes requiring disclosure are made, the financial statements may be amended after their preparation, prior to their approval, solely by the Company's Management Board.

1.5 Going concern basis and comparability of financial statement

J.W. Construction Holding S.A. assumes continuation of business activity and comparability of financial statements. As at the balance sheet date, J.W. Construction Holding S.A. does not find any circumstances indicating a threat to the continuation of operations. Financial reporting is prepared in accordance with the historical cost principle, except for certain financial instruments and certain transactions which, in accordance with IFRS 9, are measured or settled at fair value.

In the reporting period, the measurement method was not changed, which ensures comparability of financial data included in the presented unconsolidated financial statements.

1.6 Period covered by the report

The presented unconsolidated financial statements cover the period from 1 January 2018 to 31 December 2018, and the comparable financial data and explanatory notes cover the period from 1 January 2017 to 31 December 2017.

2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

2.1 Statement of unconditional compliance with IFRS

These unconsolidated financial statements for the period from 1 January 2018 to 31 December 2018 have been prepared in accordance with the applicable IAS/IFRS regulations approved by the European Union (approval by the European Union means the announcement of standards or interpretations in the form of European Commission regulations), in force as at 31 December 2018. To the extent not regulated by the above standards, these separate financial statements have been prepared in accordance with the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 351, as amended) and the executive regulations issued on its basis. In these separate financial statements, the general term IFRS is used to refer to both International Financial Reporting Standards and International Accounting Standards.

The accounting principles were applied in compliance with the continuity principle in all presented periods.
The financial statements have been prepared on an accrual basis, except for the statement of cash flows.

2.2 Measurement and financial statements currency

Items included in the unconsolidated financial statements are measured in the currency of the basic economic environment in which the Company operates (functional currency). The functional and presentation currency is the Polish zloty (PLN). The reporting currency of the financial statements is the Polish zloty (PLN).

2.3 Significant estimations and assumptions

Estimations and assumptions are subject to periodic verification. When making estimations J.W. Construction Holding S.A. makes the following assumptions referring to the future:
- Estimation of impairment allowance regarding receivables. 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 provides a verdict or issues a decision other than expected by the company and the created provisions may prove insufficient.
- The entity receives revenue from the services performed by the Issuer based on the task contracts for a fixed period of time. The services performed by the Issuer are long-term services. The period of their performance exceeds 6.
- The true value of the investment real estate is estimated by independent, professional entities specialized in real estate valuation. The Management Board verifies the valuations of the real estate by comaring them against similar market transactions and other information regarding possible prices for the real estate being verified,
- Estimates related to impairment analysis of groups of fixed assets generating long-term cash flows (hotels within the hotel business). In preparing the financial statements, impairment indicators are analysed on a case-by-case basis on the grounds of the analysis of future cash flows (EBITDA) in the period of planned use of the hotel facilities owned by the Company.

2.4 Changes to accounting policy

The accounting principles (policy) applied to prepare these financial statements for 2018 are consistent with those applied to prepare the annual financial statements for 2017, except for the changes described below.
The same principles were applied for the current and comparable period.

2.5 The results of applying new standards of accounting

- **New standards, interpretations and amendments to published standards, which were approved and published by the European Union and came into force on or after 1 January 2018**

IFRS 9 „Financial instruments"
IFRS 9 replaced as of 1 January 2018 the existing standard IAS 39 "Financial Instruments - Recognition and Measurement". The main changes in accounting resulting from the new standard are, first of all:

- the breakdown of financial assets into new categories,
- new rules for classifying financial assets into categories for the needs of valuation,
- a new model for recognizing impairment losses - a model of expected credit losses,
- new rules for recognizing changes in the fair value of investments in equity financial instruments,
- eliminating the need to separate embedded derivatives from financial assets under IFRS 9.

As part of the implementation of IFRS 9, the Group analyzed the impact of the application of the standard on the consolidated financial statements. The Group did not implement IFRS 9 earlier and applied the requirements of IFRS 9 retrospectively for periods beginning on January 1, 2018. In accordance with the option allowed by the standard, the Group resigned from the retrospective transformation of comparative data. The implementation of IFRS 9 influenced the change in accounting policy regarding the recognition, classification and valuation of financial assets, the valuation of financial liabilities and the determination of impairment losses on financial assets.

The standard introduces the following categories of classification and valuation:

- valuation at amortized cost,
- valuation at fair value through other comprehensive income,
- valuation at fair value through financial result.

The classification is made at the moment of initial recognition of financial assets and depends on the model of financial assets management accepted by the Company and the economic characteristics of the recognized items.

In addition, IFRS 9 introduces a new model for recognizing impairment losses. The new solution provides for revaluation write-offs not only for items for which impairment has been identified but also for potential (expected) credit losses.

The Company analyzed significant positions of financial instruments, as a result of which trade receivables, other receivables (including loans granted), bank deposits and cash were classified to the category of valuation at amortized cost.

When calculating the impairment allowance according to the model of expected credit losses for trade receivables, works and services as well as other receivables, the Company applied a simplified impairment allowance calculation taking into account expected credit losses for the entire lifetime of the position.
The write-down on receivables resulting from the implementation of IFRS 9 was estimated based on the analysis of individual clients' creditworthiness and the likelihood of failure to meet their obligations.

The estimated value of the write-off for receivables using the above method did not have a significant impact on the valuation of receivables and the amount of the adjustment as at 1 January 2018.

As a result of the analysis, it was also determined that the potential write-off for cash on bank accounts would be insignificant taking into account the credit risk assessment of banks in which the Group's companies hold cash.
The Company did not identify changes in the classification and valuation of financial liabilities when switching to IFRS 9 due to the fact that the existing solutions were mostly transferred from IAS 39 to the new standard.

IFRS 15 „Revenue from contracts with customers"
IFRS 15 has been approved for use in European Union Member States and applies to financial statements drawn up for periods beginning on or after January 1, 2018. The provisions of IFRS 15 apply to contracts with customers, except for leasing agreements covered by IAS 17, Leases, financial instruments and other contractual rights or obligations covered by IFRS 9 Financial Instruments, IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint arrangements ", IAS 27" Separate Financial Statements ", IAS 28 "Investments in Associates and Joint Ventures ", insurance contracts covered by IFRS 4" Insurance Contracts".
IFRS 15 assumes that revenue recognition should reflect the transfer of promised goods or services to a customer in an amount that corresponds to the consideration that the entity expects in exchange for the goods or services in question. In accordance with IFRS 15, the transfer of goods or services is based on the concept of transferring control over them to a customer, which may occur at a specified time (delivery of goods, product, termination of service) or over time (for example during providing the service or during the creation of an ordered product).

The Company has analyzed the principles of recognizing revenues from significant contracts in terms of qualifying the accounting recognition of revenues for the purposes of IFRS 15.

Revenues in the Company are generated mainly from the execution of developer contracts. The amount of revenues is determined in relation to each identified separate commitment to provide the service based on the transaction price using the unit sales price including discounts and rebates.

Recognising revenues depends on the identification of a service performed in time or a benefit realized at a specific moment.

Revenues from sales related to services performed over time are recognized in the financial result gradually during the performance of service, provided that it is probable that remuneration will be received in exchange for services provided to the client and if one of the following conditions is fulfilled:
- the client simultaneously receives and derives economic benefits from the services as the Company is providing it, or
- as a result of fulfillment of the service by the entity within the Group, an asset is created or improved, and the control over this component as it arises or improves, is exercised by the client, or
- as a result of the fulfillment of the obligation by the Group's entity, an asset is created that does not have an alternative application for the Group's unit and at the same time the entity has the right to be paid for the service performed so far.

Sales revenues related to services performed at a specific moment are recognized in financial results at the moment of performance of the service, provided that it is probable that they remuneration for it will be received.

IFRS 15 has been applied since 1 January 2018. Based on the analysis of the impact of the implementation of IFRS 15 (including the analysis of key contracts concluded with customers, broken down into individual business segments, in terms of specific areas of revenue recognition), no contracts were identified for which the implementation of IFRS 15 could have significant impact on the financial statements by changing the principles of revenue recognition.

- **Other standards**

- Clarifications to IFRS 15: "Revenue from Contracts with Customers"
- Changes to IFRS 2: "Share-based Payment" - the amendments introduce the following recognition requirements:

  (a) effects of vesting conditions and conditions other than vesting conditions on cash-settled share-based payments,

  (b) share-based payments that have a net settlement feature with tax liabilities,

  (c) modifications to the terms of share-based payment that result in a reclassification of the transaction from cash-settled to equity-settled.

- Amendments to IFRS 4 "Insurance Contracts" - Amendments were introduced to solve problems resulting from the implementation of the new IFRS 9 "Financial Instruments" before introducing a new standard replacing IFRS 4.).
- Amendments to IAS 40 "Investment real estate" - Investment property transfers specify that an entity transfers individual properties to or from investment properties only when there is evidence of a change in the way they are used. The change of use occurs when a particular property meets or ceases to meet the definition of investment property. Changing the intention of the management as to the manner in which the property is used does not in itself constitute a reason to change the way it is used. The changes also specify that the examples in paragraph 57 do not constitute a closed catalog of examples (before being changed, this list is a closed catalog of examples).
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" Interpretation. The interpretation specifies that in order to set the exchange rate, the transaction date is the date when the prepayment was first recognized as a non-monetary asset or deferred income liability. If there are multiple payments or impresss, the date of the transaction is determined for each payment or receipts.
- Amendments to IFRS (cycle 2014-2016) - Changes were made as part of the procedure of introducing annual amendments to IFRS. The changes concern IFRS 1, IFRS 12 and IAS 28 and are mainly focused on solving incompatibilities and clarifying vocabulary.

In the Company's opinion, the above-mentioned standards, interpretations and amendments to standards did not have a significant impact on the financial statements in the period of their first application.

- **Changes made by the Company**

The unconsolidated financial statements are prepared as at 31 December 2018, during the reporting year there was a merger of companies. In connection with the merger, the comparative data for 2017 and as at 31 December 2017 were adjusted for presentation.

The impact of the adjustment for presentation of comparable data on the Issuer's capitals is presented below:

CHANGES IN CAPITAL AFTER THE MERGER	**as at 31 December 2017**	**changes as at 31 December 2017**	**31December-2017 after adjustment**
Primary capital (fund)	17 771 888,60	0	17 771 888,60
Own shares (negative value)	0	0	0
Reserve capital (fund)	653 288 954,26	22 835 402,20	676 124 356,46
Profit (loss) from previous years	0,00	-4 724 163,88	-4 724 163,88
Net profit (loss)	26 944 762,14	2 086 651,66	29 031 413,80
Equity (fund)	**711 230 400,38**	**20 197 889,98**	**731 428 290,36**

The merger is described in Note 28 Additional information.

- **New standards, interpretations and amendments to published standards, which have been issued by the International Accounting Standards Board (IASB), have been approved by the European Union, but have not yet come into force**

When approving these financial statements, the Company did not apply the following standards, amendments to standards and interpretations, which were published by the IASB and approved for application in the EU, but which have not yet come into force. The Company intends to apply them for the periods for which they are effective for the first time:

- Amendments to IFRS 9 "Financial Instruments" Characteristics of the prepayment option with negative offset - modify the existing rights requirements for early termination of the contract to allow the valuation at amortized cost (or, depending on the business model, at fair value through other comprehensive income), in the case of negative compensation payments. The amendments provide that the sign (plus or minus) of the prepayment amount is not material - ie, depending on the interest rate applicable at the time the contract is terminated, a payment may be made to the party resulting in early repayment. The calculation of this compensation must be the same in both the penalty for early repayment as well as in the case of profit due to early repayment. Date of application - an annual period commencing on January 2019 or after that date.

- IFRS 16 "Leases" - In accordance with IFRS 16, the lessee recognizes the right to use an asset and liability under leasing. The right to use an asset is treated similarly to other non-financial assets and depreciated accordingly. Lease liabilities are initially measured at the present value of lease payments payable during the leasing period, discounted by the rate included in the lease, if it is not difficult to determine it, or by the marginal interest rate. IFRS 16 defines the lease period as a total, irrevocable period during which the lessee has the right to use the asset. he leasing period also includes optional periods when the entity is confident of the option of renewing (or failing to complete) the lease. Date of application - an annual period commencing on 1 January 2019 or after that date. Earlier application is permitted for entities that use IFRS 15 Revenue from contracts with customers from or before the date of first application of this standard.
- Interpretation of IFRIC 23 "Uncertainty over income tax treatments" - it may be unclear how the tax law relates to a specific transaction or circumstance or whether the tax authority will accept taxation of the entity. IAS 12, Income Taxes, defines how current and deferred taxes are settled, but does not reflect the effects of uncertainty. IFRIC 23 contains guidelines that complement the requirements of IAS 12, specifying how to reflect the effects of uncertainty when recognizing income tax. Date of application - an annual period commencing on 1 January 2019 or after that date.
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" - long-term shares in associates and joint ventures have been introduced to clarify that an entity applies IFRS 9 (including impairment regulations) to long-term shares in associates or joint ventures, which are included in the net investment in an associate or joint venture, for which the equity method was not applied. The amendments also remove paragraph 41, as it was considered that this paragraph only repeated the requirements contained in IFRS 9 and caused confusion regarding the settlement of long-term shares. Date of application - an annual period commencing in January 2019 or after that date.
- Amendments to IFRS (cycle 2015-2017) - changes made as part of the process of introducing annual amendments to IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) mainly focused on solving incompatibilities and refinement of vocabulary (valid for annual periods beginning with on January 1, 2019 or after that date).
- Amendments to IAS 19 "Employee benefits" - change, limitation or settlement of the plan require that after the plan change, apply the updated valuation assumptions in order to determine current service costs and net interest for the remaining part of the reporting period. Date of application - an annual period commencing on 1 January 2019 or after that date.
- Amendments to IFRS 3 Business Combinations - the amendment clarifies the definition of a business and aims to make it easier to distinguish acquisitions of businesses from groups of assets for the purpose of settling mergers (effective for annual periods beginning on or after 1 January 2020).
- Changes in the scope of references to the Conceptual Assumptions in IFRS will apply from 1 January 2020.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - clarify the definition of materiality and increase consistency between standards, but are not expected to have a significant impact on the preparation of financial statements. The amendment is mandatory for annual periods beginning on or after 1 January 2020. As at the date of preparation of these financial statements, these changes have not yet been approved by the European Union.
- IFRS 14 "Regulatory prepayments and accruals". - this standard allows entities that prepare financial statements in accordance with IFRSs for the first time (or after 1 January 2016) to account for amounts arising from operations at regulated prices in accordance with existing accounting policies. To improve comparability with entities that already apply IFRS and do not show such amounts, in accordance with published IFRS 14, amounts arising from activities at regulated prices should be presented as a separate line item both in the statement of financial position and in the income statement and the statement of other comprehensive income. IFRS 14 will not be approved as to the decision of the European Union.
- Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associates or joint ventures. The amendments resolve the current inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-monetary assets sold or contributed to an associate or joint venture are a "business". Where a non-monetary asset is a 'business', the investor will report a full gain or loss on the transaction. If the assets do not meet the definition of a business, the investor recognises a gain or loss to the exclusion of the share of other investors. The amendments were published on 11 September 2014. The effective date of the amended provisions has not been set by the International Accounting Standards Board. As at the date of preparation of these financial statements, the approval of the amendment by the European Union is postponed.
- IFRS 17 Insurance Contracts - The new standard requires the measurement of insurance liabilities at the present value of the payment and ensures a more uniform approach to the measurement and presentation of all insurance contracts. These requirements aim to achieve consistent accounting for insurance contracts based on specified accounting principles. IFRS 17 replaces IFRS 4 "Insurance Contracts" and related interpretations at the date of application of the new standard. Effective date - annual period beginning on or after 1 January 2021.

The Company decided to implement IFRS 16 Leases as of 1 January 2019.

This standard establishes the principles for recognising, measuring, presenting and disclosing leases. All leasing transactions result in the lessee obtaining the right to use the assets and liability for the obligation to pay. Thus, IFRS 16 abolishes the classification of operating leases and finance leases as defined so far by IAS 17.

IFRS 16 Leases has a significant impact on the Company's financial statements, as the Company, as part of its own operations, is a party to perpetual usufruct agreements on land which, due to the nature of its operations, constitute a significant item of the Company's assets, mainly as land purchased for future development investments. These agreements have so far been classified as operating leases in accordance with IAS 17, therefore the fees on this account were recognized in operating expenses as the contract period expired in the amounts resulting from the decision on the amount of fees for perpetual usufruct rights. In accordance with IFRS 16 Leases, as of 1 January 2019, the Company implemented uniform accounting principles that require lessees to recognise assets and liabilities in the case of all lease agreements, subject to exceptions specified in the standard. The Company recognizes an asset due to the right to use together with the corresponding lease liability determined in the amount of discounted future payments during the lease term. From 2019 onwards, lease payments related to the use of leased assets, previously recognised in selling expenses (perpetual usufruct of land), will now be presented in selling expenses (under "depreciation") and financial expenses as interest expense. From 1 January 2019, assets under usufruct rights are depreciated on a straight-line basis, while liabilities under lease agreements are settled with the effective interest rate.

Application of IFRS 16 requires the Company to analyse data and make estimates and calculations that affect the measurement of lease liabilities and the measurement of assets due to the right to use. These include: assessing whether an agreement contains a lease in accordance with IFRS 16 and determining the lease term. The Company performs a detailed analysis of the term of its agreements, in particular with regard to the possibility of their extension, if it is entitled to such an option in selected contracts. If the Management Board decides to extend such an agreement, its term adopted for measurement is extended by the option period resulting from the agreement. Agreements concluded for an indefinite period of time are not subject to valuation in accordance with IFRS 16.

At the date of initial application of IFRS 16, the present value of lease payments is determined using the incremental interest rate. The calculation of interest rates takes into account the term of the agreement, the currency of the agreement and the nature of the subject of the agreement. When applying IFRS 16, an entity uses the lease rate, if determinable, to determine the present value of lease payments under new contracts. If the lease rate cannot be determined, the entity uses the incremental interest rate.

The Company decided to implement IFRS 16 using a simplified approach, i.e. retrospectively with the combined effect of the first application of this standard recognized at the date of first application. In the opinion of the Management Board, the implementation of IFRS 16 will have a significant impact on the financial statements as it will increase the total assets and liabilities and thus the financial ratios related to these amounts (e.g. debt ratio, EBITDA, EBIT, net profit, profit per share ratio, operating cash flows). At the same time, the implementation of the new standard will increase depreciation and amortization costs (interest on discounted lease liabilities), while reducing the cost of services (i.e. the cost of perpetual usufruct fees) and, consequently, improving EBITDA.
The Company plans to take advantage of the exemption from the application of the requirements of the standard with regard to short-term leases and leases of low-value assets.

The table below presents the impact of first-time adoption of IFRS 16 as at 1 January 2019:

As at 01-01-2019	**Value (PLN)**
Property, plant and equipment - right to use	90 499 161,16
Future discounted lease payments - long-term	87 470 810,27
Future discounted lease payments - short-term	3 028 350,89

The data presented are merely estimates, which are subject to change.

3. Accounting policy

Intangible assets
Intangible assets are priced at cost and include proprietary rights such as: concessions, patents, licenses, trademarks, copyrights, know-how and computer software. Intangible assets are identifiable non-monetary assets. Intangible assets are recognizable if:
- they are identifiable,
- the company controls such assets, due to which it is entitled to future economic benefits that are attributable to them and is able to restrict third party access to such benefits,
- they generate future economic benefits which may occur in the form of revenues from sales or cost savings for the Company,
- the acquisition price or manufacturing cost of a given asset can be measured reliably.

Intangible assets with a specified useful life are amortized in accordance with the straight-line method in a period corresponding to an estimated period of their economic life, which is as follows:
- Computer software from 10% to 50%

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

Tangible assets

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

- Buildings and structures: the depreciation rates from1,25% – 4,5%
- Machiney and equipment: 5% - 30%
- Motor vehicles: 12,5% - 20%
- Other fixed assets: 5% - 50%

Subsequent expenditure on an item of tangible assets is added to the carrying amount of the asset if it is probable that future economic benefits will be received by the entity that exceed those expected to be derived from the originally estimated level of performance of the assets already held. The costs of day-to-day operations and repairs are charged to the costs of the period.
Low-value fixed assets with a value below PLN 3,500.00 are depreciated once under 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

If there are indications of impairment of tangible and intangible assets held, an impairment test is carried out and the established amounts of impairment losses reduce the carrying amount of the asset to which they relate and are charged to the profit and loss account.
Write-downs on assets previously revalued, adjust the revaluation reserve
to the amounts disclosed in the capital, and below the purchase price they are charged to the profit and loss account. The amount of revaluation write-offs is determined as a surplus of the balance sheet value of these components over their recoverable value. The recoverable amount is the higher of the following values: net selling price or value in use. Revaluation write-downs are reversed if the reasons justifying their creation disappear. The effects of reversal of revaluation write-offs are recognized in the profit and loss account, except for the values which reduced the revaluation capital earlier and then adjust this capital to the amount of its decreases.

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 a liability:

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

Lease payments are divided into financial expenses (presented in the income statement for a given period) and principal payments, reducing the liability under the lease. Financial expenses are disclosed directly in the income statement. Leased assets disclosed in the balance sheet are amortized and depreciated under the same principles as other purchased assets of a similar kind. 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:

- 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

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

Should the acquisition price or manufacturing cost be higher than the expected net realizable value, the company discloses an impairment loss adjusting costs of goods sold The depletion of finished products is performed through detailed identification of particular items.

Work in progress

Work in progress covers expenditures made on building housing estates and costs connected with 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 section "Long-term developer contracts".

Borrowing costs

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

Financial instruments

The Company recognises a financial asset or financial liability in the statement of financial position if, and only if, it becomes bound by the provisions of the instrument agreement.

The Company ceases to recognise a financial asset when the contractual rights to receive cash flows from that asset expire or until the rights to receive cash flows from the financial asset are transferred in a transaction transferring substantially all the significant risks and benefits resulting from their ownership.

Classification of financial instruments

The entity cassifies financial instruments in accordance with the requirements of IFRS 9.

Classification of financial instruments is based on the business model of managing groups of financial assets and characteristics of contractual cash flows for a given financial asset and liability. Classification is made at the moment of initial recognition, with the exception of items reported at the moment of first application of IFRS 9. Classification of derivatives depends on their purpose and compliance with the requirements of IFRS 9.

In connection with the implementation of IFRS 9, the Company has classified financial instruments into the following categories:

Financial assets valued at amortised cost.

An asset is recognized as measured at amortized cost if it meets the following conditions:

a) It is maintained in accordance with a business model whose purpose is to maintain financial assets to generate contractual cash flows,

b) The contractual terms and conditions of a financial asset give rise to cash flows on specified dates, which are merely the repayment of the principal and interest on the principal outstanding,

c) It is not intended for trading.

Financial assets measured at amortised cost include trade receivables (trade receivables), granted loans, other receivables and cash and cash equivalents. These items are measured as at the balance sheet date at amortised cost using the effective interest rate. Financial assets measured at amortised cost are measured taking into account expected credit losses.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets held for trading, investments in capital instruments quoted on an active market and financial assets that are not classified as assets measured at amortised cost or at fair value through comprehensive income. In connection with the classification, changes in the fair value of financial assets (which were classified into this category) during the period in which they arose are recognised in the financial result. The financial result also includes revenues from interest and dividends received from capital instruments listed on the active market.

Financial assets at fair value through other comprehensive income
This group includes investments in equity instruments that are measured at fair value (other than those relating to investments in subsidiaries and associates) that are not classified as financial assets at fair value through profit or loss and debt financial assets that meet the criteria of a basic loan agreement received under a business model for cash flows or sales. The result on the valuation of investments in equity instruments and debt instruments classified in this category is recognized in other comprehensive income. Interest income from investments in debt instruments is recognised in the financial result. Dividends on equity instruments measured at fair value through profit or loss are recognised in profit or loss as income. In the case of disposal of equity instruments classified as at fair value through other comprehensive income, the revaluations recognised in equity are accounted for within equity (they do not affect the financial result of the period). If debt financial assets classified as at fair value through other comprehensive income are disposed of, the gains or losses accumulated in equity are recognised (reclassified) in profit or loss.

Financial liabilities measured at amortised cost
The Company classifies for measurement at amortised cost loans received, borrowings taken, liabilities due to debt securities, trade liabilities (trade liabilities) and other liabilities subject to IFRS 9. Interest expenses are recognized by the Company in the financial result, except for situations when they qualify for recognition in the initial value of assets. Financial liabilities are measured at amortised cost using the effective interest rate.

Impairment of financial assets
The entity shall determine impairment losses in accordance with the expected credit loss model for items subject to IFRS 9 for impairment losses.
The expected loss model applies to financial assets measured at amortised cost and debt financial assets measured at fair value through other comprehensive income, as well as to financial guarantees and loan commitments granted (except for those measured at fair value).

In the case of trade receivables (trade receivables), the Company applies a simplified approach to determining the write-down for expected credit losses - it defines it in the amount equal to expected credit losses throughout the life of the receivables.

In the case of other financial assets, the Company measures a write-down for expected credit losses in the amount of 12 months of expected credit losses, unless there has been a significant worsening of credit risk or a default. If the credit risk associated with a given financial instrument has increased significantly since its initial recognition, the Company measures the allowance for expected credit losses on account of the financial instrument in the amount equal to the expected credit losses over the remaining life of the instrument. As at each reporting date, the Company analyses whether there are indications of a significant increase in the credit risk of its financial assets.

Current and non-current receivables
Company receivables not classified as financial assets subject to IFRS 9 are reported in the financial statements at the amount of consideration required less impairment losses. Receivables are revaluated taking into account the degree of probability of their payment by making a revaluation write-down. Revaluation write-downs on receivables are classified as other operating costs or financial costs, as appropriate, depending on the type of receivable to which the write-down relates. Receivables redeemed, time-barred or uncollectible reduce previously made revaluation write-downs on their value. Receivables redeemed, time-barred or uncollectible, from which no revaluation write-offs were made or incomplete write-offs were made, are classified as other operating costs or financial costs, respectively.

Trade receivables (trade receivables) are initially recognised at the contractual transaction price and then measured at amortised cost using the effective interest rate method, less any write-downs for expected credit losses. Impairment losses on trade receivables are created on the basis of expected loss calculations.

The Company calculates expected credit losses for trade receivables on the basis of historical data on repayments of receivables by counterparties, adjusted, where appropriate, for the impact of future information and macroeconomic expectations. Impairment losses are analysed as at each reporting date.
Serious financial problems of the debtor, the probability that the debtor will go bankrupt or apply for composition proceedings, significant delays in payments are indications that trade receivables or other receivables are impaired. The amount of the write-down is recognised in profit or loss in other operating expenses. Similarly, in the case of uncollectibility of trade receivables, a write-down is made, showing them in other operating costs in the profit and loss account.

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 Company.

Guarantee deposits securing the claims of sub-contractors against the Company are disclosed in payables as liabilities. Deposits are measured as at the balance sheet date at acquisition price adjusted with an effective discount rate. In the case of deposits disclosed in assets, the entity also determines write-downs for expected credit losses.

Cash and cash equivalents
Cash at bank and in hand, as well as short-term deposits held to maturity, are valued at amortised cost, approximated by the nominal value plus interest due as at the balance sheet date.

Prepayments and accrued expenses
The Company activates prepayments and accruals if they meet the definition of assets and it is probable that the costs incurred relate to more than one reporting period, taking into account the principles of materiality and prudence. The most important criterion for costs to be settled over time is that they must be classified as assets of the entity, i.e. as resources of a reliably measurable amount, arising from past events that will give rise to future economic benefits for the entity.

Provisions for liabilities
Provisions are liabilities whose amount or payment deadline is not known. Provisions in the company are created when all of the following conditions are met:
- the Company is under an existing obligation (legal or customary) resulting from past events,
- it is probable that fulfillment of the obligation will result in the necessity of outflow of resources constituting economic benefits,
- the amount of the obligation can be reliably estimated.

Provisions for liabilities in J.W. Construction Holding S.A. constitute:
- provision for warranty repairs, which is recognized in the amount of from past periods concerning costs of warranty repairs,
- provision for unused holidays of employees, which is created on the basis of the list of unused holidays of individual employees for a given day, and their gross daily remuneration, increased by ZUS contributions of the employer,
- provision for retirement severance payments,
- provision for deferred income tax.

Long-term contracts for property development services
The core business of the company is the realization of development 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 12 months. Advances paid by purchasers under signed agreements are recorded in deferred income. Costs by type incurred in a given period are recognised in inventories under work-in-progress. In connection with the application of IFRS 15, the Company has not changed the method of revenue recognition to date.

Starting from 2009, the Company recognizes revenues from property development contracts - sale of real estate (flats and commercial premises) at the moment of transferring control and significant ownership risk to the buyer. The transfer of control and significant risk due to ownership of an apartment or commercial premises takes place no later than
on the date of conclusion of the sale agreement concluded in the form of a notarial deed.
The Company recognizes revenues from the sale of real estate under the following conditions:
- construction is complete;
- property transfer protocol has been received

Long-term contracts for construction services
The Company, as the contractor for construction services, applies the provisions of IFRS 15 "Revenue from contracts" to accounting for and recognition of construction services.
In connection with the concluded contracts, the entity identifies separate benefits for the customer resulting from the contract. Most construction contracts meet the criteria for performance over time, and an entity recognises revenue during performance using the following approaches:

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 transferred to deferred income.

b) Percentage-of-completion method
The percentage-of-completion method is applied when it is possible to measure the stage of completion of an unfinished construction service reliably. Revenues from an unfinished construction contract are disclosed pro rata to

costs incurred at a given moment of its performance. Revenues, expenses and profits are disclosed proportionally to the stage of work completion.
To measure the stage of completion of a construction contract the Company applies a method that will allow it to reliably establish the stage of completion of works as at a given date. Depending on the nature of a contract such method may comprise of:
- establishing the proportion of contract costs incurred for work performed to date in relation to the estimated total contract costs,
- measurement of works performed,
- comparing physically completed parts of work with contractual works.

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

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

Deferred income tax
Deferred income tax assets and liabilities are estimated based on temporary differences between the value of assets and liabilities disclosed in books and their tax value and a tax loss deductible in future from the tax base.
The provision for deferred tax is created in relation to positive temporary differences in the amount of income tax that will have to be paid in the future.
Deferred income tax assets are determined in the amount to be deducted from income tax in the future, in connection with negative temporary differences and tax loss deductible under the prudence principle. The carrying amount of a deferred tax asset is reviewed at each balance sheet date if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax assets and provisions for deferred tax are measured at the tax rates that will apply in the period when the asset will be realised or the provision dissolved, based on the tax rates effective as at the balance sheet date.

Held-for-sale assets and discontinued operations
Available-for-sale assets and discontinued operations are assets or companys 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 company 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 a set of trade liabilities as well as all or that part of other liabilities which became due within 12 months from the balance sheet date. Non-current liabilities are the part of liabilities on account of other than supplies and services, which become due within more than 12 months from the balance sheet date.

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

Contingent liabilities are obligations to provide services, the occurrence of which depends on the occurrence of specific events. These liabilities are disclosed in additional information and explanations.

Liabilities that are not financial liabilities are measured at the balance sheet date at the amount due. Financial liabilities subject to IFRS 9 are measured as at the balance sheet date at fair value or amortized cost, depending on the classification of items.

Accrued expenses
Accrued expenses are made in the amount of probable liabilities for the current reporting period.

Revenues
The principles for recognising revenue other than that derived from the sale of financial instruments are set out in IFRS 15 "Revenue".

Revenue is measured at the transaction price, which is the amount of consideration expected to be received by the entity in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration specified in the customer contract may include fixed amounts, variable amounts or both. The amount of consideration is usually reflected in the amount received or receivable, net of expected rebates, refunds and similar deductions, including value added tax and other sales taxes other than excise duty, and contractual penalties.
If payment is deferred, the entity assesses whether the contract involves a significant element of financing. If such is identified, the entity recognises revenue at its inception at a discounted amount. The discount value is interest income (financial) recognised at the effective interest rate over the deferred payment period. Revenue is not discounted if the payment date does not exceed one year.
The Company measures unfinished services as at the balance sheet date as benefits provided over time. In relation to such transactions, revenue is determined if its amount can be reliably estimated and it is probable that the economic benefits associated with the transaction will flow to the entity and if the costs incurred can be reliably measured. This revenue is measured by reference to the stage of completion of the transaction at the balance sheet date.
In the case of identifying separate benefits for the customer resulting from the agreement, the remuneration is settled for these benefits, and the moment of recognition of revenues is determined separately.

Revenues from the sale of developer services - apartments are recognised in the manner described in section "Revenues from the sale of development services - apartments". "Long-term contracts for development services".

Revenues from construction services are presented under "Long-term contracts for construction services".

Costs

Costs are recognised in profit or loss on the date they are incurred, i.e. on the date when assets are derecognised or liabilities to which they correspond or are recognised as assets if they are part of the cost of inventories, investment property, property, plant and equipment, intangible assets (development work) or the cost of performing a service contract (including construction work). The costs of performance of a service contract are capitalised in the balance sheet as assets if the following conditions are met:
- costs are directly related to the contract or the intended contract that the entity can clearly identify;
- costs lead to the generation or improvement of the entity's resources that will be used to meet (or continue to meet) future service obligations; and
- the entity expects these costs to be recovered.

Along with the progressing completion of the service and the recognition of revenues, the costs of service provision capitalised in the balance sheet are charged to the financial result. The financial result may also be charged to the financial result at the moment of recognition of impairment. Employee benefit costs are recognised in the period in which the employees render their services.
Borrowing costs are recognised as an expense in the period in which they are incurred, except for costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In such a case, the entity shall capitalise borrowing costs as part of the cost of that asset in accordance with IAS 23 Borrowing Costs.

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.

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.

Influence of IFRS 9 on the Company's financial statements

On 1 January 2018, the company implemented IFRS 9. The company decided to implement the standard as of 1 January 2018 without correcting the comparative data, which means that the data for 2017 and 2018 are not comparable in certain areas (primarily the classification of financial assets).
The Company assessed the impact of IFRS 9 on the financial statements and as a result of implementation of IFRS 9 there was no need to adjust the data as at 31 December 2017.

As of 1 January 2018, the entity classified financial assets into the following categories:
- measured at amortised cost,
- measured at fair value through other comprehensive income, and
- measured at fair value through profit or loss.

Classification depends on the adopted asset management model and contractual terms and conditions of cash flows.

Category of financial instruments	**31-12-2018**	**01-01-2018**	**31 December 2017**
Financial assets measured at amortised cost			
- trade and other receivables (non-current)	365 154,76	364 547,40	364 547,40
- trade and other receivables (current)	33 121 916,28	41 370 778,03	41 370 778,03
- other financial assets - loans granted	66 165 899,43	60 196 836,89	60 196 836,89
- cash and cash equivalents	84 207 681,80	157 132 776,26	157 132 776,26
Financial assets at fair value through profit or loss			
- shares in other entities	198 979 140,18	236 233 020,01	236 233 020,01
Financial liabilities			
- trade	53 994 773,25	69 548 719,22	69 548 719,22
- other long-term liabilities	207 882 336,39	260 155 421,54	260 155 421,54
- from credits and loans (long-term)	6 727 681,01	45 819 151,99	45 819 151,99
- from credits and loans (short-term)	35 163 229,69	54 246 609,41	54 246 609,41
- other short-term liabilities	76 969 181,31	22 719 982,35	22 719 982,35

Trade receivables are measured at amortised cost and are subject to impairment losses. With the entry into force of IFRS 9, the method of calculating the write-off from the model of losses incurred to the model of expected losses has changed. Due to the lack of a material financing element, the write-off is calculated on the basis of expected credit losses throughout the life of receivables.

Loans granted are measured at amortised cost. The Company assessed the loans granted according to the adopted impairment model based on the probability of non-payment (expected loss model). The analysis showed that the loans have a low credit risk and therefore the potential write-off would be insignificant.

Cash and cash equivalents are measured at amortised cost. With the entry into force of IFRS 9, the method of determining depreciated cost has changed by including in the process of calculating the write-down for expected credit losses. External bank ratings were used to assess the risk of cash and cash equivalents. The analysis showed that cash and cash equivalents have a low credit risk and therefore the potential write-down would be insignificant. As a result, the depreciated cost of cash and cash equivalents is approximated by their nominal value plus interest due at the balance sheet date.

Influence of IFRS 15 on the Company's financial statements
In 2018, the company generated revenues divided into the following categories:

Revenues from the sale of products	310 034 413,47
Revenues from the sale of services	69 963 591,20
Revenues from the sale of goods	4 263 793,29

The application of the new IFRS 15 as of 1 January 2018 did not materially affect the attached financial statements and recognised revenue.

B. UNCONSOLIDATED FINANCIAL STATEMENTS

Unconsolidated statement of financial position

ASSETS	Note	31-12-2018	31 December 2017 (after adjustment)
FIXED ASSETS		**799 850 652,05**	**763 971 757,07**
Intangible assets	1	12 872 925,97	12 453 626,18
Tangible assets	2	249 153 252,48	243 209 900,86
Investment real estate	3	260 656 999,55	281 039 497,36
Other financial assets	4	246 210 819,04	205 876 958,10
Deferred income tax assets	13	30 591 500,25	21 027 227,17
Trade and other receivables	5	365 154,76	364 547,40
CURRENT ASSETS		**868 340 134,41**	**837 092 348,18**
Inventories	6	28 148 284,47	29 512 779,26
Construction contracts	6	641 749 934,49	536 491 388,32
Trade and other receivables	7	33 121 916,28	41 370 778,03
Other financial assets	8	66 165 899,43	60 196 836,89
Cash and cash equivalents	9	84 207 681,80	157 132 776,26
Accruals	10	14 946 417,94	12 387 789,42
Total assets		**1 668 190 786,46**	**1 601 064 105,25**
LIABILITIES			
EQUITY		**753 957 755,11**	**731 428 290,36**
Primary capital	11	17 771 888,60	17 771 888,60
Revaluation reserve		7 493 208,19	7 493 208,19
Other capitals	11	712 418 618,30	681 855 943,65
Retained earnings		-6 255 424,73	-4 724 163,88
Net profit / loss		22 529 464,75	29 031 413,80
LIABILITIES		**914 233 031,36**	**869 635 814,89**
Non-current liabilities		**253 329 640,01**	**341 931 713,65**
Borrowings	12	6 727 681,01	45 819 151,99
Deferred income tax liabilities	13	38 519 206,16	35 756 723,67
Retirement benefits liabilities		200 416,45	200 416,45
Provisions for other liabilities		0,00	0,00
Other liabilities	15	207 882 336,39	260 155 421,54
Current liabilities		**660 903 391,35**	**527 704 101,24**
Trade and other payables	16	53 994 773,25	69 548 719,22
Construction contracts	7	469 066 664,54	357 013 809,05
Borrowings	12	35 163 229,69	54 246 609,41
Provisions for other liabilities and other charges	14	25 709 542,56	24 174 981,21
Other liabilities	16	76 969 181,31	22 719 982,35
Total liabilities and equity		**1 668 190 786,46**	**1 601 064 105,25**

Unconsolidated Statement of comprehensive income

	Note	from 01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017 (after adjustment)
Net revenues from sales of products, goods and materials, including:	**17**	**384 261 797,96**	**384 506 973,69**
Net revenues from sales of products		379 998 004,67	382 310 630,03
Net revenues from sales of goods and materials		4 263 793,29	2 196 343,66
Costs of products, goods and materials sold, including:	**18**	**310 040 697,06**	**288 389 924,13**
Cost of products sold		305 798 507,00	286 229 259,75
Value of goods and materials sold		4 242 190,06	2 160 664,38
Gross profit (loss) from sales		**74 221 100,90**	**96 117 049,56**
Costs of sales	**18**	**22 691 746,47**	22 320 068,69
Overheads	**18**	**19 757 350,32**	20 622 109,03
Revaluation of investment property		**-5 276 952,25**	-2 141 911,54
Profit (loss) from sales		**26 495 051,86**	**51 032 960,30**
Other operating income	19	3 180 704,78	1 068 367,30
Other operating expenses	20	7 765 136,81	6 264 197,54
Profit (loss) on operations		**21 910 619,83**	**45 837 130,06**
Financial revenues	21	14 325 061,56	14 138 375,01
Financial costs	22	20 475 726,24	21 438 898,40
Profit (loss) on business activity		**15 759 955,15**	**38 536 606,67**
Gross profit (loss)		**15 759 955,15**	**38 536 606,67**
Income tax	23	- 6 769 509,60	9 505 192,86
Net profit (loss)		**22 529 464,75**	**29 031 413,81**

Other comprehensive income:		**0,00**	**0,00**
Foreign exchange rate operation differences		0,00	0,00
Profit/loss from acquisitions		0,00	0,00
Profit from revaluation of tangible fixed assets		0,00	0,00
Other comprehensive income		0,00	0,00
Total revenue		**22 529 464,75**	**29 031 413,81**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
Profits			
(A) Profit resulting from the financial statements		22 529 464,75	29 031 413,81
Number of shares			
(B) Number of ordinary shares and preferred shares (as to the right to vote in the General Meeting of the Company) for the purpose of calculating earnings per share*		88 859 443,00	88 859 443,00
(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		88 859 443,00	88 859 443,00
Basic earnings per share = (A)/(B)		**0,25**	**0,33**
Diluted earnings per share = (A)/(B)		**0,25**	**0,33**

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

Unconsolidated Statements of changes in equity

	Share capital	Own shares (negative value)	Revaluation reserve	Reserve capital	Other capitals	Retained earnings	Net result	Equity
As at 31 December 2017 after adjustment	**17 771 888,60**	**0,00**	**7 493 208,19**	**676 124 356,46**	**5 731 587,19**	**-4 724 163,88**	**29 031 413,80**	**731 428 290,36**
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Corrections due to consolidation adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
As at 1 January 2018	**17 771 888,60**	**0,00**	**7 493 208,19**	**676 124 356,46**	**5 731 587,19**	**-4 724 163,88**	**29 031 413,80**	**731 428 290,36**
Share issuance	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Own shares redemption	0,00	0,00		0,00				**0,00**
Purchase of own shares	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Dividends paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) from revaluation of fixed assets and investment real estate	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) on revaluation of available-for-sale assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) on cash flow hedges	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Foreign exchange rate differences due to thecalculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Income tax regarding the items transferred directly to equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profit / loss on acquisitions (unconsolidated jwch)	0,00	0,00		0,00	0,00	0,00	0,00	**0,00**
Proft / loss from inclusion/exclusion to/from consolidation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Conversion to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Total profit / loss recognized directly in equity	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	0,00
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	22 529 464,75	**22 529 464,75**
Total profit / (loss) recognized in equity and the net result	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**22 529 464,75**	**22 529 464,75**
Increase / decrease from profit distribution	0,00	0,00	0,00	30 562 674,65	0,00	-1 531 260,85	-29 031 413,80	**0,00**
As at 31 December 2018	**17 771 888,60**	**0,00**	**7 493 208,19**	**706 687 031,11**	**5 731 587,19**	**-6 255 424,73**	**22 529 464,75**	**753 957 755,11**

AFTER ADJUSTMENT	**Share capital**	**Own shares (negative**	**Revaluation reserve**	**Reserve capital**	**Other capitals**	**Retained earnings**	**Net result**	**Equity**

		value)						
As at 31 December 2016	**17 771 888,60**	**0,00**	**7 493 208,19**	**672 160 065,67**	**5 731 587,19**	**-17 298 865,46**	**16 737 295,83**	**702 595 180,03**
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Adjustments due to conversion to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
As at 1 January 2017	**17 771 888,60**	**0,00**	**7 493 208,19**	**672 160 065,67**	**5 731 587,19**	**-17 298 865,46**	**16 737 295,83**	**702 595 180,03**
Share issuance	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Own shares redemption	0,00	0,00		0,00				**0,00**
Purchase of own shares	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Dividends paid	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) from revaluation of fixed assets and investment real estate	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) on revaluation of available-for-sale assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profits (losses) on cash flow hedges	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Foreign exchange rate differences due to thecalculation of financial statements of foreign subsidiaries	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Income tax regarding the items transferred directly to equity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Profit / loss on acquisitions (unconsolidated jwch)	0,00	0,00		0,00	0,00	0,00	-198 303,46	**-198 303,46**
Proft / loss from inclusion/exclusion to/from consolidation	0,00	0,00	0,00	0,00	0,00	0,00		**0,00**
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Conversion to IFRS	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Total profit / loss recognized directly in equity	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**-198 303,46**	**-198 303,46**
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	29 031 413,80	**29 031 413,80**
Total profit / (loss) recognized in equity and the net result	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**28 833 110,34**	**28 833 110,34**
Increase / decrease from profit distribution	0,00	0,00	0,00	3 964 290,79	0,00	12 574 701,58	-16 538 992,37	**-0,00**
As at 31 December 2017	**17 771 888,60**	**0,00**	**7 493 208,19**	**676 124 356,46**	**5 731 587,19**	**-4 724 163,88**	**29 031 413,80**	**731 428 290,36**

Unconsolidated statement of cash flows

Cash flows from operating activities - indirect method	from 01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017 (after adjustment)
Net profit (loss)	**22 529 464,75**	**29 031 413,80**
Item adjustment	**18 575 401,95**	**24 735 719,15**
Depreciation and amortization	8 826 580,96	8 530 867,55
(Profit) loss on foreign exchange differences concerning financial and business activity	-1 621 779,24	5 788 431,68
Profit (loss) on investment activities	0,00	1 075 250,00
Interest and dividends	8 193 229,72	2 512 436,75
Changes in provisions and accruals	-1 986 874,81	9 421 094,59
Changes in investment real estate	5 276 952,25	-2 141 911,54
Other item adjustments:	-112 706,93	-450 449,88
- other adjustments	-112 706,93	-450 449,88
Changes in working capital	**138 314 324,26**	**93 847 000,45**
Changes in inventories	-3 226 913,38	-346 565,46
Changes in construction contracts	133 753 617,53	50 107 233,63
Changes in receivables	7 467 893,89	20 078 510,52
Changes in current liabilities, except for borrowings	319 726,22	24 007 821,76
Operating cash flows	**179 419 190,96**	**147 614 133,40**
Investment activity cash flows		
Disposal of tangible and intangible assets and other noncurrent assets	53 262,30	561 750,00
Acquisition of tangible and intangible assets and other noncurrent assets	-119 727 325,02	-114 350 608,20
Disposal of equity and debt instruments	414 275,97	0,00
Loans granted	-47 322 205,80	-4 415 010,32
Loans paid	7 754 168,03	0,00
Other financial aseets acquisition	-1 530 000,00	-900 000,00
Other disposals of financial assets	0,00	0,00
Dividends received	0,00	3 582 792,25
Interest received	33 534,64	0,00
Acquisition of subsidiaries	-203 312,00	-300 000,00
Net investment activity cash flow	**-160 527 601,88**	**-115 821 076,27**
Cash flows from financing activities		
Loans and borrowings granted	23 400 421,92	34 098 188,36
Loans and borrowing paid	-81 053 927,53	-37 271 218,58
Issuance of security papers	0,00	164 000 000,00
Redemption of debt securities	-18 400 000,00	-72 000 000,00
Payments under financial lease agreements	-1 415 062,16	-1 267 873,35
Dividends and other shares in profits	0,00	0,00
Interest paid	-16 001 608,57	-12 498 113,11
Other financial proceeds (including promissory notes)	7 543 492,80	28 626 391,00
Other financial expenses (including promissory notes)	-5 890 000,00	-60 174 890,18
Net financing cash flow	**-91 816 683,54**	**43 512 484,14**
NET DECREASE / (INCREASE) IN CASH	**-72 925 094,46**	**75 305 541,27**
Opening balance of cash and cash equivalents	157 132 776,26	81 827 234,99
- change in cash due to exchange rate differences		
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**84 207 681,80**	**157 132 776,26**

	31-12-2017	Cash flows	Non-cash changes			31-12-2018
			Increases	Effect of changes in foreign currency exchange rates	Changes in fair value	
Credit loans	99 168 550,45	-61 490 722,94	3 837 217,33	0,00	0,00	41 515 044,84
Loans received	24 557 249,20	-513 151,20	-94 628,57	0,00	0,00	23 949 469,43
Leasing obligations	1 977 550,01	-182 509,43	66 512,31	0,00	0,00	1 861 552,89
Debt securities	219 867 451,05	-27 226 216,44	12 099 981,49	0,00	0,00	204 741 216,10
Other (including promissory notes)	21 409 331,05	-6 648 511,29	536 126,86	0,00	0,00	15 296 946,62
Securing assets (hedge) long-term loans	0,00	0,00	0,00	0,00	0,00	0,00
Financial activity liabilities	**366 980 131,76**	**-96 061 111,30**	**16 445 209,42**	**0,00**	**0,00**	**287 364 229,88**

C. EXPLANATORY NOTES TO THE UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 1. Intangible assets

INTANGIBLE ASSETS	31-12-2018	31 December 2017
a) research and development expenses	0,00	0,00
b) goodwill	12 389 648,22	12 389 648,22
c) other intangible assets	483 277,75	63 977,96
d) advances on intangible assets	0,00	0,00
Total intangible assets	**12 872 925,97**	**12 453 626,18**

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

As of December 31, 2018, there were no circumstances, as a result of which the Company should create write-offs for intangible assets.
In 2017-2018 the Company did not carry out any development works and did not incur any costs. The Company did not have any advances on intangible assets.

As at December 31, 2018 there is no impairment of goodwill. This value is bound to a real estate investment, from which future cash flow is expected. The management board analyzed the loss of assets in accordance with IAS 36, e.g. through the comparison of the real estate book value (including goodwill) against market valuation.

CHANGES IN INTANGIBLE ASSETS (BY TYPE GROUPS) 31-12-2018	Goodwill	Computer software	Other intangible assets	TOTAL
a) opening gross value of intangible assets	**16 592 223,80**	**15 058 730,41**	**151 627 743,28**	**183 278 697,49**
b) increase (due to)	**0,00**	**403 957,27**	**0,00**	**403 957,27**
- acquisition	0,00	372 751,32	0,00	372 751,32
- transfer from fixed assets under construction	0,00	31 205,95	0,00	31 205,95
c) decrease (due to)	**0,00**	**20 243,18**	**47 853,28**	**68 096,46**
- liquidation	0,00	20 243,18	47 853,28	68 096,46
d) closing gross value of intangible assets	**16 592 223,80**	**15 442 444,50**	**151 579 890,00**	**183 614 558,30**
e) accumulated depreciation at the opening period	**0,00**	**14 994 752,45**	**50 743,28**	**15 045 495,73**
f) amortization for the period (due to)	**0,00**	**-35 585,70**	**-47 853,28**	**-83 438,98**
- annual depreciation allowance	0,00	66 772,48	0,00	66 772,48
- liquidation	0,00	-20 243,18	-47 853,28	-68 096,46
- sale	0,00	-82 115,00	0,00	-82 115,00
g) accumulated amortization (depreciation) at the period end	**0,00**	**14 959 166,75**	**2 890,00**	**14 962 056,75**
h) impairment losses at the beginning of the reporting period	**4 202 575,58**	**0,00**	**151 577 000,00**	**155 779 575,58**
- increase	**0,00**	**0,00**	**0,00**	**0,00**
i) impairment losses at the end of the reporting period	**4 202 575,58**	**0,00**	**151 577 000,00**	**155 779 575,58**
j) opening net value of intangible assets	**12 389 648,22**	**63 977,96**	**0,00**	**12 453 626,18**
k) closing net value of intangible assets	**12 389 648,22**	**483 277,75**	**0,00**	**12 872 925,97**

CHANGES IN INTANGIBLE ASSETS (BY TYPE GROUPS) 31-12-2017	Goodwill	Computer software	Other intangible assets	TOTAL
a) opening gross value of intangible assets	**16 592 223,80**	**15 002 445,38**	**151 627 743,28**	**183 222 412,46**
b) increase (due to)	**0,00**	**36 041,85**	**0,00**	**36 041,85**
- acquisition	0,00	36 041,85	0,00	36 041,85
c) decrease (due to)	**0,00**	**0,00**	**0,00**	**0,00**
d) closing gross value of intangible assets	**16 592 223,80**	**15 038 487,23**	**151 627 743,28**	**183 258 454,31**
e) accumulated depreciation at the opening period	**0,00**	**14 886 321,69**	**50 743,28**	**14 937 064,97**
f) amortization for the period (due to)	**0,00**	**88 187,58**	**0,00**	**88 187,58**
- annual depreciation allowance	0,00	88 187,58	0,00	88 187,58
g) accumulated amortization (depreciation) at the period end	**0,00**	**14 974 509,27**	**50 743,28**	**15 025 252,55**
h) impairment losses at the beginning of the reporting period	**4 202 575,58**	**0,00**	**151 577 000,00**	**155 779 575,58**
- increase	**0,00**	**0,00**	**0,00**	**0,00**
i) impairment losses at the end of the reporting period	**4 202 575,58**	**0,00**	**151 577 000,00**	**155 779 575,58**
j) opening net value of intangible assets	**12 389 648,22**	**116 123,69**	**0,00**	**12 505 771,91**
k) closing net value of intangible assets	**12 389 648,22**	**63 977,96**	**0,00**	**12 453 626,18**

Note 2. Tangible assets

TANGIBLE ASSETS	31-12-2018	31 December 2017
a) fixed assets, including:	244 207 911,79	237 980 900,49
- land (including perpetual usufruct)	16 000 958,39	16 000 958,39
- buildings, premises and civil engineering structures	208 253 643,68	200 863 407,91
- technical equipment and machinery	10 762 807,68	11 780 446,04
- motor vehicles	2 486 922,93	2 395 132,49
- other fixed assets	6 703 579,11	6 940 955,66
b) fixed assets under construction	4 945 340,69	5 229 000,37
c) advances on fixed assets under construction	0,00	0,00
Total tangible assets	**249 153 252,48**	**243 209 900,86**

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

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

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

In 2018, the company did not activate financial costs in the fixed assets column

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

CHANGES from 01-01-2018 to 31-12-2018	Land	Buildings, premises and civil engineering structures	Technical equipment and machintery	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) opening gross value of fixed assets	**17 908 739,09**	**241 830 305,59**	**27 435 185,17**	**6 891 546,48**	**18 760 508,22**	**5 229 000,37**	**318 055 284,92**
b) increase (due to)	**0,00**	**11 115 590,53**	**592 047,00**	**1 575 504,37**	**1 734 349,24**	**10 053 233,28**	**25 070 724,42**
- acquisition	0,00	517 640,02	350 375,64	276 439,33	602 157,35	0,00	**1 746 612,34**
- receipt of finished products	0,00	1 658 126,75	0,00	0,00	0,00	2 933 281,42	**4 591 408,17**
- investment expenditures on fixed assets under construction	0,00	0,00	0,00	0,00	0,00	7 119 951,86	**7 119 951,86**
- acquired on the basis of a finance lease agreement	0,00	0,00	0,00	1 299 065,04	0,00	0,00	**1 299 065,04**
- transferred from fixed assets under construction	0,00	8 931 823,76	241 671,36	0,00	1 132 191,89	0,00	**10 305 687,01**
- other transfers - assets under construction	0,00	8 000,00	0,00	0,00	0,00	0,00	**8 000,00**
c) decrease (due to)	**0,00**	**7 864,00**	**780 767,28**	**97 260,66**	**695 118,44**	**10 336 892,96**	**11 917 903,34**
- sale	0,00	0,00	0,00	53 262,30	0,00	0,00	**53 262,30**
- liquidation	0,00	7 864,00	734 343,78	35 998,36	695 118,44	0,00	**1 473 324,58**
- transferred to fixed assets	0,00	0,00	0,00	0,00	0,00	10 336 892,96	**10 336 892,96**
- other value adjustment	0,00	0,00	46 423,50	8 000,00	0,00	0,00	**54 423,50**
d) closing gross value of fixed assets	**17 908 739,09**	**252 938 032,12**	**27 246 464,89**	**8 369 790,19**	**19 799 739,02**	**4 945 340,69**	**331 208 106,00**
e) accumulated amortization (depreciation) at the period end	**1 907 780,70**	**40 971 911,01**	**15 654 739,03**	**4 324 941,66**	**11 986 011,66**	**0,00**	**74 845 384,06**
f) amortization for the period (due to)	**0,00**	**3 716 071,90**	**1 593 725,86**	**1 642 822,93**	**1 807 187,79**	**0,00**	**8 759 808,48**
- annual depreciation allowance	0,00	3 716 071,90	1 593 725,86	1 642 822,93	1 807 187,79	0,00	8 759 808,48
decrease(due to)	**0,00**	**3 594,47**	**764 807,78**	**84 897,33**	**697 039,44**	**0,00**	**1 550 339,02**
- liquidation of a fixed asset	0,00	6 581,14	732 135,78	35 998,36	695 118,44	0,00	**1 469 833,72**
- other value adjustment	0,00	-2 986,67	32 672,00	2 986,67	1 921,00	0,00	**34 593,00**
g) accumulated amortization (depreciation) at the period end	**1 907 780,70**	**44 684 388,44**	**16 483 657,11**	**5 882 867,26**	**13 096 160,01**	**0,00**	**82 054 853,52**
h) impairment losses at the beginning of the reporting period	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
increase(due to)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
decrease(due to)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
i) impairment losses at the end of the reporting period	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
j) opening net value of fixed assets	**16 000 958,39**	**200 858 394,58**	**11 780 446,14**	**2 566 604,82**	**6 774 496,56**	**5 229 000,37**	**243 209 900,86**
k) closing net value of fixed assets	**16 000 958,39**	**208 253 643,68**	**10 762 807,78**	**2 486 922,93**	**6 703 579,01**	**4 945 340,69**	**249 153 252,48**

CHANGES FROM 01-01-2017 TO 31-12-2017	Land	Buildings, premises and civil engineering structures	Technical equipment and machintery	Motor vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) opening gross value of fixed assets	**17 691 312,34**	**225 123 165,73**	**26 528 979,12**	**6 617 439,59**	**17 367 747,20**	**4 517 814,48**	**297 846 458,46**
b) increase (due to)	**217 426,75**	**16 707 139,86**	**867 957,64**	**437 106,88**	**1 392 761,02**	**1 382 185,89**	**21 004 578,04**
- acquisition	217 426,75	16 036 139,86	867 957,64	133 702,00	1 392 761,02	1 382 185,89	**20 030 173,16**
- acquired on the basis of a finance lease agreement	0,00	0,00	0,00	303 404,88	0,00	0,00	**303 404,88**
c) decrease (due to)	**0,00**	**0,00**	**0,00**	**162 999,99**	**0,00**	**671 000,00**	**833 999,99**
- sale	0,00	0,00	0,00	162 999,99	0,00	0,00	**162 999,99**
d) closing gross value of fixed assets	**17 908 739,09**	**241 830 305,59**	**27 396 936,76**	**6 891 546,48**	**18 760 508,22**	**5 229 000,37**	**318 017 036,51**
e) accumulated amortization (depreciation) at the period end	**1 907 780,70**	**37 382 003,41**	**14 183 517,44**	**2 999 099,90**	**10 044 718,22**	**0,00**	**66 517 119,67**
f) amortization for the period (due to)	**0,00**	**3 589 907,60**	**1 432 973,18**	**1 488 841,75**	**1 941 293,44**	**0,00**	**8 453 015,97**
- annual depreciation allowance	0,00	3 589 907,60	1 432 973,18	1 488 841,75	1 941 293,44	0,00	8 453 015,97
decrease(due to)	**0,00**	**0,00**	**0,00**	**162 999,99**	**0,00**	**0,00**	**162 999,99**
- sale of a fixed asset	0,00	0,00	0,00	162 999,99	0,00	0,00	**162 999,99**
g) accumulated amortization (depreciation) at the period end	**1 907 780,70**	**40 971 911,01**	**15 616 490,62**	**4 324 941,66**	**11 986 011,66**	**0,00**	**74 807 135,65**
h) impairment losses at the beginning of the reporting period	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
increase(due to)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
decrease(due to)	0,00	0,00	0,00	0,00	0,00	0,00	0,00
i) impairment losses at the end of the reporting period	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
j) opening net value of fixed assets	**15 783 531,64**	**187 741 162,32**	**12 345 461,68**	**3 618 339,69**	**7 323 028,98**	**4 517 814,48**	**231 329 338,79**
k) closing net value of fixed assets	**16 000 958,39**	**200 858 394,58**	**11 780 446,14**	**2 566 604,82**	**6 774 496,56**	**5 229 000,37**	**243 209 900,86**

Note 3. Investment real estate

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

Other long-term investments	31-12-2018	31 December 2017
a) investment real estate	260 656 999,55	281 039 497,36
b) other	0,00	0,00
Value of other long-term investments	**260 656 999,55**	**281 039 497,36**

CHANGES IN INVESTMENT REAL ESTATE	According to fair value	According to historical cost	Total value of investment real estate
a) opening balance	**230 333 003,86**	**50 706 493,50**	**281 039 497,36**
expenditure incurred	146 810 726,98	50 706 493,50	197 517 220,48
financial expenses	14 125 680,51	0,00	14 125 680,51
revaluation value	69 396 596,37	0,00	69 396 596,37
b) increase (due to)	**4 914 630,42**	**105 587 292,88**	**110 501 923,30**
expenditure incurred	4 900 716,62	99 778 694,67	104 679 411,29
financial expenses	0,00	5 808 598,21	5 808 598,21
revaluation value	13 913,80	0,00	13 913,80
reclassification from construction contracts	0,00	0,00	0,00
c) decrease (due to)	**130 884 421,11**	**0,00**	**130 884 421,11**
incurred expenses - sale, corrections	-	0,00	0,00
financial expenses	10 219 797,45	0,00	10 219 797,45
revaluation value	5 290 866,05	0,00	5 290 866,05
reclassification to construction contracts / goods	115 373 757,61	0,00	115 373 757,61
d) closing balance	**104 363 213,17**	**156 293 786,38**	**260 656 999,55**
expenditures	89 132 235,61	150 485 188,17	239 617 423,78
financial expenses	3 905 883,06	5 808 598,21	9 714 481,27
revaluation value	11 325 094,50	0,00	11 325 094,50

J.W. Construction Holding S.A. for the purpose of the investment property evaluation orders the preparation of appraisal report with determining the market value to independent Property Valuers, having the appropriate permissions. In order to determine the valuation, the property valuer use the principles in accordance with General National Principles of Valuation adopted by the Polish Federation of Valuers' Associations where the market value is the most probable price obtainable on the market at the measurement date.

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

In the hierarchy of the fair value estimation of the investment properties are classified to Level 3 where:
1 - Quoted prices, which are not adjusted, in an active market for identical assets and liabilities that the entity can access at the measurement date.
2 - Inputs, other than quoted prices, that are observable, either directly or indirectly.
3 - Unobservable inputs.
The hierarchy is established based on the lowest level of the input data. In the reporting period there were no transfers between hierarchy levels.

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
- pair-comparison method
- residual method.

The following key assumptions were made when applying the income-based method valuation:

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

Note 4. Long-term financial assets

LONG-TERM FINANCIAL ASSETS	31-12-2018	31 December 2017
a) shares	198 979 140,18	198 775 828,18
b) loans granted	46 191 196,99	6 370 832,30
c) other long-term investments	1 040 481,87	730 297,62
Total long-term financial assets	**246 210 819,04**	**205 876 958,10**

LONG-TERM FINANCIAL ASSETS	31-12-2018	31 December 2017
a) in subsidiaries	240 650 442,13	205 145 208,48
- shares	198 770 590,18	198 567 278,18
- other security papers	423 305,51	207 098,00
- loans granted	41 456 546,44	6 370 832,30
- other long-term financial assets	0,00	0,00
b) in other units	5 560 376,91	731 749,62
- shares	208 550,00	208 550,00
- other security papers	617 176,36	523 199,62
- loans granted	4 734 650,55	0,00
- other long-term financial assets	0,00	0,00
Total long-term financial assets	**246 210 819,04**	**205 876 958,10**

	Name of a unit (and its legal form)	Registered office	Company business	Affiliation type	Consolidation method	Date of assuming control	Value of shares/interest at acquisition price	Revaluation on adjustment	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	social building	subsidiary	full consolidation	14.11.2003	13 360 000,00	0,00	0,00	13 360 000,00	100,00%
2	J.W. Construction Bułgaria Sp. z o.o.	Warna (Bulgaria)	real estate development	subsidiary	not consolidated	08.10.2007	9 854,98	0,00	0,00	9 854,98	100,00%
3	Yakor House Sp. z o.o.	Sochi (Russia)	real estate development	subsidiary	full consolidation	07.12.2007	9 810 000,00	0,00	0,00	9 810 000,00	70,00%
4	J.W. Construction Sp. z o.o.	Ząbki	production of prefabricated goods for construction	subsidiary	full consolidation	19.02.2008	70 197 456,00	0,00	36 125 456,00	34 072 000,00	100,00%
5	Dana Invest Sp z o.o.	Ząbki	real estate development	subsidiary	full consolidation	22.11.2013	14 308 350,00	0,00	0,00	14 308 350,00	99,99%
6	Varsovia Apartamenty Sp. z o.o.	Ząbki	real estate development	subsidiary	full consolidation	23.01.2014	305 000,00	0,00	0,00	305 000,00	100,00%
7	Berensona Invest Sp. z o.o.	Ząbki	real estate development	subsidiary	full consolidation	28.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
8	Bliska Wola 4 Sp z o.o. 1 SK	Ząbki	real estate development	subsidiary	full consolidation	22.01.2014	44 800 300,00	0,00	0,00	44 800 300,00	99,00%
9	Bliska Wola 4 Sp z o.o. 2 SK	Ząbki	real estate development	subsidiary	full consolidation	29.01.2014	6 769 550,00	0,00	0,00	6 769 550,00	48,00%
10	Wola Invest Sp z o.o.	Ząbki	real estate development	subsidiary	full consolidation	23.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
11	Bliska Wola 4 Sp z o.o.	Ząbki	real estate development	subsidiary	full consolidation	24.01.2014	5 000,00	0,00	0,00	5 000,00	100,00%
12	Hanza Invest S.A.	Ząbki	real estate development	subsidiary	full consolidation	26.10.2016	75 117 223,20	0,00	0,00	75 117 223,20	100,00%
13	WIELOPOLE 19/21 SP.Z O.O.	Cracow	real estate development	subsidiary	not consolidated	29.03.2018	203 312,00	0,00	0,00	203 312,00	100,00%

Partial affiliation											
1	Bliska Wola 4 Sp z o.o.2SK	Ząbki	real estate development	subsidiary	full consolidation	26.02.2016	12 745 500,00	0,00	0,00	12 745 500,00	51,00%
2	Bliska Wola 4 Sp z o.o.1SK	Ząbki	real estate development	subsidiary	full consolidation	26.02.2016	211,74	0,00	0,00	211,74	1,00%
3	Bliska Wola 4 Sp z o.o.2SK	Ząbki	real estate development	subsidiary	full consolidation	26.02.2016	178,00	0,00	0,00	178,00	1,00%
4	Dana Invest Sp. z o.o.	Ząbki	real estate development	subsidiary	full consolidation	27.11.2014	50,00	0,00	0,00	50,00	0,01%
5	Karczma Regionalna Sp.z o.o.	Krynica Górska	hotel services	subsidiary	not consolidated	16.12.2004	208 550,00	0,00	0,00	208 550,00	8,06%

Note 5. Non-current receivables

NON-CURRENT RECEIVABLES	31-12-2018	31 December 2017
a) deposit receivables	0,00	0,00
b) deposit receivables (leasing)	0,00	0,00
b) other receivables	365 154,76	364 547,40
Total receivables	**365 154,76**	**364 547,40**

Note 6. Inventories and construction contracts

Costs related to the creation of revaluation write-offs on inventories were recognised in the profit and loss account under other operating activities.

INVENTORIES	31-12-2018	31 December 2017
a) materials	1 643 361,78	1 953 696,87
b) semi-finished products and work in progress	0,00	0,00
c) finished products	0,00	0,00
d) goods	25 536 435,63	27 482 711,03
e) trade advances	968 487,06	76 371,36
Total inventories	**28 148 284,47**	**29 512 779,26**

Construction contracts - assets include, among others, the amount of expenditure incurred on projects under construction, the value of finished premises which have not been transferred to customers.

CONSTRUCTION CONTRACTS	31-12-2018	31 December 2017
a) semi-finished products and work in progress	551 030 000,43	488 115 616,49
b) finished products	77 635 561,36	31 500 510,65
c) advances for supplies	13 084 372,65	16 869 634,08
d) short-term prepayments and accruals	0,05	5 627,10
Total construction contracts	**641 749 934,49**	**536 491 388,32**

As part of construction contracts in progress, the Company activates costs of external financing, i.e. costs of bonds and investment loans, which are used to finance ongoing investments.

Construction contracts - liabilities are, among others, the amounts of advance payments made by contractors in connection
with the carried out works.

CONSTRUCTION CONTRACTS	31-12-2018	31 December 2017
a) accruals	469 066 664,54	357 013 809,05
Total construction contracts	**469 066 664,54**	**357 013 809,05**

Accruals	31-12-2018	31 December 2017
- advances on premises	462 281 131,35	353 176 257,36
- provision for works	5 885 533,19	2 696 824,13
- other	900 000,00	1 140 727,56
Total accruals	**469 066 664,54**	**357 013 809,05**

In connection with its operations, the Company takes out loans which are secured, among others, with a mortgage on real estate. As at 31 December 2018, the Company established collaterals in the form of mortgages on properties presented in inventories and construction contracts as well as in fixed assets with a total value of PLN 281.3 million. The value of the mortgage is established for the amount of the granted loan (or higher), therefore it significantly exceeds the value of real estates disclosed in the Company's assets. As at 31 December 2018, liabilities by virtue of credits disbursed amounted to PLN 41.5 million.

Note 7. Trade and other receivables

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

CURRENT RECEIVABLES	31-12-2018	31 December 2017
a) trade receivables - related parties	6 737 865,73	4 968 243,35
b) trade receivables - other parties	16 772 306,85	22 106 529,27
c) taxes, subsidies, customs duties, social and health insurance and other payments	7 822 905,74	10 971 802,85
d) other	1 788 837,96	3 324 202,56
Total receivables	**33 121 916,28**	**41 370 778,03**

AGE STRUCTURE OF TRADE RECEIVABLES	31-12-2018	31 December 2017
not overdue	22 468 095,25	24 757 559,49
Overdue up to 3 months	284 979,09	1 178 997,59
Overdue between 3 and 6 months	90 830,26	249 049,67
Overdue between 6 months and 1 year	325 239,97	196 794,46
Overdue over 1 year	341 028,01	692 371,41
Gross trade receivables	**23 510 172,58**	**27 074 772,62**
Write-offs updating receivables	0,00	0
Net receivables	**23 510 172,58**	**27 074 772,62**

Tax receivables are VAT receivables amounting to PLN 7.2 million as at 31 December 2018 (PLN 10.5 million as at 31 December 2017).

CHANGE IN WRITE-DOWNS ON TRADE RECEIVABLES AND OTHER RECEIVABLES	31-12-2018	31 December 2017
As at the begining of period	7 124 092,63	7 104 410,10
a) increase	0,00	19 682,53
b) decrease	0,00	0,00
As at the end of period	**7 124 092,63**	**7 124 092,63**

The revaluation write-offs apply in full to other overdue receivables.

Costs and revenues related to the creation and reversal of revaluation write-offs on receivables are recognized under other operating expenses or other operating income, respectively.

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

Note 8. Current financial assets

SHORT-TERM INVESTMENTS	31-12-2018	31 December 2017
a) shares	0,00	0,00
b) loans granted	62 716 663,05	59 646 179,66
c) other security papers	3 449 236,38	550 657,23
d) other short-term investments	0,00	0,00
Total long-term financial assets	**66 165 899,43**	**60 196 836,89**

SHORT-TERM INVESTMENTS	31-12-2018	31 December 2017
a) in subsidiaries	62 661 178,51	59 646 178,67
- shares	0,00	0,00
- other security papers	0,00	-0,99
- loans granted	62 661 178,51	59 646 179,66
- other current financial assets	0,00	0,00
b) in other units	3 504 720,92	550 658,22
- shares	0,00	0,00
- other security papers	3 449 236,38	550 658,22
- loans granted	55 484,54	0,00
- other current financial assets	0,00	0,00
Total short-term investments	**66 165 899,43**	**60 196 836,89**

Note 9. Cash and cash equivalents

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

CASH AND CASH EQUIVALENTS	31-12-2018	31 December 2017
a) cash on hand and with bank	84 196 799,55	156 110 544,52
b) other cash	747,80	1 015 460,11
c) other cash assets	10 134,45	6 771,63
Total cash	**84 207 681,80**	**157 132 776,26**

Other cash means deposits with a maturity date of under 3 months.

CASH IN ESCROW ACCOUNTS	31-12-2018	31 December 2017

cash in escrow accounts	**61 483 631,37**	**37 174 715,67**
JW. Construction Holding SA	61 483 631,37	37 174 715,67

Note 10. Short-term accruals

ACCRUALS	31-12-2018	31 December 2017
a) short-term accruals	14 946 417,94	12 387 789,42
Total accruals	**14 946 417,94**	**12 387 789,42**

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

Accruals	31-12-2018	31 December 2017
- property insurance	342 641,77	146 079,49
- interest	2 739 700,01	1 373 946,86
- commission expenses	11 146 865,43	9 636 039,13
- property tax, perpetual usufruct, road tax	0,00	0,00
- other	717 210,73	1 231 723,94
Total accruals	**14 946 417,94**	**12 387 789,42**

Note 11. Primary capital

Primary capital and other capitals

Series/ issue	Share type	Type of share preference akcji	Types of restrictions on rights to shares	Number of shares	Value of series/issuance per nominal value	Coverage of capital	Registration date	Divident right (since)
A and B	bearer		-	54 073 280	10 814 656	Assets of a transformed company - TBM Batory Sp. z o.o. / cash	01.07.2010*	
C				34 786 163	6 957 232,60	Cash	30.09.2014	
Number of shares				88 859 443				
Total share capital					17 771 888,60			
Share nominal value = 0,20 zł								

* court registration of merging A and B series shares due to the redemption of 625,000 shares acquired via a company repurchasing period with an eye to the redemption thereof

Information on the Company Shareholders as at 31 December 2018

Shareholder	Number of shares held	% of capital share	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	32.094.963	36,12 %	32.094.963	36,12 %
EHT S.A.	47.846.225	53,84 %	47.846.225	53,84 %
Others	8.918.255	10,04 %	8.918.255	10,04 %

Mr. Józef Wojciechowski controls the Company EHT SA based in Luxembourg.

Information of the company shareholders as of the day of preparation of the financial statement:

Shareholder	Number of shares held	% of capital share	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	32.094.963	36,12 %	32.094.963	36,12 %
EHT S.A.	47.846.225	53,84 %	47.846.225	53,84 %
Others	8.918.255	10,04 %	8.918.255	10,04 %

OTHER CAPITALS	31-12-2018	31 December 2017
a) reserve capital	706 687 031,11	676 124 356,46
b) other reserve capitals	5 731 587,19	5 731 587,19

Total other capitals	**712 418 618,30**	**681 855 943,65**

Supplementary capital in the capital company comes from the earned profit from previous years and from the surplus of the issuance value over the nominal value of issued shares.
Other reserve capitals constitute reserves earmarked for dividend.

Note 12. Borrowings
In the financial year 2017 and from the balance sheet date to the date of preparation of these financial statements, none of the loan agreements concluded so far have been terminated by the Bank.

BORROWINGS	**31-12-2018**	**31 December 2017**
a) credits	41 515 044,84	99 168 550,45
of which: long-term	*6 727 681,01*	*45 819 151,99*
short-term	*34 787 363,83*	*53 349 398,46*
b) loans	375 865,86	897 210,95
of which: long-term	*0,00*	*0,00*
short-term	*375 865,86*	*897 210,95*
Total borrowings	**41 890 910,70**	**100 065 761,40**
Borrowings - long-term	**6 727 681,01**	**45 819 151,99**
Borrowings - short-term	**35 163 229,69**	**54 246 609,41**

CREDITS PER MATURITY	**31-12-2018**	**31 December 2017**
Up to 1 year	34 787 363,83	53 349 398,46
Between 1 and 2 years	2 151 428,00	41 516 003,99
Between 2 and 5 years	4 576 253,01	4 303 148,00
Over 5 years	0,00	0,00
Total credits, including	**41 515 044,84**	**99 168 550,45**
- long-term	6 727 681,01	45 819 151,99
- short-term	34 787 363,83	53 349 398,46

LOANS PER MATURITY	**31-12-2018**	**31 December 2017**
Up to 1 year	375 865,86	897 210,95
Between 1 and 2 years	0,00	0,00
Between 2 and 5 years	0,00	0,00
Over 5 years	0,00	0,00
Total loans	**375 865,86**	**897 210,95**
- long-term	0,00	0,00
- short-term	375 865,86	897 210,95

Nota 13. Deferred income tax assets

The applicable rate of income tax in 2018 and 2017 was 19%.

DEFERRED INCOME TAX ASSETS AND A RESERVE FOR DEFERRED INCOME TAX	31-12-2018		
	Deferred income tax assets	**Deferred income tax reserve**	**Net value**
Tangible assets	10 583 919,21	7 890 535,10	2 693 384,12
Investment real estate	0,00	2 151 767,96	-2 151 767,96
Other financial assets	0,00	0,00	0,00
Non-current receivables	0,00	0,00	0,00
Inventories and construction contracts	0,00	20 138 253,31	-20 138 253,31
Trade and other receivables	3 401 615,73	75 951,49	3 325 664,23
Income tax receivables	0,00	0,00	0,00
Accruals	0,00	0,00	0,00
Borrowings	3 933 663,42	3 115 024,60	818 638,82
Reserves	3 022 188,55	0,00	3 022 188,55
Trade and other payables	308 445,41	0,00	308 445,41
Other financial liabilities	0,00	0,00	0,00
Other, including tax losses	9 341 667,93	5 147 673,71	4 193 994,22
Deferred tax assets / reserve shown in the balance sheet	**30 591 500,25**	**38 519 206,16**	**-7 927 705,91**

DEFERRED INCOME TAX ASSETS AND A RESERVE FOR DEFERRED INCOME TAX	31-12-2017		
	Deferred income tax assets	**Deferred income tax reserve**	**Net value**
Tangible assets	0,00	7 493 510,94	-7 493 510,94
Investment real estate	0,00	13 185 353,31	-13 185 353,31
Other financial assets	0,00	7 140 011,38	-7 140 011,38
Non-current receivables	0,00	0,00	0,00
Inventories and construction contracts	0,00	6 968 899,90	-6 968 899,90
Trade and other receivables	0,00	75 951,49	-75 951,49
Income tax receivables	0,00	0,00	0,00
Accruals	0,00	0,00	0,00
Borrowings	0,00	0,00	0,00
Reserves	5 733 581,47	0,00	5 733 581,47
Trade and other payables	290 853,95	0,00	290 853,95
Other financial liabilities	5 172 154,73	0,00	5 172 154,73
Other, including tax losses	9 830 637,02	892 996,65	8 937 640,37
Deferred tax assets / reserve shown in the balance sheet	**21 027 227,17**	**35 756 723,67**	**-14 729 496,51**

CHANGE IN DEFERRED INCOME TAX	31-12-2018	31 December 2017
Change of the assets towards the deferred tax	9 564 273,08	-5 596 425,94
Change of the reserves towards the deferred tax	-2 762 482,49	-3 790 892,92
Total change in deferred tax	**6 801 790,60**	**-9 387 318,86**
Deferred tax disclosed in the profit and loss account	**-6 801 790,60**	**-9 387 318,86**
Deferred tax recognised in comprehensive income	**0,00**	**0,00**

Note 14. Provisions for other liabilities and charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31-12-2018	31 December 2017

a) short-term, of which:	**25 709 542,56**	**24 174 981,21**
- accrued expenses, including:	10 003 703,49	11 203 071,38
- interest charged	1 110 399,96	1 152 514,04
- rent deposits	480 433,64	480 433,64
- hotel down payments	3 301 197,35	3 843 839,55
- other	5 111 672,54	5 726 284,15
- other provisions, including:	15 705 839,07	12 971 909,83
- provision for future liabilities	0,00	0,00
- provisions for guaranteed repairs	0,00	0,00
- other provisions	15 705 839,07	12 971 909,83
a) long-term, of which:	**0,00**	**0,00**
- accrued expenses, including:	0,00	0,00
Total provisions for other liabilities and charges	**25 709 542,56**	**24 174 981,21**

Note 15. Other long-term liabilities

OTHER LONG-TERM LIABILITIES	**31-12-2018**	**31 December 2017**
a) lease obligations	833 587,68	598 298,02
b) deposit liabilities	43 714 469,38	34 553 543,90
c) liabilities from securities	128 800 000,00	199 100 000,00
d) other long-term liabilities	0,00	0,00
e) promissory note liabilities - affiliates	10 960 675,76	25 903 579,62
f) promissory note liabilities - third parties	0,00	0,00
g) loans received - affiliates	23 573 603,57	0,00
Total other liabilities	**207 882 336,39**	**260 155 421,54**

All lease liabilities are denominated in PLN. The fair value of lease liabilities corresponds to its book value and as at 31 December 2018 amounts to PLN 1,861,552.89 of which PLN 833,587.68 is a long-term liability.

Prospect leasing payments are payable as follows:

	Minimum lease payments	**Interest**	**Current value of liability**
	31-12-2018	**31-12-2018**	**31-12-2018**
under 1 year	1 069 193,84	41 228,63	1 027 965,21
between 1 and 5 years	859 289,79	25 702,11	833 587,68
over 5 years	0,00	0,00	0,00
	1 928 483,63	**66 930,74**	**1 861 552,89**

	Minimum lease payments	**Interest**	**Current value of liability**
	31 December 2017	**31 December 2017**	**31 December 2017**
under 1 year	1 434 668,84	55 416,85	1 379 251,99
between 1 and 5 years	621 704,87	23 406,85	598 298,02
over 5 years	0,00	0,00	0,00
Total	**2 056 373,71**	**78 823,70**	**1 977 550,01**

The present value of the lease liability is presented in the financial statements as follows:

LEASING LIABILITIES	**31-12-2018**	**31 December 2017**
a) short-term liabilities	1 027 965,21	1 379 251,99
b) long-term liabilities	833 587,68	598 298,02
Total	**1 861 552,89**	**1 977 550,01**

Note 16. Trade and other payables

TRADE AND OTHER PAYABLES	**31-12-2018**	**31 December 2017**
a) trade payables - other parties	28 244 378,92	34 629 245,42
b) trade payables - affiliated parties	3 626 926,40	4 250 907,39
tc) axes, customs duties, insurance and other payments	2 547 023,23	3 219 982,46

d) salaries	2 118 570,66	2 045 777,94
e) trade advances received	0,00	0,00
f) loans received - affiliated parties	0,00	11 962 254,65
g) promissory notes – affiliated parties	4 336 270,86	6 630 255,72
h) other	13 121 603,18	6 810 295,64
Total trade and other payables	**53 994 773,25**	**69 548 719,22**

OTHER LIABILITIES	**31-12-2018**	**31 December 2017**
a) debt securities issue liabilities	75 941 216,10	20 767 451,05
b) promissory note liabilities - other	0,00	573 279,31
c) leasing liabilities	1 027 965,21	1 379 251,99
d) other financial liabilities	0,00	0,00
Total other liabilities	**76 969 181,31**	**22 719 982,35**

D. EXPLANATORY NOTES TO THE UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

Note 17. Operating income

OPERATING INCOME	**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
Revenues from sales of products	310 034 413,47	317 780 076,65
Revenues from sales of services	69 963 591,20	64 530 553,38
Revenues from sales of goods	4 263 793,29	2 196 343,66
Total income	**384 261 797,96**	**384 506 973,69**

	01-01-2018 to 31-12-2018	**01-01-2017 to 31-12-2017**
Proceeds from sales, including:	**384 261 797,96**	**384 506 973,69**
-sales of products – properties, plots, buildings	310 034 413,47	317 780 076,65
-from sales of services	69 963 591,20	64 530 553,38
-from sales of goods	4 263 793,29	2 196 343,66

	01-01-2018 to 31-12-2018	**01-01-2017 to 31-12-2017**
Revenues from sales of products and services by segment	**379 998 004,67**	**382 310 630,03**
-real estate development	324 741 649,86	332 395 371,37
-business activity related to hotels	48 581 294,41	43 682 425,00
-catering services	724 630,86	0,00
-real estate management	5 950 429,54	6 232 833,66

	01-01-2018 to 31-12-2018	**01-01-2017 to 31-12-2017**
Revenues from sales of products – premises, plots, buildings by geographical segment	**310 034 413,47**	**317 780 076,65**
-Warsaw and the surrounding area	212 774 442,95	223 107 660,77
- Gdynia	90 823 463,97	59 108 820,42
- Łódź	549 940,10	242 107,20
- Szczecin	0,00	0,00
- Katowice	506 591,55	34 348 326,81
- Poznań	0,00	-3 428,55
- parcels and networks	5 379 974,90	976 590,00

	01-01-2018 to 31-12-2018	**01-01-2017 to 31-12-2017**
Revenues from sales of hotel services per geographic segments	**48 581 294,41**	**43 682 425,00**
-Warsaw and the surrounding area	6 259 048,15	5 631 592,24
- Tarnowo	6 179 314,28	5 799 874,56
- Stryków	4 148 084,43	3 899 475,08
- Krynica Górska	31 994 847,55	28 351 483,12

Note 18. Operating expenses

OPERATING EXPENSES	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
Costs of sales of products	255 908 434,48	236 986 527,18
Costs of sales of services	49 890 072,52	49 242 732,57
Costs of sales of goods	4 242 190,06	2 160 664,38
Total costs of products, services and goods sold	**310 040 697,06**	**288 389 924,13**

Sales and overhead expenses	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
Costs of sales	22 691 746,47	22 320 068,69
Overheads	19 757 350,32	20 622 109,03
Total sales and overheads expenses	**42 449 096,79**	**42 942 177,72**

Expenses per type	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
Depreciation and amortization	8 826 563,93	7 787 999,57
Materials and energy cost	114 686 142,86	67 601 333,45
Third party services	255 156 473,42	226 033 803,71
Taxes and charges	10 301 346,69	10 582 101,53
Remunerations	32 163 494,94	29 466 387,96
Social security and other payments	5 819 823,12	4 662 633,13
Other expenses per type	9 490 506,66	7 805 745,46
Total expenses per type	**436 444 351,62**	**353 940 004,81**

Note 19. Other operating income

OPERATING INCOME	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
a) profit on sale of non-financial fixed assets	1 663,21	2 052,32
b) other operating income	3 179 041,57	1 066 314,98
Total operating income	**3 180 704,78**	**1 068 367,30**

OPERATING INCOME	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
a) profit on sale of non-financial fixed assets	1 663,21	2 052,32
b) handling fees, penalties	188 678,48	235 629,70
c) reserves, write-offs	0,00	583 723,17
d) asset disclosure	0,00	0,00
e) other (icluding damages)	2 990 363,09	246 962,11
Total operating income	**3 180 704,78**	**1 068 367,30**

Note 20. Other operating expenses

OPERATING EXPENSES	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	0,00	1 098 274,52
c) other operating expenses	7 765 136,81	5 165 923,02
Total operating income	**7 765 136,81**	**6 264 197,54**

OPERATING EXPENSES	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	0,00	1 098 274,52
c) reserves	2 733 929,24	2 883 910,17
d) compensations, penalties, damages	3 338 313,95	553 166,87
e) compensations for breach of contracts	0,00	983,00

f) costs of court proceedings	489 932,97	354 441,29
g) costs of discontinued investments	0,00	0,00
h) other	1 202 960,65	1 373 421,69
Total operating income	**7 765 136,81**	**6 264 197,54**

Note 21. Financial revenues

FINANCIAL REVENUES	**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
a) dividends	0,00	10 294 440,26
b) interest	10 891 996,46	3 837 775,81
c) investment revaluation	0,00	0,00
d) loss on disposal of investment	0,00	0,00
e) other	3 433 065,10	6 158,94
Total financial revenues	**14 325 061,56**	**14 138 375,01**

Financial revenues	**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
a) dividends	0,00	10 294 440,26
b) interest from customers	195 766,49	192 245,88
c) loan interest	1 745 265,16	1 209 100,00
d) deposit interest	849 343,16	1 230 402,70
e) promissory notes interest	89 723,68	89 790,89
f) other interest	8 011 897,97	1 116 236,34
g) foreign exchange rate differences	2 617 559,16	0,00
h) investment revaluation	0,00	0,00
i) profit on disposal of investment	0,00	0,00
j) other	815 505,94	6 158,94
Total	**14 325 061,56**	**14 138 375,01**

Note 22. Financial expenses

FINANCIAL EXPENSES	**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
a) interest	20 428 573,79	15 405 353,57
b) investment revaluation	0,00	0,00
c) loss on disposal of investment	30 384,75	0,00
d) other	16 767,70	6 033 544,83
Total financial expenses	**20 475 726,24**	**21 438 898,40**

FINANCIAL EXPENSES	**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
a) interest, commissions, loans	2 062 865,10	2 550 397,80
b) interest - leasing	66 512,31	106 032,19
c) interest - loans	685 731,93	841 027,40
d) interest - promissory notes	536 126,86	1 348 905,96
e) interest - bond issuance	4 925 630,13	9 250 710,08
f) other interest	12 151 707,46	1 308 280,14
g) foreign exchange rate differences	0,00	5 802 671,18
h) loss on disposal of investment	30 384,75	0,00
i) other	16 767,70	230 873,65
Total financial expenses	**20 475 726,24**	**21 438 898,40**

Note 23. Income tax

INCOME TAX	**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
a) income tax	32 281,00	117 874,00
b) deferred income tax	-6 801 790,60	9 387 318,86
Total income tax	**-6 769 509,60**	**9 505 192,86**

Reconciliation of effective tax rate	**01-01-2018**	**01-01-2017**

	to 31-12-2018	to 31-12-2017
Gross Profit / (loss) before tax from continuing operations	15 759 955,15	38 536 606,67
Gross Profit / (loss) before tax from discontinued operations	0,00	0,00
Gross Profit / (loss) before tax	**15 759 955,15**	**38 536 606,67**
Income tax (charge) shown in the profit and loss account	**-6 769 509,60**	**9 505 192,86**
including		
current	32 281,00	117 874,00
deferred	3 782 128,62	9 387 318,86
Tax in accordance with a 19% tax rate	**2 994 391,48**	**7 321 955,27**
Unrealised tax losses - settlement	-785 835,82	0,00
Differences resulting from unrealized reserves and assets in previous years	-55 704 837,97	11 075 073,89
Expenditure not constituting tax deductible expenses -permanent differences	5 945 104,60	5 088 354,86
Dividend	0,00	10 294 440,26
Cost of convertible bond converstion to Hanza Invest shares	0,00	0,00
Participation in the profits of partnerships	-7 811,05	-14 967 144,84
Other	-835 572,79	0,00
Adjusted income tax	**-35 628 997,87**	**50 027 330,84**
Tax at effective rate	**-6 769 509,60**	**9 505 192,86**

E. OTHER EXPLANATORY NOTES

Note 24. Headcount

Company	**31-12-2018**	**31 December 2017**
Management Board	2	3
Directors	19	14
Administration	206	216
Other employees	184	175
Total	**411**	**408**

Contracts	**31-12-2018**	**31 December 2017**
Employment contract	411	408
Fee-for-task contract	226	254
Specific work contract	20	20
TOTAL	**657**	**682**

Note 25. Remuneration of the Management Board and Supervisory Board of the Company

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

JW Construction Holding S.A.	**01-01-2018 to 31-12-2018**
Management Board	
Rajchert Wojciech	65 000,74
Starzyńska Magdalena	197 672,48
Ostrowska Małgorzata	176 540,53
Suprynowicz Piotr	55 180,00
Pisarek Małgorzata	59 954,01
JW Construction Holding S.A.	**01-01-2018 to 31-12-2018**
Supervisory Board	
Wojciechowski Józef	0,00
Szwarc-Sroka Małgorzata	16 792,80
Łopuszyńska Irmina	16 184,80
Czyż Barbara	92 293,46
Radziwilski Jacek	47 881,49

Maruszyński Marek	43 258,32
Matkowski Ryszard	40 514,68

Note 26. Off-balance-sheet items

Conditional hedging instruments are used in the practice of business activity. In particular, under the existing credit agreements, banks providing financing, in the event of the Company's failure to meet its contractual obligations, may assert claims on the basis of established collaterals. Collaterals are established up to the amount of the loan granted multiplied by a specific ratio. The ratio, depending on the type of credit agreement, type of collateral, financing bank and other factors, ranges from 100% to 200%. Regardless of the number and amount of established collaterals, the bank may assert claims up to the amount of actual debt together with due interest. As at 31 December 2018, the value of debt on account of loans amounted to PLN 41.5 million and there were no indications that any of the loans could not be repaid on time.
In the case of J.W. Construction Holding S.A. loans, the standard securities used by banks include, among others, mortgages on real estate.

The value of mortgages secured on real estate is presented below:

OFF-BALANCE SECURITIES	**31-12-2018**
Amount of security on own real estate*	281 338 936

*including collaterals on real estate of TBS Marki Sp. z o.o. - PLN 22.4 million

Several types of collateral are usually used for one credit agreement, with a total value in excess of the loan amount. However, the amounts of collateral cannot be added together as the value of a possible claim would be closely linked to the amount of the obligation and the eligible entity would have the right to choose the type of collateral.
Apart from the mortgage, there are also other forms of collateral, i.e. writs of execution, bills of exchange, powers of attorney to accounts or pledges on accounts. In addition, in the case of investment loans, collateral instruments are assignments from contracts related to specific construction projects (e.g. general contracting agreements, insurance contracts, performance bonds). Moreover, if the borrower is a subsidiary of J.W. Construction Holding S.A., banks usually require an additional guarantee from the Issuer, and in some cases a pledge on the shares of the subsidiary.

The value of sureties and guarantees granted is presented below:

OFF-BALANCE SECURITIES - other	**31-12-2018**
Guarantee of J.W. Construction Holding S.A. to the benefit of Hanza Invest SA for a credit loan incurred at Alior Bank S.A.	141 789 712
Guarantee of J.W. Construction Holding S.A. to the benefit of Dana Invest Sp. z o.o. for a credit loan incurred at BZ WBK SA.	29 694 876
Guarantees to the benefit of J.W. Construction Sp. z o.o. by PKO BP for the loan and surety	14 500 000
Sureties to the benefit of TBS "Marki" Sp z o.o.	22 400 000

As at 31 December 2018, insurance and bank guarantees for removal of defects and faults granted by banks and insurance institutions benefiting from the Company were also granted. Moreover, blank promissory notes were issued for the companies of the Capital Group as a security for their rights resulting from guarantees granted by contractors, which the Companies have the right to fill in at any time for the amount corresponding to the costs of removal of defects and faults. Total value of guarantees issued by Construction Holding SA as at 31 December 2018. 33.86 million PLN and 37 thousand EUR.

Note 27. Transactions with affiliates-balances

As part of its operations, the Company enters into transactions with affiliated companies, in particular in the area of sales, administrative services, real estate rental, performance of works, granting warranties, financing. Transactions with subsidiaries and other related companies, the value of which in 2018 was significant from the point of view of the presented data, are presented below. A materiality threshold was adopted for commercial transactions over 100 thousand with the remaining 10% of equity. All transactions concluded in 2018 by the Company or its subsidiary with related parties were conducted on the market terms.

	Receivables from affiliated parties	
COMPANY NAME	**01-01-2018 to 31-12-2018**	**01-01-2017 to 31-12-2017**
TBS Marki Sp. z o.o.	24 663,88	127 222,70
J.W.Construction Sp. z o.o.	2 438 841,36	3 599 498,60
Dana Invest Sp. Z o.o.	323 666,21	127 429,95
Varsovia Apartamenty Sp.z o.o.	1 651 383,26	208 158,13
Berensona Invest Sp. Z o.o.	35 660,16	26 644,26
Bliska Wola 4 Sp.z o.o.1 SK	34 196,00	210 414,04
Bliska Wola 4 Sp.z o.o. 2 SK	407 211,29	517 261,58
Wola Invest Sp zo.o.	32 708,16	23 692,26

Bliska Wola 4 Sp. Z o.o.	30 330,40	20 834,80
Hanza Invest S.A.	1 600 333,23	22 724,54

	Payables to affiliated parties	
COMPANY NAME	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
TBS Marki Sp. z o.o.	29 910 789,10	29 779 250,20
J.W.Construction Sp. z o.o.	3 621 730,40	3 845 230,61
Bliska Wola 4 Sp.z o.o.1 SK	5 196,00	4 212,00
Varsovia Apartamenty	0,00	13 035,47
Hanza	0,00	0,00

J.W. Construction Holding S.A. as an entity buying products or services (transactions for more than PLN 100 thousand)

OTHER PARTY TO TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
Affiliated units subject to consolidation			
J.W.Construction Sp. z o.o.	construction works-Zdziarska II	0,00	4 613 669,57
J.W.Construction Sp. z o.o.	construction works Ożarów Houses	994 655,15	5 465 649,74
J.W.Construction Sp. z o.o.	construction works Ożarów blocks of flats	1 013 901,10	1 069 664,02
J.W.Construction Sp. z o.o.	construction works Katowice	12 157 512,24	8 762 189,74
J.W.Construction Sp. z o.o.	construction - crane rent Kasprzaka CK	0,00	157 500,00
J.W.Construction Sp. z o.o.	construction - crane rent Kasprzaka CM	0,00	105 400,00
J.W.Construction Sp. z o.o.	staffing services Kasprzaka CK	970 993,00	847 517,10
J.W.Construction Sp. z o.o.	staffing services Kasprzaka CM	7 078,00	698 286,50
J.W.Construction Sp. z o.o.	staffing services Badylarska	0,00	159 791,80

J.W. Construction Holding S.A. as an entity rendering or services (seller) (transactions for more than PLN 100 thousand),

Transactions related to capital investments and financial assets are described in significant events up to and after the balance sheet date. Other transactions concluded with affiliated entities do not exceed the adopted materiality threshold.

All transactions concluded by the Company or its subsidiaries are concluded on market terms.

OTHER PARTY TO TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	01-01-2018 to 31-12-2018	01-01-2017 to 31-12-2017
Affiliated units subject to consolidation			
TBS Marki Sp. z o.o.	administrative services	231 751,36	255 091,17
TBS Marki Sp. z o.o.	loan surety	0,00	784 000,00
J.W.Construction Sp. z o.o.	administrative services	1 180 619,00	600 000,00
J.W.Construction Sp. z o.o.	sale of goods, materials	318 303,85	0,00
J.W.Construction Sp. z o.o.	guaranteed repairs services	1 613 369,45	629 402,95
J.W.Construction Sp. z o.o.	office building rental	146 028,00	146 028,00
Bliska Wola 4 Sp.z o.o.1 SK	construction service	0,00	161 875,90
Bliska Wola 4 Sp.z o.o. 2 SK	construction service	0,00	129 267,36
Hanza Invest sa	sales service	976 592,22	208 000,00
Varsovia Apartamenty Sp. z o.o.	reinvoicing (other)	748 302,87	149 409,60
Varsovia Apartamenty Sp. z o.o.	other	517 833,68	0,00

Transactions with Members of the Management Board or Supervisory Board

On March 3, 2018 Małgorzata Ostrowska purchased a residential unit located in Warsaw at 31A Kasprzaka Street with an area of 26.76 m2 for PLN 173,404.80.

F. ADDITIONAL INFORMATION

Note 28. Events that took place in the business year

Information on received permits

In 2018, the Company received the decisions with regard to the following permits:

a) construction permit

On 10, 12 and 15 January and 13 February 2018. The Company received building permits for a complex of terraced houses located in the commune of Kręczki Kaputy near Ożarów Mazowiecki. The permit is legally binding

On 2 February 2018 The Company received building permits for a hotel building with services, retail and underground garage, located at Pileckiego Street in Warsaw. On 4 October 2018 The Company received a certificate that the decision of 2 February 2018 on granting a building permit for the construction of a hotel building with services and trade and an underground garage, located at Pileckiego Street in Warsaw, has become final and legally binding.

On 8 May 2018 The Company received a building permit for the construction of a residential and service complex "Bliska Wola stage D" in the vicinity of Ordona, Kasprzaka, Prymasa Tysiąclecia Avenue in Warsaw. The permit obtained enables the development of two sub-stages of the investment, for a total of nearly 1,500 units with a residential, hotel and commercial area of almost 62,000 m2. The permit is legally binding.

On 10 September 2018 The Company received building permits for a hotel, retail and service complex with technical infrastructure, located at Spokojna Street in Gdynia. The permit is final.

On 9 November 2018. The Company received building permits for a multi-family building with a service part and an underground garage at Mikołaja Trąby Street in Warsaw. The permit is final.

b) occupancy permit

On 19 June 2018. The Company received a permit to use a multi-family residential building with an underground garage in Warsaw at Verdiego Street - Osiedle Zielona Dolina III. The permit is legally binding.

On 2 July 2018 The Company received occupancy permits for residential buildings developed within the housing estate at Leśna and Parkowa Streets in Gdynia - Osiedle Gdynia Bernadowo Park II. The permit is legally binding.

On 18 July 2018 The Company received occupancy permits for the Varsovia Aparthotel (Close Wola stage C, excluding 11 premises) at Kasprzaka/Ordona Street in Warsaw. On 20 September this year. (with respect to 7 premises) and 3 October 2018. (with respect to 4 premises), the Company received occupancy permits. The permits are legally binding.

On 14 August 2018. The Company received occupancy permits for 4 multi-family residential buildings developed within the Zielona Dolina II residential investment, stage II at Verdiego Street in Warsaw. On 17 December 2018 The Company obtained permission for the remaining 21 buildings within the Zielona Dolina II stage II project. The permits are legally binding.

Significant construction contracts and annexes

Construction contract
On 28 August 2018, the Issuer entered into an agreement with Fabet-Konstrukcje Spółka z o.o. with its registered office in Kielce as the contractor for the execution of works related to the construction of buildings, including, among others, the following works on the area of the investment carried out by the Company in Warsaw at Kasprzaka Street Stage Dm and Dk of Bliska Wola investment:
- comprehensive execution of reinforced concrete works;
- comprehensive execution of masonry works.
- drainage of the trench;
- execution of ground works;
- securing the excavation walls - slurry wall;

The deadline for completion of the works was set at 21 October 2020.
The Contractor's remuneration has been established as a lump-sum based on the scope of works at the amount of PLN 140,262,989.82 plus VAT at the rate applicable on the date of issuing the invoices.

Annexes to investment contracts
On 11 December 2018, the Issuer concluded an annex to the agreement of 14 July 2017 with a subsidiary of J.W. Construction Sp. z o.o. with its registered office in Ząbki, being the general contractor for buildings A2, B2 and B3 in the Osiedle Tysiąclecia investment in Katowice, pursuant to which the following have been altered:

1. The deadline for obtaining a valid occupancy permit was set at 31 December 2020.
2. The lump-sum remuneration agreed between the parties was increased to the amount of PLN 82,875,000 increased by VAT at the rate applicable on the date of issuing the invoices.

Real estate contracts

Purchase of real estate
In the reporting period, the Company was purchasing the remaining residential units located in Krakow at 19-21 Wielopole Street, 86,88,90 Dietla Street. As at today, there is a last unit in the building to be purchased.

On 2 February 2018, the Company acquired the ownership right to an undeveloped plot of land with an area of 2.3544 ha located at Poznańska Street in Skórzewo in the municipality of Doplewo. The sale price is set at PLN 9,800,000 net plus VAT at the applicable rate. The property is intended for multi-family residential development. The Company estimates that it will be possible to construct approx. 14,000 m2 of usable area of flats on the plot.

On 4 April 2018, in the performance of a conditional sale agreement concluded on 23 March 2018, in connection with the lack of exercising his right of the President's of Pruszków, the Company concluded a contract transferring the right of perpetual usufruct of an undeveloped plot of land No. 215 with an area of 16,902 m2 located in Pruszków at Waryński 5/7 St. for the amount of PLN 15,900,000 net plus VAT at the applicable rate. The company plans to build approximately 19,000 m2 of residential useable area.

On 5 June 2018, in the performance of a preliminary agreement for the acquisition of the right of perpetual usufruct of land concluded on 6 February 2018, the Company concluded a purchase agreement for two developed plots with a total area of 0.2287 ha located in Gdańsk at Starowiejska St., for PLN 4,250,000 net, plus VAT at the applicable rate.

On 6 June 2018, in the performance of a preliminary agreement for the acquisition of the right of perpetual usufruct of land concluded on 13 June 2017, the Company concluded a purchase agreement for eight developed plots with a total area of 0.8450 ha and a share of 806/1000 in two plots with a total area of 0.1542 located in Gdańsk at 67 Starowiejska St., for PLN 20,500,000 net, plus VAT at the applicable rate. The company plans to build about 33,100 m2 of useable area on the plots in question.

On 11 September 2018, in performance of the contingent purchase agreement of 31 August 2018, the Company entered into an agreement transferring the ownership right to real estate comprising a plot of land No. 555, 556 and 557/1 with a total area of 29.4000 ha located in Zawada, Myślenice Municipality ("Property"). The price for the Property has been determined as PLN 21,000,000 gross. The Company intends to build approx. 63,100 m2 of usable area of flats on the plots in question.

On 19 December 2018, in performance of the contingent agreement, the Company acquired the right of perpetual usufruct of undeveloped plots of land No. 5/4, 7/2 and 7/4 with a total area of 1,4471 ha located in Szczecin at Celna Street for the total amount of PLN 14,600,000 net increased by VAT at the applicable rate. The Company, on the plots at Celna Street (purchased in December 2018 and January 2019), intends to build approx. 48,800 m2 of usable area of apartments and aparthotels.

Preliminary agreements for the acquisition of real estate
On 19 December 2018 The Company entered into a contingent agreement for the acquisition of the perpetual usufruct right to undeveloped plots with numbers 28/8 and 28/9 with a total area of 0.7471 ha, located in Łódź at Jana Kilińskiego Street, for the amount of PLN 4,725,000 net plus VAT at the applicable rate. The condition for the purchase of the property was that the city of Łódź did not exercise its pre-emptive right of refusal. The Company intends to construct approx. 10,000 m2 of usable area of flats on the plots.

Real estate sales agreements
On 29 May 2018, the City of Katowice exercised its pre-emptive right of perpetual usufruct of the undeveloped plot of land No. 43/1 with an area of 2,066 m2 located in Katowice, the Tysiąclecia estate belonging to the Company, for the amount of PLN 897,900.00 gross. The property in question was to be sold to another entity.

On 22 June 2018 The Company sold real estate constituting a developed right of perpetual usufruct of plots of land No. 12/2, 12/3 and 30 with a total area of 0.3621 ha, located in Wrocław at 20 Powstańców Śląskich Street, for the amount of PLN 1,000,000 plus VAT at the applicable rate.
The sale of the property generated a loss in the Company's result in the reporting period in the amount of PLN 15,184,357.

Preliminary agreements for the sale of real estate

On 29 November 2018 The Company entered into a preliminary and contingent agreement for the sale of the ownership right to properties located in Łeba, constituting plots of land No. 78/11 with an area of 1.7405 ha, 78/12 with an area of 3.6367 ha, a share of 546/3822 in the plot of 78/4 and a share of 1613100/1014909090 in plot 79 (road plots) for the net amount of PLN 9,486,000.

Credit agreements

In 2018, the following events related to credit agreements occurred:

Credit repayment

On 5 February 2018, the Company made a full repayment of the loan for the co-financing of the„Bernardowo Park phase II" residential investment in Gdynia in the amount of PLN 33,700,000 incurred in Millenium Bank S.A

On 28 February 2018, the Company made a full repayment of the revolving credit for co-financing the costs of realization of "Zielona Dolina III" residential investment in Warsaw, in the amount of PLN 5,000,000 incurred in BOŚ Bank SA.

On 17 October 2018 The Company repaid in full the revolving credit intended for co-financing the costs of the residential investment "Zielona Dolina II stage II" in Warsaw, in the amount of PLN 49,500,000 incurred in BOŚ Bank S.A.

Annex to credit agreement:

On 20 April 2018, the Company concluded an Annex to a credit agreement in the current account granted by Plus Bank S.A. Under the Annex, at the Company's request, the credit limit was reduced to PLN 8,000,000 and the deadline for use and repayment date have been postponed. The final repayment date is 25 April 2020.

On 25 April 2018, the Company concluded an Annex to a credit agreement in the current account granted by PKO BP S.A. in the amount of PLN 10,000,000. Under the Annex, the deadline for use and repayment date have been postponed. The final repayment date is 25 April 2019.

On 14 June 2018, the Company concluded an Annex to a credit agreement in the current account granted by Bank Millenium SA in the amount of PLN 16,830,000. Under the Annex, the deadline for use and repayment date have been postponed. The final repayment date is 31 May 2019.

On 13 December 2018 The Company concluded an Annex to the investment loan agreement granted by Getin Noble Bank S.A. to co-finance the costs of stage III of the "Osiedle Nowe Tysiąclecie" project in Katowice in the amount of PLN 42,000,000. Under the annex, the date of use and repayment of the loan has been postponed. The new repayment date was set at 31 December 2021.

On 28 December 2018 The Company concluded an Annex to the revolving credit agreement granted by Bank Polskiej Spółdzielczości S.A. in the final amount of PLN 4,500,000, earmarked for financing current operations. Under the Annex, the date of use of the loan was postponed. The new repayment date was set at 31 December 2019.

Securities

Interest paid

On 24 April 2018 the Company paid interest on series JWX0116 bonds.
On 15 May 2018 and 15 November 2018 the Company paid interest on bonds marked with the PLJWC0000126 code
On 30 May 2018 and 30 November 2018 the Company paid interest on bonds marked with the ISIN PLJWC0000118 code.

Partial bonds redemption

In the reporting period, the Company partially redeemed the nominal value of the following bonds in accordance with the terms and conditions of the issue of bonds:
On May 30, 2018, the Company made a partial redemption of the nominal value of JWC0520 series bonds, issued in 70,000 units, with a par value of PLN 1,000 each and a total value of PLN 70,000,000, marked in the KDPW system by the ISIN code PLJWC0000118. The redemption covered 10% of the original bond issue value, ie PLN 7,000,000. After redemption, the value of each bond is PLN 900.00 and the total value of PLN 63,000,000.00.
On 15 November 2018, 10% of the value of each bond issued on 17 November 2017 in the number of 94,000 bonds with a nominal value of PLN 1,000.00 each and the total issue value of PLN 94,000,000.00, designated with ISIN code PLJWC0000126, was redeemed. After redemption, the value of each bond is PLN 900.00 and the total value is PLN 84,600,000.00.

Purchase of shares

In the reporting period, the Company acquired 100 shares with a nominal value of PLN 100 each and a total value of PLN 10,000, constituting 100 % of the share capital of Wielopole 19/21 Spółka z o.o. with its registered office in Kraków.

Merger

On 20 September 2018 The District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division of the National Court Register, registered the Issuer's merger with the following subsidiaries: Seahouse Spółka z o.o. with its registered office in Ząbki, Łódź Invest Spółka z o.o. with its registered office in Ząbki, Nowe Tysiąclecie Spółka z o.o. with its registered office in Ząbki, Zdziarska Invest Spółka z o.o. with its registered office in Ząbki, Lewandów Invest Spółka z o.o. with its registered office in Ząbki, Porta Transport Spółka z o.o.o. in liquidation with its registered office in Szczecin, a company under the business name J.W. Ergo Energy Spółka z o.o. with its registered office in Ząbki, a company under the business name Towarzystwo Budownictwa Społecznego Nowy Dom Spółka z o.o. with its registered office in Ząbki, a company under the business name J.W. Marka Spółka z o.o. with its registered office in Ząbki and Business Financial Construction Spółka z o.o. with its registered office in Warsaw (" Acquired companies).The merger was made within the capital group of the Issuer, in all Companies acquired the Issuer held 100% share in the share capital. The merger was carried out pursuant to Art. 492.1.1 of the Polish Commercial Companies Code through the transfer of all the assets of the Acquired Companies to the Issuer - as the sole shareholder

Corporate affairs

General Meetings

On 16 January 2018, an Extraordinary General Meeting of Shareholders was held, which adopted resolutions on: increasing the number of members of the Supervisory Board of the Company and on appointing Mr Ryszard Matkowski to the Supervisory Board of the Company.
On 16 January 2018, Barbara Czyż submitted her resignation from the Supervisory Board
On January 16, 2018 Barbara Czyż was appointed to the Supervisory Board of the Company on the basis of personal right granted to the Shareholder.
On 30 January 2018, Jacek Radziwilski submitted his resignation from the Audit Comittee
On 1 February 2018, Ryszard Matkowski was appointed to the Audit Comittee as the Chairman

On 28 March 2018 the Extraordinary General Meeting was held, which adopted a resolution on the merger of the Company with the subsidiaries of Seahouse Spółka z o.o. with its registered office in Ząbki, Łódź Invest Spółka z o.o. with its registered office in Ząbki, Nowe Tysiąclecie Spółka z o.o. with its registered office in Ząbki, Zdziarska Invest Spółka z o.o. with its registered office in Ząbki, Lewandów Invest Spółka z o.o.o. with its registered office in Ząbki, Porta Transport Spółka z o.o. in liquidation with its registered office in Szczecin, J.W. Ergo Energy Spółka z o.o. with its registered office in Ząbki, Towarzystwo Budownictwa Społecznego Nowy Dom Spółka z o.o. with its registered office in Ząbki, J.W. Marka Spółka z o.o. with its registered office in Ząbki and Business Financial Construction Spółka z o.o. with its registered office in Warsaw ("The Acquired Companies"). The merger was carried out within the Company's capital group, in all the acquired companies the Company holds 100% of the share capital. The merger is executed pursuant to Art. 492.1.1 of the Polish Commercial Companies Codethrough the transfer of all the assets of the Acquired Companies to the Company - as the sole shareholder.

On 14 June 2018, an Ordinary General Meeting of Shareholders was held, which adopted resolutions on the approval of the financial statements and the Management Board statement on operations, the Company's unitary and consolidated financial statements, granted a vote of confidence to members of the Company's governing bodies, and allocated the profit for the previous financial year to the Company's reserve capital.

Merger procedure

On 16 February 2018, the plan of merger of the Company with the following subsidiaries was adopted and signed: Seahouse Spółka z o.o. with its registered office in Ząbki, Łódź Invest Spółka z o.o. with its registered office in Ząbki, Nowe Tysiąclecie Spółka z o.o. with its registered office in Ząbki, Zdziarska Invest Spółka z o.o. with its registered office in Ząbki, Lewandów Invest Spółka z o.o. with its registered office in Ząbki, a company under the business name Porta Transport Spółka z o.o. in liquidation with its registered office in Szczecin, J.W. Ergo Energy Spółka z o.o. with its registered office in Ząbki, Towarzystwo Budownictwa Społecznego Nowy Dom Spółka z o.o. with its registered office in Ząbki, J.W. Marka Spółka z o.o. with its registered office in Ząbki and Business Financial Construction Spółka z o.o. with its registered office in Warsaw ("Acquired companies").
On 28 March 2018, an Extraordinary General Meeting of Shareholders was held to adopt a resolution on the merger of the companies, during this period merger resolutions were adopted in the acquired companies.
On 20 September 2018 The District Court for the capital city of Warsaw in Warsaw, 14th Commercial Division of the National Court Register, registered the merger.

Auditor change

In connection with the mandatory rotation of the auditor in the public interest unit, pursuant to the provisions of the Act on statutory auditors, audit firms and public supervision, on 26 April 2018 the Issuer, by mutual consent, terminated the agreement concluded with BDO Sp. z o.o. of 15 June 2016 within the scope including the audit of the financial statements for 2018. On 5 June 2018 The Issuer's Supervisory Board selected Mazars Audyt Spółka z o.o. with its registered office in Warsaw as the auditor of the Company's financial statements for 2018-2019.

Note 29. The events that took place after the balance shet date

Purchase of real estate

On 25 January 2019. The Company concluded an agreement for the acquisition of the ownership right to real estate located in Szczecin at Celna St., constituting a plot of land No. 5/1 with an area of 0.8219 ha, for the amount of PLN 8,900,000 net plus VAT at the applicable rate.

On February 5, 2019, in performance of the contingent agreement of December 19, 2018, the Company concluded an agreement for the purchase of perpetual usufruct right to undeveloped plots with numbers 28/8 and 28/9 with a total area of 0.7471 ha, located in Łódź at Jana Kilińskiego Street, for the amount of PLN 4,725,000 net plus VAT at the applicable rate.

Sales of real estate

On 30 January 2019, in performance of the concluded preliminary and contingent agreements, the Company concluded an agreement for the sale of the ownership right to properties located in Łeba, constituting plots of land No. 78/11 with an area of 1.7405 ha, 78/12 with an area of 3.6367 ha, a share of 546/3822 in plot 78/4 and a share of 1613100/1014909090 in plot 79 (road plots) for the net amount of PLN 9,486,000.

Corporate affairs

On 15 March 2019, an Extraordinary General Meeting of Shareholders was held, which adopted a resolution on determining the conditions under which the Management Board of the Company may carry out the buy-back of its own shares. In the adopted resolution, the General Meeting authorized the Management Board of the Company for a period of 5 years to purchase not more than 20% of the Company's own shares traded on the Warsaw Stock Exchange within the price limits between PLN 2.18 and PLN 3.40 per share. The purchase may be carried out as part of: transactions on the regulated market, in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council, or by way of invitations to submit an offer for the sale of shares in transactions outside the regulated market.

Note 30. Selected financial data including basic items of the financial statement in thousands PLN (also in EUR).

To convert the balance sheet data as at the last day of the period from 1 January to 31 December 2018, the EUR exchange rate set by the National Bank of Poland as at that day, i.e. 4.3000 PLN/EUR.

To convert the balance sheet data as at the last day of the period from 1 January to 31 December 2017, the EUR exchange rate set by the National Bank of Poland as at that day, i.e. 4.1709 PLN/EUR.

For the conversion of the profit and loss account data for the period from 1 January 2018 to 31 December 2018, the average EUR rate was adopted, calculated as the arithmetic mean of the rates in force on the last day of each month in a given period, determined by the National Bank of Poland on that day, i.e. 4.2669 PLN/EURO rate.

For the conversion of the profit and loss account data for the period from 1 January 2017 to 31 December 2017, the average EUR rate was adopted, calculated as the arithmetic mean of the rates in force on the last day of each month in a given period, determined by the National Bank of Poland on that day, i.e. 4.2247 PLN/EURO rate.

Issuer's balance sheet item	31-12-2018		31 December 2017	
	PLN	EUR	PLN	EUR
Total assets	**1 668 191**	**387 951**	**1 601 064**	**383 865**
Fixed assets	799 851	186 012	763 972	183 167
Current assets	868 340	201 940	837 092	200 698
Total liabilities and equity	**1 668 191**	**387 951**	**1 601 064**	**383 865**
Equity	753 958	175 339	731 428	175 365
Non-current liabilities	253 330	58 914	341 932	81 980
Current liabilities	660 903	153 698	527 704	126 520

Profit and loss account item	01-01-2018 to 31-12-2018		01-01-2017 to 31-12-2017	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	384 262	90 056	384 507	91 014
Costs of products, goods and materials sold	310 041	72 662	288 390	68 263
Gross profit (loss) from sales	**74 221**	**17 395**	**96 117**	**22 751**
Costs of sales	22 692	5 318	22 320	5 283
Overheads	19 757	4 630	20 622	4 881
Profit (loss) from sales	26 495	6 209	51 033	12 080
Profit (loss) on operations	21 911	5 135	45 837	10 850
Gross profit (loss)	**15 760**	**3 694**	**38 537**	**9 122**
Income tax	-6 770	-1 587	9 505	2 250
Net profit (loss)	**22 529**	**5 280**	**29 031**	**6 872**

Nota 31. Significant issues in litigation

As at 31 December 2018, no proceedings to which the Company or any of its subsidiaries, either as plaintiff or defendant, were material to the Company's business.

However, with regard to the previously provided information concerning proceedings brought by the Capital City of Warsaw against the Company, for payment of annual fees (2009-2013) for perpetual usufruct of real estate designated in the local zoning plan for a public road, of which the Company informed in its reports for earlier periods. On 22 December 2018, a cassation appeal was filed with the Supreme Court against the verdict of the Court of Appeals in Warsaw of 4 June 2018 issued as a result of re-examination of the case as a result of the above mentioned verdict of the Supreme Court of 9 March 2018, under which the Company's appeal against the verdict of the Court of First Instance was again dismissed. We are currently awaiting consideration of the cassation complaint.

Note 32. Financial instruments and hedge accounting

The company does not use any derivatives The company uses banks loans, issues bonds and enters into financial lease contracts.

The main financial assets of the company constitute loans to subsidiaries, bank deposits, and shares in subsidiaries.

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 group, divided into different classes and categories of assets and liabilities

	Category	*Category*	Balance sheet value		Fair value	
	In accordance with IAS 39	*in accordance with IFRS 9*	31-12-2018	31 December 2017	31-12-2018	31 December 2017
Financial assets						
Long term financial assets in affiliated entities	DDS	Fair value through profit or loss	198 770 590,18	236 023 470,01	0,00	0,00
Long term financial assets in other entities	DDS	Fair value through profit or loss	208 550,00	209 550,00	0,00	0,00
Short-term loans	PiN	amortised cost	62 716 663,05	59 843 976,06	62 716 663,05	59 843 976,06
Trade and other receivables		amortised cost	25 299 010,54	29 923 288,30	25 299 010,54	29 923 288,30
Cash and cash equivalents	WwWGpWF	amortised cost	84 207 681,80	154 593 605,44	84 207 681,80	154 593 605,44
Financial liabilities						
Loans with a floating interest rate	PZFwgZK	amortised cost	41 515 044,84	99 168 550,45	41 515 044,84	99 168 550,45
Loans from subsidiaries	PZFwgZK	amortised cost	23 573 603,57	23 660 038,25	23 573 603,57	23 660 038,25
Long-term financial lease obligations	PZFwgZK	amortised cost	1 027 965,21	1 379 251,99	1 027 965,21	1 379 251,99
Short-term financial lease obligations	PZFwgZK	amortised cost	833 587,68	598 298,02	833 587,68	598 298,02
Delivery and service liabilities and other	PZFwgZK	amortised cost	44 992 908,50	49 296 153,86	44 992 908,50	49 296 153,86

Bonds	PZFwgZK	amortised cost	204 741 216,10	219 867 451,05	204 741 216,10	219 867 451,05
Long-term deposit liabilities	PZFwgZK	amortised cost	43 714 469,38	34 523 416,85	43 714 469,38	34 523 416,85
Promissory notes liabilities - other	PZFwgZK	amortised cost	0,00	573 279,31	0,00	573 279,31
Promissory notes liabilities - related companies	PZFwgZK	amortised cost	15 296 946,62	71 438 768,87	15 296 946,62	71 438 768,87

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

31-12-2018 - Floating interest rate	**Up to 1 year**	**1 to 2 years**	**2 - 5 years, over 5 years**	**Total**
Cash assets	84 207 681,80	0,00	0,00	84 207 681,80
Loans to subsidiaries	62 716 663,05	0,00	0,00	62 716 663,05
Loans from subsidiaries	0,00	23 573 603,57	0,00	23 573 603,57
Credit loans	34 787 363,83	2 151 428,00	4 576 253,01	41 515 044,84
Financial lease obligations	75 941 216,10	128 800 000,00	0,00	204 741 216,10

Collaterals

The Company does not apply hedge accounting.

Note 33. Proposal regarding profit distribution
The Management Board of the Company will submit a proposal to allocate the profit earned in 2017 to increase the reserve capital.

Note 35. Objectives and principles of financial risk management
The main financial instruments used by the Company include bank loans, financial leases, long-term bonds and loans. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also has other financial instruments, such as trade receivables and trade liabilities, which arise directly in the course of its business.
The main types of risk arising from the Company's financial instruments include interest rate risk, liquidity risk and credit risk. The Management Board verifies and agrees on the principles of managing each of these risks - these principles are briefly discussed below. The Company also monitors the market price risk for all its financial instruments.

Interest rate risk
The company has credit liabilities, for which interest are calculated on the basis of the variable interest rate, and therefore there is a risk of growth of interest in relation to the moment of the agreement conclusion.
Due to the fact that the Company had, in the reporting period, both assets and liabilities bearing interest at a variable rate, which balanced the risk, and due to minor interest rate fluctuations in the past periods, as well as due to the lack of forecasts of rapid changes in interest rates in subsequent reporting periods, the Company did not use interest rate hedges as at 31.12.2018, considering that the interest rate risk is not significant.
Regardless of the current situation, the Company monitors its exposure to interest rate risk and interest rate projections and does not preclude future hedging activities.
The Company allocates financial costs from investment loans to individual development projects, which means that the impact of interest rate changes on the result is deferred.

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

Year ended on 31 December 2018

	% Increase/decrease	**Influence on gross profit in thousands of PLN**
PLN	1%	-1 377
PLN	-1%	1 377

Currency risk
The Company is exposed to the risk of changes in foreign exchange rates due to loans granted in foreign currencies to related parties. These are loans granted in EUR and USD.

The table below shows the sensitivity of the gross financial result to possible changes in the exchange rates of these currencies, assuming that other factors remain unchanged (in connection with receivables and loans in foreign currencies).

Change of EUR/PLN currency rate	Fair value as at 31.12.2018 (thousand of PLN)	Asset's value in relation to initial value	Financial asset value	Change (thousand of PLN)
a 20% decrease	39 569	80%	31 655	7 914
a 10% decrease	39 569	90%	35 612	3 957
no change	39 569	100%	39 569	0
a 10% increase	39 569	110%	43 526	-3 957
a 20% increase	39 569	120%	47 483	-7 914

Change of USD/PLN currency rate	Fair value as at 31.12.2018 (thousand of PLN)	Asset's value in relation to initial value	Financial asset value	Change (thousand of PLN)
a 20% decrease	19 862	80%	15 889	3 972
a 10% decrease	19 862	90%	17 875	1 986
no change	19 862	100%	19 862	0
a 10% increase	19 862	110%	21 848	-1 986
a 20% increase	19 862	120%	23 834	-3 972

Credit risk

The Company is exposed to credit risk, understood as the risk that creditors will not meet their obligations and thus cause the Company to incur losses.
In the case of receivables and loans from related companies, this risk is considered immaterial due to the ongoing monitoring of their financial standing.
The maximum exposure to credit risk is PLN 16,772 thousand as at the balance sheet date and was estimated as the balance sheet value of trade receivables from other companies.
In the opinion of the Company's Management Board, credit risk has been recognized in the financial statements through the creation of revaluation write-offs.

Credit risk related to bank deposits is considered immaterial as the Company has entered into transactions with well-established financial institutions.

Liquidity risk

The Company is exposed to liquidity risk, understood as the risk of losing the ability to settle liabilities on specified dates. The risk results from the potential limitation of access to financial markets, which may result in the inability to obtain new financing or to refinance its debt.

Value of future undiscounted cash flows on account of the company's financial liabilities, broken down by maturity dates:

31-12-2018	Total	0-6 months	6-12 months	1-3 years	Over 3 years
Loans	17 919 639,50	0,00	0,00	17 919 639,50	0,00
Promissory notes	10 114 600,93	349 944,00	0,00	9 764 656,93	0,00
Bonds	199 100 000,00	28 000 000,00	42 300 000,00	128 800 000,00	0,00
Credits	41 515 044,84	21 680 483,83	13 106 880,00	6 727 681,01	0,00
Leasing	1 861 552,89	802 645,50	225 319,71	833 587,68	0,00
Total	270 510 838,16	50 833 073,33	55 632 199,71	164 045 565,12	0,00

31 December 2017	Total	0-6 months	6-12 months	1-3 years	Over 3 years
Loans	18 700 000,00	0,00	18 700 000,00	0,00	0,00
Promissory notes	16 004 600,93	2 790 000,00	6 273 583,43	6 941 017,50	0,00
Bonds	215 500 000,00	7 000 000,00	9 400 000,00	199 100 000,00	0,00
Credits	99 168 550,45	42 928 101,31	10 421 297,15	45 819 151,99	0,00
Leasing	1 941 459,36	605 335,09	667 423,30	668 700,97	0,00
Total	351 314 610,74	53 323 436,40	45 462 303,88	252 528 870,46	0,00

Risk of breach of covenants and termination of financing agreements
The concluded loan and bond issue agreements contain financial indicators (covenants), which the Company is obliged to meet. The Company analyses the level of debt and covenants on an ongoing basis, and is also in contact with financing institutions. In the Company's opinion, there is no threat of termination of the aforementioned agreements.

Legislative risk
The planned amendment to the Act on the protection of rights of the purchaser of an apartment or single-family house, providing, among other things, for the introduction of obligatory contributions to the Developer Guarantee Fund, constitutes a risk which may affect the Company's operations and its financial results.

Administrative decisions risk
Development activity is based on administrative decisions required in connection with current or future projects. Failure to obtain permits, approvals or consents, or failure to obtain them on time, may adversely affect the Company's ability to commence, conduct or complete current and new development projects. All of these factors may therefore affect the Company's financial flows and all of its operations.

General macroeconomic situation risk
The Company's activity and financial results to a large extent depend on the economic situation on the domestic market. Factors shaping the economic situation include: GDP growth rate, average gross salary level, unemployment rate, inflation rate, exchange rates, interest rates, availability of loans, degree of household debt. Despite the ongoing economic recovery in Poland, there is no certainty as to the sustainability of positive trends in the future. There is a risk that if the economic growth rate in Poland slows down, real gross wages and the availability of loans, including mortgages, may fall. This will result in a decrease in demand for products and services offered by the Company, in particular for the basic product, i.e. residential units. As a result, it may have a negative impact on the Company's sales and result in deterioration of financial results. In 2018, prices of construction materials and services increased, which may translate into higher costs of investment implementation. Another factor is the shortage of labour, the low unemployment rate in Poland causes problems with recruiting employees, which translates into an increased risk of delays in the execution of construction contracts.

Risk related to support programmes for purchasers of residential units
The housing market in Poland may be affected by the government's "Mieszkanie Plus" programme. At present, it is difficult to predict the scale of its impact on the property development sector. On the one hand, the programme is addressed rather to people who do not have the creditworthiness to buy their own property, i.e. not to the Company's customers. Moreover, the beneficiaries of the programme are to be persons renting flats and not buying them as property. On the other hand, however, the programme may compete with popular flats, especially if it is to include attractive locations in large cities. So far, the programme has been conducted on a limited scale without any significant impact on the housing market or on the Company's operations.
Currently, work is underway on the Act on rental market companies, the so-called REIT - the initial assumptions of the programme assume that it will encourage investment in real estate. However, the final shape of the bill is not known at this moment, so it is difficult to assess its impact on the market.

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

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

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

	31-12-2018	**31 December 2017**
Interest-bearing loans and borrowings	65 088 648,41	122 828 588,70

Trade and other payables	849 144 382,95	746 807 226,19
Less cash and cash equivalents	-84 207 681,80	-154 593 605,44
Net debt	830 025 349,56	765 877 670,55
Equity	753 957 755,11	711 230 400,37
Net unrealized gains reserves	0,00	0,00
Total capital	753 957 755,11	711 230 400,37
Capital and net debt	1 583 983 104,66	1 477 108 070,92
Equity ratio	47,60%	48,15%
Credit ratio	52,40%	51,85%

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

On 11 July 2018, the Company concluded an agreement with Mazars Audyt Sp. z o.o., an entity authorised to audit financial statements, for an interim review and audit of the financial statements for 2018.
The auditor's remuneration for the audit of the financial statements for the financial year ended 31 December 2018 was set at PLN 167 thousand, of which PLN 116 thousand for the review and audit of the individual financial statements, and PLN 51 thousand for the interim review and annual audit of the consolidated financial statements. The auditor's remuneration for services related to the consolidated financial statements for the financial year ended 31 December 2018 amounted to PLN 51 thousand, including PLN 33 thousand for the annual audit of the consolidated financial statements and PLN 18 thousand for the review of the interim consolidated financial statements. The auditor's remuneration for services related to the separate financial statements for the financial year ended 31 December 2018 amounted to PLN 116 thousand, of which PLN 87 thousand for the annual audit of the separate financial statements and PLN 29 thousand for the interim review. The given amounts are net

The auditor's fee for the audit of the financial statements for the previous financial year ended 31 December 2017 amounted to PLN 185 thousand, of which PLN 125 thousand for the review and audit of the separate financial statements, and PLN 60 thousand for the interim review and annual audit of the consolidated financial statements. The auditor's remuneration for services related to the consolidated financial statements for the financial year ended 31 December 2017 amounted to PLN 60 thousand, of which PLN 35 thousand for the annual audit of the consolidated financial statements and PLN 25 thousand for the review of the interim consolidated financial statements. The auditor's remuneration for services related to the separate financial statements for the financial year ended 31 December 2017 amounted to PLN 125 thousand, of which PLN 85 thousand for the annual audit of the separate financial statements and PLN 40 thousand for the interim review. The given amounts are net.

Note 38. Information on approval of the financial statements for the previous year
The financial statements for 2017 were approved by the General Meeting of Shareholders on 14 June 2018.

Signature of the person drawing up the Financial Statements

Małgorzata Pisarek Chief Accountant	Signature

Signatures of Members of the Management Board

Wojciech Rajchert Management Board Member	Signature
Małgorzata Pisarek Management Board Member	Signature
Małgorzata Ostrowska Management Board Member	Signature
Piotr Suprynowicz Management Board Member	Signature

Ząbki, 21 marca 2019