UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 DECEMBER 2019

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

JW CONSTRUCTION

Ząbki, 16 March 2020

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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 (Polska 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 the implementation of the construction, designing and supportive production, as well as trade in real estate, and hotel services.

1.2 Lifetime, financial year

As at December 31, 2019, 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 2019 the Management Board comprised of:
Wojciech Rajchert – Management Board Member
Małgorzata Pisarek – Management Board Member
Małgorzata Ostrowska – Management Board Member
Piotr Suprynowicz – Członek Zarządu
The following changes were made to the Management Board in 2019:
As of 30 April 2019, Mr Piotr Suprynowicz was dismissed from the Management Board of the Company, in connection with the received statement of the entitled Shareholder
On 21 November 2019, Mr Piotr Suprynowicz was appointed by the Supervisory Board to 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

As at 31 December 2019 the Supervisory Board comprised of:
Józef Wojciechowski – Chairman of the Supervisory Board
Małgorzata Szwarc - Sroka – Supervisory Board Member
Irmina Łopuszyńska 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 2019:
As of 22 July 2019, Mr Jacek Radziwilski resigned from the Supervisory Board.

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
Barbara Czyż – Supervisory Board Member

Marek Maruszyński – Supervisory Board Member
Ryszard Matkowski – Supervisory Board Member
Audit Comittee

As at 31 December 2019 the Audit Comittee comprised of:
Ryszard Matkowski– Chairman (independent Supervisory Board Member)
Irmina Łopuszyńska – Member
Marek Maruszński – Member (independent Supervisory Board Member)

There were no changes in the composition of the Audit Committee in 2019.

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

This report was approved by the Management Board on 16 March 2020. 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. 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 2019 to 31 December 2019, and the comparable financial data and explanatory notes cover the period from 1 January 2018 to 31 December 2018.

2. ADOPTED PRINCIPLES (POLICY) OF ACCOUNTING

2.1 Statement of unconditional compliance with IFRS

These unconsolidated financial statements for the period from 1 January 2019 to 31 December 2019 have been prepared in accordance with the applicable IAS/IFRS approved by the European Union (the approval by the European Union means the announcement of standards or interpretations in the form of regulations of the European Commission), effective as at 31 December 2019. To the extent not covered by the above standards, these unconsolidated 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 unconsolidated financial statements, the general term IFRS is used both in relation to 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

The items included in the unconsolidated financial statement are valued in the currency of the basic economic environment in which the Company operates (functional currency). The functional and presentation currency of the dominant entity is the Polish zloty (PLN). The reporting currency of the financial statements is the Polish zloty (PLN).

2.3 Significant estimations and assumptions

The assessments and evaluations are periodically verified by the Company. 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 Dominant Entity. When preparing the financial statements, each time the chances and risks related to the conducted proceedings are examined and, according to the results and outcomes of such analyses, provisions are made for potential losses. 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 months.
- 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 or property valuations prepared by independent experts.

2.4 Changes to accounting policy

The accounting principles (policy) applied to prepare these financial statements for 2019 are consistent with those applied to prepare the annual financial statements for 2018, 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

1. **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 2019**

IFRS 16 „Leasing"

This standard establishes principles for recognition, measurement, presentation and disclosure of leases. All leasing transactions result in the lessee obtaining the right to use the assets and the obligation to pay. Thus, IFRS 16 abolishes the classification of operating leases and finance leases as defined so far by IAS 17 and introduces a single model for the accounting recognition of a lease by a lessee.

In accordance with IFRS 16, the lessee recognises the right to use the asset and the lease liability. The right to use an asset is treated similarly to other non-financial assets and depreciated accordingly. Lease commitments shall be measured initially at the present value of the lease payments over the lease term, discounted at the lease rate if this is not difficult to determine, or at the marginal interest rate. IFRS 16 defines a lease term as the total non-cancellable period during which the lessee has the right to use the asset. The lease term also includes optional periods when an entity is confident that the option to renew (or not to renew) the lease will be exercised.

The Group decided to implement IFRS 16 from 1 January 2019 using a simplified approach, i.e. retrospectively with the combined effect of the first application of this standard recognized on the date of first application.
The description of the effects of adopting IFRS 16 is described below in section "First-time Adoption of IFRS 16 Leases".

Other standards

- 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 significant - i.e. depending on the interest rate in force at the time of termination of the contract, 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.
- 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 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 January 2019 or after that date.

All the above changes have been analysed by the Company's Management Board. Except for the introduction of changes resulting from the application of IFRS 16 Leasing, which the Company has implemented since 1 January 2019. (as described in this note), the Management Board of the Company believes that the other above-mentioned changes have no material impact on the Company's financial position, results of operations or the scope of information presented in these annual financial statements.

First-time Adoption of IFRS 16 "Leases"

The Company has implemented IFRS Leasing since 1 January 2019. The Company applied the standard retrospectively with the total effect of the first application recognised on the date of first application. Therefore, the Company did not make any conversion of comparative data. As a result of the analysis conducted by the Management Board, as at the date of first-time adoption of IFRS 16, new significant assets meeting the criteria of the new standard were recognized in the Company's balance sheet. Based on the general definition of a lease, the Company has identified that the right of perpetual usufruct of land in accordance with IFRS 16 meets the definition of a lease and should be recognized in the separate statement of financial position as a right of use asset. The right of perpetual use of grounds concerns the grounds, which are used by the Company for its current activity as well as those purchased in order to implement development projects.

The Company decided to use the exemption included in paragraph 5 of IFRS 16 concerning short-term lease agreements and low-value lease agreements.

With regard to agreements identified as leasing before the date of first application of IFRS 16, i.e. in accordance with IAS 17, the Group used the solution provided for in IFRS 16 and did not reassess whether the agreement is a lease. Therefore, IFRS 16 was not applied to agreements that had not been identified as agreements containing leases before the date of first application.

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

Assets	01-01-2019	Adjustments due to the application of IFRS 16	31-12-2018
Fixed assets			
Use rights assets	8 410 178,31	8 410 178,31	0,00
Current assets			
Use rights assets	2 449 424,08	2 449 424,08	0,00
Liabilities	**01-01-2019**	**Adjustments due to the application of IFRS 16**	**31-12-2018**
Future long-term discounted lease payments	9 734 759,82	9 734 759,82	0,00
Future short-term discounted lease payments	1 124 842,57	1 124 842,57	0,00

Note presenting the impact of the first-time adoption of IFRS 16, presented in the financial statements as at 31 December 2018:

Right to use an asset	90 499 161,16
Future long-term discounted lease payments	87 470 810,27
Future short-term discounted lease payments	3 028 350,89

The main difference between the impact of the first application of IFRS 16 as at 1 January 2019 presented in the above note and the note presented in the consolidated financial statements for 2019 results from the period for which future lease payments were discounted. In the note above, future lease payments were discounted to the time of execution of development projects. In the note presented in the consolidated statement for 2018, future lease payments were discounted to the period for which this right is granted for individual properties.

As at 1 January 2019, as a lessee, the Company recognised future lease payments measured at the present value of other lease payments, discounted at the Company's marginal interest rates, and recognised assets under the right of use at an amount equal to the lease payment.

On 20 July 2018 the Act on transformation of the right of perpetual usufruct of land developed for housing purposes into the ownership right to such land entered into force. In relation to land on which residential buildings were already constructed as at 1 January 2019, for which a permit to use the land was issued before that date, the perpetual usufruct right to land is transformed into the ownership right to such land. With respect to land developed with multi-family residential buildings, which were not put into use before 1 January 2019, the moment of transformation will be the date when the decision authorising the use of the building becomes legally binding.

The Company considers the land subject to the above described transformation in the same way as the land in relation to which it was a perpetual usufructuary, treating the transformation fees in the same way as the fees for perpetual usufruct.

According to the Company's estimates, based on the plans for operating activities in particular properties, for which as at 1 January 2019 The Company held the right of perpetual usufruct, in the amount of PLN 10 860 thousand of liabilities due to the Company's business activity. the lease of land disclosed in the balance sheet:

- PLN 1 125,000 is subject to payment by the Company within 12 months from 1 January 2019,
- PLN 9 735 tys. will be subject to payment by the Company in the period over 12 months from 1 January 2019.

2. 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 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 1 January 2020 and after.

- 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. FRS 17 replaces IFRS 4 "Insurance Contracts" and related interpretations at the date of application of the new standard. Date of application - an annual period commencing on 1 January 2019 or after that date.

The Company is in the process of analyzing the impact of the above mentioned standards, interpretations and amendments to standards. According to the Company's current estimates, they will not have a material impact on the financial statements in the period of their first application.

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%
- Machinery 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 up to the amount recognised in the capital, and below the purchase price, are recognised in the profit and loss account. The amount of revaluation write-offs is determined as the excess 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.

Investments in subsidiaries, associates and joint ventures

The Company measures investments in subsidiaries, joint ventures and associates in accordance with IAS 27.10.a, i.e. at acquisition cost. As at each balance sheet date, investments in subsidiaries, joint ventures and associates are analyzed for possible impairment and if premises for impairment are identified, impairment tests are conducted in accordance with IAS 36.

The Company valuates shares in other entities in accordance with IFRS9, i.e. at fair value. Revaluation to fair value is recognised in profit or loss or other comprehensive income depending on the classification of a given asset for valuation purposes.

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.

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. If, at the end of the lease, the company does not intend to acquire ownership of the leased asset, the depreciation period is equal to the duration of the lease.

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. Auxiliary production is valued at production costs. Work in progress is presented in the balance sheet under "Construction contracts" according to IFRS 15 "Revenue from contracts with customers".

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

The company's receivables not classified as financial assets subject to IFRS 9 are disclosed in the financial statements at the amount of the payment due less impairment losses. The value of receivables is updated taking into account the probability of their repayment by making a revaluation write-down. Write-downs on receivables are included in other operating costs or financial costs, respectively, depending on the type of receivables to which the write-down relates. Receivables that are remitted, overdue or uncollectible decrease the previously made write-downs. Receivables that have been written off, overdue or uncollectible, for which no revaluation write-offs have been made or write-offs have been made in an incomplete amount, are included in other operating costs or financial costs respectively.

Trade receivables (trade receivables) are initially recognised at the transaction price resulting from the contract, and then measured at amortised cost using the effective interest rate method, less write-downs for expected credit losses. An impairment loss on trade receivables is created based on the calculation of expected losses.

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.

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 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 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 diligence. The most important criterion for costs to be settled over time is that they must be included in the assets of the entity, i.e. resources of a reliably determinable value, arising from past events that will result in future economic benefits to 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 future liabilities
- 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 the purchasers for the signed contracts are recorded in deferred income. Costs by type incurred in a given period are recognized in inventories, which for the purposes of presentation in the balance sheet were separated as construction contracts. The value of inventories is determined in accordance with IAS 2 "Inventories". In connection with the application of IFRS 15, the Company has not changed the previous method of revenue recognition.

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. Revenue on account of not completed construction service, according to this method, is determined at the end of the month in the amount of costs incurred in this period, but not higher than the costs which are likely to be covered in the future by the ordering party. If the invoiced revenue is higher than the incurred costs, an appropriate part of the revenue 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.
When determining the degree of advancement of the construction contract, the Company applies such a method which will allow it to reliably determine the state of completion of works at a given date. These methods may, depending on the nature of the contract, include:

- 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 relating to the adjusted purchase price and the effects of removing the liability from the balance sheet or recognizing its impairment are disclosed in the statement of comprehensive income.

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.
The Company offsets assets on account of deferred income tax with liabilities on account of deferred income tax if and only if they concern income tax imposed by the same tax authority and if the entity has an enforceable legal title to carry out offsetting of receivables on account of current tax with liabilities on account of current tax.

Held-for-sale assets and discontinued operations

Fixed assets available for sale

Fixed assets available for sale are assets classified in this category or their group and are recognised in the financial statements at an amount lower than their carrying amount or fair value less selling costs.
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.

Discontinued operations

Discontinued operations are an element of the entity that has been disposed of or is classified as held for sale and:
- is a distinct, important field of activity or geographical area of activity,
- is part of a single coordinated divestiture plan for a separate major business or geographical area of operations, or
- is a subsidiary acquired exclusively for the purpose of its 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

IFRS 15 sets out the principles for recognising revenue from contracts with customers. By reference, the regulations also apply to some aspects of recognition of sales of non-financial assets.

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 shall assess whether the agreement provides for a significant element of financing. If a significant element of financing is identified, the entity recognises revenue at the date of origin at the 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 "Long-term contracts for development services".

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

The Company grants a warranty for the sold apartments in accordance with the applicable laws.

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.

B. UNCONSOLIDATED FINANCIAL STATEMENTS

Unconsolidated statement of financial position

ASSETS	Note	31-12-2019	31-12-2018
FIXED ASSETS		**837 542 837,54**	**769 259 151,80**
Intangible assets	1	6 737 228,87	12 872 925,97
Tangible assets	2	257 509 729,94	249 153 252,48
Investment real estate	3	292 574 302,57	260 656 999,55
Non-current financial assets	4	274 680 776,09	246 210 819,04
Deferred income tax assets		0,00	0,00
Trade and other receivables	5	300 607,36	365 154,76
Use rights assets	2a	5 740 192,71	0,00
CURRENT ASSETS		**610 930 036,47**	**868 340 134,41**
Inventories	6	26 635 959,73	28 148 284,47
Construction contracts	6	459 897 828,92	641 749 934,49
Trade and other receivables	7	26 609 583,91	33 121 916,28
Other financial assets	8	14 311 551,75	66 165 899,43
Cash and cash equivalents	9	70 895 880,84	84 207 681,80
Accruals	10	8 323 168,55	14 946 417,94
Use rights assets	2a	4 256 062,77	0,00
Total assets		**1 448 472 874,01**	**1 637 599 286,21**
LIABILITIES			
EQUITY		**771 570 845,17**	**753 957 755,11**
Primary capital	11	17 771 888,60	17 771 888,60
Revaluation reserve		7 493 208,19	7 493 208,19
Own shares (stocks)		-17 410 415,37	0,00
Other capitals	11	718 683 433,05	712 418 618,30
Retained earnings		-6 255 424,73	-6 255 424,73
Net profit / loss		51 288 155,43	22 529 464,75
LIABILITIES		**666 905 683,32**	**883 641 531,10**
Non-current liabilities		**197 700 704,62**	**222 738 139,75**
Borrowings	12	50 368 184,35	6 727 681,01
Deferred income tax liabilities	13	20 947 812,79	7 927 705,90
Retirement benefits liabilities		200 416,45	200 416,45
Provisions for other liabilities		0,00	0,00
Other liabilities	15	126 184 291,03	207 882 336,39
Current liabilities		**469 204 978,70**	**660 903 391,35**
Trade and other payables	16	77 653 973,13	53 994 773,25
Construction contracts	6	243 827 716,70	469 066 664,54
Borrowings	12	33 265 382,79	35 163 229,69
Provisions for other liabilities and other charges	14	29 393 343,35	25 709 542,56
Other liabilities	16	85 064 562,73	76 969 181,31
Future long-term discounted lease payments		**8 450 235,57**	**0,00**
Future short-term discounted lease payments		**1 546 109,95**	**0,00**
Total liabilities and equity		**1 448 472 874,01**	**1 637 599 286,21**

Unconsolidated Statement of comprehensive income

	Note	01-01-2019 to 31-12-2019	from 01-01-2018 to 31-12-2018
Net revenues from sales of products, goods and materials, including:	17	**576 316 205,21**	**384 261 797,96**
Net revenues from sales of products		567 638 589,52	379 998 004,67
Net revenues from sales of goods and materials		8 677 615,69	4 263 793,29
Costs of products, goods and materials sold, including:	18	**430 949 132,71**	**310 040 697,06**
Cost of products sold		422 282 293,60	305 798 507,00
Value of goods and materials sold		8 666 839,11	4 242 190,06
Gross profit (loss) from sales		**145 367 072,50**	**74 221 100,90**
Costs of sales	18	29 611 060,09	**22 691 746,47**
Overheads	18	26 517 926,62	**19 757 350,32**
Revaluation of investment property		4 663 010,09	**-5 276 952,25**
Profit (loss) from sales		**93 901 095,88**	**26 495 051,86**
Other operating income	19	3 005 205,92	3 180 704,78
Other operating expenses	20	10 437 870,57	7 765 136,81
Profit (loss) on operations		**86 468 431,23**	**21 910 619,83**
Financial revenues	21	5 427 032,38	14 325 061,56
Financial costs	22	27 587 201,30	20 475 726,24
Profit (loss) on business activity		**64 308 262,31**	**15 759 955,15**
Gross profit (loss)		**64 308 262,31**	**15 759 955,15**
Income tax	23	13 020 106,88	- 6 769 510,00
Net profit (loss)		**51 288 155,43**	**22 529 464,75**

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		**51 288 155,43**	**22 529 464,75**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		**from 01-01-2019 to 31-12-2019**	**from 01-01-2018 to 31-12-2018**
Profits			
(A) Profit resulting from the financial statements		51 288 155,43	22 529 464,75
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*		87 788 953	88 859 443
(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		87 788 953	88 859 443
Basic earnings per share = (A)/(B)		**0,58**	**0,25**
Diluted earnings per share = (A)/(B)		**0,58**	**0,25**

*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 analysed period, series C shares were issued, which had an impact on the dilution of the number of shares.

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 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**
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 2019	**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**
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			**0,00**
Purchase of own shares	0,00	-17 410 415,37	0,00	-50 000 000,00	50 000 000,00	0,00	0,00	**-17 410 415,37**
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	-16 264 650,00	0,00	0,00	0,00	**-16 264 650,00**
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**	**-17 410 415,37**	**0,00**	**-66 264 650,00**	**50 000 000,00**	**0,00**	**0,00**	**-33 675 065,37**
Net profit (loss) for the accounting year	0,00	0,00	0,00		0,00		51 288 155,43	**51 288 155,43**
Total profit / (loss) recognized in equity and the net result	**0,00**	**-17 410 415,37**	**0,00**	**-66 264 650,00**	**50 000 000,00**	**0,00**	**51 288 155,43**	**17 613 090,06**
Increase / decrease from profit distribution	0,00	0,00	0,00	22 529 464,75	0,00		-22 529 464,75	**0,00**
As at 31 December 2019	**17 771 888,60**	**-17 410 415,37**	**7 493 208,19**	**662 951 845,86**	**55 731 587,19**	**-6 255 424,73**	**51 288 155,43**	**771 570 845,17**

	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**

Unconsolidated statement of cash flows (indirect method)

Cash flows from operating activities - indirect method	from 01-01-2019 to 31-12-2019	from 01-01-2018 to 31-12-2018
Net profit (loss)	**51 288 155,43**	**22 529 464,75**
Item adjustment	**68 661 256,93**	**18 575 401,95**
Depreciation and amortization	9 424 570,41	8 826 580,96
(Profit) loss on foreign exchange differences concerning financial and business activity	203 156,15	-1 621 779,24
Profit (loss) on investment activities	2 354 780,52	0,00
Interest and dividends	4 820 799,77	8 193 229,72
Changes in provisions and accruals	29 090 831,49	-1 986 874,81
Other item adjustments:	22 767 118,59	5 164 245,32
- investment property write-off	-4 663 010,09	5 276 952,25
- other adjustments	27 430 128,68	-112 706,93
Changes in working capital	**-37 962 094,36**	**138 314 324,26**
Changes in inventories	1 493 354,87	-3 226 913,38
Changes in construction contracts	-38 573 354,43	133 753 617,53
Changes in receivables	19 102 020,28	7 467 893,89
Changes in current liabilities, except for borrowings	-19 984 115,08	319 726,22
Operating cash flows	**81 987 318,00**	**179 419 190,96**
Investment activity cash flows		
Disposal of tangible and intangible assets and other noncurrent assets	20 227 600,76	53 262,30
Acquisition of tangible and intangible assets and other noncurrent assets	-63 539 284,05	-119 727 325,02
Disposal of equity and debt instruments	0,00	414 275,97
Loans granted	-23 363 981,50	-47 322 205,80
Loans paid	12 738 888,85	7 754 168,03
Other financial aseets acquisition	-1 043 000,00	-1 530 000,00
Other disposals of financial assets	0,00	0,00
Interest received	306 051,67	33 534,64
Acquisition of subsidiaries	-45 000,00	-203 312,00
Net investment activity cash flow	**-54 718 724,27**	**-160 527 601,88**
Cash flows from financing activities		
Loans and borrowings granted	66 780 053,35	23 400 421,92
Loans and borrowing paid	-25 037 396,91	-81 053 927,53
Redemption of debt securities	-70 300 000,00	-18 400 000,00
Payments under financial lease agreements	-1 871 401,06	-1 415 062,16
Other financial revenues	27 674 945,73	7 543 492,80
Interest paid	-16 344 411,93	-16 001 608,57
Purchase of own shares	-17 410 415,37	0,00
Other financial expenses (including promissory notes)	-4 071 768,50	-5 890 000,00
Net financing cash flow	**-40 580 394,69**	**-91 816 683,54**
NET DECREASE / (INCREASE) IN CASH	**-13 311 800,96**	**-72 925 094,46**
Opening balance of cash and cash equivalents	84 207 681,80	157 132 776,26
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**70 895 880,84**	**84 207 681,80**

C. EXPLANATORY NOTES TO THE UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 1. Intangible assets

INTANGIBLE ASSETS	31-12-2019	31-12-2018
a) research and development expenses	0,00	0,00
b) goodwill	5 996 590,90	12 389 648,22
c) other intangible assets	740 637,97	483 277,75
d) advances on intangible assets	0,00	0,00
Total intangible assets	**6 737 228,87**	**12 872 925,97**

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 amortized on a straight-line basis over their estimated useful lives. The depreciation period and method are verified at the end of each financial year. A key position in other intangible assets is computer software, mostly the integrated SAP system.

No development work was carried out within the Company in 2017-2019 and no costs were incurred. The Company did not have any advances for intangible assets.

The Company performed an impairment test on the recognized goodwill as at 31 December 2019. In order to verify whether goodwill was impaired, in accordance with IAS 36, the carrying amount of the investment was compared with its recoverable amount. The recoverable amount was determined on the basis of the value of the cash flows that could be generated from the assets held. As a result of comparing this recoverable amount with the carrying amount, it was established that as at 31 December 2019 goodwill was impaired in the amount of PLN 6,393,057.32.

CHANGES IN INTANGIBLE ASSETS (BY TYPE GROUPS) 31-12-2019	Goodwill	Computer software	Other intangible assets	TOTAL
a) opening gross value of intangible assets	**16 592 223,80**	**15 442 444,50**	**151 579 890,00**	**183 614 558,30**
b) increase (due to)	**0,00**	**427 075,15**	**0,00**	**427 075,15**
- acquisition	0,00	427 075,15	0,00	427 075,15
- transfer from fixed assets under construction	0,00	0,00	0,00	0,00
c) decrease (due to)	**0,00**	**0,00**	**0,00**	**0,00**
- liquidation	0,00	0,00	0,00	0,00
d) closing gross value of intangible assets	**16 592 223,80**	**15 869 519,65**	**151 579 890,00**	**184 041 633,45**
e) accumulated depreciation at the opening period	**0,00**	**14 959 166,75**	**2 890,00**	**14 962 056,75**
f) amortization for the period (due to)	**0,00**	**169 714,93**	**0,00**	**169 714,93**
- annual depreciation allowance	0,00	169 714,93	0,00	169 714,93
g) accumulated amortization (depreciation) at the period end	**0,00**	**15 128 881,68**	**2 890,00**	**15 131 771,68**
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	**6 393 057,32**	**0,00**	**0,00**	**6 393 057,32**
- impairment loss	6 393 057,32	0,00	0,00	6 393 057,32
i) impairment losses at the end of the reporting period	**10 595 632,90**	**0,00**	**151 577 000,00**	**162 172 632,90**
j) opening net value of intangible assets	**12 389 648,22**	**483 277,75**	**0,00**	**12 872 925,97**
k) closing net value of intangible assets	**5 996 590,90**	**740 637,97**	**0,00**	**6 737 228,87**

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**
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**

Note 2. Tangible assets

TANGIBLE ASSETS	31-12-2019	31-12-2018
a) fixed assets, including:	250 179 096,24	244 207 911,79
- land (including perpetual usufruct)	16 000 958,39	16 000 958,39
- buildings, premises and civil engineering structures	206 877 862,93	208 253 643,68
- technical equipment and machinery	17 817 883,15	10 762 807,78
- motor vehicles	4 079 169,53	2 486 922,93
- other fixed assets	5 403 222,24	6 703 579,01
b) fixed assets under construction	7 330 633,70	4 945 340,69
c) advances on fixed assets under construction	0,00	0,00
Total tangible assets	**257 509 729,94**	**249 153 252,48**

The initial recognition of property, plant and equipment is based on the purchase price or production cost. After initial recognition, property, plant and equipment as at the balance sheet date are measured at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

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 2019, the company did not activate financial costs in the fixed assets column

Each year the Company reviews the depreciation rates to determine the proper useful life of assets.

CHANGES from 01-01-2019 to 31-12-2019	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**	**252 938 032,12**	**27 246 464,89**	**8 369 790,19**	**19 799 739,02**	**4 945 340,69**	**331 208 106,00**
b) increase (due to)	**0,00**	**2 359 176,17**	**8 916 209,38**	**3 347 791,32**	**736 871,46**	**5 589 776,17**	**20 949 824,50**
- acquisition	0,00	444 124,60	390 795,25	228 952,74	630 195,92	0,00	**1 694 068,51**
- receipt of finished products	0,00	18 969,87	0,00	0,00	0,00	0,00	**18 969,87**
- investment expenditures on fixed assets under construction	0,00	0,00	0,00	0,00	0,00	5 589 776,17	**5 589 776,17**
- acquired on the basis of a finance lease agreement	0,00	0,00	7 323 688,21	3 118 838,58	0,00	0,00	**10 442 526,79**
- transferred from fixed assets under construction	0,00	1 896 081,70	1 201 725,92	0,00	106 675,54	0,00	**3 204 483,16**
- other transfers - assets under construction	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
c) decrease (due to)	**0,00**	**47 166,92**	**7 961,93**	**2 320 969,15**	**0,00**	**3 204 483,16**	**5 580 581,16**
- sale	0,00	46 956,35	7 961,93	2 320 969,15	0,00	0,00	**2 375 887,43**
- liquidation	0,00	210,57	0,00	0,00	0,00	0,00	**210,57**
- transferred to fixed assets	0,00	0,00	0,00	0,00	0,00	3 204 483,16	**3 204 483,16**
- other value adjustment	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
d) closing gross value of fixed assets	**17 908 739,09**	**255 250 041,37**	**36 154 712,34**	**9 396 612,36**	**20 536 610,48**	**7 330 633,70**	**346 577 349,34**
e) 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**
f) amortization for the period (due to)	**0,00**	**3 701 290,01**	**1 860 636,15**	**1 653 801,09**	**2 039 128,23**	**0,00**	**9 254 855,48**
- annual depreciation allowance	0,00	3 701 290,01	1 860 636,15	1 653 801,09	2 039 128,23	0,00	9 254 855,48
decrease(due to)	**0,00**	**13 500,01**	**7 464,07**	**2 219 225,52**	**1 900,00**	**0,00**	**2 242 089,60**
- liquidation of a fixed asset	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
- other value adjustment	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
g) accumulated amortization (depreciation) at the period end	**1 907 780,70**	**48 372 178,44**	**18 336 829,19**	**5 317 442,83**	**15 133 388,24**	**0,00**	**89 067 619,40**
h) impairment losses at the beginning of the reporting period	**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**	**208 253 643,68**	**10 762 807,78**	**2 486 922,93**	**6 703 579,01**	**4 945 340,69**	**249 153 252,48**
k) closing net value of fixed assets	**16 000 958,39**	**206 877 862,93**	**17 817 883,15**	**4 079 169,53**	**5 403 222,34**	**7 330 633,70**	**257 509 729,94**

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**

On 11 December 2019, the Dominant Entity concluded a contract of sale of land and an office building at 326 Radzymińska Street in Ząbki for a total net amount of 40 108 617.00. On the same day, a leaseback agreement was concluded for the above mentioned land and real estate for 10 years (until 2029). According to the provisions of the agreement, the Company has the right to purchase back at the end of the lease term as referred to in note 15. This transaction has been classified as a finance lease under IFRS 15, par. B 66 (a). Thus, the Company continues to recognize in its balance sheet fixed assets subject to sale transactions and continues to depreciate them, as well as to recognize a liability due to transfer of rights to fixed assets.

Note 2a. Rights of use of assets under lease

THE RIGHT TO USE ASSETS UNDER LEASE	Perpetual usufruct of land	Land	Buildings and structures	Machinery and equipment	Motor vehicles	TOTAL
Net value as at 01-01-2019	**10 859 602,39**	**0,00**	**0,00**	**0,00**	**1 675 985,31**	**12 535 587,70**
Increases						
Conclusion of new lease agreements	343 351,70	1 328 613,00	14 214 029,40	7 323 688,21	3 118 838,57	26 328 520,88
Decrease						
Depreciation for the period 1.01-31.12.2019	82 094,01	0,00	0,00	183 092,21	1 277 293,27	1 542 479,49
Change of contract period	1 124 604,60	0,00	0,00	0,00	0,00	1 124 604,60
Net value as at 31-12-2019	**9 996 255,48**	**1 328 613,00**	**14 214 029,40**	**7 140 596,00**	**3 517 530,61**	**36 197 024,49**

The values from the columns 'Land', 'Buildings and structures', 'Machinery and equipment' and ‚Motor vehicles' given in the table are also included in the table in note 2 'Tangible fixed assets'.

During 2019, the Company did not use short-term lease agreements or lease agreements for low-value assets.

The total cash outflow from lease agreements during 2019 amounted to PLN 1 871 401.06.

The item of land use rights presented in the above table has been included in the statement of financial position under the item "Use rights assets " in section of fixed and current assets.

The items of buildings and structures, machinery and equipment and motor vehicles presented in the table above for the total net amount of PLN 26,200,769.01 relate to assets used under lease agreements and are included in the statement of financial position under "Property, plant and equipment".

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	**31-12-2019**	**31-12-2018**
a) investment real estate	292 574 302,57	260 656 999,55
b) other	0,00	0,00
Value of other long-term investments	**292 574 302,57**	**260 656 999,55**

CHANGES IN INVESTMENT REAL ESTATE	According to fair value	According to historical cost	Total value of investment real estate
a) opening balance	**104 363 213,17**	**156 293 786,38**	**260 656 999,55**
expenditure incurred	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
b) increase (due to)	**23 600 777,15**	**38 283 885,03**	**61 884 662,18**
expenditure incurred	13 811 344,09	36 253 345,71	50 064 689,80
financial expenses	3 733 135,10	2 030 539,32	5 763 674,42
revaluation value	6 056 297,96	0,00	6 056 297,96
reclassification from construction contracts	0,00	0,00	0,00
c) decrease (due to)	**29 967 359,16**	**0,00**	**29 967 359,16**
incurred expenses - sale, corrections	21 279 582,36	0,00	21 279 582,36
financial expenses	1 321 702,72	0,00	1 321 702,72
revaluation value	1 240 586,24	0,00	1 240 586,24
reclassification to construction contracts / goods	6 125 487,84	0,00	6 125 487,84
d) closing balance	**97 996 631,16**	**194 577 671,41**	**292 574 302,57**
expenditures	75 538 509,50	186 738 533,88	262 277 043,38
financial expenses	6 317 315,44	7 839 137,53	14 156 452,97
revaluation value	16 140 806,22	0,00	16 140 806,22

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. Uwzględnia
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.

Note 4. Long-term financial assets

LONG-TERM FINANCIAL ASSETS	**31-12-2019**	**31-12-2018**
a) shares	195 504 990,18	198 979 140,18
b) loans granted	96 982 183,37	46 191 196,99
c) other long-term investments	3 230 373,29	1 040 481,87
Gross value of non-current financial assets	**295 717 546,84**	**246 210 819,04**
WRITE-OFFS	**31-12-2019**	**31-12-2018**
a) shares	16 760 316,49	0,00
b) loans granted	4 276 454,26	0,00
c) other long-term investments	0,00	0,00
Total wright-offs	**21 036 770,75**	**0,00**
LONG-TERM FINANCIAL ASSETS	**31-12-2019**	**31-12-2018**
a) shares	178 744 673,69	198 979 140,18
b) loans granted	92 705 729,11	46 191 196,99
c) other long-term investments	3 230 373,29	1 040 481,87
Net value of non-current financial assets	**274 680 776,09**	**246 210 819,04**

LONG-TERM FINANCIAL ASSETS	**31-12-2019**	**31-12-2018**
a) in subsidiaries	265 822 458,83	240 650 442,13
- shares	178 536 123,69	198 770 590,18
- other security papers	441 717,18	423 305,51
- loans granted	86 844 617,96	41 456 546,44
- other long-term financial assets	0,00	0,00
b) in other units	8 858 317,26	5 560 376,91
- shares	208 550,00	208 550,00
- other security papers	2 788 656,11	617 176,36
- loans granted	5 861 111,15	4 734 650,55
- other long-term financial assets	0,00	0,00
Total long-term financial assets	**274 680 776,09**	**246 210 819,04**

The increase in long-term loans granted results from reclassification from short-term loans.

Investments in subsidiaries are recognised at cost in accordance with IAS 27 "Separate Financial Statements" less impairment losses, if any, in accordance with MSAR 36 "Impairment of assets". In accordance with the adopted accounting policy, as at the balance sheet date the Company analyzed evidence of impairment and carried out impairment tests on shares in subsidiaries by comparing the carrying amount with the higher of fair value or value in use.

The recoverable value has been determined at the level of value in use due to the lack of evidence to determine fair value (no active market).

The discount rate was based on the weighted average cost of equity, calculated using a beta factor. The discount rate was increased due to the uncertainty as to the current level of risk-free interest rate and to take into account the risk of failure to meet the company's financial forecasts. The discount rate used for this purpose was 6.53%.

As a result of the tests carried out, the shares and loans granted were found to be impaired for the total amount of PLN 21,036,770.75. Therefore, in the period for which the financial statements were prepared, a revaluation write-down on shares and loans granted in subsidiaries was created.

	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	Write-downs (total)	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	full consolidation	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	9 810 000,00	0,00	0,00	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	2 029 668,58	16 264 650,00	26 505 981,42	99,00%
9	Bliska Wola 4 Sp z o.o. 2 SK	Ząbki	real estate development	subsidiary	full consolidation	29.01.2014	19 515 050,00	4 920 647,91	0,00	14 594 402,09	99,00%
10	Wola Invest Sp z o.o.	Ząbki	real estate development	subsidiary	full consolidation	23.01.2014	50 000,00	0,00	0,00	50 000,00	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.1SK	Ząbki	real estate development	subsidiary	full consolidation	26.02.2016	211,74	0,00	0,00	211,74	1,00%
2	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%
3	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%
4	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	31-12-2019	31-12-2018
a) deposit receivables	0,00	0,00
b) deposit receivables (leasing)	0,00	0,00
b) other receivables	300 607,36	365 154,76
Total receivables	**300 607,36**	**365 154,76**

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	31-12-2019	31-12-2018
a) materials	1 243 545,17	1 643 361,78
b) semi-finished products and work in progress	0,00	0,00
c) finished products	0,00	0,00
d) goods	24 978 090,21	25 536 435,63
e) trade advances	414 324,35	968 487,06
Total inventories	**26 635 959,73**	**28 148 284,47**

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	31-12-2019	31-12-2018
a) semi-finished products and work in progress	417 459 702,46	551 030 000,43
b) finished products	31 072 979,35	77 635 561,36
c) advances for supplies	11 365 147,11	13 084 372,65
d) short-term prepayments and accruals	0,00	0,05
Total construction contracts	**459 897 828,92**	**641 749 934,49**

Within the framework of construction contracts in progress, the Company activates costs of external financing (Bonds), which are used to finance the implemented investments. In 2019 activated costs of financing with external capital amounted to PLN 5 763 674.42.

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

CONSTRUCTION CONTRACTS	31-12-2019	31-12-2018
a) accruals	243 827 716,70	469 066 664,54
Total construction contracts	**243 827 716,70**	**469 066 664,54**

Information on the investments underway is included in the Management Board's report on the Company's activities for 2019.

Accruals	31-12-2019	31-12-2018
- advances on premises	241 678 688,68	462 281 131,35
- provision for works	1 794 366,81	5 885 533,19
- other	354 661,21	900 000,00
Total accruals	**243 827 716,70**	**469 066 664,54**

The amount of PLN 220.5 million, which was in the balance of prepayments for premises at the beginning of the reporting period, was recognized in revenues in 2019.

In connection with its business operations, the Company takes out loans, which are secured, among others, with a mortgage on real estate. As at 31 December 2019, 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 329.3 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 2019, liabilities by virtue of credits disbursed amounted to PLN 83.3 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	31-12-2019	31-12-2018
a) trade receivables - related parties	8 734 500,45	6 737 865,73
b) trade receivables - other parties	11 378 240,47	16 772 306,85
c) taxes, subsidies, customs duties, social and health insurance and other payments	4 354 922,93	7 822 905,74
d) other	2 141 920,06	1 788 837,96
Total receivables	**26 609 583,91**	**33 121 916,28**

AGE STRUCTURE OF TRADE RECEIVABLES	31-12-2019	31-12-2018
not overdue	19 603 541,04	22 468 095,25
Overdue up to 3 months	165 881,76	284 979,09
Overdue between 3 and 6 months	86 817,68	90 830,26
Overdue between 6 months and 1 year	86 465,22	325 239,97
Overdue over 1 year	170 035,22	341 028,01
Receivables on account of dostaw i usług brutto	**20 112 740,92**	**23 510 172,58**
Write-offs updating receivables	0,00	0,00
Receivables on account of dostaw i usług netto	**20 112 740,92**	**23 510 172,58**

The revaluation write-offs apply in full to other past due receivables. Costs and revenues related to the creation and reversal of revaluation write-downs on receivables are recognized under other operating expenses or other operating income, respectively.

As at the balance sheet date, there were no trade and other receivables in foreign currencies.

Note 8. Current financial assets

SHORT-TERM INVESTMENTS	31-12-2019	31-12-2018
a) shares	0,00	0,00
b) loans granted	11 859 873,50	62 716 663,05
c) other security papers	2 451 678,25	3 449 236,38
d) other short-term investments	0,00	0,00
Total long-term financial assets	**14 311 551,75**	**66 165 899,43**

SHORT-TERM INVESTMENTS	31-12-2019	31-12-2018
a) in subsidiaries	11 790 782,26	62 661 178,51
- shares	0,00	0,00
- other security papers	0,00	0,00
- loans granted	11 790 782,26	62 661 178,51
- other current financial assets	0,00	0,00
b) in other units	2 520 769,49	3 504 720,92
- shares	0,00	0,00
- other security papers	2 451 678,25	3 449 236,38
- loans granted	69 091,24	55 484,54
- other current financial assets	0,00	0,00
Total short-term investments	**14 311 551,75**	**66 165 899,43**

The decrease in short-term loans granted results from reclassification to long-term loans.

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	31-12-2019	31-12-2018
a) cash on hand and with bank	63 324 747,87	84 196 799,55
b) other cash	7 549 681,72	747,80
c) other cash assets	21 451,25	10 134,45
Total cash	**70 895 880,84**	**84 207 681,80**

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

CASH IN ESCROW ACCOUNTS	31-12-2019	31-12-2018
cash in escrow accounts	**19 862 177,25**	**61 483 631,37**
JW. Construction Holding SA	19 862 177,25	61 483 631,37

The use of funds from trust accounts is regulated by the Development Act. The funds are available at the Company's request upon fulfilment of certain conditions.

Note 10. Short-term accruals

ACCRUALS	31-12-2019	31-12-2018
a) short-term accruals	8 323 168,55	14 946 417,94
Total accruals	**8 323 168,55**	**14 946 417,94**

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	31-12-2019	31-12-2018
- property insurance	521 932,79	342 641,77
- interest	1 448 520,01	2 739 700,01
- commission expenses	5 520 206,96	11 146 865,43
- other	832 508,79	717 210,73
Total accruals	**8 323 168,55**	**14 946 417,94**

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 2019

Shareholder	Number of shares held	% of capital share	Number of votes	% of total number of votes in the General Meeting
Józef Wojciechowski	28 594 963	32,18 %	28.594.963	32,18 %
EHT S.A.	47 846 225	53,84 %	47.846.225	53,84 %
Company – shares for redemption	5 971 660	6,72 %	5.971.660	6,72 %
Others	6 446 595	7,25 %	6.446.595	7,25 %

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	28 594 963	32,18 %	28.594.963	32,18 %
EHT S.A.	47 846 225	53,84 %	47.846.225	53,84 %
Company – shares for redemption	5 996 429	6,75 %	5.996.429	6,75 %
Others	6 421 826	7,23 %	6.421.826	7,23 %

OTHER CAPITALS	31-12-2019	31-12-2018
a) reserve capital	662 951 845,86	706 687 031,11
b) other reserve capitals	55 731 587,19	5 731 587,19
- including capital for the purchase of own shares	50 000 000,00	0,00
Total other capitals	**718 683 433,05**	**712 418 618,30**

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

Note 12. Borrowings
In the financial year 2019 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	31-12-2019	31-12-2018
a) credits	83 257 701,28	41 515 044,84
of which: long-term	*50 368 184,35*	*6 727 681,01*
short-term	*32 889 516,93*	*34 787 363,83*
b) loans	375 865,86	375 865,86
of which: long-term	*0,00*	*0,00*
short-term	*375 865,86*	*375 865,86*
Total borrowings	**83 633 567,14**	**41 890 910,70**
Borrowings - long-term	**50 368 184,35**	**6 727 681,01**
Borrowings - short-term	**33 265 382,79**	**35 163 229,69**

CREDITS PER MATURITY	31-12-2019	31-12-2018
Up to 1 year	32 889 516,93	34 787 363,83
Between 1 and 2 years	35 332 890,23	2 151 428,00
Between 2 and 5 years	15 035 294,12	4 576 253,01
Over 5 years	0,00	0,00
Total credits, including	**83 257 701,28**	**41 515 044,84**
- long-term	50 368 184,35	6 727 681,01
- short-term	32 889 516,93	34 787 363,83

LOANS PER MATURITY	31-12-2019	31-12-2018
Up to 1 year	375 865,86	375 865,86
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**	**375 865,86**
- long-term	0,00	0,00
- short-term	375 865,86	375 865,86

Nota 13. Deferred income tax assets
The applicable rate of income tax in 2019 and 2018 was 19%.

DEFERRED INCOME TAX ASSETS AND A RESERVE FOR DEFERRED INCOME TAX	31-12-2019		
	Deferred income tax assets	Deferred income tax reserve	Net value
Tangible assets	10 583 919,21	2 974 710,09	7 609 209,13
Investment real estate	0,00	3 012 946,08	-3 012 946,08
Other financial assets	0,00	0,00	0,00
Non-current receivables	0,00	0,00	0,00
Inventories and construction contracts	0,00	35 116 565,79	-35 116 565,79
Trade and other receivables	3 069 159,33	75 951,49	2 993 207,84
Income tax receivables	0,00	0,00	0,00
Accruals	0,00	0,00	0,00
Borrowings	3 025 815,36	3 572 372,39	-546 557,03
Reserves	3 576 524,13	0,00	3 576 524,13
Trade and other payables	370 644,58	0,00	370 644,58
Other financial liabilities			0,00
Other, including tax losses	7 218 679,36	4 040 008,93	3 178 670,43
Deferred tax assets / reserve shown in the balance sheet	**27 844 741,98**	**48 792 554,77**	**-20 947 812,79**

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**	**-7 927 705,90**

CHANGE IN DEFERRED INCOME TAX	31-12-2019	31-12-2018
Change of the assets towards the deferred tax	-2 746 758,28	9 564 273,08
Change of the reserves towards the deferred tax	-10 273 348,60	-2 762 482,49
Total change in deferred tax	**-13 020 106,89**	**6 801 790,58**
Deferred tax disclosed in the profit and loss account	**13 020 106,89**	**-6 801 790,58**
Deferred tax recognised in comprehensive income	**0,00**	**0,00**

Note 14. Provisions for other liabilities

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31-12-2019	31-12-2018
a) short-term, of which:	**29 393 343,35**	**25 709 542,56**
- accrued expenses, including:	10 847 948,58	10 003 703,49
- interest charged	1 269 566,63	1 110 399,96
- rent deposits	480 433,64	480 433,64
- hotel down payments	3 970 079,84	3 301 197,35
- other	5 127 868,47	5 111 672,54
- other provisions, including:	18 545 394,77	15 705 839,07
- provision for future liabilities	0,00	0,00
- provisions for guaranteed repairs	0,00	0,00
- other provisions (including perpetual usufruct of Górczewska)	18 545 394,77	15 705 839,07
a) long-term, of which:	**0,00**	**0,00**
- accrued expenses, including:	0,00	0,00
Total provisions for other liabilities and charges	**29 393 343,35**	**25 709 542,56**

PROVISIONS - CHANGES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
As at the begining of period	**25 709 542,56**	**24 174 981,21**
Establishing provisions during the financial year	4 026 051,04	2 733 929,24
Utilisation/release of provisions during the financial year	342 250,25	1 199 367,89
As at the end of period	**29 393 343,35**	**25 709 542,56**

Note 15. Other long-term liabilities

OTHER LONG-TERM LIABILITIES	31-12-2019	31-12-2018
a) lease obligations	34 356 763,85	833 587,68
b) deposit liabilities	39 476 612,00	43 714 469,38
c) liabilities from securities	51 500 000,00	128 800 000,00
d) other long-term liabilities	0,00	0,00
e) promissory note liabilities - affiliates	850 915,18	10 960 675,76
f) promissory note liabilities - third parties	0,00	0,00
g) loans received - affiliates	0,00	23 573 603,57
Total other liabilities	**126 184 291,03**	**207 882 336,39**

The increase in the lease liabilities is mainly due to the leaseback agreement concluded on 11 December 2019 on real estate at 326 Radzymińska Street in Ząbki. As at December 31, 2019, the value of liabilities under this agreement is PLN 27,674,945.73, of which PLN 26,690,978.35 is a non-current liability.

In 2019, the company redeemed the previously issued bonds in the amount of PLN 70,300,000.

All lease liabilities are denominated in PLN. The fair value of lease liabilities corresponds to its book value and as at 31 December 2019 amounts to PLN 38 107 624.34, of which PLN 34 356 763.85 is a non-current liability.

Prospect leasing payments are payable as follows:

	Minimum lease payments	Interest	Current value of liability
	31-12-2019	31-12-2019	31-12-2019
under 1 year	5 451 081,77	1 700 221,28	3 750 860,49
between 1 and 5 years	19 723 788,82	6 339 453,07	13 384 335,75
over 5 years	24 603 045,48	3 630 617,38	20 972 428,10
	49 777 916,07	**11 670 291,73**	**38 107 624,34**

	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**

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

LEASING LIABILITIES LEASINGU	31-12-2019	31-12-2018
a) short-term liabilities	3 750 860,49	1 027 965,21
b) long-term liabilities	34 356 763,85	833 587,68
Total	**38 107 624,34**	**1 861 552,89**

Financial liabilities	31-12-2019	31-12-2018
Loans	23 682 763,79	23 949 469,43
Promissory notes	8 540 245,69	15 296 946,62
Bonds	132 813 702,24	204 741 216,10
Credits	83 257 701,28	41 515 044,84
Leasing	38 107 624,34	1 861 552,89
Total	**286 402 037,34**	**287 364 229,88**

Note 16. Trade and other payables

TRADE AND OTHER PAYABLES	31-12-2019	31-12-2018
a) trade payables - other parties	24 090 951,40	28 244 378,92
b) trade payables - affiliated parties	5 389 477,71	3 626 926,40
c) axes, customs duties, insurance and other payments	6 311 823,77	2 547 023,23
d) salaries	2 844 372,77	2 118 570,66
e) trade advances received	0,00	0,00
f) loans received - affiliated parties	23 306 897,93	0,00
g) promissory notes – affiliated parties	7 689 330,51	4 336 270,86
h) other	8 021 119,04	13 121 603,18
Total trade and other payables	**77 653 973,13**	**53 994 773,25**

OTHER LIABILITIES	31-12-2019	31-12-2018
a) debt securities issue liabilities	81 313 702,24	75 941 216,10
b) promissory note liabilities - other	0,00	0,00
c) leasing liabilities	3 750 860,49	1 027 965,21
d) other financial liabilities	0,00	0,00
Total other liabilities	**85 064 562,73**	**76 969 181,31**

D. EXPLANATORY NOTES TO THE UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

Note 17. Operating income

OPERATING INCOME	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Revenues from sales of products	489 702 003,12	310 034 413,47
Revenues from sales of services	77 936 586,40	69 963 591,20
Revenues from sales of goods	8 677 615,69	4 263 793,29
Total income	**576 316 205,21**	**384 261 797,96**

Detailed information on the number of units sold is included in the Management Board's report on operations for 2019.

	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Proceeds from sales, including:	**576 316 205,21**	**384 261 797,96**
-sales of products – properties, plots, buildings	489 702 003,12	310 034 413,47
-from sales of services	77 936 586,40	69 963 591,20
-from sales of goods	8 677 615,69	4 263 793,29

	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Revenues from sales of products and services by segment	**567 638 589,52**	**379 998 004,67**
-real estate development	505 940 602,33	325 466 280,72
-business activity related to hotels	55 180 567,74	48 581 294,41
-real estate management	6 517 419,45	5 950 429,54

	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Revenues from sales of products – premises, plots, buildings by geographical segment	**489 702 003,12**	**310 034 413,47**
-Warsaw and the surrounding area	444 906 084,87	212 774 442,95
-Gdynia	25 194 272,80	90 823 463,97
- Łódź	19 230,63	549 940,10
- Szczecin	0,00	0,00
- Katowice	600 999,26	506 591,55
- Poznań	5 691,06	0,00
- parcels and networks	18 975 724,50	5 379 974,90

	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Revenues from sales of hotel services per geographic segments	**55 180 567,74**	**48 581 294,41**
-Warsaw and the surrounding area	9 689 359,46	6 259 048,15
- Tarnowo	6 539 857,02	6 179 314,28
- Stryków	4 339 501,07	4 148 084,43
- Krynica Górska	34 611 850,19	31 994 847,55

Note 18. Operating expenses

OPERATING EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Costs of sales of products	360 789 065,06	255 908 434,48
Costs of sales of services	61 493 228,54	49 890 072,52
Costs of sales of goods	8 666 839,11	4 242 190,06
Total costs of products, services and goods sold	**430 949 132,71**	**310 040 697,06**

Sales and overhead expenses	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Costs of sales	29 611 060,09	22 691 746,47
Overheads	26 517 926,62	19 757 350,32
Total sales and overheads expenses	**56 128 986,71**	**42 449 096,79**

Expenses per type	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Depreciation and amortization	9 424 570,41	8 826 563,93
Depreciation of the right to use the asset	82 094,01	0,00
Materials and energy cost, real estate purchase	63 551 177,97	114 686 142,86
Third party services	181 681 155,20	255 156 473,42
Taxes and charges	9 492 795,47	10 301 346,69
Remunerations	35 904 793,85	32 163 494,94
Social security and other payments	6 608 230,49	5 819 823,12
Other expenses per type	11 726 515,64	9 490 506,66
Total expenses per type	318 471 333,04	**436 444 351,62**

Note 19. Other operating income

OTHER OPERATING INCOME	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) profit on sale of non-financial fixed assets	1 351 950,08	1 663,21
b) other operating income	1 653 255,84	3 179 041,57
Total operating income	**3 005 205,92**	**3 180 704,78**

OTHER OPERATING INCOME	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) profit on sale of non-financial fixed assets	1 351 950,08	1 663,21
b) handling fees, penalties	340 909,90	188 678,48
c) reserves, write-offs	0,00	0,00
d) asset disclosure	0,00	0,00
e) other	1 312 345,94	2 990 363,09
Total operating income	**3 005 205,92**	**3 180 704,78**

Note 20. Other operating expenses

OTHER OPERATING EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	0,00	0,00
c) other operating expenses	10 437 870,57	7 765 136,81
Total operating income	**10 437 870,57**	**7 765 136,81**

OTHER OPERATING EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) loss on sale of non-financial fixed assets	0,00	0,00
b) revaluation of non-financial assets	0,00	0,00
c) reserves	2 839 555,70	2 733 929,24
d) compensations, penalties, damages	566 941,69	3 338 313,95
e) compensations for breach of contracts	0,00	0,00
f) costs of court proceedings	360 925,78	489 932,97
g) costs of discontinued investments	0,00	0,00
h) other	6 670 447,40	1 202 960,65
Total operating income	**10 437 870,57**	**7 765 136,81**

The most significant item of operating costs is an impairment write-down on the right of perpetual usufruct of an undeveloped plot of land located in Warsaw at 181 Górczewska Street (land designated for NS Route).

Note 21. Financial revenues

FINANCIAL REVENUES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) dividends	0,00	0,00
b) interest	4 632 002,31	10 891 996,46
c) investment revaluation	0,00	0,00
d) loss on disposal of investment	0,00	0,00
e) other	795 030,07	3 433 065,10
Total financial revenues	**5 427 032,38**	**14 325 061,56**

Financial revenues	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) dividends	0,00	0,00
b) interest from customers	651 576,71	195 766,49
c) loan interest	3 060 010,07	1 745 265,16
d) deposit interest	575 442,24	849 343,16
e) promissory notes interest	138 353,29	89 723,68
f) other interest	206 620,00	8 011 897,97
g) foreign exchange rate differences	0,00	2 617 559,16
h) investment revaluation	0,00	0,00
i) profit on disposal of investment	0,00	0,00
j) other	795 030,07	815 505,94
Total	**5 427 032,38**	**14 325 061,56**

Not3 22. Financial expenses

FINANCIAL EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) interest	10 484 608,10	20 428 573,79
b) investment revaluation	16 760 316,49	0,00
c) loss on disposal of investment	0,00	30 384,75
d) other	342 276,71	16 767,70
Total financial expenses	**27 587 201,30**	**20 475 726,24**

FINANCIAL EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) interest, commissions, loans	2 687 876,04	2 062 865,10
b) interest-leases	152 495,32	66 512,31
c) interest - loans	666 311,92	685 731,93
d) interest - promissory notes	410 079,74	536 126,86
e) interest - bond issuance	3 411 783,11	4 925 630,13
f) other interest	3 156 061,97	12 151 707,46
g) investment revaluation	16 760 316,49	0,00
h) loss on disposal of investment	0,00	30 384,75
i) other	342 276,71	16 767,70
Total financial expenses	**27 587 201,30**	**20 475 726,24**

The most significant item of financial costs is a write-down for impairment of shares held in subsidiaries.

As a result of the analysis of impairment tests of the shares held and the value of loans granted to subsidiaries: YAKOR HOUSE of Sochi (Russian Federation), Bliska Wola 4 Spółka z o.o. 1 Sp.k. with the registered office in Ząbki and Bliska Wola 4 Spółka z o.o. 2 Sp.k. with the registered office in Ząbki shows that the assets related to these subsidiaries were impaired;
As a result of the analysis of impairment tests for the right of perpetual usufruct of an undeveloped plot of land located in Warsaw at 181 Górczewska Street (land designated for NS Route), the asset was impaired.
The Company's Management Board decided to make revaluation write-downs on these assets. The impact of the write-downs described above on the unconsolidated net result was minus PLN 22.2 million.

Note 23. Income tax

INCOME TAX	**01-01-2019 to 31-12-2019**	**01-01-2018 to 31-12-2018**
a) income tax	0,00	32 281,00
b) deferred income tax	13 020 106,88	-6 801 791,00
Total income tax	**13 020 106,88**	**-6 769 510,00**

Reconciliation of effective tax rate	**01-01-2019 to 31-12-2019**	**01-01-2018 to 31-12-2018**
Gross Profit / (loss) before tax from continuing operations	64 308 262,31	15 759 955,15
Gross Profit / (loss) before tax from discontinued operations	0,00	0,00
Gross Profit / (loss) before tax	**64 308 262,31**	**15 759 955,15**
Income tax (charge) shown in the profit and loss account	**13 020 106,88**	**-6 769 510,00**
including		
current	0,00	32 281,00
deferred	13 020 106,88	- 6 801 791,00
Tax in accordance with a 19% tax rate	**12 218 569,84**	**2 994 391,48**
Unrealised tax losses - settlement	-7 648 021,81	-785 835,82
Differences resulting from unrealized reserves and assets in previous years	3 297 304,53	-55 704 837,97
Expenditure not constituting tax deductible expenses - permanent differences	10 637 459,77	5 945 104,60
Dividend	0,00	0,00
Cost of convertible bond converstion to Hanza Invest shares	0,00	0,00
Participation in the profits of partnerships	-2 068 126,50	-7 811,05
Other	0,00	-835 572,79
Adjusted income tax	**68 526 878,30**	**-35 628 997,87**
Tax at effective rate	**13 020 106,88**	**-6 769 510,00**

E. OTHER EXPLANATORY NOTES

Note 24. Headcount

Company	**31-12-2019**	**31-12-2018**
Management Board	1	2
Directors	26	19
Administration	215	206
Other employees	177	184
Total	**419**	**411**

Contracts	**31-12-2019**	**31-12-2018**
Employment contract	419	411
Fee-for-task contract	265	226
Specific work contract	23	20
TOTAL	**707**	**657**

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.

in Company. hey do not include remuneration due to other forms of employment (also in other copanies within the Group). Data on remuneration from other entitlements are presented in the Consolidated Financial Statements.

JW Construction Holding S.A.	01-01-2019 to 31-12-2019
Management Board	
Rajchert Wojciech	43 591,20
Ostrowska Małgorzata	116 306,00
Suprynowicz Piotr	20 744,00
Pisarek Małgorzata	49 728,00

JW Construction Holding S.A.	01-01-2019 to 31-12-2019
Supervisory Board	
Wojciechowski Józef	0,00
Szwarc-Sroka Małgorzata	17 572,80
Łopuszyńska Irmina	17 270,80
Czyż Barbara	54 645,51
Radziwilski Jacek	24 193,17
Maruszyński Marek	43 526,32
Matkowski Ryszard	43 526,32

Note 26. Off-balance-sheet items

In business practice, contingent transaction hedge instruments are used. In particular, under the applicable credit agreements, banks providing financing may pursue claims based on the established collaterals in the event of the Company's failure to perform its obligations under the agreements. Collaterals are established up to the amount of the loan granted multiplied by a specific ratio. Depending on the type of loan agreement, type of collateral, financing bank and other criteria, the ratio varies from 100% to 200%. Regardless of the number and amount of securities established, the bank may pursue claims up to the amount of the actual debt together with the interest due. As at 31 December 2019, the value of debt under the loans was PLN 83.3 million and there were no indications that any of the loans might 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	31-12-2019
Amount of security on own real estate	329 288 936

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 mortgage, there are also other forms of security, such as: writs of enforcement, promissory notes, powers of attorney to accounts or pledges on accounts. In addition, in the case of investment loans, cessions from contracts related to specific constructions (e.g.general contracting agreements, insurance contracts, performance bonds) are a hedging instrument. Moreover, if the borrower is a subsidiary of the Issuer, 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	31-12-2019
Guarantee of J.W. Construction Holding S.A. for Hanza Invest SA investment credit from Bank Ochrony Środowiska S.A.	72 000 000
Guarantee of J.W. Construction Holding S.A. to the benefit of Dana Invest Sp. z o.o. for incurred at BZ WBK SA.	29 694 876
Guarantees to the benefit of J.W. Construction Sp. z o.o. for credit and leasing in PKO BP	17 100 450
Sureties to the benefit of TBS "Marki" Sp z o.o.	22 400 000

As at 31 December 2019, insurance and bank guarantees were also granted to remove defects and faults, granted by banks and insurance institutions, whose beneficiary was the Company. 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. The total value of the guarantee of J.W. Construction Holding S.A. was as of 31 December 2019. PLN 43.5 million and EUR 1.74 million.

Note 27. Transactions with affiliates-balances

The Company has concluded and intends to continue to conclude transactions with affiliates as defined in IAS 24 Related Party Disclosures (IAS 24) (Annex to Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as amended by Commission Regulation (EC) No 1274/2008 of 17 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards IAS 1).

In the Issuer's opinion, the conditions under which transactions with related parties are concluded do not differ from market conditions.

Entities related to the Issuer as at 31 December 2019, with whom the Issuer entered into transactions in the reporting period, are listed below:

- The main shareholders of the company, i.e: EHT S.A. and Mr Józef Wojciechowski (personal relationship) and entities related to those entities;
- subsidiaries belonging to the J.W. Construction Holding Capital Group, i.e:
    - J.W. Construction sp. z o.o.
    - TBS Marki sp. z o.o.
    - Dana Invest sp. z o.o.
    - Varsovia Apartamenty sp. z o.o.
    - Hanza Invest S.A.
    - Bliska Wola 4 sp. z o.o. 1 sk
    - Bliska Wola 4 sp. z o.o. 2 sk
    - Bliska Wola 4 sp. z o.o.
    - Yakor House sp. z o.o.
    - J.W. Construction Bułgaria Sp. z o.o.
    - Wielopole sp. z o.o.
    - Wola Invest sp. z o.o.
    - Berensona Invest sp. z o.o.
    - J.W. Tennis Support Foundation – Fundacja Wspierania Tenisa i Rozwoju I Aktywności Fizycznej

- Transactions with Members of the Management Board or Supervisory Board

Transactions with affiliates of the Group
As part of its operations, the Company enters into transactions with affiliated companies, in particular in the scope of sales services, administrative services, property rental, performance of works, granting guarantees, financing.

In addition, the Company entered into agreements with companies whose governing bodies members of the Company's Supervisory Board are or were a part of.

TRANSACTIONS ON ACCOUNT OF DELIVERIES AND SERVICES, DEPOSITS, ADVANCE PAYMENTS FOR DELIVERIES
The value of receivables and liabilities as well as sales and purchase transactions with related companies concluded in the normal course of business are presented below. The value of transactions between the Issuer and its subsidiaries in the reporting period and the balance of settlements as at 31 December 2019 were also presented.

The following statements present only companies that have a balance as at a given day or with which transactions in a given period exceeded PLN 100 thousand. Zero balances are not presented.

Receivables on account of supplies and services, deposits, advance payments for supplies from related parties
The balances of the following receivables were not covered by write-downs.

	Receivables on account of supplies and services, deposit, advances on deliveries from related parties	
COMPANY NAME	31-12-2019	31-12-2018
TBS Marki Sp. z o.o.	25 142,55	25 271,24
J.W. Construction Sp. z o.o.	2 595 456,62	2 499 084,56
Dana Invest Sp. Z o.o.	113 744,64	325 074,74
Varsovia Apartamenty Sp. z o.o.	1 277 196,79	1 745 694,36
Berensona Invest Sp. Z o.o.	41 859,36	35 660,16
Bliska Wola 4 Sp. z o.o.1 SK	318 554,21	334 196,00
Bliska Wola 4 Sp. z o.o. 2 SK	398 650,41	471 758,69
Wola Invest Sp z o.o.	6 199,20	32 708,16
Bliska Wola 4 Sp. Z o.o.	27 034,00	30 330,40
Hanza Invest S.A.	4 225 040,08	1 600 333,23
Yakor Hause sp. z o.o.	0,00	0,00
Wielopole 19/21 sp. z o.o.	6 229,95	2 908,95
JW TENNIS SUPPORT FOUNDATION	14 898,99	6 042,99

Payables on account of supplies and services, deposits, advance payments for supplies to related parties

	Payables on account of supplies and services, deposit, advances on deliveries to related parties	
COMPANY NAME	31-12-2019	31-12-2018
J.W. Construction Sp. z o.o.	20 838 742,33	21 044 516,92
Dana Invest Sp. Z o.o.	4 684,49	0,00
Bliska Wola 4 Sp. z o.o.1 SK	5 196,00	5 196,00
JW Tennis Support Foundtion	11 310,00	0,00

Transactions concluded in the course of normal operations concern construction services provided mainly by J.W. Construction Sp. z o.o. Additionally, the companies reinvoice the costs of energy and other utilities, lease real estate and equipment, and sell design and administrative services.

J.W. Construction Holding S.A. as an entity rendering or services (seller)

	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Affiliated units subject to consolidation			
TBS Marki Sp. z o.o.	real estate management	159 144,36	159 144,36
TBS Marki Sp. z o.o.	loan surety	784 000,00	784 000,00
J.W. Construction Sp. z o.o.	sale of goods, materials	359 056,28	318 303,85
J.W. Construction Sp. z o.o.	administrative services	580 000,00	1 180 619,00
J.W. Construction Sp. z o.o.	lease of real estate (office building)	146 028,00	146 028,00
J.W. Construction Sp. z o.o.	reinvoicing -energy	184 232,33	187 569,89
J.W. Construction Sp. z o.o.	guaranteed repairs services	1 319 079,19	1 613 369,45
J.W. Construction Sp. z o.o.	land lease	148 659,43	92 800,19
Dana Invest Sp. Z o.o.	administrative services	90 522,00	248 600,00
Varsovia Apartamenty Sp. Z o.o.	reinvoices-including utilities	219 028,37	507 251,42
Varsovia Apartamenty Sp. Z o.o.	administrative services	315 528,00	265 600,00
Varsovia Apartamenty Sp. Z o.o.	lease of real estate Jerozolimskie Av.	593 476,67	517 833,68
Varsovia Apartamenty Sp. Z o.o.	catering	1 473 527,38	439 197,20
Varsovia Apartamenty Sp. Z o.o.	reinvoicing -energy	74 122,97	186 419,69
Hanza Invest S.A.	administrative services	1 497 398,00	2 054 796,00
Hanza Invest S.A.	sales service	1 237 132,61	976 592,22

J.W. Construction Holding S.A. as an entity buying products or services

COMPANY NAME	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Affiliated units subject to consolidation			
J.W. Construction Sp. z o.o.	construction works Ożarów Houses	1 514 413,16	994 655,15
J.W. Construction Sp. z o.o.	materials - Ożarów houses	640 601,82	0,00
J.W. Construction Sp. z o.o.	construction works Ożarów blocks of flats	0,00	1 013 901,10
J.W. Construction Sp. z o.o.	construction works Katowice	38 463 070,00	12 157 512,24
J.W. Construction Sp. z o.o.	supervision and coordination of the construction at Kasprzaka St.	1 291 085,00	0,00
J.W. Construction Sp. z o.o.	staffing services Kasprzaka CK	0,00	970 993,00

FINANCING TRANSACTIONS

The table below presents the value of receivables and liabilities and interest with related companies concluded under the financing granted and received, mainly in the form of bills of exchange, loans and guarantees. The value of transactions between the Issuer and its subsidiaries in the reporting period and the balance of settlements as at December 2019 were also presented.

The following lists present only companies that have a balance as at a given date or with which transactions occurred in a given period. Zero balances have not been presented.

Receivables on account of the financing granted
The balances of the following receivables were not covered by write-downs.

COMPANY NAME	Receivables on account of the financing granted	
	31-12-2019	31-12-2018
Affiliated units subject to consolidation		
Yakor House Sp. z o.o.	21 769 000,00	24 729 594,37
J.W. Construction Bułgaria EOOD	40 730 226,10	40 517 097,42
J.W. Construction Sp. z o.o.	10 254 500,00	15 707 566,39
Dana Invest Sp. z o.o.	550 621,79	527 130,15
Hanza Invest Sp. z o.o.	23 895 185,88	22 346 411,55
Bliska Wola 4 Sp. z o.o. 2SK	5 636,94	5 636,94
Varsovia Apartamenty Sp. z o.o.	1 655 985,80	500 707,78
affiliated units excluded from consolidation		
Wielopole 19/21 sp. z o.o.	215 960,89	206 885,86

Sureties granted (principal and accrued interest)
The guarantees provided are described in note F Additional information on page 53.

Financial revenue from granted financing

COMPANY NAME	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Yakor House Sp. z o.o.	loan granted	769 047,79	713 497,63
J.W. Construction Bułgaria EOOD	loan granted	464 464,88	460 488,54
J.W. Construction Sp. z o.o.	loan granted	694 683,35	114 141,98
Dana Invest Sp. z o.o.	loan granted	14 155,00	10 710,50
Dana Invest Sp. z o.o.	promissory note issued	9 336,64	9 321,65
Hanza Invest S. A.	loan granted	1 048 774,33	445 337,75
Bliska Wola 4 Sp. z o.o.	loan granted	0,00	380,98
Varsovia Apartamenty Sp. z o.o.	loan granted	55 278,02	707,78
Wielopole 19/21 Sp. z o.o.	promissory note issued	9 075,03	6 885,86
J.W. Tennis Support Foundation	donation	393 600,00	0,00

Launches on account of financing granted

COMPANY NAME	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Yakor House Sp. z o.o.	loan granted	356 407,98	370 255,41
J.W. Construction Bułgaria EOOD	loan granted	142 224,07	146 299,84
J.W. Construction Sp. z o.o.	loan granted	16 000 000,00	23 300 000,00
Dana Invest Sp. z o.o.	loan granted	0,00	300 000,00
Hanza Invest S. A.	loan granted	500 000,00	17 971 000,00
Varsovia Apartamenty Sp. z o.o.	loan granted	1 100 000,00	500 000,00
Wielopole 19/21 Sp. z o.o.	promissory note issued	0,00	200 000,00
J.W. Tennis Support Foundation	donation	393 600,00	0,00

Payables on account of financing received

COMPANY NAME	Payables on account of financing received	
	31-12-2019	31-12-2018
Affiliated units subject to consolidation		
TBS Marki Sp. z o.o.	29 862 475,04	29 910 789,10
Bliska Wola 4 Sp. z o.o. 1 Sp. K.	1 018 628,73	2 969 597,78
Bliska Wola 4 Sp. z o.o. 2 Sp. K.	966 039,85	5 990 163,31
affiliates not subject to consolidation		
EHT S.A.	2 216,60	2 216,60

Financial costs of the financing received

COMPANY NAME	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
TBS Marki Sp. z o.o.	loan received	666 311,92	693 925,82
TBS Marki Sp. z o.o.	promissory note received	218 391,58	217 973,58
Bliska Wola 4 Sp. z o.o. 1 Sp. K.	promissory note received	15 811,62	79 877,90
Bliska Wola 4 Sp. z o.o. 2 Sp. K.	promissory note received	175 876,54	192 765,05
J.W. Construction Sp. z o.o.	promissory note received	0,00	45 477,00

Launches on account of financing received

There were no in the reporting period

OTHER TRANSACTIONS

Below is presented the value of other transactions concluded by the Issuer with related companies, mainly related to dividends granted, license fees, capital contributions, share purchases and sales of real estate. The value of transactions between the Issuer and these companies in the reporting period and the balance of settlements as at 31 December 2019 were also presented.

The following lists present only companies that have a balance as at a given date or with which transactions occurred in a given period. Zero balances have not been presented.

Dividends
No dividends were paid in the reporting period.

Transactions related to the purchase of shares and stocks and the increase in capital

Below are presented capital transactions related to the acquisition of shares and stocks by the Issuer, capital increases and the creation of new companies.

OTHER PARTY TO TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
J.W. Construction Sp. z o.o.	Shares in BW4 sp. z o.o. 2SK	12 745 500,00	0,00
Wola Invest Sp. z o.o.	Capital injection - agreement	45 000,00	0,00
Lubelska 14-18 sp. z o.o.	Purchase of shares in Wielopole 19/21 sp. z o.o.	0,00	200 000,00

Transactions related to the sale of shares and stocks and liquidation of companies

The following are capital transactions related to the Issuer's sale of shares and stocks and the liquidation or merger of companies.

OTHER PARTY TO TRANSACTION	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Business Financial Construction Sp. z o.o.	Liquidation of shares - merger	0,00	4 347 000,00
J.W. Ergo Energy sp. z o.o.	Liquidation of shares - merger	0,00	2 501,00
J.W. Marka Sp. z o. o.	Liquidation of shares - merger	0,00	186 661 450,00
Lewandów Invest Sp. z o.o.	Liquidation of shares - merger	0,00	5 000,00
Łódź Invest Sp. z o.o.	Liquidation of shares - merger	0,00	3 800 000,00
Nowe Tysiąclecie Sp. z o.o.	Liquidation of shares - merger	0,00	15 240 000,00
Porta Transport Sp. z o.o.	Liquidation of shares - merger	0,00	19 309 914,41
Seahouse sp. z o.o.	Liquidation of shares - merger	0,00	10 950 000,00
TBS Nowy Dom Sp. z o.o.	Liquidation of shares - merger	0,00	1 002,00
Zdziarska Invest sp. z o.o.	Liquidation of shares - merger	0,00	5 000,00
J.W. Marka Sp. z o. o.	Takeover of BW4 1SK shares after the merger	0,00	30 820 450,00

Sales of real estate

In the reporting period, the Issuer did not make any purchases or sales of real estate through related parties.

The balances of receivables and liabilities arising from the above transactions are presented below:

As at 31 December 2019, the Issuer did not have any receivables or liabilities on this account.

Transactions with major shareholders and related companies of major shareholders

This section presents transactions with companies belonging to the Issuer's main shareholders, i.e. companies directly and indirectly related to Mr Józef Wojciechowski and companies directly and indirectly related to EHT S.A.

Companies and persons indirectly related to the Issuer:

- Józef Wojciechowski
- EHT S.A.
- WJ Invest Sp. z o.o.
- JW. Wings LTD
- J.W. Energy S.A.
- Załubice Development Sp. z o.o.
- Zabaleta Holding SA
- Zabaleta sp. z o.o.
- Zakład Energetyczny Użyteczności Publicznej SA
- Construction Unlimited sp. z o.o.
- Osada Wiślana sp. z o.o.
- ZPS JW. System Sp. z o.o. in liquidation
- ZPM Metalcon Sp. z o.o. in liquidation
- Polonia SSA
- Deweloper sp. z o.o.
- IJ Konsulting Irmina Łopuszyńska
- MS Consulting Małgorzata Szwarc
- Józef Wojciechowski Advisory

Transaction on account of supplies and services, deposits, advances on deliveries

Transactions with major shareholders and related companies of major shareholders are presented below. The value of transactions between the Issuer and these companies in the reporting period and the balance of settlements as at 31 December 2019 were also presented.

The following statements present only companies that have a balance as at a given day or with which transactions in a given period exceeded PLN 100 thousand. Zero balances are not presented.

Receivables on account of supplies and services, deposits, advance payments for supplies from indirectly related parties
Unless stated otherwise, the balances of the following receivables were not covered by write-downs.

	Receivables on account of supplies and services, deposit, advances on deliveries from indirectly related parties	
COMPANY NAME	**31-12-2019**	**31-12-2018**
JÓZEF WOJCIECHOWSKI	1 895,94	1 133,47
Józef Wojciechowski Advisory	0,00	369,00
Załubice Development sp. z o.o.	3 009 662,34	3 213 609,34
J.W. ENERGY S.A.	1 292 320,66	1 128 484,66
ZPM Metalcon sp. z o.o.	575 199,61	575 199,61
DEWELOPER SP. Z O.O.	8 033,13	8 033,13
OSADA WIŚLANA	37 650,30	27 158,40
W.J. INVEST Sp. Z.O.O	374 685,56	1 010 619,63
ZABALETA SPÓŁKA Z O.O.	58 876,47	52 677,27
ZEUP S.A.	545 309,20	538 181,41

Payables on account of supplies and services, deposits, advance payments for supplies to indirectly related parties

	Payables on account of supplies and services, deposit, advances on deliveries to indirectly related parties	
COMPANY NAME	**31-12-2019**	**31-12-2018**
Józef Wojciechowski Advisory	0,00	615 000,00
Deweloper Sp. z o.o.	7 674,00	7 674,00
W.J. Invest Sp. z o.o.	5 671 915,46	5 671 915,46
Zabaleta Sp. z o.o..	100 000,00	100 000,00
ZEUP S.A.	754 894,46	500 946,90

J.W. Construction Holding S.A. as an entity rendering or services (seller)

	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Companies indirectly related to the dominant entity			
Jw Energy S.A.	land lease	126 000,00	31 500,00
W.J. Invest Sp. Z.O.O	sales service	197 700,00	51 200,00
ZEUP S.A.	administrative services	96 000,00	126 700,00

J.W. Construction Holding S.A. as an entity buying products or services

COMPANY NAME	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
indirectly related entities			
Józef Wojciechowski Advisory	Advisory service	4 000 000,00	2 000 000,00
ZEUP S.A.	Energia Czarny Potok	630 693,17	367 898,04
ZEUP S.A.	Energia Zegrze	119 360,40	82 209,37
ZEUP S.A.	Energia Bw Ck	396 989,08	262 064,15
ZEUP S.A.	Energia Bw Em	116 859,11	0,00
ZEUP S.A.	Energia Bw Ek	138 728,99	0,00
ZEUP S.A.	Energia Biurowiec	112 001,83	70 018,16
ZEUP S.A.	Other Kasprzaka	278 086,10	61 920,40
ZEUP S.A.	Other	602 038,80	543 400,23
ZEUP S.A.	Power connection Kasprzaka	805 836,08	0,00

FINANCING TRANSACTIONS

The table below presents the value of receivables and liabilities and interest on transactions with major shareholders and related companies of major shareholders as part of financing granted and received, mainly in the form of promissory notes, loans and bonds. The value of transactions between the Issuer and these entities in the reporting period and the balance of settlements as at 31 December 2019 were also presented.

The following lists present only companies that have a balance as at a given date or with which transactions occurred in a given period. Zero balances have not been presented.

Receivables on account of the financing granted

Unless stated otherwise, the balances of the following receivables were not covered by write-downs.

COMPANY NAME	Receivables on account of the financing granted	
	31-12-2019	**31-12-2018**
indirectly related entities		
Wojciechowski Józef	13 606,70	0,00
J.W. Energy S.A.	2 795 286,66	1 650 125,62
Zakład Energetyczny Użyteczności Publicznej S.A.	411 067,70	393 287,12
Deweloper sp. z o.o.	7 581,90	7 581,90

Financial revenue from granted financing

COMPANY NAME	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
J.W. Energy S.A.	promissory note issued	102 161,04	60 683,29
Zakład Energetyczny Użyteczności Publicznej S.A.	promissory note issued	17 780,59	12 832,88

Launches on account of financing granted

COMPANY NAME	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
J.W. Energy S.A.	promissory note issued	1 043 000,00	600 000,00
Zakład Energetyczny Użyteczności Publicznej S.A.	promissory note issued	0,00	730 000,00
Wojciechowski Józef	loan granted	4 000 000,00	0,00

Payables on account of financing received

COMPANY NAME	Payables on account of financing received	
	31-12-2019	31-12-2018
indirectly related entities		
Wojciechowski Józef	373 649,26	373 649,26

Launches on account of financing received

There were no in the reporting period

Bonds (principal and accrued interest)

In 2013, the Issuer issued bonds in the amount of PLN 91.2 million. The JWX0116 series bonds were acquired by companies indirectly related to J.W. Construction Holding S.A. The value of outstanding principal and accrued interest as at 31 December 2019 and as at 31 December 2018 is shown in the table below:

Company	date	principal value of the contract
W.J. Invest sp. z o.o.	24-04-2013	74 640 000,00
W.J. Invest sp. z o.o.	24-04-2013	10 650 000,00
W.J. Invest sp. z o.o.	24-04-2013	5 910 000,00

	Payables on account of bonds		interest for 2019	interest for 2018
COMPANY NAME	**31-12-2019**	**31-12-2018**		
W.J. Invest Sp. z o.o.	**36 410 466,67**	**36 383 586,80**	2 138 339,51	2 111 697,03
- principal	*34 940 000,00*	*34 940 000,00*		
- interest	*1 470 466,67*	*1 443 586,80*		
W.J. Invest Sp. z o.o.	**11 098 210,37**	**11 097 130,76**	655 616,94	650 773,35
- principal	*10 650 000,00*	*10 650 000,00*		
- interest	*448 210,37*	*447 130,76*		
W.J. Invest Sp. z o.o.	**6 158 725,20**	**6 154 178,54**	360 701,08	357 145,36
- principal	*5 910 000,00*	*5 910 000,00*		
- interest	*248 725,20*	*244 178,54*		

OTHER TRANSACTIONS

The value of other transactions with significant shareholders and related companies of significant shareholders, mainly concerning dividends granted, licence fees, capital contributions, share purchases and sales of real estate, is presented below. The value of transactions between the Issuer and these companies in the reporting period and the balance of settlements as at 31 December 2019 were also presented.

The following lists present only companies that have a balance as at a given date or with which transactions occurred in a given period. Zero balances have not been presented.

Transactions related to purchase/sale of shares and stock and capital increase

In the reporting period there were no capital transactions related to the purchase/sale of shares and stocks by the Issuer, capital increases or the creation of new companies.

Sales of real estate

In the reporting period, the Issuer did not make any transactions of purchase or sale of real estate with affiliates of significant shareholders or with affiliates of significant shareholders.

Transactions with Management Board and Supervisory Board members

Transactions made between the Issuer and the Members of the Board and the Supervisory Board. All transactions described in this section were concluded in the ordinary course of business and on market terms.

Payables on account of supplies and services, deposits, advances for supplies to persons related to the dominant entity

COMPANY NAME	Payables on account of supplies and services, deposits, advance payments for supplies to persons related to the Issuer and its subsidiaries	
	31-12-2019	31-12-2018
personal affiliations (Management Board Members, Supervisory Board Members)		
MS Consulting Małgorzata Szwarc-Sroka	40 713,00	26 820,15
IJ Konsulting Irmina Łopuszyńska	38 406,75	29 956,65

The Issuer and its subsidiaries as buyers of services or products

	TRANSACTION/AGREEMENT SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
transactions with Members of the Management Board or Supervisory Board			
MS Consulting Małgorzata Szwarc-Sroka	consultancy and advisory services	291 060,00	424 027,00
IJ Konsulting Irmina Łopuszyńska	consultancy and advisory services	379 860,00	387 493,00

Receivables on account of supplies and services, deposits, advances for supplies from persons related to the dominant entity

	Receivables on account of supplies and services, deposits, advance payments for supplies from persons related to the Issuer and its subsidiaries	
COMPANY NAME	31-12-2019	31-12-2018
personal affiliations (Management Board Members, Supervisory Board Members)		
MS Consulting Małgorzata Szwarc-Sroka	500,00	0,00

The Issuer and its subsidiaries as a service provider (seller)

	TRANSACTION/ AGREEMENT/SUBJECT	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
transactions with Members of the Management Board or Supervisory Board			
MS Consulting Małgorzata Szwarc-Sroka	office rental	3 440,00	0,00
MS Consulting Małgorzata Szwarc-Sroka	telephone sales	406,50	0,00
IJ Konsulting Irmina Łopuszyńska	office rental	5 160,00	5 160,00
IJ Konsulting Irmina Łopuszyńska	reinvoicing	82,75	0,00
IJ Konsulting Irmina Łopuszyńska	telephone sales	406,50	0,00

In the reporting period there were no transactions of sale of residential units to Members of the Issuer's Management Board or to its subsidiaries.

Apart from the remuneration and the above sales transactions, in the reporting period the Issuer did not enter into any transactions with members of the Management Board or Supervisory Board.

F. ADDITIONAL INFORMATION

Note 28. Events that took place in the business year

Corporate affairs

General Meetings

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 conduct the buy-back of its own shares. In the resolution adopted, the General Meeting of Shareholders granted authorization to the Company's Management Board for the period of 5 years to purchase not more than 20 % of 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.

On 18 June 2019, the Ordinary General Meeting of Shareholders was held, which adopted resolutions on matters provided for by law concerning approval of individual and consolidated financial statements for 2018, reports of the Management Board of the Company on the activities of the Company and its Capital Group in 2018, distribution of profit for 2018, granting discharge to members of the Company's governing bodies, and in addition changed the remuneration of one of the members of the Supervisory Board.

Purchase of own shares in the reporting period

The Management Board of the Company, acting on the basis of the authorisation granted in Resolution No. 4 by the Extraordinary General Meeting of 15 March 2019, adopted a resolution on determining the terms and conditions of the programme of buy-back of own shares for the purpose of their redemption. The Management Board made an offer to the Company's Shareholders to purchase 11,000,000 shares, proposing a price of PLN 2.70 per share. The Shareholders had the time between 8 April and 18 April 2019 to submit subscriptions for the sale of shares. As a result of the submitted subscriptions, on 26 April 2019, the Company acquired 1,413,861 shares constituting approximately 1.59 % of the share capital, corresponding to 1,413,861 votes at the General Meeting, which constitutes approximately 1.59 % of the total number of votes, for a total price of PLN 3,817,425.

On 5 December 2019 The Company's Management Board, acting on the basis of the authorization granted in Resolution No. 4 by the Extraordinary General Meeting of 15 March 2019, adopted a resolution on establishing the conditions of the program of buy-back of own shares for the purpose of their redemption. The Management Board made an offer to the Company's Shareholders to purchase 7,000,000 shares, offering a price of PLN 2.99 per share. The shareholders had time between 9 April and 18 December 2019 to place subscriptions for the sale of shares. As a result of the submitted subscriptions, on 27 December 2019, the Company acquired 4,405,231 shares constituting approx. 4.96% of the share capital, corresponding to 4,405,231 votes at the General Meeting, which constitutes approx. 4.96% of the total number of votes, for the total price of PLN 13,171,640.00.

Within the buy-back conducted pursuant to art. 5 MAR, the Company purchased a total of 59.568 shares for a total price of 169.417,07 PLN.

On 26 June 2019 the Company purchased 93,000 own shares at a price of PLN 2,70 each in an over-the-counter transaction. The acquisition was made in connection with a call addressed to the Company pursuant to Article 83 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. The price paid corresponded to the price proposed in the invitation to tender for the sale of shares of 5 April 2019, the purchased shares will be allocated for redemption.

Changes to governing bodies of the Company

a) *Management Board*

As of 30 April 2019, Mr Piotr Suprynowicz was dismissed from the Management Board of the Company, in connection with the received statement of the entitled Shareholder

On 21 November 2019, Mr Piotr Suprynowicz was appointed by the Supervisory Board to the Management Board of the Company.

b) *Supervisory Board*

As of 22 July 2019, Mr Jacek Radziwilski resigned from the Supervisory Board.

Administrative decisions related to the construction process

a) *construction permit*

On 22 August 2019 the Company received the final decision upholding the decision of 18 April 2017 on the building permit for the complex of multi-family buildings, constituting part of the Lewandów III estate (Wrzosowa Aleja) in Warsaw, including 5 multi-family buildings together with land development. The aforementioned decision was appealed to the Voivodship Administrative Court by the owner of the adjacent premises. Therefore, the above-mentioned building permit is final but not legally binding. The commencement of construction on the basis of the above mentioned decision was suspended until the complaint is settled.

On 4 October 2019 the Company received a building permit for the construction of a complex of 10 multi-family residential buildings with underground garage halls in Skórzewo, near Poznań. The permit is final.

On 11 October 2019 the Company received a building permit for a complex of 13 single-family terraced houses located in Kręczki Kaputy, Ożarów Mazowiecki commune. The permit is legally binding.
On 6 November 2019 the Company received a building permit for a complex of 11 single-family terraced houses located in Kręczki Kaputy, Ożarów Mazowiecki commune. The permits are final.

b) occupancy permit

On 4 April 2019, the Company obtained an occupancy permit for a complex of multi-family residential buildings and semi-detached buildings at Sochaczewska Street in Gdynia. The permit is final
As part of the complex of terraced houses - "Alicja Stage D" located in Kręczki Kaputy, Ożarów Mazowiecki commune, the Company received occupancy permits for 21 single family terraced houses. The permits are final.
On 27 August 2019 the Company received occupancy permit for a multi-family residential building marked with „Em" symbol from the residential and commercial complex, stage E, in the area of the Bliska Wola investment, in Warsaw, in the area of Kasprzaka Street and Prymasa Tysiąclecia Av. The permit is final.
On 6 September 2019 the Company received occupancy permit for a multi-family residential building marked with „Ek" symbol from the residential and commercial complex, stage E, in the area of the Bliska Wola investment, in Warsaw, in the area of Kasprzaka Street and Prymasa Tysiąclecia Av. The permit is final.

Events related to credit agreements

a) new credit agreements

On 27 March 2019 the Company concluded an agreement with Bank Ochrony Środowiska S.A. on the basis of which the Bank granted a revolving credit in the amount of PLN 28,400,000. The final repayment date of the loan was set for 20 March 2024(ultimately PLN 4,270,394 was used).

b) Credit repayment

On 31 December 2019 the Company made a full repayment of the revolving credit, granted by Bank Polskiej Spółdzielczości S.A. for financing the current activity, in the amount of 4.500.000 PLN,

c) Annex to credit agreement:

On 25 April 2019, the Company concluded an Annex to a credit agreement in the current account granted by PKO BP S.A. Under the Annex, the credit limit was increased from PLN 10,000,000 to PLN 15,000,000 and the deadline for use and repayment date have been postponed. The new loan repayment date was set at 25 April 2020.
On 10 May 2019, 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 new loan repayment date was set at 31 May 2020.

Leasing

On 11 December 2019 the Company entered into agreements relating to the leasing of a developed property belonging to the Company located in Ząbki at 326 Radzymińska Street ("Property"). On the basis of the agreement, the Company sold to BPS Leasing S.A. with its registered office in Warsaw the Real Property for the amount of 40,108,617 PLN plus VAT. Under the lease agreement, the Company acquired the right to use the Property by paying: an initial fee of PLN 10,283,949.92 plus VAT, a periodic fee "0" of PLN 2,149,721.35 and VAT on the financial lease of the land of PLN 1,892,988.69. On account of using the Property, the Company shall pay a monthly lease installment of PLN 194,643.86 for 10 years. On the basis of the preliminary sale agreement, the Company acquired the right to purchase the Property after the end of the lease agreement, but no later than until 31.12.2029, for the price of PLN 15,260,055.72 plus the related taxes and fees applicable on the date of conclusion of the sale agreement.

Bonds

In the reporting period, the Company processed the issued bonds.

a) Interest paid

- On 25 April 2019 the Company paid interest on bonds JWX0116 series.
- On 15 May and 15 November 2019 The Company paid interest on bonds marked with PLJWC0000126 ISIN code.

- On 30 May 2018 and 29 November 2019 the Company paid interest on bonds marked with PLJWC0000118 ISIN code.

b) 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 30 May 2019, the Company partially redeemed, in accordance with the terms of the bond issue, 40% of the original nominal value of series JWC0520 bonds, coded ISIN PLJWC0000118, issued pursuant to the Resolution of the Management Board of the Company of 15 May 2017 with the maturity date of 29 May 2020, in the total number of

70,000, in the initial nominal value of PLN 1,000 each bond and in the total issue value of PLN 70,000,000. After the redemption, the value of each bond is equal to PLN 500 and the total value is PLN 35,000,000.
- On 15 November 2019, the Company partially redeemed, in accordance with the terms of the bond issue, 45% of the original nominal value of series JWC1120 bonds, coded ISIN PLJWC0000126, issued pursuant to the Resolution of the Management Board of the Company of 2 November 2017 with the maturity date of 16 November 2020, in the total number of 94,000, in the initial nominal value of PLN 1,000 each bond and in the total issue value of PLN 94,000,000. After the redemption, the value of each bond is equal to PLN 450 and the total value is PLN 42,300,000.

c) Change of bond redemption date

On 15 November 2019 the Company changed the date of redemption of series JWX0116 bonds issued pursuant to the Resolution of the Management Board of the Company of 24 April 2013. The new redemption date of JWX0116 series bonds is 24 April 2021.

Sureties

During the reporting period, the Company granted a surety in the amount of PLN 72,000,000 for the liability of Hanz Invest S.A. with its registered office in Ząbki on account of the renewable credit agreement concluded with Bank Ochrony Środowiska S.A. with its registered office in Warsaw on 07 February 2019 in the amount of PLN 48,000,000 to cover the costs of the Hanza Tower investment in Szczecin.
In the reporting period, the surety granted on 10 February 2017 to Alior Bank S.A. with its registered office in Warsaw up to the amount of PLN 141,789,712 on account of the following loans: investment loan in the amount of PLN 138,789,712 and VAT in the amount of PLN 3,000,000, granted to the company under the name of Hanza Invest S.A., in connection with the realisation of the Hanza Tower investment in Szczecin at 46 Wyzwolenia Av., expired.

Real estate

a) 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. The Company plans to build approx. 48,800 m2 of usable area on plots of land at Celna Street (purchased in December 2018 and January 2019).

- 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. The Company intends to build approx. 10,400 m2 of usable area of premises on the said plots.
- On 22 March 2019 the Company concluded agreements under which it acquired ownership rights to plots located in the Białołęka district of Warsaw, near Modlińska and Zakątna Streets, with a total area of 11,718 m2 and shares in a road plot for a total gross amount of PLN 14,330,422 (including VAT of PLN 1,635,422). The Company intends to build approx. 10,600 m2 of usable area of residential units on the said plots.
- On 28 August 2019, in performance of the conditional agreement, the Company acquired the ownership right to the undeveloped plots of land with a total area of 1,2208 ha located in Chorzów, between Krakowska and Tadeusz Kościuszki Streets, for the net amount of PLN 3,950,000 plus VAT at the applicable rate. The Company intends to build approx. 12,000 m2 of usable area on the acquired property.
- On 18 October 2019, in the performance of the conditional contract in connection with the non-exercise of the pre-emptive right by the State Forest Enterprise, the Company concluded a contract of purchase of: the ownership right to the developed land plots with a total area of 8.2798 ha, the ownership right to the undeveloped land plot with a total area of 0.0797 ha and the right of perpetual usufruct of the developed land plot with a total area of 4.0355 ha, located in the municipality of Serock, in Jachranka, for the total net price of PLN 12,500,000 plus VAT at the applicable rate. The Company intends to develop a multifamily residential complex with sports and hotel facilities on the property.

b) Preliminary property purchase agreement

On 19 August the Company concluded a preliminary agreement for the purchase of an undeveloped plot of land located in Małopole, with an area of 2.71 ha. The final agreement is to be concluded after the adoption of the local development plan, but not later than by 31 December 2020. The price was agreed between the parties for the amount of PLN 2,140,900.The Company intends to realize warehouse projects on the purchased property.

On 18 November 2019, as part of the Capital Group, the Company as the buyer and its subsidiary J.W. Construction Sp. z o.o., as the seller, concluded a preliminary agreement for the sale of the perpetual usufruct right to the plots of land No. 439/8 and 439/9 and the ownership right to the buildings located on those plots of land, located in Tłuszcz at Nowa Street. The sales price was set at PLN 6,500,000.00 plus VAT at the applicable rate. The deadline for concluding the agreement transfering the perpetual usufruct right was set at 31 December 2020.

c) Sale of real estate

- On 31 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.
- On 30 November 2019 the Company concluded, in performance of the preliminary contract, a contract of sale of the right of perpetual usufruct of developed land plots located in Szczecin, Druckiego-Lubeckiego Street, with a total area of 6.4545 ha, for a total net price of PLN 9,256,300 plus VAT at the applicable rate. It is a part of the area owned by the Company in this region not intended for the construction of warehouses.

Participating rights

On 30 December 2019 the Company purchased from the subsidiary J.W. .Construction Spółka z o.o. with its registered office in Ząbki all rights and obligations to which it is entitled as a partner in the Bliska Wola 4 Sp. z o.o. 2 SK with its registered office in Ząbki. The purchase price was set at PLN 12,745,500.00. As a result of the transaction, the Issuer is directly 99 % partner in Bliska Wola 4 Sp. z o.o. 2 SK.

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

On 5 March 2020, an Extraordinary General Meeting was held, which adopted resolutions on:

- confirmation of the Company's legal action concerning the lease agreement of an organised part of the enterprise within the meaning of art. 55^1 of the Civil Code, concluded on 7 January 2020 in the form of FIRST FLOOR restaurant in Warsaw at Kasprzaka 31 Street for the benefit of the subsidiary Varsovia Apartamenty Spółka z o.o. with its registered office in Ząbki,

Granting an additional, one-time gross remuneration of PLN 1,000 each to members of the Supervisory Board Ryszard Matkowski and Marek Maruszyński.

Impact of COVID-19 coronavirus on the Company's operations.
Following the recommendation sent by the Authority to the Financial Supervisory Commission on 12 March 2020, the Company informs that as at the date of publication of this report it has not completed the qualitative and quantitative analysis of the impact which COVID-19 coronavirus may have on its future financial position and financial results. This impact will depend on the development of the epidemiological situation in the country and actions taken by the state authorities.
As at today, an impact on hotel services has been noted. Following the Government decisions of 13 March 2020 The Company decided to temporarily close down hotel and aparthotel facilities. The Company will monitor the situation and react on an ongoing basis. The impact of the current situation on the results of the hotel part of the Company will be assessed after a few weeks, when the course and development of the epidemic and the preventive measures and actions taken to stop it will be known. In the structure of the Company's revenues, hotel activity accounts for 10% of the Company's revenues, while within the Company's Capital Group it accounts for 13% of revenues, which indicates that it should not have a significant impact on the condition of the Company and its Capital Group.
The Company will monitor the risks posed by the COVID-19 coronavirus in possible areas of their occurrence which are of significance to the Company, as of today the Company considers the following important issues: delays in the construction process resulting from the absence of construction staff, possible delays in the supply of materials, delays in the activities of public administration authorities in issuing decisions in the administrative processes, and the abstention of potential purchasers of the premises from going out with direct personal contact to purchase the premises. The company has taken intensive measures to ensure that the largest part of the sales service can be carried out through electronic means of direct contact and thus encourage potential buyers.

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 2019, the EUR exchange rate set by the National Bank of Poland as at that day, i.e. 4.2585 PLN/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.

For the conversion of the profit and loss account data for the period from 1 January 2019 to 31 December 2019, 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. 4.3018 PLN/EURO rate.

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.

Issuer's balance sheet item	31-12-2019		31-12-2018	
	PLN	EUR	PLN	EUR
Total assets	**1 448 473**	**340 137**	**1 637 599**	**380 837**
Fixed assets	837 543	196 676	769 259	178 897
Current assets	610 930	143 461	868 340	201 940
Total liabilities and equity	**1 448 473**	**340 137**	**1 637 599**	**380 837**
Equity	771 571	181 184	753 958	175 339
Non-current liabilities	197 701	46 425	222 738	51 800
Current liabilities	469 205	110 181	660 903	153 698
Future long-term discounted lease payments	8 450	1 984	0,00	0,00
Future short-term discounted lease payments	1 546	363	0,00	0,00

Profit and loss account item	01-01-2019 to 31-12-2019		01-01-2018 to 31-12-2018	
	PLN	EUR	PLN	EUR
Net revenues from sales of products, goods and materials	576 316	133 972	384 262	90 056
Costs of products, goods and materials sold	430 949	100 180	310 041	72 662
Gross profit (loss) from sales	**145 367**	**33 792**	**74 221**	**17 395**
Costs of sales	29 611	6 883	22 692	5 318
Overheads	26 518	6 164	19 757	4 630
Profit (loss) from sales	93 901	21 829	26 495	6 209
Profit (loss) on operations	86 468	20 101	21 911	5 135
Gross profit (loss)	**64 308**	**14 949**	**15 760**	**3 694**
Income tax	13 020	3 027	-6 770	-1 587
Net profit (loss)	**51 288**	**11 923**	**22 529**	**5 280**

Note 31. Significant issues in litigation
As at 31 December 2019, 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 reference to the previously provided information concerning the proceedings brought by the Capital City of Warsaw against the Company, for payment of annual fees (2009-2013) for perpetual usufruct of real estate allocated in the local zoning plan for a public road, of which the Company informed in reports for earlier periods, the Company informs that, on 25 September 2019 it received information about the refusal to accept the cassation appeal by the Supreme Court, filed on 22 December 2018, against the verdict of the Court of Appeal in Warsaw of 04 June 2018, as a result of the reexamination of the case as a result of the aforementioned verdict of the Supreme Court of 9 March 2018, under which the Company's appeal against the judgment of the Court of First Instance was again dismissed.

Note 32. Financial instruments and hedge accounting
The Company does not use derivative financial instruments. The Company uses bank credits, loans, financial lease agreements and issues bonds.
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	Balance sheet value		Fair value		Fair value
	in accordance with IFRS 9	31-12-2019	31-12-2018	31-12-2019	31-12-2018	
Financial assets						
Long term financial assets in other entities	Fair value through profit or loss	208 550,00	208 550,00	208 550,00	208 550,00	3
Short-term loans	Amortised cost	11 811 970,86	62 661 178,51	11 811 970,86	62 661 178,51	2
Long-term loans	Amortised cost	92 705 729,11	46 191 196,99	92 705 729,11	46 191 196,99	2
Trade and other receivables	Amortised cost	22 254 660,98	25 299 010,54	22 254 660,98	25 299 010,54	2
Cash and cash equivalents	Amortised cost	70 895 880,84	84 207 681,80	70 895 880,84	84 207 681,80	2
Financial liabilities						
Loans with a floating interest rate	Amortised cost	83 257 701,28	41 515 044,84	83 257 701,28	41 515 044,84	2
Loans from subsidiaries	Amortised cost	23 306 897,93	23 573 603,57	23 306 897,93	23 573 603,57	3
Long-term financial lease obligations	Amortised cost	34 356 763,85	1 027 965,21	34 356 763,85	1 027 965,21	2
Short-term financial lease obligations	Amortised cost	3 750 860,49	833 587,68	3 750 860,49	833 587,68	2
Delivery and service liabilities and other	Amortised cost	37 405 608,15	44 992 908,50	37 405 608,15	44 992 908,50	2
Bonds	Amortised cost	132 813 702,24	204 741 216,10	132 813 702,24	204 741 216,10	2
Long-term deposit liabilities	Amortised cost	39 476 612,00	43 714 469,38	39 476 612,00	43 714 469,38	2
Promissory notes liabilities - related companies	Amortised cost	8 540 245,69	15 296 946,62	8 540 245,69	15 296 946,62	2

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.

31-12-2019 Floating interest rate	Up to 1 year	1 to 2 years	2 - 5 years, over 5 years	Total
Cash assets	70 895 880,84	0,00	0,00	70 895 880,84
Loans to subsidiaries	11 790 782,26	46 563 798,42	40 280 819,54	98 635 400,22
Loans from subsidiaries	23 306 897,93	0,00	0,00	23 306 897,93
Credit loans	32 889 516,93	35 332 890,23	15 035 294,12	83 257 701,28
Financial lease obligations	81 313 702,24	51 500 000,00	0,00	132 813 702,24

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 2019 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, bonds and financial leasing. 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 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 31.12.2019, 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 2019		
	% Increase/decrease	**Influence on gross profit in thousands of PLN**
PLN	1%	-1 500
PLN	-1%	1 500

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	Balance sheet value 31-12-2019 (thousand of PLN)	Asset's value in relation to initial value	Potential value of financial assets	Potential impact on the financial result (thousand PLN)
a 20% decrease	40 371	80%	32 297	8 074
a 10% decrease	40 371	90%	36 334	4 037
no change	40 371	100%	40 371	0
a 10% increase	40 371	110%	44 409	-4 037
a 20% increase	40 371	120%	48 446	-8 074

Change of USD/PLN currency rate	Balance sheet value 31-12-2019 (thousand of PLN)	Asset's value in relation to initial value	Potential value of financial assets	Potential impact on the financial resultChange (thousand PLN)
a 20% decrease	15 935	80%	12 748	3 187
a 10% decrease	15 935	90%	14 341	1 593
no change	15 935	100%	15 935	0
a 10% increase	15 935	110%	17 528	-1 593
a 20% increase	15 935	120%	19 122	-3 187

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 11,378 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 The risk results from the potential limitation of access to financial markets, which may result in the inability to obtain new financing or refinancing of the Group's debt.

The Company's operations are conducted using: equity, bank loans, and payments made by customers. The Company pays special attention to maintaining financial liquidity, among others by providing external financing for both current and investment activities.

The financial liquidity risk is diversified through:

- cooperation with various financial institutions: banks, leasing companies, brokerage offices,
- use of various forms of financing: bonds, bank loans (working capital, investment loans), leases, loans,
- entering into financial commitments with different maturity dates:
  - short-term, working capital financing for any purpose (working capital credits),
  - long-term - targeted financing, financing investments into assets,
    - bonds,
    - leasing,
    - 2-3 years investment loans,
    - preferential loans, under government or European programmes.

The above serves to hedge cash flows, in the short and long term and to diversify the risk of financial liquidity.

31-12-2019	Total	0-6 months	6-12 months	1-3 years	Over 3 years
Trade payables	29 480 429,11	29 480 429,11	0,00	0,00	0,00
Loans	16 986 621,94	0,00	16 986 621,94	0,00	0,00
Promissory notes	6 042 832,43	0,00	5 573 583,43	469 249,00	0,00
Bonds	128 800 000,00	35 000 000,00	42 300 000,00	51 500 000,00	0,00
Credits	83 257 701,28	29 548 340,46	3 341 176,47	42 015 243,17	8 352 941,18
Leasing	38 107 624,34	1 872 980,56	1 877 879,93	9 965 628,04	24 391 135,81
Total	**302 675 209,10**	**95 901 750,13**	**70 079 261,77**	**103 950 120,21**	**32 744 076,99**

31-12-2018	Total	0-6 months	6-12 months	1-3 years	Over 3 years
Trade payables	31 871 305,32	31 871 305,32	0,00	0,00	0,00
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	25 983 923,83	8 803 440,00	6 727 681,01	0,00
Leasing	1 861 552,89	802 645,50	225 319,71	833 587,68	0,00
Total	**302 382 143,48**	**87 007 818,65**	**51 328 759,71**	**164 045 565,12**	**0,00**

The above tables present only the amounts of principal without interest.

As at the reporting date, i.e. 31.12.2019, the Issuer was able to immediately repay 67% of the value of liabilities in the 0-6 month range, without using funds from escrow accounts, including: cash and cash equivalents (PLN 51.0 million - without escrow accounts) and available working capital loan lines (PLN 15.8 million).

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.

Risks resulting from the provisions of the Developer's Act

The Developers Act imposed a number of obligations on developers, regulating the process of financing residential projects. By introducing additional obligations, the Act creates additional costs, such as:

- ✓ preparing and making the prospectus available (under pain of criminal liability for failure to do so),
- ✓ participation (in equal part with the purchaser) in incurring notarial costs of concluding a development contract
- ✓ incurring court costs in perpetual usufruct proceedings related to registration in the land and mortgage register of the buyer's rights under the concluded development contract.
- ✓ an obligation to conclude an agreement to maintain an open or closed escrow account.

Furthermore, it is not excluded that development activities will be obliged to establish only closed residential escrow accounts. Such an additional obligation would force an increase in interest debt on the part of the Company, and thus increase the cost of operations, which could be reflected in the financial results.

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 activities are 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.

Risk related to participation of third parties in administrative proceedings concerning the investment process
The risk is connected with the participation of third parties, including among others: environmental organisations, in proceedings related to the implementation of the investment process. Third parties may, by participating in administrative proceedings relating to the investment process, take actions which might prevent the Company from obtaining positive administrative decisions, e.g. by appealing to the second instance authorities and courts for decisions issued in the course of the said administrative proceedings. The participation of third parties in proceedings related to the implementation of the investment process may at the same time be a source of litigation (before public administration bodies as well as before administrative courts). Actions taken by third parties in the course of administrative proceedings relating to
the construction process may result in the suspension or delay of the investment process. The above factors may therefore have a material adverse effect on the Company's operations and financial position.

General macroeconomic situation risk
The Company's operations and financial results largely 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, credit availability, household debt level. Despite the ongoing economic upturn in Poland, there is no certainty about 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 salaries may decrease and the availability of loans, including mortgage loans, may decrease. This will result in a reduction in demand for the products and services offered by the Company, and in particular for the primary product, i.e. flats. As a consequence, it may have a negative impact on the Company's sales and result in a deterioration of financial results. Increase in the prices of building materials and services may be reflected in higher investment implementation costs. Another factor is the shortage of workforce. The low unemployment rate in Poland causes problems with obtaining employees, which results in 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 development sector. On the one hand, the program is addressed to people who do not have the creditworthiness to purchase 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. 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 program has been conducted on a limited scale without any significant impact on the residential market or the Company's operations, however, in the long run, there is a risk of an increase in the supply of apartments on the market, which may result in a decrease in sales of apartments by development companies, which may adversely affect their financial results.

Risks related to the hotel industry economic situation
The hotel business (hotels and aparthotels) is largely dependent on the economic situation in the tourism industry. There is, however, a risk that the results in this business segment may deteriorate due to adverse factors. The most important factors that may affect this area of the Company's operations include:
- ✓ lower demand for accommodation services in hotels and aparthotels,
- ✓ the appearance of competing facilities in the immediate vicinity,
- ✓ decrease in interest of institutional customers in the offer of conference and hotel services caused by the reduction of advertising and promotional budgets of these entities.

Although the share of hotel operations in total revenues of the Company is small, the occurrence of the above factors may adversely affect financial results and decrease profitability of the Company.

Risk related to decreased attractiveness of locations of development projects in the Company's portfolio
The main factor determining the effective demand for residential units - apart from their price - is their attractive location, which takes into account both environmental elements (green areas, no troublesome industrial and communication facilities) and functional factors (availability of social infrastructure, convenient communication system). The Company takes this fact into account when calculating the sales price for its customers by optimising it so that the proposed prices do not constitute a barrier to demand. However, there is a risk of a decrease in the attractiveness of a specific location as a result of unforeseen events after the purchase of the investment area (e.g. change in the development plan, route of communication routes, etc.), which may adversely affect the level of prices of the apartments sold and reduce the Company's revenues on projects.

Risk related to the schedule of implementation of development projects
The process of investment preparation and construction of a development project usually takes from 24 to 36 months and includes a number of stages, the most important of which are: obtaining the necessary permits, investment preparation, construction works, finishing works, cleaning works. At each of these stages there is a risk of delaying the completion of works, improper execution and the necessity of additional works, the risk of adverse weather conditions, etc. The occurrence of a delay in project implementation may result in:

- ✓ postponing the collection of some of the clients' construction funding deposited in an escrow account,
- ✓ increase in operating costs and even the need to pay contractual penalties or damages,
- ✓ increased financial costs resulting from a longer engagement of external capital in the project.

As a result, this may lead to significant delays in the completion of the ongoing development project. The above factors may also affect the Company's reputation and worsen its ability to sell residential units in the future. The occurrence of the above circumstances may result in an increase in construction costs and adversely affect the Company's financial results.

Risk of increased costs of real estate development projects
Contracts signed by the companies of the Company with construction contractors define the scope and rules of increasing the costs of construction works for a given investment. During the implementation of a development project, there may be an increase in project costs lying on the part of the contractor (increase in material costs) as well as resulting from the contracting authority's actions (changes in the construction project). As a result of these events, it may turn out that it is not possible to achieve the expected rate of return on investment, which may result in worse than planned financial results. Increased labour and material costs may also have a negative impact on the profitability of future development projects.

Risks arising from liability for payment of remuneration to subcontractors
Within the scope of its activity, the Company concludes construction contracts. In accordance with the provisions of the Civil Code, the investor and the contractor are jointly and severally liable for the payment of remuneration to the subcontractor. Therefore, one cannot exclude the risk that if the contractors of construction works fail to meet their obligations related to payment of remuneration to subcontractors of construction works, claims for payment of remuneration will be made against the Company. Also, a possible deterioration in the financial standing of contractors may lead to the loss of their ability to pay their liabilities to subcontractors on time and, consequently, may result in delays in the execution of development projects.
The above circumstances may also contribute to an increase in the costs of development projects.
The Company, in managing the risk, makes the payment of remuneration for general contractor's services dependent on the absence of arrears in payments to subcontractors, and monitors general contractor's payments to subcontractors on an ongoing basis.

Risk related to claims against contractors and against the Company due to sales of residential units
The Company concludes and will continue to conclude construction contracts with contractors under the general contractor formula. Contractors are liable for non-performance or incorrect performance of the scope of work. It should be noted, however, that despite the fact that construction works contractors provide a guarantee of good performance, entering into a dispute with the contractor may lead to delays in the implementation of the development project or to exceeding costs. The Contractor may also be unable to fully satisfy all potential claims of the Company. As a result, the Company, which is directly responsible to apartment buyers, may not be able to fully compensate for the costs it will incur as a result of failure to complete or delay the project, as well as defects in the premises sold, which may adversely affect the Company's operations and financial condition.

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 sources of financing / EBITDA is calculated as the ratio of credits, loans and other sources of financing to EBITDAThe ratio of credits, loans and other sources of financing / EBITDA is calculated as the ratio of credits, loans Loans, borrowings and other sources of financing are the total amount of borrowings and leasing liabilities, while EBITDA is 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.

	31-12-2019	31-12-2018
Interest-bearing loans and borrowings	106 564 599,21	65 088 648,41
Trade and other payables	560 341 084,11	818 552 882,69
Less cash and cash equivalents	-70 895 880,84	-84 207 681,80
Net debt	596 009 802,48	830 025 349,56
Equity	771 570 845,17	753 957 755,11
Net unrealized gains reserves	0,00	0,00
Total capital	771 570 845,17	753 957 755,11
Capital and net debt	1 367 580 647,65	1 583 983 104,66
Equity ratio	56,42%	47,60%
Credit ratio	43,58%	52,40%

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

The auditor's remuneration for the audit of the financial statements for the financial year ended 31-12-2019 was set at PLN 167 thousand, of which PLN 116 thousand for the review and the non-consolidated financial statements audit, 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 31.12.2019 amounted to 51 thousand PLN, of which 33 thousand PLN for the annual consolidated audit and 18 thousand PLN for the review of the interim consolidated financial statements. The auditor's remuneration for services related to the non-consolidated financial statements drawn up for the financial year ended 31-12-2019 amounted to 116 thousand PLN, of which 87 thousand PLN for the annual non-consolidated audit and 29 thousand PLN for the interim review. The amounts indicated are net amounts

The auditor's remuneration for the audit of the financial statements for the financial year ended 31-12-2018 was set at PLN 167 thousand, of which PLN 116 thousand for the review and the non-consolidated financial statements audit, 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 31.12.2018 amounted to 51 thousand PLN, of which 33 thousand PLN for the annual consolidated audit and 18 thousand PLN for the review of the interim consolidated financial statements. The auditor's remuneration for services related to the non-consolidated financial statements drawn up for the financial year ended 31-12-2018 amounted to 116 thousand PLN, of which 87 thousand PLN for the annual non-consolidated audit and 29 thousand PLN for the interim review. The amounts indicated are net amounts

Note 38. Information on approval of the financial statements for the previous year

The financial statements for 2018 were approved by the General Meeting of Shareholders on 18 June 2019.

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, 16 March 2020