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

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL RECORDING STANDARDS

JW CONSTRUCTION

Ząbki, 16 March 2020

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A. INTRODUCTION TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE DOMINANT ENTITY

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

J.W. Construction Holding S.A. hereinafter referred to as ("JWCH") with its registered office in Ząbki at 326 Radzymińsa St., REGON no. 010621332, was initially registered as Towarzystwo Budowlano-Mieszkaniowe Batory sp. z o.o. on March 7, 1994 under the number RHB 39782. On 15 January 2001 it was transformed into a joint-stock company and registered with the District Court for Warsaw under number RHB 63464. On 16 July, 2001, the Company changed its name to the current J.W. J.W. Construction Holding S.A. and was entered into the National Court Register under number KRS 0000028142 .

In accordance with the Polish Classification of Activities (Poland Klasyfikacja Działalności) the core business of the Company is development and sale of own properties for the Company's own account. The subject of the Company's activity is the implementation of the construction, designing and supportive production, as well as trade in real estate, and hotel services.

1.2 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 Dominant Entity

Management Board

Management Board Members
As at 31-12-2019 Management Board comprised of:
Wojciech Rajchert – Management Board Member
Małgorzata Pisarek – Management Board Member
Małgorzata Ostrowska – Management Board Member
Piotr Suprynowicz – Management Board Member

The following changes were made to the Management Board in 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 31-12-2019 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:
As at 31-12-2019 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
Audit Comittee
As at 31-12-2019 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 1.5 Going concern basis and comparability of financial statement

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

1.6 Period covered by the report

The presented consolidated 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.

1.7 Basic information about the Group consisting of the parent and the subsidiaries of the parent company included in the consolidated financial statements

The structure of the Group and the participation of the dominant entity in the share capital of the entities being part of the Group
and consolidated as of December 31, 2019 is presented in the below table:

Company	Country of registration	Parent company's share in share capital	Parent company's share in voting rights	Consolidation method
Subsidiaries				
TBS Marki Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
J.W. Construction Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
Yakor House Sp. z o.o.	Russia	70,00%	70,00%	full consolidation
Dana Invest Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
Varsovia Apartamenty Sp. z o.o. (Bałtycka Invest Sp. z o.o.)	Poland	100,00%	100,00%	full consolidation
Berensona Invest Sp. z o.o.	Poland	100,00%	100,00%	full consolidation
Bliska Wola 4 Sp z o.o. 1SK	Poland	99,00%	99,00%	full consolidation
Bliska Wola 4 Sp z o.o. 2SK	Poland	99,00%	99,00%	full consolidation
Wola Invest Sp. z o.o. (formerly Bliska Wola 3 Sp z o.o.)	Poland	100,00%	100,00%	full consolidation
Bliska Wola 4 Sp z o.o.	Poland	100,00%	100,00%	full consolidation
Hanza Invest S.A.	Poland	100,00%	100,00%	full consolidation
J.W. Construction Bułgaria Sp. z o.o.	Bulgaria	100,00%	100,00%	full consolidation

The core business of the Group's companies is:

- Towarzystwo Budownictwa Społecznego „Marki" Sp. z o.o. – sale and administration of social building estates,
- J.W. Construction Sp. z o.o. – construction activity, prefabricated units production for the building industry,
- Yakor House Sp. z o.o. - development and sale of own properties on its own account,
- Dana Invest Sp. z o.o. – development and sale of own properties on its own account,
- Varsovia Apartamenty Sp. z o.o. – hotels and accommodations,
- Berensona Invest Sp. z o.o. – development and sale of own properties on its own account,
- Bliska Wola 4 Sp. z o.o. 1SK – development and sale of own properties on its own account,
- Bliska Wola 4 Sp. z o.o. 2SK – development and sale of own properties on its own account,

- Wola Invest Sp. z o.o. – development and sale of own properties on its own account,
- Bliska Wola 4 Sp. z o.o. – management of limited partnerships,
- Hanza Invest S.A. – development and sale of own properties on its own account.
- J.W. Construction Bułgaria Sp. z o.o. - development and sale of own properties on its own account,

All Group companies operate in Poland, except for the subsidiary Yakor House Sp. z o.o. and J.W. Construction Bułgaria, which focuse their construction and development activities in Russia and Bulgaria. The duration of the Group companies is unlimited.

Preparation of the consolidated financial statement
The consolidated financial statements for the years 2018-2019 were prepared based on separate financial statements of the companies of the Capital Group of J.W. Construction Holding S.A. and compiled in such a way that the Group constitutes a single entity. The consolidated financial statements cover the financial statements of the parent company -J.W. Construction Holding S.A. and financial statements controlled by the dominant entity of the subsidiaries.

The dominant entity, in the years 2018-2019, excluded from an obligation to consolidate the following subsidiaries

In 2019:
- Wielopole 19/21 Sp. z o.o. – 100%

In 2018:
- J.W. Construction Bułgaria Sp. z o.o.-100%
- Wielopole 19/21 Sp. z o.o. – 100%

The legal basis for the applied exclusion of companies from the consolidated financial statements were the conceptual framework of the International Financial Reporting Standards relating to restrictions on the usefulness and reliability of information According to these assumptions, the benefits gained from the information obtained should exceed the costs of providing it. It was found that the cost of obtaining information on non-consolidated subsidiaries and the cost of including them in the consolidation exceeds the benefits derived therefrom. Furthermore, when making the exclusion of subordinated companies from consolidation, the driven fact was that they were not essential for a true and fair presentation of the financial position and results of the Capital Group.

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.

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.

The results of applying new standards of accounting and changes to accounting policy

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	9 305 062,13	9 305 062,13	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	10 617 214,70	10 617 214,70	0,00
Future short-term discounted lease payments	1 137 271,51	1 137 271,51	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	113 522 125,21
Future long-term discounted lease payments	106 701 655,04
Future short-term discounted lease payments	6 820 470,17

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 11,754 thousand of liabilities due to the Company's business activity. the lease of land disclosed in the balance sheet:

- PLN 1 137,000 is subject to payment by the Company within 12 months from 1 January 2019,
- PLN 10 617 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.
- Amendments to IFRS 9, IAS 39 and IFRS 7: "Reform of the interest rate reference index". Amendments shall be effective for annual periods beginning on or after 1 January 2020.
- Amendments to IFRS 10 and IAS 28 Transactions of sale or contribution of assets between an investor and its associate or joint venture (published on 11 September 2014) - the work leading to the approval of these amendments has been postponed by the EU indefinitely - the effective date has been postponed by the IASB for an indefinite period.

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 from 1,25% – 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 liabilities as liabilities. Deposits are measured as at the balance sheet date at amortised cost using the effective discount rate. In the case of deposits recognised as an asset, the entity shall also write off any 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 at 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. CONSOLIDATED FINANCIAL STATEMENTS

consolidated statement of financial position

ASSETS	Note	31-12-2019	31-12-2018
FIXED ASSETS		**817 302 742,39**	**713 478 123,85**
Intangible assets	1	7 109 446,85	12 910 444,99
Tangible assets	3	447 464 133,67	422 763 726,72
Investment real estate	4	319 408 609,49	259 161 999,55
Non-current financial assets	5	33 843 467,85	13 123 092,26
Deferred income tax assets		0,00	2 679 594,69
Trade and other receivables	6	2 828 104,82	2 839 265,65
Use rights assets	3a	6 648 979,71	0,00
CURRENT ASSETS		**851 506 349,19**	**1 042 071 883,40**
Inventories	7	30 357 562,09	29 120 485,20
Construction contracts	7	665 940 029,15	774 677 251,30
Trade and other receivables	8	23 661 326,55	39 469 536,79
Other financial assets	9	8 187 700,76	59 271 955,41
Cash and cash equivalents	10	108 468 058,98	122 484 500,34
Accruals	11	10 635 608,89	17 048 154,36
Use rights assets	3a	4 256 062,77	0,00
Total assets		**1 668 809 091,58**	**1 755 550 007,25**
LIABILITIES			
EQUITY		**727 912 851,70**	**693 704 048,98**
Primary capital	12	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	13	716 049 067,69	696 326 656,22
Retained earnings		-59 388 211,68	-44 420 280,93
Net profit / loss		63 397 314,27	16 532 576,90
LIABILITIES		**929 991 097,49**	**1 061 845 958,26**
Non-current liabilities		**354 771 218,45**	**327 455 634,74**
Borrowings	14	159 416 478,47	101 430 756,35
Deferred income tax liabilities	15	13 732 924,37	0,00
Retirement benefits liabilities	16	241 204,48	241 204,48
Provisions for other liabilities	17	54 362 613,85	55 126 188,44
Other liabilities	18	127 017 997,27	170 657 485,47
Current liabilities		**575 219 879,04**	**734 390 323,52**
Trade and other payables	19	66 969 666,41	62 909 836,74
Construction contracts	7	348 226 651,27	513 534 527,58
Borrowings	14	39 922 578,92	40 974 620,09
Provisions for other liabilities and other charges	17	32 484 937,03	39 504 479,20
Other liabilities	19	87 616 045,41	77 466 859,91
Future long-term discounted lease payments		**9 346 603,50**	**0,00**
Future short-term discounted lease payments		**1 558 538,89**	**0,00**
Total liabilities and equity		**1 668 809 091,58**	**1 755 550 007,25**

Consolidated 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:	**23**	**605 313 800,49**	**404 067 892,75**
Net revenues from sales of products		596 646 650,96	400 052 227,24
Net revenues from sales of goods and materials		8 667 149,53	4 015 665,51
Costs of products, goods and materials sold, including:	**24**	**458 192 396,55**	**329 582 244,23**
Cost of products sold		449 632 442,81	325 612 127,65
Value of goods and materials sold		8 559 953,74	3 970 116,58
Gross profit (loss) from sales		**147 121 403,94**	**74 485 648,52**
Costs of sales	**24**	30 983 964,63	24 087 800,45
Overheads	**24**	29 650 721,84	24 194 316,18
Revaluation of investment property		4 663 010,09	-5 276 952,25
Profit (loss) from sales		**91 149 727,56**	**20 926 579,64**
Other operating income	25	6 182 804,82	6 422 797,19
Other operating expenses	26	9 484 632,77	8 526 506,05
Profit (loss) on operations		**87 847 899,61**	**18 822 870,78**
Financial revenues	27	3 919 865,85	11 938 008,52
Financial costs	28	11 957 932,14	21 201 860,52
Profit (loss) on business activity		**79 809 833,32**	**9 559 018,78**
Gross profit (loss)		**79 809 833,32**	**9 559 018,78**
Income tax	21	16 412 519,06	-6 973 558,13
Net profit (loss)		**63 397 314,27**	**16 532 576,91**

Other comprehensive income:		**-29 188 511,56**	**-1 056 153,50**
Foreign exchange rate operation differences		-464 221,48	-769 801,24
Profit/loss from acquisitions		0,00	0,00
Profit from revaluation of tangible fixed assets		0,00	0,00
Other comprehensive income		-28 724 290,08	-286 352,26
Total revenue		**34 208 802,70**	**15 476 423,41**

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE		**01-01-2019 to 31-12-2019**	**from 01-01-2018 to 31-12-2018**
Profits			
(A) Profit resulting from the financial statements		63 397 314,27	16 532 576,91
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)		**0,72**	**0,19**
Diluted earnings per share = (A)/(B)		**0,72**	**0,19**

Consolidated statement of cash flows

Cash flows from operating activities - indirect method	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Net profit (loss)	**63 397 314,27**	**16 532 576,90**
Item adjustment	**43 538 473,00**	**33 669 578,02**
Depreciation and amortization	12 481 069,46	11 833 794,41
(Profit) loss on foreign exchange differences concerning financial and business activity	0,00	-1 200 272,93
Profit (loss) on investment activities	2 243 660,42	0,00
Interest and dividends	7 015 757,20	7 219 686,49
Changes in provisions and accruals	20 805 622,20	8 727 724,87
Other adjustments	992 363,72	7 088 645,18
- investment property write-off	-4 663 010,09	5 276 952,25
- other adjustments	5 655 373,81	1 811 692,93
Changes in working capital	**-38 868 997,37**	**132 976 650,42**
Changes in inventories	-1 237 076,89	1 280 027,83
Changes in construction contracts	-51 757 166,32	113 919 295,47
Changes in investment real estate	0,00	0,00
Changes in receivables	15 819 371,07	3 862 674,95
Changes in current liabilities, except for borrowings	-1 694 125,23	13 914 652,16
Net cash flows from operating activities	**68 066 789,90**	**183 178 805,34**
Investment activity cash flows		0,00
Disposal of tangible and intangible assets and other noncurrent assets	20 811 985,86	12 397,00
Acquisition of tangible and intangible assets and other noncurrent assets	-73 301 947,95	-126 153 830,92
Expenses related to assets held for sale	0,00	0,00
Acquisition of equity and debt instruments	-1 043 000,00	-1 560 000,00
Disposal of equity and debt instruments		0,00
Loans granted	-12 065 349,45	-7 971 510,39
Loans paid	4 138 888,85	0,00
Interest received	216 460,00	0,00
Disposal of subsidiaries	0,00	0,00
Acquisition of subsidiaries	0,00	-203 312,00
Net investment activity cash flow	**-61 242 962,69**	**-135 876 256,31**
Cash flows from financing activities		0,00
Net proceeds from issue of shares and other equity instruments and contributions to equity	0,00	0,00
Acquisition of own shares or repayment of shares	-17 410 415,37	0,00
Loans and borrowings granted	105 578 443,43	35 269 272,25
Loans and borrowing paid	-48 644 762,48	-97 278 969,44
Issuance of security papers	0,00	0,00
Redemption of debt securities	-70 300 000,00	-18 400 000,00
Payments under financial lease agreements	-3 233 461,65	-1 464 423,10
Dividends and other shares in profits	0,00	0,00
Interest paid	-14 505 018,23	-17 679 228,20
Other financial proceeds (including promissory notes)	27 674 945,73	464 210,44
Other financial expenses (including promissory notes)	0,00	0,00
Net financing cash flow	**-20 840 268,57**	**-99 089 138,05**
NET DECREASE / (INCREASE) IN CASH	**-14 016 441,35**	**-51 786 589,02**
Opening balance of cash and cash equivalents	122 484 500,34	174 271 089,37
- change in cash due to exchange rate differences	0,00	0,00
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**108 468 058,98**	**122 484 500,34**

Consolidated Statements of changes in equity

	Share capital	Own shares (negative value)	Revaluation reserve	Reserve capital	Other capitals	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Retained earnings	Net result	Equity
As at 31 December 2018	**17 771 888,60**	**0,00**	**7 493 208,19**	**692 071 910,38**	**7 947 307,60**	**-3 692 561,76**	**-44 420 280,93**	**16 532 576,90**	**693 704 048,98**
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Adjustments due to change of presentation	0,00	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**	**692 071 910,38**	**7 947 307,60**	**-3 692 561,76**	**-44 420 280,93**	**16 532 576,90**	**693 704 048,98**
Share issuance	0,00	0,00	0,00	0,00	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	0,00	**-17 410 415,37**
Own shares redemption	0,00	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	-464 221,48	0,00	0,00	**-464 221,48**
Profit/loss from acquisitions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Consolidation adjustments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Consolidating company	0,00	0,00	0,00	0,00	0,00	0,00	-11 313 874,71	0,00	**-11 313 874,71**
Total profit / loss recognized directly in equity	17 771 888,60	-17 410 415,37	7 493 208,19	642 071 910,38	57 947 307,60	-4 156 783,24	-55 734 155,63	16 532 576,90	**664 515 537,43**
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	63 397 314,27	**63 397 314,27**
Total profit / (loss) recognized in equity and the net result	17 771 888,60	-17 410 415,37	7 493 208,19	642 071 910,38	57 947 307,60	-4 156 783,24	-55 734 155,63	79 929 891,17	**727 912 851,69**
Increase / decrease from profit distribution	0,00	0,00	0,00	20 186 632,95	0,00	0,00	-3 654 056,04	-16 532 576,90	**0,00**
As at 31 December 2019	**17 771 888,60**	**-17 410 415,37**	**7 493 208,19**	**662 258 543,32**	**57 947 307,60**	**-4 156 783,24**	**-59 388 211,68**	**63 397 314,27**	**727 912 851,69**

	Share capital	Own shares (negative value)	Revaluation reserve	Reserve capital	Other capitals	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Retained earnings	Net result	Equity
As at 31 December 2017	**17 771 888,60**	**0,00**	**7 490 208,19**	**638 322 939,75**	**7 947 307,60**	**-2 922 760,52**	**-16 318 050,13**	**25 936 092,09**	**678 227 625,57**
Basic error corrections	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Adjustments due to change of presentation	0,00	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**	**7 490 208,19**	**638 322 939,75**	**7 947 307,60**	**-2 922 760,52**	**-16 318 050,13**	**25 936 092,09**	**678 227 625,57**
Share issuance	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Purchase of own shares	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Own shares redemption	0,00	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	-769 801,24	0,00	0,00	**-769 801,24**
Profit/loss from acquisitions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Changes in accounting policies/presentation	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	**0,00**
Consolidation adjustments	0,00	0,00	3 000,00	0,00	0,00	0,00	-289 352,26	0,00	**-286 352,26**
Consolidating company	0,00	0,00	0,00		0,00	0,00		0,00	**0,00**
Total profit / loss recognized directly in equity	17 771 888,60	0,00	7 493 208,19	638 322 939,75	7 947 307,60	-3 692 561,76	-16 607 402,39	25 936 092,09	**677 171 472,07**
Net profit (loss) for the accounting year	0,00	0,00	0,00	0,00	0,00	0,00	0,00	16 532 576,90	**16 532 576,90**
Total profit / (loss) recognized in equity and the net result	17 771 888,60	0,00	7 493 208,19	638 322 939,75	7 947 307,60	-3 692 561,76	-16 607 402,39	42 468 668,99	**693 704 048,98**
Increase / decrease from profit distribution	0,00	0,00	0,00	53 748 970,63	0,00	0,00	-27 812 878,54	-25 936 092,09	**0,00**
As at 31 December 2018	**17 771 888,60**	**0,00**	**7 493 208,19**	**692 071 910,38**	**7 947 307,60**	**-3 692 561,76**	**-44 420 280,93**	**16 532 576,90**	693 704 048,98

C. ADDITIONAL INFORMATION

INFORMATION ON SIGNIFICANT EVENTS RELATED TO PREVIOUS YEARS INCLUDED IN THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

In these Financial Statements of the Group, no other significant events related to previous years, other than those described earlier, have been disclosed.

INFORMATION ON SIGNIFICANT EVENTS THAT OCCURRED AFTER THE BALANCE SHEET DATE AND NOT INCLUDED IN THE FINANCIAL STATEMENTS

The Financial Statements of the Group prepared for 2019 include all events that occurred until the date of preparation of the Statements, i.e. until 16 March 2019 and had an impact on the Consolidated Financial Statements of the Group for the period from 1 January 2019 to 31 December 2019.

CHANGES IN ACCOUNTING PRINCIPLES (POLICY) IN THE FINANCIAL YEAR

In 2019, the Group did not change its accounting policy.

MEASUREMENT AND FINANCIAL STATEMENTS CURRENCY

Items included in the financial statements of individual Group entities are measured in the currency of the basic economic environment in which the entity operates (functional currency).
The functional and presentation currency of the dominant entity is the Polish zloty (PLN). The reporting currency of the Group's financial statements is the Polish zloty (PLN). The functional currency of some of the Group's companies is a currency other than the Polish zloty. The financial statements of these companies, prepared in their functional currencies, are included in these consolidated financial statements after being converted into PLN in accordance with the principles of IAS 21.

D. EXPLANATORY NOTES TO THE CONSOLIDATED 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 on consolidation	5 996 590,90	12 389 648,22
c) other intangible assets	1 112 855,95	520 796,77
d) advances on intangible assets	0,00	0,00
Total intangible assets	**7 109 446,85**	**12 910 444,99**

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 2018-2019 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.

Asset group	01-01-2019 to 31-12- 2019	Goodwill	Other intangible assets	Total other intangible assets
value	As at the begining of period	**12 389 648,22**	**15 733 871,07**	**28 123 519,29**
	Mergers	0,00	0,00	0,00
	Total after merger	**12 389 648,22**	**15 733 871,07**	**28 123 519,29**
	Merger	0,00	0,00	0,00
	Revenues	0,00	810 452,75	810 452,75
	Contributed in kind	0,00	0,00	0,00
	Impairment allowance	6 393 057,32	0,00	6 393 057,32
	As at the end of period	**5 996 590,90**	**16 544 323,82**	**22 540 914,72**
redemption	As at the begining of period	**0,00**	**15 213 074,30**	**15 213 074,30**
	Mergers	0,00	0,00	0,00
	Total after merger	0,00	15 213 074,30	15 213 074,30
	Merger	0,00	0,00	0,00
	Year deprectiation	0,00	218 393,57	218 393,57
	Increase	0,00	0,00	0,00
	Decrease	0,00	0,00	0,00
	Contributed in kind	0,00	0,00	0,00
	As at the end of period	**0,00**	**15 431 467,87**	**15 431 467,87**
As at the begining of period (net)		12 389 648,22	520 796,77	12 910 444,99
As at the end of period (net)		**5 996 590,90**	**1 112 855,95**	**7 109 446,85**

Asset group	01-01-2018 to 31-12-2018	Goodwill	Other intangible assets	Total other intangible assets
value	As at the begining of period	**12 389 648,22**	**16 041 643,52**	**28 431 291,74**
	Mergers	0,00	0,00	0,00
	Total after merger	**12 389 648,22**	**16 041 643,52**	**28 431 291,74**
	Merger	0,00	0,00	0,00
	Revenues	0,00	428 062,39	428 062,39
	Contributed in kind	0,00	0,00	0,00
	Expenditure	0,00	735 834,84	735 834,84
	As at the end of period	**12 389 648,22**	**15 733 871,07**	**28 123 519,29**
redemption	As at the begining of period	**0,00**	**15 942 244,21**	**15 942 244,21**
	Mergers	0,00	0,00	0,00
	Total after merger	0,00	15 942 244,21	15 942 244,21
	Merger	0,00	0,00	0,00
	Year depreciation	0,00	88 779,93	88 779,93
	Increase	0,00	0,00	0,00
	Decrease	0,00	817 949,84	817 949,84
	Contributed in kind	0,00	0,00	0,00
	As at the end of period	**0,00**	**15 213 074,30**	**15 213 074,30**
As at the begining of period (net)		12 389 648,22	99 399,31	12 489 047,53
As at the end of period (net)		**12 389 648,22**	**520 796,77**	**12 910 444,99**

Note 2. Goodwill of subsidiaries

N/A

Note 3. Tangible assets

TANGIBLE ASSETS	31-12-2019	31-12-2018
a) fixed assets, including:	438 576 003,92	406 934 705,99
- land (including perpetual usufruct)	41 475 107,91	41 475 107,91
- buildings, premises and civil engineering structures	345 748 690,96	334 645 190,87
- technical equipment and machinery	37 639 440,02	17 493 872,36
- motor vehicles	4 680 574,87	2 486 922,93
- other fixed assets	9 032 190,16	10 833 611,92
b) fixed assets under construction	8 673 103,07	15 780 597,73
c) advances on fixed assets under construction	215 026,68	48 423,00
Total tangible assets	**447 464 133,67**	**422 763 726,72**

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 Group did not activate financial costs under fixed assets.

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

Asset group	01-01-2019 to 31-12-2019	land (including perpetual usufruct)	buildings, premises and civil engineering structures	technical equipment and machinery	motor vehicles	other fixed assets	**Total fixed assets**	Fixed assets under construction	**Total tangible assets**
value	As at the begining of period	**43 423 586,61**	**402 262 879,00**	**38 996 127,60**	**9 078 984,14**	**28 632 153,45**	**522 393 730,80**	**15 780 597,73**	**538 174 328,53**
	Merger/updates	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Total after merger	43 423 586,61	402 262 879,00	38 996 127,60	9 078 984,14	28 632 153,45	**522 393 730,80**	15 780 597,73	538 174 328,53
	Revenues	0,00	464 805,81	1 285 356,12	343 559,83	782 423,74	**2 876 145,50**	14 082 567,13	16 958 712,63
	Movements	0,00	15 864 869,90	21 570 118,60	3 624 832,69	106 675,54	**41 166 496,73**	866 367,14	42 032 863,87
	Expenditure	0,00	25 676,92	385 210,07	2 320 969,15	0,00	**2 731 856,14**	22 056 428,93	24 788 285,07
	As at the end of period	43 423 586,61	418 566 877,79	61 466 392,25	10 726 407,51	29 521 252,73	**563 704 516,89**	8 673 103,07	572 377 619,96
redemption	As at the begining of period	**1 948 478,70**	**67 617 688,13**	**21 502 255,24**	**6 592 061,21**	**17 798 541,54**	**115 459 024,82**	**0,00**	**115 459 024,82**
	Merger	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Total after merger	1 948 478,70	67 617 688,13	21 502 255,24	6 592 061,21	17 798 541,54	**115 459 024,82**	0,00	115 459 024,82
	Year deprectiation	0,00	5 204 173,71	2 693 084,20	1 672 996,95	2 692 421,03	**12 262 675,89**	0,00	12 262 675,89
	Consolidation adjustment	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Increases	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Decrease	0,00	3 675,01	368 387,21	2 219 225,52	1 900,00	**2 593 187,74**	0,00	2 593 187,74
	As at the end of period	1 948 478,70	72 818 186,83	23 826 952,23	6 045 832,64	20 489 062,57	**125 128 512,97**	0,00	125 128 512,97
Write-offs	Change in write-offs	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	As at the end of period	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
As at the begining of period (net)		**41 475 107,91**	**334 645 190,87**	**17 493 872,36**	**2 486 922,93**	**10 833 611,92**	**406 934 705,99**	**15 780 597,73**	**422 715 303,72**
As at the end of period (net)		**41 475 107,91**	**345 748 690,96**	**37 639 440,02**	**4 680 574,87**	**9 032 190,16**	**438 576 003,92**	**8 673 103,07**	**447 249 106,99**

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.

Asset group	01-01-2018 to 31-12-2018	land (including perpetual usufruct)	Buildings, premises and civil engineering structures	Technical equipment and machintery	Motor vehicles	Other fixed assets	**Total fixed assets**	Fixed assets under construction	**Total tangible assets**
value	As at the begining of period	**43 423 586,61**	**390 903 370,12**	**37 043 088,33**	**7 836 635,53**	**27 194 402,80**	**506 401 083,39**	**13 586 520,50**	**519 987 603,89**
	Merger/updates	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Total after merger	43 423 586,61	390 903 370,12	37 043 088,33	7 836 635,53	27 194 402,80	**506 401 083,39**	13 586 520,50	519 987 603,89
	Revenues	0,00	819 581,02	3 385 093,74	279 765,33	809 802,84	**5 294 242,93**	9 895 093,10	15 189 336,03
	Movements	0,00	10 597 950,51	241 671,36	1 299 065,04	1 429 596,22	**13 568 283,13**	2 933 281,42	16 501 564,55
	Expenditure	0,00	58 022,65	1 673 725,74	336 481,76	801 648,50	**2 869 878,65**	10 634 297,29	13 504 175,94
	As at the end of period	43 423 586,61	402 262 879,00	38 996 127,69	9 078 984,14	28 632 153,36	**522 393 730,80**	15 780 597,73	538 174 328,53
redemption	As at the begining of period	**1 948 478,70**	**62 403 747,70**	**21 095 212,83**	**5 264 255,71**	**15 778 680,39**	**106 490 375,33**	**0,00**	**106 490 375,33**
	Merger	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Total after merger	1 948 478,70	62 403 747,70	21 095 212,83	5 264 255,71	15 778 680,39	**106 490 375,33**	0,00	106 490 375,33
	Year depreciation	0,00	5 217 534,90	2 057 478,04	1 646 876,93	2 823 124,61	**11 745 014,48**	0,00	11 745 014,48
	Consolidation adjustment	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Increases	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	Decrease	0,00	3 594,47	1 650 435,63	319 071,43	803 263,46	**2 776 364,99**	0,00	2 776 364,99
	As at the end of period	1 948 478,70	67 617 688,13	21 502 255,24	6 592 061,21	17 798 541,54	**115 459 024,82**	0,00	115 459 024,82
Write-offs	Change in write-offs	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
	As at the end of period	0,00	0,00	0,00	0,00	0,00	**0,00**	0,00	0,00
As at the begining of period (net)		**41 475 107,91**	**328 499 622,42**	**15 947 875,50**	**2 572 379,82**	**11 415 722,41**	**399 910 708,06**	**13 586 520,50**	**413 497 228,56**
As at the end of period (net)		**41 475 107,91**	**334 645 190,87**	**17 493 872,36**	**2 486 922,93**	**10 833 611,92**	**406 934 705,99**	**15 780 597,73**	**422 715 303,72**

Note 3a. 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
Gross value as at 01-01-2019	**11 754 486,20**	**0,00**	**0,00**	**2 811 750,92**	**1 675 985,31**	**16 242 222,43**
Increases						
Conclusion of new lease agreements	371 009,73	1 328 613,00	14 214 029,40	15 958 245,61	3 624 832,68	35 496 730,42
Decrease						
Depreciation for the period 1.01-31.12.2019	95 847,85	0,00	0,00	493 213,53	1 291 334,38	1 880 395,76
Shortening the contract period	1 124 605,61	0,00	0,00	0,00	0,00	1 124 605,61
Net value as at 31-12-2019	**10 905 042,48**	**1 328 613,00**	**14 214 029,40**	**18 276 783,00**	**4 009 483,61**	**48 733 951,49**

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 3 233 461.65.

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".

The items of buildings and structures, machinery and equipment and motor vehicles presented in the table above for the total net amount of PLN 37,828,909.01 relate to assets used under lease agreements and are included in the statement of financial position under "Property, plant and equipment".

Note 4. Investment real estate

Other long-term investments	**31-12-2019**	**31-12-2018**
a) investment real estate	319 408 609,49	259 161 999,55
b) other	0,00	0,00
Value of other long-term investments	**319 408 609,49**	**259 161 999,55**

CHANGES IN INVESTMENT REAL ESTATE	According to fair value	According to historical cost	Total value of investment real estate
a) opening balance	**85 146 062,90**	**174 015 936,65**	**259 161 999,55**
expenditure incurred	69 149 257,69	165 303 780,38	234 453 038,07
financial expenses	4 671 710,71	8 712 156,27	13 383 866,98
revaluation value	11 325 094,50	0,00	11 325 094,50
b) increase (due to)	**23 600 777,15**	**66 613 191,95**	**90 213 969,10**
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
consolidation of the land	0,00	28 329 306,92	28 329 306,92
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 into construction/goods contracts	6 125 487,84	0,00	6 125 487,84
d) closing balance	**78 779 480,89**	**240 629 128,60**	**319 408 609,49**
expenditures	55 555 531,58	229 886 433,01	285 441 964,59
financial expenses	7 083 143,09	10 742 695,59	17 825 838,68
revaluation value	16 140 806,22	0,00	16 140 806,22

J.W. Construction Holding S.A. Capital Group, for the purposes of investment property valuation, commissions independent Property Experts, holding appropriate rights, to prepare valuation reports with a market value. 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 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.

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

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

- income-based valuation method
- pair-comparison method
- residual method.

Note 5. Other financial assets

LONG-TERM FINANCIAL ASSETS	31-12-2019	31-12-2018
a) shares	411 862,00	421 716,98
b) loans granted	13 500 613,62	8 855 175,04
c) other long-term investments	19 930 992,23	3 846 200,24
Total long-term financial assets	**33 843 467,85**	**13 123 092,26**

LONG-TERM FINANCIAL ASSETS	31-12-2019	31-12-2018
a) in subsidiaries	203 312,00	1 367 808,42
- shares	203 312,00	213 166,98
- debt securities	0,00	206 885,86
- other security papers	0,00	0,00
- loans granted	0,00	947 755,58
- other long-term financial assets	0,00	0,00
b) in other units	33 640 155,85	11 755 283,84
- shares	208 550,00	208 550,00
- debt securities	0,00	0,00
- other security papers	19 930 992,23	3 639 314,38
- loans granted	13 500 613,62	7 907 419,46
- other long-term financial assets	0,00	0,00
c) other long-term investments	0,00	0,00
Total long-term financial assets	**33 843 467,85**	**13 123 092,26**

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

	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..	Ząbki	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 6. Non-current receivables

NON-CURRENT RECEIVABLES	31-12-2019	31-12-2018
a) deposit receivables	2 828 104,82	2 839 265,65
b) deposit receivables (leasing)	0,00	0,00
b) other receivables	0,00	0,00
Total receivables	**2 828 104,82**	**2 839 265,65**

Note 7. Inventories and construction contracts

In connection with the execution of construction projects, the companies of the Capital Group draw up budgets which are compared
with actual costs and the degree of advancement of projects on the basis of cyclical inventories.

INVENTORIES	31-12-2019	31-12-2018
a) materials	3 269 455,02	2 365 934,74
b) semi-finished products and work in progress	163 585,66	0,00
c) finished products	1 516 296,85	249 627,77
d) goods	24 978 090,21	25 536 435,63
e) trade advances	430 134,35	968 487,06
Total inventories	**30 357 562,09**	**29 120 485,20**

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
CONSTRUCTION CONTRACTS (current assets)		
a) semi-finished products and work in progress	620 914 597,04	678 033 346,34
b) finished products	31 539 886,57	78 852 384,31
c) advances for supplies	13 433 469,97	15 912 905,18
d) short-term prepayments and accruals	52 075,56	1 878 615,47
Total construction contracts	**665 940 029,15**	**774 677 251,30**
CONSTRUCTION CONTRACTS (current liabilities)		
a) accruals	348 226 651,27	513 534 527,58
Total construction contracts	**348 226 651,27**	**513 534 527,58**

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.

Accruals	31-12-2019	31-12-2018
- advances on premises	346 262 227,06	506 559 769,46
- provision for works	1 937 224,21	6 028 390,59
- other	27 200,00	946 367,53
Total accruals	**348 226 651,27**	**513 534 527,58**

The amount of PLN 160.3 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 their operations, the companies of the Capital Group take out loans, which are secured, among others, with a mortgage on real estate. As at 31 December 2019, the Group companies established collateral in the form of a mortgage on real estates presented in inventories and construction contracts as well as in fixed assets with a total value of PLN 610.5 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 assets of the Companies of the Group. As at 31 December 2019, liabilities by virtue of credits disbursed amount to PLN 199 million (excluding credits of TBS Marki Sp. z o.o. liabilities amount to PLN 115.4 million).

Note 8. Current 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	6 229,95	2 908,95
b) trade receivables - other parties	13 086 129,76	22 730 040,86
c) taxes, subsidies, customs duties, social and health insurance and other payments	8 282 522,12	13 179 928,92
d) other	2 286 444,72	3 556 658,06
Total receivables	**23 661 326,55**	**39 469 536,79**

AGE STRUCTURE OF TRADE RECEIVABLES	31-12-2019	31-12-2018
not overdue	12 095 458,55	21 121 568,75
Overdue up to 3 months	331 552,38	668 674,67
Overdue between 3 and 6 months	258 724,25	199 273,09
Overdue between 6 months and 1 year	160 437,68	386 635,18
Overdue over 1 year	246 186,85	356 798,12
Receivables on account of dostaw i usług brutto	**13 092 359,71**	**22 732 949,81**
Write-offs updating receivables	**0,00**	**0,00**
Receivables on account of dostaw i usług netto	**13 092 359,71**	**22 732 949,81**

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

Note 9. Other financial assets

SHORT-TERM INVESTMENTS	31-12-2019	31-12-2018
a) shares	0,00	0,00
b) loans granted	2 587 371,13	39 624 826,38
c) other investments	5 600 329,63	19 647 129,03
Total short-term investments	**8 187 700,76**	**59 271 955,41**

SHORT-TERM INVESTMENTS	31-12-2019	31-12-2018
a) in subsidiaries	0,00	39 569 341,84
- shares	0,00	0,00
- debt securities	0,00	0,00
- other security papers	0,00	0,00
- loans granted	0,00	39 569 341,84
- other current financial assets	0,00	0,00
b) in other units	8 187 700,76	19 702 613,57
- shares	0,00	0,00
- debt securities	0,00	0,00
- other security papers	5 600 329,63	19 647 129,03
- loans granted	2 587 371,13	55 484,54
- other current financial assets	0,00	0,00
c) other short-term investments	0,00	0,00
Total short-term investments	**8 187 700,76**	**59 271 955,41**

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

Note 10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31-12-2019	31-12-2018
a) cash on hand and with bank	99 342 801,66	121 743 649,44
b) other cash	9 024 854,13	730 716,45
c) other cash assets	100 403,20	10 134,45
Total cash	**108 468 058,98**	**122 484 500,34**

The companies of the Capital Group present in the "other cash" item mainly investments made for a period of less than three months.

	31-12-2019	31-12-2018
cash in escrow accounts	**46 999 878,62**	**85 368 886,42**
JW. Construction Holding SA	19 862 177,25	61 483 631,37
Hanza Invest SA	27 137 701,37	23 885 255,05

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 11. Accruals

ACCRUALS	31-12-2019	31-12-2018
a) short-term accruals	10 635 608,89	17 048 154,36
Total accruals	**10 635 608,89**	**17 048 154,36**

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	575 195,65	408 693,48
- interest	1 493 059,27	2 784 239,27
- commission expenses	6 984 645,23	12 186 778,37
- property tax, perpetual usufruct, road tax	4 048,30	0,00
- other	1 578 660,44	1 668 443,24
Total accruals	**10 635 608,89**	**17 048 154,36**

Note 12. Primary capital

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

As at 31-12-2019

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 %

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

Note 13. Other capitals

OTHER CAPITALS	31-12-2019	31-12-2018
a) reserve capital	662 258 543,33	692 071 910,38
b) other reserve capitals	57 947 307,60	7 947 307,60
- including reserve capital for the purchase of own shares	50 000 000,00	0,00
c) conversion differences	-4 156 783,24	-3 692 561,76
Total other capitals	**716 049 067,69**	**696 326 656,22**

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 14. Borrowings

BORROWINGS	31-12-2019	31-12-2018
a) credits	198 963 191,53	142 029 510,58
of which: long-term	159 416 478,47	101 430 756,35
short-term	39 546 713,06	40 598 754,23
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	**199 339 057,39**	**142 405 376,44**
Borrowings - long-term	**159 416 478,47**	**101 430 756,35**
Borrowings - short-term	**39 922 578,92**	**40 974 620,09**

CREDITS PER MATURITY	31-12-2019	31-12-2018
Up to 1 year	39 546 713,06	40 598 754,23
Between 1 and 2 years	58 417 455,37	7 973 337,40
Between 2 and 5 years	31 760 648,73	21 712 552,51
Over 5 years	69 238 374,37	71 744 866,44
Total credits, including	**198 963 191,53**	**142 029 510,58**
- long-term	159 416 478,47	101 430 756,35
- short-term	39 546 713,06	40 598 754,23

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

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.

Including TBS Marki Sp. z o.o. loans - Company from the Group, which took loans from the National Housing Fund on completely separate rules, regulated by the Act of 26 October 1995 on certain forms of support for housing construction, Journal of Laws. U.00.98.1070. j.t.:

BORROWINGS	31-12-2019	31-12-2018
a) credits	83 619 012,27	87 381 303,84
of which: long-term	79 615 799,22	82 414 987,44
short-term	4 003 213,05	4 966 316,40
b) loans	0,00	0,00
of which: long-term	0,00	0,00
short-term	0,00	0,00
Total borrowings	**83 619 012,27**	**87 381 303,84**
Borrowings - long-term	**79 615 799,22**	**82 414 987,44**
Borrowings - short-term	**4 003 213,05**	**4 966 316,40**

CREDITS PER MATURITY	31-12-2019	31-12-2018
Up to 1 year	4 003 213,05	4 966 316,40
Between 1 and 2 years	4 217 438,14	4 966 316,40
Between 2 and 5 years	14 056 226,62	14 501 036,50
Over 5 years	61 342 134,47	62 947 634,54
Total credits, including	**83 619 012,27**	**87 381 303,84**
- long-term	79 615 799,22	82 414 987,44
- short-term	4 003 213,05	4 966 316,40

Note 15. 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	10 731 872,16	3 020 279,12	7 711 593,04
Investment real estate	0,00	3 012 946,08	-3 012 946,08
Inventories and construction contracts	296 338,76	35 116 565,79	-34 820 227,03
Trade and other receivables	3 342 830,98	120 667,92	3 222 163,06
Borrowings	3 058 223,53	3 572 372,39	-514 148,86
Reserves	3 717 198,13	0,00	3 717 198,13
Trade and other payables	370 644,58	0,00	370 644,58
Other financial liabilities	0,00	0,00	0,00
Other, including tax losses	14 170 225,57	4 577 426,78	9 592 798,79
Deferred tax assets / reserve shown in the balance sheet	**35 687 333,71**	**49 420 258,09**	**-13 732 924,37**

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	10 896 481,92	7 365 681,00	3 530 800,92
Investment real estate	0,00	2 151 767,96	-2 151 767,96
Inventories and construction contracts	425 223,01	20 138 253,31	-19 713 030,30
Trade and other receivables	8 500 402,36	4 821 680,86	3 678 721,50
Borrowings	3 980 769,37	3 115 024,60	865 744,77
Reserves	3 147 348,80	0,00	3 147 348,80
Trade and other payables	308 445,41	0,00	308 445,41
Other, including tax losses	15 453 069,70	2 439 738,16	13 013 331,54
Deferred tax assets / reserve shown in the balance sheet	**42 711 740,57**	**40 032 145,88**	**2 679 594,69**

CHANGE IN DEFERRED INCOME TAX	31-12-2019	31-12-2018
Change of the assets towards the deferred tax	-7 024 406,86	9 565 054,79
Change of the reserves towards the deferred tax	-9 388 112,20	-2 557 225,65
Total change in deferred tax	**-16 412 519,07**	**7 007 829,13**
Deferred tax disclosed in the profit and loss account	**16 412 519,07**	**-7 007 829,13**
Deferred tax recognised in comprehensive income	**0,00**	**0,00**

Note 16. Retirement benefits liabilities

CHANGE IN RETIREMENT BENEFITS LIABILITIES	31-12-2019	31-12-2018
As at the begining of period	241 204,48	241 204,48
Increases	0,00	0,00
Decrease	0,00	0,00
As at the end of period	**241 204,48**	**241 204,48**

Retirement benefits are the calculation of retirement benefits in accordance with the Labour Code and are not created in accordance with IAS 19.

Note 17. Provisions for other liabilities and other charges

PROVISIONS FOR OTHER LIABILITIES AND CHARGES	31-12-2019	31-12-2018
a) short-term, of which:	**32 484 937,03**	**39 504 479,20**
- accrued expenses, including:	12 946 419,95	23 053 900,23
- interest charged	1 269 566,63	1 110 399,96

- rent deposits	480 433,64	480 433,64
- hotel down payments	4 001 580,98	3 333 310,50
- other	7 194 838,70	18 129 756,13
- other provisions, including:	19 538 517,08	16 450 578,97
- provision for future liabilities	259 021,95	126 789,78
- provisions for guaranteed repairs	607 474,22	560 124,45
- other provisions (including perpetual usufruct of Górczewska)	18 672 020,91	15 763 664,74
a) long-term, of which:	**54 362 613,85**	**55 126 188,44**
- accrued expenses, including:	54 362 613,85	55 126 188,44
- participation in construction costs - TBS Marki	48 360 916,07	48 493 144,01
- deferred income - redemption of loans-TBS Marki	6 001 697,78	6 633 044,43
Total provisions for other liabilities and charges	**86 847 550,88**	**94 630 667,64**

TBS Marki Sp. z o.o. realized housing estates in the formula of social housing with the use of loans from the National Housing Fund. Within its housing resources it signs participation agreements. When signing the agreement, a participation payment is made (as a contribution of 30% of the construction costs), which is settled after leaving the premises.

PROVISIONS - CHANGES	31-12-2019	31-12-2018
As at the begining of period	**94 630 667,64**	**82 314 553,11**
Establishing provisions during the financial year	4 257 625,51	13 855 699,31
Utilisation/release of provisions during the financial year	1 064 063,80	1 539 584,78
Reclassification	10 976 678,47	0,00
As at the end of period	**86 847 550,88**	**94 630 667,64**

Note 18. Other long-term liabilities

OTHER LONG-TERM LIABILITIES	31-12-2019	31-12-2018
a) lease obligations	42 346 162,07	3 098 299,05
b) deposit liabilities	33 062 590,94	33 287 067,29
c) other long-term liabilities	109 244,26	5 472 119,13
d) promissory notes liabilities	0,00	0,00
e) bonds	51 500 000,00	128 800 000,00
Total other liabilities	**127 017 997,27**	**170 657 485,47**

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 48 648 505.24, of which PLN 42 346 162.07 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	8 335 963,61	2 033 620,44	6 302 343,17
between 1 and 5 years	28 131 409,57	6 757 675,60	21 373 733,97
over 5 years	24 603 045,48	3 630 617,38	20 972 428,10
	61 070 418,66	**12 421 913,42**	**48 648 505,24**

	Minimum lease payments	Interest	Current value of liability
	31-12-2018	31-12-2018	31-12-2018
under 1 year	1 665 152,24	139 508,42	1 525 643,82
between 1 and 5 years	3 124 001,16	202 140,50	3 098 299,05
over 5 years	0,00	0,00	0,00
	4 789 153,40	**341 648,92**	**4 623 942,87**

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

	31-12-2019	31-12-2018
current liabilities	6 302 343,17	1 525 643,82
non-current liabilities	42 346 162,07	3 098 299,05
	48 648 505,24	**4 623 942,87**

Financial liabilities	**31-12-2019**	**31-12-2018**
Loans	375 865,86	375 865,86
Promissory notes	0,00	0,00
Bonds	132 813 702,24	204 741 216,10
Credits	198 963 191,53	142 029 510,58
Leasing	48 648 505,24	4 623 942,87
Total	**380 801 264,87**	**351 770 535,41**

Note 19. Trade and other payables

TRADE AND OTHER PAYABLES	**31-12-2019**	**31-12-2018**
a) trade payables - other parties	44 422 945,51	40 155 753,35
b) trade payables - affiliated parties	0,00	0,00
c) axes, customs duties, insurance and other payments	7 162 828,16	3 212 617,37
d) salaries	3 657 863,34	2 617 865,08
e) trade advances received	0,00	0,00
f) other	11 726 029,39	16 923 600,93
Total trade and other payables	**66 969 666,41**	**62 909 836,73**

OTHER LIABILITIES	**31-12-2019**	**31-12-2018**
a) debt securities issue liabilities	81 313 702,24	75 941 216,10
b) promissory notes liabilities	0,00	0,00
c) leasing liabilities	6 302 343,17	1 525 643,82
d) other financial liabilities	0,00	0,00
Total other liabilities	**87 616 045,41**	**77 466 859,92**

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 48 648 505.24, of which PLN 6 302 343.17 is a current liability.

Note 20. Financial risk management

The main financial instruments used by the Group include bank loans, bonds and financial leasing. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group also holds other financial instruments, such as trade receivables and liabilities that arise directly in the course of its business, and the Group's cash and cash equivalents do not contain any transactions involving derivatives.
The main risks arising from the Group's financial instruments include interest rate risk, currency risk, liquidity risk and credit risk. The Management Board verifies and agrees on the principles of managing each of these risks - these principles are briefly discussed below.

Interest rate risk

The Group has liabilities on account of loans, for which interest is calculated on the basis of a variable interest rate, and therefore there is a risk of growth of interest in relation to the moment of the agreement conclusion. Due to the fact that the Group had, 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 Group did not use interest rate hedges as at 31 December 2019, considering that the interest rate risk is not significant.
Regardless of the current situation, the Group monitors its exposure to interest rate risk and interest rate projections and does not preclude future hedging activities.
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) The impact on the Group's equity has not been presented. The analysis did not take into account the loan in TBS Marki Sp. z o.o., which is a preferential loan, granted on other terms, where the risk is limited.

Year ended on 31 December 2019

	% Increase/decrease	Influence on gross profit in thousands of PLN
PLN	1%	-3 584
PLN	-1%	3 584

Currency risk
The Group is not exposed to the risk of changes in foreign exchange rates due to the lack of transactions (credits, loans) in foreign currencies.

Credit risk
The Group is exposed to credit risk, understood as the risk that creditors will not meet their obligations . and thus cause the Group to incur losses
In the case of a loan to the Capital Group, this risk is considered immaterial due to the ongoing monitoring of financial standing and control.
The maximum exposure to credit risk is PLN 13,086 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 Group'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 Group has entered into transactions with well-established financial institutions.

Liquidity risk
on given dates. 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 and the Capital Group's operations are conducted using: equity, bank loans, and payments made by customers. The Company and the Capital Group pay 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	44 422 945,51	44 422 945,51	0,00	0,00	0,00
Loans	0,00	0,00	0,00	0,00	0,00
Promissory notes	0,00	0,00	0,00	0,00	0,00
Bonds	128 800 000,00	35 000 000,00	42 300 000,00	51 500 000,00	0,00
Credits	198 963 191,53	33 775 174,06	5 771 538,99	70 421 384,72	88 995 093,75
Leasing	48 648 505,24	3 137 430,94	3 164 912,23	17 878 781,28	24 467 380,79
Total	**420 834 642,28**	**116 335 550,51**	**51 236 451,22**	**139 800 166,00**	**113 462 474,54**

31-12-2018	Total	0-6 months	6-12 months	1-3 years	Over 3 years
Trade payables	40 155 753,35	40 155 753,35	0,00	0,00	0,00
Loans	0,00	0,00	0,00	0,00	0,00
Promissory notes	0,00	0,00	0,00	0,00	0,00
Bonds	199 100 000,00	28 000 000,00	42 300 000,00	128 800 000,00	0,00
Credits	142 029 510,58	28 888 939,03	11 709 815,20	19 140 397,13	82 290 359,22
Leasing	4 623 942,87	1 049 783,03	475 860,79	1 886 624,68	1 211 674,37
Total	**385 909 206,80**	**98 094 475,41**	**54 485 675,99**	**149 827 021,81**	**83 502 033,59**

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

From the consolidated point of view, at the moment of the report, i.e. 31-12-2019, the ratio of covering liabilities up to 6 months was equal to 71%, which consisted of cash and cash equivalents (PLN 61.5 million - excluding trust accounts) and available working capital credit lines (PLN 22.8 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 the Group, 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 Group'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 Group's companies 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 Group'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 Capital Group'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 Capital Group is small, the occurrence of the above factors may adversely affect financial results and decrease profitability of the Company and the Capital Group.

Risk related to decreased attractiveness of locations of development projects in the Group'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 Capital Group'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 Group'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 Capital Group's financial results.

Risk of increased costs of real estate development projects
Contracts signed by the companies of the Capital Group 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 Group 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 Group companies. 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 Group, 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 Group due to sales of residential units
The Group 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 Group. As a result, the Group, 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 Group's operations and financial condition.

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		63 397 314,27	16 532 576,91
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)		**0,72**	**0,19**
Diluted earnings per share = (A)/(B)		**0,72**	**0,19**

*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 average number of shares.

Note 21. Income tax

INCOME TAX	**01-01-2019 to 31-12-2019**	**01-01-2018 to 31-12-2018**
a) current income tax	0,00	34 271,00
b) deferred income tax	16 412 519,06	-7 007 829,13
Total income tax	**16 412 519,06**	**-6 973 558,13**

In 2019, the Companies of the Capital Group paid a total of PLN 00.00 (in 2018: PLN 34,271.00) of corporate income tax.

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	79 809 833,32	9 559 018,77
Gross Profit / (loss) before tax from discontinued operations	0	0,00
Gross Profit / (loss) before tax	**79 809 833,32**	**9 559 018,77**
Income exempt from TBS	-1 189 203,82	-1 188 378,54
Gross Profit / (loss) before tax	**78 620 629,50**	**8 370 640,23**
Income tax reported (charge) in profit and loss account	**16 412 519,06**	**-6 973 558,13**
including		
current	0,00	34 271,00
deferred	16 412 519,06	-7 007 829,13
Tax in accordance with a 19% tax rate	**14 937 919,60**	**1 590 421,64**
Unrealised tax losses	-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
Uncreated assets from tax losses	1 474 307,26	5 471 991,44
Adjusted income tax	**86 381 679,24**	**-36 702 937,52**
Tax at effective rate	**16 412 519,06**	**-6 973 558,13**

Note 22 . Segment reporting

Business segments

It has been assumed that the basic division into business segments is the division by business segments. The Group operates mainly in the following three segments:

- real estate development
- social building
- hotel activities

In accordance with IFRS 8 "Segment Reporting", when preparing financial data concerning particular segments of operations, the principle was observed that revenues and costs as well as assets and liabilities of a segment are determined before the consolidation process excludes balances of settlements and transactions between the Group's business entities, except when such balances and transactions between the Group's business entities were made within a single segment. Internal transactions within the segment have been eliminated.

Financial data concerning particular segments of activity include separate financial statements of the Group's companies without exclusions of settlement balances and transactions, with the exclusions of revenues, costs and mutual settlements being presented in the column "Eliminations". With the exception of developer activity within which the separate financial statements of companies conducting this type of activity were consolidated. Basic type of commodities and services within each industry segment:

- property development activity - execution of construction, design and auxiliary production and sale of real estate,
- social housing - sale and administration of social housing estates,
- other construction - execution of construction and assembly production,
- hotel activities - catering and hotel services related to the organization of tourist and leisure services

01-01-2019 to 31-12-2019	Real estate development	Hotels, aparthotels and restaurants	Social building	Other operations	Total
Net revenues from sales of products, goods and materials, including:	**500 187 085,94**	**78 540 500,75**	**14 038 215,30**	**12 547 998,50**	**605 313 800,49**
Net revenues from sales of products	491 567 822,66	78 531 824,04	13 999 005,76	12 547 998,50	596 646 650,96
Net revenues from sales of goods and materials	8 619 263,28	8 676,71	39 209,54	0,00	8 667 149,53
Costs of products, goods and materials sold, including:	**371 042 591,70**	**63 314 841,67**	**8 287 384,45**	**15 547 578,73**	**458 192 396,55**
Cost of products sold	362 530 524,21	63 306 164,96	8 248 174,91	15 547 578,73	449 632 442,81
Value of goods and materials sold	8 512 067,49	8 676,71	39 209,54	0,00	8 559 953,74
Gross profit (loss) from sales	**129 144 494,24**	**15 225 659,08**	**5 750 830,85**	**-2 999 580,23**	**147 121 403,94**
Costs of sales	24 283 941,30	6 700 023,33	0,00	0,00	**30 983 964,63**
Overheads	22 688 358,63	5 556 861,00	1 405 502,21	0,00	**29 650 721,84**
Revaluation of investment property	3 221 674,19	0,00	0,00	1 441 335,90	**4 663 010,09**
Profit (loss) from sales	**85 393 868,50**	**2 968 774,75**	**4 345 328,64**	**-1 558 244,33**	**91 149 727,56**
Other operating income	5 388 277,73	106 196,66	537 952,77	150 377,66	6 182 804,82
Other operating expenses	8 248 377,03	1 056 261,45	179 992,76	1,53	9 484 632,77
Profit (loss) on operations	**82 533 769,20**	**2 018 709,96**	**4 703 288,65**	**-1 407 868,20**	**87 847 899,61**
Financial revenues	2 938 508,88	13 362,37	967 994,60	0,00	3 919 865,85
Financial costs	8 731 541,16	769 580,80	2 275 086,06	181 724,12	11 957 932,14
Proft / loss from inclusion/exclusion to/from consolidation					**0,00**
Profit (loss) on business activity	**76 740 736,92**	**1 262 491,53**	**3 396 197,19**	**-1 589 592,32**	**79 809 833,32**
Gross profit (loss)	**76 740 736,92**	**1 262 491,53**	**3 396 197,19**	**-1 589 592,32**	**79 809 833,32**
Income tax	0,00	0,00	0,00	0,00	0,00
Deferred tax	16 248 440,95	164 078,11	0,00	0,00	16 412 519,06
Net profit (loss)	**60 492 295,97**	**1 098 413,42**	**3 396 197,19**	**-1 589 592,32**	**63 397 314,27**

01-01-2018 to 31-12-2018	Real estate development	Hotels, aparthotels and restaurants	Social building	Other*	Total
Net revenues from sales of products, goods and materials, including:	**319 503 805,72**	**63 061 030,42**	**13 208 781,18**	**8 294 275,42**	**404 067 892,74**
Net revenues from sales of products	315 510 282,27	63 047 976,31	13 199 693,24	8 294 275,42	400 052 227,24
Net revenues from sales of goods and materials	3 993 523,45	13 054,11	9 087,94	0,00	4 015 665,50
Costs of products, goods and materials sold, including:	**248 424 290,43**	**49 639 195,51**	**8 163 801,27**	**23 354 957,02**	**329 582 244,23**
Cost of products sold	244 476 315,89	49 626 141,41	8 154 713,33	23 354 957,02	325 612 127,65
Value of goods and materials sold	3 947 974,54	13 054,10	9 087,94	0,00	3 970 116,58
Gross profit (loss) from sales	**71 079 515,29**	**13 421 834,91**	**5 044 979,91**	**-15 060 681,60**	**74 485 648,51**
Costs of sales	17 559 562,05	6 528 238,40	0,00	0,00	**24 087 800,45**
Overheads	18 226 062,55	4 545 176,23	1 423 077,40	0,00	**24 194 316,18**
Revaluation of investment property	-5 276 952,25	0,00	0,00	0,00	**-5 276 952,25**
Profit (loss) from sales	**30 016 938,44**	**2 348 420,28**	**3 621 902,51**	**-15 060 681,60**	**20 926 579,63**
Other operating income	6 150 629,60	248 559,20	18 869,69	4 738,70	6 422 797,19
Other operating expenses	8 148 350,68	250 527,30	127 621,47	6,60	8 526 506,05
Profit (loss) on operations	**28 019 217,36**	**2 346 452,18**	**3 513 150,73**	**-15 055 949,50**	**18 822 870,77**
Financial revenues	10 915 069,98	24 519,51	985 423,25	12 992,78	11 938 005,52
Financial costs	17 887 184,89	980 781,22	2 333 634,95	240,43	21 201 841,49
Proft / loss from inclusion/exclusion to/from consolidation					**0,00**
Profit (loss) on business activity	**21 047 102,45**	**1 390 190,47**	**2 164 939,03**	**-15 043 197,15**	**9 559 034,80**
Gross profit (loss)	**21 047 102,45**	**1 390 190,47**	**2 164 939,03**	**-15 043 197,15**	**9 559 034,80**
Income tax	1 990,00	0,00	0,00	32 281,00	34 271,00
Deferred tax	-6 724 857,78	508 686,65	0,00	-791 658,00	-7 007 829,13
Net profit (loss)	**27 769 970,23**	**881 487,79**	**2 164 939,03**	**-14 283 820,15**	**16 532 576,90**

* Other operations present a loss on the sale of real estate in Wrocław

E. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Note 23. Operating income

OPERATING INCOME	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Revenues from sales of products	471 607 947,73	304 855 595,93
Revenues from sales of services	125 038 703,23	95 196 631,31
Revenues from sales of goods	8 667 149,53	4 015 665,50
Total income	**605 313 800,49**	**404 067 892,74**

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:	**605 313 800,49**	**404 067 892,74**
-sales of products – properties, plots, buildings	490 577 372,23	310 235 570,83
- sales of products - other	6 300,00	0,00
-from sales of services	106 062 978,73	89 816 656,41
-from sales of goods	8 667 149,53	4 015 665,50

	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Revenues from sales of products and services by segment	**596 646 650,96**	**400 052 227,24**
-real estate development	503 843 432,16	323 525 144,55
-business activity related to hotels	78 531 824,04	62 323 345,45
- social building	13 999 005,76	13 199 693,24
-construction	272 389,00	1 004 044,00

	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	**490 577 372,23**	**310 235 570,83**
-Warsaw and the surrounding area	445 781 453,98	212 975 600,31
-Gdynia	25 194 272,80	90 823 463,97
- Łódź	19 230,63	549 940,10
- 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 and aparthotel services per geographic segments	**78 531 824,04**	**62 323 345,45**
-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
- Szczecin	7 884 086,30	7 004 704,65
- Krynica Górska	34 611 850,19	31 994 847,55
- Varsovia Apartamenty	15 467 170,00	6 737 346,39

Note 24. Operating expenses

OPERATING EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
Costs of sales of products	361 545 680,78	255 210 694,61
Costs of sales of services	88 086 762,03	70 401 433,04
Costs of sales of goods	8 559 953,74	3 970 116,58
Total costs of products, services and goods sold	**458 192 396,55**	**329 582 244,23**
Sales and overhead expenses	**01-01-2019**	**01-01-2018**

	to 31-12-2019	to 31-12-2018
Costs of sales	30 983 964,63	24 087 800,45
Overheads	29 650 721,84	24 194 316,18
Total sales and overheads expenses	**60 634 686,47**	**48 282 116,63**

Expenses per type	**01-01-2019 to 31-12-2019**	**01-01-2018 to 31-12-2018**
Depreciation and amortization	12 481 069,46	11 833 777,38
Depreciation of the right to use the asset	95 847,85	0,00
Materials and energy cost, land purchase	84 643 772,98	124 181 513,24
Third party services	244 077 133,89	295 807 200,16
Taxes and charges	11 553 289,81	12 156 001,93
Remunerations	45 566 354,31	39 748 826,20
Social security and other payments	8 307 059,72	7 144 295,76
Other expenses per type	17 663 269,38	11 626 860,21
Total expenses per type	**424 387 797,40**	**502 498 474,88**

Note 25. 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	1 381 774,18	38 811,33
b) other operating income	4 801 030,64	6 383 985,86
Total operating income	**6 182 804,82**	**6 422 797,19**

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	1 381 774,18	38 811,33
b) handling fees	340 909,90	218 181,11
c) reserves	0,00	138 657,50
d) other	4 460 120,74	6 027 147,25
Total operating income	**6 182 804,82**	**6 422 797,19**

Note 26. 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	23 664,00	0,00
b) revaluation of non-financial assets	105 374,77	72 586,60
c) other operating expenses	9 355 594,00	8 453 919,45
Total operating income	**9 484 632,77**	**8 526 506,05**

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	23 664,00	0,00
b) revaluation of non-financial assets	105 374,77	72 586,60
c) reserves	3 423 989,64	2 860 724,58
d) compensations, penalties, damages	604 434,68	3 351 589,51
e) compensations for breach of contracts	0,00	0,00
f) costs of court proceedings	441 950,65	532 448,44
g) other	4 885 219,03	1 709 156,92
Total operating income	**9 484 632,77**	**8 526 506,05**

Note 27. 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	3 021 547,07	10 675 380,84
c) profit on disposal of investment	0,00	0,00
d) other	898 318,78	1 262 627,68
Total financial revenues	**3 919 865,85**	**11 938 008,52**

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	693 807,18	234 520,93
c) loan interest	198 620,15	504 683,55
d) deposit interest	911 380,27	990 191,08
e) promissory notes interest	984 012,60	914 135,76
f) other interest	233 726,87	8 031 849,52
g) profit on disposal of investment	0,00	0,00
h) foreign exchange rate differences	0,00	0,00
i) other	898 318,78	1 262 627,68
Total	**3 919 865,85**	**11 938 008,52**

Note 28. Financial costs

FINANCIAL EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) interest	11 774 000,24	21 121 584,79
b) loss on disposal of investment	0,00	30 384,75
c) other	183 931,90	49 890,98
Total financial expenses	**11 957 932,14**	**21 201 860,52**

FINANCIAL EXPENSES	01-01-2019 to 31-12-2019	01-01-2018 to 31-12-2018
a) interest, commissions, loans	4 550 046,58	3 980 768,67
b) interest - leasing	383 985,66	67 163,91
c) interest - loans	0,00	-8 193,89
d) interest - promissory notes	0,00	33,33
e) interest - bond issuance	3 411 783,11	4 925 630,13
f) other interest	3 428 184,89	12 156 182,64
g) loss on disposal of investment	0,00	30 384,75
h) other	183 931,90	49 890,98
Total financial expenses	**11 957 932,14**	**21 201 860,52**

F. OTHER EXPLANATORY NOTES

Note 29. Transactions with affiliates

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

TRANSACTIONS ON ACCOUNT OF DELIVERIES AND SERVICES, DEPOSITS, ADVANCE PAYMENTS FOR 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 Sp. 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			
J.W. 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
ZEUP 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
ZEUP 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
ZEUP 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	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.

Note 30. Remuneration of members of the governing bodies of the Capital Group, employment structure
The remuneration for 2019 is presented below. The tables contain the total data of the members of the governing bodies of the Capital Group, broken down into remuneration received for the functions performed in the companies of the Group, employment in the companies of the Group

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	17 720,80
Czyż Barbara	54 645,51

Radziwilski Jacek	24 193,17
Maruszyński Marek	43 526,32
Matkowski Ryszard	43 526,32

JW Construction Holding S.A., other contracts	**01-01-2019 to 31-12-2019**
Management Board	
Rajchert Wojciech	0,00
Ostrowska Małgorzata	186 132,53
Suprynowicz Piotr	39 397,69
Pisarek Małgorzata	134 238,96
Other companies of the Capital Group, other agreements	**01-01-2019 to 31-12-2019**
Management Board	
Rajchert Wojciech	454 681,45
Ostrowska Małgorzata	20 241,00
Suprynowicz Piotr	201 376,45
Pisarek Małgorzata	0,00

Other companies of the Capital Group, other agreements	**01-01-2019 to 31-12-2019**
Supervisory Board	
Wojciechowski Józef	0,00
Szwarc-Sroka Małgorzata	0,00
Łopuszyńska Irmina	0,00
Czyż Barbara	57 779,84
Radziwilski Jacek	0,00
Maruszyński Marek	0,00
Matkowski Ryszard	0,00

Information on average employment in the Capital Group, broken down by professional groups

Company	**31-12-2019**	**31-12-2018**
Management Board	2	3
Directors	25	23
Administration	265	256
Other employees	246	240
Total	**538**	**522**

Contracts	**31-12-2019**	**31-12-2018**
Employment contract	538	522
Fee-for-task contract	324	298
Specific work contract	25	20

Note 31. Significant events in the financial 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 construction contracts.
On 12 April 2019, the Issuer's subsidiaries, Hanza Invest S.A. with its registered office in Ząbki (investor) and J.W. Construction Sp. z o.o. with its registered office in Ząbki (general contractor) concluded an annex to the agreement of 28

February 2017 for the implementation of Hanza Tower investment in Szczecin. On the basis of the concluded annex the following have been changed:

1. Scope of works by increasing the scope of works in relation to additional works agreed between the parties inside the building, as well as in relation to the development of the external area, including the road system;
2. Due to the change (increase) of the agreed scope of works, the remuneration agreed between the parties was increased by PLN 18,162,500 to PLN 191,162,500 net plus VAT at the applicable rate.

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).

On 7 February 2018, a subsidiary of the Issuer, Hanza Invest S.A. with its registered office in Ząbki, as an investor, concluded an agreement with Bank Ochrony Środowiska S.A. under which the Bank granted a revolving credit in the amount of PLN 48,000,000. The loan was granted in order to finance and refinance expenses related to the construction of the Hanza Tower apartment building at Wyzwolenia Avenue and Odzieżowa Street in Szczecin. The repayment date of the loan was set at 31 March 2021.

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.

On 25 April 2019 J.W. Construction Spółka z o.o., a subsidiary of the Issuer, concluded an annex to the overdraft agreement, granted by PKO BP S.A., in the amount of 7.000.000 PLN. Under the annex, the date of use and repayment of the loan have been postponed. The new loan repayment date was set at 25 April 2020.

d) Credit agreement termination

On 7 February 2019, the Issuer's subsidiary Hanza Invest S.A. terminated the agreement of 10 February 2017 with Alior Bank S.A. with its registered office in Warsaw on granting the following loans to the Investor: investment in the amount of PLN 138,789,712 and VAT in the amount of PLN 3,000,000. Credits have never been launched.

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 32. The events that took place after the balance sheet 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 33. Selected financial data including basic items of the consolidated financial statement in thousands PLN

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

Consolited balance sheet item	31-12-2019		31-12-2018	
	PLN	EUR	PLN	EUR
Total assets	**1 668 809**	**391 877**	**1 755 550**	**408 267**
Fixed assets	817 303	191 923	713 478	165 925
Current assets	851 506	199 955	1 042 072	242 342
Total liabilities and equity	**1 668 809**	**391 877**	**1 755 550**	**408 267**
Equity	727 913	170 932	693 704	161 327
Non-current liabilities	354 771	83 309	327 456	76 152
Current liabilities	575 220	135 076	734 390	170 788
Future long-term discounted lease payments	9 347	2 195	0,00	0,00
Future short-term discounted lease payments	1 559	366	0,00	0,00

Consolidated 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	605 314	140 713	404 068	94 698
Costs of products, goods and materials sold	458 192	106 513	329 582	77 241
Gross profit (loss) from sales	**147 121**	**34 200**	**74 486**	**17 457**
Costs of sales	30 984	7 203	24 088	5 645
Overheads	29 651	6 893	24 194	5 670
Profit (loss) from sales	91 150	21 189	20 927	4 904
Profit (loss) on operations	87 848	20 421	18 823	4 411
Gross profit (loss)	**79 810**	**18 553**	**9 559**	**2 240**
Income tax	16 413	3 815	-6 974	-1 634
Net profit (loss)	**63 397**	**14 738**	**16 533**	**3 875**
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 34. 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 Group'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 on account of loans was equal to PLN 199.0 million (including the debt of TBS Marka Sp. z o.o. - PLN 83.6 million) and there were no indications that any of the loans might not be repaid on time.

In the case of Issuer's 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*	610 488 518

*including collaterals on real estate of TBS Marki Sp. z o.o. - PLN 164.7 million

Several types of collateral are usually used for one credit agreement, with a total value in excess of the loan amount. However, the amounts of collateral cannot be added together as the value of a possible claim would be closely linked to the amount of the obligation and the eligible entity would have the right to choose the type of collateral.

Apart from 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 investment loan in BZ WBK SA Bank	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 beneficiaries were the Capital Group Companies. 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. As at 31 December 2019, the total value of the guarantee amounted to PLN 43.5 million and EUR 1.74 million (Issuer), PLN 6.4 million and EUR 293.1 thousand (JW. Construction sp. z o.o.).

Note 35. 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 36. Financial instruments and hedge accounting

The Group does not use derivative financial instruments. The Group uses bank credits, loans, financial lease agreements and issues bonds.

The main financial assets of the Capital Group are a loan to a related non-consolidated Capital Group and cash and cash equivalents.

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	2 587 371,13	39 624 826,38	2 587 371,13	39 624 826,38	2
Long-term loans	Amortised cost	13 500 613,62	8 855 175,04	13 500 613,62	8 855 175,04	2
Trade and other receivables	Amortised cost	15 378 804,43	26 289 607,87	15 378 804,43	26 289 607,87	2
Cash and cash equivalents	Amortised cost	108 468 058,98	122 484 500,34	108 468 058,98	122 484 500,34	2
Financial liabilities						
Loans with a floating interest rate	Amortised cost	198 963 191,53	142 029 510,58	198 963 191,53	142 029 510,58	2
Loans from subsidiaries, and other entities	Amortised cost	375 865,86	375 865,86	375 865,86	375 865,86	3
Long-term financial lease obligations	Amortised cost	42 346 162,07	3 098 299,05	42 346 162,07	3 098 299,05	2
Short-term financial lease obligations	Amortised cost	6 302 343,17	1 525 643,82	6 302 343,17	1 525 643,82	2
Delivery and service liabilities and other	Amortised cost	44 422 945,51	40 155 753,35	44 422 945,51	40 155 753,35	2
Bonds	Amortised cost	132 813 702,24	204 741 216,10	132 813 702,24	204 741 216,10	2

Interest rate risk
The following table presents the carrying amount of the Group's financial instruments which are exposed to interest rate risk, in division into particular age categories.

31 December 2019 - Floating interest rate	**Up to 1 year**	**1 to 2 years**	**2 to 5 years**	**over 5 years**	**Total**
Cash assets	108 468 058,98	0,00	0,00	0,00	108 468 058,98
Financial assets - short-term loans	2 587 371,13	0,00	0,00	0,00	2 587 371,13
Loans from subsidiaries, and other entities	375 865,86	0,00	0,00	0,00	375 865,86
Credit loans	39 546 713,06	58 417 455,37	31 760 648,73	69 238 374,37	198 963 191,53
Financial lease obligations	81 313 702,24	51 500 000,00	0,00	0,00	132 813 702,24

Collaterals
The Company does not apply hedge accounting.

Note 37. Changes in the composition of the Management Board and Supervisory Board of the Dominant Entity in the J.W. Construction Holding SA Capital Group

Governing Bodies

Management Board

Management Board Members
As at 31-12-2019 Management Board comprised of:
Wojciech Rajchert – Management Board Member
Małgorzata Ostrowska – Management Board Member
Piotr Suprynowicz – Management Board Member
Małgorzata Pisarek – Management Board Member

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.

Supervisory Board

Supervisory Board Members
As at 31-12-2019 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.

Audit Comittee
As at 31-12-2019 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.

Note 38. Capital management
The Group manages its capital in order to maintain its ability to continue as a going concern, taking into account the implementation of planned investments, so that it can generate returns for shareholders and benefit other stakeholders.
In accordance with market practice, the Group 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 funding to EBITDA. Loans, borrowings and other sources of financing mean the total amount of liabilities on account of loans, borrowings and leasing, whereas EBITDA is the operating profit after adding depreciation and amortization. In order to maintain financial liquidity and creditworthiness to obtain external financing at a reasonable level of costs, the Group assumes that the equity ratio shall not be lower than 0.3.

	31-12-2019	31-12-2018
Interest-bearing loans and borrowings	199 339 057,39	142 405 376,44
Trade and other payables	730 652 040,10	919 440 581,82
Less cash and cash equivalents	-108 468 058,98	-122 484 500,34
Net debt	821 523 038,50	838 388 598,20
Equity	727 912 851,70	693 704 048,98
Net unrealized gains reserves	0,00	0,00
Total capital	727 912 851,70	678 227 625,57
Capital and net debt	1 549 435 890,20	1 516 616 223,77
Equity ratio	46,98%	44,72%
Credit ratio	53,02%	55,28%

Note 39. Information on the agreement with the entity authorized to audit the consolidated 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 individual 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 PLN 51 thousand, including PLN 33 thousand for the annual consolidated audit and PLN 18 thousand for the review of the interim consolidated financial statements. The auditor's remuneration for services related to the non-consolidated financial statements prepared for the financial year ended 31-12-2019 amounted to 116 thousand PLN, including 87 thousand PLN for the annual non-consolidated financial statement audit and 29 thousand PLN for the interim financial statement audit. The amounts indicated are net amounts
The companies from the Issuer's Capital Group concluded agreements with Mazars Audyt Sp. z o.o. for the audit of financial statements of subsidiaries of the J.W. Construction Holding S.A. Capital Group for 2018: TBS Marki Spółka z o.o. with its registered office in Warsaw: remuneration of 18.5 thousand PLN, J.W. Construction Sp. z o.o. remuneration of 18 thousand PLN, Dana Invest Spółka z o.o. with its registered office in Ząbki: remuneration of 11 thousand PLN and Hanza Invest S.A. with its registered office in Ząbki: remuneration of 14 thousand PLN,

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 31-12-2018 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
The companies from the Issuer's Capital Group concluded agreements with Mazars Audyt Sp. z o.o. for the audit of financial statements of subsidiaries of the J.W. Construction Holding S.A. Capital Group for 2018: TBS Marki Spółka z o.o. with its registered office in Warsaw: remuneration of 18.5 thousand PLN, J.W. Construction Sp. z o.o. remuneration of 18 thousand PLN, Dana Invest Spółka z o.o. with its registered office in Ząbki: remuneration of 11 thousand PLN and Hanza Invest S.A. with its registered office in Ząbki: remuneration of 14 thousand PLN,

Note 40. Information on approval of the financial statements for the previous year
The consolidated 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 Ostrowska Management Board Member	Signature
Małgorzata Pisarek Management Board Member	Signature
Piotr Suprynowicz Management Board Member	Signature

Ząbki, 16 March 2020